

Upfront: Health District's self-examination Diagnosis needed to heal old wounds, say board members

by Bill Meagher and Peter Seidman

Members of the Marin Healthcare District Board of Directors plan to meet in a special session next week to review procedures and policies. The public session will be another test of whether the district can put aside a viciously contentious past and move toward a period of healthy debate.

The meeting is the latest in a series of efforts aimed at bringing the healthcare district, and Marin General Hospital, out from under the umbrella of Sutter Health. "Since December, we've made good progress," says board member Sharon Jackson. "We held a planning retreat and came up with some common goals. We have a parliamentarian helping us redesign policies and procedures for the board that are appropriate with a mission and real work. That's light years of progress for this district."

Last year, the healthcare district and Sutter Health agreed to terminate Sutter Health's lease of Marin General Hospital, an arrangement that has caused controversy for more than two decades. The split finally came over a dispute about financial responsibility for the Marin General's earthquake retrofit. The lease with Sutter ran until 2015, and state law mandates that California hospitals must meet earthquake standards by the same date. Sutter said, fine, we'll do the retrofit or a build a new wing, but the lease has to be extended—which would have ensured that the not-for-profit healthcare corporation maintained strict control of the operations at Marin General. And it's control that has caused bad blood within the healthcare district. Lease deal critics said the district gave away a public asset, and they wanted to fight Sutter in court, saying the healthcare corporation was liable for the retrofit cost. But the critics' real focus over the years had always been to break the lease. Sutter proponents believed that in the competitive healthcare marketplace, the arrangement with Sutter wasn't the worst outcome.

Court action ensued. It ended last year, when the healthcare district board voted to end the lease early, and Sutter agreed. Sutter will give up control of the hospital as early as January 2009 and no later than July 2010. Sutter will give the district \$3.7 million for transition costs, with the district required to repay half that amount. Sutter also will be paying \$10.8 million for repairs, maintenance and other expenses. And Sutter will be barred from opening new ambulatory surgery centers, imaging centers, etc., within four miles of Marin General.

For the first time in more than two decades, the Marin Healthcare District is fully in charge of its own destiny—and the hospital's future. How the district will pay for the earthquake retrofit will affect that destiny. Going to district voters for approval of a bond measure is necessary to keep Marin General open. But asking voters for money in a district wracked by division and sometimes vicious rhetoric (on both sides) would be foolish. Thus, the adviser Jackson referred to and the hiring of interim executive director Barry Woerman.

"The district, for whatever reason, leased out the hospital," Woerman says. "At that time, all the indicators seemed to point to the need for hospitals to join groups to survive. But the groups now have dwindled down to a handful." Kaiser, Sutter, Catholic Healthcare West and "some other not-for-profits out there. But what has not happened is this prediction that in order to be successful, you have to be part of a group."

Woerman points to Washington Hospital in Fremont and El Camino Hospital in Mountain View as "Northern California poster children for successfully run district hospitals doing a great job providing community services."

Woerman says another success story is an independent community health district in Southern California. Palomar Pomerado Health, which runs Pomerado Hospital in Poway, could provide an example of how the Marin Healthcare District may come out from under the Sutter umbrella and still remain a strong entity.

Palomar Pomerado formed when two healthcare districts joined forces. "They just did something that I think is remarkable," says Woerman. "They partnered with Kaiser rather than have Kaiser build a hospital in their district and dilute healthcare resources." Hospitals across the state are facing a chronic shortage of nurses and doctors. That's the dilution Woerman is talking about, and it's particularly interesting, considering Sutter's recent announcement to expand its Novato Community Hospital from 47 to 100 beds. The expansion plan, which Sutter trumpeted in a slick marketing brochure sent out to Marin residents, also includes opening 95 new doctors' offices and a surgery center. All that, coupled with the speculation over whether Sutter will or won't build a new hospital in Southern Marin, leaves open one interesting—and very big—question: Considering the chronic shortage of healthcare workers in the state and county, from where will Sutter attract all the new doctors, nurses and technicians needed to staff the new facilities?

It's more than likely, says Woerman, that Sutter would try to attract doctors and staff from Marin General. "It's a competitive reality."

But, adds Woerman, Marin General has options—as long as the healthcare district can pull itself out of the guerrilla-war mentality it has maintained during the Sutter lease battle. Looking for options is one of the first big tasks. The healthcare district recently hired consultants Kurt Salmon Associates to help develop a strategic plan; the company will present the district with its findings in about eight to 10 weeks, says Woerman. It's too early to tell, he adds, but a possibility exists that the healthcare district could approach Kaiser with the idea of a partnership. At one time Kaiser and Sutter did have a partnership, in which Kaiser used services at Marin General, according to healthcare district board member Jennifer Rienks. But Kaiser and Sutter are tough competitors, and Sutter increased prices for Kaiser; the deal went south.

Attracting Kaiser makes sense: About 40 percent of Marinites who use hospital services go to Kaiser; another 20 percent go to the city, some to California Pacific Medical Center, a Sutter affiliate, and some to UCSF. An arrangement with UCSF, and especially with Kaiser, could be a good political move when it comes time to put a bond measure on the ballot for the earthquake work at Marin General.

The consultants' report will include information critical to the healthcare district, says Rienks. It will look at "markets and services, and what our healthcare needs are and how we can distinguish ourselves. And hopefully, who we can partner with to provide services. I'm particularly interested in partnering with Kaiser." Rienks is a Kaiser member, maybe the first Kaiser member to serve on the board of the healthcare district, she says. "I'm really committed to trying to have the healthcare district work for Kaiser members, too."

Would Kaiser members vote to tax themselves to pay for improvements at Marin General? Rienks says an interesting fact emerged from the study conducted regarding the district's options as it contemplated a split from Sutter. "Over 50 percent of the community was willing to tax themselves to support the hospital. It speaks to the social values of the community. Also, even if people electively choose to go to Kaiser or San Francisco, when you're in a bad car accident, guess where you're going?"

Rienks is one of three board members elected in November after a contentious campaign. Doctors James Clever and Larry Bedard also received the nod from voters. Clever and Bedard represented a group of district residents who said they were tired of the argumentative atmosphere that has marked district politics. With the Sutter split a done deal, the group said, the district needed the expertise of healthcare professionals.

Rienks is a health policy analyst who works at UCSF. She sees herself as kind of a moderating force, with Clever and Bedard on one side, and Dr. Archimedes Ramirez on the other. Votes on the board now are more than likely to fall in the 4-1 category, with Ramirez dissenting, says board member Jackson.

The group behind the two doctors in the last election is staying active within the district, says Jackson, and she

thinks that's a good thing. "The debate is better balanced now." While not discounting the legitimate debate from the Ramirez side, Jackson thinks the presence of Woerman will focus the district's decisions. "If somebody's there to be in charge on a day-by-day basis, it will be a great help. But it's also a period of learning for the board. It's a board that hasn't really run a hospital in more than 20 years."

Woerman, former director of health services and administrator at Tuolumne General Hospital, is optimistic the healthcare district board can overcome its contentious past and move forward toward an independent future. Jackson and Rienks voice optimism also, although a bit guarded, given the economic challenges in the current healthcare marketplace.

Bedard pulls no punches. He's pessimistic. While he recognizes the "significant progress" that the healthcare district has made, including embarking on the Salmon Associates study, he says the key to the success of an independent Marin General is the loyalty of the doctors, nurses and staff, and what he's hearing disturbs him. "There are a lot of nurses and doctors who are feeling fairly insecure right now, wondering what's going to happen and whether the hospital will survive." He adds that it's critical to retain the support of the medical staff at the hospital to pass a bond measure. He also says it's imperative for the district to pull itself together and present a ballot measure as soon as possible. Considering that Sutter will be busy expanding Novato Community Hospital, the quicker the healthcare district can go to the voters, the better, as long as the ballot measure makes sense and is presented in a cogent manner.

Bedard says he's sure about one thing: Keeping politics out of the day-to-day operations of running Marin General is a necessity. To accomplish that, he favors an appointed board to run day-to-day operations. The elected healthcare district board would be able to appoint a few spots on the operations board, which would focus on medical expertise and issues rather than policy. That's similar to the current arrangement, except that Sutter has ultimate authority over the appointed board. Having a similar arrangement with district control could provide a smooth transition mechanism, according to Woerman. Bedard says that would assure medical staff that politics will stay out of the operating room, so to speak.

The challenges are daunting, even if the board takes a new path and things run smoothly on the political and transition fronts. Palm Drive Hospital, a 37-bed facility in Sebastopol, recently needed a last-minute bailout to meet payroll. That comes just two years after voters approved a \$3 million hike in property taxes to support the hospital. Palm Drive is under the same economic pressure that led Sutter to close its 244-bed Sutter Medical Center in Santa Rosa. An increasing number of uninsured patients, combined with shorter hospital stays for hospitalized patients, and surgeries and other procedure now taking place outside a hospital, all are contributing factors in the troubles at Palm and Sutter's Santa Rosa facility.

"We can't fool ourselves in Marin," says Jackson. "Marin County is subject to the same market forces [as in Sonoma County]. So we delude ourselves if we think it's easy. There's a tendency in Marin County to think we're special and that somehow the market forces won't get us."

A sign that the debate may open up beyond the two-party fight during the Sutter years is the board's approval to appoint a citizens advisory committee. Rienks says it actually will comprise four subcommittees of between six and eight people. The aim is to bring the board information from the community members with expertise in areas such as finance, facilities, etc. The process also will provide two-way communication, says Rienks, allowing the healthcare district to disseminate its messages into the community.

Facing the tough economic and social-service challenges, the district must focus its policies and procedures, say Jackson, Rienks, Bedard. The success of that effort is being played out right now, and the next act, the special meeting April 2, will begin at 7pm in conference room C at Marin General.

Woerman says one issue is paramount: whether residents in the Marin Healthcare District want local control of their healthcare delivery system. "At some point, they will have to ask themselves, 'What's the value of the community having ownership of [our] healthcare system?' The answer to that is: Take a look at what happened in Santa Rosa."

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