

Doctors' group plans review of PVH data

Medical group says some of consultants' conclusions inaccurate

Published: Thursday, Jun 26, 2008

By **DAN JOHNSON ARGUS-COURIER STAFF**

The South Sonoma County Medical Group's executive committee feels that a consulting group's review of Petaluma Valley Hospital finances and operations is a "vital first step," but is calling for an independent review — at its own expense — because it feels that some of the conclusions reached are inconsistent with the data obtained. Conclusions drawn by consultants John Pfeiffer and Richard Parsons indicate that St. Joseph Health System is not bleeding PVH of profits or operating it solely for its own interests — as Dr. Bob Ostroff, president of the SSCMG, had charged — although a few specific problems were identified. Immediately after the presentation, Ostroff said that he was satisfied that the review showed that alleged plundering is "not occurring," but when he subsequently met with the rest of the SSCMG executive committee, they reached a different conclusion. Jim Suver, vice president of operations and chief administrator of PVH, and Daymon Doss, CEO of the PHCD, voiced disappointment over the SSCMG's position. "I am disappointed," Suver said. "It was clear at the meeting in January that Dr. Ostroff said that he would accept the results of the report, and then work for the benefit of Petaluma Valley Hospital. "It's time to move on." Doss said that before the review began, some people wondered if Ostroff and the SSCMG's executive committee would accept results if they indicated that no bleeding of resources was occurring. "The question all along was if 'no' would ever satisfy someone who wants to hear 'yes,'" Doss said. "Certainly, it's SSCMG's choice to move forward with another

analysis, but I won't recommend it to our board members, and I doubt that any of them would spend public money to review the review." The SSCMG's executive committee issued a statement after meeting on June 18. "We believe that this report is a vital first step in analyzing why PVH is not as successful as several comparable local hospitals," the committee wrote. "We look forward to participating in the continuing study of how we all are going to improve PVH with increased and affordable services, improved quality and restoration of profitability." "But as a group, we don't feel that the conclusions reached by the consultants were appropriate," added Dr. Bob Ostroff, president of the SSCMG. "We would like to have an independent group do an analysis of the same data, at our expense." Before arranging for this analysis, the committee wants to study the content of the final report, which is being completed by HFS Consultants in Oakland. The firm presented a summary of their findings during a PowerPoint presentation at a special PHCD board meeting on June 12, and the board is scheduled to discuss the final, complete report at its next regular board meeting, which begins at 9:30 a.m. on Thursday, June 26 in the PHCD conference room, at 1425 N. McDowell Blvd. "We would like to wait until after the final, full report comes out. The amendments and appendices probably will contain more detailed information," Ostroff said. HFS consultants was hired to complete a review of financial and operational aspects of PVH after Ostroff requested it at the PHCD board meeting on Jan. 10, saying that St. Joseph Health System is "plundering" the hospital by operating it for its own interests. "I personally regret using the term 'plundering,'" Ostroff said. "It's an inappropriate term." But he feels that PVH is making a profit, even though it reported losses during the past two fiscal years. "On a cash basis, PVH has been making money up to the present," he said. PVH made \$4.4 million in net income in the fiscal year ending in 2004 and \$343,000 in 2005; lost \$711,000 in 2006 and \$1.2 million in 2007; and has lost \$1.5 million this fiscal year, through April 30, 2008, according to statistics in the review. Suver claims that much of the recent financial loss is directly related to a \$1.1 million increase in payment to emergency-room, on-call physicians. Several other expenses also account for recent losses, he said. "Two of these

are the inception of the epidural program in the obstetrics department and the adoption of a hospitalist program that serves all of the community's physicians," Suver said. "Also, we have had stagnant or minimal increases in government funding (in programs such as MediCare and MediCal) and have been paying the ongoing, competitive wages characteristic of the Bay Area. And we continue to provide a lot of uncompensated care in our emergency room. "All of these expenses were incurred without being offset by any major increases in revenue. And yet St. Joseph continues to invest money Petaluma Valley Hospital, despite the losses." St. Joseph has invested a collective total of \$14.5 million during the past five years to upgrade equipment and otherwise improve the hospital. Although the SSCMG urges an independent review of data, Ostroff believes that HFS Consultants' review can help to better unify SSCMG with St. Joseph and the PHCD. "The health-care district's willingness to have and pay for the review, and St. Joseph's willingness to share data during it, was an excellent first step toward building trust," he said. (Contact Dan Johnson at dan.johnson@arguscourier.com)