

HISTORY OF MEDICINE IN OREGON PROJECT

ORAL HISTORY INTERVIEW

WITH

Peter O. Kohler, MD

Interview conducted August 28, 2006

by

D. Lynn Loriaux, MD

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Site: OHSU, Portland, Oregon

[Begin Tape 1, Side 1]

LORIAUX: Well, this is an interview with Dr. Peter O. Kohler, president of Oregon Health & Science University. This interview was conducted in the president's office, the conference room appended to the office, on the afternoon of August 28, 2006. The interviewer, me, is Dr. Lynn Loriaux, chairman of the Department of Medicine at OHSU. And this is tape number one. Dr. Kohler, I'm going to call you Pete during the course of this.

KOHLER: That will work.

LORIAUX: It has nothing to do with respect or anything else. It's that I feel uncomfortable calling you Dr. Kohler.

KOHLER: [laughs]

LORIAUX: So, we've known each other for a long time. Goes back to 1970. We met at the NIH. You remember that.

KOHLER: I do.

LORIAUX: Both young whippersnappers, wet behind the ears. And so I know your life story pretty well. We've kept up with each other pretty much all those years. But I think it's interesting how you got here. How you got to OHSU. You know, this is the era of headhunters. Nobody can seem to hire anybody anymore.

KOHLER: Right.

LORIAUX: You've been here what, eighteen years now?

KOHLER: Over eighteen years.

LORIAUX: Over eighteen years. So this is, it's a triumph of sorts. Clearly this has been a long and fruitful tenure. So I thought it would be interesting to the people who listen to this tape. What did you do? You left the NIH in 1974. What happened to you then? Where did you go?

KOHLER: Well, I actually left the NIH in '73. And I went to Baylor as chief of endocrinology there. And at Baylor, I was recruited by the dean to be chairman of medicine at the University of Arkansas. I stayed there for nine years. And my last year there, I was the interim dean. The dean had gone off to work for the Kellogg Foundation.

I said well, this is a job I could probably do. It's not unlike being a chairman of medicine, actually, where you have a bunch of divisions working with you, and you have to all work together.

So I was recruited to be the dean there at San Antonio. Stayed there for two years, and was then approached by OHSU. And I think you, indirectly, had something to do with that, because you had spoken to the faculty member on the search committee.

LORIAUX: Right.

KOHLER: Who contacted me. As far as I know, there was no headhunter involved.

LORIAUX: Right.

KOHLER: I had been—

LORIAUX: Me! I was the headhunter.

KOHLER: You were the headhunter. I had been doing the dean's job for two years. I was a little sorry to leave after such a short time. But I was working for a guy who was the president there. And I said, "You know, I believe I can do that job, too." [laughter]

LORIAUX: Right. And you were right.

KOHLER: Actually, the chairman of OB/GYN had a great comment at that time, which we can probably strike from the tape. They said, "There's no use having a racehorse pulling a plow here."

LORIAUX: [laughs] That's great. Excellent.

KOHLER: So anyway, I then ended up—the search committee went through the process, and I ended up here.

LORIAUX: So the other side of the story is that I had visited you there. Do you remember?

KOHLER: I do.

LORIAUX: And I remember—

KOHLER: And you were talking about this.

LORIAUX: You took me to your, we went to your office. A nice office. All glass. Do you remember that?

KOHLER: I do.

LORIAUX: Big, pretty office. But you seemed disquieted in some way. We went out to your house. I remember it was a nice house on a golf course.

KOHLER: Right.

LORIAUX: And probably you were thinking in the future you would learn to play golf or something like that.

KOHLER: [laughs] I had hopes.

LORIAUX: You had hopes. And it became clear to me that you weren't totally wild about this job. And you won't remember this, but I asked you what was the problem. You said, "Well, I really need to be the boss." [laughs]

KOHLER: I don't remember saying that.

LORIAUX: You don't remember saying that. But I mean, that dean, I think, was an extender of the president, in some ways.

KOHLER: Yes.

LORIAUX: You felt as if he was downloading stuff to you that wasn't, that you thought was the right thing to do, and it was not the best thing. So shortly after that, I came to here, Portland, to give a talk. Mike McClung asked me. I was an active endocrinologist at the time. We sat down at this dinner, you know, to eat, and Bill Connor was sitting next to me. He turned to me and said, "You know anybody who wants to be president here?"

And I said, "Well, I do know a person. And he's got a job. It's a good job. He just took it." And I wrote down your name.

KOHLER: So I owe this job to you, in a way.

LORIAUX: You do, indeed. [laughter] I don't know whether that's going to be good or bad, but in the end, at least I made the contact.

KOHLER: Well, I appreciate that.

LORIAUX: And I think that's how the best people get hired in jobs. I still think it's true. I think headhunters don't end up with the best candidates. The candidate you need is somebody who's doing a great job some other place.

KOHLER: Well, headhunters need a list of people. And some of the people are not really serious candidates. So you never know for sure whether the candidates on that list are those that you should try hard to recruit or not. If you can get away without one, this is far better.

LORIAUX: This worked as good as any of these things can work, I think. This was fantastic. For me, too. I had a second agenda, by the way. I don't know, this we'll probably strike from the tape. But I wanted to get back to the West, and it was very important for me to get you a job in the West. [laughs]

KOHLER: So you could be recruited back.

LORIAUX: So I could be recruited out here. I wanted my kids to grow up on a farm.

KOHLER: So it all worked out.

LORIAUX: It all worked out. So you came here. And what did you find? What is it about this place? I mean, you did like it from the beginning.

KOHLER: Well, I did. I really felt like OHSU had huge potential that had been largely but not completely unrealized. We had a very good faculty here, but small. Somehow, after World War II, OHSU had really not gotten in the research business in a large way. Until Len Laster took over as president. And one of the things that he did that was very important to OHSU is work with Senator Hatfield and get the Vollum Institute built. And endowed. And that has been, to me, like a seed pearl for our research programs here.

But still, it was very small. The Vollum was just being occupied. I had been the chair of the study section, on which Ed Herbert was a member. He was describing what the Vollum was going to be. And at that time, it wasn't named the Vollum yet. But that all came to pass. So I believe it was a terrific way to get research started here in a more organized way, a more molecular way. But the idea was that this place could blossom.

We were limited by space. We still are a fairly small academic health center, research and health university, compared to a lot of other, larger places that rank ahead of us nationally. But the potential was there to grow. And I really thought we could become a premiere university. And that's what attracted me. The idea that we could build something here.

LORIAUX: Yeah. And before you got here, Ed Herbert died.

KOHLER: He died just as I was coming on board.

LORIAUX: Just as you were coming. So probably one of your first challenges was to get the right person to run the Vollum.

KOHLER: The Vollum Institute was the first priority. The faculty there were so meta-stable. They had just been recruited by Ed Herbert. He had just died. They really needed leadership. So it was the first priority.

LORIAUX: So your choice there, the person that you brought here, was Richard Goodman. Dick Goodman.

KOHLER: And Dick Goodman is still here. And I think the Vollum has achieved success beyond many people's wildest dreams. It has been, and continues to be, a real nucleus of outstanding science at OHSU.

LORIAUX: And I agree with that. I think that's maybe the key recruitment you have made here. It changed the standard. It set the standard up. And it also created an example of what can be done.

KOHLER: Right.

LORIAUX: In terms of grant funding and aggressive science, and all that kind of stuff. I think it's very critical. And a brilliant recruitment.

So you found—so that's the situation. And so your vision of what you found was this place that sort of had not really partaken of the NIH largesse of the late seventies, somehow.

KOHLER: It was beginning to. But it was just in the early stages.

LORIAUX: So—

KOHLER: And primarily at the Vollum. Not exclusively, but primarily at the Vollum.

LORIAUX: So did you tick off in your mind the things that you wanted to try to achieve? Did you have a mental list?

KOHLER: Actually, I did. When I first was recruited for the job, I had a memorandum of understanding with the Board of Higher Education here, which was then called the Oregon State System of Higher Education, about what I had hoped we might be able to achieve at OHSU. Presumably over a period of about a decade. And there were about ten different tasks there that I thought were worth trying to get done. And many of them have been accomplished.

LORIAUX: Well, we can tick those off here.

KOHLER: Okay.

LORIAUX: I happen to have this—

KOHLER: You have the list. How about that?

LORIAUX: You sent this to me to edit when they first... [laughter] So I have it here. And we'll just go through them and see. "A streamlined administrative organization for the university."

KOHLER: We have a very lean and effective administration. Compared to most universities, which have layer after layer, to the point that you wonder what some people do. Here, we border on overworking administrators. But that's a good thing.

LORIAUX: Yeah. It's a good thing. The upgrading of the university hospital to become a premier tertiary care.

KOHLER: Obviously, when I first came here, I went to visit the obstetrical ward. And somebody had likened it to a Romanian prison. I mean, it was truly primitive. There was one bathroom. Paul Kirk was the chairman of OB/GYN at that time, and he was like a saint in the middle of chaos. It was a wild scene that really was an embarrassment to the institution, to have a facility that far behind.

I remember getting one of the governor's people to come take a look at it, saying, "We need to do something about OB/GYN." And there was a ramp leading up to that, the unit. You had to get a running start with the gurney to get up the ramp. And we were standing on the ramp. We had to get out of the way while they wheeled a pregnant woman past us to get to the obstetrical ward. That's the kind of facilities we were working with at that time.

And then after that, we actually were able to scrape together the money to rebuild obstetrics. Yet we weren't allowed to do that because of the restrictions the state had on construction. So here we had enough funding for a new obstetrical ward. The old one was truly, you know, an embarrassment. And yet we couldn't get it done. So that's one of the issues leading to our reorganization as a public corporation.

LORIAUX: We'll get to that. That's not on the list, by the way.

KOHLER: No.

LORIAUX: But we'll come to that. Development of the AHEC, Area Health Education Centers.

KOHLER: Well, one of the things, one of the criticisms of OHSU at that time was it never got off the hill. It did not, it was sort of cloistered and sequestered, and the perception was that nobody really cared about what went on around the state. And at that time, there was a terrific shortage of practitioners in the rural areas, particularly eastern Oregon.

Now I had come from two other institutions that had AHEC programs, Area Health Education Center programs. So I was literally recruited partly by some rural legislators, and Mike Thorne—who was then a state senator, and later, a board member. He was one of the people who was instrumental in recruiting me with the intention that an AHEC program get set up for this state.

We had the great good fortune to have a man here named Dutch Reinschmidt as an associate dean who literally had been held back from doing this. But once he was released, he set that program up around the state. It's been terrific.

LORIAUX: He was a fantastic—

KOHLER: Yes.

LORIAUX: He was an associate dean, I think.

KOHLER: Yes. He was a surgeon who had done workforce planning. But he was terrific.

LORIAUX: Children's hospital. Doernbecher Children's Hospital. That was a contentious issue.

KOHLER: The children's hospital was another interesting saga. We did make a run at that time on whether we could merge Emanuel and Doernbecher. We had actually made some progress toward that, when the administrator for what was then the system that Emanuel belonged to—called Health Link at that time—dropped dead in the Birmingham airport while he was visiting his mother. And negotiations fell apart. The polarization between Emmanuel and Doernbecher just did not allow the merger. But we badly needed a new facility.

Actually, when I first came, rebuilding Doernbecher was one of the items on my list. I had wanted to get a better facility for children's care. The governor was thinking about putting it in the state budget, and Senator Hatfield was looking for a way that he might be able to help at the federal level. We headed toward the penultimate version of the state budget, when the governor dropped it as too politically sensitive.

So we then had to go back and build Doernbecher literally the hard way, with small donations and bonding. People say it's impossible to build a hospital with small donations. The Doernbecher is an example that it can happen. The largest donation to the Doernbecher was three million dollars, which is really small. But we have an outstanding facility now, that I believe it really is an ornament to the institution.

LORIAUX: Top twenty from the point of view of medical research.

KOHLER: Yes. That was another initial goal.

LORIAUX: This is a mantra that's been here for a long time.

KOHLER: Yes. Yes. Well, it did not resonate well in the early stages. In the early days, people would say, "Why do you want to be in the top twenty? Does it matter?" To me, it's really just a marker for excellence. Whether it's the top twenty or the top 25, you want to be among the premier institutions in the country. Frankly, that's a way to measure quality. It's not the best way, maybe. But it's almost the only objective way. To see how much NIH grant support you can capture.

And as you know, our medical school, in 2004, was ranked number 23. So we're almost there. I don't know what 2006 is going to look like. But remember, the Oregon Opportunity is just coming into fruition. So in the next couple of years after I'm gone hopefully we'll continue to move upward and actually make it to the top twenty. It's very hard to move up through the rankings.

LORIAUX: Because everybody else is moving up in NIH funding.

KOHLER: Right. So you have to be differentially better than everybody else.

LORIAUX: So do you remember where were we when you began?

KOHLER: It was in the middle fifties or lower.

LORIAUX: Middle fifties?

KOHLER: It had gone up and down. But yeah, we were right in the middle of the pack. Nationally.

LORIAUX: That's huge. That's a huge—

KOHLER: It was fifty-six, as I recall.

LORIAUX: We talked a little about continuing development of the Vollum Center, of the Occupational Diseases Research Center. CROET, I guess.

KOHLER: Yes. There had been an occupational medicine program here that was being taken down. This is something, really, that my predecessor, Len Laster, got started. The idea that you'd have a center for research in occupational medicine. To that was added environmental by the current director. And he came up with this name CROET. A little hard to follow, but that's the Center for Research in Occupational and Environmental Toxicology. And that has been a chance for us really, I think, to take a different look at environmental and occupational issues around the state. It's research and not a clinical facility. But it's a resource for the state.

LORIAUX: Probably another sort of important early recruitment there, to run the CROET.

KOHLER: Right. Peter Spencer was probably the second person I recruited.

LORIAUX: Yes. He's done a good job.

KOHLER: He has.

LORIAUX: And then, what's the potential for new university industry, cooperative research centers?

KOHLER: Well, we had believed, or at least I believed, and I think others as well, that there was really a chance. NIH funding is one source that's very good. But it would be good to have links with industry. We have gotten some of these, but not as many as I would like. I think the pharmaceutical industry has been in a different situation recently. But we now have some real opportunities with Intel to look at the aging population and use devices that will help the population age.

Healthcare is headed for a real problem of not having enough people in the practice. We have a growing population and an aging population. There are not going to be enough nurses, enough doctors, enough providers, including dentists. I think we need to find a new way to deliver care. Technology, frankly, is a way that this can be accomplished. And I think forming that relationship with this sector is something that's still a work in progress.

LORIAUX: The next item on your list here is a focus on genetic research and gene therapy.

KOHLER: Well, gene therapy was coming into play when I arrived. I don't think that nationally we have really achieved what we thought we were going to in gene therapy. As you know, gene therapy has had some setbacks at Penn and other institutions. But we do have a Vaccine and Gene Therapy Institute here which has been extremely successful.

LORIAUX: It just got a huge award.

KOHLER: Many huge awards. Extremely well funded. Probably, ironically, the vaccine part is of more value now than the gene therapy. But I do believe that in the future we'll find a way to use genes safely that we haven't yet.

LORIAUX: Vectors. Yes.

KOHLER: We need better vectors. We need more than inactivated viruses.

LORIAUX: So strengthening instructional programs, the use of the AHEC in teaching programs. That's been a big success.

KOHLER: The AHEC program has worked very well for state-wide education. When I first started, the idea that students need to leave the main campus and experience healthcare delivery in a rural setting was relatively new. There was a great reluctance or worry, will the students like this? Will they want to do it? So the AHEC program nationally had compromised and said, "Well, have ten percent of your students go." We decided the whole class ought to do it. And the AHEC rotation is probably the most popular rotation that the students take.

LORIAUX: They love it.

KOHLER: Isn't that ironic?

LORIAUX: Yes.

KOHLER: It was resisted because maybe the students wouldn't like it, and it's their favorite rotation.

LORIAUX: They love it. They love getting out of town and living like kings.

KOHLER: Right. They're treated like doctors. It's wonderful for the communities and for them. And by the way, on a rotation they might pick a place where they want to live in the future.

LORIAUX: Some do. So you've been doing good so far!

KOHLER: [laughs] Yeah.

LORIAUX: Then we get to this next thing.

KOHLER: What's that?

LORIAUX: A target of thirty percent income from the state sources.

KOHLER: Ah, yes. [laughs] Well, now, that was a memorandum of understanding with the System of Higher Education when I was hired.

LORIAUX: Or misunderstanding, depending on how you look at it.

KOHLER: You can see that I'm a dismal failure on that particular one. Because we're down to less than three percent right now.

LORIAUX: Three percent.

KOHLER: Less than three percent. When I came, it was about 21, 23 percent, somewhere in that ballpark. The Board of Higher Education, this was their part of the memorandum. They told me that they would work to bring our funding up to 30 percent from the state, and then hold it there as we grew. Now our budget has grown enormously, as you know. Three to four-fold. But we have gone backwards, and we actually get less money from the state now than we did when I first arrived. But we still manage to grow. I think that's the important thing.

LORIAUX: Well I think that's absolutely a critical issue. See, all this stuff has happened in the context of diminishing resources.

KOHLER: Right.

LORIAUX: So in a sense, for your legacy, this is probably a good thing.

KOHLER: I think so. Well, I mean, I would like to have seen what we could have done with the extra resources.

LORIAUX: Because what could be done—

KOHLER: But what could have been done with that much money, it could have been absolutely extraordinary. And all the goals we set up would have been much easier to achieve. Doing it with less, as you and I both know—one of our previous mentors was a guy named Griff Ross. He—talk about the “bent spoon and chewing gum” approach. That's what we had to use here to advance.

You know, I'm losing my voice here. I don't know if you can tell or not.

CUNNINGHAM: Stop taping and get a sip of water?

KOHLER: Well, I've had Legionnaire's Disease. [coughing]

[pause]

CUNNINGHAM: We are now rolling.

LORIAUX: Okay. So another thing here that's not highlighted, but I think is a triumph, is a review of the medical practice plan.

KOHLER: Right.

LORIAUX: There was basically no practice plan.

KOHLER: Well, when I first came here, remember, there were thirty-some practice plans.

LORIAUX: Ah, that was it.

KOHLER: Every department—

LORIAUX: Had their own.

KOHLER: Had their own plan, with their own lawyer, and their own accountant, all resisting merger. This is something I give a great deal of credit to Dean Joe Bloom for doing. To bring all these plans into one single plan was, frankly, good for everybody. But the value of that was not immediately perceived, particularly by the lawyers and accountants, but by the faculty themselves. Because there's always a worry about what will unification do, how will it ultimately affect us? But that was achieved, and I think it's allowed the Center for Health and Healing to be built. It wouldn't have happened otherwise.

LORIAUX: When I first came, I remember that there was huge anxiety about divulgence of income resources and all that kind of stuff. It was antediluvian, almost, in that sense. It was a huge culture shift to come to this point.

KOHLER: Yes.

LORIAUX: And that wasn't—a lot of people worked hard on that guiding principle.

KOHLER: I won't give you the quote that somebody gave me about how hard this would be, because I don't think it would survive the tape. [laughs]

LORIAUX: That's all right. But it was hard. It was very hard. But it's happened. And that's a strong group now.

KOHLER: It really allows us to move forward. I mean, I just don't believe that we could make the advances clinically that we need to do without having a single strong practice group. So it's a really important step.

LORIAUX: The development of new financial resources from federal and private sources.

KOHLER: Yes. We have worked collectively with the Foundation to increase giving. Frankly, the Oregon Opportunity was an example of taking advantage of the tobacco settlement, convincing the governor at that time first, and then the legislature, that if they invested some of the tobacco settlement money with OHSU, we would in fact be able to develop even better research programs as an investment on the part of the state to bring more money into the state from NIH, and frankly to spin off the little companies that hopefully will grow into big companies in the future. So that has, to me, also been something that's been achieved.

LORIAUX: And the Foundation? It's grown a lot, hasn't it?

KOHLER: It has.

LORIAUX: I mean, it was pretty small, I remember, when I first came.

KOHLER: I can't remember how much it was raising per year. But it really wasn't structured very well. And you know, we have two foundations. One's the Doernbecher. We have a wonderful children's hospital with a long history here in the state. People give to that. And also the OHSU Foundation, which really supports the university at large, and frankly will be a place where we can go for endowments in the future.

When we got the Oregon Opportunity with the 200 million dollars from the state, which went through a public vote, as you may recall, to convert it to a general obligation bond from a revenue bond, that 200 million dollars was matched by the Foundation with 300 million. Which gave us a half a billion dollars with which to work. The campaign on the private side exceeded 300 million and ended up about 370 million, after all was said and done.

LORIAUX: So that's been a huge success.

KOHLER: Yes.

LORIAUX: And needs to get more successful.

KOHLER: Absolutely. I think that success creates more success. And as people see a winner, they're more willing to give to it. I would frankly like for the media to be able to see the good side of what we do, and support us more. I've never been at a place where you're attacked quite as much by the media for trying to do good things. But if we could get some continued recognition, I think, of the value OHSU brings to Portland, to the state, and to the region, philanthropy should continue to increase. It's going up all the time.

LORIAUX: You know, we should, I want to divert just a moment on this thing.

KOHLER: Okay.

LORIAUX: It has struck me since I've been here that if you take all the reporting that comes out in the news media here, on TV and in the newspaper and stuff, I mean, the representation of OHSU, which I think is one of the really great things in Portland, it tends to be, the majority of it, maybe even a long shot, tends to be negative reporting.

KOHLER: Right.

LORIAUX: I don't understand, how did that happen?

KOHLER: Well, I think it's a sign of the times. Negative reporting is perceived to be what sells either newspapers, or, in the electronic media, it gets people to watch. The old, you know, "If it bleeds, it leads," is unfortunately all too true. So reporters these days try to look for any negative aspect of anything that's going on. And that becomes the story. So, it's rare to get a good major story out. There are some. It's not, you know, totally an exception. But what comes out largely on the positive side are fluff stories. Which are nice, and are good, but they're not big things that move the institution forward. We need to work somehow on how to position OHSU and really let people know about the value that it brings to the state. And by the way, it's a huge bargain, also, for the little state money that goes into it. It's a huge multiplier.

LORIAUX: In terms of the state finances, jobs, and all these other kinds of things.

KOHLER: Right.

LORIAUX: Do other presidents complain about this?

KOHLER: Yes.

LORIAUX: So this is not just us.

KOHLER: Well, in Oregon other people complain. I think we're a big target because we're now the largest employer in the city. We're quite visible. And we're moving. Everybody said, "Get off the hill. You need to get off the hill. Get into the city." We're getting into the city via a tram, which has been very controversial. Because our budget—we're building three buildings, and a tram is being built by the city. Our three buildings are all on time and on budget. The tram budget escalated enormously because of the process that was used to build it. Somehow this became our fault in the view of the media, and we were attacked on that. Although I will have to say that the most recent story was a little more positive.

LORIAUX: I think, looking forward to the tram, it's going to be spectacular.

KOHLER: I think so, too.

LORIAUX: Just as a, even as a landmark in the city.

KOHLER: It is so consistent with Oregon values. It is going to be clean, quiet, it's going to get traffic, buses, cars off the street. I think it will be an example in the future of things other cities may want to do. The geography here particularly lends itself to a tram. But to me, it will ultimately be of huge value to us and to the city. And by the way, it's transforming a site that people forget—

LORIAUX: It was a superfund site.

KOHLER: –was a brown field, a dumping ground for petro waste at one point.

LORIAUX: Yes. It's impressive.

KOHLER: Into a residential area.

LORIAUX: Where you might have a place to live sometime.

KOHLER: I actually quite likely will.

LORIAUX: That's going to be great. A couple of the final things on this list, improvement of facilities, which is, of course, a spectacular achievement.

KOHLER: Well, we've gone from three million square feet of space to six million square feet of space while I've been here. And hopefully much of that has been an improvement. I think there are twelve buildings overall. And this, to me, if you correlate our success, either clinically or research-wise, it often correlates well with space availability. You know, we've been too constrained both in terms of clinical programs and research programs, by space limitations.

LORIAUX: Max out.

KOHLER: Fixing this, creating these new space availabilities, is really going to allow our programs to grow. I'm going to be very excited about the river campus as a site for clinical work and research; and our new Biomedical Research Building for research.

LORIAUX: Even some teaching could happen down there.

KOHLER: Absolutely.

LORIAUX: As an addendum to this improvement of facilities: parking, including parking?

KOHLER: Yes. [sighs] Well, parking is our long-time problem here, as you know. Do you know how this campus got here?

LORIAUX: Well, why don't you tell us that story.

KOHLER: A railroad, somebody from a railroad, bought this site for a turntable, turning station.

LORIAUX: Yeah. Disappeared after that.

KOHLER: We figure that individual lasted a millisecond or two after he showed somebody what he'd bought. And it was turned over then to the public, to the county.

And yet we used the site and many things were built up here. There's a 20 percent construction premium to build on these hills. We're literally hanging buildings off the hillside. And I think getting to flat land where the construction should be easier has been a goal for many years. But we have a huge investment up here. And a lot of history, and I think a lot of important facilities. So we're going to be able to use the tram for transportation down to the river, and use this campus very well at the same time for clinical work and research.

[End Tape 1, Side 1/Begin Tape 1, Side 2]

LORIAUX: You know, I think that this campus is symbolic. It reminds me of the Parthenon and places like that. I mean, not a lot of stuff happens in the Parthenon. But it is the mark of Athens. And this is kind of the same. This is what you see. I don't care where you're coming from, you see this place up here. What is that place up there? And it's our medical school.

KOHLER: And it's going to have a tram going to it soon.

LORIAUX: Now it's going to have a tram going up.

KOHLER: The other thing I should mention, which I think really augurs for a very bright future for OHSU, is the Schnitzer campus. That will be on the river, and it will really allow us to build the educational campus of the future. It will be much more interdisciplinary, I believe, and use much more in the way of electronic teaching aids than what we've had here.

LORIAUX: So the river, I think of it as the river campus, it's in two parts.

KOHLER: Yes.

LORIAUX: Is that right? So one is the Schnitzer campus.

KOHLER: Well, the first is the immediate place where the tram will land. We bought several acres of land there for buildings. We are looking at a way to build another research building down there, as a matter of fact, or a combined-use building. And then we were given twenty acres north of that particular site for the new campus of the future. And that's going to be a spectacular campus to design and occupy also.

LORIAUX: That's the Schnitzer campus.

KOHLER: That's the Schnitzer campus.

LORIAUX: So we really have three campuses. When I first came here, there was one.

KOHLER: Right.

LORIAUX: Now there's, well, there's two down there. Unless I call that the river, one campus.

KOHLER: Well, we have another one, too. We have the West Campus out in Hillsboro, which is very important. The Primate Center is there. OGI is there. And we have some additional land there. But I think that's a critical site for certain activities, particularly the primate research.

LORIAUX: And tech transfer, seemed like that would happen there always, to me, anyway. It's out there where new industry can come. And it would be the perfect place to put some of those buildings.

KOHLER: We have a plan for the future that will involve selling the old OGI campus and then leasing it back and using part of it for incubator space for new companies. Or as an accelerator, if you prefer that term. But that will allow us to use that space well, also.

LORIAUX: So the last item on your memo of understanding here is a minority recruitment.

KOHLER: Yes.

LORIAUX: That's probably been tough here.

KOHLER: Well, minority recruitment is something we work on all the time. We have a variety of special programs to do that. But it requires working with very early educational facilities—grade schools, literally, middle schools and high schools—to get people to think about health careers who might not have done that already. We've achieved some success. But as you know, this is a goal of many institutions. And I wish we had done better, but we've done moderately well. I would like to see it better, and I hope we'll continue to try to achieve better balance here.

LORIAUX: You know, Portland is a very cosmopolitan city. But in some ways, it's not very racially diverse. It's a challenge in this town, probably, to—

KOHLER: Well that's the point. It's been very difficult to recruit. Some of the minority populations are relatively recent citizens. So you have to work with educational opportunities, which we're doing. And we've had special programs with the schools. I was actually adopted one year by Benson High School, so was Dr. Hallick, to work with minorities there. And we've tried to do a number of innovative things to get kids interested. We have the YO Science program, for example. We've had students here to work in the summer from around the state. The AHEC program's been helpful. We've done a number of things, and we have achieved some success.

LORIAUX: We touched a little bit before on Mark Hatfield. I think he's had a very powerful influence on this campus. Maybe you could talk a little bit about the relationship with Hatfield.

KOHLER: Well, Mark Hatfield, Senator Mark Hatfield, had an extraordinary role in the whole OHSU history. He began as Governor with the building of the University Hospital, which is now the OHSU Hospital building. He took an interest in OHSU over the years. While he was in the senate, really worked to try to help OHSU achieve what he'd seen happen in other institutions. He's very committed to biomedical research, as you know. He allowed us to do things here that I think were critical in many of the early years. First of which was on the research side, the Vollum Institute. That was a federally funded building. And the Vollum gift was then used as the endowment. This got the Vollum off to a powerful start.

Subsequent to that, he was able to work on the Hatfield Building, which is a site for clinical research. He was able to help build a nursing school here. All told, there's probably about 100 million dollars worth of construction that Senator Hatfield directly helped OHSU achieve. Which is a large part of our growth. So he's been a great friend of the institution. And now, in his later years since he's retired from the senate, he serves on our Board of Directors.

LORIAUX: So we went from a thirty million commitment down to three million dollars from this date. So what was the—

KOHLER: Thirty percent to three percent.

LORIAUX: Thirty percent to three percent, right.

KOHLER: Three percent represents about 37 million a year. And our total budget right now is in the range of 1.2 to 1.3 billion a year.

LORIAUX: So what do you attribute this? Say it another way. If you look at state support for state institutions and medical schools like us, we're either last or next to last in the United States, aren't we?

KOHLER: Right.

LORIAUX: So what—

KOHLER: We're in the bottom five in terms of state funding for state-related institutions. And you know, one of the things that was a huge benefit to us, but also had some downside, was the formation of the public corporation. The public corporation was sort of conceived back in the time that Measure 5 had just passed.

LORIAUX: What was Measure 5 again?

KOHLER: Measure 5 was a property tax rollback, or at least a plateau of property tax. That had become very high in the state. This state, as you know, lacks a sales tax. Most states have the three-cornered stool—income, sales and property tax—for whatever they're trying to fund. This state has never had a sales tax. So when the property tax gets rolled back, it looked like state-funded institutions might have a great deal of difficulty. That turned out to be true.

In order to try to continue to be successful during that period, the idea of a public benefit corporation, which sits in between public and private—(you know, we're not totally private, and we're not totally public)—was thought through by a number of people. There was a business group that worked on that. And they came up with this as a proposal. There are other public corporations in this state that are each distinct, based on their charter. But the public corporation allowed responsibility to be given to a board that would solely be responsible for what we do. And then the responsibility from the board would go to the president. And if the president performed poorly, he would be fired or replaced. The board would then be theoretically willing to take risks to do things, such as access the bond market directly, that the state, being very risk averse, as are most bureaucracies, might be unwilling to do.

Getting a new board in place required, by the way, a vote in the legislature. It went to the legislature and passed twenty-seven to three in the senate, and unanimously in the house. So it had very good support. It was supported by the governor at that time, John Kitzhaber. And at that time, some comments were made, not by us, but by others, saying that they hoped that with a public corporation we would be able to go entirely off state funding. We never said that. But the fact is that that sort of stuck with some people. And they, as funds became tight during the recession, a few legislators kept trying to cut back our budget.

Another important thing that happened was the tobacco settlement money that was used to build out research. People forgot where that came from. They were trying to count that as tax-based funding for us when it was really supposed to be a state investment in research. So through a combination of things, including hard times, we worked our way down from that 23 percent level to less than three percent funding from the state.

LORIAUX: So it seems that one of the, to me, anyway, that one of the liabilities of a public corporation is that most people don't know what it is.

KOHLER: That's exactly right.

LORIAUX: And so the state can say, well, they're not really a state institution anymore. And the people could think well, they're really a state, this is our state medical school. And nobody really wants to support us.

KOHLER: Right.

LORIAUX: And maybe we've been caught a little bit by that dilemma.

KOHLER: Well, I think that's right. People don't understand a public corporation. And it's hard to explain what it is. But we could and should do a better job at that. Because there are many people who still think we're completely funded by the state. Even though it's less than three percent. And that does become a problem to us. Although I do think that more and more people now understand how it works. And currently, our current governor, at least, seems to be willing to support our educational programs in particular. Because they're vital to the overall health of the state in terms of having enough practitioners out there to take care of the growing and aging population. So I think that's been made more clear.

But you're right, it is a misunderstood term. Because some people think you can own stock in us, which is not true. There are no shareholders, as there would be with a publicly held corporation. And we do serve a public mission, which has not changed from what it was before we formed the public corporation back in 1995.

LORIAUX: So this was a bold experiment in some ways. I don't know of any, you might know of other people that have done it, other institutions. I don't know of any.

KOHLER: I don't think there is another university that has gone from a position, like we had been part of higher education, to a public corporation. There are some universities that were chartered as public corporations to begin with, such as the University of California system. But they, of course, enjoy huge amounts more state support than we get.

LORIAUX: So the board system, has this been generally—what's your relationship been with OHSU board? And how did they get there? How did you get these board members?

KOHLER: Well, in the beginning, we wanted people who had been used to being decision makers. Because we knew we needed to take some risks in order to grow and to be able to achieve our goals. So we wanted people who had had a CEO experience, if possible. Or they might have experience in government that would lend itself to serving on a board and making tough decisions.

We had a very good board. We were able to propose nominees to the governor. This shows the link continuing to the state. The governor does nominate the board members to be confirmed by the senate. We were able to nominate a number of people, most of whom were then proposed to Governor Kitzhaber. We've enjoyed a very strong board all along. And the relationship between the president, myself, since I was there from the beginning, and the board, has always been very good. I've used them as a sounding board. In the early stages they wanted to make sure everything went well, but became more and more comfortable with OHSU not abandoning our mission, as some people feared might happen as we made progress.

The board has had essentially a complete turnover in the last four or five years. So we have a new board right now. None of the original board members are still serving. But it's really been, to me, one of the best things that's happened to OHSU in terms of allowing us to grow and prosper.

LORIAUX: Do you think this has been a conservative—initially you chose these people for vision and not being risk averse. But to me, they've seemed unreasonably conservative from a consumer's point of view. Perhaps I'm not seeing it correctly.

KOHLER: I don't know. I think they're quite diverse. Some are conservative, and some are not. We've had politicians from both parties on the board. Senator Mike Thorne was a Democrat, a rural Democrat. Senator Hatfield was on the board. We had previous governor Goldschmidt on the first round of the board. And so we've had all sorts of interesting board members.

Sometimes when Goldschmidt was on the board—for example, I remember one time we were having a meeting and he got up and gave a speech on diversity, just out of the blue. And okay, that's good. [laughs] But you know, it's been a very good board.

LORIAUX: I wasn't thinking so much politically conservative as fiscally conservative. There were times when I think we had opportunities to move forward. This is looking up from my point of view. We were prevented from doing that because a margin looked a little weak at that moment, or whatever it was.

KOHLER: Well, I don't think I'd agree that they were fiscally conservative. I think it was very important for the public corporation to succeed. And if we had failed, the easiest way to fail would have been financially. So in terms of trying to be sure we could afford what we were trying to do, you had to have some bottom line. This is one of the things that many people don't understand. With government accounting, you zero out. But if you have to live on your bond rating, you have to have some margin to survive. And that margin needs to be two to three percent, at least. So what we've had historically is a clinical program that brought in greater than three to four percent. And academic programs that lost almost an equivalent amount. But, we had to come out with some level at which the bond agencies would continue to lend money to us as we needed it, or we'd be dead in the water. So I think they haven't been that fiscally conservative.

There have been times, as you may recall, when our hospital actually did have losing months. This caught us all by surprise. And these days, we operate on such a thin margin. In spite of our large budget, a few drugs, a few things like that used inappropriately can take you from a positive bottom line to a negative one.

As you know, there was one famous case here where the drugs cost about two million dollars.

LORIAUX: Factor Eight.

KOHLER: That's right. Synthetic Factor Eight. And that's why our Ethics group created, I think, some very important guidelines. They're going to have to be used by people in the future. We need to look at scarce resources and how we utilize them.

LORIAUX: So as we think back about the financial structure, the clinical activity of both the physicians and the hospital, is a money generator.

KOHLER: Right.

LORIAUX: One of your targets has been research.

KOHLER: Right.

LORIAUX: And if you look at all the great institutions, they all have robust research programs. I mean, this is their mark.

KOHLER: Right.

LORIAUX: But if you talk to people around, they say that, in the starkest terms, not two iterations down, but if you just look at the balance sheet, they lose money. Do you believe that?

KOHLER: Yes.

LORIAUX: So, so in a little bit, it's a cross-subsidization, greatness really requires both of these things.

KOHLER: Right. Actually, we've had lots of discussions at the national level about how much money does research lose. And you know, I've discussed this with the president of Johns Hopkins and many other institutions. The Boston institutions. The number hovers around 15 percent. The reason for that is you are reimbursed to a certain level with grants. But as you know, certain things are capped by the federal government, such as administration. At the same time, you've got recruitment costs that often relate to research. And people have a period of time before they start to get grant support. So there is that delta that needs to be made up, usually by philanthropy or by transfer of money from the clinical programs to the research programs.

Now that latter transfer tends to happen at the departmental level. Remember the departmental budgets are under control of the chair. You, being one, understand this.

LORIAUX: I understand that.

KOHLER: And that is a way that this recruitment and expense otherwise tends to be covered. But there's also a transfer of money from the clinical programs well in excess of 30 million dollars a year to the departments on the academic side that helps also fill in this gap.

LORIAUX: The other issue here is the educational piece. We haven't talked too much about that. But that does run into deficit. And probably if we looked at the real accounting, there's almost no way to pay, I mean, students could never pay for that. And what's interested me is that the state does need physicians. They need us to produce physicians for the state. And it seems that there's been an unwillingness to indemnify that activity.

KOHLER: Well, I think you're right. We used to say the state money funded the educational programs. That's what they pay for, primarily. And now that the hospital gets no money directly from the state, it's all on the education side. That's not enough. Tuition covers a small piece of that. As you know, tuition is less than three percent of our overall budget. So that's not going very far. Philanthropy really needs to build out the rest. And so that's one of the reasons I believe that a strong giving program endowing professorships and chairs is going to be extremely important for our expanding faculty in the future. So we are getting philanthropy prepared to do that. We're, I'd say, in the early middle part of the curve of giving for the state. The better we are, the better I think philanthropy will come through for us.

LORIAUX: Great. Now this Oregon Opportunity thing. Like the public corporation, I think people don't really understand what this is all about. But it was a big boost for us.

KOHLER: It was a huge boost.

LORIAUX: So what are the details of this? What was the money tied to? Where did it come from?

KOHLER: The Oregon Opportunity, the first 200 million, came from the state tobacco settlement money. They delayed giving it to us for budgetary reasons, so it came late. I mean, literally the buildings aren't even all the way open yet as we speak here, in August of 2006. But they will come around shortly and be filled. That was really designed to build out our research programs. So when people say OHSU doesn't believe in research anymore, the whole Oregon Opportunity was focused on research. Half of the money was for construction, and half of the money was for recruitment. So it has been used to recruit very important groups to OHSU that did not exist here before, or to supplement the people who were already here. This has allowed us to build out our research focus in ways we just couldn't have done otherwise. So I think that has been a big success.

But if you look at some of the groups that have come here, the big imaging program that now sits in the BRB. Chemical biology. Many departments have been helped. Many recruits that do both clinical and research work. The group from Hopkins in Anesthesia is a terrific example. A strong clinical leader bringing with him a number of very strong researchers.

LORIAUX: And you had, how much control did you have over the way that money was dispersed?

KOHLER: Well, it was delegated to the Vice President for Research, by the way, which was a new position. We started a VP for Research about eight, ten years ago. And hired a man who stayed here for only one year to get it started. Then I filled in for two years as VP for Research, while I was doing the president's job, also. Then we recruited the current VP for Research, Dan Dorsa. He managed the process. But there was input into that from everybody.

For example, the chief of Cardiology that you have right now, is here partly because of the Oregon Opportunity. And he is, to me, one of our research stars.

LORIAUX: He's doing a great job. So let's just tick off these buildings here. The CROET building, we talked about a little bit. The BICC, that was just getting built when I came here.

KOHLER: The money for the BICC had already been allocated through the Hatfield help and federal process. But it hadn't been sited. So one of the first things I did, when they said, "We want to build it, but we want to build it across the road. The property owners keep jacking up the price on us. And even though we have theoretically condemnation rights or eminent domain, it's politically unwise to use that." So I just said, "We need to build it somewhere. Build it there." That's where we put it. Literally. Get it going. Because we were about to lose the money if we didn't use it. Senator Hatfield kept saying, "When are you going to decide where it's going to be?" And so it was a quick decision.

LORIAUX: The Doernbecher Hospital, I can remember when that wasn't there.

KOHLER: Right.

LORIAUX: This was at a time when hospital admissions were dwindling. Length of stay was shortening. And everybody predicted doom, and that we were out of our minds to build another hospital. What are you doing, adding a hospital? But it happened. And it happened in a greatly successful way. How did you—

KOHLER: Well remember, we had Doernbecher Foundation Board. They were very interested in trying to get better facilities. Myron Childs, one of the members of the board who's had a phenomenal program in the state called Kids Making Miracles. His daughter had a sarcoma of the leg bone, the femur. And when she had her surgery there, there was only one bathroom on that entire floor, when it was on the top floor of the hospital.

LORIAUX: Yeah, the fourteenth floor.

KOHLER: He was great at describing the problems. When she had to use a bedpan, he would stand around her with a blanket so that she had some modicum of privacy. That's the kind of facilities we had. It was crowded, though. So we had the best minds in the country come look at what size we needed the new Doernbecher to be if we could build it. Remember we had the campaign then to get the philanthropy geared up to build a hospital. Marvin Bostin was the hospital expert. He said, "This is the hospital that you need for the future. It will take care of the next two decades."

Well, after we built it, it was filled almost immediately. And of course, one of the things that we have as an advantage, theoretically, is we could see a lot of poor people. They will fill your beds. And frankly, it's part of our mission for Doernbecher that is so important for us to carry out.

LORIAUX: Just to digress at this point. It is part of our mission up here. And it's central to the educational programs. But it costs a huge amount of money.

KOHLER: Right.

LORIAUX: How have you been able to reconcile these two competing issues?

KOHLER: Well, one of the things that is absolutely true is that if we somehow took everybody in this state who didn't have funds to pay, we would go under quickly. So we've had to find a way to take care of those who are medically needy, not those that were necessarily financially needy, but had another place they could go. We've done that relatively well on working on those who really have a need that can only be filled here because of our high-end cancer therapy or heart surgery. Let's take care of those people.

Frankly, it's varied a little from adults to children. We would love to take every child in the state who needs to be seen at Doernbecher. It's a unique facility in a lot of ways. There are other places that can take care of some of the other underserved populations. But we've been looking now at a more comprehensive approach to that. Because the real solution in healthcare is to get everybody covered in some way. We've been working with the Salvation Army. We've been working with Central City Concern to try to take care of homeless people so they don't just recycle through our emergency room, back out on the street, and then back up to the emergency room again, or into the hospital. Low levels of care can help prevent that. I think we all need to be looking at healthcare in a more comprehensive way than we have in the past.

We have managed to keep our budget adequate. If our goal was to make a lot of money, we could make a lot more. But we would not have been able to take care of everybody who needs to be seen. Hopefully, we'll be able to do more and more of that as we're more successful.

LORIAUX: The other buildings, we talked a little bit about the Hatfield building and the Biomedical Research Building here, that was a big step forward. It added what, 500,000 square feet, or something like that, of research space?

KOHLER: It's more like 300,000, yeah, but it's a terrific facility. That's where my office will be, by the way, when I retire.

LORIAUX: Really?

KOHLER: Yes.

LORIAUX: Is it a corner office, or what?

KOHLER: [laughs] No. Well, I'm a temporary office holder. I think they're going to put me out in a little outhouse somewhere when it's all over.

LORIAUX: Before I came here, I spent a year working on a book.

KOHLER: Yes.

LORIAUX: We know about this book together. And I had an office in the basement of the National Library of Medicine. It's subterranean. No windows, no nothing, hermetically sealed away, pretty much. And all you get is the smell of books and the sound of the low-grade hiss of the air conditioning. And there was some guy, there was an office next to me. And some guy would come in every once in a while, go out and come in. And I said, who is this guy? I said, I'm going to hang out here and see who it is. Well, it was Donald Frederickson.

KOHLER: Oh, really? [laughter]

LORIAUX: It was the previous Director of the NIH, and that ended up his office! Could not be seen, could not be heard. I don't see that happening to you. He was at least close to the stacks.

KOHLER: Yeah. I am actually very interested in trying an experiment on healthcare delivery in the future, using high tech resources in a way we haven't done before. And I'd be happy to have my office close to wherever that is, probably a clinic building somewhere.

LORIAUX: Yes. And that will be, they'll find a place for you in the University Hospital. You can even have my office. [laughs]

KOHLER: Thank you.

LORIAUX: I want one of those corner ones. We'll work on that later.

[tape change]

LORIAUX: Okay, this interview with Peter O. Kohler, president of Oregon Health & Science University, was conducted in the president's office, conference room, on the afternoon of August 28, 2006. The interviewer is D. Lynn Loriaux—that's me—chairman of the department of medicine at OHSU. And this is tape number two.

[End Tape 1, Side 2/Begin Tape 2, Side 1]

LORIAUX: So one of the most dramatic of these new buildings is the Kohler Pavilion. You must be pleased that the building was named after you.

KOHLER: Well, you know, I was totally surprised that the Kohler Pavilion was named for me. The board sprung it on me as a surprise. I knew it was going to be a very nice and important building for us, because we needed more OR capacity. Frankly, we needed more patient rooms. It was not unlike the Doernbecher in that people were concerned, was there anybody who was going to be in these beds. But we had a board meeting. By the way, I'm a member of the board, which I think is a good thing. Of course.

They passed out a resolution that was not in the board book and the chair said, "We have a resolution here that's not in your book. I want to go through it rather quickly." And Keith Thompson, who was the board chair, said, "There are a bunch of whereases. I'm just going to roll through those. You know, I'm not going to read those out. And the action is that we propose to name this building for Peter O. Kohler and call it Peter O. Kohler Pavilion."

That's the first time I'd heard of it. You know, I usually pride myself on having some sense of what's going on here. But I did not know at all that time. Frankly, I was hoping to have that named for a donor. But we didn't have a donor who had come through. I had made a pitch to one very large donor to name the building after him. He said, "You're in my will, but not yet." Anyway, the naming was a nice gesture on the part of the board. You're supposed to be dead before a building is named for you. And I also appreciate the fact that they held off on that part, as well.

LORIAUX: [laughs] Exactly. Yeah. I think that's a fantastic honor. It will be there forever.

KOHLER: Well, maybe not forever. But for a while.

LORIAUX: For a long time. For our time. For sure. So we talked about the west campus, we talked about the riverfront. There are a couple of other things to pick up on. The Oregon Health Plan, has that had a, that's a sort of famous experiment we've done here. How has that played out?

KOHLER: The Oregon Health Plan was, I think, a very important experiment trying to look at different ways to deliver healthcare. John Kitzhaber was the author. I can go into some explanation of it you like. I happened to be chair of the Oregon Health

Council when that was voted through by the legislature. And you'll recall it was originally a three-part plan. One of them was Medicaid. The idea was not *who* you cover, because everybody would be covered, but *what* you cover, in terms of what procedures and diagnostic pairs would you fund.

There was supposed to be a private insurance component to that. It did originally pass the legislature, but had to be re-passed in the next session to be implemented. In the third part, there was some enhanced insurance coverage for people who were unemployed. That was also going to be part of it. But what happened was, the employer mandate component came along just at the time of the federal Clinton health plan. And you remember the Harry and Louise commercials about why should I have to do this, or do I really want to do this. While the Clinton health plan was being killed off, so was the employer mandate part of the Oregon Health Plan. It was not repassed by the legislature.

So you ended up with what was mainly a Medicaid program. The OHP had some benefit. There is always a question whether we can afford to fund everything for everybody. There are ethical issues involved. The plan ultimately died because people stopped thinking about the intent.

The legislature became concerned with cost. The legislature looks at the cost of Medicaid, which the Oregon Health Plan is funded through. They don't see this huge cost shift that we have right now funded out of private insurance. So somehow we need to make more clear the fact that this cost shift exists. And that everybody is paying for everything through private insurance, they just don't know it. And it gets more expensive when it's not paid for directly.

LORIAUX: Right.

KOHLER: So to me, the Oregon Health Plan was an experiment. It prioritized healthcare in a way that made Oregon both, I think, admired, and the butt of some jokes around the country. But the fact is that this kind of thinking is going to need to continue in the future. Because as we develop more and more sophisticated diagnostic tests and treatments, the cost is going to go up. The population is aging. We have poor people, and older people, and more expensive ways to take care of them. We're going to have to put this into some kind of system that works in the future.

LORIAUX: Most places I've been have had what's called a town/gown schism. So that there's the university people who were unrealistically effete, and then there's all the people that want to take care of the real diseases, and keep the thing going. We have some of that in this city. In some ways, it may have been destructive. There's not a lot of synergy between us and the other institutions that I see. What do you think about that?

KOHLER: [sighs] The town/gown problem is really minimal here compared to many other institutions. And I think it's sort of Oregon's nature to be more collegial. I think our faculty is more collegial than most faculties are. Less competitive. And yes, there are groups and turf wars and some friction, particularly when somebody tries to

take something that's been always done at one place and move it somewhere else. Kidney and heart transplant come to mind, for example. But by and large, I think the friction has been minimal. Perhaps the place it exists, to the greatest degree, is in pediatrics. But we're working hard to overcome that, also. And that's a historical artifact, I think.

LORIAUX: My feeling, too, is that it's been modest here. Mild.

KOHLER: I really think it has been.

LORIAUX: Since most people only have the experience of one place, I think it gets blown out of proportion. Basically, I think we work pretty well with the other institutions.

KOHLER: I think so. We've gone through some changes with the rise and somewhat fall of HMOs to be replaced by PPOs, preferred provider organizations. I think that it's helped moderate this also, to some degree.

LORIAUX: Yeah. Not so exclusive.

KOHLER: Right.

LORIAUX: A couple of issues that were contentious along the way. Must have occupied a fair amount of time. One, we talked a little bit about how the tram has been one of the things that—the *Oregonian* made hay on this tram. How did this idea get started? Whose idea was this tram, anyway?

KOHLER: You know, the tram idea has been around for a long time. I think it initially was somewhat of a joke. However, Randy Leonard, one of the city council members, said that I described it to him many years ago. But I am not the one who first came up with the tram idea. To me, it came out of a board retreat that we had. Very much like the Oregon Opportunity did. The discussion was, "How do we enlarge this campus when we're so constrained by space on this hill? We've got to get to some other site." And the two other sites were one down the waterfront, hard to reach, or the west campus. And there were proponents for both of those.

So the tram was conceived collectively, I believe, as a way to get back and forth. I don't know who the original author of the idea was. But to me, it was a very good solution, and we certainly believe it's going to be a huge success. It remains to be seen, since it's not open yet. But I think it's going to have great value to the city. And I hope it is an icon for Portland in the future. I think it will be.

LORIAUX: I think it will be, too.

KOHLER: It's certainly going to allow us to use the Center for Health and Healing much more easily than we could have any other way.

LORIAUX: We could not have gotten here on cars and buses. So another little thing that they spent a fair amount of time in the newspaper with is the initials PGE. What was that all about, anyway? [laughs]

KOHLER: Well, the PGE was an interesting little interlude. By the way, I knew I was going to be retiring at some point in time. And the question was, what are you going to do? You've asked me that already. And I had some ideas about this experiment on healthcare. But the whole utility area is another one that I think is going to have to be thought through carefully. We are running out, we will run out at some point of fossil fuels. Whether you believe it's a hundred years or some shorter period. [coughs].

It's not the PGE. It's the Legionnaire's cough.

So I'll go back to, the idea that chairing the board of PGE might be an interesting thing to do in my retirement. And we had a number of discussions that was promoted by a group out of Texas and California called the Texas Pacific Group. Unfortunately, in the minds of many Oregonians, the Enron takeover of PGE was way too close. So anybody from Texas was demonized. I remember being at meetings where people said, "You can't trust anybody from Texas."

And I said, "Well, you know, I came here from Texas."

"Oh, well that's okay."

LORIAUX: [laughs] You're different.

KOHLER: But the point is that this is a challenge. You've got to look way out into the future. You've got to marshal your resources effectively. And you've got to keep yourself on budget. There is a regulatory overlay. There are many, many similarities to healthcare. So I thought this would be a challenge. And frankly, I thought it was someplace where I could help.

The press and some very loud, outspoken individuals took exception to that. And frankly managed to ultimately kill the proposal to have TPG buy PGE, based largely on misunderstandings of what was going to happen. But once something's reported enough in the newspaper, it becomes conventional wisdom. And it's almost impossible sometimes to reverse.

So the PGE interlude has come and gone, but certainly it increased my name recognition. Not in a necessarily very favorable way in the area. But I think people have now gotten over that. But it still was an interesting idea, and I thought I could help.

LORIAUX: I remember one time asking, "What is this all about?"

And you said, "I'm just trying to help here."

KOHLER: That's right. [laughter] No good deed goes unpunished. Exactly. No good deed goes unpunished.

LORIAUX: That's amazing. One final thing here, and then a couple of just general questions. You know, we're kind of known as a primary care institution. I mean, I think we're ranked number two or three, or one or two, something like that, usually. But in fact, I don't see us being that. I mean, isn't this a tertiary and quaternary place? I mean, our primary care effort here is not big compared to other places. And most of the people we're training now become specialists. Is that just the way things are going to evolve?

KOHLER: Well, the question of, you know, primary care versus tertiary, quaternary care, I think, is a fascinating one. Because we do actually have strong primary care programs. Many of them are statewide. A lot of what we do around the state is less visible locally in Portland. Ironically, people have said, "We need to get around the state." Well, we are around the state. And that's where a lot of our education occurs. That's where our students go to do their preceptorships often. This has enhanced a very strong reputation. We have strong Family Medicine here. We have the AHEC program, which has been lauded by many people. We do have strong primary care.

The future of primary care is less certain to those who are currently providing it. There has been a lot of hand wringing and so forth over where primary care is headed. Historically, academic institutions have tended to live on the tertiary or quaternary services they provide. So you have outstanding people at academic centers in areas where you don't need many for a whole state. Pediatric neurosurgery, for example, requires a population of one to three million people per surgeon. Things of that sort, lend themselves to academic health centers.

So I think we do need primary care. But the role of the primary care provider is going to have to evolve, probably. There is no way for a primary care physician or a nurse practitioner to see fifty patients a day and feel very good about it. You know the old "doorknob visit", where the physicians never take their hand off the doorknob while trying to make you feel like you're getting a good experience. That doesn't work.

This is where the idea of a team approach to healthcare really is going to be the future. There will be a role for the primary care physician or nurse practitioner, or physician assistant, in a hierarchy there, that will ultimately lead, if necessary, to the specialist. But to me, we're going to have to evolve healthcare beyond what we have right now. And primary care is going to have to change. But I hope we retain primary care, as well as continuing to be the very best providers of tertiary care.

LORIAUX: Part of it is, a lot of it has to do with remunerations. And how much money do you make for a thirty-minute visit. And can you keep the pace?

KOHLER: Right.

LORIAUX: Because it's, in the end, it takes a lot of thirty-minute visits to make a reasonable income for somebody who's been in school for thirty years. And that's, it's become less attractive to people as they look at this.

KOHLER: Unfortunately, most of healthcare has evolved according to what the remuneration patterns are. And as we end up with a shortage of physicians, it may get worse. Graduates are ending up with very high debt levels now, as a result of high tuitions, and lifestyle.

Back around the turn of the 20th century, it was almost unheard of to be married. Now often there's a spouse, children, school considerations. It makes everything more expensive and more difficult. And that tends to result in a much higher debt level on the part of the students, who then tend to be attracted to the more lucrative forms of practice. The O's: ophthalmology, orthopedics, otolaryngology, and so forth, are the ones that tend to be very much in demand now. Primary care is less so, although I hope there will be a resurgence there.

LORIAUX: Where do you think we're going from here at OHSU?

KOHLER: I think OHSU is going to continue to move upward in every way. I want us to be among the top echelon. Remember, we used the "top twenty" as sort of a proxy or marker for that. Hopefully we'll get there within the next couple of years. Actually, we had done a projection a while back about at what level of funding would we get in the top twenty. And we figured if we got 300 million dollars of research funding per year, we would get in the top twenty. This past year, we were at 296. And we're getting closer and closer to that. But I mean, the top echelon is the key, not so much the number, but to get in the top group.

I want our clinical programs to be absolutely outstanding. We should be the referral site of choice for people with difficult health problems. Not just in Oregon, but wherever they may live internationally. To me, Portland represents a very good international site for healthcare for people from the Middle East, the Far East, and elsewhere, who don't have the tools that we have here. By the same token, we have to be prepared for the global economy. And we may be competing for heart surgery with programs in India or China or somewhere else in the future. We already are, to some degree.

LORIAUX: So what was the, if you look back over the thing, what was the most nettlesome aspect of this job? What's the great frustration in this job, if there was such a thing?

KOHLER: Well, I've been pleased with the direction and the progress we've made. But I would characterize it as two steps forward and one step back. I really felt that when we became a public corporation, we initially solved the problem of the relationship with the state in terms of their inability to fund what we needed. We made decision-making much more streamlined and expedited. On the other hand, they then tried to cut our state funding back. So again, I think more could have been achieved faster if we'd retained funding from the state in the way that they'd originally promised.

The other thing that has been aggravating is the fact that most of the press that I see is negative, no matter how good we are. There was an example a while back where we closed a nursing facility for children. And actually we had made accommodations for all the children who had been in there, except one. By the way, I think that person somehow was related to a nurse who wanted to run a competing facility. Yet the way the story came out in the paper is as if we dumped all these kids out in the street. I don't believe we're always treated fairly by the press. And yet, I suspect that they would disagree vigorously with that.

The editorial board has a larger view. But reporters now seem always to be looking for bad news. Again, we're big. And we become a target for that.

So media relations, to me, could and should be better. Everywhere else I've been, the media's on your side. They are proud of the progress and want you to succeed. They write glowing stories over almost nothing. And here, great things are happening, but they're not deemed newsworthy. Some small problem, financially, usually, can become a big story.

LORIAUX: And your greatest sense of satisfaction, or what you would like, maybe, your legacy to be, if you could pin it on an event or an idea.

KOHLER: I don't think my greatest sense of satisfaction is any one thing. I think it's really the evolution of OHSU into what I had hoped it could be. I don't believe we're quite there yet. And I'm hoping the next administration will get us to that point. But the trajectory is correct. And I think we will achieve that over the next few years. So I just want OHSU to be one of the outstanding institutions in the country.

LORIAUX: I think it's going to be.

KOHLER: I do too.

LORIAUX: I agree with that. Well, what are you going to be doing?

KOHLER: Well, I mentioned to you the idea of trying to start a health team study. That, again, is taking advantage of high tech and using some less expensive healthcare providers like medical assistants as the front line. Again, with the appropriate people arrayed behind, so no harm is done. And I would like actually do a study. I'm actually interested in looking at the outcomes and see if they're any different, and what the difference of cost might be. My guess is that the team can be cheaper if you do it right, more effective. We're going to see if that's true.

I've been asked to serve on a lot of boards and so forth. For example, the Oregon Bioscience Association, I've agreed to be their Chair-elect. That's something I'd like to see succeed in this state. I've been recruited by different places around the country for short-term jobs. Interesting ideas like, "Would you be interested in being Interim Dean at

the University of Hawaii for six months? And on-site consultant at the same time?" And I was saying, that sounds pretty good to me. However, I have a spouse.

LORIAUX: Who might not want to do that. [laughs]

KOHLER: Who didn't want to do that. But I mean, I think opportunities like that will arise.

LORIAUX: Well, Dr. Kohler, this has been a fantastic couple of hours here.

KOHLER: Well, thank you. I appreciate you doing this.

LORIAUX: And even with your slightly husky voice, you've been most articulate. And I think we've got a great view of the eras and things to come. And wish you the best of luck. And the best of everything.

KOHLER: Well, thank you.

LORIAUX: I hope you can keep that office with a view.

KOHLER: [laughs] Well, I hope you are part of the group that delivers on the promise that we have for OHSU.

LORIAUX: I'll do my best.

KOHLER: Good.

LORIAUX: Okay. Thank you.

[End of Interview]