

“The Challenges of Change and the Response of the University”

An Address by Charles P. Bolton, Chairman of the Board of Trustees,
Case Western Reserve University

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Thank you, Professor Haddad, for asking me to speak this afternoon to the Western Reserve Studies Symposium on “Building a Medical Community in the Western Reserve.” The title that was suggested for my remarks is the “Challenges of Change and the Response of the University.”

I was elected Chairman of the Board of Trustees of the University, effective on July 1 of this summer. I am neither a health care practitioner or specialist, which will become only too clear in a matter of seconds! I am fortunately on the program with leading practitioners and scholars who will be much more knowledgeable and comprehensive in their discussions of the future of medicine and health care.

Much of the program will deal with the history of medicine in this city. I note that Virginia Dawson is on the program, whom I have had the pleasure of working with on an historical video on the life of my Grandmother, Frances Payne Bolton, for whom you know the nursing school was named.

I am the fifth generation of the family to serve, on the Board of Trustees of this University and its predecessor institutions. Members of my family have served over the years, as have I, as a trustee of one or more of the major hospitals in the city, and my uncle was involved with the School of Dentistry at the University. In fact, the building in which the dental school is located was named for him. So even though I am not a health care professional, my family has had a long interest in health care in the community. What I would like to do today, is to give you a brief glimpse on how the trustees of the University are currently involved in this field. Perhaps I should start by saying how the trustees, of the University are **not** involved.

We are not involved in patient care, yet we realize that there are tremendous economic pressures being imposed on health care providers by insurance companies, health maintenance organizations, and the Medicare system of reimbursement. These financial pressures currently create a destabilizing effect on health care providers. Obviously, the University hopes very much that our city will be successful in working its way through these problems as we struggle as a nation to develop a workable solution to funding health care.

Nor is the Board involved in regional competition for patient care revenue, or the long standing rivalry, some of it healthy and some of it perhaps not, between the Cleveland Clinic Foundation and University Hospitals of Cleveland. The University's efforts is to work with all principal area hospitals in our endeavors in both education and research, without being involved in the competitive arena for clinical services.

My involvement as Chairman of the Board of Trustees of the University has focused on working with Interim President James Wagner and a Board Advisory Committee headed up by our Vice Chairman, Frank Linsalata, in trying to develop affiliation agreements with our major hospital affiliates. The interest that the University has in these affiliation agreements is to further the successful implementation of the education program in the medical school, part of which is conducted in area hospitals, as well as at the Henry Ford Hospital in Detroit. We are also vitally interested in the research being conducted by University faculty members in these hospitals. We feel that education and research go hand in hand.

This summer, I am pleased to report, Jim Wagner and I signed a renewal to our long-standing affiliation agreement with MetroHealth Systems. MetroHealth has long provided a critical component to the medical program of our medical students where — you know better than I -- they are introduced to the burn unit and front-line patient care for the indigent, which is a tremendous opportunity for community service as well as for learning. The University is also the grantee organization for faculty research being conducted at MetroHealth Systems.

We are now, and have been for some time, involved in affiliation negotiations with both the Cleveland Clinic and University Hospitals of Cleveland. I believe we are at a turning point in the history of the University. Hanging in the balance is the prominence of our medical community and our medical school, together with our continuing ability to attract and retain outstanding researchers, faculty, and administrators, including the next permanent president, be that Jim Wagner or someone else. What we do in the months ahead will profoundly influence the future not only of our University, but that of our entire region for decades to come.

Affiliation agreements with both University Hospitals of Cleveland and the Cleveland Clinic Foundation must be concluded soon to achieve the region's goals. The entire community is watching to see if we can meet this challenge. Satisfactory agreements have remained elusive for a very long time. The risks of letting more time elapse may significantly threaten the national and international stature of our health care community — as well as the standing of our medical school — and could undermine our opportunity to forge meaningful relationships. We cannot allow that to happen.

The interests of all three institutions must be considered. Workable and fair agreements will require compromise, with each institution giving up something to achieve a better whole.

If we can achieve our vision, all three institutions will benefit substantially. That vision is, first of all, to strengthen medical education and the standing of our medical school. Among our goals is also to have the NIH funded research performed in the clinical departments of all affiliated hospitals administered through the University. This step would produce a community-wide research network, including the University and its hospital affiliates, that would move from the University's current national ranking of number 14 to number 6, as shown on the attached chart. Other academic institutions are

spending hundreds of millions of dollars hoping to achieve a comparable ranking. Combining all local NIH funding under the university umbrella would help each institution — and the entire community — attract top students, researchers, physicians and even more NIH research dollars.

If these negotiations fall apart, the rankings of our University -- without the NIH-sponsored research volume that is today conducted either at University Hospitals or at the Cleveland Clinic — would plummet from 14 to somewhere below number 40 nationwide. The standing and reputation of the medical community would decline precipitously.

Although there are many remaining obstacles, including financial issues which may be substantial, I am cautiously optimistic, but how we proceed in the next several weeks will determine the outcome. I hope that all involved understand the importance of the vision to this community — to the University, the Cleveland Clinic, and University Hospitals. The way I look at it', is, that if we can bridge what has been historical competitiveness between the hospitals in patient care to work cooperatively with the University on education and research, we will all benefit very substantially. The value of having the University be the grantee for the combined research being performed by faculty based at MetroHealth, the Cleveland Clinic, and University Hospitals will not only potentially attract additional NIH support to all of these institutions, but will also help each institution to attract better faculty and students. It will also enhance our ability as a city to move forward our agenda of developing a much more significant effort to create jobs in the life sciences. This is the second topic I would like to comment on because commercialization of research in the life sciences certainly falls under the topic of Challenges of Change and the Response of the University.

Historically, many universities did not make major efforts to commercialize research results, and it is only recently that the University has made technology transfer an important goal. We are way behind many other universities, and this region has suffered accordingly. As the University must be the catalyst to seek funding from the National Institutes of Health for clinical research being performed at a number of area hospitals, so too, the University must be the catalyst, along with many other agencies, both public and private, for a regional effort to commercialize research, most certainly in the life sciences, as well as other areas such as polymers and engineering. I know that technology transfer is not a significant portion of what you will be discussing today, so I will only make a few comments about the current efforts being undertaken by the University.

When the University identified technology transfer as a major goal, the Board established a Technology Transfer Committee which is chaired by Joseph Keithley of Keithley Instruments. Among members of the committee are Mal Mixon, Chairman and CEO of Invacare Corporation, and Bill Sanford, former Chairman and President of Steris Corporation, as well as three or four successful venture capital investors, and Jennie Hwang and Mario Morino, who have experience in high technology start-ups.

The University has just hired Mark Coticchia as the new Vice President for Research and Technology Management. Mark was responsible for the successful efforts of Carnegie Mellon in this area in the early 1990's, and will be a very dynamic leader.

Employment in the biomedical sector in the Akron-Cleveland area is ranked by the University's Center for Regional Economic Issues as number 18 in the nation, showing no change between 1988 and 1996. However, it is very possible for regions such as ours to make a significant jump with proper leadership — during that same period of time, for instance, Knoxville increased from 19th to 13th.

We must not forget that the amount of funding provided, the number of companies started, and the base of qualified employment on a regional basis, is directly related to the amount of NIH funding in the area and to the number of “star researchers.” An NIH star is defined as a researcher with \$1.5 million dollars in grants and contracts. We are apparently number 16 in the nation in terms of the number of star researchers, with 13 such stars, 9 of whom are at CWRU and UH, 3 of whom are at the Cleveland Clinic.

Just as the Federal Government is trying to double NIH research funding in the next few years, so will the state increase funding for science and technology. I understand a share of the State's tobacco settlement funds have been directed to biotechnology and technology research. The state legislature is considering authorizing a bond issue now to fund this program, with repayment spread over ten years or so. Major efforts to develop biotech industries are going on in Cincinnati, at Ohio State, and Ohio University in Athens.

The University, along with the Cleveland Clinic Foundation and University Hospitals of Cleveland, have entered together for the first time into a partnership to create the Cleveland Biotechnology Park, known as “BioPark,” which really does not accurately describe its potential function. It is not just a real estate effort. It is a private-public catalyst for Northeast Ohio's life sciences industry growth “focused on accelerating start-ups, attracting entrepreneurs, and creating a vibrant business environment.” The State of Ohio has earmarked over \$8.0 million for this effort in its current capital budget.

Of course, part of the effort is to provide these services in a coordinated way. It was announced this week that the BioPark board is trying to complete

financial arrangements to locate in the University West Building where the Edison BioTechnology Center is already located.

Much of the growth in the biotech industry will come from small companies: We already have several companies in this area that we must not overlook, such as Athersys, Biomec, Invacare, Philips Medical, Quark, Ricerca and Steris. There are other companies whose names you might recognize who have been in the news, such as Copernicus, Gliatech and others.

In summary, the University must be at the heart of a strategy to maximize our area's potential to compete successfully for research funding from the National Institutes of Health, And we must be the primary force in taking the lead to commercially develop research, much of it in the life sciences, as have other universities in the country such as Harvard and MIT in Boston, Stanford and Berkeley in California, the University of Texas in Austin, Johns Hopkins in Baltimore, and the University of North Carolina.

You can see why it is such an important challenge and such an exciting opportunity to be Chairman of the Board of Trustees at this time. Again, I appreciate the opportunity to be here. I wish I could remain for the balance of this symposium. I would be receptive to any suggestions that you, as participants, may have for me or the University as we move forward. Hopefully, the mutual efforts of the University and area hospitals, including all the involved educators, scientists, and practitioners, will provide significant benefit for medical care and medical education and research, as well as for economic opportunity, all of which will be vitally important to this region and great value to the nation.

Thank you very much.