

# William C. Richardson

12 January 2004

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Mame Warren,  
interviewer

**Warren:** This is Mame Warren. Today is January 12, 2004. I'm in New York City with William C. Richardson and, boy, I'm glad to be with you. It's taken us a while to get together.

**Richardson:** It has. It's good to be with you.

**Warren:** How did you first come to be associated with Johns Hopkins?

**Richardson:** I had known about the university, of course, for a long, long time, in part because of its great reputation in the health field but also in the many other areas in which it's created such a unique and important history in American higher education. Also, I had visited the campus on various occasions as a site visitor for, for example, National Institutes of Health or other health and human services projects that Johns Hopkins was interested in receiving; then also, just a couple of times, visiting colleagues, for example, in the School of Public Health.

**Warren:** Had you visited both campuses or maybe all the campuses? Had you been to Homewood and—?

**Richardson:** Yes, both campuses. Yes, I had been to Homewood and the East Baltimore campus. I wasn't all that conscious of much of the rest of the university except for the Applied Physics Laboratory [APL]. The reason that I knew it quite well was because at the University of Washington, when I was asked to serve as the vice provost for research and dean of the graduate school of the university, part of my responsibilities were to have the director of the applied

physics lab there, which was called actually the Applied Research Laboratory [ARL], [report] to me. It was quite a lot smaller than APL and therefore reported to the vice provost for research. There were a total of four university-based Navy labs, of which the University of Washington was one.

Then, interestingly enough, I went to the Pennsylvania State University, which has a bigger applied physics laboratory, and it was called APL. At that time, I was executive vice president of the university and provost of the university. Because I was in a higher-ranking position and because the APL at Penn State was larger than the one at Washington, the director of that lab and the lab reported to me. Therefore I knew about the applied physics labs with the Navy contracts supported on these four campuses. Then when I came to Hopkins, of course, it was the largest of the APLs and so it was appropriate that it report to the president of the university.

Unintentionally or coincidentally, I had moved to three of the four universities that had applied physics labs, each one larger than the one before. As I ended up in higher-ranking positions, I ended up having that responsibility of overseeing it, which was sort of a useful series of responsibilities because it gave me some experience with what they did and how they worked and particularly the importance of the Navy contract as a sole-source contract, which enabled us to do all kinds of things in a very cost-effective manner. The one that I did not ever have responsibility for was at the University of Texas. I remember the first time I went down to the APL at Hopkins and was introduced and made my introductory remarks. I explained to everyone that I was not just passing through on my way to Texas.

**Warren:** Did they get that?

**Richardson:** They got it because they knew I had had responsibility for two others, which I think was kind of a relief to them because they could envision having a president elected by the board that had not ever heard of an APL.

So I'd had that association and then I had visited Homewood for a site visit, a project back in the, oh, maybe the mid-'70s. Professor [James] Coleman was the principal investigator and he had this project in. I was one of about three site visitors. I remember Steve Muller. It was early in his presidency and he came to the site visit and talked to us about the importance of this project, which was quite a stunning thing to have happen. I was on the study section and we did a lot of site visits for health services research and related matters. Occasionally, the dean of the school in which the project was going to take place would appear but never the president. Of course years later, many, many years later, fifteen years later at least, I realized that that would be entirely plausible because James Coleman was a very important faculty member.

The site visit took place somewhere over in arts and sciences, and so Steve could have walked over in a matter of five minutes and spent fifteen minutes with us and gone back to his office.

You didn't really have a sense of the scale of the university if you were looking at it from the outside because with the research dollars and the reputation and all of the activities that went on from SAIS [School of Advanced International Studies] to East Baltimore, Peabody, which was beginning to come into the fold at that point, and APL as well as Homewood, even before we had our centers in Montgomery and Howard Counties and in Baltimore County for that matter, you just had the idea of a big university. But then once you got there and thought about it, it had the feel really, even in the medical school, of a small university because of the

collaborative style and just that special quality that Hopkins has that I've never seen in any other university either where I've served or where I've site visited.

**Warren:** Tell me more what you mean by that.

**Richardson:** In terms of scale, my graduate work, as you remember, was at the University of Chicago, which was a university of somewhat equivalent scale, interests, quality, and intensity, if you will. I had spent eight years on the University of Chicago campus before going to the University of Washington once I finished up my doctoral work and was out on the job market. It had just a different feel to it. Faculty members were very individualistic. They tended to be highly competitive. Except for the committee system at Chicago, which was well known and a wonderful way to get a doctoral education, most of the rest of the university was not collaborative.

In fact, one of the reasons I went to the University of Washington to start up a health policy and management program was that I, from site visiting there, knew that you could pull together faculty from across the university to start a degree program and that people would want to do it and would feel as though it was a positive to collaborate across departments and schools and that the administration would support it. That was not true at Chicago. People, instead of standing on the shoulders of their colleagues, tended to sort of elbow and shoulder their way in to where the shoulders of their colleagues used to be.

Whereas my experience at Hopkins—and this was not peculiar to any one or another of the schools. It was characteristic of the university—was a tremendous excitement about the success of others with whom you were working and always a willingness to help and to contribute, whether it was to review a paper or to come up with a bit of information or to make a

connection to another colleague or whatever it might have been. It's just a wonderful quality that the university has and, as far as I know, has always had and I hope always will.

It explained to me why, as I thought back on it, it would make a lot of sense that Steve Muller would come over to that site visit. He would think of it as just all being part of a very tightly knit community where if he could lend a hand, he would.

**Warren:** Did you know Steve Muller other than that encounter? Did you know him before you got to Johns Hopkins?

**Richardson:** No. I think I had met him a couple of times at various probably AAU [Association of American Universities]–related meetings, but I had never really spent any time with him or worked with him.

Now, I knew some people who were close to him, the provost, for example, [Dick] Longaker, who had been a colleague and friend of Bill Gerberding, who was the president of the University of Washington. They had served together at UCLA and were very close. I had met Dick several times. So in a sense sort of one step removed, since he was close to Steve and close to Bill Gerberding, I got sort of a feel that reinforced my perception of what Hopkins was all about.

The other sort of comparative that gave me this sense of a big university that felt like a small one was MIT, which probably, if you look at the profile from a research and academic perspective, would be pretty close to Hopkins. You know, different programs, medical at Hopkins and big engineering at MIT, but nonetheless the stake that we both had in successful federal funding of research, for example, and sensible rules and good reimbursement and those kinds of things lined right up. The relationship between graduate education versus undergraduate education lined right up, as it did in Chicago, although I thought Hopkins did it best.

Again, those three places are ones that I think of as having big profiles and huge contributions over a century or more and yet giving you the feel of a small, intimate, collaborative institution.

**Warren:** Somewhere somebody approached you about coming to Johns Hopkins. Tell me about that.

**Richardson:** I'm trying to remember how it started. When I was recruited to the Pennsylvania State University, it was by a president named Bryce Jordan, who was a very high-energy, very dynamic individual who tended to just move very quickly. I had only been dean of the graduate school at the University of Washington for a little less than three years when he called me up and said, "Would you consider being executive vice president? You're the one we want and I'm creating a new position to make it irresistible to you, which is executive vice president as well as provost, so that you're clearly the number two-ranking officer in the university for all purposes, not just for academics. Would you come out and see us?" I did and went through that process with a search committee and then the recommendation of the president and the board.

I mention that because part of the understanding, although it was an informal understanding, was that Bryce Jordan was going to retire in six years' time. He had been brought from the University of Texas fairly far along. He had been a president there and so he was in his late fifties when he came to Penn State. He was already looking for a successor. The understanding, informally, with him and I think he had with the board, was that if I liked it and turned out to be as good as he hoped I would be and, conversely, if the board felt that way, that it would be sort of a natural transition for me to then become the president of Penn State. That all occurred, that search process and so on, in the summer and fall of '89.

The president of Merck was the chair of the search committee. There were board members, of course, and then there was a faculty member named Tom Merritt, who was the chair of the faculty senate. He had an advisory group but himself served on the Penn State committee. They were moving along pretty briskly so that, I would say, by Thanksgiving of that fall it was pretty clear in people's minds that the decision was going to be made sometime around Christmas or the beginning of the new year, which would be 1990, and that I was likely to be it.

Somewhere in there in November, and I'm just having a little trouble remembering how the first contact—I remember now. I was in Washington for an Institute of Medicine committee that I was chairing, as I recall. I got a call in my hotel room from John Phillips, who was the headhunter that Hopkins was using. He was from Korn/Ferry and did their higher education practice. John Phillips called me and said that the board committee, the search committee at Hopkins that Morris Offit chaired—and he told me who Morris Offit was and that he was vice chair and going to become chair of the board that July 1<sup>st</sup> of '90 [WCR said '95 but it was really 1990]—wanted to meet with me.

I explained to him that this process was going on at Penn State and that that was likely what I was going to do. He said something to the effect, "Well, you know, Hopkins is a great place." I said, "Yes, I know something about it." He said, "It's certainly not going to do any harm to spend a little time with the search committee." I agreed that it wouldn't do any harm but, at that time, I really didn't have any expectation that it would go anywhere because I was pretty enchanted with Penn State, which is a fascinating and wonderful place, totally different from Hopkins or any place else I'd ever been. It was a lot of fun and I enjoyed it. It had just completed its first big campaign and there were just a lot of good things going on.

So I came down and met with the search committee. We met in the Mercantile Bank Building in the boardroom, which I subsequently sat in many times as a member of that board. I don't remember who all was on it except that my recollection is Andre Brewster was and Furlong Baldwin. Of course, Morris chaired the committee. I've forgotten who else was there.

It was just a fascinating first encounter. They asked me the usual sorts of things to talk about, my background and experiences and what all I had done academically and the like. That part was pretty solid because I had spent the first fifteen years of my academic career earning an honest living as a faculty member. I had a series of big research programs—this was at Chicago and then at the University of Washington—so I was used to being perceived as being a faculty member who had ended up going into the administration, which was a big plus.

I had been elected to the Institute of Medicine of the National Academy of Sciences at a very early stage in my career. I think I was the third youngest ever to be elected. That was based on work that I had done in the late '60s and the '70s. I felt very sure-footed, from an academic point of view, in terms of fit both at Penn State or anywhere else that I might go, which was a plus.

I had been pretty active at Penn State also with the Hershey Medical Center, chairing the search committee for a vice president there and making sure that that hospital and medical staff got combined, that medical school was combined, into one effective operating unit, which it was and very successfully.

All of that background kind of made it intriguing, I think, plus the APL that we talked about earlier, kind of intriguing, perhaps, for the Hopkins board committee to think about somebody who had this range of experience and academic recognition within the field, within his field.

We got past me very quickly is what I remember. Pretty soon the committee started talking about the issues at Hopkins, which I really had not been following at all. The whole tremendous growth in investment in facilities and bonding that the university had been involved with during the 1980s and the growth of a lot of activities that had gone on, including the investments in the Peabody over many years and the growth in SAIS and so forth. The more they talked, the more interesting it became.

One of the things at the University of Washington that had most challenged and interested me when I became vice provost for research and graduate dean was that it was in the very beginning of the '80s when there was a huge downturn in the economy and particularly in the state of Washington because, at that time, Washington was dependent on airplanes and forest products for houses, both of which are highly interest sensitive. Nobody buys them for cash. The bottom had dropped out of the state budget six weeks after I got into office. I spent the next year or so with three other university officers, the president, the provost, and the vice president for health sciences, working on how we were going to resize a great and great big university. University of Washington, in the public sector, was and still is the largest research university in terms of federal funding, just as Hopkins is for all of higher education.

It was quite a challenge to figure out how to resize that university in a way that kept the core programs and that eliminated the ones that you didn't have to have to be a great university. We made a decision very early on—this was back in '81 at Washington—that we were not going to just cut across the board or just extract blood from a stone from every department and school in the university, that that would be a great way to wreck the university.

Instead, we decided that what we wanted to do was eliminate programs and there weren't very many programs at Washington that weren't good. It wasn't a matter of eliminating the weak

ones because there weren't that many weak ones. It was a matter of eliminating programs that weren't central. Just to give you a specific example, the children's theater program was considered the best in the country. We eliminated it. We eliminated it because you can have a great university without a great children's theater program. That was the one on which I got the most letters, probably seven hundred letters of outrage on that one.

So I had gone through this whole process and now, all of a sudden, I'm fast-forwarding nine years and sitting here listening to the search committee talk about the tremendous challenges facing the Peabody and what to do about it. I mean, they had invested a lot of money in it, millions of dollars in it, to improve its quality and keep it strong and to improve the physical facilities and so on. Yet it was clear that without the state support that was about to be passed by the legislature—it hadn't yet at that point but it was close—without that support and without our ability to match the dollars and get the money and deal with the art and so forth, without that, the Peabody was going to have to close.

My mind kept flashing back and forth between the near-death experience of '81 at the University of Washington where, among other things, the president asked me to meet with the faculty and persuade them to suspend tenure. This is an AAU university [and], as I said, one of the largest research universities in the country and *the* largest public research university. I said to him, "That sounds like an awfully big issue for me to be talking to them about. Shouldn't you?" He said, "No, I think you should do it."

**Warren:** I'll bet he did.

**Richardson:** He said, "You just came from the faculty so you'll have credibility." The logic of it was not because we actually wanted to cut tenured faculty. The logic of it was that you could not close schools and departments and do what we call diagonal cutting unless you were able to

be sure that those faculty would go somewhere else. If you had not suspended tenure, then the faculty would have felt no obligation to go anywhere else. Why should they? And anyway, most people like the Pacific Northwest.

Well, the faculty leadership agreed that this was the only way to do it right and to make sure at the end of the process we came out with what was still a great university. At the end of the day, we did not eliminate a single tenured faculty position, yet scores of faculty left because that possibility was there. Altogether, a thousand people left the university, faculty and staff, and we eliminated twenty-four programs and departments and one whole school.

Then when the money came back a few years later, three years later—it all hadn't been carried out yet because it took two or three years to carry it out—there was a great clamor to reintroduce these programs and not have these people leave or bring them back. We said, “Absolutely not. We did not go through all that agony and pain to make a greater university and then just say, ‘Well, we’ve changed our mind. We’re now going to let everything be a thin gruel.’” We stuck with it and it made a huge difference to that university for the next decade.

Now I'm in this search committee meeting and hearing about the Peabody, hearing about the challenges in arts and sciences, hearing about engineering trying to get off the ground and grow into a terrific school and yet being taxed to support arts and sciences, and hearing about the medical school, which I knew was just entering into a *hugely* challenging period.

Since it's my field, I understood the economics of health care and where that was headed. I didn't quite know the speed with which managed care would hit after the Clinton election and collapse of the Clinton plan, but it was pretty clear that we were headed in that direction and that that just accelerated it and that the pressure on academic health centers was going to be tremendous. So I'm thinking about that.

The federal funding for research was beginning to get thin. There was more and more pressure on indirect cost recovery. There was a lot of clamor in the private sector to eliminate the sole-source Navy contract, which had been the absolute bedrock of our ability to be effective at APL. I knew that that was looming.

There was a hostility among the leadership, deans particularly, with the provost and with the president that manifested itself in all kinds of ways. One of the other issues the search committee discussed, not just at that meeting but at subsequent meetings, was the Nanjing Center. How could we, during this difficult time, be supporting a center in China? What was the logic of it, with only a hundred students? Yet we built a building and look at all the dollars. In other cases, people were thinking about the operation at Bologna as well as the Villa Spellman.

There were just lots of things going on that particularly people in East Baltimore, but also in the other schools, couldn't understand. Why would you do all these things and build all these buildings at Homewood and elsewhere when you had all this enormous pressure on the School of Arts and Sciences and on the rest of the university?

We sort of, in subsequent meetings, went through these issues, sometimes more than once, systematically figuring [them] out. The question to me was, "What would you do if you were faced with this situation?" I told them what I would do because in most cases I'd had experience, one way or another, either in fundraising to make something happen that otherwise would lead to a weakening of a school, as in the case of the Peabody—in that case, it would have shut it down, I think—or how do you deal with warring factions? How do you deal with a financial situation that seems to be getting worse and worse, where we've done this dramatic fix that John Lombardi engineered but that really hadn't solved the problem? All it really had done was put off the threat that the problem represented.

I realized after about the fourth meeting with the search committee that I actually was serving as a consultant to the key members of the board on what on earth to do with this pileup of really threatening and seemingly intractable problems that were endangering the future of the university in terms of its finances. I think it was beginning to dawn on people that when the full debt service came on line in 1991, which if I recall correctly, [it] was going to increase the net annual payments on our bonding by something on the order of \$45 million a year and for which, essentially, no provision had been made when those bonds were issued in the first place. There was this almost eerie sense of foreboding that I sensed with these board members, knowing that somehow it had to be dealt with but not really knowing just how to get it done. I was, in effect, serving as a consultant to them in helping to think through how you might do that.

What I was really interested in, though, was not so much that. I mean as somebody now more and more—I mean it was effective in the sense that it got me really drawn in to Hopkins in a hurry in terms of the issues. I already knew what the tremendous upside potential was because of the greatness of the university and the qualities that I'd mentioned before, which just got reinforced in the years I was there. It really was an interesting—I don't think it was a technique. I think it was just a natural phenomenon that played out, but I got really engaged in it. I remember coming down, though, in what must have been the fourth or fifth meeting with this group.

In the meantime, they had been talking to the provost at MIT whose name has escaped me at the moment but it will pop back in my mind. Anyway, they had been talking to him as well. He had had some meetings around the campus. I had met with various departments and so on. By now, we're well into December. It turned out to be the two of us who were the final candidates, I gather, although I never went back and pursued it. There was no reason to.

Then an article hit *The [Baltimore] Sun* saying that we were the two candidates and having interviewed people at MIT and interviewed people at Penn State and sort of describing each of us and our respective methods of operation, what we were like, and how faculty and students and others felt about us and so forth. That was a little uncomfortable for both of us, I would imagine, and it wasn't too flattering for him, which made it all the more awkward. I never asked, but it must have put even more pressure on the board.

I decided the next time I went down, which was something on the order of the very end of December or maybe the early part of January, the second or third day in January of '90, I decided that [there had been] enough consulting, enough worrying and talking and figuring out what to do about all these problems.

I went down with what I hoped would be a little more generative approach, which was to say, "Where can this university be? These are all things that have happened. These are all issues that are here. We know about those and we've talked a lot about what to do about them. But isn't the more important question what can we be in five or ten years and what do we want to be? Then, if you end up deciding that you want me to be your president, you'll be charging me with the responsibility to figure out how to drain the swamp at the same time that we're trying to improve the university both as a community and its style and the way people relate to each other and who's here, but also what we can aspire to in terms of new programs, new areas in the life sciences, in the humanities for which the university has such a distinguished history and so little visibility, for the Peabody for that matter, and for the School of Advanced International Studies."

That seemed to change the chemistry, the thinking, and the tone. It was almost like having a light switch go on. All of a sudden, people got excited about talking about what could be, assuming we fixed these things that were broken and threatening the university's very

financial underpinnings. It was a wonderful conversation. It went on for an hour, an hour and a half. I couldn't even begin to tell you all the things we talked about. Then we had a dinner, I remember, over a Dick and Carol Johns—he was on the search committee—that evening. I think it was Morris who came over to me sort of in the corner—if it wasn't Morris Offit, it was one of the other members of the search committee—and said, "Well, you know, after today there isn't any question who's going to be the president."

Then my wife and I were faced with what we'd been going through over the preceding three weeks, which was Penn State having reached the point where they were anxious for me to be president there.

**Warren:** How long had you been at Penn State at that point?

**Richardson:** Six years, which is just the time I knew I was going to be because the president was retiring that June of '90 [WCR said '95], just as Steve was. All we could do to keep our thoughts clear was to assume that the way it was going to turn out was that both of them were going to come and say that we'd like you to serve for us as president. All we had to do was decide which one was the more interesting and challenging and exciting opportunity. We loved Penn State, having spent six very successful years there, but I was also really enamored of Hopkins, even more so than I had been from the years of hearing about it and what little contact I'd had with it. It really was every bit as good as people had said, albeit challenged at the time.

We decided between us that we would not necessarily take the first offer that came along. We would just decide ourselves what we wanted to do and we pretty much decided that Hopkins was what we wanted to do. Then when that comment was made to me at dinner and I went home that evening—I think I had the Penn State plane and flew back up to State College—as I

remember, I went home and told my wife that it looked to me as though we were going to move to Baltimore.

That was exciting because we had always lived in cities. We had never lived in Baltimore but I had friends in Baltimore, as did she, and so we knew a little bit about the place. It was a very exciting time. I didn't worry too much, frankly, about how we were going to go about fixing so many of the things that were threatening to the university, particularly the financial pressures.

**Warren:** What was the mood like on campus when you arrived? There were an awful lot of things that were churned up at that point. What was it like outside of the board of trustees? Up to that point, you had been talking to trustees.

**Richardson:** Mostly, yes.

**Warren:** When you got on campus, how was it?

**Richardson:** It's hard to answer "when you got on campus," because as soon as I was elected I started coming down for a few days at a time on a pretty regular basis. I had to set up shop in Nichols House, which was unoccupied because the Mullers lived off campus. I stayed there and conducted business at breakfast in the dining room or sitting in the living room or the study on just a whole range of issues that were facing me in terms of when I actually began July 1<sup>st</sup>. So in some ways, I began work in about February.

By the time July 1<sup>st</sup> came, I had already decided on a new dean of public health because D.A. Henderson was retiring—I'll come back to your question, then we can talk maybe about appointments later on—and Mike Johns [as dean of the School of Medicine] and Reds Wolman as provost because all those were vacant. Then I got to know Lloyd Armstrong, who was the dean of arts and sciences, Dave VandeLinde, who was the dean of engineering, George Packard

from SAIS, the director of the Peabody, Bob Pierce, and Stanley Gabor, who was head for what was at that time the school for adult education.

**Warren:** It was Evening College then.

**Richardson:** What?

**Warren:** It was the Evening College. No, it was called School of Continuing Studies then, right.

**Richardson:** I was having the chance to spend time with these deans and to really begin to understand something about the issues that they were facing. That was when I first got this sense, different from other places I had been, of where that this group [of deans] was worn out, frustrated, a little scared, quite hostile to each other, and very hostile to what had gone on in the central administration over the preceding period. There was sort of mystification and suspicion about some of the president's favorite projects, like Nanjing and Peabody, draining needed funds from the rest of the university.

There was certainly a sense on the Homewood campus of real concern that they weren't having the kinds of investments that were needed to keep the level of excellence that had been Hopkins for so long. For example, just in physical facilities, there was no question in my mind after I took a tour and listened to everybody describe what they were doing and what they had, there was no question in my mind that we needed a new chemistry building. Interesting. Just to show you how long it takes to get something done, the new chemistry building just opened. So it's been, what, twelve years, I guess, since then? Twelve or thirteen years.

**Warren:** Yes.

**Richardson:** But that was a very early decision. I made that decision that summer of '90 [WCR said '95] that we were going to build a chemistry building.

**Warren:** Summer of '90.

**Richardson:** I'm sorry, of '90, and had to figure out how to make that happen. But then there were others. Student facilities were inadequate. The residence halls were just dreadful and needed to be addressed, which we did almost immediately and built the residence halls that we now have across Charles and that have been added to since then.

There was a sense of frustration and, I wouldn't say despair, but almost exhaustion based on all that had happened. There was not an awareness that the problem hadn't been solved. There was at least a sense that this big fix of transferring money from the medical school to help arts and sciences, taxing public health, taxing engineering, and so forth, that somehow that would take care of arts and sciences, which anybody who had any experience in academic administration could see was a very important but a short-term solution.

Another thing that was my impression was that people were unaware, by and large, that the medical school was not going to be able to continue to generate the surpluses that had both supported itself and allowed it to expand and to get bonding and so on—to bond buildings and so on. Nor was it going to be able to support the rest of the university the way it had. In fact, that taking away the big chunk as was done in this transfer, which may have been the only solution at the time, was just going to exacerbate the problem.

At that time, Bob Heyssel was still president of the hospital and health system. He was a very able, experienced individual who had done a tremendous job over the years, even though he wasn't well liked by some people because of his sort of businesslike health-systems thinking and very hospital-oriented thinking and less collaborative, I think, probably with Dick Ross than would have been good for the university. They were both great people, very well known and deservedly so, and had done great things, Dick having particularly strengthened the basic sciences.

I don't think there was much awareness that there were real problems looming there. It had nothing to do with hiring Jim Block or hiring somebody else. It had nothing to do with the way things were working at the level of the department, either the hospital or the academic departments. It had everything to do with the changes that were taking place in health care financing and organization itself and the competitive forces that were out there and that were going to be unleashed within a couple years.

Once people began to see that—and I could see it because I could see it in the numbers as I looked at the finances of the medical school and got to know a little about the finances of the hospital. It was clear for anyone who was used to [working with medical centers], as was true for me at both Washington and Penn State. It was clear that Hopkins was headed for a real crunch. So that was one set of issues.

Another set of issues that, again, were not all that obvious, I don't think, because people had been distracted by the financial problems, were that there had not been serious in-depth reviews of the curricula or of the academic elements from an instructional point of view in any of the schools. Engineering probably was the most recent because it was a relatively new school. SAIS was small and certainly George Packard had focused, to some degree, on that just on a continuing basis. But the bigger schools just hadn't gotten into that at all.

**Warren:** I need to put the tape over.

**Richardson:** Okay.

[Begin tape 1 side 2]

**Richardson:** I remember having a sense that it's too bad that so much focus and energy and heat had been expended on this crisis that came up at the end of the '80s. It was clear that it had distracted people from really looking ten years out in terms of what did we need. For example,

the campus was *way* behind—now I'm talking about Homewood but it was true, in general, in the university—*way* behind in terms of information technology. There was no infrastructure to speak of at Homewood.

One of the great assets we had was the Hubble space telescope and the [Space Telescope Science] Institute. The reason that was a great asset was because that was *all* about managing large volumes of research data, streaming them in, figuring out how to collect them and catalog them in a useful way because you had twenty-four/seven, as they say these days, you had this streaming information coming in. That turned out to be something that jolted people into realizing that we really needed to be able to do things in a contemporary way. The astronomers weren't the only ones that needed that sort of thing. That was really quite striking to me because I had come from a place where we had spent several years getting ready and building towards what became, in the '90s, one of the most exciting parts of both the research and instructional enterprise.

It also struck me that there was a lot of kind of old fashioned—I don't know if it was old fashioned but not up-to-date and contemporary thinking about instruction in some of the other schools. It was true of nursing. It was true in public health where not a lot of attention had been paid to it. And the medical school curriculum hadn't been thoroughly reviewed for a long time. So that was noticeable.

Another noticeable thing to me was that the university was too white and too male. It was as though the rest of the university, somehow because they'd been there for a long time, I guess, didn't notice that. It was *really* conspicuous to me as a newcomer. I mean I'd meet with faculty groups from the various colleges or I'd meet with students and it really stood out in a very striking way.

I started to look into that a little bit and found out how issues of diversity had been handled. The answer was they had been handled by sweeping them under the rug. There was actually a budget. There was a vice president in charge and there was a budget, as I recall, of two hundred and fifty thousand dollars for dealing with these matters. The dealing with these matters meant if you had a squeaky wheel you put oil on it by maybe taking the squeaky wheel to an Orioles game, for example, or giving them theater tickets and paying no attention, that I could see, to really taking seriously issues of both racial and ethnic and cultural diversity and capitalizing on them.

Gosh, there was a university where the undergraduate student body was changing very quickly and so the potential was huge. In the School of Continuing Studies the opportunity, for example, to serve our own community by starting a leadership training for African-American managers just jumped out at you as an opportunity. Here was Baltimore with a big black population and a lot of opportunity. So that was another one.

Then, for almost six years, I had spent a lot of time at Penn State working on women's issues because Penn State, when I got there, was way behind on women's issues. I mean everything from safety to opportunity, and not just on the main campus at University Park. We had twenty-three campuses altogether, including the medical center. That was one that it seemed to me needed a lot of work. There was more stirring in that area than there was in the other area but still not much action. I knew that we were wasting talent and we didn't need to be. We didn't need to reinvent the wheel. There were things that could be done.

I also noticed that the student body itself was somewhat atomized, or at least compartmentalized. The opportunity [was there] for bringing students of different backgrounds and not, just again, racial, but racial, ethnic, and cultural [backgrounds]. For example, we had a

fairly substantial proportion of Jewish students and we had a fairly substantial proportion of what I would call sort of white Eastern European students. Ethnic in the old-fashioned sense of the word. We had a smaller but growing percentage of Asian students. They were all compartmentalized into their respective countries of origin. There was no pan-Asian organization on campus to help these students understand what they had in common and to focus on what they could do to strengthen their presence and leadership on campus.

It's hard to say why all this struck me as forcefully as it did or why it was there even. I think the answer is because of having been focused on other things that were necessary but essentially unproductive, mainly keeping the university and its related organizations afloat financially. There was sort of a set of first impressions. I don't know if that covers what you were thinking about.

**Warren:** Oh, very much so. Were there any people in particular who were mentors to you when you arrived?

**Richardson:** I would say that the person that I spent the most time talking to and listening to was Reds Wolman. Reds had been around forever and his father before him. He knew everybody and he had really good instincts. I didn't know at the time that I was going to ask him to serve as the provost. He just struck me as being the kind of person that you would want to really, you know, ponder in terms of understanding the culture, the hostilities, and where some of the pitfalls might lie. I felt as though he'd be completely unvarnished and honest with me.

The other person was Ross Jones, who had seen a lot over a long period of time and was, in those politically incorrect days, in my mind Mr. Johns Hopkins. He really had played such a key role in so much that had gone on in the university and had observed so much that had happened from a separate perspective.

Another person who was very important was Gene Sunshine, who hadn't been there that long. He'd been treasurer when he was recruited from the state of New York, where he was treasurer of the state of New York, and then came to Hopkins as treasurer. Then within a year or two, I think, couple years probably, [he] was promoted to senior vice president.

**Warren:** What did each one of them do for you?

**Richardson:** Well, Reds was somebody I could bounce ideas off of in terms of was I seeing this clearly or was I missing something. Were there really issues here and problems in terms of incorporating in the full range of human potential, whether it be capitalizing on diversity with respect to race and ethnicity and culture on the one hand, or women on the other? Were we attractive to women? Were we bringing in the brightest and best faculty and graduate students that we could? Alternatively, had we gotten kind of comfortable with ourselves?

Another question was, Is it just me or is there really minimal amount of thought being given to curricular issues here and instructional issues for undergraduates?—not so much for graduate students. He would tell me. He'd go through the departments and the schools and his perception of it. As I say, he knew everybody and everything, just about, and so he was very helpful that way.

In Ross's case, it was more the broader landscape of the university and the way in which the parts of the university fit together, academic, nonacademic, and development. There was a big hole in development. With the capability that we had and the development committee that we had, we could not have launched the major campaign that we did within a year or two. I knew that because I had been through a big campaign and I knew what it took.

We had Rip Haley, who was excellent but close to retirement. He had within his organization a both underfunded, under-resourced, and I would say below the standard for the

university operation—not entirely but by and large and certainly compared to what was built in the next five years. I was able to talk to Ross about that and get his take on it and how the first campaign had been done, the Hopkins Hundreds campaign, and how that had worked and then what had been kept afterwards. Was it viewed as a building process where you did one campaign, built a staff, and then just strengthened it and enhanced it for the next campaign? It's a continuous process. It isn't a do it once, forget everything you know, and then three or four years later do it again. Yet it seemed to me that there was a little bit of that way of thinking.

He was also very helpful to me in getting a deeper understanding of why it was that the deans had such a hard time benefiting from each other's wisdom and experience and knowledge. They were all, individually, very able people but they did not seem to be capable of helping each other. It didn't even seem to cross their minds that they could learn anything from each other because they never talked together.

They had been, as far as I could see, sort of pitted against the administration and vice versa at these annual budget mud-wrestling events—I don't even know the particulars of it. I just remember a reference to them—that had become sort of a pattern. It was just really counterproductive. The whole idea was let's deal with a problem by pitting everybody against everybody else. By the end of the day, nobody will quite know what to do and so we'll just then move on without much of a plan, until John Lombardi realized that it had to be dealt with. There was a true threat to the financial underpinnings of the university.

Even then, there wasn't all that much of an endowment to fall back on. Not that you'd want to, but there wasn't. Furthermore, people had seen how you can run through an endowment as it happened at the Peabody fifteen years before. So I would use Ross to sort of check out my perceptions on those kinds of things.

Gene Sunshine was just really good at helping me understand where the money was and where it wasn't and how all this fit together.

The other thing that Ross was really helpful with was better understanding the relationship of the university to the city of Baltimore and the state of Maryland and the ways in which we were trying to bring along the legislature to think of us as the tremendous asset that we were. What I learned was that the state didn't think of us that way and that the legislature especially didn't think of us that way. They thought of us as an arrogant, elitist, international institution that most of them recognized was one of the crown jewels of Maryland but they certainly didn't see it as anything that they wanted to have much to do with if they could avoid it.

There were a lot of very specific areas where they couldn't have and didn't want to avoid it, for example, in the case of the hospital commission and the method of reimbursing hospitals, which was light years ahead of everybody else in the country and had been worked on very effectively with Bob Heyssel and the people at the hospital commission.

**Warren:** Let me ask you, since that's your field of expertise, why is Maryland the only one who's figured that out, the HSCRC [Health Services Cost Review Commission]?

**Richardson:** I think because, until very recently, it's been a one-party state with a very high-quality legislature that was able to think over a long period of time. By high quality, I mean really good leadership, bright, committed people, and an excellent congressional delegation that worked across party lines but was, by and large, one party. But even where it wasn't—for example, Connie Morella and others who were Republicans—whenever I met with the delegation I was always struck at how open they were to ideas and how supportive they were of good things coming out of the state.

When you think of all the ingredients that it took. You had Hal Cohen, who was a very, very bright person and created the machinery back in the beginning and had a lot of the ideas, working with Bob Heyssel and other very bright people. There was a creativity there at the beginning that was really impressive and the depth to understand what it was all about.

Then, you had a legislature that could see the benefit to the state. Then you had people in the delegation who, themselves, had been some of the truly great legislators in Maryland history. As you think about the people who were down in the house, they were just terrific people. You had Ben Cardin and Steny Hoyer, who were moving up. Steny at the time was, I think, caucus chairman and ran against and lost for whip at some point, but up there. Then you had Ben Cardin on ways and means, who was really knowledgeable and really bright and really committed. Of course, on the senate side, you had extremely committed and very able people in Barbara Mikulski and Paul Sarbanes during the time that I was there. Before that, we had had a very good delegation was well.

It would take all those ingredients. You had to have hospitals that would be willing to work under this regime and want to work under this regime and Bob Heyssel provided leadership. It had to have a state agency that was technically very proficient. And you'd have to have a state legislature that could see the advantage of making it happen, which they did. Then during the time that I was there, we had some extraordinary leadership in Pete Rawlings as chairman of the appropriations committee and Cas Taylor as speaker, once he became speaker, which was a little later in my time there. He did an outstanding job.

You've got all those ingredients. Then add to that a congressional delegation that could make the federal payers, and particularly HCFA at that time, Health Care Financing Administration, do it, understand it and do it. Build it into the federal law so that they had to do it

and build it into the state law so that it became the requirement to operate within Maryland and then to have the, if you will, beneficiaries of this, the hospitals, understand that they had to submit to that kind of almost self-regulation.

You know there were a lot of payers that hated it, private payers. They just didn't like it at all. They had to pay their fair share and they didn't want to pay their fair share. There was always pressure to figure out some way to break it up, but it didn't happen. The way the federal legislation was written, particularly, it had a long reach so that if you wanted to sunset it, it was a long way out. It was really extraordinary.

**Warren:** It's been one of the things that's been a real education for me, as a complete layperson, to learn about this and then say, "Why doesn't everybody do this? It just seems to work so well."

**Richardson:** The answer is that the insurance industry wouldn't want it. I wasn't there at the time [but] they probably didn't want it when it was instituted.

**Warren:** And there was only one Bob Heyssel to ram it through.

**Richardson:** They also had a good Blue Cross plan.

**Warren:** Yes. Well, thank you for explaining that to me. I'm going to pause for a minute.

[Interruption]

We took a break but now we're back and the name of Holly Weese has just come up. Please tell me about Holly Weese.

**Richardson:** When I was associate dean at the School of Public Health and Community Medicine at the University of Washington, I had a very good secretary who, when the dean's secretary left, was purloined by the dean and taken over there. She also was very good. She ended up as being secretary to the board of regents at the university later [unclear].

Holly Weese had just come back from Texas where she'd been with her husband. I don't think she was a temp in the office. She might have started that way but she was sort of a staff secretary, a Grinnell graduate, very bright, very able, and just a lovely person. It took me about a nanosecond to figure out who should be the replacement and it was Holly. This would have been, I don't know, probably back somewhere around '76 or '77, something like that.

She and I got along real well and worked really well. When the kids called in, it was always Holly Weese and they were okay. She managed to figure out our calendars and my wife's calendars and so on plus, just like Julie Frye [at the W.K. Kellogg Foundation], just be a fabulous person on the phone, get it all straight, and manage everything. She knew everybody that I dealt with on the outside, what my take on them was, who I needed to talk to, who I didn't, and so forth. I don't know how she knew all that because I've never believed in having people place calls. Any position I've ever been in, I always make my own phone calls. When the secretary at the other end says, "Will he know what it's about?" I always say, "Not until I've talked to him." I just find that so haughty and presumptuous and distasteful.

Anyway, back to Holly. When I went up to the central administration at the University of Washington, the woman who was the secretary to the dean of the graduate school and vice provost for research was someone who the rest of the university faculty, graduate program directors, and anyone else that had had to deal with her found a challenge. Fortunately, she was at a point where she could retire and she did. So I took Holly Weese with me up to the central administration.

As I think back on it, [it] doesn't seem that bizarre but it just stunned everybody, that instead of taking the next person in line up in the central administration building that would rightfully move into that position, that I would bring somebody with me. Nobody could imagine

how it could work but it worked really well. Within about two days they all found it so refreshing to have Holly there that the whole central administration building was talking about what a pleasure it was to call the graduate school. We had a very good three years.

Holly's husband—he's passed away now—was a freelance pianist and so very mobile. When I decided to go to Penn State, I said to Holly, "Would you like to come to Penn State?" One of the parts of my negotiation, such as it was, with Penn State was that Holly Weese could come as my assistant, which was fine with them. Then the only question was whether or not Holly and her husband would want to come because they had lived in Seattle most of their adult lives. I said, "Well, why don't you and Al go out and spend a few days. Look around and look around the university. I'll make sure you get introduced to the president's assistant and she can show you around and so forth. Then you decide what you want to do."

My wife and I and our kids went off to Maui for a week. After about two days I said, "I think I'll call and see if I can get a hold of Holly and see what she thinks up there." I knew she was out in Pennsylvania. My wife said, "You don't want to do anything of the kind. You don't talk to her for a week. Just let her make up her own mind and let Al make up his mind. If they decide to stay in Seattle, that's their business. That's not your business." I get good advice like that from my wife from time to time. So I did. It was very hard but I did hold off and wait until she told me.

She loved it. She just thought it would be a great adventure. She'd never lived in that part of the country so, lo and behold, they moved to Penn State. We were there for six years together. By this time, the kids were in high school. All their lives, whenever they'd called the office, it had always been Holly and she knew them. To this day we still keep in touch regularly by e-mail

or phone or if we're out there, we see her. Since her husband died, she's now got a new gentleman in her life whom we like a lot, too.

When Hopkins came along, there was no question about it. I mean it was already just presumed. She wanted to do it. Her husband was fine with it. He had played in a variety of gigs in Pennsylvania but, in particular, he played quite a lot for the School of Music when they were doing musicals for practice sessions, rehearsals with the kids, and performances. This is just a little aside, but a guy in the music school responsible for all of this was a person who had been in his foxhole in Korea—they had not been in touch for all those years, since the early '50s—and under fire and all of that. Al was skimming through the directory and came across this guy's name and said, "I wonder if this could be the same one?" He called him up and it was. He was in the music school and that's how they reconnected. Isn't that something?

Anyway, they came to Baltimore and were there with us for that five years. Al was several years older, maybe twelve or fifteen years older, than Holly. When it came time to go to Michigan I would have loved for her to come along because, as I said, she knew everybody that I knew and knew just what the answer was most of the time before I did. But Al, by that time, was ready to retire. He wanted to go back to Seattle, which is where they'd come from, and so I didn't put up any resistance at all. It only seemed fair. It had been her choice three times and it was time for him to have a choice. So back he went. That was when I was fortunate enough to get Julie Frye.

Holly was amazing. She would draft letters for me and just send them in with the original letter to sort of give me a head start on what I might want to say and so I could do just a little editing if it was a simple one. The most amusing one that I got was, we hadn't been up in the graduate school for more than a week when I got a letter from a university saying—actually, a

pretty fair university—saying that they were interested in me considering the presidency—it was a smaller university than the University of Washington—and would I be willing to talk to them about it. In that came, in the red folder, and attached was the draft of the answer, which was how flattered I was but how I couldn't possibly consider it because I had just moved to the graduate school and so on. I thought, "Well, now that really is something. She didn't even feel the need to send that in and ask me what I thought." Maybe it was what *she* thought, not what she thought I would think.

**Warren:** Maybe she was telling you something.

**Richardson:** Yes, exactly. But we had a wonderful relationship all those years. We went through the budget and financial wars at Washington, all the ups and downs of bowl games at Penn State, then down to Hopkins and all that went on there, which was a lot which we haven't gotten to, from indirect costs to finally being able to pull the medical school and the hospital together under one leader.

It couldn't have happened any faster and it couldn't have happened differently than it did with the people that were involved. But there was no question, once the '90s hit, that Hopkins just had to get its act together in terms of the clinical practice of medicine, the operation of the hospital, and the support of the research and instructional enterprise.

**Warren:** Shall we go there now?

**Richardson:** Sure.

**Warren:** Let's talk about the concept of Johns Hopkins Medicine. Why was it necessary to figure that out and how did it get figured out?

**Richardson:** The really short answer is that the hospital, going way back to Dr. Edwin Crosby in the '40s and beyond, had always been viewed as a really distinguished institution, and

rightfully so, in its innovation and in the investments it made to enable faculty to do some of the most exciting work in the development of medicine over a half century in modern times and way before that.

Because the hospital came [into existence] first [before the School of Medicine] and was a separate corporation with a separate board, largely community people and leadership, it viewed itself, obviously, as a separate entity. It was very potent, very creative, and had had really excellent leadership, not always to the liking of the medical staff, either outsiders or the predominant and certainly by the time I got there virtually exclusively full-time faculty and obviously with the same chiefs and department directors.

Over on the medical school side, you had what was recognized as one of the, if not *the*, great medical schools in the country. Once we got rankings, we found that Harvard edged us out each year but nobody edged out the hospital. Of course, the two are inextricably intertwined. People went to the hospital because of the quality of the faculty and the medical staff and all of their support.

But the reason that the whole thing worked well together was because of, in my view, the design of the hospital clinical organization around departments with, for example, the support services and with nursing being organized around the particular department and the chief and the chief resident. You didn't have a director of nursing or a vice president for nursing who was sort of running nursing for the whole Hopkins hospital. You had nursing being organized by the people within each of those units. The person who was the vice president or director of nursing was sort of almost in a super-staff position of overseeing it but not being directly responsible for it in a line sense.

**Warren:** What you're describing is the decentralization that was instigated under Bob Heysel and that's what you think is the secret?

**Richardson:** I think it was the secret during that period of time and I think it's still the secret. How it was when Ed Crosby was running it I'm not sure, but there were elements of it even then, I believe. That's back a ways; that was in the '40s.

You have a system that, I think, worked for a long time in a rather benign reimbursement environment. Principles of reimbursement were adopted nationally in 1951 by the special commission that had been set up to answer the question for Blue Cross, which was *the* dominant payer at the time. There was no substantial federal involvement and very little state involvement, except through some county programs. Then a little bit of commercial insurance was coming along, let's say in the late '40s. But it still was predominantly a national Blue Cross/Blue Shield model and particularly Blue Cross. The principles of reimbursement were engineered, really, to support hospitals in an effective way to provide a setting within which medicine could be practiced.

Even though people worried about the percentage of the gross domestic product that was being consumed, which was going up every year—it's sort of like rings on a tree. You can find out when a person came into the field by asking her or asking him, "What was the percentage of the gross domestic product the year you came into the field?" In my case, it was 4.2 percent, which means that I came into the field in 1962, let's say. It was going up but nobody worried too much about it until the mid-'60s because advances were being made and companies were paying for it.

There were concerns about seniors, not per se, but more because of the burden they created for their middle-class children who were working and having to finance their care.

[There were concerns] then, of course, for the poor who, especially starting in the Johnson administration, became a real focus through poverty programs.

Most particularly, after all these years of struggle of getting some kind of universal coverage, [was] the passage of Titles XVIII and XIX, with Medicare as Title XVIII of the Social Security Act representing the first time that we really had comprehensive payment for hospital care for seniors. In order to make that happen politically, the Congress and particularly the Ways and Means Committee had to accede to the existing reimbursement system that had been designed for hospitals and similarly for doctors in terms of Part B, which is the physician reimbursement at the hospital. All of a sudden you had enshrined, in national legislation of major proportion and covering millions of people, this cost-plus reimbursement system. That didn't change until the early '80s when we went to the idea of paying per hospitalization through a whole new approach for hospitals.

I guess what I'm saying is that there was a built-in mechanism that was pretty much reflected as well in the mentality of commercial insurers and certainly Blue Cross plans that, sure, rates were going up and you had to be a little careful to not let them go up too fast, but fundamentally people were getting a lot more, it still was a pretty small percentage of the total, and it was viewed as a fringe benefit or an entitlement in the case of the federal programs. Until DRGs came along, diagnostic related groups, in the early '80s, which was a system for paying per admission and adjusted for severity, you really didn't have too much pressure on the institutions.

The reimbursement of hospitals during the '80s began to accelerate some, in part, because of demographic changes and in part, I think, because of the tremendous further development of technology and capability in institutions and certainly in the specialties and

subspecialties. A system that was designed for a much simpler time, when there were much less expensive things and invasive things to be done, was being hijacked, if you will, by the development of real capability in medicine and particularly in inpatient care.

We hadn't quite gotten to the realization yet that the disease burden was shifting. When the reimbursement system was designed, it was about seventy percent acute and thirty percent chronic. Whereas by the '90s, it was about seventy percent chronic—therefore secondary prevention became very important and we had no system to deal with that to speak of—and thirty percent acute. There had been this shift, as well as the technological capabilities that had been developed, and so the rate of increase started to escalate. It had off and on. If you remember during the Nixon administration, phase three of the price controls was to be continued and that was going to be on health care. It didn't end up happening but it showed that, even then, it was a concern.

All this while, you had people like Bob Heyssel, the hospital commission, and others developing reimbursement approaches and avoiding cost shifting and that kind of thing in return for rather mild budget controls by the commission. You had all that developing within Maryland. That gave to me, anyway, a lot of credibility to the hospital, per se, apart from the medical staff and the faculty, in particular, of the medical school. They, of course, were under this excellence that pervades all of Hopkins but you see certainly in the medical center. They were pursuing all kinds of exciting new things, as they always have done, and the hospital was providing support.

There were some shifts in balance. For example, the hospital transferred, as I remember, eighty-five percent of the funding for the house staff to the medical school so they could pay the house staff. There were various things that were adjusted along the way to try to keep some balance in the system, but it hadn't really been stressed in the way that it became stressed in the

1990s. Therefore, you could afford to have a very strong dean and a very strong hospital president and two boards, as long as you had directors whose responsibility included both their hospital department and their medical school department. That's where it came together. They didn't really care much about the economics of it as long as they got enough to support what they were trying to do.

**Warren:** Was that kind of a system unusual? Did other academic hospitals have that kind of a setup?

**Richardson:** I would say it was unusual. It was unusual to have it be so fully integrated into that person. It wasn't unusual, nominally, to have the chairman of medicine of the medical school be the department chair in the hospital, but being the department chair in the hospital didn't mean as much in most places as it did at Hopkins. Back to our earlier discussion, my impression is that there was much stronger local control, if you will, of what was going on and much less influence by the people in the front office.

Although the people in the front office, as I also said, like Bob Heysel, were making a huge difference in terms of the system as a whole, its well-being, it's physical development too, and, in a visionary sense, seeing the shift that I mentioned earlier to ambulatory care. That ambulatory care center, which Mike Johns was responsible for designing and developing in collaboration with Bob and his people, that was a really important step to have made early. It's not as though there wasn't collaboration. That was when Mike was serving as, I think, chair of the department of otolaryngology.

**Warren:** Yes. I need to pop in another tape.

**Richardson:** Okay.

[Begin tape 2 side 1]

**Warren:** This is Mame Warren. Today is January 12, 2004. This is tape two with William Richardson. Please continue. You're doing great.

**Richardson:** While the environment seemed challenging at the time, it wasn't as challenging as it was about to get [with] the Clinton election, I think, and Mrs. Clinton's efforts to head up the task force and the development of a program that would provide universal entitlement and would address some of the inequities and imbalances that occurred from the perspective of the consumers, not particularly from industry's perspective or even from the government's perspective but more in terms of the people that were being left out.

Originally, you remember, when Title XVIII and XIX passed, the idea was, Here we have employed people being covered by their employers. We have older people now being covered by Medicare. Anyone who falls between the cracks is going to be covered by Medicaid.

Medicaid had an eight-year implementation. This was back from '66 to '73 or '74. That eight-year rollout, which at the end would have had everything covered at full, anyone who was under the poverty line would have been entitled, that lasted about a year and a half or maybe two years. They scrapped it because California and New York alone were spending as much as the rest of the country in terms of what had been budgeted for those programs.

By the time we got to the Clinton administration, it really was perceived by a lot of people that it was time for a major overhaul. Remember Nixon and Wilbur Mills had tried to do it back in the early '70s when Wilbur Mills was chair of the Ways and Means Committee? Senator Edward Kennedy was on-board with that, so you had the three parties that were responsible all in agreement with what needed to be done. But it fell apart, as you remember, so in the early '90s we were ready to try again.

It was, I think, the self-interest and the potential for getting gored by some major players, particularly the insurance industry, that scuttled that. But Mrs. Clinton certainly helped the case by sending up to the Ways and Means Committee a fully drafted bill of well over a thousand pages instead of sending them the talking points on what the Clinton administration wanted to see come out of the Ways and Means Committee. I mean the Ways and Means Committee had a health subcommittee that was headed by a very knowledgeable member and had a staff who had been working on this problem for eighteen years. All of a sudden, they're presented with a complete bill, drafted in secrecy; secrecy which included consultation, happily, with lots of us at Hopkins. At least we made sure the academic medical centers were appropriately included in the consideration of the bill.

When it fell, since it envisioned managed care as a major player but in a regulated environment, when the regulated environment fell apart, because the bill went down, hardly ever saw the light of day, what you were left with was the managed care component and this sudden recognition that we could organize systems of care with enrolled populations on a capitation basis. It swept the country just amazingly quickly although it had been worked on for years. It started way back in the '30s.

I came, as I said earlier, from Seattle for fourteen years where it was commonplace. We had Group Health Cooperative and Kaiser and so forth. A lot of the early work I did, actually, in research in the '70s had to do with comparative organizations and the impact on the clinical care received by enrolled populations. I was even able to do a randomized controlled trial, assigning state employees randomly to a point-of-service type PPO [preferred provider organization] plan on the one hand, and a closed panel group health type plan on the other, and then to see how it came out.

The way it came out was that the point-of-service plan didn't work. The risk that doctors had to take in their offices was so great and the reward so slight that they wouldn't do it. That was sort of an early warning for me. When I saw what was happening in the early '90s, which was almost twenty years later, or actually about fifteen years later, we had to be really careful about how we approached dealing with it.

What was clear for sure was that the reason that the group health model had worked and the PPO model had not worked was because in the group health model you had the medical staff providing care wherever was most appropriate, ambulatory or inpatient, but there was no particular incentive to bring the patients into the hospital because the hospital was viewed as just one other place where you could provide care. After all, when you think about it, the main reason to be in a hospital is because of the aftercare and the fact that you need nursing and all of the support services. If that weren't true, then physicians could provide the services out of the hospital almost by definition, except for some very high-end requirements in surgery, of course.

Where this was heading, as far as I could see, was this tremendous pressure to get collaborations going between the medical staff of a hospital, the hospital, and the financing agency, HMO [health maintenance organization], whatever it might be, whether you owned it—as we did at the time before we sold the plan to Prudential—or whether you had a really good contract with a well-established and trusted third party. It needed experience, stability, roots, and, in the case of Hopkins, it needed an underlying philosophy of what it was all about, why we were doing it, and how it was going to support the clinical mission, the research mission, and the instructional mission. It couldn't be out of balance. It had to take full account of all three of those.

Well, I don't think you can do that unless you have one entity. Corporately they don't have to be the same but functionally it has to be one entity that's balancing those pressures and is establishing solid relationships, both with the payer or payers on the one hand and with the referring institutions and physicians on the other.

**Warren:** You're giving me a very good sense of the big picture. Let's also work in the exact picture that was going on at Johns Hopkins because one of the major things that was happening as you were arriving, we also had the retirements or the departure from their posts of these major figures in Dick Ross and Bob Heyssel.

**Richardson:** Bob Heyssel didn't leave until a couple years later but I had to replace Dick Ross. You remember I mentioned I was coming down during the winter and spring? One of the things I was doing was getting reports from the search committee of both the medical school for the dean's search and for the School of Public Health. I either knew or interviewed all the final candidates of both searches.

**Warren:** I wondered how you could make those decisions so quickly.

**Richardson:** Yes. Well, all that happened over a two- or three-month process during the winter and spring. In the case of the School of Public Health, I knew the short list and talked to some of them on the phone just to refresh myself. I came to the conclusion that [for] a School of Public Health as great as Hopkins, and with the potential that it has since demonstrated, none of them were strong enough or good enough to do it. They were all outside candidates and I didn't think any of them could do this job. There were a lot of jobs they could do and they were good people, but they weren't good enough for this job. Let me put it a little differently. They didn't have all the attributes and the strengths that I needed, in my mind, to have a dean who I knew could take that school to the level that it could achieve and has since achieved.

It seemed to me that it was pretty obvious that right on the search committee from the medical school was Al Sommer who, because of the work that he had done and because of his brightness, vision, and energy, would be exactly the person to do it. I managed, somehow, to talk him into doing it because it certainly hadn't been at the top of his mind when he went on the search committee, I don't think.

**Warren:** Had he seen himself as a candidate?

**Richardson:** I don't think so. I truly don't know the answer to that question but I don't think so. When we talked, I think he saw the potential that was there and he really has delivered in a big way. He's the kind of person who's so energetic and so peripatetic that he jumps the traces every once in a while. It's just the kind of person you love to have. You get him back in the traces. You help him understand that there are certain decisions where he has to suboptimize in order to optimize the whole university and, you know, he'll take it. He won't like it but he'll take it.

**Warren:** What was it that you saw in him that made you realize he was the right person?

**Richardson:** He just saw public health in a much broader context. He had done a lot of international work. He had done key work that probably kept millions of kids from blindness and death. He had made those connections. You had nutrition. You had human health. You had vision; he's an ophthalmologist, as you know. He was able to articulate it. He had tremendous energy. I liked him and I thought he'd be a good person to work with. I thought he'd be a great fundraiser. Just developing the advisory board of that school, ultimately the Bloomberg School [of Public Health], was something that we had talked about early on. You could tell that he just loved doing what it was he was going to be doing.

He was also enthusiastic about curricular review and reform, which I was as I said earlier. It seemed to me that was something that had been neglected because people were so busy

worrying about all the other things that were going on. He was very enthusiastic about that when he and I talked about it.

But he was over in public health and there wasn't a whole lot of connection to what was going on, some but not a whole lot of connection going on, with the rest of the medical center, although we encouraged it and there was some very important collaboration with the School of Medicine.

Mike Johns, again, was an internal candidate. He was well respected by the informed leadership of the medical school and the key people that I consulted with. He had worked on the ambulatory care building. He'd worked well with Bob Heyssel. Again, [he was] energetic, bright, [and] able. If you didn't put him in a box with somebody else whom he couldn't work with, which happened, then I think we would have ended up in the same place probably that we did.

If you look at what he's done at Emory [University], it's been phenomenal, sensational, and he loves it. I see him fairly regularly, just in the context of the Institute of Medicine, or [we talk] on the phone on one thing or another. You can just tell both with him and now Ed Wagner, who when I was at Hopkins was the associate dean of engineering and is now the president of Emory, having gone to Case Western as provost first for a few years—I had another chair on the board down there as well—you can just tell by talking to guys like Ben Johnson [phonetic] you can tell by talking with these people that they just are in awe of what he's been able to accomplish. It was a medical school that was ready to be moved up to another level and had the money to do it.

There's no question that it *could* have been done [here] had things worked out differently in terms of the styles and personalities of the players. We got to it a different way and a

successful way. I never had any doubt that it was going to come together under one person. I never had any doubt that it had to be done with a strong collaboration between the boards of the hospital and the university.

I knew that when George Bunting became chair of the board that the view [would be] that it was war and that *we* were the hospital and that *we* were what got ranked number one in *U.S. News & World Report*, I mean as though it were because there weren't any dustballs under the beds or something. It was just an attitude and a mentality that made it really tough to help people see how this had to be done.

**Warren:** What do you mean "it was war"? You used the term "war."

**Richardson:** I would say that the perception, particularly Furlong Baldwin's perception, was that what we were talking about, the reason that there was friction, tension, and conflict was because of ego needs and the need to be in charge and in control. I just didn't perceive it that way. I didn't think it was realistic for Jim Block to be in that position. He just didn't have the background for it and I certainly didn't want to be. I was running the university. It became a question of how could you work something out in East Baltimore, as we have in fact with Ed Miller, that would pull the two together. To do that, you needed a hospital CEO who saw the bigger picture and was interested in pursuing it and you had to have a really creative, effective dean of the medical school and, ultimately, a person who could be responsible for the whole integrated effort.

The reason you needed it was because, as I said at the beginning, for two reasons. One, you needed it for quality, effectiveness, and efficiency so that you didn't have unnecessary duplication. That wasn't as big an issue at Hopkins as it would have been at other places because of the directors being in both the department chair and chair and director of the department in

each case. So that wasn't as big an issue. But at the broader level of the hospital and the medical school and its finances, you really needed to have somebody who was able to balance the legitimate needs of both to achieve that multi-part mission that we talked about earlier. Let me just give a very specific example with Medicaid.

Because of the hospital commission, the hospital got fully reimbursed for Medicaid patients. The medical school practice plan did not. It got a pittance. To generalize more generally, when I got to Hopkins the medical practice plan was recovering something like—and I'm just making this up—something like a little over sixty percent of each dollar of billed charges and they were not excessive charges. That schedule was carefully designed. When I left, it was down to something like forty-seven or forty-eight percent on the dollar. If one were to look today, I'll bet it's lower than that.

Meanwhile over here in the hospital, because of the hospital commission, they're collecting essentially their full allowed charges by state law and by federal agreement on reimbursement. Whether it's Medicaid or Medicare or whatever it might be, you had a situation where left to its own devices, the hospital would be driving for more and more patients, Medicaid and otherwise, and doing fine, while over in the medical school side you'd be getting less and less. Now, that's just reality. That's the way it is.

When you have a situation like that you have to have a mechanism, it seems to me, to make sure that the dollars flow in a way that supports, appropriately, the full range of the missions of the institutions. That's one element. Another element is, you need to be able to respond very quickly and effectively to pathways of care and to coordinating the teaching and clinical practice with the hospital organization so that you're able to be competitive out in the marketplace and so that you're able to assure quality.

I think it's a fair statement that if you don't have an organized system, you can't have quality. Information will go skittering off in different directions on everything from different locations to shift handoffs and underinvestment in information technology in terms of medical records. You just can't do it unless you have a tight coordination as would be true, let's say, at Group Health or Mayo or Kaiser, wherever it may be where. The best example maybe is Intermountain because that's a more disaggregated system in Salt Lake, Utah, like Hopkins, than you'd find in a tighter organization like Mayo's. They've done it and the quality's very, very good.

I guess what I'm saying is that it seemed to me all along that it was inevitable that we would end up having to have this pulled together. When I first came, I thought it could be done with Mike and Bob. But Bob, as you said, was close to the end of his tenure and so it wasn't that likely to happen. When Jim Block came, the thinking was that Jim and Mike together could make this happen because Jim brought a lot of ideas, practically a major idea a week, of how to deal with that medical marketplace. Mike, on the other hand, had a really good sense of the culture of Hopkins and he was trusted and so forth. It seemed to me if those two could work effectively together, that that would be terrific.

Obviously, it didn't work out that way. Ultimately, it got so frustrating to try to mesh the risk profile of the university and the degree that we were willing to take financial risks with the ideas that were coming out of the hospital, particularly [from] Jim and his team—they were coming so fast and without a lot of in-depth analysis of business plans and how it would actually work. Then things would quickly get abandoned and you'd be on to the next thing—that it just was an unworkable environment.

There were some elements that weren't related to any of this stuff that were happening that were very positive. For example, we very much needed new surgical space and we got it because Jim invested in it. Not all but by and large the surgeons, particularly the key ones, had been at odds with Bob Heyssel for years over that matter. Jim took care of that. He could see that if he dealt with that, that that would be a real contribution and it was.

I felt all along, even though the process may have been a little ragged, that the idea, just like the ambulatory care center, of having sites that would be able to provide an experience that went beyond the academic medical center for health care, for example at Green Spring, was a good idea. We didn't have the review of it and the buy-in from the medical school that we probably should have, but nonetheless it seemed, on its face, like a good idea.

There were other ideas, like affiliations or contracts or co-venturing with big HMOs. You couldn't tell the ones that were straight shooters from the ones that were just hype. I wouldn't go so far as to say unethical but certainly nothing like the kind of standards that Hopkins would expect to maintain. Especially a little later on when we had our parlor group, I went over there every Thursday. We would try to work through possible new ventures.

**Warren:** What was the parlor group?

**Richardson:** The parlor group was a meeting every Thursday with Mike Johns and a couple medical school people, Jim Block and a couple of hospital people, including his general counsel, and me as a way of trying to pull this together, to get systematic about it, to prioritize and to see what we really did want to do, and then to try to figure out how the risk would be assessed in terms of potential failure or of reputational risk in terms of associating with people that we really didn't want to be associated with.

It was quite an experience. I've been involved in the corporate world from my young adulthood on in terms of a family corporation and on a couple of corporate boards. Since then, as I look back on it now, [they were] major corporate boards that are high-end, high-activity and, as it turns out, highly successful in the way they're doing business today but who, over the years, have gone through periods that had been a little chaotic like what we saw [at Hopkins]. It never works. It just doesn't work.

It isn't that you wouldn't expect to make mistakes when you make investments or affiliate or collaborate with other entities. Of course you will. But you need to think it through well enough, first of all, to figure out how it contributes to the mission of the institutions, hospital and medical school, and secondly to figure out what risk you're actually taking and what could go wrong. There was none of that. It was all just "This is what we're going to do. This is what we're going to do. This is what we should do."

At one point it was buying practices, which I think already had been demonstrated to be very high risk. When you go out and buy practices, you tend to pay based on the earnings that are going on at the time plus a little to entice the docs in. Then you put them on even a modified incentive pay schedule [and it] is still not like they're running their own practice, and so there's a tendency to slow down a little bit and to back off. The incentive of practice building and high-energy expansion just isn't there anymore. To make matters worse, what for them was a relatively small and effective back office now becomes part of a great big hundred- or two-hundred- or three-hundred-physician group. Penn followed that model, for example, at about the same time or maybe a little ahead.

Just on the face of it, it looks like a pretty high-risk venture. It's not as though those docs aren't going to refer to you anyway if you're the appropriate referral hospital. You're not likely

to make money on it and especially not if the physicians are slowing down because now they're sort of in a corporate setting instead of in an entrepreneurial private practice.

**Warren:** Whose suggestion was that?

**Richardson:** That was one of Jim's ideas. That was one. A linkup with United Health Care was another one. Oh, gosh, I couldn't tell you. I mean it was deal after deal.

**Warren:** You met with them every week?

**Richardson:** Yes.

**Warren:** And the idea was trying to figure out something that ultimately would become Johns Hopkins Medicine?

**Richardson:** Some thing or things. Trying to assess what things made sense and what ones didn't and then to have sort of an orderly implementation process.

**Warren:** What were those meetings like? From what I understand they didn't like each other very much after a while.

**Richardson:** I think that might have come probably towards the end of the time I was there and maybe after. I'm not sure because both of them left after I did.

**Warren:** Didn't Mike leave before you did?

**Richardson:** No.

**Warren:** You went first?

**Richardson:** Yes.

**Warren:** Oh, okay. I thought it was the other way around.

**Richardson:** No, I don't think so. You might want to go back and check the record but my recollection is that he was still there. I know that Jim was still there. [William C. Richardson left June 30, 1995; Mike Johns resigned January 1996.]

I would characterize them as pretty cordial even though, I think, you're right. I think there was a distrust. Whether there was a dislike I don't know because neither of them were that kind of person. Although, underneath, they certainly were frustrated with each other and I don't think they trusted each other. I think that Jim would characterize Mike as, "Oh, well, that's just sort of the academic, slow way of doing things. This is the modern world in the marketplace and we've got to operate on the more corporate model." There's nothing new with that. You could have said that about Ed Crosby in the '40s or Bob Heyssel in the '70s or '80s. It was just the style.

To tell you the truth, I don't think Jim ever got what Hopkins was all about and what it was that made it great and what it was that we cared about preserving. Beyond that, I don't think either that he appreciated that I had seen this all before, [albeit] not of this scale. I had come into the university after a period of several years of sort of out-of-control choices and investments. By out of control, I mean where there had not been a systematic assessment of what was being done. It was being personality driven. We were just barely recovering, at that point, from having to take on all that extra debt service on the one hand and the tremendous increase in cost and the threat to indirect cost. This was only three or four years after that and so I was concerned about reputational risk.

They went out—by they, I mean the hospital. This was before it was pulled together—and sued Barbara Hill, who had been running the HMO for the hospital during Bob Heyssel's time. A decision had been made to sell to Prudential. She had gone over to Prudential to run it. There was a contract built in and it had onerous elements in it. Her take on it, I think, would have probably been that if they wanted to be in the HMO business, they needed to operate in a much more cost-effective, responsive way. But I don't think that there was ever any major effort made

to bring people on board with that idea, even when she was there. They were probably hostile to it anyway because they either didn't recognize the way in which things were changing, or they saw they were changing but they didn't want to get into the business of just rolling over and giving up the essence of what Hopkins was all about.

I never did quite figure out what it was supposed to accomplish. The idea was by suing Barbara Hill, I guess, to somehow be able to get out of the Prudential contract on the grounds that she had been self-dealing, you know, and going from one side of the table to the other. It was pretty thin gruel; I know I remember that. I remember expressing a very strong, direct, [and] unequivocal view to Jim and to Baldy that this was a mistake and that the university would not support it and did not support it. We didn't support it but they went off and did it anyway. I've forgotten just how it ended but it ended up badly. They didn't get anywhere with it, ultimately. As I say, I can't remember just what the particulars were.

**Warren:** Were you consulted in the hiring of Jim Block?

**Richardson:** No, not really. I had thought that it would be a good idea to be on the search committee. I don't know what the thinking was, but the thinking was that somehow that didn't make sense. It made sense to me.

**Warren:** Given your background it made sense.

**Richardson:** Well, there was that. Also, I was thinking ahead of wanting to make sure that we had something that was a more combined, less zero-sum-game-oriented approach to it.

I don't know, to tell you the truth, how much involvement there was by the board of the hospital in that hire. I have been told by a source that I trust that there were lots of reasons not to go ahead with that particular appointment based on the due diligence of the search firm. But, I wasn't anywhere near it and that was all stuff I found out later.

I had so much on my plate in terms of the campaign, strengthening other parts of the university, making sure that Peabody was working, [and] further development at Homewood. You asked what it was like when I walked in some time ago. One of the elements was the whole French department had gone to Emory.

**Warren:** Right. I'd heard about that.

**Richardson:** We'd had other losses as well in some of the other parts of the university. Within two years, we had recruited Steve Nichols from Penn. We couldn't have done better. We'd already kept a couple of really good people and Steve Nichols came in. We ended up three years later, four years later, better off, from what I was told by the dean of arts and sciences, than we were when we had that whole French department.

That didn't just happen. First of all, we had to drain the swamp. We had to rebuild the capacity to recruit and to have the kind of resources that a scholar like Steve would want and something in place that would make it attractive for him to come.

At the same time, I spent a lot of time both on recruitment and on retention. I've always been a big believer in knowing your faculty, particularly the star faculty, and what they're doing. I regularly had individual faculty members, particularly ones that were at risk, which meant a little more junior ones, but not always, in for a bite to eat, just a brown-bag lunch, just hear what they were doing. Well, people love to tell you what they're doing, what's exciting to them, and I love to hear it. It gives you a chance to find out what's been going on in the university you're president of. It's just a win-win situation.

I told the deans that if you get any hint that somebody's being recruited by a credible place, like Princeton for example, you let me know and I will personally make sure that the faculty member understands that we really can't do without them. It's up to the deans to figure

out what the package should be and how to retain them and all that stuff. People don't appreciate how powerful it is to have the president of the university walk over to your office, which is the way I used to handle it.

I'd call them up, just cold, until I got them, not their voice mail. I'd do it personally because, as I said earlier, I never believed in having people place calls for me. I remember doing this. I can't even count how many times I did it. I'd say to the person, "Are you going to be in your office for a few minutes?" They'd say, "Yes." I would say, "Could I come over and visit?" And they'd say, "Oh, the place is a mess."

**Warren:** And it probably was.

**Richardson:** It was. Then I'd use my line and say, "Well, you know, I used to earn an honest living myself back years ago, so I know what a mess the office looks like." I'd go over and sit down with them.

What I would say to people of this caliber was that we had laid out a vision for the university. The issue wasn't how we are going to drain the swamp. The issue was how are we going to make it a greater university and, in particular, the role that this person played in that. We simply could not achieve our shared objectives with this person at Princeton or at Penn or Yale or wherever it was. The person would sort of say, "Aw, shucks, that couldn't be." But, really, you could make a case that it was a tapestry and that you couldn't have a hole in it. You had to have the whole thing; that he would be the hole or she would be the hole if she weren't there. Then the dean would come in with a package and do all that sort of thing.

It just seems to me that that kind of personal involvement and a little bit of the parlor group, I hope, would be to try to get things moving. It just didn't work.

**Warren:** East Baltimore is a different territory, isn't it?

**Richardson:** I don't think it is now. I mean I think it's different now than it was then.

**Warren:** Oh, yes, but it is a different territory still.

**Richardson:** Oh, sure it is. But I mean it isn't that different than the medical center at the University of Washington or the medical center at Hershey. There are different issues, different scale. Of course, Hopkins is big and great by any standard. One of the interesting things I found, actually, moving from Chicago to Washington to Penn State to Hopkins, all very different ownership structures, financing, and so on, [was] that there were many more similarities than there were differences in terms of the issues that had to be addressed in any given five-year period, let's say.

**Warren:** Fascinating. You know, I have a great many things still on my list. I would really like to take you up on the opportunity of another session.

**Richardson:** Oh, sure.

**Warren:** Can we do that?

**Richardson:** Absolutely.

**Warren:** All right, because I know we're past time here.

**Richardson:** It is moving along, isn't it?

**Warren:** Yes.

**Richardson:** What's your schedule?

**Warren:** Well, I'm going to go ahead and stop for today.

**Richardson:** Okay.

[End of interview]