



A Telling Case Study of Corruption at a Medical University

Mildred A. Schwartz, University of Illinois at Chicago

Double-billing of Medicare and Medicaid, no-show jobs, insider-dealing on contracts to pay off cronies in state government – all of these and more added up to spectacular scandals at the University of Medicine and Dentistry in New Jersey, once the largest institution in the United States for training new health professionals. In 2006, then U.S. Attorney Chris Christie's threat of indictments enabled him to appoint a federal prosecutor whose investigations led to millions in settlements and a shakeup of the administration. The university lost its separate identity in a forced merger with Rutgers and Rowan Universities in 2013.

Although the scope and extent of misconduct may have been unique – and the institutional consequences unusually dire – this New Jersey case is revealing of the possibilities for systematic corruption in recent U.S. higher education for health professionals. Similar legal and ethical lapses have happened at other medical universities as well. After World War II, vast expansions in higher education brought great benefits to such institutions – but also opened the door to systematic corruption. In my recent book, *Trouble in the University: How the Education of Health Care Professionals Became Corrupted*, I probe the experiences of the University of Medicine and Dentistry of New Jersey to explain how such corruption can take hold – and what lessons can be learned to avert similar kinds of institutional corruption in the future.

Why Did the New Jersey University Get into So Much Trouble?

Efforts to make sense of rampant corruption at New Jersey's major higher education institution for health professionals have been less than fully convincing:

- The federal monitor appointed to supervise its operations and investigate wrongdoing concluded that the fault lay with a few bad apples, people in key administrative positions who fell into corruption while pursuing their own interests. Although some of these people were eventually fired, legal investigations produced only two criminal indictments – while other officials who had come under federal scrutiny moved on to similar administrative positions elsewhere, their reputations intact. Singling out just a couple of administrators to blame does not seem adequate, however. It leaves a key question unexplored: why did incentives for misconduct and the opportunities for corrupt behavior continue for many years, undetected and unquestioned by other leaders and members of the University?
- Local journalists attributed the University's misconduct to its location in New Jersey, a state said to be among the most corrupt in the country. A culture of corruption is sometimes said to pervade the state, putting every state-related enterprise at risk for insider bargains and unethical or illegal dealings. Yet it is not clear that New Jersey is among the most corrupt U.S. states. More to the point, using a loose concept of state culture makes it difficult to pinpoint the specific incentives and opportunities for corruption that influenced some people, even as most administrative officials, faculty, and workers performed in a trustworthy manner.

Organizational Incentives for Misbehavior

Corrupt behavior is initiated and perpetuated by individuals who take for granted that improprieties are the accepted way of doing things. Context matters, and focusing solely or even mainly on individual perpetrators is an overly narrow form of analysis. But a vague focus on “culture” is not likely to illuminate the specific organizational contexts that create incentives for corruption. To understand the corruption that happened at the University of Medicine and Dentistry of New Jersey – and at other similarly situated institutions – we must dissect such organizational and environmental dynamics. Here is what my research revealed:

- **The quest for resources can create incentives for corruption.** Universities without independent endowments are constantly trying to find outside resources of money and power to ensure institutional continuity and further careers. Competition for vital resources can become so intense – both within and

among universities – that winning grants or state subsidies becomes more important than scruples about the means.

- **A highly centralized authority structure creates opportunities and incentives for unchecked corruption.** Reliance on hierarchy was the norm in all units at the University of Medicine and Dentistry, and that discouraged information flows and prevented conscientious administrators from discovering when and why activities were going astray. Decision-making was not open to faculty scrutiny and higher administrators cultivated an intimidating climate by punishing anyone who raised uncomfortable questions.
- **Vulnerabilities to corruption can be exacerbated in an institution focused solely on health care research and training.** Medicine is a highly prestigious profession and medical schools tend to foster overweening claims to authority and deference that afford little space for collegial give and take.
- **Relationships with state regulatory agencies, businesses, and service providers also created opportunities for corruption.** New Jersey University administrators built mutually beneficial ties with pharmaceutical companies and service vendors and used jobs at their public institution to reward politicians and help friends and relatives.

Broader Lessons

Scandals at the University of Medicine and Dentistry in New Jersey dramatize lessons that are much more widely applicable. Corrupt tendencies can be prevented or cut short by non-hierarchical, collegial governance arrangements that allow faculty members and others to offer criticisms and hold administrators accountable. In addition, public institutions of higher education must have sufficient autonomy and prestige to allow their leaders to establish firm limits on the intrusion of business and political interests into core university activities. The search for external resources goes on and cooperation with government and business can further valid university goals. But norms and boundaries must be upheld, and there must be clear limits on hidden transactions and manipulative and fraudulent deals.

Read more in Mildred A. Schwartz, *Trouble in the University: How the Education of Health Care Professionals Became Corrupted* (Brill, 2014).