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CONFIDENTIAL

Discussion Memorandum Concerning
the Future Program of the Commonwealth Fund

At its meeting of November 12, 1964, the Fund's Board considered a discussion paper prepared by Mr. Newton concerning the Fund's future program. The paper was the result of Mr. Newton's study, during his first year as President, of the Fund's work, and it drew on similar documents considered by the Board in previous years, the most recent of which was the Special Report on Programs and Policies, prepared by Mr. Aldrich in 1957.

On the basis of Mr. Newton's presentation and accompanying recommendations, the Board concluded that the Fund should continue to concentrate its attention and resources on the broad field of medicine, with primary emphasis on medical education and health care.

Experience over the three years since November, 1964, has conclusively demonstrated the wisdom of the Fund's decision to remain in medicine and health. The decision came at a time when the wide disparities between the best that is known and practiced in medicine and the level of health care actually obtainable by a large proportion of our population had already become unacceptable to the American public -- and when, as a consequence, the concept of equal access to the benefits of good health care began to emerge as a dynamic social principle.

Since university medical education is the key to the skilled manpower and the knowledge and approaches required for the success of American society's growing determination to match health opportunities to health needs, the challenges confronting the nation's medical schools have been significantly extended. Specifically, their traditional functions of teaching, research, and service must now be carried forward within the context of a new and demanding leadership role in the

evolution of improved means for providing health care.

The pattern of Commonwealth Fund appropriations during the past three years has reflected both the traditional and the added scope of medical-school responsibility, and thus has taken two main directions: continued attention to the basic task of preparing more and better physicians, biomedical investigators, and medical-school faculty members; and efforts to strengthen the medical school's role as a source of knowledge and initiative in improving the quality and effectiveness of health-care delivery.

Appropriations in the first category were made for experiments, demonstrations, and studies leading to new curricular designs and teaching programs and approaches at -- among other institutions -- the medical schools of Duke, Johns Hopkins, Columbia, Oxford, Tulane, and Toronto, and also at Bowman Gray and at Albany Medical College for its program with Rensselaer Polytechnic Institute. Similar appropriations continued earlier Fund support for curriculum and course development at Western Reserve, George Washington, Tufts, Kentucky, Dartmouth, and Brown. In addition, with Fund help, Rochester, Harvard, Yale, and M.I.T. undertook planning studies to strengthen their potential in medicine; and several new schools -- for example, Hawaii, Arizona, and Michigan State -- were aided in implementing their curricula and setting up evaluation procedures.

Assistance for experimental activities and pilot demonstrations in health care -- the second main category of Fund appropriations since 1964 -- provided support for a number of major innovations, including: the establishment by Harvard Medical School and its principal teaching hospitals of a comprehensive-care service that will enroll a substantial population on a prepayment basis; development by the University of Washington of health affairs as a primary area of University endeavor,

involving both medical and non-medical faculty; and expansion of the U.S.C. School of Medicine's work in community health-care problems, including the Watts area of Los Angeles.

Innovations of comparable importance were assisted under appropriations to Albert Einstein College of Medicine for an experiment with Lincoln Hospital to establish a hospital-wide training system in the allied health professions for people in Lincoln's service neighborhood; to the University of Colorado School of Medicine for a pilot project to train public-health nurses for increased responsibility in the care of children from low-income families; and to Stanford University School of Medicine for intensive planning studies for a new University teaching hospital, designed to demonstrate architectural and management concepts that can provide more effective, efficient, and economical patient care than conventional university and general hospitals.

The two principal areas of emphasis expressed in the Fund's appropriations over the past three years -- medical education and medical-school study and experimentation in the health-care field -- do not represent separate program directions but closely interwoven ones. A basic objective has been to foster the study of the health requirements of populations and communities, which is the broad subject of the health-care field, in conjunction with training in individual patient care. Thus, a chief criterion applied by the Fund's staff in recommending proposals focused on health care is that they be a central part of the medical faculty's research and teaching interests, not a peripheral activity. Further, the staff has stressed the importance of medical-school collaboration with other components of the university -- such schools and disciplines as business management, public administration, engineering, law, economics, and sociology -- in teaching, research, and experimentation in health care. The programs at Harvard,

University of Washington, and Albert Einstein -- all university-wide in scope -- are good instances of this development.

Together with the stress on health-care problems in medical teaching, particularly among the clinical disciplines, the Fund's part in furthering health-care studies as a broad-based university enterprise represents, in the staff's judgment, a signal aspect of the Fund's accomplishments in the past three years.

But this does not take away from the profound importance of the Fund's work in medical education per se; given the severe shortage of funds for innovation, there is good reason to believe that had not the Fund continued in this field, the curricular reforms initiated by earlier Fund grants might well have had only a local influence instead of becoming, as they now have, the basis of a reform movement in medical education that has reached nationwide proportions.

Factors affecting future program

The factors that appear most certain to determine the future development of American medicine -- and hence the scale and character of its problems and needs -- are, first, the emergence of the principle that access to good health care is a fundamental human right; and, second, the growing recognition that, in American society, this principle can best be pursued by reliance on the university as an instrument of progress.

The inadequacies and inequities of the health-care system have been thrown into sharp relief and simultaneously have been posed as a new social imperative to medical education. The nation's systems of medical services and medical education are therefore entering a period of far-reaching and sustained crisis, in terms of the sudden and sobering increment of their responsibilities and the relative dearth of their present knowledge, manpower, funds, and other resources to meet

them. This is the essential difference between the outlook in medicine and health considered by the Fund's Board in 1964 and the situation that has developed in the three years since then.

In the background are a combination of new forces that, since World War II, have propelled American society into an era of unprecedented change. Scientific and technological advancement have, in effect, generated a second industrial revolution -- accelerating the transition of the social structure from rural to urban, and providing a powerful new economic base that has not only sustained an expanding population but also nourished a rising standard of living and level of expectations.

These latter forces -- the wants, incentives, and aspirations of our society -- are having, and will continue to have, profound consequences for American civilization and its institutions. No segment of our people will now accept exclusion from the mainstream of our national development. Equality of opportunity in employment, housing, education, and health care are considered to be entitlements to be secured by society for each individual.

The heavy reliance upon medical education to realize this quest in medicine and health is part of the unique American pattern of seeking solutions to social needs through the involvement of university institutions, as in the case of the Land Grant Colleges in the development of agriculture. As an additional example, the medical schools, rather than government laboratories, conduct the bulk of the nation's biomedical research. And it is consistent with the American approach to higher education that the schools should now be expected to take the lead in overcoming the barriers to the wide diffusion and application of the medical knowledge they produce.

But this extension of the role of the schools has been accompanied by a greatly increased degree of government initiative

in securing improved health opportunity for the public, and a substantial body of major new health programs has been enacted and funded by Congress. Because this legislation illustrates the new position of health affairs as a primary public-policy matter, and also comprises a further main factor in shaping the future course and structure of American medicine, it is described briefly in Appendix A of this discussion memorandum.

Despite the broad and fundamental contributions to the progress of the nation's medical and health enterprise stemming from this extensive federal effort and from the high quality of its leadership, particularly within N.I.H., the country's health-care system continues to face major strains and deficiencies that cry out for alleviation and for innovative thought and action toward their solution.

Most of these needs are not really amenable to government initiative; they involve changes in the outlook and modes of operation of the nation's primarily private-practitioner system of medical care, and can be dealt with effectively only ^{by} the institutions most capable of enlisting participation by the leadership of the professional community -- the medical schools and their associated hospitals in university medical centers.

At the same time, the new federal programs -- far from easing the tasks confronting the medical schools -- have challenged them to assume onerous additional burdens. The ultimate success or failure of the Regional Medical Programs and the O.E.O. health centers -- to mention but two of the new federal efforts -- will depend, in large measure, on the extent to which medical schools are able to commit the time of their faculty members to the conduct of these activities. The schools are deeply concerned about the inroads government expectations for their participation and leadership are likely to make upon their

teaching resources. Yet, to date, only one federal program, the Health Professions Educational Assistance Act, is specifically designed to strengthen the teaching function, and funding under this legislation is grossly inadequate.

In conclusion, it is clear that society's determination to assure the individual's access to good health care has fallen with particular severity upon the medical schools -- the heart of the American medical enterprise -- since it is to the schools that society has turned for answers to the deficiencies in the nation's health-care system.

Implications for the Commonwealth Fund

These problems and their effects on the problems and directions of medical education have been the central concern of the Commonwealth Fund since the early 1950s. But, as this paper has sought to emphasize, their magnitude and complexity, together with the urgency of public concern, have increased appreciably in the last three years and, in fact, have reached crisis proportions. Hence the scale of need -- and of opportunity -- for Fund participation has been considerably enlarged.

To illustrate this point, some of the most critical needs of medical education and medical services are cited below. Possible program activities the Fund might undertake in response to each of these needs are listed in Appendix B of this memorandum.

(1) The shortage of physician manpower remains so serious that, even if the projected increases in medical-school enrollment are achieved, the schools will barely be able to keep pace with population growth, much less increase the availability of physician services.

(2) Teaching and learning in the entire spectrum of medical education, from premedical education through residency

training, is still too rigidly structured and compartmentalized -- stifling to intellectual initiative and unable to adapt to the diverse range of physician manpower that will be needed in the future.

(3) The system of medical services, in both its private-practitioner and public-health components, lacks adequate professional, institutional, and organizational concepts and methods to plan and provide for an equitable distribution of health care.

(4) The health status of disadvantaged segments of the population, rural as well as urban, is a national disgrace, with mortality, disease, and disability rates far above those prevailing in the rest of our society.

(5) The general quality of medical practice in the United States is lower than it should be, and means and incentives for improvement are few.

(6) The costs of medical services, especially physicians' services and hospital costs, are soaring with no apparent increase in the quality of care patients receive.

(7) Without exception, all the medical schools in the country are in critical financial straits -- with virtually no latitude in their operational budgets to strengthen teaching, reform the curriculum, and participate in the improvement of health care.

(8) The need for improvement in the number and education of physicians is a worldwide problem of the first importance, but the contributions of American medical education to the advancement of schools in other countries has been minimal.

The Fund's staff believes that the foregoing list of problems are indicative of the formidable challenge that faces the Commonwealth Fund as a philanthropic institution with a distinguished record of responsible participation in the advancement of medicine and health. In carrying out the Fund's future program in this field, the staff feels that the Fund's grant-making decisions would be most advantageously served by continuing the policy of not confining the Fund's support to a predetermined agenda of specific activities, and of permitting the staff -- under the general directives to focus on medical education and health care established by the Board in 1964 -- discretion and initiative in developing particular proposals for Board consideration according to the realities governing their potential for advancing the Fund's program aims.

In addition to working on specific needs and problems -- such as those included in the illustrative list set forth above -- that present important opportunities for the Fund's future program, the staff proposes to evaluate the Fund's past work in particular areas to determine what future role, if any, would be most appropriate to a foundation of the Fund's particular interests and resources.

Examples of these proposed evaluations are the fields of research in medical education and of international medical education. Concerning the first field, the growth of curriculum experimentation, much of it supported by the Fund, has led to the establishment of new medical-school units intended to measure the effects of educational change and improve the techniques of teaching and learning. An evaluation of such units seems needed to determine whether their emphasis on educational methodology and audio-visual aids contributes significantly to quality.

In international medical education, a field in which the Fund's assistance, though limited in scope, appears to be having positive

results, the proposed staff evaluation would seek to determine the most feasible and useful pattern of continued Fund support, especially in the less-developed countries. Given the relatively small amount the Fund could contribute to international activities and still meet its commitments to medical education in the United States, it might prove advisable to concentrate future Fund assistance primarily on selected institutions and programs in Latin America. Exceptions could be made, however, in the instances of key regional institutions in other less-developed areas.

A third evaluation, which is presently under way, concerns the Fund's medical fellowships. The prime objective here is to find out whether this program, if permanently discontinued, would deny medical scholars critical opportunities for their individual growth that would otherwise not be available to them.

In addition, the staff intends to study the Fund's work in furthering the preparation and publication of scholarly monographs in medicine and health. The Commonwealth Fund Book program is virtually the sole source of such assistance, and the evidence remains compelling that the program is needed. Two steps might enhance its effectiveness, however: the establishment, on a formal basis, of a limited program of grants-in-aid specifically for the writing of monographs; and increasing Harvard University Press' initiative and responsibility for the development and management of the publishing aspects of Commonwealth Fund books.

Finally, as part of its assessment of past and ongoing Fund activities and of possibilities for action on emerging problems, the staff is persuaded that much would be gained by the Fund and by the scholars and institutions with which it works through the continued support of conferences and study committees. But large conference

programs would be proposed for support only rarely and only in instances, such as the March, 1966, A.A.M.C. Institute on International Medical Education, that clearly require extensive participation. The staff expects, rather, to focus on discussions and studies among small groups of scholars and experts concerning subjects directly related to the Fund's program aims. Much of this conference activity would probably arise from the Fund's ongoing collaboration with the Carnegie Corporation, which is described in the President's Revolving Fund grants reported in the November 9, 1967, Board Report.

Staff personnel requirements

The program study paper of November, 1964, recommended that the Fund operate with a small professional staff and obtain further professional guidance, as needed, through the use of outside consultants. It is again recommended that this policy be followed.

At the time of the November, 1964, recommendation, the size of the staff, including the President, concerned with medicine and health had declined from six members in 1961 to three, and it has remained at this level over the period since 1964. Experience has shown that this is not sufficient to handle the Fund's mounting workload and that two new members should be added to assure the effective development of the Fund's future program.

Financial considerations

As has been described at some length in this paper, events since 1964 have thrust medicine and health -- the Fund's chosen field of interest -- into the central arena of public concern, and have confronted the nation's medical schools and the university medical centers of which they are a part with a degree of responsibility far beyond that which they have traditionally been expected to assume. The problems before them are massive; yet, because the schools and their

universities are the only institutions available to American society with the potential to provide the answers, the schools cannot refuse the tasks ahead of them and, in fact, have begun to stretch their will and resources to meet the long and arduous crisis with which they are faced.

The Fund has already begun to feel the impact of this endeavor in the form of a steep rise in the number, size, and quality of requests for appropriations that fall within the terms of its philanthropic program. To meet this demand, last fiscal year -- after the most careful selection -- the staff recommended Board actions that resulted in appropriations in medical education and community health that exceeded available income for this purpose by \$804,800 -- an amount which was charged against income for the present (1968) fiscal year. And at the first Board meeting of fiscal 1968 (November, 1967), the staff recommended proposals totaling \$2,270,000.

These appropriations alone, together with the income appropriations voted last year to be paid from this year's funds, represent nearly half the Fund's total anticipated income for 1968, and two-thirds the amount available for medicine and health. At the same time, the staff has already received, or definitely expects to receive, excellent proposals from important medical schools and other academic institutions that are likely to total at least three times the remainder of 1968 income available for medicine and health.

In the staff's judgment, this is convincing evidence of the great and increasing need -- and similarly of the opportunity -- for Commonwealth Fund assistance to the tasks confronting medical education and its role in health care. Indeed, for the Fund to perform its most effective role during the present critical period in medical education and health care, it may become necessary in unusual cases for the staff to recommend for the Board's consideration expenditures from principal.

In view of the rising demand and need for Fund support in medicine and health, it is strongly recommended that the Board now decide to devote virtually the whole amount of the Fund's income available for philanthropic purposes to the improvement of medical education and health care, including limited assistance to these objectives abroad.

The Harkness Fellowships program

This decision is being recommended by the Fund's President in full recognition of the fact that it will entail Board approval for a substantial reduction in the Harkness Fellowships program.

No criticism is implied either of the accomplishments of this long-standing effort or of the performance of the Harkness Fellowships staff. Indeed, it is widely acknowledged that the Harkness Fellowships program has been one of the most distinctive undertakings of its kind. However, the annual commitment to the Harkness Fellowships, exclusive of administrative costs, has grown steadily, and for the 1967-68 academic year reached a total of \$1,188,625, almost twice the commitment for the 1964-65 year.

The new circumstances that have intensified the demand on the Fund's resources for activities in medical education and health care require reconsideration of the priority of the large annual investment now being made in the Harkness Fellowships relative to the Fund's central field of interest. Thus, as indicated in the recommendation above, the President believes that in order for the Fund -- with its limited resources -- to have maximum impact as a foundation toward solution of the many problems in the complex and demanding field of medical education and health care, it should concentrate virtually all its resources on this objective.

Because of the commitments already made to prospective Harkness Fellows for the next series of awards, which start with the

1968-69 academic year, it is proposed that this series be continued at the presently authorized total of 65 appointments -- 30 from the United Kingdom, 25 from Western Europe, and 10 from Australia and New Zealand.

For subsequent Harkness Fellowships awards, the following steps are recommended:

- (1) that no further awards be made in Western Europe;
- (2) that the 10 Australia-New Zealand Fellowships be continued for another year, 1969-70, and thereafter be terminated; and
- (3) that the number of appointments from the United Kingdom be reduced from 30 to 20 annually, the level at which they were originally established, but that the U.K. awards be carried forward at this level, in memory of Mr. Harkness, who founded the program in Britain in 1925, and in recognition of his deep interest in furthering Anglo-American understanding.

The recommendation pertaining to the U.K. Awards is being made with the understanding that continuance of this program would be subject to review from time to time by the Fund.