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A HUGE DEFICIT AND MEDI-CAL TAKES THE BLAME

The fall of County General

Hospitals – General

By Randall Jarrell

THE MOST IMPORTANT FACtor in the decline of County General Hospital (which is scheduled to close July 1st) was the institution of Medi-Cal in March, 1966. By allowing poor people the free choice of their doctors and hospitals, Medi-Cal undercut the bed-usage in County Hospital and eroded its financial base.

Medi-Cal has transferred the responsibility of medical aid for indigents from the county – which has traditionally borne the burden – to the state, according to Gordon Cumming, Research Director of the California Hospital Association. This is the most significant fact in the statewide trend of counties getting out of the hospital business.

The Medi-Cal reform program initiated in 1971 has made almost everyone who does not own property eligible for state-paid medical care. Patients who would formerly have been in county hospitals now have a prerogative never before available to the poor: they can choose physicians and hospitals. Why go to a county hospital (with its connotation as a poor people's hospital) when one can be in the rich people's private hospital?

More and more, Medi-Cal patients choose private hospitals, even if their county hospital is as modern, well-equipped and staffed as the finest private hospital. There is a certain status in having one's gall bladder removed in the private hospital.

In a very real sense, Medi-Cal and Medicare are making private hospitals economically integrated: they are no longer the refuge of affluent patients. The admissions in each of the three private hospitals in the county include at least 35 per cent Medi-Cal and Medicare patients.

The larger county hospitals in the state (such as San Francisco and Sacramento County) have been able to stay open and healthy because they're associated with medical schools and can reap additional funds. Sacramento County Hospital was bought by UC Davis and has become a teaching hospital, affiliated with a medical school. San Francisco County is associated with UC SF Medical School and also functions as a teaching hospital.

But the going has been rougher for small, county hospitals where such a transformation is not possible.

Madera and Tulare County hospitals have closed and other counties are contemplating the move. Dr. Richard H. Svihus, head of the Health Dept. here, says San Mateo County has requested of Santa Cruz its working papers in order to prepare for the closing of its hospital. And Salinas County is considering closing its hospital.

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Supervisor Phil Harry says that all of the hospitals – private and public – in the county are having a hard time because the county is over-bedded for its present population. Though the population is growing, the curve of hospital usage is down. He does predict, though, that the situation is temporary and there will be a need for County Hospital again, in two to five years.

Dr. Svihus confirms this and says there are other factors contributing to County Hospital's decline. Medi-Cal and commercial insurance companies review hospital visits (prior to patients' admissions) and limit length of stays, discouraging doctors and patients from unnecessary hospital visits.

Changing medical concepts and preventive practices have also effected decreases in the average length of stay in acute portions of hospitals. An obstetric patient in the past stayed in the hospital for up to 10 days after birth. Today, most go home within two to three days after delivery.

Surgical patients who used to stay in hospitals for a week after major surgery, now are home (if there are no complications) as soon as four days later.

In 1969, the average patient stay in the hospital was 8.5 days; the figure is now down to 6.5 days and is projected to drop to 4.5 days soon. Dr. Svihus says that at County Hospital, of 65 acute-care beds, some days showed as few as 28 patients occupying them. Sometimes, he noted, there were *more* personnel in the business office than patients in the wards.

County Hospital's official statistics for the 1972 calendar year do show a generally less grim picture of hospital usage:

Med. & Surgical	53 beds	71% usage
Intensive Care	6 beds	53% "
Obstetrics	6 beds	23% "
Psychiatric	18 beds	87% "
Total Usage	83 beds	64% "

Watsonville Community Hospital (99 beds total) averaged only 62 per cent occupancy and Santa Cruz Community (180 beds) averaged only 40 per cent occupancy. Dominical Hospital (135 beds) is the healthiest in the county with an average 80-83 per cent occupancy.

These statistics demonstrate that private hospitals will definitely benefit from the closing of County Hospital, and can absorb the overflow with no problem.

Rating the four hospitals on the basis of patient admissions in 1972: Dominican admitted 7627 patients; Watsonville Community took on 4728; County General Hospital handled 3545; and Santa Cruz Community Hospital admitted 1219 patients.

Santa Cruz Community has the lowest number of admissions and the most (180) acute-care beds. As the statistics reveal, County Hospital is not in such bad straits as some have lead the public to believe. One County Hospital official says: "People don't realize it yet, but the taxpayers will be sub-

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sidizing private enterprise, instead of subsidizing its own $3 million acute-care facility. Besides that, we will be subsidizing two sectarian hospitals: Dominican is Catholic and SC Community is Seventh Day Adventist."

NO SUPPORT FROM LOCAL DOCTORS

Another factor in the County Hospital's demise has been the lack of support by the local medical community. As one hospital official expressed it: "The louder a doctor supports the county hospital, the fewer patients he actually sends us." Or as Dr. Svihus said (in another context), "What if they had a hospital and nobody came?"

Patients are sent to hospitals by their doctors, and one nurse said, "If each physician had sent just one or two patients each month, it would have really made a difference to the hospital." Out of 3545 patients admitted to County Hospital in 1972, only 307 (less than 10 per cent) were sent by private doctors. And of the 307 patients, two physicians (Dr. Marco Martinez and Dr. J. L. Poth) admitted 99 or one-third of them. The remaining 208 were sent to County by over 100 other doctors.

Several officials at County Hospital also feel that the ambulance companies neglected their hospital. They were cautious in their statements, but said, in effect, that some ambulance companies favored the private hospitals, taking patients to private hospitals on occasions when County Hospital was closer. One official actually felt there was an unethical relationship between some of the ambulance companies and private hospitals.

HISTORICALLY COUNTY HOSpitals have been a place of last resort: they inherited the people and social problems no other body wanted to handle. The Los Angeles and Cook County Hospitals are infamous as dumping places for society's unwanted.

When someone could go nowhere else for medical care, he could always find refuge at a county hospital. This has been true in Santa Cruz. No matter what anyone says about the closing of the County Hospital, medical professionals feel that a significant segment of our community who have been cared for in the past will suffer. Of course, Svihus and the directors of the three private hospitals, which signed a contract obligating them to take county responsibility patients, will tell you different. They have to.

But a physician at County Hospital says he sees any number of "undesirables" who won't get care once the hospital is closed. "The Board of Supervisors will have a rude awakening once this starts happening and people complain. Many of our patients are obnoxious, obstreperous and drunk, just damned unpleasant. I can't see the other private hospitals enthusiastically welcoming them now, since they haven't in the past. They just won't stand for patients like this."

An official at County Hospital says, "We have older people, afflicted with 'brain syndrome' who are extremely volatile, with no self-control, very difficult to care for. They are definite placement problems. Also there are Mexican women who come up to Watsonville on 15-day visas to have their babies (so they will be born on American soil). The Immigration officers are on standby at the hospital, ready to deport them. These are the kinds of social problems we have to deal with all the time at County Hospital. I just don't see what Santa Cruz Community and Dominican will do when they are faced with problems like this. They'll have to change their style to accommodate this new clientele and I wonder if they will?"

There is a large, unattended group of our population, says Theodora Judson, supervisor of the Social Service Dept. at County Hospital, who have *no* medical insurance, no private doctors and who cannot possibly afford cash payments to hospitals. They live with unattended diabetes, heart disease, cataracts, arthritis and other medical problems. At present, the one place they *can* go when in need is to County Hospital.

Mrs. Judson does not like to refer to them as poor but describes them as "retired or employed, low-income, self-respecting people."

Another group that has been well served at County Hospital in the past includes poor minorities, winos, alcoholics, farm workers, drugged-out hippies, and psychiatric patients, the so-called 2nd class citizens or "hard to place" patients. There is serious concern among hospital nurses and some physicians that these people will have a hard time once County Hospital is closed.

That's because County Hospital in the past has allowed low-income patients not covered by medical insurance to pay off their bills in whatever amounts they could afford – sometimes as little as $20 a month on a thousand dollar balance. The hospital's growing deficit is due in no small part to this practice, which could be regarded as a form of subsidy.

One nurse waxes proudly that the hospital and the county are in the business of caring for and serving people. Hospitals run by government units should not have to be "fiscally efficient in the same way private businesses are. Like the U. S. Post Office: its function is to deliver letters and it should not be expected to make a profit." She feels that taxpayers are more than willing to help with the expense of maintaining the facility.

Millie Lyons, a former nurse at County Hospital says: "We feel our patients will not receive objective and non-judgmental care from the other community hospitals. On numerous occasions patients in poor condition have been transferred from our neighboring hospitals since they were not willing or able to care for hard to handle or difficult patients. It does not seem plausible that the other hospitals, that were not willing to care for our patients in the past, are now willing to care for them."

She cites occasions when patients with minor injuries were transferred to County Hospital (by ambulance at the county's expense) since they had no insurance or means of payment. "The other hospitals would not retain this type of patient beyond the 'emergency care treatment' stage," she says.

Other medical professionals in the community have shown concern about the quality of care indigents and patients on Medi-Cal would receive under the new medical arrangements.

"There's a circular being passed around SC Community Hospital," reported Lyons, "that says don't give evening snacks to Medi-Cal patients, since they are not paid for. Evening snacks are offered to other patients, however."

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The agreement signed by the three private hospitals binds them to accept "any county responsibility patient certified as eligible or referred by the appropriate County officer if hospital has a bed available."

This includes jail inmates, juvenile wards and dependents, TB and other isolation patients, mental health patients, and those determined by Medi-Cruz (a new county screening program) to be county indigents.

The County must have sufficient personnel to "expeditiously process applications . . . and to respond to requests of hospitals for approval of emergency and elective hospital services."

The private hospitals will do very well by this agreement, because the county will be billed (by the private hospitals) at Blue Cross and Blue Shield rates, which are 25 to 30 per cent higher than Medi-Cal and Medicare rates. But the county, which is reimbursed by the state at Medi-Cal rates for indigent patients, will "be paying quite a price for this care," according to one County Hospital official. "The county will be eliminating its hospital overhead," says the official, "but they never should have gone for the higher billing."

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In February, Santa Cruz learned that its County Hospital was losing money at a phenomenal rate, and according to County Administrative Officer Carlyle Millar (now resigned) the hospital would face a $750,000 deficit in the next year. Supervisor Harry says he does not agree with the figure, and others have commented that it might be highly inflated, though they admit there are serious operating problems at the facility.

In March, says Harry, hospital administrators and physicians met to try and come up with a joint solution of the hospital's plight, since all of the hospitals were losing money. He felt, "No one really made a serious attempt to create a more efficient, better utilized facility."

Harry and Supervisor Pat Liteky moved to keep the hospital open for at least another year in order to fully analyze the situation and try to solve some of its problems. The move was defeated.

There was a second alternative which the Board almost passed: the leasing of the hospital to the HCS Corporation of San Diego which would have run it as a private facility and provided care for county responsibility patients.

This plan was foiled at the last minute by the three local private hospitals, who felt that a *fourth* private hospital was not to their mutual advantage. They were represented by Attorney Ray Scott, who said his clients would rather see County Hospital remain open as a county facility, rather than have it become private. Scott proposed that his client hospitals would provide care for county indigents "only in light of the fact that the county is going out of the hospital business."

The Board voted 3-1 (with Liteky against and Harry abstaining) to go out of the hospital business, signing a five year agreement with the three hospitals to take over responsibility for county patients.

Services not provided by one or more of the private hospitals will be available at the county's out-patient clinic – including therapeutic abortion.

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Of all of the people interviewed – County Hospital officials, physicians, nurses, technicians and Director Dr. Louis Ruschin – none felt the hospital should have been closed down so abruptly, with so little time for advance preparation or study of the situation. It is unusual for a bureaucracy to move with such speed, and closing down a large hospital in one month is no mean feat.

Dr. Svihus, who oversees all County health services, says, "I'm the guy who puts it all together (the new program) and we're not going to lose anybody between the cracks. We'll personally go out and get them ourselves." He seems to be making the best of a very difficult situation, and is well aware of community concern that questions whether everyone will get necessary medical care once County Hospital is closed.

Dr. Svihus was asked what the county would do if a private hospital re-

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fused a patient. "We'll sue them if they don't take care of them," he said, adding it was his job to see that the agreement was made to work.

All of the hospital administrators at the three private hospitals were questioned on this sensitive point and denied unanimously that they would refuse medical care to anyone.

Sister Mary Caroline of Dominican Hospital sees the change "as an opportunity to serve the poor," and says, "As a Catholic hospital we will never refuse to care for anyone. In emergencies we ask (about financial status) after the fact. In a non-emergency situation the physician makes the decision (to place a patient in the hospital) and the patient is always given the benefit of the doubt." She was adamant in affirming her hospital's policy to serve everyone.

Mortie G. Walser, Administrator of Watsonville Community also denied any discrimination would take place and said he sees no problem.

One official at Dominican, when queried on this point, at first hesitated and spoke of getting the "right type" of patients, then remembered the agreement and said, "If we get the people who fall between the cracks we'll *have* to accept them. But we're like any other business. Those who are not covered by the agreement (whom the county won't cover), the hospital will just have to absord the cost."

There is one "crack" in the agreement, paragraph 5, which states: "In the event that a patient is denied Medi-Cal eligibility due to excess income or property as defined in Medi-Cal eligibility requirements, the County shall not have any responsibility to hospital for payment for such services."

From a careful reading of the agreement, it seems that there is no *legal* provision binding the hospitals to care for people who fall between the cracks: those who are not eligible for any state or county aid because of too much income or property, the so-called working poor. But several hospital officials said they could make payment arrangements on an individual basis with those patients.

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Mrs. Judson feels that County Hospital should be transformed, and become the nucleus for medical-dental care for everyone who needs it in the county. She thinks that transferring patients to private hospitals will not spread medical care to more people than have already been receiving it. The board of supervisors and hospital administrators agree that the county may want to re-open its facility in less than five years.

The addendum to the agreement states that equipment that is no longer needed by County will be offered for sale to the hospitals in the County.

County Hospital has already begun receiving requests for inventories of the county's medical and hospital equipment from private hospitals and doctors, according to Mrs. Judson. She wonders, as do many of the staff at the hospital, why the county should shut down its very expensive facility and sell its equipment when it is probable the hospital will be re-opened.

As one County Hospital technician put it: "I think the taxpayers will end up paying through the nose. Who cares what the taxpayers want? It's based on what the medical community wants. I think closing the hospital is a shame."