



THE AMERICAN ASSOCIATION OF NEUROLOGICAL SURGEONS

(FOUNDED AS THE HARVEY CUSHING SOCIETY IN 1931)
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1987-1988

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Stewart B. Dunsker, M.D.
Chairman, Joint Section on Disorders of
the Spine & Peripheral
Mayfield Neurological Institute
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Dear Dr. Dunsker:

Thank you for your kind thought regarding the recent Spine Section meeting. I am delighted it came out so well and especially pleased that we could be of help.

As you know, the AANS Board of Directors is firmly committed to placing its staff at the disposal of the several Sections, as well as other elements of organized neurosurgery. The Board's prevailing policy is to ask users of these services to reimburse AANS only for the actual cost which AANS incurs in providing the services. In the case of newly established Sections, some staff costs (principally key management costs) have been underwritten by the Association. This was done for the Spine Section, until it became financially capable of taking such costs in stride. It is the Board of Directors' feeling that this policy is most helpful to Sections, Joint Committees, etc. While some Section and Joint Committee requirements could be fulfilled by volunteer members (which is thought to be a rather questionable application of very precious resources), many of these sources would have to be purchased from commercial sources. The "cost recovery" philosophy applied to the use of the AANS National Office facility clearly offers substantial savings over similar services purchased from commercial sources.

With these thoughts in mind, I will do my best to discuss the cost of staff services provided to the Section, and how these compare to major operating revenues, including dues.

It seems somewhat unfair to isolate dues revenue (which represents only a modest 15.4% of total gross revenues) and compare this figure to the cost of staff services. In fact, very few staff services can be attributed to the generating of dues (only the costs of billing and related accounting). To the contrary, the majority of staff time is spent in connection with meeting planning and execution - that activity which generates the greater majority of Spine Section gross revenues.

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The net revenue generated by the Annual Meeting is certainly less than the net revenue realized from dues (which are almost entirely net revenue). In fact, the Annual Meeting is essentially self-supporting, and has not historically been dealt with by the Section as a major source of net revenue.

It would be much more reasonable to compare the cost of staff involvement in the Annual Meeting to the overall cost of that Meeting. Similarly, it would be reasonable to compare the total cost of staff usage to the total operating expense of the Section.

In 1987, a total of \$6,503.50 was spent by the Spine Section for Annual Meeting staff services (approximately 14% of total Annual Meeting costs). As we have yet to bill final staff costs in connection with the 1988 meeting, a total figure is not available at this moment.

An additional \$1,288.50 was billed to the Spine Section in 1987 for overall staff services not related to Annual Meeting activity. The combined total (\$7,792) represents 14.8% of the Section's 1987 operating expenses - a figure which is well within acceptable bounds. In fact, a national survey of medical associations reflects an average cost of 39.2% for staff salaries, benefits and office facilities (all of which are included in the staff expense bill to your Section). AANS costs, needless to say, are substantially below this national average, but still much higher than the percentage currently maintained by the Spine Section.

In connection with this review, I think it is quite appropriate for me to offer some explanation of why the Section was originally overbilled for staff expense, resulting in a \$2,580 credit which you will receive on the first quarter 1988 billing.

Each year, we routinely review all services (including staff) provided to Sections and Joint Committees. In the course of our 1987 year-end review, we found that both the Trauma Section and the Joint Committee on Education had been invoiced for an unusual amount of staff time. As each staff member maintains careful records of time spent on activities which will be billed to other elements of the organized neurosurgical community (including Sections, Joint Committees, etc), we are able to conduct a detailed evaluation of this work. In these cases, it was concluded that overall productivity did not justify the amounts invoiced. Accordingly, we issued credit memos to reimburse both the Trauma Section and the Joint Education Committee, reducing the billing for staff time to an amount commensurate with the actual services provided. I emphasize that these reviews were performed, and the adjustments issued, prior to any knowledge on the part of the Section's and Joint Committee's leaders that a problem existed.

You will recall my telephone conversation with you, not long before the Spine Section meeting, wherein I informed you that this evaluation process had caused us to become seriously concerned about the work being performed for the Spine Section as well. While I could not be specific at that stage, I advised you that our reviews had brought us to the conclusion that it would be necessary to transfer the staff responsibility for Spine Section activities to Linda Campbell - resulting in her direct support of the Section Annual Meeting, and her ongoing involvement since that time. In the course of this work, Linda (with David Martin's assistance) has

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finalized the costs for staff services in 1987, resulting in the \$2,580 adjustment noted above. Needless to say, the Spine Section is not billed for any of the time spent on the annual review, nor for the adjustment process.

Finally, you have asked for us to prepare an annual financial summary of revenues and expenses specifically attributable to the Spine Section meeting. Indeed, this is a vital planning tool: one which has been regularly prepared for the Spine Section at the completion of its Annual Meetings since the staff has been involved. Linda informs me that we are presently receiving, analyzing and paying (with approval) invoices for Annual Meeting related expenses. Just as soon as all of these expenses are in and booked, a final summary (with past-year comparisons) will be prepared. In any case, you will have a preliminary report in time to discuss it with your Executive Committee in Toronto. I hope this is satisfactory.

Thank you for this opportunity to review these several important issues. I apologize for the length of the reply, but the subject deserved detailed attention.

I look forward to seeing you in Toronto.

Yours very truly,



Carl H. Hauber, CAE
Executive Director

CHH:sdw

cc: Edward Connolly, M.D.
Carole Miller, M.D.
Edward Tarlov, M.D.

P.S. I understand from Linda that you would like to consider a Reserve Fund for the Section, and will deal with this issue in a separate letter.