

## Alameda County's medical safety net prepares for future under health care reform

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A middle-aged man arrives at Highland Hospital in Oakland clutching his chest. A woman in a wheelchair is rushed to the emergency department with an infection that has flared up again. Neither has insurance.

It's a scenario that plays out every day at Highland, the flagship facility of the Alameda County Medical Center, a network of hospitals and clinics that are the safety-net provider for 1.5 million Alameda County residents.

The scenario is set to change in 2014 when a provision of federal health care reform kicks in: Ten percent of the currently uninsured people in Alameda County could gain coverage either through the government-funded Medi-Cal insurance or through a private carrier.

But the reforms carry an unintended risk for public health care providers like the Alameda County Medical Center. They will have to keep their current patients and also attract others who could opt for other providers to deliver their babies and mend their broken bones.

Done right, care will improve for all patients and the county's safety-net medical provider can become a model of efficient care for the state and nation.

Fail, and the institution will not survive.

"We have two-and-a-half years to get this right," said Wright Lassiter, chief executive of the Alameda County Medical Center.

### The reform gamble

Public hospitals in the past managed the masses who had nowhere else to go, and

the county picked up the tab.

"Before it was, 'Take a number,' " said ACMC Chief Medical Officer Sang-ick Chang.

That attitude won't work anymore.

The county expects 60,000 currently uninsured low-income children, pregnant women, parents and childless adults will be newly enrolled by Medi-Cal as coverage expands beginning in 2014 when federal health care kicks in and, with it, Medi-Cal reimbursement rates.

Another 90,000 people in Alameda County are expected to get private insurance through what are called "exchanges." They are adults under retirement age, who earn too much to qualify for Medi-Cal but do not have access to affordable employer coverage. They are not pregnant, have no dependent children and may be employees of small businesses.

With more people insured by Medi-Cal or exchanges, ACMC will have to work harder to compete with private facilities for their business.

That could mean more customers for public hospitals, and new revenue instead of relying on write-offs and subsidies to cover unpaid costs, which totaled \$68 million in 2010 for ACMC. But, paradoxically, health care reform also could drive the hospital out of business if it can't keep their customers and find new ones.



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There are precedents. Public hospitals were affected by the initial introduction of Medicare in the 1960s. And when pregnant women in the 1970s gained access to private hospitals such as Alta Bates in Berkeley through changes to Medi-Cal, there was a "big shift" away from Highland to Alta Bates, said David O'Neill of the California Healthcare Foundation, a think tank based in Oakland.

"Will it happen again?" he said. "I don't know the answer to that but I think Wright Lassiter is correct in saying that it is a potential effect. His concern is a legitimate one."

To survive, the medical center will need to start focusing on improving performance instead of relying on how many patients they can bill, or as Lassiter put it, "butts in beds."

"Hospitals have to stop thinking like hospitals," he said.

Hospitals also have to shift uninsured patients from the expensive habit of using the emergency room for treatment for chronic conditions such as hypertension and diabetes. Backed by medical plans, they will be able to receive care at clinics and doctors offices instead.

The other key will be signing contracts with private insurance companies, such as Blue Cross and HealthNet. Currently, ACMC does not accept those carriers. More than one patient admitted for trauma care has been transferred once their condition stabilized to a hospital that accepted their private insurance plan, Lassiter said.

## Getting ready

To begin preparing for the patient influx and move them away from expensive emergency room visits, the medical center spent \$1.2 million to buy the Newark Wellness Center, then invested close to \$4 million in renovations to allow clinic services to expand.

The medical center also earned \$29 million in March from the state's pay-for-performance five-year plan, which hospitals are using as a blueprint to prepare for health care reform through measures that improve quality and streamline operations.

And ACMC achieved top performer status from the

Joint Commission, which accredits hospitals for treatment of heart attacks and heart failure, and surgical care. The medical center provides 40 primary and medical specialty services to patients who speak 181 languages.

But even as they succeed in those steps, the medical center still must outgrow an image as the place where people go after they have been shot or stabbed. Despite the quality of care, patients will go elsewhere if they think of a hospital as the "knife and gun club," said Larry Gage, founder of the National Association of Public Hospitals and Health Systems.

And a decade of crisis still colors the way people think about the institution, particularly Highland in Oakland, and the John George Psychiatric Pavilion in San Leandro. Past problems at the facilities, combined with mismanagement, brought the medical center to the brink of collapse in 2005.

To help change that perception, ACMC hired a public relations firm to help reshape the hospital's image.

For the time being ACMC is engaged in a game of tug-of-war: Patients at Highland have to squeeze past long lines in front of a pharmacy window, as well as patients and paramedics waiting in the narrow halls to get to the state-of-the-art equipment. And haggard-looking smokers cluster around the entrance of Highland's emergency department, which serves as an uninviting front door until a new nine-story \$668 million acute care tower opens in 2015.



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"We have to begin to tell a different story about who we are," Lassiter said.

## HEALTH CARE REFORM

To learn more about health care reform including health insurance exchanges:

- Kaiser Family Foundation, [www.kff.org](http://www.kff.org)
- U.S. Department of Health and Human Services, [www.healthcare.gov](http://www.healthcare.gov)
- National Association of Insurance Commissioners, [www.naic.org](http://www.naic.org)
- AARP, [www.aarp.org](http://www.aarp.org)
- California Association of Public Hospitals, [www.caph.org](http://www.caph.org)
- For a detailed examination at how California hospitals are preparing for 2014 -- called the Delivery System Reform Incentive Payments (DSRIP) -- go to [www.dhcs.ca.gov](http://www.dhcs.ca.gov).



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