Oregon Health & Science University (OHSU)

Peter O. Kohler, M.D.
President

April 1, 2004

Overview

• Historically: Oregon’s academic health center
• With the growth of research and the OGI merger, mission now includes a broader spectrum of science and engineering
• Fundamental purpose remains that of improving the health and well-being of people in Oregon, and increasingly in the region and beyond
• OHSU: Where healing, teaching and discovery come together
Vision

- OHSU strives to achieve excellence in all that we do, which translates into specific interrelated goals
- Ranked in the top 20 in NIH funded research
- Ranked in the top 10 in all applicable academic areas
- Admitting the brightest incoming students
- Providing the highest quality education
- Providing the highest quality health care

Mission

Four components:
- Education
- Research
- Health Care
- Outreach
Mission: Education

Education

- Over 3,500 students and trainees
  - 2,673 students
  - Nearly 1000 interns, residents, fellows, and clinical trainees
  - 28,400 living alumni
- Four Schools
  - School of Dentistry
  - School of Medicine
  - School of Nursing
  - OGI School of Science & Engineering
- Joint degrees in collaboration with OUS institutions
  - OSU College of Pharmacy
  - OIT Allied Health programs
School of Dentistry

- Overall and science GPAs of matriculated students consistently rank in top 10 of all dental schools (7th for 2002 entering class)
- Over 800 applicants for 74 positions - 2004
- SOD graduates consistently in top quintile on both parts of national board exams
- 98% pass rate on dental licensure – last 10 years: reputation of training superb practitioners

School of Dentistry

- Over 80,000 patient visits to school clinics each year
- 65% of Oregon dentists train at OHSU
- 55% increase in research awards since ’96
  – International reputation for research in oral/facial biotissue engineering & proteomics
- New pediatric dentistry program will admit first four residents in July 2005
School of Medicine

- *US News & World Report* rankings:
  - 2nd in the nation for primary care
  - 2nd in community health
  - 3rd in family medicine
- Over 3,000 applicants for 108 slots
- One-third of all pediatric and one-fourth of all internal medicine applicants nationally apply to OHSU residency programs
- 94-100% first-time match rate for OHSU grads

School of Medicine

- More than 40 percent of licensed physicians in Oregon trained at OHSU
- Clinical practice income has risen ~9% annually over last three years
  - Clinical practice income contributed back to OHSU now larger than portion of state grant allocated to SOM
- SOM research funding increased 12% in FY 2003
  - Casey Institute and Otolaryngology each in top 10 research $ by department nationally
School of Nursing

- *US News & World Report* rankings:
  - 1st in nurse-midwifery
  - 3rd in geriatric nurse practitioner
  - 4th in adult nurse practitioner
  - 5th in family nurse practitioner
  - 6th in overall nursing master’s programs

- Programs offered in Portland and across the state in collaboration with EOU in La Grande, OIT in Klamath Falls and SOU in Ashland
School of Nursing

- Graduate programs offered via distance education across Oregon, in Washington, Montana, and Utah
- Opportunities to deliver nursing education under exploration or development in China, Japan, Taiwan, and Thailand
- Oregon Nursing Education Consortium is creating expanded capacity statewide via partnerships with the community college programs

*Data Source: NWIF Report, 2001
OGI School of Science & Engineering

- Graduate programs:
  - Biomedical engineering (OUS Board approved 3/04)
  - Computer science and engineering
  - Environmental and biomolecular systems
  - Management in science and technology

- Programs unique to OGI:
  - Center for Spoken Language Understanding - speech technology research group focused on human health
  - Dept. of Environmental and Molecular Systems focused on connections between human and ecosystem health

- Database technology program was ranked among top 5 by *US News & World Report*

Mission:
Health Care
Health Care

- Each year, OHSU cares for more than 187,000 patients
- 90% of OHSU patients are from Oregon
- 33% come from outside the Portland metro region
- More than 40% of hospital patients are low-income (Medicaid or uninsured)
  - Twice the state average

Health Care

- OHSU is the preeminent regional provider of complex care programs in trauma, neurosurgery, and organ transplantation
- Oregon Cancer Institute
  - Comprehensive oncology center
  - Only federally certified cancer institute between San Francisco and Seattle
- Doernbecher Children’s Hospital
  - Regional and national reputation for excellence in pediatric care
Health Care

• Patient satisfaction
  – Consumer Choice Award in 2003 for the fifth consecutive year
• A survey of 2,000 Oregonians reveals that OHSU has:
  – Best image and reputation
  – Best doctors
  – Best nurses
  – Best overall quality

Mission:
Research
Research

- More than $257 million in FY03 in competitive research grants
  - Grants have nearly quadrupled in the last decade
  - Ranked 28th in research awards by the National Institutes of Health out of 515 domestic higher education institutions (from 87th in 1986)

<table>
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<tr>
<th>Year</th>
<th>Federal</th>
<th>Non-Federal</th>
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</thead>
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<td>1989</td>
<td>$41.5</td>
<td>$43.4</td>
</tr>
<tr>
<td>1990</td>
<td>$49.3</td>
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<td>1991</td>
<td>$57.4</td>
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<td>1992</td>
<td>$65.1</td>
<td>$66.0</td>
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<td>1993</td>
<td>$74.2</td>
<td>$71.4</td>
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<td>1994</td>
<td>$85.5</td>
<td>$85.4</td>
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<td>1995</td>
<td>$90.9</td>
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<td>1996</td>
<td>$120.4</td>
<td>$100.8</td>
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<td>1997</td>
<td>$139.1</td>
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<tr>
<td>1998</td>
<td>$167.6</td>
<td>$139.1</td>
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<tr>
<td>1999</td>
<td>$194.2</td>
<td>$167.6</td>
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<td>2000</td>
<td>$221.5</td>
<td>$194.2</td>
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<td>2001</td>
<td>$256.7</td>
<td>$221.5</td>
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<tr>
<td>2002</td>
<td>$325.6</td>
<td>$256.7</td>
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<tr>
<td>2003</td>
<td>$374.0</td>
<td>$325.6</td>
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</table>

Research Awards

(in Millions)
Research

- Breakthroughs
  - 1,500 scientists working on more than 3,100 research projects
- World-class researcher/clinicians
  - Brian Druker
  - Gail Clinton
  - Craig Nichols

![OHSU Start-Ups chart]

An OHSU Start-Up is defined as a newly formed company that was based on OHSU technology or received a substantial contribution of intellectual capital from OHSU.

Examples:
- Caldas Semi-Conductor
- Medicinal Therapeutics
- Northwest Neurologic
- Cascade Oncogenics

- Receptor BioLogix
- Orexigen
- Vox Technologies
- VeriBeam
- Attain Technologies
- Thetus
- Oxigant
- Znomics, Inc.
- ProteoGenix
- Genomics
- Animated Speech Corporation
- Navagesa
- Galois Connections
- Fonis
- Natural Interaction Systems
- TrueDisk
- EBM Solutions
- BioDelivery Systems
- El Tu Software
- Genetic Information Management System
- WireX Communications

- StemCells California
- Virogenomics
- Information Risk Group

Oregon-based: 30 of the 42 companies
Mission: Outreach

Community Service

- 200+ organized programs
- Gives $254 million worth of time and service to the community
- Reaches 96,000 square miles of Oregon and beyond
- Brings health and education services to all 36 Oregon counties
Community Service

• Programs designed to:
  – Treat the most vulnerable Oregonians
  – Meet workforce needs
  – Provide technical support to Oregon’s rural hospitals and clinics
  – Provide access to health information (e.g. Poison Center)
  – Develop science and health career pipeline programs (e.g. bringing 6,000 K-12 students to Portland for Intel ISEF)

Community Service

• Care for the poor
  – OHSU provides twice the state average of uncompensated care for Oregon’s poor
  – $153 million worth of care for patients with little or no insurance
  – 36,000 people per year use interpreter services
  – Community-based programs like Russell Street Clinic in North Portland, providing dental services for low-income and HIV patients
Community Service

• Matching OHSU graduates to Oregon’s needs
  – Area Health Education Centers
    • Improve the education, training and distribution of health care professionals in rural Oregon by educating *in situ*
  – Office of Rural Health
    • Helps communities recruit and retain practitioners and provides technical support to rural clinics and hospitals
Community Service

- Taking care of rural Oregonians in their own communities
  - Doernbecher pediatric clinics
  - Child Development and Rehabilitation Center (CDRC) CaCoon program
    - Support to families of children with disabilities
  - Union Clinic
    - School of Nursing operates two family health centers in Union County

CDRC Coordinated Community Based Services
Economic Impact

Economics

• 11,375 employees

• Portland’s largest business
  – 4th largest in Oregon

• $1.18 billion annual operating budget
Economics

- Sources of funding
  - Patient care 51.1%
  - Gifts, grants, and contracts 37.0%
  - Miscellaneous revenues 5.5%
  - State support 3.6%
  - Tuition 2.8%

- Foundations
  - $37.5 million in gifts and grants annually through OHSU Foundation and Doernbecher Children’s Hospital Foundation
  - ~22,000 donors per year

Consolidated OHSU Revenue Sources
Fiscal Year 2004 Budget - (University and Hospital)
Economics

• $257 million in annual research grants
  – Each million dollar grant is like starting a new small business in Oregon
  – Potential for spin-offs: increasing attention and infrastructure devoted to translational research
  – Venture fund in OHSU Foundation allows limited investment in “proof-of-concept”

A Journey of Growth & Change
**Growth and Change**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Operating Budget</th>
<th>% State Appropriations</th>
<th>Grant Awards</th>
<th>Employees</th>
<th>Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>$80 million</td>
<td>42.0%</td>
<td>$14 million</td>
<td>4,325</td>
<td>1,610</td>
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<tr>
<td>1985</td>
<td>$190 million</td>
<td>28.0%</td>
<td>$18 million</td>
<td>5,200</td>
<td>1,200</td>
</tr>
<tr>
<td>1990</td>
<td>$340 million</td>
<td>19.0%</td>
<td>$43 million</td>
<td>6,500</td>
<td>1,536</td>
</tr>
<tr>
<td>1995</td>
<td>$499 million</td>
<td>12.0%</td>
<td>$86 million</td>
<td>6,651</td>
<td>1,855</td>
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<tr>
<td>2000</td>
<td>$882 million</td>
<td>6.4%</td>
<td>$168 million</td>
<td>10,100</td>
<td>1,854</td>
</tr>
<tr>
<td>TODAY</td>
<td>$1.18 billion</td>
<td>3.6%</td>
<td>$257 million</td>
<td>11,375</td>
<td>2,673</td>
</tr>
</tbody>
</table>

**Public Corporation**

- Until 1995, OHSU was a state agency
  - Managed care
  - Measure 5
- SB 2 gave OHSU tools to compete
  - Streamlined governance structure: Board appointed by Governor, confirmed by the Senate
  - Ability to go to the bond market
- Maintained public missions
  - Partnership with state of Oregon
Total Revenue
(In Millions)

State Appropriations to OHSU
(Biennial)
(In Thousands)
Leverage

- Key to OHSU success – synergy
  - Synergy between health care, education and research
  - Synergy between health care and high technology
- State asks, as they have of everyone, that we do more with less, while
  - Maintaining access to education and patient care
  - Improving quality
- Public missions will continue to require public funding

OHSU Programs with State Partnership
Metro Inpatient Care to Underserved

Note: For CY's 1997, 1999, 2000, 2001, 2002 Legacy totals include Mt Hood and Meridian Park Hospitals; Providence totals include Providence Milwaukee

* Jan - Jun 2003

Net Loss on Under Reimbursed Patients
(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Projected</th>
<th>Projected</th>
<th>Projected</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1,998</td>
<td>1,999</td>
<td>2,000</td>
</tr>
<tr>
<td>Medicaid</td>
<td>(22,856)</td>
<td>(13,373)</td>
<td>(10,815)</td>
</tr>
<tr>
<td>Non-Sponsored</td>
<td>(12,532)</td>
<td>(9,887)</td>
<td>(10,549)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>(35,388)</td>
<td>(23,260)</td>
<td>(21,364)</td>
</tr>
<tr>
<td>State Support</td>
<td>13,941</td>
<td>13,941</td>
<td>13,941</td>
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<tr>
<td>Net loss</td>
<td>(21,447)</td>
<td>(9,319)</td>
<td>(7,423)</td>
</tr>
<tr>
<td>Medicare</td>
<td>5,214</td>
<td>4,496</td>
<td>7,521</td>
</tr>
<tr>
<td>Total</td>
<td>(16,233)</td>
<td>(4,823)</td>
<td>98</td>
</tr>
</tbody>
</table>

Provider Tax Impact

Potential Impact of tax referendum*

Estimated Total with Provider Tax Rebate

*Elimination of standard population benefit.

NOTE:
1) Medicaid – State of Oregon plans only
2) Projected FY03 will be updated upon filing of the Medicare Cost Report – Dec 1, 2003
History of State General Fund Reductions

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
<td>1991</td>
<td>-10%</td>
<td>Administrative Reductions</td>
</tr>
<tr>
<td>1993</td>
<td>-20%</td>
<td>Tuition Increases, Further Admin. Reductions, Selected Program Adjustments</td>
</tr>
<tr>
<td>1995</td>
<td>-15%</td>
<td>Public Corporation Efficiencies</td>
</tr>
<tr>
<td>1997</td>
<td>0%</td>
<td>Further Public Corporation Efficiencies</td>
</tr>
<tr>
<td>1999</td>
<td>3%</td>
<td>Earmarked for SOD, SON, AHEC, No Increases for 75% of the Budget</td>
</tr>
<tr>
<td>2001-2004</td>
<td>-25%</td>
<td>Program Reductions</td>
</tr>
</tbody>
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Last Updated: 8-31-01

Principles and Priorities

Academic Program Budget Reductions

- Honor commitments to admitted students
- Honor contracts with faculty
- Continue to build quality and excellence in core programs
- Optimize use of available state support to meet future health professional workforce needs of Oregon
- Wherever possible, form partnerships or transfer programs so as to minimize workforce impact (OIT, Tualatin Valley Fire District)
- Choose reductions that are achievable and sustainable
Building for the Future

Master Planning

• In 2002, with the help of the City of Portland, OHSU was able to create a long-term (30 year) master plan and create a University District (formerly residential)

• Gained the ability to plan strategically
  – No space to expand research or clinical areas
  – OHSU needs to add 2,000,000 square feet over the next 30 years with even modest growth
Oregon Opportunity

- Public/private partnership to advance OHSU research
- Research leads to intellectual property, which generates company spin-offs
  - Conservative estimate: $1 billion bioscience industry within a decade

Oregon Opportunity

- Recruit ~70 world-class investigators
  - 350 total investigators
  - Bring their grants with them
- Construct state of the art lab space
Oregon Rural Practice-Based Research Network (ORPRN)

- Network of doctors across Oregon
  - Health services research
  - Clinical trials
- Bringing the latest medications and procedures to rural Oregonians through their own doctors

Marquam Hill Growth

- Build on existing strengths
  - Translational research
  - Patient care
Research building

- ~260,000 square feet
  - On Marquam Hill
  - Research labs and lab support
  - Center for Advanced Imaging Research
  - Construction began in 2003
  - Completion expected in roughly 24 months
  - Occupancy late 2005
Patient care facility

- Provides much needed space
  - Currently unable to meet demand
  - Adds ~330,000 square feet of hospital and clinical space
  - Located on Marquam Hill
  - Space for adult cardiology, oncology, neurosciences and women’s health program
  - Net addition of 6 operating rooms and 61 inpatient beds
- Construction begins in 2003 and will be completed in 2006
South Waterfront

- Vibrant, mixed-use neighborhood on banks of Willamette River
- Project elements/goals:
  - Housing: 3,000 residents
  - Jobs: 5,000 workers
  - Education: OHSU, PSU, OSU
  - Greenspace: 3.5 acres of greenway and park
  - Multi-modal transportation: tram, streetcar, car-share, bicycle
  - Connectivity: OHSU, central city, adjacent neighborhoods
South Waterfront Today

South Waterfront in 2015
Building One Facing Northwest
River Campus

- OHSU expects to occupy 1 million square feet at South Waterfront by 2030
- All aspects of mission represented:
  - Education
  - Patient Care
  - Research and Life Science
  - Community Service

Summary of Capital Construction

<table>
<thead>
<tr>
<th>Project</th>
<th>Square Footage</th>
<th>Est. Completion</th>
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<tbody>
<tr>
<td>BRB</td>
<td>275,000</td>
<td>Fall ‘05</td>
</tr>
<tr>
<td>PCF</td>
<td>325,000</td>
<td>Early ‘06</td>
</tr>
<tr>
<td>River – Bldg. 1</td>
<td>400,000</td>
<td>Mid ‘06</td>
</tr>
<tr>
<td>Tram</td>
<td></td>
<td>Spring ‘06</td>
</tr>
<tr>
<td>Parking</td>
<td>400,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,400,000</td>
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</table>
Conclusion

• Vision: achieve excellence in all that we do
• Goals: rank in the top 20 in research and top 10 in all applicable academic programs
• Important steps along the way:
  – Public corporation
  – Oregon Opportunity
  – Strategic investment in facilities and faculty recruitment
  – Coordination of research and clinical priorities
• Results in highest quality educational environment