



Los Angeles Area
Chamber of Commerce

TUESDAY | Apr. 25, 2006

THE BUSINESS PERSPECTIVE:

Take the Politics Out of County Health Care



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Executive for a Day
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THU | April 27
Small Business Advisory
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WED | May 3
World Trade Week
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FRI | May 5
Accenture Pancakes &
Politics
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FRI | May 5
Health Care
Committee Meeting
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MON-THU | May 15-18
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The Los Angeles Area Chamber of Commerce is the voice of business in L.A. County. Founded in 1888, the Chamber promotes a prosperous economy and quality of life in the Los Angeles region. For more information, visit www.lachamber.org

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One of the most important services provided by county government is health care for the uninsured and underinsured. But in recent years we have seen serious problems throughout the system, with challenges ranging from financial to quality of services.

Last week the [Los Angeles County Department of Health Services \(DHS\)](#) announced a projected \$550 million deficit over the next three years. The shortfall is lower than previous estimates, but DHS is still a Katrina-like disaster or pandemic flu crisis away from collapse.

A major contributor to the problem is that we have a public health care system run by politicians. This leaves decisions to the vagaries of politics rather than what is best from a health care perspective.

It's time for the Board of Supervisors to turn over control of DHS to an independent health authority. It may not be easy for them to admit their governance is not the best model, but it is the right decision. [Assemblymember Mark Ridley-Thomas has introduced legislation](#) that would do just that and is working with stakeholders in the region, including the Chamber, to craft the most effective structure.

The basic recommendation isn't new. DHS faced a \$655 million deficit, 11 years ago, forcing the layoff of thousands of employees, the closure of community clinics and possible shuttering of four public hospitals. A last-minute federal bailout saved the system from collapse. Health care leaders urged the Supervisors to create a new, more efficient governance structure. The Supervisors promised to study the recommendation. Eleven years, two federal bailouts and more than a dozen studies later, the recommendation collects dust on the shelves.

For the past 30 years, the Supervisors have been responsible for the strategic and financial oversight of the county health system. With more than 22,000 employees and \$3.7 billion annual budget, DHS is the nation's second largest public health system. It runs the County's five public hospitals and serves as the safety net for 2 million uninsured residents. Should DHS collapse, it has the potential of taking private hospitals with it.

The problem with the current governance structure is functional and political. DHS accounts for 18% of the county's total \$20 billion annual budget. Managing this complex and financially-challenged system is a huge task for the Supervisors, none of whom has a background in health care management. DHS competes with 37 other county departments for the Board's attention. Given the demands on their schedule, it is not feasible for the Supervisors to focus on the complex and time-sensitive decisions required to run such a massive department.

Politics is also hurting the system. When gross mismanagement was destroying King-Drew Medical Center in Willowbrook, the Supervisors hesitated to take decisive action for fear of political repercussions from voters. It took federal intervention and a [Los Angeles Times investigation](#) to spur the Board into action.

The county's reputation at the national level has made it increasingly difficult to hire and retain top administrators. Dr. Thomas Garthwaite, the most recent full-time director, resigned last fall dubbing it a system "structured to fail."

Under a health authority model, the county would delegate governance to an independent body that would maintain ties to the Board of Supervisors. The major operating decisions – budgeting, contracting, hiring and day-to-day management of the entire system – would be under the control of health care experts.

Hospital systems throughout the country have shifting governance from politicians to health authorities. Nine years ago, the Mayor of Denver led his city's reform effort and transferred control to a public health authority--a system widely viewed as a national model. That's decisive, bold leadership. New York, Boston and Dallas have similar models.

An independent health authority isn't the panacea for all of the county's health care problems. Skyrocketing costs and the growing number of uninsured are hurting healthcare delivery nationwide. But improving the management structure here in Los Angeles County will also go a long way towards getting the most out of existing health care dollars and maximizing the quality of patient care. We cannot afford to wait any longer.

The County Supervisors have demonstrated solid, and sometimes groundbreaking, leadership during their time in public service. They must do so again. We call upon them to join Assemblymember

The Business Perspective is an award-winning weekly opinion column by Rusty Hammer, President & CEO, L.A. Area Chamber

L.A. Business THIS WEEK

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Ridley-Thomas, the Chamber and others in a coalition to sort out the details and develop a new governance structure that will once again make our health system a model for the country.

It's just what the doctor ordered.

And that's *The Business Perspective*.



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