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Introduction

In the following chapters we try to capture the beliefs, hopes, and perceptions of some of the people who had a direct hand in the events that helped shape the environment in which hospitals now operate. This book is neither a simple chronology of events nor an analytical political science or public policy text. Rather, it is an oral history, a scrapbook that tells a story of change and of progress.

The story is seen through the eyes and told in the style and language of the people who were part of it. Like all stories, it has some omissions, as well as some exaggerations: memories and perceptions are inevitably imperfect. Reminiscences like these, however, provide a depth of character and understanding that goes beyond either simple recitation of facts or academic analysis. We hope not only that this book will provide an interesting and entertaining experience, but also that it will serve as a steppingstone for the future.

In preparing this book, we have drawn primarily on the Oral History Collection of the American Hospital Association (AHA). The Oral History Collection is a joint project of the Hospital Research and Educational Trust and the AHA. The transcripts are deposited in, and are available through, the AHA's library, the Asa S. Bacon Memorial. Some editing has been done to avoid overt errors of fact and to make the dialogue suitable for reading; it has not, however, changed either the spirit or the point of the speaker's comments. The primary purpose of the editing has been simply to enhance the telling of the story.

Oral History

Oral histories are as old as language itself. In their earliest form they represent our first literature, stories that were told and passed down around tribal campfires from one generation to the next. Oral histories, along with the art of storytelling, were largely supplanted by the written word. Recently, however, they have again captured the public's interest. The work of professional historians and popular writers has enhanced the credibility of oral histories and increased the public's awareness of them. Further, the inexpensive tape recorder has made them do-it-yourself family projects.

In published form, oral histories are typically presented as straightforward recitations of the reminiscences of various interviewees. They are often loosely organized around either periods or general subject areas, with the speakers' comments presented serially and, for the most part, independent of one another. This approach works well for some topics, but a different format was needed for this story. Instead of presenting one speaker's reminiscences and then going on to another's, therefore, we have intertwined the reminiscences of the various speakers. When appropriate, several oral histories have in effect been stitched together to present a whole or at least a wider cloth.

The reader should imagine himself or herself as listening to a conversation. One person begins to speak. As he continues, others who were part of the same event or times interject their comments, adding their perspective to what is being discussed. Occasionally we interject our own comments in order to enhance the flow of the conversation and to ensure clarity. The speakers' different vantage points and roles, meld into a single recollection, and the story unfolds.

The events discussed reflect our judgment as to the major forces that have shaped today's hospital environment. In making these judgments, we sought the advice of a number of people. Each was asked the same question: What were the key historical developments whose outcome has significantly influenced the management or operation of today's hospitals? The answers, as might be expected, were varied, exceeding the capacity of a single book. From the variety, however, emerged some common themes. It is around these common themes that we have organized this volume.

Overview

Part I, Cornerstones, focuses on the three major events that many persons have suggested provide the foundation for much of today's hospital operating environment. The first of these (chapter 2) is the work of the Committee on the Costs of Medical Care (CCMC).

The CCMC, organized in 1927, provided the nation with not only an assessment of what its current health care system was, but also a vision of what it could become. It is from the imagination and insight of the CCMC that many of the developments which we now take for granted, for example health planning, health maintenance organizations (HMOs), and Blue Cross, first came.

The story of the CCMC–its aspirations, problems, successes, and ultimate confrontation with the American Medical Association (AMA)–is told primarily by two of its staff members, I.S. Falk and C. Rufus Rorem. In reading chapter 2, it is important for the reader to remember that the ideas of the CCMC, though initially quashed by organized medicine, were powerful enough to survive and to go on to shape both the events of today and events still to come.

The second cornerstone is the Hospital Survey and Construction Act (the Hill-Burton Act). The Hill-Burton Act provided the conceptual plan and the funds for constructing much of the nation's hospital system, a system whose goal was to assure geographic access to care.

The story of Hill-Burton is told in chapter 3. It is presented through the reminiscences of persons (Maurice Norby, George Bugbee, and I. S. Falk) who were able to recognize what problems the post-World War II hospital would face. Those individuals discussed workable answers to the country's needs. Here the strength of an idea–geographic access to care–again dominates the story.

The third cornerstone is Medicare (and Medicaid), which is discussed in chapters 4 and 5. Chapter 4 concentrates on the roots of Medicare. It traces, beginning in the mid-1930s, the development of the political consensus which set the stage for the passage of Medicare. Chapter 4 is essentially a story of legislative failure. From each failed attempt to pass legislation, however, came some progress toward its eventual success. The reminiscences presented in chapter 4 highlight the depth of commitment to that eventual success. The story of the roots of Medicare is told primarily by Wilbur Cohen, Nelson Cruikshank, Robert Sigmond, and I.S. Falk.

In contrast, chapter 5 is a story of legislative success. It looks at the swift movement, after the 1964 general election, toward enactment of the Medicare and Medicaid programs. It focuses on the pre-enactment shaping and later implementation of the legislation. It also tells the story of the pragmatic negotiations and compromises that were necessary to create a workable program for providing the poor and the old with financial access to care. The reminiscences in this chapter are those of some of the people who helped to make Medicare a reality–Wilbur Cohen, Wilbur Mills, Nelson Cruikshank, Walter McNerney, Daniel Pettengill, and Kenneth Williamson.

Part II, An Evolving Social Movement, looks at Blue Cross. It follows the evolution of

Blue Cross from a seemingly radical idea to widespread acceptance as a national movement affecting tens of millions of people. It is because of its importance to so many people and its effect on the operations of hospitals that an entire section is devoted to Blue Cross.

The story begins in chapter 6, where hospital prepayment is discussed first as a concept and then as an idea whose time had come. The notion of group prepayment for hospital care had been recommended by the CCMC. The Great Depression was the catalyst in the transformation of the general idea of prepayment into a practical reality. Prepayment met the financial needs of both hospitals and people fearful of the cost of hospitalization. The story of prepayment is told in the main through Rufus Rorem's reminiscences.

Chapter 7 tells the story of how Blue Cross plans developed throughout the country. Although prepayment might have been an idea whose time had come, there was still a huge job to be done in terms of promoting the idea and establishing and managing the administrative mechanisms needed to operate a Blue Cross plan. The story of these problems, successes, and frustrations, as well as the role of hospitals in creating prepayment plans, is told primarily by two of the people who actually created and managed early Blue Cross plans, John Mannix and Maurice Norby.

Chapter 8 looks at the maturation of Blue Cross as a social movement. The story of how the various Blue Cross plans came together into a national confederation is told. The reminiscences of Walter McNerney are the principal narrative. An interesting counterpoint, however, is provided by the comments of Daniel Pettengill, who viewed the national Blue Cross movement from the vantage point of the commercial insurance industry.

Part III, Emergence of a Profession, has taken a somewhat different tack. Instead of focusing on specific major events, as part I does, or a single issue, as part II does, it looks at two phenomena. One is the emergence of the AHA as a national force, and the other is the development of hospital management as a profession and as a recognized academic discipline.

Chapter 9 concentrates on the American Hospital Association. It tells the story of the growth of the AHA as a national organization of institutions, one representing the viewpoint of hospitals while at the same time striving to help hospitals–through technical support, management programs, and continuing education–to better meet the needs of their communities. The story is told through the reminiscences of some of the people who played leadership roles in transforming the AHA–James Hamilton, George Bugbee, John Mannix, James Hague, Kenneth Williamson, and Maurice Norby.

Chapter 10 focuses on the education of hospital administrators. In this chapter Andrew Pattullo talks about the W.K. Kellogg Foundation's leadership in this area, sponsoring commissions to set out the basic design of hospital administration education and funding early graduate programs in hospital administration. James Hamilton and Walter

McNerney talk about the philosophy and structure of two of the pace-setting graduate programs. Finally, Edward Connors and Gary Filerman comment on hospital administration education from the perspective of students.

In chapter 11 we attempt to pull together the threads of the previous chapters, providing a context and a perspective for looking backward as well as looking ahead.

Common Belief

Taken as whole, these chapters portray the aspirations of a group of individuals who wanted to make access to hospital care–both financial and geographic–available to everyone. As a group they shared, perhaps unknowingly, many beliefs and values. These formed the basis of today's hospital system, with the administrative personnel and supporting staff needed to manage it and to make it work.

No one would suggest that what they have done cannot be improved. In all likelihood, they would themselves like to see the performance of the health care system improved, to make it better serve the needs of people requiring health care. At the same time, no one would suggest that what they have accomplished has not been of great importance.

The stories told in this book should be seen as part of a larger picture. Recognizing that there are both more stories to be told and more persons who can tell them, we hope that this book will inspire other writers to provide the field with a broader and deeper sense of its history. Ideally, other writers will further "mine" the source material for this book, as well as future oral histories, to tell other stories, enrich other research, and remind us all of our hard-won lessons and accomplishments. Future generations should not be made to stumble along blindly simply because this generation was not thoughtful enough to explain what it believed and what it valued. We hope our work will become part of a series of handholds for the future.