It's survival time for all 285 academic medical centers.

- Teaching hospital costs are 30% to 40% higher than those of nonteaching hospitals (Prospective Payment Commission [PROPAC]).
- We are asked to reduce the size of medical school classes by 20% to 25% and to reduce the number of graduate medical training positions to the number of graduating students plus 10% (1995 Pew Commission).
- Indirect education costs add $10 billion/year to health care costs (American Association of Medical Colleges [AAMC]).
- Medicare reimbursement to cardiologists may go down 30% on January 1, 1998 (Health Care Finance Administration).

Medical school funding sources (AAMC):
- Clinical revenue:
  - 47% in 1994 compared with 22% in 1980
- State funds:
  - 10% in 1994 compared with 29% in 1980
- Grants and contracts:
  - 31% in 1994 compared with 44% in 1980
- Tuition and fees:
  - 4.1% in 1994 compared with 5.4% in 1980

Effects on academic medical centers (ACEP News):
- Hospital A will cut 1,500 employees and save $70 million dollars over 2 years
- Hospital B has saved $50 million by laying off 10% of its employees
- Hospital C cut $29 million by “reducing the skill mix of patient care staff”
- Hospital D saved $3.3 million by switching from brand name drugs to generics

The story is told of a man who falls off a 100-story building. As he passes the 50th floor on the way down, a person leans out the window and asks him how things are going...to which he replies, “so far, so good.”

What’s wrong with this picture? Everywhere we look we see the gradual dismantling of the world’s premier academic medical system. Even cardiology divisions are seeing red ink and must respond by letting faculty go, reducing salaries and increasing the clinical load of individual faculty. Teaching suffers, research suffers, and other almost indefinable elements that make up a great educational institution seem to be slipping away.

Oh, yes, we have become very good at rearranging the deck chairs. We are more efficient; we have better patient care algorithms; we have bought up primary care practices and built health care networks; we have reduced length of hospital stay; we have become more competitive by reducing the costs of our services; we are actively marketing ourselves; we have restructured and merged; we have sold clinical services to public purchasers;...”so far, so good.”

It appears to me that some academic medical centers will not survive; and even though the majority will survive, they will be forever changed. One of the basic philosophical issues at hand is whether medicine in general and academic medical systems in particular should be treated only as another commodity in a free market economy, or whether they need active help to preserve a valuable resource for the future health of the country, I, of course, favor the latter view.

One way to do this is through federal legislation. In 1996, Senator Daniel Patrick Moynihan proposed the establishment of a Medical Education Trust Fund. Its purpose was to have all sectors share in the cost of funding medical education. The revenue would include a 1.5% assessment on health insurance premiums, Medicare and Medicaid. This would double annual payments for medical education to $17 billion from the current federal payments for medical education. Although this proposal has not gone anywhere yet, it has the elements of an appropriate broad societal response that can...
help to support the education of those who will care for our society's health needs. Proposals like this definitely need our support.

As financial matters press in, perhaps it is worthwhile to remember certain basic principles that must never be sacrificed in this frenzy of dollar signs:

1. I will provide the best possible care for my patients.

2. I will be their advocate and respect their right of choice regarding health care issues.
3. I will retain my own integrity and identity as a skilled, caring, compassionate physician.

Perhaps, rearranging the deck chairs will alter the ship's course and we'll miss the iceberg. For the moment, the future course ahead looks perilous . . . but, “so far, so good.”