Third campus joins merger talks
Texas Children's has 'integral role' in Rice-Baylor hospitals deal
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Texas Children's Hospital has joined the effort to bring about a merger of Rice University and Baylor College of Medicine, the city's elite academic institutions.

As talks heated up this week, leaders of all three institutions e-mailed their staff about the potential impact of the deal, the status of the negotiations and the issues still to be resolved. Unlike a previous Baylor-Rice statement about the possible deal, it used the word merger, not affiliation.

"Texas Children's Hospital is playing an integral role as these discussions progress," the leaders wrote Thursday. "We have before us a unique opportunity for all three institutions, and others, to take a giant step forward in creating a world-class university and academic medical center that will serve our stakeholders, city and state well."

All three institutions declined Chronicle interview requests.

Texas Children's, which serves as Baylor's private pediatric teaching hospital, was known to be a behind-the-scenes force in the discussions, but the e-mail marked the first public acknowledgment of that role. It suggested Texas Children's will be the key player brokering arrangements involving Baylor's clinic and hospital, considered a possible stumbling block to the merger, as well as its affiliated hospitals.

The e-mail also marked the first substantive communication to all three campuses about the deal. When the Chronicle first reported in October that merger talks were ongoing, Baylor and Rice would only say they were "exploring the possibility of a closer affiliation."

A merger is considered attractive to both institutions because it would enhance Rice's reputation and bring Baylor financial security. One of only 10 freestanding medical schools in the nation, Baylor has struggled financially since it minimized its longstanding partnership with The Methodist Hospital in 2004.

Baylor is building its own hospital, but the effort has strained its ability to balance its budget. Rice President David Leebron has said that a big question would be how Baylor's clinical activities would fit into Rice's overall finances.

Texas Children's is Baylor's top generator of clinical revenue. Because Baylor supplies the bulk of Texas Children's doctors, the two have mutually aligned interests and destinies.
Observers said Texas Childrens’ role in the discussions is also a credit to the expertise of its president and CEO, Mark Wallace, in running a hospital, something Baylor and Rice lack.

The e-mail said that a successful merger would include strengthening Baylor's existing partnerships with Ben Taub General Hospital, the Michael E. DeBakey Veterans Affairs Medical Center, St. Luke's Episcopal Hospital and Methodist.