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Mending the Hospital Safety Net

By **ABRAHAM VERGHESE, M.D.**

At a time when many public hospitals around the country are in financial peril, R.E.Thomason Hospital in El Paso, Texas, has pulled off a miracle.

In the 11 years I worked at the hospital, it always operated in the red, a poor relative to the fancy private hospitals up on the hill. Most of our patients were indigent and often were not eligible for Medicare or Medicaid. Many were probably Mexican nationals – we never asked as long as they had a billing address in El Paso. The hospital was supported by a tax district, and perennially hamstrung by a politically appointed board that did the bidding of the city council members who got them the gig. It seemed as if the cronyism, the political infighting and the chronic lack of funds would never change.

Still, as a physician, it was the most satisfying place I ever worked. I was encountering third world diseases in a first world hospital – I saw typhoid fever, amebic liver abscesses, brucellosis, and many acute illnesses in young people – not what most internists see in American hospitals. Mexico was a stone's throw from my office window. It was an incredible place to train medical students. At the end of the day, I had the great satisfaction of knowing that despite all the hardships, I was providing yeoman service to patients who had no other recourse. I left for another medical school position (and another public hospital) in 2002.

On a visit to El Paso last week, I found wonderful changes afoot. The hospital, recently renamed University Medical Center, had so many additions and remodeled areas that I got lost in corridors that had sprouted new limbs and branches. Since the arrival of the new CEO James Valenti in 2004, the hospital's bond rating has risen, and work has begun on a huge new building approved by voters.

Photo: Lee Bennack
Abraham Verghese, M.D.

In talking to Mr. Valenti, I was struck by how his task resembled that facing public hospitals around the country (not to mention all of American health-care): How do you fix a broken system that is horribly expensive and running out of money?

The answers from Thomason may help rescue some of the struggling public hospitals around the country that train our young physicians and care for our poor and elderly -- iconic hospitals like Jackson Memorial in Miami, and Grady in Atlanta.

This was Mr. Valenti's fifth hospital turn-around project, but his first with a public hospital. He says he did it by applying the "the private-practice business model" to the public hospital: he demanded individual accountability and financial accountability; he developed a clear strategic plan, and recruited people who could execute the plan; he changed the culture from one of inertia, defeat and pessimism, to one of excitement and belief in the future. His recipe was "local, local, local—one person at a time." He gave up to three speeches a day to different community groups, selling them the hospital's mission and strategic plan. He won over the city council, the hospital board, law enforcement and the public with his singular vision of where the hospital needed to be.

When I worked there, we physicians were employed by Texas Tech School of Medicine (and we taught the third and fourth year med students who came from the mother ship in Lubbock). Though this was the sole hospital in which we practiced, we felt disconnected from the administration – we were not on their payroll. Valenti created a physician advisory group that met each Friday. The group looked at each specialty and asked, "What do we need to become leaders in this field in a year?"

The scrutiny extended to the patients. More than once I treated patients whose bodies showed no evidence of the operations and injuries described in their old records – they were borrowing identities to qualify for free care. Now Thomason does credit checks on patients, identifying those who misrepresent their financial situation and can afford to pay.

Valenti renegotiated contracts with insurance companies, with HMOs and with state agencies. The Dean of the medical school, Manuel de la Rosa said to me, "Care was not rationed so much as a rational approach made to giving care." For example, the hospital used to carry ten different types of implantable knee prostheses. Now, the hospital carries just one model, which it buys at a negotiated discount.

Here is the lesson I took away after my visit: Just as much of the funding gap for Medicare could be plugged by cutting out waste and fraud, sick public hospitals – and so many of them are sick – do not always need infusions of money to be fixed. Instead they need discipline, accountability, and progressive politicians and hospital boards whose actions are made very public and who are held accountable. If a New Yorker article earlier this year portrayed the city of McAllen, Texas as the poster child of excess Medicare expenditure, El Paso's public hospital, which provides some $250 million dollars a year in charity care, might well be the poster child for fiscal prudence and genuine care for its community.

Abraham Verghese is a practicing internist and a professor of medicine at Stanford. His most recent book is Cutting for Stone.