Baylor decides to put hospital construction on hold
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Beset by economic concerns, Baylor College of Medicine trustees said Wednesday they plan to temporarily suspend construction of their once highly anticipated hospital.

In a statement issued after the board's March meeting, the trustees said they will delay construction of the hospital's interior after the exterior is completed in the spring of 2010.

"Baylor College of Medicine is not abandoning the hospital," Dr. William T. Butler, Baylor's interim president, said in the statement. "The decision to pause construction is based on external economic factors."

Butler said the decision is similar to what many health care institutions have done with construction projects under way during the economic crisis.

The planned hospital is the subject of significant interest in the Texas Medical Center.

As conceived, it was touted as the facility that would finally give Baylor complete control of its destiny after its acrimonious 2004 split with the Methodist Hospital, its clinical home of half a century.

But more recently, the hospital has also become seen as a possible obstacle to a hoped-for merger with Rice University, negotiations aimed at which are ongoing. Rice President David Leebron has said the big question is how a Baylor hospital would fit into such a deal.

In an e-mail to faculty, Butler said the temporary suspension buys time to acquire additional capital through philanthropy, federal funds and other sources, gives the markets a chance to settle and provides an opportunity to consider project partners.

Sources said that by not building out the interior, it's also possible the hospital shell would be more attractive to a buyer wanting to tailor the facility to its own desired specifications.

But in his e-mail to faculty, Butler dismissed such speculation: "Taking this pause will allow us to ultimately fulfill the plan to build the hospital," he wrote. "The board has made it clear it is committed to this project."

Broke ground in 2007
Butler said the suspension of construction likely will last at least several months. He also said if the economic situation improves, the college can reverse the decision and continue with the project as scheduled.


The hospital is under construction on a 35-acre site adjacent to the Michael E. DeBakey Veterans Affairs Medical Center. The plan calls for an 11-story, 250-bed hospital, plus an outpatient clinic and faculty office building.

A Baylor spokesperson said the hospital is built to its full height now. From the outside, the complex will look finished when construction is paused next year.

Hospital construction has been a financial burden to Baylor, contributing to significant debt at the school that is also considered a possible obstacle to the merger with Rice. Baylor trustees refinanced debt on the hospital last fall.

**Recommendations given**

In the e-mail to faculty, Butler said the college has hired PricewaterhouseCoopers to identify "strategic and sustainable expense reduction and revenue enhancement opportunities."

He said the firm will put out a preliminary report in mid-April and a final one at the end of May. Baylor will begin implementing the recommendations June 1, he said.

Neither the school's statement nor Butler's faculty e-mail gave any update on the status of the merger negotiations with Rice.