

The Changing Ivory Tower: Balancing Mission and Business

Author Commentary

CHAPTER ABSTRACT:

The business landscape for academic health centers in the United States is changing rapidly due to legislative reforms, growing competition, and the urgent need to control healthcare expenditures. This introductory chapter discusses where academic health centers have been and where they must go in facing the challenges of balancing mission and money in healthcare. The authors explore how to break from tradition and implement sustainable, forward-looking changes in all three mission areas (research, education, clinical care).

History offers plenty of lessons for academic health centers, but the pressures emerging in academic medicine today are different than they have been in the past. If institutions like ours are to remain leaders in the field, we must embrace new approaches and new ways of thinking.

Clearly, the cost of healthcare in the United States is unsustainable. We are now spending 17 percent of our gross domestic product on healthcare. The need to rein in this spending is placing tremendous pressure on academic health centers because what we do is expensive. As we try to control costs, demographic shifts are leading statisticians to project a surge in demand for health services over the coming decades. The high price of education places a burden on medical students and leads them to pursue subspecialties, even as the primary care physician shortage worsens. Additionally, funding for biomedical research is getting ever more difficult to secure. In this environment, academic health centers cannot be afraid to explore out-of-the-box solutions. The traditional corrections that worked in the past—primarily increasing patient volumes and cutting payroll costs—are not going to suffice in the future.

At Johns Hopkins, we have become a truly integrated healthcare delivery system; we have added hospitals and practices. We try to ensure that we provide the right care for the right price in the right place; this includes partnering with community groups to keep people well. Our mission is to improve lives and communities through innovation, top-notch training, and cutting-edge patient care. To execute that mission, we need adequate resources.

Around the country, academic health centers are engaged in cost-cutting, but changes go well beyond these efficiencies. We are now engaged in a radical rethinking of our business model—implementing sustainable, forward-looking moves that ensure we will thrive in the future. These include new payment models, an increased emphasis on quality of care, and improved use of new technologies. We are at the dawn of a powerful new era of discovery, with technology enabling huge advances in disciplines such as metabolomics, proteomics, and epigenetics. We need to make sure we are in a position to seize these opportunities and continue advancing biomedical science to improve human health.

Innovation and education are what separate academic health centers from other healthcare providers. However, we can no longer rely on clinical margins to subsidize these important parts of our mission. Academic health centers must seek creative ways to support teaching and research, even as we recalibrate our clinical operations to meet today's challenges. In the midst of all this transformation, we cannot lose sight of our core mission and our value system; whatever changes we implement, we must continue to put the patient first and do what is right for the people we serve.

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