

BOB KELCH COMES HOME

ONE OF THE MEDICAL SCHOOL'S OUTSTANDING ALUMNI
RETURNS TO OVERSEE MEDICAL AFFAIRS AT MICHIGAN

With the kind, fatherly face of the classic pediatrician, Bob Kelch (M.D. 1967, Residency 1970), the University of Michigan's new executive vice president for medical affairs and chief executive officer of the U-M Health System, projects a calm, quiet demeanor that belies the awesome responsibility of his job: overseeing the hospitals and health centers, which have more than 11,000 employees and a fiscal year 2004 operating budget of over \$1.1 billion; the Medical School, with more than 2,100 faculty and 1,500 students and trainees; and the M-CARE managed care organization, which has more than 203,000 members.

Kelch took office on September 15, returning to the U-M campus after nine years in health leadership roles at the University of Iowa. Preceding his Iowa stint, Kelch, a native of Detroit, was on the faculty of the U-M Medical School and served as chair of the Department of Pediatrics and Communicable Diseases and as physician-in-chief at U-M's C.S. Mott Children's Hospital. As the valedictorian of his Medical School class in 1967, and as the recipient of the top award for medical residents at the U-M Hospital in 1970, Kelch showed his leadership and academic prowess from an early point in his medical career. He is married to Jeri Anne (Parker) Kelch, and they have two children, Randall and Julie, and four grandchildren.

Three weeks into his new position, Kelch sat down with Medicine at Michigan editor Rick Krupinski to reflect on the past and talk about the future of health care and the U-M Health System.

Forty years after arriving at the U-M as a first-year medical student, you've returned to serve at the helm of its Health System. How does it feel to be here in this role, at this time?

It feels wonderful, and we're sitting in a room that has very special memories. This was Dean William Hubbard's office when I was in medical school. I remember being called during my senior year to talk with him about my career and being intimidated by the call, but he was so remarkably helpful. I'm very indebted to him.

How was he helpful?

Through his assistance, I was able to get more financial aid and remain at Michigan for my training in pediatrics and academic pediatrics. Without his guidance, I don't believe I'd have the academic career I have today.

You did most of your medical training at U-M and spent a good bit of your professional career here as well. What do the University and the U-M Health System mean to you after having spent that many formative years here?

It's part of me, part of my self-concept. I love being a part of the Michigan heritage. There's been tremendous growth, improvement and expansion, not just in facilities but also in programs of the Medical School and the quality of its education. There's something about coming back to be part of the leadership team of your alma mater that is unbeatable.

What does it mean to the Health System that Bob Kelch is back and in the lead?

It's presumptuous to say what it means to others, but I hope that people see me as someone whose heart and soul are Michigan and who has known the Health System for a long period of time, yet has been around the country enough to bring back new ideas. That's what I hope to do — build on the strengths, incorporate new things that I've learned and experienced, and use in a very positive way what I call the 'collective intellect' here, because it's absolutely enormous. To harness that and, metaphorically speaking, to steer the ship correctly: this is my goal.

To me it's important to bring out the very best in people because there is so much that they know, there's so much that's good about the way we deliver care, and no one individual can even begin to think that he or she alone knows enough to make the right decisions. Science is too complex; medical care is too complex. Almost everything is experience-based, problem-based, data-based — and you need tools like computers and electronic data sets to bring to bear on a patient's problem. More so now than ever, we need a team approach both to deliver efficient care and to provide the best in education, and that's ►

Photo: Martin Voet



“There’s something about coming back to be part of the leadership team of your alma mater that is unbeatable.”

also true now for research. You must bring multiple talents to bear on an opportunity or a challenge in all three missions.

At one point in my career, I felt like I had really learned almost everything there was to be known about pediatric endocrinology, and I believe human beings had come close to that at that time. Today they can't. Even the brightest cannot do that. What is known today has doubled about every five to seven years, and now it's probably doubling at a faster rate. Experts disagree on just how fast. You have to use the collective knowledge and bring it to bear on each problem.

You're credited at Iowa with strengthening the relationship among the hospitals, clinics and Carver College of Medicine, greatly enhancing philanthropy, developing new biomedical research facilities and significantly improving the stature of that health system. What do you hope to accomplish here at Michigan?

I want to build on our fine tradition and play a meaningful role in making this the number one health center in the country. If we strive for anything less, I'll be dissatisfied. I know that's an ambition of every health system in the top 10, but this place can and I believe should achieve that. We're going to need to work even more efficiently and in a more integrated way so that we can become even more cost effective for higher quality clinical care, education and research, but there's no reason we can't achieve that goal in the next decade.

What are the commonalities between Iowa and Michigan, and what do you see as new challenges that you'll face here?

Iowa and Michigan are very similar, especially culturally. Some facilities were even designed by the same architectural firm and the way the hospital is structured within the University system is almost identical.

The challenges facing all academic health centers tend to be similar. They are economically driven by the escalating costs of health care which in turn are driven by our ability to do more good things for more people and by our tremendous growth and medical research capabilities and technological advances, all very costly. What's happening at the national level is that our governmental leaders and much of our public are treating medicine as if it were a commodity rather than a public service, and in the process our government is putting more and more regulations on the health care system, some of which are good or at least have well-intentioned components. Others are just burdensome administrative attempts to try to devalue the services to keep the cost down rather than looking into the future to set up a more rational health system.

Looking ahead, we're going to rely more and more on the people we serve and those who can support us philanthropically. We especially need philanthropic support for the education and research missions. And today we also need philanthropic support to meet our aspirations for clinical facilities. If you look around the country, it's private support that gives a margin of excellence to many of our peer institutions. Excellent management, adjusting to severe economic pressures to devalue our services, and philanthropy will help achieve our goal. But I would have said the same thing in Iowa.

A large percentage of academic health centers now have a negative operating margin. You can't run a medical center very long with a negative operating margin; nonetheless, many people wonder why a non-profit hospital needs an operating margin. There are a couple of reasons, but the most compelling is that within standard accounting procedures, you cannot fund depreciation at a rate that keeps up with replacement costs. So if you put aside, say, a million dollars a year to replace equipment and facilities and you do that for 10 years, at the end of 10 years the replacement equipment will likely cost you much more than the 10 million that you've been able to put aside. The difference must come from the operating margin so that you can keep the facility, equipment and programs current.

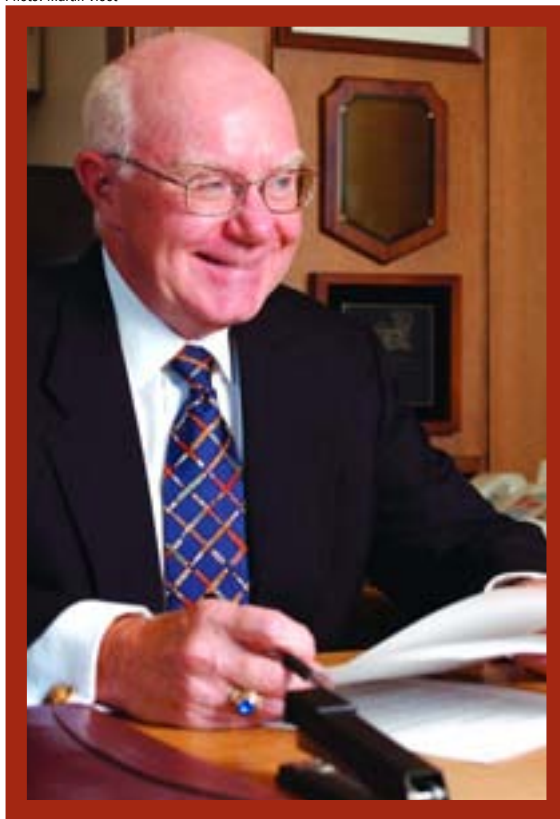
Michigan's legislature, much like Iowa's, wants to make the state a leader in the life sciences. Now that we're in a period of economic uncertainty and reduced state appropriations, what do you see as the future of Michigan — the state as well as the University — in terms of becoming a leader in the life sciences?

When I learned in Iowa what Michigan was doing, I was green

with envy because it was one of the most farsighted approaches that I had heard of. Michigan has become a national model of what to do if you really are serious about developing the biotechnology industry. I know the state is under economic pressure and may not be able to fund at the same levels as in the past, but I hope that they stay the course and realize this is a wonderful long-term investment. It's wonderful for the state and for the universities, and if you look at the combined strength of the major research institutes and universities in Michigan, it is phenomenal. This is not a quick fix; this is a long-term investment, and I believe it will have tremendous payoff some years hence.

As you've stated, all academic health centers are confronted with daunting challenges today, primarily economic. You've also said that the U-M Health System is

Photo: Martin Vloet



“I want to build on our fine tradition and play a meaningful role in making this the number one health center in the country. If we strive for anything less, I’ll be dissatisfied.”

positioned well for what you called a ‘future replete with successes.’ What makes Michigan’s prognosis so strong?

It has very good leadership in place. The leaders of M-CARE, the Medical School and the Hospital have a track record of working well together. Compared to other health systems, Michigan has kept its facilities and equipment at a good standard. There’s a tremendously talented faculty and staff here — that collective intellect I spoke of before. And the financial situation of the Health System is probably one of the best in the nation. We’re poised to make wise investments, move ahead and continue the progress.

A growing elderly population, economic hardships, managed care — how will issues like these affect the Health System and, in turn, how can the Health System be part of solving the problems?

In the early to mid-nineties it looked like managed care was going to be *the* game in town, and that our insurance plans were going to dictate where and how we received care and what care we received. Americans over a period of years have said ‘no’ to a great extent. Choice is very important so we’re going to have to have a significant degree of choice. As choice becomes more of a mantra for all of us, it’s had a tremendous effect on the academic health centers, especially as reimbursement for patient service is going down. Now we’re looking to the future wondering how we’re going to deliver all the high level care that’s going to be required of an aging population who will need more specialty and sub-specialty care, more high tech facilities. We’re going to have to put more and more emphasis on delivering care to more people, more efficiently, and that’s going to require an integrated approach to a greater degree than ever before. Probably more ambulatory care, probably at different sites, maybe more sites and probably more specialty and sub-specialty programs.

What would you say to someone considering a career as a physician but daunted by the costs of medical education and the heavy burden of debt many students carry away from medical school?

We can’t put aside the negative effects that indebtedness is having on the appeal of not only a medical career, but all the health science professions. I, like many others in health care, worry about our work force and work force replacement. Having said that, when I look at students and see excitement about

medicine in their eyes, I tell them you can’t find a more rewarding profession at a better time. Today, we know you can’t learn everything and we teach students how to continue to learn and to apply knowledge that is doubling every few years. Medically, you can do more for more people now, and it’s very rewarding. It is certainly the most exciting time in my career. I never could have dreamed that we’d have the imaging techniques that we have now, and the promise of things like stem cell therapy and medications tailor-made for an individual’s genetic predisposition...This is very, very exciting.

How would you characterize yourself as a leader?

I tend to be a thoughtful and somewhat quiet person who is decisive, but major decisions usually are made in a quiet setting. I pride myself on being able to listen well and then to make the decision.

While serving in various leadership positions at Iowa, you continued to see patients. Will you do that here as well?

I hope to; I haven’t started as yet, but I’ve been talking with my colleagues about when and how.

Former EVPMA Gil Omenn has referred to this job as ‘a full immersion role.’ How does Bob Kelch

relax? What recharges you from day to day?

My family is very important to me, and one of the lovely things about returning to Ann Arbor is that I’m closer to my son and his family and two of our four grandchildren. Family helps me to remember what’s really important in life. I also listen to classical music; I like to read, especially outside of the field of medicine — historical novels and good historical books. I love sailing and being near the water, which I haven’t had enough time to do in the last year or so, but I intend to get back on the water now that I’m closer to the Great Lakes.

My wife is very interested in the arts, and we had a wonderful experience seeing the Romanoff exhibit here. We’ve always enjoyed being a part of the community and taking advantage of cultural events, no matter where we are.

Have you eaten at Angelo’s since you’re back?

Yes. I’m impressed by its updated appearance, and it’s so approachable in every way; it’s a wonderful place — a great institution, just like Michigan. ☐



Bob and Jeri Kelch with grandchildren Erin, Rhys, Grant and Sophia