This year, five themes drove the administrative side of the department, all of them aimed at helping improve the research, patient care and education that make this one of the nation’s leading departments of Internal Medicine.

**Efficiency and Cost Effectiveness**

For several years, U-M has been at the forefront of the “pay for performance” and clinical quality movements that are sweeping our nation’s health care industry. To help physicians and other clinicians achieve the milestones that insurers and government agencies are demanding, our administration has been working to implement new practices and processes. We’ve done this in large part through the “Lean Thinking” approaches that are patterned after auto industry process-improvement tactics. With the help of a management engineer, we’re making changes in our billing and diagnostic coding systems, our human resources group, and our credentialing office.

**Faculty Satisfaction**

The demands placed on our faculty who see and treat patients in the clinics or the hospital are intense. Last year, Dr. Lippman charged a committee with assessing the barriers to true satisfaction among these faculty, and this year we received and began to act upon their recommendations. By giving faculty more control over their day-to-day clinical schedules, appointing an “exam room czar” to make the most of clinic space, and making other changes, we hope to keep faculty doing what makes them happiest: delivering top-notch clinical care.
**Long-range Planning**

This was the first year of a new effort to forecast our needs, demands, opportunities and challenges far into the future - not an easy task in the ever-changing world of health care. But by confronting such issues as budgets, space constraints, staffing needs and faculty demands well in advance, and constantly adding to our five-year forecast while working with the Hospitals & Health Centers administration, we hope to create a better outcome for all. As an example, as we plan for 2007’s opening of the Cardiovascular Center, (below) and the capacity that will be freed up throughout the system, we can anticipate the need for faculty, staff and the space and technology that allow them to work at their best.

**Clinical Research Environment**

The recently instated Medicare coverage for clinical trial participation, and our institution’s goal of building a better clinical research enterprise, presents both opportunities and challenges. On the billing side, the promise of better reimbursement also comes with a serious responsibility for diligent compliance. And as our clinics experience higher patient loads than ever, we’re finding new ways to move research-related clinic visits into different facilities, including those run by the U-M General Clinical Research Center. We’re also working to provide better department-level clinical research coordination services, and seed money for new projects.

**Increasing Philanthropic Support**

As we stated last year, we challenged ourselves in 2006 to increase the percentage of our budget that comes from philanthropy and created a number of initiatives to reach that goal. Through the amazing generosity of our donors, many of whom this year were alumni, faculty and staff, we increased both our contributions (by 77%) and the number of gifts (by 23%) over our 2005 levels. Throughout this report we have acknowledged many of the individual gifts within the articles that describe the work they supported. All of those who partnered with us through their contributions during 2006 are listed in our Honor Roll on pages 58-61. We are deeply grateful for their support.

In short, we’re trying on all fronts to be prudent managers of our resources, and to do all we can to remain in positive financial territory and support our missions in the face of an uncertain climate.