



CITY OF BLYTHE

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September 10, 2008

Riverside County Grand Jury
Attn: John B. Todd, Foreperson
P. O. Box 829
Riverside, CA 92502

RE: 2007-08 Grand Jury Report – Palo Verde Health Care District/Palo Verde Hospital

Dear Mr. Todd:

Pursuant to Penal Code Section 933 ET SEQ., this is the City of Blythe response to the Riverside County Grand Jury report dealing with the Palo Verde Health Care District and the Palo Verde Hospital. However, in providing responses to the report, it must be unequivocally clear that the City of Blythe has no legal standing in the administration, management or operation of the Health Care District or the Palo Verde Hospital. Consequently for purposes of subdivision (c) of Section 933, the City of Blythe has no legal authority relative to follow-up actions (e.g. – implemented, not implemented, further analysis) in response to the Grand Jury report recommendations. Further, the City of Blythe is not privy to confidential information utilized by the Health Care District Board of Directors in making decisions on matters of personnel and potential litigation.

1. Report Recommendation: The Board must terminate AHM, with cause, based on the fact the hospital is near bankruptcy under their management.

Response: There is no unanimity of opinion among City Council and Management regarding the recommendation to terminate AHM, nor is there a legal basis for the City of Blythe to pursue this recommendation. Any follow-up action pursuant to this recommendation is exclusively under the jurisdiction of the Palo Verde Health Care District Board of Directors.

2. Report Recommendation: Re-evaluate the present staff's wage rate structure and reduce them to be more in line with hospitals of similar size and location.

Response: Given Palo Verde Hospital's dire financial condition, fiscal prudence would absolutely dictate that the personnel wage rate structure be closely and regularly re-evaluated for fairness and competitiveness in the job market. However, the "...hospitals of similar size and location..." criteria is not the sum of factors in the mix upon which to base these evaluations. It would seem a reasonable and

responsible evaluation would also factor in such things as job security, benefits, cost of living, and the local job market. Medical staff personnel are in huge demand and premium pay may be necessary to recruit and retain qualified staff in a very difficult work environment. The City of Blythe believes this recommendation requires further analysis.

3. Report Recommendation: The Board president must appoint citizens from the Blythe community who want to be involved and have skills to serve on advisory, standing, or Ad-Hoc committees. This community involvement should enhance the capabilities and the functioning of the Board.

Response: This was the direction of the Health Care District Board and its President before the hospital's internal working relationships soured and turned contentious. Seemingly lost has been/is the demonstrated ability (and willingness) to compromise among the Board, Management and Medical Staff. Volunteers are much more likely to participate with energy and enthusiasm if the trilateral power structure can set-aside their differences, focusing on points of common interests and not points of contention. The City of Blythe believes this recommendation has strong merit and implementation should again be emphasized.

4. Report Recommendation: Members of the Board must understand and follow their By-Laws, including the California Health and Safety Code, Division 23.

Response: The City of Blythe concurs with this recommendation.

5. Report Recommendation: Complaints registered by the MEC must be made in writing and submitted to AHM and the Board for review and disposition. AHM must respond in writing with a positive approach to solving the problems in no more than seven calendar days after submission. Should any conflict arise the Board will resolve the conflict.

Response: The City of Blythe concurs in a general sense that complaints from the MEC should be made in writing and submitted to AHM and the Board of Directors for disposition. Further, the response from AHM and the Board should also be in writing. The written complaint and the written response should have an agreed upon timeframe. As a tax supported governmental entity the Palo Verde Health Care District should have a dispute resolution process in place that delineates the procedural requirements.

6. Report Recommendation: Modify the MEC By-Laws to allow a hospitalist, "A physician who specializes in seeing and treating other physicians' hospitalized patients in order to minimize the number of hospital visits by the patients' regular physician" to admit patients, a practice common in other hospitals.

Response: The City of Blythe supports the idea of a hospitalist, but believes the modification of the medical staff By-Laws can only be accomplished by a vote of the medical staff. This recommendation requires more legal analysis relative to jurisdictional authority in amending By-Laws and possible state restrictions for hospitals directly hiring physicians.

7. Report Recommendation: Amend the future administrative contracts to add performance targets that must be achieved prior to granting any increase in compensation.

Response: The City of Blythe generally supports the position that employee compensation should be indexed to performance.

8. Report Recommendation: The PVHD By-Laws need to include a policy that the Board of Director's agenda packets must be prepared and distributed to the five-member Board a minimum of three days prior to a Board meeting. This allows time for the members to study critical data and request any additional information, if necessary.

Response: The City of Blythe concurs with this recommendation.

9. Report Recommendation: Prior to the monthly Board meeting, the Board must routinely review in detail the PVH budget and financial performance with the Hospital's Finance Office, and take necessary action.

Response: The District Board of Directors must comply with the Brown Act relative to conducting open meetings. Reviewing and discussing the budget and the hospital's financial performance are probably beyond the scope of a Board meeting agenda item, and may be better suited for a monthly Study Session (open meeting) for review and discussion. Any action of the Board of Directors must be at a regular meeting and an agenda action item. The City of Blythe believes this recommendation has merit but requires clarification for compliance with Brown Act requirements.

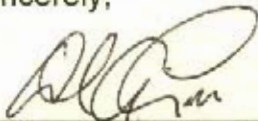
10. Report Recommendation: Reopen the Obstetrics Department and hire qualified personnel to staff it.

Response: Given the hospital's financial condition, and the fact that the Obstetrics Department will consistently lose money, it may not be in the hospital's financial interest at this time to reopen the OB, but maybe as an interim, could possibly look at a "Birthing Center" along the lines of what is fairly common in Idaho. The City of Blythe believes reopening the OB Department requires further financial analysis.

11. Report Recommendation: The Board should...
- a.) Resolve the conflict among the Board, AHM and the MEC; and
 - b.) Reopen the surgical services, thus giving the State prisons a nearby hospital.

Response: The City of Blythe concurs with both recommendations.

Sincerely,



David Lane, City Manager

CC: Mayor and City Council