

Affiliation under way for UCSD and medical foundation

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AFFILIATION UNDER WAY FOR UCSD AND MEDICAL FOUNDATION

A UCSD internal audit of the business relationship between the university and an independent, nonprofit corporation known as Medicine, Education and Research Foundation (MERF) has concluded that in view of the nature of its past activities and its continuing close association with the UCSD Department of Medicine, the foundation should either register as a UCSD support group--subject to university policies and procedures--or end its informal affiliation with the university.

In light of the significant contributions that MERF has made to UCSD since the foundation was established in 1976 by UCSD Department of Medicine faculty, the MERF Board of Directors and UCSD officials are negotiating to have the foundation be in full conformance with UC policy.

"Based on the audit findings, we believe that even though MERF is an independently incorporated foundation, it is closely tied to UCSD and it is operating very much like a support group," said John A. Woods, Vice Chancellor for Resource Management and Planning. "Our goal is to create a university sanctioned entity that can continue the important role that MERF has played for many years. Our discussions have been very productive, and we hope to finalize arrangements with MERF leadership very soon."

"MERF has a history, spanning two decades, of providing support for important UCSD School of Medicine initiatives," said Kirk Peterson, M.D., professor of medicine at UCSD and recently elected president of the MERF board. "Our board is composed predominantly of active and emeritus faculty dedicated to the role and mission of UCSD, the School of Medicine and specifically the Department of Medicine. We are equally committed to developing a restructured relationship with the university that will enable us to continue our financial support of medical education and research."

According to John Lundberg, University of California attorney, "This has been a very complex issue to resolve in many respects. I am satisfied that due to the cooperative efforts of a number of individuals, we are making significant progress on an agreement that will support faculty activities that are benefitting the university, within the now established guidelines."

In 1994, former UC President Jack Peltason called for a UC-wide review of affiliated groups, to establish that all such groups were in full compliance with UC policies. This request was partly in response to an increase throughout the UC system of groups working in support of the university, and an evolution in the UC policies governing support group activity. The review was undertaken to gather current information about support group activities on all the campuses, and to assist support groups in achieving full compliance with existing rules.

Based on its initial review, UCSD identified 110 potential support groups. Upon closer evaluation, most of these groups were determined not to be support groups. Of the true support groups, many either are in full compliance, or with assistance are being brought into full compliance with university policy.

A subset of these groups consists of 23 independent medical foundations which support activities of School of Medicine faculty and departments. These are separate non-profit entities that help fund medical education and research, and by virtue of their membership or activities appear to have some link with UCSD.

The largest of these is MERF, an incorporated 501(C)(3) foundation that has made major contributions to the Department of Medicine and School of Medicine, totaling \$20 million over 20 years. MERF support has included sponsorship of well-attended postgraduate medical education courses; construction funding for the Internal Medicine Group clinic buildings; scholarships for particularly meritorious applicants to the medical school; funding of education and research activities for faculty, postgraduate trainees and students, and endowment of the UCSD Helen M. Ranney Chair of Medicine, now held by the chairman of the department of medicine. MERF representatives also cite the foundation's sponsorship of regional non-campus-based initiatives, such as a "border program" aimed at providing medical education opportunities to Mexican physicians practicing in Mexicali and Tijuana, Mexico.

UCSD officials have been aware of many of MERF's activities and the foundation's positive contributions since it was founded. MERF's primary purpose is promoting the science and art of medicine by conducting scientific seminars and lectures, and the exchange of information between medical professionals and students. MERF's many initiatives have been viewed by UCSD officials as welcome augmentation of university programs and activities, according to Woods.

Since MERF has never been an officially recognized university support group, it has operated independently, with the general awareness of university officials but outside of the purview of the university to manage and monitor its activities. As part of its review of support groups, and to better understand the complex business relationships between MERF and the university, UCSD's Internal Audit Services began an audit of MERF based on university records and interviews with faculty and staff. The results of the audit have led university officials to the conclusion that since MERF frequently uses the university name, university facilities and the services of university staff, it should become a registered support group, and comply with applicable university policies and procedures.

Among the audit findings and subsequent actions by UCSD and MERF:

From 1981 to 1994, clinical trial and service/research agreements negotiated by UCSD Department of Medicine faculty often used the university's name, and research was conducted using university space and resources. Research funds to support these trials were not governed by UCSD's controls that are designed to ensure consistent review and approval of contracts by university authorities, and completion of conflict-of-interest documents by faculty.

MERF representatives report that following the implementation of the university's new Clinical Trial Agreements policy of July 1, 1994, MERF did not enter into any new agreements, and all clinical trials activities were phased out, so that all studies are now in full conformance with university clinical trials policy.

A university gift fund, established by UCSD administration to receive contributions and reimbursements from MERF for research and education activities of Department of Medicine faculty, was often overdrawn because gift and reimbursement checks from MERF were not sufficient or timely enough to cover expenses charged to the fund by Department of Medicine faculty.

Current UCSD records indicate that these overdrafts have been covered, all accrued interest paid, and the gift fund is no longer overdrawn.

The audit also raises concerns about the dual role of Department of Medicine faculty and staff who have engaged in MERF business transactions.

All issues identified by the audit are being addressed and resolved, according to Woods and Peterson. In some cases, this resolutions involved the university's clarification or modification of policies and practices, in order to improve business operations within UCSD, according to Woods.

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