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New commission to mull expansion at area hospitals

By WILL ASTOR

Finger Lakes Health Systems Agency has convened a 15-member community commission to evaluate some \$528 million in area hospital expansion proposals.

The 2020 Commission's recommendations would heavily influence state Department of Health decisions as to how state approvals are parceled out among local hospitals hoping to add some 278 new beds to the Rochester-area hospital-bed count.

The commission would work with findings—expected to be finalized at the end of this month—of an existing FLHSA task force that is studying the region's overall hospital-bed needs, FLSHA ex-

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Strategic plan charts growth for URMC

A \$500 million expansion would add 800 jobs at region's largest employer

By JANICE B. PIETERSE

The University of Rochester Medical Center plans a \$500 million expansion in research and patient services that would add 800 jobs and nearly 500,000 square feet of medical and research space.

The plan could cement URMC, which has climbed from fourth to the area's largest employer in the past decade, as the centerpiece of the regional economy. The Center for Governmental Research Inc. estimates the expansion would add 1,800 jobs total and \$90 million in annual labor income by 2015, in effect growing a company the size of Bausch & Lomb Inc.

URMC officials on Thursday announced their strategic plan, outlining capital improvements and recruitment of doctors and scientists in nine disciplines that would guide the medical center's growth in the next 10 years.



Rendering courtesy of URMC

Gov. Spitzer this week announced that \$50 million will be invested in the construction of UR's Clinical and Translational Science Institute.

The plan would position UR among the top national research universities in the country and enhance the medical center's appeal as an upstate destination for specialized medical treatment, officials said.

The timing is right for major expansion and refining programs, officials said, with ambitious new UR leadership, a supportive community, strong research funding from the National Institutes of Health and a head start on NIH's nationwide initiative to expedite the process of moving discoveries to patient care.

"You wake up every morning and if you're not running as fast as you can, you're actually falling behind," medical center CEO Bradford Berk M.D. said.

If UR does not seize this opportunity for growth, officials said, Rochester risks losing to other northeastern cities a chance to create a biotech and health care engine

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URMC

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that sustains the economy.

The medical center plans \$400 million in capital projects, including:

- A \$250 million, 285,000-square-foot expansion at Strong Memorial Hospital that would add 123 beds and new imaging science space in a six-story expansion and renovation. The project would be the largest undertaken in the medical center's 80-year history.

- Up to \$57 million in information technology development to enhance electronic record keeping, provide support for basic science research and market UR via the Web.

- A \$56.6 million, 150,000-square-foot building for clinical and translational sciences. Gov. Eliot Spitzer announced Wednesday he would propose \$50 million in state funds for the project. Programs such as community and preventative medicine, heart research, movement disorders, clinical trials and neurology would be housed there. URMC wants to leverage a \$40 million grant from NIH to pursue clinical and translational science research. UR was one of the first research universities in the nation to receive the grant in 2006.

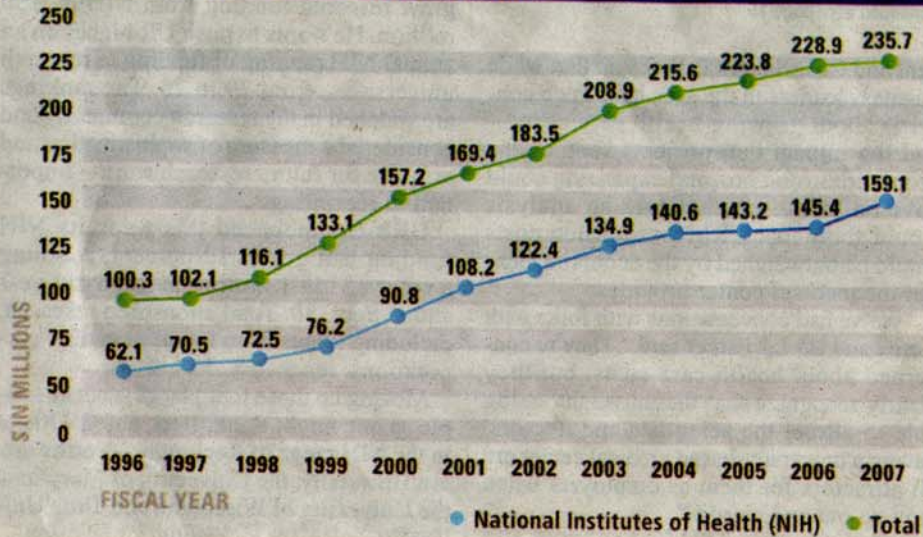
- \$13 million in equipment for a new ambulatory surgery center to be built off Westfall Road. URMC would lease the 52,000-square-foot building at \$3.1 million annually, providing orthopedics, ear-nose-throat, urology and other services there.

- \$5 million in core facilities to be shared by researchers and doctors for processes such as magnetic resonance imaging.

Economic impact

CGR, which last week completed a study for URMC on the economic impact of its project, estimates the construction alone would create 7,000 jobs, generating more than \$270 million in wages.

School of Medicine and Dentistry awards



URMC plans a major effort in recruiting. It would hire 140 scientists and doctors in the next four years for signature programs. The programs include research and treatment for cancer, cardiovascular disease, immunology and infectious disease, musculoskeletal disease and neuromedicine. The programs would integrate patient care, research and education.

Research into those diseases would be catalyzed with heavy investments in four scientific programs: stem cell and regenerative medicine, biomedical imaging and biomarkers, nanomedicine, and genomics and systems biology, officials said. Three of the four scientific programs call for strong collaboration with scientists in UR's College of Arts, Sciences and Engineering.

Those science and disease programs were selected for top priority out of 30 or more proposals considered, Berk said. In the 18-month strategic planning process, officials narrowed the focus to specialties where they believed URMC already has a powerful foundation or where the medical center

needed to grow, as well as where national funding priorities seem to be trending.

Dirk Bohmann, professor of genetics at URMC, said most medical research schools want to expand work in genomics—a rapidly growing field after the 10-year human genome project—but few are concentrating efforts like UR. Top candidates would be attracted to a school that has set up a center and taken steps to create a promising environment for research, he said.

“We’ll have something unique and very strong,” Bohmann said.

Strong is a key

Much of the plan hinges, however, on the proposed expansion at Strong Memorial Hospital. Berk said the expansion and update of the hospital’s 30-year-old radiology space is needed desperately to serve patients and to recruit top scientists who want to work in modern facilities.

Strong cannot keep up with demand, running at full capacity or more most of the time, officials said. The hospital has to turn

away patients, including people from outside the region who need its specialized care.

“We’re trying to attract the next generation of physicians that are going to serve the community,” Berk said.

Medical centers across the country are strategizing. Among other things, research funding has become increasingly competitive, with federal allocations flattening to the NIH, where most research dollars for universities come from.

URMC wants to capitalize on its selection as one of the first in the country to receive \$40 million from NIH for clinical and translational science—a top priority for the federal agency that is intended to quickly transfer medical discoveries to patient use. NIH last fall granted another round of clinical and translational science awards, bringing the number of schools working with CTSA to 24.

Funding

The expansion will be funded in a variety of ways, officials said. Over the next eight years, the university plans to borrow roughly one-third of the \$500 million, said Michael Goonan, vice president and chief financial officer at UR and Strong Health.

One-third of the expansion would be funded through equity from hospital revenues, the School of Medicine and Dentistry revenues and royalties from licensed technologies. UR also is negotiating to sell off part of its revenue stream from a recently approved vaccine for human papilloma virus, which could net up to \$50 million, Berk said.

The final third of the expansion cost would be funded through philanthropy, government- or corporate-sponsored research, and state and federal grants, Goonan said.

The URMC plan will be part of a major UR capital campaign, now in the quiet phase, Berk said. Officials have said that campaign would exceed \$1 billion.

Rochester Business Alliance Inc. presi-

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A look at URMC

Six of the 15 divisions of the University of Rochester and most of its employees are within its 7 million-square-foot medical center. URMC employs roughly 17,000 full- and part-timers, or 12,700 full-time equivalents.

Ten years ago, the non-profit URMC employed 7,800 FTEs. Since then, the medical center has added 450,000 square feet of research space, 180 researchers—for a total of 484—and tripled annual revenues, from \$600 million in 1997 to \$1.8 billion in 2007.

URMC includes the UR School of Medicine and Dentistry, School of Nursing, Strong Memorial Hospital, the Medical Faculty Group and the Eastman Dental Center. URMC also operates the Visiting Nurse Service and Strong Partners Health System.

URMC

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dent and CEO Sandra Parker said that while business leaders in the area have deep concerns about growing health care costs—and the impact that projects such as the proposed Strong hospital expansion could have on them—she believes an analysis would show that URMC expansion costs would be outweighed by the economic benefit the medical center provides.

“We’ve had conversations with folks with Xerox and B&L,” Parker said. “They’re concerned about health care costs, but they clearly recognize that the university being able to attract the scientists and doctors, having a university-based medical center are all attractors for them as employers when they go out and recruit.”

In recent years, URMC has hired 600 staffers annually and spun off three companies a year based on technology licensed

by its researchers, Parker added.

In hiring the scientists, Berk aims to grow research funding from NIH by \$50 million. He wants to push UR higher on an annual NIH ranking of funding to research universities, from 29 to 25. The rankings are watched in the research community and considered a measure of sophistication and promise for future research work—important in recruiting.

URMC announced this week its NIH funding had grown 12 percent, reaching a record \$159.1 million in the fiscal year ended Sept. 30. Total sponsored research, including grants from foundations and corporations, reached \$235 million.

Moving up those four places is not as simple as one might think, Berk noted. Others in the NIH range of Rochester—Northwestern University, the University of Maryland, the University of Wisconsin and Tufts University—also are jockeying for position.

“This is a very hard thing to do,” Berk said. “The people you’re working against,

they’re no dummies. They’re all doing the same thing and they’re all growing. And a lot of them have an advantage in that they’re in big, metropolitan areas.”

The medical center’s 1996 strategic plan, under former CEO Jay Stein, focused on expansion of research facilities and faculty that resulted in a turnaround of a downward trend in UR research funding, Berk said. The new plan builds from the ’96 plan strategy, which focused on basic research, focusing now on integrating research and treatment.

The new plan also would bring more attention to UR in rankings such as *U.S. News & World Report*, where Berk thinks the university has a place among top cardiovascular programs. URMC’s cardiology program consistently ranks among the top 10 nationally in NIH funding but fails to make *U.S. News’* list of the top 50.

“I feel that URMC is under-recognized nationally for the quality of programs we have,” Berk said.

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