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**HEADLINE:** Hopkins system fills No. 2 slot

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**BODY:**

In the latest of several major changes, Johns Hopkins Hospital and Health System announced yesterday it was giving broad new authority to a man some believe could lead the system one day.

Ronald R. Peterson, currently president of Johns Hopkins Bayview Medical Center, was elevated to the newly created position of executive vice president and chief operating officer of the system.

He'll be second-in-command to Dr. James A. Block, president and chief executive officer, and run many day-to-day operations.

"He's going to have responsibility for running everything, especially at the two hospitals," said a senior Hopkins official, referring to Johns Hopkins Hospital and the Bayview facility.

"I think it gives more flexibility to the institution, by having him in that position," said the official, who didn't want to be identified.

Mr. Peterson will oversee one of Hopkins' critical goals: tying together what were once largely autonomous pieces of the health system, the largest in Maryland.

Hopkins is streamlining operations to keep and win the business of health maintenance organizations, which increasingly dominate the insurance field.

Although Hopkins has enviable resources -- including its flagship Johns Hopkins Hospital, Bayview, home-care service companies and 1,000-member physician faculty -- it faces tough competition from other hospitals and health systems.

Some of the characteristics that define Hopkins, such as its medical-training programs and service to the poor, are costly handicaps in today's price-conscious marketplace.

Hopkins system fills No. 2 slot The Baltimore Sun May 27, 1995, Saturday,

Creating Mr. Peterson's new post is a big step at an institution once viewed by many as a group of fiefdoms.

"The operations of the different components of the health system have run quite independently up to this point," Dr. Block said yesterday after issuing a letter to Hopkins employees announcing Mr. Peterson's appointment.

"With the continued need to achieve the highest level of efficiency and affordability, we do see the opportunity for improved service and significant cost savings through the better integration of these organizations," Dr. Block said.

Mr. Peterson said he and Dr. Block "can complement one another very nicely."

"Jim Block is a broad visionary," Mr. Peterson said, "and at the same time he is not what I would consider to be an operations person."

"He has so much on his plate that it is fair to say he has the confidence that I will be able to handle the operational issues for him," Mr. Peterson added. "He is particularly good at policy, legislative matters, strategic thinking."

Mr. Peterson, 46, is highly regarded at Hopkins, where he has held several wide-ranging positions since 1973.

The substantial authority given him in his new job underscores the privately expressed opinion of many Hopkins employees that Mr. Peterson would be an ideal leader of the health system.

But there is an obstacle, Mr. Peterson acknowledged when asked whether he'd ever like the top job: he holds a master's degree in health-care administration, but is not a medical doctor like Dr. Block.

"I'd have to think a great deal about that," Mr. Peterson said of the president's job, "because there is something to be said for the notion that there is a rich tradition having physician leadership at the head of these medical institutions. And I'm not sure that I would leap to the conclusion that a non-physician should be at the overall head."

Mr. Peterson's appointment comes one month after Gennaro J. Vasile's resignation as chief operating officer of Johns Hopkins Hospital, a role that made him the second-ranking administrator behind Dr. Block.

Mr. Vasile cited policy differences, which one Hopkins source said included disagreement over how to coordinate the health system.

Dr. Block and Mr. Peterson said they're discussing whether to fill Mr. Vasile's position. If someone is named, that person will report to Mr. Peterson.

Hopkins has been hiring and promoting other people as part of its reorganization efforts. About six weeks ago, the health system appointed a new vice president of information systems, Dr. Block said.

Some Hopkins officials have wondered whether the School of Medicine, under Johns Hopkins University, would ever be merged with the hospital and health system. Dr. Block said that's "unlikely," although the school and the health system are working together to coordinate physicians' activities.

Mr. Peterson will remain in charge of Bayview Medical Center, the former Baltimore City Hospitals. Hopkins took over the money-losing facility along Eastern Avenue and transformed it under Mr. Peterson's leadership into an expanded, money-making venture. He has been president since 1984.

Although overshadowed by the 1,000-bed Johns Hopkins Hospital, Bayview is a large enterprise, with 300 hospital beds, the 250-bed Johns Hopkins Geriatric Center and the Baltimore Regional Burn Center.

**GRAPHIC: PHOTO, JED KIRSCHBAUM/SUN STAFF PHOTO, Ronald R. Peterson, president of Bayview Medical Center, is Johns Hopkins health system's new chief operating officer.**