

Financially struggling Richmond hospital seeks partnership



Dawn Gideon has served as interim CEO at Doctors Medical Center in San Pablo since 2011, when she was hired to help turn around the hospital's dire financial situation. (Photo by Hasan Dudar)

By Wendi Jonassen Posted 3 hours ago

Luis Moreno brought his 17-year-old stepdaughter to Doctors Medical Center last Monday after she missed two days of school due to flu symptoms. She is not a Richmond resident—she lives in Pinole—but Doctor's Medical Center is the closest emergency room. And she is uninsured.

Like her, nearly a quarter of the patients Doctors Medical Center sees every day are uninsured and an additional 30 percent are underinsured, meaning that Medicare or MediCal covers a portion—but not all—of their hospital costs, according to the Office of Health and Statewide Development. This is one of several reasons that the independent hospital has been financially struggling for close to a decade and is now seeking financial relief through a partnership with Avanti Hospitals in Southern California.

The partnership is an attempt to establish a financially sustainable hospital system, says John Gioia, West Contra Costa County Supervisor and a member of the hospital board. Though the conversations are in the beginning stages, Avanti would not own Doctors Medical Center, but simply partner with it, allowing local governance, says Gioia. "Standalone urban hospitals that are not a part of a larger system have a challenge, and this hospital is no exception," Gioia says. "But we are all trying to save this one."

"I think hospitals like Doctors Medical Center should seek partnerships," says Dawn Gideon, CEO and president of Doctors Medical Center. "It adds a new dimension, I believe. And, more importantly, the future of healthcare is about people working together."

Doctors Medical Center has been on the brink of closing for years. Right now, even with talks of a possible partnership, that threat is not gone; the hospital must still overcome its systemic fiscal problems, Gideon says.

Doctors Medical Center is only one of two hospitals in Richmond and it sees the bulk of Richmond's patients—79 percent of the hospital patients in West Contra Costa County, according to a study put out by in 2011 by Abaris Group, a healthcare consulting firm.

In 2009, the Doctors Medical Centers' emergency room saw 40,473 patients, easily making it the busiest in the West Contra Costa County area. Over 8,000 ambulances rushed residents to the ER in 2009, which accounts for almost 71 percent of all ambulance transports for the region.

"I have actually been to that ER and used it myself," Gioia says. "It is vital to the healthcare needs to Richmond and West County residents."

If Doctors Medical Center closed, the other hospital in Richmond—Kaiser-Richmond, which has 15 emergency room beds—and hospitals in neighboring regions, like Berkeley and Oakland, would be overwhelmed by Richmond residents without a nearby ER, Gioia says.

Right now, the ER at Kaiser-Richmond sees about 80 patients a day. That is expected to increase by 100 to 120 new patients per day if Doctors Medical Center closes. That represents an increase of over 30 percent, and the Abaris study estimates that it will cause emergency room waiting times to exceed ten hours.

Doctors Medical Center is trying to enlist the financial help of other local hospitals in the county, since they will all be greatly effected by a potential closure, Gioia says. Some hospital groups, like Kaiser Permanente and John Muir Health, have financially assisted the medical center. But it is still not enough to keep the hospital sustainable, Gioia says, since its budget deficit is so high.

Until 2004, Tenet Healthcare Corporation, a for-profit company, owned the hospital. When they decided to leave the area, the West Contra Costa County Healthcare District took over, but lacked the funding necessary to keep the hospital afloat, Gideon says. That created a financial crisis that the hospital has not been able to escape. "They basically gave the hospital back to the district," Gideon says. "That was sort of the precipitating factor."

In 2006, Doctors Medical Center filed for bankruptcy. The hospital suspended its ambulance service for two months during this period. In 2008, the hospital came out of bankruptcy with help from other hospitals and state funding, Gideon says. But today, as the state deals with its own budget crisis, the state funding has faded, leaving a financial gap of that fluctuates but hovers near \$17 millions annually, according to Gioia.

In 2011, Richmond voted to pass a parcel tax, a \$47 annual tax per household that would raise \$5 million a year for the hospital. But that is still not enough to cover the gap. "This is a significantly struggling hospital," Gideon says. "And that hasn't changed, just frankly."

The most consistent financial issue for Doctors Medical Center is the heavy volume of uninsured and underinsured patients they see every day, Gideon says. For every dollar that Doctors Medical Center spends on MediCal patients, the state reimburses the hospital 70 cents. The federal government reimburses about 90 cents for every dollar spent on Medicare patients.

And, of course, Doctors Medical Center sees a significant number of patients without any insurance at all—almost double the rate that other ERs in the region see, according to the 2011 Abaris study. Some of these patients pay out of pocket and some don't pay at all.

Most hospitals see enough commercially insured patients—for example, those who have Blue Cross or Kaiser plans—to make up the costs of treating the uninsured and the underinsured. But not Doctors Medical Center.

And even though health insurance will now be federally required, Gideon does not believe that Richmond or her hospital will see more insured patients—just less money. "The uninsured will not go away and we will continue to have to take care of those uninsured," Gideon says. "One is not going to offset the other. We can't continue to do the same thing for less."

Preliminary talks between the two entities began about six months ago, but it is still too early for either side to reveal many details of how a partnership might work. Representatives from Avanti Hospitals declined to comment, saying that they are "not ready to discuss" the partnership.

"Avanti has had a history of helping urban hospitals in LA," Gioia says. "What the partnership would look like hasn't been determined yet. But we are looking at all options that would help Doctors Medical Center but would maintain local governance."

As talks continue, the local hospital board and elected officials will continue to run the hospital, Gioia says. And seeking out a partner is only a part of the solution for this financially struggling hospital, Gideon says. "Our future is not dependant on us having a relationship with Avanti," she says. "Our future is dependent on being control our costs and close our financial gap."