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County Ramps Up Campaign Against AG Xavier Becerra in Bid to Save Two Local Hospitals

By *Silicon Valley Newsroom*/ January 25, 2019



Supervisors Susan Ellenberg, Joe Simitian and Cindy Chavez (from left) spoke out against Xavier Becerra's effort to block the hospitals' sale.

Santa Clara County officials are turning up the heat on California Attorney General Xavier Becerra, demanding that he drop his bid to block the sale of O'Connor and Saint Louise hospitals to the county.

In a noon press conference Thursday, the county went public with calls for the public to join a social media blitz targeting Becerra, coupled with pleas from local health officials, union leaders and California elected officials and testimonials from Latino patients—all aimed at showing the importance of keeping the two hospitals open.

There was no immediate sign that any of this made the newly elected attorney general budge from a hard-line position that the county says could close the two hospitals owned by failing Verity Health System. According to court records, Becerra wants to block the sale unless the county can guarantee that it could maintain the same quality of care for low-income patients.

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“Attorney General Becerra has rejected all of our good-faith efforts to resolve his objections to the county purchasing the hospitals,” County Executive Jeff Smith said into a bank of media microphones set up on a patio outside the County Government Center in San Jose. “It is clear the Department of Justice is more concerned about protecting its power than protecting the health of Santa Clara County residents.”

Smith, a lawyer and doctor, warned that “if O’Connor and Saint Louise hospitals close, communities in the county would lose significant access to critical healthcare. The closurs ... will very likely mean that some people will suffer needless delay in obtaining critical healthcare and such delays may imperil lives.”

“Maybe you should look at a map, Mr. Attorney General, so you can see the distance from Morgan Hill and Gilroy and San Martin to Valley Medical Center,” said Sally Armendariz, of Gilroy, who spoke at the press conference about the importance of St. Louise Regional Hospital to citizens of South County. “If people are having a genuine emergency, they’ll die before they get there.”

Of Becerra, she said he “should be proud that Santa Clara County is willing to have a medical center for all its residents, not just San Jose.”

Her sentiments were echoed by Dr. Sara Cody, county health officer and director of the Public Health Department, who said keeping St. Louise and O’Connor hospital “open and thriving is so important to our communities, and South County in particular.”

Cody said that Gilroy and Morgan Hill have higher mortality rates due to cancer, heart disease, stroke, Alzheimer’s, chronic lower respiratory disease and diabetes than the county’s overall population. “Also teen birth rates are significantly higher in South County, compared to the rest of the county,” she said.

“People living in this area need more access to health care, not less,” Cody said.

Standing behind the speakers at the press conference were medical staff and patients of the two hospitals, holding signs that read, “Tell AG Becerra, Don’t Block Hospitals’ Sale,” with links to the attorney general’s Facebook and Twitter accounts, and a hashtag of #SaveSCCHospitalsAG.

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The \$235 million sale of O'Connor and Saint Louise hospitals was approved late last month by a U.S. Bankruptcy Court judge in Los Angeles, who also overruled objections by Becerra to the county's acquisition of the two hospitals. The attorney general has appealed that decision to U.S. District Court, and is asking the bankruptcy judge to stay his ruling pending the outcome of the appeal, which could take months. A hearing on his stay request is set for Jan. 30, with a ruling expected as early as Feb. 1.

Any delay would be fatal to the two hospitals, because the county's purchase agreement expires March 1, and there are no other offers on the table.

Smith said in an interview that he does not expect Becerra to prevail, but added that for the next week at least, the threat of the hospitals closing is real—and unnecessary. He said Becerra was engaging in political posturing, with no concern for health care needs of Santa Clara County.

Verity Health System is seeking protection under Chapter 11 of the U.S. Bankruptcy Code for massive debts incurred by its six hospitals. Verity announced last week that it has a bid pending for the other four hospitals, including two in San Mateo County—Seton Medical Center in Daly City and its Coastside branch in Moss Beach—and two in L.A.

County Supervisor Joe Simitian, president of the Board of Supervisors and Health and Hospital Committee chair, said at the press conference that “the sale has already been approved. The attorney general has already made these arguments and lost.”

“It isn't really about lawyers and lawsuits ..., about power and politics,” he said. “What it is about and what it should be about is the ... Santa Clara County residents who won't have a hospital bed if this deal crumbles.”

Smith said more than 2,000 employees of O'Connor and Saint Louise have applied for the open positions created by the county, in anticipation of the takeover this spring, and approximately 700 physicians are ready to join the expanded county hospital system. Smith said that over the next few weeks, the county will expend significant staff and financial resources to review and process job applications and onboard the physicians to the Santa Clara Valley Medical Center medical staff by the Feb. 28 deadline.

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If Becerra gets his stay order, hundreds of employees would lose their jobs and hundreds of physicians would lose their contracts, Smith said.

Rep. Zoe Lofgren, whose Congressional District includes San Jose and much of southern Santa Clara County, is on board, he said. Lofgren released a statement on Thursday, saying “I have conveyed directly to California Attorney General Xavier Becerra that it is in the best interests of my constituents that these medical facilities continue to serve our local communities’ health care needs.”

Becerra is a former six-term Congressman.

“I am doing everything I can to keep these hospitals open,” said county Supervisor Mike Wasserman, who represents Gilroy and Morgan Hill. He did not attend the press conference, but appeared on one of the county’s YouTube videos directed at Becerra.

“For workers, the purchase means having a job. The AG’s decision to block the purchase could leave thousands of healthcare workers unemployed,” said Ben Field, head of the South Bay Labor Council. “While the county can’t save the workers from all the hardships brought upon by Verity Health’s bankruptcy, the county is offering thousands of professionals the chance to continue working for two local hospitals in their community.”

County officials and health representatives are encouraging people who live and work here to urge California Attorney General Xavier Becerra to save the hospitals by contacting him on Twitter @AGBecerra or on Facebook using the hashtag #SaveSCChospitalsAG or by telephone at 800.952.5225.

Los Angeles Times

February 22, 2019

Judge refuses to block sale of hospitals to Santa Clara County



A federal judge on Friday rejected a bid by California Atty. Gen. Xavier Becerra, above, to put a hold on the sale of two financially strapped hospitals to Santa Clara County. (Rich Pedroncelli /Associated Press)

By Maura Dolan Staff Writer

Reporting from San Francisco —

A federal judge in Los Angeles refused Friday to put an emergency hold on the \$235-million sale of two financially strapped nonprofit hospitals to Santa Clara County.

U.S. District Judge R. Gary Klausner denied an emergency motion by California Atty. Gen. Xavier Becerra to halt the sale until the county agreed to conditions set by the state.

The county argued that an emergency stay would scuttle the sale and leave the hospitals vulnerable to closure.

The sale of O'Connor Hospital and St. Louise Regional Hospital is scheduled to be completed by the end of the month.

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O'Connor and St. Louise are among six struggling hospitals in Northern and Southern California previously owned by the Daughters of Charity of St. Vincent de Paul.

Verity Health System purchased them but could not restore them to financial health and declared Chapter 11 bankruptcy in August.

At the time of the sale, former Atty. Gen. Kamala Harris imposed conditions, including requirements for capital improvements, job security, emergency services and treatment of the poor.

Becerra has sought to require the hospitals to comply with the conditions.

Santa Clara County Supervisor Joe Simitian, president of the county Board of Supervisors, called Becerra's litigation "a distraction from the important work we have to do."

"It's time to stop arguing about who's right, and start focusing on what's right," Simitian said. "And that's taking care of the folks here in the county who need our help."

Asked whether Becerra planned to appeal, a spokesperson said only: "We are exploring our options."

Santa Clara County already operates a \$1.5-billion healthcare system, but its hospital often lacks enough beds to meet demand.

Strategic Global Management Inc., a California-based for-profit hospital operator, has bid \$610 million to take over the other four hospitals: St. Francis Medical Center in Lynwood, St. Vincent Medical Center in Los Angeles, Seton Medical Center in Daly City and Seton Coastside in Moss Beach.

Dr. Patrick Soon-Shiong, a medical entrepreneur who owns the Los Angeles Times, is a creditor in the bankruptcy. A company he controls previously loaned Verity \$148 million, according to court records.