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THE BALTIMORE SUN

August 9, 1999, Monday ,FINAL

SECTION: TELEGRAPH ,1A

LENGTH: 2189 words

HEADLINE: Doctor helping Hopkins to heal; Checkup: Three years after a leadership is rift, the institution is refocused. But medical 'czar' Edward Miller knows challenges lie ahead.

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SOURCE: SUN STAFF

BODY:

In the amphitheater of the great teaching hospital, a 6-foot-5 executive with silver hair and a serious suit was talking renewal: a new cancer center in the fall, a research building by 2003, a new enterprise in Singapore.

When the father of a girl with leukemia denounced the pediatrics center as cramped and decrepit, Dr. Edward D. Miller was ready with yet another plan for the Johns Hopkins Medical Institutions: a $150 million Children's Center, with all the latest amenities.

"We have an insatiable appetite for things new," Miller told those gathered at his monthly town meeting.

Three years into his tenure, Hopkins seems revitalized. When Miller took over, its top leaders were warring. The medical school and hospital appeared paralyzed, unsure how to survive the managed-care revolution.

Hopkins has done better than survive. While other elite medical centers are losing money, Hopkins maintains a steady flow of patients and operates in the black. It runs a prosperous outpatient center at Greenspring Station and plans a similar venture in White Marsh. It expanded its reach by buying Howard County General Hospital, and has embarked on a building program in East Baltimore of surprising size and scope.

Many doctors are quick to point to more subtle changes. "The place is less distracted," said Dr. Paul McHugh, chief of psychiatry. "It's being managed by people who keep things pretty quiet. They get on with their tasks."

Still, Hopkins faces challenges. In an era when insurers are paying less for each patient, doctors are being asked to focus more on the bottom line -- to increase their caseloads, for instance, so revenues can stay as high as ever.

For many, this means less time in the lab and, consequently, less time for the slow grind of research that has yielded the breakthroughs of the past. Doctors fear that the same medical center that introduced anesthesia to surgery, grew the first cell cultures, solved blue-baby syndrome and unraveled the genetics of colon cancer will lose its

intellectual edge.

"The thing that keeps me awake at night is how to maintain the core mission of Hopkins and survive in a business that is as challenging as any," said Dr. William Brody, president of the Johns Hopkins University. "I feel it, and the faculty feel it."

The sentiment is not lost on Miller, an anesthesiologist who still spends a morning a week in the operating room but devotes most of his time to navigating the tough economics of health care.

"Everybody in the country would say this is the serious problem that the academic centers are facing," he said.

Consolidated control

Miller was appointed to the position of medical "czar" nearly three years ago when the trustees ended a century-old system in which the medical school dean and hospital president shared and often jockeyed for control. The old system had sparked rivalries before, but nothing like the warfare that erupted between the last two men to hold the jobs: Dr. Michael Johns, the dean, and Dr. James Block, the hospital president.

Many observers felt the two were set up for battle by a system in which neither had sole authority. But they also seemed to genuinely dislike each other: Block, often seen as secretive and territorial, accused Johns of hogging the limelight before Hillary Rodhan Clinton's committee on health care reform. Johns, whose wit could border on sarcasm, complained that Block was scheming to have him fired.

In 1996, Johns left for Atlanta to become the chancellor of Emory University's medical school and hospital system. Soon after, Block resigned, too, when the Hopkins trustees moved to create a similar position of authority. It was a position, Block recognized, that required academic credentials he lacked.

In Miller, the trustees saw a calm, steady leader with a knack for consensus building. It didn't hurt that he looked the part, towering above nearly everyone. As anesthesia chairman and later as the interim medical czar, he had kept an open door, waited in line at the cafeteria and asked staffers about their children or sick parents. He had a hearty laugh and a gentle air, but didn't shy from decisions.

Miller, 56, said the job of running a sprawling medical center was about as far from his original plan as he could imagine. He was content practicing anesthesiology and rising through the ranks of academic medicine, but never saw himself running an organization with 15,000 employees at its central campus alone.

A graduate of the University of Rochester School of Medicine, Miller trained in surgery but switched directions when he discovered he didn't get the same thrill from cutting and sewing that others did. In anesthesiology, he was fascinated by the effects of medications on vital functions such as breathing and heart rate. And he liked the idea of being the protector, the person upon whom patients depended for their every breath.

He became chief anesthesia resident at the Harvard-affiliated Peter Bent Brigham Hospital in Boston. He eventually specialized in the problems of the hypertensive patient in surgery, and became department chief at the University of Virginia and later at Columbia University's College of Physicians and Surgeons.

'Wasted energy'

In 1994, he was recruited by Johns to run the Hopkins department. Two years later, he was appointed interim dean and hospital president. Soon, he was given the job on a permanent basis. He knew the place needed healing.

"There was a lot of wasted energy," Miller said. "You weren't quite sure who you could trust for an answer, and there was always this undercurrent of special deals made. There wasn't a transparency to things, a sense that people were all in this together."

Colleagues say he listens carefully to all sides before making decisions that could divide his staff. But, they say, he doesn't waste time over matters that aren't that complicated. People who have sent him long, detailed e-mails have gotten used to replies as terse as "OK."

"He's a very congenial, nonthreatening type of personality," said Dr. George Dover, the pediatrics chairman. "When he walks into the room, one feels comfortable. On the other hand, I've seen him think through some very tough decisions around here and aggressively go after things."

Outside Hopkins, business leaders say his congenial style is a welcome change from what many saw as a long history of Hopkins arrogance.

"When Hopkins came in, doctors in the community were afraid that Hopkins wouldn't listen," said Dr. Steven Geller, an Ellicott City internist who was president of the medical staff at Howard County General when Hopkins negotiated the acquisition. "But they are listening. They're much easier to talk to than they were a few years ago."

Miller can't claim all the credit for the improved climate, and he doesn't. The trustees made him master of an undivided realm, which means he doesn't have to share power with anyone. Doctors say he is learning on the job but, with only a few glitches, has assembled a talented management team that works smoothly and without rancor.

Hopkins has also benefited from decisions that were made before Miller arrived, such as the opening of the pavilions at Greenspring Station and the construction of an oncology center on North Broadway.

It also benefited from the deals his predecessors didn't make. In the mid-1980s, consultants advised Hopkins to buy physician practices throughout the metropolitan area. Many academic centers were doing so on the theory that the doctors would steer patients to their beds. But in the buying spree, hospitals overpaid and deals were structured in ways that did not guarantee patient flow.

Measured growth

Now, colleagues say Miller and his executive team are showing good entrepreneurial sense, expanding into areas without overreaching.

Hopkins has stepped up its efforts in " technology transfer," gaining patents and licenses for drugs or medical devices it develops. Over the Internet, it offers health information to consumers and classes to doctors who need to keep up with changes in medicine. In 29 cities, for instance, doctors sitting at computer screens earn credits toward master's degrees in the business of medicine.

Through a company called WorldCare, Hopkins also brings video consultations to doctors in the Mideast and elsewhere.

"What you don't want to do is get swept away just wanting to be big," Miller said. "We've looked at other deals closely and come back and asked, 'Does this make business sense? Is it a good financial transaction?' If it doesn't pass muster, it's off the table right away."

Hopkins has remained stable and profitable at a time when other academic hospitals are in trouble.

Johns Hopkins Medicine, the entity including the medical school and Johns Hopkins, Bayview and Howard County hospitals, reported $29.2 million in profits for fiscal 1998. In contrast, Harvard's five major teaching hospitals have deficits totaling $150 million this year.

Closer to home, Georgetown University Medical Center lost $62.4 million last year, and contracted in March to have its hospital run by MedStar Health, a not-for-profit chain that runs seven hospitals in the Baltimore-Washington area. And the University of Maryland Medical Center lost $11.8 million in fiscal 1998, despite 200 layoffs.

One reason for Hopkins' performance is that is the dominant academic center in the region. In Boston and New York, patients can choose between at least a half-dozen major teaching hospitals. In Baltimore, there are two -- Hopkins and Maryland.

Maryland is the only remaining state where hospital rates are set by a state regulatory commission rather than by market pressures. The rate structure prevents health maintenance organizations from forcing Hopkins and Maryland to give them large discounts, as has happened elsewhere. Though the system also prevents Hopkins from compiling large profits, "they're almost guaranteed a small, positive bottom line," said Dr. David Blumenthal, a health policy expert at Massachusetts General Hospital.

Hopkins has also been aided by patient backlash: People don't want to enroll in HMOs that deny them admission to Hopkins simply because other hospitals are cheaper. " Patients turned out to be much more ornery than people expected," Blumenthal said.

And while hospitals in other states have scrambled to cut costs in the past few years under price pressure from HMOs, Hopkins had already developed the habits of economizing. "Under the regulated system, there was more incentive to maintain a leaner cost structure," said Ronald Peterson, president of Hopkins and Bayview hospitals.

Time crunch

Under pressure to keep the cash flowing in, doctors at all levels worry that the ultimate losers will be teaching and research.

Hopkins remains the largest beneficiary of grants from the National Institutes of Health, but it also relies heavily on patient care to subsidize the high cost of academics. In some departments, one chairman said, doctors are tripling the time they spend seeing patients to meet expectations for revenue.

Dr. John Flynn, who runs a clinical program in internal medicine, said he used to spend 15 percent of a 60-hour week on research. He hasn't sacrificed his studies, but works 70 to 80 hours a week to make this possible. It's not just a matter of seeing more patients, he says, but completing forms and writing letters of justification to insurance companies.

"We're holding up against the tide," Flynn said. " But it's a matter of how much longer you can do it and what gets sacrificed."

Not long ago, about 50 doctors from different specialties contributed time to teach a first-year physiology course in the medical school. This year, 14 declined, saying they were too busy meeting clinical demands.

"It takes 1 1/2 to twice the effort and time for faculty members to bring in the same amount of revenue as several years ago," said Dr. Katherine DeAngelis, vice dean for academic affairs. "Where are people going to get the time? The squeeze is on teaching time."

Remaining one of the nation's elite research centers also means being able to recruit and retain top researchers. Hopkins officials acknowledge they have lost talented scientists to rival institutions that could offer newer, more spacious labs -- and a more scintillating location than Baltimore.

For almost a decade, Hopkins was stymied in its efforts to create a genetics institute. It lacked adequate space, and couldn't cast about for a director with top credentials until it could offer a modern facility. Only now, with the opening of 25,000 square feet in the new cancer center, is Hopkins able to begin its recruitment in earnest.

Construction elsewhere on campus should help other departments solve similar problems, but officials concede it will be years before the institution catches up.

"The things against us are location, physical plant and lack of space," said Dr. Elias Zerhouni, executive vice dean

for research. "What we can offer is a unique culture."

GRAPHIC: PHOTO(S) 'Congenial': Dr. Edward D. Miller (right), medical czar at Johns Hopkins Medical Institutions, walks to a meeting with Dr. William Agnew, director of the Department of Physiology.

LOAD-DATE: August 11, 1999