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## Marin General short on saviors

### CHW, Sutter give thumbs down

**BY CHRIS RAUBER**  
San Francisco Business Times

Marin General Hospital, about to be divorced by Sutter Health, is running short of other potential marriage partners.

Catholic Healthcare West this week became the latest large hospital operator to say it's not interested in taking over the 55-year-old hospital when Sutter leaves sometime between January 2009 and mid-2010.

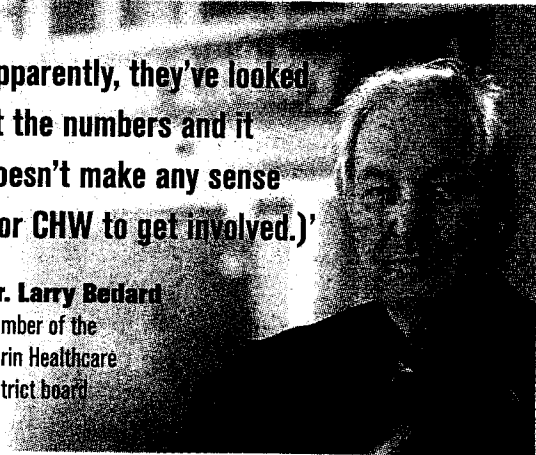
"Apparently, they've looked at the numbers and it doesn't make any sense" for CHW to get involved, said Dr. Larry Bedard, a member of the Marin Healthcare District board, adding that former San Francisco

Mayor Willie Brown had served as a conduit between the district board and Catholic Healthcare West CEO Lloyd Dean.

The district owns the hospital and leased it to Sutter on a long-term basis.

Tricia Griffin, a spokeswoman for San Francisco-based CHW, confirmed the system is "not pursuing

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**'Apparently, they've looked at the numbers and it doesn't make any sense (for CHW to get involved.)'**

**Dr. Larry Bedard**  
Member of the  
Marin Healthcare  
District board

# GENERAL: Marin hospital undergoes checkup; CHW doesn't like the results

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an affiliation with Marin General" and has informed the Marin Healthcare District of that decision. CHW operates 42 hospitals in California, Arizona and Nevada, including several in the Bay Area.

The Los Altos-based Daughters of Charity Health System also has no interest in Marin General, said spokeswoman Beth Nikels. UCSF Medical Center earlier ruled out buying, leasing or managing Marin General, and Kaiser Permanente already has a hospital in the county.

Meanwhile, hopes that Sutter might change its mind and stay under a new arrangement have also foundered. Bedard said Sutter, which has had a stormy relationship with various board members and local health activists, has slammed the door on any chance it would consider buying or leasing the facility.

"Sutter Health has not received any definitive proposal from the district regarding other options," said Kathryn Graham, Marin General's executive director of public affairs, in a statement released to the Business Times. She noted that the district in recent years declined several alternatives suggested by Sutter. As a result, she said, Sutter "is concentrating its efforts on patient care and transition planning. Consideration of other alternatives would distract both parties from completing the transition plan that is under way."

## Gearing up

Sutter is preparing to compete with 235-bed Marin General when its lease ends. It's doubling the size of its Novato Community Hospital, expanding its physician network and has bought 10.75 acres in San Rafael for an outpatient medical campus that could include a specialty hospital or other specialty services.

In response, earlier this month the district board voted to put an advisory measure on the November ballot that would give Marin voters the chance to choose between at least two options: A property tax to help pay for an estimated \$500 million seismic rebuild, or the sale or lease of the hospital to an as-yet-unknown hospital management company. The exact wording of the ballot measure hasn't been determined, and even proponents say it will be extremely difficult to pass a bond issue.

"The future of the hospital is in doubt," Bedard said. "But I think it's going to be a hard sell to get two-thirds of the people to tax themselves to the extent required."

Rebuilding could cost \$400 million to \$530 million, not including property at a new site, the fastest option, district officials indicated.

## Difficult task

A bond issue would require a two-thirds approval vote from health-care district voters; a vote to approve sale or lease of Marin General would require only a majority vote. Complicating matters, Bedard said, an estimated 40 percent of insured Marin residents are Kaiser members and 20 percent use hospitals in San Francisco, making it even more difficult to build the foundation for a two-thirds' plurality.

Finding a white knight to salvage the situation could be just as difficult. Some observers believe it's unlikely that another major hospital management company would be interested either, given the small size of the Marin hospital market,

Kaiser Permanente's large presence and the highly divisive politics that have split the county into antagonistic camps on health care for decades.

Critics of a sale or lease said the health-care district can operate the hospital on its own.

"Marin voters are too smart to vote to sell the hospital," district board member Archimedes Ramirez, M.D., told the Business Times recently, arguing that district voters don't trust corporate health care. Sharon Jackson, the board's chairman, prefers the option of transforming Marin General into a private, nonprofit community hospital, but it's not clear if she has any support for that alternative.

But the option of running the hospital

itself also poses huge challenges for the district. Many observers believe its history of discord makes it patently unqualified for such a task, and approximately 650 doctors, nurses and other staffers signed a petition this summer that effectively constituted a vote of no confidence in district management.

Nonetheless, Kurt Salmon Associates, a management consulting firm, recently submitted a report to the district arguing that Marin General could make it on its own, assuming voters agree to pay the freight for a new facility and that district officials and advocates can learn to get along — and to avoid micromanaging the hospital's professional managers.

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SEBET FILE 2006 / SPENCER BROWN

**Marin General: Future in doubt.**

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