Eyes on the prize
As Baylor med school trustees consider a leadership change, a union with Rice should be a high priority.

Having burned its previous hospital affiliations and seen its plans to build and operate its own medical facility endangered by rough financial seas, Baylor College of Medicine trustees gather tomorrow with the expectation they will oust current President Peter Traber. That shouldn't stop the governing board from moving ahead in discussions with Rice University for a merger of the two renowned institutions.

Traber's tenure included an acrimonious breakup with longtime Baylor partner Methodist Hospital and a short-lived pairing with St. Luke's Episcopal Hospital. The highly regarded executive took over the helm of the medical school in 2003, but expectations for boosting the school's income from a new clinic failed to meet expectations. Methodist's opposition to the clinic provoked the split a year later that many on both sides have now come to regret.

From a profit of $184 million in 2005, the school spiraled to a $60 million deficit last year that continues to worsen, school sources told the Chronicle's Todd Ackerman. The school's endowment shrank from $1.35 billion to $954 million between June 2007 and September 2008.

Along with its financial woes, Baylor has also suffered an academic brain drain. Key department chairs left Baylor for Methodist in the wake of their rupture and the exodus of prominent faculty continues. The instability created by Baylor's lack of either a university or a hospital affiliation has taken its toll.

Although the new hospital is scheduled to open in three years, there's speculation it may eventually be taken over by another operator and Baylor could resume its former relationship with either Methodist or St. Luke's.

Either outcome could help clear the way for a merger with Rice, a possibility that was recently touted by Rice President David Leebron as having the potential to create a national powerhouse that would greatly benefit Houston. Leebron has said that figuring out how a hospital would fit into a union was one of the issues that would require study.

The pairing of Rice and Baylor is so logical and promising that the medical school's trustees should not let the likely replacement of its president delay merger discussions. If former Baylor President Dr. William Butler steps back into the role of interim as school sources expect, he should set as a top priority guiding the talks with Rice to a successful conclusion.

It now seems clear that Baylor's acrimonious parting with Methodist was a mistake that did no favors for the participants or their host city. In replacing its leadership, Baylor now has a chance to remedy some poorly thought out past decisions with a course change.

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Along with its financial woes, Baylor has also suffered an academic brain drain. Key department chairs left Baylor following the 2003 merger with Methodist Hospital. The subsequent turmoil and departure of Methodist's chief executive, Dr. John Pealow, further weakened Baylor.

Baylor's lack of either a university or a hospital affiliation has taken its toll. Although the new hospital is scheduled to open in three years, there's speculation it may eventually be taken over by another operator and Baylor could resume its former relationship with either Methodist or St. Luke's.

In November 2006, the Baylor Board of Trustees approved a plan to spend $1.4 billion to build and operate its own medical facility endangered by rough financial seas.

With a reported $2.6 billion capital campaign goal, the Baylor board has already raised $700 million, but financial problems at Methodist, St. Luke's and the national recession slowed fundraising. In the last year, Methodist lost $54 million and St. Luke's posted a $38 million loss.

‘We're still making a lot of progress on fundraising but it is slower than we anticipated, ’Newsome said.

Baylor's board opposed the opening of a new hospital, preferring to focus on its existing academic institutions and its research institutes. The pairing with Methodist was part of that strategy.

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Study delay

‘It’s a tough situation, ’Newsome said. ‘We've been through a lot of things. ’

Throughout 2007, Baylor and Methodist had been holding merger discussions with the expectation they will oust current President Peter Traber. The school sources told the Chronicle's Todd Ackerman. The school's endowment shrank from $1.35 billion to $954 million between June 2007 and September 2008.

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Divorce of the year

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