



Pat Davison

Historic Deal

USC signs deal to acquire two hospitals and create an integrated academic medical center

By Jane Brust

The University of Southern California and Tenet Healthcare Corp. announced on Feb. 10 the signing of a definitive agreement for USC to acquire the USC University Hospital and USC Norris Cancer Hospital. The deal is expected to close on March 31.

USC, one of the world's leading private research universities, will invest \$275 million to acquire assets including 471 inpatient beds within the two private hospitals located on USC's Health Sciences Campus and more than 1,600 hospital employees.

"The hospital acquisition is an historic investment by USC and a strategic move to create an integrated academic medical center, enhancing the quality of patient care and elevating the Keck School of Medicine of USC to a nationally acclaimed leader among the nation's medical schools," USC President Steven B. Sample said in making the announcement.

The hospitals' administration will report to USC Executive Vice President and Provost C. L. Max Nikias, who said, "We are eager to welcome the per-

sonnel of both hospitals into the Trojan Family as we work closely with them and with the leadership of our Keck School and our faculty physicians to create a new, physician-driven model for the delivery of excellent clinical care."

President Sample credited key members of the USC Board of Trustees with helping to bring USC to this historic moment.

"We are most grateful to the USC Board of Trustees, including Board Chairman Edward P. Roski Jr., for their visionary leadership and commitment to enhancing USC's clinical enterprise through the creation of a University-owned, integrated academic medical center," Sample said.

He added, "We owe a debt of gratitude to immedi-

See **ACQUISITION**, page 3

Mitchell R. Creem named CEO of two private hospitals



Bill Youngblood

Mitchell R. Creem

USC Executive Vice President and Provost C. L. Max Nikias has named Vice Provost Mitchell R. Creem as chief executive officer for USC University Hospital and USC Norris Cancer Hospital.

Creem will become chief executive officer of the two hospitals when USC assumes ownership. Nikias made the appointment following a national search that he led.

A seasoned hospital administrator widely known for his experience in revitalizing academic medical centers, Creem joined USC as vice provost in June. With 25 years of management experience, Creem has influenced all aspects of the healthcare industry, including hospital, research and faculty group practice management.

See **CEO**, page 2

USC President Steven B. Sample sums up annual address: 'A great day to be a Trojan!'

By Katie Neith

The Health Sciences Campus entered a new era on Feb. 10, marked by an agreement to purchase two hospitals—and the impeccably timed annual Address to the Faculty by USC President Steven B. Sample, which celebrated the news.

Sample addressed the standing-room only crowd in the Aresty Conference Center by asking, "So, is it a great day to be a Trojan, or what?!"

The excitement in the room was palpable as he hailed the

planned acquisition of USC University Hospital and USC Norris Cancer Hospital this spring as a "tremendous victory for the entire University of Southern California."

"After spending literally thousands of man hours analyzing this deal from every conceivable angle, the Trustees and Officers of USC believe it very much to be in the university's best interest to make this purchase at this time," said

See **UNIVERSITY**, page 2



Veronica Jauriqui

USC President Steven B. Sample delivers his annual Address to the Faculty.

UNIVERSITY: USC President Sample sees time of extraordinary opportunities

Continued from Page 1

Sample, underscoring the weight of the decision.

He acknowledged that the process has not been easy and has been a complex and expensive undertaking, especially at a time when financial risks may leave an institution particularly vulnerable. However, Sample countered that the greater risk would be to not invest in such an important opportunity to advance clinical programs.

"The purchase of these two hospitals has far-reaching, positive implications for the entire university. What this purchase means is that we are establishing a USC academic medical center," he explained. "One of the most important aspects of this change will be the opportunity to build stronger bridges between our Health Sciences Campus and our University Park Campus. We will be able to establish deeper connections among various disciplines in order to enhance research, teaching and patient care. The entire university will benefit from these purchases."

Sample pointed out that the location of USC in the capital of the Pacific Rim provides an extraordinary opportunity. The new full-service academic medical center will become only the second of its kind in the entire greater

Los Angeles region.

"This is our new frontier," he said. "My hope is that we embrace this historic opportunity with enthusiasm, creativity, insight and foresight."

In keeping with the tradition of his annual address, Sample also outlined the university's accomplishments over the past few years and vision for the future.

He stated that in his 18 years as president, he has seen USC progress further and faster than any other university in America. He pinpointed major accom-

plishments in capital construction, faculty recruitment and research, quality of students, master plan developments, and charitable donations and endowments.

Despite the growing fears over economic turmoil, Sample said he remains optimistic.

He told the crowd of faculty and staff that the university must look at the next few months with prudence and pragmatism, but that he believes USC is better prepared to address current financial concerns than many of its competitors.

Sample explained that unlike many

universities, USC relies much less on endowments for revenue and more so on tuition.

He pointed out that applications for the fall semester are holding steady and that any cost-saving measures, such as the staff hiring freeze, are preventive at this time.

"This is a very important moment," he concluded. "We need to redouble our efforts, so that one of the darkest days in American economic history will be remembered as a bright and shining moment in the history of USC."

Keck School dean hails 'transformational news' of hospital acquisitions

Following the Feb. 10 announcement of USC's agreement to acquire USC University Hospital and USC Norris Cancer Hospital, Keck School of Medicine Dean Carmen A. Puliafito wrote a memo to Keck staff and faculty to tout the news and its significance.

"Today is an historic day for the University of Southern California with truly transformational news for the Keck School of Medicine," he wrote. "Much work lies ahead of us during the transition months and beyond as

we collaborate in the creation of a stellar academic medical center, which will benefit our clinical and scientific faculty, our students, our staff—and ultimately the patients we serve."

He also thanked the USC Board of Trustees, the Keck Board of Overseers, President Steven B. Sample, and Provost C. L. Max Nikias for their leadership in



Carmen A.
Puliafito

making the dream of university-owned private hospitals a reality, adding, "I am also grateful to the countless faculty and staff here at the Keck School and on the University Park Campus who have worked steadfastly during the due diligence process... Many thanks for joining with me as we rededicate ourselves to the fulfillment of a new vision of USC medicine for the health of our patients and the global community."

CEO: Expertise in boosting employee morale—as well as the bottom line—seen as key

Continued from Page 1

"I am privileged to have the opportunity to carry the USC tradition of quality and excellence to these two hospitals," Creem said. "Together, with our faculty physicians, nurses, hospital staff and Keck School leadership, we will lead the USC University Hospital and the USC Norris Cancer Hospital into a new era of excellence in academic medicine."

On Feb. 11, Creem introduced himself to the 1,600 hospital employees via an electronic memo, extending an invitation to them to attend a series of town hall meetings and other briefings to be scheduled in the weeks ahead.

In welcoming the hospital employees into the Trojan Family, Creem said, "This transaction is one of the most significant single events in the University's 129-year history. The acquisition of the hospitals is the beginning of a lifetime of success in health sciences at USC, and all of you are a part of our dreams for the future."

Before joining USC, Creem served as the associate vice chancellor and chief financial officer for the UCLA Medical Sciences, a group of institutions that includes the Geffen School of Medicine at UCLA,

UCLA Faculty Practice and the UCLA Hospital System.

In this capacity, he had responsibility for a combined budget of more than \$2 billion, with over \$400 million in medical science research.

In addition, Creem served briefly as interim chief information officer for UCLA Medical Sciences, where his primary focus was on developing the infor-

two years. In each case, employee morale improved significantly, as did patient and referring physician satisfaction.

Creem also has held several key administrative and financial positions at Massachusetts General Hospital in Boston, where he helped launch two for-profit subsidiaries in international telemedicine services and hardware/software sales.

He worked for several years in a senior management position at the Healthcare Practice Group of PricewaterhouseCoopers, where he was responsible for numerous consulting engagements, financial statement audits and financial feasibility studies. In the hospital and healthcare sector, he has considerable experience with business valuations; organizational, financial and governance structures; strategies for clinical and operational consolidation; bankruptcies and reorganizations; and healthcare startups.

Creem holds a master's degree in Health Administration from Duke University and a B.S. in Accounting and Business Administration from Boston University. He has served on several boards of community hospitals and hospital and physician joint ventures.

'This transaction is one of the most significant single events in the University's 129-year history.'

— Vice Provost Mitchell R. Creem

mation technology strategy and transition plan for new hospital buildings.

Before joining UCLA, Creem was chief financial officer for the Beth Israel Deaconess Medical Center, a Harvard teaching hospital with an annual budget of \$1 billion, and the Tufts-New England Medical Center, a Tufts University teaching hospital.

Both medical centers were in significant financial distress when he assumed the CFO positions, but he implemented their turnaround plans, leading each from significant operating losses to profitability within

ACQUISITION: Strategic move is key to USC's innovation, growth

Continued from Page 1

ate past Board Chairman Stanley Gold, who provided leadership in overseeing this process since 2006. He also has served us well as USC's chief negotiator in this most significant acquisition."

Provost Nikias has appointed Vice Provost Mitchell R. Creem as chief executive officer of the two hospitals, following a national search that Nikias led (**see related story, page 1**).

"Mr. Creem has provided crucial expertise throughout the due diligence and negotiation periods, developing a sound business plan and operational model for going forward," Nikias said. "I am confident that he will provide exceptional leadership to the hospitals in his new role."

As CEO, Creem will report to Nikias and work collaboratively with Keck School of Medicine Dean Carmen A. Puliafito, who also reports to Nikias. Puliafito joined USC in November 2007.

"We have a dynamic, experienced leadership team in place as USC prepares to assume ownership of the two hospitals," Nikias said. "I am eager to work with them as we advance USC's clinical and research enterprise to new levels of success."

According to Nikias, the strategic hospital acquisition will ensure USC's position among the nation's top-ranked research universities in the 21st century, an era in which medicine and biology and the interdisciplinary connections between these sciences and other disciplines will become the focus of innovation and growth.

USC faculty at the Keck School of Medicine excel in medical education and training, innovative biomedical research and clinical practice.

With the hospital acquisition, USC faculty physicians will conduct their private practice at two hospitals owned and managed by the University, allowing for greater physician direction of clinical programs and acceleration of innovative therapies and surgical techniques for cardiovascular and thoracic diseases, urologic disorders, neurological issues, organ transplantation, cancer treatment, disease prevention and other health concerns.

Negotiations have been under way since April, when the two parties signed a non-binding letter of intent for USC to acquire the two hospitals.

Throughout the negotiations, USC has been advised by Moelis & Company. The University filed a lawsuit in August of 2006 seeking to end the relationship with Tenet, and Tenet filed a counterclaim against the University seeking monetary damages.

This agreement will resolve the pending legal action.



The agreement includes USC's acquisition of the USC Norris Cancer Hospital.

In recent weeks the dean of the Keck School of Medicine announced the recruitment of Inderbir Gill, a world-renowned leader in urologic surgery, who comes to USC from the Cleveland Clinic, ranked number two among the nation's leading urology programs.

Gill will lead the new USC Institute of Urology when he arrives in March. Another recent announcement from the Keck School of Medicine is the appointment of Vaughn Starnes—a pioneer in cardiothoracic surgery and

service."

USC University Hospital opened in 1991 under the ownership of National Medical Enterprise Inc., which later became Tenet. An acute care hospital, USC University Hospital currently tracks 7,700 inpatient visits and 56,000 outpatient visits each year.

Tenet acquired Norris Cancer Hospital in 2003. Devoted exclusively to the treatment of patients with cancer, the hospital is affiliated with the USC Norris Comprehensive Cancer Center, one of the original eight such centers in the U.S.

Facilities at the 411-bed USC University Hospital include the new 10-story Norris Inpatient Tower, which provides 11 new operating rooms and 146 inpatient beds, most of which have never been used.

Facilities at the USC Norris Cancer Hospital include 60 beds.

When USC opens the new inpatient beds at University Hospital, the Doctors of USC will be caring for patients throughout a 1,400-bed system, including the new 600-bed Los Angeles County+USC Medical Center hospital that opened last month and the 314-bed Childrens Hospital Los Angeles.

USC's more than 500 physicians are well known for the care they have provided to patients at LA County's LAC+USC facilities for more than 100 years, building the largest academic training program in the country with more than 900 residents and fellows.

In recent decades, faculty physicians—known as the Doctors of USC—also have built private practices at the USC Norris Cancer Hospital and the USC University Hospital.

The acquisition of the two private hospitals will allow the Keck School of Medicine to recruit additional world-renowned academic physicians who are committed to excellence in patient care both at the County facilities and at the private hospitals, while also committing to excellence in medical education and clinical research.

When the deal closes, USC will join UCLA as the only two Los Angeles area universities owning hospitals.



'We have a dynamic, experienced leadership team in place as USC prepares to assume ownership of the two hospitals. I am eager to work with them as we advance USC's clinical and research enterprise to new levels of success.'

— USC Executive Vice President and Provost C. L. Max Nikias

As Creem assumes the hospital CEO position, no other immediate changes in hospital operations are expected, Nikias said, emphasizing that patients will continue to receive excellent clinical care during the transition period and beyond.

USC is planning several activities to welcome all hospital personnel into the Trojan family, while also recruiting new physician leaders and other key personnel in the new calendar year.

founder director of USC's Cardiovascular and Thoracic Institute—as the new chair of the Department of Surgery.

He is expected to be named Surgeon-in-Chief of the two private hospitals when USC assumes ownership.

Another distinguished clinician, Michael Selsted, will leave the University of California at Irvine to assume leadership of the pathology department this spring.

USC's recruiting efforts going forward will focus on academic physicians who have distinguished themselves as world leaders in their specialties, according to Nikias.

In addition to the recruitment of new faculty physicians, the move to integrate clinicians' outside private practices into the Doctors of USC practice is an important step toward success in USC's new clinical business model, Nikias said. "We are very grateful to the clinical department chairs of the Keck School of Medicine, who are in the process of folding all of their faculty practices into the Doctors of USC umbrella, which will provide great opportunities to aggressively expand the number of patients cared for by the Doctors of USC, while achieving universal enhancements in customer

What does the acquisition mean for USC scientists?

While efforts to recruit additional academic physicians to the Keck School of Medicine will be bolstered by the hospital acquisition, so, too, will efforts to recruit faculty scientists, according to Dean Carmen A. Puliafito.

"Recruitment of world-class scientists also will be stimulated as such leaders are drawn to USC's enhanced academic medical center setting," Puliafito said.

One such example is Pat Levitt, who will leave Vanderbilt University this spring to lead USC's programs in neuroscience, also serving as director of the Zilkha Neurogenetic Institute.

"The Keck School's academic leaders in both medicine and science will thrive on renewed collaboration in such areas as neuroscience, regenerative medicine, cancer, bioengineering and preventive medicine, and the opportunities for translational research to move findings expeditiously from the laboratory to the patient," Levitt said.

"The hospital acquisition is an important, strategic development for the whole medical school, including our scientists and their trainees, who will benefit from closer collaboration with our clinicians in a new academic medical center setting," he added.

Calendar of Events

The HSC Calendar is online at www.usc.edu/hscalendar

Tuesday, Feb. 17

11:15 A.M. USC University Hospital Guild Speaker Series. "Living with Rheumatoid Arthritis and Other Arthritic Conditions," Glenn Ehresmann, USC. Norris Inpatient Tower: Hoffman Cafeteria Dining Rm. Info: (323) 254-0600

NOON. Cancer Ctr. Grand Rounds. "On the Structure and Function of an Adenoviral Transgenome and the 5' - Upstream Region of the Human FMR1 Gene," Walter Doerfler, Univ. of Erlangen. NOR 7409. Info: (323) 865-0801

Wednesday, Feb. 18

11 A.M. The Clifton Stewart Diabetes Research Ctr. Lecture Series. "Short Sleep, Poor Sleep: Risk Factor for Diabetes," Eve Van Cauter, Univ. of Chicago. NML Conference Rm. Info: (323) 442-1920

NOON. "Prostatic Cancer and Treatment," Eila Skinner, USC. GNH 4420. Info: (323) 226-7337

NOON. "Genetic Dissection of GSK-3 and ERK/MAPK Pathway Functions During Brain Development," William Snider, Univ. of North Carolina. ZNI 112. Info: (323) 442-3219

3 P.M. USC Ctr. for Excellence in Research.

"Developing NIH Grant Applications," Steve Moldin, USC. UPC: CUB 329. Info: (213) 740-6709

Thursday, Feb. 19

11 A.M. Molecular Imaging Seminar. "Bridging Mouse to Man with Molecular Imaging," Hossein Jadvar, USC. NOR 7409. Info: (323) 442-3858

NOON. "Medicine for the Soul," Donna Spruijt-Metz, USC. MCH 149. Info: (213) 740-8278

Friday, Feb. 20

8 A.M. "The Many Faces of Dementia: Linking Research, Practice, and Prevention," Thomas Obisesan, Howard Univ., and Lynda Anderson, Ctr. for Disease Control, Atlanta. UPC: Davidson Conference Ctr. Info: (213) 821-5288

8:30 A.M. "Exploiting Lung Mesenchymal Signaling to Prevent Bronchopulmonary Dysplasia," V. Rehan, UCLA. GNH 11-321. Info: (323) 226-7923

Monday, Feb. 23

NOON. "Disorders of Potassium Balance," Alan Yu, USC. GNH 4420. Info: (323) 226-7337

Tuesday, Feb. 24

NOON. Cancer Ctr. Grand Rounds. "Mechanisms of Chromosomal Translocation in the

Inception of Human Cancer," Michael Lieber, USC. NOR 7409. Info: (323) 865-0801

4 P.M. USC Ctr. for Excellence in Research. "Obtaining Foundation Funding," Linda Zukowski, USC. UPC: CUB 329. Info: (213) 740-6709

Wednesday, Feb. 25

8:30 A.M. "Contrast Induced Nephropathy - Risks and Prevention," M. Nadim, USC. GNH 11-321. Info: (323) 226-7923

NOON. "Practical Approach to Acid-base Disorders," Sudir Shah, 2009 Massry Visiting Professor. GNH 4420. Info: (323) 226-7337

4 P.M. USC Ctr. for Excellence in Research. "Developing Research Experiences for Undergrads," Gaurav Sukhatme, USC. UPC: CUB 329. Info: (213) 740-6709

Friday, Feb. 27

8 A.M. Pathology and Laboratory Medicine Grand Rounds. "How Many Mutations in a Cancer? A Look at Cancer Genome Projects," Darryl Shibata, USC. NOR 7409. Info: (323) 442-1180

11 A.M. "Evaluations of Neutrophil Disorders," Howard Liebman, USC. IPT C2J103. Info: (323) 865-3914

Notice: Deadline for calendar submission is 4 p.m. Monday to be considered for that week's issue—although three weeks advance notice of events is recommended. Please note that timely submission does not guarantee an item will be printed. Send calendar items to HSC Weekly, KAM 400 or fax to (323) 442-2832, or e-mail to eblaauw@usc.edu. Entries must include day, date, time, title of talk, first and last name of speaker, affiliation of speaker, location, and a phone number for information.

USC receives \$1 million to aid anti-smoking efforts

The California Department of Public Health has awarded the Keck School of Medicine more than \$1 million to develop patient education materials for the state's tobacco control programs.

The grant will fund a three-year collaboration between the USC Norris Comprehensive Cancer Center and the Keck School's Institute for Health Promotion and Disease Prevention Research (IPR) to develop and test culturally relevant multimedia, and interactive educational materials for priority populations in multiple languages.

Specifically, the program will target African-Americans, American Indians, Hispanic/Latinos, Asian and Pacific Islanders, rural populations, low and no literacy populations and lesbian, gay, bisexual and transgender communities.

Lourdes Baezconde-Garbanati, associate professor in preventive medicine at the Keck School of Medicine, will lead the program, which will establish the state's first tobacco education materials development laboratory.

Baezconde-Garbanati said the effort would complement the activities of the USC Norris' Patient Education and Community Outreach Center and the Jennifer Diamond Cancer Resource Library.

"This is the culmination of years of work through our Cancer Information Service at the USC Norris Comprehensive Cancer Center and at IPR in researching ways to optimize outreach to vulnerable communities with life saving messages," said Lourdes Baezconde-Garbanati, principal investigator of the educational laboratory.

Janet Villarmia, associate director for administration of the USC Norris Comprehensive Cancer Center, said the new program is significant because it will serve as the main research agency to develop educational materials for the State of California's tobacco control programs.

"These interventions will be implemented by 100 County Health Departments and community agencies," she noted.

Tess Cruz and Carol Kaprowski, both at IPR and Preventive Medicine, are co-principal investigators on the project, which is slated to begin in April. It will be housed in part at the Health Sciences Campus, Patient Education and Community Outreach Center, Harlyne Norris Cancer Research Tower, Room G 501.

For more information, contact Baezconde-Garbanati at baezcond@usc.edu or Zul Surani at zsurani@usc.edu.

Applications sought for Neighborhood Outreach Grants

Applications are now being accepted for USC Neighborhood Outreach grants, which are funded by USC faculty and staff contributions to the annual USC Good Neighbors Campaign.

HSC faculty and staff may apply for grants to create programs or assist current programs that serve the communities surrounding both USC campuses. Programs must clearly reflect a partnership between USC and the community. Examples include school or nonprofit organizations.

For information on the workshops or the application process, visit www.usc.edu/ext-relations/gnc/grant_application. The application deadline is March 31.

HSC NEWSMAKERS

Complete listing at: www.usc.edu/uscnews/usc_in_the_news/

A Feb. 11 *Los Angeles Times* article quoted USC Provost **C.L. Max Nikias** and President **Steven B. Sample** in an article reporting that the University of Southern California has agreed to pay Tenet Healthcare Corp. \$275 million to acquire USC University Hospital and USC Norris Cancer Hospital. **Mitchell R. Creem** has been named chief executive officer of the two hospitals, following a national search led by Nikias, the story reported. The hospital purchase agreement was also covered by the Associated Press, *Forbes*, the *Los Angeles Business Journal*, KPCC-FM, the *San Jose Mercury News*, *La*

Opinion, the *Daily Breeze*, the *Dallas Morning News*, MedCenterToday News, the *Dallas Business Journal*, MSN Money, Modern Healthcare, KCSN Radio, Annenberg TV News and Annenberg Radio.

A Feb. 9 Associated Press article quoted fertility expert **Richard Paulson** about the recent birth of octuplets in California. He was also interviewed by IVillage and on KFI-AM about fertility treatments and multiple births.

A Feb. 9 *Washington Post* article featured a new study led by cancer researcher **Axel**

Schönthal about green tea's ability to interfere with cancer drug Velcade. Schönthal was also quoted in the *Los Angeles Times*, the *New Scientist*, *Newsday*, Bloomberg News, KABC-TV, the *Daily Mail* (U.K.), the *Globe and Mail*, *Science News*, Medical News Today and *Marie Claire*.

A Feb. 9 *Los Angeles Times* article quoted Alzheimer's expert **Lon Schneider** about a European study concluding that Zoloft and Lexapro are the most effective antidepressant drugs.

**USC Health Sciences
Public Relations
1975 Zonal Ave.
KAM 400
Los Angeles, CA 90033**

**Non-Profit Organization
U.S. POSTAGE PAID
University of Southern
California**