

ACTION REQUEST

Subject: University of Michigan Hospitals and Health Centers
East Ann Arbor Surgery Center and Clinics

Action

Requested: Approval of Project and Authorization to Appoint an Architect

Background:

Health care in the United States continues to evolve in terms of its financing, organization, and delivery. Perhaps nowhere is this trend more apparent than in the move of the care of patients from inpatient to outpatient venues. To keep abreast with these trends, the University of Michigan Health System has continued to evolve its organization and delivery system to meet the needs of the market, our patients, and our educational and research programs.

Over the past five years, a significant portion of surgical care has shifted to an ambulatory setting. New surgical techniques and technologies, coupled with changes in reimbursement policies, have accelerated this shift to an ambulatory environment. These new approaches to providing care to surgical patients introduce new challenges to our education and research missions. As patients are increasingly cared for in the ambulatory environment, there is less patient contact time available for faculty and students. For those patients whose care is enhanced by multidisciplinary consultation, the reduced contact time is an even more difficult challenge. By identifying clinically related surgical programs that provide predominantly outpatient oriented care and co-locating these programs in the same area, more efficient, coordinated patient care, education, and research can be facilitated.

At the University of Michigan Hospitals, surgical activity has grown significantly over the past five years. There were 24,919 operative cases in FY95 and 29,687 in FY99, which represents an overall increase of 19%. Outpatient operative case volume increased by 44% during this same time. In 1999, 48% of the total operative case volume was outpatient-type cases.

University Hospital (UH) operating room efficiency and utilization are favorable compared with national benchmarks. However, this high utilization often leads to delays and cancellations of ambulatory cases due to the need to accommodate urgent cases. Shifting of ambulatory cases from University Hospital to an off-site ambulatory surgery center will allow for additional operating time for patients requiring the most resource intensive surgical interventions such as transplantation, open heart surgery, and major cancer surgeries at UH. We have initiated this strategy at the Kellogg Eye Center, the Livonia Surgery Center, and the pending lease at the Ann Arbor Veterans Affairs Medical Center.

APPROVED BY THE REGENTS ON
SEP 22 2000

The East Ann Arbor Surgery Center and Clinics project is proposed as a major response to the challenges outlined above. Specifically, the goals for this project are:

- To improve patient satisfaction, timeliness of care and quality of care for ambulatory surgical patients by co-locating the surgical disciplines and required ancillary services into contiguous areas.
- To maintain our preeminent position in the surgical disciplines with state of the art operative and clinic facilities.
- To free operating room space at the Medical Center for more complex inpatient cases.
- To enable the surgeons to be more efficient and effective in meeting their patients' needs and those of medical students and residents by co-locating their clinic and operative areas.
- To enhance our market position.

The proposed facility will contain approximately 178,000 gross square feet adjacent to the existing Primary Care Facility at the East Ann Arbor site. The facility will include an ambulatory surgery center with six operating rooms and four procedure rooms in addition to clinical programs and radiology services. Initial programming includes café facilities and public amenities. An initial assessment of the number of spaces and type of parking as well as the environmental and aesthetic impact of the options has been completed. Prior work by Venturi, Scott Brown and Associates has been carefully integrated into the planning.

The estimated capital cost for construction, furnishings, equipment, and site improvements, including parking and moving the entrance road, is approximately \$75 million. Hospitals and Health Centers' reserves will provide funding for the project. A fundraising effort is being launched, as well.

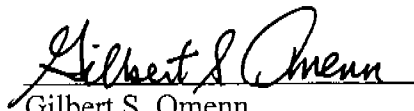
A committee composed of representatives of the Hospitals, the Medical School and central administration has participated in a selection process and recommends the firm of Albert Kahn Associates, Inc. to be the architect for this important project.

We recommend the Regents approve the East Ann Arbor Surgery Center and Clinics project as described and authorize commissioning the firm of Albert Kahn Associates, Inc. as architect.

Respectfully submitted,



Robert Kasdin
Executive Vice President
and Chief Financial Officer



Gilbert S. Omenn
Executive Vice President
for Medical Affairs

September 2000