

**Villis “Vik” Vikmanis**  
Narrator

**Dominique A. Tobbell, Ph.D.**  
Interviewer

**ACADEMIC HEALTH CENTER**  
**ORAL HISTORY PROJECT**

**UNIVERSITY OF MINNESOTA**

## **ACADEMIC HEALTH CENTER ORAL HISTORY PROJECT**

In 1970, the University of Minnesota's previously autonomous College of Pharmacy and School of Dentistry were reorganized, together with the Schools of Nursing, Medicine, and Public Health, and the University Hospitals, into a centrally organized and administered Academic Health Center (AHC). The university's College of Veterinary Medicine was also closely aligned with the AHC at this time, becoming formally incorporated into the AHC in 1985.

The development of the AHC made possible the coordination and integration of the education and training of the health care professions and was part of a national trend which saw academic health centers emerge as the dominant institution in American health care in the last third of the 20<sup>th</sup> century. AHCs became not only the primary sites of health care education, but also critical sites of health sciences research and health care delivery.

The University of Minnesota's Academic Health Center Oral History Project preserves the personal stories of key individuals who were involved with the formation of the university's Academic Health Center, served in leadership roles, or have specific insights into the institution's history. By bringing together a representative group of figures in the history of the University of Minnesota's AHC, this project provides compelling documentation of recent developments in the history of American health care education, practice, and policy.

## **Biographical Sketch**

Villis Vikmanis was born in Riga, Latvia on December 3, 1938. As a result of their proximity to World War II hostilities, his family was assigned to a displaced person (D.P.) camp in Hainau, Germany from 1945 to 1950. In 1950, his family immigrated to the United States and moved to St. Paul, Minnesota, where the family's sponsors resided. He earned his bachelor's degree in political science at the University of Minnesota in 1961. Vikmanis then began graduate work at the University's Public Administration Program, but as the result of an internship, began work at Minnesota's State Department of Civil Service in 1963. He then joined the Budget Division, Department of Administration in 1966 as a senior budget representative. In 1969, he joined the staff of Richard Fitzsimons, chairman of the House Appropriations Committee, as a fiscal analyst. Vikmanis then became coordinator of Executive Affairs for Governor Albert Quie's office in the fall of 1980. In 1983, Mr. Vikmanis became a full-time consultant to University Hospitals' cost containment task force. In November of that same year, he served as assistant to the vice president in Central Administration at the University. He was then appointed assistant vice president for the health sciences in September of 1984. He also served on the Hospital Board of Governors. He held these two positions until he retired in 1998.

## **Interview Abstract**

Villis Vikmanis begins his interview with an overview of his education and career. He then reviews in more detail his work for the State, including all of the following: his work in the Budget Division and with Richard Fitzsimons; family practitioners in Minnesota; state funding for the Mayo Medical School; the Legislature's provision of funds for building in the Health Sciences at the University; the power of rural legislators in the State; the need for rural primary care physicians; and his work as coordinator of Executive Affairs in Governor Albert Quie's office. Mr. Vikmanis then discusses all of the following topics in relation to his work at the University: consulting on the University's Cost Containment Taskforce; cost concerns for the Hospital; his work on the Board of Governors for the Hospital from 1984 to 1998; relations between University Hospital and affiliated hospitals; his responsibility for space allocation; lobbying the Legislature; Neal Vanselow's tenure as vice president of the AHC; the leadership of Cherie Perlmutter, Robert Anderson, and William Brody; problems with the ALG program; and the decision to sell the hospital to Fairview. He concludes by reviewing additional key figures in the history of the AHC.

**Interview with Villis Vikmanis**

**Interviewed by Dominique Tobbell**

**Interviewed for the Academic Health Center, University of Minnesota  
Oral History Project**

**Interviewed at the Home of Doctor Vikmanis**

**Interviewed on June 21, 2013**

Villis Vikmanis - VV  
Dominique Tobbell - DT

DT: This is Dominique Tobbell. I'm here with Villis Vikmanis at his home in Edina [Minnesota]. It is June 21, 2013.

Thank you for meeting with me today.

VV: You're very welcome.

DT: To get us started, can you tell me a little bit about your background, where you were born, and where your education took place?

VV: I was born in Latvia in the capital city of Riga on December 3, 1938. During the last year of the war [World War II], we were provided transport to Germany as the Red Army was coming back in. So we spent the last six months of the war outside a small town outside of Danzig and, then, from the fall of 1945 until 1950, we lived in what's called a D.P. camp in Hainau, which is about fifteen kilometers from Frankfurt. The D.P. is known as a displaced person. There were thousands of us throughout Germany at the close of the war.

As immigration possibilities became available, my mother, and my grandmother, and my younger brother, and I immigrated to the United States in 1950. In fact, we landed in New York on June 30, 1950. Our sponsor was in Minnesota. We came directly to Saint Paul. I guess I consider myself a native Minnesotan, since I have lived here since the age of twelve.

My education was the University of Minnesota, four years, baccalaureate degree, a major in political science, a minor in history. I completed one year of graduate work. At that time, it was known as the Public Administration Program rather than the Humphrey Institute. I did all my coursework. There were two options. You could write one paper. I think it was Plan A and Plan B. I decided I was going to write the single paper. After completing the coursework, I let that slide. Part of the reason—I guess it's an excuse—was during my graduate work, I was offered an internship with the State Department of Civil Service. My responsibility there was to develop and implement or install a performance evaluation program. As I became involved in my work, the academic side seemed to recede; although, I did meet with Professor George [A.] Warp, who at the time was the director of the program. I had outlined the proposed paper, which he approved but, as I say, I let it slide. I could have received an extension. I don't remember whether the term limit was three years or five years. Anyway... That's a sketch of my education.

Employment... Three years (1963-1966) with the Department of Civil Service and, then, I was asked join the Budget Division, Department of Administration as a senior budget representative. About three and a half years later, Richard [W.] Fitzsimons, who was the chairman of House Appropriations Committee with the Minnesota Legislature, asked me to join his staff as a fiscal analyst. As such, I had responsibility for reviewing budgets for the three systems of post secondary education: the vocational schools, community colleges, and state universities—and the University of Minnesota. In addition to the operating budgets, also the capital budget, all the capital requests. So from 1969-1980. Reviewing the budgets, and making recommendations. I became very familiar with the University of Minnesota, with its budgets, with its operation. I suspect that, as you will see later on, that, obviously, led to my employment there.

In the fall of 1980, Bob [Robert] Andringa, who was the chief of staff for Governor [Albert] Quie, left and I was asked to join Governor Quie's staff, which I did. I was not chief of staff but, rather, I was coordinator of Executive Affairs, whatever. I stayed there three years.

When the Quie Administration came to an end in January 1983, that was a very difficult period, because, as you recall, the national economy was in shambles, and I think virtually all, maybe with the exception of one or two states, were running deficit after deficit. We had six special sessions, budget shortfalls, borrowing issues with the state's credit rating, and so on. So when Governor Quie's Administration was coming to an end in, I believe, December 1982, everyone was scrambling, all the appointed people at least were scrambling for jobs.

Given my long association with the University, particularly with people like Dr. Lyle French, and David Preston, and Cherie Perlmutter, I was asked if I'd be interested in staffing and writing reports for the Cost Containment Taskforce, which I did. That took about a year (January 1983 to November 1983).

While still completing that report, a vacancy occurred at Central Administration. Stan [Stanley B.] Kegler was the vice president for Institutional Relations at that time, who I

had, obviously, worked with when the University came to lobby and present its budget. I accepted, and I worked there as assistant to the vice president (November 1983 to September 1984).

Then, Neal Vanselow, who was the vice president for the Academic Health Center [AHC] following Lyle French's retirement, asked me if I would be interested in joining his staff. Apparently, he must have liked the Cost Containment Taskforce report.

He said he had read it. It's not the most stimulating reading. But, in any case, I accepted, and I stayed there for nearly fifteen years (September 1984 to November 1998).

When Mark Yudof became president of the University, Donna Peterson, who was the director for Institutional Relations, proposed to the president... Academic Health Center lobbyist, which was myself, and Dick [Richard] Hemmingsen, who was the agricultural lobbyist for the Saint Paul campus, would be moved to Central Administration and, in effect, work in Central Administration rather than for the Ag campus and the Academic Health Center. Now, in one sense, that makes sense organizationally, but I decided that I did not want to do that. So, at the ripe age of sixty, I decided I am going to retire, which I did.

I think you probably know that my major functions were three functions: representing the Academic Health Center at the legislature and allocating space and parking for the Academic Health Center.

You can probably guess which of those three was doable and which two were not doable. Well, one could attempt to try to manage and persuade deans of individual colleges or programs that they should give up some space to somebody else—not the most pleasant task. Similarly with parking. We had the Mayo Garage and we had two large parking ramps where a large share of the parking was for the Academic Health Center people. Again, there are just so many spaces and so many more demands.

Anyway, I think that's a thumbnail sketch of my career.

DT: Let's backtrack and we'll get into some more details.

VV: Fine.

DT: What led you to pursue a career in public administration and government?

VV: Frankly, I probably would have been very happy as a history professor. That's been always one of my favorite areas. I think political science probably led me to look at a public administration program and, once in public administration, I had an internship in the Department of Civil Service. That, I think, influenced me a great deal. In fact, when my coursework in public administration ended, the director of Civil Service at the time, John Johnson, asked me, "What are you going to do now?" I said, "I don't know. I guess I'll look for a job." He said, "How would you like to stay with us?" I did. I think

from then on in—this may sound a little presumptuous on my part—I was asked by budget people to come work for them and, then, I was asked by the Legislature to go work for them, and then by the governor. I guess I must have done some things right in my career.

[chuckles]

VV: When asked to go to the Budget Division, I said, “Thank you. I appreciate working here, but I’m going to be moving on.”

DT: You said working for the Budget Division. Was it there or with Fitzsimons that you were primarily responsible for the budgets of the...

VV: The budget division was in the State Department of Administration. There, I had a number of agencies. The largest was the Department of Public Welfare. Now, it’s the Department of Human Services. At that time, we had a number of state hospitals. Then, there was a semi-state [agency] bill, which had a host of small agencies such as the State Historical Council and the State Arts Board, etcetera. Those were two large bills for which I was responsible, reviewing and approving all budget allotments and expenditures. So this was totally separate. It had nothing to do with higher education. I did that for about three, three and a half years.

DT: Then, you said next, it was working for Richard Fitzsimons?

VV: Richard Fitzsimons, who was the chairman of the House Appropriations Committee. I received a call one day asking me if I would be willing to go across the street Department Administration, the new building right across University Avenue from the Capitol. You don’t say, “What for?” if the chairman of the Appropriations Committee calls. You say, “Certainly. I’ll be there, Mister Chairman.” He said, “I’ve talked to some people, and we have a vacancy.” I knew it involved dealing with higher education. “Would you be interested?” I said, “Yes, I would.” At that time, that was an appointed position. The previous positions were civil service. You had something akin to academic tenure.

The commissioner of administration was not happy about the fact that I was leaving. He said, “We’re not going to give you a leave of absence.” I said, “Fine. I’ll resign my position.” Although, afterwards, my colleague said, “You could have asked the chairman to place a call.” If somebody doesn’t willingly want to give you a leave of absence, I don’t need it.

Those were budgets and responsibilities. Again, it involved review of budgets and making recommendations, in that case, not directly to the Legislature but, rather, to the governor. At that time, we were still on a biennial rather than an annual budget. The budget representatives would go in with all of the documentation for each department saying, “Here are the current spending programs. Here are the requests. Here is what I would recommend based on analyses of cost and figures and so on.”

DT: When you were in that position was that the late 1960s or was it throughout the 1970s?

VV: That would have been, let's see, 1963 to 1966 for Civil Service. Then, 1966 to 1969 or so would have been the Budget division. I joined the House Appropriations staff in the fall of 1969.

DT: Do you recall what some of the major issues were related to the University of Minnesota's budget around that time?

VV: Malcolm Moos was still the president. As far as issues, there are always issues. I think what was coming to the forefront was the realization that the Academic Health Center required major construction for new physical facilities. That was the beginning when important legislators who recognized that we didn't have enough family practitioners in outstate Minnesota. It turned out that Donald Sinclair, from the Red River Valley, was the chairman of Senate Finance and Richard Fitzsimons, from Thief River Falls I believe, was the chair of House Appropriations, arguably, probably, among the two or three most powerful legislators in the House and Senate, who were very supportive and agreed. Back then, the rural influence or control was still very pervasive in the Legislature. That was, as I recall, the first time when that issue was brought up. We need to do something to rejuvenate the Academic Health Center. The facilities were, I would agree, totally inadequate. Those were the early discussions, the preliminary discussions when the groundwork was laid for Unit A, which is Moos Tower; B-C, which is Phillips-Wangensteen [Building]; Unit F, which is the Weaver-Densford [Hall], Pharmacy and Nursing; Unit J, which is the new Hospital; HE, which is kind of a support facility right next to the Hospital. This clearly was the main emphasis of the University.

DT: I'm really glad that you brought up the issue of family practice, because I've come across Richard Fitzsimons' name around that issue and exactly that point where you said the rural physicians had a lot of political influence, particularly via these two legislators. I believe the Department of Family Practice was set up as a line budget item.

VV: [laughter] Yes, it was. It's very interesting history. Again, I emphasize that people like Richard Fitzsimons and Donald Sinclair were gentlemen of the highest caliber. The University Operations and Maintenance budget is appropriated to the Regents, except the *specials* which clearly state the purpose for appropriation. I remember a meeting in Representative Fitzsimons' office. I forget what the amount was, but it was significant. It was intended for Lyle French, who would decide how the funds would be used to further his programs. I won't say by whom, but the question was raised, "How do we know if we include the funds in the Operations and Maintenance budget that the health sciences will get that?" I said, "There's one way of doing it." I said, "Well, why don't we include language in the appropriation bill that the money shall be dispersed at the discretion and approval of the vice president of the Academic Health Center?" Fitzsimons said, "Good!"



The next legislative session... I was asked, "Please, don't do that." Apparently, at the Academic Health Center, some individuals got some grief from Central Administration.

DT: [chuckles]

VV: I think, at that time, several actions were taken to increase the family practitioners and rural doctors. One was obviously, and a very important one, to establish a basic sciences program in Duluth. A new building was built. It was limited, as I recall, the entering class, to forty. But I think it increased over the years. Clearly, the selection process would identify those students who would be interested in pursuing primary care or family practice.

The other one was to provide funds for Mayo Clinic [Rochester, Minnesota] to start their medical school. There was some question whether or not that would really result in people going in primary care or family practice, whichever one you want to use. There was always the notion that Mayo is an exotic institution and would they really produce people willing to go in general practice or primary care or family practice? I think the three terms are probably somewhat interchangeable. I think it worked well.

DT: I know from reading some of the archival documents that the University Medical School was concerned that Mayo was getting state money, and they were getting less state money.

VV: [laughter] No. Of course, obviously, there's this notion, well, if somebody else gets a piece of the action, will we get less? I don't think that's the case. The Mayo money, there was absolutely no funds for any capital construction. It was something like \$8,000 per year per student. Mayo would certify that we have this number of students who have indicated that they will pursue primary care.

DT: Oh, okay.

VV: We would put in the bill for so many dollars for that purpose. I suspect that you can always question... There are always some, what shall we call them, traditionalists? Do we really need to start another medical school? Do we really need to start a basic science program in Duluth? Will this somehow dilute what we do here, whether that be in terms of diluting available resources or I don't like to use the term prestige, or whatever? But as I said, given the leadership in the Legislature, those kinds of objections were, clearly, gently nudged aside.

DT: I hadn't realized that the money that the Mayo Medical School was getting was specifically for the preparation of family practitioners. So that's really interesting to hear.

VV: Yes. Oh, yes, that was very specifically written in the appropriation bill.

DT: I know, actually, throughout the 1960s, there was a group of Saint Paul physicians who were trying to get a second medical school established in Saint Paul.

VV: Oh, yes. [laughter] Yes, there was some talk of should we start a medical school, but that did not come to pass. Yes, there was some talk about it and at which hospital. I think the way it was finally resolved, money was given to both, to Saint Paul Ramsey and to the Hennepin County Medical Center for medical education.

I think the success of these programs and shepherding them through the Legislature was, clearly, Lyle French. Doctor French was very remarkable, a very unique individual.

DT: Yes, that's what I've heard from everyone who knew him.

VV: Not only as a neurosurgeon but just as a human being. A remarkable person.

DT: Yes. I've heard that from everyone who's mentioned him. That's great to get more confirmation.

You mentioned about the building of new physical facilities for the health sciences during the 1970s. As I understand it, it seemed like there was a decline of support among the Legislature as that project continued, particularly around the building of Unit F.

VV: The costs of projects increase each year. I think that was the last piece and, yes, it was a little more difficult to persuade the Legislature that we really need to complete the plan as outlined. But, ultimately, it was built and I think rightly so. I think Pharmacy and Nursing did need new space. Since it was part of the original plan, I think some people felt, well, it would be unfair and it would be unfair not to take care of nursing and pharmacy.

DT: Was there a Senator John Milton? There was some newspaper coverage that he accused the University of being the Taj Mahal, that there was excessive spending.

VV: There have been and there will always be legislators who question expenditures at the University.

If you look now—you probably read it very recently in the *Wall Street Journal*—the University of Minnesota is prominently mentioned. I think you find that not just at the University of Minnesota but in other states and institutions, as well. I think society is beginning to question the costs. It's so easy to jack up the tuition every year. How effectively, how efficiently are higher education institutions being run now? Again, on the other side of that coin is that's academia.

[chuckles]

VV: You can't run it as a business, but, at the same time, I think you can employ and should employ some sound business principles and practices.

Yes, there have been...and John Milton was one. There have been others. I'm sure if you've read the archives, [President] Ken [Kenneth] Keller's kitchen at Eastcliff [residence of the University president]...

[chuckles]

VV: Sometimes foolish decisions get made—not foolish, but perception is always important. It wasn't going to be, I don't think, as elaborate as the press made it out to be either. Eastcliff is going to cost how many hundreds of thousands of dollars? It does raise the question: how necessary was it? In the end, looking in retrospect, was that really wise and necessary? With any large institution such as the University, there's always going to be something. Some faculty member was drawing two salaries, one down in Georgia. Somebody's wife gets hired in a package deal that the dean didn't like.

DT: Why is it that Richard...? Is it Fitzsimons or Fitzsimons?

VV: I've heard both. I usually use Fitzsimons.

DT: Okay. Fitzsimons and Donald Sinclair, why were they so powerful as legislators?

VV: I think back then, yes—although it was beginning slowly to change—the rural legislators, their influence was far greater than urban. I think both of those gentlemen had a very genuine belief that we did need...and, of course, their constituents would come to them and their fellow legislators from rural areas saying, "Look, our doctor has retired," or "Our doctor left. The wife didn't like living in a small town." "We need help." Both Richard Fitzsimons and Don Sinclair said, "Absolutely. Yes, there is a real problem here." They genuinely believed this. It was not simply a political ploy that they would get something by... Often legislators can go home and say, "I brought you this building," or "this park." This was something that was recognized. I think it wasn't necessarily only in Minnesota. I think that other states were experiencing the same difficulty.

Looking back today, after all the changes and everything that's happened in healthcare delivery in this country since those years, what do we find? Has the problem been solved? Have the costs somehow been brought under control?

DT: The shortage of primary care physicians especially in rural areas is a perennial question, it seems.

VV: For sure. I expect what doesn't help—although, it's probably only one of the reasons—is that when you look at the salaries, what a cardiac surgeon makes or what a pediatric surgeon makes or an orthopedic surgeon makes compared to the family practitioner...

DT: From working in the Legislature, you, then, moved to Governor Quie's office. You said you were basically chief of staff or coordinator...

VV: Don't use chief of staff. My title was *coordinator of Executive Affairs*. I was kidded a lot by some people. They'd say, "Do you have a lot of affairs in the governor's office that you're coordinating?"

DT: [chuckles]

VV: That was, basically, as the governor said, "You're a commissioner's commissioner." That meant dealing with all the Executive Branch Commissioners. As I say, those were very difficult years. We had special sessions. I think we had a total of six special sessions. Budget shortfall after budget shortfall. The only comfort, if you want to say comfort, was the fact that other states were to a lesser or greater degree in that same position. Sometimes, it felt like a drunk fighter in a ring. It was just one blow after another, budget shortfall after budget...bad press. Obviously, the governor decided he wasn't going to run again. Al Quie was very respected, his work in Congress, and very respected as governor. Had he not happened to be there at this time of financial difficulties, I'm sure he could have run a second or third time. After what we had to go through, he said, "Enough."

DT: It seemed like federal budgets were also being slashed at that time.

VV: The economy was just in bad, bad shape, yes.

DT: You said, from there, you were a consultant to University Hospital on the Cost Containment Taskforce. Can you talk a bit more about what your responsibilities were there?

VV: A taskforce was appointed by Vice President Neal Vanselow and comprised, basically, of clinical chiefs and several others from outside, fourteen members in all. I was approached by Lyle French before he retired. Would I be interested in signing on, on a consultant basis? I definitely was, because December 31<sup>st</sup> 1982 was coming up fast, at which time the governor's office would turn out the lights.

[chuckles]

VV: I said, "Yes, I would." They were kind enough to match my salary that I was making in the governor's office.

My responsibility was, in effect, to pull together all the various... Well, first of all, look at the Hospital budget, the operation, where the money comes from, and where it goes. Then, we started to look at individual areas. What are the costs and how do we compare with other teaching/research hospitals? I think it was 1982 when Congress passed what, in effect, was legislation that's going to limit, hopefully limit, the increasing costs of healthcare for that segment of the population that the Federal Government was paying.

Clearly, institutions such as the University had a very large number of people who were receiving federal reimbursement. Secondly, it had the teaching mission. Thirdly, it had the research mission. And last, but not least, it usually got the train wreck cases whether trauma cases or other exotic cases. When you looked at figures, it was clear. Yes, compared to community hospitals, we were higher, undeniably higher, but there were good reasons. We looked and said, "What are the reasons?" You look at the intensive care units and what the nursing ratios are. No, you can't do it with less. Unfortunately, these are the costs. I think that the clinical chiefs, who were on the Cost Containment Taskforce, took their job very seriously. I think they did a good job.

The bottom line was, when all was said and done, and I wrote the report and submitted it to Vice President Vanselow, I think there was a realization that the future is going to change. We have to recognize the mission of this institution but, at the same time, we have to be careful. We have to educate our department heads and our clinical chiefs that we have to watch the costs and wherever it's possible, we have to try to do the best job we possibly can. But it is naïve to think we can have costs that are equal to a small hospital in Saint Cloud or Mankato or what have you. I think it was a good exercise. I think it opened people's eyes. Here are the facts and figures. Can you dispute them or you can't. Let's try to see what can we do to continue to bring the best possible care, the best kind of research, but see if we can somehow bring down the costs.

Was it successful? I'm not sure that anybody could go through and say we were able to reduce expenditures in this area or that area. I think, collectively speaking, it made people aware that we had to at least try to do something. That was my report to the clinical chiefs and the vice president. As I say, I think Neal Vanselow indicated that he had read it cover to cover, 126 pages.

It's interesting that people asked me, "What do you know?" "What do you know about health delivery?" I really don't. I do think that I know something about numbers and figures and budgets. It's not rocket science to lay out the spreadsheets and do some analysis. How do we compare with others? It was an interesting experience. I did learn a great deal about the Hospital, the nuts and bolts of its operation.

Cliff [Clifford] Fearing was the finance guy. Greg [Gregory] Hart, I'm trying to think what his title was. Both very interesting gentlemen. I enjoyed working with them. I think the Hospital director at the time was Ed [C. Edward] Schwartz.

DT: Yes.

VV: Ed Schwartz was not... Although, I'm sure he followed what was happening. I'd have to take a look at the list if Ed Schwartz was on the Cost Containment Taskforce or not. [Mister Vikmanis reviews the list.] Greg Hart. No he was not, probably too busy to running the Hospital.

DT: I think Greg Hart, at that point, might have been one of the assistant directors of the Hospital.

VV: Yes, you're right, and, ultimately, under [William R.] Brody, he was director, correct?

DT: He was director, yes.

This was a period when there were a lot of new medical technologies introduced. Did you think they were having a significant impact on the cost of medical care?

VV: By using a sophisticated new technology, perhaps you can prevent some illnesses from becoming worse a year down the road. I guess I'm not qualified to make that kind of a guess.

Sometimes, there are associated costs. I'm sure anytime you employ or a doctor develops new methodologies, initially, there is a startup cost that's, obviously, going to increase your costs. I'm trying to remember the name of the magnetic resonance that was on River Road [East River Parkway]. Doctor [Kamil] Ugurbil is still there. He was involved in that. I don't know where they moved that unit now. When they built the parking ramp under the road, that unit was demolished, obviously. Yes, there are, I'm sure, a number of other things that increase cost. When you're talking about heart transplants, for example, at the University of Minnesota, how much did that cost? You get into the whole area of who should get this? Should some eighty-five-year-old?

DT: That's a whole other set of questions.

VV: Yes.

DT: Also at this time that you were on the taskforce... You mentioned about the cost of University Hospital being compared to community hospitals. This was a time in which the hospitals were increasingly competitive and market oriented. That added to the pressure, I'm sure.

VV: Sure, and the Federal Government was concerned, obviously, for a right reason. I think the private insurance, like Blue Cross Blue Shield, raised concern.

Again, nothing's really changed. The costs of health care, rightly or wrongly, continue to outpace the increase in the general economy, not even to mention higher education. [chuckles] Maybe there really is no simple answer. Socialized medicine in Germany or in Britain or in France or in Scandinavian countries, is that the answer? I don't know. Some people argue that it is. When you look at what this country spends for healthcare and you look at what the results are, it doesn't always match.

DT: When you were on that Cost Containment Taskforce... You mentioned the influence of the changes in the Medicare and Medicaid reimbursement in the diagnosis-related group system. Were there any conversations with or influence from third-party payers like health insurance companies, Blue Cross?

VV: Not directly with the taskforce. If there would have been, it could have been with someone like Schwartz or it could have been with Greg Hart or with Cliff Fearing. I did not get in that kind of discussion between what the insurers were going to pay or not pay and that sort of thing. No.

DT: Did you have any interaction with the Hospital Board of Governors?

VV: I served on the Hospital Board of Governors for a while under Vanselow. Oh, yes. Oh, yes. Not during the Cost Containment Taskforce, but, certainly afterwards. He wanted me to be on the Board of Governors.

DT: I'll ask you about that in a moment.

Your work on the Cost Containment Taskforce coincided with the efforts to rebuild and expand University Hospital. Were you engaged in that discussion at all?

VV: Only to the extent when the University brought its plans to the Appropriations Committee. As I said, the Education Division—there were several divisions—of the House Appropriations Committee reviewed and approved all of the operating budgets for higher education and all the capital budgets. But, by the time the Cost Containment Taskforce was working, the Hospital was already completed.

DT: Maybe we can talk a little bit about your experiences on the Board of Governors. That would have been later in the 1980s?

VV: That would have been in, I think, 1984, almost all the way till I retired.

DT: Can you talk about what the responsibilities of the Board of Governors were and some of the challenges that you confronted on that?

VV: I think the main responsibility was, obviously, to each year approve the budget. Generally speaking, I think that there weren't very many changes. For example, when the University brings its budget to the Board of Regents, this has been put together by all the operating units, all the deans, the president, and vice president, etcetera. The Board of Governors or the Regents are they really in a position to tear apart the budget? Generally, I think any large organization to some degree, be it private or public, it seems to me that the board of governors or the board of directors or whatever are captives of the organization. The nuts and bolts people put it all together and bring it to them. I can't remember any significant issue where there was some disagreement. Somebody may raise a question about looking at last year's, how much better the bottom line was in a previous year. Are we being overly optimistic or too pessimistic? Other than that, I'm trying to remember if there were any significant items. I think that probably within the clinical departments, the clinical chiefs had their programs and their issues, but I think the Hospital Board of Governors... I cannot remember a big blowup of any kind. Maybe some of the other people you've interviewed may have?

DT: You're the first person I've spoken to who was actually on the Board of Governors. I've seen the minutes of the Board of Governors meetings. They're available which is useful. I know one of the things that came up in the mid 1980s were debates about—I don't know if this would have crossed your path—gender pay equity and debates of the comparative worth for hospital employees. I guess that would have factored somewhat into budgeting.

VV: I don't recall that.

DT: I guess the other thing was there were the concerns about declining hospital census, that there were fewer patients.

VV: That was, obviously, a discussion. What do you do about it? Then, again, that partially related to the whole area of healthcare delivery. What are our costs? Does that affect the patient? Obviously, to some degree, it does and it did. There would be discussions but in passing. You can't go out on the street and gin up new patients.

DT: Right.

Did you get a sense for how relationships were between University Hospital and some of the other affiliated hospitals with the Medical School and the AHC?

VV: I think, generally speaking, there was cooperation. I think it was recognized that Mayo and the University are the two top ones. The other hospitals? [pause] There wasn't any animosity of any kind. There may have been maybe on some individual program level or something, but, generally speaking, I think University Hospital cooperated and worked well with the other hospitals.

DT: You said after serving on that taskforce, you were then appointed assistant vice president for health sciences in Neal Vanselow's office. You said that your three responsibilities were space, parking, and state relations.

VV: That's right.

DT: Something that I've heard from pretty much everyone I've spoken to is that space was the most politically charged issue.

[laughter]

VV: Believe me, every dean...every dean felt that he or she had baked every brick and built that building. You could lay out the facts and say, "Look, this program—or this college—has received additional research grants. We need x number of square feet of research space and support space. You have a surplus. Please." "Yes, but, we've written applications and next year..." I'd say, "When that comes to pass, I'll be very happy to sit down with you and we will take a look and find you either a replacement..." "No."



Several times, I was hauled before meetings of the dean and his top people. It's somewhat uncomfortable. I understand. Sometimes—I wouldn't say it—I would be angry with the deans. They are not going to fly in the face of their faculty. You have some senior graybeards sitting around. "Wellll, we couldn't possibly..." "But, dean..." The faculty as well, "No, no. We have plans for that space." You'd spend maybe an hour, a most frustrating experience. You'd go back to Vanselow and say, "Look, I may be the space czar, but the serfs aren't listening."

[laughter]

VV: It really was the most thankless task. You couldn't really threaten. It would be demeaning. You would almost be begging, "Please, please, won't you see reason?" Sometimes, it worked. Sometimes, it worked, but most of the time it was the most unproductive waste of time. The rationale was, and I suspect a philosophy held by many deans, the University has to continue to grow; otherwise, if you don't continue to grow, you're doing to die." I said, "What does that mean?" "We need to build." I'd say, "There's something wrong with this rationale, because then there are no boundaries to the size of the campus." "If you stop growing, you die [whispered]." Okay. True.

DT: What I've heard especially talking to deans is that space is a valuable recruitment tool, too. If you want to bring a big gun in, you have promise space.

VV: I used to laugh. The dowry. Yes. I won't mention names... There were clearly some physicians, but it was always the same thing. The vice president would say, "Vik, Doctor So and So is coming in. He's going to be here for two days. Tomorrow, you have to make time. I want you to take him around and show him the space. He'll outline what he needs." Well... [laughter] It was impossible. Thank God that was not my responsibility, but, occasionally, there would be a significant other. So it had to be a package deal if you were going to get someone. Yet, there had to be what I called the dowry. There had to be the office space, the research space, the support space. Somehow, I just had to try to make it fit. If I couldn't be eloquent and persuasive, and if the individual was deemed to be of such caliber and fame that we absolutely had to have him or her, then the vice president could step in and I sometimes think reluctantly and not always being able to deliver what the candidate demanded or I should say requested. Those were interesting sessions to deal with that issue.

DT: In your summary earlier, you said parking and space were both very difficult issues. But it sounds like of those three tasks, the state relations was probably the most productive. [chuckles]

VV: Most productive in several respects. One, although that changed with every year, generally I knew all the people both sides of the aisle. Incidentally, I was hired... Fitzsimons was a Republican. Whenever parties changed, myself and two colleagues, who were also professional staff, in every sense of the word, we absolutely laid out the facts. Regardless if a building project was in a Republican or Democrat district, if there were reasons to say, "Hey, this doesn't make good sense," or "This does

make sense, Mister Chairman,” or if this program was in somebody’s area, we called it the way we saw it. I think that reflects the fact that all three of us remained although the parties changed from time to time. I knew the people in the Legislature. I respected them and I think throughout my career, they respected me. It was easy when you sat down with those legislators and they listened to you.

I’ll give you a specific case in point. The \$60 million basic sciences building, that was built when the zoology and botany buildings were torn down. The faculty, including Vice President and the Dean of the Medical School said, “We need a new basic sciences building. It’s absolutely critical.” I said, “You’re right.” So we had a group come in and I think we had a consulting architect; the cost was estimated to be about \$100 million plus. I said, “It’s not saleable.” “You know those people over there. You’ve dealt with them. You can do it.” I said, “Look. That’s not realistic. It’s not going to fly.” “Vik, you’re being a pessimist. You’ve got to be an optimist. That’s the problem with you. You don’t think big enough.” I said, “All right.”

So I brought the proposal to the Legislature. The first step is to get money for schematic plans, then working drawings, and last, the bricks and mortar. A couple of chairmen just shook their head. “It’s too big.” It was Gene [Eugene] Waldorf at the time. He was on the House side. I said, “Look, we really need this.” He looked at figures and said, “Vik, go back, bring it down in cost. I agree with you. The Academic Health Center does need that building, but that’s not going to fly.” I said, “I know that and you know that.” Again, back then, \$100 million that was one whale of a project. Times have changed and now probably it’s no longer such a big deal. But when you look in total, I know the Academic Health Center portion is very important, but there are University needs and there are other campuses and there are other legislators who have their programs that they think should be first. Like it or not, when you have a bonding bill, you’re not going to have a \$100 million item probably eating up maybe half of your funding. It’s just not going to happen.

Anyway, yes, we sat down again and we pared it down to \$60 million and after a couple of sessions, we did get the money. Now, we got \$50 [million] and the State Legislature said, “It’s still a big figure. Can you find \$10 million of federal money?” David Hamilton was very instrumental in putting together a proposal on programs that would fit in that new facility. One of the key individuals who, I believe, helped us get that federal money was the chairman of House Appropriations Committee for a while and then he went to Congress, Martin Sabo. Martin Sabo was there for the groundbreaking ceremony, also a very, very knowledgeable and influential member in Congress. We can criticize about pork barrel legislation. This was a nice piece of pork, if you will.

DT: [laughter]

VV: Again, compared to a number of other things that get funded by Congress, I think it’s very worthwhile and a good investment.

I found it very relaxing and easy to deal with the legislators and, obviously, with the new individual who took my job.

DT: Who was the person who replaced you then?

VV: Tricia [Patricia] Grimes.

DT: What was, perhaps, a typical day like for you in that state lobbying position?

VV: During the legislative session... First of all, even before the meeting started, if you could during the interim, you'd set up a lunch, meet with a legislator. They got finicky the last few years that you can't accept lunch from lobbyists, blah, blah. When the Legislature started, I made a point of making appointments with each and every member of the House and Senate that sat on the Education Division and said, "Here's our request. Look through it when you have time. I just want to point out to you a couple of the key items. As the hearings proceed, obviously, I'd like to meet with you from time to time." I'd bring over, sometimes, Vice President Vanselow, or I'd bring over Vice President [Doctor Robert Andy] Anderson when he took over, or Bill Brody and just keep in touch. Of course, you have to attend all of the hearings because you never know at what point—although, it's on the agenda—somebody may have a question that, perhaps, not directly but indirectly could relate to the Academic Health Center or somebody just may want to catch you before or after the meeting and talk about something. Some constituent who's a patient has expressed either something positive or negative about something or somebody's son or daughter wants to enroll in one of the programs...so always a number of things that could come up in addition to just talking about the capital request or about the operating budget. The entire day would be spent, not always but certainly at the tail end of the session and sometimes when the meetings would drag... Although the last few years, they outlawed those hours. They said, "No more past midnight." In the early years, some of the meetings, particularly during conference committee time, would go to two, three o'clock in the morning and you'd have to be back there again the next morning. I was used to it because as a staff member, obviously, I was ten years at the Legislature. That was par for the course that you had to be there. All the documents and everything had to be ready. The agenda had to be ready, etcetera, etcetera.

Lobbying, I guess that's the term you have to use, lobbying, but representing the Academic Health Center. I enjoyed that. That helped me forget the parking and space.

[laughter]

DT: You mentioned up to the basic science building. Are there any other issues that stand out to you that you had to really work in order to represent the AHC's interests?

VV: One interesting item was the dean of the Duluth campus said that they needed more space and they wanted a mirror image of the existing basic sciences building. I said, "Well, are we doubling the class?" "Well, no. But, really, we need more space." I made several trips up to Duluth. I came back and said to Vanselow, "There's no way." I forget

how much it was, \$8 million or so, but an addition was built to the existing building. That was one interesting one.

What else? Of course, we had remodeling money for [the School of] Public Health. They received all new facilities and a new laboratory for the Veterinary College. I'm sure there were some other smaller ones. The jewel in the crown was the basic science building. That was the big one. The others pale by comparison.

DT: How would you characterize Neal Vanselow's tenure as vice president?

VV: [pause] How would I characterize his tenure? He was a very efficient manager. I'm sure that he brought home a briefcase every evening and it was all read the next morning and I'm sure the same thing on weekends. Neal Vanselow complained that we, meaning the Academic Health Center, haven't had a good year at the Legislature since he came. You have to understand, and it's hard to explain to people, that, yes, as important as our programs are, there are other demands on state resources. You cannot simply insist...but we are more important. We need this money. Part of it, perhaps, was the expectation since I had been over there that we'll get Vik to carry our program in and they're just going to run it. It's not going to happen. In that sense, he was a difficult person to work for. He seemed never to be satisfied with how we did at the Legislature. That's not a very positive feeling on my part. You could say he was a hard taskmaster, but, certainly, a very efficient vice president.

DT: It seems like you had quite the challenge. Part of your job was to maybe moderate expectations on, perhaps, both sides.

VV: My friend, and colleague, Stan Kegler, who was the Institutional [Relations] vice president, said to the legislators, "You know, I have two jobs. On the one hand, I have to explain the University to you folks and what it does. On the other hand, when I go back, I have to explain to the faculty how the system here works. Believe me, the latter one is infinitely more difficult if not impossible." Occasionally, there would be deans... "Well, Vik, I'm sure you can do this," and "If you had only tried harder and had a positive attitude." You can have a positive attitude, but you don't want to be a fool. You do what is reasonable.

DT: When you gave the example of the basic science building and, initially, the \$100 million budget that the University was requesting, that's got to be hard for you because you need to be respected by the legislators.

VV: And I cannot refuse if the vice president and some faculty members say, "This is what we need. Why should we compromise? If we compromise, if we start low, we'll never get it. Bring them what we truly, truly need." But you're wasting people's time and your breath. It's not going to fly. They recognize we need a building. I said, "Let's bring them a project that's saleable." "This is what we need, the right thing to do, because we need it." Well... That was kind of bittersweet. I felt very good, finally, when we did do the project. But the beginnings were difficult. I think, in some respects,

if you go in with what some people would say are unrealistic requests it probably damages your case rather than helps.

Unfortunately, whether it's in the Legislature or in Congress or wherever, people know that there are going to be reductions in their budget requests. As a result, the game is played...well, if we need \$100 million, we better ask for \$120 million, because they're going to trim the budget. In the end, hopefully, we'll get what we really need. I don't know if there's a way to avoid that game. That's the game that's played and I can understand why.

DT: Vanselow stepped down in 1989 and, then, Cherie Perlmutter was acting vice president for a few years. Were there any changes once she took on the leadership?

VV: I don't think so. I think Cherie was very well respected. David Preston and Cherie were Lyle French's right or left hand, if you will. Cherie was very good at keeping things on an even keel. She knew what some of the potentially troublesome or difficult positions might be. She was good. She kept things going smoothly.

DT: Then, Robert Anderson was here for a year followed by Brody. How would you characterize their leadership?

VV: I liked Andy Anderson. Doctor Anderson never thought that he knew the legislative process better than his lobbyist. I liked him. He was a gentleman. As you probably know... Maybe we don't want to drudge up all those unpleasanties with the ALG [Antilymphocyte Globulin] program. When all of that hit the fan, of course, Vice President Anderson... I assume that probably that had something to do with his departure. John Najarian...that was a very painful, very difficult period.

DT: How did that impact you specifically, the ALG situation?

VV: I wasn't affected by it. Personally, I felt very sad that somebody of the stature and ability of John Najarian had to suffer and go through what he did. I think that was most unfortunate, maybe unavoidable, I don't know. I think what could have been, should have been done—Monday morning quarterbacking is 20/20 hindsight—is the whole ALG program should have, perhaps, been reviewed earlier to be sure that every condition and requirement was met. Unfortunately, there was, perhaps, willingness on the part of even Regents to accept...yes, there are some problems, but these are administrative details. We'll have our people take a look at it and clean it up with all i's and crossed t's. We have more important work to do and all these forms, etc. In that sense, it could have been, perhaps should have been, addressed sooner than it was. I think that whole ALG and changing of those people in key positions was a *very* rocky period in the Academic Health Center.

When Brody came in, I remember there was a whole issue of tenure. Jean [B.] Keffeler, I think raised a question. I don't want to misspeak. I think Jean Keffeler was on the Board of Regents and expressed concern about tenure. When Bill Brody arrived, talks began

with Fairview [Health Systems], selling the Hospital, and changing things. Of course, also, the whole tenure issue in the Academic Health Center, believe me, that was a miserable, miserable time.

DT: Did you get asked questions, though, by the Legislature or by any of the staffers in the Legislature about the ALG situation?

VV: Not in an official capacity. As one on one, somebody that I worked with, yes, on occasion.

DT: Given that you were in the vice president's office, was there a sense... Central Administration was the one that kind of pursued an investigation of Najarian and the case against him. Where was the Academic Health Center on that issue?

VV: In terms of supporting John Najarian or not supporting?

DT: Yes.

VV: I think that the medical profession, the clinical chiefs, his colleagues...John Najarian was well respected. I think the ALG brought in a lot of money and, on occasion, John Najarian's ALG money could help out other programs. I think, generally, people were saddened. I think the clinical chiefs probably supported him. I don't think anybody took a vote. But to the extent that this brought the entire Academic Health Center in a state of turmoil with the leaving of the vice president and search for a new vice president, I suspect that that, obviously, did affect the other units. Given a choice, they probably just as soon not have to go through that. It was this period of strange existence as things unfolded.

DT: You brought up Fairview and the decision to sell the Hospital. Were you involved at all in those discussions?

VV: Not in the direct sense of sitting at the table and saying, "Well, let's do this or that." I did bring Vice President Brody to Saint Paul and we met with key legislators. We said, "Look. Here's the situation." [We met] with the Higher Education Division and Finance chair and House Appropriations chair and Education Division chairs, I think with Roger Moe, the majority leader and I think we met with... I'm trying to remember who the Speaker of the House at the time was. Oh, gosh. [pause] I wonder if it was Steve [Steven A.] Swiggum. I can't swear to that. It may have been. Anyway, yes, we met with key legislators and said, "Look, it is the state's hospital, and we do receive money from the Legislature. The situation is such that that's the best option we've got now." As I recall, there were no objections. They just said, "Fine, it must be done." Of course, Brody laid out that we were going to have these silos of education and research and service and there will be no mixing between them and so on. I think it was inevitable. Again, going back to that same history, that economic situation in the state in the early 1980s, it was a nationwide phenomenon. Academic health centers and hospitals were not

unique in that sense. The old way of doing business just wasn't going to work in the future.

DT: Do you have anything else that you would like to share about your experiences in the Academic Health Center?

VV: [pause] No. I can't think of anything.

[break in the interview – extraneous conversation]

DT: When did you retire? What year?

VV: November 1998. I decided at sixty that was enough. As I said, part of the reason was the fact of all the changes and the crowning blow was that I and Dick Hemmingsen, the Ag lobbyist were going to be put under Central Administration under Donna Peterson. Did you know her?

DT: I don't...

VV: The last few years, I really haven't followed what the administrative structure is, who the vice president for Institutional Relations is. I thought, no! I don't think I want to go to Morrill Hall. So I ended my career.

DT: Before we turned the recorder on, you had mentioned that you had some people you could name about who I might speak to. I wonder if you could share some of those names with me now.

VV: Oh, certainly Cliff Fearing and Greg Hart.

DT: I've already interviewed Greg Hart.

VV: Okay, they are good people. As I said, David Preston and Cherie Perlmutter. Have you talked to any clinical chiefs?

DT: Yes, I talked to Paul Quie. I've actually interviewed Doctor Najarian.

VV: Paul Quie is also a gentleman.

DT: Yes. He was wonderful to interview. Now, I'm blanking. I've interviewed quite a number of people from the Medical School and from Nursing, and across the units, actually.

VV: Have you interviewed former Dean David Brown?

DT: Yes, I have.

VV: Two people that, unfortunately, you won't be able to interview because they are no longer with us...John [W.] LaBree and Neal [L.] Gault.

DT: Yes. Both of them passed away right before I got here. I think John LaBree passed away in my first few months here.

VV: Both delightful people.

Let's see, who else? Obviously, Andy Anderson. He's no longer in the state, but he also passed away. I don't know about Brody. He might be an interesting individual if you can find him. I understand he left Johns Hopkins.

DT: Yes. He's at the Scripps [Research] Institute in San Diego. He actually came back to campus last year to give a talk but I wasn't ready to interview him, at that point.

VV: Let's see, who else? Oh, yes, Shelley Chou. He's gone. Dick Elzay, former dean of Dentistry was a good man. Have you interviewed former dean of Public Health, Edith Leyasmeyer?

DT: Yes, I have.

VV: How about Richard Thawley, former dean of Vet Med?

DT: I have not. I'm not sure where he's located. I think he might be in Oregon.

VV: I think it might be Oregon, yes.

DT: I have him on the list to try and track down. It's easier to locate people who are close.

VV: The Academic Health Center has got money to book a plane ticket.

DT: Oh, yes. I have the funds to travel. It's figuring out where he is.

VV: How is Terry [L.] Bock doing?

DT: You know, I have never met Terry.

VV: Isn't he associate vice president and chief of staff?

DT: Yes. He has been very much an administrative force around this project. But I actually haven't had direct interaction with him; although, he has been an important...

VV: Have you read Mel [Mellor R.] Holland's history [*A History of the University of Minnesota School of Dentistry, 1888-1988*]?



DT: Yes.

VV: You have done your homework.

DT: [chuckles]

VV: [pause] Roby Thompson.

DT: Yes, he's on the list.

VV: I don't know how many of those clinical chiefs are still around. Don Doughman, former chair of the Department of Ophthalmology. [pause] I think Greg Hart is a good source for the Hospital sale. I'm trying to think of who else. [pause] If I come up with some names, I'll certainly get back to you.

DT: Great. Thank you.

VV: You've obviously, had the key people. [pause] Have you talked to any legislative staff?

DT: No, that's actually something that I will be interested in doing.

VV: Who is still there? Doug Berg. He's has the same position on the House side that I used to have.

DT: Perhaps, if you think of anyone else, you can just let me know.

VV: I'd be glad to.

DT: Great. Thank you so much for the interview and the information.

VV: I hope it was helpful.

DT: Oh, it was.

VV: It made me think and get the gray matter flowing again.

DT: Well, good. [chuckles] This was wonderful. Thank you.

VV: Okay.

[End of the Interview]

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