

# SCAM SHEET

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## Sutter Tries Its Luck in Nevada

In the most recent example of the Sutter Corporation's voracious appetite for independent hospitals, local news reports in Carson City, Nevada have revealed that Sutter is attempting to acquire the city-owned Carson-Tahoe Hospital. But after initial reports of Sutter's interest in the small, community-based hospital, local journalists quickly discovered Sutter's long track record of problems in California. Earlier this month, Carson City's *Nevada Appeal* informed its readers about controversies surrounding Sutter's takeover of Marin General Hospital, particularly the complaints about cuts in staffing, the elimination of the neurosurgery services and the funneling of local assets to Sutter's corporate accounts in Sacramento. Appeal reporters also uncovered a Sacramento Bee report on the lawsuit filed by Sutter employees charging that the healthcare giant has misallocated thousands of dollars in increased Medi-Cal payments earmarked for improving the wages and benefits of healthcare providers, a violation of California law.

## Skeletons in Sutter's Closet

In an opinion piece in the February 20 edition, Jeff Ackerman, the *Nevada Appeal's* Publisher and Editor referred to the "trail of problems associated with Sutter Health in its affiliations," and other "skeletons in Sutter's closet." Ackerman directed his comments to members of the Carson-Tahoe Hospital Board, saying, "Don't you think you just might want to be introduced to those skeletons before marrying their mother? And don't you think the screening committee members and Carson City residents have a right to

meet those skeletons?"

Sutter officials are now scrambling to put a positive spin on the \$3 billion corporation's history of broken promises and dollar-sign mentality. Following the corporation's standard playbook, Sutter officials carefully avoid words like "merger" or "acquisition," preferring instead the benign language of "partnership" and "affiliation" into the "Sutter family."

But local residents aren't buying Sutter's PR campaign. According to a recent poll of Carson City voters, only 4% supported the hospital's merger with Sutter. The vast majority (74%) favored Carson-Tahoe Hospital remaining city-owned, and most said they would be willing to pay higher patient fees or increased property taxes to keep the hospital locally controlled.

## Secret Sutter Document Reveals Planned Cuts, Consolidation in East Bay

While residents of Carson City still have the chance to avoid Sutter's influence, East Bay residents may regret Sutter's dominating control of the local healthcare market for years to come. Recently, the Scam Sheet received a copy of an internal Sutter Health planning document which directly contradicts the corporation's public claims about its acquisition of Summit Medical Center last year.

The 20-page document, dated June 1999, details a series of planned consolidations in services and a dramatic regional restructuring that will completely eclipse any effective local control of Sutter's five hospitals in the East Bay region (Alta Bates Medical Center in Berkeley, Summit in Oakland, Sutter Delta Medical Center in Antioch, Sutter Solano in Vallejo, and Sutter Eden in Castro Valley). According to the document, all five of these hospitals will be centralized into a single "Service Area" headed by Irwin Hansen, the current CEO of Summit. The most explosive revelation in the confidential memo appears on the first page. Prior to the takeover of Summit and Alta Bates, a slick Sutter

brochure promised "Sutter Health will invest \$450 million for facility and service improvements at both facilities over the next 10 years." But the confidential document states that one of the merged hospital's primary objectives is to "Reduce annual operating costs by 5.7% (\$27.8 million annually) and achieve the operating margins needed to fund projected capital needs (\$450 million over ten years)." In other words, the money isn't coming from Sutter at all; it's coming out of the local hospitals themselves. These reductions of \$27.8 million annually will be painful, but which services to the community are on Sutter's hit list? According to the internal document, Cardiac Surgery, Neonatal Intensive Care Unit, and Acute Rehab will be "centralized," meaning the services will be eliminated at one of the two facilities. Other services, including Behavioral Health, Laboratory, and Pharmacy services will also be scaled down at one of the two campuses. Numerous other departments, including Critical Care, Oncology and Women & Infants, may also be downsized.

In the wake of the revelations contained in the internal document, Sutter officials have sought to downplay the impact of the cuts that are being planned, but, significantly, they have not explicitly denied a single element of the plan.

Unfortunately for local residents, the Summit merger was completed just before a new law took effect in California requiring increased oversight of hospital mergers by the state Attorney General. In the future, as in the case of Sutter's current attempt to acquire St. Luke's Medical Center in San Francisco (see Scam Sheet #61), internal planning documents such as these will be reviewed by the Attorney General who will conduct public hearings on the proposed merger. If the details of Sutter's plans are revealed prior to the completion of the acquisition, local communities may reject Sutter's advances. Perhaps that explains why Sutter is now directing its expansion to places like Nevada with less public oversight.

The Sutter Scam Sheet is published by the Health Care Workers Union, Local 250 SEIU, to update elected officials, regulators, District and Community hospitals, industry insiders, consumers, labor unions and other healthcare purchasers about our campaign to Stop the Sutter Scam.

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