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Calendar

September 8-9

Second Annual Mhealth Networking Conference. Town and Country Hotel, San Diego. A discussion of how mobile applications are changing healthcare. \$695.

Register Online:

<http://www.mobih.org/meetings/>

September 19-21

HFMA California Fall Conference. Long Beach Hyatt. Updates on DMHC, healthcare stimulus. \$695-\$795.

Register Online:

<http://www.hfma-cafallconf.org/register.lasso>

September 22-24

Medical Development Specialists Annual Healthcare Conference. Encore at Wynn Hotel, Las Vegas. Discussion of how reform will affect the evolution of the hospital and physician business models. \$695-\$1,195.

Register Online:

<http://mdsconsulting.com>

E-Mail info@payersandproviders.com with the details of your event, or call (877) 248-2360, ext. 3. It will be published in the Calendar section, space permitting.

Last-Minute Winners, Losers On Bills

Hospital Fee Bill Passed; Insurers Win on Rate Curbs

As the California Legislature ended its regular session earlier this week, it passed bills that broke both ways for the hospital industry while killing a potential law that could have curbed increases in healthcare premiums.

The Assembly passed **AB 1653** 77-0 on Monday after it was passed by the Senate last week, sending it to **Gov. Arnold Schwarzenegger's** desk for his signature. That bill provides structure for a fee to be imposed on hospitals that would allow them to draw more Medi-Cal matching funds from the federal government, pending a final approval by the **Centers for Medicare and Medicaid Services**. Hospitals are expected to receive \$2.6 billion, while the state would receive \$560 million earmarked to boost healthcare coverage for children.

The Legislature also passed **SB 1240**, which requires an annual audit of all lease agreements between private hospital operators and hospital districts; imposes limitations on how district assets may be spent and eliminates the use of operating losses as credits toward the purchase of a district hospital.

Sponsored by the **California Nurses Association**, that bill was in response to

allegations against **Sutter Health** in its operation of district hospitals in Marin and Alameda Counties. Sutter is currently embroiled in litigation with both districts.

Although a Schwarzenegger spokesperson did not respond to an inquiry as to his position on the bills, he is considered almost certain to make **AB 1653** a law.

"This solves a lot of funding problems for both hospitals and the state, so there is no reason for the governor to veto it," said **Jan Emerson**, vice president of external relations for the **California Hospital Association**.

Meanwhile, a bill that would have required regulatory approval before health insurers could increase rates died on the Senate floor. **AB 2578** went down after 17-17 and 16-19 votes on Aug. 30 and Aug. 31, with several lawmakers wavering on their votes at the last minute.

"Nay" votes by Democratic Senators **Lou Correa**, Ron Calderon, Roderick Wright and abstentions by four other Democrats during the Aug. 30 tally were blasted by the Santa Monica-based advocacy group **Consumer Watchdog**,

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In Brief

Marin Sues Sutter Health Over Funds

The **Marin Healthcare District** sued **Sutter Health** last week, accusing the Sacramento-based hospital operator of taking more than \$120 million over the last four years it operated **Marin General Hospital** in Greenbrae under contract with the district.

In addition to demanding the money, the suit also claims that the board that oversaw hospital operations did so in an operational conflict of interest, and that Sutter's activities in the Greenbrae area were detrimental to the hospital's operations.

Sutter's lease with Marin ended on June 30, five years early as the result of other litigation over the hospital's control. The suit claims that Sutter began taking out huge chunks of revenue from the hospital as it became clear the lease was going to be terminated.

"Sutter utterly ignored its fiduciary responsibility to Marin General and instead chose to line its own pockets with the Hospital's reserves," said Marin attorney **James J. Brosnahan**. "It's improper, immoral and reprehensible conduct by a company that was trusted to manage this vital community resource."

Sutter has not commented directly on the suit, which was filed in **Marin County Superior Court**. Published reports quote Sutter officials as saying the suit has no merit.

Hoag Reopens Renovated Facility

The shuttered **Irvine Regional Medical**

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Bills (Continued from Page One)

which claimed they were influenced by more than \$187,000 in campaign contributions from health insurers since 2007.

"Too many state senators have refused to buck the industry that has lined their campaign chests," said Consumer Watchdog President **Jamie Court**, who

added the legislation should become a ballot measure.

However, another bill, **SB 1163**, which would require independent actuarial review of request rate increases that would have to be made available to the public, was passed by both houses and sent to Schwarzenegger for his signature.

Homeless Patient Program Expands *Successful in Orange County, it Moves Northward*

Building on considerable success in securing recuperative care and housing for homeless patients after they're discharged from Orange County's hospitals, two Southern California foundations will replicate the program in Los Angeles County starting next month.

The Los Angeles-based **National Health Foundation** and Irvine-based **Illumination Foundation** will start small: homeless patients will receive recuperative care at a yet-to-be-named motel in the Mid-City area of Los Angeles while social workers help them find transitional or permanent housing. The staff will be a mixture of paid professionals and graduate students from the **University of Southern California** and **Alliant University**.

Officials say the 20-bed site will be one of at least four countywide to assist with homeless patients. Other recuperative care "pods" are expected to open in Long Beach, the South Bay and the San Fernando Valley. Each will have a nurse and case manager onsite.

The program not only helps the homeless, but addresses what has been a public relations problem for Southern California hospitals, which discharge about 6,000 homeless inpatients a year. Following media scrutiny about the "dumping" of homeless patients, the

City of Los Angeles made it a misdemeanor in 2008 to discharge a homeless patient onto the street.

In January, NHF and Illumination launched a similar program in Orange County (**Payers & Providers, 1-21-10**). Discharged homeless patients stay in a Costa Mesa motel under the supervision of a nurse while social workers find them appropriate benefits and housing. The costs of \$200 per patient per day are borne by the hospitals.

Of the 105 patients that have been referred for recuperative care, more than 60% have been placed in housing, according to Illumination Foundation Executive Director **Paul Leon**.

Leon noted that many of the Orange County patients had chronic conditions that entitled them to state disability payments of \$800 to \$1,400 a month – enough to secure housing in a board and care or a sober living facility. Getting them qualified for such programs was virtually impossible prior to the recuperative care program.

"It's far easier to get them stable funding because they're at one place for a period of time," Leon said. "Before, they were just

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In Brief

Center reopened on Wednesday as 154-bed **Hoag Hospital Irvine**, the second acute care facility operated by Newport Beach-based **Hoag Memorial Hospital Presbyterian**.

Hoag invested \$84 million in refurbishing the facility, which had previously been operated by for-profit chain **Tenet Healthcare**. The Dallas-based Tenet shut down the hospital in January 2009, just weeks before its lease of the facility from a Long Beach-based real estate investment trust ended. Hoag now holds a long-term lease on the property.

The revamped hospital boasts state-of-the-art radiology and orthopedics centers. It employs a staff of 900.

Kaiser Dermatologist Stars in System's New Commercials

A new series of television advertisements featuring the continuity of care for a **Kaiser Permanente** patient stars one of the healthcare systems' physicians.

Linda Davis Tolbert, M.D., is a dermatologist who practices at Kaiser's South Los Angeles facility. She plays the physician overseeing the care of another "Linda" – a fictional patient provided with prenatal care, an improved diet and vaccinations, among other treatments.

A Kaiser spokesperson said the 49-year-old Tolbert, a graduate of **Howard University Medical School** who also holds a law degree from **Southwestern University School of Law** in Los Angeles, was recommended for the commercials by the South Los Angeles medical director.

The 30-second and 60-second spots will begin airing in eight states on Sept. 6.

Homeless (Continued from Page Two)

moving all around, oftentimes right back to the hospital because they never had a chance to recuperate."

Patients stay an average of just under 10 days before they're placed elsewhere. That is far better than the 30-day average stay that occurred when the NHF conducted a two-year pilot program with the Los Angeles-based **JWCH Institute** in conjunction with a homeless shelter in Bell. That program ended last March.

Leon credits the shorter length of stay to close coordination between the recuperative caregivers, hospitals and social workers. It

also makes the costs far more palatable to hospitals, according to **Kelly Bruno**, NHF's vice president of programs.

"We've already been approached by 10 hospitals in the last couple of days," said Bruno, who added that most facilities in the county have yet to be formally notified of the program.

Along with NHF funding, **Kaiser Permanente's** Southern California division is providing the L.A. County program with a \$50,000 grant. The **California Endowment** is likely to grant another \$100,000, according to Leon.

AG Holder: L.A. Is Fraud "Hot Spot" DOJ Teams With HHS to Combat Illegal Activity

Physician identity theft. Inflated billings. Patients hired to undergo unnecessary surgeries. Dummy equipment companies.

These are among the ways healthcare fraud is committed in Southern California, which U.S. Attorney General **Eric Holder** declared a "hot spot" for such activities at a summit held in Los Angeles last week.

"Healthcare fraud tends to be viral and regional, and this is one region where it has been focused," Holder told reporters at the Health Care Fraud Prevention Summit at **Los Angeles City College**.

Officials at the summit suggested Southern California's urban sprawl and a presence of Eastern European and Armenian organized crime rings were among the reason for the concentration of fraud in the region.

Holder, along with Health and Human Services Secretary **Kathleen Sebelius**, discussed at the summit how their two agencies are combating fraud.

Last year, DOJ and HHS officials formed a joint strike task force called the Health Care Fraud Prevention and Action Task Force (HEAT). HEAT uses a variety of methods, including educating senior citizens to better spot fraud, and working closely with local law enforcement agencies. Since HEAT was formed, it has secured nearly 600 criminal convictions and recovered \$2.5 billion, according to Holder – a roughly 30% increase in asset returns.

Individuals whose frauds exceeded \$1

million are receiving enhanced sentences, and their assets are being more aggressively seized. "We're taking Lamborghinis, Maseratis and beachfront mansions," said **Hank Walther**, deputy chief of the Department of Justice's fraud section.

Sebelius said her agency has ratcheted up scrutiny of Medicare contractors, requiring them to resubmit their credentials and forbidding the use of post office boxes for addresses or cell phones as business numbers. HHS is also using such technologies as Google Earth to determine if durable equipment companies are actually doing business where they claim they are.

A **Government Accountability Office** Study released last year indicated that home healthcare billings were often inflated, and that the addresses for many home healthcare agencies – particularly in the L.A. area – were nonexistent. Sebelius claimed it would be harder to maintain such shams.

"The days when you could just hang a shingle over a desk and start submitting claims are over," she said.

The day before the Aug. 26 summit, 268-bed **Saint John's Health Center** in Santa Monica agreed to pay \$5.25 million to settle claims it had inflated charges to Medicare for care provided on "outlier" patients. **Andre Birotte Jr.**, U.S. Attorney for the Central District of California, cited the settlement in a speech he made at the summit.

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Healing Outside Of The Science Box

Recruiting Humanities Majors Could Improve Care

There is a fleeting scene in **Joan Didion's** memoir "The Year of Magical Thinking," when she asks a hospital physician about her gravely ill daughter experiencing sepsis. The doctor brushes her off because he considers sepsis a "clinical term" and not a diagnosis.

Technically, he was correct, but the massive organ failure characterized by sepsis has up to a 60% mortality rate. Anyone whose loved one is in the hospital has a right to be concerned about it. Any physician asked about it shouldn't parse words.

Didion is perhaps the greatest essayist produced by American letters in the past half-century. I still get a thrill whenever I introduce her work to my writing students, even though some of her best work was published in the early 1960s.

Nonetheless, there are few physicians who would claim a use for her. Didion's territory is that of emotions, of trying to get into someone's head and figure out how they or the prevailing culture makes them think and act. If a physician gets into someone's head, it is strictly to make repairs.

That may be changing.

Since the late 1980s, the prestigious **Mount Sinai School of Medicine** has admitted 35 students each year who study humanities rather than hard sciences in undergraduate school. In fact, the notoriously difficult MCAT exam is not required for these students.

Those accepted are given a crash course on chemistry during a summer session, but essentially are educated as physicians without the supposition that they are inclined to be cut-and-dried scientists. Most of the students are from elite schools (read: Ivy League) with grade-point averages approaching 4.0. In other words, these med students are no less academic superstars than their counterparts steeped in the hard sciences.

Although the **American Association of Medical Colleges** reports that about two-thirds of medical school applicants still

did their undergraduate studies in the hard sciences, the Mount Sinai example is hardly an outlier. More than 40% of the students currently accepted at the **University of Pennsylvania's School of Medicine** are humanities graduates. "They've got to be happy and have a life outside of medicine," Admissions Director **Gail Morrison** told **Newsweek** in 2007. "Otherwise they'll get overwhelmed. We need whole people."

The consensus is that someone who is schooled in humanities is likely to be more holistic in their thinking, and therefore more likely to keep their patients' needs in mind. More such graduates also go into primary care fields, which are woefully shorthanded.

It's more important than ever that the field of medicine be populated with broad thinkers. Healthcare inflation consistently runs triple the average of inflation in this country. I cannot help but think that trend is exacerbated in part by clinicians who think in purely

scientific terms and automatically refer patients to surgeries and other expensive treatments without considering cheaper and less invasive alternatives that could lead to similar outcomes.

Moreover, a doctor who's read some Joan Didion back in the day might think twice about automatically dispensing a flip remark when communicating with a concerned family member. If they're more at ease with the physician, they and their loved ones may be less inclined to opt for the desperate "treat at all cost" approach that signifies most end-of-life care. Such an approach is hideously expensive, almost always futile and usually brings satisfaction to no one. A hospital medical staff versed in more than just numbers might be able to tackle this ever-looming obstacle to bringing rationality to healthcare's bottom line.

Ron Shinkman is the Publisher of Payers & Providers.



By Ron Shinkman

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