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The Doctor Is In

By RON STODGHILL

AMONG a cast of hospital patients recounting their injuries and treatments on a DVD playing in the president's office of the NewYork-Presbyterian Healthcare System, Eugene Stolowski, a former New York firefighter, stands out. Mr. Stolowski recalls leaping from a burning building in the Bronx and plunging about 50 feet before he slammed into the ground. His voice trembling, he praises a team of NewYork-Presbyterian surgeons for sparing him from paralysis, even death, by re-attaching his spinal column to his neck in early 2005.

bottom line. "I've never been able to walk past a problem. I've got to fix it," said Dr. Pardes, his words wrapped in a heavy Bronx accent. "This profession is first about helping patients survive—always has been. Unfortunately, I think we can lose sight of that sometimes."

Dr. Pardes, a well-regarded psychiatrist and a former director of the National Institute of Mental Health, says he wants NewYork-Presbyterian to become a model for top-tier medical care. His prescription for what ails his industry is an

mergers in history—the 1997 melding of New York Hospital and Presbyterian Hospital. Dr. Pardes became the merged hospital's chief executive more than a year later.

"Herb recognized the cultural differences between the two organizations, preserved the best of each predecessor, while simultaneously creating a whole new organization," said Thomas M. Priselac, president of Cedars-Sinai Health System in Los Angeles. "That was not an easy thing to pull off."

Some industry analysts wonder whether the dramatic turnaround of two rival New York institutions is an anomaly rather than a blueprint for remaking other ailing hospitals nationally. Some critics, too, have argued that under Dr. Pardes, NewYork-Presbyterian is a merger mostly in name only, and that the predecessor hospitals continue to function as separate institutions.

Similarly, Dr. Pardes has been unable to convince some that Americans have a better future with health care being delivered by behemoths like NewYork-Presbyterian. Critics contend that Dr. Pardes, along with leaders of other merged medical centers, is leveraging enviable economies of scale in ways that weaken smaller rival hospitals and ultimately reduce patients' health care choices.

"What's good for a hospital is not necessarily good for patients," said Alan Sager, a professor of public policy and management at the Boston University School of Public Health. "In the absence of a free market, doing well financially and growing institutionally doesn't mean you're doing a good job."

Still, during a time when most urban hospitals have struggled, NewYork-Presbyterian has thrived. While some aspects of Dr. Pardes's kinder, gentler philosophy may be hard to measure, the hospital posted revenue of \$2.6 billion in 2005, up from \$1.7 billion in 2000. (The hospital, a nonprofit organization, has yet to report its 2006 results.) The hospital has also been named to U.S. News and World Report's ranking of top medical institutions for six years in a row (the only New York City hospital to have such a run) and was ranked last year as the overall leader in New York magazine's "Best Hospitals" survey (which tabulated its results based on peer reviews).

All of that has won Dr. Pardes, 72, a solid cadre of admirers. As Charlotte M. Ford, a vice chairwoman of the NewYork-Presbyterian board of trustees, gushed: "We think Herb's got all the

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Dr. Herbert Pardes, right, visits Cornelious Raynor in the cardiac care unit of NewYork-Presbyterian Hospital/Weill Cornell Medical Center. Dr. Pardes is known for his patient-centric strategy.

Photo credit: Nicole Bengiveno/The New York Times

"I live today because of NewYork-Presbyterian," Mr. Stolowski says, weeping. "And I am here to be with my daughter, wife and my twins because of what they did for me."

As Dr. Herbert Pardes, NewYork-Presbyterian's president, listens to Mr. Stolowski's tale, his own eyes, limned by silver-framed glasses, well up. Although he has trotted out this particular DVD on countless occasions for hospital employees, visitors, reporters and others whom he is intent on winning over, Dr. Pardes says his emotions are real, his response unorchestrated.

"This one gets to me every time," he says of Mr. Stolowski's account. "It's so powerful. And really, it shows what this hospital is all about."

It also shows much of what Dr. Pardes is all about: rescuing the embattled image of modern medicine with a large dose of human compassion married to effective management, a quality he says is frequently absent from a health care culture that is sidetracked all too often by concerns about the

aggressive, patient-focused crusade that he believes will restore confidence and financial vitality to one of the nation's oldest and most crucial institutions: the American hospital. His efforts—from personally visiting patients' bedsides, insisting that nurses memorize all their patients' and family members' names and ordering that rooms and lobbies be painted in soothing pastel hues—have struck a powerful chord among patients and colleagues alike.

"There are very few people like Herb who have a national perspective on our industry and know how to bring that knowledge to a local institution," said Kenneth E. Raske, president of the Greater New York Hospital Association, a trade group. "He is able to put a human face on large public-policy questions that people are passionate about."

Industry experts also credit Dr. Pardes's patient-centric efforts, along with vigilant fundraising and rigid financial controls, as linchpins in bailing out one of the largest, messiest health care

answers. When he talks we want to hear everything he's got to say because we know he cares about both the business and patient care, and wants each to be perfect."

The medical system that Dr. Pardes oversees is massive, employing about 50,000 people. The ultimate goal, Dr. Pardes said, is to marshal all of that talent to allow NewYork-Presbyterian to compete on an international platform.

"There's no reason why we shouldn't have a world-class medical center in New York," he said. "People shouldn't have to go to the Mayo Clinic or Johns Hopkins for the best health care. They should be able to get it right here."

Many of New York's biggest charities and individuals agree. According to hospital officials, since taking the reins of the hospital seven years ago, Dr. Pardes has raised nearly \$1 billion, a fund used to build and renovate health care facilities for the medical center. Last April, NewYork-Presbyterian broke ground on the Vivian and Seymour Milstein Family Heart Center, a six-floor structure aimed at providing world-class cardiac care. The ceremony included former President Bill Clinton, who underwent heart bypass surgery at the hospital in 2004.

So ubiquitous is Dr. Pardes on the fund-raising scene that some of his colleagues have taken to calling him "Dr. New York." He shrugs off the attention.

"Look, if I go out and raise lots of money, somebody whose dad is a Wall Street C.E.O. is going to get better care, but so will the kid from a poor family," he said. "This hospital can't do the stuff we want to do without philanthropic dollars."

And what kind of stuff is that? "My goal is pretty simple: I want to create a hospital that is the opposite of the one I experienced as a kid."

In the early 1940s, at roughly the same time he was learning to spell the word "hospital," Herbert Pardes was admitted to one. At 7 years old, he learned that he had Perthes disease, a rare illness that causes a sudden, debilitating stiffening of the hip. It left him hospitalized in a full-body cast for 10 months. He was traumatized by the experience, he said, by a battery of humorless physicians who stuck needles in him without explanation, by draconian hospital policies that limited his parents' visits to hourlong visits a couple of times a week and by the cold and sterile atmosphere.

As a child, Dr. Pardes was also struck by the contrast in how he and other patients were treated, compared with the pampering his own parents bestowed upon guests in the borscht belt hotels they ran in the Catskills. He had learned the concept of guest services firsthand, having earned his allowance selling dime sodas in the lobby, bell-hopping and performing other odd jobs at his parents' hotels. Eventually, he would spend his summers waiting tables in the Catskills.

DURING his childhood, the American hospital—or the notion of a single bricks-and-mortar institution devoted to providing in-patient health care—was just emerging from its own



The NewYork-Presbyterian Hospital/Columbia University Medical Center is part of the merged health care system. Photo credit: Charles Manley

infancy. Throughout the previous century and in the early 1900s, there were only two hospitals in the United States—Pennsylvania Hospital, founded by Benjamin Franklin in Philadelphia in 1751 and New York Hospital, founded in 1771. Both mainly focused care on the local indigent population. In most areas, poor and working-class citizens were treated in small facilities called almshouses, attended by physicians who would check on patients a few times each week. Wealthy and middle-class families received medical treatment at home.

But at the start of the 20th century, with specialized medical training and resources growing more abundant, the number of hospitals mushroomed. By 1920, there were 4,300 hospitals housing 420,000 beds in the United States, according to Charles E. Rosenberg's popular historical examination of the nation's hospitals, "The Care of Strangers: The Rise of America's Hospital System." Even then, hospitals, according to Mr. Rosenberg's book, were already being criticized as "socially insensitive institutions and economically dysfunctional" and torn by competing roles as health care providers with a charitable mission that were also profit-driven enterprises.

With his childhood hospital stay lingering in his memory, Dr. Pardes decided to pursue a career in medicine after graduating summa cum laude from Rutgers. He took a job as an assistant in the nursing department at St. John's Episcopal Hospital in New York, then enrolled at the State University of New York in Brooklyn, where he received a medical degree in 1960. Initially, he planned to work as an internist or a surgeon, but he says he decided against it when, in performing surgery on dogs—an essential part of the university's curriculum—he noticed that his canine patients were always the first to die.

He chose to study mental health instead, completing an internship and residency in psychiatry at Kings County Hospital in Brooklyn. Plainspoken,

exceptionally energetic and personable, Dr. Pardes ascended quickly to the top of the medical field. He amassed awards, citations and national leadership positions, including a 1978 appointment by President Jimmy Carter as director of the National Institute of Mental Health and the leadership of several global health care initiatives. He also served as the assistant surgeon general for President Carter and President Ronald Reagan.

In 1999, Dr. Pardes received a call from a board member at NewYork-Presbyterian. The fledgling merger between New York Hospital and Presbyterian Hospital, completed more than a year earlier, was threatening to tank. Annual profits at the combined enterprise had plunged to \$2.5 million in 1999 from \$10.4 million the previous year, while the two hospitals' physicians clashed in fierce turf battles. The board wanted to know whether Dr. Pardes, who was serving as dean of Columbia University's College of Physicians and Surgeons, would consider replacing Dr. David B. Skinner, then the chief executive of the combined hospital and the architect of the merger. (Dr. Skinner died in 2003.)

"The fact of the matter is that most mergers don't work because of huge egos and warfare," said Peter A. Georgescu, a vice chairman of the NewYork-Presbyterian board of trustees and former chief executive of Young & Rubicam. "It's just human nature. But in the end, you either grow and improve or go down."

AT the outset, at least, the marriage between the hospitals seemed natural. Both were teaching hospitals facing similar struggles, including shrinking government support, sliding market share, more beds than patients and a dearth of primary-care practitioners. Dr. Skinner predicted annual savings of \$60 million from consolidating the services of the two hospitals. But Dr. Skinner, say those who worked with him, underestimated the extent of the rivalry between the two institutions.

New York Hospital earned its stripes treating thousands of soldiers during the Civil War. The hospital hit its stride at the turn of the century after joining forces with Cornell University Medical College—a partnership that eventually spawned such innovations as Pap tests, L-dopa drug treatment for Parkinson's disease and the elimination of kidney stones through laser surgery. But by the mid-1980s, the hospital began to buckle under competitive pressures and two major malpractice suits, including a 1987 case brought by the family of Andy Warhol, the artist, who died after undergoing routine gallbladder surgery. The hospital agreed to pay an undisclosed sum to the Warhol family to settle the claim.

Presbyterian Hospital, for its part, also boasted a proud history, but suffered from a different problem in the years leading up to the merger. James Lenox founded the hospital in 1868 after other New York hospitals denied treatment to his African-American servant. It became a prestigious institution and was home to the Babies and Children's Hospital, where the first pediatric heart transplant surgery was performed. But after World War II, the demographics of its northern Manhattan neighborhood shifted toward poorer residents, and the hospital's more affluent patients sought treatment elsewhere, according to the hospital. From the late 1950s to the late 1970s, the hospital's proportion of indigent patients—funneled to Presbyterian Hospital as other smaller hospitals in New York shut down—climbed to one-third from one-tenth, hospital officials said.

In taking the helm of New York-Presbyterian, Dr. Pardes, the nation's first psychiatrist to run a major medical center and hospital, encountered a corporate version of a dispirited patient plopped on his sofa. The merged entity he inherited was gargantuan, its work force able to fill three Madison Square Gardens. Its organizational chart—with 52 hospitals, nursing facilities and specialty care centers and five campuses—was labyrinthine.

Dr. Pardes's turnaround strategy, by comparison, was relatively simple: restructure the management team to make hospital admin-



New York-Presbyterian Hospital was formed in 1997 by the merger of New York Hospital and Presbyterian Hospital. It includes the Weill Cornell Medical Center, foreground.

Photo credit: Charles Manley

istrators more nimble and accountable for performance, root out excessive spending to improve profit margins and bolster revenue by becoming the hospital of choice in the city.

As it turned out, the hospital's most dire issue was cultural, Dr. Pardes said. Worried about losing power in the merged enterprise, for example, physicians from each predecessor hospital had banded together and refused to relinquish any area of care to the other hospital. Dr. Pardes was witnessing similar tensions play out in 1998 when Mount Sinai and New York University Hospital fused their medical schools.

"I think it was a bad idea to try to mesh those cultures," Dr. Pardes said. "N.Y.U. faculty had a sense of status, a certain view of themselves, and felt that Mount Sinai's program was still too young and not yet worthy of the association. It was like making the Yankees and Mets merge." Mount Sinai officials declined to comment.

Other than merging all of the hospitals' administrative functions, Dr. Pardes has moved gingerly in consolidating New York-Presbyterian's various units—partly, he says, to maintain easy geographic access to various patient populations but also to avoid infighting that would detract from the hospital's mission. For instance, Dr. Pardes has not lobbied to integrate the Columbia and Cornell medical schools (the schools are not owned by the hospital), and has preserved separate centers in such clinical areas as psychiatry, neurosurgery and pediatrics—despite redundancies in personnel resources, and similar levels of prestige of many departments.

"We would have had all sorts of political fire-fights," Dr. Pardes said. "It would have hurt us more than helped us." On the other hand, he melded the hospital's two vascular surgery units solely to create a senior management post for a talented surgeon who was considering a position at Johns Hopkins. "You can't have a cookie-cutter approach in this," he said. "In any consolidation, personalities are as important as anything else."

In other matters, Dr. Pardes has proved less compromising. Not long after taking over, he attended the hospital's corporate retreat and left the event astonished by its extravagance. Afterward, Dr. Pardes inquired about the cost and learned that its organizer had spent nearly \$1 million putting on the single-day event. He promptly asked the employee to step down. She resigned, hospital officials said.

"She was making herself look important, and not doing anything for the hospital," Dr. Pardes said of the staffer. "The only thing I'm interested in is helping patients survive. This is about more than making and spending lots of money. If that's what you want, go into the hedge fund profession."

Colleagues say Dr. Pardes's management style swings unpredictably between gut decisions and implementing corporate platitudes from gurus like John F. Welch Jr., the former chief executive of General Electric. "It's always a balance between



Dr. Herbert Pardes, second from left, the nation's first psychiatrist to run a major medical center, has raised nearly \$1 billion since taking the reins seven years ago.

Photo credit: Nicole Bengiveno/The New York Times

having the right level of concern for patients, but also having the right business skills to make the place strong," Dr. Pardes said.

HE has also spread his professional network in unusual directions, nurturing, for example, a relationship with a powerful local union leader, Dennis Rivera, who wants to organize a large block of New York-Presbyterian's employees. Mr. Rivera's union, Local 1199 United Healthcare Workers East, represents 275,000 health care workers, including 5,500 at New York-Presbyterian's Upper Manhattan campus. (The union has been unsuccessful in trying to organize 1,200 workers at another of the hospital's Manhattan campuses.)

Despite this fact, Dr. Pardes and Mr. Rivera can be spotted playing tennis on weekend afternoons and hanging out at basketball games. Mr. Rivera, too, has reached out to Dr. Pardes for medical counseling regarding seriously ill friends. "I have turned to him during some difficult moments in my life," Mr. Rivera said. "I would say it's an unusual relationship in that way. But Herb is different because he's not in some ivory tower. He's accessible."

As for his interest in bolstering Local 1199's membership at New York-Presbyterian, Mr. Rivera said the subject has never arisen in his conversations with Dr. Pardes: "I expect at one point they will become members of our union, but it's their choice. The problem in getting them to join has not been Herb, but our inability to convince them that they have a better future with us."

Although he remains attuned to the political and public relations environment in which his hospital operates, Dr. Pardes seems more focused on building a legacy inside the hospital rather than outside of it. After the DVD featuring Mr. Stolowski, the injured fireman, stopped playing in his office recently, Dr. Pardes walked over to a conference table and rested his hand on a stack of letters.

"These were written to me by patients," he said, thumbing through them. "It's just amazing, some of the stories. I mean, really amazing stories."