

From my perspective

As most of you know, the Surgeons Diversified Investment Fund (SDIF) was closed on April 20. The decision to close the fund was, in part, the result of a motion that the American College of Surgeons leadership made to the Board of Trustees of SDIF. The College's recommendation came after months of carefully analyzing the current market conditions and the odds of improvement in the near future. Based on the evidence presented at its February meeting, the ACS Board of Regents concluded that the ongoing costs associated with SDIF were prohibitive at a time when the nation's economic outlook is murky. In the end, the Board of Trustees of SDIF agreed with our recommendation and the fund was closed.

The questions we raised in making this decision are reflective of the ones we as individuals and as members of the medical professions must ask ourselves every day: How can we make the best use of our resources? What investments are wisest during an economic downturn? How can we cut waste? Where can we get help?

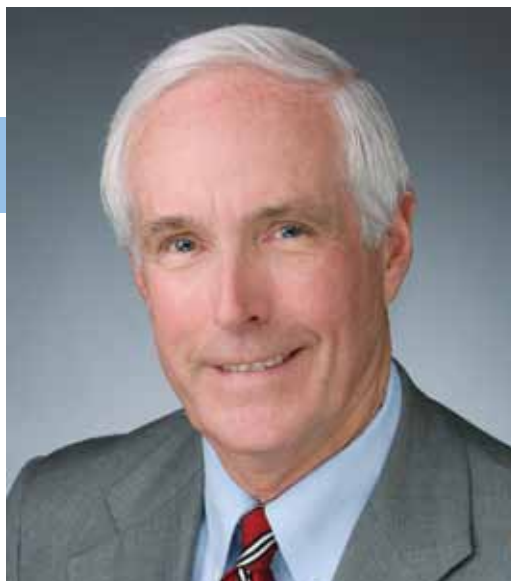
SDIF

The College created SDIF to help surgeons and residents attain a level of fiscal security in an era of rising practice expenses and dropping reimbursement. At the time, the financial markets were doing well, so it made sense to offer our members an opportunity to participate in a mutual fund specifically designed for surgeons.

ACS leadership to host interactive Webcast Town Hall Meeting

Michael J. Zinner, MD, FACS, Chair of the Board of Governors, invites all members of the College to participate in an interactive Webcast Town Hall Meeting with the College's leadership on June 5, from 5:00 pm to 6:00 pm (CST). The webcast will feature brief presentations delivered over live streaming Internet video by leaders from the Board of Governors and Board of Regents. Questions sent via e-mail during the webcast will be answered live by the panel.

Agenda and access instructions will be available later this month.



“ We are entering an age of newfound fiscal prudence and personal responsibility. ”

The concept of SDIF was overwhelmingly supported by the ACS Board of Governors and the Board of Regents at the onset of its development and before its launch on September 22, 2006.

SDIF's initial performance was remarkably strong. The fund's total return from September 22, 2006, to June 30, 2007, was considerably greater than the Standard & Poor's 500/Lehman Brothers U.S. Combined Aggregate Index during the same period. SDIF returns continued in this positive direction until the summer of 2008, when the nation's economy started its dramatic descent. In the third quarter of 2008, SDIF returns declined 10.11 percent, compared with a 6.01 percent drop in the Standard & Poor's index. SDIF's underperformance is attributable to its high exposure to international, emerging equity, and energy and commodities markets. Fourth quarter returns were also negative.

Ultimately, the Regents decided the time had come to recommend a liquidation of SDIF. Upon the closing of the fund, the College and SDIF representatives reached out to shareholders and urged them to redeem their shares.

The broader view

The economic downturn has forced most Americans to rethink how they spend and invest their money. People are cutting back on non-

essential goods and services and moving their savings into low-risk accounts. We are entering an age of newfound fiscal prudence and personal responsibility.

The ongoing belt tightening and cost cutting affect surgeons and other health care professionals and institutions on a number of levels. For instance, many businesses are being forced to lay off workers. Newly unemployed people are faced with the choice of buying into expensive COBRA plans (named for the law that established them, the Consolidated Omnibus Budget Reconciliation Act of 1986) or doing without health insurance coverage until they find another job at a company or organization that may or may not provide medical benefits. Some people in these circumstances (particularly individuals between the ages of 18 and 35) are opting to forgo insurance. Consequently, our nation's medical and trauma centers are experiencing a rise in uncompensated and charitable care.

Furthermore, patients are postponing physician visits because they are worried about taking time off from work or about out-of-pocket expenditures. These patients often wait until their condition has become intolerable. Usually when an illness has reached this point, patients require expensive emergency care or must undergo extensive treatment involving costly resources.

In response to these problems, government and private payors are looking for ways to eliminate any wasteful spending that may exist. Hence, we are likely to see more bundled payments and gainsharing—concepts discussed previously in this column.* We also are going to need to participate in outcomes studies that will enable all stakeholders to determine which treatments are most cost-effective and will best serve the interests of our patients. And, we will need to take steps toward implementing electronic medical records, which are expected to help us avert costly errors and redundancies in care.

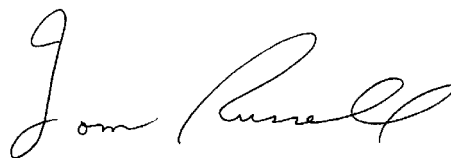
Physicians and patients will need to work together to make health care decisions that will yield value-based care. As medical professionals,

we must serve as trusted advisors on preventive care and evidence-based treatment plans.

Promising future

The College is committed to helping its Fellows and Resident and Associate Members manage existing and prospective challenges. We chose to recommend the elimination of SDIF because it just wasn't the right service for these times. Whereas we regret having to make this decision, we believe the College's financial resources are better directed at the development of services, projects, and conferences that will enable surgeons to maintain their practices and financial solvency now and in the future. These efforts include further developing the American College of Surgeons National Surgical Quality Improvement Program as an outcomes-measurement tool, continuing to work with coalitions and consortia dedicated to improving quality and cost-effective care, becoming a more influential voice in the federal government's efforts to reform health care and the Medicare physician payment system, and so on.

This nation—indeed, almost every developed country in the world—is going through a discouraging economic period, and we are all going to need to make some sacrifices for a while. But we have endured crises in the past only to emerge stronger and more robust than before. I believe this will happen again if we all take proactive and productive steps to prepare for the future.



Thomas R. Russell, MD, FACS

*See page 4 of the January 2009 *Bulletin*.

If you have comments or suggestions about this or other issues, please send them to Dr. Russell at fmp@facs.org.