MORNINGSIDE HOSPITAL

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH CONGRESS

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MORNINGSIDE HOSPITAL

MAY 28, 1958.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DAWSON of Illinois, from the Committee on Government Operations, submitted the following

TWENTY-FOURTH REPORT

SUBMITTED BY THE PUBLIC WORKS AND RESOURCES SUBCOMMITTEE

On May 21, 1958, the Committee on Government Operations had before it for consideration a report as of September 19, 1957, from its Subcommittee on Public Works and Resources entitled, "Morningside Hospital."

After consideration of the report as submitted by the subcommittee, upon motion made and seconded, the report was approved and adopted as the report of the full committee. The chairman was directed to transmit a copy to the Speaker of the House.

THE ORIGIN OF THE INVESTIGATION

The Morningside Hospital is a mental hospital, with approximately 400-bed capacity, located at 10008 Southeast Stark Street, Portland, Oreg., at the outskirts of the city. The hospital is operated by The Sanitarium Company, an Oregon corporation chartered in 1899. Mr. Wayne W. Coe, the president of the company, owns 598 of its 600 shares of stock, and as he described himself at the hearings, is "the responsible party" of the company. For more than 50 years the corporation has been the agent of the United States Department of the Interior, under contract, to provide care and treatment for residents of Alaska who have been ordered committed as mentally ill. Although the Interior Department sought bidders for the contract, generally at 5-year intervals, the Sanitarium Co. has been virtually the sole bidder

since 1915.[1] These contracts were made under an act of 1909, as amended in 1942 (codified in 48 U. S. C. secs. 46–50a), which authorized the Secretary of the Interior—

> to contract, for 1 or more years, with a responsible asylum, sanitarium, or hospital west of the main range of the Rocky Mountains submitting the lowest responsible bid for the care, treatment, and custody of—

any resident or other person in Alaska—

> who has been legally adjudged insane and committed to a mental institution.[2]

The current contract (No. 14-04-001-81) dated June 18, 1953, was to expire on June 30, 1958. It was assigned by the Secretary of the Interior to the Governor of Alaska as of February 23, 1957, pursuant to section 302 of the Alaska Mental Health Enabling Act, cited in footnote 2. In August 1957, the Territory of Alaska and the Sanitarium Co. agreed that the contract would expire on December 31, 1957.

Virtually all the patients in Morningside Hospital are those committed from Alaska. Many of them are Alaskan natives, who had been transported over a thousand miles from their homes to the Morningside Hospital, and many of them have been separated for long periods of time from their family and friends.

The committee's decision to investigate Morningside Hospital came as a result of numerous complaints and allegations that the patients have been receiving improper care and treatment, and also because the Comptroller General of the United States, in a report to the House of Representatives Committee on Interior and Insular Affairs dated June 25, 1956, stated that an audit and investigation of the Sanitarium Co.—

> disclosed certain deficiencies in the administration of contract provisions for the Secretary of the Interior by the the Office of Territories, Department of the Interior.

Although the Sanitarium Co. has had charge of Alaskan patients under contracts with the Interior Department for more than 50 consecutive years, the investigation by this committee was primarily concerned with the 10 years period 1948–57. It was felt that an investigation of the hospital prior to that period would have little current value, whereas investigation of a 10-year period would provide a sufficient basis for evaluating the recent progress and present status of the hospital operations, and since that period was in both Democratic and Republican administrations, would eliminate any possibility of charges that the investigation had any political implications. (The nonpolitical nature of the investigation was demonstrated during the course of both the preliminary investigation and the hearings by the fact that the committee brought out deficiencies in hospital operations and Interior Department supervision which occurred under Democratic as well as Republican Secretaries of the Interior.)

[1] Between 1935 and 1938, the Department of the Interior endeavored, unsuccessfully, to obtain construction of a new Federal mental hospital, and during this period executed three 1-year contracts with the Sanitarium Co. In 1936, the University of Oregon Medical School wrote to the Department offering to contract for the care of the Alaskan insane, but the proposal was based upon the assumption that a new hospital would be constructed with at least partial financing by the Federal Government, and it was not accepted. Mr. Wayne Coe, president of the Sanitarium Co., testified that a doctor of Tacoma, Wash., tendered a bid about 1932.

[2] These statutes were repealed, effective July 1, 1957, as specified in sec. 301 of the Alaska Mental Health Enabling Act of July 28, 1956 (70 Stat. 709, 712; Public Law 830, 84th Cong.), sec. 134 of the act of March 26, 1957, enacted by the Legislature of the Territory of Alaska (ch. 87, H. B. 165), and the proclamation o June 19, 1957, by Acting Governor of Alaska Waino E. Hendrickson.

In conducting its investigation, the committee was ably assisted b trained and competent investigative personnel provided by the Com troller General. The committee also received expert advice c medical and psychiatric matters from Dr. Ivor M. Campbell, Chi of the Mental Hygiene Clinic, United States Veterans' Administra tion, Portland, Oreg., whose services were loaned to the committe by the Administrator of Veterans Affairs, and from Dr. John L Waterman, director, mental health section, Oregon State Board Health, whose services were loaned to the committee through th courtesy of the Governor of Oregon Robert D. Holmes and th Oregon State Board of Health.

In order to avoid possible embarrassment to any of the patients their relatives, the committee exercised great caution to prevent publ disclosure of the names of present or former patients. Thus, a syste of code numbers was used at the public hearings which were held Portland, Oreg., on September 16, 17, 18, and 19, 1957. In h opening statement, the chairman of the subcommittee specifical cautioned all witnesses not to reveal, either in testimony or to anyon else, the name of any patient; the subcommittee counsel repeated thi admonition as each witness took the stand; and, from time to tim witnesses were warned in the course of their remarks, to refrain fro mentioning the names of patients.[3] As a result of these warnings, n name of a patient or former patient was mentioned throughout th hearings.

The hearings were voluminous and lengthy. The first day's hea ings lasted from 10 a. m. to 7:05 p. m., and the second from 9 a. m. 5:30 p. m. The third day's hearings lasted from 9 a. m. until 1:0 a. m. the next day, when they were resumed at 10 a. m. and continue until 10:35 p. m. Many witnesses were heard, and many writte statements were received both during and after the hearings. addition, each member of the subcommittee and the subcommitt staff participating in the hearings (except one who had to leave befo completion of the hearings) personally visited and inspected the Mor ingside Hospital and grounds.

Conclusions

1. The Morningside Hospital was for many years operated wi insufficient professional staff and inadequate facilities; its patients r ceived inadequate care and, in some cases, outright mistreatment an abuse. Until about 1955, these inadequacies were so grave that the must be deemed wholly unjustifiable. There have been substanti improvements made since then at Morningside Hospital primari because of the impact of repeated surveys and investigations, pa ticularly by congressional committees, and the United States Publ Health Service. Yet even now the hospital is still not adequate staffed, since it needs at least 10 more nurses, an additional psych atrist, an additional psychologist, a psychiatrically trained soci worker, and a trained dietitian, as well as increased emphasis upo the mental and physical rehabilitation of its patients.

[3] A list of the code numbers and names was provided to counsel for the Sanitarium Co. in advance of hearing. The company and its counsel, of course, had access to the hospital's medical records of all patien

2. The evidence is abundantly clear that Mr. Wayne Coe, the controlling stockholder of the company owning the Morningside Hospital, has, throughout the period under investigation, been motivated in his operations primarily by a desire for the highest possible profits rather than by a desire to provide adequate care for the patients entrusted to the company. Thus, he diverted large sums of money to his own benefit instead of hiring needed professional personnel. While the hospital had no registered nurses in 1948, only 1 from 1949 until late in 1953, and only 2 until 1955, he amassed large personal profits and benefits for himself. In the 20-year period from 1936 through 1955, the total net profit of the company amounted to $893,669 in addition to salary payments to Wayne W. Coe of $503,500. In addition, during the 12-year period from 1943 to 1954 he diverted at least $43,930 of company income to his own pockets, and during the 20-year period mentioned above he charged at least $231,900 of personal expenses to company accounts, thus depriving the hospital of operating funds, which it could otherwise have used to hire needed professional personnel. Mr. Coe's financial profiteering likewise involved improper Federal income-tax deductions. The committee believes that, because of such improprieties, substantial sums in taxes and tax penalties may be due to the Federal Government both from the company and from Mr. Wayne Coe personally and that there may even have been violations of the criminal provisions of the Federal income tax laws.

3. The committee believes that it is tragic that needed reforms were not begun until they were literally forced upon the management by repeated outside surveys and by the spotlight which congressional committees have focused on the hospital's inadequacies. The committee believes that this history indicates that in the absence of the closest governmental supervision Mr. Wayne Coe cannot be trusted to provide proper treatment for the patients committed to his care if the congressional spotlight is removed and the profit motive again becomes the major factor.

4. In view of the history of unsatisfactory performance by the Sanitarium Co. under its contract as shown by the testimony at the hearings, the committee believes that the Interior Department should have taken more affirmative steps to obtain another hospital in which to care for mentally ill Alaskans, and also to determine, under section 5a (3) (b) of General Services Administration Regulation No. 15 promulgated by the General Services Administration on June 17, 1954, whether to place the Sanitarium Co. on the Department's debarred list of firms and individuals to whom contracts would not be awarded and from whom bids or proposals would not be solicited. While the Territory of Alaska is not governed by regulation No. 15, nevertheless, the Territory could well follow the procedures contemplated by that regulation in determining whether the Sanitarium Co. is a responsible bidder to be awarded Territorial contracts.[4]

5. The committee believes that the nature and extent of any improvements in the standards of care at Morningside Hospital must be judged not in the light of what Morningside Hospital provided in the past but rather on the basis of what the hospital should have provided

[4] Since the committee has not studied the practice and procedure of debarring bidders, this recommendation is not intended to deal with the merits of GSA General Regulation No. 15, but only as expressing the committee's belief that the Sanitarium Co. should be subjected to the same rules applicable to Government contractors generally.

according to recognized experts. An attitude of "anything is better than nothing" should not be the criterion used. Thus, when Dr. Schumacher made his survey of the hospital in 1952, there was only 1 registered nurse for 344 patients. As a result of the pressures generated by numerous surveys and by congressional investigations, additional registered nurses were added, so that at the time of the committee's hearings, the number of nurses had been increased to seven. Obviously, 7 nurses can provide more adequate nursing services than can 1 nurse for the over 350 patients. But, according to the expert testimony presented to the committee, Morningside Hospital should have at least 16 nurses to provide adequate nursing service. The fact that it required such extensive outside pressures to bring about even this progress which still leaves nursing services 56 percent below what it should be, demonstrates to the committee that the company deserves little credit for the partial progress which has been made to date.

6. Insulin-coma therapy, a violent and hazardous form of treatment of mental patients who do not adequately respond to other forms of psychotherapy, was used dangerously at Morningside Hospital during the period from 1949 to 1955 when the hospital was grossly understaffed and without sufficient professional personnel for such hazardous therapy. Insulin-coma therapy involves a procedure known as gavaging during which glucose is administered by means of a tube inserted into the stomach either through the nose or mouth while the patient is in a coma. The testimony was overwhelming that good medical practice requires that the gavaging be done only with a doctor or a registered nurse in attendance. And yet, during the period in question because of lack of sufficient competent professional personnel, ordinary attendants were used at Morningside Hospital to gavage patients undergoing insulin-coma therapy without a doctor or a registered nurse in attendance.

7. The committee has found that the hazardous and improper manner in which insulin-coma therapy was administered, as well as the selection of some patients who were poor risks for such treatment contributed to the high insulin-coma therapy death rate at Morningside Hospital, as shown by the following comparison of the insulin-coma therapy death rates among Oregon hospitals during this period

Hospital	*Percent of insulin-coma death*
Veterans' Administration Hospital, Roseburg	None
Oregon State Hospital	0.06
Morningside Hospital	4.80

8. The Sanitarium Co., which operates Morningside Hospital, has for many years depended in substantial part on patient labor for the operation of the hospital. The committee is fully aware of the values of occupational therapy in the treatment of mental patients. But what went on in Morningside Hospital until recent years was a gross abuse of the patients. Many of them were overworked, their assignments bore little relationship to their needed treatment, and their labor was used for the personal benefit of officials and employees of the hospital. The prevailing philosophy governing the work of the patients was the operation of the hospital at the greatest possible profit to the management rather than the rehabilitation of the patients. the more the patients could be worked, the less paid staff would have to be employed and the more profits the company and its owners would make.

9. Until 1957, when the Territory of Alaska relieved the hospital of its burial responsibilities under its contract and placed those responsibilities elsewhere, many deceased patients were being buried without regard for common standards of decency, including burial of two bodies in single graves, failure to mark graves, etc.

10. Until congressional investigations focussed the spotlight upon the hospital's double food standard, the hospital, which has no trained dietitian and which has been motivated by a desire to make as great a profit out of the care of the mental patients as possible, has served the patients with poorer and less appetizing food than that served to employees. Despite the improvements which came about as a result of the congressional investigations, the hospital still follows a double food standard and lacks a trained dietitian.

11. The committee strongly believes that it is unsound and highly dangerous to the welfare of mental patients to commit and confine them in a hospital operated for private profit where the incentive is to save on the care provided patients, so that the profits can be higher, which has been the case with respect to Morningside Hospital.

12. The committee strongly believes that the mentally ill of Alaska should be treated in Alaska, where full advantage can be taken of the therapeutic value of family ties. This conclusion is, of course, in accordance with the policy of the Congress in passing the Alaska Mental Health Enabling Act of 1956.

13. It is the considered judgment of the committee that the Department of the Interior, through the years, has been negligent and inefficient in the manner in which it has carried out its responsibilities in protecting the health and welfare of the mental patients confined at Morningside Hospital. The Department should have made certain that the owner of the hospital carried out the terms of the contract, provided proper care and treatment for the patients, and did not put his own pocketbook ahead of the patients' welfare. The Department was fully advised, by its own medical officer and by several surveys by the Public Health Service and others, of the deplorable conditions existing at Morningside Hospital. Despite these warnings, and despite the authority which the Department had under the terms of the contract to insure that the hospital management provide satisfactory care and treatment for the patients, the action taken by the Department to support the recommendations of its medical officer and the various surveys was woefully and shamefully inadequate—so inadequate, in the opinion of the committee, as to amount to virtual disregard of its responsibilities.

14. The hospital's failure to employ a psychiatric social worker, despite numerous recommendations by psychiatric experts that such be done, has seriously hampered the recovery and discharge of patients.

15. Although the contract with the Sanitarium Co. contemplated the use of a boarding-out program in the treatment and rehabilitation of the mental patients, no boarding-out program was instituted.

16. The failure of the Territory of Alaska to fill the position of medical officer after the contract was assigned to the Territory in February 1957, and its designation of the hospital's own psychiatrist as the person responsible for determining when patients are to be discharged, have created a serious conflict of interest on the part of the hospital psychiatrist. The responsibility of the person designated to

act as medical officer under the contract would be to ensure prompt rehabilitation and discharge of the patients. That respo bility should not be lodged in a person who is in the employ of a c pany which receives its compensation on the basis of the numbe days a patient is at the hospital. No matter how well intentio and circumspect the hospital psychiatrist might be, this conflic interest would make all of his decisions as to the patient's readi for release subject to possible suspicion.

17. The Territorial commissioner of health, who is supposed exercise supervision over the Territory's relationship with Mornings Hospital, visited the hospital only twice between the time the cont was assigned to the Territory and the time of the hearings. The c mittee believes that such supervisory responsibility cannot be solely to the hospital's psychiatrist, or to the medical social wor stationed at the hospital by the Territory.

Principal Recommendations

1. The Territory of Alaska should expedite the construction Alaska of public mental-health facilities and should establish, as s as possible, an adequate mental-health program for the care treatment of mentally ill Alaskans. In the light of the time limi tion placed by the Congress in the Alaska Mental Health Enabl Act, the committee urges most strongly that immediate, decisive constructive steps be taken to move toward the goals established the Congress. The committee feels that temporization at this po would seriously endanger the attainment of these goals.

2. Pending the construction of public mental health facilities Alaska, the Territory should take immediate steps to provide adequ temporary facilities, preferably in Alaska, for the proper care a treatment of Alaska's mentally ill.

3. If the Territory of Alaska is unable to obtain adequate tempor facilities in Alaska, or to obtain better facilities in the United Sta than at Morningside Hospital, and is therefore obliged to aw another contract to the Sanitarium Co., it should be on a short ter cost-plus-fixed-fee, basis with contract provisions which adequat guard against any possible repetition of the deficiencies and abu discussed in this report. Such a contract should particularly inclu specific provisions for staff-patient ratios which meet recogniz staffing standards, regular audits of all hospital records including fis records, safeguards against the exploitation of patients, provision compensating patients for their labor based on an appropriate syst for evaluating the worth of their efforts, and increased supervisi and inspection by Territorial officials. In addition, the Territo should require prompt correction of existing deficiencies, includi increased professional staff, single standard food service, institut of a boarding out program, correction of improprieties in previo burials of deceased patients. as well as insuring that future buri comply with proper standards of decency, hiring a psychiatric soci worker and a dietitian, and requiring that a Territorial medical offic rather than a company psychiatrist, should determine when patien are ready for discharge.

4. If insulin coma therapy is hereafter administered to Alask mental patients, it should be done only with adequate medical saf

guards to avoid a repetition of the hazards that were revealed during the committee's investigation.

5. In the light of the facts revealed by the committee's investigation and the charges under oath that there had been gross negligence in the treatment of the patients at Morningside Hospital, the transcript of the hearings should be referred to the district attorney of Multnomah County, Oreg., so that he may determine whether there is evidence of any violation of Oregon law.

6. The transcript of the hearings should be forwarded to the commissioner of labor of Oregon so that he may determine whether to proceed, under the laws of Oregon, on behalf of those employees at the Morningside Hospital who were worked overtime without compensation in violation of the Oregon laws, to collect such compensation, and whether there is other action which should be taken in the light of the evidence at the committee hearings that women employees at the hospital were worked more hours than permitted by Oregon law.

7. The Internal Revenue Service should promptly and carefully examine all tax returns filed by the Sanitarium Co. and by Mr. Wayne W. Coe to determine the amounts due from them and to consider whether the facts disclosed warrant the institution of criminal proceedings under the internal revenue laws.

8. The transcript of the hearings should be referred to the Interior Department and to the Department of Justice to determine whether in the light of the gross breaches of contract revealed by virtue of the wide discrepancy between the level of care and treatment contracted for and that actually provided, a civil suit should be instituted against the Sanitarium Co. on behalf of the United States Government to recover the difference in the value of the services contracted for and actually received.

9. The Department of Health, Education, and Welfare should study and report back to this committee not later than 30 days before the end of this session of Congress as to whether further legislation is required to prevent abuses of labor of patients in mental hospitals such as occurred at Morningside Hospital.

10. Although the Territory is not governed by GSA General Regulation No. 15, the Territory should consider following the procedures contemplated by that regulation in determining whether the Sanitarium Co. is a responsible bidder to be awarded Territorial contracts.[5]

Narrative Statement

I. The facilities and obligations of the Sanitarium Co.

(*a*) *Facilities at Morningside Hospital*

The hospital has 21 buildings spreading over an area of about 11 acres, and consisting of patients' wards and hospitals, dining rooms and kitchens, employees' dormitories and residences, a schoolhouse, a laundry, a cannery, and various shops. The buildings are generally of frame construction, equipped with automatic sprinkler systems and fireproof roofing and insulation. Adjoining this area is the Sanitarium Co.'s farm, consisting of approximately 77 acres and 7 buildings, including a cattle barn, pig houses, and storage sheds. The farmland

[5] See footnote 4, supra.

is used mainly for truck crops, fruit, and pasture. In addition, approximately 28 acres near the hospital grounds have been leased in recent years to grow hay for the company's cattle.

As of June 30, 1957, the hospital had 138 employees and an attending and consulting professional staff of 28. The principal officials of the Sanitarium Co., which operates Morningside Hospital, were: Mr. Wayne W. Coe, president; his son, Mr. Henry W. Coe, general manager; and Dr. J. Ray Langdon, M. D., medical director. Neither Mr. Wayne Coe nor Mr. Henry Coe is a medical doctor, nor has either of them taken courses at any medical institutions. Mr. Wayne Coe has long been associated with the Morningside Hospital, which was founded by Mr. Wayne Coe's father, Dr. Henry Waldo Coe, shortly before the turn of the century. Mr. Henry Coe, the present general manager, has been with Morningside Hospital since November 1, 1953. Dr. Langdon, in charge of the medical aspects of the hospital, is a qualified psychiatrist and a diplomate of the American Board of Psychiatry and Neurology. Dr. Langdon came to Morningside Hospital in March 1956, succeeding Dr. William W. Thompson who was medical director at Morningside from February 1949 through May 1956.

The other resident professional staff members at the time of the hearings were Ray A. Dowling, M. D., and Robert J. Meechan, M. D., both of whom are physicians but not psychiatrists, and one psychologist, Allen N. Parker, Ph. D., who is not a medical doctor. The attending and consulting professional staff consists of private practitioners who provide medical, dental, and other services from time to time as may be required. As of June 30, 1957, the hospital had seven registered nurses. The regular hospital staff members are paid on a salary basis, while the attending and consulting staff members are paid on a fee basis.

The attendants and service staff includes attendants, therapists, an administrative supervisor, a food service supervisor, a housekeeper, 2 schoolteachers, 10 kitchen and dining room employees, a beautician, a barber, a shoe repairman, 2 maintenance engineers, a painter, a carpenter, 2 laundry workers, a storekeeper, 10 farm workers, a night watchman, a vehicle driver, and 2 linen supply workers. Appendix A to this report shows the hospital staff as of December 31, 1955, and June 30, 1957.

(*b*) *The Sanitarium Co.'s contract obligations, 1948 to the present*

Under its 1948 and 1953 contracts, the company has been obligated to receive, maintain, care for, and administer medical and psychiatric treatment to, persons legally adjudged insane in the Territory of Alaska and delivered by the United States to Morningside Hospital, and to do so "in a manner satisfactory to the Secretary" of the Interior. Both the 1948 contract and the 1953 contract specifically required the company to "furnish all laboratory work, X-ray, surgery, and other medical care, including shock therapy," and "a qualified staff to operate facilities for recreational and occupational therapy;" to keep the patients "safely and satisfactorily;" and to take "extraordinary care" to prevent their elopement from the hospital. If a patient elopes "from the custody of the company," it is obligated to "use every means at its command to recapture such patient." Because the company in 1948 and 1951–52 failed to comply with the

hospital license requirements of the State of Oregon, a provision was included in the 1953 contract requiring the company to maintain and conduct the hospital in such manner as to meet the standards of the Oregon State Board of Health for approval as a mental hospital under State law.

Under the contracts the Government paid the company a specified base rate per patient per month, adjusted semi-annually on the basis of the average of the United States Bureau of Labor Statistics Wholesale Price Index for All Commodities. The 1948 contract price was $70 per patient per month and was adjusted to the price index for each preceding 6 months. On the basis of such adjustments, the price paid to the company during the last 6 months of the 1948 contract was $122.10 per patient per month.

The 1953 contract raised the base price to $184 per patient per month, and provided for further semi-annual adjustments on the basis of the changes in the Wholesale Price Index from the period July 1 to December 31, 1952.

In addition, the contracts provided that the Government will reimburse the company (up to $65 under the 1948 contract and $75 under the 1953 contract) for the costs of burying the remains of a deceased patient.[6] Both contracts required such interment to be accomplished "decently * * * by the company in a cemetery or burial grounds satisfactory to the Secretary." Apparently, because of complaints that the interments were not being done properly, provisions were included in the 1953 contract requiring the company to observe interment standards similar to those of the United States Public Health Service as well as certain other specific requirements for interments which are discussed later in this report.

The Government also pays the company for suitable clothing and transportation of patients who are granted leave, boarded out, or discharged; for money allowances up to $25 per patient who is granted leave or discharged; and for the costs up to $400 of annual Christmas festivities for the patients.

Although, as stated above, the company has been obligated to provide custody and medical and psychiatric treatment "in a manner satisfactory to the Secretary," neither the 1948 contract nor the 1953 contract contained any standards of care or medical and psychiatric treatment, nor were any minimum specifications for professional and other personnel expressly set forth in the contracts. However, section 22 in the 1953 contract provides that if the Secretary of the Interior determined that additional professional personnel is needed—

> after this contract becomes effective and after having been informed fully of the number, type, and qualifications of personnel and services which the company agrees to provide in ratio to a given patient load * * * the company shall arrange to provide such professional personnel as is requested—

at the cost of the Government.

In order to protect the Government's interest, both the 1948 contract and the 1953 contract provided that the Government would place a "medical officer" at the hospital. The 1948 contract authorized him to "supervise the psychiatric care and treatment of the patients,"

[6] Effective July 1, 1957, the Alaska Department of Health which now supervises administration of the contract on behalf of the Governor of Alaska, relieved the company of responsibility for burial of patients, and entered into a separate 1-year contract with Davy-Sunnyside Funeral Home, Portland, Oreg., providing for payment by the Territory of Alaska of $189.25 for each interment.

and the 1953 contract broadened his powers to "su the execution of the terms of this contract," and to "direct pervise the acceptance, the welfare and treatment, and the relea patients." Both contracts required the company to provi Government medical officer with office accommodations, th contract also specifying that the office accommodations sho "ample" and "including private files" and "necessary and acc stenographic and clerical help." Both contracts required th pany to extend to the medical officer "at all times," "such aid sistance as may be required in his judgment to supervise prop care, treatment, and custody of the patients," as well as "f free access at all times to all places, buildings, and grounds usec care, treatment, and custody of all such patients, and * * * f free consultation also with all patients * * *." In additio Government was given the right of access to the hospital fo poses of inspection thereof and of any records or accounts rela the care, treatment, and custody of the patients.

The 1948 contract contained no provision concerning the l patients. But as a result of abuses by the company and its p officials in connection with patient labor, the 1953 contract in as section 7 thereof, a provision authorizing occupational thera the patients "in the hospital or on its grounds, under the supe of a qualified staff," with provisos that the type and dura occupational therapy must be prescribed by the Government's m officer, that no occupational therapy shall be performed for th fit of any person other than the company, and that no occup therapy to be performed outside the hospital or its grounds s prescribed or permitted.

Both the 1948 and 1953 contracts contained provision for bo out patients considered by the medical officer to be suitable for ing out and for allowing patients to go on leave when the m officer determined that such leave would not be detrimental public welfare and would benefit the patient.

The 1953 contract authorizes termination thereof, by eith Government or the company, "upon 6 months' notice in writing at any time after the expiration of 1 year following the effective of the contract. Since the 1953 contract was effective as of J 1953, it could be canceled upon 6 months' notice after July 1, As stated above, the Territory of Alaska and the Sanitariu mutually agreed in August 1957 that the contract would exp December 31, 1957, instead of June 30, 1958.

II. DEFICIENCIES IN PROFESSIONAL STAFFING AT MORNINGSI HOSPITAL

During the entire period 1948–57 covered by the comm investigation, the professional staff at Morningside Hospita below the standards prescribed by the American Psychiatric ciation. Up to about 1955, these staff deficiencies were so that they may properly be labeled as unjustifiable. The ho management clearly failed to comply with the Sanitarium contract obligation to provide "satisfactory" care and medical ment for the patients committed to Morningside Hospital, an Interior Department failed in its responsibilities to insure that p care and treatment were in fact provided by the company Alth

the Department's medical officer repeatedly made recommendations, both to the hospital management and to the Interior Department, for improvements in hospital staffing, such improvements came slowly, and only after pressures of repeated investigations by the United States Public Health Service, by the Oregon State Board of Health, by the Interior Department in the later years, and most of all by congressional attention to Morningside Hospital and the introduction of bills in Congress proposing construction of a mental hospital in Alaska and the transfer of mental health responsibility to the Territory of Alaska. Despite the improvements which have been made, particularly within the past 2 years, several inadequacies still remain. If the hospital continues to provide temporary care for Alaskan patients pending construction of an Alaskan hospital or their transfer to other facilities, these inadequacies should be promptly remedied by the hospital management and by the Territory of Alaska which has had, since February 23, 1957, the responsibilities of supervision over the care and treatment of patients at Morningside Hospital formerly lodged in the Interior Department.

The committee is particularly shocked by the long continued existence of the deficiencies in hospital staffing during the period 1948–57, in view of the fact that those deficiencies were repeatedly called to the attention of both the hospital management and the Department of the Interior.

(*a*) *Recommendations of the Department's medical officer, and the 1948 survey by Dr. Schumacher*

In September 1948, the Department's medical officer, Dr. George F. Keller, reported to the Director of the Division of Territories and Island Possessions (now the Office of Territories in the Interior Department) that Morningside Hospital had only one doctor (who was not a psychiatrist) and a medical student on the resident staff, no registered nurse, no social worker, and no dietitian. The Director of the Division of Territories and Island Possessions, Mr. James P. Davis, thereupon requested the Surgeon General of the Public Health Service to have a study made of Morningside Hospital, and such study was made in October 1948, by Dr. Henry C. Schumacher, Medical Director of the Public Health Service Regional Office at San Francisco, Calif.

In his 1948 report, Dr. Schumacher noted that the resident medical personnel on the Morningside Hospital staff consisted of only one general physician (Dr. Serrurier) and a fourth year medical student performing night duty; that the hospital had no qualified occupational therapist, no registered nurse, no dietitian, and no psychologist; that the only psychiatrist present at Morningside was the Government's own medical officer; and that the total attendants and service staff consisted of 54 persons.[7] Dr. Schumacher's report also noted that

[7] The attendants and service staff as of October 1948 were as follows:

Ward attendants	34
Stockmen	3
Farm	2
Laundry	2
Cannery	1
Engineers	2
Barber	1
Kitchen and dining room	4
Occupational therapy department	5
Total	54

The inadequacy of the attendants and service staff in 1948 can be seen from the fact that as of June 30, 1957, the attendants and service staff, as shown in appendix A to this report, consisted of 118 persons, for virtually the same number of patients.

the medical histories were inadequate, that staff conferences were not held, that patients' records did not reveal information concerning their work details, that follow-up notes on patients were insufficient, that wards were overcrowded, that equipment was meager, that children were not separately housed, that different food was served to patients than to employees, and that there were no school facilities whatsoever.

(*b*) *Overholser committee survey*

In late 1949, the Interior Department requested a group of specialists headed by Dr. Winfred Overholser, Superintendent of St. Elizabeths Hospital, the Federal mental hospital in Washington, D. C., to study the mental health needs of Alaska. In its report of February 1950, the Overholser committee particularly noted "that only custodial care is provided at the present time" at Morningside Hospital. The Overholser report stated that the "patients appear to be well fed and sympathetically treated," but specifically pointed out:

> The greatest shortcoming lies in the fact that practically no psychiatric treatment is afforded the many patients who urgently need such treatment. The professional staff is inadequate numerically and professionally to provide the required treatment.

(*c*) *Dr. Schumacher's survey of June 1952*

A second survey at Morningside Hospital made by Dr. Schumacher in June 1952 pointed out that the hospital had only 1 psychiatrist for the 344 patients then in residence who "has a minimum of training;" that there was only 1 graduate nurse with duties limited to the care of patients receiving shock therapy; only 1 registered occupational therapist; 1 part-time school teacher; no social worker; and no nutritionist. Some of the significant conclusions of Dr. Schumacher's comprehensive report of 1952 were as follows:

> It can be seen from the above that the personnel ratios are in no sense up to standard for psychiatric hospitals as recommended by the American Psychiatric Association. For example, the American Psychiatric Association recommends on admission and intensive treatment service wards, 1 physician to 30 patients, and on the continued treatment service, 1 physician to 150 patients. In this institution there is 1 psychiatrist, and a physician for 2 days per week doing physicals, available to the 344 patients. The standards for registered nurses on admission and intensive treatment service is 1 to 5 patients, and on continued treatment service, 1 to 40 patients. This institution has but 1 registered nurse for the 344 patients. The standards for admission and intensive treatment service calls for 1 clinical psychologist to 100 patients, and on the continued treatment service, 1 psychologist to 500 patients. This institution provides a psychologist on call to do a few psychometrics per year. The ratio for attendants is 1 to 4 on the admission and intensive treatment service, and 1 to 6 on the continued treatment service. If one includes not only the 45 ward attendants but the 18 others who in one way or other contact patients on the farm, laundry, shop, kitchen, etc., the ratio in this institution is

approximately 1 to 5.5. The personnel ratios suggest 1 hydrotherapist to 50 patients on the admission service and 1 to 250 on the continued treatment service. This institution has no hydrotherapist. The personnel ratios suggest 1 registered occupational therapist to 100 on the admission service, 1 to 500 on the continued treatment service. This institution has 1 to 344. Other occupational therapists—those of less training—1 to 40 on the admission and intensive treatment service, and 1 to 150 on the continued treatment service. This institution has 5 students to the 344 patients. There are no social workers in this institution.

The standards for tuberculosis service are as follows:

	Patients
Physician	1–50
Registered nurse	1–5
Attendants	1–5
Occupational therapist	1–100

This institution has no doctor solely responsible, no registered nurse at all, no occupational therapist, and will barely meet the ratio for attendants.

The institution is not in a position to do its own X-ray or laboratory work. It has no pharmacist. The psychiatrist is responsible for the preparation of all medications. The medical library is very weak. There was no evidence of an adequate patients' library. Chaplain service is limited to Protestants only, the ministers being assigned on rotation by the ministerial association. The institution does have Catholic patients and has had Jewish patients although none at present.

* * * * *

As the personnel ratios show, insofar as psychiatrists, nurses, hydrotherapists, and social workers go, this institution falls considerably below par and obviously, therefore, cannot be expected to do an acute treatment job either in the physical or mental field. This probably in part accounts for the fact that well over half of all patients have been in the institution more than 6 to 9 years. More patients are employed in industrial therapy, so-called, than take part in occupational therapy.

* * * * *

* * * Since there is no social worker attached to the institution, nor one who functions in admission procedure and follow-up in Alaska, obviously there is no contact worthy of the name with the families and relatives of the patients. Hence, there is in operation no reasonable basis on which to make discharges with any assurance that there will be a satisfactory environmental setting for the patient, nor is there any possibility of engaging in any family care program.

Dr. Schumacher's 1952 report also criticized other aspects of the hospital operation, such as the continued housing of children in adult wards, the absence of any educational program, and the fact that the hospital was not then licensed by the State of Oregon because of the management's failure to comply with State requirements concerning plumbing and the tuberculosis wards.

(*d*) *The Guthrie report of October 1952*

In light of the 1952 Schumacher report, Director Davis sought the advice of the National Institute of Mental Health. On October 28, 1952, Dr. Riley H. Guthrie, mental health adviser of the NIMH, provided Director Davis with data on the costs of a 350-bed mental hospital, together with "a list of personnel which we believe represents the minimum requirements for the operation of a 350-bed mental hospital." These minimum personnel standards, Dr. Guthrie added, were less than the standards of the American Psychiatric Association. But it is significant that they were considerably better than the personnel staffing then at Morningside, as indicated by the following examples:

Dr. Guthrie's Recommendations	Personnel then at Morningside
Two certified psychiatrists	One uncertified psychiatrist
One clinical psychologist	No psychologist
Fourteen registered nurses, preferably with psychiatric skills and 3 nurse directors	One registered nurse
Fifty-eight attendants	Forty-five attendants
Three registered occupational therapists	One registered occupational therapist
Two hydrotherapists	No hydrotherapists
One teacher	One part-time teacher
One dietitian	No dietitian
One psychiatric social worker	No social worker

(*e*) *Parran committee survey of 1954*

In 1954, still another survey was made of Morningside Hospital, this time by a survey team of the Graduate School of Public Health of the University of Pittsburgh, in cooperation with the Interior Department, the United States Department of Health, Education, and Welfare, and the Territory of Alaska. The survey team was headed by Dr. Thomas Parran, former Surgeon General of the United States.

The Parran survey team report noted several improvements in hospital facilities, operations, and patient care at Morningside and described the "custodial care" given to "so-called chronic patients" as being "as good, if not better custodial care than is rendered in many State mental hospitals." However, the report stated that "the plant still has many deficiencies and the professional staff badly needs reinforcement. * * *" The Parran report pointed out that the hospital still had only one psychiatrist, Dr. Thompson, on its staff responsible for both the physical and mental care of patients. The report described him as "an able and devoted physician" but noted: "Unfortunately, his substantial training in psychiatry does not meet the requirements for certification by the specialty board in this sector of the medical specialist's guild." The Parran report noted that two young physicians [8] were assisting the psychiatrist in the general medical care of patients and that a second registered nurse had been added to the staff since the 1952 Schumacher survey. However, the report added that the nurses were being used only for shock therapy and active tuberculosis patients, that patients in the regular wards were still being served only by attendants, and that although some psychotherapy was being used, it was "necessarily * * * limited" since "only one, partly trained psychiatrist [was]

[8] It was developed at the hearings that these two physicians were merely "externs," namely, senior students at medical school.

available for the care of 348 Alaskan patients. * * *" And the Parran committee urged: "At the very least, he should have a qualified assistant."

The report also criticized the food served patients as being "mediocre" and "below standard," resembling the written menus "in name only"; mentioned the "old and completely inadequate building for tuberculous women";[9] and suggested that the hospital management had possibly—

> profited substantially from their contract over the years since 1904 * * * and now can well afford to upgrade their plant and its services without financial hardship.

(*f*) *Schumacher recommendations of November 25, 1955*

At the request of the Office of Territories, Dr. Schumacher in November 1955 submitted recommendations for a minimum professional staff at Morningside Hospital which included at least two full-time psychiatrists, a full-time clinical psychologist, a dietitian, psychiatric social worker, and other increases in staff.

(*g*) *Subsequent reports by Public Health Service consultants*

The years 1955 and 1956 seem to mark the turning point in Morningside Hospital. Increases were made in some of the staff, various improvements were expedited and completed, and a vigorous effort was apparently made to correct many of the deficiencies which had been previously pointed out by the several survey teams.

Thus, the report of November 19, 1956, by Miss Tirzah Morgan, mental health consultant of the Public Health Service, comments favorably on the standards of cleanliness, hygiene, and physical nursing care, the fine occupational therapy shop, and the friendliness of the patients. Miss Morgan noted, however, that the occupational therapy work was of a limited kind and that, from the psychiatric nursing point of view, the "weakest point in the entire program" was the lack of ward activity and the attendants' lack of orientation into the meaning of dynamic psychiatric nursing or the use of relationships in promoting patient activities. She also noted the "great deal of administrative resistance to making any kind of change," although the professional staff "seems very eager to promote changes in the hospital and improvement of outpatient care programs." Her report concluded:

> It appears that many changes are being made here. Most changes are in the nature of the "one shot" alterations which will make a good appearance. Long range changes, such as improvement in quantity and quality of ward level staff, are not being made. The problem of the increase in the number of severely brain damaged children is becoming an acute one which the hospital was not prepared to face.

The report of October 18, 1956, by Mr. Raymond Craig, mental health consultant in social work, Public Health Service, noted that within the past several months a number of Morningside patients had been helped to leave the hospital through job placement assist-

[9] Dr. Schumacher's 1952 report had condemned this building as "the poorest building by far in all respects."

ance from the Seattle representative of the Alaska Departme Vocational Rehabilitation, the Oregon State Employment Office the Portland Office of Employment Security. However, Mr. pointed out:

> Because there is no social worker charged with the responsibility of leave and discharge planning, whether at Morningside or in Alaska, the amount of basic planning appears to be minimal and is done entirely by correspondence.

He noted the absence of a boarding-out program at Morning although such program was authorized under the contract, and mented that although the medical records appear adequate, the " chiatric, psychological, and social information is more often min or nonexistent." He described the care received by the patient "adequate," but stated that the "basic problem * * * is the fact these patients are far removed from their relatives."

The latter conclusion was emphasized by the recent Alaska me health survey report of February 15, 1957, conducted under the pices of the Public Health Service pursuant to the congressi directive in Public Law 814, 84th Congress. This report conclu that the patients at Morningside were being hampered in their of recovery because they are "separated great distances from t families and they lose contact with both family and community," t leading to delay in release and neglect in their rehabilitation. survey team, composed of distinguished psychiatric and hosp consultants, recommended construction of mental health and hosp facilities at three locations in Alaska, and urged that the Ala Health Department in developing construction plans should determ the number of Morningside patients that could be transferred back Alaska when facilities are available.

In later reports (April 10, 1957, and June 18, 1957), Mr. Craig no that Mrs. Salisbury, the medical social worker stationed at Morni side by the Alaska Department of Health, was doing valuable work the review of patients' cases; that school education activities increased at the hospital; and that a second psychiatrist, Dr. J. Haskins, would soon be employed at Morningside to assume admi trative responsibility for the care and treatment of patients there releasing Dr. Langdon for more individual psychotherapy and e bling the latter and Mr. Parker to initiate some group therapy wo

Dr. Karl M. Bowman, special consultant to the Public Hea Service, visited the Morningside Hospital in June 1957, and in report of June 27, 1957, commented favorably on the many rec improvements in facilities, the friendly attitude of the patients, t important work being done by Mrs. Salisbury in surveying t patients' records, the use of staff conferences, the decreased use insulin and the increasing use of tranquilizers, the improvement in t quality of attendants, and the decrease of tuberculosis. He spo highly of the abilities and qualifications of the professional st people, but thought there should be more attendants, particularly the children's ward. He summed up his conclusions as follows:

> I would conclude, therefore, my opinion is that there has been a very great improvement in the setup of Morningside Hospital in the quality of personnel and in the type of care that is being given to the patients. It likewise appears to

me that this condition will continue to improve for the next year or two unless some change occurs. There is some shortage of help and there should be certain additions to the staff. There should be a full time psychiatric social worker. There should be another psychologist and there should be some increase of the nursing and attendant groups. It would be desirable to add a third psychiatrist, but with the addition of the second psychiatrist this fall, there should be an opportunity to do more real psychiatric work with patients. I was struck by the pleasant friendly attitude of all the persons I encountered. It seemed to me the morale of the place was excellent and the patients definitely acted as if they were being well treated. Judging by the previous reports that have been written and which I have read, I would think that there was a very great improvement in this institution during the last 2 years.

(*h*) *Report of the North Pacific District Branch of the American Psychiatric Association*

The most recent report brought to the attention of the committee was that of a three-man committee of the North Pacific District Branch of the American Psychiatric Association, dated September 10, 1957. That committee visited Morningside Hospital on that date and surveyed its physical plant and medical care program. Their report stated that hospital facilities are attractive and clean, that the medical staff is adequate in number and training, that the occupational therapy department is "exceptionally" good, and that the educational program is "outstanding." Their report further described the medical records as above average, but recommended initiation of a system of special incident reports and urged that there be more expeditious release of patients who are ready for discharge.[10]

(*i*) *Summary*

The investigation conducted by this committee has indicated that many of the staffing deficiencies criticized in the numerous reports over the past 10 years have been serious, and harmful to the proper care and treatment of the patients. The committee believes it was physically impossible for one psychiatrist (Dr. Thompson) to have handled adequately all the responsibility that was imposed on him. He was not only the sole psychiatrist for 335 to 375 patients, but was also burdened with numerous hospital administrative tasks, counseling the Coes in management matters, supervising the patients' diet requirements, trying to conduct a social worker's functions, hiring and supervising personnel, supervising sanitation, etc. The committee disagrees with Dr. Thompson and the Coes that one psychiatrist was adequate. No matter how able a psychiatrist Dr. Thompson might be,[11] with a caseload of 370 patients, he would have had to

[10] The value of this report was questioned by Dr. Campbell, who testified: "I feel that the report is much too general; that it is not sufficiently specific and while I am very much in agreement with it, there are certain areas in which I do not concur." He also testified that he did not believe the three-man committee could have made "an adequate inspection and report on Morningside Hospital on the basis of an informal meeting of several hours held with the staff" of the hospital.

[11] Dr. Campbell said: "I feel that while Dr. Thompson at the present time could be regarded as a capable psychiatrist, that at the time he was hired, he did not have sufficient experience to accept a position of psychiatrist in charge of this hospital." Dr. Waterman said: "I consider that Dr. Thompson is a well qualified psychiatrist at the present time, although in 1949, at that time, when he was first hired, he was really, you might say, in the early stages of his training as a psychiatrist, so that he wasn't a fully trained psychiatrist as he is now * * * that in 1949, he was not qualified to be psychiatrist in charge. He was qualified to be a psychiatrist there, preferably under the supervision of a well-qualified and perhaps certified psychiatrist." Dr. Thompson plans to take his examinations in March 1958, for certification as a diplomate of the American Board of Psychiatry and Neurology.

work more than 12 hours a day simply to spend 2 minutes a day w each patient. It was this situation, in fact, which caused su eminent authorities as Dr. Schumacher and Dr. Overholser to ass that—

> practically no psychiatric treatment is afforded the many patients who urgently need such treatment.

The inadequacy of nurses was particularly harmful, as will be d cussed in the next part of this report. The lack of a social work precluded inauguration of a boarding-out program as contemplat by the contracts, and clearly delayed, and in some instances ma impossible, the rehabilitation of the patients. The lack of a train dietitian and a psychologist is simply not understandable.

Dr. Campbell testified as follows concerning the need for addition psychiatrists, nurses, and a psychiatric social worker:

> Mr. Indritz. In order to meet the standards of the American Psychiatric Association with respect to psychiatrists, how many doctors would be required at Morningside?
>
> Dr. Campbell. I feel that 3 doctors would be required at Morningside, but however, it is my own feeling that 2 of those doctors at least should have adequate psychiatric training.
>
> * * * * *
>
> Mr. Indritz. On the basis of the standards prescribed by the American Psychiatric Association, how many nurses do you think ought to be at Morningside Hospital?
>
> Dr. Campbell. * * * I feel in agreement with Dr. Guthrie's recommendation, and my own—they were both arrived at independently—is that there should be a ratio of 1 nurse to 20 patients, on which basis Dr. Guthrie's recommendation, when there were 340 patients, was 17 nurses, and my recommendation would be 18 nurses for the staffing of Morningside Hospital * * *. The present standards for nurses in the United States Veterans' Hospital and the present staffing of the United States Veterans' Hospital at Roseburg is at present 1 nurse to 18 patients, and at the American Lake Hospital of the Veterans' Administration in Washington State, the staffing there is 1 nurse to every 16 patients, so that when I state 1 nurse to every 20 patients, I don't think I am being unrealistic.
>
> Mr. Indritz. Is a psychiatrically trained social worker important in a mental hospital?
>
> Dr. Campbell. A psychiatrically trained social worker is most important as a member of any type of psychiatric treatment of advanced and modern nature. The necessity for a psychiatric social worker is particularly striking in this case because there is so much liaison work that should be carried on with the family, and with possible placement of patients who have recovered. In view of the fact that many of them should or would be returned to Alaska, then suitable placement would entail a great deal of work that only a social worker could do, preferably in conjunction with some other social worker in Alaska, but in order to have placement, it's necessary. Then again, she would be particularly valuable

in counseling patients and treating and adding to their active psychiatric therapeutic team.

Mr. INDRITZ. If the Morningside Hospital had a staff such as you indicated as necessary, do you think that it would expedite the recovery of the mental patients at Morningside?

Dr. CAMPBELL. I believe it would expedite their recovery. I also believe it would help in the discharge rate as well.

In his testimony Dr. Waterman agreed with the recommendations of Dr. Bowman and Dr. Campbell that there should be additional nurses on a ratio of 1 nurse to 20 patients, a full-time psychiatric social worker, a full-time psychologist, and a third psychiatrist.

Many of the deficiencies have now been remedied, at least in part. Thus, medical students are no longer used in lieu of physicians; the hospital now has 7 registered nurses performing work throughout the hospital; there are now 2 registered occupational therapists and 5 occupational therapy aides, 2 schoolteachers, and a musical therapist; the number and quality of attendants have been considerably increased; a full-time psychologist is now on the staff; there are now two full-time general physicians to provide the patients with the better physical care necessary for mental patients; the present acting medical director is a qualified psychiatrist and another psychiatrist was hired shortly after the conclusion of the hearings. Staff conferences are now being held on a regular basis; the deficiencies in recordkeeping on patients have apparently been largely corrected; wards are not as crowded as before; additional equipment for the benefit of patients has been installed; the dining room appears now to be adequate; the tuberculous women are now housed in a more adequate building; a school program with interested and capable teachers is now in effect; and the Territory of Alaska has stationed a medical social worker at the hospital to perform some of the urgently needed social work.

It is apparent, however, that a number of the deficiencies previously noted still continue to exist. The committee believes there should be at least two psychiatrists stationed there. The number of registered nurses is still inadequate. On the basis of the standards of the American Psychiatric Association, the recommendations made by Drs. Campbell and Waterman who provided expert consultative service for the committee, and the recommendations of the previous Schumacher, Overholser, Guthrie, and Parran reports, the committee believes there should be between 16 and 18 registered nurses as a minimum adequate nursing staff. Moreover, the hospital still lacks a hydrotherapist and a trained dietitian; [12] and the present social worker at the hospital is apparently a medically trained social worker rather than a psychiatrically trained social worker.[13]

Perhaps the basic defect of the hospital's staffing structure is the dominance exercised by Mr. Wayne W. Coe and Mr. Henry W. Coe

[12] The present food services supervisor has performed such duties for many years. She was not trained as a dietitian, and the committee was not advised as to the extent to which she sought to obtain such training after she was appointed to her job. In view of the repeated criticisms made during the hearings, as well as in the Schumacher and Parran reports, the committee believes that the hospital is deficient in this department. Perhaps this deficiency might be reduced by abolition of the double food standard as recommended by the committee elsewhere in this report.

[13] Dr. Waterman testified that Mrs. Salisbury, the medical social worker now stationed by the Territory of Alaska at Morningside Hospital, "is well qualified * * * as a social worker." Both he and Mr. Campbell agreed that a social worker assigned to a mental hospital ought to have psychiatric training, in line with the recommendations made in the Schumacher, Guthrie, and Parran reports that a social worker assigned to a mental hospital ought to have psychiatric training. Perhaps Mrs. Salisbury will obtain such training while on the job.

in the operation of the hospital. Neither of them are doctors or medically trained. Although Mr. Wayne Coe asserted during the hearing that he is fully competent, on the basis of his long association with the hospital, to operate the institution, it appears to the committee, on the basis of the record of this hospital's performance under his management, that he is considerably less competent than he thinks he is and that his domination of the hospital has significantly lowered the ability of the hospital to perform its basic function, namely, the treatment and cure of mental patients.[14] The combination of such domination and the private-profit nature of the hospital's operation, particularly in view of the continued and extensive diversion of hospital funds into the private pockets of Mr. Wayne W. Coe which is discussed in another section of this report, furnishes the real key to much of the abuses and deficiencies which existed at the Morningside Hospital.

The committee also believes, as a result of the information secured during the investigation and at the hearings, that facilities for the treatment of Alaskan mental patients should be nearer their homes in Alaska. Rehabilitation of patients is often severely handicapped by the great distance between Portland, Oreg., where Morningside Hospital is located, and the patient's home. This basic problem can be solved only by construction of adequate mental health facilities in Alaska. The committee believes that the Territory of Alaska should expedite its mental-health program planning and get to the task of constructing mental health facilities in Alaska as soon as possible. Although the initial costs may be larger, the committee believes that the increased rates of recovery of mental patients will result in lower per capita costs in the long run, and that the ultimate benefit to Alaska and its citizens are easily worth the effort and cost of a sound mental-health program in Alaska.

III. IMPROPER TREATMENT OF PATIENTS

(a) *Hazards to patients undergoing insulin coma therapy*

The committee's investigation revealed that the hospital management's refusal to heed the repeated warnings concerning the hospital's inadequate staff resulted in grave hazard to patients undergoing insulin coma therapy and may have contributed to the deaths of some of them. These hazards were in addition to the inadequacy of the psychiatric, physical, and social treatment programs which, according to Dr. Schumacher's 1952 report—

> probably in part accounts for the fact that well over half of all patients have been in the institution more than 6 to 9 years.[15]

The lack of sufficient registered nurses was particularly unjustifiable in view of the insulin shock therapy inaugurated by Dr. Thompson shortly after his appointment as medical officer of Morningside Hospital in 1949. Insulin coma therapy is a form of treatment fairly widely used in the past 10 or so years for schizophrenic patients who have not responded to other forms of psychotherapy. All the medical witnesses before the committee agreed that such therapy is a serious

[14] This domination is reflected in the assertions at the hearings by Mr. Wayne Coe that he was "the responsible party" and that he felt fully qualified to pass upon the abilities, competence, and qualifications of a psychiatrist, and by Mr. Henry Coe that if recommendations for more nurses were made by the doctors, the Coes would seek to obtain them "if it was our feeling that it would be an improvement in the service that was essential."

[15] As of June 30, 1957, 78 of Morningside's 371 patients had been in Morningside for 20 or more years.

and extremely dangerous treatment. Dr. Thompson described it as "a more dangerous form of psychiatric therapy" to be used as a "last resort." It involves injection of insulin for the purpose of inducing a temporary coma which is terminated after some 15 to 30 minutes by administering glucose. Sometimes, in emergencies, the glucose is injected intravenously, but usually the glucose is administered by means of a tube inserted into the stomach either through the nose or mouth while the patient is in coma. The latter procedure is referred to as "gavage."

Virtually every doctor and nurse who testified before the committee (except Dr. Thompson) stated that because of the danger of introducing the tube into the lungs (with consequent drowning of the patient when the glucose is poured into the tube), a gavage should be done only by medically trained personnel such as doctors and registered nurses. Virtually every medical witness (except Dr. Thompson) agreed that it would be "not proper care," "most improper," "hazardous" to entrust to ordinary attendants the responsibility of determining when to gavage and of administering the gavage. Such action by attendants is not permitted at Oregon State Hospital.

When the insulin shock therapy treatment was inaugurated by Dr. Thompson, there was only one registered nurse at Morningside. Her duty hours were from 6 a. m. to 2:30 p. m. When she left at 2:30 p. m. there was no registered nurse on duty to terminate the secondary insulin coma which often developed several hours after the primary coma was terminated. To fill this obvious need caused by the shortage of registered nurses, Dr. Thompson directed the nurse to instruct attendants on how to gavage patients in insulin coma.[16] Many gavages were performed by attendants without records being made of the gavages.

The evidence before the committee indicates that during Dr. Thompson's tenure as medical director a number of patients, whose cases were discussed in detail at the hearings, died either as a direct result of the insulin therapy treatment or within 24 hours after undergoing the treatment. Although there was considerable conflict in the inferences drawn by various doctors who testified or furnished statements to the committee as to the precise cause of death, there was substantial evidence indicating that some of the deaths may have occurred from drowning of patients while being gavaged by attendants without supervision of a doctor or registered nurse. Dr. Campbell testified as follows:

> Mr. KNOX. In your professional opinion, was there gross negligence on the part of the institutional care of 6,316 [code number of patient]?
>
> Dr. CAMPBELL. In my opinion, there was gross negligence in that this procedure was performed by an attendant.

[16] Reverend Harris, a minister who was formerly an attendant at Morningside Hospital (October 1949 to June 1951, and June 1953 to February 1955) testified as follows:

"Reverend HARRIS. Well, when we first started to work there at night, Dr. Thompson said he wanted my wife and I to understand insulin, and know how to handle the cases, and so he had us come in in the morning and stay an hour or two in the insulin room and receive instruction from the registered nurse how to handle the insulin cases.

"Mr. MOSS. Were you dealing with cases of secondary coma or shock?

"Reverend HARRIS. I dealt with that.

"Mr. MOSS. In other words, you were looked to for the primary responsibility of taking the necessary steps to gavage patients when those conditions occurred?

"Reverend HARRIS. That's right.

"Mr. MOSS. And that was at the instruction of Dr. Thompson?

"Reverend HARRIS. I didn't see too much of Dr. Thompson. He worked days and I worked nights."

> Mr. KNOX. Should it be termed "criminal?"
>
> Dr. CAMPBELL. I think that is a legal question. I wouldn't pass on it.
>
> Mr. KNOX. But you do pass, or your opinion is that there was gross negligence?
>
> Dr. CAMPBELL. Medically, there was gross negligence, that is my feeling. Gross negligence by neglect and having an insufficient staff to care for the patients.

Both Dr. Campbell and Dr. Waterman testified that there wer questions of judgment involved and that some of the patients selecte for insulin shock therapy, such as those over 65 years old, or sufferin from serious physical ailments, were, in their opinion, "poor risks" and that some of the deaths could have been prevented by more an experienced professional help. Dr. Campbell also criticized th failure to determine the glucose content of lung fluid in one pos mortem and the failure to notify the coroner in some other instanc of death.

The testimony before the committee showed that the insulin treatment death rate at Morningside Hospital was 4.8 percent of cas treated, whereas at Oregon State Hospital the death rate over a 5-yea period was only six-tenths of 1 percent, and at the United State Veterans' Administration hospital in Roseburg, Oreg., over a simila period and with a larger number of patients, no deaths whatever wer ascribed to insulin treatment. Such a disparity cannot be dismisse as mere coincidence. It indicates that the insulin coma therap treatment at Morningside was definitely below par.

The committee believes that the practice of instructing attendant on gavaging, although proper for purposes of guarding against unfore seen emergency, was improper when it was used for regular treatmen and as a device for avoiding the hiring of more nurses. The committe further believes that Dr. Thompson was overly enthusiastic in con tinuing the insulin-shock program while lacking sufficient traine personnel to carry it through with minimum hazard to the patients The committee concludes that the Sanitarium Co.'s failure to have a adequate number of nurses, whether due to Dr. Thompson's willing ness to operate the insulin coma therapy program with less than minimum staff, or to Mr. Coe's unwillingness to spend money to hir additional nurses, was unjustifiable and that such failure violated th company's contract obligation to provide "satisfactory" treatmen for the patients.

During the course of the hearings the committee was advised tha the hospital ceased administering insulin coma therapy approximately 8 months ago and that chemotherapy (tranquilizer pills, etc.) is being increasingly used. The committee believes that if insulin coma therapy is resumed at Morningside Hospital, it should be done only with adequate medical safeguards in order to avoid repetition of the hazards such as were revealed during the committee's investigation The committee has not examined into the efficacy or hazards of chemotherapy.

(*b*) *Other instances of improper care of patients*

In a number of instances, the committee found shocking instances of neglect of patients. It was "a common practice," until about 3 or 4 years ago, for elderly patients who lacked control of their eliminative

functions, to be "strapped to stools in the lavatory" for many hours. Dr. Thompson testified that when he learned of that practice, he gave instructions that it be discontinued. In one instance, in 1950, a patient who was "usually" kept strapped to the pot chair "all day", was found dead of exhaustion. The committee concurs with the statement made by one of the witnesses who, as an attendant at Morningside, saw the strapped patients: "I am just saying it's inhuman to strap a person on a stool and keep them there for a half a day at a time." The committee believes that such strapping could have been avoided by having additional attendants to aid the patient, and by use of diapercloths.

In one case mentioned at the hearings, a patient who vomited during an epileptic fit was placed, by two attendants hired a few months earlier, into a bathtub with 10 inches of water and doused with buckets of water instead of being cleaned with a sponge or cloth; the patient, whose head was under water at times during the epileptic seizure, died a few minutes later (1953). In another instance, a known epileptic patient was assigned to work in the boilerroom with hot-water hoses, and was found scalded and dead (1948); Dr. Campbell expressed the view that it was "gross negligence in assigning a known epileptic to dangerous work and working alone," and Dr. Waterman described the assignment as "extremely bad."

(c) *Labor of patients*

One of the gravest of the complaints investigated by the committee was that the hospital management had exploited patients, or as one complainant put it, had made "slaves" of the patients.

The committee's investigation revealed that the Sanitarium Co. has for many years depended in substantial part on the labor of the patients at Morningside Hospital for the operation of the hospital in lieu of hiring employees. Practically every patient that is able to perform any useful work is assigned to some labor detail. Such work is referred to as "occupational" or "industrial" therapy and includes work on the hospital farm (planting and harvesting crops, caring for the hospital's cattle and pigs, etc.), in the cannery, in the laundry, in the kitchen, bakery, and dining room, as an orderly in the wards, in the carpentry, machine, and paint shops, general hospital maintenance work, construction and alteration of buildings, etc. Such work by patients has substantially enhanced the value of the hospital property. In 1956, the value of the patients' labor was about $87,000.

Occupational therapy is often very useful in psychiatric treatment, encouraging patients to perform useful and satisfying work, stimulating their responses, and improving their economic and social skills. However, as the American Psychiatric Association warns in its Standards for Hospitals and Clinics (1956 edition, p. 14): "* * * every possible safeguard should be used to avoid the exploitation of patients." Such safeguards were not provided at Morningside Hospital.

Prior to 1953, some of the patients at Morningside Hospital, perhaps many of them, were worked more than 8 hours a day and more than 5 days per week. Some of the patients were so exhausted after their long hours of work that they simply went to bed. They were worked both on and off the hospital grounds. Many of them received no payment at all for their work; others were given nominal sums (e. g., 25 cents to $1 per week) at the discretion of the hospital psychiatrist. No record was kept of their hours of work.

In his 1948 report, Dr. Schumacher had criticized the absence qualified occupational therapists and stated:

> There is no way of learning from the records by whom, when, and why a patient is assigned to a work detail, nor when a patient is transferred from the one work detail to another, or why or when a patient is relieved from a work assignment.

He noted that in the occupational-therapy shop—

> practically all the things made are for use in maintenance of the institution.

He further stated:

> Patients are placed on work detail by the supervisor, Mr. LaZelle. Medical opinion is requested in all cases, but this applies to freedom from physical disability to work. In other words, there is little evidence that these work details are planned in terms of rehabilitation and occupational therapy.

The committee's investigation further revealed that in many in stances patients were worked for the personal benefit of officials an employees of the hospital. For example, patients were assigned t work at the homes of Mr. Wayne Coe, who controls the company Mr. Harvey LaZelle, Miss Hagna, the secretary, and others, witho pay. In mid-1952, approximately 12 patients were assigned for weeks to remodel the privately owned home of Mr. LaZelle, whic he subsequently sold at a substantial profit. At another time, patient were used to build a fence around the private property of a hospita employee, one Adolph Cox. The committee believes that using pa tients for the personal gain of hospital officials is improper and un ethical. Moreover, as Dr. Campbell testified:

> I think that patients who are capable of taking part in that therapy have a certain degree of understanding, and they resent being exploited. I don't think it is good for their treatment. * * * I think it would put him in a very poor mood to accept psychiatric treatment.

Some of the labor performed for the hospital seems also to hav been motivated more by the benefits to the hospital than to th patients. For example, a considerable number of patients were as signed one winter to excavate a basement and foundation for one o the hospital buildings. There were instances, also, of patients assigne to harvesting crops after dark and at other times in rainy weathe The Department's medical officer repeatedly complained about thes abuses, and at last, in 1953, the following provision was inserted b the Interior Department in section 7 of the 1953 contract:

> * * * Under no circumstances shall said occupational therapy be performed for the benefit of any person or persons other than the company. No occupation to be performed outside the hospital or its grounds shall be prescribed or permitted.

Substantial improvement has since been made in the hospital' handling of patients' labor. According to testimony by hospita

officials, the work hours for patients now do not exceed 8 hours per day and 40 hours per week. No records, however, are kept as to their work hours. Furthermore, beginning about 8 months ago, a committee consisting of the psychologist, 2 head nurses, the occupational-therapy director, and the supervisor has been meeting weekly to consider and make recommendations to the medical director, on the assignment of patients to labor details. That committee confers with the hospital employees in charge of the various work details. However, it makes no recommendation to the medical director as to money payments to the patients assigned to work details.

Since the inclusion of section 7 in the 1953 contract, the hospital management has ceased the previous general practice of using patients' labor directly for the personal benefit of hospital officials and employees. However, at least two technical violations of this contractual provision have come to the attention of the committee. When Mr. Wayne Coe diverted into his own pocket the large amounts of money received from the sale of company-owned livestock (discussed later in this report), he was in effect obtaining the benefit of the labor of those patients who had been assigned to care for the livestock and, thus, as the controlling officer and stockholder of the company he was causing it to violate the provision forbidding occupational therapy to be performed for the benefit of any person other than the company.

Another instance of technical contract violation occurred this past summer when the present medical director, Dr. Langdon, authorized the assignment of patients to pick berries on a private farm outside the hospital grounds despite the provision prohibiting the performance of occupational therapy outside the hospital or its grounds. The patients so assigned received the same rate of pay as was paid to other persons employed in picking berries at the private farm and, according to testimony presented at the hearing were assigned to that task for the purpose of providing those patients with the therapeutic experience of working off the grounds amongst nonpatients within a familiar setting. However, there was no evidence before the committee that the Territory of Alaska (to which the contract had then been assigned) had waived the prohibition in the contract or had approved the assignment of patients to occupational therapy off the hospital grounds. It was, therefore, technically improper for Dr. Langdon to have made such assignment in violation of the specific contractual prohibition. Although the committee recognizes that Dr. Langdon's therapeutic objective may, in appropriate circumstances, be beneficial to patients ready for such outside experience, and that the patients were paid the prevailing wage rate for their labor, the committee believes that Dr. Langdon should have obtained appropriate authority to deviate from the prohibition against permitting patient labor off the hospital grounds.

The hospital management repeatedly argued at the hearings that patients are not being paid for their labor, that the payment of 25 cents to $1 per week is simply an allowance generously granted by the hospital, and that their labor is a part of their therapy. It is significant, however, that the hospital management has for many years referred to the patients who receive these sums as being on the payroll, and it was admitted that patients who are better workers receive slightly more than others. Dr. Campbell testified that failure to pay for work done may produce resentment and consequent

harm in patients, and several of the medical witnesses testified, an Dr. Thompson admitted, that payment of compensation to ment patients for their work is, in many instances, beneficial to their r covery. Thus, he testified as follows:

> The industrial-therapy program has found its way into nearly all kinds of public institutions, with gardening therapy being reinstituted by the Veterans' Administration at one of its facilities and an excellent program at Perry Point Veterans' Administration, which is, frankly, work therapy and for which the patient is compensated.
>
> * * * * * * *
>
> Most people work for money. They will put up with discomforts, hardships, and even considerable physical danger if the final rewards are adequate. Patients in mental hospitals are found not to differ in this regard from their "normal" fellows in the outside community. Some hospitals have arranged to turn over a considerable part of the operation of the hospital commissary to patient labor, including sales, general upkeep, and bookkeeping. Profits from sales provide salaries for patients who work there. Surpluses are applied to ward improvements. By means of such rewards otherwise unmotivated patients can be involved in activities which will lead to their rehabilitation.
>
> In some instances, this principle has been carried to its logical conclusion and patients have been hired as hospital employees. S. T. Walkiewicz, a social worker, described such an experiment at Central Islip Hospital in Long Island during World War II. As a result of the severe personnel shortage of that period, 54 patients were discharged to convalescent status and hired to work as ward attendants. They were listed on the payroll as laborers so that they would not have to take the civil-service examinations that would otherwise have been required. Over 70 percent did well, and either remained at work in the hospital or resigned to get jobs in the community. Only 16 of the experimental workers had to be readmitted as patients. Walkiewicz observed that the experimental workers were treated no differently than the regular hospital workers. She expressed the opinion that if they had been provided with adequate social-service supervision, in keeping with their status as convalescent patients, the success of this experiment would have been even greater.

It seems to the committee that patients performing useful a valuable work should be compensated for it, not only because of i therapeutic value, but because it will help to prevent abuse of th labor. If patients are well enough to earn the prevailing rate of p for picking berries off the hospital grounds, they should be paid f their work on the hospital grounds. Although it may be difficult some cases to evaluate the worth of their labor, the absence of a evaluation system seems quite unjustifiable. Moreover, such evaluation system, carefully established and supervised, is essent to deal with the basic defect in the whole situation; namely, the fa that Morningside Hospital is a private institution operated for priva

profit. When patients' labor, which is useful in their therapy, is also productive and valuable, it is almost inevitable for a conflict to arise between the natural tendency to obtain private gain and the obligation to refrain from exploitation of the patients. This committee agrees with the view of the Overholser Committee that the "principle of contract care of mental patients in proprietary institutions is wrong" and "has long been outmoded." So long as contract care exists, however, both the value of the patients' labor and the cost of compensating the patients for their labor under a proper evaluation system should be integrated into the contract cost rather than being hidden within the vague contours of "therapy" and a general monthly rate per patient.

(*d*) *Mediocre food served to patients*

For many years, and at present, a double standard of food service, has been practiced at Morningside Hospital, namely, a different kind and quality of food is served to the employees than is served to patients.[17]

This double standard and the lack of a trained dietitian at the hospital have provided a setting in which patients have come out on the short end.

Dr. Schumacher's 1948 report noted the "discrepancy between the meal served and the menu listed for that day." Several former employees at Morningside whose experience at the hospital was between 1949 and 1953 testified before the committee that food then served to patients was lacking in variety, unappetizing, "full of grease," and included old and moldy bread, pork with bristles, etc., and that the food served to employees was superior to that served to patients. Evidence presented before the committee by present employees indicates that the food now being served to patients is much improved, although still different from that served to employees. The Parran report of 1954 stated:

> If one judged by the written menus, the food served the patients is dietetically adequate. Food actually served, however, is below standard.

In April 1955, Dr. William Thompson, who was then medical director at Morningside, testified as follows before a special subcommittee of Congress: [18]

> Question. Doctor, are you familiar with what is known as the single standard of food service in hospitals?
>
> Answer. Yes; I am.
>
> Question. And could you state what is meant by that term?
>
> Answer. It means that the patients of the hospital are given exactly the same menu as the employees of hospital are given.
>
> Question. Is that single standard followed here at Morningside?
>
> Answer. No; it is not.

[17] In discussing this double standard of food service, the committee, of course, does not include patien whose physical condition requires special food, such as salt-free diet, bland food, baby food, etc., but only those patients who could eat ordinary type foods.

[18] Hearings before a special subcommittee of the U. S. House of Representatives Subcommittee on Ter ritorial and Insular Affairs of the Committee on Interior and Insular Affairs, 84th Cong., April 7, 1957 printed at p. 131 of hearings on care of Alaskan mentally ill of said subcommittee on H. R. 6376, H. R. 6434 H. R. 610, and other bills, 84th Cong., 1st sess.

> Question. It is a desirable end, however, do you feel?
>
> Answer. Yes, it is, and I hope that we are able to do that within the near future.

Despite this assurance by Dr. Thompson to a congressional co mittee in 1955 that the single standard of food service is "desirabl and would be adopted "within the near future," he testified at t present hearings that he did not recommend to the Coes that it adopted. He attempted in the hearings to justify the double fo standard because of the difficulty of "mass production," but on qu tioning he admitted that the double standard places a greater burd on the kitchen staff than the single standard. At present, the patie are still served a different type and quality of food than are employe

While in Portland at the time of the hearings, members of the su committee visited Morningside Hospital and observed the kitch and dining facilities. On the whole, the food being served to patie at the time of the visit appeared adequate, but the food for employ was better than the food for the patients which was prepared quantity style.

On the basis of the record and the testimony, the committee belie that food formerly served to patients was markedly inferior, and t there has been considerable improvement in the quality of food ser to patients. However, the basic weaknesses remain: Namely, lack of a trained dietitian and the continuation of the double fo standard. The views of the committee on the dietitian are stated the previous section of this report. The committee believes that single food standard should be promptly adopted.

(*e*) *Handling of patients' funds*

The Comptroller General's audit report of June 25, 1956, indica that the Sanitarium Co. did not properly handle the accounts of mo belonging to the patients in the following respects: (*a*) Moneys s to patients from relatives and social-security benefits were being co mingled with company funds in the company bank account, pe ing monthly transfer to a trust account; (*b*) names of remitters w not being recorded; and (*c*) deposit slips were not retained after rec ciliation of the bank statements. The Comptroller General's sup mentary audit report of September 5, 1957, indicates that after th deficiencies were called to the attention of the company and Interior Department, they were corrected by the company beginn in August 1956.

(*f*) *Indecent interment of deceased patients*

The 1948 contract provided that the remains of a deceased patie if not claimed by a relative, be interred "decently" by the company a cemetery or burial grounds "satisfactory" to the Government. 1948 contract contained no standards as to what would consti "decent" interment. For years, deceased Morningside patients w buried at Government expense in Greenwood Hills Cemetery n Portland, Oreg.

In June 1952, the Department's medical officer reported to Director, Office of Territories, that the graves of Morningside patie were near a ravine, overgrown by tall grass, and unmarked. Department apparently made no formal determination as to whe

the company was breaching the contract. However, when the 1953 contract was negotiated, additional provisions were inserted in section 14 (c) of the 1953 contract requiring the company to observe standards of decency of interments similar to that demanded by the United States Public Health Service and specifying adequate embalming; a neat casket; an outer case of wood; a separate grave for each body; permanent grave markers bearing grave number, name, age, and date of death; and submission to the Government of evidence of ownership of the grave. The rate of reimbursement for such burials was increased, at the company's request, from $65 to $75 per interment.

The committee's investigation revealed that despite these requirements, the company did not improve the standard of burial of deceased Morningside patients. According to representatives of the General Accounting Office, graves of many patients buried prior to 1953 and of several patients buried in 1955 have not been marked; graves of those buried in 1955 and 1956 were not seeded to lawn; the area did not resemble a typical burial ground; outer cases for caskets were not being used; there was evidence of burial in 1955 of 2 bodies in 1 grave; the grave markers used were of poor quality; and because of confusion in records as well as absence of markers, it would be difficult or impossible to locate and identify some of the bodies if a relative should wish to disinter a deceased patient.

The committee believes that the Morningside Hospital failed to comply with its obligation under the contract to provide "decent" interment of deceased Morningside patients and to comply with the specific provisions of the 1953 contract concerning such burials. The committee also believes that the Interior Department was lax in not taking more vigorous steps to insure that decent interments were provided by the company.

During its investigation, the committee learned that the Alaska Department of Health, which succeeded to the Interior Department's responsibilities under the contract, awarded a 1-year contract to a funeral company of Portland, Oreg., effective July 1, 1957, for burial of deceased Morningside patients. The latter contract provides for payment of $189.25 for each interment, to be paid directly to the mortuary by the Alaska Department of Health. By this contract, in effect, the Alaska Department of Health has relieved the Sanitarium Co. of responsibility for the interment of deceased Morningside patients, and has gratuitously given away the right of the Territory of Alaska to obtain decent interments at the contract price specified in the 1953 contract. To the extent that the Sanitarium Co. failed to comply with the interment provisions of the 1953 contract, it would appear that the Sanitarium Co. could and should have been charged with the extra costs of obtaining "decent" interment under the 1953 contract. The committee also believes that representatives of the Territory of Alaska should periodically check interments to insure that they are "decent" and should take steps to provide suitable grave markers for those former Morningside patients whose graves are not now properly marked.

IV. MORNINGSIDE HOSPITAL'S NONCOMPLIANCE WITH OREGON LAW

(a) *Lack of license in 1948 and 1951–52*

After the Oregon Hospital Act became law in 1947, the Morni Hospital was first inspected by the Oregon State Board of Hea April 1948. On the basis of that examination, the Sanitarium application for a hospital license was denied in July 1947 bec raw milk was being served; no registered nurses were employed laboratory and X-ray facilities were available in the hospital; su unit lacked adequate equipment; the well water was contamin there had been no inspection and approval by the Oregon State B of Pharmacy concerning the handling of drugs and medicines, b fire marshal, and by the Oregon State Board of Health Environm Sanitation Division. Mr. Wayne Coe, by letter of Novembe 1948, to the Oregon State Board of Health, requested that the waive the requirement for a registered nurse, but his reques denied. Thereafter, the management of the hospital proceed correct the deficiencies. The hospital remained without a li until March 10, 1949.

In July 1951, the hospital's license was again withheld becau the hospital's numerous violations of the rules and regulations o Oregon State Board of Health, including overcrowding of pat lack of clearance from the State board of health on plumbing, f to keep current X-ray records, inadequate procedures in the t culosis wards to prevent gross infection, many improper food han and dishwashing procedures, etc. Numerous alterations, remod and other intense efforts were made by the hospital manageme meet the requirements for licensure. The license was finally gr on December 10, 1952, after the hospital had been unlicensed period of approximately 18 months.

No further license difficulties have developed since that time.

(b) *Violation of State law prescribing minimum hours for w employees*

For a number of years attendants at Morningside Hospital, men and women, had been worked 12 hours per day, 6 days per On November 8, 1950, the Wage and Hour Commission of the St Oregon, acting pursuant to chapter 653 of the Oregon Revised Stat promulgated order No. 5 (hospitals, sanitariums, convalescent, an people's homes) effective January 7, 1951, prohibiting any emp from permitting any women employees to work more than 8 hou any one day or more than 44 hours in any one week. (Excess were authorized in case of emergency at time-and-a-half pa overtime.)

The Sanitarium Co. did not comply with the directive o Oregon Wage and Hour Commission for several years. At hearings, Mr. Wayne Coe admitted that the violation of the mini hours law was "very, very conscious." The violation was temporary; although some reductions in work hours occurred t after, they did not meet the requirements of the law for several y

[19] Oregon law required that mental hospitals have 24-hour registered nurse service each day of t specifically including at least 1 registered nurse on duty for not less than 8 hours of each day and a registered nurse on call at all other times. Subsecs. 2 and 3 of sec. IV, Policies, par. A, Rules, Regu and Standards for Hospitals and Related Institutions, Oregon State Board of Health, issued purs ch. 441.055, Oregon Revised Statutes.

Thus, in a letter to the Director, Office of Territories, dated May 26, 1953, Mr. Wayne W. Coe indicated that the workweek for attendants was then 56 hours and stated that if the 1953 contract, then being negotiated with the Government, was approved, he would reduce the workweek for attendants from 56 to 48 hours and at some future unspecified time "whenever legal conditions warrant, help is available, and we can provide the necessary housing," he would reduce the workweek to 40 hours per week. When Mr. Wayne Coe was asked at the hearings whether he paid overtime pay to the women attendants who worked beyond the legal hours, he replied, "I don't know. I don't think so. I wouldn't be sure about that." The hospital now is apparently in compliance with Oregon law, although the committee did not ascertain exactly when the workweek was brought within legal bounds.

Whether any employee or former employee now has any claim for back pay against the company is a matter of Oregon law. A copy of the transcript of hearings should be forwarded to the commissioner of labor of Oregon to determine whether to proceed, under the laws of Oregon, on behalf of such employees, to collect such compensation, and whether there is other action which should be taken in the light of the evidence at the committee hearings that women employees at the hospital were worked a greater number of hours than was permitted by Oregon law.

V. BENEFITS AND PROFITS RECEIVED BY WAYNE W. COE, THE CONTROLLING STOCKHOLDER OF THE SANITARIUM CO.

In view of the very substantial inadequacies in hospital staffing, and the inadequacies in care and treatment of patients, revealed by the committee's investigation, the committee sought to ascertain whether those conditions resulted from unforeseen financial burdens and insufficient reimbursement from the Government, or because of Government directives, or whether they were due to the fault of the hospital management and private profiteering at the expense of the patients.

The committee has concluded that the inadequate service rendered by the hospital cannot possibly be justified in the light of the large profits received by the company and especially in the light of the great benefits which were received by Mr. Wayne W. Coe, who owns 598 of the 600 shares of the Sanitarium Co., and who, as its president, actively directs and, in fact, controls the hospital. The committee's investigation revealed a pattern of personal profiteering and misuse for personal gain of the hospital's funds and facilities, to the grave detriment of the patients and the company's obligations to the Government under its contracts.

During the 20-year period from January 1, 1936, to December 31, 1955, the company received $7,374,126 as payment from the United States Government under its contracts, and earned a net profit, according to its own books, of $521,498. However, the General Accounting Office audit showed that many personal expenses of Mr. Wayne Coe had been improperly charged as company expenses; that many company expenditures charged as expenses should have been capitalized on the books and charged off only through depreciation; and that large amounts of money received from the sale of company livestock, which were properly income of the company, had been

diverted to himself by Mr. Wayne Coe. Adjustments to properly reflect these items showed that the net profits of the company during that 20-year period were actually $893,669.[20]

In addition to these profits of the company, Mr. Wayne W. Coe received large personal benefits during that 20-year period (January 1, 1936–December 31, 1955) aggregating $1,137,413, as follows:

Salary

As the dominant stockholder in the company, Mr. Wayne W. Coe fixed his own salary at the maximum he thought would not be disallowed by internal revenue auditors. His salary during the 20-year period was as follows:

Years 1936 through 1947 ($23,000 each year)	$276,000
Years 1948 through 1952 ($27,500 each year)	137,500
Years 1953 through 1955 ($30,000 each year)	90,000
Total	503,500

Beginning 1956, Mr. Wayne Coe increased his salary, and has been receiving $36,000 per year.

Dividends and profits

The profits which Mr. Wayne W. Coe received during this 20-year period, in the form of dividends and other profits actually distributed, totaled $190,711.[21] In addition, he has an equity in retained earnings amounting to $167,372.

Personal expenses charged to company accounts

Mr. Wayne W. Coe was apparently not satisfied with the substantial salary and profits which he has been deriving from his operation of the hospital. Although he continued its operation as a corporation, presumably to obtain tax benefits and immunity from personal liability, he continually dealt with the company and its funds and property as a personal treasury for his own and family living expenses. Thus, during the 20-year period 1936 through 1955, he charged approxi-

[20] The company's percentage of profit, over the 20-year period, computed on the basis of the adjusted net profit of $893,669, was 25.7 percent of the company's cost of investment, and 11.7 percent computed on the basis of the company's gross income. At the hearing, the Sanitarium Co. suggested that its profit percentage was only 7.9 percent, computed on the basis of the market value of all its property, as appraised on the basis of replacement value by a Portland firm at the request of the Sanitarium Co. The C. P. A. Handbook of the American Institute of Accountants (vol. 2, May 1956, ch. 17, p. 17, edited by R. L. Kane, Jr.) comments as follows on the use of cost basis and market value:

"While the cost basis has always underlain accounting principles, it has not always been strictly adhered to. For example, during the 1920's, it was not at all uncommon for companies to write up their assets to reflect changes in the price level. Some have advocated this procedure in more recent years. In cases of quasi-reorganization, it is recognized that asset values may be written up or down, as necessary, to bring their book values in line with their fair values as of the time of the quasi-reorganization. However, these departures from cost are sufficiently uncommon and require such special justification that it cannot be said that they have invalidated the basic assumption."

[21] The distribution of profits was computed on the basis of a most unusual arrangement. The original owner of the hospital, Dr. Henry Waldo Coe, the father of Mr. Wayne W. Coe, had founded the Sanitarium Co. and had been the sole owner of the company stock. Dr. Henry Waldo Coe's will leaving the stock to his widow, provided that, so long as the company shall have and operate a hospital for the care of the insane under contract with the U. S. Government, his three sons (George C. Coe, Wayne W. Coe, and Earl A. Coe) should each receive annually one-sixth of the net profits. Accordingly, Mr. Wayne W. Coe, who acquired his stock from his mother in 1935, has made distribution of one-sixth of the profits to his brother George, one-sixth to his brother Earl, and one-sixth to himself, before declaration of the dividends, which all went to himself. It is, of course, apparent that Dr. Henry Waldo Coe, as a stockholder, could not, by his will, impose an obligation upon the company, but only upon the holder of the stock. Accordingly, from a strictly legal point of view, the payments made by the company out of its net profits to George and Earl Coe were, probably, illegal diversions of company funds to persons totally unconnected with the company, since they were neither stockholders, officers, nor creditors of the company. From a practical point of view, Mr. Wayne Coe could have achieved a similar result by increasing the declaration of dividends to himself and, under the aforesaid trust obligation, making payments from such dividends to his brothers George and Earl in an amount equivalent to the one-sixth interest intended by the testator to be paid to each of them. Such an arrangement, however, might have resulted in different tax consequences, and, also, if Mr. Wayne Coe, as president and controlling stockholder of the company, had refrained from declaring as dividends the full amount of the three-sixth share of profits, lesser amounts may have been paid to his brothers George and Earl.

mately $231,900 of personal expenses to company accounts. These personal expenses of Mr. Wayne W. Coe were reported on the company income-tax returns as company business expenses and not identified as Mr. Wayne W. Coe's personal expenses. Since deductions are generally not allowed under the Federal Internal Revenue Code (26 U. S. C., secs. 161 and 262) for personal living or family expenses in computing corporate taxable income, it is the opinion of the committee that his personal expenses, charged to company expense accounts and deducted on the company tax returns as expenses of the company, were not proper corporate business expense deductions, and that such deductions were contrary to the above cited provisions of the Internal Revenue Code.

Among the personal expenses charged to company accounts were the expenses of running his personal home (located approximately 10 miles from the hospital) and his beach home (located approximately 100 miles from the hospital), including costs of groceries, clothing, dry cleaning, plumbing and electrical service, garbage service, fuel, light, water, etc. Other personal expenses were for company-owned automobiles used exclusively by the Coe family for personal purposes, fishing equipment, flowers, veterinarian fees for his dogs, architects fees, cost of a new porch, wages of domestics and gardeners at his residence, etc. These personal expenses amount to $183,769 for the 20-year period 1936 through 1955. In addition, Mr. Coe used $36,763 of company funds to pay the premiums on 11 life insurance policies on his life, none of which named the company as beneficiary, plus $8,525 of company funds to pay for personal trips he took to Mexico in 1950 and to South Africa and Europe in 1951.[22] At the hearings, Mr. Wayne Coe described the latter charges as "a very bad bit of bookkeeping," and stated that he did not disagree with the testimony of the General Accounting Office auditors as to either "figures * * * or items."

Mr. Coe's personal retention of company income

Even these generous rummagings among company funds and profits were insufficient for Mr. Wayne W. Coe. He added to his take by selling considerable amounts of the company cattle and hogs, which had been raised on the company's farm with the help of the patients' labor, and pocketed the proceeds in the sum of $43,930 for the years 1943 through 1954. Records of transactions prior to 1943 were not available; Mr. Wayne Coe has stated that he followed similar procedures with respect to livestock sales for many years. In a very real sense, Mr. Wayne W. Coe's diversion of the livestock proceeds into his own coffers violated section 7 of the 1953 contract forbidding the use of patient labor "for the benefit of any person or persons other than the company." Even more serious, such conversion of the livestock as well as the charging of personal expenses to company accounts deprived the company of funds which could have been used to improve the care and treatment of the patients.

[22] Auditors of the General Accounting Office also reported that another $13,685 was charged to the company account of "traveling expense" during calendar years 1946 through 1954 for which there are no supporting vouchers. This sum is not included in the total of $231,900 of personal expenses charged by Mr. Wayne W. Coe to the company accounts.

The benefits received by Mr. Wayne Coe during the 20-year perio January 1, 1936, to December 31, 1955, are summarized as follows:

Salary		$503, 50
Profits:		
Dividends declared	$93, 187	
Other profit distributions	97, 524	
	190, 711	
Equity in retained earnings	167, 372	
Subtotal		358, 08
Personal expenses charged to company business expense and asset accounts		231, 90
Personal retention of proceeds from sale of company-owned livestock (during 12-year period 1943–54 only)		43, 93
Total		1, 137, 41

The committee believes that the improper accounting with respec to expenses and income has probably resulted in insufficient paymen of taxes by both the company and Mr. Wayne W. Coe. The com mittee therefore recommends that the Internal Revenue Servic should promptly and carefully determine, and require payment of any amounts due from the Sanitarium Co., and from Mr. Wayne W Coe personally, for taxes and penalties, and also consider whethe the facts warrant institution of criminal proceedings under the in ternal revenue laws.

The personal benefits received by Mr. Wayne W. Coe are amplified in appendix B to this report.

VI. DEFICIENCIES IN ADMINISTRATION OF THE CONTRACT

Since approximately 1929, the Department of the Interior had its own medical officer stationed at the hospital to protect the Government's interests. The Department's medical officer assigned to Morningside Hospital during the period covered by the committee's investigation was Dr. George F. Keller. (His employment was from April 1947 to February 22, 1957.) It was his responsibility, under the contract, to "supervise the execution of the terms of this contract," and to "direct and supervise the acceptance, the welfare and treatment, and the release of all patients." He was, under the contract, to receive from the company and its employees—

> at all times such aid and assistance as may be required, in his judgment, to supervise properly the care, treatment, and custody of the patients.

He was further to have, under the contract—

> full and free access at all times to all places * * * used in the care, treatment, and custody of such patients, and * * * full and free consultation also with all patients * * *.

He was empowered, furthermore, to authorize "the type and duration of occupational therapy" and to approve any boarding out of patients, as well as to approve placing of patients on leave of absence.

The evidence before the committee indicates that when Dr. Keller was first assigned to Morningside Hospital in April 1947, he found conditions at Morningside deplorable, with inadequate staff, and improper care and treatment of patients verging upon outright abuse.

When Dr. Keller's recommendations to the hospital management were ignored, he submitted lengthy and detailed reports of the inadequacies to his superiors in Washington. At first, the Department sought the advice of the Public Health Service and other experts and after receipt of the 1948 Schumacher report took vigorous action to correct the conditions reported by Dr. Keller.

After the 1948 Schumacher report confirmed Dr. Keller's complaints, Dr. Keller prepared and sent to the Office of Territories a letter dated February 16, 1949, transmitting an outline of the minimum staff needs for proper medical services at Morningside Hospital, including "at least two full-time physicians" as well as the other personnel recommended by Dr. Schumacher. The then Director of the Office of Territories, Mr. James P. Davis, adopted these recommendations and by letter to Mr. Wayne Coe, dated February 25, 1949, requested that they be put into effect. In that letter, Director Davis noted that except for work performed by the Department's medical officer "there apparently has been no psychiatric work performed at the hospital during the last 3 years" and that "there has been a considerable time lag between admission of patients and physical examinations." His letter further commented as follows with respect to Dr. William W. Thompson, the psychiatrist who had been hired by the Sanitarium Co. on February 1, 1949, to replace the recently deceased Morningside Hospital physician, Dr. Serrurier:

> It is noted that you have employed Dr. Thompson. We are informed that he has not had broad psychiatric experience and, in fact, is not licensed to practice in Oregon. I want to especially emphasize that this Department will not be satisfied with medical and technical personnel whose qualifications are not satisfactory to the Medical Supervisor. Dr. Thompson would probably do as a resident assistant but I am sure you do not intend that he be the senior psychiatrist on your staff * * *.[23]

After he received Director Davis' letter, Mr. Wayne Coe hastened to Washington and spent several days in discussions with the staff of the Office of Territories. The nature of Mr. Coe's discussion can be gleaned from the following statement in a letter from Director Davis to Dr. Keller, dated March 30, 1949:

> Mr. Coe is of the opinion that additional doctors or other staff is not needed.

Just what pressures or what arguments Mr. Coe brought to bear are unclear but he apparently succeeded in persuading Director Davis to alter his previous directives. Director Davis' letter to Dr. Keller dated March 30, 1949, which summarized the Coe discussion of "the past several days," dealt almost entirely with the duties and tasks to be performed by Dr. Keller, the medical officer. So far as additional hospital staff was concerned, Director Davis' letter merely made the inconclusive suggestion that Dr. Keller and Mr. Coe should "work out" the matter of their "respective responsibilities" and the "minimum staff needs to meet approved medical standards," and

[23] Dr. William W. Thompson was granted his license to practice medicine in Oregon on July 23, 1949. However, the board of medical examiners permitted Dr. Thompson to work as a practicing physician in Oregon State Hospital in the latter half of 1948 and, beginning February 1, 1949, at Morningside Hospital, pending the issuance of a license to him.

vaguely expressed the hope that they would "work as one te
the benefit of the patients."

That this hope was not much fulfilled can be seen from the fa
over 2 years later, at a time when there was still only 1 regi
nurse employed at the hospital, Mr. Wayne Coe, in a letter
November 30, 1951, was still objecting to suggestions from the
of Territories that more nurses should be hired. Not until Dec
1953 was a second nurse employed.

Dr. Keller's vigorous efforts to obtain improvements at the ho
were continually frustrated both by the Coes and by the failure
Office of Territories to back him up and to insist on better perfor
by the Coes. The whole picture which the committee derived
the evidence is that the Office of Territories did not adequatel
was it qualified to, administer the responsibility imposed upon
Congress. Mr. D. H. Nucker, the former executive officer
Office of Territories who negotiated the 1953 contract testified:

> We did not have, in my opinion, in the Office of Terri
> tories, a proper setup for operating a contract of this typ

Mr. Anthony Lausi, Director of the Office of Territories, tes

> Mr. Chairman, I want to emphasize that we just felt w
> were not qualified to supervise the care and treatment o
> insane people, whether from Alaska or any other place.

He and other officials of the Office of Territories testified that m
the Department's efforts with respect to the Alaskan mentally ill
channeled into attempts to transfer the Department's responsib
in this field to the Territory of Alaska.[24]

One of the somewhat astonishing instances of penny wisdom-p
foolishness which was revealed by this committee's investigatio
the Interior Department's failure to provide Dr. Keller with ade
stenographic assistance. Under the contract with the Sanitariu
the Department had shifted to the company the burden of prov
stenographic and clerical help to the Department's medical o
But Dr. Keller repeatedly complained that use of the company s
grapher prevented him from adequately communicating wit
superiors in Washington. For example, it was revealed durin
hearings that the hospital management, when assigning a stenogr
to work for Dr. Keller, instructed her to show them all materia
prepared for Dr. Keller before bringing the papers to him. In
to preserve the confidentiality of his official communications t
Washington superiors, Dr. Keller was forced to type many o
official letters at his home. Nevertheless, the Department repea
refused to provide him with stenographic assistance. There s
to have been some difference of view between Dr. Keller an
Office of Territories as to whether he needed a full-time stenogra
Yet it seems perfectly apparent to this committee that the Offi
Territories should not have expected him, particularly when prep
communications reflecting on the adequacy of the hospital sta
facilities, to use company employees whose first loyalty was t

[24] Some effort was made to shift the responsibility to the Department of Health, Education, and W
but in view of the pendency of bills for Alaskan statehood, the Department did not pursue this pr
The transfer of the Department's responsibility to the Territory of Alaska finally occurred on Febr
1957, pursuant to the Alaska Mental Health Enabling Act of July 28, 1956, cited in footnote 2.

company, and that the Office of Territories should have arranged to provide him with at least part-time clerical assistance.

It is significant to note that the Territory of Alaska, which now administers the contract, employs a part-time stenographer for its medical social worker. Although the Territory could have relied upon the contract provision requiring the company to furnish stenographic and clerical help to the medical officer, the committee believes that such provision is basically inconsistent with the inspection responsibilities which the medical social worker may have, and that the Territory is wise not to rely upon that provision.

The company's failure to provide decent interment of deceased patients has been discussed above. Although the Department properly included, in its 1953 contract, additional specifications in an effort to insure decent interment of patients, there does not seem to have been any effort by the Department to inspect whether the Coes were complying with those provisions or to require such compliance both with respect to previous burials and current burials. The Territory of Alaska is rectifying the situation by relieving the company of all responsibility for interments and making its own contract with another funeral home. But in doing so, the Territory has gratuitously given away its contract right to have burials performed "decently" at the contract price; insistence upon compliance with the contract would not have adversely affected the Territory. The fact that the interment price in the present contract may be too low does not warrant the Territory's abandonment of its contract right.

The greatest weakness in the Interior Department's supervision of the Sanitarium Co.'s contract obligations particularly during the period 1948–55 was the failure to require the proper care and treatment of patients.

The reports by Drs. Keller, Schumacher, Overholser, and Guthrie had repeatedly criticized the hospital's inadequate staffing. These reports must certainly have given concern to the officials of the Office of Territories. Thus, the Chief of the Alaska Division of the Office of Territories in a letter to Dr. Keller dated March 3, 1952, told him:

> We plan that the next contract will be quite specific in stating the number of psychiatrists, dietitians, nurses, and and other personnel, as well as necessary facilities, that might be included for better care and treatment of patients.

When the Department issued its invitations to bid on the 1953 contract, the instructions specifically required the bidders to—

> submit a complete summary of the staff to be provided for the care and treatment of approximately 350 patients, include the number, professional qualifications, education, and training for each category, and the ratio between staff and patient load thus established will be considered the minimum ratio to be maintained throughout the life of the contract.

The proposed 1953 contract required the company—

> to care for, and to administer medical and psychiatric treatment to said patients, in a manner satisfactory to the Secretary * * * to furnish all laboratory work, X-ray, surgery, and other medical care, including shock therapy, and to provide a qualified staff to operate facilities for recreational and occupational therapy.

It also included a provision (sec. 22) under which the Department would reimburse the company if professional personnel in addition to the established ratio were required by the Secretary of the Interior.[25]

In submitting his bid, Mr. Coe set forth a summary of a proposed staff at Morningside Hospital. These included, amongst others, a registered dietitian, a supervisory psychiatric registered nurse, and 6 infirmary registered nurses (at that time there was only 1 registered nurse at Morningside Hospital).

During the extensive period of negotiations which ensued, Mr. Coe succeeded in eliminating provisions for staffing pattern, audit, access by the Government to all the company's records, etc. Nevertheless, it was apparently the understanding of the parties, confirmed by Mr. Coe's letter of May 26, 1953, that the staffing pattern set forth in his bid was to constitute the minimum staff.

The committee recognizes that Mr. Nucker was faced with difficulty in negotiating a contract where only one person had indicated an interest in the contract. Mr. Nucker undoubtedly acted in good faith in agreeing to the elimination of some provisions in order to obtain other important objectives, such as a contract cancelable on short notice, more attendants and shorter hours, provisions to prevent abuse in patient labor and interment, a lower contract price of $184 in lieu of the $210 bid by Mr. Coe, etc. Nevertheless, in view of the understanding that the staff pattern set forth in the bid would be followed, the committee believes that the Department ought to have required Mr. Coe to comply with that staffing pattern. Moreover, under section 22 of the contract, the Department could and should have insisted on more professional staff to meet the recommendations made in the several reports.[26]

In any event the committee believes that any future contract should contain provisions setting forth the minimum staff ratio, requiring audits and permitting inspection of records, even if the unit price must be increased. The information uncovered by this committee in this investigation fully underscores the importance of the Parran survey team's recommendation that in future contracts "much more detail should be prescribed as to standards of care to be furnished" and that "periodic inspections of performance should be made"; and the recommendation by Dr. Schumacher in his letter of November 25, 1955, to the Director of the Office of Territories, that the contract—

> should be specific relative to the kind, number, and training and experience that should be required of professional personnel employed by the company.

[25] This provision was as follows:
"SEC. 22. If, after this contract becomes effective and after having been informed fully of the number, type, and qualifications of personnel and services which the company agrees to provide in ratio to a given patient load, the Secretary determines that additional professional personnel is needed, the company shall arrange to provide such professional personnel as is requested, but the cost therefor, including salaries, to be approved by the Secretary in advance, a reasonable allowance for meals and lodging when applicable, and any other costs clearly attributable to the increased personnel, all as evidenced by proper vouchers to be furnished by the company, shall be reimbursed to the company by the Secretary."

[26] Although the Department initiated action in 1955 to amend sec. 22 by including minimum staff ratios, this effort was apparently abandoned, in view of the pending bill which became the Alaska Mental Health Enabling Act, because the Department was reluctant to "burden" the Territory with the additional costs of approximately $35,000 such amendment would entail. However, Director Lausi testified that the Department did not consult the officials of the Territory of Alaska as to their views on the subject.

The desirability of an audit provision in the contract seems clear. Audits would have enabled the Government to appraise more adequately the representations in the bids made by the hospital management,[27] it would have disclosed the large personal profits which Mr. Wayne Coe was getting from Government funds, and it would have enabled the Department to negotiate a sounder contract price that would have cost the Government less and given the patients more.

The committee believes, as previously stated, that the care and treatment of Alaskan mental patients committed and confined by governmental power should be in public mental hospitals, preferably in Alaska, not in hospitals operated for private profit, and that the Territory of Alaska should promptly move to establish such facilities. It appears, however, that such facilities cannot be constructed in time to move all the Morningside Alaskan patients upon expiration of the present contract with the Sanitarium Co. The Territory of Alaska should therefore take immediate steps to provide adequate temporary facilities, preferably in Alaska, for the proper care and treatment of its mentally ill. If the Territory is unable to obtain adequate temporary facilities in Alaska, or to obtain better facilities in the United States than at Morningside Hospital, and is therefore obliged to award another contract to the Sanitarium Co., it should be on a short-term, cost-plus-fixed-fee basis, with contract provisions which adequately guard against any possible repetition of the deficiencies and abuses discussed in this report.

[27] For example, in a memorandum which Mr. Wayne Coe submitted to the Interior Department in support of his bid on the contract for the 1943-48 period, he requested an increase in unit price substantially higher than under the previous contract. He based his request on the ground that the company's operations during the previous contract period for 1938-43 had resulted in an operating loss of about $50,000. According to the company's own books, however, the company's operations during the calendar years 1938 through 1943 actually resulted in net profits of $110,417.24 before Federal income and State excise taxes, and $68,229.46 after Federal income and State excise taxes. (The profit was actually much higher, since the company's book figures did not reflect the substantial additional profits revealed by the audit of the General Accounting Office.) At the hearings, Mr. Coe said that he had set forth capital improvements as an operating loss, and that when he made the reference to a "loss" of $50,000, he meant only that because of expenditures on new construction, the company had expended $50,000 more than income. As Mr. Coe acknowledged, it was certainly, to say the least, "an improper statement."

APPENDIXES

APPENDIX A

Morningside Hospital staff at Dec. 31, 1955, and June 30, 1957

	Dec. 31, 1955	June 30, 1957
The Sanitarium Co. staff:		
Professional medical staff:		
Resident professional staff:		
Medical director, J. Ray Langdon, M. D.[1]	1	1
Chief, medical services, Ray A. Dowling, M. D.	1	1
Night physician, Robert J. Meechan, M. D.[1]	1	1
Psychologist, Allen N. Parker, Ph. D.[1]	1	1
Total resident professional staff	4	4
Attending professional staff:		
Physicians	4	4
Dentists	3	3
Total attending professional staff	7	7
Consulting professional staff:		
Physicians and surgeons	19	19
Dentists	1	1
Ophthalmologist	1	1
Total consulting professional staff	21	21
Registered nurses	6	7
Attendants and service staff:		
Attendants	54	69
Registered occupational therapists	2	2
Occupational therapy aids	5	5
School teachers	1	2
Musical therapist		1
Laboratory technician	1	1
Administrative officer (supervisor) and assistant	2	2
Food-services supervisor	1	1
Housekeeper	1	1
Barber and beauty shop	2	2
Kitchen and dining room	7	10
Shoe repair	1	1
Engineers, maintenance	2	2
Painter	1	1
Carpenters	2	1
Laundry	2	2
Storeroom	1	1
Farm, dairy, piggery	7	10
Night watchman	2	1
Linen supply		2
Vehicle driver		1
Total attendants and service staff	94	118
Administrative staff:		
Wayne W. Coe, president, the Sanitarium Co.	1	1
General manager, Henry W. Coe	1	1
Executive secretary and registrar	1	1
Secretarial-clerical	[2] 3	[3] 4
Receptionist		1
Total administrative staff	6	8
Total Sanitarium Co. staff	138	165
Summary of the Sanitarium Co. staff:		
Employed on regular tours of duty at Morningside Hospital	110	137
Attending professional staff	7	7
Consulting professional staff	21	21
Total Sanitarium Co. staff	138	165
Territory of Alaska staff:		
Medical social worker, Alaska Department of Health		1
Stenographer, part time		1
Total Territory of Alaska staff		2
Department of the Interior staff: Medical officer, Office of Territories: George F. Keller, M. D.	1	

[1] Dr. Langdon's employment began Mar. 1, 1956, and he fulfilled the duties of medical director after Dr. William W. Thompson's departure on May 31, 1956. Dr. Meechan's employment began on July 14, 1956, replacing Dr. William D. Swancutt who left on July 31, 1956. Dr. Parker, the psychologist, was on duty at Morningside Hospital 3 days a week at Dec. 31, 1955, and began full-time employment on Aug. 1, 1956.

[2] 1 secretarial-clerical employee works part time only, as needed.

[3] 2 secretarial-clerical employees work part time.

APPENDIX B

Benefits to Wayne W. Coe during the period Jan. 1, 1936, to Dec. 31, 1955

Salary as officer	$503,500
Personal expenses charged to company operating expense accounts:	
Wages of domestics and gardeners at Coe residence	24,925
Architect fees on Coe residence	1,273
Repairs on Coe residence and Coe beach property	2,129
Insurance premiums on Coe residence	330
Insurance premiums on Coe ranch, Stanfield, Oreg.	311
Insurance premiums, Coe beach property	260
Depreciation on additions to Coe residence and beach property	264
Depreciation on company automobiles used exclusively by Coe family	5,440
Groceries, clothing, gifts, gasoline, and other charges	18,837
Total charged to company operating expenses	53,769
Estimated additional personal expenses charged to company expenses	130,000
Total personal expenses charged to company operating expenses	183,769
Personal expenses charged to company general and administrative expense accounts:	
Premiums paid on life insurance policies covering Wayne W. Coe where the company was not the beneficiary	36,763
Travel expense	8,525
Telephone, telegraph, and other	1,019
Total personal expenses charged to company general and administrative expense accounts	46,307
Personal expenses for additions to Coe residence and Coe beach property charged to company fixed asset accounts, less depreciation shown above	1,824
Proceeds from sale of company livestock, retained by Mr. Coe (1913–54 only)	43,930
Share of profits—net profits including items entered in surplus accounts, less distributions to Earl and George Coe	358,083
Total	1,157,413

MINORITY REPORT

The majority report is misleading and carries conclusions as statements of fact.

The report criticizes the manner in which the Department of the Interior has carried out its responsibilities for the care and treatment of the insane of Alaska under the provisions of the act of February 6, 1909 (35 Stat. 600, 601), as amended, and alleges that the cost has been excessive; that an improper profit has been made by the company.

It charges that the Department should have taken more affirmative steps to obtain another hospital, despite testimony which clearly established the fact that since 1915 the Sanitarium Co. (Morningside Hospital) has been the sole bidder.

Under the provisions of the act of 1909, as amended, the Secretary of the Interior was authorized to—

> contract, for one or more years, with a responsible asylum, sanitarium, or hospital *west of the main range of the Rocky Mountains* submitting the lowest responsible bid * * * (48 U. S. C. 46). [Italics supplied.]

The evidence presented at the hearing clearly established the fact that, within the limitations imposed by law, the Department had made every effort possible to obtain bids from other institutions. Efforts were also made to have the patients treated at institutions under the jurisdiction of the United States Public Health Service, but all without success.

The Department, in 1953, communicated with the governors of the States of Washington, Oregon, and California in a further effort to have the patients placed in institutions of those States. Those States were unable to furnish the needed facilities or provide proper care.

The report is misleading in stating that the Department of the Interior had been fully advised by its own medical officer on conditions at Morningside Hospital and that, under the terms of the contract, the Department should have taken steps to support his recommendations.

The medical officer, Dr. George F. Keller, was present during at least part of the hearings but the staff did not call him as a witness. It may be that the staff or the majority of the subcommittee felt that, if this had been done, Dr. Keller's testimony would not have been favorable to their preconceived case. The subcommittee must have been aware of what Dr. Keller would have to say, having been supplied with copies of his correspondence with the Department of the Interior. In addition, an affidavit had been obtained from the doctor.

The report criticizes the hospital for failure to institute a boarding-out program as provided by the contract with the Department of the Interior. The report fails to state that the boarding-out program was under the supervision of the medical officer. Since Dr. Keller, the medical officer, was not called as a witness, the subcommittee was

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hardly in a position to ascertain what efforts, if any, he made in carrying out a proper program for boarding out patients.

The report even criticizes the Department for failure to provide the medical officer with stenographic assistance. In this connection, it is interesting to note that the Director of the Office of Territories testified that, in a conversation he had with Dr. Keller at the time of his visit to Morningside Hospital in January 1955, the latter indicated that his need for a secretary never amounted to more than 2 hours a day. Further, there was testimony to the effect that, when the services of a stenographer were required, they were made available.

In the interests of fairness, the subcommittee should have called Dr. Keller so that he could have been questioned on the manner in which he discharged his responsibilities under the contract entered into between the Department of the Interior and the Sanitarium Co., on June 18, 1953. That contract provided in section 6 (a) that—

> the medical officer shall direct and supervise the acceptance, the welfare and treatment, and the release of all patients.

Public Law 743 of October 14, 1942, also stated in section (f):

> "Medical officer" means the Federal medical officer supervising the psychiatric care and treatment of the patients in any medical institution.

The majority admits that from 1955 to the time of the hearings many improvements were made at the hospital and that the deficiencies noted in the previous reports were being eliminated and at the time of the hearings no justifiable, substantial complaint could be made.

The report would give all the credit for such improvements to the repeated surveys made by competent individuals and groups and particularly to the investigations by congressional committees. It is interesting to note that the first visit of a congressional committee to Morningside Hospital occurred in April of 1955 when the Subcommittee on Territorial and Insular Affairs of the House Committee on Interior and Insular Affairs visited Morningside Hospital for the purpose of holding hearings on bills that had been introduced that would provide for the hospitalization and care of the mentally ill of Alaska.

Actually the credit for the improvements referred to in the majority report should be given to the Department of the Interior for negotiating a much improved contract in 1953 as the result of studies made by Drs. Henry C. Schumacher of the United States Public Health Service and Winfred Overholser of St. Elizabeths Hospital.

Following the execution of the 1953 contract, the Department of the Interior requested Dr. Thomas Parran, former Surgeon General of the United States, to make a study of the health problems in Alaska, including the mental health program. In his report, Dr. Parran states:

> The institutions discharge rate per 1,000 patients was 164.3, almost exactly the national rate 164.6. The death rate in Morningside was 60.2 per 1,000 under treatment, while the national rate was 65.3. This indicates good physical care, particularly because many patients have tuberculosis on admission.

* * * * *

> In our judgment, the so-called chronic patients at Morningside Hospital are receiving as good, if not better, custodial care than is rendered in many State mental hospitals. Every person who is up and about is actively engaged either in occupational therapy or in work about the farm, grounds, or buildings, which is known as industrial therapy.
>
> A limited but creditable psychiatric treatment is employed for patients who are acutely ill with a mental disease. At the time of our visit—and for many months before that, we were told—no patient was under any kind of restraint.
>
> The open men's ward was not even locked at night, yet for many years there had been virtually no runaways.
>
> There should be no objection to the practice of selected patients working at household tasks, about the grounds, or on the well-run farm, since the tasks do not appear arduous and their hours of work were reported to be reasonable. We were told also that such assignments were on a voluntary basis and were much sought after by the patients, who were deprived of them for uncooperative behavior.

The majority report criticizes what it refers to as "insufficien professional staff and inadequate facilities." This statement is in compatible with the testimony presented. The professional expert Dr. Ivor Campbell, testified that Morningside Hospital did not maintain a nursing staff sufficient to meet the standards set by the American Psychiatric Association. However, in response to questioning, Dr. Campbell admitted that no State institutions met such standards (hearings, p. 464). Dr. John H. Waterman, another witness, admitted that the Oregon State Hospital was far below the association's standards (hearings, pp. 507–509).

The majority, in reaching its conclusions, ignored completely the report of the North Pacific branch of the American Psychiatric Association which stated that the medical staff at Morningside Hospital is adequate in number and training (hearings, p. 772).

Furthermore, the hospital is on the list of accredited hospitals published December 31, 1957, by the Joint Commission on Accreditation of Hospitals. It is one of only approximately 70 mental hospitals in the United States and Canada included on this list, after being surveyed by the Central Inspection Board of the American Psychiatric Association.

The inspection leading up to this listing took place before the committee hearings were held in Portland; and followed an inspection request from the hospital, made before any congressional interest was shown in Morningside.

It seems strange that when evaluated in cooperation with the American Psychiatric Association, Morningside qualifies as an "accredited hospital" but when rated by a subcommittee, whose qualifications for evaluation of psychiatric treatment include recent studies in such unrelated fields as electric power, land acquisition policies, government of offshore areas of the United States, and saline water conversion, is found wanting.

The majority report is critical of the financial operations of the Morningside Hospital. While we disapprove of irregular financial transactions, we question the propriety and necessity of the subcom

mittee inquiring into them. Since the matter had already been referred to the Internal Revenue Service for investigation as to possible violations of the tax laws, it appears the inquiries by the subcommittee were uncalled for.

Undoubtedly prior to 1953 there existed certain abuses in the use of patient labor at Morningside but the Department of the Interior is certainly to be commended for correcting these abuses through the 1953 contract. No evidence was presented indicating patient labor abuses occurring between the time of the execution of the 1953 contract and the transfer of the responsibility for this program to the Territory of Alaska. The preponderance of testimony reveals that the use of patient labor was of therapeutic value to the patient.

CONCLUSIONS

1. The Department of the Interior was neither negligent nor indifferent to the need to provide proper care and treatment for the mentally ill of Alaska despite the fact that it did not have available the required competent medical personnel and technicians to administer the program and notwithstanding acts of Congress which limited the Department's authority to contract only with hospitals west of the main range of the Rocky Mountains.

2. The conflict of testimony and evidence presented at the hearings makes it difficult to reach a proper conclusion concerning the adequacy of the professional staff at Morningside Hospital. There is no question that the standard of care and treatment was considerably improved following the execution of the 1953 contract.

3. The record clearly shows that the Department of the Interior attempted in good faith, but without success, to interest both private and public institutions in providing hospitalization for the mentally ill of Alaska.

4. Mr. Coe's bookkeeping irregularities were under competent review by the Bureau of Internal Revenue, and the subcommittee's preoccupation with them during the hearings and in the report was neither proper nor warranted.

5. If the Department of the Interior was remiss, it was in failing to dispense with the services of Dr. Keller, who as medical officer apparently had failed in carrying out his responsibilities as provided by the contract between the Department of the Interior and the hospital.

6. The 1953 contract was without question a vast improvement over the one executed in 1948. It eliminated the alleged abuses concerning the use of patients' labor and required higher standards for the burial of deceased patients.

7. The several surveys and reports made by Drs. Schumacher, Overholser, and Parran were instrumental in correcting deficiencies that existed prior to 1955 in the care and treatment of the patients.

VICTOR A. KNOX,
CHARLES B. BROWNSON,
JACK WESTLAND,
CLARE E. HOFFMAN,
Minority Members,
Public Works and Resources Subcommittee.

ADDITIONAL VIEWS OF HON. CLARE E. HOFF

Since 1910, under legislation enacted by the Congress, the m
incompetent Alaskan patients have been cared for by the Sun
Co., an Oregon corporation chartered in 1899, which operat
approximately 400-bed capacity Morningside Hospital at P
Oreg. The corporation had previously received Alaskan patien
1904.

Wayne W. Coe is president of the corporation, owns 598 of
shares of stock of the company, the other 2 being owned by
and the secretary of the company. He, though not a physician,
the operation of the hospital.

THE ISSUE

Insofar as this committee was concerned, the real issue was w
over the years the patients had been receiving proper physi
mental care and treatment and presumably, if they were not
if any, legislation should be enacted which would bring ab
desired result.

THE COMMITTEE REPORT

The committee report gives or attempts to give the imp
that—

(1) The hearings were (*a*) nonpartisan and (*b*) impartia
(2) Wayne W. Coe had converted to his own use funds p
belonging to the corporation;
(3) The food served to the patients was inferior in qual
quantity;
(4) The patients at the hospital were abused and misu
(5) As the result of criminal negligence, patients died;
(6) Because of "insufficient professional staff and inad
facilities" patients at the Morningside Hospital, here
referred to as the "hospital," had received "inadequate c
in some cases outright mistreatment and abuse" and, p
1955, the conditions at the hospital were "wholly unjusti
(7) At the time of the investigation, the hospital w
adequately staffed";
(8) The people of Portland, Oreg., and the professiona
bers of the hospital staff are individually and, as a grou
and heartless—condoned abuse and mistreatment of th
tally ill committed to the Morningside Hospital;
(9) The Department of the Interior has, over the year
negligent and indifferent to the welfare of the patients; ha
an exorbitant price for their care.

4

(1)

To support the contention that the hearings were nonpartisan, the committee calls attention to the fact that the hearings covered a 10-year period (1948 to 1957) during which both Democratic and Republican administrations were in control.

That at least one editorial writer on the scene gained a contrary impression is indicated by the following excerpts from an editorial which appeared in the Oregon Journal (Portland) on September 26, 1957:

> Now that the hullabaloo surrounding the Chudoff committee's investigation of Morningside Hospital has subsided, one wonders why the hearing was held, what if anything it accomplished, and what excuse there can be for congressional hearings geared to political considerations and sensationalism, rather than to a determination of the facts.
>
> * * * * *
>
> We thus return to the original question: Was the Chudoff committee's investigation necessary, proper, and productive?
>
> In light of the fact that Alaska soon will have its own mental hospital facilities anyway, and the evidence that Morningside is a good mental hospital, we doubt it.
>
> In fact, the Portland hearing had all the earmarks of a costly, disruptive political show—one we could have done without.

The evidence was overwhelming, however, that it was not until the 1953 contract was negotiated by the Republican administration that the abuses here complained of by the subcommittee were corrected, and the Department of the Interior officials, recognizing their lack of experience and the need of technical assistance to meet their responsibility for the care and treatment of the mentally ill of Alaska, undertook the Parran study, and the subsequent review by Dr. Shumacher. The vast improvement in the carrying out of this program as admitted by the subcommittee majority actually commenced with this administration in 1953.

Unquestionably, during the period from 1910 down to the date of the present hearings, some complaints involving but a few individuals were made, criticizing the treatment of the patients at Morningside. But such complaints are not unusual. It is a matter of common knowledge that, in connection with the operation of every hospital, public or private, where those mentally ill are cared for, complaints either from the patients, their relatives, or disgruntled or discharged employees are not unusual. Congressmen need but to recall the complaints they receive about the treatment of patients in veterans' hospitals, sometimes justified, and, when justified, invariably resulting in improved procedure.

Beyond question, complaints critical of the situation at the hospital resulted in a steady, continuous improvement until, when the hearings were held, some witnesses testified that the conditions and treatment there given were better than in some State institutions.

In connection with the operation of Morningside Hospital, complaints have resulted in committee inspections, notably, a committee headed by Dr. Schumacher, another headed by Dr. Overholser

(3 weeks in Alaska), and another, again headed by Dr. Schuma
all of which made reports which were critical, though at times
mendatory and helpful.

A special subcommittee of the Subcommittee on Territories
Insular Affairs of the House Committee on Interior and In
Affairs, Hon. Edith Green, Oregon, presiding, held hearing
Morningside Hospital, Portland, Oreg., on April 7, 1955. The
committee subsequently, in its report on H. R. 6376 (H. Rept.
1399, dated July 25, 1955, 84th Cong., 1st sess., to accompany H
6376), providing for the hospitalization and care of the mental
of Alaska, stated certain facts, conclusions, and recommenda
which are pertinent here and are included as exhibit A.

That report was not especially critical of the manner in whic
hospital was operated. Undoubtedly, that hearing by the H
Subcommittee on Territories and Insular Affairs contributed t
enactment of the Alaska Mental Health Act (Public Law 830,
Cong.), which the Department of the Interior had advocated
1954.

The present committee report refers to the complaint made by
Comptroller General's Office. True, that agency is an arm of
Congress; it does an excellent job; but, after all, its activities
carried on by individuals subject to the same frailities which a
to the rest of us and in the instant case, after an investigation b
representatives extending from February to the date of the hear
about 7 months, GAO came up with the complaint that Wayn
Coe, who from a practical standpoint owned the corporation w
operated the hospital, had used its funds for his personal bene
a charge which Coe did not deny and which he stated was the fau
his auditors and attorneys. It had already gone to the Int
Revenue Service of the Department of the Treasury and to
Department of Justice—to which the committee now belatedly r
it.

Referring this matter to the Department of the Treasury, Int
Revenue Service, is but a repetition on the part of the subcomm
majority. This was done 2 years ago by the House Committe
Interior and Insular Affairs, following the submission of the first a
of the Sanitarium Co. by the GAO. For this subcommittee to w
time on an admitted situation was obviously dictated by part
politics.

The contention that the hearings were impartial finds no suppo
the record. Quite the contrary. From beginning to end, the c
mittee's staff and at least two members of the majority acted as pr
cutors who were thoroughly convinced that those actually opera
Morningside had abused, misused the patients, failed to give t
the care and attention customarily available in institutions wi
care for the mentally ill, and that those responsible for its operatio
i. e., the Department of the Interior—had been negligent in its o
sight job.

There was some color of substantiation for practically all the cha
made by a zealous, partisan committee staff. But that testimon
a rule came from witnesses who had been discharged because of
competency, or lack of attention to their duties, or from biased
prejudiced witnesses.

And on top of that kind of testimony, much of it hearsay, came the refusal of the chairman of the subcommittee to permit the accused, appearing before the subcommittee, personally, to disprove under oath charges which had been made.

Furthermore, as stated in the minority views, the subcommittee failed to call to the witness stand its chief witness against the Sanitarium Co. and the Department of the Interior—namely, Dr. George F. Keller, the Government's medical officer at Morningside—despite repeated assurances by Chairman Chudoff throughout the hearings, and as late as 2 hours before the completion of the hearings, that this witness would be called. The chairman apparently realized that Dr. Keller, in testimony by other witnesses, had been discredited, and that to call him would damage the case for the subcommittee majority.

Dr. Keller had been subpenaed and was present at the hearings. The failure to call him is significant since he was the person who had been at the hospital throughout the period under investigation who would logically be the best witness.

Impartial? The hearings partook of the nature of an inquisition.

The charge that Wayne W. Coe had misappropriated the funds of the corporation has been answered. When upon the stand and questioned, without any hesitancy whatever, he answered every question asked, made no attempt to evade or cover up any of his conduct. He stated the bookkeepers and the auditors kept the books which were correct; that he had little or no knowledge of the internal revenue laws or procedure; that he relied upon his attorneys; that he had no objection to the Department of Justice inquiring into his activities in connection with the operation of the hospital, and with whatever judgment was rendered he would willingly conform.

He did not deny the use of corporate funds for some of his personal activities—evidently considered that, being the owner of all the stock except two shares, and those being in the hands of his wife and the company secretary who made no objection to the use of corporate funds, from a practical standpoint he was the owner of the corporation.

(3)

The contention that the food served to the patients was inferior in quality and quantity was not substantiated. The overwhelming weight of testimony is that the food was of good quality, and that it was sufficient in amount. In none of the reports, at no time in the hearings did anyone testify that any patient, from 1910 to the date of the hearings, showed any evidences of emaciation due to the lack of food or its quality. A witness or two did testify that he did not consider the food tasty.

The writer's experience in hospitals leads him to the conviction that no matter how good, how well prepared the food furnished may be, it never is quite as tasty as that prepared at home. The same criticism might be made of the food in the House restaurant. Guests of Congressmen praise the occasional meal as delicious. Congressmen who eat the same food day after day sometimes have other opinions.

If the law requires that in institutions of this kind there be employed a licensed dietitian, then Coe was at fault. He for years employed a cook who did not have an appropriate certificate from an institution of

learning. However, the prosecution's own witnesses admit under questioning, and some voluntarily did so, that food was sufficient, was well prepared, that the patients appeared to be well fed.

It was my privilege to arrive in Portland 2 days prior to the opening of the hearings. Without notice to anyone, a lengthy inspection of the facilities was made. One building after another was carefully inspected; beds were stripped; room corners were looked into; spots where dust or dirt might be "swept under the rug" were inspected; food bins were examined; the refrigerator plant was inspected; the cooking was observed; and with a dish in one hand and a fork and spoon in the other, I inspected every single place where food was being prepared, from the peeling of the potatoes to the dishing up of the food, and sampled the food, raw and cooked. Meals were also eaten both where the attendants and the patients were served. The food was ample and good. In some instances the food was not as tasty as that which is served at home, some dishes lacking, and some having too much—that is, in the opinion of the eater—but the good wife who has served me meals for fifty-odd years has heard somewhat similar complaints on occasion.

The buildings were clean and bright, surprisingly so, the rooms cheerfully and tastefully decorated.

The patients exhibited a degree of friendliness toward the visitors, the attendants, and the physicians which was surprising in that in a institution of this kind some ill will or at least lack of cordiality might normally be expected.

There were a number of patients, including small children, who seemingly had no mentality at all. They were merely living organisms. The diapers, the other clothing on the infants and the smaller children were not only looked at but were felt and, during the whole trip, which took almost a day, but two diapers were found which were damp. The bedding was clean and in order.

The other minority member of the committee who attended the hearings made a similar trip the next day and before the hearings opened.

These inspections were made prior to the convening of the hearings and not a single member of the subcommittee staff or member of the committee gave testimony or intimated that he had made a similar examination prior to the opening of the hearings. In fact, the members of the committee stated that they had not. The staff went into the hearings with the apparent conviction that the facilities were inadequate, that the patients had not been properly treated, that, in fact, they had been misused. True, the report does state that the committee members with one exception visited the hospital but the report adroitly neglects to state that those visits were made either near or after the closing of the hearings.

(4)

There was an attempt to show that the patients had been misused and abused.

There is testimony that 10 years ago, in 1948, an epileptic patient was found dead in the boilerroom where he had been working with a hot water hose. Whether or not he had been scalded, the cause of death was not determined (hearings, pp. 294, 295, 437).

This epileptic patient, at his own request, assisted in tending the furnace and had been doing so without accident for at least 4 years. His desire to do so was manifest by evidence uncontradicted that on occasion he would sit on the step outside the boilerroom, waiting to be admitted, and, on the arrival of the attendant, verbally abuse him because of the delay or if he was not then immediately admitted.

The committee might as well have indicted all auto drivers because thousands are killed each year through the use of motor transportation as to charge that either attendants or physicians in this hospital were criminally negligent because of the death of this patient. On a charge of negligent homicide based on similar evidence, no judge would permit a case to go to a jury. True, hearings are not governed by law but they should be governed by procedure which insures fair play and justice.

Certainly, the death should not have occurred; but, until human activities are perfected, unfortunately there will be unavoidable accidents. Far greater would have been the complaint if all epileptics were confined.

Bitter complaint was made because on one occasion a patient who had been gavaged by an attendant subsequently died. The attendant, as the writer recalls, was one Dorrance M. Snyder, whose testimony will be found in the hearings on pages 10–55. He was cross-examined at length by counsel and members of the committee apparently in an effort to show that he was incompetent, negligent, or both. He had been employed in other hospitals. He had served in the Army for approximately 4 years, part of that time in the 23d Field Hospital. While there he administered "hypos, gavages, lavages."

To show the attitude of the chairman and committee staff, note that the witness, who was ill on one occasion while in the Army and also after he came out, was forced over objection (by his attorney, Mr. Netzorg) to tell the nature of the illness (hearings, pp. 13–17). Inasmuch as there was no claim that he was ill while at the hospital or that his previous illness affected his ability to efficiently perform his duties, just why was he required to tell the nature of his illness while at the veterans' hospital and after his discharge from the service?

It will be remembered that the Supreme Court has held that a congressional committee has no right whatsoever to force a witness to answer questions when neither the question nor the answer is relevant to the current inquiry.

After forcing the witness to give this private information in the confidence supposedly afforded by an executive (secret) session, and despite the chairman's promise (hearings, p. 24)—

> This transcript will not be available to the public. This is for the sole use of the committee—

the subcommittee made the testimony a part of the public record (hearings, p. 275).

(5)

The contention that, as a result of criminal negligence, patients had died has to a certain extent been answered. It may be helpful, however, in determining the weight to be given to the testimony introduced in support of that proposition, to take a look at the testimony of Dr. Campbell, pertinent parts of which on this point will be found at

pages 432–434. Dr. Campbell testified like a prof[illegible] witness. He expressed a professional opinion w[illegible] the examination of the hospital files of patients who [illegible] and which he had recently examined and which he stated w[illegible] instances incomplete and inaccurate. He admitted bas[illegible] upon the statements of attendants, and, believe it or not, statements of employees of GAO who admittedly knew noth[illegible] the facts and who based their statements upon the statem[illegible] to them by hospital employees.

The following colloquy is revealing in this regard (hearing[illegible]

> Mr. HOFFMAN. And you are not basing your opinion[illegible] any additional information other than that contain[illegible] those records before you, or are you, that's all I w[illegible] know?
>
> Dr. CAMPBELL. There is additional information whi[illegible] supplied to me by the investigators, that in certain of[illegible] cases, attendants had given them statements, and I a[illegible] ing—I am basing part of the—of my report, bu[illegible] upon these accusations or declarations as made * * *.

It is doubtful if any Member of the House can cite a m[illegible] unfair, unreliable way for an expert to arrive at an opinion[illegible] shown by this record.

This professional expert witness, Dr. Campbell, never saw[illegible] patients whose record he examined and about whose tr[illegible] gave an opinion.

What he was doing when he testified was engaging [illegible] morning quarterbacking without ever having witnessed th[illegible] heard it described over the radio. When he charged that [illegible] had been criminally negligent and that that neglect had [illegible] the death of a patient, he was challenged, but when th[illegible] physician sought to answer that charge with his own te[illegible] by the testimony of two reputable physicians, the request [illegible] and they were told that they might insert their statemen[illegible] record (hearings, pp. 482–484). The law and commo[illegible] requires that an accused be confronted by witnesses, t[illegible] examination be permitted, and so do the rules of this com[illegible]

If congressional committees are to permit witnesses to ma[illegible] of criminal negligence resulting in death, charges that tend t[illegible] they should at least give the accused an opportunity to [illegible] person after the charge is made and to produce witnesse[illegible] professional qualifications.

Rule XI, paragraph 25 (m) of the Rules of the House[illegible] sentatives states as follows:

> If the committee determines that evidence or testim[illegible] an investigative hearing may tend to defame, degra[illegible] incriminate any person, it shall—
>
> (1) Receive such evidence or testimony in exe[illegible] session;
>
> (2) Afford such person an opportunity voluntar[illegible] appear as a witness; and
>
> (3) Receive and dispose of requests from such p[illegible] to subpena additional witnesses.

Rule 14 of the Committee on Government Operations reads as follows:

> The Rules of the House, together with the rules specified herein, shall govern the procedure of the committee.

Any other course will eventually result in resentment and a loss of confidence in the fairness of congressional hearings.

(6)

Permit another citation to the hearings which shows the attitude of at least two of the majority members and the staff toward the investigation.

For years the Department of the Interior had the responsibility for the care of the mentally ill of Alaska. There were no governmental facilities in Alaska or in Oregon in which these patients could be treated. As stated, contracts with the Sanitarium Co. for this care at Portland, Oreg., had been made by the Department of the Interior.

For a number of years, in an effort to secure better terms of government treatment for the patients, the duration of the contracts was limited to a year. It may be unfortunate that no other acceptable bids were made. But there is no charge, not even a hint, that the contracts were entered into because of any improper influence. There just were no other bidders.

In 1956 the 84th Congress enacted Public Law 830, which gives the Territory of Alaska authority to care for its mentally incompetent. The Territory assumed the responsibility for the care and treatment of the Alaskan insane on February 23, 1957 (hearings, p. 826). At the time of the hearings facilities in Alaska were not available; hence, patients continued at Morningside. The records of the patients were at the Morningside Hospital. That it was the sense of the House of Representatives that such records should be kept confidential is indicated by the fact that the bill as it passed the House on January 18, 1956, contained provisions to that effect. The section in question was deleted in the version as finally passed by the Senate.

However, the same provision was included in subsequent legislation passed by the Legislature of Alaska. On March 26, 1957, the Territorial Legislature of Alaska enacted legislation which, among other things, provided that, and I quote:

> All certificates, applications, records and reports, other than an order of a court or Commissioner made for the purposes of this Act, and directly or *indirectly* identifying a patient or former patient or an individual whose hospitalization has been sought under this Act, together with clinical information relating to such patients, shall be kept *confidential* and shall not be disclosed by any person except insofar as—
>
> (i) the individual identified, or his legal guardian, if any (or if he be a minor, his parent or legal guardian), shall consent; or
>
> (ii) disclosure may be necessary to carry out any of the provisions of this Act; or

> (iii) a court may direct, upon its determination that disclosure is necessary for the conduct of proceedings before it and that failure to make such disclosure would be contrary to the public interest.
>
> * * * * *
>
> Any person violating any provision of this section shall be guilty of a misdemeanor and subject to a fine of not more than $500.00 or imprisonment for not more than one year, or both (ch. 87, SLA 1957, sec. 127). [Italics supplied.]

Notwithstanding the statutory provisions above quoted and protests of counsel, the hospital records which carried information from the date a patient entered the hospital until he was discharged or deceased, and which showed his condition and the treatment given him during all of that period, were introduced in evidence. These records, because they contained communications between physician and patient, were privileged. Because of the statutory provisions cited they were not subject to examination by the GAO employees, committee staff, or by the committee itself, without the consent either of the patient, his guardian, or a court order.

Nevertheless, the committee, over the objection of counsel for the hospital, of minority members, forced their production (hearings, pp. 5–10). It is no answer to say that the files were assigned a number and that the name of the patient was not then made public. The statute is mandatory that the identification of a patient shall not be made either directly or indirectly.

The confidential files, though stated by Dr. Campbell to be inadequate and inaccurate, to a degree coverup files, the chairman ruled the less permitted to be used as a part of the foundation for the answering of hypothetical questions by Dr. Campbell.

A congressional committee departs a long-long way from what may be considered proper procedure, commonsense, and good judgment when it permits an expert to charge individuals with misconduct, with criminal negligence, when that charge is based upon hearsay and the opinions of others. It is doubtful if any Member of the House ever before heard of an expert giving an opinion which was based upon the opinion of another individual and in one instance when that report of individual relied upon the opinion of a second individual.

(7)

The contention that at the time of the investigation the hospital was inadequately staffed is, if perfection is the standard, undoubtedly true. But the weight of the testimony, even though it came from adverse witnesses, is that the staff compared favorably with that in other hospitals.

Volunteer organizations made up of experts formulated certain desirable requirements which in their opinion should be complied with not only in hospitals caring for the mentally ill but in other hospitals. There is no question but that the Morningside Hospital did not comply with these standards. It is equally true that many another hospital, both public and private—and it was so admitted—do not

comply with those standards (hearings, pp. 507, 509). Perfection in the treatment given in the best of hospitals has not yet been attained.

It was charged that Coe had violated the Oregon law having to do with the hours of employment and, perhaps, minimum wage provisions.

Coe made no denial of the charge as to hours but stated such instances were exceptional and that at the time nurses or attendants were not available and he had the choice of violating the law or letting the patients go without care. The nurses worked and apparently they made no complaint have, so far as is known, not acted on the committee's helpful hint that they sue for overtime. Committee members and staff forget some render service for other than dollars.

Just what course the committee's staff or the critical members of the committee would have followed when longer hours of service were needed was not put on the record. It can hardly be contended that the hospital employee who has reached the deadline for employment, should another employee not be available, walk off the job and let the patient suffer or die.

I recall an incident where, not so long ago, a mechanic on the airfield, having reached the quitting hour, walked off and left a repair job not quite completed. Unfortunately, at the takeoff the plane crashed. Had the boss at the airport repair shop insisted that the employee complete the job before leaving, he undoubtedly would have violated the wage and hour law.

(8)

Reading the report as a whole, a stranger to the record or the facts would be justified in concluding that the people of Portland, Oreg., and the professional members of the hospital staff are a cruel, heartless group which over the years condoned abuse and mistreatment of the mentally ill committed to the Morningside Hospital. Such an inference has no basis in fact. Such a conclusion would be not only untrue but absurd.

Morningside had a consulting staff of a score or more specialists, all men of high standing in their profession and community. Morningside was operated adjacent to, yes, practically in, Portland. These staff members visited the hospital as did many other professional visitors. (See partial list, hearings, p. 792.) Various groups have used the hospital for educational purposes (hearings, p. 794). Were they so heartless and hardened that they would fail to report abuse and malpractice? Certainly not. The answer: The alleged mismanagement, abuse, and ill treatment just did not exist.

The staff members consulted patients there (hearings, p. 377). Medical students visited the hospital.

It is inconceivable that there could exist for so many years, in the vicinity of Portland, a hospital where patients were treated in the manner which this report would indicate. The report and its inferences, if accepted, is a reflection not only upon the intelligence but upon the humanitarian characteristics of the people of Portland and was on occasion so resented by the press of that city.

Search the record carefully and it will be found that as the years went on there was a steady improvement in the physical facilities and in the treatment of the patients.

(9)

It will be noted, as previous reports are read, that Dr. Overholse whose ability is not questioned and who is in no way biased, suggested and recommended in his report that the mentally ill of Alaska cared for in Alaska.

Beyond question, the good doctor knows as much or more about the care which is desirable for a mentally ill patient than anyone else However, it may be permissible to question his opinion as to what that treatment can best be administered. He apparently was thinking about desirability rather than about what was possible or practical. Now, it is true that it would be helpful if the relatives patients, under some circumstances, might have the opportunity visit them. But it is questionable whether the treatment of a patie should be limited by the desire of those who are interested in recovery.

Because of the information then at hand, I voted for the bill which would have provided for the treatment of the mentally ill of Alaska in Alaska. Based upon what I learned at Portland and elsewhere subsequent to that vote, my opinion is that it would be a grievous mistake to attempt at this time to treat the Alaskan mentally patients in Alaska.

Putting aside completely the comparative costs, considering only the welfare of the patients, it seems obvious that because of the remoteness of Alaska (oh, yes, I have heard about air transportation of its lack of facilities, it would be practically impossible to entice physicians, experts, those qualified to care for the mentally ill, permanently reside in Alaska. And this is no reflection upon Alaska its present condition, its probable growth, or the intelligence of people. Qualified experts in physical and mental diseases do not sufficient number locate in cities of relatively small population. you doubt that, ask yourself where the hospitals for the mentally which give the best treatment are located. In my judgment, the patients' interests demand that they be cared for either at Portland or someplace where those qualified to give them the best of care are available.

If anyone questions the accuracy of any of the statements in the minority report or in the additional views, my suggestion is that read, not excerpts from the record, but the record.

While reaffirming my subscription to the conclusions in the foregoing minority report, I wish to add those set forth below.

CONCLUSIONS

1. The record disclose that the hearings were neither nonpartisan nor impartial.

2. While Wayne W. Coe admitted a technical misuse of corporate funds, the subcommittee was not justified in inquiring into a situation which they knew in advance of the hearings was being reviewed carefully by the Internal Revenue Service (hearings, p. 540). The clusion of this extraneous material in the hearings and in the report material beyond the scope of the investigation—can only be intended for aggravation.

3. The food was inferior in neither quantity nor in quality but was rather of good quality and sufficient in amount.

4. The patients were not mistreated or abused. On the contrary, the record and the examination by the minority members demonstrated that the patients were receiving kindly care and attention.

5. The evidence does not support any allegations that deaths occurred in the hospital as a result of criminal negligence.

6. Facilities at Morningside Hospital appeared to be adequate and pleasant.

7. The report constitutes an unwarranted, unfavorable reflection on the people of Portland, Oreg., and the professional members of the hospital staff.

Clare E. Hoffman
CLARE E. HOFFMAN.

EXHIBIT A

[From H. Rept. No. 1399, dated July 25, 1955, 84th Cong., 1st sess., to accompany H. R. 6376, providing for the hospitalization and care of the mentally ill of Alaska (pp. 3–4)]

HISTORY OF THE CARE OF THE MENTALLY ILL IN ALASKA

The history of Federal responsibility for the care and treatment of the Alaskan mentally ill dates from the act of Congress, June 6, 1900, which provided that the Governor of Alaska should contract for the care and custody of persons legally adjudged insane. The first call for bids under this act was for one person and a contract was let with the Oregon State Insane Asylum.

The powers of the Governor were transferred to the Secretary of the Interior in 1905 and the present program is based upon the act of Congress dated January 27, 1905, as amended.

The major revision in Federal legislation has been the act of October 14, 1942, which provides for reimbursement for the costs of care and treatment. This act further has provisions for discharge of patients, boarding out, and the transfer of nonresidents to other institutions.

The act of June 25, 1910, provided for the construction and operation of detention hospitals at Nome and Fairbanks. The Nome hospital was never constructed. A building was erected at Fairbanks but was never used in connection with the treatment of patients but only to house patients until they were sent to the States, if committed. Other than this instance, there have been no provisions made in the past for hospitalization in the Territory.

Congress has specifically denied to the Territorial Legislature authority to amend or repeal the existing Federal law pertaining to the commitment of the mentally ill (48 U. S. C., sec. 24). Alaskans have consequently been committed to a mental institution pursuant to a Federal statute (48 U. S. C., sec. 47), and they have been cared for and treated in a private hospital under contract with the Department of the Interior (48 U. S. C., sec. 46). The Federal Government bears the total cost of the commitment, transportation, care, and treatment of Alaska's mentally ill.

Since 1910, the Secretary of the Interior has contracted with Morningside Hospital at Portland, Oreg., for the care and treatment of the Alaska mentally ill. The current contract is effective from July 1, 1953, to June 30, 1958. In early 1953, the Department of the Interior issued a call for bids for this service. The Sanitarium Co., operator of Morningside Hospital, was the sole bidder. The current

contract provides for a monthly payment per patient of $184 per month. This base rate is adjusted every 6 months based upon the average of the United States Bureau of Labor Statistics Wholesale Price Index for All Commodities.

In July 1949, the Department of the Interior appointed a committee headed by Dr. Winfred Overholser, Superintendent of St. Elizabeths Hospital, to study the problem of Alaska mental health. After a 3-week visit to Alaska, during which time public hearings were held in Juneau, Sitka, Palmer, Anchorage, Nome, and Fairbanks, the committee submitted its report on February 10, 1950. In summary, the Overholser committee recommended the following changes to be made:

1. Development of a comprehensive mental health program under the Territorial department of health.

2. Emergency treatment and observation centers in most of the general hospitals to be operated by the Territorial department of health.

3. Model legislation being drafted by the then Federal Security Agency should be modified to meet Alaska's situation and adopted. This legislation should provide for voluntary admission and hospitalization and abolition of the archaic jury system of sanity hearings.

4. Amalgamation and unified direction of all public mental health services under the Territorial department of health.

The Overholser committee also recommended (1) the construction of an adequate modern mental hospital in Alaska; (2) the establishment of a 50-bed treatment center at Sitka, Alaska; and (3) arrangement whereby the Territorial government would take over and operate the completed facilities. The recommendations of the Overholser committee have been incorporated in varying degree in Alaska mental health legislation introduced in the Congress since that date.

In June 1952, the Department requested Dr. Henry C. Schumacher of the Public Health Service and Miss Mary E. Corcoran of the National Institute of Mental Health to make a survey concerning the care and treatment of Alaskan insane patients at Morningside Hospital. The survey made by Dr. Schumacher and Miss Corcoran dealt with the adequacy of the facilities and the professional services provided.

In recent years, the patient load at Morningside Hospital has been in the neighborhood of 345. At the end of fiscal year 1955, 359 patients—232 males and 127 females—were under care. On June 30, 1954, 345 patients—225 males and 120 females—were under care. During fiscal 1954, 77 patients were admitted, 44 patients were discharged, and 18 were paroled.

NEED FOR THE LEGISLATION

Although the commitment, care, and treatment of the mentally ill of the territories are generally regarded as inherent responsibilities of the respective Territorial governments and although these responsibilities have been assumed by most such governments, such is not the case with the Territory of Alaska. Responsibility was initially assumed by the Federal Government because Alaska at that time had no local government. Congress specifically denied the Territorial

Legislature authority to amend or repeal the existing Federal law pertaining to the commitment of the mentally ill (48 U. S. C., sec. 24). Alaskans have consequently been committed to mental institutions and cared for and treated in a private hospital under contract with the Department of the Interior pursuant to Federal statutes referred to above.

The existing program of hospitalization, care, and treatment of Alaska's mentally ill established in 1905 has numerous shortcomings and inadequacies. The commitment methods are archaic and inhumane and the care and treatment methods leave much to be desired. This legislation will correct many of the injustices reflected upon the mentally ill patients and will place Alaska under supervision of the program recommended by the United States Public Health Service of the Department of Health, Education, and Welfare and the Office of Territories of the Department of the Interior. H. R. 6376 is patterned after the Draft Act Governing Hospitalization of the Mentally Ill, a publication of the United States Public Health Service, and is recommended for favorable consideration by the Council of State Governments.

(Then goes on with sectional analysis.)

ADDITIONAL VIEWS OF HON. VICTOR A. KN

I arrived in Portland a couple of days in advance of the he
Since I had been denied any information relative to the nature
inquiry before I left Washington, I took advantage of the oppor
to go out to Morningside Hospital in order to have some of the
mental facts before me when the hearings convened. I
unannounced and toured the entire hospital. Regardless of
may have been the situation at Morningside in the past, I was
ested in ascertaining what the situation was at the present.

I explored all of the food storage and food preparation areas
hospital and looked into the refrigerated and nonrefrigerate
storage spaces. I inspected the dining rooms. I sampled me
both patients and employees and found them well prepared
adequate appeal.

While the 1-story buildings were not fireproof, a sprinkler s
was installed and every precaution required for buildings of tha
seemed to have been taken.

The entire plant was clean and well tended.

I found conditions there, generally speaking, to be possibly
or superior to that of the many State hospitals with which
become familiar during 16 years with the Michigan State Legisl

I had the privilege of touring Morningside Hospital wit
Langdon and was greatly impressed with some of the things t
told me as we made the tour. I was shown pictures of social
sponsored by the hospital, in which the staff members and pa
participated together. I think this is something that shou
recognized as a commendable function, one you do not often
mental institutions, but I believe it is one that will greatly as
the restoration of the patient to normal life.

I observed that the hospital was not a place of confinement.
were no wards that were under lock and key. The open-door pr
is part of the community therapy which has been developed
hospital through the years.

I conversed with employees and patients and visited with the
worker from Alaska. I could not help but be impressed by th
morale of the patients. As I accompanied Dr. Langdon o
rounds I noted the friendly greetings which the patients direct
him—a situation that one would not normally expect in an insti
of this type. It is my judgment that the patients were not onl
fed and clothed but treated with sympathy and understanding.

I was much impressed with the degree and efficiency of the iso
of the tubercular patients at Morningside. Patients who have
tuberculosis and are under treatment for it are kept in a ward des
specifically for this. It was my observation that the control pr
is more rigid than at many other hospitals for the tubercular.
itors were given masks to wear as they approached the ward,
were disposed of as they left. Other precautions struck me as
more than adequate.

I believe it would have been well if the majority, too, had gone out and visited the hospital prior to the hearings. Perhaps, then, they would not have clung so determinedly to their preconceptions.

Although the investigation and hearings were presumably held for the purpose of determining the adequacy of the care of the patients at Morningside, it seems to me that certain reliable evidence bearing on the subject was not even sought. The professional staff of the hospital was supported by consulting doctors in the city of Portland who, in the normal course of events, would have great knowledge of the care and treatment of the patients and conditions at Morningside. However, the chairman at no time permitted these consultants to testify. Thus, quite possibly what might have been the most authoritative evidence as to whether or not the patients received adequate care and treatment was never entered in the record.

The Surgeon General of the United States and the United States Public Health Service, by the terms of the Alaska Mental Health Act (Public Law 830, 84th Cong.), are charged with certain responsibilities in supervising the mental health program of the Territory of Alaska with reference to funds appropriated by the Congress. The United States Public Health Service has made a complete study of the operations and treatment programs at Morningside Hospital. Many of the reports made in this connection are a part of the record of the investigation of this subcommittee. Subsequent to these inquiries the plan of the Territory of Alaska to continue to use Morningside Hospital until facilities are available in the Territory to care for their patients has been approved and a new contract has been entered into between the Territory and the hospital for this purpose.

Victor A. Knox.
VICTOR A. KNOX.

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