

Medi-Cal Forces Changes at Adventist Hospitals

by Terri Dopp Aamodt

When the California legislature in the summer of 1982 enacted a new law requiring hospitals to re-negotiate contracts to receive state funds to treat low-income patients, Loma Linda University (LLU) Medical Center and other teaching hospitals in California were faced with a dilemma. The Medical Center needed the state medical funds. But the new law specified that all hospitals must have an open staff policy: any physician meeting hospital requirements could admit patients. Loma Linda and other California teaching hospitals had wanted staff qualified to teach and had always restricted admitting privileges to physicians with faculty appointments.

The financial dependency was significant. If the Medical Center did not get a state medical contract, it would lose about 25 percent of its patients and \$25-30 million annually, according to Ron Anderson, financial vice president. The pediatrics department would lose 50 percent of its patients and would probably have to close its residency program. The neonatal intensive care unit, serving four counties, would no longer be available to many critically ill infants.

Administrators pursued "what if" scenarios, department heads prepared contingency budgets, and Medical Center employees tried to calculate whether or not they would be among the 800 to 1,000

workers who would lose their jobs if a contract were not signed.

Within the Adventist Health System/West, Ron Nelson was appointed to help member hospitals in the delicate negotiating process. Early in 1983, White Memorial Medical Center and Glendale Adventist Medical Center were among the first Los Angeles-area hospitals to receive contracts.

On May 2, 1983, LLU was also offered a Medi-Cal contract. The Medical Center Board of Trustees finally had to decide whether to accept it and its requirement that the hospital abandon its closed staff policy. "We knew that if we accepted a Medi-Cal contract we had to insure the quality of our teaching potential," said John Ruffcorn, president of the University Medical Center. "We had to give the Medical Center sufficient protection both as a church organization and a university medical center."

The Medical Center has maintained a closed staff because it wanted to ensure adherence to the academic goals of LLUs School of Medicine. (All other Adventist hospitals in North America have open staffs.) The Medical Center Board of Trustees asked for assurance that these goals would be spelled out to physicians who wanted to join the medical staff when the new policy was implemented.

As a result the medical staff amended its bylaws to accommodate a new category of medical staff who were not faculty members at LLUs School of Medicine. Requirements for all applicants now include board certification or its equivalent, provisional status for one to three years, and proctoring of at least 25 patients within the first year. For the first time, bylaws include specific references

to Adventist philosophy and standards. Rule 14 of the "General Conduct of Care" section states that medical staff members "should not be in conflict with" denominational and hospital "ethics, principles, and philosophy." It then spells out hospital emphasis on the Judeo-Christian tradition, Sabbath observance, vegetarianism, and the prohibitions against alcohol and tobacco. "We want to indicate to anyone who wants to apply that we have a unique philosophy," says Charles H. Brinegar, Jr., M.D., president of the medical staff.

For now, LLU Medical Center anticipates business as usual. Other agencies, including the federal government and private insurance companies, are expected to follow Medi-Cal's example. Teaching hospitals throughout the United States may soon face similar decisions.

Terri Dopp Aamodt teaches in the English Department at Walla Walla College, Walla Walla, Wash.

More Davenport Repercussions

by Bonnie Dwyer

Insurance negotiations, organizational studies, and membership considerations have kept the name of Donald J. Davenport before Adventist committees from the local church to the General Conference in 1983, two years after the doctor filed for bankruptcy.

Here is a roundup of significant actions taken by those committees:

Insurance Negotiations

Although the Seventh-day Adventist Church advocates that members settle disputes in the church without litigation in secular courts, the North Pacific Union, the Oregon

Conference, and the Georgia-Cumberland Conference Association Boards voted in May to pursue insurance negotiations to the point of filing lawsuits against former officers. The three union and local conferences are trying to recoup—partially through their officers liability insurance—for the losses they suffered by making loans to Davenport.

But the Arbitration Steering Committee, which was established to settle disputes among church entities over Davenport loans, and the General Conference Officers Committee quickly voted actions disagreeing with the three entities over the advisability of such lawsuits.

Within insurance circles it is not often that an organization paying the premiums files action against its own former officers, as the three Adventist entities are considering doing. Officers liability insurance usually protects the organization from third party actions. But to collect on the policy, the entities have to say their officers were negligent in their duties and be willing to sue their former employees. Potentially approximately \$5 million might be recovered from the insurance policy, which is why negotiations continue, despite the actions of the General Conference and the Arbitration Steering Committee.

All entities that suffered Davenport losses send representatives to the meetings of the Arbitration Committee. There were 28 people at the meeting held May 16 in Riverside, Calif., where employee lawsuits were discussed. At the close of the meeting a vote was taken and the motion to allow suits against former employees was defeated 21 to 6 with one person abstaining.

Discussion of the suits continued, however. On May 19, the General Conference Officers Committee took up the subject. In a unanimously approved statement, the officers said, "Though an argument can be made that litigation seeking recovery through other insurance coverage is not violative of the (church's) historic position on litigation, it is the counsel of the General