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Till Death Do Us Part

For half a century, in sickness and in health, the marriage of Baylor Medical School and Methodist Hospital produced first-class medicine for Houston and the world. But money, egos, and backstabbing came between them, and now both institutions—and all of us—are the poorer for it.

by [Mimi Swartz](#)

One characteristic that has never been associated with Dr. Michael DeBakey in all his 96 years is bewilderment. But the breakup between the medical school he built, Baylor College of Medicine, and the hospital he built, Methodist Hospital, and all it portends for medicine, in Houston and in America, has left him at a loss for words. The pioneer heart surgeon sits pensively in his sunny shrine of a conference room, its forest-green suede walls barely visible behind a veneer of framed photos, medals, and honors. Though he rarely operates, he still favors his royal-blue scrubs and spotless white scrub cap and coat, monogrammed, in cursive, with his initials. His regal head and ferocious eyebrows still reference the man who, as the world's most famous surgeon, could outglower just about anyone. But now he drags his long, beautiful fingers across his pale, furrowed brow, as if palpating for his own thoughts. He no longer barks orders; his Southern drawl is soft as a pillow. He takes a steaming cup of coffee but does not drink from it. He studies the floor, ponders. "I don't understand it," he says, finally, "it" being the end of the partnership of the medical school and its teaching hospital and the abysmal absence of any successful peace initiative.

DeBakey lost his first wife in 1972 and a son last October, but as tragic as those losses were, he now faces another that must be almost as painful: the end of everything he created in the past half century, which was nothing less than the best medicine Texas had to offer. For more than fifty years Baylor and Methodist coexisted in a mutually beneficial if not always happy marriage that brought out the best in both. Baylor had the intellectual firepower; it ranked in the top ten U.S. medical schools in research funding from the National Institutes of Health and thirteenth in the *U.S. News and World Report* list of top medical schools. Methodist, in turn, possessed spectacular wealth, which paid for innovation after innovation for the hospital and the school. Banners hanging in its lobby attest to its "Best Hospital" rating in at least nine categories in *U.S. News* and other publications. Baylor and Methodist both have always hungered to be the best, which is why the unraveling of the relationship is so heartbreaking, not only for DeBakey but also for Houston's elite, for whom the idea of Texas medical institutions' ranking alongside Yale and Massachusetts General really matters. The split threatens not just DeBakey's legacy but the futures of Baylor and Methodist, along with Houston's eminence as an international medical center and all the economic and psychological benefits that accompany such success.

All of DeBakey's efforts couldn't stop the breakup. He wrote imploring letters to members on both boards: "I am writing about a matter of the utmost importance—it may, indeed, even constitute a crisis. . . ." At meetings he beseeched his colleagues to make peace, soon, before they lost everything. "I'm hesitant to take on the role of Cassandra," he would say. But no one heard him, and nothing was done. Maybe they didn't

understand the history, DeBakey thinks. Maybe they don't understand the stakes.

His coffee is cold, and his hands, cradling the cup, are helpless to warm it. "Maybe," he says, with a half smile, "they don't know who Cassandra was."

BAYLOR COLLEGE of Medicine sits stolidly in the center of the harried, purposeful congestion of the Texas Medical Center, about five miles south of downtown. The main building is a sand-colored, low-rise art deco structure that has been refurbished. Inside it looks like any good school that's too busy teaching to fix itself up: a low-ceilinged, somewhat dingy warren of offices, classrooms, and conference halls. A slick, sun-washed addition named after DeBakey contains an impressive glass wall dedicated to Baylor's donors and not one place to sit down. Baylor's educational mission is aggressively conspicuous, with people in white coats and scrubs striding intently past tatty bulletin boards and posters for lectures with titles like "Beyond the Double Helix."

Methodist Hospital sits a couple of blocks away, a mini—medical center itself, with eight imposing interconnected buildings devoted to various specialties, many bearing the names of great Houston oil families. Its valet parking entrance can be hard to find in all the hubbub. So too its emergency entrance, which detractors in the medical center insist is intentional, the better to dissuade charity cases. The main lobby resembles that of a grand hotel: An enormous atrium allows the fountain below to sparkle in the sunlight, and a sprawling concierge desk of sable-stained wood welcomes those with the wherewithal to pay. Benefactor Ella Fondren's Boehm birds nest in a display case, and a pianist plays show tunes on a grand piano. There is even a Starbucks, just down the hall from the food court. Surrounding the lobby—on the floors above, in the basement below, down halls that stretch, seemingly, for miles—is some of the most cutting-edge health care equipment on the planet.

Baylor and Methodist should have been a marriage made in heaven, and for the better part of the past fifty years—until last April, when the Baylor board voted to end the partnership and affiliate with St. Luke's hospital instead—it was. There were always issues, as there are in any marriage, but only in recent years did they turn bitter, making unavoidable the first split in American history between a medical school and its teaching hospital. As is often the case in a divorce, there is no single cause of the breakup. But two major factors stand out, one that is common to all of American medicine and one that is unique to Houston.

The nationwide issue is the shrinking of medicine's profit pie. Doctors and hospitals get their money from two sources—insurance companies and the government—and both have dried up in recent years, the insurance industry by imposing managed care and the government by limiting Medicare and Medicaid reimbursements. Both actions greatly reduced the income of the medical community. No one except insanely rich foreigners writes a check for the full amount of the bill anymore. Technological advances, while improving medicine in myriad ways, have also contributed to the reduction of income: Patients now pay for outpatient surgery that lasts a few hours instead of staying in a hospital for days, even weeks, after an operation. The government and employers want to reduce the costs they pay for health care; meanwhile, the pressure on doctors and hospitals continues to rise as they try to absorb the costs of everything from MRI machines to malpractice insurance. "The books aren't balancing," one former Baylor doctor told me. "Medical life is all about who can bring in the most money. A small pie is a recipe for disaster."

In this era of ever-smaller pies, the relationship between medical schools and hospitals, always testy, has become more so. Kenneth Ludmerer, the author of *Time to Heal*, a history of American medicine, explains that the two need each other because the best hospitals want the best doctors, who attract patients, and the best doctors tend to work in academic medicine, where they spend their spare time on research. The medical school needs a constant flow of patients, from whose diseases and injuries its students can learn. The crucial ingredient here is money. As one member of the Baylor board put it: "There's always going to be warfare between medical schools and hospitals. Hospitals make the money and want to keep it, and medical schools think the money is made because of what their doctors and researchers do, and they think they're

entitled to part of it.”

Now medical schools and hospitals are in a fight for economic survival, and they turn on each other because there is no one left to turn to. In that fight, notes Ludmerer, many hospitals and many medical schools can lose sight of their mission: providing health care to their communities. “Both medical schools and hospitals have lost their way,” he explains. “They’ve placed institutional survival above their mission of doing good work.” In that sense, the breakup of Baylor and Methodist is a bell tolling for the future of American medicine.

But the other reason for the breakup has little to do with medicine and a lot do with the culture of both institutions and the personalities involved. “In Texas, it’s all about money and control,” said Kinn Moursund, whose grandfather helped found the medical center. Other people in Houston—frustrated doctors, angry board members, worried civic leaders, just to name a few—use different terms to describe the feud that could cost their city so dearly. “Shoot-out at the River Oaks Country Club,” for instance, and “a game of chicken that spun out of control.” Or “a pissing match.” Or, as one longtime local doctor tutored: “Men only care about two things: the length of their penis and how much money they make.” The one thing that almost everyone involved can agree on is that this is a story fueled by Texas-size quantities of testosterone.

IN THE BEGINNING, before there was a Texas Medical Center, “Methodist was a crappy little hospital, and Baylor was a crappy little medical school,” in the words of one local surgeon. Without millions from the local oil families, neither institution would have survived. But their fortunes would change with the arrival of Michael DeBakey in Houston in 1948.

Like a lot of doctors, DeBakey at first snubbed the recruiters from Baylor. He was already a bona fide star, an innovator who had revolutionized battlefield surgery and now was at New Orleans’ Ochsner Clinic and Tulane medical school. He was forty, fearless, and driven and expected everyone else to be that way too. DeBakey initially turned Baylor down because the school had no teaching hospital, residents, training program, or patients, relenting only when Hermann, Houston’s carriage-trade hospital, gave him a place to do his clinical teaching. But when he arrived, he found that Hermann doctors wouldn’t let him operate on their patients. DeBakey was so poor that his father had to buy his first (and only) Houston home, but he wasn’t going to put up with inanity. He found Methodist, then a small, unair-conditioned hospital on the edge of downtown, and began performing surgery there. To easygoing Texans, DeBakey’s work ethic was a shock: twelve hours on call at a minimum, setting the tone for Baylor medicine for years—hands-on, swift, and arrogant. “I’m intolerant of mediocrity,” he said at the time. “I don’t want to be around it.” The Methodist hospital supervisor, watching DeBakey at work, told her staff, “Give him anything he wants.”

Baylor—which had moved from Dallas to Houston in 1943—was housed in a former Sears store with only electric fans for cooling. Yet DeBakey had a confounding certainty about himself and the future. He knew that he could crack open a human chest and repair damaged coronary arteries with stitches as sturdy and as elegant as a French couturier’s. He knew too that on a particular patch of woodland he’d staked out in the late forties—you could bag a deer on this land at the time—he would build a new Methodist hospital that would draw the world to his door. And it did: The Duke of Windsor bragged, when he headed to Houston for surgery in 1964, “I’m going to see the maestro!” But it wasn’t only the rich who got his attention. The county charity hospital sits on the medical center’s northernmost end because of DeBakey—the city fathers didn’t want it to be included—and he was instrumental in scheduling patients of color for operations when Methodist, in its early days, was turning them away.

Meanwhile, he was bringing innovation after innovation in cardiovascular surgery to Baylor. He found a way to graft coronary arteries with small Dacron shields, for instance, patching—and healing—aortic aneurysms, then a major killer. But DeBakey was also a shrewd marketer: He traveled the world lecturing on his work, ginning up more patients, and he made the right contacts in Washington, bringing crucial

federal grants to Baylor. By the mid-sixties, he was probably the richest surgeon in the world, but he was also a man who understood his mission in life. DeBakey never turned away a patient who couldn't pay, and he established a rule for Baylor surgeons: They had to give 50 percent of their fees back to the school. Since DeBakey performed surgery at Methodist, the hospital also benefited enormously from his patients' fees and occasional contributions.

Not every Baylor doctor was enthralled with DeBakey's plan. One who chafed under his autocracy was Denton Cooley, a protégé and a colleague. The two gifted surgeons were very different men: Cooley was a hometown boy, with more pedigree, more charm, and more-striking good looks. He was also fast—faster than DeBakey—and could perform more surgeries than anyone had ever thought possible. In 1962 he moved his research to St. Luke's—a lesser hospital in Methodist's eyes—and established the Texas Heart Institute, though he remained on the Baylor faculty. At first, the rivalry was friendly: "Cooley had all the heart surgery in the world, and DeBakey had all the vascular surgery," according to one surgeon. Doctors then estimated Cooley's annual income at around \$5 million a year, half of which, under DeBakey's dictates, went to Baylor.

But in 1969 Cooley implanted an artificial heart in one of his patients, a 47-year-old dying man. DeBakey accused Cooley and an associate of using a heart he had been developing with federal grants in Baylor labs. Cooley claimed he had been working on his own artificial heart. DeBakey fired everyone who had been loyal to Cooley; Cooley was censured and left Baylor for good. This left the school short one star surgeon and, more to the point, perilously short of cash. Happily for Baylor, state leaders were worried about a projected doctor shortage. DeBakey promised to train more physicians in exchange for \$2.5 million to cover their education. It was also during this time that DeBakey freed the school from Baylor University, which, as a religious institution, was reluctant to take federal grants.

Thereafter, the relationship between Baylor and Methodist flowered, but not without some difficulty. Baylor had other teaching relationships: with Ben Taub, the county charity hospital; the Veterans Affairs hospital; Texas Children's Hospital; and TIRR, the Institute for Rehabilitation and Research. Possessive of Baylor doctors and residents, Methodist asked the medical school to make it first among equals, but Baylor refused. As a compromise, in 1970 the two institutions created a joint governance committee with private practitioners and faculty doctors and required that chiefs of service at Methodist also be the chairmen of the corresponding departments at Baylor. No one told Methodist's private docs, who weren't part of the Baylor faculty but brought their own patients to Methodist, about the change. When they found out, many complained bitterly that Baylor was muscling them out of the hospital. They resented taking orders from doctors who, in their view, spent more time on their narcissistic research than on patient care (and on generating income for the hospital). Baylor, in turn, saw the private doctors as shortsighted and, well, greedy. The great medical advances by DeBakey and Cooley could not have been accomplished in private practice, they argued; they would have been too busy with patients to do research. Advancing the cause of medicine was Baylor's mission, and in the school's eyes, Methodist just didn't get it.

Still, the forces keeping Baylor and Methodist together were stronger than the forces threatening to drive them apart. In particular, each had something the other wanted. Methodist had money: an almost unheard of \$2.6 billion in the bank by 2002, which could fund the programs and research to keep Baylor on top (but rarely did to Baylor's satisfaction). Baylor had prestige, allowing Methodist to boast that some of the best doctors in the world practiced there. They were enmeshed, sharing patients, office buildings, board members, and doctors. DeBakey had what was essentially his own wing in the hospital's Fondren-Brown Building, and other buildings suitable for use by Baylor doctors, patients, and projects seemed to be going up daily.

In 1973 Baylor signed a new thirty-year affiliation agreement with Methodist, and the future of one of the great medical school—hospital partnerships in the country appeared to be assured.

Four years ago Corbin Robertson Jr. was a man with the weight of history on his shoulders. He was a silver-haired, strong-jawed, strapping man—he had been an all-American linebacker at the University of Texas in 1967—but if he had been an introspective person, which he wasn't, it might have occurred to him that this particular weight was getting pretty heavy. In 2001 he became Baylor's board chairman, and he was also the president of family-owned Quintana Minerals. He was, in fact, the grandson of Hugh Roy Cullen, arguably Houston's most famous oilman, whose name was engraved on numerous local buildings, including Baylor's. Robertson could stride through the medical center and catch sight of his family's contributions everywhere. In his mid-twenties—he is 57 now—he headed the fund-raising to equip a neurosensory center to be shared by Baylor and Methodist. He persuaded his friends to contribute \$7 million to equip the Smith and Scurlock office towers, which were owned by Methodist, with Baylor as the lead tenant.

Robertson was a doer—he liked to walk and talk, not sit and talk—but as Baylor's new chairman, he was walking into a wall: Methodist's intransigence. Meanwhile, Baylor had internal problems as well. DeBakey had given up the position as president in 1979. He was succeeded by William Butler, who resigned in 1996 and was followed by Ralph Feigin, a highly-regarded pediatrician who ran Baylor while keeping his executive position at Texas Children's Hospital. Unfortunately for Baylor, pediatricians get little respect from other doctors, and despite Feigin's considerable accomplishments, he was no exception. Starting in 1990, Baylor began losing faculty—179 physicians to date—to local private practices and to better schools and more-prestigious institutions, like the Mayo Clinic and the Cleveland Clinic. Young doctors at Baylor were tired of working for chiefs who made enormous salaries but didn't carry their weight anymore. Adult medicine, crucial for the patient income it brought in, had declined; only 40 percent of the patients admitted to Methodist had Baylor doctors.

Robertson knew that Baylor couldn't attract new stars if it couldn't promise more support for salaries and research. Baylor needed more money, and he felt that Methodist should chip in. The hospital was already contributing \$50 million for academic services every year, including \$15 million in unrestricted funds, but Robertson wanted much more. Otherwise, he would have to find a new way to generate revenue, such as a Baylor-owned clinic, with Methodist having a minority share. Methodist had rejected that proposal, viewing it as competition for its main hospital.

Tension between the longtime partners was growing, and some in Houston questioned whether Robertson had the street smarts to take on Methodist. He was a courtly man, who rose when a woman came into the room and pulled out a chair for her at the table, but also an impatient one—not an ideal attribute for a negotiator. He didn't like being questioned. Behind his back, people suggested that his polish and his politesse obscured a person who expected others to ask, "How high?" whenever he suggested they jump.

The pressure, the suspicion, the past all had to weigh on Robertson as he looked at ways to revitalize Baylor. Worse, the thirty-year affiliation agreement with Methodist was due to expire in 2003, only two years away, and negotiations for a new one were not going well. He had seen the tensions from both sides, having been on both boards in his life—but things seemed more fractious than ever. Instead of Methodist and Baylor working like a team, they hardly seemed to be working together at all.

Just a football field or so away, John Bookout wouldn't have disagreed, and he too was unhappy. Like Robertson, the chairman of Methodist wasn't a man to be kept waiting. There were, in fact, a great many businesspeople in Houston who were downright terrified of the retired CEO of Shell Oil, even if he was approaching eighty. He was a tall, thin, red-haired, ruddy-faced man who looked less like a corporate CEO than a wildcatter of old. He spoke in a sure, soft Texas accent, but no one mistook Bookout for a bumpkin. He had strategized and schemed his way to the top of Shell, leaving fear in his wake. The word in Houston was that if you crossed John Bookout, he'd put you out of business. To him, Methodist was less a health resource for the entire community than a cutting-edge hospital, where money went to creating medical breakthroughs. What was good for Methodist was good for Houston but not necessarily vice versa.

By the time Robertson became chairman of Baylor, however, there were many people who objected to Bookout's view of Methodist, and they weren't just people in the medical center. Many in Houston's government and charity communities felt that the hospital had lost sight of its mission as a nonprofit to care for all people, not just those who could pay.

The turning point in the hospital's history had been the arrival of managed care in the eighties. The days when elite doctors could charge huge fees, knowing that insurance companies would pay the claims, came to an end. The revolution in health care caused such a fiscal crisis that Methodist considered a merger with its perceived inferior, St. Luke's, in 1994. When that proved impossible, it purchased a large private practice, which would bring more doctors, and thus more revenues, into the hospital—and did so without Baylor's knowledge and in clear violation of the affiliation agreement, infuriating school leaders. Baylor's status would be threatened if it had to put ordinary doctors on its faculty. The split almost occurred then, in the mid-nineties, but a compromise was reached: Baylor didn't have to take the private-practice doctors. Still, Baylor felt taken for granted, but Methodist didn't care. It had won.

It was also during this time that Methodist completed a makeover. The hospital's then-CEO, Larry Mathis, had decided in the mid-eighties that the way to ensure Methodist's survival was to convert it into a luxury hospital. Instead of investing in Baylor, which would have raised the prestige of both institutions in the long run, he went for the quick fix. Mathis invested some of Methodist's cash in the stock market (the hospital thrived with the tech boom) and poured the rest into amenities like valet parking, doormen, laundry and dry cleaning, hot tubs in guest rooms, and that glamorous new lobby. Hospital executives got chauffeurs, while patients who couldn't pay were directed elsewhere. Mathis believed that medical care was a privilege, not a right. As one surgeon told me, "He thought he was running GE."

That attitude eventually landed the hospital in trouble with watchdogs at the state attorney general's office, whose job is to make sure that nonprofits contribute to the community rather than hoard their wealth. Attorney General Jim Mattox sued Methodist for failing to provide adequate charity care as its nonprofit status required, claiming that Methodist grossed more than \$2 billion from 1985 to 1989 but during that time spent only \$17 million on the poor, less than one percent of its gross revenues. Methodist quietly sold its private hunting lodge, settled the lawsuit, and increased its charitable expenditures. But this wasn't enough to satisfy its critics, who say that the hospital still takes precious few patients whose costs are not paid by the government or insurance companies. As one doctor who had been with both Baylor and Methodist from the early years wrote in a letter to the medical community, Methodist "fell off its pedestal then and has never recovered."

Now there were three reasons why relations between Baylor and Methodist were strained: In addition to governance and financial issues, there were serious differences in the way Baylor and Methodist perceived their roles in the community. Baylor was teaching doctors to save the world. Methodist was catering to the rich. Throughout the nineties, Baylor's prestige had soared and, with it, its endowment, which by the late nineties had reached \$300 million. A consultant's study suggested that, partly because of tension between the leadership of the two institutions, the time had come to part ways. But neither board—and some members served on both boards—could see what was to be gained. Baylor and Methodist were better together. They had always been able to work out their differences.

From Bookout's perspective, the problem was, simply, control. He didn't mind giving Baylor money—well, maybe a little—but he wanted to know what Baylor was doing with it. He shared Baylor's desire to have a "world-class medical center," but he wanted an accounting of the money Baylor had previously received from Methodist before he shelled out more. Methodist had given Baylor \$150 million in the mid-nineties for "creating new centers of excellence," plus the ongoing \$50 million a year for what was called "academic services"—doctor's fees, for instance. Bookout's demand for an accounting was not well received at Baylor, nor was his accompanying letter. "We are concerned that our resources are being used, whether intentionally or otherwise, to further increase the College's dependence on nonoperating funds to subsidize

operating shortfalls,” he wrote. Bookout would later say, “There was a trust issue and a control issue.”

Notwithstanding his concerns about Baylor, he had a directive from his board, and he was determined to abide by it. Bookout recited it to me as a chant: “Number one, work it out with Baylor. Number two, work it out with Baylor. Number three, work it out with Baylor.”

Until he got to Houston, in March 2003, Peter Traber liked to think of himself as somebody people liked. Approaching fifty, the new president of Baylor was a burly, friendly, baby-faced man with a firm grip and a straightforward manner. Like Robertson, he had played college football (tight end for Michigan) and wasn’t a man who was afraid to butt heads. A gastroenterologist who had led the University of Pennsylvania medical school’s department of internal medicine to a number two national ranking, he went on to run the medical school for a tumultuous eighteen months. He resigned because the board wanted him to sell the school’s hospital, a move he believed was foolhardy. He had also been the chief medical officer at GlaxoSmithKline, a major pharmaceutical company. Traber believed he had a sterling reputation for collaboration and negotiation, and he had chosen Baylor—turning down a simultaneous offer from the University of Michigan’s health care system—because he saw a chance to put his skills to use in the negotiations with Methodist and regarded it as a challenge. He did not imagine that he would come to be viewed, for a time, as the villain of the Baylor-Methodist split.

But the trouble had started almost as soon as he’d hit town. In October 2002 Baylor and Methodist had agreed to a temporary, eighteen-month affiliation agreement. By the following spring, when Traber arrived, a longer-lasting agreement had not been finalized. Meanwhile, soon after his arrival, two members of a Baylor planning committee asked his permission to discuss the possibility of creating a Baylor outpatient clinic. Traber’s response was, sure, why not? The medical world knew that more care was taking place in outpatient clinics instead of inside hospitals. A Baylor clinic, staffed by Baylor doctors, would solve a great many problems for the school. It would make Baylor self-sufficient, and it would give Baylor researchers a place to shine in adult care, which the board had charged him with improving. Of course they should look at the idea of a Baylor clinic.

The problem, Traber soon learned, was that it raised the “trust issue” Bookout had referred to. The idea of an outpatient clinic at Baylor had come up before, and Methodist had always objected on the grounds that Baylor’s clinic would compete for patients with Baylor’s teaching hospital.

Bookout was already unhappy that the temporary agreement was taking so much time. The joint committee meetings, chaired by Baylor, suddenly weren’t being called as often as he liked. This situation also surprised Ron Giroto, Methodist’s CEO and president, as he had worked relatively well with Baylor in the past. He had even flown to Philadelphia to help woo Traber when Robertson had asked him to. Giroto was not what you would call a people person; pale and bespectacled, he had worked in the background during the Mathis era as Methodist’s CFO, a man who could squeeze every dime out of the reductions wrought by managed care. Giroto was also beholden to Bookout, who had urged him to come out of retirement to return to Methodist after no satisfactory successor could be found for Mathis.

At this point, then, the four people best equipped to bring the organizations together were, by their natures, ill-equipped to do so. Giroto had decades of experience playing the Houston game; Traber was the first outsider to run Baylor in the institution’s history. Traber and Robertson were trying to protect Baylor’s main asset, its reputation, which meant that they didn’t want to let Methodist’s private doctors have any say over Baylor’s doctors. Bookout and Giroto couldn’t favor Baylor over their own private doctors, who brought in 74 percent of the hospital’s revenues. Methodist thought it had the upper hand in the negotiations; it was possible to believe that Baylor had nowhere to go and would accede to Methodist as it always had. There was, in fact, a feeling around Methodist—a feeling that spread in the country clubs and executive suites around town, where people generally sided with Methodist—that Peter Traber wasn’t respectful enough of John Bookout. He didn’t return his phone calls. He didn’t give Bookout an agenda

when asked for one. He didn't pay social calls, bourbon in hand for the big guy. That's how you get along in Houston.

Instead, in June 2003, Baylor's leadership dropped what Methodist saw as "the bombshell": It wanted Methodist's private-practice doctors excluded from negotiations, and it wanted Methodist to build a Baylor-only outpatient clinic. Baylor would share in the revenue and run the clinic. These demands angered Bookout, because he had already told Robertson several months back, "We can't live with a Baylor outpatient facility." He couldn't agree to any Baylor project that would compete with his hospital. Bookout asked for a new draft agreement without the words "outpatient clinic."

Traber took his case to the *Houston Chronicle*, which published an article detailing the negotiations between the two institutions and making Baylor look like the more public-spirited. To many in the medical center, the subtext of the story was this: Methodist, a private, nonprofit institution, had \$2 billion dollars in a rainy day fund. Why couldn't they share some of that money with the people of Houston? How hard did it have to rain before Methodist offered to provide an umbrella? Giroto sounded like a whiner in response: "It fundamentally changes the relationship we've had. And that's not acceptable."

Bookout, the quintessential backroom operator, was livid that the disagreement had leaked. He was also hearing rumors that Baylor was exploring a possible relationship with St. Luke's. This was true, though no one at St. Luke's really believed that status-conscious Baylor would actually leave Methodist for a lower-ranked hospital, and no one at Methodist believed it either. But just to be sure, they sent a letter to Houston's biggest local donors, warning them that a Baylor clinic would be a needless duplication of services and facilities. Collaboration, the letter asserted, was best for the community. In other words: If Corby Robertson comes with his hat in his hand asking for money, show him the door.

If the public remained relatively oblivious to the conflict, local doctors did not. They were worried about what would happen to their practices and their patients. Robert Alford, a longtime member of the Baylor faculty and a revered chief of service at Methodist, was the first to choose sides publicly. "Methodist and Baylor appear to be locked in a senseless power struggle in which the patients and the future of medicine in Houston become the victims," he wrote in a letter to the medical community. But he chose to stay with Baylor.

As the situation deteriorated, Bookout met once again with Robertson. In return for the Baylor chairman's promise that the school was not negotiating with any other hospital, he agreed to build new, separate buildings for Baylor doctors and Methodist's private doctors, with still another building between them that would house all the diagnostic and technical equipment—the money-generating arm of health care. Methodist, of course, would run the operation. Thinking he had a deal, Bookout sat back and waited for Robertson to take his beneficence before the Baylor board.

On November 19, 2003, Robertson did just that. In the audience was Michael DeBakey, who was asked for his opinion. He stood before a crowd of about one hundred people and gave it. "The college must control its own destiny," he said. His voice was firm, but his heart was heavy. Without control of the clinic, the school couldn't control the quality, nor would Baylor have access to the money it needed for its independence.

At six o'clock, Bookout got his answer: Baylor had entered into negotiations to affiliate with St. Luke's. A confidentiality agreement prohibited them from talking with any other parties for sixty days.

When Baylor went into radio silence with St. Luke's, the blinders came off at Methodist. They committed \$100 million to launch a research institute that had been in the planning stages; they also announced an expansion that included \$300 million for a patient care clinic and \$70 million for an outpatient clinic. Finally, the rainy day had come for Methodist's rainy day fund. Methodist's announcement, board member Ernie Cockrell told me, sent a subliminal message to Baylor: As he put it, "Methodist is on a new path. You

need to be prepared to come back. Methodist is not going to play second fiddle to St. Luke's." This was Methodist-speak for "We will bury you."

Methodist's move had the desired effect: Baylor got a release from St. Luke's to reopen negotiations with its estranged partner. The hospital had two more demands: First, these negotiations would be for a long-term agreement; Methodist did not want Baylor reaping the benefits of Methodist's expansion and then moving to St. Luke's. Second, Bookout did not want Traber in the room. Robertson agreed to the terms. The negotiations began again in earnest, but it wasn't long before Methodist started to suspect that Baylor wasn't sincere in its commitment. "Our team would talk to the Baylor team, and as soon as we got close, Baylor had a new team," says a private heart surgeon who practices at Methodist. There were frantic calls to board members on both sides. There were quiet dinners and dove hunts at doctors' ranches. But the negotiations still looked fruitless. People seemed to have lost sight of the fact that the purpose of both institutions was to care for the community: One member of the Methodist board thought they shouldn't make peace with Baylor unless the school agreed to help Methodist raise its *U.S. News* rankings. ("What about raising the amount Methodist gives to indigent health care?" a Baylor board member suggested to me sarcastically.)

But some doctors at Baylor, whose practices were based inside Methodist, were incensed with the school's leadership. A group of prominent Baylor faculty members sent a letter to the board claiming that if the St. Luke's affiliation went through, "a crisis of major proportions for Baylor will develop, and we will struggle to avoid devastating consequences." The doctors went on to warn that the college could "implode financially." Their practices, they said, were dependent on Methodist's operating rooms, labs, and equipment. St. Luke's did not have equivalent facilities, nor did it have the money to build what they needed. In addition, the patients of these doctors didn't want to go to St. Luke's; they wanted Methodist. The Baylor doctors would soon have nowhere to go if they couldn't stay at Methodist: Most of the school's doctors were housed in the Smith and Scurlock office buildings, which were owned by the hospital. The doctors' leases had expired in June 2003, and there were rumblings that Methodist intended to evict them.

But the college wasn't budging. St. Luke's found room for Baylor doctors in a spanking-new office tower and made plans to quickly renovate a nearby parking garage. A big donor pledged \$35 million for the new Baylor clinic. Another promised \$24 million. Who said Baylor couldn't get into the hospital business?

Still, with the doctors' outcry, it made sense to give Methodist one more try. For a brief period, it looked like peace was at hand: Methodist came through with a new document that offered to commit \$1.5 billion for expanding its facilities and to contribute another \$75 million in fees and services to Baylor. In the eyes of one negotiator for Methodist, "It was a heck of a deal."

The Baylor board did not agree. They figured Methodist's \$75 million offer was really worth only \$45 million, and, more important, the old issue of power remained unresolved. Baylor wanted to control the diagnostic center, but Methodist refused, for the same reason as before—it couldn't afford to alienate its private doctors, who were, after all, floating the hospital. The document also contained a clause that essentially stated that for four years Baylor couldn't compete with any program Methodist already had. The school's outside counsel reviewed the document and told Baylor negotiators that it was "the most one-sided affiliation agreement" he'd ever seen and advised against signing it.

Baylor sent another proposal to Methodist but insisted on a commitment within two days, because the temporary affiliation agreement was about to expire. Methodist asked for an extension: Bookout was out of town and didn't have time to review the latest changes. Baylor refused. Finally, last April, four days before the expiration date, Traber met with his board at Trevisio, an elegant restaurant that provided a view of the entire medical center. He presented the audience with a comparison of what St. Luke's was offering and what Methodist was offering. Basically, the choice came down to money from Methodist or, by going with St. Luke's, freedom for Baylor to control its future. "Whichever way the board wants to go," Traber said, "I'll

work as hard as I can to make it successful.” The board voted unanimously to divorce Methodist Hospital and marry St. Luke’s.

There was complete silence in the Methodist boardroom when the Baylor decision was announced. Without Baylor, the hospital had no top doctors to run its planned research institute, no one with experience in research, and no affiliation with a medical school. Ron Girotto thought it might have been the lowest day of his life. But it wasn’t long before the Methodist side rallied. Bookout had a trip planned for New York in June and made a breakfast date with his former personal doctor, Antonio Gotto, who had been Methodist’s internal-medicine chief and Baylor’s chairman of medicine. Gotto had been passed over in favor of Ralph Feigin to run Baylor, and it was widely assumed that he still harbored some bitterness toward his former school. Now he headed Weill Medical College of Cornell University. From that meeting, the idea of an affiliation between Methodist and Cornell emerged. Gotto arranged a meeting between Bookout and Sandy Weill, a well-known New York financier and Cornell medical school’s namesake. “I’m not interested in a long, drawn-out process,” Bookout told Weill when they met a few weeks later. “I’ve just been through one of those.” Weill agreed. The deal they struck called for Methodist to pay \$100 million to affiliate with Cornell, mainly for the benefit of its name—money that could have funded a Baylor clinic in happier times. The *Chronicle* story announcing the agreement noted that Cornell ranked twelfth on *U.S. News*’ rating of American medical schools, one notch ahead of Baylor. One of Cornell’s affiliates was in Qatar, and the joke at Baylor was, Which residency program would medical students prefer?

Robertson, however, wasn’t amused. Notwithstanding the new name, Cornell doctors would not be staffing Methodist. The hospital was starting its own residency program for students who would apply directly to Methodist (like Mass General, in Boston) and be supervised by doctors Methodist would hire. The logical place for Methodist to find its new faculty, Robertson knew, was Baylor, and he believed that his doctors were either being enticed or coerced to stay at Methodist. As proof, he cited Methodist’s doubling of the rent for Baylor’s office space in the Smith and Scurlock towers, costing the school about \$3.5 million. Doctors who stuck with Methodist, however, faced no increase. Robertson threatened legal action, leading Ernie Cockrell, of the Methodist board, to joke, “We’ve gotten a divorce, but the wife still wants to live in the master bedroom.”

Passions were definitely heating up with the summer temperature. A new rule took effect at Methodist on July 1 that required physicians who held leadership posts at Methodist to admit the majority of their patients there. This effectively forced Baylor chiefs to choose between Methodist and St. Luke’s. The former chief of surgery at Methodist jumped to St. Luke’s, where he could keep his Baylor faculty position. Shortly thereafter, the chairman of the Baylor pathology department announced his decision to leave Baylor and remain at Methodist, with his lab. Methodist promptly canceled Baylor’s pathology contract, worth about \$10 million a year to the school.

And so it went, for the coming months. The divorce was final, but custody was still to be decided. A member of the Baylor board publicly criticized Traber’s leadership, alleging that he had “mismanaged and jeopardized” the relationship with Methodist, but the board stood firm behind the new president, even when he demoted Stanley Appel, the much-beloved (and renowned) head of neurology, for flirting with Methodist. Appel soon left to run Methodist’s new Neurological Institute. There was some sense, in the corridors of Baylor and Methodist, that Traber was willing to lose his longer-tenured doctors, who were expensive and less productive, in order to have a pot of money for new faculty.

As 2004 came to an end, the war showed no signs of letting up. Still, this being Houston, a sense of bravado emerged. It went something like this: In time, Houston would have not one but two great residency programs and two great research institutes. “Five years from now it will look entirely different,” Robertson told me. Girotto agreed: “Everyone’s going to be better off. I very much wish Baylor the greatest success.”

No one was particularly interested in addressing how much time and money would have been saved and

how much important research might have taken place if only the two had found a way to compromise and move forward. Except in unusual instances, Baylor has lost access to Houston's only state-of-the-art hospital, while Methodist has lost access to great doctors. Most likely, both institutions will suffer a drop in their much-coveted rankings because of the split, while St. Luke's should reap a bonanza from it—unless, of course, its affiliated doctors from the University of Texas Health Science Center start to resent Baylor's intrusion. Then, too, there's the fear, which extends far beyond Houston, that the split between Baylor and Methodist carries a larger issue for American medicine: whether great medicine can survive in the era of managed care, with funds so tight and medical professionals fighting for the scraps.

In that regard, Houston has lost big, and some of the blame has to fall on its own culture, which still bears traces of "win at all costs." There was no tougher fighter for Baylor than Michael DeBakey for 55 years, but he understood that preserving a partnership that made for better patient care is more important than victory for one team over another. When his son Ernest died last year, and knowing that Baylor was in control of its destiny, he asked that contributions be sent to Methodist Hospital.

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