The Health Affairs Committee of the University of South Carolina Board of Trustees met on Friday, September 18, 2009, at 10:30 a.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. John C. von Lehe, Jr., Chairman; Mr. Chuck Allen; Mr. Arthur S. Bahnmuller; Mr. J. Egerton Burroughs; Mr. Toney J. Lister; Mrs. Amy E. Stone; Mr. Mack I. Whittle, Jr.; Mr. Miles Loadholt, Board Chairman; and Mr. Eugene P. Warr, Jr. Board Vice Chairman. Dr. C. Edward Floyd was absent.

Other Trustees present were: Mr. Herbert C. Adams; Mr. Mark W. Buyck, Jr.; Mr. Greg Gregory; Mr. William W. Jones, Jr.; Ms. Leah B. Moody; and Mr. Othniel H. Wienges, Jr.

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Vice President for Finance and Planning William T. Moore; Vice President for Academic Affairs and Provost Michael D. Amiridis; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President for Human Resources Jane M. Jameson; Vice President for Information Technology and Chief Information Officer William F. Hogue; General Counsel Walter (Terry) H. Parham; Vice President for Medical Affairs Donald J. DiPette; Interim Vice President for Advancement Michelle Dodenhoff; Vice Provost for Faculty Development Christine W. Curtis; Chancellor of USC Upstate John C. Stockwell; Executive Dean of the South Carolina College of Pharmacy Joseph T. DiPiro; Dean of the College of Nursing Peggy O. Hewlett; Dean of the School of Medicine Richard A. Hoppmann; Dean of the Arnold School of Public Health G. Thomas Chandler; Campus Dean of the South Carolina College of Pharmacy Randall C. Rowen; Dean of the College of Social Work Dennis Poole; Special Assistant to the President J. Cantey Heath; Chair of the Faculty Senate Patrick D. Nolan; Associate Vice President for Student Affairs Gene Luna; Director of Governmental and Community Relations, Division of University Advancement, Shirley Mills; Director of Governmental Affairs and Legislative Liaison, Division of University Advancement, Casey Martin; Director of Periodicals, University Marketing and Communications, Chris Horn; Public Information Coordinator, Office of Media Relations, Karen Petit; Special Assistant to the President and Athletics Director John D. Gregory; Director of University Communications, Division of University Advancement, Margaret Lamb; President of the Student Government Association Meredith Ross; University Technology Services Production Manager Justin Johnson; and Board staff members Terri Saxon, Vera Stone, and Karen Tweedy.
Chairman von Lehe called the meeting to order, welcomed those present, and asked everyone to introduce themselves. There were no members of the media in attendance.

Chairman von Lehe stated that the agenda had been posted and the press had been notified as required by the Freedom of Information Act; the agenda had been circulated to the Committee members; and a quorum was present to conduct business.

Chairman von Lehe welcomed the two new board members.

I. Greenville Hospital System (GHS) Update: Chairman von Lehe called on President Pastides who stated that a joint oversight committee had been formed and was comprised of officials representing both USC and the GHS; Chairman von Lehe and Mr. Whittle represented the Board of Trustees on the committee. The GHS provided an opportunity for the USC School of Medicine not only to “expand its footprint, but also to train more physicians.” He stated that South Carolina needed physicians who would practice in South Carolina, and especially in primary care in rural South Carolina.

Currently, the committee was in the process of hiring an external consultant to review organizational and financial aspects of the relationship.

President Pastides called on Dr. Youkey, Vice President for Medical and Academic Affairs, Greenville Hospital System, who distributed a list of commonly asked questions regarding the expansion of the USC Medical Campus in Greenville. He gave a detailed report from the USC Medical Campus Expansion Feasibility Committee.

The School of Pharmacy continued to expand in Greenville and was on target for a four year pharmacy campus in Greenville in 2012 or 2013. The School of Social Work had partnered with GHS and had received the $2.7 million Duke Endowment grant to establish a curriculum for ambulatory/chronic care management in select Greenville populations. The medical school had started to establish a nursing anesthesia school in Greenville which would open January 2010. And, the School of Nursing continued to provide advanced nursing degrees in Greenville.

Dr. Youkey noted that the medical education relationship had begun in 1983 with the rotations of third year students to the GHS.

A prediction had been made that there would be “a glut” of physicians by the year 2000 (between 30 to 50 percent more than needed); however, in fact, there was a national shortage of physicians. South Carolina had fewer medical students per 100,000 population than average and was ranked 37th in the number of practicing physicians per 100,000 people.

Currently, the Association of Academic Medical Colleges (AAAMC) was predicting a shortage of 124,000 physicians by 2025. The window of opportunity for either expanding existing or building new medical schools would most likely close in 2015 or 2016. Dr. Youkey advised that the accreditation agency for medical schools had in hand 30 requests for new campuses around the United States. Historically, AAAMC expanded schools for a short period of time and then maintained the status quo for at least 25 years. However,
even if the University opened a medical school today, it would be at least 10 years before trained physicians could practice in the community.

General assumptions regarding finances included the following: financial independence of the USC medical campuses; the GHS medical campus supporting itself at the current level plus tuition (thus, no long-term incremental financial support of any kind); and no recurring state funding/appropriations (one-time start-up funds a possibility).

The findings and recommendations from the independent feasibility study completed by Cirra, Inc. included the following points: concept consistent with mission statements/goals of both organizations; 17-year history of working together; memorandum of understanding already existed; the $20 million REI building investment by Greenville Hospital System already completed; a de facto clinical faculty group already in place; the institutions provide a unique combination of research, education and clinical service capable of providing a vehicle to guide and test healthcare reform; and the Greenville area was attractive with a diversified economic base.

An important next step would involve the development of an agreement for the USC School of Medicine-Greenville as a Specific Initiative of the USC/GHS Academic Health System which would require a separate Liaison Committee on Medical Education (LCME) accreditation. From a facilities standpoint, there was a shell building with 85,000 to 100,000 square feet of space.

The MOU/Affiliation Agreement Committee recommended the establishment of a broader informal affiliation agreement in order to expand the USC Medical Campus in Greenville to a four-year teaching campus with curriculum focused on healthcare delivery with joint USC/GHS governance.

President Pastides stated that the USC Medical School faculty was concerned about competitiveness for state funding. He noted that currently the University had a marginally-funded medical school budget. The question, therefore, became whether there was enough money at the federal level and enough philanthropy in South Carolina to continue to increase the stature and the funding base for the Columbia medical school while this new exciting opportunity in the Upstate existed. Extensive collaborative work will be needed with the current School of Medicine faculty and leadership. He believed that it was a “moment opportunity” that would expire in a year or two.

Chairman von Lehe commended Dr. Youkey for his excellent presentation.

Mr. Jones asked if the financials would be consolidated. Dr. Youkey responded that the Feasibility Study Committee was asked to review the financials of the two campuses separately because the tuition of the students in Greenville and the infrastructure support would be funded by Greenville. It was possible that various services could be purchased from either USC Upstate or from USC Columbia.
President Pastides added that USC would hold the accreditation so that if the relationship changed, the University would have the authority to close that campus.

Chairman von Lehe stated that the University was always interested in what was best for this state when it came to providing medical care.

Mr. Whittle stated that this proposal was a win-win situation. The GHS had the infrastructure and the facilities; the University had in place the school and the programmatic aspects.

Mr. Lister asked the nature of the relationship between the school and the hospital itself. Dr. Youkey responded that this relationship would build on one that had been in existence since at least 1991. Not only was the hospital system not taking over the school, but the school was not taking over the hospital system. He emphasized that GHS was a delivery system and not a University.

A meeting was scheduled for September 30th with the LCME in Washington, DC, to help put together an application which was anticipated to receive approval at the appropriate time. Dr. Youkey indicated that when he returned to Greenville he would proceed with the designated law firm for that process and would engage another firm to validate the feasibility study. He and several others were planning to go to Washington to assess the requirements for a successful application while beginning the process of putting together the business plan, determining reprogramming needs of the building as well as the leadership structure and the governance that would be necessary to lead to an affiliation agreement.

President Pastides reiterated that the work in Washington represented a “fact finding” mission and not an official visit declaring an intention to establish a medical school in Greenville. Dr. Andrew Sorensen would be representing him and would bring back information to help establish the governance draft model. The Board would be updated and consulted at all stages of the process.

Following the September 30th meeting, Dr. Youkey indicated that the two administrations would need to work on a draft governance model. Anticipated was the formal submission of an application to LCME in either the April-June or October-December timeframe. According to LCME instruction documents, an application will not be considered without the submission of a very definitive organization chart defining governance.

President Pastides stated that the University will present specific governance plans as well as the financial model to the board at a later date. Mr. Whittle stressed the importance of following appropriate guidelines to avoid the possibility of hastily approving a plan for which the University will be totally responsible.

Chairman von Lehe stated that this report was received as information.

II. Emergency Management Team H1N1 Update: Chairman von Lehe called on Dr. Gene Luna, Associate Vice President of Student Affairs, who stated that President Pastides and
his cabinet were providing extraordinary leadership to prepare for any emergency that might befall the University, including the threat of a pandemic flu this year.

He stated that the H1N1 flu virus had originated in Mexico this past April. This particular flu strain had been declared a pandemic in summer by the World Health Organization. The University already had an infectious disease emergency plan in place, but the campus came together across all divisions and schools to focus on a plan for the H1N1 flu. USC was well prepared to respond at all levels.

In drafting the plan, they had received guidance from the Centers for Disease Control and the American College Health Association; the South Carolina Department of Health and Environmental Control (DHEC) had reviewed and endorsed it. Also, representatives from the School of Medicine, the School of Nursing and the School of Public Health had provided leadership in developing the plan. Dr. Luna thanked everyone for their efforts.

USC Columbia had distributed 10,000 flu kits on August 15th. These kits contained tissues, pain relievers and educational materials outlining what students needed to do to help mitigate and manage outbreaks that may occur.

In addition, the University had begun an aggressive seasonal flu vaccination campaign with over 3,000 vaccinated thus far. Dr. Luna commented that “one of our heroes on campus was the College of Nursing.” The University had a fully staffed, but undersized Ambulatory Health Center. Volunteer student nurses had helped with inoculations. Vaccinations at the University were expected to reach 7,000 this year.

Currently, nearly 156 students had been treated for influenza-like illnesses, of which 56 were confirmed H1N1 cases. At this point, it was considered a mild symptomatic illness. Nationally, there was a 30 percent spike in campuses this week as compared to last week; football games had been targeted as a potential threat.

Dr. Luna stated that the H1N1 vaccine would arrive in October and would be provided by the federal government at no cost. The University had been designated as a point of distribution for not only the H1N1 vaccine, but other vaccines as needed in the event of other threats.

Chairman von Lehe stated that this report was received for information.

III. South Carolina College of Pharmacy (SCCP) Update: Chairman von Lehe called on Dean DiPiro who stated that his report had been prepared in response to five questions raised by the Board of Trustees during the March 20th, 2009, meeting of the Health Affairs Committee.

In response to a question about the number of administrative positions as a result of the merger, Dean DiPiro indicated that the South Carolina College of Pharmacy had one campus dean, one associate dean, and one assistant dean on each campus. The roles of each were clearly defined for campus management and operations, curriculum, and student
The newly-created Executive Dean position served a state-wide function, reported to Provosats at USC and MUSC and interfaced with health care partners across the state. The College had an expansive mission that included instruction of one of the largest classes of a pre-pharmacy cohort (over 400 students at USC), an ambitious research agenda, clinical service programs, and residency programs. The number of administrative positions in the College were the minimum required to function effectively and mirrored much smaller colleges of pharmacy. Dean DiPiro noted that, while it could be justified, it had been decided not to appoint assistant/associate deans for research, pre-pharmacy studies, clinical services, or experiential education.

Dean DiPiro stated that comparative institutions were North Carolina, Kentucky, Maryland and Florida; each had a larger administrative structure than Carolina’s.

Mr. Whittle asked that Dean DiPiro gather information about the administrative costs of other institutions in addition to the educational costs per student in comparison to the University. He noted that decisions had been made in the past regarding the merger based on the fact that more pharmacists were needed and the merger was a way to move the two schools together in order to address this issue. He believed that the University could be more economically efficient in a time when there were limited resources.

In addition, Dean DiPiro stated that data was requested on the number of pharmacy graduates who stayed in South Carolina versus those who left the state. Data was collected for the past three years of pharmacy graduates at USC. The percent residing in South Carolina had been consistently 80 percent, specifically, 2007 (79 graduates) 2008 (107) and 2009 (120). Historical data indicated that the majority of registered pharmacists in South Carolina graduated from the University of South Carolina.

A question was also raised whether this merger was beneficial to the University of South Carolina in all aspects, or whether a return to the former model should be considered.

Dean DiPiro stated that the integration of the USC and MUSC pharmacy schools to form the South Carolina College of Pharmacy had been a challenging and time consuming restructuring process which had started five years ago. The benefits were beginning to be realized and were providing long-term advantages for pharmacy education at USC.

Dean DiPiro reiterated the benefits from the merger as follows:

A new curriculum that incorporated the best of the resources and talents from USC and MUSC and utilized state-of-the-art distance education technology;

An expanded clinical practice training opportunities for students.

Students from both campuses had clinical rotations in Charleston, Columbia,
Greenville and other locations;

A better opportunities for research collaboration between campuses;

An improved competitive position in the face of new and expanding colleges of pharmacy in the region. The integrated college more effectively competed for recruitment and clinical training sites;

Increased research productivity. The year prior to the merger, the independent colleges were awarded less than $2 million in NIH funding and ranked 44th and 45th in the United States. The combined college currently had approximately $5 million in NIH funding and ranked 25th nationally;

Shared rather than duplicative administrative oversight of key college functions such as directorship of experiential programs, information technology, finance, and continuing education which enabled cooperative planning and more efficient resource utilization; and,

Greater administrative and academic flexibility to address needs in a coordinated manner rather than as independent entities. The combined program more efficiently used training sites and partnered with external organizations.

Overall, the combined strengths of USC and MUSC (including a large academic medical center and a large comprehensive university) provided the College of Pharmacy a profile similar to some of the best colleges in the United States; this was not possible with the independent colleges.

It had also been recommended that a cost-benefit analysis be prepared on the SCCP to highlight the fiscal effects of the merger, in addition to the efficiency and quality effects of the merger.

Estimated USC costs for the merger included a one-time initial expense of $265,000 and ongoing yearly expense of $205,000. The latter expense represented about 2.5 percent of the College’s “A” fund budget and was largely related to the sharing of the executive dean’s salary and distance education equipment and technical support. Since the inception of the merger, the pharmacy class size at USC had increased 38 percent, and the quality of the applicant pool and graduates had remained consistently high.

Dean DiPiro believed that the College had been operating in a high quality and efficient manner. He noted that the USC campus college operated with less than $14,000 per student per year compared with an average of $24,000 for public colleges of pharmacy in the southeast. Class size and credit hour production at USC had approximately doubled over the past five years on the USC campus with no increase in faculty FTE.

Dean DiPiro shared information regarding the post merger budget. The increase in expenses was attributed to the increased class size on the USC campus which required additional staffing and to make changes throughout the college to conform to new
Mr. Adams anticipated an expanded number of graduates because of what was happening in Greenville. Dean DiPiro explained that originally considered was the possibility of transferring students from both campuses to the Greenville Hospital System campus or adding to the class sizes. New colleges of pharmacy were emerging including a new one at Presbyterian College and another coming to Columbia. In addition, there were five new schools in Tennessee, North Carolina and Georgia which were dramatically affecting the number of pharmacists; therefore, it must be determined if increasing the class size would be a responsible action.

Many students had been training in Greenville and that number was growing. The SCCP was working with Greenville Hospital System to identify space and to create a timetable. Envisioned was the possibility of expanding education to the third year so that students would begin in Columbia or Charleston and then transfer to Greenville to complete their final studies and clinical work. That, Dr. DiPiro advised, was an intermediate step; the ultimate plan ideally would be to establish a full four-year program in Greenville.

President Pastides pointed out that the overarching concern involved adequate clinical supervision.

Mr. Whittle asked whether the admissions process was handled at one location. Dean DiPiro replied that since the merger, there was one application process and students could express their campus preference.

Dean DiPiro also indicated that the total in-state pharmacy graduate class had increased from 120 to approximately 200 students; he anticipated that number would double in the years ahead. In addition, distance learning was also available and used extensively by pharmacy students.

Dean DiPiro provided the following data regarding funding per student from various other schools of pharmacy in comparison to USC and MUSC: The University of Kentucky $29,142; University of Maryland $27,657; University of North Carolina $26,666; Virginia Commonwealth University $23,296; University of Mississippi $22,367; Auburn University $22,344; University of Georgia $18,334; the SC College of Pharmacy (USC) $13,830; and SC College of Pharmacy (MUSC) $14,315.

A point was raised that a profit/loss statement should be prepared on the College of Pharmacy at Carolina had it not merged. Dean DiPiro advised that separate budget accounts were used for the USC and MUSC campuses. The college had expended funds conservatively during the past few years in order to remain within its budget. In 2006, the college had established a tuition and fee structure that was appropriate for a professional degree program in pharmacy; carryover funds were largely used for multi-year commitments to new faculty for start-up funding.
In closing, Dean DiPiro stated that he was originally attracted to the Executive Dean position in 2005 because he believed that the merger was the right thing to do for pharmacy education in South Carolina and he still felt that it was the right decision four years later.

Mr. Loadholt commented that when the committee was considering the merger it was indicated “the bigger the better” as far as funding was concerned. Dean DiPiro responded that there was a distinct shortage of pharmacists and that the gap had been narrowed between supply and demand because of the increase in students in the program. Previously, the colleges on both campuses were bringing in less than one million dollars per year in NIH funding; that amount had increased to $5 million. Young junior faculty had expressed that their success in acquiring NIH funding was partially due to their college and affiliation with faculty on the alternate campus.

Chairman von Lehe stated that this report was received for information.

There were no other matters to come before the Committee. Chairman von Lehe declared the meeting adjourned at 11:07 a.m.

Respectfully submitted,

Thomas L. Stepp
Secretary