

Testimony of

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before the

**Joint Hearing  
of the**

**House of Representatives Select Committee on Hurricane Ike Devastation and  
Senate Intergovernmental Relations Subcommittee on Flooding and Evacuations**

December 3, 2008

Mr. Chairman, and members of the Legislature and community, I appreciate the opportunity to provide this study committee with information related to the lessons UTMB has learned from its experience with Hurricane Ike and to also ask you for your continued assistance in our recovery efforts.

I am Dr. David Callender and I serve as president of the University of Texas Medical Branch in Galveston. Prior to coming to UTMB in September 2007, I served as CEO of the UCLA Health System; before that I served as Executive Vice President and Chief Operating Officer at the UT MD Anderson Cancer Center. In both positions, I played a significant leadership role in helping those institutions manage events brought about by natural disasters.

Clearly, Hurricane Ike had a profound effect on The University of Texas Medical Branch. While Ike was only a Category 2 storm according to the Saffir-Simpson hurricane scale, the associated storm surge and flooding were much more characteristic of a Category 4 (or higher) storm. More than 750,000 square feet of first-floor space (out of a total of 7 million-plus square feet of campus space) sustained damage from salt water flooding during the hurricane.

The following comments describe our general approach to protecting and preserving UTMB's campus assets before, during and after Hurricane Ike.

### **Preparing for weather-related events**

- Campus-wide preparation and training for hurricanes is routinely conducted at UTMB, consistent with our institutional disaster preparedness policy
- A hurricane simulation disaster drill was conducted two weeks prior to the storm
- Extensive communication channels with the Texas State Emergency Operations Center and local/regional emergency response teams were in place well before the storm's arrival
- A comprehensive Incident Command Structure was in place and ready for activation prior to the event
- A maximum of \$100 million in disaster insurance coverage was secured by The University of Texas System Board of Regents for the Houston region's campuses.
- Contracts for disaster response services were in place through UT System's Office of Risk Management
- Stocks of fuel, water, food and medical supplies, as well as alternative power sources, were available on the UTMB campus or staged at nearby locations in advance of the storm
- Employees essential to the provision of security, facility operations, emergency health care and emergency management functions were designated ahead of the event

## **A staged approach to Hurricane Ike**

- Phased cessation of research activities, cancellation of clinic visits and elective surgeries, discharge of hospital patients able to safely return home, and the relocation of academic and vital support functions (e.g., finance), commenced 120 hours before the storm
- Campus facilities were secured according to pre-storm standards
- Closure of the Galveston National Laboratory and all other UTMB biosafety-level labs was completed “by the book” and without incident
- Essential personnel were notified to make plans to be in assigned locations at assigned times in advance of the storm’s arrival
- Regular communications with local, state and federal officials was maintained with the State Emergency Operations Center under the direction of Chief Jack Colley and the Office of the Governor
- Effective evacuation of non-essential personnel, students and hospitalized patients (including prisoners) was conducted according to protocols, with no significant adverse event, thanks in large measure to Captain Colley, the staff of the EOC, and on-site representatives Charles “Boo” Walker and David Popoff, who worked to secure essential transportation assets and transfer locations

## **During and immediately after Hurricane Ike**

- 750,000 square feet of UTMB’s first floor space was flooded as a result of salt water storm surge from the Galveston Bay; flood levels ranged from a few inches in UTMBs Moody Medical Library and the School of Nursing and Health Professions Building, to three feet in John Sealy Hospital, to eight feet in “Old Red,” the state’s first medical school
- UTMB’s incident command team and on-site staff focused on providing emergency medical services and on protecting and preserving campus assets while securing essential emergency services for the campus—food, power, water, natural gas, communications
- UTMB provided emergency medical services for community members and first responders who were on the island during and immediately after the storm
- Due to the intense demands on personnel fulfilling essential duties during and after the hurricane, a rotating “buddy system” was implemented to ensure personal safety and continued fitness for duty
- Cleaning and restoration of campus facilities began immediately, supplemented with contracted disaster management workers who arrived within a day of the storm

- UTMB's highly trained security officers provided a safe environment for staff and kept the campus free of intruders
- UTMB's top priorities were to attend to the medical needs of a steady stream of patients seeking emergency care or shelter, to provide a safe environment for on-site UTMB and contract personnel, and to preserve and protect campus facilities and equipment

### **Post-Ike priorities**

- Addressing the needs of patients, students and employees
  - Relocated 540 medical residents to alternative clinical training sites
  - Established off-campus student and employee support services
  - Placed 3<sup>rd</sup>- and 4<sup>th</sup>-year medical students in clinical rotations off campus
  - Provided for continuity of patient care by quickly restoring access to the university's Call Center, patient ACCESS line, Internet services and Electronic Medical Record systems
  - Implemented plans immediately after initial damage assessments to relocate critical patient services to mainland locations
  - Established collaborations with local hospitals to provide for UTMB physician privileges and practice opportunities
  - Provided support services for employees and students during the transition; support included housing assistance, FEMA registration, student financial aid, counseling services, and uninterrupted payroll operations
- Protecting and preserving UTMB's research capabilities
  - Preserved critical frozen research specimens and major equipment
  - Restored research labs to functionality as quickly as possible
  - Located alternative areas to conduct vital research projects that needed to proceed without interruption
- Restoring campus functions
  - Initiated a complete assessment of damages, in concert with UT System Risk Management
  - Began clean-up and dehumidification of damaged buildings within 36 hours of the arrival of tropical storm force winds
  - Developed a prioritized schedule based on the damage assessment to return buildings to their designated use as quickly as possible
  - Note: Basic services such as water, sewer, natural gas and electricity were dependent upon the City of Galveston's aged utility infrastructure and took additional time (more than a week) to restore; this significantly limited UTMB's restoration efforts

## Initial and continued critical collaborations

- Federal government – e.g., FEMA, DMAT, USN Nassau
- State of Texas – e.g., Governor’s Office, DSHS, National Guard
- City/County government and community leaders
- The University of Texas System, many UT institutions, other Texas academic institutions, many health care providers across the state
- Professional organizations – e.g., AAMC, ACGME, Society for Microbiology
- Alumni, local communities, friends

## Hurricane-related costs for the University of Texas Medical Branch

Building Costs Related to Damages	\$225.0 Million
External Campus Cleanup	\$ 67.0 Million
Clinical Equipment	\$ 51.5 Million
Infrastructure	\$ 43.2 Million
Research Equipment	\$ 17.6 Million
IT Equipment	\$ 11.7 Million
Kitchen Replacement	\$ 8.0 Million
Education Replacement	\$ 5.1 Million
Business Interruption	\$276.4 Million
Total Projected Cost Incurred	<hr/> \$709.7 Million

*Potential Insurance Coverage for The University of Texas System is \$100 Million*

## Restoring services

- Over the past 11 weeks, UTMB has been able to restore most of its research services:
  - The Galveston National Lab was unharmed and is operational
  - The Robert E. Shope biosafety level 4 lab was unharmed and is operational
  - The Truman Blocker Medical Research Building sustained very little damage and is operational
- UTMB’s School of Medicine returned to operations with no significant interruption in the students’ academic experience:
  - Academic services are operational; on-campus classes for 1<sup>st</sup>- and 2<sup>nd</sup>-year medical students resumed October 20
  - Clinical programs for 3<sup>rd</sup>- and 4<sup>th</sup>-year students have continued through collaborative agreements with other health care facilities in Texas

- UTMB's schools of Nursing, Health Professions and Graduate Biomedical Sciences are operational
- Clinical services have been restored and/or are now available at:
  - UTMB's network of Regional Maternal and Child Health Clinics
  - Obstetrical units in the John Sealy Hospital
  - Emergency room (for treatment of minor emergencies) in the John Sealy Hospital
  - Community-based clinics on the mainland
    - Primary and specialty care
  - Inpatient units at collaborating hospitals
    - Christus St John (Nassau Bay)
    - Clear Lake Regional Medical Center (HCA – Clear Lake)
    - Mainland Medical Center (HCA – Texas City)
    - St. Joseph Medical Center (Houston)
  - Selected primary and specialty services on Galveston Island

#### **Challenges to UTMB's recovery**

- 59% of UTMB's annual budgeted revenue was derived from patient care operations; that revenue stream has been significantly reduced due to hurricane-related damage the John Sealy Hospital and campus outpatient clinics sustained
- UTMB outpatient clinical services are operational in primary care and specialty services on the mainland but productivity is limited by space availability
- UTMB's operating expenses related to the cost of campus clean-up efforts and on-going payroll for personnel has resulted in rapid depletion of cash reserves (exhausted by spring 2009)
- Limited access to additional operating funds limits UTMB's potential to meet existing payroll obligations
- Lack of working capital limits UTMB's ability to restore facilities and equipment necessary to return to operations

#### **Why the reduction in the number of beds at John Sealy Smith Hospital**

- Essential support services must be relocated and restored:
  - Inpatient pharmacy
  - Sterile processing for the operating rooms
  - Blood bank services
  - Food services
  - Radiation oncology services
- Reopened space must be code compliant (more space per bed)
- Bed space must accommodate necessary equipment

- Reduced population (demand) on Galveston Island

### **Why UTMB cannot reopen its Level One Trauma Center**

- Facility requires significant restoration
- Loss of essential, expensive medical equipment
- Lack of access to key services (e.g., operating rooms, blood bank)
- Difficulty in meeting staffing requirements (physician availability)

### **The drivers for UTMB's recent reduction in force**

- Reduced revenue streams from inpatient and outpatient care
- A major portion of operating expenses are related to salary and benefits
- Lack of adequate cash reserves to fund salaries and restorations
  - UTMB's cash reserves were \$160 million before Hurricane Ike
  - Without a reduction in force, cash reserves would be exhausted more quickly
- Lack of available clinical work for health care employees due to the inability to admit patients to the John Sealy Hospital for an extended period of time

### **Possible mitigation strategies**

- Improving City of Galveston utilities infrastructure (water, sewer, power, natural gas, communications) to ensure rapid return to operations for UTMB
- Raising essential services to the second floor or higher in all buildings
- "Hardening" existing buildings where feasible (e.g., installing floodgate systems similar to those used in the Texas Medical Center to protect the core area of the UTMB campus)
- Developing a "hardened" facility to better support animal research by eliminating the need to transport animals during weather-related emergencies
- Developing a "hardened" facility with reliable power and fuel sources to maintain the research enterprise's frozen specimens ("Freezer Farm")
- Relocating vulnerable services to the mainland on property already being developed by UTMB as an Ambulatory Surgical Center, Imaging Center, and Outpatient Specialty Care Center

The University of Texas Medical Branch is working to protect and preserve vital capabilities and precious resources as we plan for the future. All avenues of potential funding and support are being pursued. We are working closely with state leadership and with the Texas Health and Human Services Commission to analyze the impact of our

suspended clinical services on the citizens of Texas and the budget implications for the State of Texas.

#### **Immediate financial needs for UTMB's future recovery**

- Operating funds                      approx \$300 million
- Capital                                      approx \$300 million

#### **Potential sources to finance UTMB's recovery**

- An advance of expected FEMA reimbursement from the Federal government
- Lines of credit for approximately \$600 million total in operating funds and capital from the State of Texas secured by expected FEMA reimbursement
- Social Services Block Grant funding
- Community Development Block Grant funding
- Tuition Revenue Bonds
- State General Revenue support
- Funding for UTMB exceptional items for programs of academic excellence

#### **Potential recovery support from the Galveston community**

- Sealy & Smith Foundation and other philanthropic sources
- Formation of a County Hospital District / Health Services District
- Continued collaboration with mainland-area hospitals for clinical care, student and resident education, and research

Thank you for the opportunity to comment on the impact Hurricane Ike has had on The University of Texas Medical Branch. It is our desire to restore our institution's ability to contribute to the Houston-Galveston region and to the State of Texas as quickly as possible. We greatly appreciate your support.