
Task Force Meeting

of

LEGISLATIVE TASK FORCE ON HIGHER EDUCATION AND THE ECONOMY

"The Task Force has invited various representatives of the higher education, health care, and business communities to provide testimony on options for merging the University of Medicine and Dentistry of New Jersey, the New Jersey Institute of Technology, and Rutgers, The State University of New Jersey"

LOCATION: Committee Room 4
State House Annex
Trenton, New Jersey

DATE: December 19, 2006
10:00 a.m.

MEMBERS OF TASK FORCE PRESENT:

Senator Raymond J. Lesniak, Co-Chair
Assemblyman Wilfredo Caraballo, Co-Chair
Senator Joseph F. Vitale
Senator Loretta Weinberg
Senator Nicholas Asselta
Senator Robert J. Martin
Assemblyman Patrick J. Diegnan Jr.
Assemblywoman Pamela R. Lampitt
Assemblywoman Jennifer Beck
Assemblywoman Marcia A. Karrow



ALSO PRESENT:

Osomo A. Thomas
Sarah B. Haimowitz
Office of Legislative Services
Task Force Aides

Jacqueline Burke
Senate Majority
Jennifer Taylor
Assembly Majority
Task Force Aides

Brian Alpert
Senate Republican
Brigid E. Farrell
Assembly Republican
Task Force Aides

Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

TABLE OF CONTENTS

	<u>Page</u>
Harold T. Shapiro, Ph.D. Chair Presidential Search Committee University of Medicine and Dentistry of New Jersey, and President Emeritus Princeton University, and Professor Economics and Public Affairs Princeton University	3
Darlene L. Cox President and Chief Executive Officer <i>The University Hospital</i>	34
John P. Sheridan Jr., Esq. Senior Executive Vice President Cooper University Hospital	60
Thomas A. Cavalieri, D.O. Interim Dean University of Medicine and Dentistry of New Jersey School of Osteopathic Medicine	76
Dennis M. Bone President Verizon New Jersey, and Member Board of Trustees New Jersey Institute of Technology	97
J. Richard Goldstein, M.D. President New Jersey Council of Teaching Hospitals	108
Roger J. Dennis, Esq. Provost Rutgers-Camden Rutgers, The State University of New Jersey	126

TABLE OF CONTENTS (continued)

	<u>Page</u>
Robert A. Shekitka, DMD President New Jersey Dental Association	140
Henry J. Amoroso, Esq. President and Chief Executive Officer Catholic Health and Human Services, and Associate Professor School of Business Seton Hall University	146
APPENDIX:	
Letter addressed to Senator Raymond J. Lesniak from P. Roy Vagelos, M.D. Retired Chairman and CEO Merck & Co. Inc.	1x
Testimony plus attachments submitted by Darlene L. Cox	3x
Testimony plus attachments submitted by Thomas A. Cavalieri, D.O.	75x
Testimony submitted by Roger J. Dennis, Esq.	132x
rs:1-127 lb: 128-151	

SENATOR RAYMOND J. LESNIAK (Co-Chair): All right, ladies and gentlemen. Will you please take your seats? We're about to begin our meeting.

We have nine very distinguished folks here to testify on this very important issue. The testimony will be transcribed, so anyone who is not here -- either as members of this panel or the public -- will be able to access the testimony through the Legislature's Web site.

Assemblyman Caraballo is in transit. He just authorized us to begin the meeting.

I want to thank the members for coming. It's the holiday season. Everybody is very busy, but this is a very important issue.

Just some housekeeping items: Again, I've spoken to Co-Chair Caraballo about this. And if it's okay with the members -- and we could discuss this later on, if we want, in executive session. But I think we would -- I would like to have one more meeting, and then sit down together and come out with a recommendation.

At the next meeting, Congressman Pallone has requested to testify. Congressman Pallone is the incoming Chairman of the Subcommittee on Health in the House. And he has a lot to say about what a restructuring would do in terms of our ability to attract additional funding for research.

Also, it is my understanding that the Governor's Task Force, which has been meeting behind closed doors on this issue, will be coming out with its recommendation. I think it's important that the committee have testimony in public from the Governor's Task Force so we know who they've talked to, what the basis of their deliberations were, and what their

recommendations are, so the members can have an opportunity to question them.

And lastly, again I reiterate, if any members have any specific people they would like to testify, just let us know and we'll invite them.

ASSEMBLYWOMAN KARROW: On behalf of Assemblywoman Beck, who is running late -- she did call -- and myself, we do have a list of people that we'll be giving you today, Chairman, that we would like to have brought in.

SENATOR LESNIAK: Fantastic. Wonderful.

I will just go over the list, basically, by picking numbers out of a hat, and maybe a little bit of personal manipulation here. But the order--

SENATOR WEINBERG: I'd like to know how you do both of those things. (laughter) I need lessons.

SENATOR LESNIAK: We will start with Dr. Shapiro; and then President Darlene Cox, of *The University Hospital*; followed by John Sheridan, Senior Executive Vice President of Cooper University; Dr. Thomas Cavalieri, acting Dean of UMDNJ School of Osteopathic Medicine; Mr. Dennis Bone, President of Verizon, and also a Board Member of NJIT -- I think a professor at NJIT, or a teacher there, as well; Dr. (*sic*) Roger Dennis, the Rutgers-Camden Provost; Dr. Richard Goldstein, President of the New Jersey Council of Teaching Hospitals; Dr. Robert Shekitka, President of the New Jersey Dental Association; and Henry Amoroso, Chief Executive Officer of Catholic Health and Human Services Corporation.

Again, I have a very distinguished list of folks here that took the time out during this holiday season to testify on this important issue.

Do any members have any opening statements before we call Dr. Shapiro? (no response)

Thank you.

Dr. Shapiro obviously needs no introduction. But in addition to everything else he's done in his life, he served on the Vagelos Commission, and is currently head of the Search Team for the new President of UMDNJ.

Welcome, doctor.

HAROLD T. SHAPIRO, Ph.D.: Thank you very much.

It's a great pleasure to be here this morning for many, many reasons -- to make a few remarks regarding higher education in New Jersey and UMDNJ, in particular.

I want to thank both you, Mr. Chairman, and all the members for their interest in higher education here in New Jersey. That, itself, is something that encourages all of us who work in this area. So thank you very much for your interest.

I, of course, spent my entire life in higher education. But, nevertheless, I feel that an enormous amount is at stake in what you are doing. And what's at stake are the opportunities for current and future generations of citizens in New Jersey. So I think this is very important, and I very much appreciate the time you are all taking to focus on this area.

I guess I need to begin by acknowledging-- I may have a certain vested interest, conflict of interest. I don't know quite how to phrase it. But as some of you may know, I have been serving on the Board of UMDNJ for the last three or four months. So, obviously, I have very much the interest of that institution at heart. And, indeed, it's my responsibility to

have their interest at heart at the current time. But, nevertheless, I'm going to try to step back from that and try to think of this in a broader context. Because whatever changes are made, this is something for the generations, not just for what's happening this year and next year.

I want to acknowledge, as the Chair said just a few moments ago, that I was a member of the Vagelos Commission. And I want to start there. I'm not going to review the Report. You are all very familiar with that. There's no use going over that Report yet one more time. But there's one aspect of it that I do want to remind the members of. That committee started out as a committee to study the medical schools here in New Jersey -- medical health science schools would be a better way to say it -- and decide what would be an effective way of mobilizing them in the best interest of the people of this state and, of course, U.S. health sciences, broadly speaking.

As we began struggling with that, we began to understand that, in our opinion, we couldn't really deal with that problem without stepping back and dealing with the higher -- structure of education in New Jersey as a whole; that UMDNJ is such a big part of higher education in New Jersey. Anything you do there has important ripple effects throughout higher education in New Jersey. And, therefore, we felt -- it was our judgment, of course -- that we couldn't just come out with some recommendations that dealt with the health science schools alone. We had to come out, in our judgment, with something that dealt with the structure of higher education in New Jersey. And I won't go over the recommendations of that report.

But it makes, in my view, a very interesting point: that whatever the ultimate structure of UMDNJ is, you have to deal with it in

the context of public higher education as a whole. It cannot be dealt with, in our judgment -- in my judgment -- by simply parceling out various aspects of it here, there, everywhere. It kind of reminds me, sometimes, of when there is -- faced with a difficult problem, and no one knows what to do about it, very often we'll appoint a committee to look at it. You have a report instead of a solution. And I don't think we, in New Jersey, want to fall victim to that. This is an extremely important thing to happen. We want a solution to the problems that face us and the opportunities that we want to provide for future citizens here in New Jersey.

So as you go through your deliberations, I encourage you to think about the structure of higher education as a whole -- especially public higher education as a whole -- and not just the question of one of its units. We have to remember that when you have a unit which, for whatever reasons, has some challenges or is a troubled unit, and you want to attach it to another unit, two things can happen: both units can get better, both units can get worse, or nothing much at all happens. And so I think it's my judgment that the first order of priorities, as a Trustee of UMDNJ, of course, is to right the ship the best way we can, as quickly as possible.

But your challenge, in my view, is to understand what really is going to serve future generations of New Jersey citizens, who will have either an unparalleled opportunity for higher education here in New Jersey or they won't have. And that will be something which not only yourselves, but future generations of members and other citizens of the state will have to decide.

I will share, perhaps, one personal experience. As some of you know, I was President of the University of Michigan for a number of years

before coming -- as President of Princeton. And New Jersey, for many generations, was a prime recruiting spot for the University of Michigan. This was where we got an enormous number of talented students, students which, in my judgment, should have been here in New Jersey, and should be in New Jersey in the future. That will depend on the kind of higher education system that you develop here, and the opportunities you provide for some of your most talented citizens.

New Jersey is a wealthy state. I'm more than aware of difficult budget issues currently facing the Legislature right now. And that's important, of course. But looking to the longer term, I have -- see no reason why New Jersey shouldn't have one of the most distinguished systems of higher education in this country. And I think that's the vision that we need to unite behind -- some vision. It may not be the Vagelos vision. That's just one person's -- one committee's ideas. There are many other ideas.

But I think it's very important to keep your eye on the prize, so to speak. The prize is: Are we going to do something which serves future generations, or are we going to put a Band-Aid on the problem, not understanding whether or not it fixes it, and whether or not it serves the long-term interest of the citizens of the state?

Now, turning more specifically to UMDNJ, I want to really remind you of two things. It may be presumptuous of me to say *remind you*. You may be more than well aware, but nevertheless, I feel impelled to say it. One is, there is more than medical schools at UMDNJ. There's a number of -- a whole number of distinguished health science schools there, which need -- whose -- you need to pay attention to. And you pay attention to their

interests as well as the interest of the larger schools, which, of course, are the medical schools.

The second is the hospital in Newark, which is a major challenge for health-care delivery here, and a very important aspect of health-care delivery here in our state. That is, in some ways, a separate kind of issue. The hospital and the University are very much dependent on each other. They could, or not, be run by the same legal entity. That's not necessarily-- Not all medical schools own hospitals. Some do, some don't. But that's a very important health-care issue for the State. In addition to an educational issue, it has its dual function. It provides extremely important health-care services to a very important population of this state; but it also provides, and is nourished by -- they mutually nourish each other -- the medical school in Newark and the hospital. They need each other. Whether the current set of arrangements are the ideal set of arrangements are another matter altogether. That's something that needs to be discussed.

So I really have only two, to me, really important things to say, or that I believe are important. One is that we need to unite behind a vision for the future here. Current problems will be fixed one way or another. I'm perfectly confident of that. What we really are dependent on you for is a vision for what it is you want for New Jersey, longer term, and how it is we're going to get there despite the fact that there are short-term challenges of all kinds -- budgetary and other challenges.

I think-- It's my experience in higher education that you can go through very tough times if one thing is true, and that is: you have hope. If you have hope, you can go through very tough times. People will stick with you. Staff, faculty, students will stick with you if there's somewhere they

know they'll -- if they think they're going somewhere. It's only if they -- you have tough times, and nobody has a vision of where you're heading -- that's when you have to stop and wonder whether these institutions can be sustained and serve the interest of the State, long-term. So that is, I think, the most important thing I have to say.

The second thing is that when it comes to (indiscernible)-- You will hear very shortly from someone much more knowledgeable than myself about University Hospital. It is a separate kind of issue. It's connected to all the issues you think, but it's quite separate, intimately tied to the health-care system in the country, as well as in the state. It needs to have some academic association. That's important to it and its patients. But just how that has to be structured has to be looked at, I think, extremely carefully and in a somewhat separate way because of the very special industry it's operating within, mainly the U.S. health-care industry.

So I think what you're about to -- things you're thinking about-- The agenda you have before you is an extremely important one. But unless-- As you deliberate, I encourage you to think about the long-term vision you have for us. Because with that hope, a lot can be done, even though things may not be available right away, or right now because of various kinds of constraints that we all face. Without that vision, I'm afraid that other kinds of attempts -- move a unit here, move a unit there -- simply are some chance to make matters worse rather than better.

I know that's not what you want. I know that's not what you're going to do. But I think that's one of those easy things to do which I'm sure, given the amount of time you're spending on this, is not at all what you have in mind.

Mr. Chairman, thank you very much. It's a pleasure to be here this morning.

SENATOR LESNIAK: Thank you, Dr. Shapiro.

I think you would have made a good politician, by the way (laughter), because, if I may--

DR. SHAPIRO: I'm not considering this. (laughter)

SENATOR LESNIAK: Because I believe what you're talking about, in terms of the vision, also includes adequate funding--

DR. SHAPIRO: Correct.

SENATOR LESNIAK: --which is both for capital and operational needs.

And I presume what you said, in terms of how you used to recruit out of New Jersey for the University of Michigan -- that still exists.

DR. SHAPIRO: That still exists, but not the way it was. It used to be really easy. Now it's not as easy, but it still exists.

SENATOR LESNIAK: But do we have enough capacity for the best students? And do we have the excellence in our institutions to keep the -- most of our best students here?

DR. SHAPIRO: I think there are, undoubtedly, some very excellent units within the higher education system in New Jersey. But I think that, given that we're one of the richest states in the country, we ought to be providing more opportunities for the most talented people. And we ought to be attracting people from all over the country and all over the world. That's the vision I have. Because I think it pays dividends. It pays economic dividends, it pays cultural dividends, it pays all kinds of dividends.

If you notice what is happening in the most distinguished public universities, the public investment has become small, relative to the total investment, because so much -- they have a capacity to attract funds from outside their states to support the ongoing operations. And that could happen here.

SENATOR LESNIAK: Lastly, I just want to make one more point before I call on questions.

I share your vision. And the only way that we, here in New Jersey, are going to be able to bring that vision to reality is that we do it on a bipartisan basis. This is-- There's no Democratic way, no Republican way to educate our children. I really wish that we could do more of that on many issues in this state. But I'm very confident, with the distinguished members on this panel, Republican and Democrat, that we are going to be able to achieve that.

Senator Weinberg.

SENATOR WEINBERG: Thank you.

Dr. Shapiro, I have a simple question, which I hope won't require a complex answer.

But given you're experience in the last couple of years -- and particularly your experience of the last few months -- and considering that you were on the Vagelos Commission, is there anything about that Report that you would change if you were rewriting it today?

DR. SHAPIRO: I really can't give a simple answer, because I haven't read the Report in a couple of years. So, certainly, there must be some things that I would change.

SENATOR WEINBERG: Well, I don't mean specifics, but overall.

DR. SHAPIRO: Overall, I haven't seen a better plan yet. Now, maybe there is one. And I don't doubt that if I went back to it I, myself, would make some changes. And I think the key thing-- And the reason I mentioned vision we can unite behind is, when that Report came out -- I have to say about my colleagues in higher education -- the first question everybody asked was, "What's in it for me? How can I make my-- How can I get a piece of this that would make it good for me?"

SENATOR WEINBERG: How unusual. (laughter)

DR. SHAPIRO: But that's not going to work. That won't work politically, it won't work educationally. Everybody has to understand that if we do aspire to something better, we're all going to have to make sacrifices for it. We're all going to have to put our shoulder to the wheel in order to make something really important for the citizens to happen. If everyone just says, "I'll take this little bit, and you take that little bit; I can do this," I think everyone will be worse off for it.

SENATOR LESNIAK: Thank you, Senator.

Assemblywoman Beck.

ASSEMBLYWOMAN BECK: Thank you.

My apologies for the late arrival.

I do have a quick question about current circumstance. And not to dredge up-- We've all-- We all read the papers. But from what I can tell, the State of New Jersey and its partnership with UMDNJ is possibly facing a lot of liability. I think you've got a lot of employees who feel they

weren't treated fairly. And it's not just a handful. It seems like there are many that are going to be filing suit against UMDNJ.

My question is: Does it make sense that, at this moment in time, we pursue merging your University -- in its state of flux -- with two other institutions that don't have those similar problems? I think the timing isn't great. And that's my opinion. But I kind of want your reaction.

DR. SHAPIRO: I think my opinion is very similar. It's very sympathetic to your view.

I think that a ship that's troubled has to be righted first. It doesn't mean other preparations couldn't be made, other ideas couldn't go forward, from investigation, and planning, and so on. I don't think everything has to stop just to wait. But I do think that before any real decisions are made, you have to right the ship. Otherwise the whole convoy could go down, in some sense.

So I do think there is an important period here -- hopefully a short period, although I'm not in a position to say -- where these things have to be resolved. I'll tell you--

This may not seem directly relevant at first. Some of you may know, I was born in Canada. And there's this big issue of whether Quebec ought to become separate. This is all floundering in the end. How do you split up the national debt? Who takes on what responsibility for what? This is a similar kind of problem. And it's a hard problem and has to be resolved.

So I'm sympathetic to the notion. But I don't think one has to stop and wait for that to happen.

SENATOR LESNIAK: Assemblywoman, if I may, because Dr. Shapiro and I discussed this very issue. And I think we are in agreement with -- on this issue, along with what you said -- that there can be parallel courses. A restructuring of the type that will be necessary to achieve excellence in the State of New Jersey is going to take years to accomplish because of all the unraveling of foundation money, employment contracts, facilities. These things take time.

For us to wait until the ship is righted would really miss a great opportunity and put our state behind the education curve. So our goal, I believe -- all three of us -- is consistent: that we operate on parallel courses. Dr. Shapiro, being on the Board of UMDNJ, is certainly a great asset to us, in that we can be positioned so that we can maximize the opportunities presented right now.

ASSEMBLYWOMAN BECK: If I can just continue. I only have a handful of questions.

Along that line, Dr. Shapiro, has UMDNJ received its accreditation yet? I know that that was pending. I sat with Dr. Vladeck over the Summer.

DR. SHAPIRO: Nothing has changed in that respect. The probation status remains. And it's my view that it will not be resolved until some of these issues that you all know about get resolved themselves.

ASSEMBLYWOMAN BECK: I'm just curious if the Trustees have ever stopped to take a look at Columbia as a potential model. I mean, one of the things, as a State representative certainly looking to protect the State of New Jersey-- Columbia is a private institution that does get public

funds. But has there ever been any thought that UMDNJ might serve better as a private institution that does get some public funding?

DR. SHAPIRO: In the brief time I've been on the Board, that has not been an issue of discussion.

ASSEMBLYWOMAN BECK: It seems to be that that is a model that works well. And, obviously, Columbia is an exceptional institution.

Along the lines of University Hospital, we have read about the situation with heart surgery and the inappropriateness of what was going on there. Has there ever been any thought-- I mean, I think what it really boiled down to is, University Hospital isn't a great place to get heart surgery. And you don't have to pay-- I mean, the only reason you have to pay people to do that is because it's not a great-- Maybe it would be better served if our students went to a teaching hospital that was excellent at that, versus University Hospital. Do you have any thoughts along those lines?

DR. SHAPIRO: I think that's a complicated situation. I'd like to point out, with respect to your first question-- Of course there are examples like Columbia -- a very distinguished medical school. There are other distinguished medical schools, like the University of California, San Francisco; or the University of Michigan -- which are completely public schools. So it can-- The model can work both ways. And what's best for UMDNJ, I think, needs to be thought about.

With respect to University Hospital -- of course, you will have a chance to speak to Ms. Cox very shortly. And she can give you more details than I can. The objective for the New Jersey Medical School is: One, to get the best possible training -- may be to train in places that are really good so

you really serve your students well. That's a number one objective. But we also have clinical responsibilities -- right to serve a population that's in that area. And they're not in New York City. They're in that area. And so, somehow, we have to find a way to meet both of those. We have not been successful enough yet. And so other options need to be considered. I mean, I agree with you. We ought to think out of the box if we can.

ASSEMBLYWOMAN BECK: I couldn't agree with you more. We definitely need to revisit our approach in that regard.

My comment on Columbia really stems from the fact that I think the State of New Jersey faces enormous financial liability with UMDNJ right now, in the situation you're in. And I understand what the Senator is saying, that we have to, at some point, be visionary and not just focused on the moment. But in this case, I think it would be foolish of us not to see what the outcome of some of what's going on-- It's serious. Significant corruption has been happening there. And you can't overlook that completely.

I know you had made a comment about attracting the best students from all over the world. And I couldn't agree with you more. I don't think there's a-- I'm a member of the Higher Education Committee in the Assembly, and that's a current goal for every college and university in our state. Is it your sense that this merger does that? That without that merger, we can't attract the best students from all over the world?

DR. SHAPIRO: The merger, by itself, will not accomplish that. As you've already heard from the Chair, it requires investments of other kinds. Rearranging the chairs, so to speak, is not going to solve that problem. It's a question of having the right vision and the right level of

public and private support. So that while I think we can think of all kinds of arrangements, I think everything ought to be considered. I think that we ought to look for different models. And I think that's right.

But the merger, by itself, will not solve, in my view, anything at the moment. Now, maybe sometime down the road it will.

ASSEMBLYWOMAN BECK: Thank you very much.

SENATOR LESNIAK: Thank you.

Before I call on Senator Vitale, I just want to make two comments.

And I couldn't agree with you more.

My position has always been that a restructuring in and of itself will not get us to the vision of excellence that we need in New Jersey. Financial, capital, and operational additions without restructuring, likewise, will not get us to that vision. The goal of this committee has to be able to achieve both.

I would love to copy, Assemblywoman, the Columbia model. Dr. Vagelos is in the middle of a \$1 billion fund-raising campaign on behalf of Columbia. Unfortunately, I don't think that we have that ability to match that -- those dollars that they have available to us (*sic*) at this time.

I'm pleased to call Senator Vitale, who is an incredibly important part of this Committee, because he chairs the Health Committee. And as Dr. Shapiro mentioned, there is a-- And so many of these issues are tied together. And University Hospital is not the only problem, with regard to the hospitals in this state, as we know. We have other urban areas that are served by hospitals that need assistance. And Senator Vitale has been at the forefront and in the middle of all of those issues.

Senator Vitale.

SENATOR VITALE: Thank you, Senator.

Doctor, thank you for being here.

I want to go back to the original comments regarding the Vagelos Report and, more specifically, the truly -- attrition of our students out of state.

New Jersey has always been the great exporter of students. It's a small state. And for students to have the opportunity to go to other states -- California, or Chicago, or anywhere away from New Jersey, because we are such a small state, and where mom and dad can't show up on the doorstep, within an hour's drive -- there's always some appeal to that.

You also said you are the former President at Michigan. And I'm sure that you saw some potential Rutgers' students go out to Michigan, as well. We're hopeful that that trend has now changed.

But specifically regarding the Vagelos Report, was it contemplated during the discussions, or the development of that Report, over time, to look at -- just going back to the issue of students going out of state to other institutes of excellence, whether it's UMC, University of North Carolina, or elsewhere. Was it that the opportunities to actually practice their trade -- whether it was a specialty or general medicine -- was it to do with where they went? And did they stay? Did they come back to New Jersey? Were there opportunities here in this state for them?

And I know that later we'll hear from Dr. Goldstein, from the Council of Teaching Hospitals. And we have excellent hospitals in this state -- whether it's Robert Wood or Hackensack, to name a couple -- where it is that students, who are New Jersey natives, leave and don't come back.

I mean, was that ever discussed? Are there reasons why that happens? Did we contemplate, rather, the discussion -- was there discussion? Does New Jersey offer the same opportunities, post-graduate, to be -- to feel as though they'd want to come back to New Jersey, or even stay here in the first place and attend school?

DR. SHAPIRO: I'd have to refresh my memory. The only thing I remember, right now, we did look at a little more carefully, was the question of where medical students practiced. And there I think the standard finding in general is -- and you can hear from some deans later on who would have more direct knowledge than I -- is that where they do their residency is extremely important. And that's where they tend -- that's really, for medical students-- If they do their residencies here, they would much more likely stay here than otherwise. And that's probably more important than just whether they go to medical school here.

I think-- Look, I have a certain vision of the future, which puts a-- If the U.S. is going to continue to exert leadership, if states are going to be leaders, intellectual capital is going to be the secret for the future. And we've got to have various ways of attracting intellectual capital in this state. This is only one way. And there are plenty of other ways, other kinds of institutions, major corporations, and so on.

But in view of that, if you believe that-- I mean, that's what I believe. Intellectual capital is going to be more and more important as we go ahead. Then these institutions, which are centers of the creation of intellectual capital, are themselves going to be key to whether people come back -- whether they're students here, or they're students elsewhere and then move to New Jersey.

Now, that's my vision. And I can't see, myself, any other way for the U.S. to continue to be in a position of leadership, or for any state to be in a position of leadership, over the long-term, without being a center of intellectual capital creation, without having quality-- I mean, K-12 is just as important as higher education, frankly. And we didn't discuss that today. That's not what we're discussing.

So I think that's the key.

SENATOR VITALE: Doctor, we're also been -- in New Jersey -- located between New York and Philadelphia, and some of the excellent institutions -- UPenn or CHOP in Philadelphia; or New York, with Bellevue as a public hospital model, nationwide, and some of the other great facilities there.

DR. SHAPIRO: Right.

SENATOR VITALE: It puts us at a, sort of, competitive disadvantage, or at least a challenge, if you want to say it another way.

DR. SHAPIRO: It's very competitive. I understand it is a challenge, just as you say, Senator. I mean, you're absolutely right about that.

Part of the reason for that is, we're later into investing in these institutions. We're playing catch-up here, and we have to recognize that. Well, it's going to take time. But I don't see any reason to prevent us from reaching the target. But we are playing catch-up. We came to big investment in higher education later, big investment in medical education and health science education later than these other localities. And maybe it's because we're sandwiched between these two large states, geographically. But that still leaves us with a problem.

SENATOR VITALE: This is my final question. I've been told, at least, that UMDNJ -- which is an excellent school here in Jersey and for our students -- but it is, nationally, sort of somewhere in the middle of the pack.

DR. SHAPIRO: Correct.

SENATOR VITALE: And there's just great competition for students everywhere.

DR. SHAPIRO: Correct. That's right.

SENATOR VITALE: It's not a criticism. Being in the middle of the pack is okay, and it's still a great institution.

And some of what we'll contemplate here, during the course of these hearings, is whether it is that we move forward with some merger model, or we look to strengthen UMDNJ as it is. It's certainly one of our-- It's certainly the underlying mission.

Earlier, when it was mentioned that the University of San Francisco -- for example, UCSF -- is also part of the U.C. system. So it's not a stand-alone--

DR. SHAPIRO: Correct.

SENATOR VITALE: --medical school.

What is your experience? What do you know? Do you know anything about this -- and maybe this isn't a fair question to ask -- of the UNC model, North Carolina-Chapel Hill--

DR. SHAPIRO: Yes.

SENATOR VITALE: --where they have what I think is a unique research and academic facility?

DR. SHAPIRO: Right. They do have very good facilities.

I want to just underline one thing you say and answer, directly, your question. There is no question that there are some great assets inside UMDNJ. The student body, some faculty members, some-- I mean, there are some great assets there. And we shouldn't lose track of that in all this difficulty that's happening right now. There are great assets. And our first challenge is to hang on to those assets, and so on.

But I have studied the organization of academic medical centers for quite a while. And I was head of the Academic Medical Center at the University of Michigan for a while. The simple story is: Any organization can be made to work. If you have the right people leading it and have them well motivated, it can work. All kinds of systems work. If you line up the 10 or 15 most distinguished academic medical centers in this country, they all have a somewhat different set of organizational form. And they all work. They all fail, also, as others, with the same (indiscernible) of organization that fails. So it's a question of leadership and support. That's what it comes down to. It's long-term vision, leadership, and support. That's what makes the difference. And it's a long-term issue. Nothing is going to happen in a few months.

SENATOR VITALE: Thank you, Chairman.

SENATOR LESNIAK: Thank you, Senator.

Rutgers believes that they cannot achieve excellence without a medical school. What are your thoughts on that?

DR. SHAPIRO: Well, Princeton's done okay, just to say--
(laughter)

SENATOR LESNIAK: Princeton's got billions of dollars. Come on. That's not fair.

DR. SHAPIRO: I do feel-- That's true. It's not a fair comp--

SENATOR LESNIAK: Our football team can beat your football team. (laughter)

DR. SHAPIRO: Indeed, easily. Just because you're bigger, stronger, and faster doesn't mean too much.

But, easily-- No, that's right. And it's really just a quip, rather than a serious--

I think Rutgers and -- can be tremendously strengthened by deepening its association with a medical school. I think--

SENATOR LESNIAK: I'm sorry, I-- (referring to PA microphone) Go ahead.

DR. SHAPIRO: I think Rutgers can be immeasurably strengthened, under the right circumstances, by its deeper association with a medical school. We think of this 21st century -- the hype is, it's the century of biology and so on. Well, a good deal of the greatest and most important stuff in biology is going to go on in medical schools. And so being associated with that, in the right way, can be a big help. I don't doubt that that is the case.

SENATOR LESNIAK: And, likewise, NJIT believes that it has a lot to offer and can do incredibly innovative work, merging their physical sciences and technology with a medical school.

DR. SHAPIRO: They, of course, would know a lot better than I would. But NJIT is a place of enormous-- I mean, it's got enormous capacity now, and even more potential in the future. And it's believable to me that that's the case. If they say so, I'm sure it's the case. And I'm certain we felt that way in the Vagelos Commission.

SENATOR LESNIAK: I would just comment that we could not achieve either of those goals -- those institutions -- without a restructuring.

Assemblywoman Karrow, you have some questions.

ASSEMBLYWOMAN KARROW: Thank you, Senator.

I apologize. I have a cold.

Dr. Shapiro, I was at the University of Michigan when you were President.

DR. SHAPIRO: Great.

ASSEMBLYWOMAN KARROW: And then I came back to New Jersey when you became President of Princeton. And here we are together, finally.

DR. SHAPIRO: I'm glad to know it.

ASSEMBLYWOMAN KARROW: It's nice to finally meet you. I was there for several years in the mid-'80s and did choose the University of Michigan over Princeton or Rutgers. So that is a truism that you said.

You said earlier that we can't address the UMDNJ issue without addressing all of higher education in New Jersey. And what I'd like to ask you is, there's discussion-- We haven't really discussed it deeply, but there has been mention in the Vagelos Report, and other reports we've gotten, about anywhere from a \$1.3 billion to a \$2 billion capital infusion to make this work.

How will that capital infusion to New Jersey North, and New Jersey South, and a little bit to a New Jersey Central-- How will that affect other higher education institutes in New Jersey -- Montclair, Rowan, Kean, Drew, Princeton, TCNJ -- if we give that kind of money to these other schools? What will it do to the rest of higher education in New Jersey?

DR. SHAPIRO: Well, I don't know that I'm in a position to give you a knowledgeable answer to that question. I think that speaking, first of all, from Princeton's point of view, it would be an enormous help to us. I mean, the better Rutgers is, the better UMDNJ is, the better we are. I mean, it's an enormous difference to us whether, here in New Jersey, we have important colleagues at all these institutions. And the strength of UMDNJ, or Rutgers, or NJIT, or any of the others are extremely important to us. I think that-- So we would be-- If I were Princeton President still, I would say it's just a huge dividend for me. Of course, we're not a public institution, so we wouldn't, in that sense, be giving up any financial -- anything financially. It would just be a big, huge plus for us. It would make it easier for us to recruit (indiscernible), easier for us to have joint programs with all these institutions, which we would very much like to do. So it would be a huge dividend for us.

I also think that it will lift the rest of higher education with it. New Jersey becomes a land of possibility that didn't exist before with such a bold move. I understand all the budget requirements that have to be dealt with here. But, I mean, it just would lift the whole system. And people would feel they're part of something really important. And I can't overemphasize how important that is.

I remember, in 1979, when I was President of the University of Michigan, we had the second oil crisis. The Michigan economy was flat on its back. And the secret was to give people hope that we were going somewhere, despite this. "Not this year, not next year, not the year after," because we couldn't. The budget wouldn't allow it. But we had plans to go

somewhere, and we told people what they were. And people stuck with us. And by the end of the decade, we were there.

And that's the same thing that would happen here. You would give a new set of-- I mean, it would be a new set of possibilities in people's minds. And with that hope and demonstration that it's not totally unrealistic -- it's not just pie in the sky -- an enormous amount could be accomplished, I think, for everyone.

ASSEMBLYWOMAN KARROW: Thank you.

As a follow-up to that, you also said -- when you were talking about everybody wants a piece of the pie, what's in it for me-- How do you keep politics out of this? I mean, that's my question to you. How do you keep politics out of this? I mean, New Jersey has a terrible reputation -- both sides of the aisle -- that we put politics into everything.

There was a report in the *Star-Ledger* a couple of days ago about this whole merger, where I read, for the first time, that we're talking -- that infusion of capital will create over 12,000 construction jobs. So if you're being-- And I want to compliment how apolitical you're being, because you're not telling everybody up here what we want to hear. Some people want to hear a merger now. And you're saying, "No, stay the course. Don't let the-- If the ship has a bilge leak, you've got to fix the leak first and right the ship." Others of us don't want to hear about a capital infusion.

So you're being very apolitical, and I want to compliment you on that. So how do you keep the politics out of this when we're talking about a lot of money going into a very political system?

DR. SHAPIRO: It's sort of almost grossly inappropriate for me to be talking to you -- this committee -- about politics. But I will say one

thing: that every distinguished university -- public university system that I know of has some insulation from politics. There's no need for it to be completely insulated, right? These are public institutions. They have to respond to the public in various ways that are entirely appropriate. And, indeed, they all do.

But you need some insulation from politics in order to prosper. Because you're not on a two-year schedule. You're not on a four-year schedule. You're on a decade-by-decade schedule, where every decade you have to prepare for the next generation. And so you need some modest insulation from this. And so, if it is indeed true, there's a big investment like this, it has to be used for the purpose for which it was intended and not some other purpose. Otherwise, it will fail again.

ASSEMBLYWOMAN KARROW: So let me ask you this question then -- because that's a very important point. What do you see the composition of how a board of trustees or directors would get appointed? There have been people who represented that they think the Governor should appoint everybody. There's other kinds of models. How was Michigan organized?

DR. SHAPIRO: Well, Michigan -- just to answer the direct question of Michigan. It is-- The Regents of the University of Michigan are elected in statewide elections on a partisan ticket. Most states have boards which are appointed by the governor, approved by the senate, or something like that.

My view is that that is not the critical issue. The critical issue is what view people have of public service. The critical issue is, why do you serve? What's the jurisdiction under which you serve?

At the University of Michigan, when I was President there, they were all elected on a partisan election basis. But when they walked into the Board of Regents room, they were there for some public purpose. And while, of course, occasionally the political issues would come up-- And you don't want to be completely insulated from that -- after all, that's the people that are speaking -- you need some insulation from it. So it's more a question of attitude and tradition than the question of how you get appointed, who appoints you, how you get elected, who elects you. It's a question of: When you walk into that room, how do you behave? And if you behave -- and you think this is public service, then you behave that way. And if you think this is a university, you behave that way. And if you think this is just a stepping stone to somewhere else, you're the wrong person in here.

ASSEMBLYWOMAN KARROW: That's very insightful. Thank you.

Last question: The Senator brought up earlier that Rutgers wants a medical school. And my question for you is: Rutgers had a medical school at one point, in New Brunswick. Why not just give it back to them? Because that seems to be the hub of the bad ship.

DR. SHAPIRO: I think that my own view is that doing this thing piecemeal does a disservice to everybody. It does a disservice to the vast remainder of UMDNJ. It does a disservice to higher education overall.

Just picking things and putting them -- moving them around does not solve, in my view, any problems that are really underlying the system right now.

ASSEMBLYWOMAN KARROW: Thank you.

Thank you, Senator.

SENATOR LESNIAK: Thank you, Assemblywoman.

I would just observe that I don't know anyone calling for a merger now. And we use the words *merger* and *restructuring*, I guess, interchangeably. I just want to make sure that restructuring is more likely than a merger.

And as Dr. Shapiro and I both agree, parallel courses can be achieved here. And we would lose a lot of time if we waited for UMDNJ to fix all of its problems when -- as we try to restructure higher education in New Jersey to achieve excellence.

The other issue I want to raise is that, yes, I agree, we can't avoid the capital issue. We must raise capital for our education. Concomitant with that -- and I'm talking to both Democrats and Republicans, not only on this committee, but through our Legislature -- we have to reduce the indebtedness of the State of New Jersey. So we have to find ways to buy down some debt, so that we can issue some debt to make an investment. If we don't make an investment, as Dr. Shapiro said, we're no longer going to be in the middle of the pack, which is not acceptable -- and I know, Senator, it's not acceptable to you -- we'll fall down. We have to make this investment. We're already late in the game.

And we can do it. If we get all the bright minds here together, along with the Governor, we can do it and achieve what you want to achieve.

Senator Martin, distinguished academician.

SENATOR MARTIN: I don't know. I pale a little bit next to Dr. Shapiro.

I just-- I'm trying to get as much guidance as I can from you. I can't think of a person in the United States, to put it bluntly, who probably could give us better guidance than you, having run the University of Michigan and Princeton; and now being personally familiar with UMDNJ, as a Trustee; continue to live in the state; and you were also part of the Vagelos Commission.

That being said, you seem a little bit resistant to give us a strong opinion. Now, I understand that maybe -- and you've -- and as I-- If I'm wrong about what I'm trying to grasp from what your comments were -- you have acknowledged that there could be many models. And there are many, many different models. But the model that we pick will be important. So it's not like we can just pick anything out of the array of possibilities.

And what I haven't heard -- other than you saying that you haven't seen a better proposal than the Vagelos Commission's Report, final report -- I haven't heard anything strong from you. Is that-- And I really would have liked to have heard something pretty strong about what we should do. And you're sort of throwing the ball in our lap, which is what I understand we have to do. But we're not in the position to be able to pick something, I don't think, as well as you. And I would just like to hear you state as explicitly as you can where you -- your vision of what you would like to see out of this enterprise.

DR. SHAPIRO: No, I don't think you have it wrong. I didn't suggest any particular real plan, just as you've said. Nor do I think that that was what I was supposed to be doing here today. But if the committee would--

SENATOR MARTIN: I'm asking you. I'm begging you to give us a vision.

DR. SHAPIRO: Well, I would be glad-- If you give me some time to think this through, I would be glad to come back and speak to you about--

SENATOR LESNIAK: Sold.

DR. SHAPIRO: --more specifically about that.

SENATOR LESNIAK: That's fair, Senator.

DR. SHAPIRO: But I just hadn't thought that through, and so I'm not prepared to make any further comments today. But you're right about your characterization.

SENATOR MARTIN: Thank you.

And I would-- As the Chair says, I would like to hear that, at some point.

SENATOR LESNIAK: You have your homework assignment, doctor. (laughter)

Any other questions from the committee?

Yes, Assemblyman.

ASSEMBLYMAN DIEGNAN: Thank you, Senator.

I know we have 10 witnesses, so I will try and be brief.

Could you give us a status report of the search for president -- right now, where we're at? Maybe you talked about this before I came in. And when you--

A couple things-- I'll try and give you the overview, and maybe you can just talk about it.

DR. SHAPIRO: Yes.

ASSEMBLYMAN DIEGNAN: Number one: if you can give us an overview of where it's at, when you expect it to come to conclusion. Are you having difficulty attracting top-quality candidates because of the cloud that's over UMDNJ at this particular point?

DR. SHAPIRO: Yes, I can certainly give you some information on that.

We had a total of over 300 either nominations or applications for the job. We narrowed that down to something like 30 or so, which we studied extremely carefully. We narrowed that down further to another 11, which we, in fact, interviewed extensively. We have narrowed that down. I can't remember right now if the number is five or six that are going to be coming to visit the campuses of UMDNJ in January. If everything goes well, we will have a recommendation to the Board the end of January, beginning of February. So that's the kind of status. So we expect -- if one month is *momentarily* -- momentarily we expect to have a recommendation.

The issue of, did the current status of UMDNJ and the various controversies swirling around it have an impact, of course it had an impact. And there were some candidates who, I think, otherwise may have been interested, were simply not interested, because there was just too much uncertainty in the situation.

On the other hand, there were some who thought that this was an enormous opportunity to add social product. That if you, in fact, turn something like this in the right direction, there would be enormous gains to be realized. And some people are tremendously challenged by that. Just as in business, there are turn-around people -- there are those kinds of leaders in academic medicine, also. And the five or so-- I can't remember now if

it's five or six -- I think we're waiting to hear from the sixth -- who are -- who will be coming to campus for interviews. All are extremely well-acquainted with all the challenges -- we spared no details in telling them what the situation was -- and are really the kind of person who is challenged by this very notion that you can take somewhere from here and move it there. And that's something they respond to.

So I firmly believe, right now, we'll have a couple of very -- at least two or three very good candidates. But would we have done even better in a better situation? Of course we would have.

ASSEMBLYMAN DIEGNAN: As part of this screening process, are you discussing with them the probability of reorganization?

DR. SHAPIRO: Yes, we were. They were very well-aware of it. They all have been reading the newspapers, and they're very well-aware of it. And as I mentioned to the Chair earlier today, I've asked each and every one of them, "Suppose you come here and decide the best thing for you to do is to design a system that takes you out of this job?" And they say, "Well, if that's it, that's it. This is a public institution. If that's what I and others come to think is the best thing, that's the best thing." So they are well-aware of this.

Now, we don't have an acceptance from anybody yet. Right? But they're investing a lot of time. So they are really interested. So I will know a lot more in about a month.

ASSEMBLYMAN DIEGNAN: Thank you.

SENATOR LESNIAK: Assemblywoman Beck.

ASSEMBLYWOMAN BECK: Just one last question along those lines, which is: Certainly the presence of the Federal Monitor in what

seems to be his more permanent role there has to be something that's discussed. And I'm just wondering, as part of the Board and part of the leadership, how are you structuring the interaction for a future president with the Federal Monitor?

DR. SHAPIRO: Well, I guess we're hoping that this is not a permanent situation. And we're hoping, indeed, that within a relatively short period of time -- of course not under our control, or anything like that -- that the Federal Monitor will feel that their job is done, after they feel they've met all the responsibilities they have. And so we don't think this is a permanent feature that the next president will have to deal with. They may have to for some time. That's possible. And that, if anything, is the more difficult aspect of this than the merger and other things like that.

ASSEMBLYWOMAN BECK: Maybe I misunderstood the -- some of the most recent news articles, but it was my sense that there was sort of an affirmation that the Federal Monitor was going -- had a lot more work to do and wasn't going anywhere. And I say this more or less just because there obviously has to be some working relationship there.

DR. SHAPIRO: Yes, of course.

ASSEMBLYWOMAN BECK: And I know you must be, obviously, aware of that.

But I'm wondering if you've thought through how the reporting relationship, and the give and take between the Federal Monitor and a new president will happen?

DR. SHAPIRO: You know, we're learning as we're going here. Both the current Board, the current Interim President, and I think

something could be worked out. But have we thought through an exact plan? No.

SENATOR LESNIAK: Thank you, Assemblywoman.

Dr. Shapiro, your candor, your insight, your experience has been so valuable. And we're looking forward to you coming back with your wisdom again.

DR. SHAPIRO: Thank you very much. And thank you all for thinking so much about higher education.

SENATOR LESNIAK: Thank you.

We now have Ms. Darlene Cox, President and CEO of The University Hospital.

Ms. Cox.

DARLENE L. COX: Good morning.

SENATOR LESNIAK: Good morning.

MS. COX: I'm actually following my former president. I was recruited from Michigan to New Jersey. So I'm also a Wolverine and Red Bear, too.

First of all, I would like to-- Senator Lesniak and other members of the Task Force, I'd like to thank you for this opportunity to present information regarding The University Hospital.

I returned to The University Hospital in November of '04 as its President and CEO. Earlier in my career, I served as its Chief Nursing Officer, and I was then recruited from the University of Michigan for this task. I've spent the bulk of my career working in leadership positions and at academic medical centers situated in urban settings, including the New York Presbyterian Hospital in New York City, formerly known as Columbia

Presbyterian. In my heart, I believe in the mission of The University Hospital, and that's why I returned.

In my remarks today, I would like to accomplish three things. First, I will share with you the profile of The University Hospital, describing its role in the region and the State of New Jersey. This, I believe, will help paint a picture of our uniqueness as both an academic medical center and as a safety net hospital, as well as our vital role in the communities we serve. Secondly, I would like to discuss the current challenges the hospital faces, particularly those related to financial and compliance matters. Lastly, I would like to share my thoughts and feedback about the potential impact on The University Hospital, should the State of New Jersey proceed with a merger of the research institutions.

The unique profile: Our mission at The University Hospital is to improve the quality of life for all those we touch through excellence in patient care, education, research, and community service. At our core, we are committed to the furtherance of medical science and the advancement of health care. We are a full-service, acute care hospital owned and operated by the University of Medicine and Dentistry. Specifically, we are the primary teaching and clinical research site for the New Jersey Medical School.

As you know, The University Hospital is located in Newark. The hospital defines its primary service area as the municipalities of Newark, East Orange, Irvington, and Orange, all located in Essex County. However, our patients arrive from every county and nearly every town in New Jersey. The majority of our admissions come through the emergency department, which is the most intense and one of the busiest in the state.

We're the family physician and the safety net hospital for the region and the state.

In Fiscal Year 2006, we had over 89,000 emergency department visits, and nearly 235,000 outpatient visits, and approximately 23,000 inpatient visits. On any given day, we have over 5,000 patients and visitors coming through our main entrance.

In our hospital branding, we distinctly refer to ourselves as *The University Hospital*, with an emphasis on *the*. This is because we are the only State-operated academic medical center in New Jersey. I would like to take a moment to explain this very important distinction. As the primary teaching hospital of New Jersey Medical School, The University Hospital offers highly specialized services and clinical innovations to patients throughout the state, including medically indigent patients who might not otherwise have access to these services. We have approximately 30 residency programs, covering virtually every clinical specialty. This is the largest residency program in the state. Because many of our patients are in high-risk, advanced stages of illness, the educational experience for our residents is richer and certainly more comprehensive. As we provide high-quality and comprehensive care to our patients, we are also serving as a fertile training ground for the state's future physicians and health professionals.

Our hospital supports clinical research projects to ensure that the most up-to-date techniques are brought to the bedside. Nearly all our physicians are academic researchers. Many are pioneers bringing new technologies and clinical approaches to our patients.

For example: neurosurgery innovations, such as PoleStar, a unique, intraoperative MRI system that has revolutionized the treatment of brain tumors, allowing safe dissection of tumors that would not otherwise be operable. We have pioneered new wireless technology for diagnosing heart attacks via a hand-held device, speeding heart patients to the cath lab for treatment and reducing the risk of damage to the heart. We have also pioneered a noninvasive mechanical ventilation alternative that allows patients with little or no ability to breath to avoid tracheotomies and prevent respiratory complications of neuromuscular weakness. We opened the state's first liver transplant program. It is currently the only Medicare-approved program in New Jersey.

And, of course, our trauma and emergency medical services -- these services are what we are most known for and extremely proud of. They are the bedrock of our superior surgical specialties. The hospital operates the Level I Trauma Center for northern New Jersey, the busiest in New Jersey, with 24/7 NorthSTAR Air Medical transport -- a leader in the advancement of trauma care in New Jersey and the United States -- and a primary center for terrorism response and disaster preparedness.

We have an Eye Trauma Center and New Jersey's only academic ophthalmology program, offering new techniques to treat diabetic retinopathy, macular degeneration, and corneal transplants. Also, we are the state's only comprehensive EMS provider of 911 dispatch, basic and advanced life support, rescue, special operations, education, and medical services. We provide these services for the cities of Newark and Camden.

The University Hospital's role with the New Jersey Medical School, as an academic medical center and all that entails, ensures that our

patients receive the best in clinical services. Most hospitals cannot provide this diversity of services and could certainly not pioneer advancements in health-care delivery as we have.

We are proud, at The University Hospital, to be able to provide these services to the entire State of New Jersey, as the state's safety-net hospital. What does it mean to be a *safety-net hospital* for the region? Simply that we are committed and must provide services to all those who come through our doors. This is reflected in our service mix, patient profile, and commitment to the medically indigent. We manage high caseloads of HIV/AIDS, tuberculosis, asthma, psychosis, drug abuse, and high-risk neonates. Our patient population is difficult to treat due to medical complexities, lack of insurance, and socioeconomic problems. This results in fewer discharge options. For example, uninsured and charity care patients requiring post-hospital acute care at other facilities, such as rehabilitation, have limited discharge options because they are generally not accepted at these private facilities.

I would also like to point out that among New Jersey's general acute care hospitals, The University Hospital has the highest case mix for charity care and uninsured patients. Case mix index measures the complexity of cases treated by a given hospital compared to other hospitals. Medicaid, charity care, and uninsured patients account for almost 60 percent of our payer mix. It is important to note, however, that over 30 percent of the hospital's charity care patients come from outside Essex County. When the combination and extent of the above factors are considered, it becomes clear that no other hospital in the state or region is comparable.

Our challenges: I began my tenure as President and CEO of the hospital two years ago by hitting the ground running. My mantra has been, and continues to be, the hospital is an organization that must uphold the highest level of ethical and compliance standards; must maintain an environment that is in a constant state of regulatory readiness for reviews by agencies such as the Department of Health and Senior Services, and the Joint Commission on Accreditation of Healthcare Organizations -- sometimes affectionately known as JCAHO; and, lastly, we must remain steadfast in our commitment to service excellence.

This outlook has presented the hospital with opportunities to review past practices and evaluate them against this mantra. We've had to make some very tough decisions and implement a lot of changes. We are moving forward, and we are continuing on this new path of excellence.

I can summarize our major challenges in three categories: fiscal limitations, inherited operational and structural issues, and growing the hospital's capacity to meet the needs of our community and our state. As you well know, the hospital is forecasting a \$25 million deficit for this current fiscal year. Originally projected at \$57 million, we instituted an aggressive deficit reduction plan, which did include a reduction in staff by 165 people, reformulating our allocations to UMDNJ and to the New Jersey Medical School, and delaying the opening of the New Jersey Medical School/The University Hospital Cancer Center.

The single greatest contributor to this deficit, however, is the inadequate level of charity care received by the hospital. Over the past three years, the hospital has implemented programs, increased workload, and provided quality care to our patients. However, during that same

period, The University Hospital's charity care subsidy payment level has been frozen. In Fiscal Year 2007, the hospital suffered a \$65.7 million charity care shortfall. This almost doubled the uncompensated care provided by any other hospital in this state. The hospital will not be able to continue to absorb the impact of this inequity without significant reductions in service to patients.

We have recently been-- We recently awarded a contract to Bard Group/Phase 2 to assist us in identifying revenue enhancements and cost-saving measures throughout the institution. This will help the organization, but it mostly assuredly will not get us 100 percent of the way there. The hospital must be compensated for the charity care services we deliver.

And as you all know, when you are struggling to break even, it is difficult to plan for growth. This has been a historical problem for this institution and impacts its ability to meet the growing health-care needs of our community. We lack capital funds to support modernization and necessary growth. For example, the hospital's labor and delivery suite is the oldest in the State of New Jersey. It was designed and built in 1979. The rooms are small and do not accommodate the current, state-of-the-art practice of utilizing LDR, Labor-Delivery-Recovery Rooms. Similarly, the hospital has had no major reconfiguration of its operating rooms and recovery rooms since the hospital was built. The two projects alone will cost at least \$32 million. We have similar needs to grow the size of our Emergency Department and invest in revenue-generating programs and services, particularly neurosurgery.

I would also like to acknowledge some of the more recent challenges the organization has been faced with in response to past operational decisions. Most likely, you have read, heard, or directly been informed about the issues related to billing and our cardiology practice. And while I am limited in what I can say or respond to on these matters, I would like to say the following: These issues are being investigated by the Federal Monitor and the U.S. Attorney. These matters have been, and continue to be, reviewed internally. Officials at The University Hospital and UMDNJ have put measures in place to ensure this will not occur in the future. One such measure is the expansion of UMDNJ's Compliance Department, whose new Vice President reports directly to the Board of Trustees. Despite these challenges, I can assure you that the hospital endeavors to maintain a constant state of regulatory readiness, and has actively pursued quality initiatives at a level equal to our peer institutions in the State of New Jersey.

Under my leadership, we received full accreditation from the Joint Commission of Accreditation of Hospitals, effective August 19, 2005, following a very comprehensive, three-day survey review. This accreditation has become a measure of quality for the health-care institutions across the nation.

We collaborate on quality initiatives with our peer institutions through our membership organizations such as the University Hospital Consortium, the New Jersey Council of Teaching Hospitals, and the New Jersey Hospital Association. We actively participated in the Institute for Healthcare Improvement's 100,000 lives campaign. All participants in this one-year campaign strove to save 100,000 lives by improving hospital

safety. At the close of the campaign, the IHI estimated 122,300 lives were saved. Our hospital continues in the spirit of this campaign with our Medication Reconciliation Team, as well as our Early Response Team.

Presently, our Infection Control and Quality Improvement Departments are participating in a new collaborative established by the State Health Department and the New Jersey Hospital Association. The goal of this collaborative is to decrease urinary tract infections by 25 percent, and to address the increase in antibiotic-resistant bacteria that has been recognized statewide.

I emphasize our quality initiatives to ensure -- assure you that our hospital is an environment that focuses on our quality measures and maintains a commitment to participating in all national and statewide initiatives to improve the industry-wide hospital practices.

The potential impact: The future of University Hospital will undoubtedly be impacted by the decision of this Task Force. Of course, the residents of the city of Newark, Essex County, and New Jersey have many fine choices in where to receive health-care services. However, the critical mass of manpower, technology, and intellectual innovation created by the combined forces of The University Hospital and the New Jersey Medical School allow us to address key health-care needs of both the local and larger populations. Our mandate and our mission is to provide care to all. We are a great equalizer. Everyone can access this service, and many, many do.

Under any new organizational structure, The University Hospital and the New Jersey Medical School must maintain this unique synergy as an academic medical center. This is our distinction, this is our community's need, this is the State of New Jersey's needs.

Thank you very much.

SENATOR LESNIAK: Thank you, President Cox.

First of all, I want to applaud you for coming back to New Jersey and taking on the difficult task that you have undergone since November of 2004.

I presume you report directly to the Board of Trustees of UMDNJ.

MS. COX: I report to the Senior Academic Vice President for Clinical Affairs and Academia, and also to President Vladeck and the Board.

SENATOR LESNIAK: Do you have an opinion as to whether -- if The University Hospital had its own board of trustees whom you could report to -- whether that would be -- improve the situation or not?

MS. COX: I do-- I am aware that the Governor is moving in that direction.

SENATOR LESNIAK: Oh, really? I didn't know that. This wasn't a setup. (laughter) He hasn't shared that with me.

MS. COX: But if The University Hospital had an assigned membership -- board members that were specifically looking at The University Hospital's needs, I imagine that that would be an advantage for us.

SENATOR LESNIAK: Good answer. It's one that I would agree with.

And lastly, obviously we've heard so much about political interference with regard to the operation of UMDNJ. In your short time at the hospital, have you seen anything of that nature?

MS. COX: No, I have not.

SENATOR LESNIAK: Senator Vitale.

SENATOR VITALE: Thank you.

It's good to see you again.

I wanted to discuss with you the -- what some have asked me, or some have suggested that the University may consider -- and I don't know whether or not -- I don't endorse this idea, it was just a point of discussion -- that The University Hospital could fair better if it were to collaborate with another health-care facility or health-care system. What are your thoughts on that?

MS. COX: If that would expand the expertise that is currently at The University Hospital, and give us a larger base to provide the growing population of patients that we serve, I would see that as an opportunity for us.

As I mentioned in my testimony, The University Hospital is overwhelmed with the volume that we face every day. And part of that is the result of the closure of several hospitals within the region, and also the fact that many patients are referred to us from all areas of the state.

SENATOR VITALE: Just specific to that point, what patients are referred to you from all points of the state? The trauma patients, because you're a trauma -- Level I Trauma Center.

MS. COX: The trauma, of course, are delivered to our door. But, also, we have highly specialized services at University Hospital, as I mentioned. And, oftentimes, those are the kinds of cases that get referred to us from various parts of the state.

SENATOR VITALE: But what percentage, do you think, of those patients are either uninsured or underinsured?

MS. COX: We have data on that. I believe it's in the packet that we've provided to you. But we know that it's somewhere between 25 to 30 percent.

SENATOR VITALE: That's pretty expensive, isn't it?

MS. COX: It's very expensive, and particularly if they're coming for highly specialized services. And oftentimes the impact is much broader than what you would think on the surface. Because those highly specialized services require appointments. And sometimes that requires a delay in service. Because, again, the expertise -- the level of expertise -- the number of people that can provide specialized service is limited. So individuals have to get on a waiting list.

SENATOR VITALE: Just in terms of volume, what is your census -- your average census at the hospital?

MS. COX: We are currently operating approximately 470 beds of our 504 licensed beds. And that occupancy, at this time of year, is very high. It's running between 86 and 90 percent occupancy.

SENATOR VITALE: Is that just-- Is that relative to just this time of year?

MS. COX: Yes.

SENATOR VITALE: What's the average?

MS. COX: Overall, our average is running, I would say, probably more like 70 percent.

SENATOR VITALE: If we look at some of the hospitals that are in financial trouble in Essex, and Hudson County, and the area -- your service area -- would it not, sort of in the abstract, say that those hospitals that did not survive -- or some of those could not survive the most recent

crisis -- financial crisis internally, that would benefit University? I'm not suggesting that you're hoping that happens. I know it's a difficult question to answer.

MS. COX: I have some of my colleagues behind me. I better turn around. (laughter)

I think the better way for me to answer it very directly is, the number of patients who will be, again, presenting to University Hospital for care will be overwhelmingly increasing. And the quality of care and the timeliness of care to delivery would be impacted negatively.

SENATOR VITALE: I want to compliment The University Hospital on their cardiac -- most recent cardiac report card, and their outcomes. It's dramatically improved over the years, just in terms of the volume that you've been able to bring to the hospital; the quality, as well.

What are the -- and I think I'll ask one last question. What is your-- What is the -- your reimbursement for charity care, annually?

MS. COX: We've been-- Most recently, we've received like 89,000 -- 89 million, rather, compared to delivery of 132 million of service. And this last past year, we are 65 million short. So, on average, we've been receiving almost half of what we should receive for charity care delivery.

SENATOR VITALE: These are all charity care eligible, based on the 70 percent with the Medicaid rate?

MS. COX: Yes, absolutely.

And of course, as you know, our reports are audited by the State and confirmed.

SENATOR VITALE: If you can find out for me, just at some other point in time, as an institution, what has University Hospital done to

mitigate the number of those who have been uninsured who present at their hospital? And I know there are several programs available -- at least one or two, Medicaid and Family Care.

MS. COX: Medicaid, Family Care-- We have, in the entrance of our -- front door, our main entrance to the hospital, we have a Financial Counseling Department. And we encourage people to sign up for Medicaid that are eligible for it. So we've used that route, as well.

SENATOR VITALE: Do you have county Medicaid workers that work for the hospital, that do the enrollment -- that certify enrollment?

MS. COX: No.

SENATOR VITALE: You don't.

Thank you.

SENATOR LESNIAK: Thank you, Senator.

Assemblywoman.

ASSEMBLYWOMAN BECK: Thank you.

I appreciate you coming before us. And I just-- As you were speaking, I was listening, but I was also reading through-- You gave us a lot of detailed information, which is fascinating and actually stunning to some degree -- that you're able to operate a hospital successfully under the circumstances you're facing.

I do want to ask you some questions about the cardiac program. And I-- My sense is this: that it's expensive, and that it's being done a lot better in other places, notwithstanding the Senator's comment that it has improved.

So I'm just wondering if you could give me sort of an overview. How many catheterizations are you doing, how many open-heart surgeries

are you doing, and what is the cost of running that program to your hospital?

MS. COX: Okay. That specific data I did not bring with me, but I certainly can provide it for you for the future.

However, what I would like to say is that our data has been reviewed by the Department of Health. So our quality standards have stood up to the standards of that, as defined by the Department of Health. Our volume, however -- which has been challenging to do, per surgeon -- has not been able to meet that standard. But we will provide that data for you for the future.

ASSEMBLYWOMAN BECK: Just to continue sort of on that line of questioning, I think the facts -- and, again, I'm not a hospital executive -- but just from what I've read-- That because there's not the volume, and because you don't have surgeons, necessarily, that are on staff-- But, indeed, the whole issue that you're dealing with now -- that people are being paid -- which I assume you didn't know about -- for referrals speaks to the fact that that open-heart surgery program is not a place where most heart surgeons want to go.

MS. COX: We actually do have two surgeons on staff. We recently lost one of our surgeons within the last year. So we had three at one point. And they are part of The University Hospital and the faculty of New Jersey Medical School.

What, perhaps, one would consider, in terms of decisions about where you would go as a surgeon -- I not being a surgeon -- you might want to go where you could do a lot of volume. Again, we've been challenged at University Hospital. We are a fairly young cardiac surgery program,

compared to the programs in the community. So I would answer your comment/question with: If you had a choice of going to a more established cardiac surgery program, versus what is considered a relatively young program, yes, perhaps you would decide to go somewhere else.

However, if you were wanting to face some of the more complicated cardiac challenges, you would want to come to University Hospital. Because we have a broad array of clinical challenges with heart disease alone.

ASSEMBLYWOMAN BECK: Is it fair to say, though, that those challenging heart surgeries could be referred to a hospital such as another trauma center maybe? Jersey Shore is the one that comes to my mind, because that's the one closest to my hometown.

I guess what I'm getting at is: I believe that the reason University Hospital got in trouble-- And I assume that you knew -- you did not know anything about the fact that people were being paid for referrals. I'm going to have to assume that.

MS. COX: Yes, that's a correct assumption.

ASSEMBLYWOMAN BECK: Otherwise, I don't think you'd be sitting here. I think it would be brazen if you came before us and you were a part of that. I assume you're not.

The reason they had to pay for referrals is because that program is struggling. And I think it's expensive. And I just am curious if you have taken a look at maybe referring those cases to another hospital that does it better.

MS. COX: Actually, I think there are two ways to answer your comment/question. One: that I am limited in what I can say about this

issue. However, when it comes to clinical decision making, and what's best for the patient, and who has the best expertise to deliver a better outcome, I believe our clinicians make that decision on face value -- that this may not be a case that we could handle, or appropriately should handle.

ASSEMBLYWOMAN BECK: I have to ask this question, which is: At the present, nobody is being paid for referrals, correct?

MS. COX: Correct.

ASSEMBLYWOMAN BECK: And corrective action has been taken against those who were involved with that.

MS. COX: That is in process. And as I said earlier, it is under investigation. And I can only make my comments limited to that.

ASSEMBLYWOMAN BECK: And you, as President and CEO, were unaware that that was happening.

MS. COX: Correct.

SENATOR VITALE: Excuse me. Can I just jump in for one moment.

Excuse me, Assemblywoman.

I just think that we're here for a number of purposes. One is the overarching issue of whether or not a merger makes sense between UMDNJ, and Rutgers, and any other combination, or not. It's not, I don't think, the appropriate place to question our representatives from UMDNJ, from University Hospital, relating to an ongoing investigation.

You cannot answer certain questions, nor do I think you should be in the position to have to step around those questions. And that's really not the function of this meeting, I don't believe -- and I'll take the liberty, Senator Lesniak -- that we delve that deeply into that issue. Those are

important issues, nonetheless. But I don't think this is the appropriate forum for that.

ASSEMBLYWOMAN BECK: Thank you.

If I could just -- I will -- back on the topic.

As far as the merger is concerned, I-- Looking at your statistics -- the fact that 60 percent are Medicaid or charity care, this huge increase in volume, the fact that other hospitals around you are potentially going to collapse-- And, to me, I think the people who are going to those hospitals are not payers. I think they're probably people who don't have the ability to pay. I'm not sure that helps you. I think that probably hurts you.

I do worry about a merger. I think University Hospital plays a critical role in Newark. And I'm wondering what planning you are doing, as a President and CEO, to maybe restructure the hospital, in the case that this merger does happen. My sense is: I see you're already trying to get leaner. But I think if the merger happens, you may have to do more.

MS. COX: It is very possible that I might have to do more. But as I said earlier -- and I think it's a really important point to make -- University Hospital must exist in Newark.

ASSEMBLYWOMAN BECK: Absolutely.

MS. COX: And it must not only exist for Essex County residents, but for the entire state.

The University Hospital could not stand alone and provide the expertise and the quality of care that we provide now with our interdependence with the New Jersey Medical School. So any restructuring must take into consideration that we must have clinical educational expertise linked to The University Hospital.

ASSEMBLYWOMAN BECK: It was interesting, because one of the comments you made earlier is that some of the specialized services you have to -- you've got to schedule them in advance. And I saw, in some cases, it's two months, sometimes it's a month, sometimes it's three months. What are your thoughts about having -- again, just going back to your core mission -- and having those specialized services handled elsewhere? Does that affect the academic -- the quality of the academic clerkships that are going on in your hospital? I mean, other hospitals are doing clerkships. Maybe that's something you would consider.

MS. COX: That would have to be studied extensively on what impact it would have on our medical school, what impact it would have on our residency and training programs; and look at the volume of cases that are coming in per specialty to make a decision whether or not those certain specialties should stay with University Hospital or go elsewhere. But most assuredly, to ensure that the care is provided for the region.

ASSEMBLYWOMAN BECK: And this is my final question, which is-- I noted that some of your statistics -- 89,000 emergency room visits, and 125,000 EMS calls -- which is 334 a day. I mean, it just seems overwhelming. Are the-- Is your tie to the academic community-- I mean, are you-- Do you have students that are serving to help you deliver services in those cases, or is that your full-time staff?

MS. COX: That's our full-time staff. Our students-- Our mission, primarily, is to ensure consistent and appropriate education of our students and our residents. And we must not violate the 24-hour rule.

ASSEMBLYWOMAN BECK: Right.

Okay. Thank you for your time.

SENATOR LESNIAK: Thank you, Assemblywoman.

And I believe what I heard your testimony to say -- and that I'm in agreement with -- is that strengthening the medical school will only strengthen The University Hospital, and vice versa. You really depend on each other to -- for delivery of services and delivery of medical education.

MS. COX: Correct.

SENATOR LESNIAK: Thank you.

Assemblywoman.

ASSEMBLYWOMAN LAMPITT: Thank you, President Cox, for coming today.

I have a question. In your testimony, you spoke about the Bard Group, in Phase 2, in hiring them on a contract to be able to perform revenue enhancements and cost-saving measures. I assume then, there was a Phase 1.

MS. COX: Oh, no. That's the formal title of that.

ASSEMBLYWOMAN LAMPITT: Okay. So it's a title.

MS. COX: Bard Group and Phase 2 are two consulting firms that made one consulting firm.

ASSEMBLYWOMAN LAMPITT: Okay.

So what is their focus? There has to be a focus on this specific area, because it's too large to say -- define cost savings or enhancements. What is the focus that the hospital has given to this Bard Group? What's the timeline for them?

MS. COX: The focus for this group is to help us identify revenue-enhancing opportunities that we have not identified already. Specifically, they're looking at our cost structure, they're looking at the

operating room, they're looking at the emergency room, and trying to help us figure out how we can be more efficient in our operations. But at the same time, they're looking at the charge master, they're looking at our managed care contract, looking at our pass-throughs to the medical school to make sure our compensation is correct.

So they've identified a number of major initiatives with us. And they've hit the ground running. They started two weeks ago. They're almost living in the institution, practically staying over 12 hours a day, trying to organize our staff to work with them on these projects.

We have a report that we're going to do collectively to the Board, in February, on the assessment of what they've found. And they will all start identifying implementation strategies, to work with us over the next year-and-a-half to make it happen.

ASSEMBLYWOMAN LAMPITT: So the timeline is a year-and-a-half?

MS. COX: A year-and-a-half to two years, correct.

ASSEMBLYWOMAN LAMPITT: To two years.

And it's just a global hospital reassessment. It's not specific other than the operating room, emergency, billing procedures.

And where in line are they with the Monitor?

MS. COX: Their reports will be sent to the Monitor. And they're working side-by-side, in some cases, on certain projects that the Monitor is also working on.

ASSEMBLYWOMAN LAMPITT: Well, in that case then, are they -- are we duplicating services in that essence?

MS. COX: I can't say that that's duplication. I think it's an enhancement to the project. The hospital is a very complex organization, as I said in my testimony. There's history -- long-standing history of structural issues that need to be addressed. So this is, I believe, going to work in the best interest of the hospital and, hopefully, reduce the deficit that we now are faced with.

ASSEMBLYWOMAN LAMPITT: And, obviously, you're hoping to achieve, obviously, a cost-benefit here -- whatever the cost of the contract -- you're hoping to achieve with revenue enhancements and (indiscernible).

MS. COX: Exceed it, correct.

ASSEMBLYWOMAN LAMPITT: Thank you.

SENATOR LESNIAK: Thank you.

Senator Martin.

SENATOR MARTIN: Just a couple of questions.

I'm trying to understand a little bit better the direct connection of how you provide assistance to the medical school in the training of its students. So my questions are related to that.

And the first one is: Of the physicians who are professors at UMDNJ-Newark, how many of those would you say, roughly and percentage wise, are on your -- are either -- also full-time employees? How does that relationship work? If they're full-time professors, but they practice -- most of them practice at your hospital?

MS. COX: It's a very interesting question you pose, because that's one of the things we're looking at. How many of the physicians who work at The University Hospital -- what percentage of their effort is clinical;

what percentage of their effort is administrative, in running the departments that they work in, and also the hospital; what percentage is research? So it depends on the department, and it depends on the faculty member -- what their effort and their percent of work is at the hospital. It's a complicated formula. But, in essence, we have some physicians who are 100 percent clinical. But they must be faculty to be on staff at The University Hospital. Some are 50 percent faculty, and some are some combination in between.

Does that answer your question, Senator?

SENATOR MARTIN: Yes.

So every full-time physician at your hospital is a faculty member of UMDNJ? Is that what you're saying?

MS. COX: To be on staff at The University Hospital, you must be faculty in the New Jersey Medical School. So you start with that premise. Then, depending on which department -- like the Department of Surgery, Anesthesia, Medicine, Pediatrics -- just to name a few-- Depending on the department, and what was negotiated with the faculty member to do clinically in the hospital -- and then also serve to do research, education of students, as well as administrative activity within a department in the hospital -- that would determine what your percentage is.

SENATOR MARTIN: So it's very common that somebody who may be a chair of a department, or one of the prominent physicians in that department, is working in the morning in the hospital, and in the afternoon may be giving a lecture--

MS. COX: Very common.

SENATOR MARTIN: --for students at UMDNJ.

MS. COX: Very common.

SENATOR MARTIN: Are most of the faculty at UMDNJ employed in some capacity, then, at your hospital? Some of them work at other hospitals, I guess. Or do almost all of them have the sole connection between--

MS. COX: Most of them have their primary connection to UMDNJ-Newark Campus. And as I said before, it depends on what their breakout is for -- percentage wise. I can provide you with the data on the total number of faculty, and then the total percentages, as to how they are broken out by clinical department.

SENATOR MARTIN: I'd appreciate that.

With respect to the students, when they do their rotations at UMDNJ-- Many of their rotations are at your hospital.

MS. COX: We are the primary teaching site, correct.

SENATOR MARTIN: They do have choices to engage in other rotations at other hospitals throughout New Jersey, and maybe out of state, as well.

MS. COX: Well, it's part of the academic plan for medical education, correct.

SENATOR MARTIN: But there are certain basic ones, I guess. Perhaps like pediatrics, or something like--

MS. COX: Medicine, pediatric, surgery. They have rotations that they must go through -- all students.

And the benefit for us-- We cannot use medical students as staff. But the benefit for us, as well as the patients, is that you have these inquiring minds wanting to know what is happening, learning from some of

the most diverse clinical services that one could offer, as an academic medical center. The residents, as you know-- There's a work rule responsibility for the hospital, as well as the residents, to make sure that we don't overextend their hours. But the medical students are in a different -- are more in a learning mode and a didactic mode, than on a hands-on, if that's what your question is.

SENATOR MARTIN: So I guess my last question is the obvious. You are of primary significance to the school itself. And the school provides a tremendous benefit to you. I mean, there's-- Even if you were separated, you still have come to rely upon each other to make--

MS. COX: Correct.

SENATOR MARTIN: --to make yourselves work.

MS. COX: Correct.

SENATOR MARTIN: Thank you.

SENATOR LESNIAK: Any other questions?

Assemblywoman.

ASSEMBLYWOMAN KARROW: Thank you.

Just very quickly-- The fact sheet that you gave us was 927 physicians. Are they full-time staff then?

MS. COX: We have, I think, approximately 100 part-time faculty. The rest are full-time.

ASSEMBLYWOMAN KARROW: So you have over 800 full-time staff then.

MS. COX: Faculty could be--

ASSEMBLYWOMAN KARROW: Faculty.

MS. COX: They could be bench faculty. They're not all in the hospital. So, in other words, they could be investigators, they could be researchers that -- what we call *bench scientists*.

ASSEMBLYWOMAN KARROW: Okay.

MS. COX: So they wouldn't necessarily be in the hospital. I think approximately, of that number, almost half are, at some point, at the hospital. But another half are primarily teaching or doing research.

ASSEMBLYWOMAN KARROW: So you have about 400 physicians that actually work at the hospital.

MS. COX: Yes.

ASSEMBLYWOMAN KARROW: And of those 400, how many are actually full-time?

MS. COX: We have about 80-plus that are part-time, and the rest are full-time.

ASSEMBLYWOMAN KARROW: The rest are full-time.

And do you have a relationship, now, with the School of Nursing at Rutgers?

MS. COX: Yes, we do.

ASSEMBLYWOMAN KARROW: Can you just describe that briefly?

MS. COX: Sure. The students rotate through the clinical program of the nursing program. And their level of learning is based on the curriculum that they're following. We have advanced-practice learning students in the Emergency Department and other clinical areas. And their instructors come with them.

ASSEMBLYWOMAN KARROW: Okay.

Thank you.

SENATOR LESNIAK: Okay.

Any other questions? (no response)

Thank you, President Cox. I want to, again, assure you that the goal of this Task Force is to strengthen both The University Hospital and the medical school. And, again, I want to applaud you for coming back to New Jersey, and taking on this difficult task, and lending your enormous talents and abilities for the State of New Jersey.

Thank you.

MS. COX: You're welcome.

And thank you.

SENATOR LESNIAK: We now have John Sheridan, Senior Executive Vice President, Cooper University Hospital, Children's Regional Center.

I used to know John Sheridan. He was an attorney with Riker, Danzig, Scherer, Hyland and Perretti. (laughter) Is that the same guy?

ASSEMBLYMAN WILFREDO CARABALLO (Co-Chair):
Yes, he used to walk the halls.

SENATOR LESNIAK: Oh, there he is.

Hi, John. Welcome.

J O H N P. S H E R I D A N JR., ESQ.: Good morning, Mr. Chairmen, members of the Task Force. It's my pleasure to be here.

I hold a fancy title at Cooper University Hospital, in Camden. I'm Senior Executive Vice President. And I appreciate the opportunity to be here to testify as you consider the future of higher education.

Let me tell you a little bit about Cooper and its role in higher education in New Jersey. We have more than 5,000 employees. The Cooper Health System is the largest private employer in both Camden City and Camden County. More than 4,000 of our employees work at the Health Sciences Campus, located in the heart of Camden City, and anchor our main hospital. Five hundred and fifty of our employees are residents of the city of Camden.

Cooper University Hospital is an academic medical center at its core. We are also the only Level I Trauma Center in South Jersey, and the major tertiary care hospital in the South Jersey region.

As one of UMDNJ's four principal teaching hospitals, Cooper is home to more than 340 physicians who also serve as teaching faculty of the Robert Wood Johnson Medical School. The faculty instructs nearly 120 medical students annually. They also work with medical graduates in 25 accredited residency and fellowship programs, approximately 200 residents per year. And 1,000 student nurses per year rotate through Cooper Hospital.

Cooper operates six centers of excellence, ranging from Critical Care, Cardiac Care, Neurology, Orthopedics, and Trauma. Cooper is also home to the Cancer Institute of New Jersey for the southern region. We engage in significant research. And in 2005, all our doctors were awarded nearly \$38 million in research and service grants from the National Institutes of Health, pharma companies, and other grantors.

In short, at Cooper we take great pride in our role as the South Jersey region's major academic medical center. And our Trustees are making a major investment in Camden by building a new hospital pavilion,

upgrading our existing facilities, and a new parking garage at a cost of over \$250 million.

Today, I want to express our belief -- which is shared at Cooper University Hospital by our Trustees, our physicians, and our staff -- that a potential merger could have positive results for the entire South Jersey region. First, we believe that the key institutions in South Jersey, including Rutgers-Camden, the Robert Wood Johnson Medical School-Camden Campus, Cooper University Hospital, and the schools of Osteopathic Medicine and Public Health at Stratford can develop synergies and collaborations that will multiply positive results for all of South Jersey's residents.

Many of these institutions are already working together. For example, the Camden-based institutions all serve on the Camden Healthcare and Education Task Force, operational since 2002. This group has collaborated on economic studies and, most recently, on a housing survey made public this month. And there are four institutions, all with a base in Camden, which will soon form a consortium to run a new South Jersey stem cell research facility.

The Cancer Institute of New Jersey, Rutgers University, Robert Wood Johnson Medical School, and the Coriell Institute will all work together to advance stem cell research and systems biology. And you will hear more on that topic, I'm sure, today from Dean Dennis at the Rutgers campus.

The spirit of collaboration is an excellent sign for the future of higher education and research in South Jersey. Further, there is much promise for the future of the biomedical sciences at Rutgers, Coriell, and the

medical school campus. Rutgers-Camden is engaging future scientists at the undergraduate level, while just blocks away the Coriell Institute works with top-level scientists worldwide. And Cooper doctors work to translate research into treatments. The potential is great. Just imagine the possibilities.

However, it is important to note that since South Jersey has been historically under-resourced in terms of higher education, investment will be necessary to maximize the opportunities for excellence. We have one specific item we would like to call to your attention in this regard.

Cooper University Hospital is strongly in favor of expanding the existing two-year medical school program into a full four-year medical school in Camden. A true research university campus must include health and biomedical sciences. The corollary to that is that a four-year medical school appropriately anchors such health and science research. The good news is that we already have a running head start on a four-year medical school in Camden. For two-plus decades, Camden has been home to the Robert Wood Johnson Medical School, Camden Campus. Students apply directly to the Camden program, but spend their first two years in New Brunswick. The entire third- and fourth-year medical school curriculum -- from classroom education, to research, to community outreach, to clinical rotations, is taught in Camden, with Cooper serving as the teaching hospital and its doctors serving as the medical school faculty.

The Camden campus has a stellar national reputation. The student body is one of the most diverse of any medical school in the country. The graduating students' board scores exceed the national average for medical schools. Camden was named a model medical campus by the

Association of American Medical Colleges in its 2003 study. And the school is unique among U.S. medical schools for its urban community health curriculum.

This year, the Camden campus will proudly graduate its 1,000th doctor.

The medical school campus has thrived under the leadership of UMDNJ Interim President Bruce Vladeck and UMDNJ's Board of Trustees during the last year. The most exciting development has been the approval of a new, 160,000-square foot medical education research building to house state-of-the-art laboratories and learning space. The site is being acquired and a design is underway. Construction will begin in late 2007. The building will not only improve our opportunities for third- and fourth-year medical students-- I should just pause and say that there has not been a single improvement to the campus in Camden since 1982. And we have -- just to give you a picture of what we don't have -- there's not a single auditorium on the campus that will house more -- that can handle more than 40 people at one time.

The new medical education building will be located adjacent to the recently approved stem cell research facilities in Camden. For a very modest additional investment, New Jersey can have a four-year medical school in Camden that can train 320 medical students.

I know that your committee is concerned with New Jersey's level of competitiveness in the higher education realm. A new medical school, as part of a strengthened university system, has the power to help make sure New Jersey, on both ends of the state, is a medical and scientific research powerhouse.

We do have work to do. New Jersey currently ranks 33rd of all states in terms of medical students per capita. We rank especially poor when compared to neighbors, Pennsylvania and New York, which are ranked 4th and 7th respectively. And New Jersey needs to graduate more doctors, particularly among the minority communities, in order to help reverse serious health-care disparities.

But we also have assets. Those assets include more than 340 medical faculty already in Camden, including internationally recognized leaders in their field; the stature and proven capacity for the growth of Rutgers-Camden; and the topnotch Osteopathic School in Stratford. These assets include the Cancer Institute of New Jersey, in its translational research capacity; the Coriell Institute, which is the home of the largest collection of cells in the world; and the new stem cell research institute, all housed on the Heath Science Campus in Camden. In short, we look forward to a new paradigm that builds on our immense potential and makes New Jersey competitive.

Let me also say that there is an important economic need for a focus on education and medical institutions in South Jersey. In Camden city, in particular, the medical and education facilities anchor the economy. We collectively employ fully one-third of the nongovernmental workforce in Camden. One billion dollars of New Jersey taxpayers' dollars currently migrates to Philadelphia for medical services. This costs South Jersey \$2.5 billion in economic impact. We can curtail the out-migration of health-care dollars and improve the economy of New Jersey by a modest investment in a new medical school.

For the city of Camden, if it is to emerge as a viable community, the medical and educational entities must be the cornerstone. For all of these reasons, we believe that any steps that lead to an increased higher education focus and investment in South Jersey -- particularly in health sciences -- will be a positive for the region as a whole, and certainly for the city of Camden.

We have great faith in the quality of the current institutions and support actions that will capitalize on the multi-institutional strength created by a merger or restructuring.

Thank you.

SENATOR LESNIAK: Thank you, John.

I just have two questions.

I believe there is a procedure, either statutory or regulatory, State and/or Federal for establishing medical schools.

MR. SHERIDAN: They're accredited by an association--

SENATOR LESNIAK: I'm sorry. (referring to PA microphone)

Let's try that again.

MR. SHERIDAN: Am I on?

SENATOR LESNIAK: Yes, you are. Now you're on.

MR. SHERIDAN: They are accredited by the American Association of Medical Education. And there is a procedure. We have-- There was a study done in South Jersey, in conjunction with the Robert Wood Johnson Medical School, about two years ago. And it advocates for a four-year medical school in Camden.

But the process is such that we could start the accreditation process and have a school, because of how -- because of what's already existing in Camden, it could be operational in two years.

SENATOR LESNIAK: But what step are you missing that you would want this committee to consider?

MR. SHERIDAN: Right now, it would require the University of Medicine and Dentistry -- because we're still under that umbrella, Robert Wood Johnson being below it -- for the University of Medicine and Dentistry to authorize moving forward with the accreditation process.

SENATOR LESNIAK: You talked about training of additional minority doctors. Now, I don't know the state of the law. I know it's in the current-- There is some flux with regard to the United States Supreme Court. Do you think enough flexibility exists that you could, within the framework of the law -- to attract minority applicants?

MR. SHERIDAN: Let me answer the question a different way. We attract an enormous number of minority applicants now. And we believe the reason is -- and they're quite good applicants, and they do quite well in medical school, and they do very well on their medical exams when they leave the clinical program in Camden. As a matter of fact, I would -- with risk of offending others that are in the room -- I believe, last year -- at least last year, they had the -- that group of students that came out of Camden was the highest ranked of any of the campuses in New Jersey, on their outgoing medical exams.

We believe they're attracted because of what goes on at Cooper Hospital and Robert Wood Johnson Medical School in Camden. We have a clinical program that treats a lot of minority students in a very high-

caliber way. And so they get a great medical education, and they get an opportunity to serve -- many of them serve the communities they came from. But, also, we believe other doctors are attracted because of the clinical focus that we have on the Camden Campus and our approach to health-care disparity issues.

SENATOR LESNIAK: So you wouldn't be just looking to do the first- and second-year programs for the third- and fourth-year students you already have. You would be looking to have expanded capacity, or no?

MR. SHERIDAN: Right now, we have half -- approximately half of the Robert Wood Johnson medical students in their -- for their third and fourth year. Half stay in New Brunswick and other hospitals.

The size of the class that the Task Force report looked at was 80 per year. So we would go from 100-plus now -- say 120 that we have now -- to 320 over a period of time. It would take you four years to get the full status.

SENATOR LESNIAK: And could you provide us with that report?

MR. SHERIDAN: Absolutely.

SENATOR LESNIAK: Thank you very much.

Questions from the committee?

ASSEMBLYMAN CARABALLO: I have a couple.

Hi, John.

I have just a couple quick questions. You have a school of osteopath--

MR. SHERIDAN: Yes.

ASSEMBLYMAN CARABALLO: How many graduates do they have?

MR. SHERIDAN: I'm not sure. I know they're going to testify.

ASSEMBLYMAN CARABALLO: I know -- they do.

MR. SHERIDAN: I'm not sure.

ASSEMBLYMAN CARABALLO: You're not sure, okay.

And what's that number that you said you have at -- that spend their third and fourth year in Camden?

MR. SHERIDAN: It's 110 to 120.

ASSEMBLYMAN CARABALLO: All right. And you believe that you might be doubling that if you had a school of -- a full school of medicine.

MR. SHERIDAN: I'm sorry?

ASSEMBLYMAN CARABALLO: You would be doubling that if you went to a full school?

MR. SHERIDAN: Doubling it, plus a little more. When we get to full complement, it would be 320.

ASSEMBLYMAN CARABALLO: Okay.

Thank you.

SENATOR LESNIAK: Senator Martin.

SENATOR MARTIN: I would just-- In order to implement this, would you contemplate having some of the on-staff physicians at Robert Wood Johnson in New Brunswick remove themselves and permanently locate in Camden, or would this -- would you be--

MR. SHERIDAN: No, I think--

SENATOR MARTIN: It sounds like you're creating a new med school, as opposed to just expanding the existing one. Maybe you could just explain this a little more.

MR. SHERIDAN: I don't think the report goes into that issue. I think it envisions it being part of Robert Wood Johnson Medical School, but a second full medical school under that same umbrella.

When I say a modest investment to upgrade it, most of the cost, as I understand it -- in a medical school -- is involved in the -- on the clinical side, which are the third and fourth years. Dean Mehne, who is our Associate Dean down there, from the Robert Wood Johnson Medical School, has come up with a very forward-looking program that he's tested with the Association of Medical Education -- we talked about before -- that would have-- Instead of creating the typical silos that you have at a medical school, it would be a modest investment on the education side, in terms of professors who have the -- would teach across many disciplines. And so we think that the cost -- and the report, I believe, speaks to this -- is relatively modest, on the order of an additional \$8 million a year.

SENATOR MARTIN: The size of the school-- I just--

My only basis of comparison is, my daughter graduated from med school last year over at Columbia. And they had 150 students per class, which is a lot bigger than you're contemplating with 320 -- 310 to 320 -- for four years of students. I don't know what appropriate numbers there are. But at some point, you get too small to make it functional. So I guess there-- Has there been serious review of what the critical numbers would have to be to make it work?

MR. SHERIDAN: Yes. Dean Mehne is very active in the National Association. He is on the Regional Board of that Association and is approving and accrediting medical schools all the time. And he was a major person active in designing the program.

SENATOR MARTIN: It just seems to me that 80 is kind of a small class. But I don't know, so I trust the Dean, who spends a lifetime doing this.

MR. SHERIDAN: I think it's-- I will go back and try to answer your question better than I'm answering it. And I will forward my answer to the committee.

SENATOR MARTIN: Thank you.

MR. SHERIDAN: I would just say this to you: Remember that Robert Wood Johnson Medical School, in New Brunswick, has about 400. So 320 is not terribly far off of that.

SENATOR MARTIN: Thank you.

ASSEMBLYWOMAN BECK: Thank you.

The 400 students in New Brunswick are all osteopathic, or they are general medicine?

MR. SHERIDAN: Allopathic.

ASSEMBLYWOMAN BECK: Allopathic. Thank you.

MR. SHERIDAN: In New Brunswick.

ASSEMBLYWOMAN BECK: I'm just looking through some of the facts from the Vagelos Report. And I'm having a conversation with my colleague to the right. You've already-- Cooper's already done a lot with both Rutgers and UMDNJ. And the thought of strengthening the

Osteopathic School in Stratford -- making that, sort of, a center of excellence, I think, makes a lot of sense.

When you say 320, are you talking 320 clinical clerkships? When you say 80, is that clinical clerkships, or is that students going through the basic sciences, their first didactic training -- the first two years.

MR. SHERIDAN: Eighty students per year going through a four-year curriculum, including the two years of clinical -- third and fourth years of clinical. So it would be 80 each year, a total of 320, when you get the full complement.

ASSEMBLYWOMAN BECK: Got it.

MR. SHERIDAN: It would take us-- There would be a ramp-up period.

ASSEMBLYWOMAN BECK: And the groundwork is already laid, because you have clinical clerkships at Cooper already.

MR. SHERIDAN: The clinical side is in place, in total. And as I mentioned, the performance of that education is -- has been excellent over a long period of time.

With a new hospital, which will be online at the end of '08 -- a completely new pavilion to the hospital -- we'll have additional capacity at the hospital for the modest increase in clinical students that we would have.

ASSEMBLYWOMAN BECK: If, for some reason, the merger proposal were to not go forward, would Cooper continue to pursue this idea of building -- helping work with the medical school to help build this 320 students?

MR. SHERIDAN: Cooper is the hospital where this exists. The medical school would be under the umbrella of some institution of

higher learning. Right now, as the division is, it would be under Robert Wood Johnson Medical School. How higher education gets restructured in South Jersey could obviously change that. But Cooper Hospital cannot do it by itself. It has to do it in conjunction with an academic institution.

Am I answering your question?

ASSEMBLYWOMAN BECK: Well, what I'm thinking is, this may or may not go forward. If, for some reason, it didn't go forward, I would think there might still be collaboration between UMDNJ, Rutgers, etc., with Cooper that would happen on its own. It seems like it already is happening. And I'd hate to think that this goal gets lost in the midst of -- for any reason this wouldn't go forward.

MR. SHERIDAN: Well, I-- The answer to your question is, yes. This effort started long before the issues of UMDNJ surfaced, long before this committee was formed. So it's something that's been in the works for three or four years. And so we would very much like to find an avenue to get it completed. It just seems to me, with people talking about restructuring of higher ed, and-- I have-- This is not my vision alone, obviously. But I think it's a shared vision among the institutions of Camden City -- that the meds and eds are the future of Camden. We need to build off that base, if Camden's ever going to come back as the vital city that it once was.

And an important component of that is the interaction of undergraduate and graduate education, and the interaction of the medical school and health care in that effort.

ASSEMBLYWOMAN BECK: Okay.

Through the Chair, so to summarize what you just said is that this vision was moving forward before this Task Force was pulled together -- that UMDNJ, Rutgers, Cooper were all working together in this direction anyway, and that this Task Force sort of lends a nice vehicle to help move that vision forward.

Thank you.

MR. SHERIDAN: Fair enough.

SENATOR LESNIAK: I mean, you do need, though, legislative action to do a restructuring that will maximize your division for South Jersey. Is that correct?

MR. SHERIDAN: That's true.

SENATOR LESNIAK: Okay, thank you.

Senator Weinberg.

SENATOR WEINBERG: Thank you.

Tell me again what the new 160,000-square-foot building is going to be used for.

MR. SHERIDAN: It's for the current medical school program that exists on campus. It's the first new education and research facility of the Robert Wood Johnson Medical School in South Jersey in 25 years.

SENATOR WEINBERG: Okay. The cost estimates that you gave us, in order to have the true four-year medical school in Camden, does that include new facility money or--

MR. SHERIDAN: Well, that building has been funded by appropriations of the Legislature on the order of 7.5 million per year. So they are already -- something that the budget has in it currently.

SENATOR WEINBERG: So that building could accommodate a four--

MR. SHERIDAN: Yes. It could accommodate a four-year med school, yes.

SENATOR WEINBERG: Thank you.

ASSEMBLYMAN CARABALLO: Assemblywoman Lampitt.

ASSEMBLYWOMAN LAMPITT: Just a quick question, Mr. Sheridan.

Nursing industry, physician industry, where are we going to find the shortfall? Can you speak about the shortfall we're going to have if we don't figure out a way out of what -- the problem?

MR. SHERIDAN: Well, I know that my background in this is a little limited, but I'll give you the best I know. We have a tremendous shortage of physicians. The estimate is that it will be crisis proportions by the year 2020 unless we increase the number of doctors in this country over that period of time. The association that's responsible for this is looking at a minimum of eight to 10, nationally, in the next few years just to begin to address that. I believe there are statistics -- will show there's a tremendous out-migration of trained physicians from New Jersey, but also a tremendous in-migration of physicians. Clearly with the population increases, we will need a lot of additional well-trained doctors. And particularly, we need doctors who are going to be able to address the urban disparities issue -- people who are trained in the right way to treat those patients. And this is an opportunity to begin to address that problem in a small way.

ASSEMBLYWOMAN LAMPITT: Given the fact that you are in South Jersey, you are in Camden -- my area -- can you speak to, at all,

what you know about the migration of students who are going over to Philadelphia?

MR. SHERIDAN: I can speak to the-- No, I'm sorry. I don't have statistics on that particular thing. But clearly, there are a lot of New Jersey students who are being trained in medical schools outside of New Jersey. And my belief is that not all that many of them come back.

ASSEMBLYWOMAN LAMPITT: Thank you.

SENATOR LESNIAK: No further questions? (no response)

Thank you, John.

MR. SHERIDAN: You're welcome

SENATOR LESNIAK: Dr. Thomas Cavalieri, acting dean, UMDNJ, School of Osteopathic Medicine.

Oh, Doctor, before you begin your testimony, I just want to pass out to the members, and enter into the record, a letter that I received from Dr. Vagelos, responding to Dr. Vladeck's testimony of our last meeting, on the state of funding for health-care research at UMDNJ.

Doctor, please.

T H O M A S A. C A V A L I E R I, D.O.: Thank you very much for having me. I appreciate the opportunity to be with you. I am the Interim Dean, as Senator Lesniak had mentioned, and my entire career has been with UMDNJ School of Osteopathic Medicine. I'm an Internal Medicine Specialist who subspecializes in the field of Geriatrics. And it is my pleasure to be here with you.

One of the first things I did this past Spring, when as a faculty member and director of our Institute for Successful Aging I was called upon to step in as Interim Dean, was to engage our entire campus in a process of

returning to a values-based organization. I am proud to share our vision, mission, and values with you today as an attachment to this testimony. They speak strongly to how we have made our values -- collegiality, compassion, diversity, excellence, innovation, and integrity -- the foundation of a new day for our school.

At the same time, I want to commend this Task Force, particularly its Chairman, Senator Lesniak, and Vice Chairman (sic), Assemblyman Caraballo, and the entire Task Force for similarly seeking to engage our entire state in a very important discussion of the future of higher education and medical research in New Jersey. Our school looks forward to working with you on this important initiative.

In just a few months, our school will produce its 27th graduating class of dedicated and skillful physicians. As osteopathic physicians, our training emphasizes holistic care for our patients, stressing the importance of primary care. Our physicians take the same basic medical education courses, provide the same surgical and bedside care for patients and hospitals, and take the same licensing examination of all physicians. And in addition, they have special training in osteopathic manipulative therapy.

I have been accompanied today by some of our medical students and alumni, and they are here because, in large part, I am telling their story. For years now, our school has been a national leader in diversity, as we consistently graduate skilled physicians who are more than 50 percent women and over 35 percent minority. Thanks to our State support, we are able to train physicians who reflect the rich diversity of our

state, and share our passion for extending the diversity of culturally competent medicine to all communities.

Despite the challenges facing the University, the interest in obtaining special educational experience at our school, which our school has offered, has never been stronger. The number of applicants for the class entering August 2007 is up by 22 percent. And our applications to our graduate medical education programs at the Kennedy Health System and Our Lady of Lourdes Medical Center in Camden are the highest they've ever been.

Over half of all of our graduates stay in New Jersey to practice medicine. Moreover, over half of our physicians who stay in New Jersey provide primary care in medically underserved communities. We have graduates practicing in every county of New Jersey. Our graduates give community-based care that is keeping patients healthier and out of overburdened emergency departments.

Our school provides over \$4 million a year in uncompensated care in locations outside of hospitals, serving as a vital safety net of community-based medicine. This entails, of course, a strong emphasis on addressing the needs of Camden City, including our Camden Health Clinic; St. Luke's Health Center; our role at Our Lady of Lourdes Medical Center, where we do a lot of graduate medical education; and the Camden Area Health Education Center, part of a national network of AHECs.

Over 160 talented physicians in our faculty practice plan fan out from our base on the Stratford Campus to provide both primary and specialized care to over 250,000 patients each year at 70 locations in the region. Our physicians are also currently involved in 38 active clinical

trials, which are frequently in partnership with New Jersey's vibrant pharmaceutical industry, thereby ensuring our patients will have access to the latest advances in medicine.

As you look for ways to improve higher education in New Jersey, I urge you to help us protect and build upon the many partnerships we already have with public schools, county colleges, four-year colleges, and research universities -- like Rutgers -- throughout the state. I also want to impress upon you that our Stratford Campus not only hosts our medical school, but it serves as a thriving, interdisciplinary campus which includes the University School of Nursing, School of Public Health, the School of Dentistry, the School of Health Related Professions, and the graduate school of Biomedical Sciences.

The extensive cooperation amongst the six schools on our campus enhances the educational experience for all these health professionals. Our Stratford Campus is a model for interdisciplinary training, education, care, and research that, if expanded, can help to address many of the barriers to health care, especially in the city of Camden. I know several of you are very familiar with our school's Centers of Excellence. Our Child Abuse Research Education and Service Institute, better known by its acronym, the CARES Institute of New Jersey, is one of the national leaders in helping us protect our most vulnerable children, pioneering advances and identifying, treating, and healing children who have been victims of sexual abuse, violence, and neglect.

As I said earlier, prior to assuming the duties of Interim Dean this past Spring, I was the Director of our other Center of Excellence, the New Jersey Institute For Successful Aging. This statewide institution is the

culmination of years of success in our clinical, educational, and research programs focusing on addressing the needs of over 1 million senior citizens -- making New Jersey 9th in the nation with regard to the graying population. Providing training in geriatrics and gerontology to help professionals of multiple disciplines, the Institute has provided critical training for over 17,000 health-care professionals since its inception two decades ago.

The Institute has lead our school to be ranked among the top research universities in geriatrics by *U.S. News and World Report* for the six most recent years. At the same time, a strong research infrastructure has attracted nearly \$3 million from private foundations to create endowments supporting education and research in geriatrics.

Speaking of research at our school, Federal funding for our basic science research is consistently ranked either number one or number two in the nation amongst the country's osteopathic medical schools. Our state-of-the-art science center has over 30 active laboratories conducting research, which successfully compete for funding from NIH, HRSA, NASA, and private sources as well. This means that our South Jersey campus has respected researchers engaged in a broad spectrum of advanced studies aimed at improving treatment.

Annual research funding averages over \$10 million a year, and more than 75 percent of that funding comes from Washington and other out-of-state funders.

It should be stressed as well that our Stratford Campus is the only higher education institution in southern New Jersey, south of New Brunswick, offering graduate level degrees in biomedical science. Our

graduate school of biomedical science awards master's degrees and Ph.D.s, serving as a magnet for those seeking to pursue or advance a career in research for our state's life sciences and pharmaceutical industries.

We have grown our graduate school of biomedical sciences in Stratford from an enrollment of 14 in the Spring of 2004, to 100 in the Fall of 2006. Our four-year medical school is being a hub of an important economic engine that is continuing to extend its benefits throughout the region and state.

We look for your help in building the State's investments in our four-year school, as this is the most cost-effective way of producing larger classes for more highly skilled doctors in New Jersey. Our school makes more of a difference each year creating jobs, bringing out-of-state dollars to New Jersey, generating millions in State Tax revenue, and most important, ensuring the healthy workforce so vital to the New Jersey economy.

Thank you for the opportunity to give this summary of our school's achievements and contributions to our state. It is with great optimism that we look forward to improving the quality of life for all New Jerseyans through advancements in health care, by training great health-care professionals and by providing leadership in health-care research.

Thank you.

SENATOR LESNIAK: Thank you, doctor.

I am told from many sources that your geriatric program is a center of excellence in this state and in this nation.

DR. CAVALIERI: Thank you.

SENATOR LESNIAK: So why are you only Interim Dean?

(laughter)

ASSEMBLYMAN CARABALLO: Don't start.

DR. CAVALIERI: Thank you.

SENATOR LESNIAK: Yes, it's not for me to say.

Assemblyman.

ASSEMBLYMAN CARABALLO: Doctor, if you don't mind, I'm going to ask you a couple of questions--

DR. CAVALIERI: Sure.

ASSEMBLYMAN CARABALLO: --so that you can educate me, because I have absolutely no doubt that I'm the only one in this room who doesn't know the differences that I'm about to ask. Could you tell me what the difference is between an allopathic doctor and an osteopathic doctor -- a M.D. versus an O.D, or D.O. rather?

DR. CAVALIERI: D.O. That's a very good question. An osteopathic physician is fully licensed and is like an allopathic physician. Both allopathic physicians and osteopathic physicians are viewed as plenary physicians. And what that means is their scope of licensure is a full scope of licensure that enables them to incorporate all acceptable aspects in treating patients -- so medication, surgery, radiation therapy, etc. The difference is largely one of philosophy and training. An osteopathic physician is trained in a more holistic manner, so they are trained more so to look at the patient as a whole. And also, they focus more so in emphasizing primary care. So an osteopathic physician is more likely to enter one of the primary care disciplines of family medicine, internal medicine, pediatrics, obstetrics and gynecology than an allopathic physician. But even those osteopathic

physicians that enter any other specialty, whether it's neurosurgery, general surgery, etc., their training is holistic, so they have a track record of looking at the patient more holistically.

In addition, the osteopathic physician is trained to incorporate manipulative therapy in their practice, so that they may treat back pain with medication, physical therapy, heat, just like an allopathic physician. But in addition, an osteopathic physician could utilize manipulative therapy as well. So the difference is really one of training, of philosophy, and approach to the patient, and an added armamentarium to care -- and that is the use of manipulative therapies.

ASSEMBLYMAN CARABALLO: So a D.O. can, for all intents and purposes, do the same things that an M.D. could do?

DR. CAVALIERI: That's exactly the case; plus, in addition, offer manipulative therapy.

ASSEMBLYMAN CARABALLO: What a M.D. does, plus a little extra?

DR. CAVALIERI: That's exactly the case.

ASSEMBLYMAN CARABALLO: Okay.

How many students do you have at your school?

DR. CAVALIERI: We just admitted our largest class this past August, of 103 students.

ASSEMBLYMAN CARABALLO: Okay, so--

DR. CAVALIERI: So 103 students in year one. And then each class before that has a little less. So we are approaching 400 as our total enrollment for undergraduate medical education.

ASSEMBLYMAN CARABALLO: We just heard a little while ago, from Mr. Sheridan, that one of the things that South Jersey needs and that he would hope that we would support would be the creation of a four-year medical school, as opposed to the two-year medical school that exists now. What would be the effect of creating a four-year medical school on your school?

DR. CAVALIERI: I think that if I could answer that, make a statement first, and then return to that.

ASSEMBLYMAN CARABALLO: Sure.

DR. CAVALIERI: I think that, first of all, in making decisions about increasing the capacity to train physicians, the issue that you are challenged with really is one of increasing the capacity of existing schools versus making/creating an additional school. Both the AAMC, the American Association of Medical Colleges, and the AACOM, the American Association of Colleges of Osteopathic Medicine, each raise the issue or made a statement that we need to increase the capacity of physicians trained by 30 percent. And they say that this could be done either by creating new schools or expanding existing schools. So I think the challenge that we have in the state, that you will address, from a higher ed standpoint is, do we expand the existing three schools -- and that is the School of Osteopathic Medicine, Robert Wood Johnson Medical School, New Jersey Medical School -- or do you create a fourth school? That's an issue that will need to really be addressed.

It is difficult to say what the impact might be. And one has to say, "Well, look at the fact that within Camden County there will be two medical schools." And that is an issue that would have to be looked at.

There is a model for collaboration amongst osteopathic and allopathic medical schools. Returning to the state of Michigan, Michigan State University does actually have a College of Human Medicine and a College of Osteopathic Medicine, and they are on one campus, and they do share resources.

We have a very broad applicant pool. As I mentioned, we are up 20 percent this year. We have, now, about 2,500 applicants for the 100 spots that you mentioned. I don't really believe that creating another school in Camden would necessarily hurt us. It's a matter of how to best utilize scarce resources, whether we increase existing capacity versus create another school. And that, I think, is a decision that would have to be beyond me.

ASSEMBLYMAN CARABALLO: Thank you.

SENATOR LESNIAK: Senator Martin.

SENATOR MARTIN: Forgive me, because I don't fully understand or know the way in which your facility operates. But one thing, all the other hospitals seem to be in an urban center. You guys are about seven miles away from Camden City, is that right?

DR. CAVALIERI: Well, we actually have two very important clinical sites for training. While our basic science courses are in Stratford, we have clinical presence at two major hospitals in Camden County -- Kennedy, which actually has three divisions -- Stratford, Cherry Hill, and Washington Township -- and Our Lady of Lourdes Medical Center, which is located within the city of Camden and is making valuable contributions to health care within the city of Camden. So we have a clinical presence. While our basic science and our teaching facilities are located in Stratford,

we have a significant clinical presence also in Camden through Our Lady of Lourdes Medical Center, and then in, additionally, some ambulatory sites that we are involved in, in the city of Camden as well.

SENATOR MARTIN: Is there a hospital on your home base, where you call home?

DR. CAVALIERI: Yes, there is. The Kennedy Health System is one of UMDNJ's principal affiliates. I think there was a mention of four principal hospitals that are affiliated with UMDNJ. Besides Robert Wood Johnson and Cooper, the Kennedy Health System is a principal affiliate of UMDNJ as well. And our location in the Stratford Campus, there is the Stratford Division of the Kennedy Health System that is located adjacent to the medical school, which makes for a very nice campus where the students can receive clinical and basic science training as well.

SENATOR MARTIN: Just out of curiosity, when the school was established some 27 years ago or something--

DR. CAVALIERI: Yes.

SENATOR MARTIN: --was there a desirability in the location that you are now? Again, I'm a little-- I find it a little bit strange that you're sort of out in the suburbs when all the other models seem to be in a -- typically in an urban area. Is it an advantage, a disadvantage?

DR. CAVALIERI: I would say, originally, when we began, our academic location was within Camden, at the site near where Coriell is. I think eventually, as the Kennedy Health System emerged to be a principal hospital, our closest affiliate, there was a decision to develop the four-year medical school in Stratford. The view was that that certainly was part of Camden County. And please let me stress our integral role in the city of

Camden: We have never abandoned our commitment to the city. We actually provide services, as I mentioned, at Our Lady of Lourdes. The Camden Area Health Education Center, which provides a lot of community education and services to the poor and underserved in Camden, emanates from the School of Osteopathic Medicine. So we have never abandoned our Camden roots there, and are involved very significantly; and want to stress the important role of Camden's other health-care system, Our Lady of Lourdes, in meeting the health-care needs of the city of Camden as well.

SENATOR MARTIN: Your third- and fourth-year students who are primarily doing clinical rotations and so forth, where are most of them found?

DR. CAVALIERI: We have the benefit of having them rotate through the three divisions of Kennedy and Our Lady of Lourdes Medical Center. So they are trained in both suburban and urban settings.

SENATOR MARTIN: So at any one time, half of them are within the city of Camden, either at the one Kennedy branch and Our Lady of Lourdes Hospital, approximately?

DR. CAVALIERI: It's probably, at any one given time there, the number in Camden would be less than half. I'm going to approximate 40 percent. But Our Lady of Lourdes Medical Center in Camden and our ambulatory sites there are principal sites for our students.

SENATOR MARTIN: Since you've been at the school for a long time, you may be able to answer better than almost anyone: Could you conceive of a model that would have your existing school and a new four-year, traditional M.D. program operate within the same institution, but with a branch where you currently are and one in downtown Camden?

DR. CAVALIERI: That model is not inconceivable. As I mentioned earlier, that MSU -- Michigan State University -- has a model where there are both allopathic and osteopathic medical students working together. I do think that any view of higher education in that region needs to incorporate the health-care resources in there that want to be a part of medical education. If we're talking about Camden, we need to embrace Cooper, as well as Our Lady of Lourdes Medical Center, all of whom-- Both institutions have made a serious commitment to medical education for years.

I actually did my internal medicine training at Thomas Jefferson University Hospital in Philadelphia. At that time, Our Lady of Lourdes was an affiliate of Jefferson. So I was actually trained, in part, at Our Lady of Lourdes. My point of it is, is that the Lourdes Health System has made a very serious commitment to medical education that has been long-standing. And I do think that it is important for them to be part of this equation. I know that they are very committed to that.

So, in response to your question, yes, that is conceivable.

And if I could make one other comment: Our statement here is -- and we've presented to you -- a track record of accomplishments and achievements. Let me give you a scenario: I just had a student -- a South Jersey student, who is a graduate of Brown University, who is applying all over for medical school. He's working as an orderly in Underwood, in South Jersey, in Woodbury. And he made an appointment to visit with me, and he says, "I want to come here to medical school," and he's applying all over -- allopathic and osteopathic schools. I said to him, "Well, why do you want to be an osteopathic physician?" And here's what he said: "I work in

the emergency room at Underwood Hospital, and four of the doctors there were trained here. And I want to be like them.”

So our message to you is, we’re doing very good work -- thanks to being part of the system and a State-supported institution -- and we want to continue to do that. And we want to be part of rising to the occasion to produce even more physicians to address the shortages that you heard about by myself and the previous speaker as well.

SENATOR MARTIN: Does your school utilize M.D.s as part of the training, or are all of your professors D.O.s?

DR. CAVALIERI: Our faculty is, perhaps, about 60 percent D.O. and about 40 percent M.D., approximately. And I can’t--

SENATOR MARTIN: You guys get along, right? (laughter)

DR. CAVALIERI: We get along just fine. We get along just fine.

Our--

SENATOR MARTIN: It’s not like the Knicks and--

DR. CAVALIERI: Right.

I can’t give you a statistic at Cooper, but some of our graduates are there. Some of the faculty that the previous speaker spoke about are osteopathic physicians. So there is a fair amount of collaboration that goes on.

I do think that any clinical entity -- once again, a diversity-- Whenever someone goes to a different medical school -- or even allopathic, osteopathic, where there is a different perspective -- it enriches the care that could be given. And I do think that the emphasis on primary health care, the holistic approach to care, and the emphasis of humanism in medicine

that has characterized osteopathic medicine is something very much that is being incorporated into allopathic medicine as well. So there are a number of similarities in approach.

SENATOR MARTIN: My last question is, if perchance a new school was -- an M.D. program was put together in Camden, and under the governance model Rutgers was the top dog, would that in itself create some problem for you, if you now became part of Rutgers, as opposed to being a part of UMDNJ?

DR. CAVALIERI: That's a difficult question.

I think that it's very difficult to answer that, because it's very difficult to know how that impacts on resources, what the governance would be, what the structure would be, etc. So it would be difficult for me to respond to that.

I do think, though, what I would say in response to that is that our school has evolved to be a school that we can be very proud of in New Jersey. As I indicated in my testimony, we have been number one or number two amongst the 20-plus osteopathic medical schools nationwide. And I have to tell you that we really are extraordinarily respected in osteopathic medicine for excellence. This has been developed under the umbrage of UMDNJ, and that's what I know. That within the UMDNJ system, this is where we evolved. And would we be at this degree of what I'm describing to you as excellence outside of UMDNJ? It would be very difficult for me to say.

So I think that certainly-- In any reorganization, it's important that we all see to it that the tremendous degree of achievements in excellence that have been achieved in UMDNJ -- that we build on that, and

not go in reverse. And I think that's the challenge that we all face right now in moving forward.

I'm sorry I can't answer that more directly, but I think there are a lot of unknowns here.

SENATOR MARTIN: Thank you.

SENATOR LESNIAK: Thank you, Senator.

I liked your use of the word *enrichment* -- as you expose the various different disciplines to each other the enrichment process occurs, which is pretty consistent with what Dr. Vagelos, Dr. Shapiro, Dr. McCormick, John Sheridan have been talking about. That's what we're trying to do here -- enrich the education quality in the State of New Jersey.

ASSEMBLYMAN CARABALLO: Assemblywoman.

ASSEMBLYWOMAN BECK: Thank you.

Pam Lampitt, to my right, a friend and fellow Assemblywoman, tells me how exceptional you are. And reading your testimony, that's obvious.

DR. CAVALIERI: Thank you.

ASSEMBLYWOMAN BECK: I noted six different occasions in your testimony where you talk about the research -- ranks 9th, a million, when you're talking about research programs focused on the elderly. When you come to molecular and cell biology, we're one or two in the nation. I mean, that's fabulous. And I see that you go on to talk about the ongoing labs -- 30 or 40 active research labs, which are focused on everything from blindness to cancer to lung inflammation -- and that we're getting millions of dollars in, right now, to your campus.

I would ask, and through the Chair, that this testimony is submitted to Dr. Vagelos. We were just handed a letter from him in which he challenges Dr. Vladeck's testimony, and to quote: "From the start, the testimony needs a reality check. The statement that the State has a top-flight research institute is ridiculous, in light of the conclusions of an independent commission that evaluated it and concluded that UMDNJ has numerous weaknesses and does not achieve excellence in any area." So it may be that the commission did not focus on your school. It seems that to me, and I think this testimony needs to be shared.

That said, I think we have a separate challenge as a Task Force. That another thing that was in the commission's report is that one of the reasons UMDNJ is not successful is because the medical school is spread out all over the place. They really should be all in one location. And I guess want your reaction to that, because on -- that's stated again in the letter that was just circulated to us, that that's a reason that UMDNJ hasn't been more successful, because it has three separate campuses. So I'm just curious if you could give me your thoughts.

DR. CAVALIERI: Well, thank you.

I think your comments were very insightful, and thank you for the question.

I think that--

SENATOR LESNIAK: And, doctor, if I might add to what the Assemblywoman said: Although the bulk of what Dr. Vagelos said is certainly accurate, his own report did cite the excellence in the area of geriatrics in your school.

DR. CAVALIERI: Thank you.

I believe that what historically may have been a disadvantage could actually be an advantage. It is true that the geographic spread of UMDNJ can certainly have a negative aspect, as it relates to collaboration and better utilization of resources. But on the other hand, you could, in the proper environment and with the appropriate leadership -- you can really convert the geographic spread to an advantage.

For example, if we're spread across the state, we can actually target a larger area of the population. And New Jersey, as you know, is a very diverse state, so that we can really encompass the diversity of New Jersey by being present in many different locations. I think that that also then becomes very appealing from a research perspective, because you then can have a pool of subjects and research, whether it's clinical trials, etc., that are truly diverse and really represent a large geographic area.

I think perhaps-- Many of the leaders in UMDNJ will admit-- I've heard it said -- I can't speak totally for UMDNJ, but to give my own thoughts -- that perhaps this isn't an area, in the past, where we have really capitalized the geographic spread of UMDNJ. But I think it's an area that we need to do much better at.

As a matter of fact, one of the strategic priorities that Dr. Vladeck had spoken about at his address on University Day was collaboration. And he actually asked me, along with Dr. Putterman, from Academic Affairs, to lead that initiative. It recognizes what you had mentioned -- that what could be a challenge, that spread of the state, could actually be an advantage. And what he was really saying is, "Take this potential barrier and convert it from a barrier to an advantage." And that's what we're trying to do. And we could do better at it. We need to do

better, because research today is all about collaboration within a university and amongst universities. And it also is about doing interdisciplinary research. And with the various schools within UMDNJ, and by promoting collaboration amongst other research universities within the state, we can really rise to that occasion and do a much better job at research. That involves leadership, and creating an environment where collaboration and teamwork and research is encouraged.

SENATOR LESNIAK: Before I call on Senator Weinberg, doctor, what percentage of the total research grants at UMDNJ does the School of Osteopathy -- in?

DR. CAVALIERI: I am not prepared to answer that. I really don't know. I can get that information for you.

SENATOR LESNIAK: Okay. Because the thought that does come to my mind is, you are doing great. And yet, we rank so low, so poorly. So can you imagine, if that was taken out of the equation, where we would rank overall?

Senator Weinberg.

SENATOR WEINBERG: You talked about your active labs at the School of Osteopathic Medicine. Do you have any empty or underutilized labs there?

DR. CAVALIERI: There are-- We have one or two scientists that recently moved to another institution. The amount of underutilized space there is minimal. We are embarking on a building project -- all we need is \$70 million -- but we are embarking on a building project that would do two things: It would create a research and clinical building that would house the New Jersey Institute for Successful Aging, the CARES

Institute; but also, with that, enhanced laboratory space to actually accommodate expansion of our biomedical research as well. So we are looking forward to the need to expand biomedical research.

SENATOR WEINBERG: Two more questions, if I may?

In terms of your collaboration with Kennedy and Our Lady of Lourdes Hospital, and-- The other UMDNJ -- the school of allopathic medicine has collaboration with Cooper. Is that a function of philosophy, or history, or is there any reason for that separation?

DR. CAVALIERI: I think it is more history than anything. I must say that there is some collaboration between the School of Osteopathic Medicine and Cooper. We do the-- Our New Jersey Geriatric Education Center -- our geriatric program -- is doing some training and education in geriatrics at Cooper. The New Jersey Cancer Institute at Cooper has a presence on our campus. So the thought of collaboration between the School of Osteopathic Medicine and Cooper is certainly possible. And it could be expanded.

So I think, in response to your question, it's more one of history, the way we developed.

SENATOR WEINBERG: And my last question: Do you have any kind of collaboration with NJIT, in terms of medical technology?

DR. CAVALIERI: We have had some preliminary meetings with them about collaboration, largely as it relates to the relationship between geriatrics, where we have a strength, and NJIT, where there are -- there's a move or a collaboration, in terms of addressing technology issues to enhance functionality in later years.

But to my knowledge, there aren't any strong relationships at this point. However, that type of collaboration is encouraged and, hopefully, could advance.

SENATOR WEINBERG: And, again, in terms of Mr. Sheridan's earlier testimony about the necessity for a four-year medical school in Camden, how do you-- I know you're saying that you have collaboration. But with-- Do you look upon that as a necessity in order to make this center of medical excellence?

I might be putting you on the spot there.

DR. CAVALIERI: You are, but that's okay. (laughter)

I think that in these days of scarce resources, and when we look at the fact that the UMDNJ -- like other higher education schools, universities within the state have declined. One needs to address the issue of how do we really best achieve our goal of training more physicians. It really raises the issue: Do we achieve that by enhancing existing schools versus creating a new one. Creating a new medical school is costly. Replicating another medical school administration, replicating basic science buildings, etc., is a costly thing. And I think that this committee will need to look at that.

We are in a position to enhance our relationship with Cooper and build on, already, a relationship that's there. But I think this is largely-- There's two ways to respond to the physician shortage area: expand what we have or create a new school. And I think economies of scale may-- You would find many individuals that say it would be more cost-effective to expand what we have.

SENATOR WEINBERG: Thank you.

SENATOR LESNIAK: Thank you, Senator.

Doctor, again, thank you for the great work you're doing, particularly with regard to the geriatrics program.

Thank you.

DR. CAVALIERI: Senator Lesniak and Task Force, thank you very much for the good work you're doing, and having me here today to testify.

SENATOR LESNIAK: We appreciate you coming.

DR. CAVALIERI: Thank you.

SENATOR LESNIAK: Doctor -- excuse me, Mr. Dennis -- he may be a doctor -- Mr. Dennis Bone, President of Verizon New Jersey Communications, also a Trustee Member of the New Jersey Institute of Technology.

And, again, I want to thank everyone -- Dennis, you, as well -- for sitting through this lengthy testimony. It's very important, and we really appreciate the input. You're providing a valuable service not only to us, but to the citizens of the State of New Jersey.

Dennis, welcome.

DENNIS M. BONE: Thank you.

Actually, it's been a learning experience. And I can't wait to get my next trivia question on osteopathic medicine, actually. (laughter)

Good afternoon.

It is, indeed, an honor to appear before you. And, actually, I come at this at a little bit different perspective, with the several hats that I wear -- one being as a Trustee of NJIT; but also running one of the largest businesses in this state, as well; and serving on the Governor's Economic

Growth Council; and some things that I do in Newark, and with the State Chamber, and whatnot.

But it certainly is a timely and critical task at hand. And the first part of my comments have to do with my perception of how economic development -- and how research-based institutions play into economic development.

Each of you know that the fundamental underpinnings of our economy are changing. Many of the witnesses that have testified before you have explained how our 21st century knowledge-based economy needs to be fueled differently than our economy of the 20th century. And nowhere are the stakes higher than here in our home state, where we depend on the success of our high-tech industries and our highest-in-the-nation incomes to support our standard of living.

We witness, every day, how technology is changing the world. And we hear experts describe how the world's new technologists are increasingly coming from China, India, Korea, and many other nations around the globe. Sometimes we see how these countries are exponentially increasing their number of mathematicians, or scientists, or engineers, and we wonder if we can sustain our technological advantage over time. And closer to home, we see how other jurisdictions are focusing on strategies to optimize their technological capabilities. And almost universally, they focus on the role played by the research-based, higher education institutions as catalysts for economic growth.

The role of research-based universities in economic development is clear. Sure, we've all heard about the technology and economic-rich corridor, such as Silicon Valley, in California; or Route 128,

around Boston, both of which were created by the successful marriage of technology-based universities and companies which were either spin-offs of, or fueled by, the universities' research-based activities.

In preparation for my testimony today, I Googled the phrase "research university and economic growth," and Google promptly rewarded me with over 25 million hits. In no time, I was reading about how the University of Wisconsin was scheming to increase its Federal research funding; or how Oregon policymakers were investigating how they could rejigger their research-based universities to become more effective, as their neighbor to the North in the state of Washington. Within no time, I was reading lists on the most economically potent, high-tech cities, such as San Francisco, Boston, Denver, San Diego, Austin -- to name the first five.

One clear conclusion from all this activity: There is a sense of urgency going on in this country by jurisdictions who realize what's at stake in maintaining or enhancing their economic hand, and know it's rooted in how well their research-based universities perform, and the interaction of those institutions with the business community.

So the question becomes: What works? How do we strengthen our system? Where do we put our focus? I believe the answers to these questions are straightforward. But, like most matters of execution, easier said than done.

First, to become world-class, the research needs to be broad and deep. This can only happen through research programs that are attracting world-class faculty and students, and, in turn, are generating strong funding through relevant agencies and organizations. This, by the way, is usually preceded by priming the pump *investment*, similar to the stem cell research

funding approved by the Legislature last week. And I'll take my hat off to you for doing that.

Specifically, in our case, we're addressing health sciences education and biomedical research. And although we've made progress in these areas, certainly as Dr. Shapiro pointed out, we're not anywhere close to the front of the pack. And with the sense of urgency outlined above, we don't have the luxury, I believe, of an incremental approach. In my opinion, we should carefully consider bold moves.

Second, from a business perspective, the research institutions must be relevant to, and accessible by, the business community. This begins with the mission and vision of the institution; a vision that the institution can and should strengthen the economy of the state, and a mission to direct its research activities in such a way that relevant businesses become partners with the institution. This, obviously, happens when there are specific technology transfer functions in place; coupled with outreach and more concrete strategies, such as business and technology incubators.

So the question before you is: What changes, if any, should be made to the organizational structure of UMDNJ, NJIT, and Rutgers? For all the reasons set forth in the Vagelos Report, realignment of the State's research institutions holds out the promise for a stronger and more competitive economy in New Jersey, as well as creating outstanding educational opportunities for our citizens. Yes, restructuring should occur.

I also want to address the issue of what form of consolidation should happen in the state's flagship city, Newark. For over 20 years, I've been puzzled by the side-by-side presence of Rutgers-Newark, NJIT, and

UMDNJ. In the early '80s, I attended Rutgers Business School in Newark and earned an MBA, which has served me well. At the time, I was amazed that I could walk across the street and be on the campus of a different State-support higher education institution. And, today -- this morning -- I gazed out of my window, looked up the hill, up Central Avenue, and pondered: What would happen with the merger of these three, or the restructuring of these three institutions that sit side, by side, by side, especially from a management perspective? What benefits would enure by combining and leveraging the assets of these tremendous institutions?

Given the growth and positioning of Newark, as it rebounds to become, in my opinion, an outstanding American city, it's important that Newark have its own university. One way this could be accomplished is by combining the existing Newark-based assets of UMDNJ, NJIT, and Rutgers-Newark -- with the exception, I believe, of the Rutgers Law School and the Rutgers Business School, which, from my perspective, would not significantly enhance the mission of the combined school, but would do irreparable harm to the Rutgers Law and to the Rutgers Business School programs.

In the business world -- although business restructurings happen a lot, they are disruptive and they create intense pressure on organizations. They are also viewed as great opportunities to refocus the organizations' energies around a new set of goals and strategies. If done correctly, the emerging organization is relaunched as a much stronger and more competitive entity.

I must stress, however, that a critical part of relaunching a company, post-restructuring, is that it be adequately funded so that its

competitiveness is not undermined by a lack of adequate resources. And I'm certain that this dynamic would be present in any potential combination that you would consider.

In conclusion, the potential restructure of New Jersey's research-based institutions holds promise for a more vibrant and competitive New Jersey. Those of us who care about New Jersey's competitiveness in a rapidly changing, knowledge-based economy extend our hand to you, the Legislature, as well as to our partners in the research institutions, to craft a solution vital for our continued economic well-being.

Thank you.

SENATOR LESNIAK: Thank you, Dennis.

That's very powerful testimony from one of our business leaders of a company that has such a stake in technology and the economy of the State of New Jersey.

Questions from the committee?

ASSEMBLYMAN DIEGNAN: Senator.

SENATOR LESNIAK: Yes, Assemblyman.

ASSEMBLYMAN DIEGNAN: Dennis, quickly, how would you-- I mean, I agree with you 100 percent. It's crazy -- just the geographics of Newark -- when you stand there and realize these are three different institutions that don't share facilities, and knowledge, and capacity.

Who would you see taking the lead -- if you've thought it through -- of the three? And how would you-- Presuming they could be merged, how would that work, in terms of Rutgers-New Brunswick and the Camden situation? Have you thought that through?

MR. BONE: Well, I certainly read the Vagelos Report of the University of New Jersey, North, Central, and South. And the thing that bothered me about that is the-- With Newark's potential as a real -- as New Jersey's flagship city, and as a tremendous city of the future in this country, to me there's a different mission, all of a sudden, that comes into this. And that is helping Newark, as we also restructure our higher education.

I don't know who would lead that. I haven't thought about that. The only thing that crossed my mind is, there are probably three biology classes taking place at three institutions, under three different structures, and that probably is not an efficient way to do it. Newark -- can it be leveraged to get all the research and the other benefits from doing it under one roof?

No, I don't have an observation about who would lead it, just that it should be consolidated and maximized.

SENATOR LESNIAK: I don't have any members left.
(laughter)

ASSEMBLYMAN CARABALLO: Dennis, let me ask you a question. You said they should be consolidated in Newark, without the Law School and without the Business School.

Now, you wouldn't transfer the Law School physically out of Newark, would you?

MR. BONE: No.

ASSEMBLYMAN CARABALLO: And you wouldn't transfer the Business School physically out of Newark.

MR. BONE: No, not at all.

ASSEMBLYMAN CARABALLO: So why-- What would be the downside of whatever institution emerges in Newark continuing to have a law school or a business school?

MR. BONE: I guess the way I looked at it is to look at the synergies and to look at the opportunities. I looked at it from a technology and a science basis. And I certainly can see combining the undergraduate program of Rutgers with NJIT, with UMDNJ, because I think in that space between -- especially in the technology interface -- between the medicine and the science, that's a very fertile area for synergies and for great things to happen.

When I think of the Law School, I think of that outside of that paradigm, actually. And then I think of the Law School as part of Rutgers. And, to me, it would do more damage to take it out of Rutgers and to put it into that institution in Newark.

Same with the Business School. I graduated from Rutgers Business. I know how integral Rutgers Business School is to the overall Business School. It's just absolutely critical. And when I think of NJIT, where I sit on the Board, I think of a little bit of a different flavor of a business school. I think of one more based in technology and science, and a little bit of a different focus. So that's how I drew the conclusion there.

ASSEMBLYMAN CARABALLO: Jen.

ASSEMBLYWOMAN BECK: Hello, Dennis. Nice to see you again.

MR. BONE: Good to see you.

ASSEMBLYWOMAN BECK: One of the comments you made about businesses merging, and finding efficiencies, and so forth, sort of struck a cord. And I think one of the motivating factors is, indeed, that.

But I did find some troubling things in the Vagelos Report, in that it seems that there is still a lot of duplication on each campus, the repetition of classes and coursework. And so I don't think that actually gets eliminated.

In addition to -- as our previous person came forward and testified -- there's going to be another medical school. So we're actually-- I don't know that this proposal is actually streamlining, as much as it may be creating a bigger bureaucracy. I guess I just want your reaction to that.

SENATOR LESNIAK: I'm sorry, Assemblywoman.

Assemblywoman, if I may, what proposal are you talking about?

ASSEMBLYWOMAN BECK: The way I have read it is that--

SENATOR LESNIAK: I'm sorry, read what?

ASSEMBLYWOMAN BECK: From the Vagelos Report -- is that the University North, Central, and South all continue to have some of the basic arts and sciences coursework. I mean, I actually just--

SENATOR LESNIAK: I didn't know what proposal you were referring to. That's all.

ASSEMBLYWOMAN BECK: I just actually pulled it from the Report.

So I guess I ask for your reaction to that. I mean, are we sort of thinking of this in the wrong way? Maybe it's not three. Maybe it should

be two, maybe it should be one. I mean, if we're going to think out of the box, maybe everything should be on the table.

MR. BONE: Well, again, I look at it in a little bit of a more practical sense, I believe. The integration, for example, of UMDNJ, NJIT, and Rutgers--

And, first of all, I certainly understand there's a lot of collaboration going on. There's a lot of what I'll call *work-arounds*, that are taking place today to -- and partnerships -- where students at one institution take classes at another. And that's to be commended. And I do consider those work-arounds, under the current environment.

But when I put on a management hat, of managing a large organization, and see the synergies; and to see the opportunities that can get -- from managing it holistically, like the osteopathic approach to medicine-- I think there are certainly more synergies to be gained, more benefits for the State, more collaboration with business. I also look at this from a business point of view. It's much easier to deal with one philosophy, one mission, one organization, than to deal with three different ones, when some of the same functions are taking place at all three.

ASSEMBLYWOMAN BECK: And your sense is, the creation of another medical school in Camden is an appropriate public endeavor?

MR. BONE: I haven't even thought about that potential.

ASSEMBLYWOMAN BECK: I, obviously, have some concerns about that.

Thank you.

ASSEMBLYMAN CARABALLO: Anyone else?

SENATOR LESNIAK: Well, I just want to -- because I just want to make sure that everyone understands that we are-- This committee was not formed to just discuss the Vagelos Report. As a matter of fact, the joint statement by Assemblyman Caraballo and myself specifically says that we will consider several options for merging the University of Medicine and Dentistry of New Jersey, the New Jersey Institute of Technology, and Rutgers University to create the very best health, science, technology, and research university in the country. It further goes on, "We will lay out the options, like the Vagelos Report; and also consider the options of a total Rutgers takeover; also the option of Rutgers merging with UMDNJ and South Jersey affiliates of both institutions; and creating the University of Newark" -- which I have not made a secret that is something that I would like to see -- "by merging UMDNJ, Newark, NJIT, and all or parts of Newark."

And I do have to say that great minds think alike, Dennis. Because I do agree with you that I have not-- And I understand the Governor's Task Force -- at least if you've read it in the -- you believe what it says in the newspaper, and they don't have it first hand -- seems to say that they may recommend that the Law School and the Business School go with a University of Newark. And I've been thinking, I don't see any synergies there at all. And I see a lot of downside to Rutgers, and I see no benefit to a University of Newark. And a restructuring, in and of itself, is such a major undertaking, we shouldn't try to do more than we have to, to make it work. And as the Assemblywoman pointed out, in terms of the other medical school, it is a further complication on the process.

So, again, I really want to thank you for your insight as a business leader, in terms of the important work of this committee.

MR. BONE: You're welcome.

SENATOR LESNIAK: Thank you.

Any other questions? (no response)

Thank you.

We have, now, our--

Dr. Goldstein has requested the courtesy of the committee, because he's about to go to another meeting. And I'm sure the members-- I remember I'd appear in court and say, "Excuse me, can I go before you? My motion is only going to take two minutes." (laughter) And then, two hours later, we're still arguing the motion.

Dr. Goldstein, it's good to see you back.

J. RICHARD GOLDSTEIN, M.D.: Thank you very much.

Thank you for inviting me today.

I was honored to serve as the State Commissioner of Health under former Governor Tom Kean. And I'm honored to address you as CEO of the New Jersey Council of Teaching Hospitals.

I first want to commend the commitment of Senator Lesniak and Assemblyman Caraballo, as well as the other members of this Task Force, to the future of New Jersey's medical, dental, and nursing affiliated health professional schools, and its affiliated teaching hospitals.

The Council sincerely supports the State's efforts to improve New Jersey's teaching hospitals, as they compete with the nation for the best faculty, students, researchers, and financial resources. And we look

forward to working with you, hand in hand, to establish the best academic and medical programs, residency programs, as possible.

To provide a little background, our organization is the State's premiere teaching hospital network. We were founded in 1986, as a nonprofit consortium, to recognize the unique nature and special needs of teaching hospitals. Our members include Atlantic Health System, Cooper Health System, Cathedral Health System, Meridian Health, Robert Wood Johnson University Hospital, Saint Joseph's Regional Medical Center, Somerset Medical Center, and The University Hospital.

These hospitals supply the majority of the clinical training for UMDNJ's three medical schools, the Nursing and Allied Health School, and service the training sites for over 1,600 medical-surgical residents. In addition to taking care of a disproportionate percentage of New Jersey's uninsured, our member teaching hospitals also operate six of the 10 designated children's hospitals, all of the Level I trauma centers, and most cancer centers, cardiac surgery centers, and more.

COTH members run these institutions around the clock, every day, teaching students, delivering babies, treating emergencies and trauma, running regional health systems and specialty centers, conducting the investigations that lead to discoveries that lengthen and improve lives, and finding and delivering miracles every day.

There have been, as yet, no virtual medical schools, and no (indiscernible) or (indiscernible).com that can substitute for these efforts. We continue to provide the care, train the next generation of physicians, advance research, and serve as the anchors for our communities.

As you can see, we are not just participants in the current conversation regarding UMDNJ, we are major stakeholders in the future of medical education in New Jersey. When the idea of restructuring was first floated by the Vagelos Commission a few years ago, UMDNJ was doing relatively well, and the dream of building honest successes to create a statewide university research enterprise had much appeal. In fact, we went on record supporting serious examination of that plan. The plan was studied extensively and was ultimately dismissed, because it was judged to be too expensive, costing, then, in excess of a billion dollars, and too difficult to accomplish.

Circumstances have changed significantly since that Report. Unfortunately, we are all witnesses to a great tragedy. From Camden on the Delaware, to Newark on the Passaic, UMDNJ, in our view, is dying all around us. Inch by inch, Monitor report by Monitor report, press release by press release, headline by headline, UMDNJ -- the patient -- is hemorrhaging.

In yesterday's *Star-Ledger*, U.S. Attorney Christopher Christie said, "I really now have no idea how bad this place is. And I cringe to think about what we're going to find next." UMDNJ's reputation within New Jersey, and nationally within the academic community, is at an all-time low. It's management is largely itinerant or on acting roles, the Board has been recently reconstituted, and a Federal Monitor is passing judgment daily on all substantive decisions.

The negative effects of this ongoing investigation, the new ethics law, are all around us as the University slowly unravels. Prominent scientists have been suspended, faculty cannot be recruited, and professors

are prohibited from accepting honoraria for lectures, something that is standard at other great universities. UMDNJ competes with the other 125 medical universities throughout the country, most of which do not have our burdens of regulations and restrictions.

As a result of its troubles, UMDNJ has been paralyzed in both growing the number of affiliate teaching hospitals willing to train its medical students, and strengthening relationships with its existing ones. This growth is essential to the University if it is to expand its influence and educate the additional medical students that New Jersey desperately needs.

And we fear the worst is yet to come. There are already whistle-blower lawsuits that will generate headlines for months, perhaps years. Again, according to the *Star-Ledger*, U.S. Attorney Chris Christie said late last week that five assistant attorneys in his office are working on the criminal investigation of UMDNJ. "If there are prosecutions to be brought, I hope we'll see it next year," Christie said in an interview.

There is a strong possibility that Federal indictments will eventually happen. After all, someone must be held accountable -- meaning that this story will have legs for a long, long time. The truth is, we see no light at the end of the tunnel. Our number one fear is the loss of the brilliant physicians, scientists, and medical students that make up the University -- it's human resources -- that are not replaceable.

It took decades to build UMDNJ. And like Arthur Andersen, the accounting firm which lost 28,000 employees in a matter of months, it could disappear almost overnight. New Jersey cannot afford such a brain drain.

To further highlight the implications of losing these physicians-scientists, there is a national shortage of physicians and a local shortage of certain specialists, today, right here in New Jersey. The American Association of Medical Colleges has identified a 30 percent future shortage of physician grad students to take care of all of us, and has called for nearly 10 new medical schools nationally to fill the need.

New Jersey has one of the highest out-migrations of medical school graduates, and has one of the highest importation rates of foreign medical students to its graduate training programs in the nation. These challenges are not being met adequately as the University's present state becomes critical. The state needs the premiere physicians and researchers of UMDNJ, and the medical manpower UMDNJ produces. And the state's teaching hospitals need a supply of students and residents.

To restructure or rebuild: Our board has discussed this issue on several occasions, and we want, of course, what is best for the state. We have reluctantly reached the conclusion that time is no longer on the side of UMDNJ, that something must be done immediately. If we were told that the Monitor, perhaps with additional resources, could complete his work in one year and be done, then we would propose rebuilding the University under new leadership and not doing a forced restructuring. On the other hand, it is far more likely to take multiple years or more for the Monitor to complete his work. And our position is to restructure as soon as possible, otherwise we fear there will be little of value left to restructure with.

We do not know how to stabilize UMDNJ while it is being investigated, and reorganize it all at the same time. That is a conundrum that will likely have to be worked out with the U.S. Attorney and the State.

But instead of the ambitious Vagelos plan, we offer for your consideration a simpler restructuring effort to rescue the people and programs that make up UMDNJ.

We would propose that UMDNJ find safe harbor by tucking the New Brunswick medical school campus, including the public health school, under the auspices of Rutgers University; and the Newark medical school, including the Dental, Nursing, and Associated Health Schools, under Seton Hall University, assuming that these universities would agree.

The arguments for this are straightforward. Both Seton Hall and Rutgers historically operated medical schools and are really, in fact, the historical parents of what eventually became UMDNJ. Both are successful universities with national reputations, both know the needs of their communities, and both have excellent leadership and proven governance.

We also support the transition of the present Camden campus of Robert Wood Johnson Medical School from a two-year to a four-year program, going forward under Rutgers, along with the School of Osteopathic Medicine. This would give New Jersey's fastest growing population in the south access to Rutgers-Camden campus, with some of the finest regional professional education available, and would accelerate New Jersey's investment of the regrowth in Camden.

The disposition of Newark's hospitals, including University Hospital, should be addressed by the Governor's new commission, headed by Uwe Reinhardt. We see no immediate need to involve NJIT or the Rutgers Law School in Newark with this rescue plan. Doing so would only make it that much more complicated.

We understand that a proposal needs to be properly vetted, and that the devil is in the details. The bottom line is that the state needs the people that deliver the programs and services that UMDNJ provides. The challenge before you -- which we see as one of the most important of your legislative careers -- comes down to this: How do you preserve the people?

At a time when the hospitals in New Jersey are struggling to survive, there continues to be a physician and nursing shortage, and the cost of health care is the highest in the nation. We cannot allow a critical state asset -- the professionals and students that compose UMDNJ -- to find new homes outside of the state. Instead, we need to quickly find them foster homes within the state.

This committee was organized to examine the restructuring options. At this point in time, the restructuring should be practical, realistic, affordable, and quick so that the thousands of positive legacies -- including the Cancer Institute of New Jersey -- that UMDNJ was, can survive for generations to come.

Thank you.

SENATOR LESNIAK: Thank you, doctor.

At least one of your concerns, I hope, we will be able to address shortly, in the new legislative session. Assemblyman Caraballo and I, hopefully with other members of this committee and the Legislature, will be introducing legislation on the honorarium issue.

To think that a Rutgers professor can be nominated and receive the Nobel Peace Prize, and not receive the honorarium that goes along with it, is ridiculous in the first place. And secondly, quite frankly, it can be, certainly, not helpful in us being able to attract the top, the best, and the

brightest here in New Jersey. So hopefully we -- I know we'll be able to correct that inaccuracy shortly.

Questions from the committee?

ASSEMBLYMAN CARABALLO: Yes.

SENATOR LESNIAK: Mr. Chairman.

ASSEMBLYMAN CARABALLO: Hi. How are you, Richard?

That wasn't a curve ball. That was more of--

SENATOR LESNIAK: I thought it was a curveball. (laughter)

ASSEMBLYMAN CARABALLO: It's more than a curveball.

What would be the--

SENATOR LESNIAK: Knuckleball.

ASSEMBLYMAN CARABALLO: --knuckleball that you just threw at us, with respect to Seton Hall.

Was the--

SENATOR WEINBERG: What's the difference between a curveball and a knuckleball? (laughter)

ASSEMBLYMAN CARABALLO: A knuckleball is totally unpredictable. (laughter)

The first part of that recommendation would be that we would have to split the hospital from the medical school, right?

DR. GOLDSTEIN: Split the hospital--

ASSEMBLYMAN CARABALLO: From the medical school.

DR. GOLDSTEIN: What we said here is that the disposition of University Hospital, along with the other hospitals in the city of Newark -- which many people think are at excess capacity and could be better

consolidated -- should be left up to the other commission that the Governor recently created.

ASSEMBLYMAN CARABALLO: Which means that, in terms of trying to get the medical school over to Seton Hall University, the hospital would have to be taken out from under--

DR. GOLDSTEIN: Yes. We see that as a separate--

ASSEMBLYMAN CARABALLO: That would be separate.

Okay.

Nothing else.

ASSEMBLYWOMAN KARROW: Question.

ASSEMBLYMAN CARABALLO: Yes.

ASSEMBLYWOMAN KARROW: You're like afternoon coffee. Everybody jumped up when you said what you said.

I have a couple of questions regarding you and your Board's recommendations.

And I had asked earlier -- if you were here earlier, when Dr. Shapiro was here testifying--

DR. GOLDSTEIN: I was.

ASSEMBLYWOMAN KARROW: He had said-- There was some questioning about Rutgers having -- that they wanted a med school. And I said, "They used to have one. Why not just put it together again?" which is basically what you just said. And Dr. Shapiro said it would be a big disservice to do it piecemeal. So I would like your response to that. If we have Dr. Shapiro, who is a Trustee of UMDNJ, saying that it would be piecemeal to do it that way and to just give Rutgers back its due -- what was once its-- And you're suggesting the opposite.

Can you just-- Can you speak on that?

DR. GOLDSTEIN: Well, I think Dr. Shapiro is being more visionary than I'm being. I see that we have a crisis on our hands. I see a ship that's sinking. And I'm taking the passengers off the ship. And I think what I'm suggesting is that we can tuck them in quite nicely, because of the geographical locations, the history that they had -- in this case, the New Brunswick campus with Rutgers, and a similar kind of arrangement in Newark with Seton Hall.

ASSEMBLYWOMAN KARROW: Well he-- I mean, he certainly said he didn't think the ship was right, either. But I think he sees more like there's water in the bilge, versus a sinking ship.

DR. GOLDSTEIN: Right. That's the difference in what we're telling you.

ASSEMBLYWOMAN KARROW: Is that-- Are you speaking on behalf of your entire Board of all of the teaching hospitals? You're all pretty much in sync that you want something emergent now?

DR. GOLDSTEIN: I talked to all the full members -- meaning those that have more than 75 residents on site. I didn't talk to every member. But yes, this is our thinking. We think that we are in a crisis situation, and that it isn't a question of going with the Vagelos plan or another plan. We need to find safe harbor. We need to take care of the situation now. And we think as long as these headlines are generated and indictments yet to come, that the best and brightest will have fled long before that process is complete.

ASSEMBLYWOMAN KARROW: Dr. Goldstein, just so I can understand the structuring of this, Rutgers-East Brunswick -- New

Brunswick, I'm sorry -- Rutgers-New Brunswick would get back the medical school that was in New Brunswick, and they would also-- In your model, they would get Camden, under Rutgers. Then it would go from a two- to four-year school.

DR. GOLDSTEIN: Yes.

ASSEMBLYWOMAN KARROW: And then you said that the Newark medical school would go to Seton Hall--

DR. GOLDSTEIN: Yes.

ASSEMBLYWOMAN KARROW: --rather than creating a New Jersey North, or a New Jersey Newark University.

DR. GOLDSTEIN: Yes. But, again, I'm dealing with a rescue plan. We need to find homes for all these people.

ASSEMBLYWOMAN KARROW: Can you speak-- I mean, Seton Hall isn't even on anybody's radar screen.

DR. GOLDSTEIN: I'm sure this isn't on their radar screen.

ASSEMBLYWOMAN KARROW: So can you speak about the -- how that would work, with Seton Hall?

DR. GOLDSTEIN: I can't provide you any details at all. It's just an idea.

ASSEMBLYWOMAN KARROW: More coffee. Okay.
(laughter)

Okay. I'm going to defer more questions until I hear the rest of everybody else's.

SENATOR LESNIAK: I'm just going to let that one pass.

Senator.

SENATOR WEINBERG: Did you suggest in your testimony -- if I heard you correctly -- that if the Monitor was going to be finished within the next year, that UMDNJ is rescuable, that it's a question of how long it's going to take the Monitor?

DR. GOLDSTEIN: Yes.

SENATOR WEINBERG: Did I misunderstand what you said?

DR. GOLDSTEIN: Yes, that's exactly correct.

We think the history with Monitor's and New Jersey is that they tend to stay a very long time.

SENATOR LESNIAK: But also, doctor, if I may--

Excuse me, Senator.

But you also said you kind of supported the Vagelos Report, but it couldn't happen because it was too expensive and politically not feasible. The politics of that came mostly from the fact that there is a vast political stake in preserving the system at UMDNJ. And then we found out what was being preserved, and that's no longer an issue.

And in terms of the dollars, I just want to add-- I mean, we can merge without any additional dollars. There are some transactional costs. Merge, again-- I assume you'd restructure without additional dollars -- some transactional cost to get it done. But that's not going to achieve excellence in New Jersey. The issue is, as you said, to increase capacity, to attract the best faculty, the best students, which is what our state deserves.

DR. GOLDSTEIN: Senator, I agree. Our plan is not visionary. Our plan is not creating the greatest university possible for the State of New Jersey. Our plan is to save the people that constitute UMDNJ before they decide to move on.

SENATOR LESNIAK: Got you.

All right. I appreciate that candor.

Thank you.

SENATOR WEINBERG: I lost my train of thought there.

SENATOR LESNIAK: Senator, I'm so sorry.

SENATOR WEINBERG: It's all right.

SENATOR LESNIAK: I'm sorry. I apologize.

SENATOR WEINBERG: You'll owe me one. I'll remember it later. (laughter)

SENATOR LESNIAK: And I know you'll remind me.

Senator Martin, you missed it. You missed the bombshell.

SENATOR MARTIN: I heard about the Seton Hall. I understand we got a new med school.

SENATOR LESNIAK: Thank you, doctor.

SENATOR WEINBERG: While you were back there having lunch.

SENATOR MARTIN: I heard.

ASSEMBLYWOMANMAN LAMPITT: Senator, I have a quick question.

SENATOR LESNIAK: Oh, sure, Assemblywoman.

ASSEMBLYWOMANMAN LAMPITT: Just a quick question.

I apologize. Just a quick question.

Based upon your testimony -- and I'm just -- I don't want to interpret, so I'd rather you convey, truly, your message. Would you do away with the terminology *UMDNJ* because of a marketing issue -- the image that it possesses right now?

DR. GOLDSTEIN: No, I don't think we're going to fool anybody if we change the name tomorrow.

Indictments are a very serious matter.

SENATOR LESNIAK: No. (laughter)

DR. GOLDSTEIN: And one never knows what's going to come out of all of that, or how long all of that will take. The finger-pointing must be enormous, with the people that have been fired that are suing for wrongful dismissals. Just imagine when they're indicted.

We have our teaching hospitals to run. We have medical students to train. We need residents to be matched. I have all the stats on how many residents, by specialty, stay in New Jersey, leave after they've been trained. And the picture is not bright. We're behind. We need more doctors. We need-- The main reason they leave is they can't get fellowship training in New Jersey -- advanced training in whatever their field happens to be. We have practically nothing going on in pediatric specialties in this state. I mean, we're faced with enormous problems in this regard. And not to have medical schools that are functioning at a high level would be a travesty for this state. And I think we're at risk right now. I think we're at big risk. And I think that needs to be the front-burner issue. And if we can do this on two tracks, maybe we can straighten out later what the -- how to build a great system in New Jersey. But right now I think we have a crisis.

ASSEMBLYWOMANMAN LAMPITT: Based upon your testimony -- and your testimony more so than anybody else's today -- there's a real sense of urgency in the words that you're -- in the essence of what you're trying to convey. Would you -- just in your opinion -- would

you expedite the Monitor's reports, put another individual in there? Would you expedite it because of the actual potential?

DR. GOLDSTEIN: Absolutely. If doubling his budget would halve the amount of time he's going to be there, I'd double his budget. If tripling it would decrease it by two-thirds, I'd give him whatever budget he needs to be done within a year. Absolutely. And maybe then we could stabilize it, and we can go on to a two-track system that Senator Lesniak was proposing. But I don't think that's going to happen. I think this thing is going to unravel. I think we're going to lose these people. I think we face a brain drain. And I think we need to get the right parties in the room and straighten this out fast.

SENATOR LESNIAK: Dr. Goldstein, I want to thank you for being so blunt and specific. I've been saying the very same things. Maybe my solution is a little different. And it's been a little lonely dragging this train, trying to get people's attention.

And I really appreciate the members of this Task Force for joining this effort to get this done.

Because I agree with you. The testimony, up-to-date, has been very gracious, and very kind and all, but I think lacking somewhat in reality, in terms of what the real critical issues that need to be addressed -- and need to be addressed sooner rather than latter.

So I want to thank you for that.

Question, did you say, Assemblywoman?

ASSEMBLYWOMAN KARROW: I just have a follow-up.

As I've been sitting here thinking about all of this, can you elaborate -- back to the Seton Hall thing -- why not Rutgers? I mean,

you're already suggesting Rutgers for South and Central. Rutgers already has an established seat and position at the table in Newark. Why not put it all under Rutgers?

DR. GOLDSTEIN: I think Newark has its own identity. And I think it needs its own institutions to be responsible for meeting the needs of the community.

ASSEMBLYWOMAN KARROW: So it wouldn't have to necessarily be Seton Hall. It could be something else that could be a north university, and then Rutgers becoming something bigger south.

DR. GOLDSTEIN: It could be a lot of different things. I'm interested in speed.

ASSEMBLYWOMAN KARROW: I'm getting that. I'm really getting that. I really-- As the Senator just said, I really appreciate your candor. Everybody else has been very--

DR. GOLDSTEIN: I don't know that Seton Hall is interested. I'm sure we can think of a lot of reasons why they would or would not be. I can think of a lot of issues that arise because of the secular versus nonsecular nature of all of this. But they're there. They are a university. They know Newark. They once had the same medical school. They still have a graduate medical education program. They have a deed. It would make sense to bring them to the table.

ASSEMBLYWOMAN KARROW: The other thing that you just brought up was that you've been tracking students leaving New Jersey after completing medical school. And you said the preponderant reason is because there is a lack of advanced fellowships. I always thought it was tort reform. I'd really love to talk about that on this committee.

But why hasn't that been addressed? Why hasn't UMDNJ-- How come none of the teaching hospitals-- I don't-- Not being-- A doctor is one of the few degrees I don't have, from medical school. What is missing that we should also be looking at to provide those fellowships, when we do whatever we're going to do?

DR. GOLDSTEIN: Well, fellowships are not reimbursable like Medicare. That's the number one problem. Unlike residency programs, where a few dollars are put into every DRG to pay for graduate medical education, that isn't the case with fellowship training, which is advanced training after residencies are completed. So that has to be funded in other ways. And that funding, for whatever the reasons are, hasn't matured here in New Jersey. And there's nothing going on in the pediatric fellowship side.

ASSEMBLYWOMAN KARROW: How do most -- the University of Michigan medical school, for instance -- how do they get fellowships funded? Are they by endowment, are they by the Kellogg Institute? I mean, how does that happen?

DR. GOLDSTEIN: Well, all those things. The more important you become, the greater you become, the more people want to give you money, so the greater you become with their money. All those activities take place.

When we looked at the out-migration of residents that have completed their training in New Jersey-- We don't have any data on the medical students; we only have data on the residents. Of the 1,512 residents, 514 were leaving after they finished their work -- their training -- which is about a third. When we look at who they are, they are

disproportionate in certain specialties, like OB/GYN -- 58 percent of them are leaving. But family medicine is also way up there.

When we look at the reasons why they leave, there are a lot of different reasons. Forty percent simply return to their home state, wherever that was. And we're the benefit of the reverse logic of that. Some people who train elsewhere come back. And we can't measure that. Thirty-five percent leave because there's a better professional opportunity, meaning they can make more money. It's an open market. People can work wherever they want. And when we looked specifically at OB/GYN, 57 percent are leaving for medical malpractice cost reasons, and 29 percent for better opportunities.

We're preparing a full report on this information -- this is preliminary -- with the Rutgers Center for Health Care Policy, under Joel Cantor. Hopefully we'll have a beautiful little report for you in a month or two.

ASSEMBLYWOMAN KARROW: Great. Thank you.

SENATOR LESNIAK: Thank you, Dr. Goldstein.

ASSEMBLYMAN CARABALLO: Thank you.

DR. GOLDSTEIN: Thank you, Senator Lesniak.

And, really, we very much appreciate your driving this home. This thing is going to get bigger and move faster, I think, than anyone up to now has felt.

SENATOR LESNIAK: It's starting to get a little heavy, but I've got a lot of shoulders around this table.

Thank you.

Dr. Roger Dennis, Rutgers-Camden Provost.

I thought there, for a minute, you would miss the kick off.
(laughter)

Thankfully one person got it.

R O G E R J. D E N N I S, E S Q.: I think the cable problems have been solved, so you'll be able to watch the game. (laughter)

I come to you as a mere lawyer, and I now know what the judge I clerked for meant when he said, "Always empty out before you go into the courtroom. You never know how long you're going to be kept." (laughter)

With your permission, Senator--

SENATOR LESNIAK: Thank you for sharing that. (laughter)

MR. DENNIS: He was a brilliant judge, Senator.

With your permission, I will give my testimony to the committee in writing and summarize it for you, and maybe pick up some of the themes that other folks have spoken to.

First, every region that's economically successful has a vibrant research university as one of its anchor institutions. I'm a bit embarrassed to say South Jersey does not have such an anchor research university. So anything this Task Force recommends must consider that fact -- that we, as a region, desperately need a full-service research university.

I think my second point would be: Governance issues aside, my educational colleagues in South Jersey and I -- when Dr. Vagelos' Commission was put together -- I think put together a very exciting academic plan for creating such a research university in South Jersey. And I think that plan ought to be looked at again.

The basic pieces of that plan are an intense amount of collaboration across Rutgers-Camden, whatever medical education occurs at

Cooper Hospital, and the Coriell Institute in downtown Camden, and the excellent School of Osteopathic Medicine at Stratford. It's a difficult thing to do, but I think it is doable. I do think the Michigan state model -- which shares a basic science faculty across biomedical research at the Ph.D. level, the D.O. method of medical education, and the M.D. method of medical education -- is a model we have to consider, both for economic and educational reasons.

So I believe there's a lot of work that has been done. I think the educational institutions in our region are willing to work together in ways that are quite creative. Just as the Senator and your colleagues know, we really worked together well to put together our Systems Biology Institute -- which we're so thankful for you to fund the capital planning for that building -- which will be, again as Mr. Sheridan said, cheek and jowl to the medical education building that UMD is building in downtown Camden. So the State will be leveraging its resources.

So I really want to end with that word. Governance issues aside -- even though I'm a corporate lawyer -- the real issues are educational, and they must be done collaboratively. Science occurs today not in groups of one or 10, but it occurs in groups of 50 or 100. And to get to that point in South Jersey, it must be done across institutions. We at Rutgers-Camden could not accomplish that any time soon on our own. We must do it in collaboration with the educational programs that are occurring at Cooper Hospital, through UMD, through the Coriell Institute, and through the School of Osteopathic Medicine at Stratford.

So it's a model that I think can work. It would be a prudent investment. There wouldn't be as many zeros attached to it if we did it

collaboratively. So as you're sketching out the governance issues, the structural issues, I think as important, or more important, is thinking through the educational issues. And the educational issues are tough in South Jersey. But they are doable, and I think they are doable in a relatively quick period of time.

So I'll submit my testimony in writing and be pleased to answer questions you all might have.

SENATOR LESNIAK: Senator Weinberg.

I have to defer to Senator Weinberg now. (laughter)

SENATOR WEINBERG: Before I forget again.

SENATOR LESNIAK: That will be the last time that will ever happen.

SENATOR WEINBERG: I assume you'll cover this in more detail in your written testimony. But are you suggesting that South Jersey be set up as an autonomous or independent--

MR. DENNIS: As my Rutgers college-graduate Senator would say, that's a little bit above my pay grade. (laughter) Even though--

SENATOR LESNIAK: I was wondering whether you guys talked. Did you talk to McCormick?

I'm sorry. I'm doing it to you again, Senator.

MR. DENNIS: So I think there's a lot of work that has to be done on working through the issues of governance. As an M&A lawyer, I can give you a very long list of issues that one must consider in thinking about a restructuring, many of which Dr. McCormick gave to the Task Force in his testimony around things like endowment, land ownership, union contracts, IT needs. There are, Senator, unfortunately, I think more

transaction costs than one would imagine, bringing two or three institutions together.

Our embarrassment: Some of Rutgers computer systems are still written in Cobalt. So--

SENATOR LESNIAK: I was there. (laughter)

MR. DENNIS: So there will be some significant transition costs in putting a merger together.

I do think the governance issues are very tricky. The culture of different boards and different institutions must be considered. So I'm not trying to dodge and weave, but I do think it's a little bit above my pay grade, as to give you the answers to those questions.

I can tell you there are answers to all of my transaction issues, but they must be done carefully. One could vision doing it quickly, but mergers-- Again, in my practice area, mergers that are done too quickly fail. Most mergers do fail, empirically. And so--

I live by anecdotal cliché, so I'll give you a cliché that applies to moving too quickly on some of this. "Act in haste, repent at leisure."

SENATOR LESNIAK: And I would add, that's why I put the two-year timetable, in terms of-- Actually, from the beginning of the process, completing it -- starting with when you decide what that structure would be, do you think that's a fair timetable?

MR. DENNIS: Yes.

ASSEMBLYMAN CARABALLO: Assemblywoman Karrow.

ASSEMBLYWOMAN KARROW: Thank you, Assemblyman.

Just to that note -- and Assemblyman Caraballo wasn't here when I mentioned it earlier -- that on behalf of Assemblywoman Beck and I,

we do have a list of folks that we'd like to bring in and give testimony. And I now have that list complete. And it speaks on that.

It is Rutgers, UMDNJ, and NJIT vice presidents who could talk about their contract issues. And it's regarding property and endowment issues. Its Rutgers, UMDNJ, NJIT's general counsels, and their directors of university advancement; as well as the Attorney General, or his designee, to talk to us about what that would mean for the State. And as far as merging budgets go, also the Treasurer or his designee; and then Rutgers, UMDNJ, and NJIT's treasurers.

And I'd like to give that list to you, Senator, and to Assemblyman Caraballo -- the two Chairs -- just so you can consider it.

Because we've heard lofty ideas and we've heard emergency ideas. And in order to make any of those work, I really do think that we need to roll up our sleeves and hear about some of the ugly, mundane governance issues and see if any of them are truly feasible. I think that's really important -- that at our next roundtable discussion, or next one of these, we bring in some folks, to hear about the sensitive issues.

I mean, I understand that there's property up in Newark that's part of UMDNJ, that's actually under the ownership of Rutgers. And that's what I've been told. I don't know if it's true. But I don't know how we do that. And I'm particularly concerned about the contract issues, and the endowment issues, and the sensitivity of alumni associations and losing potential future donations because of the ramifications if we do act in too much haste. And I think we really do need to just talk about some of the less lofty ideas.

And that's in bullets.

Thank you.

SENATOR LESNIAK: And I thank you for that. We do have to deal with those issues.

I would just make one observation: is that one thing, that's at least not acceptable to me -- and that is, we continue to be in the middle of the pack. That's not acceptable for New Jersey. It's not where we want to be.

Questions?

Senator.

SENATOR WEINBERG: If we listen to Dr. Goldstein, we have to make sure we're in the pack, period.

SENATOR LESNIAK: That's true.

Senator Martin.

SENATOR MARTIN: You talked about a first-class research university or -- not an independent university, a -- some type of flagship for South Jersey.

It is your opinion that one of the key ingredients would be to have an M.D. med school as part of that institution?

MR. DENNIS: Some part of it would have to be, Senator. Some augmentation of allopathic medical education at Cooper Hospital, whether it goes to a four-year school -- again, in what time frame, I think, is in question. If I may put a bullet on that: whatever we do in South Jersey has to be excellent. And I think the investment in additional allopathic medical education in Camden is, maybe, a bit more expensive than some folks were talking about at this point. I know that the new building that UMD is building in Camden is going to be a wonderful building. It is going

to be a particularly wonderful building, because it will have the Systems Biology institute attached to it.

So I think the physical infrastructure will be there to do not only the two-year clinical program that they're doing already, excellently, but a lot of basic science research that we would participate in with our faculty -- would be in my vision of a jointly appointed-- And they would be teaching undergraduate students, Ph.D. students, medical students, D.O. students all in various different classes, but with a common faculty. I think that's a wonderful vision.

I'm not prepared to tell you today what the timing would be in moving to a full, four-year school. I think there is some very sensible incrementalism: get that building built, get a lot of that staff in place at the professorial level. And then I think one could move, once that is done, to a four-year school situated on the Cooper campus, in short order. But those steps have to be done first.

As a Camdenophile, I spent 26 years working on the Camden campus. I think I'll take the privilege to say, advancing the mission of Cooper Hospital, in the city of Camden, and Our Lady of Lourdes -- both tertiary care hospitals in Camden -- are central to the health of the city and the region. I do think the out-migration of patients from South Jersey to Pennsylvania -- looking at the Assemblywoman -- maybe to the University of Pennsylvania, is not necessarily a good thing for South Jersey. And at some point in the relatively near term, there has to be a bundle of medical education at Cooper Hospital that stems some of that out-migration. Whether it's a four-year medical school in three years, or five years, or seven years, I'm not prepared to tell you today. But in some time frame

around there-- Assuming the stable funding -- that you all would have to be responsible for -- comes to Cooper Hospital, that's a vision that I'm excited about, as much as someone who deeply cares about the city of Camden and about South Jersey.

But, Senator, I think there are some timing and funding issues that ought to be sorted out to get to that point.

SENATOR MARTIN: You've been growing doctoral programs and other types of programs on the campus. What specific ones would be able to work in a very collaborative way with the med school?

MR. DENNIS: So a good byproduct of the Vagelos Report -- the first is, we did not have Ph.D. programs until recently. So we just launched our first one, which is the nation's first program in Childhood Studies, which is an integrative program mostly based on the social sciences. But it will have some relationship, particularly, to some of the things that are occurring on the Stratford Campus of UMD, around abused children and the like, which also allows our Law School to collaborate with that enterprise, as well. So we're very excited about that.

The second Ph.D. program we're considering really won't have much to do with whatever happens in biomedical education -- that's around community, regional, and international development, and other social science-based Ph.D. programs.

But our third program -- it is essential that more investment in biomedical sciences occurs in South Jersey. We are in the midst of trying to launch a Ph.D. program in computational biology, which is very cutting-edge science. We are going to do it mostly around trying to model cells and other stuff; as a mere lawyer, beyond some of my knowledge here. But we

are going to use mathematics to really try to deal with how cells work, how biological systems work.

And, again, I think the *leverage* word is so important here. Your investment as a Legislature, in doing the Systems Biology institute, enabled me, as the Provost, to get our first chair on the Camden campus, in computation in our mathematics department. The donor would not have made that multimillion dollar investment in our campus without Ph.D. programs, without really understanding that what happens at Cooper Hospital and what happens at Rutgers-Camden are the same thing.

SENATOR MARTIN: Last question: Do you have any faculty, now, that have joint contracts with the Osteopathic school?

MR. DENNIS: Most of our science faculty have, in the academic lingo, courtesy appointments with the Stratford Ph.D. program in biomedical sciences, and vice versa. Most of their Ph.D.-level scientists have appointments with us. And we trade courses back and forth, on an as-needed basis. And we would want to take that level of collaboration many standard deviations forward, where whatever happens -- again, on the governance issue -- in a scientist's life, his/her institutional affiliation would be irrelevant. It would be the science they're doing, and who they're doing it with, within their lab or connected labs; and who writes their paycheck would be irrelevant.

SENATOR MARTIN: A half question as the last question: Do you-- You wouldn't foresee any problem, then, with faculty who may have to split time between Stratford and Camden, as part of one large enterprise?

MR. DENNIS: Even by South Jersey standards, it is a bit of an aesthetically challenged drive between Stratford and Camden. Having said that, it's only about eight miles. It's doable.

One of the things -- again, being a little bit of a cheapskate, as an academic administrator -- in advancing both allopathic and osteopathic medicine in South Jersey, there are some specialized facilities already at Stratford that, for my taste, ought to be used to advance allopathic medical education at Cooper.

For example, all that ucky stuff around gross anatomy and things like that, that the first- and second-year medical students do, Stratford has some of -- has all of those specialized facilities already. And I'm imagining, as we move forward, with good faith and a lot of discussion, the expanded medical education that ought to occur at Cooper would use some of those facilities and some of the faculty that are already on site at Stratford to provide that kind of medical education. I don't think the State of New Jersey is in the mood to invest, necessarily, in those specialized facilities.

Again, so it might-- There could be some complexities in putting this together. But I am hopeful that we could really get to something very exciting, pretty unique. And geography can't prevent us from doing that. We're going to have to get beyond that.

Again, the history of all of this was, the osteopathic medical students at Stratford used to be trained either at Robert Wood Johnson in New Brunswick or in Newark. And it's pretty recent history that they did their basic science at Stratford. So I can't imagine that it would be crazy for allopathic medical students to do some amount of their basic science

training, particularly with these specialized facilities, in Stratford, seven miles away, or eight miles away -- when the history of it was, it was done 60 or 90 miles away, not so far in the past.

Again, not to bore you guys too much with the history, but also the Osteopathic medical school's basic educational building used -- was the building that is now used by Robert Wood Johnson Medical School in Camden. So there's a lot of history here that we can get beyond and, I think, do some cutting-edge collaboration, and really improve the educational opportunities for the State and, particularly, for the region.

SENATOR MARTIN: Thank you.

SENATOR LESNIAK: Questions?

ASSEMBLYWOMAN BECK: I just have one question. And, actually, I was just talking a little bit with the Assemblywoman about it.

I think there are a couple -- there are two major assumptions. One is that, if we merge, we will create a great research university. And I think the second is that by merging all these institutions, that it attracts NIH dollars -- that that starts to flow. And I kind of want your reaction to that. I know its sort of a broad, sweeping statement. But I think those are the two assumptions that are on the table: that the merger creates this great research institution that couldn't exist without the merge; and then, also, by merging them all, we get a lot of new Federal dollars, particularly in from NIH.

SENATOR LESNIAK: Just as a matter of clarification, we're talking about restructuring, not merging them all, correct?

ASSEMBLYWOMAN BECK: I think we've been going back and forth with that one. I guess restructure.

SENATOR LESNIAK: Okay, restructuring.

ASSEMBLYWOMAN BECK: Restructure.

And I guess, too, because Dr. Vagelos sent a letter around to us today, and one of the things he notes is that NIH funds require empty research labs and competitive applications. And it's his sense that UMDNJ has empty space, but they haven't had the research people to do the applications. So I don't know if the merge solves that.

MR. DENNIS: I think some sort of restructuring makes application to NIH, NSF, and the big foundations easier to do. I feel-- Again, my training as a corporate lawyer often comes in too handy. When we're putting together research collaborations across institutions, as they say in legal (indiscernible), it's a big magilla to get everybody to agree to common understandings: who is going to share the overhead, whose institutional review board is going to do all the studies of how to get the research plan approved. So it's a kind of a funny thing.

It's not-- At some hypothetical level, the corporate structure ought to be irrelevant. In practice, it hasn't been irrelevant. So some kind of restructuring that enables what are now in separate entities to work more smoothly together, I think, is a necessary condition to be more competitive in NIH and NSF funding.

So having said that, I'm-- Far from me to argue with Dr. Vagelos, as a physician and a CEO. What a tough combination there.

But except for this empty space in Newark, that has a peculiar history attended with it -- I'm not totally an expert on UMD's space, but I know in South Jersey there is not a square foot of empty research space among the institutions at Rutgers-Camden -- what's going on at Cooper,

and what's happening at Stratford -- to pull off an enhanced level of biomedical research in South Jersey. The building on the Cooper campus really does need to be built expeditiously. The Systems Biology institute needs to be built expeditiously. And this sense of what the collaboration with the existing enhanced facilities at Stratford -- have to be worked out. There aren't enough facilities, currently, to do the groups of 50 working together.

One doesn't want to necessarily always think in these terms -- some cost. But the facility in Stratford is a beautiful academic facility -- I'm embarrassed to say, again from the Rutgers-Camden perspective, it might be the nicest academic space in South Jersey. So whatever we're going to do, collaboratively, we have to recognize there are some costs that ought to be seriously melded into the activities at Cooper and the activities that we want to do at Rutgers-Camden.

SENATOR LESNIAK: Thank you, Assemblywoman.

I would just add, on the collaboration issue-- I remember President Altenkirch-- The way he described it is that while the collaboratives work for a project, the shelf life of that project, when that project ends, is over. Whereas, in a broader structure, with more breadth, and more depth, and people working in the same administration-- Those things often grow beyond that one particular project a lot more fruitfully than through just a collaborative process.

MR. DENNIS: I think the way science is done, Senator, today is that, almost -- the really neat ideas come out of casual conversation in the hallway, where your person in the lab next door has got this insuperably difficult problem, and she comes to see you, and you go, "Well, I've got this

interesting technique that you might take a look at in solving your problem,” that does solve the problem. And then those two scientists work together in doing the next application to the agency. That’s why collaboration is the key to good science today.

SENATOR LESNIAK: Dr. Dennis, based on your testimony, and Assemblywoman Karrow’s observations and thoughts, I’m going to make a suggestion. And it’s only to the Presidents of Rutgers, NJIT, and UMDNJ -- or the leadership -- and the leadership there. And it’s only a suggestion. It’s kind of like, if you jump out of an airplane, we suggest you use a parachute. So it’s only a suggestion.

SENATOR WEINBERG: That’s a pretty strong suggestion.
(laughter)

SENATOR LESNIAK: But I would hope, and pray, and suggest that they start talking, and take Dr. Shapiro’s advice to heed, and look at this in not, “What’s in it for us?” but what’s the best interest of the people of the State of New Jersey. And I know they will. Because if they start getting together and start hammering out these issues internally, there will be a lot less that we have to deal with. And not only a lot less--

I mean, as a Chairman of a Committee for many, many years -- have been involved in turf battles between various different professions, I’ve always tried my best to get those turf issues resolved before we have to call them. Sometimes we have to call them. But it’s always better when the protagonists -- in this case, they shouldn’t have to be protagonists -- call it, make the decisions themselves. And as you know, with regard to the--

I mean, we can’t legislate a cultural acceptance. That is going to have to be worked out from the institutions themselves and the leaders.

So that -- a little suggestion: that they start, now, having those discussions. Because I don't think any of them want to stay in the middle of the pack.

ASSEMBLYMAN CARABALLO: Thank you.

SENATOR LESNIAK: Thank you.

MR. DENNIS: Thank you.

SENATOR LESNIAK: Let's see. We have two more witnesses. Again, I want to thank you very much for your patience and your dedication in coming here.

Dr. Robert Shekitka, President of the New Jersey Dental Association.

We haven't heard much about dentists in all these discussions.

ROBERT A. SHEKITKA, DMD: Good afternoon.

Having concluded -- if you've made me a designated hitter here, as I sit in the eighth or ninth batting spot, so--

SENATOR LESNIAK: By the way, will I be able to play the trumpet after I get this tooth filled? (laughter)

DR. SHEKITKA: I'd like to--

I think I have some good news to talk to you about UMDNJ, as I talk to you about the significance of the *D*, as we've heard a lot about the medical end of this today. And you'll understand why, shortly.

Senator Lesniak, Assemblyman Caraballo, distinguished members of the Legislative Task Force on Higher Education and the Economy, my name is Dr. Robert A. Shekitka. I'm a practicing New Jersey dentist, with offices in Maplewood and Freehold, and I'm also the President of the New Jersey Dental Association. On behalf of the more than 4,700 member dentists of the Association, I would like to thank the Task Force

for inviting me to provide comments on options for the merger of the University of Medicine and Dentistry of New Jersey; the New Jersey Institute of Technology; and Rutgers, The State University of New Jersey.

And, Senator Lesniak, I heard *restructuring*, so I might add that as an addendum. (laughter) I was listening.

I would like to inform the Task Force that the New Jersey Dental Association does not have the factual information essential to evaluate and make meaningful comments or judgments on the very complex issues relating to the proposed merger options. The Association also recognizes that little is to be gained by making uninformed comments or suggestions. However, it does want to be sure that this Task Force, the New Jersey Legislature, and the citizens of New Jersey realize the valuable gem it possesses in the New Jersey Dental School. In that regard, I would appreciate the opportunity to make some comments.

When the University of Medicine and Dentistry of New Jersey is discussed in public forums, as we've experienced today, the focus almost always is on its medical schools and hospital services. However, the truth is that New Jersey also has -- and still has a superb dental school.

The New Jersey Dental Association is highly supportive of the New Jersey Dental School and is very proud of its accomplishments. During the last four years, there has been a rapid growth at the Dental School in both the pool of applicants and their impressive academic performance. Since 2002, there has been a 120 percent increase in applications. Moreover, the recent entering freshman class had a college freshman grade point average of 3.47 out of 4.0. The overall grade point average was 3.40.

Students at the Dental School have performed exceptionally well on the North East Regional Board. That's the examination for dental licensure in New Jersey. All but one student from the Dental School passed the examination in Academic Year 2006. During the same period, first-time test takers from the dental school ranked second in the region -- I want to repeat that, they ranked second in the region for performance on the simulation section; and third in the region for performance on the patient care section. That's exceptional. There are 22 dental schools in the region. And this is current performance I'm talking about. There are 22 dental schools in the region, including, among others, Harvard, Columbia, University of Pennsylvania, New York University, Temple, Tufts, and the University of Michigan.

Almost 80 percent of the students who graduate from the predoctoral program at the New Jersey Dental School go on to postgraduate training, as compared with 60 percent nationally. Since 2001, every student except one who wished to pursue a postgraduate education had an opportunity to do so. That represents a superior student placement into postgraduate dental programs, and is likely to suggest the high regard in which graduates of the New Jersey Dental School are held.

About a year ago, the New Jersey Dental School completed its seven-year accreditation program. And I believe I heard some comments about that this morning. Programs evaluated included the school's predoctoral, general practice residency, advanced education in general dentistry, pediatric dentistry, orthodontics, endodontics, periodontics, and prosthodontic programs. The results were remarkable. No recommendations were received by any programs evaluated. That means

that the Dental School was found to be in full compliance with over 800 standards. In addition, all programs received commendations. A total of 19 were rewarded.

In addition to its academic successes and accomplishments, as part of its service learning educational programs, the New Jersey Dental School operates a statewide network for providing oral health care to underserved communities. The network consists of four oral health-care centers, located in south and central New Jersey. And I believe I have -- they're in Northfield, Somerdale, Galloway, and Scotch Plains. The school's fourth-year Community-Oriented Dental Education program, and its advanced dental education -- in dental education program are operated at those centers.

Surveys are regularly conducted by the Dental School to assess its outcomes. Over 96 percent of the school's patients report that they were satisfied with the Dental School's overall treatment, and 95 percent were satisfied with the dental services they received.

Whatever governance option is ultimately selected by this Task Force and the State, both the New Jersey Dental Association and I, speaking to you as a New Jersey practicing dentist, trust it will be thoughtfully designed to further enhance the already superior level of dental education and recognition achieved by the current New Jersey Dental School.

And I thank you for this opportunity to comment.

SENATOR LESNIAK: Thank you.

It's always good to hear good news. We don't hear enough of it.

DR. SHEKITKA: Yes, I was-- I think it was appropriate I brought up the rear.

SENATOR LESNIAK: Senator.

SENATOR WEINBERG: Maybe we should make them the lead institution, let them take over the medical school. (laughter)

DR. SHEKITKA: Well, my comments-- My concern, I have to be honest with you, as a practicing dentist and a dentist in the health profession, I'm very concerned about the other arenas. There's not just dentistry. There's nursing. I believe there are seven schools.

And I spoke to Senator Lesniak about this a week or two ago. I'm totally in support of whatever you do as a profession. But I think we don't want you to forget the successes that you've achieved. And maybe we don't get the press, but I can tell you the dental profession is very highly commended in the state -- very *respected*, is the word I mean, by the public. And I don't think that's an accident. I think it's the good education. I'm a graduate of New Jersey -- of UMDNJ -- one of the first classes to be in Newark. But I just didn't want this body to forget how significant-- There are good things happening.

SENATOR LESNIAK: Thank you.

ASSEMBLYMAN CARABALLO: We truly appreciate it.

SENATOR LESNIAK: It's important to be said.

Any questions?

ASSEMBLYWOMAN KARROW: Just one quick comment.

Assemblywoman Beck had asked, earlier, to send testimony to Dr. Vagelos. And I would suggest we also send Dr. Shekitka's testimony, as well, about the excellence.

DR. SHEKITKA: This was data that I got from Dean Feldman. So this is not from Dr. Robert Shekitka. This is information directly from the Dental School. And I think it's commendable. This is contrary to what I heard this morning. And I-- This is accurate information. This is--

ASSEMBLYWOMAN KARROW: I think it's important that we don't fix what isn't broken.

DR. SHEKITKA: Well, we don't want to all get painted with the same brush.

SENATOR LESNIAK: Please, we don't want to go there. We heard that the last time around, when UMDNJ said, "Don't fix it. It isn't broke." Do you remember that?

DR. SHEKITKA: No, I didn't say that. (laughter)

SENATOR LESNIAK: No, no, no, no, no. When the Vagelos Report first came out--

I do want to, again, say that Dr. Vagelos did point out areas of excellence within all the respective schools in the Report.

Thank you very much.

DR. SHEKITKA: You're welcome.

Thank you.

ASSEMBLYMAN CARABALLO: Thank you.

SENATOR LESNIAK: Lastly-- And I know our last witness is going to want to curse me, but he can't, because he's the CEO of Catholic Health and Human Services Corporation. But he's here at my request, as a result of a discussion we had with regard to the good work that the Catholic Community Services is doing in Newark.

Henry, welcome.

I apologize for you being the caboose. But I appreciate your patience.

HENRY J. AMOROSO, ESQ.: I'm very happy to be here.

Thank you.

I am, of course, reminded by the Gospel injunction that says, "He who is last, is first."

So thank you.

I've learned a lot today. And it was really so informative for me. And I'm thankful to you, Senator Lesniak, thankful to you, Assemblyman Caraballo, all the members of the Task Force.

Thank you for inviting me to speak today about the proposed reorganization of UMDNJ, NJIT, and Rutgers. Unlike Rick Goldstein, on whose Board I sit, I promise you no knuckleballs.

Your challenge is great, but so are the potential rewards of your success. And I am grateful to have this time to share my views at the end of a long day. And I understand that you are tired, and you ought to be. There was a lot to process.

My name is Henry Amoroso. And my perspective on your challenge is shaped by my work as a practicing attorney in northern New Jersey, as an Associate Professor at Seton Hall's School of Business -- in fact, tonight I will be teaching my MBA class -- and as a CEO of Catholic Health and Human Services Corporation, a Newark-based nonprofit that manages the health-care and social service ministries of the Archdiocese of Newark. And from where I sit, the reorganization of these three institutions of higher learning certainly makes sense.

Rationalization, revitalization, and reach: These three *Rs* help sum up why and how I believe reorganization would benefit New Jersey and Newark.

Rationalization, or the reorganization of services to yield the greatest benefit to the consumer, is simply good business, and it's often good public policy. As someone responsible for managing three of the five hospitals in the city of Newark, I recognize that the ongoing rationalization of health-care providers and services -- both in Newark and across the state -- is vital to the future of affordable, accessible, top-quality care.

A paper I submitted to Governor Corzine's Commission on Rationalizing Health Care Resources suggests that the five hospitals of Newark, though owned by three different corporations, should support efforts to consolidate key services now provided by each hospital individually. For example, together with Newark Beth Israel Medical Center and with University Hospital, we are working to join our three special cardiac surgery programs into a single, combined, clinical center of excellence. I believe we should also collaborate on establishing additional clinical centers of excellence to better serve the people of Newark and New Jersey.

The same approach supports the reorganization you now consider, with one important difference. I suggested in my paper that a commission be established to evaluate the reorganization of services provided by Newark's five hospitals. In the case of the reconfiguration proposal you are now considering, you can build off of the good work already undertaken by the Commission on Health Science, Education, and Training.

Clearly, if the State is going to be in the business of operating institutions of higher learning, then the State bears responsibility to the consumer and the taxpayer for doing it right. The State must ensure that publicly funded universities are operations where accountability, efficiency, and excellence are always the results, not merely the goals.

New Jersey taxpayers deserve nothing less. New Jerseyans seeking the best in higher education should be able to find it here in the Garden State. And similarly, New Jersey business and industry should be able to recruit the best and the brightest right here at home.

Revitalization: I'm talking about both continuing public confidence in State-supported higher learning and about helping to fuel the revitalization that has already begun in New Jersey's biggest urban area. The reorganization of these three schools would entail a reorganization of governance and management that could not fail, in my view, to bolster public confidence and promote broader interest in the excellence of higher education in New Jersey.

The revitalization of Greater Newark is already well underway. And the reorganization of Newark's research university assets could help accelerate that process. Mayor Booker and other officials, along with community leaders and the business community, have committed to continuing the renaissance of this historic and once vibrant area. We at Catholic Health and Human Services share in the commitment, as does Archbishop Myers and the Archdiocese.

An interesting note: For the past 150 years, the Archdiocese has been playing an essential role throughout Greater Newark. And our hospitals and agencies have been serving area residents for more than a

century. In that time, we have had to evolve with the changing times and demographics, as evidenced by the recent reorganization of parishes and parochial schools, and ongoing challenges and changes within our own organization.

We have a vested interest in the revitalization of Newark. And we believe the combination of the three Newark institutions into a single Newark-based university augurs a meaningful strengthening of the State's commitment to the city's rebirth. We also have an interest in maintaining the valuable relationships we have established with NJIT, with Rutgers, and UMDNJ. I have met with the leadership of each of these fine universities, and I have great personal and professional regard for them.

In addition to these personal relationships, the hospitals I lead maintain institutional relationships with these universities. From NJIT come IT students who enjoy productive internships within our organization. In addition, we are working with NJIT as partners in the renewal of Martin Luther King Boulevard. Pharmacy residents and nursing students come to us from Rutgers. And residents from UMDNJ's medical schools come to our hospitals to learn about podiatry, ophthalmology, orthopedics, and the latest treatments for vascular disease. And with University Hospital, we enjoy too many clinical relationships to count.

Finally, a reorganization of UMDNJ, NJIT, and Rutgers would create an educational and research powerhouse whose reach would be tremendous. The reorganization could not only bring the best minds together without the problems that now hamper collaborations, but also bring more Federal research dollars to the State. Just as the hospitals of Newark are working to create clinical centers of excellence, this

reorganization you're considering should anticipate the creation of research centers of excellence.

As a member of Newark's health-care provider community, I am hopeful that the clinical and research centers of excellence could work together to produce even greater benefits for the people of Newark and New Jersey. We could begin by more broadly aligning training and employment needs. We should also strive to break new ground in the creation of best practices in preventative health and control of communicable diseases in a major urban community.

In terms of quality, scope, and prestige, the reorganization can make the system of New Jersey's research universities second to none. A reorganization of these three schools would result in the sharpened focus and heightened capacity of a broad-based research giant. From health care to computers, the university-based reach would extend to all corners of the world, helping to pioneer advances in science and medicine, engineering and technology, industry and the environment, social service and education.

As I said, the Task Force faces a great challenge. You already know that. As you pursue your mission, well-meaning people with competing interests may add significantly to the weight of that challenge. Complicated issues may sometimes obscure the path to your goal. But I encourage you to do all you can to keep your objective in sight and your deliberations on target. Your success will be well worth the effort.

I thank you, on behalf of Cathedral Healthcare and the Archdiocese of Newark for your service on the Task Force. And I again offer you my sincere thanks for the chance to speak to you today. And I would be happy to answer any questions that you might have.

SENATOR LESNIAK: Senator Weinberg, Senator Martin? (no response)

ASSEMBLYMAN CARABALLO: Assembly people? (no response)

SENATOR LESNIAK: Henry, again, I want to thank you for your testimony, for coming here today and offering your insight, which is a little different, quite frankly, from the perspective of the other folks who testified today.

And I also want to send my appreciation and my thanks to the Archdiocese and the Archbishop for the continued work that you do in the community on a daily basis, that goes often unnoticed and unappreciated. I just wanted to let you know we do notice and we do appreciate it.

MR. AMOROSO: Thank you very much.

SENATOR LESNIAK: Thank you.

MR. AMOROSO: Thank you all very much.

SENATOR LESNIAK: Meeting adjourned.

(MEETING CONCLUDED)