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Review Panel: NCI Intramural Program Is Too Large, Redundant, Hierarchical

The NCI intramural program is disproportionately large, unnecessarily complex and redundant, and insufficiently peer reviewed, a six-month external evaluation has concluded.

The intramural program also suffers from a hierarchical approach that intimidates scientists and results in a poor environment for independent and creative research, the review by a committee of extramural scientists found.

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In Brief

Ross, Harvey To Lead Cancer Center Group; NCI Director In Office By Aug. 1, Varmus Says

BRUCE ROSS was named Chief Executive Officer and **Catherine Harvey** was named Chief Operating Officer of the **National Comprehensive Cancer Network**, a coalition formed by academic cancer centers to compete for managed care business (**The Cancer Letter**, Jan. 27). Ross, former senior vice president at Bristol-Myers Squibb Co., played a key role in the development of Taxol. Harvey is the former associate director, administration, at the Hollings Oncology Center. "I think it's remarkable that 13 of the country's leading cancer centers have formed this association," Ross said to **The Cancer Letter**. "My goal will be to translate the network's enormous intellectual resources into products that will shape cancer treatment in the new health care environment." The network's headquarters will be located in Philadelphia. . . . **A NEW NCI DIRECTOR** is expected to take office on Aug. 1, NIH Director **Harold Varmus** said to the National Cancer Advisory Board earlier this week. The search committee chaired by **Paul Marks**, of Memorial Sloan-Kettering Cancer Center, interviewed 10 to 12 candidates, and sent to HHS Secretary **Donna Shalala** a list of five finalists, Varmus said. Four of the finalists were interviewed by Shalala, Varmus and Assistant Secretary for Health **Philip Lee**. "About six weeks ago the Secretary sumbitted to the White House her recommendation," Varmus said. "We expect to have final word soon." **Richard Klausner**, of National Institute of Child Health and Human Development, is widely regarded as the HHS choice. . . . **DAVID LIVINGSTON** has resigned as physician-in-chief at Dana-Farber Cancer Institute, but will stay on until a committee investigating recent overdoses completes its work. He will be succeeded by **Stephen Sallan**, director of pediatric oncology. Livingston keeps his positions as Institute director, chairman, Dept. of Medicine, chief, Div. of Neoplastic Disease Mechanisms, and member of the Executive Committee.

NCAB Accepts Review Panel's Conclusions, Seeks Comment

(Continued from page 1)

The Ad Hoc Working Group on the NCI Intramural Program, led by Michael Bishop of Univ. of California, San Francisco, and Paul Calabresi of Rhode Island Hospital, called for clear separation of NCI intramural and extramural programs, downsizing and consolidation of the intramural program, and a more rigorous and objective peer review system for intramural scientists.

In a report to the National Cancer Advisory Board earier this week, the working group made 60 specific recommendations for change at NCI.

The Institute spends nearly 25 percent of its $2 billion budget on intramural research.

"The working group began and ended its deliberations with great regard and affection for NCI and its intramural program," Bishop said to the NCAB. "No other institution other than NCI combines the sense of national purpose, the diversity of instruments, and the magnitude of resources required to meet the challenge of cancer."

Bishop said the recommendations were meant to be constructive. "NCI and its intramural program are gems that should be burnished to a high gleam, and we just want to help with the polishing," he said.

The NCAB unanimously accepted the working group's "Summary of Recommendations." The full report, with chapters describing how the group reached its conclusions, is expected to be available in mid-June.

The board asked NCI to prepare an implementation plan by May 1996.

NCAB Chairman Barbara Rimer invited NCI staff, professional societies, individual scientists and physicians, as well as patient advocacy groups to submit comments on the recommendations.

Comments may be sent to Rimer at Duke Univ. Medical Center, 2200 W. Main St., Ste B150, Durham, NC 27705, e-mail: rimer001@mc.duke.edu.

Comments also may be sent to the NCAB executive secretary, Marvin Kalt, Director, NCI Div. of Extramural Activities, Executive Plaza North Room 600, Bethesda, MD 20892, e-mail: kaltm@dea.nci.nih.gov.

The complete text of the Summary of Recommendations follows:

Strategic Planning

The Working Group found that the procedures used by NCI for strategic planning could be improved. In particular, there has been too little consultation with active scientists about goals and deployment of resources. One major issue in strategic planning for NCI is the allocation of funds within the intramural research program (IRP) and between the IRP and extramural research program (ERP). There seems to be a disproportionate investment in the IRP, and at least some of its individual programs appear to be poorly coordinated. To remedy these problems, the Working Group makes the following recommendations.

1. NCI should create a standing committee, composed of leading clinical and laboratory investigators within the IRP, to provide consistent and systematic advice to the Director as part of its long-range planning process. This standing committee should be included in planning retreats and should be represented directly on the NCI Executive Committee.

2. The NCI Director should also consult regularly on planning matters with a committee of leading basic scientists and clinical investigators from the extramural community. The Chairs of the Boards of Scientific Counselors (BSCs) should be included in this group. Like the IRP advisory group, the extramural committee would contribute to planning, especially to the identification and prioritization of emerging areas of research.

3. In addition to meeting regularly with the NCI Director, these groups should meet annually with the appropriate basic and clinical research subcommittees of the NCAB. Both groups should prepare brief annual reports summarizing their recommendations. Such reports would provide useful documentation of

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Editors: **Kirsten Boyd Goldberg**
Paul Goldberg
Founder & Contributing Editor: **Jerry D. Boyd**
P.O. Box 15189, Washington, D.C. 20003
Tel. (202) 543-7665 Fax: (202) 543-6879
E-Mail: 73322.2044@compuserve.com
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the input received by the Executive Committee and establish benchmarks for judging the quality of the advice and its implementation.

4. The Working Group urges NCI to reconsider its current budget to determine whether the 25 percent devoted to the IRP is appropriate. The Working Group believes that the current investment is disproportionately high, considering the relative size of the effort in the IRP and the remainder of the National Cancer Program. The Working Group recognizes that the ceiling of 11.3 percent for the overall NIH intramural budget recommended by the EAC in 1994 need not strictly apply to NCI. Nevertheless, efforts to adjust the allocation for the NCI IRP from its current level seem advisable.

A report on efforts to adjust the allocation should be part of the formal agenda at the annual program review by the NCAB. The NCI Director and the division directors should provide the Board with projections of intramural compared with extramural funding, as well as the rationales on which these are based. In addition, the cost of research and development contracts that support intramural research should be acknowledged as part of intramural expenses.

Organization of the IRP

The Working Group believes that the current organizational structure of the IRP is unnecessarily complex and redundant, and potentially disadvantageous to the ERP. In addition, burdensome administrative requirements appear to deter IRP scientists from their missions in basic and clinical research and technology transfer. Therefore, the Working Group makes the following recommendations regarding the organization of the IRP.

1. The Working Group recommends full separation of the IRP and ERP.

2. The IRP and ERP should each have a single deputy director. There could be two additional deputy directors, corresponding to existing positions: a Deputy Director in the office of the NCI Director and a Deputy Director for Extramural Activities. All the deputy directors should report directly to the NCI Director.

3. There should be two divisions in the IRP: the Division of Cancer Etiology and Biology, and the Division of Cancer Prevention, Diagnosis, and Treatment. Each would have a single director. An Associate Director should oversee operations at Frederick. In adding the position of Deputy Director for Intramural Research (DDIR) and reducing the IRP to two divisions, the Working Group intends that the NCI DDIR and the two division directors would all sit on the NIH Board of Scientific Directors and the Executive Committee of NCI.

4. The ERP was formally beyond the purview of the Working Group. But having recommended that it become a fully separate entity, the Working Group suggests that it have four divisions: the Division of Cancer Etiology and Biology; the Division of Cancer Diagnosis and Treatment; the Division of Cancer Prevention and Control; and the Division of Cancer Centers and Training. The Working Group proposes that an advisory body similar to the BSC be constituted for the divisions of extramural research, but recognizes that such a recommendation is also beyond its purview.

5. The Working Group endorses the recommendation of the 1992 Task Force on the Intramural Research Program for the establishment of an Administrative Policy Board chaired by the DDIR of NIH. It also recommends that NCI establish its own standing committee of scientists to review administrative issues and report to the DDIR of NCI. This committee should serve as a central advisory panel to evaluate the impact of administrative decisions on research and to advise the NCI administration on the impact of current regulations and requirements.

Quality Assurance in the IRP

Stringent review of the NCI IRP is needed now, more than ever, because of the institutional "aging" typical of most large organizations, the acceleration of cancer research, and budget constraints. It was not evident to the Working Group that review of scientists and senior administrators within the IRP is uniformly objective or that there is sufficient distance between the BSCs and the scientific directors to ensure objectivity in review.

The Working Group recommends that the procedures used to evaluate the IRP and its scientists be improved to encourage more objectivity and expertise on the part of reviewers, to reward excellence and initiative, and to improve the diversity and morale of intramural investigators.

The Working Group recognizes the validity of retrospective review for the IRP. The excellence of the overall NCI program is built upon a variety of approaches to the management of research.

Prospective and retrospective methods of evaluating research vary and encourage creativity in different ways. It is generally agreed that the overall performance of NCI is best served by retaining prospective review in the extramural program and retrospective review in the intramural program.

In order to ensure the best use of NCI funds, the Working Group believes that overall quality assurance needs to be improved. This requires changes in the way peer review is conducted for the IRP.

1. All research conducted by the IRP, whether in laboratories of intramural investigators or through extramural contracts serving intramural programs, should be subject to peer review.

2. Under the recommended revised organizational structure, there will be BSCs with oversight over intramural activities only. The BSCs should be substantively involved in the review of research in progress, budgets, setting of priorities and goals, and recruitment. These issues should be considered from the standpoint of individual investigators as well as the research programs of laboratories, branches, and divisions. To these ends, the BSCs should receive a clear written charge that specifies their responsibilities in detail, emphasizing the need for retrospective rather than prospective review and for oversight of budgets. The charge to the BSCs should be codified and standardized within the IRP.

3. Nominations to the BSCs should come from their sitting chairs, who may solicit recommendations from various sources. Nominations should then be discussed with the DDIR of NCI and the NCI Director, who has final appointment authority. Members should be appointed on the basis of their expertise and their ability to evaluate programs and personnel objectively. The BSC Chair should be selected by the DDIR of NCI and the NCI Director from past or current BSC membership.

4. Programs should be evaluated on the basis of past achievements, rather than on future plans.

5. The Working Group believes that the use of site visits has not applied sufficient rigor in the evaluation of research in the IRP. Thus, the Working Group recommends abandoning the routine use of site visits for evaluation of research within the IRP. Instead, written progress reports from investigators under review should be submitted to extramural reviewers (perhaps two per investigator) chosen by the DDIR of NCI in consultation with the BSC chair. The reports should include all publications from the period under review, descriptions of published and unpublished progress, explanations for lack of progress, and full information on budgets. All tenure-track and tenured scientists in the IRP should be subject to such review at intervals of four years. The extramural reviewers would receive written instructions about the nature of the review (in particular, that it is deliberately retrospective) and would be asked to submit written evaluations of the research progress and the budget. The evaluations would be used by the BSC in making a final recommendation, which would be reached by discussion followed by a secret ballot.

6. Extramural reviewers and the BSC should be asked to consider the cost of research, including contractual fees. Reviewers should be provided with the exact cost of each project and its component parts, including the costs of contracts used in support of intramural research.

7. Written reviews could be supplemented by site visits when a BSC questions the judgment of the written reviews for an individual or when the BSC concludes that significant changes in existing budgets are appropriate.

8. Should an investigator feel that the review of his/her program was flawed, there should be a formal, uniform process for rebuttal and appeal available to address the investigator's concerns. A mechanism for rebuttal and appeal should be established and administered by the DDIR of NCI. It should not involve individuals in a supervisory position to the investigator.

9. It is the impression of the Working Group that budgets for some individual investigators in the IRP have become excessive. The Working Group suggests that the NCI Director consider whether investigator budgets above a predetermined amount should undergo special review, as is now the case in the ERP of NCI.

Sustaining and Renewing Talent in the IRP

The Working Group encountered broad dissatisfaction with the general ethos within the IRP. A hierarchical approach to research results in intimidation of individual scientists and the authoritarian use of resources. The resultant environment is not conducive to independence on the part of younger scientists. The Working Group found examples of these problems at every level of research supervision.

The Working Group also confirmed the EAC findings that the IRP has failed to vigorously recruit

new talent and that its policies for promotion of scientists have lacked rigor. In order to fulfill its mission, the IRP must consistently seek to renew its intellectual capital. Its scientists should be provided the opportunity to work in a setting that encourages independence and rewards both creativity and excellence. To sustain and renew talent in the IRP, the Working Group recommends the following.

1. The role of the laboratory and branch chiefs should be defined more explicitly. The Working Group views these individuals as comparable to department chairs in academic settings. In that light, they should encourage and facilitate the independent development of the scientists under their supervision.

2. Stewardship reviews of laboratory and branch chiefs and scientific directors should be conducted by extramural committees selected by the BSC Chair and the NCI DDIR. Reviews should consider each individual in terms of success in recruitment and mentoring, and in fostering the career development of independent investigators, the professional welfare of women and underrepresented minorities in the program, and the equitable allocation of funds. The reviews should be separate from any assessment of research performance and should seek the views of all individuals who are under the authority of the supervisor.

3. The Working Group recommends that laboratory and branch chiefs and scientific directors be appointed for renewable terms of five years. If a stewardship review is adverse, it should be repeated after one year. Two poor reviews would be cause for removal from the supervisory position.

4. The Working Group strongly supports the implementation of the new tenure system in the IRP and is confident that it will allow proper advancement of basic and clinical scientists.

5. Recruitment of excellent scientists at all levels of the IRP should be vigorously conducted, and competitions for positions should be fully open to scientists in the intramural and extramural communities. Primary consideration should be given to the abilities of the individual, rather than to fulfilling a particular need of the section/laboratory/branch chief.

6. Independent investigators, tenure track and above, should receive fully specified budgets at the beginning of each fiscal year and should have full control over those budgets throughout the year. Any necessary rescissions over the course of a year should be accomplished in an equitable manner.

7. The Working Group believes that the NCI IRP should develop a cadre of talented young scientists who would establish their careers as independent investigators, but move on from the IRP to other institutions within three to five years. As a first effort, the Working Group suggests the establishment of an NCI Distinguished Fellows program that would fund as many as 10 young investigators per year. Fellows would establish research groups of three to five individuals within select laboratories and branches. The program would be administered by the DDIR of NCI. The awards would be made through a well-advertised national competition and be for terms of no more than five years.

8. The Working Group recommends that NCI set aside approximately $3 million annually for an open grants competition within the IRP of NCI. An average of 30 three-year awards of $100,000 could be made for research above and beyond that already being conducted in accordance with the programs reviewed by the BSCs. Review of proposals could be conducted by a trans-NIH committee administered by the DDIR of NCI. The awards would be intended primarily for young investigators, but available to any tenure-track or tenured investigator. The funds should be used to develop new ideas and pilot programs with no programmatic specification, and should be considered supplemental to the investigator's programmatic research budget. The funds would become the responsibility of the investigator, with neither the competitively awarded funds nor the base funds available for reprogramming by the section or laboratory chief. Should the grants program prove successful, the NCI might consider making the competition available to all intramural NIH scientists conducting research relevant to cancer.

9. The Working Group recommends establishing a program targeted for recruitment of women and minorities at all levels, and endorses plans to include women and minority representatives on search committees for tenure-track and tenured scientists. Suitable examples for recruitment plans can be found in the measures required of extramural training grants.

10. The Working Group recommends developing programs of mentoring for women and minority scientists within the IRP.

11. The Working Group urges that the stewardship review of laboratory and branch chiefs and scientific directors address issues of recruitment and advancement of women and minority scientists. There have been laudable efforts to examine the welfare of

minority and women scientists throughout NIH and NCI. These efforts have generated explicit recommendations regarding stewardship and stewardship review. The recommendations of those reports could be easily implemented through the review of stewardship recommended above.

12. An ombudsperson should be appointed by the DDIR of NCI to deal with career advancement (as well as other concerns of women and underrepresented minorities) and administrative issues.

Clinical Research in the IRP

Innovative clinical research has been, and will continue to be, an essential part of the mission of the NCI IRP. Increasing constraints of managed care on clinical research at academic medical centers may leave the IRP as one of the few institutions where this kind of research can be done. In recent years this major resource for funding novel clinical research in the United States has been underutilized. In an effort to restore the clinical research in the IRP to preeminence, the Working Group recommends the following.

1. All intramural clinical research at NCI should be gathered under one division, the proposed Division of Cancer Prevention, Diagnosis, and Treatment. This should encourage interactions across disciplinary boundaries and facilitate strategic planning.

2. The IRP should establish a Protocol Review and Monitoring Committee similar to those required in NCI-designated cancer centers to provide more rigorous and uniform scientific review of proposed clinical trials and to set priorities for the trials.

3. Translational research should become predominant in the clinical program of the NCI IRP and should weigh heavily in the selection of the Division Director. There should be a major effort to recruit and train investigators in the IRP to perform clinical and translational research.

4. Activities that require interdependence between basic and clinical investigators should be encouraged. This should specifically include studies crossing programmatic and divisional boundaries.

5. The NCI IRP clinical research program should complement rather than duplicate the research programs of extramural cancer centers and NCI-sponsored clinical trials.

6. NCI would be well served by a Clinical Center with a smaller inpatient and larger outpatient facility. This consideration should be given great weight in planning future development of the Clinical Center.

7. The Working Group recommends that the NCI IRP explore whether the NCI and Navy Interagency Agreement could be expanded, so that more NCI IRP cancer patients who require inpatient care could be hospitalized in the National Naval Medical Center facility.

8. The Working Group recommends consolidation of the Medicine Branch, including the Biological Response Modifiers Program (BRMP), and the NCI-Navy Medical Oncology Branch into one branch with one chief. This would address several current problems at the Clinical Center, including a lack of house staff, poor quality and availability of specialty consultation, and insufficient exposure of medical oncology fellows to standard oncologic practice. Similar collaborations between NCI and the Navy should be considered for training programs in pediatrics and radiation therapy.

9. The clinical and related laboratory research effort of the BRMP should be relocated from Frederick to the Clinical Center. This consolidation would substantially benefit clinical research in the IRP. The production facility could remain at Frederick.

10. The Working Group endorses the clinical research training program recently proposed by the Director of the Clinical Center. By that means and others, the NCI should augment training in clinical research through its IRP.

11. NCI IRP clinical research staff should become knowledgeable of NCI-sponsored extramural clinical research activities.

12. Clinical investigators should be subject to the same equitable and rigorous peer review for promotion as laboratory investigators. The tenure review committee should recognize the differences in methodology, the different venues for publication, and the frequent requirement for a group effort in research that characterize clinical investigation.

AIDS Research in the IRP

The NCI IRP and contract program in AIDS research is, in aggregate, a large enterprise with limited central direction or control. It has grown from a small number of appropriate activities into a substantial fraction of the NCI IRP. This makes the NCI IRP particularly vulnerable to any reduction in AIDS funding. The AIDS program also lacks a clear rationale, and some of its elements seem thematically inappropriate.

1. The NCI DDIR and DDER should be responsible for coordinating AIDS research within

the Institute.

2. NCI should undertake an expeditious and comprehensive review of all of its AIDS research. This review should be done in cooperation with the Office of AIDS Research (OAR), which has the mandate to coordinate all NIH AIDS research. The review should focus on quality of programs; redundancy with activities in the ERP, the entirety of NIH, and industry; oversight and management of contract activities; and the future of the NCI IRP if AIDS funding were to decrease. Efforts should be made to redirect NCI funds, gradually and logically, while retaining truly meritorious research on AIDS.

3. The OAR director should have more influence over the use of AIDS research funds within the NCI IRP so that they can be seen as a considered part of the national effort. The Working Group believes that a significant reduction in the NCI IRP AIDS program may be in order, and that the released funds should be able to increase the pool available to extramural research on AIDS, even if that means putting the funds under control of a different institute. The NCI DDIR and DDER should work directly with the OAR Director to allocate and redirect funds as needed.

Drug Development Activities in the IRP

The development of effective therapeutic agents is one of the most challenging and important pursuits in cancer research. NCI has a long history of research and testing in drug development, most of which takes place in the Division of Cancer Treatment through the BRMP and the Developmental Therapeutics Program via in-house research programs and extramural contracts. The justifications for NCI's historical involvement in drug development are numerous and persuasive, but have been challenged *lately. Critics* have questioned the relevance and appropriateness of the program, and the scientific credibility of some its methods and approaches to drug discovery. The Working Group has reviewed the drug development activities of the NCI IRP and makes the following recommendations.

1. The Developmental Therapeutics Program at NCI should be continued.

2. Serious consideration be given to how NCI's drug development programs could become core facilities for the entire NIH. Thus, its drug development capabilities could be made more broadly available for research on a variety of diseases. Why should this unique facility be supported in the future by NCI alone? For example, there has been a justifiable increase in the use of this resource for AIDS research, and this should be reflected in the way the facility is funded.

3. The responsible BSC should be instructed to review the viability, progress, direction, and orientation of NCI's intramural drug development programs. In particular, with the assistance of additional extramural experts, BSCs should explicitly review the overall mission of the Developmental Therapeutics Program at intervals of three years.

4. Standard review of individual investigators should proceed as elsewhere in the IRP.

5. Although concerns have been expressed about the applicability of the new tenure policy to investigators in drug development, the Working Group found no reason to believe that this policy will adversely affect scientists working in drug development programs.

6. The extramural contracts administered by the IRP require full review, carried out periodically and systematically. The reviews should be conducted by the appropriate BSC, assisted by scientists from the academic and industrial communities, and should examine the goals of accelerating and improving preclinical drug development and appraising resource allocation.

7. Collaborative opportunities related to the drug screening program should be increased and accelerated within NIH and beyond. There needs to be a considerable increase in communication and collaboration between scientists in the Developmental Therapeutics Program and those in the rest of the NCI IRP and ERP, especially with regard to the availability of the natural products collection and the screening capacity.

NCI at the Frederick Cancer Research and Development Center

NCI activities at Frederick are not well integrated, either among themselves or with other aspects of the IRP. For programmatic and budgetary reasons, it would be wise to reorganize and consolidate the Frederick programs, as follows.

1. The Frederick facility should be a core facility, or "cost-effective center," for the entire NIH. The computing center, drug screening and development program, drug development program, and animal facilities at the Frederick center could serve many needs across NIH.

2. The Working Group recommends that three components of the Frederick unit be moved to

Bethesda, in the following order of priority:

a) All clinical and laboratory components of the BRMP should be moved to the Clinical Center. The production facility could remain at Frederick. The Working Group repeats this recommendation here in order to emphasize that it was reached from two different vantage points. (See also Clinical Research in the IRP.)

b) Return the remainder of the non-contract IRP operation to the Bethesda campus.

c) When feasible, the operations of the Applied Biosciences Laboratory (ABL) program should be moved to the Bethesda campus. Every effort should be made to retain current ABL operating practices. Relocation of ABL to Bethesda would dramatize the need to achieve parity in salary and benefits between federal workers and contract employees. The Working Group recognizes the difficulty of such a relocation, but believes it would be in the best interest of the NCI IRP over the long term.

NIH Faces Cuts Under House, Senate, Administration Plans

The budget committees in the House and Senate last week proposed deep cuts for NIH over the next seven years.

Under the Senate plan, NIH would get a 10 percent reduction in budget starting next year, after which the budget would remain unchanged through the year 2002.

The immediate reduction in budget would amount to about $1.1 billion.

Under the House plan, NIH finding would be kept at 5 percent below the fiscal 1995 level for the next seven years. That would amount to a $566 million reduction in fiscal 1996.

The Administration has said earlier that, with 4 percent inflation factored in, a 5 percent cut would amount to a 9 percent reduction in the first year of the cuts. Moreover, the 5 percent cut would lead to a 20 percent reduction in purchasing power by the year 2000.

The Administration's plan, too, includes a gradual reduction in funding for NIH. Though its plan is more gradual than either of the congressional blueprints, the Administration would bring the NIH budget slightly below the level proposed by the House by the year 2000.

Joseph Bertino, president of the American Association for Cancer Research, urged the members of the organization to telephone members of Congress with expressions of concern about cancer research.

Congress is expected to reconcile the two version of the budget bill in conference later this week.

HHS Reinvention May Include Privatization Of Clinical Center

An HHS plan to "reinvent the government" will include privatization of some of the functions of the NIH Clinical Center and the elimination of the Office of Assistant Secretary for Health.

The latter move will mean that NIH would be responsible to the Office of the Secretary.

The changes, which are part of the second round of the Administration's reinvention of the government, were announced by Shalala May 11. The HHS objective is to eliminate 2,400 jobs and cut spending by $453 million by the year 2000.

The elimination of the Office of Assistant Secretary was projected to reduce 400 positions and save $146 million by the year 2000, HHS officials said. While the health and policy expertise now concentrated at the office will be transferred to the Office of the Secretary, other functions will be transferred to HHS operating divisions and, possibly, privatized, HHS officials said.

"Combining these two offices will allow us to eliminate some redundant functions and layers of review, and transfer many functions out to operating divisions," Shalala said, describing the changes.

HHS officials were less specific about plans to privatize some of the functions of the clinical center. However, the projection presented plans to cut a modest eight full time equivalent positions and save $18 million by the year 2000.

Shalala said privatization strategies are being plotted by a committee lead by Helen Smits, deputy director of Health Care Financing Administration.

"The Clinical Center at NIH is the world's largest hospital devoted to clinical research and an invaluable asset to the nation," Shalala said. "However, rising costs at the clinical center have forced us to scale back some of our research programs.

"To preserve, protect and strengthen our research, we have to minimize overhead and hospital operating costs," she said.

In another privatization initiative, HHS directed the Agency for Health Care Policy and Research to contract out its efforts to develop clinical practice guidelines.

Shalala pledged that staff reductions would be brought about through attrition.