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Santa Catalina moves  
on in playoffs, C1

# The Herald

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## NATIVIDAD'S SHOT AT RECOVERY UNCLEAR

TRUBLED HOSPITAL LOOKS TO MEASURE Q TO NURSE IT BACK TO HEALTH



VERN FISHER/The H

Natividad Medical Center officials say the doors to their gleaming \$116 million facility in Salinas could close in a few years if voters don't approve the Measure Q half-cent sales tax with mail-in ballots due Dec. 2.

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The California Taxpayers Association was on a mission against public-sector waste and inefficiency. Its target: the Monterey County public hospital.

Prompted by the hospital's abysmal state ranking in collecting payments from patients, the association wanted better accountability.

"There are some cases where the patient is not able to pay a cent, but a large portion of them can pay at least something," the taxpayers group told the Board of Supervisors. "No effort has been made to collect any portion of a charge from the medically indigent."

The watchdog group said the hospital suffers from confused billing and admissions policies, lack of coordination with other hospitals and insurers, and inadequate long-range planning. The staff is too small and works with little or no proper equipment, the group lamented.

The year was 1953.

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## Natividad: Condition Critical

A three-day series on the state of Natividad Medical Center.

► **Today:**

The county hospital's long and difficult history: Page A12  
Uncollected bills and antiquated computers have held Natividad back: Page A13


► **Monday:**

CEO David Small is gone, but the problems he tried to fix remain. Among them, a patient mix that doesn't cover the bills.

► **Tuesday:**

Patients without private insurance may start out at other hospitals, but many end up at Natividad. Will Measure Q be their salvation?

## Health care by the numbers 2002-2003



	<b>Natividad Medical Center</b>	<b>Salinas Valley Memorial Hospital</b>	<b>Community Hospital of the Monterey Peninsula</b>
<b>Beds:</b>	159	253	173
<b>Admissions:</b>			
Inpatient	10,700	13,800	12,500
Outpatient/Emergency	156,000	387,600	320,000
<b>Operating revenues:</b>	\$135 million	\$243 million	\$256 million
<b>Employees:</b>	765	1,870	2,100

JAMES HERRERA/The Herald

**NATIVIDAD:  
Condition Critical**

## Natividad

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A half-century later, little has changed. The county hospital is now the modern Natividad Medical Center, Monterey County's vehicle to care for the growing population of uninsured and underinsured. It is a gleaming new building in North Salinas that by all accounts delivers top-flight medical care.

But it remains chronically understaffed and underfunded, and it is inefficient partly because it is woefully behind in high-tech financial systems. The competition for paying patients and dwindling state and federal grants has gotten fiercer, and Natividad is up against relatively well-heeled rivals, Salinas Valley Memorial Hospital and

Community Hospital of the Monterey Peninsula.

A three-month Herald review of nearly 50 years of public records and reports shows that repeated studies, audits and restructurings over the decades have had little effect on the hospital's problems. As spelled out in three installments starting today, interviews with dozens of experts, consultants, politicians and current and former hospital workers paint a picture of a hospital that does a good job of delivering state-mandated care to the needy, but at nearly unmanageable costs.

Through the intense scrutiny and political minefields, Natividad has limped along under an unwieldy and confusing bureaucratic structure. Still, it has pulled through crisis after crisis, winning top accreditation reviews, training expert physicians and providing the people of Monterey County with quality medical care.

No matter the need or the patient, the hospital has been there.

But now the stakes and problems, as defined by the county's financial managers, are the biggest they've ever been.

After subsidizing the hospital to the tune of \$2 million to \$9 million annually for years — and lending it millions more in cash advances — county officials, battling their own budget problems, discovered a year ago that Natividad's debt to the county treasury had ballooned to a projected \$41 million.

That set off a round of heavy budget cutting, led by a blue-ribbon Action Committee. To slow the financial hemorrhaging, and reduce the debt to the county, some programs were killed. But still, Natividad teeters on the edge of bankruptcy.

Like a homeowner with an overly large mortgage, it has an income this

year of some \$117 million but owes \$74 million for construction of the hospital. That's on top of \$41 million it still owes the county — \$30 million for cash advances in years past, and \$11 million for extra construction costs. Laboring under such a heavy debt load, it struggles to keep the doors open, much less add more lucrative services that would help balance the books.

After 50 years of dickering, has time run out for Natividad?

Natividad supporters say no. They say that the chronic inefficiencies can be fixed if taxpayers will invest millions in a new computer system, more staff and more revenue-producing programs. To that end, they are asking voters to approve a half-cent sales tax, Measure Q, on the Dec. 2 mail-in ballot, which would raise \$25 million a year for the hospital.

Though the election is technically on

Dec. 2, the voting is under way. Most voters should have received ballots in their mailboxes by now.

The tax measure, a decided underdog since it requires two-thirds approval to pass, faces stiff opposition from critics who see Natividad as a financial black hole. They would rather close it or sell it than risk watching it drag down the county.

But supporters of Measure Q, led by the Natividad staff and supported by the competing hospitals, argue that closing it or leasing it to a private operator would result in reduced medical services that would have to be made up elsewhere. One way or another, taxpayers and private-paying patients would end up footing the bill.

With so much at stake, there are no easy answers.

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