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Contra Costa County: Supervisors approve \$6 million bridge financing for Doctors Medical Center San Pablo

*By Tom Lochner
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MARTINEZ -- Contra Costa County will direct \$6 million to keep cash-strapped Doctors Medical Center afloat for the next few months and give officials time to ponder what to do next.

The \$6 million property tax transfer approved by the Board of Supervisors on Tuesday represents a third of the San Pablo-based hospital's annual \$18 million deficit. The money will allow it to continue to operate while officials scramble to come up with a permanent rescue formula for a downsized, financially sustainable facility.

A Doctors Medical Center stakeholder group, chaired by county Health Services Director Dr. William Walker and made up of officials of the Hospital Council of Northern and Central California, Contra Costa County and John Muir Health, Kaiser Foundation Hospitals, Sutter Health and others, held its first meeting June 6.

Tuesday's Board of Supervisors vote was 4-1, with Supervisor Mary Piepho dissenting. Piepho expressed concern that county legal officials could not firmly guarantee that the \$6 million debt would be collectible if Doctors should file for bankruptcy.

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Piepho also said the state should assume more of a role in saving the hospital by increasing Medicare and Medi-Cal reimbursement levels.

The \$6 million bridge financing would be an advance against future ad valorem property tax receipts of the West Contra Costa Healthcare District, which owns the San Pablo-based hospital. It would be drawn on the county's reserves and would be added on to a current debt balance of \$17.1 million remaining from three previous property tax transfers from the county in 2006, 2011 and 2013 that totaled about \$29 million.

The \$6 million would be repayable with \$8.2 million in transfers of future district property tax receipts to the county over about three years, to commence after repayment of the \$17.1 million outstanding balance from the three earlier transfers. That balance should be paid off around 2019, Contra Costa Supervisor John Gioia said late Tuesday.

As part of its vote in favor of the property tax transfer, the board also acknowledged the county's interest in helping DMC's long-term recovery to protect the health of the general public and to maintain a crucial component of the county's Emergency Medical System. The hospital has 25 of West Contra Costa's 40 emergency room beds, out of a countywide total of 267. Losing the 25 emergency beds would have "very dire consequences for our EMS system," Pat Frost, the county's EMS director, told the board.

Measure C, a parcel tax measure in May that would have raised about \$20 million a year, got only 52 percent approval from health care district voters, far short of the two-thirds majority required for passage.

Officials had said they would have to pull the plug on the hospital, and its emergency department, in late July if Measure C failed.

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But within weeks, they came up with two possible alternative scenarios, both contingent on the \$6 million infusion approved Tuesday: a stripped-down hospital, with fewer beds and fewer services, or a stand-alone emergency room, a model that exists in some states in association with nearby acute-care hospitals but currently is not authorized in California. Officials have expressed hope that the model could be used at Doctors either with enabling legislation or under flexible interpretations of existing regulations.

San Pablo has identified a possible future site for a downsized hospital or stand-alone emergency room near the new county-owned West County Health Center, according to a May 2012 marketing portfolio for the so-called Circle S Project site, prepared by Grisham & Associates and JMAarchitecture.

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