

**TO: Gladstone Jones, Esq.
Jones Swanson Huddell, LLC**

**CC: Paul Manning, Chair University of Virginia Health System
Operating Board**

Dear Glad,

We write to you in your capacity as counsel for a group of physicians at UVA Health. We ask that you please pass along the following message to your clients.

The undersigned served as rectors of the University of Virginia from July 2017 through June 2023. We write to express our grave concern for the reputation of the University of Virginia and, particularly the University of Virginia Health System.

During our collective tenures as rectors, we witnessed firsthand the evolution of the University's Health System from an institution beset by poor patient safety ratings, unacceptably high accident and mortality rates and the loss of all national departmental rankings. In the past 12 years UVA Health progressed to a system where one prominent rating agency (Press Ganey) recently gave UVA high marks for "safety, quality and experience", and gave four medical departments "Pinnacle of Excellence" awards as among the best in the U.S.

In addition,

- National rating agency, Leapfrog, has awarded UVA an "A" rating for patient safety in three of its four hospitals, placing UVA in the top 30% nationally.
- Newsweek ranks UVA the No 1 hospital in Virginia.
- Becker's Hospital review ranked four medical specialties at UVA as national "Top 100" programs.
- Forbes ranked UVA Health as one of "America's Best Large Employers".
- US News and World Report has ranked UVA Children's #1 in Virginia; UVA Maternity Care as among Americas' best; and they also ranked the UVA Nursing School among America's best.
- The most recent, 2022 Press Ganey and AAMC engagement surveys of all UVA employees found that 79% of doctors would again choose to work at UVA, 75% of doctors said they would recommend UVA as a good

place to work, and 56% of doctors were satisfied or very satisfied with medical school governance (about the national average).

Events of the past several months, culminating in last week's resignation by Dr. Craig Kent, have created the erroneous impression of a crisis at the UVA Health System. Allegations of mismanagement, raised by a group of critics, imply that patients should be concerned for their safety. That is false. It is simply not true. Worse, these misleading claims have been broadly publicized. This publicity has, unfairly, tarnished the UVA Health System's brand; and the publicity is deeply unfair to the hundreds of doctors, nurses and professionals who are working daily to build a safe, caring and highly functioning institution that ably serves hundreds of thousands of Virginians.

The UVA Health System did not ascend to excellence accidentally. Leadership got that done. Leadership, by necessity, entails choices and choices often fuel controversy.

Some history helps lend background and informs the current discontent.

Less than a dozen years ago, the only metric UVA leadership could brag about was profitability – the product of an expense-slashing recovery from a financial crisis of a decade earlier. Patients and even their physicians reasonably concluded that patient experiences and outcomes were of secondary importance to management.

In August of 2013, UVA brought in Dr. Kent's predecessor, Dr. Rick Shannon, the respected Chairman of the Department of Medicine at the University of Pennsylvania. Dr. Shannon was charged by President Sullivan with the job of turning around UVA Health.

Dr. Shannon soon recognized the need for major changes. Patient safety ratings were poor, accident and mortality rates were high, patients were unhappy, and no one was being held accountable. He was especially troubled to find that all physicians didn't work directly for UVA.

He soon learned that, a separate, self-governing physician's cooperative, the University Physicians Group (UPG), employed every doctor; an arrangement that, since 1979, had masked the physician's salaries from public accountability.

He also discovered that, over some three decades, UPG had metastasized into a large enterprise that managed hundreds of millions of dollars in revenue, with millions more held in capital reserves. Over the years UPG had built a big team of

accountants and finance staff whose job it was to maximize physician incomes. The “cost” of UPG to UVA patients could be measured in its duplicative accounting and administrative staff that was monthly rehashing the same data that UVA was paying its finance staff to produce.

UPG was overseen by a compliant Board of physicians and their friends from the community, most of whom had limited understanding of the financial implications of UPG’s expensive operations on the financial performance of the parent system. In fact, the UPG board even set out to purchase private clinics that would operate in competition with UVA.

Upon his arrival in 2013, Dr. Shannon tackled head on the challenge of implementing change, change that disrupted the status quo. His new management team examined every area of the Health System. They began asking for accountability from research physicians, where analysts found instances of low productivity and wasted expenditures. Dr. Shannon instituted safety protocols and demanded accountability from doctors, nurses, and staff for hospital acquired infections, high mortality rates, patient satisfaction, accidents, and other shortcomings. Most ominously (for a few), he began openly inquiring how UVA Health leadership could gain some measure of control over physician billing and accountability.

Dr. Shannon’s efforts soon produced progress. By 2016 UVA returned to the top, ranked the #1 hospital in Virginia by US News. By 2018 Becker had recognized UVA among its top 100 American hospitals, after years without rankings. By 2019, UVA broke through with its first ever “A” Leapfrog ranking for safety.

However, all was not well for Dr. Shannon. His continued pressure to hold physicians accountable began to boil over. A small group of vocal and politically well-connected physicians began a campaign to have him removed. They petitioned newly arrived President Jim Ryan. Their letter writing campaign accused Dr. Shannon of being dictatorial, autocratic, incompetent and even alleged that he was compromising patient safety. After months of relentless pressure Shannon reluctantly resigned. He departed for Duke University where he has gone on to a noteworthy career as Chief Medical Officer.

In February 2020, UVA hired Dr. Craig Kent to fill the Shannon vacancy. As he arrived so did the covid19 pandemic. The UVA Health System was soon losing some \$75MM per month. Dr. Kent began taking a series of extraordinary safety and cost saving measures, some of which were controversial. [It is worth remembering that

during this stressful and difficult period, the world's best virologists and epidemiologists were at first confounded by the causes of and treatments for this novel disease. No un-controversial choices were being made by any healthcare professionals anywhere.]

Overall, however, as covid receded, Dr. Shannon's reforms were resumed, Dr. Kent announced a strategic planning process that sought input from across the system, and results continued to improve. The leadership team was expanded to meet fresh challenges. Prominent physicians and researchers were recruited from the nation's best medical schools; and they were sometimes appointed to roles that long-time UVA physicians thought they deserved.

UVA continued to rise in national rankings for patient safety, patient satisfaction, quality of care, and profitability. Within a year of Kent's arrival UVA was named the #18 top teaching hospital in America; and a national "Magnet School" for nursing. Two years into Dr. Kent's tenure UVA was awarded a "Comprehensive Cancer Center" designation by NCI, one of only 57 in the country. Newsweek and US News continued to rank both UVA and UVA Children's #1 in Virginia; and WebMD named UVA the "Best in Class" hospital in Virginia. The following year, in 2023, Becker's Hospital review named UVA one of its "Great Hospitals in America".

Dr. Kent appeared before us and the Board of Visitors several times, making the case that healthcare was rapidly changing, and UVA was exposed to increasing competitive threats. Around Virginia and across the country hospitals were closing; others were losing millions, and the reimbursement systems were painfully constricting profitability. Dr. Kent and his team decided that the best defense was to increase scale. UVA began an ambitious expansion program. With Dr. Kent leading the negotiations, UVA acquired control of hospitals in Northern Virginia, clinics in Central Virginia, and we signed strategic alliances with hospitals in Eastern Virginia. UVA was being transformed. Naturally, the pressure to change and the rapid growth affected everyone.

These systemic changes greatly enhanced growth in UVA's revenues. In the five years following Dr. Kent's arrival System revenues nearly doubled from \$2.5 billion to \$4.7 billion. By 2025 the number of employees had grown to 9,100. During Dr. Kent's tenure, the number of doctors at UVA grew from some 400 to over 1,000 (due in part to the acquisition and consolidation of new hospitals).

Annual charitable donations to the System more than tripled; reaching \$175MM; and President Ryan and Dr. Kent announced a record breaking \$100MM gift from Paul and Diane Manning for biotech research.

However, one problem persisted - the unwieldy, duplicative, and expensive employment structure for UVA hospital physicians. Dr. Kent's two predecessors had tried and failed to reform the UPG cost burden. After four years Dr. Kent finally prevailed against stubborn resistance – working with representative faculty doctors his team realigned interests and finally put the Health System back in charge of “revenue cycle” (managing the cash) and paying its own physicians. The changes saved tens of millions; but they left some very unhappy.

Long term UPG board members lost their prestigious titles. Many younger physicians with active clinical practices saw their compensation increase, others were less fortunate. For some the old, low-accountability ways were sorely missed. Adding perceived insult to perceived injury, physicians were newly required to account for how much time they were spending with patients, and they were newly called to account for patient wait times in their clinics. Unproductive research projects were questioned.

The blowback from all these changes was predictable. Dr. Kent's strategic reforms had produced some winners; but also, some losers. Letters of protest were sent to Dr. Kent's superior, President Jim Ryan.

In the Fall 2024, a group of 128 physicians signed a letter calling for the dismissal of Craig Kent and the Dean of the School of Medicine, Dr. Melina Kibbe. They alleged mismanagement, endangerment of patients and even suggested possible financial fraud. [We make no comment about the substance of these allegations.] The letter was soon leaked and promptly publicized.

Longer serving members of the Health System Operating Board who had witnessed the defenestration of Dr. Shannon saw something familiar. Many of these allegations against Dr. Kent could well have been lifted – nearly verbatim – from the complaints made against Dr. Shannon by some of the same physicians 6 years earlier.

The publication of that letter and the events that followed are the motivation for this letter. By early 2025 what should have been an internal personnel dispute was now about to be tried in the court of public opinion.

The President notified the faculty and Board that he would again examine the concerns. Though necessary, this announcement reignited stories of the underlying allegations.

The public clamor grew when political activists (most outside the University community) who had long been disgruntled with the UVA President took up the cause, seizing the controversy as an opportunity to lay the blame at Jim Ryan's feet. They published articles repeating the allegations of mismanagement and suggesting increased risk to patients; and they sought to blame Ryan for his failure to intervene sooner. Having worked with President Ryan since his arrival, we saw a possible second explanation for his temperance. He too was being cognizant of the great deal of progress being made at UVA Health under Dr. Kent and may have been better informed than the critics about the many initiatives that might be endangered by an abrupt departure.

The Board of Visitors issued a statement announcing the engagement of a prestigious law firm, Williams and Connolly, to review the allegations of legal misconduct by Kent. This review later morphed into a broader general inquiry into Kent's management style, office culture, and human relations skills. Dr. Kent requested that he too be allowed to employ counsel. He was rebuffed; and instructed not to respond to the indictments against him and his executive team. He spoke to many about perceived fairness. We are not privy to the results of the Board's process and express no judgement about what subsequently transpired. We are, however, greatly concerned about the subsequent publicity.

It was publicly announced that a subgroup of some 25 of the physician complainants had hired you, one of America's foremost plaintiff's lawyers, to "protect" them while they pursued their claims against Kent and Kibbe.

The press and social media began covering the drama as if it were a reality TV show. [Though the media reported what they were told or wanted to believe, every reporter failed to identify two of the complainants as doctors who had competed for Kent's job and had been passed over; and another, a UPG leader who had suffered demotion in status in Dr. Kent's reorganization.]

We have been told that on Feb 24th your firm delivered to the Board of Visitors a 28-page letter [drafted, we are told, by a PR consultant with no UVA connections] cataloging a long list of alleged failings of Dr. Kent, Dean Kibbe, and Hospital President Wendy Horton (who'd recently been named one of the 25 Top Women Healthcare Leaders in America). Within hours the letter was being circulated

amongst the medical staff. To the dismay of some, they discovered that it explicitly named a handful of physicians and described specific incidents of alleged medical malpractice. At least one member of the board has told friends that the letter's timing felt like an implicit ultimatum - a veiled threat that the letter would be released to the public if the Board did not vote to dismiss Dr. Kent and Dean Kibbe. It is difficult to imagine the possible damage that such negative publicity might have caused UVA.

The following afternoon, on February 25TH the UVA Board of Visitors met in public to review the findings of their independent counsel and (presumably) to discuss your firm's letter.

That same afternoon, after learning that a board majority apparently intended to vote in favor of a resolution condemning him, Dr. Kent summarily resigned. UVA issued a public announcement of the resignation without further explanation.

So it is that the history of Dr. Shannon tenure at UVA has been repeated. More disturbingly, it has all happened under the glaring spotlight of press releases; and none of the coverage has included a word of defense or praise for the thousands of UVA physicians, nurses, and healthcare professionals who had nothing to do with the allegations and have dutifully continued to care for patients as admirably as ever.

We do not write to defend Dr. Kent; nor do we wish to imply criticism of any specific party. We will leave it to others to determine whether Dr. Kent got a fair hearing. We readily acknowledge that we do not have all the facts; and we would be mistaken to relitigate them here. We also acknowledge that, at times, in his pursuit to improve UVA Health we observed that Dr. Kent could be insensitive, autocratic, and slow to take advice.

President Ryan, with advice from the Board of Visitors, must ultimately determine what is best in this case, and we defer to his judgement. We would add however, that we have a strong impression that there may be just a very small handful of doctors who, for entirely personal reasons, have for some years fomented discontent at UVA; and have done so with utter disregard for the damage they might be doing to the reputations of UVA and their fellow physicians.

What concerns us is not the contest of wills between unhappy or worried physicians and a successful, if overly demanding, leader. Rather, we are deeply concerned that the individuals involved in this campaign may have done lasting damage to the once impeccable reputation of one of the finest health systems in

America. The repetitious drumbeats of near weekly public criticism and press releases not only had their intended effect on the CEO, but the clamor has also created a most unfortunate public impression that UVA has become some sort of failing hospital. That is simply false.

This widely publicized personnel dispute couldn't have come at a worse time. Not only does the publication of alleged incompetence and malpractice at UVA Health threaten morale, but even greater external threats loom.

At the time of his departure Dr. Kent was in the midst of leading negotiations for three major strategic partnerships or acquisitions that could have further transformed UVA Health. For the sake of UVA, we worry about what comes next with these highly sensitive business arrangements.

Last week the US House of Representatives passed a budget resolution calling for major cuts in Medicare and Medicaid reimbursements. As one of only two "safety net" Hospitals in Virginia, UVA is obligated to care for any patient regardless of ability to pay. Major cuts to Medicare or Medicaid reimbursements could be financially crippling for UVA, more so than any other Virginia hospital system. Major Federal cuts might even endanger all of UVA by threatening its vaunted "AAA" bond rating. In the coming months our health system may well face an existential crisis. We have great faith in Interim CEO Dr. Mitch Rosner, but he will soon need help if we are to meet any new crisis.

Furthermore, we are concerned that some highly qualified candidates may be unwilling to put themselves forward for the vacancy left behind by the successive public trials and involuntary departures of Dr. Shannon and Dr. Kent.

Lastly, we worry that all this negative news could have a chilling effect on philanthropy.

We urge everyone who cares about UVA and admires our Health System to consider first, beginning today a renewed commitment to working together to repair the damage that this entirely avoidable publicity may have done to UVA's reputation. Secondly, we encourage all involved in this sad affair to reconsider how personnel disagreements might be better managed in the future. No great institution can withstand repeated changes in leadership prompted by perpetual internal dissent.

Over the past decade the UVA Health System has grown and improved remarkably; becoming and remaining today a successful, talent-laden, safe, and caring medical center where great people are daily providing superb care to

thousands in need. In fact, every year hundreds of thousands of Virginians are newly grateful to the fine people of UVA Health, as we are.

Frank M. Conner III, Rector Emeritus (2017-2019)

James B. Murray, Jr., Rector Emeritus (2019-2021)

Whittington W. Clement, Rector Emeritus (2021-2023)

March 7, 2025

“Effective leadership is not about making speeches or being liked; leadership is defined by results not attributes.” —Peter Drucker

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