Our mission is to provide superior health care in a compassionate manner, ever mindful of each patient’s dignity and individuality. To accomplish our mission, we call upon the skills and expertise of all who work together to advance medical innovation, serve the health needs of the community and further the knowledge of those dedicated to caring.
In the current health care environment, setting strategy for an academic medical center is an increasingly demanding challenge. It involves setting short-term goals aligned with longer-range aspirations. It requires leadership attuned to high standards, performance and innovation. And it calls on stewardship by a board of trustees alert to the economic, policy, demographic and technologic trends that shape the possibilities for the future.

In fiscal year 2003, the University of Chicago Hospitals met all expectations for financial and operational performance. We are optimistic that we can continue to reach similar levels in the future. We are making substantial investments in capital and in academic renewal while also planning for the needs of our hospital and entire enterprise in the near and distant future. At the same time, 2003 was a year in which our staff, clinicians, researchers and students maintained an admirable balance between preparing for a promising future and making today better for the patients who come to us by the thousands day after day.

This year was marked by several major highlights. We launched new programs that increased the satisfaction of our patients. We selected a new clinical information system to implement over the next several years. Our surgeons made breakthroughs in minimally invasive surgery aided by a surgical robot that adds new capacity to their art. We drew closer to completion of our new University of Chicago Comer Children’s Hospital. And we established a comprehensive business diversity program to complement our widely acclaimed outreach to minority- and women-owned businesses.

It was also a year of many lesser but far from insignificant highlights, individual triumphs that brought comfort, strength and independence to people with problems. Colleagues told us of a young man with severe Tourette’s syndrome rescued from a life of isolation and financial dependence by the deft placement of a few milliliters of “Botox,” injected next to his vocal folds. A friend mentioned an unusual sibling rivalry. Just after cardiologists repaired, without surgery, a small hole in a young girl’s heart they noticed that her sister had similar symptoms caused by an even bigger hole, which they fixed two weeks later, again without surgery. And in a heroic example of teamwork, an older man with cancer in his one remaining kidney came here expecting to spend the rest of his life on dialysis. He left here quite well after three surgeons worked together to remove the kidney through four tiny incisions, take the tumor out of the kidney, then transplant that same kidney back into the donor — the forefront of collaboration.

The Hospitals undertook a master-planning study this year to anticipate our long-term needs in coordination with the clinical, research and educational interests of the Division of Biological Sciences and the wider University. Our board of trustees, informed by analysis of performance and environmental trends, is planning a course that will lead us toward a hospital strategy for the next decade, aligned with impressive aspirations for our academic medical enterprise as a whole.

Our health care system is enormously complex, and we face some daunting environmental influences as we set our strategy for the future. We are proud that we are able to sustain a healthy economic outlook, aided by philanthropy, to support our core commitments to patient care, research, education and community service, and to continue to do the remarkable things, big and little, that attract the people who need us.

This year’s annual report highlights outstanding ways in which we fulfill our mission. We will continue to pursue a shared vision that enables us to contribute to knowledge, prepare future generations of clinicians and scientists, treat patients with highly complex conditions and care for our community.

Michael C. Riordan
President and Chief Executive Officer

Paula Wolff
Chair, Board of Trustees
University of Chicago Hospitals accomplishments in fiscal 2003 span many different areas, including medical and surgical innovations, research breakthroughs and community-based programs that nurture partnerships with the Hospitals’ neighbors. These achievements touch the lives of patients, families, employees and the community at large.

LEADERSHIP IN MEDICINE

U.S. News & World Report, which conducts perhaps the most respected and systematic survey of hospital quality, again named the University of Chicago Hospitals to its Honor Roll of America’s best hospitals for 2003. This marks the eighth time the Hospitals has been named to this prestigious list. It ranked as the 14th best hospital in the country and was named the top hospital in Illinois. No other hospital in the state has ever earned Honor Roll distinction.

LEADERSHIP IN THE COMMUNITY

The University of Chicago Hospitals demonstrated its continued commitment to the community in many ways. Its firm resolve to include minority- and women-owned businesses in all aspects of its supply chain led to the establishment of its formal business diversity program. This effort has been honored, in particular, for the participation of diverse contractors in the construction of the new Comer Children’s Hospital. Nearly 40 percent of the construction contracts went to minority- and women-owned businesses.

Honoring the Hospitals’ efforts were such groups as Black Contractors United, Chicago Urban League and the Chicago Minority Business Development Council, Inc. These respected organizations cited the Hospitals’ dedication to overcoming racial and gender discrimination, and its positive economic impact on the community.

BUILDING FOR THE FUTURE

Construction of the Comer Children’s Hospital progressed on schedule this year. This summer the building was officially “closed in” and the interior “build-out” began. When it opens in late fall 2004, the Children’s Hospital will be a premier medical facility where the very best pediatric care will be provided in a child- and family-centered environment.

The capital campaign for the Children’s Hospital ended in June after surpassing its goal of $50 million. Launched with an initial gift from Gary and Frances Comer and bolstered by additional gifts from the Comers and other private donors, the campaign also received support from foundations, corporations and hospital auxiliaries. In addition to construction, campaign funds support programs such as the Mobile Care Van, the Pediatric Epilepsy Center and the Pediatric Immunization Project.

Ranked Among the Best in the U.S.

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<th>Specialty Area</th>
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THE UNIVERSITY OF CHICAGO HOSPITALS & HEALTH SYSTEM MANAGEMENT TEAM

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

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

MARK A. URQUHART
Vice President for Support Services

MAYUMI FUKUI
Vice President for Managed Care

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Vice President and Chief Information Officer

JUDY SCHOELLER
Executive Director and Chief Learning Officer, UCH Academy

LAWRENCE J. FURNSTAHL
Chief Financial Officer, Chief of Strategic Development, Treasurer

IVY H. BENNETT
Vice President and Chief Marketing Officer

JOHN P. MORRACH
Vice President for Finance

MICHELE M. SCHIELE
Vice President for Development

JEFFREY A. FINESILVER
Vice President and Director, Duchossois Center for Advanced Medicine
Since 1927, the University of Chicago Hospitals has provided superior health care. In 2003, the Hospitals again earned Honor Roll status from U.S. News & World Report and was named the top hospital in Illinois. What does it take to be honored as one of the very best? It requires a blend of clinical expertise, innovative research and excellence in patient care.

SUPERIOR IN CANCER CARE

At the University of Chicago Hospitals, more than 300 physicians, scientists, nurses, research associates, data analysts, physicists and others are winning battles in the war on cancer by exploring the causes of the disease, how to prevent it and better ways to treat it. For example, a research team led by John Crispino, PhD, and Michelle LeBeau, PhD, identified a molecular pathway associated with acute megakaryoblastic leukemia, which is common among children with Down syndrome.

Oncologist Richard Schilsky, MD, chairman of the national Cancer and Leukemia Group B (CALGB), was senior author of a recent study showing that aspirin reduces the incidence of pre-cancerous polyps in patients at high risk for colorectal cancer.

Medical oncologist Hedy Kindler, MD, found that a combination of investigational and established drugs could increase the one-year survival rate for patients with advanced pancreatic cancer from a dismal 18 percent to a hopeful 54 percent.

Ralph Weichselbaum, MD, chairman of radiation oncology, teamed up with scientists at a biotech company, GenVec, to develop an effective method for inserting a supercharged tumor necrosis factor gene into tumors to increase the impact of radiation therapy. This approach is now in clinical trials for pancreatic cancer, as well as for head and neck cancers.

Oncologist Mark Ratain, MD, developed a genetic test that can predict side effects caused by irinotecan, a commonly used chemotherapy drug. This genetic test is available only at the University of Chicago Hospitals.

SUPERIOR IN THE CARE OF DIGESTIVE DISORDERS

Building on a 2001 discovery by gastroenterologist Judy Cho, MD, that a mutation of the nod2 gene increased risk of Crohn’s disease, gastroenterologists Stephen Hanauer, MD, and David Rubin, MD, are using this knowledge to identify other related genes, studying the associated clinical patterns of Crohn’s disease, and continuing to customize the treatment of ulcerative colitis and Crohn’s disease with a series of new therapeutic agents.

And last fall, pediatric gastroenterologist Stefano Guandalini, MD, director of the Hospitals’ celiac disease program, was one of the leaders of a nationwide study showing that celiac disease is far more common than suspected, alerting the public and the medical community to the need for accurate diagnosis and earlier intervention.

SUPERIOR IN HEART CARE

From non-invasive diagnostic imaging to heart transplantation, physicians at the University of Chicago Hospitals have made steady progress against heart disease. Cardiologist Roberto Lang, MD, teamed with specialists at Philips Corporation, Harvard University and Duke University to develop a new transducer that provides real-time three-dimensional images of the heart.

Interventional cardiologists at the University of Chicago were key players in the nationwide trial of drug-eluting stents, which drastically reduce the tendency of arteries to
narrow again after angioplasty. They now are leading a trial testing the ability of gene therapy to stimulate growth of new blood vessels. Cardiac electrophysiologists, led by Brad Knight, MD, are refining treatments for atrial fibrillation and have begun a trial of the first bi-ventricular pacing defibrillator with adjustable timing.

The University of Chicago Hospitals is the only medical center in the Midwest using the Kantrowitz CardioVad for patients with heart failure. And under the leadership of Valluvan Jeevanandam, MD, chief of cardio-thoracic surgery, the Hospitals recently became the largest heart transplant program in Illinois.

SUPERIOR IN NEUROLOGY AND NEUROSURGERY
With a dedicated 10-bed unit, the neuro-intensive care program launched three years ago now provides a depth of service unmatched in the region. Under director Jeff Frank, MD, the program provides comprehensive intervention for the most challenging cases, coupled with compassionate guidance for families confronting difficult treatment decisions. The University of Chicago offers one of the few neuro-intensive care fellowship training programs in the United States. Dr. Frank’s colleague, Axel Rosengart, MD, PhD, collaborates with researchers at Argonne National Laboratories, the Illinois Institute of Technology and Case-Western Reserve University to study new ways to manage brain swelling or stroke.

On the forefront of neurosurgery, section chief Richard Fessler, MD, PhD, is a pioneer in performing minimally invasive surgery on the spine. He is the only surgeon in the nation currently using minimally invasive techniques for spinal stenosis, cervical stenosis and removal of intradural tumors.

SUPERIOR IN PEDIATRICS
Pediatric specialists at the University of Chicago Children’s Hospital are leaders in medical and surgical care for children. The pediatric surgical team, led by Donald Liu, MD, for example, has been a leader in Chicago in introducing minimally invasive surgeries in the care of children. This technique results in faster recovery with less pain and smaller scars than traditional open surgery.

The pediatric epilepsy team, led by Kurt Hecox, MD, PhD, and David Frim, MD, PhD, has refined the tools used to locate the source of seizures and has developed the first system to test the effects of medication on a patient’s abnormal brain tissue after it has been surgically removed. The case of Tavian Pointer shows what can occur when researchers and clinicians join forces. The five-year-old girl came to the University of Chicago Hospitals in a life-threatening coma, suffering from nearly constant seizures. After Dr. Frim removed the abnormal brain tissue that had been causing many of Tavian’s seizures, his research colleagues in the Pediatric Epilepsy Center studied the effects of different medications on the brain tissue that had been removed to determine which medicine would best control her seizures. Dr. Frim also implanted a vagus nerve stimulator device to help control any residual seizure activity. Thanks to the collaborative expertise of the medical team, Tavian has been virtually seizure-free for several months.

Finally, the pediatric heart team, led by interventionalist Ziyad Hijazi, MD, and surgeon Emile Bacha, MD, continues to find new ways to repair congenital heart defects, and the neonatal intensive care unit continues to provide the latest innovations for our tiniest patients.
COMPASSIONATE care complements technical expertise and medical excellence. Throughout the Hospitals, the philosophy of care is patient-focused and family-centered. This approach addresses the patient’s medical needs while also considering the emotional and social needs of the patient and his or her family.

LISTENING AND RESPONDING
Sometimes, patients and their families need a compassionate listener outside of the medical team to talk to, who will hear their concerns and respond. Patient and family advocates foster communication among patients, families, care teams and staff. The advocates help to resolve non-medical concerns that may interfere with the overall care of the patient. Serving as the surrogate voice of patients and their families, the advocates also provide vital input for patient satisfaction councils.

COMPASSIONATE CARE FOR CHILDREN
Hospitalization can be especially difficult for children, whose school, playtime, friends and home are replaced by surgery, illness, medical teams and an unfamiliar environment. The Child Life and Family Education Program helps children, as well as their families, learn about the health care environment and work through common fears associated with health care experiences. Specially trained staff offer a variety of methods to meet the developmental and emotional needs of children, including preparation for surgeries and procedures, education about illness and treatment, opportunities for play, and other expressive therapies using art, music, humor and pets. Throughout the year, special programs such as holiday celebrations and magic shows provide children with distractions from the daily hospital routine.

CARING FOR EVERY LIFE
No matter what problem, no matter how difficult the challenge, caregivers throughout the Hospitals treat each life as fragile and precious. This is illustrated by the experience of the Mallonee family. Born with multiple congenital heart defects, Charlie was just 14 days old when he had his first surgery. His mother, Rebecca Mallonee, turned to pediatric heart surgeon Emile Bacha, MD, and pleaded, “Pretend he’s yours.” The doctor replied, “I always do.” Over the next three years, Charlie had four more operations at the Children’s Hospital. Throughout his recovery, the physicians, nurses and clinical support staff were sensitive and supportive of his family. “Beyond their technical skills,” Ms. Mallonee recalls gratefully, “they listened to us, answered our questions and clearly had Charlie’s best interest in mind.”

FOCUSED ON PATIENT SATISFACTION
The Hospitals asks patients and families for an honest critique of everything from courtesy and cleanliness to food quality. Patient satisfaction surveys, the Family and Kids Advisory Boards, and patient representatives on satisfaction councils provide valued input to the Hospitals about the inpatient experience. Throughout the Hospitals, work teams use this feedback to increase patient and family satisfaction.
Studies reveal that the leading teams at the best academic medical centers produce the best results. The physician-scientists who invent new treatments for challenging medical problems are also the leaders in the care of routine matters. At the University of Chicago Hospitals, teams of expert physicians and staff use advanced diagnostic, medical and surgical techniques to treat patients with common problems as well as those with complex medical conditions.

**EXPERTISE IN PERFORMING COMPLEX SURGERY**

In May, University of Chicago physicians performed a triple-organ transplant, giving a new heart, liver and kidney to Michael Gaynor. It was the third time that surgeons at the Hospitals performed this type of multi-organ transplant — and only the fourth time this procedure has ever been done.

Multi-organ transplants present far more challenges than single-organ operations. In Mr. Gaynor’s case, his own heart and liver were damaged as a result of a rare, inherited metabolic defect called glycogen storage disease type IIa, also known as Forbes disease. Denied sufficient blood flow because of an ailing heart, Mr. Gaynor’s kidneys also deteriorated. Heart failure, poor blood clotting and pulmonary hypertension further complicated his condition.

Step one was the heart transplant. Chief cardiac surgeon Valluvan Jeevanandam, MD, implanted the new heart in a way that enabled it immediately to withstand the stress of major abdominal surgery. Having already performed more than 700 heart transplants, Dr. Jeevanandam applied his vast experience to this challenging case.

Next, a second surgical team led by David Cronin, MD, PhD, performed the liver transplant. With the liver successfully implanted, a team led by surgeon J. Richard Thistlethwaite, MD, PhD, transplanted the new kidney.

In all, the surgery took approximately 14 hours. Thanks to the expertise of the surgical, medical and nursing teams, Mr. Gaynor was sitting up and taking steps just a few days after this complicated surgery.

**EXPERTISE IN PROBLEM SOLVING — EXPANDING TRANSPLANT POTENTIAL**

Mr. Gaynor was fortunate that the three organs he needed became available in time. Since his transplant, two similar patients were not so lucky, but University of Chicago physicians are constantly searching for ways to increase the organ supply. This includes refining less-invasive methods, such as laparoscopic surgery, to acquire kidneys from living donors. It also includes investigating every possible way to increase organ donation. At a national conference this spring, University of Chicago transplant surgeons brought together physicians, economists, ethicists, legal scholars and policy makers to consider all options, including a controversial proposal to reimburse living organ donors.

Sometimes expertise involves recognizing solutions that others haven’t. It’s not every day that a healthy person is willing to undergo surgery to help a stranger. When Bill Van Pelt volunteered to donate a kidney, for free, to someone on dialysis, it took calls to three hospitals before someone took his offer seriously.
“At the University of Chicago Hospitals, I found doctors willing to listen,” Mr. Van Pelt said. “They took the time to understand and realize I really meant it.”

Before granting Mr. Van Pelt’s unusual request, Dr. Thistlethwaite and medical ethicist Lanie Ross, MD, PhD, created guidelines for ethical handling of the “good Samaritan” organ donation.

Mr. Van Pelt’s healthy kidney was transplanted into Willie Morris, who had spent five years on the organ waiting list. This year, donor and recipient finally met, allowing Mr. Morris to personally thank the man who saved his life.

EXPERT CARE FOR THE TINIEST PATIENTS

Sometimes the smallest patients face the biggest challenges. The Neonatal Intensive Care Unit (NICU) in the University of Chicago Children’s Hospital provides the most advanced medical care and life-support systems designed exclusively for infants. NICU patients include premature babies — some weighing barely over a pound — plus critically ill infants and those with congenital conditions that threaten their young lives.

The NICU here is the largest in the Midwest, with an average of 55 patients per day and approximately 1,000 admissions per year.

In the NICU, babies benefit from the close ties between research and clinical care. For example, neonatologists Michael Schreiber, MD, and Jeremy Marks, MD, PhD, recently completed a study on the potential benefits of treating premature infants with inhaled nitric oxide. Dr. Schreiber also leads a multi-center study to determine whether infection before birth raises a baby’s risk of developing cerebral palsy.

CENTER FOR HEALTHY FAMILIES

After days, weeks or even months in the NICU, many of these babies are healthy enough to go home. For some, like little Hugh Maxey, the Comdisco Center for Healthy Families is a bridge between the intensive care of the NICU and the independence of home. Hugh came into the world three months early, weighing less than three pounds, and bringing with him an array of life-threatening complications, including underdeveloped lungs, bleeding of the brain and inflammation of the intestines. Hugh spent two months in the NICU under the care of neonatologists, surgeons, pulmonologists, neonatal nurses, physical therapists and other specialists. Now a healthy 18-month-old, he receives follow-up care through the Center for Healthy Families.

Developmental specialist Swarupa Nimmigadda, MD, views the early years as especially influential in the life of a child at risk. Complications during this period can have a lifelong impact, so early intervention is vital.

The Center for Healthy Families uses a multidisciplinary approach that includes general pediatricians, neonatologists, a nurse educator, a pediatric social worker, a registered diettitian, an occupational therapist, physical therapists, a speech therapist and a home health nurse. The center also draws on the expertise of other pediatric specialists as needed. The Center for Healthy Families and the University of Chicago Hospitals NICU apply incomparable expertise to give children the best chance for a healthy life.
TOGETHER
...of all who work together

Throughout the University of Chicago Hospitals, physicians, nurses, technicians, social workers, patient care staff, environmental services and others work together to contribute to each patient’s care. Physicians from dozens of subspecialties collaborate to address the full scope of each patient’s medical needs. These clinical and research pursuits are strengthened through partnership so that the most advanced techniques can be applied to patient care.

SAVING LIVES THROUGH TEAMWORK AND INNOVATION
Quick response and unconventional therapies can improve the survival odds for people with sudden cardiac arrest, which currently kills approximately 95 percent of its victims. During cardiac arrest, the heart stops beating, blood flow to the brain ceases, the victim quickly slips into a coma, and brain damage ensues. Rapidly cooling the heart and brain may significantly improve a victim’s chances of surviving without brain injury. Hypothermia induction has recently been endorsed by the American Heart Association as a promising new therapy for sudden cardiac arrest.

Through the Hospitals’ Emergency Resuscitation Center, emergency medicine specialists Lance Becker, MD, and Terry Vanden Hoek, MD, work with colleagues from around the campus, including specialists in cardiology, pulmonary critical care, cardiothoracic surgery, anesthesiology, neurology, pediatrics, physics and chemistry, and with scientists from Argonne National Laboratory, to find more effective ways to cool the body within minutes of cardiac arrest.

Together, they are devising methods for using cold saline containing smoothed ice crystals developed at Argonne to lower the body’s temperature quickly. The goal is to delay the onset of brain damage and improve the chances of saving lives.

SPECIALTIES UNITE TO MANAGE EPILEPSY
The Pediatric Epilepsy Center, directed by Kurt Hecox, MD, PhD, and the Adult Epilepsy Center, directed by John Ebersole, MD, bring together specialists in neurology, neurosurgery and nursing, psychology and psychiatry, plus genetics, radiology and rehabilitation.

Both programs attract patients from across the United States because of their highly advanced diagnostics, innovative treatment approaches and proven track records for reducing seizures in people with complex and severe epilepsy. Both programs blend promising research with clinical activities.

Accurately identifying the precise source of seizures is the first step to effective treatment, enabling neurosurgeons and neurologists to precisely target surgical and medical treatment approaches. University of Chicago experts have pioneered some of the most advanced diagnostic tools available today, including three-dimensional EEG imaging of the adult brain, and adaptive beam-forming technology that tracks electrical activity within children’s brains.
Innovative minimally invasive surgery (MIS) is being performed extensively at the University of Chicago Hospitals. MIS applications at the Hospitals range from gastric bypass surgery and prostatectomy to tumor removal and nearly all aspects of pediatric surgery. Because it uses much smaller incisions than traditional open surgery, MIS results in faster recovery with less pain, shorter hospital stays and earlier return to normal activities.

UROLOGIC SURGERY
This year in Chicago, urologic surgeon Arieh Shalhav, MD, debuted a new approach to minimally invasive surgery using a surgical robot to remove a cancerous prostate gland. Dr. Shalhav and his colleagues are the only Chicago-area urologists using this Da Vinci surgical system for prostate surgery. Other urologic MIS procedures here include treatment of kidney cancer, urinary obstructions and urinary tract reconstruction.

SPINAL SURGERY
Chief of neurosurgery Richard Fessler, MD, PhD, is the only U.S. surgeon using minimally invasive techniques to remove intradural tumors through a two-centimeter incision. Because MIS can speed recovery and enhance precision, Dr. Fessler offers MIS for nearly all spinal surgery patients.

TRANSPLANTATION
MIS is helping to ease the shortage of donor kidneys for transplantation by providing a more palatable option for living donors. Surgeons at the University of Chicago Hospitals now use laparoscopic techniques to remove a healthy kidney from a donor through a few small cuts, rather than a large abdominal incision. Transplant surgeons are currently evaluating the feasibility of using MIS to retrieve liver segments from live donors.

GASTROENTEROLOGY
Colorectal surgeon Alessandro Fichera, MD, uses MIS for a variety of gastrointestinal surgical procedures, including total abdominal colectomy, segmental resection and small bowel resection. Dr. Fichera is the only Chicago physician who performs laparoscopic restorative proctocolectomy with ileo-anal pouch anastomosis.

PEDIATRICS
Pediatric cardiac surgeon Emile Bacha, MD, and chief of pediatric surgery Donald Liu, MD, are among the few specialists nationwide who are routinely using MIS procedures for children. Dr. Bacha uses MIS to correct congenital cardiac defects in babies and older children. Using standard laparoscopy and the Da Vinci surgical robot, he inserts instruments through small incisions between the ribs, avoiding a lengthy incision through the sternum and dramatically reducing the patient’s pain. Only four centers nationwide use this technique.

This year, Dr. Liu was the first in Chicago to apply the Stretta System to children with gastroesophageal reflux disease. Instead of a large incision in the upper abdomen and traditional reconfiguring of the esophagus and stomach anatomy, the new system uses a catheter inserted through the child’s mouth, which requires no incision.

Other pediatric MIS applications include lung biopsies, tumor resections and treatment for funnel chest deformity, inflammatory bowel disease, pulmonary infections and pyloric stenosis.
COMMUNITY
…to serve the health needs of the community

As the largest employers in the area, the University of Chicago and the Hospitals serve as community anchors. In fact, the Hospitals defines the communities it serves in several ways, acting in different capacities for the local community, the city of Chicago, the state and region, and — in some cases — the world.

REACHING OUT TO THE LOCAL COMMUNITY

Community outreach strengthens bonds and heightens understanding among members of the community, the Hospitals and the University. The Hospitals’ dedication to the needs of local neighbors gained momentum during the past year through services that reached out to communities, including Woodlawn, Oakland, Englewood and South Shore.

NEIGHBORHOOD AWARENESS

This summer, the Hospitals was a major sponsor of the annual Bud Billiken parade — the largest African-American parade in the United States. More than 200 employees took part. The Hospitals also supported participating school bands and distributed school supplies at the parade.

Through neighborhood bus tours, more than 300 Hospitals employees learned more about — and in some cases got their first close look at — six nearby neighborhoods. Staff members and managers alike learned about the vibrancy, cultural history and challenges facing these communities.

CLINICAL OUTREACH

Clinical teams also conduct community outreach. For example, Edward Naureckas, MD, a specialist in pulmonary and critical care medicine and an active member of various asthma-focused organizations, created the Chicago Asthma Atlas. This online resource helps community groups target asthma initiatives. Staff from the Hospitals’ Asthma Center have educated faculty and staff at nearly 30 Chicago-area schools and have participated in many community programs, reaching area residents how to manage asthma.

The new Mobile Care Van reaches children and adolescents who may not receive health care on a regular basis. In its first few months, this van visited six Chicago-area elementary schools and three high schools, providing immunizations, physicals and screenings for vision, hearing and lead.

Pediatric injury-prevention specialist Kyran Quinlan, MD, promotes car seat safety. During the past year, more than 1,800 patients at the Hospitals’ Friend Family Health Center had their child car seats checked for safety or received new car seats free or for only a nominal fee.

REACHING OUT TO THE REGION

Now in its 20th year, the University of Chicago Aeromedical Network (UCAN) provides helicopter and ground transport for critically ill or injured patients within a 200-mile radius covering most of Illinois, Indiana, Wisconsin and Michigan. Last year, UCAN completed more than 1,300 transports, primarily from non-tertiary hospitals. UCAN is one of the few fully equipped air medical services in the United States that routinely includes a flight physician and nurse.

REACHING OUT TO THE GLOBAL COMMUNITY

The Hospitals’ international stature as a leading academic medical center has attracted patients from more than 60 countries. The Center for International Patients assists Hospitals visitors from eastern and western Europe, much of Asia, including the Middle East, and from Central and South America, with appointment scheduling, air ambulance and travel arrangements, lodging for family members and language interpreters.
Since opening the doors more than 75 years ago, the staff at the University of Chicago Hospitals has been inspired by a quest for knowledge and a commitment to lifelong learning. Through research, medical education and the continuing education of employees at all levels, the Hospitals has created an environment where knowledge serves as the foundation for innovation and improvement.

KNOWLEDGE AMONG STAFF

The UCH Academy, founded in 1993, provides 30,000 course enrollments annually. The new career development initiative provides a core curriculum that enables staff members to qualify for admission into schools of nursing and allied health. Courses are taught on the Hospitals campus through a partnership with Harold Washington College. The Hospitals covers tuition for eligible employees and offers Gift of Learning scholarships for both family members and area residents.

The Hospitals also is addressing the nationwide nursing shortage. More than 200 employees are earning nursing degrees while employed at the Hospitals. The on-site Bachelor of Nursing program is unprecedented, with generous tuition coverage, plus paid time off work to attend class. A partnership with the University of Illinois School of Nursing targets registered nurses. The Academy also partners with Moraine Valley Community College and St. Xavier University to help licensed practical nurses and certified nurse assistants earn Associate of Applied Science degrees in nursing. Planned for fall 2004, a partnership with Illinois State University will offer a degree-completion program in nursing via Web-based classes.

KNOWLEDGE THROUGH RESEARCH

At the University of Chicago Hospitals, medical research and patient care go hand in hand. Core discoveries made here often generate more effective therapies.

Fifty years ago, University of Chicago researchers Nathaniel Kleitman, PhD, and Eugene Aserinsky, PhD, launched the modern era of sleep research with their discovery of rapid eye movement, or REM, sleep and its link to dreaming. Today, every major hospital in the United States has a sleep laboratory, and the University of Chicago conducts more than 2,000 sleep studies each year.

In 2003, another research team here discovered a link between two genes on chromosome 13 and an increased risk of bipolar disorder. Published in the American Journal of Human Genetics and co-authored by Elliot Gerson, MD, chairman of psychiatry, the study is the first to associate this gene complex with bipolar disorder.

KNOWLEDGE THROUGH TEACHING

Closely integrated with the University of Chicago Pritzker School of Medicine, the Hospitals provides a dynamic environment for training future physicians and medical researchers who will be able to evaluate and deal with a broad array of clinical, scientific, educational, policymaking and administrative decisions. Students, interns, residents and fellows learn alongside some of the most astute leaders in their fields. Under the direction of faculty physicians, these newer physicians play an active and vital role in patient care.
Delivering the highest caliber of care to patients and their families extends beyond the complex technical matters involved in providing advanced medical, surgical and diagnostic services. Staff members at the University of Chicago Hospitals are also dedicated to helping patients and their families feel comfortable and welcome. These efforts are perhaps most apparent in the care of the very young and the very old, and have been at the core of medical education and of the design and construction of the new Comer Children’s Hospital.

CUSTOM-DESIGNED FOR CHILDREN AND FAMILIES
When it opens in 2004, the new University of Chicago Comer Children’s Hospital will provide the most advanced technologies in pediatric medicine with an atmosphere that is truly child-friendly and family-focused. Both the Kids and Family Advisory Boards played integral roles in the new hospital’s design. The facility will include:

• A family learning center providing access to special learning opportunities, patient and family education, movies, music and the Internet
• An eatery with choices appealing to both adults and children
• Spacious private rooms designed for optimal comfort in a homelike setting, with large flat-screen TVs
• Group play areas, a playground and a healing garden
• Comfortable areas with family kitchens and laundry facilities, for those parents who want to stay overnight

Extensive resources will firmly establish the Comer Children’s Hospital as a leader in pediatric tertiary care. The building will include two medical/surgical units with mostly private rooms, a pediatric intensive care unit, a pediatric cardiac care unit, a Level III neonatal intensive care unit (NICU), a transitional care unit where parents learn to care for their NICU “graduate” before going home, and two rooms devoted to palliative care. The new Children’s Hospital also will feature five surgical suites, a cardiac catheterization lab, and MRJ and CT radiology services.

SPECIAL SERVICES HEIGHTEN CARING
More than one million children in the United States live with potentially life-limiting illnesses. Each year, staff members at the University of Chicago Children’s Hospital care for hundreds of these children, some of whom die in the hospital and others who die in their homes. The new Comer Children’s Hospital will provide the first hospital-based pediatric palliative services program in Chicago. This new service will consist of an interdisciplinary consultation team, two specially designed inpatient suites and a bereavement program. The CompanionShip component of the bereavement program, set to begin this fall, is the only children’s grief support group on Chicago’s South Side. The CompanionShip will bring together young children and teens who have lost a sibling or caregiver. It will provide a safe, nurturing place for kids to share stories and express their feelings about death.

Focusing on the other end of life, University of Chicago geriatricians are expanding an already superb clinical service while developing one of the nation’s strongest research programs in the care of frail older adults. Singled out as a Geriatrics Center of Excellence by the Hartford Foundation in 2000, the section has since expanded its programs in palliative care and its Memory Center, which provides state-of-the-art care to patients with dementia and their families. This summer, the section received an additional $2 million boost from the Aging and Quality of Life division of the Donald W. Reynolds Foundation to implement and evaluate an innovative curriculum focused on hospital care for older patients.
Through superior health care that balances expertise and innovation with compassion and care, the University of Chicago Hospitals continues to prevail at the forefront of medicine.

**Superior health care** results from a unique combination of clinical expertise, innovative research and compassionate care.

**Expertise** gives physicians the insights and skills they need to accomplish what others only envision.

**Innovation** creates new methods for diagnosis and treatment, increases options and improves outcomes.

**Compassionate care** complements technical expertise with patient-centered treatments designed to help patients, families and visitors feel welcome and comfortable.

From its strong foundation of accomplishments, the University of Chicago Hospitals remains focused on the future, putting its mission into action by capitalizing on and encouraging knowledge, working together to augment patient care, and strengthening bonds that extend the Hospitals’ reach into the community.

**New knowledge** brings wisdom and insights to Hospitals staff, leading to more effective ways to diagnose, treat and care for patients.

**Working together**, clinical and support staff collaborate to deliver comprehensive care that supports patients’ medical and emotional needs.

The Hospitals’ commitment to serving the local **community** is evidenced through outreach programs that bring health care services into Chicago neighborhoods and educational programs that build bridges with our neighbors. The Hospitals’ commitment reaches even farther, by providing vital services to patients from throughout the region and the world.

With this mission as its guide, the University of Chicago Hospitals is strongly positioned at the forefront of medicine.
THE UNIVERSITY OF CHICAGO HOSPITALS & HEALTH SYSTEM

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In 2003, the University of Chicago Hospitals and Health System again achieved robust operating and financial results, despite a weak economy and growing pressures on the health care system. The inpatient census increased by an average of 12 patients per day, filling additional staffed beds. Although overall admissions declined slightly, surgical and neuroscience programs grew significantly, largely offsetting lower activity in psychiatry and obstetrics. The shift toward a more intensive mix of cases also was seen in outpatient settings. Total visits to the Duchossois Center for Advanced Medicine increased by 2 percent, with ambulatory surgeries and advanced imaging procedures both up 9 percent.

The increase in complex care — coupled with improved insurance payments, better collections and $15 million from the continued recovery of revenue reserves set aside in prior years — resulted in $727 million of operating revenues and $43 million of operating income. This represents an operating margin of about 6 percent. Non-operating items net to nearly zero, compared to significant losses and write-downs in 2002 that reflected declines in the stock market and that year’s sale of Weiss Memorial Hospital on Chicago’s North Side. As a result, the excess of revenues over expenses totaled $43 million in 2003, compared to a loss of $8 million in the prior year. This income provides critical resources to invest in new programs, facilities and technology for the future.

In 2003, the Hospitals provided $45 million of charity care, including unreimbursed costs for Medicaid patients. Our contribution to charity care exceeds 6 percent of operating revenues. This ongoing commitment to our community represents an increase of more than 45 percent from 2002, due to a larger number of Medicaid and uninsured patients, combined with little or no increase in Medicaid payment rates to cover higher costs for nursing and other skilled staff, new drugs, medical technology and insurance.

The Hospitals again provided $15 million to the University of Chicago’s Biological Sciences Division through the Academic Renewal Fund, an annual transfer from net assets to support the development of clinical and research programs. In addition, operating expenses include substantial amounts for outpatient practice support, faculty services in the Hospitals and other program investments. Together these transfers exceed 8 percent of revenues — a financial interface central to the Hospitals’ joint strategy of recruiting and retaining the best clinical faculty and staff within an intellectually rich environment.

Total assets on the balance sheet increased by 7 percent to more than $1 billion. Net assets, or the amount by which assets exceed liabilities, increased by 16 percent or $57 million. This growth reflects positive operating income, gifts and unrealized gains on investments, partially offset by the Academic Renewal Fund transfer and higher pension liabilities retained as part of the Weiss sale.

Strong financial performance in a challenging environment, together with heightened focus on operations and favorable cash collections, positions the University of Chicago Hospitals and Health System for continued success advancing its mission in patient care, education, research and community service.

STATEMENT OF REVENUES AND EXPENSES
For the years ended June 30, 2003 and 2002 (in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$727</td>
<td>$681</td>
</tr>
<tr>
<td>Compensation, supplies, services and other</td>
<td>$570</td>
<td>507</td>
</tr>
<tr>
<td>Provision for doubtful accounts</td>
<td>63</td>
<td>52</td>
</tr>
<tr>
<td>Depreciation and interest</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>684</td>
<td>612</td>
</tr>
<tr>
<td>Operating income</td>
<td>43</td>
<td>69</td>
</tr>
<tr>
<td>Impairment loss on investments, investment income and unrestricted gifts, net</td>
<td>0</td>
<td>(17)</td>
</tr>
<tr>
<td>Loss from the sale and operation of discontinued units</td>
<td>0</td>
<td>(62)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(1)</td>
<td>2</td>
</tr>
<tr>
<td>Excess (deficit) of revenues over expenses</td>
<td>$43</td>
<td>$(8)</td>
</tr>
</tbody>
</table>

BALANCE SHEET
For June 30, 2003 and 2002 (in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$207</td>
<td>$196</td>
</tr>
<tr>
<td>Investments</td>
<td>401</td>
<td>383</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>361</td>
<td>332</td>
</tr>
<tr>
<td>Other assets</td>
<td>40</td>
<td>31</td>
</tr>
<tr>
<td>Total assets</td>
<td>$1,009</td>
<td>$942</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$151</td>
<td>$156</td>
</tr>
<tr>
<td>Long-term debt, less current portion</td>
<td>353</td>
<td>358</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>602</td>
<td>592</td>
</tr>
<tr>
<td>Net assets</td>
<td>407</td>
<td>530</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$1,009</td>
<td>$942</td>
</tr>
</tbody>
</table>

PATIENT ACTIVITY
For the years ended June 30, 2003 and 2002

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions</td>
<td>25,900</td>
<td>26,233</td>
</tr>
<tr>
<td>Patient days</td>
<td>165,583</td>
<td>159,173</td>
</tr>
<tr>
<td>Length of stay</td>
<td>6.52</td>
<td>6.67</td>
</tr>
<tr>
<td>DCAM visits</td>
<td>370,223</td>
<td>372,731</td>
</tr>
<tr>
<td>ER visits</td>
<td>71,450</td>
<td>71,639</td>
</tr>
</tbody>
</table>