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## All over the board

*Marin Healthcare District voters to decide--two boards better than one?*

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Voters in the Marin Healthcare District can decide next month how the district should move forward toward a governance system that best serves the healthcare delivery system and at the same time keep the public agency in the sunlight.

Voters will look, once again, at two slates of candidates running for the two open seats on the healthcare district's board of directors. Incumbents Sharon Jackson, current board president, and Archimedes Ramirez, M.D. both are running for reelection.

Hank Simmonds, M.D. also is running for one of the two open seats and is aligned with Jackson in thinking the healthcare district needs to create a subsidiary appointed board to deal with operational issues at Marin General Hospital.

The arrangement would maintain a separation between the public, policy-making board and the day-to-day operations board. And, say Jackson, Simmonds and others who support this arrangement, the separation would protect the hospital's operating responsibilities from the past 25 years of rancorous debate among members of the elected five-member public board.

Former College of Marin trustee Frank Parnell, M.D., is running along with Ramirez in a campaign that opposes Simmonds and Jackson and calls for a governance structure that would place operational authority in the hands of the publicly elected board. Ceding operational authority to an appointed board would, they say, leave a public institution working in the shadows. That arrangement, they add, would leave the healthcare district in much the same place it's been while Sutter Health has leased Marin General Hospital (MGH). And that's not acceptable to Ramirez and Parnell, who reflect the ideology of a group of district residents who fought for more than two decades to wrest control of MGH from Sutter.

That battle is done. Sutter will turn over the keys to Marin General as soon as January 2009 and not later than July 1, 2010. While past healthcare district elections have pitted candidates who espoused opposing positions concerning whether the district should break its lease with Sutter, this time the contention focuses on the competing models of governance structure. And like it or not, the issue of governance has become part of the election-season hyperbole.

The timetable with Sutter makes it almost impossible to maintain a firewall between the substantive issue of governance and the razzle-dazzle of politics. But it's necessary, because voters have an opportunity to chart a course for the district that will have a profound effect on healthcare delivery in Marin for years to come.

Ramirez, a neurosurgeon, and Parnell, a surgeon, are part of the group of Marin residents who fought against Sutter's control of Marin General. The nonprofit healthcare corporation leased Marin General in 1985. The group opposed to Sutter viewed the lease as a giveaway of a valuable public asset. Sutter has run operations with an appointed board; the subsidiary board that's been proposed for a returned MGH would be similar to the Sutter governance structure.

Jackson and Simmonds, a retired OB/GYN, say the district must listen to the consultants it hired to investigate the pitfalls and possibilities of moving the hospital to the district's control. Kurt Salmon Associates, a respected consulting firm, early on said the district had little choice.

The rancor and acrimony between the group who wanted to wrest control from Sutter and the group that thought Sutter was a good partner for Marin General, was toxic. If that toxicity continues to spill over into the public board--in what for more than two decades has sometimes amounted to a political no-holds-barred death match--the chances of ending up with a successful Marin General Hospital will be slim, say the consultants.

With continued infighting, the consultants say, investors and financial contributors won't be interested in the hospital or the healthcare district. Neither will doctors and nurses who are tired of the acrimony and infighting. Neither will voters when and if the district goes for a bond measure to raise money for state-mandated seismic retrofit work. The consultants say the district needs a firewall between the public board and an appointed board to allow the appointed board to conduct itself in a calmer manner with issues concerning the operations of Marin General.

The terminology took on a toxicity of its own. "Firewall" and "operating board" were fighting words for residents and board members who wanted to ensure as much public scrutiny as possible of the district's actions. Acknowledging that words do, indeed, matter, the district has embraced new terminology.

The board that would govern the hospital's operations now is called a subsidiary board rather than an operating board. It might seem like a small distinction, but it means much to those who have served on public agencies, and to those who follow their actions.

In the subsidiary board model that Jackson and Simmonds support, the elected healthcare district board would continue to work on policy issues in much the same way it currently works. The subsidiary board would be appointed to oversee the day-to-day operations at MGH. But that appointed board would not, as critics sometimes say, have their hands in the day-to-day operations. The actual day-to-day operations would be the responsibility of the administration at the hospital and the administration's management staff.

In this model, the district would select the first members of the new subsidiary board. It's likely that a sizeable number of the membership would come from the roster of a transition board already set up to help guide the move toward an independent MGH.

The subsidiary board would take responsibility for creating a strategy that could succeed for the hospital in a highly competitive healthcare-delivery world. It also would hire the hospital's chief executive officer who would answer to the board.

That the subsidiary board could meet free from the often rancorous atmosphere in public board meetings means the hospital could have a chance to compete in the healthcare marketplace, say the consultants. When the subsidiary board needs new board members, it would nominate prospects, and the district's public board would accept or reject the nominations.

This governance model mirrors the one under which the hospital has operated with Sutter. The healthcare district would assume Sutter's role in this model, giving itself the power that Sutter has had over the hospital's operations.

That's what has opponents in a twist. After spending more than two decades getting out from under Sutter, they want a more democratic governance structure.

"I oppose having a totally separate layer of bureaucracy operating independently," says Parnell. "From the point of view of transparency and the way public boards are set up, the fact is that the public district board has certain responsibilities."

Parnell describes the structure that he and Ramirez want as a public board that appoints a CEO, who in turn selects an operating team. The public board would be responsible for setting financial parameters and conducting job evaluations. "I'm against anything that suggests the [public] board would not exercise their fiduciary duty. I reject totally having a separate board."

But, say proponents of the bifurcated board structure, unless the healthcare district has a board that can shield itself from public displays of dysfunction, Marin General may be a patient in need of serious life support. If continued public acrimony scares away potential dollars needed for the seismic work and even the day-to-day operations, the hospital could degrade into a county hospital that serves the indigent. A two-tiered healthcare-deliver system would ensue. The need for a shielded subsidiary board is that important, they say.

"The history of the board, the rancor and dysfunction, is because of what I think of in my mind as irresponsible democracy," says Simmonds. "Public input is great, but what these folks are doing is not responsible. It's denigrating progress as far as the hospital is concerned. Therefore, I believe [along with the consultants] that the [subsidiary] board has to be shielded from public influence." Unless that happens, he adds, "Marin General could sink into oblivion."

Parnell and the subsidiary-board model opponents maintain that it eliminates necessary oversight of the operations and finances at Marin General. But say Simmonds and Jackson, that's not the case.

"There will be oversight," says Simmonds. "Now don't ask me right now how it's going to be done. It's very sensitive, and it's going to take the Wisdom of Solomon."

Setting up the relationship between the two boards will take place over the course of many months, says Jackson. Issues such as conflict of interest and oversight will be raised one by one as bylaws are written. It's hoped that by the time Sutter pulls out, the district will have finished its set-up work. Even if Sutter moves quickly, the district could adjust its timetable for creating the governance-model.

As to the charge that the subsidiary-board model would fail to include oversight, Jackson says, "Ultimately, the CEO will report directly to the subsidiary board, but there are all sorts of standards and guidelines and criteria that will be developed over the course of a year in a series of public meetings and study sessions and meetings with consultants and attorneys." The process will take place in full sunshine. The subsidiary-board model is the only practical alternative, says Jackson.

Parnell and opponents say proponents are trying to ram through decisions on governance structure before the November election to cut off public debate. The district board is expected to vote on Oct. 14 whether to proceed. But that's not a cast-in-stone meeting, say Jackson and Simmonds, it's merely part of an ongoing process.

"It was made very clear at our last board meeting," says board member Jennifer Rienks, that it's the board that is in place when the hospital actually comes back from Sutter that is going to be the board that determines the relationship [between the public elected board and any subsidiary board] and whether or not we do go for a parent-subsidiary relationship." The Oct. 14 vote would, she adds, direct hospital administration to explore options and develop contingencies.

Rienks supports the notion that the district needs to "have a lot of public accountability." The public board, the elected body, she stresses, "needs to maintain very strong reserve powers." Rienks mentions one of the points subsidiary-board model opponents raise: "There are a lot of people who have profited by our hospital having been privatized, and now we need to make sure the community has assurances that the hospital is really going to be run in the community's interest." (The amount of money that Sutter has taken out of the Marin General has been a sore subject on both sides of the argument.)

Proponents of the subsidiary-board model say the opposition wants to micromanage the hospital, and that would have a devastating consequence. Parnell, for one, says he has no interest in going down that road. "I have no interest, personally, in participating in any type of day-to-day decision making. I don't buy into that meddling." Parnell says it's not necessary, when "you hire the best professional CEO," who then chooses a best management/operating team. (Ramirez was unavailable for comment.)

The structure espoused by Parnell doesn't protect the district and the hospital sufficiently from the kind of oppositional controversy that has dogged public board meetings to the point that the Marin Healthcare District has become something of a model of dysfunction in the state's healthcare industry.

The set-piece impasse has to end, say Simmonds and Jackson.

Rienks stands somewhere between the Ramirez/Parnell camp and the Simmonds/Jackson camp. Her positions indicate that she supports a subsidiary-model governance structure, providing the district maintains adequate oversight.

Because the board that's in place when Sutter turns over the keys will decide the future governance model, the election in November could produce a clear majority on the board.

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