

## A Roadmap for Turbulent Times

I suspect that it came as no surprise to anyone when, in December, economists officially declared the US economy in a recession. For several months prior, experts in the media had reformulated the question from whether we were in a recession to how deep and how long. That question is still with us today. And like all sectors in the economy, health care faces its future with enormous uncertainty.

In terms of what the economic downturn means for Penn Medicine, we are expecting deep cuts from the Commonwealth of Pennsylvania in the Medicaid program and reductions in state research and education funds. We can also expect more uninsured patients as the numbers of unemployed rise. And there is the possibility of decreased payments from private insurers and grant funders as well.

Yet despite these pressures, we remain totally committed to our mission of providing the finest care to our patients, conducting leading-edge research, and preparing the next generation of leaders. Furthermore, I remain optimistic about our future in fulfilling these vital tasks, although I am also realistic about what it will demand of everyone who is part of this great institution.

Today, we are seeing the advantages of some careful planning. Years before the current downturn, we had done what many financial consultants are now advising. We reduced our debt, formulated and followed a strategic plan that focuses on our strengths, grew our revenue, maintained a strong cash reserve, and improved our quality in each of our missions. In effect, we have followed the directive of Penn's president, Amy Gutmann, Ph.D., in her recent report to the University Trustees: followed prudent management with a keen focus on priorities. As a result, although significant challenges face us, we are



fortunate to find ourselves in a much stronger position to weather the current financial storm than many others.

In addition, as many of our sister academic medical centers have done, we have made a concerted effort to contain all nonessential expenses. Our effort includes slowing our spending on some capital projects and not filling open positions whenever possible. We are also working hard to increase our revenues through additional patient-care activities, new grant applications, and expansion of our educational programs. My optimism is also based on our superb clinical and research faculty that make Penn Medicine among the most respected institutions in the world. Our clinical programs are exceptionally strong, attracting patients from around the state, the nation, and the world. Our success as a leader in biomedical research, despite reduced federal funding, continues to produce exciting discoveries and attract the best and brightest who wish to come here to study, train, and work. Finally, we continue to be very attractive to M.D., Ph.D., and master's degree students.

Among the many external validations of our institutional strength is our showing in the annual *U.S. News &*

*World Report* surveys of medical schools and hospitals. Our school ranked among the top five research-oriented medical schools for the 11th consecutive year, and the Hospital of the University of Pennsylvania (HUP) placed in the top 10 in the nation on the magazine's exclusive "Honor Roll." Earlier this year, external reviewers from the Liaison Committee on Medical Education gave exceptionally high marks to our School. And as you can see in this issue's "Vital Signs," our faculty members continue to receive prestigious honors, such as election to the Institute of Medicine.

Part of Penn's tradition of excellence has been made possible by the ability of its faculty and staff to rise to meet the many difficult challenges that have faced us so often in our history. This occasion will be no different, and we will all be asked to "do more with less" while remaining true to our institutional values.

One thing is certain in these uncertain times, and that is the current downturn in the economy is not permanent. We, like the rest of the nation, have high hopes for positive change coming from the new administration in Washington. The prudent steps and forward-thinking actions we take today will enable Penn Medicine to emerge from this current cycle in an even better position to serve our patients, lead the way to new discoveries, and train the next generation of physicians and scientists.

The road ahead may not be easy, but with your help, we will remain focused on our mission. We will proceed with careful confidence, ready to turn challenges into opportunities and take the necessary measures to ensure that our organization emerges from these turbulent times stronger than ever. ♥

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