



SCAM SHEET

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Sutter Announces Deep Cuts at Alta Bates Summit

Last week, Sutter officials announced plans to sell 40% of the hospital buildings and slash more than 300 jobs next month at Alta Bates Summit Medical Center in Oakland and Berkeley.

Planned service reductions clearly violate Sutter's promises to East Bay residents. Prior to buying Summit Medical Center in 1999, Sutter made numerous commitments to East Bay residents about preserving and expanding services. In one public relations piece entitled "Answering Community Concerns about the Affiliation," Sutter pledged, "We are affiliating so that we can preserve services in the East Bay." In another document called "A Healthy Partnership for the East Bay," Sutter assured residents that, "The unique three-way partnership of Summit Medical Center, Alta Bates Medical Center and Sutter Health will preserve and enhance local 24-hour emergency services and medical care."

Before Sutter's takeover of Summit, Local 250 joined together with consumer organizations, elected officials and community groups to warn about Sutter's plans for the hospitals. By acquiring Summit (Alta Bates' main competitor), Sutter achieved a near monopoly on hospital services in much of Alameda County, controlling more than half of the area's hospital business. Now Sutter appears to be using its power in the East Bay to begin cutting hospital services.

Sutter Cuts Planned Long Ago

An internal Sutter planning document dated June 1999 reveals that Sutter executives began planning cuts more than two years ago. The document, which sets out an organizational design for the merged hospitals, discloses executives' plans to cut \$27.8 million from the hospitals' operating budgets each year by eliminating and downsizing hospital departments and services.

The document instructs managers to complete "Action Plans" for each department and includes "an illustrative example" of one such plan, which calls for eliminating 5.67 of the department's full-time equivalent employees.

In a comical attempt at spin-doctoring, Sutter's press release announcing next month's cutbacks claims that the reductions are only a reluctant, emergency action aimed at addressing recent months of financial shortfalls at the two hospitals. "Sutter's claims are just a smoke screen," said Sal Rosselli, President of SEIU Local 250. "This is part of Sutter's attempt to win public acceptance of cutbacks that will reduce access to health care for East Bay residents." Sources report that teams of Sutter spin doctors are busily setting up face-to-face meetings with East Bay community groups to attempt to explain their actions.

Hungry Hunter

In May, Sutter hired the infamous Hunter Group to assist in its campaign of cuts and consolidation at Alta Bates Summit. The Hunter Group is a Florida-based consulting firm that "specializes in scorched-earth hospital makeovers," according to the *New York Times*.

The firm played a large role in the disastrous merger of UCSF Stanford Health Care, where Hunter Group CEO David Hunter served as the hospitals' interim CEO. In 1994, California Pacific Medical Center hired the Hunter Group to help design and carry out tens of millions of dollars of service cuts, including layoffs of more than 1,000 employees. The cutbacks resulted in sinking patient-care staffing levels and plunging employee morale.

Also under the Hunter Group's guidance, CPMC fired 23 of the hospital's 34 senior managers and placed several Hunter Group consultants in senior vice president positions to run day-to-day operations. One consultant, Jack Bailey, is still at CPMC today as the Chief Operating Officer. At Alta Bates Summit, Sutter's press release indicates that the Hunter Group has already been charged with replacing the directors of Materials Management and Business Services.

The Hunter Group's slash-and-burn services will not come cheap to Alta Bates Summit. In 1994, CPMC paid the group more than \$1.7 million for just several months of service.

Is St. Luke's Next?

Sutter recently finalized its takeover of St. Luke's Hospital in San Francisco, where Sutter now controls 42% of the city's hospital beds. The S.F. Board of Supervisors and dozens of elected and community leaders raised concerns about Sutter's track record of acquiring hospitals and then cutting services to enhance the company's profitability. Sutter officials made promises to San Francisco residents that officials would not cut services at St. Luke's. Sound familiar?

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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