

A perfect storm

Stephen B Hanauer

The economic tsunami has landed a direct hit on academic medicine and, I suspect, on medical practitioners as well. The financial underpinnings of academic medicine are based on income from clinical care, grant support (NIH and foundations), philanthropy and, until recently, industry support for research, training and continuing medical education.

I have previously noted the marked reduction in industry support related to avoidance of potential conflicts of interest. As only a small example of the effects of excluding pharmaceutical interactions at our academic medical center, the burden of costs for meals at conferences (presently considered an entitlement for trainees) has shifted from industry sponsors to academic departments, and totals nearly US\$1 million. The current financial situation has led to marked reductions in this budget: food is no longer provided at noon conferences, which has resulted in drastic reductions in conference attendance as students, house staff, faculty simultaneously attempt to attend (compulsory?) educational programs while eating on the run.

Clinical revenue is also, by necessity, going to fall. Even if patients adhere to their planned medical visits, and certainly many will choose to delay elective care, the economic layoffs will inevitably lead to a shift in reimbursement from private insurers (in the US, health insurance is an employee benefit) to less robust payments from national (Medicare) and state (Medicaid) resources. Most certainly, society as a whole will ultimately incur additional (both direct and indirect) downstream expenses when preventive care is delayed in favor of costly treatments for preventable or progressive diseases.

The NIH budget under the Bush administration was stagnant or *de facto* reduced. I hope that

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the Obama recovery plan will infuse additional funding to return vital research support at a time when scientific advances are exponentially expanding in number in this era of genomic, translational and personal medicine. Meanwhile, the reduced 'pay-lines' (funding cutoff points) for grant support have already deterred potential investigators from competing for grants, and has limited the abilities of successful grant recipients to complete or expand their funded projects.

Similarly, despite several transformation grants (for improving effectiveness and efficiency in providing medical care) to medical centers announced in early 2008, foundations, universities and medical centers have seen drastic reductions in their endowments that translate into reduced payouts and available funds for research or capital expansion.

The effects of the economic downturn have already been felt in academic medicine with hiring freezes, staff and faculty layoffs, and budget reductions that will clearly impede research and education. One can easily anticipate future problems with recruitment of house staff, fellows and new faculty, who will be burdened by the highest educational loan debts in history.

Over the past decade, American researchers have been surfing a wave of good financial standing at most academic centers as the overall economy expanded. Unfortunately, the current economic crisis created a tidal wave that is sweeping across the globe. I have explained to my section that we now need to 'cut fat to build muscle', and I remain a perpetual optimist that we will withstand this crisis... perhaps a bit leaner and certainly more focused on strategic priorities unique to each institution, center and program.

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Competing interests

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