

DATE: May 18, 1998

TAPE: Tape 12

INTERVIEWEE: Thomas Scully, M.D.

INTERVIEWER: Eileen Barker

PLACE: Dr. Scully's home, 1400 Ferris Lane

TRANSCRIPTIONIST: Teresa Garrison

EB: Today is May 18, 1998. We were talking last time Dr. Scully about the conversion and we were going to start with that, because I had a note about that. I know that we talked a little bit about that.

TS: We were going to start with George's sabbatical, because that is where it all came from. Well, anyway, in 1975, there was clear evidence that medical schools were going to become difficult corporations to manage and the AAMC (Association of American Medical Colleges) was encouraging a lot of deans to go and get training in management. So, George Smith and another eight or ten deans from around the country, I think were the first to go into a program at MIT in the Sloan School of Business to take a year of management. Anyway, George had divorced his second wife and had married to Susan Hancock Hilstrom, of the Hancock oil family. She lived here in town and had married Dr. Earl Hilstrom who was a surgeon and in practice with Fred Anderson. Anyway, they got married in 1974 and went to Boston in 1975 and rented a house in Marblehead which is north of Boston on the coast. I visited him once during that year. They left and he was in Boston from essentially July of 1975 to June 1976.

I was appointed the acting dean, which was sort of a holding operation, as it was an legislative off year. One of the reasons he was permitted to go by President Miller and then later Max Milan took over. He was permitted primarily because it was an off legislative year. We were functioning pretty well. We were in our fifth year as a two-year school and things were going fairly well. While he was there, it became clear that two-year schools were going to be a thing of the past. As a matter of fact, the federal government was in the process of passing or had just passed an amendment to the budget for HEW, (Health, Education and Welfare). Now it is called Health and Human Services, but then it was called Health, Education and Welfare. Money was allocated to encourage the two-year schools in the country, there were a handful, to convert to

four-year schools, or get out of the business. They essentially said that for the year you convert, every school would get fifty thousand dollars per student enrolled at the time, in order to convert. For our numbers that amounted to a lump sum of about two million dollars. The more important thing was that we were having increasing difficulty, after some four years of assuring our students that we could, getting them transferred, Owen Peck did a very good job at this, but it was still essentially hit and miss. Each year we had to go out and look for places. We didn't have any contracts per se, assuring fifteen or twenty students going into a set place. Although we were pretty fortunate to get a fair number of students accepted at Alabama and Southern Illinois and a few other places.

When George came back from his sabbatical, (nothing traumatic happened in 1975), I recall very well, he and I sitting and having a drink over at his house early in July. He had rented an apartment with Susan over by Virginia Lake on Lakeside. I wasn't as knowledgeable about what was going on nationally as George was and he had been to MIT and he had gone to some deans' meetings and he was fairly aware of what was going on politically and economically. He said that we were going to have to convert or we won't survive as a two-year school. So, we called Fred Anderson and at that time he was still on the Board of Regents. We went and talked to him and Louie Lombardi who was also on the Board of Regents. At that time, Ed Miller had already left and Jim Anderson had been the acting president for a while until the regents had appointed Max Milan president. So, we went to see Max Milan, who had been a businessman. Actually he had been the treasurer in the state government in Arkansas and he had been the head or president or chief executive officer of the Rockefeller Foundation in Arkansas when Winthrop Rockefeller was the governor of Arkansas. At any rate, Max was a real dollars and cents man. He knew money and he knew business. I got along with him very well. We went and talked to him. We laid out what we thought was the process we would go through. We laid out how we thought it would work and he agreed. We then went to see Neal Humphry. Neal was the chancellor at the time. He agreed. So, at this point, George appointed a task force to put together a detailed proposal which the regents would have to approve prior to the opening of the legislature. He appointed me chairman of the task force.

EB: August?

TS: So, this is August of 1976. Our deadline was to get it to the regents by their December 1976 meeting to be put before the legislature in January of 1977. So, I left the building up on new campus which at that time was the Anderson building and the Manville Building were built by then. I went down to a small room in the old Mackay Science Building. Bud Baldwin and Paul Miller helped. George gave me a full-time secretary. We essentially researched the whole thing. We did some traveling. Talked to a number of schools that were converting. Both Paul Miller and Bud Baldwin had a lot of experience in medical schools. We sat down and essentially in a couple of months wrote the entire proposal in which we would capture several million dollars of conversion money. We would increase our class size to forty-eight. We would then have four years of students instead of two, which of course would increase tuition. We would go to foundations for money. A variety of things.

EB: At that point, how many students were in the two-year class?

TS: I think we had by then forty-four. We might have even been up to forty-eight—yes, forty-eight. George then was the politician, he had begun to talk to a number of the legislators as well as the regents in anticipation of this. We started talking to Carroll Ogren, particularly at Washoe Medical Center, and Ernie Mack. We anticipated and of course we knew that the VA would be okay, because the VA was supportive of the medical school and they wanted clinical programs in their hospital because it helped them recruit good physicians. So, the local VA and central office in Washington was supportive. We figured we had enough clinical material at the VA in Reno and at Washoe. We subsequently found out that the degree of cooperation that we anticipated at Washoe had evaporated. We also had some cooperation from Southern Nevada Memorial Hospital in Las Vegas, which now is UMC, but then it was the county hospital. So, we outlined this entire thing (I still have a copy).

We intended to have third and fourth year almost all in Reno. Subsequently, it turned out that we couldn't get obstetrics done here. The obstetricians were not very supportive and there was a very small clinic OB population here. There was a much larger indigent population in Las Vegas. In fact the obstetricians in Las Vegas were supportive of participating in the third and forth years. They already had at UMC in southern Nevada a residency in OB that they had had originally with Saint Mary's in San Francisco and subsequently had an affiliation with Tulane. In fact, it turned out that the obstetrics clerkship of the third year and the residents would be done in Las

Vegas, but initially it was our intent to try to do the whole thing here in Reno and ultimately expand to Las Vegas. Remember Las Vegas in 1976 was not the size that it is now. Northern Nevada still had the larger population. At any rate, we outlined the whole thing. We were going to have residencies, but we were only going to focus on primary care. Because the whole issue in the country then was there were too many specialist, and we needed more generalist. Of course, in 1969 family medicine had become a recognized specialty and it developed around the country an increasing number of three-year residency programs. So, we said, okay, we will have residencies in family medicine, pediatrics, internal medicine, and OB/Gyn. We would not have surgery or any of the subspecialties. We would just have four, of what, we call primary care residencies. We defined OB as primary care for women. Maybe in the future there might be surgery, psychiatry or other things. The actual proposal as I recall was “Conversion to a four year degree granting medical school with residencies in primary care”, the whole package. We were also one of the first schools to actually put in a third year required clerkship in family medicine. Many schools offered family medicine as an elective in the senior year. It wasn’t a core clerkship in many medical schools. We thought that if we were going to be honest about this and talk about primary care, we had to expose the students to family medicine as well as have the family medicine residency.

EB: How did you arrive at that? Just knowing what was going on nationally?

TS: Yes, I think that you are right Eileen. What was going on nationally, was more and more of a push toward family medicine and primary care. Of course we knew the family physicians, internist, and the pediatricians were fighting with each other about this. What does it mean to be a family physician? Are you really an internist or are you a baby doctor or are you trying to do everything? The old adage about learning more and more about less and less, until you know everything about nothing as a specialist or the generalist who knows less and less about more and more until they know nothing about everything. That is the old adage, “the old saw.” Obviously, a distortion. It was true that family medicine was going to try to do some OB, but not surgery, some internal medicine but not the subspecialties, some pediatrics, but not newborn care.

EB: Did you have a lot of support locally?

TS: Yes, a fare amount of it.

EB: Were family practitioners supportive?

TS: Yes, they were supportive. There were objections, but the objections came I think as we were talking about competition. If you start residencies in family medicine you are going to train and educate my competition, same with pediatrics, OB, etc. It is okay if you do it in Las Vegas, just don't do it in my backyard. Most of the leadership of family medicine in those days were supportive at least publicly. I think that they had to be supportive because they were beating the drum for family residency nationally and supporting it nationally. It didn't make a lot of sense for the leadership of family medicine in Nevada to beat the drums nationally, but not support it in their own state. There was ambivalence. At any rate, that was the proposal. We got it done, I worked day and night. I never worked harder in my life. I essentially wrote it all, but have to admit we got a lot of help. Merle Haber had come by that time and he was helpful. He was the chairman of pathology.

EB: That filled that chair?

TS: Yes, for the basic sciences. Merle helped, Dick Licata, Matt Bach had twenty-five years in medical schools, he was very helpful, Paul Miller,, the psychiatrist and Bud Baldwin the pediatrician were all helpful. They fed me a lot of information and actually I must say, it was one of the things in my career that I think I am proudest of is being the author of that proposal and bringing all of those people together and writing what many have said was a very well done coherent, logical and supportive proposal. We had all the facts and data, statistics on the number of doctors in Nevada and how many would be needed over the next twenty-five years. Because there was always the concern that you were going to flood out the market. We didn't flood the market. We put all of those statistics in there. The justification for converting: Survival of the school, continuing to provide educational opportunities for Nevadans who wouldn't have to go out-of-state. Begin to provide residencies in state, although, OB was all ready here. Our own kids would then be able to come to medical school get four years here and get a degree in Nevada and then at least in primary care roughly half of them or so we predicted would go into primary care, and hopefully many of them would stay and we would begin to have an impact on health care. I think that it was a well-done proposal and we put it before the regents at the December 1976, meeting and it passed. Then the chancellor and the president, who at that time was Max Milan were authorized to take it to the legislature. They put together a bill and the bill was introduced. I can't remember actually who introduced it, but George, the chancellor, the president, and me had

gone to see Mike O'Callaghan. Of course, everything had to be approved by the governor, in those days. If it wasn't in the governor's budget, forget it. So during the Christmas Holidays, we went to see Mike and he was very supportive. I made a little presentation to him since I had written the proposal and made up a whole bunch of slides for a show-and-tell. I was probably more knowledgeable than anybody on about the proposal but George was certainly the front man who had to do the politics.

EB: What was he doing during this time?

TS: George was still running the school. I taught maybe one or two classes, but I was, essentially for three to four months, doing that. George was back in the dean's office doing all of the other stuff that needed to be done. So, Mike O'Callaghan, then the key, put it in the State of the State Address. It came out very supportive. Had it in his budget. George, the chancellor and others had gotten to the key legislatures. Although, Floyd Lamb who was head of the finance committee and Jim Gibson were not very supportive. I think that they really felt down deep that if the school was going to expand it should go to Las Vegas. Which it ultimately eventually has.

EB: They were both from Las Vegas, weren't they?

TS: Yes. It was going to be too expensive. There was a fair amount of opposition, most of whom were Las Vegas legislators, senators and assemblymen. They were all saying it was going to break the state and be too expensive. We had done a lot of work on the multiplier effect, that is there had been a lot of studies done around the country about if you spend a dollar in education at various levels it will multiply in terms of your economy in developing professionals, etc. It clearly showed that the medical school would bring in more money than the state ever expended on it and in fact that has turned out to be the case. I think the budget of the medical school in the last few years has been in the fifty to six million-dollar range and the state puts in five or six million. So, for every dollar the state puts in, the medical school faculty brings in from foundations, federal grants, and patient dollars because now their faculty are seeing patients and generating dollars have brought in six to eight dollars for every state dollar expended. So, what we predicted has come to pass, but at the time it was very suspect. This is smoke and mirrors, you are promising something that you can't deliver, and it is going to cost us too much money. But, the governor Mike O'Callaghan and enough key senators and assemblymen were for it. So, then during the legislature it fell to me. George and I would always go together. George would

make some introductory remarks and it fell to me then to actually make the presentations, because I knew all the facts and figures. I made the presentations to several of the assembly committees, (ways and means) and the senate finance, at that time Don Mellow was very supportive and he was the chairman of the Ways and Means Committee. He was wise politically. He said, "For us to pass it as a committee and then try to sell the rest of the legislature might not be as effective as if you spoke to the entire legislature." So, he did an unusual thing and called the committee of the whole, with the entire assembly in to the chambers. After some introductory remarks by George, I got up without slides and outlined the proposal with handouts. Edna Brigham helped me a lot on this, she was working in George's office, at the time, and Bud Baldwin. We put together some critical handouts and Phil Gillette had done a lot of work with me on putting the budget together, because both Floyd Lamb on the senate side and Don Mellow on the assembly side wanted to see four, six, and eight year projections. It is one thing to say that tomorrow it is going to cost you one dollar. What is it going to cost us in eight to ten years? So, we had to sit down and try to project. We had big long spreadsheets that Phil would type up.

EB: He was the moneyman?

TS: Yes, Phil was the business manager, at the time. He had a very good assistant by the name of Bud Rogers. He was replaced by Leah Gorbet. At this time, it was Bud Rogers and Phil Gillette. They did the dollars and cents. We actually went through and projected, if we converted as we planned to in 1978, what it would cost through about 1984. I think six years. We tried to do the reasonable eight to ten percent inflation rate and where the money was going to come from. Everybody knew that eventually the conversion money would run out and the Hughes' money would run out. Then there would have to be some other sources of dollars.

EB: The conversion money was going to be per student?

TS: One lump sum.

EB: A lump sum one time.

TS: One time. You were to use it anyway that you wanted to. So, we took that two million dollars and spread them out over four or six years. (I will have to go back and look those figures up).

EB: I have a couple of questions about the buildings. When did that occur? The Anderson Building, the Manville Building. Were you actually the dean then?

TS: When I was the acting dean in 1975, I sent out a letter to every physician in the state when we wanted to put up the Savitt Building and we needed a library and said that we would put their name on a plaque if they gave \$1,000.00. That plaque that sits in the hall as you go in there has two hundred names on it. Many of them are my friends and doctors who sent a thousand or more dollars and that generated about \$200,000.00.

EB: The first building was?

TS: The Anderson Building. As you know, the first building was really the Mackay Science on lower campus.

EB: That was on lower campus?

TS: Yes, that was on lower campus. The first building was the Anderson Building.

EB: The first building on the upper campus.

TS: It was Anderson and it opened in 1972. That was called phase I. We actually opened it in 1972. Then the Manville Building, we got the money for that in 1975 and started building it actually while George was on his sabbatical. When he arrived home in August of 1976 we opened that building.

EB: Did you have any experience with the building program?

TS: Who?

EB: You.

TS: I learned.

EB: You sort of learned everything by the seat of your pants.

TS: I learned a lot and I also had good mentors and I had very good support and I had good friends who helped. I would think that looking back, that part of why I guess I was appointed the dean was that I did have the ability to work with people. If you get people to work together you don't have to have all of the answers yourself.

EB: _____. What did you think about that year when you were acting dean? You had so many coals in the fire, I guess? I mean irons in the fire. What did you think about a future in this community?

TS: I then decided that I was going to stay active in medicine. At the time, I didn't know George was going to resign and I didn't know that I would be appointed dean in a couple of years. I had decided that I was going to stay in the academic administrative side. I had even

thought of going away for a sabbatical and doing MBA like George had, but when George came back the decision was made by lots of people to convert this school and so then I jumped in and George says you are the one to do it. You put it together. Of course having to put it together was my job and then selling it to people. Once we sold it, George then decided to leave.

EB: That is how it coincided.

TS: Oh yes, it comes together in just a minute. We were working on phase III of the building program which was ultimately known as the Savitt Building, that is when I sent out the letter and got \$200,000.00. It actually turned out to be \$140,000.00. But if you look on page 322 of this article that I wrote which we will put in the book eventually, you'll see that in there was virtually no university money. Of the entire 3.6 million for those three buildings, the university put in \$80,000.00 capital.

EB: \$80,000.00?

TS: Out of \$3,600,000.00. All of the rest as you see by that chart came from grants from HEW - 2.3 million. Kellogg, Fleischmann, The Summa Corporation which was Hughes and our own fund raising. Such as that letter I sent. That was another eighty to seventy thousand.

EB: That was a lot of community support too? All the physicians at this point are jumping on the bandwagon.

TS: Well yes, many of them. So, that was going on. Well anyway, we are in the legislature, and the governor supported it. Don Mellow called committee of the whole. I was sitting there, after George's introduction, I got up and presented the whole thing. They gave me about forty minutes. I had handouts. I told them the reason we wanted to do it and what the alternatives were, primarily shut the school down. Some people were in favor of that, I am sure. How much it was going to cost. We had then projected I think out eight years of what it would probably cost the state, where the money would come from, how we would use the conversion money. How we would generate dollars by seeing patients, etc. Finally, it passed. It was April 14, 1977, that it passed. The Assembly voted thirty-five to five in favor and the senate voted fifteen to five in favor. The five no's in the assembly and five no's in the senate and all were from Las Vegas. I can't tell you the exact names of who at the time. I think they were all from the south. That was in marked contrast from starting the two-year school in 1969, when it passed by only one vote.

By 1977 we had established enough of a track record. Our students were being transferred, several had come back to Nevada to practice. So, we no longer were just betting “on the come” as they say in gambling, we weren’t saying this is what we think is going to happen. We actually had five years experience. They saw that we could do what we said we could do. We had gotten the two-year kids through and now they were graduating. We actually had “bodies” with M.D. degrees attached. We had gone out and raised, as we said earlier, almost all the money for the buildings. (eighty-five to ninety percent) Of course even the legislature always took credit for the Hughes’ money and assigned it to the state appropriated funds. They always stuck that in there which use to gall George and me. Because they were handed a gift, but anyway, that is politics.

EB: The Hughes money was still coming in at that the time?

TS: Yes, I think that it was a twenty-year gift. It was originally going to be six million over twenty years and they renegotiated later to four million over twenty years. They cut it down. I can remember we hadn’t started building the Savitt. So, at that time, we had the Anderson Building and then down below on the side of the hill we had the Manville Building with an auditorium. We use to walk down the stairs or slide down the hill in the wintertime. We would walk down the stair to go from one building to the next. It made logical sense to put the Savitt Building right in-between with the deans office on the ground floor and the library on the second floor and that is ultimately what happened. But, at the time, there were two separate buildings with a big wind tunnel down the middle. It wasn’t attached at the front and it wasn’t attached at the back, although that was the intent. Two separate buildings. We had the freshmen now in the Anderson Building and the sophomores in the Manville Building with the auditorium. George had an office were Jerry May now sits and I had the office right next to it where Dagmar now sits. There was a big opening with room dividers where we had secretaries, Phil Gillette and others. I can remember we all gathered in George’s office the day they voted in April 1977 and opened up a bottle of Champaign.

Even though the legislature authorized the conversion of the school, which the regents had to have, that was only a piece of it. You still had to convince the federal government that you could do it, so that they would give you the two million dollars conversion grant. That was federal HEW money. Then we had to convince the LCME that we could do it so that they would accredit it . So, we had a series of visits from April 15, until the end of June. We had people coming all