

San Pablo hospital's fight for survival grows more desperate

By Robert Rogers

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A person registers in the emergency room at Doctors Medical Center in San Pablo, Calif., on Tuesday, Jan. 21, 2014. DMC is the only public hospital serving West Contra Costa County and faces possible closure due to a \$16 million budget deficit this year. More than 40,000 patients visit DMC's ...

SAN PABLO -- Suffering from a suspected case of Lyme disease, 75-year-old San Pablo cancer survivor Renate Wunderlich seemed as concerned about her hospital's health as her own during a recent visit to the Doctors Medical Center emergency room.

"The joint pain is pretty bad," Wunderlich said, her voice trailing off before moving on to the new topic.

"This hospital isn't really going to close, is it?" she asked Dr. Laurel Hodgson, the lone emergency medicine doctor on duty this night, and other hospital staff. "It can't close."

Like everyone else, Dr. Hodgson doesn't have a straight answer to that question.

Despite two voter-approved parcel taxes in the past decade to keep it afloat, Doctors Medical remains on life support, the victim of a radically changed health care system that has largely stripped public hospitals of their most profitable patients. Doctors Medical could close this year if new funding doesn't materialize soon, and officials warn that the results would be catastrophic for West County -- including predicted emergency wait times of as long as 10 hours if the 41,000-plus annual visits to Doctors' emergency room are diverted elsewhere.

"It's really a matter of life or death," said Eric Zell, chairman of the West Contra Costa Healthcare District, which runs the hospital. "Doctors here at DMC see patients every day who would not otherwise survive."

The hospital, which projects a \$16 million deficit this year, serves as the largest emergency room in West County and a destination for residents of all backgrounds when they suffer heart attacks and strokes, and time is often the difference between life and death, or severe, permanent injury.

DMC leaders say a partnership with a healthier institution is the only viable long-term answer to keeping the facility open, but crafting a deal will take time and depend upon immediate funding to stabilize the hospital's finances.

Hospital leaders and health industry experts also say the Affordable Care Act has exacerbated the short-term funding problems -- by driving down reimbursement rates for Medicare -- but that it could also fast-track the search for a lifesaving partnership. DMC has acknowledged that it is in talks with UC San Francisco Medical Center.

"Across California, there are a number of hospitals that are looking at their future, and particularly at risk are those that are independent, without affiliations with larger systems," said Jan Emerson-Shea, vice president of external affairs for the California Hospital Association. "Hospitals are facing \$23 billion in government payment cuts through 2020, so independent safety net hospitals that don't have the large number of private payers face a huge challenge."

A spokesman for Rep. George Miller, D-Martinez, a key architect of the Affordable Care Act, issued a statement Friday maintaining that the law will be a net benefit for the hospital.

"Congressman Miller is confident that the Affordable Care Act is benefiting San Pablo, North Richmond and the people that Doctors hospital serves, thanks to a number of provisions in the health law that increase low-income coverage and provide DMC and other provider networks with new partnership opportunities that were unattainable prior to the passage of the law," said Peter Whippy.

County Supervisor John Gioia, of Richmond, who also sits on the West Contra Costa Healthcare District's board, said the ACA's emphasis on integrating health care and increasing efficiency could help DMC land a partner.

In the short run, though, the major challenge that has long plagued the hospital won't change: Private hospitals have siphoned away patients with lucrative private insurance plans, leaving taxpayers to foot more of the bill for those who remain.

"It's a tough situation," said Dylan Roby of the UCLA Center for Health Policy Research. "In low-income districts, district hospitals play a dual role; they need to get private insurance patients and also need to provide for the indigent patients that get low reimbursement rates."

If DMC closes, the results would be "catastrophic" to the region, according to a 2011 report commissioned by Contra Costa Emergency Medical Services. The only other emergency room in West Contra Costa is Kaiser Richmond, which has only 15 emergency beds compared with 25 at DMC.

In a twist, the surrounding hospitals that drew away the best-paying customers would be inundated with the ones they left to DMC. Those same hospitals are key to whether DMC can survive in the short term.

"These other hospitals that would be inundated get a tax break for being nonprofit status," Gioia said. "They have stepped up with funds in the past, but the question is whether they will step up now."

Richmond leaders publicly implored Kaiser Permanente at a recent City Council meeting to provide additional funding to DMC; Kaiser said it would consider the request. DMC is also talking about putting another parcel tax measure on the November ballot to complement ones passed in 2004 and 2011 that pump \$10.9 million annually into the hospital.

DMC handles 79 percent of the inpatient capacity, 62 percent of the ambulance traffic and 59 percent of the emergency room care in the region, according to the 2011 Contra Costa EMS report.

But just 12 percent of DMC's patients have private insurance, while about three-quarters are on Medicare or Medi-Cal. Eleven percent of patients are uninsured.

"We have a positive margin on those managed care patients; we just don't have many of them," said Dawn Gideon, DMC's interim CEO.