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## **Doctors Medical Center San Pablo's bankruptcy plan OK'd**

East Bay Business Times - by [Marie-Anne Hogarth](#) Staff reporter

**Doctors Medical Center's** exit plan from bankruptcy was approved during a 10-minute hearing Thursday by U.S. Bankruptcy Court Judge Leslie Tchaikovsky. The plan is effective as of Monday.

The approval comes two years after the now 232-bed hospital in San Pablo filed for Chapter 9 bankruptcy protection, saying it needed an \$8 million cash infusion to stay open and that its accounts receivables were 90 days in arrears.

Today, the hospital's year-to-date operating revenue is \$65.9 million as of June 20, and its net income is \$3.8 million.

The deal between the creditors and West Contra Costa Healthcare District, which operates the hospital, was originally filed with bankruptcy court in San Francisco on April 17. It will allow Doctors to discharge approximately \$12 million of about \$19 million in debt and extend its payments to creditors over four years.

An effort spearheaded by Contra Costa County leaders, in particular Supervisor John Gioia and Health Services CFO Patrick Godley helped steer the hospital onto its new path.

The plan included a \$10 million loan to district fronted by Contra Costa that helped leverage federal matching funds, grants from **Kaiser Permanente** and John Muir Health, and the creation of a **Joint Powers Authority** between the district and Contra Costa County in February 2007. The hospital was also scaled down, with the shuttering of its Pinole campus and the elimination of less-profitable service lines like obstetrics.

The district also hired a turnaround firm, **Wellspring Partners** Ltd., a subsidiary of Huron Consulting Group Inc. of San Francisco, to bring on interim managers, including Joe Stewart, who today is the hospital's permanent CEO.

Gioia, who chairs the JPA, said of the court's action Thursday that it was important to the hospital, physicians, employees and community and would help ensure West County had a thriving health facility with an ER.

"What is really significant is that we were able to stabilize the hospital without going back to the voters for a tax increase," Gioia added.

Stewart, the new CEO, said Doctors Medical Center would turn its attention to upgrading cancer treatment services and maintaining higher levels of patient care.

The next step will be to put in place permanent COO, CFO and CNO. The JPA will discuss relocating the county's Richmond Health Center to the San Pablo campus at its next meeting in September.