Medical Center fracture may be healing
But Methodist has a condition on merger talks with Baylor, Rice
MERGER: Hospital staff backs deal
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Faced with a groundswell of support for Methodist Hospital and Baylor College of
Medicine to partner again, Methodist's leadership has informed its medical staff it is
willing to negotiate - as long as the conversation is with Rice University.

Three months after Rice and Baylor began formal merger negotiations, Methodist
President Ron Girotto wrote that although "we cannot go back in time," the hospital
looks forward to working with Rice once a deal is done. The comment marked the first
time Methodist has publicly hinted it is open to some sort of realignment with Baylor.

"(Methodist is willing) to collaborate with Rice through a range of programs, including
research, medical education and clinical activities," Girotto wrote in a memo e-mailed
to staff June 10. "The leadership of Rice understands that after Baylor merges into Rice,
Methodist is prepared to begin discussions regarding these activities."

Conspicuously absent from the memo was any reference to Methodist being willing to
negotiate directly with Baylor, its partner for half a century before the two went their
separate ways in 2004.

The memo follows Baylor Trustee Robert McNair telling the medical school's faculty
that the trustees are talking to "anybody and everybody that wants to talk to us" about
a partnership, but that Methodist isn't showing "a lot of interest."

Baylor and Methodist, whose collaborative breakthroughs brought worldwide
attention to Houston from the 1960s to 1980s, split over money and control and
personality conflicts. The trigger was a plan by Baylor, perceiving it wasn't getting its
fair share of the pie, to build a clinic that would generate more revenue for the medical
school. Opposed by Methodist because it was seen as competition, it opened in 2005,
but Baylor has nevertheless struggled financially.

Not a friendly parting

The split was nasty - the institutions fought intensely over shared staff - and divided
the Texas Medical Center. It was also hugely unpopular, bringing reconciliation efforts
from Mayor Bill White, Texas Attorney General Greg Abbott and legendary doctors
Michael DeBakey and Ralph Feigin before their deaths last summer.
Girotto’s memo was a response to the latest appeal, a call from many members of Methodist’s medical staff for the hospital to seize the opportunity presented by the proposed Baylor-Rice merger. Staff aired concerns and hopes in a meeting with Methodist board members and a letter that noted the cost of the breakup and the advantage of an alignment of the three institutions.

Neither Methodist medical staff leadership nor the administration would release the letter, which was signed by about 130 doctors.

But doctors familiar with the letter said it stressed that to become a premier academic medical center, Methodist needs to have a relationship with a nearby university and medical school. It raised questions about Methodist’s continued affiliation with Cornell University’s New York City-based medical school, which supplies neither the hospital’s residents nor the doctors that train them.

Methodist is in the sixth year of 30-year contract that initially paid Cornell $20 million a year and now pays it $10 million a year. Doctors said the arrangement hampers philanthropic efforts, particularly compared to the appeal of a Rice-Baylor-Methodist partnership.

**Merger questions**

Although Girotto’s memo appeared to open the door for such a partnership, its emphasis on talking with Rice after a deal is struck raised questions because that issue would seem to need to be resolved before any merger.

Rice President David Leebron has said the merger’s big challenge involves Baylor’s clinical operations, which contribute to the school’s current deficit of about $55 million. At the moment, Baylor has no private adult hospital.

But Girotto’s memo and sources suggested Rice and Methodist are holding behind-the-scenes talks.

Still, sources said some of the same issues that prevented Methodist and Baylor from renewing their affiliation more than five years ago could again bedevil attempts to bring them together, even with Rice leading the talks.

Baylor is holding talks with St. Luke’s Episcopal Hospital, with which it partnered for three years after the Methodist split, before that relationship foundered as well.

Baylor subsequently started building its own hospital, but because of financial concerns, it announced three months ago it will suspend construction once the shell is completed next spring.