

## County will consider advancing Doctors Medical Center \$10 million

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SAN PABLO -- Contra Costa County leaders will consider advancing \$10 million to Doctors Medical Center to help the financially struggling hospital, an important safety net for West County residents, keep its doors open.

At the end of February, Doctors had only enough unrestricted cash on hand to pay operating expenses for three days. Chief Financial Officer Rick Reid called that a "dangerously low level."

The typical California hospital has 34 days worth of cash available.

Doctors has fallen more than three months behind in paying some of its vendors and suppliers.

Although hospital leaders budgeted for a \$1 million loss during the first two months of 2011, the loss was twice that amount, Reid said.

The financial difficulties have prompted hospital leaders and county officials to seek ways to get a quick infusion of cash for Doctors, which has struggled for years because it serves a large percentage of uninsured and underinsured residents.

The arrangement will first need to be approved by county supervisors and the hospital board.

The hospital board will hold a meeting to consider the proposal at 5:30 p.m. Tuesday in the hospital auditorium.

County supervisors would consider it at their April 5 meeting.

Under a draft proposal presented to the hospital this week, the county would give \$2 million to Doctors by April 15 to help with its immediate financial crisis. The county would later transfer up to \$8 million more.

The advance would be repaid, with \$1.5 million in interest, over four years with revenue from the hospital district's property taxes, said county Supervisor John Gioia, who has been involved in the negotiations.

Although the county is coping with its own budget shortfall and cutbacks, Gioia said the money would be taken from county reserves or the county hospital enterprise fund and would not affect county services.

He added that allowing the hospital to close would result in long-term costs for the county and a critical shortage of emergency beds in the area, with longer ambulance times for residents.

The advance would be similar to a \$10 million loan the county made to the hospital in 2006, shortly after Doctors declared bankruptcy. Doctors recently repaid that advance with \$1.5 million in interest.

When the hospital declared bankruptcy, it had a structural deficit of \$30 million a year. Hospital leaders have since worked to rein in costs and significantly reduce the deficit.

In addition to the \$10 million county advance, the 2006 recovery plan included an infusion of \$17 million annually for three years. That consisted of \$4 million from Kaiser Permanente, \$1 million from John Muir Medical Center and \$12 million from the California Medical Assistance Commission.

Those subsidies have ended. But in a move that aggravated the hospital's financial struggles, the California Medical Assistance Commission notified the hospital last year that it could not provide \$8 million of the expected \$12 million because of federal regulations restricting such payments. Hospital leaders hope to receive that money at a future date.

Before county leaders agreed to advance Doctors the \$10 million in 2006, they sought greater oversight, so a joint powers authority was established, in addition to the five-member elected board. Gioia heads the joint powers authority.

But having two boards running the hospital has been unwieldy and has made it difficult to recruit a chief executive officer, leaders said this week.

The previous CEO, Joseph Stewart, stepped down in January. This week, Dawn Gideon became the interim CEO while the board searches for a permanent executive. Gideon is a managing director with Huron Consulting Group, the hospital managing organization that helped Doctors emerge from bankruptcy in 2008.

Gideon told the hospital board this week that the search for a new CEO would be easier if the hospital had a unified governing board. Gioia agrees.

Under discussion is having the five-member elected board remain in existence, but grant much of its power to a new governing board that would include representatives of the county, the elected hospital board, and physicians at the hospital.

The new board would remain in place until the county advance is repaid, Gioia said.

The financial difficulties are just one of the challenges for the hospital. Its main patient tower is not seismically safe, and hospital leaders will need to find ways to finance a new building.

At a board meeting Wednesday night, nurses raised issues about staffing and patient safety.

Carolyn Bowden, a labor representative for the California Nurses Association, presented a petition signed by 115 nurses requesting that they be treated with dignity and respect. She said nurses are being encouraged to work overtime without pay, that required nurse-to-patient ratios are being violated and nurses are not getting meal and rest breaks.

"I don't recall ever standing here feeling quite so anxious as I am today," said Tami Roncskevitz, the chief nursing representative for CNA. "Conditions are dire now. They're dire and they're dangerous."

Board members encouraged nurses and management to work on improving communication and said they will continue to seek improvement in the level of care at the hospital.

"We're going to try to work with management to solve these problems," board member Deborah Campbell said. "All of us on the board are very concerned about them."

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