



*The John A. Hartford Foundation*

ANNUAL  
REPORT

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*"It is necessary to carve from the whole vast spectrum of human needs one small band that the heart and mind together tell you is the area in which you can make your best contribution."*

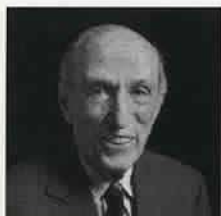
**This has been the guiding philosophy of the Hartford Foundation since its establishment in 1929. With funds from the bequest of its founder, John A. Hartford, and from his brother George L. Hartford, both former chief executives of the Great Atlantic and Pacific Tea Company, the Hartford Foundation seeks to make that "best contribution" by supporting efforts to improve health care in America.**



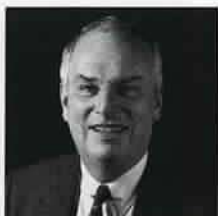
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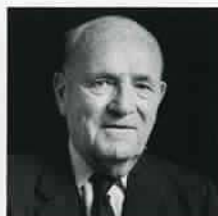
## TRUSTEES



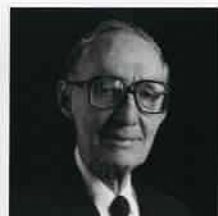
Leonard Dalsemer  
*Chairman*



James D. Farley  
*President*



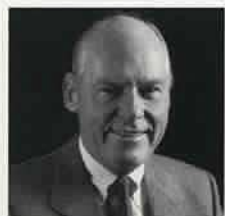
William Corbus  
*Vice Chairman*



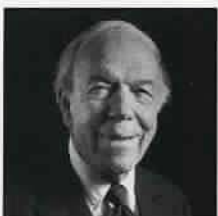
Byron Jay  
*Secretary & Treasurer*



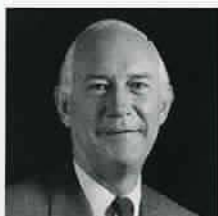
Richard A. Cramer



Michael D. Dingman



Perry E. Gresham



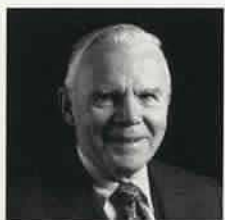
Alexander M. Laughlin



Birny Mason, Jr.



Charles Moeller, Jr.



Robert H. Mulreany



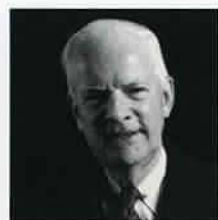
Charles E. Murphy, Jr.



Nuala Pell



Norman H. Volk

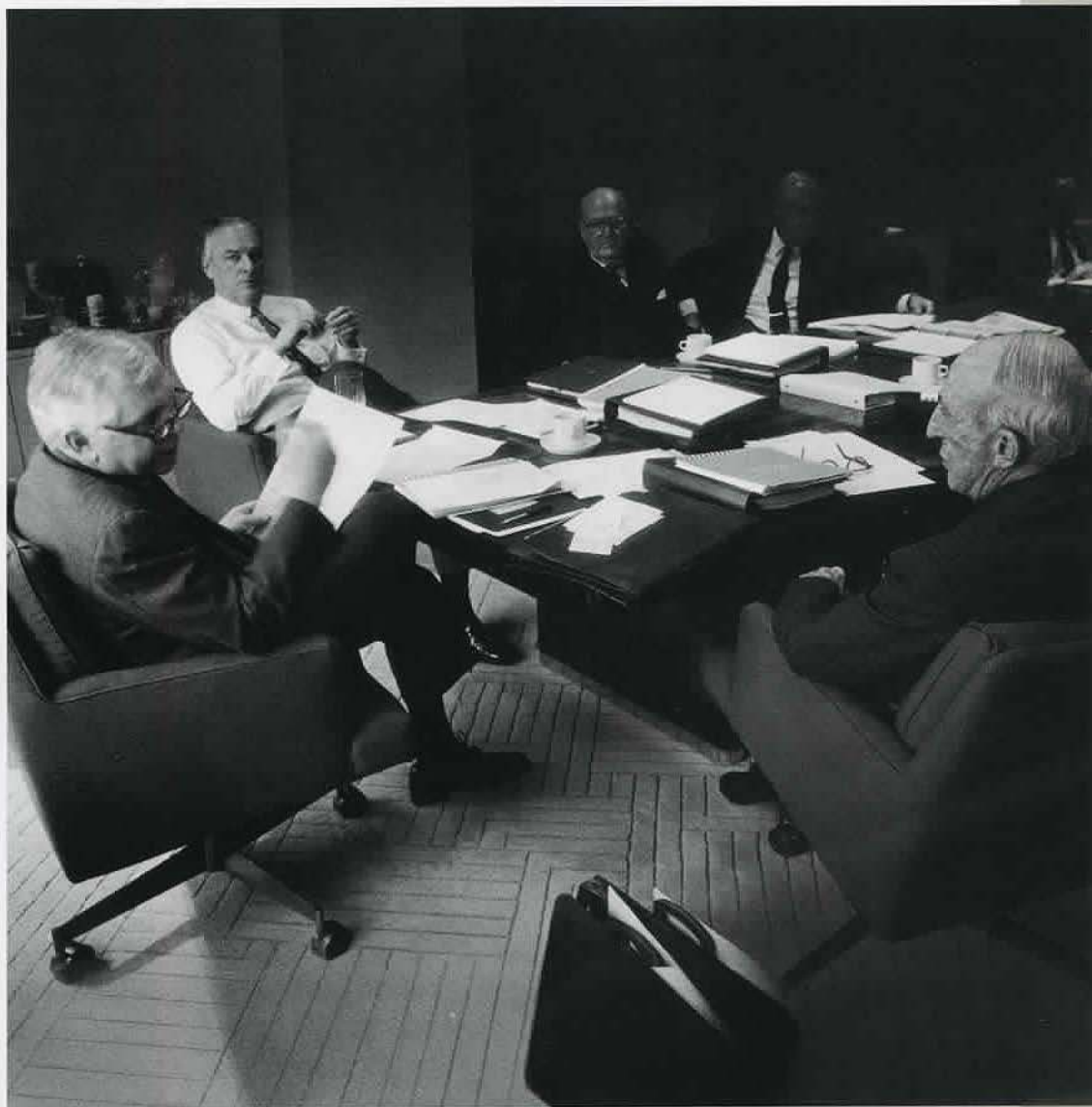


Matthew E. Welsh

Harry B. George, *Trustee Emeritus*



*The Finance Committee of the Board of Trustees reviews the Foundation's investments quarterly. The meeting shown here includes (clockwise from right front) Leonard Dalsemer, Foundation Chairman; Norman H. Volk, Finance Committee Chairman; James D. Farley, Foundation President; William Corbus, Foundation Vice Chairman; and Alexander M. Laughlin.*





*The Trustee Committee on Grants reviews and recommends full Board action on all proposed grants. Here, the Committee is shown at work, with James D. Farley, Committee Chairman and Foundation President (foreground); and (counterclockwise) Leonard Dalsemer, the Foundation's Chairman; Alexander M. Laughlin; Laura Robbins, Program Officer; Byron Jay, the Foundation's Secretary and Treasurer; Charles E. Murphy, Jr.; and Richard A. Cramer.*

## REPORT OF THE CHAIRMAN

Much of 1986 was devoted to a thorough review of the Foundation's programs. That effort was aided by national health care leaders and analysts who shared with the Trustees and staff their observations and recommendations. We are indebted to them. In recognition of their assistance, this year's annual report includes a sampling of the advice received from just a few of those interviewed.

The year's review reaffirmed the convictions that have guided the Foundation over the past few years. Our program in health care financing has evolved to emphasize a commitment to quality as well as efficiency in U.S. health care. Equally important, our program in aging and health has become more tightly focused in its approach; grants totalling almost \$3 million in 1986 reflect the high priority we have assigned to meeting the unique health care needs of the elderly.

In October the Hartford Foundation moved into new offices that the Foundation purchased at 55 East 59th Street, New York City. The new offices are in a more convenient area and provide much needed additional space, enabling the staff to work more efficiently and in more pleasant surroundings.

The Board of Trustees was particularly pleased in 1986 to welcome Alexander M. Laughlin. Mr. Laughlin brings to us a wealth of experience in both philanthropy and financial affairs. In March James D. Farley, who has played an important role as both the Foundation's Vice Chairman and Chairman of the Grants Committee, was elected President of the Foundation. Finally, the active leadership of Finance Committee Chairman, Norman H. Volk, and Evaluation Subcommittee Chairman, Charles Moeller, Jr., has been of immeasurable help, for which I am grateful.



Leonard Dalsemer



## STAFF

Stephen C. Eyre, *Executive Director*  
Richard S. Sharpe, *Program Director*  
Samuel R. Gische, *Controller*

Mary G. Paulsen, *Program Officer*  
Laura A. Robbins, *Program Officer*

Kelly J. Andrews, *Program Administrator*  
Robyn Dietz, *Administrative Associate*  
Dolores Fanelli, *Coordinator of Information Services*  
Rita A. Henry, *Assistant to Executive Director*  
D. June Stotts, *Accountant*  
Sophia Vassell, *Receptionist*

## PROGRAMS

## INTRODUCTION

Health is a national concern and is a topic that is debated in Congress. More than ever, most Americans are committed to eating healthy, thinking healthy, and acting healthy.

The rising cost of health care is a national concern. The United States spends more each year on health care than it does on national defense. At the same time, individual Americans fret and stew, justifiably, over their medical bills. Even knowing that the rate of increase in health care costs has slowed somewhat since the early 80s is no relief; this rate of increase remains six times higher than that of the overall Consumer Price Index.

**Between 1954 and 1979, the Foundation participated in some of the most significant advances in modern medicine. In the last decade, it has turned its attention to efforts that promise equally significant results.**

The fundamental, inescapable question continues to haunt us: We live in a society endowed with the richest resources for medical

care and progress; how can we deliver these resources at a reasonable cost?

That's a question the Hartford Foundation is trying to answer.

For over fifty years, the Hartford Foundation has served as a leader in the funding of important initiatives in the health care field. Between 1954 and 1979 alone, the Foundation participated in some of the most significant advances in modern medicine and provided for the training of a generation of researchers.

In the last decade, the Hartford Foundation has turned its attention to efforts that promise equally significant results. Since 1979, with the establishment of its Health Care Financing Program, the Foundation has been energetically supporting a range of demonstrations and other projects aimed at curbing the skyrocketing costs of medical care. And, since the 1983 inauguration of the Aging and Health Program, Hartford-supported projects have been helping the health care system respond more efficiently and humanely to the elderly.

Last year's Annual Report chronicled the Foundation's advance into these areas. This year's Annual Report continues that story, with news of refinements, developments, successes, and exciting ventures.

*Tracey McCullough is one of 5,000 children in Suffolk County, New York now benefitting from an innovative approach to restructuring the Medicaid program. The Foundation's grant to the American Academy of Pediatrics is making it possible to compare case management, fee-for-service and incentive plans among 1,000 participating physicians, to determine the effect on total cost per enrollee. Here, Tracey visits a pediatrician, Dr. Rosemarie Frenzel, at the Brentwood Family Health Center.*







With Hartford Foundation support, the internationally-renowned Mayo Clinic is helping corporations judge the cost-effectiveness of their own health benefit programs. A team, including Dr. Iqbal Krishan, Ms. Susan Gunderson, and Dr. Fred T. Nobrega (from left to right), is developing benchmark indices on the costs and quality of a wide range of Mayo's health services. Employers and corporations across the country will be able to refer to these benchmarks to evaluate both the cost and quality of their local health providers' services.

Recent efforts to contain health care costs have spawned a wealth of new enterprises unheard of just a few years ago. Health care consumers, depending upon their individual needs and resources, can now choose from a wide range of programs — from Medicare and Medicaid to standard health insurance packages to managed care alternatives to the burgeoning number of pre-paid insurance programs. The Hartford Foundation helped transform many of these promising notions into productive realities.

Health experts and laypeople alike applaud these developments. At the same time, there is concern that these initiatives may have a darker side. Health care leaders want to be sure that the quality of care patients receive under these programs remains consistently high. Their worry is that enthusiasm for containing costs can result in "undercare."

The Hartford Foundation spent the better part of 1986 studying this problem. Foundation staff interviewed almost one hundred health care leaders and analysts. The staff also attended numerous national and local conferences on health care, and reviewed currently supported projects. This year of study shed greater light on a most perplexing problem.

One of the most successful ways to cut costs is to eliminate unnecessary procedures. This makes sense. But there's a hitch. In order for health care providers to accurately determine whether a particular procedure or treatment is warranted, they must have access to sound scientific data.

**Responsible health care leaders want to be sure that the quality of care offered by a range of new health programs remains consistently high. The Hartford Foundation's year of study in this area shed greater light on a most perplexing problem.**

*"Doctors need, and want, better information to help them improve their care of patients. There is a need to synthesize and analyze large amounts of clinical data and provide the results to physicians in a form useful to their decision-making. It will take a new breed of analyst/manager to do this."*

**Barbara J. McNeil, M.D.**  
Brigham and Women's  
Hospital  
Harvard Medical School  
Boston, MA

They must be able to compare the benefits of a high cost procedure with the benefits of a less expensive treatment, for example.

But to date, the American medical community is suffering from a disturbing lack of information on the relative efficacy of a wide range of medical practices. And even when the information *does* exist, many doctors don't have access to it. On an individual basis, this makes it extremely difficult for even the best doctor to know the most cost-effective means for treating any given problem. On a national basis, this hinders the medical community in providing low cost care with high quality results.

**The American medical community lacks information on the relative efficacy of a wide range of standard medical practices. And even when this information does exist, many doctors don't have access to it.**

This situation is compounded by a lack of (1) quality-rewarding market incentives in our health care system and (2) adequate

systems for providers or purchasers to monitor quality.

In September of 1986, the Trustees of the Hartford Foundation decided to address these problems of care as well as cost.

The new Health Care Cost and Quality Program goes beyond an interest in financing reforms. The Foundation is now concerned with the need to balance quality and cost-containment in U.S. health care.

There is a special interest in developing much-needed *systems* for:

- Assessing the appropriateness and quality of medical procedures by measuring their outcome; and
- Determining the value of those procedures by weighing appropriateness, quality and cost.



The Foundation's work particularly focuses on assisting physicians to build such systems and to use them in setting standards for efficacious and efficient health care. In addition, some projects assist:

- *Health Care Managers*: through development of quality assurance programs and innovative management practices;
- *Employers*: through efforts to purchase health care based on appropriateness, quality, and cost; and
- *Patients*: through programs that inform them of their choices and involve them in health care decisions.

A common thread running through many projects supported under the Foundation's new program is the generation and use of information. Informa-

tion about the process and results of actual cases, captured by computer, offers extraordinary potential for informing medical decision-making and controlling the quality and cost of American health care.

The program's name change from Health Care Financing to Health Care Cost and Quality is significant. It reflects the Hartford Foundation's recognition that the bottom line of any medical transaction is the well-being of the individual patient. A health care system that provides services at the lowest possible cost is not enough. That health care system should at the same time provide responsible care for each and every patient.

**The Health Care Cost and Quality Program goes beyond an interest in financing reforms. It is now concerned with balancing quality and cost, particularly by developing much-needed systems for assessing the appropriateness, quality, and value of medical procedures.**

*"We need a better basis for deciding what is appropriate care. In this sense, the practice of medicine is in the pre-scientific era. We can strengthen the scientific basis for medical decision-making by studying — with the aid of the computer — the results of treating thousands of patients."*

**Victor R. Fuchs, Ph.D.**  
**Stanford University and**  
**National Bureau of Economic**  
**Research**  
**Stanford, CA**



## 1986 GRANT COMMITMENTS

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With the inauguration of the Health Care Cost and Quality Program, the Hartford Foundation awarded three major grants in the final quarter of the year. Commitments totalled \$895,836.

**Duke University,**  
**Center for Health Policy Research and Education**  
Durham, NC  
David M. Eddy, M.D., Ph.D.

*Expansion and Dissemination of the Confidence  
Profile Method (CPM) for Assessing the  
Effectiveness of Health Technologies*

With previous Foundation support Dr. Eddy has designed a new way of assessing health technologies (called the Confidence Profile Method) for use by third-party payors in setting reimbursement policies. The new grant is designed primarily to train physicians, analysts, and policymakers in the Confidence Profile Method's development and use. The Method appears to be applicable to a wide variety of questions related to the efficacy and cost-effectiveness of medical practices. During the grant period, project staff will continue to develop technical features of the Method and expand its application. Continuation of a previous three-year \$378,446 award; \$595,836 over two years.

**Lawrence S. Lewin, M.B.A.**  
**Lewin and Associates**  
**Washington, DC**

*"The physician, the purchaser, and the patient must all be involved in setting standards and holding health care providers accountable for quality. Key to this process is adequate clinical information and agreement on the scientific basis for medical interventions."*

Robert D. Holmen, Vice President of the Center for Policy Studies (second from right), has helped the Center develop its "Buy Right" strategy — an innovative approach that inspires health care purchasers to choose providers on the basis of quality as well as cost. Mr. Holmen is now coordinating demonstrations of the strategy in five Pennsylvania communities. Here, he confers with some of the community leaders who will be key in structuring the Pittsburgh project — Donald W. Spalding, President of Sewickley Valley Hospital (left); Clara Ersoz, M.D., Vice President, Medical Affairs, St. Clair Hospital (second from left); and Richard Wardrop, Director, Compensation and Benefits, Aluminum Company of America (right).





*Joan C. Offutt, Executive Director of the Colorado Health Data Commission (left), and James J. Bracher, Executive Director of the Florida Hospital Cost Containment Board (right), are part of a growing cadre of state-based health data officials. Here, they confer with Marlene Larks, Executive Director of the newly-formed National Association of Health Data Organizations (NAHDO) at the Washington Business Group on Health. A Hartford Foundation grant is supporting NAHDO's efforts to foster a more reliable and uniform approach to data collection and comparison nationwide.*



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**Interstudy**

Excelsior, MN

Paul M. Ellwood, Jr., M.D.

*Exploration of Alternatives for Strengthening Quality of Care Standards among Health Care Organizations.*

There is an increasing concern that market incentives are creating such strong pressures for lowering cost that the quality of medical care is in jeopardy. This prompts the need for standards that would enable providers to compete on the basis of quality as well as cost. With Foundation support, Dr. Paul Ellwood will examine the current state of the art related to health care quality. He will explore with leaders in the health care industry possibilities for assuring and measuring the quality of their services. \$50,000 over six months.

**Washington Business Group on Health/  
National Association of Health  
Data Organizations (NAHDO)**

Washington, D.C.

Marlene Larks

*Fostering Uniformity and Priorities for Health Care Assessment Data-Gathering*

At present, the demands on health care providers for data are inconsistent and fragmented. There is an urgent need for those making such demands to determine what information is most important and what data best meet these priorities. There is also a need for a more uniform data base by which to compare providers. NAHDO's grant will address this situation. A panel of experts will seek agreement among principal users of health care information as to data-gathering priorities and will set guidelines by which providers can efficiently meet those priorities and facilitate comparison. \$250,000 over two years.

*"We can do more to strengthen the quality of medical care. We need criteria by which to decide when something is not worth doing. We need better criteria, based on outcomes, for identifying those who provide unsatisfactory care. The greatest challenge in this regard is in the provision of ambulatory care."*

**Robert M. Heyssel, M.D.**  
**President**  
**Johns Hopkins Health**  
**Systems**  
**Baltimore, MD**



## UPDATE ON ACTIVE GRANTS

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- In the first year of a three-year grant, Dr. Paul Griner and his team at the University of Rochester made considerable progress in developing a comprehensive information system for the analysis of outpatient treatment.
- With the support from a three-year Hartford Foundation grant, researchers at Yale and Harvard collaboratively developed a new protocol for emergency room evaluations of coronary crisis patients. Preliminary findings indicated that use of this new protocol can result in reduced admissions, sparing patients the trauma of unnecessary hospitalization and hospitals unnecessary costs. With two-year continuation of support, the team is now completing a formal evaluation of the protocol at five medical centers.
- At UCLA, Dr. Robert Brook and his team of analysts have developed a rating system, based on consensus recommendations of expert physicians, on the appropriateness of six selected medical procedures. In studying a representative sample of Medicare cases, the team found that 20-30% of the claims entailed inappropriate use of three procedures.
- Since 1982, Hartford Foundation support has enabled Dr. John Wennberg of Dartmouth Medical School to pursue his pioneering study of variations in medical practice. Dr. Wennberg's discovery that individual doctors use widely different treatments for the same condition, and that the costliest treatments are not necessarily yielding the best medical results, has attracted national attention. This year, Dr. Wennberg and his colleagues are continuing their work by documenting the relationship between various treatments and their relative benefits. This study will provide physicians, administrators and insurers with reliable, concrete information as to the cost-effectiveness of their decisions.
- The Mayo Clinic – an acknowledged leader in superior health care services – is developing, with Foundation support, an array of benchmark indices on the cost of its services. These figures will serve employers as a reliable reference in assessing the costs and quality of their local health providers.
- There are a range of tests and procedures which are considered routine for certain conditions. Since 1985 the Hartford Foundation has supported Dr. Sanford Schwartz of the University of Pennsylvania in developing a hospital-based program to identify and reduce the use of tests and procedures that are not actually necessary.

*At the Gilman Office Center in White River Junction, Vermont, nurse Annette Parker is reviewing with patient Ruth Merrill her use of medications. Nurse Parker will pass along her findings to Mrs. Merrill's physician, Dr. Mark M. Nunlist. With Hartford Foundation support, this review procedure (called MEDS) is being developed at Dartmouth Medical School and tested in private practice settings to see if it can help physicians reduce their patients' drug-related side effects. This is one of four 1986 grants that address the medications problems of the elderly.*





*A Hartford Foundation grant to InterStudy supports Ms. Cynthia Polich's work with a number of HMOs to explore the possibilities for their increased involvement in long-term care for the elderly. During a recent visit to Minneapolis' MedCenters HMO, Ms. Polich, Executive Vice President of InterStudy (right, front) meets with J. Paul O'Connor, Vice President for Planning and Administrative Services of Park Nicollet Medical Center (front, left), which provides services to MedCenters.*



The United States is going grey. In 1980, the number of Americans 65 and over reached 26 million, or 11 percent of the population. Within the next fifty years, that figure is expected to double. And those over 85 now represent the fastest growing population in the country.

These figures represent a formidable challenge for the U.S. health care system – and for those who must pay the bills. Older persons require more medical attention. The use of hospital care by the elderly is expected to almost triple by the year 2000, increasing their share of hospital patient days from 38 to 58 percent. Still others – over 1.3 million – are cared for in nursing homes, where doctors' or nurses' attendance is essential. And that figure is predicted to double in the same twenty year period. Even those lucky enough to remain home often need attention from visiting health care professionals.

**Since 1983, the Hartford Foundation has been caring about and caring for our nation's elderly. This year's review identified three priority areas for grant-making.**

Since 1983 the Hartford Foundation, with its interest in the problems of health care financing and quality, has been caring about and caring for our nation's elderly. The Foundation's Aging and Health Program has supported a range of projects to address this population's unique health needs.

The Foundation's 1986 review of programs identified three priority areas for grant-making:

- *Projects Improving the Organization and Financing of Long-Term Care.* There is widespread agreement that the current structure for long-term care of the elderly is inefficient, often demeaning to the patient, and inadequately supported by public and private insurance programs. Yet there is no agreement as to what measures will correct this situation. The Hartford Foundation is

*"There is a serious fragmentation of medical and social services for older Americans. We lack community-wide systems that can provide a continuum of needed services. Innovative projects that address this problem — perhaps at the state level — are needed."*

**Carroll L. Estes, Ph.D.**  
**Institute for Health and Aging**  
**University of California,**  
**San Francisco**  
**San Francisco, CA**



now supporting several innovative research and demonstration projects that offer cost-effective alternatives to the present system.

■ *Projects Addressing Selected Chronic Health Problems of the Elderly: Medications.* While advances in pharmacology have improved modern medical care, the use of drugs also presents significant risks. This is particularly true for the elderly. These patients often suffer from multiple and chronic problems which require a variety of medications. This increases their risk of inappropriate drug use and adverse reactions. In 1984, the Hartford Foundation identified the medications problems of the elderly as an area in need of attention.

Working with an advisory panel, the Foundation concentrated its 1986 commitments on projects analyzing and improving the prescribing practices of physicians.

■ *Projects Strengthening Physicians' Knowledge of Geriatrics.* While the number of doctors is increasing faster than the population at large, this is not the case when it comes to the field of geriatrics. In fact, the young physician considering a career in geriatrics may find himself or herself seriously stymied right from the start. Only a few hundred geriatric specialists serve on the faculties of American medical schools today.

The Hartford Geriatric Faculty Development Award Program fellowships are making it possible for mid-career medical school faculty to devote a full year of intensive study to geriatrics at any of four training sites: Harvard University, Johns Hopkins, Mount Sinai, and UCLA. In 1986, the Foundation selected six outstanding physicians for participation in this program. In the coming year alternative strategies for strengthening physicians' knowledge of geriatrics will be explored.

**T. Franklin Williams, M.D.**  
**Director**  
**National Institute on**  
**Aging**  
**Bethesda, MD**

*"The complexity of clinical problems found in older patients presents great intellectual and professional challenges. To rise to these challenges academic medical centers must create a nucleus of scholarly leadership in gerontology and geriatrics. Faculty members with primary commitments to research and teaching in aging-related areas must take the lead in developing awareness of and interest in these fields."*

## 1986 GRANT COMMITMENTS

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The Hartford Foundation awarded seven grants under the Aging and Health Program in 1986. The seven grants, together with commitments of the Hartford Geriatric Faculty Development Program, totalled \$2,983,490.

### **Community Care Organization of Milwaukee County, Inc.**

Milwaukee, WI

Kirby G. Shoaf

#### *Living-At-Home Program*

The Community Care Organization of Milwaukee, in partnership with 13 affiliated Milwaukee agencies, is helping frail and isolated elders remain in their own homes; thus avoiding premature or inappropriate placement in institutions. Between 500 and 700 elders, in five diverse Milwaukee neighborhoods, will receive services. Approximately 1500 volunteers, professionals, para-professionals, family caregivers, and elders will receive training and information about community-based long-term care services. This is one of nineteen projects funded nationwide under the multi-foundation "Living-At-Home" Program. \$350,000 over 3 years.

### **InterStudy**

Excelsior, MN

Cynthia Polich

#### *Reforming the Health and Long-term Care System for the Elderly*

An increasing number of Health Maintenance Organizations (HMOs) are enrolling elders under federal regulations that permit pre-paid HMO Medicare coverage. Many experts view HMOs as ideal providers of health services to older persons because these organizations have demonstrated an ability to control costs and to coordinate care effectively. However, HMOs are reluctant to expand their systems to include the coordination or provision of long-term care, due primarily to fear of financial risk. InterStudy will draw on its long association with HMOs to promote and facilitate further experimentation with long-term care services by HMOs. \$400,000 over 2 years.

**Improving the  
Organization  
and Financing  
of Long-Term  
Care**



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**Selected Chronic  
Health Problems  
of the Elderly:  
Medications**

**Dartmouth Medical School**

Hanover, NH  
John H. Wasson, M.D.

*Development of the MEDS System to Strengthen  
the Physician's Role in Reducing Medications  
Problems of the Elderly*

Drug-related side effects are difficult to monitor in a busy office practice, particularly when patients are taking multiple medications. Dartmouth Medical School is developing an easy-to-use medications scoring system, to be conducted by the office nursing staff, that alerts the physician to possible drug-related problems. This will be the first system for monitoring and recording medication-related side effects in a typical office practice. For many elderly who receive their care from one physician in the community, especially elderly living in rural areas, this system could greatly improve their medication use and reduce the potential for unnecessary complications. \$416,997 over 2 years.

**University of California, San Francisco**

San Francisco, CA  
Helene Levens Lipton, Ph.D.

*The Impact of Clinical Pharmacists' Consultations  
on Use of Drugs and Health Care Services  
by Elderly Patients*

Hospitalization of older patients provides a good opportunity to review their total drug regimen. Appropriate changes can be made and unnecessary duplications avoided before the patient leaves the hospital. The UCSF project draws on the unique potential of the hospital pharmacist for coordinating and reviewing drug prescribing for older patients. UCSF will test whether an intervention in which hospital pharmacists counsel patients at the time of discharge from the hospital, follow up and counsel them after discharge, and provide feedback to physicians regarding potential medication problems, can enhance patient compliance, reduce the use of health services, and ultimately yield savings in health care costs. \$513,946 over 3 years.

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**University of Florida, Gainesville**

Gainesville, FL

Carole L. Kimberlin, Ph.D.

*Pharmacists' Intervention with Physician  
Prescribing and Medication Use  
in Elderly Patients*

The University of Florida is undertaking a project to train community pharmacists as to when and how to influence patients in their drug-taking and when and how to influence physicians in their drug-prescribing. Potential problems will be flagged with the aid of computers at the time patients fill and refill their prescriptions. The project will test whether specially trained community pharmacists can contribute more effectively to medication therapy. \$362,684 over 4 years.

**University of Minnesota**

Minneapolis, MN

Thomas Choi, Ph.D./Robert Kane, M.D.

*Effects of Drug Audit Information to HMO  
Providers on High Risk Elderly Patients*

In the HMO setting, physicians are paid under a capitated system and are thus encouraged to provide cost-effective care. The project at the University of Minnesota is designed to improve the information made available to physicians and pharmacists in an HMO for managing the medication of older patients. The project team is developing a drug audit system for a target group of elderly receiving three or more medications. On a periodic basis, the HMO's physicians and pharmacists will review drug audit reports for these patients. This system for prescribing and monitoring the use of medications could have broad national impact as a prototype, since increasing numbers of older patients are enrolling in HMOs. \$344,863 over 8 years.

*"An enormous amount of clinical benefit could be realized through the appropriate application of existing knowledge in geriatric pharmacology. Because most physicians have never been exposed to systematic training in geriatrics, not to mention geriatric pharmacology, it should not be surprising that an important "knowledge gap" exists between optimal practice and clinical reality."*

**Jerome L. Avorn, M.D.**  
**Harvard Medical School**  
**Boston, MA**



**Strengthening  
Physicians'  
Knowledge of  
Geriatrics**

**National Academy of Sciences/Institute of Medicine**

Washington, DC  
Enriqueta C. Bond, Ph.D.

*Conference on Leadership for Geriatric Medicine*

The growing number of older people in the United States will challenge the capacity of the health care system to meet their needs. The rudimentary status of geriatric medicine nationwide has focused attention on the need to train medical school faculty who can provide leadership in this field. In response, the Institute of Medicine (IOM) has established a committee of experts in the field to examine the current status of academic geriatric medicine and to consider options for improvement. As part of that effort, the committee convened a conference in May 1986. Their report will be published in 1987. \$25,000 over 6 months.

**Mark E. Williams, M.D.**  
**University of North Carolina**  
**School of Medicine**  
**Chapel Hill, NC**

*"The modern physician has a responsibility to substantively administer to a fellow man in need and to realize that diagnostic capability does not substitute for care. Our patterns of teaching the care of elderly patients must change to reflect that responsibility. An evolution in medical education could be expedited by establishing "centers of excellence" for geriatric education that emphasize this responsibility."*

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### **Hartford Geriatric Faculty Development Awards**

The following physicians participated in the 1986-87 training programs:

#### **Harvard Medical School**

- John A. Edwards, M.D.  
State University of New York  
(SUNY) at Buffalo
- James E.C. Walker, M.D.  
University of Connecticut  
School of Medicine

#### **The Johns Hopkins University School of Medicine**

- Eugene D. Furth, M.D.  
East Carolina University  
School of Medicine
- Robert B. Scott, M.D.  
Medical College of Virginia

#### **The Mount Sinai School of Medicine**

- Richard W. Demmler, M.D.  
Baylor College of Medicine
- William A. Steiger, M.D.  
Eastern Virginia  
Medical School

#### **UCLA School of Medicine**

- Fran E. Kaiser, M.D.  
Olive View County Hospital
- Cheves M. Smythe, M.D.  
University of Texas  
Medical School of Houston

The following individuals were awarded grants to participate in the 1987-88 training programs:

#### **Harvard Medical School**

- David Nelson Little, M.D.  
University of Vermont  
College of Medicine
- Bruce E. Robinson, M.D.  
University of South Florida  
College of Medicine

#### **The Johns Hopkins University School of Medicine**

- David Raymond Thomas, M.D.  
University of Mississippi  
Medical Center
- Ann Harris Rybolt, M.D.  
University of Tennessee,  
Chattanooga College  
of Medicine

#### **UCLA School of Medicine**

- Douglas Kent Miller, M.D.  
St. Louis University  
School of Medicine
- David B. Reuben, M.D.  
Brown University  
Program in Medicine

## UPDATE ON ACTIVE GRANTS

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- With support from the Foundation and others, Alice M. Rivlin, former Director of the Congressional Budget Office, is now heading a major study at the renowned Brookings Institution on new options for financing long-term care of the elderly. A computer-based microsimulation model has been developed which enables researchers, for the first time, to evaluate the future consequences of various approaches to financing long-term care. Based on its progress so far, the Brookings project promises to provide a sophisticated framework for consideration of national policy options.
- At On Lok in San Francisco's Chinatown, professionals are experimenting with a pre-paid approach that integrates acute and long-term health care for the elderly. On Lok assumes full financial risk. Funds from the Medicare and Medicaid programs support the care of most program participants. On Lok's pioneering work has been widely praised as a national prototype. Congress has passed special legislation to facilitate replication of On Lok's approach in up to ten communities. Plans now are underway to carry out that replication. The Hartford Foundation was one of the early supporters of On Lok.
- How good are prescribing practices for the elderly in the U.S.? How can they be improved? How can they be monitored? How do older patients help or hinder in the process? Because these questions remain largely unanswered, a Hartford Foundation grant in 1985 to Louis Harris and Associates supported the first major survey of professionals and patients to illuminate these concerns about medication practices. The survey's results will be announced soon.
- With Hartford Foundation support, Dr. Jerome Avorn and colleagues at Boston's Beth Israel Hospital are developing and evaluating an education program aimed at reducing inappropriate use of medications in nursing homes. Printed materials on the appropriate use of psychoactive and other drugs are being distributed to all physicians and nurses affiliated with eight nursing homes. To reinforce the effectiveness of the printed materials, clinical pharmacists are advising these professionals individually. The impact of these efforts is now being evaluated.
- At the University of North Carolina, Chapel Hill, a team led by Dr. William Weissert is using a Hartford Foundation grant to develop a state-of-the-art planning tool for communities to determine the feasibility and design of adult day-care programs.



*Health aide Bridgette Izard's assistance permits Mrs. Daisy Pleas to remain in her own home in Milwaukee, rather than face the high costs and potential isolation of a nursing home. Mrs. Pleas is one of hundreds of elders in nineteen communities nationwide who benefit from the vision and action of the multi-foundation "Living-At-Home" Program. A Hartford Foundation grant supports the project sponsored by the Community Care Organization of Milwaukee County, Inc., which coordinates professional and social support services for the community's elderly.*







*Dr. Robert Scott's care of patient Bertha Nichols is one part of his year of intensive training in geriatric medicine at Johns Hopkins University in Baltimore. Since 1984, the Hartford Geriatric Faculty Development Awards program has been making this process possible. Each year, up to eight outstanding mid-career physicians have been selected to study at four training sites — Johns Hopkins University, Harvard Medical School, Mount Sinai School of Medicine, and University of California, Los Angeles School of Medicine. With the selection of the 1987-88 fellows, representing the final class under this program, 21 physicians will have received support.*

A \$3 million five year commitment in 1985 to the University of Texas Health Science Center in Dallas supports a promising prototype demonstration that facilitates biotechnology transfer. Key to the project is close collaboration between the Health Science Center and the newly-created Dallas Biomedical Corporation, which helps to finance development of commercially-promising research. When the Dallas project has been completed and evaluated, the Foundation's Trustees will consider further activity in the biotechnology transfer field.

The John A. and George L. Hartford Fellowship Program, inaugurated in 1979, was designed to promote the career development of young physicians wishing to pursue medical research. The awards provide assistance during the transition period from completion of post-doctoral training to the time when the Fellow has achieved sufficient productivity to compete for independent research support. Each year the Foundation has awarded three-year grants to twelve young physician researchers, with the current annual stipend set at \$45,000. The selections have been based on nominations from a sponsoring medical school and the recommendations of an advisory committee of prominent researchers. Appointment of new Fellows was terminated in December, 1985. It was the judgement of the Trustees that the need addressed by the program has been met by others.

The 1986 Hartford Fellows began work under the program during the summer of 1986. They are listed on the following pages, along with other Fellows selected in prior years who continued to receive support from the Foundation in 1986.

## THE JOHN A. AND GEORGE L. HARTFORD FELLOWS

### 1986 Fellows

#### **Victor P. Addonizio, M.D.**

University of Pennsylvania School of Medicine  
"Perioperative Platelet – Induced Cardiac Ischemia"

#### **Blair Ardman, M.D.**

Tufts University School of Medicine  
"Identification and Analysis of Leukemogenic Retrovirus Receptors"

#### **Mark Haas, M.D., Ph.D.**

Yale University School of Medicine  
"Characterization of the (Na+K+2Cl) Co-transport System"

#### **John G. Hexem, M.D., Ph.D.**

University of Pennsylvania School of Medicine  
"In Vivo Nuclear Magnetic Resonance Studies of Renal Ischemia"

#### **David R. Kaplan, M.D., Ph.D.**

Case Western Reserve University School of Medicine  
"Cyclosporine Effects on Human T. Lymphocyte Clones"

#### **Herbert M. Lachman, M.D.**

Albert Einstein College of Medicine  
"The Role of C-MYC on Erythroid Differentiation"

#### **Diana L. Marquardt, M.D.**

University of California, San Diego, School of Medicine  
"Purine Metabolism, Adenosine, and Mast Cell Biochemistry"

#### **Lee Ratner, M.D., Ph.D.**

Washington University School of Medicine  
"Studies on the Mechanism of Transformation by the product of the C-sis oncogene"

#### **Craig E. Rubens, M.D., Ph.D.**

University of Washington School of Medicine  
"Group B Streptococcal Virulence Genetic Analysis of the Type III Polysaccharide."

#### **David M. Schlossman, M.D., Ph.D.**

Duke University School of Medicine  
"Biochemical Characterization of an Uncoating ATP ase"

#### **Mark C. Udey, M.D., Ph.D.**

Washington University School of Medicine  
"Suppressor T. Lymphocytes in Autoimmune Disease"

#### **Peter D. Yurchenco, M.D., Ph.D.**

University of Medicine and Dentistry of New Jersey – Rutgers Medical School  
"Assembly, Structure, and Function of Basement Membranes in Normal and Diabetic States"



**Francis S. Collins, M.D., Ph.D.**

University of Michigan Medical School  
"Directional Cloning of DNA Fragments at a Large Distance From an Initial Probe – 'Chromosome Hopping' and Its Applications"

**Morris O. Dailey, M.D., Ph.D.**

University of Iowa College of Medicine  
"Migration and Localization Properties of Activated T Lymphocytes and T Cell Clones"

**Rowan C. DeBold, M.D., Ph.D.**

Vanderbilt University School of Medicine  
"Regulation of Pro-opiomelanocortin (POMC) Gene Expression in Human Ectopic ACTH-Producing Tumors"

**Ronald J. Falk, M.D.**

University of North Carolina at Chapel Hill School of Medicine  
"Role of the Membrane Attack Complex in Renal Disease"

**Arthur L. Horwich, M.D.**

Yale University School of Medicine  
"Expression of DNA for Human Ornithine Transcarbamylase"

**Anthony J. Infante, M.D., Ph.D.**

University of Texas Health Science Center at San Antonio  
"Autologous-Reactive Human T Lymphocyte Clones"

**Ivan Lieberburg, M.D., Ph.D.**

Albert Einstein College of Medicine  
"Estrogen Dependent Gene Expression in the Central Nervous System During Development and Adulthood"

**Christopher Y. Lu, M.D.**

Harvard Medical School  
"Macrophage Ontogeny: Its Regulation and Implications for Self-Tolerance"

**Jeffrey P. Moak, M.D.**

Baylor College of Medicine  
"Developmental Electrophysiology of Type III Antiarrhythmic Drugs – Amiodarone and D-Sotalol"

**Robert C. Modlin, M.D.**

University of Southern California School of Medicine  
"Immunopathology of Leprosy"

**Stephen Peroutka, M.D., Ph.D.**

Stanford University School of Medicine  
"Characterization of Serotonin Receptor Subtypes in the Central Nervous System"

**Michael B. Prystowsky, M.D.**

University of Pennsylvania School of Medicine  
"The Role of T Lymphocyte Factors in Hemopoiesis"



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**1984 Fellows****Gregory K. Bergey, M.D.**

University of Maryland School of Medicine

"Cellular Mechanisms of Convulsant and Anticonvulsant Action in Dissociated Neurons on Tissue Culture"

**Dennis W. Choi, M.D., Ph.D.**

Stanford University School of Medicine

"Glutamate Chemosensitivity of Mammalian Cortical Neurons"

**Douglas V. Faller, M.D., Ph.D.**

Harvard Medical School

"Analysis and Characterization of T Lymphocyte Receptor Specificity Using the Expression of Cloned Viral Gene Products and H-2 Gene Products"

**Andrew P. Feinberg, M.D.**

The Johns Hopkins University School of Medicine

"Alterations in DNA Methylation in Human Cancer"

**Roger A. Fleischman, M.D., Ph.D.**

University of Texas Health Science Center at Dallas

"Totipotent Hematopoietic Stem Cells: Characterization by Monoclonal Antibodies to Hematopoietic Surface Antigens"

**Laurie H. Glimcher, M.D.**

Harvard Medical School

"Ia Mutations in Functional Antigen Presenting Cell Lines"

**Margaret K. Hostetter, M.D.**

University of Minnesota Medical School

"Biochemistry of Pneumococcal Infection: Central Role of the Thiolester Binding Site of the Third Component of Human Complement"

**Jon D. Levine, M.D.**

University of California, San Francisco, School of Medicine

"Role of Synovial Nociceptors in Experimental Arthritis"

**Jane R. Parnes, M.D.**

Stanford University School of Medicine

"Molecular Cloning and Expression of the Transferrin Receptor Gene"

**Lawrence R. Stanberry, M.D., Ph.D.**

University of Cincinnati College of Medicine

"Experimental Herpes Simplex Virus Infection: Studies of the Natural History of Latent Infection in Extraganglionic Tissues"

**Charles M. Strom, M.D., Ph.D.**

University of Chicago School of Medicine

"The Human Type II Collagen Gene and the Chondrocytes"

**Jonathan D. Victor, M.D., Ph.D.**

Cornell University Medical College

"Visual Information Processing: Basic Studies in the Cat Retina and Novel Applications of Evoked Potentials in Man"

## FINANCIAL REPORTS





## FINANCIAL SUMMARY

The annual financial statements, which have been audited by Arthur Andersen & Co., appear on pages 41 to 51.

On December 31, 1986, the Foundation's assets were \$207.4 million, an increase of \$26.7 million for the year. The Foundation's portfolio mix changed during the year, with stock holdings increasing from 45 percent to 56 percent and fixed income declining from 54 percent to 42 percent. The remainder of the portfolio at the end of 1985 and 1986 was comprised of venture capital limited partnerships. Commitments to such partnerships total \$6 million, with additional capital contributions in 1986 of \$1.1 million for a total of \$4.1 million invested to date.

In 1986, revenues on a cash basis totalled \$11.3 million, and cash payments for grants, expenses and federal excise tax were \$10.0 million. The yield on the market value of investments was approximately 5.5 percent for the year. Total return, income plus realized and unrealized capital gains, was 18.9 percent.

The Foundation's investment objective continues to be securing maximum long-term total return on its investment portfolio so that we can maintain a strong grants program while assuring continued growth of our assets at a level greater than the rate of inflation.

As of December 31, 1986, the Foundation's investments are managed by Capital Guardian Trust Company, Towneley Capital Management, Inc., McConnell & Miller, Inc., Luther King Capital Management, Inc. and Morgan Stanley Asset Management, Inc. In addition, the Foundation is an investor in the Oak Investment Partners III, Brentwood Associates IV, and Mayfield V venture capital limited partnerships and an equity mutual fund managed by Grantham, Mayo, Van Otterloo & Co. The Finance Committee and the Board of Trustees meet regularly with each of the investment managers to review their performance and discuss current investment policy. The Chase Manhattan Bank, N.A. is custodian for all the Foundation's securities. A complete listing of investments is available for review at the Foundation offices.



## AUDITORS' REPORT

To The John A. Hartford Foundation, Inc.:

We have examined the balance sheets of The John A. Hartford Foundation, Inc. (a New York not-for-profit corporation) as of December 31, 1986 and 1985, and the related statements of revenues, grants and expenses, and changes in fund balance for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of The John A. Hartford Foundation, Inc. as of December 31, 1986 and 1985, and the results of its operations and changes in its fund balance for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The data contained in pages 45 to 51, inclusive, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New York, New York  
February 27, 1987

Arthur Andersen & Co.

<b>Balance Sheets December 31, 1986 and 1985</b>		1986	1985
<b>Assets</b>			
<b>Cash in Operating Account</b>	\$	1,836	\$ 2,044
<b>Interest and Dividends Receivable</b>		1,509,399	1,965,296
<b>Receivable for Pending Investment Sales</b>		1,016,146	1,105,930
<b>Bequest Receivable</b> (Note 7)		600,000	—
<b>Prepayments and Deposits</b>		50,450	16,854
<b>Investments</b> (Notes 1 and 2):			
Short-term investments		17,475,756	32,684,844
Stocks		112,420,125	79,057,831
Long-term bonds		66,299,811	61,873,938
Venture capital partnerships		3,796,901	2,834,723
Total investments		199,992,593	176,451,336
<b>Program Loans Receivable</b> (Note 6)		549,190	1,193,450
<b>Office Condominium, Furniture and Fixtures</b> (Net of accumulated depreciation of \$109,555) (Note 3)		3,675,359	—
Total assets		\$207,394,973	\$180,734,910
<b>Liabilities and Fund Balance</b>			
<b>Accounts Payable</b>	\$	334,393	\$ 228,961
<b>Payable for Pending Investment Purchases</b>		1,829,082	331,833
<b>Federal Excise Tax Payable</b> (Note 1):			
Current		319,726	464,948
Deferred		350,277	350,692
<b>Grants Payable</b> (Notes 1 and 5)		10,327,791	13,433,107
Total liabilities		13,161,269	14,809,541
<b>Fund Balance</b>		194,233,704	165,925,369
Total liabilities and fund balance		\$207,394,973	\$180,734,910

The accompanying notes to financial statements are an integral part of these balance sheets.



**Statements of Revenues, Grants and Expenses and Changes in Fund Balance  
for the Years Ended December 31, 1986 and 1985**

	1986	1985
<b>Revenues:</b>		
Dividends	\$ 3,510,213	\$ 2,745,303
Interest—		
Short-term investments	1,449,409	1,851,050
Long-term bonds	5,778,623	7,577,018
	<u>10,738,245</u>	<u>12,173,371</u>
<b>Grants and Expenses:</b>		
Grants awarded (less cancellations and refunds of \$466,108 in 1986 and \$118,208 in 1985) (Note 1)	4,005,336	10,220,669
Grant-related direct expenses	92,704	112,932
Provision for uncollectible program related loans	—	50,000
Federal excise tax on net investment income (Note 1)	97,945	231,814
Investment fees	878,414	576,219
Personnel salaries and benefits (Note 4)	640,374	590,310
Professional services	105,337	129,238
Office and other expenses	536,269	429,555
Depreciation	109,555	—
	<u>6,465,934</u>	<u>12,340,737</u>
Excess (deficiency) of revenues versus grants and expenses	4,272,311	( 167,366)
<b>Net Realized and Change in Unrealized Gain on Securities Transactions</b> (Note 2)	21,936,024	21,617,229
<b>Bequest from Distribution of Trust</b> (Note 7)	<u>2,100,000</u>	<u>—</u>
Increase in fund balance for the year	28,308,335	21,449,863
<b>Fund Balance, beginning of year</b>	<u>165,925,369</u>	<u>144,475,506</u>
<b>Fund Balance, end of year</b>	<u>\$194,233,704</u>	<u>\$165,925,369</u>

The accompanying notes to financial statements are an integral part of these statements.

## Notes to Financial Statements – December 31, 1986 and 1985

### (1) Summary of significant accounting policies:

Investments in marketable securities are stated at quoted market prices, except that short-term investments are stated at cost, which approximates market. Investments in venture capital partnerships are carried at cost plus the Foundation's share of the undistributed earnings of the partnerships.

The Federal excise tax on net investment income and on net gains on securities transactions is accrued as incurred. Deferred tax of \$350,277 and \$350,692 applicable to the unrealized appreciation of investments at December 31, 1986 and 1985, respectively, is included in Federal excise tax payable.

The liability for grants payable is recognized when specific grants are authorized by the Trustees and the recipients have been notified.

The Foundation's office condominium, furniture and fixtures are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (office condominium – 20 years; office furniture and fixtures – 5 years).

### (2) Investments:

The net gain on investments in 1986 is summarized as follows:

	Cost	Quoted Market Price	Appreciation
<b>Balance,</b>			
December 31, 1986	\$182,478,728	\$199,992,593	\$17,513,865
<b>Balance,</b>			
December 31, 1985	\$158,916,737	\$176,451,336	\$17,534,599
Decrease in unrealized appreciation during the year, net of decrease in deferred federal excise tax of \$415			(\$ 20,319)
Realized gain, net of provision for federal excise tax of \$221,781			21,956,343
Total net gain			\$21,936,024



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The Foundation is a participant in three venture capital limited partnerships. As of December 31, 1986, \$4,100,000 had been invested in these partnerships and future commitments for additional investments aggregated \$1,900,000.

**(3) Office condominium, furniture and fixtures:**

At December 31, 1986, the fixed assets of the Foundation were as follows:

Office condominium	\$3,585,812
Furniture and fixtures	199,102
	<hr/>
	3,784,914
Less - Accumulated depreciation	109,555
	<hr/>
Office condominium, furniture and fixtures, net	\$3,675,359

**(4) Pension plan:**

The Foundation has a defined contribution retirement plan covering all eligible employees. Pension expense under the plan for 1986 and 1985 amounted to \$39,937 and \$36,059, respectively. The Foundation's policy is to fund pension costs currently. There are no prior service costs. The Foundation also incurred additional pension costs of approximately \$50,000 in 1986 and \$48,000 in 1985 for payments to certain retirees who began employment with the Foundation prior to the initiation of the formal retirement plan.

**(5) Grants payable:**

The Foundation estimates that the grants payable balance as of December 31, 1986, will be paid as follows:

1987	\$4,771,234
1988	3,606,553
1989	1,137,636
1990	812,368
	<hr/>
	\$10,327,791

**(6) Program loans receivable:**

Program loans which have been made to certain not-for-profit organizations for use in approved projects are repayable in one to five years and, in certain cases, provide interest at a rate of 8%.

**(7) Bequest received:**

During 1986, the Foundation was advised that it was named as the remainder beneficiary of the estate of Loretta B. Ehrgott, the wife of a former trustee. A total of \$2,100,000 has been received from the trust, including \$600,000 distributed to the Foundation in January, 1987.

**(8) Foreign currency purchase commitments:**

In connection with investments in foreign securities, the Foundation was obligated at December 31, 1986 and 1985, under short-term foreign currency forward purchase commitments aggregating \$608,673 and \$130,421, respectively.



## SUMMARY OF ACTIVE GRANTS 1986

	Balance Due January 1, 1986	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1986
<b>HEALTH CARE COST AND QUALITY</b>				
<b>American Academy of Pediatrics</b> Elk Grove Village, IL An experiment to test the relative merits of a health care reimbursement plan for Medicaid children in which doctors are prepaid. Gretchen V. Fleming, Ph.D.	\$156,084		\$156,084	
<b>Brigham and Women's Hospital</b> Boston, MA Creation of a product cost accounting system for hospital management. Barbara J. McNeil, M.D., Ph.D.	201,501			\$201,501
<b>Center for Policy Studies</b> Minneapolis, MN Technical assistance to selected cities for implementation of competition initiatives and policy analysis to evaluate market approaches to health cost-containment. Walter McClure, Ph.D.	75,000		75,000	
<b>Dartmouth Medical School</b> Hanover, NH A renewal grant to study the outcome and quality of care associated with practice pattern variations. John E. Wennberg, M.D.	365,400		214,520	150,880
<b>Duke University</b> Center for Health Policy Research and Education Durham, NC Expansion and dissemination of the Confidence Profile Method for assessing the effectiveness of health technologies. David Eddy, M.D., Ph.D.		595,836	148,712	447,124
<b>Henry Ford Hospital</b> Detroit, MI Pilot study for determining the feasibility of home treatment for children with infectious bacterial diseases at home. Edward B. Lewin, M.D.	60,113		30,057	30,056
<b>InterStudy</b> Excelsior, MN A renewal grant to continue educational and promotional activities directed toward health system reform and the creation of market forces in health care. Paul M. Ellwood, Jr., M.D.	198,000		198,000	

	Balance Due January 1, 1986	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1986
<b>InterStudy</b> Excelsior, MN A six-month feasibility study to identify and determine the acceptability of mechanisms that could facilitate the setting of standards among major health care organizations. Paul M. Ellwood, Jr., M.D.		\$50,000	\$50,000	
<b>Johns Hopkins University</b> Baltimore, MD A renewal grant to the Center for Hospital Finance and Management which studies hospital reimbursement issues and provides technical assistance on payment issues to hospitals. Carl J. Schramm, Ph.D., J.D.	\$400,000		200,000	\$200,000
<b>Maternity Center Association</b> New York, NY A renewal grant for the collection and dissemination of data on the care provided in birth centers. Ruth Watson Lubic, Ed.D.	11,377		11,377	
<b>Mayo Foundation</b> Rochester, MN A renewal grant for the development of benchmarks for more cost-effective care. Fred T. Nobrega, M.D.	402,411		146,832	255,579
<b>New England Medical Center</b> Boston, MA Improving efficiency in the medical, surgical and pediatric units of a hospital. Peter Van Etten	150,000		100,000	50,000
<b>New York Hospital</b> New York, NY Improving productivity in hospital operating rooms. Peter Dineen, M.D.	227,921		227,921	
<b>North Carolina Foundation for Alternative Health Programs, Inc.</b> Raleigh, NC Development of prepaid group practice plans to promote competition in health care. James Bernstein	120,000		120,000	
<b>On Lok Senior Health Services</b> San Francisco, CA Demonstration of prepaid financing for long term care of the frail elderly. Richard Zawadski, Ph.D.	63,300		63,300	
<b>University of California, Los Angeles</b> Los Angeles, CA A renewal grant to conclude a three-year comprehensive national study of variations in clinical practices. Robert H. Brook, M.D.	100,000		100,000	



	Balance Due January 1, 1986	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1986
<b>University of Pennsylvania</b> Philadelphia, PA Improving cost-effectiveness of physician practice patterns in hospitals. J. Sanford Schwartz, M.D.	\$444,489		\$100,607	\$343,882
<b>University of Rochester</b> Rochester, NY Research and demonstration project to improve cost-effectiveness of outpatient care. Paul F. Griner, M.D.	445,233		164,104	281,129
<b>Washington Business Group on Health</b> <b>National Association of Health Data Organizations</b> Washington, DC A project to foster a more rational and uniform approach to data collection among state health care data agencies and others. Marlene Larks		\$250,000	60,121	189,879
<b>Yale University</b> New Haven, CT Demonstration of controlling costly hospital admissions from the emergency room for patients with suspected heart attacks or serious head injuries. Donald A. Brand, Ph.D.	120,000		120,000	
Subtotal	\$3,540,829	\$895,836	\$2,286,635	\$2,150,030
<b>AGING AND HEALTH</b>				
<b>Beth Israel Hospital</b> Boston, MA Improving the use of medications in nursing homes. Jerome L. Avorn, M.D.	486,739		287,892	198,847
<b>Brigham and Women's Hospital</b> Boston, MA Demonstration and evaluation of an outpatient geriatric assessment unit. Arnold M. Epstein, M.D.	371,220		172,516	198,704
<b>Community Care Organization of Milwaukee County, Inc.</b> Milwaukee, WI Community effort to help senior citizens remain at home, avoiding premature or inappropriate institutionalization. Kirby G. Shoaf		350,000	58,500	291,500
<b>Dartmouth Medical School</b> Hanover, NH Development of a system to alert physicians to patients with suspected drug-related problems. John H. Wasson, M.D.		416,997	83,304	333,693
<b>InterStudy</b> Excelsior, MN A project to promote and facilitate further experimentation with long-term care services by HMOs. Cynthia L. Polich		400,000	100,000	300,000



	Balance Due January 1, 1986	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1986
<b>Louis Harris and Associates, Inc.</b> New York, NY National survey examining physician prescribing practices and subsequent compliance of older patients. Merl W. Baker	\$107,605			\$107,605
<b>Mount Sinai School of Medicine</b> New York, NY Development and implementation of an ambulatory care clinic for the prevention and treatment of mobility problems. Arthur Kay, M.D.	141,090		141,090	
<b>National Academy of Sciences/ Institute of Medicine</b> Washington, DC Conference on meeting manpower needs in geriatrics. Enriqueta C. Bond, Ph.D.		\$ 25,000	25,000	
<b>Philadelphia Geriatric Center</b> Philadelphia, PA A renewal grant to continue demonstration and evaluation of a respite program for family caregivers of Alzheimer's patients. Elaine M. Brody	199,900		199,900	
<b>Research Foundation of CUNY</b> New York, NY Development of an intergenerational life- history program. Rose Dobrof, D.S.W.	61,269		61,269	
<b>United Seniors Consumer Cooperative</b> Washington, DC A renewal grant to implement a comprehensive consumer health information program for older patients. James P. Firman, Ed.D.	211,700		107,087	104,613
<b>University of California, San Francisco</b> San Francisco, CA Use of hospital pharmacists to coordinate and review older patients' prescriptions. Helene Levens Lipton, Ph.D.		513,946	80,738	433,208
<b>University of Florida, Gainesville</b> Gainesville, FL Training of community pharmacists in address- ing medications problems among the elderly. Carole L. Kimberlin, Ph.D.		362,684	39,290	323,394
<b>University of Minnesota</b> Minneapolis, MN Development of a drug audit system for use in HMOs serving elderly patients on multiple medications. Thomas Choi, Ph.D./Robert Kane, M.D.		344,863	57,613	287,250

	Balance Due January 1, 1986	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1986
<b>University of North Carolina</b> Chapel Hill, NC A national review of adult day care programs to develop a state-of-the-art planning model for effective program designs. William Weissert, Ph.D.	\$174,500		\$ 92,093	\$ 82,407
<b>HARTFORD GERIATRIC FACULTY DEVELOPMENT AWARDS</b>  Implementation and operation of a training program for mid-career physicians who are retraining for academic careers in geriatrics.				
<b>Harvard Medical School</b> Boston, MA John W. Rowe, M.D.	120,000	\$80,000	120,000	80,000
<b>Johns Hopkins University School of Medicine</b> Baltimore, MD John R. Burton, M.D.	120,000	80,000	120,000	80,000
<b>Mount Sinai School of Medicine</b> New York, NY Robert N. Butler, M.D.	120,000		80,000	40,000
<b>UCLA School of Medicine</b> Los Angeles, CA David H. Solomon, M.D.  Partial salary support for the selected mid-career physicians who are retraining for academic careers in geriatrics.	100,000	80,000	60,000	120,000
<b>1985-86 HARTFORD SCHOLARS</b>				
<b>Hahnemann University</b> Philadelphia, PA Robert Nathan, M.D.	25,000		25,000	
<b>Michigan State University</b> East Lansing, MI Keith Champney, M.D.	25,000		25,000	
<b>New Jersey Medical School</b> Newark, NJ Reynard McDonald, M.D.	25,000		25,000	
<b>University of Colorado</b> Denver, CO Laurence Robbins, M.D.	25,000		25,000	
<b>University of Kentucky</b> Lexington, KY James Cooper, M.D.	25,000		25,000	
<b>University of Maryland Medical School</b> Baltimore, MD Elizabeth Rogers, M.D.	25,000		25,000	
<b>University of Michigan Medical Center</b> Ann Arbor, MI John Santinga, M.D.	25,000		25,000	



	Balance Due January 1, 1986	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1986
<b>1986-87 HARTFORD SCHOLARS</b>				
<b>Baylor College of Medicine</b> Houston, TX Richard W. Demmler, M.D.	\$55,000		\$30,000	\$25,000
<b>East Carolina University School of Medicine</b> Greenville, NC Eugene D. Furth, M.D.	55,000		30,000	25,000
<b>Eastern Virginia Medical School</b> Norfolk, VA William A. Steiger, M.D.	55,000		30,000	25,000
<b>Medical College of Virginia</b> Richmond, VA Robert B. Scott, M.D.	55,000		55,000	
<b>Olive View County Hospital</b> Sylmar, CA Fran E. Kaiser, M.D.	55,000		55,000	
<b>SUNY/Buffalo School of Medicine</b> Buffalo, NY John A. Edwards, M.D.	55,000		55,000	
<b>University of Connecticut School of Medicine</b> Farmington, CT James E.C. Walker, M.D.	55,000		55,000	
<b>University of Texas Medical School</b> Houston, TX Cheves M. Smythe, M.D.	55,000		55,000	
<b>1987-88 HARTFORD SCHOLARS</b>				
<b>Brown University Program in Medicine</b> Providence, RI David B. Reuben, M.D.		\$55,000		55,000
<b>St. Louis University School of Medicine</b> St. Louis, MO Douglas Kent Miller, M.D.		55,000		55,000
<b>University of Mississippi Medical Center</b> Jackson, MS David Raymond Thomas, M.D.		55,000		55,000
<b>University of South Florida College of Medicine</b> Tampa, FL Bruce E. Robinson, M.D.		55,000		55,000
<b>University of Tennessee College of Medicine</b> Chattanooga, TN Ann Harris Rybolt, M.D.		55,000		55,000
<b>University of Vermont College of Medicine</b> Burlington, VT David Nelson Little, M.D.		55,000		55,000
Subtotal	\$2,829,023	\$2,983,490	\$2,426,292	\$3,386,221



	Balance Due January 1, 1986	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1986
<b>DEVELOPMENT OF BIOMEDICAL TECHNOLOGY</b>				
<b>University of Texas Health Science Center at Dallas</b>	\$3,000,000		\$125,000	\$2,875,000
Dallas, TX Model to channel research into the business community for more rapid commercial application, and return a majority of profits to the University. William B. Neaves, Ph.D.				
<b>University of California, San Diego, School of Medicine</b>	159,696		159,696	
La Jolla, CA Study to improve the University's present system of biotechnology transfer of its research. Oliver W. Jones, M.D.				
Subtotal	\$3,159,696		\$284,696	\$2,875,000
<b>HARTFORD FELLOWS PROGRAM</b>				
<b>Fellowships Starting in 1982</b>		\$ 7,875	7,875	
<b>Fellowships Starting in 1983</b>	18,900		18,900	
<b>Fellowships Starting in 1984</b>	558,900	64,800	623,700	
<b>Fellowships Starting in 1985</b>	1,166,400	64,800	648,000	583,200
<b>Fellowships Starting in 1986</b>	1,749,600		583,200	1,166,400
Subtotal	\$3,493,800	\$137,475	\$1,881,675	\$1,749,600
<b>OTHER</b>				
<b>The Cooper Union Research Foundation, Inc.</b>	50,000		50,000	
New York, NY				
<b>The Foundation Center</b>		5,000	5,000	
New York, NY				
<b>Grantmakers in Health</b>		5,000	5,000	
New York, NY				
<b>National Foundation for Facial Reconstruction</b>		197,780	30,840	166,940
New York, NY				
<b>National Multiple Sclerosis Society</b>		1,000	1,000	
Wheeling, WV				
<b>New York Regional Association of Grantmakers</b>		5,000	5,000	
New York, NY				
<b>Overlook Hospital</b>	25,000		25,000	
Summit, NJ				
<b>Matching Grants*</b>		240,863	240,863	
Subtotal	\$75,000	\$454,643	\$362,703	\$166,940
<b>Grants Cancelled or Refunded</b>	\$334,759	(\$466,108)	(\$131,349)	
Total (All Grants)	\$13,433,107	\$4,005,336	\$7,110,652	\$10,327,791

\*Grants made under the Foundation's  
program for matching charitable  
contributions of Trustees  
and employees.

## ADDITIONAL ACTIVE PROJECTS

(Grants and program related investments still active in 1986, but no Foundation payout remaining.)

### HEALTH CARE COST AND QUALITY

**George Washington University**

Washington, DC  
State workshops on market and non-market strategies for controlling health care costs.  
Judith Miller Jones  
1983; \$145,000; 3 years, 4 months

**HealthChoice, Inc.**

Portland, OR  
Demonstration project to help improve the availability of health coverage for the self-employed and small businesses in Portland, Oregon.  
Robert O'Brien  
1983; \$656,991; 3 years, 10 months

**Manhattan Eye, Ear and Throat Hospital**

New York, NY  
Establishment of an out-patient ambulatory surgery center.  
George Sakar, Ph.D.  
1981; \$300,000 loan

**National Governors' Association**

Washington, DC  
Documentation of recent non-regulatory health care financing reforms in the state of California and dissemination of findings to governors and health officials in other states.  
Richard Curtis  
1982; \$300,000; 3 years

**Overlook Hospital**

Summit, NJ  
Development of new management systems for a reimbursement plan in which rates are established in advance and vary according to the diagnosis of patients treated.  
Nancy Meyerowitz  
1981; \$445,576; 4 years, 7 months

**Palo Alto Medical Foundation**

Palo Alto, CA  
Analysis of the costs of medical care in the last year of life and dissemination of results.  
Anne A. Scitovsky  
1982; \$303,789; 3 years, 3 months

**People-to-People Health Foundation**

Millwood, VA  
Evaluation of selected employer initiatives to control health costs.  
Burton Dunlop, Ph.D.  
1984; \$50,000; 3 years, 3 months

**University of Vermont**

Burlington, VT  
Presentation of variations in physician practice patterns to a general audience.  
Hamilton Davis  
1984; \$58,408; 2 years

**Washington Business Group on Health**

Washington, DC  
A loan to develop a monthly magazine, *Business & Health*, to help employers manage health benefits costs while insuring that their employees receive quality health care.  
Willis Goldbeck  
1983; \$200,000 loan



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**AGING AND HEALTH****Brookings Institution**

Washington, DC

Major national study examining ways to improve the financing and organization of long-term care for frail elderly.

Alice M. Rivlin, Ph.D.

1984; \$70,000; 2 years, 6 months

**The Gerontological Society of America**

Washington, DC

Publication of a biennial report which documents trends in income, health, and demographics among the elderly, and identifies research and program options.

Eric R. Kingson, Ph.D.

1984; \$50,000; 1 year, 6 months; and \$50,000 loan

**Lenox Hill Neighborhood Association**

New York, NY

A demonstration project to coordinate assessment of and referral to needed services for elderly and their families.

David J. Stern

1983; \$31,119; 2 years

**Senior Medical Consultants**

New York, NY

Development and implementation of a continuing medical education program in geriatrics for primary care physicians in local hospitals.

Melvin Horwith, M.D.

1984; \$150,000; 2 years

**ENERGY****Energy Conservation and Facilities Management Corporation**

New York, NY

Energy Conservation Capital Fund for non-profit organizations.

Clara Miller

1981; \$250,000 loan

**The Health Services Improvement Fund, Inc.**

Hospital Energy Efficiency Capital Fund.

Kenneth Weiner

1981; \$750,000 loan

**Urban Homesteading Assistance (UHA), Inc.**

New York, NY

Demonstration of a financing program to stimulate private lending for energy efficiency improvements in low and moderate-income housing cooperatives in New York City.

Robert Pierpont

1981; \$100,000 grant and \$200,000 loan



## APPLICATION PROCEDURES

Organizations seeking grant awards from the Foundation may submit proposals at any time. No formal application forms are required, but proposed projects should be consistent with the Foundation's interests and within the scale of other Foundation-supported activities. The scope and purposes of the Foundation's grant programs are described in this Report.

Within each program area, preference will be given to projects that seek to demonstrate and evaluate specific innovative solutions to clearly defined problems, with emphasis on projects that, if successful, can serve as models for other organizations or decision-makers facing similar problems. Support is not provided for general research or for general activities not clearly linked to specific objectives.

To apply for support, please submit a brief letter describing the proposed project. If a project is adequately described in a prepared proposal, the Foundation will accept the proposal for review without further introduction, but if a proposal must be prepared, applicants are strongly encouraged to describe the activity first in a letter of inquiry.

Project descriptions and proposals should be concise and should outline the nature and importance of the problem to be addressed; the specific solution to be designed or evaluated; how the proposed solution differs from other projects addressing the same problem; what the unique contributions of the project are anticipated to be; the criteria for measuring the project's success; the relevant experience and expertise of the persons and organizations proposing to conduct and sponsor the project; and the funds required.

The Foundation makes grants only to organizations in the United States having tax exempt status under Section 501(c)(3) of the Internal Revenue Code, and to those that are not private foundations within the meaning of Section 509(a) of the Code, or in the absence of such a determination, to a State or any political subdivision thereof within the meaning of Section 170(c)(1) of the code, or a state college or university. The Foundation does not make grants to individuals.

Initial inquiries should be made at least six months before funding is needed. The proposed project will be reviewed by members of the Foundation's staff and possibly by outside reviewers. You will be notified of the results of this review in approximately one month and may be asked to supply additional information. The Foundation rarely provides support for periods longer than three years.

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**Program-Related Investments**

The Foundation sometimes provides conventional financing on a loan, guarantee, or equity basis to organizations working in its program areas. Organizations conducting work in the Foundation's program areas are encouraged to inquire about the possibility of a program-related investment.

**Further Information**

Inquiries about the Foundation and its programs should be addressed to:

Program Director  
The John A. Hartford Foundation, Inc.  
55 East 59th Street  
New York, NY 10022  
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