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SERVING

Huffman Questions MGH Funds Transfer

BY MICHELLE ASCHWALD

Assemblyman Jared Huffman has asked the board of directors for Marin General Hospital (MGH) to explain why they allowed \$86.7 million in profits to be transferred to Sutter Health over the past two years.

The funds were removed to the not-for-profit corporate headquarters to bolster other hospitals in the Sutter system and boost the company's pension fund.

In a letter dated July 20, addressed to the MGH corporate trustees and copied to the State Attorney General's office, Huffman stated, "Taxpayers in the Marin Healthcare District will have to replace these funds, and residents who depend on MGH as a critical element of Marin County's healthcare system will bear the impact of an underfunded hospital."

Sutter ends its lease of MGH on June 30, 2010, when the healthcare district assumes control.

The assemblymember, of San Rafael, requested "all documents that relate to the MGH Board's role in reviewing, commenting upon, advising or approving these transfers, including but not limited to minutes and other documentation of board meetings where the subject of transfers of 'excess' funds was discussed or voted upon."

Sutter appointed two of the 12 board members. The others, who were selected by previous members, are subject to approval by the healthcare company. Hospi-

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tal CEO David Bradley sits on the board.

Huffman told *The Ark* that he presumes the hospital board will cooperate and did not expect to hear from them immediately.

"I have many more questions than answers about this transaction," he said.

Neither Bill Gleason, Sutter vice-president of communications in Sacramento, nor MGH spokeswoman Kathryn Graham returned *The Ark's* phone calls.

Since 1995, when Sutter began overseeing MGH, it has been completely self-funded and has paid off its mortgage, according to healthcare district chair Larry Bedard, MD.

Over 14 years, MGH has contributed a \$123.6 million profit to Sutter Health's corporate coffers.

Huffman said it was unfortunate that money was leaving the county because Marin residents will be asked to approve a public bond to pay for new construction that meets seismic safety standards at an estimated cost of \$350 million.

"This is money that the hospital generates, and it should be allocated for the needs of the hospital and the local communities, not transferred to other assets held by Sutter," he said.

The MGH corporate board is authorized to put money into the hospital's funded depreciation account, which is earmarked for future capital improvements and equipment replacement. Records indicate that no money has been put into the account.

Bedard, who backs Huffman's probe, said, "I hope the Marin General corporate board will do everything in its power to preserve hospital funds for the hospital's future."

The MGH Board of Trustees will meet on Thursday, August 6, at 7:30 a.m. at MGH in Greenbrae. It is a closed session except for public comment at the beginning of the meeting. ☛