Building and maintaining an academic medical center at the forefront of medicine require staying a step ahead of new trends in technology, research and patient care. Working at the University of Chicago Hospitals, whether at the bedside, in the laboratory or behind the forklift, means having the creativity to conceive of new ideas, the confidence to try them out and the capacity to see them through. At the Hospitals, we’re building the future — one brick, one band-aid, one breakthrough at a time.
Successful organizations, no matter how outstanding, can be lulled into complacency. After 76 years at the forefront of medicine, however, the University of Chicago Hospitals continues to exceed expectations. This requires constant innovation, insistence on excellence and ever-increasing investment in the future.

In fiscal year 2004, the University of Chicago Hospitals once again met and surpassed its financial and operational goals. Not only did we make substantial investments in capital and academic programs, but we also made the long-term investment of developing a strategic plan, a blueprint for our future. We are well on the way to implementing this plan, which combines long-term capital and clinical growth with an immediate focus on patient care and research. This commitment to making medical care better — day-by-day and decade-by-decade — is how we are building our future.

This year, we put in place novel clinical practices that improve patient outcomes as well as many personal elements that raise patient satisfaction. Within our ranks, we stressed leadership education and development. And we opened the door to our future by putting the finishing touches on the University of Chicago Comer Children’s Hospital, a state-of-the-art diagnostic, medical and surgical facility that is kid-friendly, family-focused and an architectural delight.

Comer Children’s Hospital is just the first step in our strategic plan, Vision 2010, which recognizes and builds upon the distinguished history of our clinical programs. The plan includes several new facilities: some, like the Children’s Hospital, nearly complete, others under construction and others still being designed. They all will support our special blend of research, teaching and patient care, and enable us to expand our renowned teams of scientists, clinicians, nurses, technicians and support staff.

Of course our patients teach us each day that no matter how strategic the plan, it must also be flexible. The perfect example is a clinical trial reported last June. A biotech firm developed a new drug for colon cancer, but the University of Chicago oncologist it chose to test the drug had a hunch. He designed a trial that could include patients with different tumor types. The drug proved ineffective against colon cancer, but extremely promising for advanced kidney cancer, with minimal side effects. “Four little pills a day,” marveled one trial patient. “It’s like taking M&Ms.”

This year’s annual report reflects the many ways in which we are building on our mission — to set the standard in patient care, research and teaching — and how we plan to extend those efforts to move steadily, flexibly, and in no way complacently, toward a future of immense potential.
Fiscal year 2004 was a period of monumental expansion at the University of Chicago. The Hospitals community kept an eye on new buildings, technologies and discoveries without ever losing sight of its mission: to set the standard in patient care, research and teaching.

CONGRATULATIONS... AGAIN
Every year, the University of Chicago Hospitals gathers accolades from many sources, including one of the most closely watched lists around: U.S. News and World Report’s annual “Best Hospitals” survey. This year the Hospitals placed in the survey’s top 30 in 11 different specialties, including seventh in the United States for gastroenterology, and earned high rankings in the areas of cancer, geriatrics, neurology and neurosurgery, hormonal disorders, respiratory, rheumatology, kidney disease, orthopedics, pediatrics and gynecology. The rankings are determined by a formula that takes into consideration such factors as reputation, the ratio between actual and expected mortality, advanced technology, procedure volume and nursing care. The University of Chicago Hospitals earned nearly three times as many top-25 national rankings this year as any other hospital in Illinois.

COMER CHILDREN’S HOSPITAL: BUILDING THE BEST
With the construction of the University of Chicago Comer Children’s Hospital almost finished, the corner of 58th Street and Maryland Avenue has become one of the most exciting spots on campus. Opening this winter, the 155-bed, 242,000-square-foot, state-of-the-art facility is technologically stunning as well as child- and family-friendly.

“Comer Children’s Hospital is filled with the kinds of things that will make children and families feel more at home,” said Herbert T. Abelson, MD, former chair and professor emeritus of the Department of Pediatrics. Comforts include large, private rooms with pull-out couches so parents can “sleep over,” a 6,000-square-foot Healing Garden, an interactive playground, a self-service laundry room for families and a room-service food program that allows children to order food from menus — and have the food brought right to their rooms. Comer is also Web-savvy: Patients can access appropriate Web sites and send e-mail via bedside TV/computers. And doctors will use Internet technology to do away with X-ray film and viewboxes. “We will be able to look at radiological studies online,” said Donald Liu, MD, PhD, chief of pediatric surgery. “We’ll access current and past X-rays on a screen. Everything will be done using the Internet.”
More than twice the size of the current children's hospital, Comer will feature exciting new medical facilities, including a 30-bed medical/surgical unit on the fifth and sixth floors and a two-story, pediatric intensive care unit with 20 pediatric intensive care beds and 10 cardiac surgery intensive care beds. The current neonatal intensive care unit has 55 beds, making it one of the largest in the Midwest — but the new hospital will have 65 NICU beds (plus another nine beds that will remain next to the delivery area), with each patient care area allocated twice as much space as is available in the current hospital.

In addition to opening the new Comer Children's Hospital, the department of pediatrics welcomes a new chairman, Steve Goldstein, MD, PhD, an internationally recognized researcher with impressive scientific credentials and broad clinical interests. “His expertise in molecular medicine and his energy and enthusiasm will improve the entire Children's Hospital,” Dr. Liu said.

Comer will feature new and improved programs, including one of the nation's few in-hospital pediatric palliative care programs, an interactive family learning center and an arts program, through which each floor will be decorated with children's poems and artwork. Construction of the seven-story Comer Children's Hospital is made possible by the generosity of Frances and Gary Comer, whose $21 million donation is among the largest naming gifts ever given to a U.S. children's hospital.

EXCELLENCE IN CLINICAL CARE, RESEARCH AND TEACHING

At the University of Chicago Hospitals, our standard of excellence in clinical care, research and teaching is not just a tradition — it's how we build the future. In addition to fostering strong teaching faculties, “all great academic institutions do the research necessary to make the discoveries that will fuel our clinical practice tomorrow,” said Richard Fessler, MD, PhD, section chief of neurosurgery. “The University of Chicago Hospitals is unique in that we have acquired many individuals who excel at all three."
"How does an institution get to the forefront of medicine, and what does it take to stay there? It must have innovative, cutting-edge therapies for patients that aren't available anywhere else."

In departments throughout the Hospitals, clinicians and researchers work together to bring novel research to the bedside. Patients have opportunities to participate in clinical trials and to benefit from new surgical techniques and sophisticated imaging technology. “How does an institution get to the forefront of medicine, and what does it take to stay there?” asked oncologist Richard Schilsky, MD, professor of medicine at the University and chairman of Cancer and Leukemia Group B, a national clinical research organization based at the University. “It must have innovative, cutting-edge therapies for patients that aren’t available anywhere else.”

One example of top-notch research and the best in patient care coming together at the University of Chicago Hospitals is the effort by Valluvan Jeevanandam, MD, chief of cardio-thoracic surgery, and his team working with the inventors of the Kantrowitz CardioVAD to improve the device. The CardioVAD was the first experimental ventricular assistance device implanted successfully by Dr. Jeevanandam and currently is used at only three other U.S. hospitals. Since 2000, Hospitals surgeons have used the device successfully on several patients with advanced heart failure who had not responded to more traditional therapies. But the transplant and heart failure team wasn’t satisfied. “We knew we could make little modifications that would make the device safer and easier to use,” Dr. Jeevanandam said. “So the team went back to the lab and modified it. Now, after spending two years enhancing it, we’re putting it into patients again in the operating room.”

At the University of Chicago Cancer Research Center, more than 150 researchers and physicians collaborate to focus on the future of cancer care by developing new drugs, technologies and strategies for early detection and prevention. “Whether it relates to more precise diagnoses, to less invasive, more targeted therapies or to more effective treatments, the goal is to use the research done in the lab to make cancer care better,” said Michelle Le Beau, PhD, director of the Cancer Research Center.
THE UNIVERSITY OF CHICAGO HOSPITALS & HEALTH SYSTEM

MANAGEMENT TEAM

FROM LEFT TO RIGHT

DARLENE LEWIS
Vice President and Chief Human Resources Officer

MICHAEL C. RIORDAN
President and Chief Executive Officer

SUSAN S. SHER
Vice President for Legal and Governmental Affairs and General Counsel

MICHAEL J. KOETTING
Vice President for Planning and Secretary of the Board of Trustees

FROM LEFT TO RIGHT

MARK A. URQUHART
Vice President for Support Services

MAYUMI FUKUI
Vice President for Managed Care

ERIC B. YABLOŃKA
Vice President and Chief Information Officer

JUDY SCHUELER
Executive Director and Chief Learning Officer, UCH Academy

LAWRENCE J. FURNSTAHL
Chief Financial Officer, Chief of Strategic Development, Treasurer
FROM LEFT TO RIGHT

IVY H. BENNETT
Vice President and Chief Marketing Officer

JOHN P. MORDACH
Vice President for Finance

MICHELE M. SCHIELE
Vice President for Development

JEFFREY A. FINESILVER
Vice President and Director, Duchossois Center for Advanced Medicine

FROM LEFT TO RIGHT

JAMIE M. O’MALLEY
Vice President and Chief Nursing Officer

KENNETH P. KATES
Executive Vice President and Chief Operating Officer

VICKIE L. HUMPHREY
Vice President for Materials Management

D. ALLAN GRAY
Vice President for Surgical Services

2004 MANAGEMENT TEAM
What do you get when you combine three physician-scientists from different disciplines, some Argonne National Laboratory faculty, several University of Chicago chemistry professors and a class of business school students? One more interdisciplinary project at the University of Chicago, where researchers and clinicians take advantage of the vast resources available at the Hospitals — and one more prize.

**FROM BENCH TO BUSINESS SCHOOL**

When general surgeon John Alverdy, MD, gastroenterologist Eugene Chang, MD, and infectious disease specialist Elaine Petrof, MD, developed an artificial mucus that, when ingested, could protect against intestinal infections, they knew their discovery might have wide clinical applications. But first they needed some help.

“Artificial mucus is a polymer, but we are not chemists,” Dr. Chang said. So the researchers contacted chemists at Argonne — experts in the molecular structures of substances like mucus — who set to work helping them modify their polymer to make it more effective in a clinical setting, to protect patients from infections. The researchers’ next stop was the University of Chicago department of chemistry, where they enlisted the aid of Professor Ka Yee Lee, PhD, in identifying the physical properties of natural and artificial mucus.

As results in the laboratory proved more and more promising, Drs. Alverdy, Chang and Petrof eventually were persuaded to form a company. This crucial step, outside the traditional boundaries of medicine, would enable them to begin clinical testing and, if all goes as planned, market the soon-to-be medication. “We want to use the company as a conduit to start doing the pre-clinical and clinical trials that are necessary in order to assess this approach,” Dr. Chang said. The company, which does not yet have a name, became the brainchild of students in the University of Chicago’s MBA program. “The students came up with a plan that enabled the company to expand and develop in a way that left us free to do the science, because we’re more interested in basic discovery than in product development,” Dr. Chang said. The plan earned the business students the $15,000 top prize in the annual New Venture Challenge. Clinical trials of the drug are set to begin in the near future. “It’s a project that has taken on a large life and involves many people,” Dr. Chang said. “We think that it’s going to yield some meaningful therapeutics.”
THE HOSPITALS AND THE UNIVERSITY: A CLOSE RELATIONSHIP

Physical scientists design new imaging techniques that surgeons apply in the operating room and sometimes use in lieu of exploratory operations. Discoveries in the University’s department of physics help scientists in the Cancer Research Center screen chemical libraries. Throughout the Hospitals and the University, investigators of all disciplines pool their intellectual resources, illuminating issues in diverse fields of study.

Oncologist Funmi Olopade, MD, a specialist in breast cancer genetics, is working with professors from the University, including health disparities researcher Sarah Gehlert, PhD, and psychology professor Martha McClintock, PhD, on a five-year, National Institutes of Health-funded study that pulls together such disciplines as genetics, psychology and sociology to understand why young African-American and Nigerian women have a disproportionately high rate of breast cancer. For this study, University of Chicago researchers are collaborating with researchers from Nigeria, where the five-year breast cancer survival rate is 10 percent, compared to an 85 percent survival rate in the United States. One initial result of this relationship was the First International Workshop on New Trends in the Management of Breast and Cervical Cancers, held this past May in Lagos, Nigeria. This workshop was a worldwide collaboration to increase awareness of breast and cervical cancer among Nigerian doctors and patients.

Pediatric neurologist Kurt Hecox, MD, PhD, is in the early stages of an extraordinary interdisciplinary project with Daniel Margoliash, PhD, a professor in the University’s department of organismal biology and anatomy and a world authority on the acquisition of language — in songbirds. Margoliash’s discovery that sleep-deprived birds don’t learn their species’ songs struck Dr. Hecox as familiar: When children who have continuous seizures in their sleep are left untreated, they lose all communication skills. Dr. Hecox and Margoliash now are exploring the possible link between gaining and losing communication skills in birds and humans. They are hoping that the first animal models for human loss of language might help prevent such setbacks in children.
Pediatric gastroenterologist Stefano Guandalini, MD, director of the University of Chicago Celiac Disease Program, is working with pathology professor Bana Jabri, MD, PhD, to uncover the mechanisms behind the abnormal immune reaction that causes celiac disease, one of the most common — and most misdiagnosed — chronic diseases among Caucasians. Dr. Guandalini, an experienced clinician, said the opportunity to work with Dr. Jabri, a world-renowned researcher, has been invaluable. “In terms of research, there is no way people can tackle any meaningful problem without collaborating,” he said, noting that the same is true in the clinic. “Within my department, we draw on each other’s knowledge and wisdom on a daily basis. Talking, collaborating and exposing our cases to colleagues are fundamental.”

SEARCHING ACROSS DISCIPLINES FOR A CURE

At the Brain Tumor Center, designing personalized, innovative therapies for patients with brain cancer is a job for radiologists, neurologists, neurosurgeons, oncologists, head and neck surgeons, ophthalmologists and pathologists. “All of these people are critical in making the best decision and choosing the best treatment for a patient,” said center director Maciej S. Lesniak, MD. Researchers at the center are studying novel ways to manipulate the body's own immune response to fight cancer. In another study, scientists are using microchip biotechnology to deliver medications directly to the tumor. The various clinical trials at the Hospitals give patients a rare chance to receive up-to-the-minute and personalized care. “The idea behind the Brain Tumor Center is not only to help patients by coordinating their care and providing them with the best medical and surgical advances,” Dr. Lesniak said, “but also to offer them an opportunity to participate in research.”

“We draw on each other’s knowledge and wisdom on a daily basis. Talking, collaborating and exposing our cases to colleagues are fundamental.”
As the study and practice of medicine become more complex, new technologies are often instrumental in resolving problems in both the laboratory and the clinic. From surgical robots, whose small, precise incisions obviate the need for open-heart surgery, to online nursing certification courses, the University of Chicago Hospitals’ incorporation of state-of-the-art technology into daily practice transforms the commonplace into the cutting-edge — and the future into present.

FROM IMAGINING TO IMAGING
The University of Chicago Hospitals is at the forefront of imaging technology. This year, the Hospitals entered a five-year collaboration with Philips Corp., makers of diagnostic imaging devices, that gives the Hospitals access to Philips’ newest equipment — much of which is still being developed. In turn, researchers at the Hospitals work to refine and improve Philips’ pilot machines. “It’s going to be a very strong and intense relationship,” said radiology chairman Richard Baron, MD. “Philips gets access to our researchers, and we get access to its newest equipment for our patients and our scientists.”

Through its relationship with Philips, the Hospitals has become one of only eight institutions in the world with a 40-slice CT scanner. Especially useful for cardiac, vascular and pulmonary imaging, this scanner can take 40 slices, or pictures, of the body in 0.4 seconds. It combines all images obtained (sometimes thousands of them) to reconstruct a three-dimensional image of the region of interest, such as the heart and its vessels. Although this innovative technology has been approved for clinical use, it won’t be available to other hospitals for some time.

Hospitals radiologists and cardiologists, working with Philips engineers, and teams from Duke and Harvard universities, have refined the world’s first real-time, three-dimensional echocardiography system. To see the heart in three dimensions without resorting to surgery, doctors traditionally have used several two-dimensional images — and their imaginations. “Now, all of that can be done by pressing a button,” said Roberto Lang, MD, director of the Hospitals’ Cardiac Noninvasive Laboratories. With the new echocardiography system, physicians can measure the pumping ability of the heart with greater precision, better understand why a valve might not be functioning properly and confirm diagnoses with more certainty. Every time doctors use this device, they’re “doing research,” Dr. Lang said, “because it’s the first time those images have been recorded. Every time we see a new disease through this machine, we’re seeing images we’ve never seen before.”
Scientists at the Hospitals are working with Philips engineers on a new method of breast imaging — a combination mammogram and breast ultrasound unit. This project may result in a more efficient, more effective way to detect breast cancer. But, Dr. Baron said, "this may or may not become a reality — it’s still a test device."

In January 2004, the Hospitals installed a combined PET-CT scanner — the only one in a Chicago-area hospital. The device enables physicians to superimpose the information about metabolic rates acquired with a PET scanner onto the precise high-definition anatomic images produced by a CT scanner. The technology, used for many purposes, is “exquisite for cancer imaging in particular,” Dr. Baron said.

Six months later, in July 2004, the Hospitals took a big step forward by almost completely doing away with X-ray film. Using the Picture Archival Communication System (PACS), the Hospitals will store images on a computerized database, enabling radiologists, surgeons, students and patients to view an image simultaneously, anywhere in the Hospitals. The ease and efficiency with which doctors and researchers will be able to retrieve images will encourage collaboration and communication throughout the Hospitals.

MINIMALLY INVASIVE SURGERY

At the Hospitals’ Center for Minimally Invasive Surgery (MIS), surgeons perform operations in ways that use the latest technology to reduce patients’ pain and stress. Many doctors at the Hospitals lead their fields in the use of new MIS procedures.

Neurosurgeon Richard Fessler, MD, PhD, invented a minimally invasive operation to remove intradural tumors — growths within the lining that surrounds and protects the spinal cord — and he is the only surgeon in the country performing it. During the past decade, Dr. Fessler, a trailblazer in the development of MIS for the spine, has gone from doing all of his operations through an open incision to using minimally invasive techniques 98 percent of the time.
Urologic surgeon Arieh Shalhav, MD, heads a team that treats 90 percent of its patients using MIS — a much higher percentage than the national rate of 40 percent. Dr. Shalhav performs an operation that no other doctors in Chicago do: removal of the cancerous prostate using the DaVinci Surgical System. This robotic assistance device provides excellent visualization, precise control and the ability to get to hard-to-reach spots, enabling Dr. Shalhav to perform a prostatectomy through five small incisions, a procedure that would otherwise require an incision from navel to pubic bone.

The University of Chicago Children’s Hospital launched its MIS program three years ago. Now, about 30 percent of the operations, or 300 surgeries, performed there every year are minimally invasive. Today, the Children’s Hospital has one of the most prolific MIS programs in the nation, and the new Comer Children’s Hospital will include operating rooms specifically designed for MIS. “The whole idea of minimally invasive surgery is not only to provide our young patients with state-of-the-art care, but also to make surgery as pain-free as possible for them,” said Dr. Donald Liu, an expert in pediatric MIS. “Technology makes this all possible, in part because MIS is so dependent on the tools that enable us to see the anatomy so clearly during surgery.”

The Children’s Hospital is one of only four hospitals in the country where surgeons perform robotic surgery on children with congenital heart defects. Instead of dividing the patient’s sternum, pediatric surgeon Emile Bacha, MD, uses robotic techniques to reach the heart via four or five small ports on the patient’s chest. After this kind of surgery, a patient can return to normal activities within one to three weeks, as opposed to the three- to six-week resting period that is standard after open-heart surgery.
The physicians at the University of Chicago Hospitals are pioneers in their fields, working to find less invasive, more efficient, more effective therapies and keeping the Hospitals at the forefront of patient care. This is a process that builds from year to year.

**PEDIATRIC EPILEPSY CENTER**

One such program at the University of Chicago Hospitals is work being done by an interdisciplinary team of scientists interested in epilepsy. These pioneers are extending the old medical cliché “from bench to bedside, and back.” Here, discoveries made in the lab often have immediate application in the clinic, where they produce results that circle back to the laboratory. In order to understand and treat a condition as complex as epilepsy, collaboration across departmental lines is more than important — it’s mandatory. The epilepsy team, led by Dr. Kurt Hecox, draws from the entire University and beyond to include experts in neurology, neurosurgery, psychiatry, electrical engineering, molecular biology, molecular genetics, cellular biology, computer science and physics.

The Pediatric Epilepsy Center is currently developing software that analyzes EEG data and highlights information relevant to determining where in the brain a seizure begins. Similar software on the market now has an accuracy rating of 70 percent, but, according to preliminary tests, Dr. Hecox’s team may have devised a far more accurate system.

These epilepsy specialists now can do more than simply find seizures — they often can predict them 30 to 40 minutes before they occur. Knowledge of when seizures are coming, Dr. Hecox said, is one of the most important ways to manage epilepsy. “It frees the person with seizures from the fear and the paralysis caused by not knowing when a seizure might begin. Being able to predict seizures means that many things people with epilepsy aren’t able to do now — like drive — become possible.”
Another innovation in epilepsy treatment involves a remarkably diverse team approach. Dr. Hecox’s team has begun testing live tissue for response to various medications. After pinpointing and removing the part of a patient’s brain in which seizures originate, team members dash across campus with a vial of tissue to the lab of neurobiologist Jan-Marino Ramirez, PhD. There, they cut thin slices of the living brain tissue, track its ability to trigger seizures, search for the molecular causes of the seizures, test medications on the tissue and then recommend the drugs that produce the best effect. The Hecox-Ramirez team is the first group to bring this lab-based technique successfully into clinical care.

FROM THE OPERATING ROOM TO THE LABORATORY AND BACK

Only one other hospital in the country offers what Chicago heart specialists have labeled “hybrid surgery,” a multi-step procedure for babies born with hypoplastic left heart syndrome, in which surgeons rebuild a newborn’s malformed heart so that the baby’s one normal ventricle can compensate for the malfunction. Ziyad Hijazi, MD, chief of pediatric cardiology and medical director of the Congenital Heart Center, and Dr. Emile Bacha, director of pediatric cardiac surgery, are at the forefront of developing and testing this new, less invasive approach. Although the procedures were initially considered an option for only high-risk cases, Drs. Hijazi and Bacha’s early efforts suggest that it might be more effective, with fewer side effects, than the standard treatment. Survival rates are slightly better, and by avoiding extensive surgery on newborns, this less invasive method appears to reduce the risk of neurological complications.

It’s common for surgeons to stop the heart while they operate on a valve during a post-heart attack operation, but Dr. Valluvan Jeevanandam’s cardiac and thoracic surgery team has developed a way to work on a heart valve without stopping the heart. One of the risks of heart surgery is the possibility that, after the operation, the heart will not start beating again. “Now, there’s no longer the issue of restarting the heart,” Dr. Jeevanandam said, “because it’s never stopped in the first place.”
As director of the Parkinson’s Disease and Movement Disorders Center, neurologist Arif Dalvi, MD, oversees several cutting-edge clinical investigations aimed at slowing the progression and potentially even reversing the effects of Parkinson’s disease. Dr. Dalvi heads one of six teams in the world that are testing a therapy with real promise, the ability of a naturally secreted substance known as glial-derived neurotrophic factor to rescue damaged brain cells and perhaps trigger regrowth of crucial dopamine-producing cells. Researchers also are testing deep brain stimulation treatment and have seen encouraging results in Parkinson’s patients who haven’t responded to traditional therapies.
When Comer Children’s Hospital (far left) opens, clinicians, researchers and patients will experience the height of efficiency, organization and comfort. For the first time, pediatrics faculty will have the convenience of MRI and CT scanners dedicated entirely to children’s care within the children’s hospital. Patient rooms and operating rooms will be bigger and better designed. Walkways, bridges and tunnels will connect Comer to the pediatric specialty clinics in the Duchossois Center for Advanced Medicine and the delivery rooms in Chicago Lying-in Hospital for quick and easy transport from labor to neonatal intensive care.

But Comer isn’t the only major construction project in the works. The $203 million Interdivisional Research Building (at left), opening in 2005, will stand as a testament to the Hospitals and the University’s commitment to facilitating intellectual connections among disparate fields of study. The seven-story, 400,000-square-foot building will be devoted to interdisciplinary research. The IRB will contain faculty and student offices, modular laboratories and experimental space for both the Physical and Biological Sciences divisions.

In the IRB, 80 senior scientists and 700 investigators and students will work side by side. Researchers with expertise in chemistry and physics will join with biologists, including scholars from the Ben May Institute for Cancer Research, the Howard Hughes Medical Institute, and the Department of Biochemistry and Molecular Biology, to answer questions that cross the boundaries between disciplines. At the core of the building, the Institute for Biophysical Dynamics will focus on projects that require resources from both sides of the scientific divisions.

The IRB, which wraps around the John Crerar Library and the University’s science quad, is a leading example of an emerging scientific trend: bringing together scientists with researchers from other, seemingly unrelated disciplines.

“The interaction between physical sciences and biological sciences has never been more prominent than it is now,” said Steven Kent, PhD, director of the Institute for Biophysical Dynamics and professor of chemistry and of biochemistry and molecular biology. “The close partnership between the Hospitals and the University provides the ideal infrastructure for conducting interdisciplinary research.”
A stronger “bridge” now extends from the University 30 miles west to Argonne, Illinois. Construction of a Regional Biocontainment Laboratory (bottom right) has begun at Argonne National Laboratory (top right). This facility will be devoted to research in detecting, preventing and eliminating potential bioterrorist threats, such as anthrax, influenza and the plague, and emerging infectious diseases.

The new laboratory is one of nine regional and two national biosafety laboratories funded by the National Institute of Allergy and Infectious Diseases (NIAID). It will house projects from the Regional Center of Excellence (RCE) for Biodefense and Emerging Infectious Diseases Research, a coalition of 20 Midwestern medical research institutions spearheaded by Olaf Schneewind, PhD, chairman of the University’s new department of microbiology. Researchers at the RCE, like the biocontainment lab supported by NIAID, also will be a resource for local public health officials.

The laboratory will provide the space, safety measures and technology necessary to investigate infectious microbes. The University and Argonne currently have small laboratories for these purposes, but the new facility will enable scientists to study several different pathogens simultaneously — a capability few laboratories in the country have. The lab will be part of Argonne’s new microbiology complex, which will include the Midwest Center for Structural Genetics, the Center for Nanoscale Materials and the Structural Biology Center, and will be in close proximity to Argonne’s Advanced Photon Source, the western hemisphere’s most brilliant source of hard X-rays for research purposes. Argonne, a U.S. Department of Energy Laboratory, has been University-operated since its inception more than 50 years ago.

Sometimes the breakthroughs come faster than the bricks. This past year, Wei-Jen Tang, PhD, associate professor in the Ben May Institute for Cancer Research, led a team that hit upon what might well be an effective new therapy for anthrax, one of the most feared bioterror agents. Two years ago, Tang published a paper describing the structure of edema factor, one of the two deadly toxins anthrax secretes. He showed how edema
The Hospitals’ strategic plan includes a $300 million building to house the next major injection of clinical technology. The facility will contain operating rooms and space for new procedural and imaging technology.

factor takes over a cell’s typical processes for its own purposes. The article caught the eye of a scientist at Gilead Sciences who was studying adefovir dipivoxil, a drug approved by the FDA to treat chronic hepatitis B. Wondering if adefovir would block edema factor in the same way it blocks hepatitis B, the scientist got in touch with Tang, and sent him adefovir samples. Tang’s team soon learned that the drug can effectively block the action of edema factor in cells. In fact, it blocks edema factor more effectively than it blocks the hepatitis B virus it was designed to combat. Tang now works with University chemistry professor Milan Mrksich, PhD, to find inhibitors to lethal factor, the other deadly toxin in anthrax.

MORE BUILDING

Closer to home, the Hospitals’ strategic plan includes a 500,000-square-foot, approximately $300 million building to house the next major injection of clinical technology. The facility, located on Drexel Avenue between the Comer Children’s Hospital and the IRB, will contain replacement operating rooms, space for new procedural and imaging technology, and additional beds. It will be built in two stages: The first stage — which will include a new pediatric emergency room, thanks to the generosity of the Comer family — will begin early next year. The second stage, a ten-story facility that will add 35 new operating rooms and 200 intensive and medical/surgical care beds, will start in 2008. “The operating rooms in the surgical pavilion will be bigger, better organized and closer to intensive care units,” said cardio-thoracic surgeon Dr. Valluvan Jeevanandam. “We have state-of-the-art technology now, so it’s more a matter of improving the efficiency of how we use it.”

There’s still more. Demolition will begin soon on the opposite corner of Drexel Avenue and 57th Street to make room for a structure still referred to as the “new research building.” This $162.5 million facility will provide 330,000 gross square feet of research space, primarily for programs from the departments of medicine and pediatrics. The Cancer Research Center also will have one dedicated floor of space. Bridges and tunnels will connect the New Research Building to the Biological Sciences Learning Center to the east and across 57th Street to the IRB.
At the University of Chicago Hospitals, the word “community” takes on many meanings, ranging from a few clusters of Hospitals staff, such as nurses getting together to share knowledge and expand their skills, to the entire world, with physicians leading missions abroad to assist those in need. UCH helps to connect these diverse communities with the ultimate goal of improving patient care.

INCREASING EDUCATIONAL OPPORTUNITIES — VIRTUALLY

Offering more than 500 online courses during a single year, the University of Chicago Hospitals Academy has expanded exponentially in the three years since it offered its first Virtual University class. Founded more than a decade ago as one of the first corporate universities in the world of health care, UCH Academy is a model for hospital employee education programs everywhere, with approximately 100 instructor-taught courses in addition to the online options. Employees are enthusiastic about the Academy, enrolling in up to 30,000 sessions annually. But UCH Academy isn’t resting on its laurels. This spring, the Virtual University received a makeover. Now it’s simpler, more accessible and more popular than ever.

“We have continued to build a pipeline of educational offerings to attract and retain top nursing talent,” said Judy Schueler, executive director of the Academy and chief learning officer. Courses include nursing degree and advanced certification programs through local institutions such as Harold Washington College, Moraine Valley Community College and the University of Illinois at Chicago School of Nursing. Starting this fall, employees will have the opportunity to earn master’s degrees in nursing from the Academy through Governors State University. Another new course offered this fall is “Through the Eyes of the Patient,” a refresher on using key words and actions and on making the most of interactions with patients and their families.

As Comer Children’s Hospital prepares to open its doors, UCH Academy is helping to educate and prepare staff for Comer’s new procedures and technologies. One of next semester’s online courses will provide staff with information about new workflow processes at Comer. The Academy also is preparing to offer training, communication and change management programs that facilitate the smooth introduction of a new clinical information system at the Hospitals, a process that will last several years.
CHANGING THE GLOBAL COMMUNITY

Since it was Dr. Stephano Guandalini who conceived of a federation for pediatric gastroenterologists from around the world to facilitate the sharing of ideas and the exchanging of information, fellow charter members of the Federation of International Societies for Pediatric Gastroenterology, Hepatology and Nutrition had no difficulty selecting their first president. Although Dr. Guandalini’s term expires this year, he is as dedicated as ever to enriching the international community of pediatric gastroenterologists.

“I have worked on both sides of the ocean, so I’m inclined to seek collaborations on both sides of the ocean,” said Dr. Guandalini, who began his practice in Italy. Coming from another country, he said, has helped him see the importance of keeping in touch with other doctors throughout the world. “There is much we all can be enriched by if we connect with people who have different stories and perspectives. As mentors, we need to be continually reminded to maintain a global vision for the health of children.”

COMER’S COMMUNITY OF PLANNERS

The new Comer Children’s Hospital was designed to create an environment that brings together interdisciplinary research with the best patient care. With user groups from every clinical service, three amenities planning committees and two architectural firms collaborating on the new hospital, cooperation across boundaries was required. Both the Family Advisory Board, composed of parents and caregivers, and the Teens’ Advisory Board, a group of young patients, offered suggestions on everything from the color of patient rooms to the food. Their ideas were reinforced by the WOW! Committee — a group assembled to make certain that truly fabulous but somewhat fanciful ideas received enough funding to make it past the accountants. All of these committees served to ensure that a visit to Comer will be as pleasant, stress-free and “ouch-less” as possible.

“There is much we all can be enriched by if we connect with people who have different perspectives. I have worked on both sides of the ocean, so I’m inclined to seek collaborations on both sides.”
As the field of medicine becomes more complex, medical education at the University has stressed the importance of understanding not only medicine, but other related fields as well.

MEDICAL EDUCATION

As the field of medicine becomes more complex, medical education at the University has stressed the importance of understanding not only medicine, but other related fields as well. About 20 percent of students in the Pritzker School of Medicine now participate in a combined degree program, such as the highly competitive MD/PhD program, or they combine their medical education with another field outside the division, such as the Law School, the Harris School of Public Policy or the School of Social Service Administration.
“When I came here as a young physician in 1936,” recalls gastroenterologist Joseph Kirsner, MD, PhD, the Louis Block Distinguished Service Professor of Medicine, “Dr. George F. Dick, chairman of the department of medicine, told me, ‘We expect you to give excellent patient care, but if you don’t do outstanding research, don’t expect to stay around.’ He gave me a budget of $100 for my research, and I had to find my own laboratory.” Other than the value of a dollar and the scale of the research endeavor, not much has changed.

Fortunately, the number of dollars has shifted, rising faster than the value of the dollar has declined. In 2003, the National Institutes of Health awarded more than $187 million to researchers at the University of Chicago, about 27 percent of all research grants in Illinois. In 2004, that figure will exceed $200 million.

Technological advances, new knowledge and increasing specialization within medicine have altered the balance — but not the basic ingredients — of what it takes to make a good doctor. When Dr. Kirsner arrived at the Hospitals, medicine was more of an art than a science. Now the goal is to practice evidence-based medicine, but to do so artfully.

Clinicians and researchers at the University of Chicago continue to build on the Hospitals’ long history of scientific innovation and artistry. The work that investigators at the Hospitals do today would not be possible without the trails blazed by their predecessors. Every time someone at this, or any other hospital, orders a blood transfusion, administers chemotherapy or performs a heart transplant, he or she draws upon precedents and discoveries that can be traced back to the University of Chicago.
Dr. Kirsner’s specialty is one shining example. The University of Chicago’s section of gastroenterology, with its long and distinguished history, has always been at the forefront of the field. When it was established in 1927, it was the first full-time academic gastroenterology section in the country. In 1934, it featured the country’s first gastroscope. In 1943, Lester G. Dragstedt, MD, a surgeon at the Hospitals, invented the vagotomy operation — a treatment for ulcers that is still used today. And, since the 1930s, Dr. Kirsner and the many protégés he has trained have led the world in finding new therapies for inflammatory bowel disease (IBD).

Despite the storied past of the section of gastroenterology, the focus is, as always, on building the future of IBD therapies. “We don’t yet have the cause and don’t have a cure,” said Stephen Hanauer, MD, director of the section of gastroenterology and nutrition. “Our future goal is to identify the causes of IBD, come up with better treatment and develop better prevention.”

The section has adopted several simultaneous approaches to accomplish its goal. As the foremost center for the study of the genetics of IBD, researchers are “learning from the genes associated with these disorders how abnormalities in the immune system can lead to bowel disease,” Dr. Hanauer said. Doctors have already found genes associated with Crohn’s disease, and they hope that finding the genetic key to IBD will create a disease model that will unlock the keys to other hard-to-treat genetic disorders, such as multiple sclerosis and psoriasis.

Elsewhere in the section, doctors are testing an array of treatments in 20 clinical trials for patients with Crohn’s disease or ulcerative colitis. The opportunity for patients to participate in such a wide range of clinical trials is one of the distinguishing traits of the Hospitals’ gastroenterology section.
The Hospitals will remain a place committed to making discoveries that will change the face of medicine, all the while training outstanding future physicians and researchers, and providing superior patient care.

**BUILDING THE FUTURE**

“When the University was founded,” Dr. Kirsner said, “the first president, William Rainey Harper, gave us a wonderful mission: research, teaching and excellence in the care of patients. Throughout the Hospitals’ history, it has maintained a balance among each of these aims, while staying at the forefront of all three.”

As the Hospitals community builds toward the future, new facilities will be constructed, researchers will discover more about the wonders of life and the causes of disease, and doctors will pioneer and test novel treatments, devising methods to prevent illness and find cures of which we now can only dream. As in the past, the Hospitals will remain a place committed to making discoveries large and small, that will, taken together, change the face of medicine, all the while training outstanding future physicians and researchers and providing superior patient care.
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The University of Chicago Hospitals and Health System demonstrated sustained financial success in 2004, generating resources required for the investment in human capital, technology and facilities set forth in the Vision 2010 strategic plan approved in April. Combined operating income was $42 million, including $6 million from recovery of revenue reserves established in prior years. This compares to operating income of $43 million in fiscal year 2003, of which $15 million was from prior years. Net income, which adds investment income and other non-operating items, totaled $56 million, up from $43 million in 2003, an improvement that included better returns from the stock market.

Continued strength in hospital earnings derives from activity growth, increased intensity and complexity of services, and lower bad debt expense. Inpatient admissions increased by 1.5% to nearly 26,300, while total patient days grew by 3.1% to over 168,700. Outpatient visits in the Duchossois Center for Advanced Medicine rose 2.7% to reach 389,400, while visits to the adult and pediatric emergency rooms were stable at approximately 71,000.

Revenues increased by 3.6% to $754 million, reflecting strength in Forefront of Medicine programs and services such as cancer, neonatology, advanced surgery and imaging. At the same time, ongoing improvements in billing procedures reduced the provision for doubtful accounts by $17 million from the previous year.

The Hospitals provided $53.4 million of charity care in 2004, up from $51 million in 2003. This figure includes the unreimbursed cost of care to those with no insurance, plus the amount by which costs exceed payments for patients covered by Medicaid, for services provided in the inpatient hospitals, the emergency rooms and the physician-directed outpatient practices. The University of Chicago Hospitals remain among the largest providers of care to the poor and uninsured in Illinois.

In 2004, the Hospitals again transferred $15 million from net assets to the University's Biological Sciences Division to fund academic renewal in clinical and basic sciences. In addition, operating expenses included over $51 million for program development, outpatient practice support, primary care, medical direction of hospital services, and supervision of residents. At almost 9% of revenues, these funds represent a continuing commitment to the human capital represented by the Division's faculty, who serve as the Hospitals' medical staff.

On the balance sheet, net assets (or the excess of total assets over total liabilities) increased by $76 million or more than 18% to $483 million. This growth is the result of the $56 million of net income, another $25 million of unrealized gains on investments, and $10 million from contributions and other items, net of the $15 million academic renewal fund transfer to the University. Net property, plant and equipment rose by $51 million to $412 million, an increase well above depreciation due to spending for the new Comer Children's Hospital, opening in mid-fiscal year 2005. Investments increased by $68 million, excluding a $49 million decrease in bond funds borrowed several years ago and applied last year to the Children's Hospital project.

In the face of continued challenges in both the general economy and the health care environment, the University of Chicago Hospitals is securing the resources required to invest in the future of academic medicine while at the same time sustaining the Hospitals' vital role providing service to the community.
## Statement of Revenues and Expenses

*For the years ended June 30, 2004 and 2003 (in millions of dollars)*

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$754</td>
<td>$727</td>
</tr>
<tr>
<td>Compensation, supplies, services and other</td>
<td>616</td>
<td>570</td>
</tr>
<tr>
<td>Provision for doubtful accounts</td>
<td>44</td>
<td>61</td>
</tr>
<tr>
<td>Depreciation and interest</td>
<td>52</td>
<td>53</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>712</td>
<td>684</td>
</tr>
<tr>
<td>Operating income</td>
<td>42</td>
<td>43</td>
</tr>
<tr>
<td>Impairment loss on investments, investment income and unrestricted gifts, net</td>
<td>18</td>
<td>1</td>
</tr>
<tr>
<td>Loss from the sale and operation of discontinued units</td>
<td>(1)</td>
<td>0</td>
</tr>
<tr>
<td>Other, net</td>
<td>(3)</td>
<td>(1)</td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>$56</td>
<td>$43</td>
</tr>
</tbody>
</table>

## Balance Sheet

*For June 30, 2004 and 2003 (in millions of dollars)*

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$197</td>
<td>$201</td>
</tr>
<tr>
<td>Investments</td>
<td>426</td>
<td>407</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>412</td>
<td>361</td>
</tr>
<tr>
<td>Other assets</td>
<td>37</td>
<td>40</td>
</tr>
<tr>
<td>Total assets</td>
<td>$1,072</td>
<td>$1,009</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$148</td>
<td>$151</td>
</tr>
<tr>
<td>Long-term debt, less current maturities</td>
<td>350</td>
<td>355</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>91</td>
<td>98</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>589</td>
<td>602</td>
</tr>
<tr>
<td>Net assets</td>
<td>483</td>
<td>407</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$1,072</td>
<td>$1,009</td>
</tr>
</tbody>
</table>

## Patient Activity

*For the years ended June 30, 2004 and 2003*

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions</td>
<td>26,293</td>
<td>25,900</td>
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<tr>
<td>Patient days</td>
<td>168,733</td>
<td>163,583</td>
</tr>
<tr>
<td>Length of stay</td>
<td>6.42</td>
<td>6.32</td>
</tr>
<tr>
<td>DCAM visits</td>
<td>389,410</td>
<td>379,223</td>
</tr>
<tr>
<td>ER visits</td>
<td>71,177</td>
<td>71,450</td>
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</tbody>
</table>