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# Fax Cover Sheet

## CONFIDENTIAL

Date: 7-12-04 Time: 5:45 PM

A DECEPTION of National proportion

Attn: Catherine HANSON, Esq. Fax: (415) 882-5143

CC: Greg Abrams, Esq., J. Lewin, M.D., R. HERTZKA, M.D.

From: Gil N. Mileikowsky, M.D. J. HAY, M.D.

Number of Pages, Including This Cover Sheet: 3 pages

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Message:

Dear Mrs. HANSON,

Following, please find, copy of both articles the attorneys for the California Healthcare Association (who are also TENET's attorneys) used as a reference in their amicus in support of Cedars-Sinai Medical Center vs. Asad Weinberg, MD.

The REAL Reason the number of Hospitals dropped in the San Fernando Valley is because the big hospitals bought the small ones and then, closed them. Thus, elimina-

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-ting their local competitors.

Since 1986, Tarzana Hospital bought  
 Out 1. Rancho - Encino Hospital  
 2. North Hollywood Hospital } non  
 3. Encino Hospital. } existent  
 today.

Today, Tarzana Hospital, an affiliate  
 of TENET, is called Encino - Tarzana  
 Regional Medical Center [ETRMC].

The most lucrative dept. at Encino  
 Hospital was the Cardio - Vascular Unit  
 (Same story as at TENET's Redding facility).

That unit was physically transferred  
 to TARZANA's Campus. I shall not  
 be surprised that one day Encino Campus  
 will be closed by the new owners of  
 ETRMC. In other words, the reduction

of the number of Hospitals in the Valley is self induced by the "big boys" in a so-called "Consolidation" of the industry as they are doing all over the Country. The same way big oil Companies sold each other their distribution of gas Stations so that each one of them would have a Monopoly in each State and killed the individual small, independent gas Stations.

Can someone tell me how this is germane to Dr. Weinberg's Appeal Vs. Cedars-Sinai Medical Center?

Furthermore, the giant progress in medicine and surgery in the

Last 50 years, caused a major reduction in the numbers of days patients need to be hospitalized since, many surgeries are now performed on an Outpatient basis.

The DECEPTIVE analysis of CHA's and TENET's attorneys conceals the remarkable increase of the numbers of Surgicenters in the Valley and around the Country, i.e. the number of operating Rooms\* actually increased!

It's very important to expose these lies

Sincerely,

Many physicians have operating Rooms in their Own offices !!

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Los Angeles Times

March 19, 2004 Friday  
Valley Edition

**SECTION:** CALIFORNIA; Metro; Metro Desk; Part B; Pg. 3

**LENGTH:** 588 words

**HEADLINE:** The Valley;

**Possible Threat to Valley's Healthcare Cited;**

Rising population and a diminishing number of hospitals offer a serious challenge, report says.

**BYLINE:** Karima A. Haynes, Times Staff Writer

**BODY:**

The population in the San Fernando Valley is growing while the number of hospitals there is shrinking, a trend that could threaten the region's healthcare system, economic forecasters said Thursday.

In the next six years, more than 250,000 people are expected to move into the sprawling suburb where 12 of 33 hospitals have closed in the last two decades, experts said.

While some hospitals are expanding, such as Valley Presbyterian Hospital, which will unveil its new state-of-the-art patient-care tower in Van Nuys today, others are not faring as well. The two campuses of Tenet Healthcare Corp.'s Encino-Tarzana Regional Medical Center are for sale and bankrupt Granada Hills Community Hospital closed its doors last year.

As the sixth-largest employer in the Valley -- providing jobs for more than 20,000 people and paying \$1.25 billion in wages annually -- the hospital industry represents one of the principal financial sectors of the region's economy and one of the most challenged, experts said.

Several chief executives from area hospitals and officials from the Economic Alliance of the San Fernando Valley spent the last year discussing economic conditions and prescriptions to restore Valley hospitals to fiscal health.

The alliance chronicled hospital executives' efforts to manage increased demand, limited resources, budget deficits, labor shortages and regulatory constraints in its "San Fernando Valley Hospital Report 2004," released Thursday.

"I don't want to sound like a doomsday forecaster, but after participating in this study and

listening to our hospital leaders, I'm here to tell you we've got a serious problem," Economic Alliance President and Chief Executive Bruce Ackerman said at a news conference at the Grossman Burn Center in Sherman Oaks.

According to the report, hospital executives said inadequate reimbursement for the care of uninsured patients and reduced payments for some with insurance have resulted in deficit spending.

The executives also complained that their facilities spent millions of dollars to meet unfunded state and federal mandates -- such as seismic retrofitting, nurse-to-patient staffing ratios and audits and reviews -- but unlike other businesses, could not recover those costs through increased fees, the report said.

A shortage of registered nurses, pharmacists, imaging technicians, physical and occupational therapists, lab technicians, billing clerks and housekeepers has kept hospitals from operating efficiently, the report said.

California's nurse-to-patient ratio law requires every hospital to be in continuous compliance with government-prescribed staffing standards. Yet, hospital executives said, California ranks next to last in the nation in the number of registered nurses per capita, making it difficult to comply with the law.

"Let's be clear on this point," Ackerman said. "Hospitals are not opposed to nursing ratios -- they support safe staffing at all levels -- but when there are not enough nurses in the supply pipeline, how can we comply with arbitrary mandates?"

While the report outlines the challenges hospitals face, it also cites Economic Alliance officials' initiatives aimed at averting a collapse of the Valley's healthcare system. The efforts include collaborating with the Valley Industry and Commerce Assn. to press for legislative changes and establishing focus groups to discuss healthcare industry labor shortages.

"In short, we are in a crisis and it's time the public learns the facts," Economic Alliance Chairman David Fleming said Thursday.

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The Daily News of Los Angeles

March 18, 2004 Thursday, Valley Edition

**SECTION:** NEWS; Pg. N1

**LENGTH:** 842 words

**HEADLINE:** VALLEY HOSPITALS IN CRISIS;  
MORE HEMORRHAGING CASH, NEAR CLOSING

**BYLINE:** Dana Bartholomew And Evan Pondel, Staff Writers

**BODY:**

The health care system in the San Fernando Valley is on the edge of collapse - with fewer hospitals serving more people who can't pay for services, according to a report by area hospital leaders.

In the past 15 years, 12 of the Valley's 33 hospitals have closed - with more hospitals expected to shut their doors as the Valley's population continues to grow, according to the report, to be released today.

"The health care system is in jeopardy," said David Fleming, chairman of the Economic Alliance of the San Fernando Valley, which compiled the report with the input of chief executive officers from eight Valley hospitals.

"Most hospitals are in Code Blue - (they're) about ready to go - and need help to survive."

The San Fernando Valley Hospital Report, to be officially released today at a news conference in Sherman Oaks, paints a dire picture locally and across the region and state.

"If certain concerns aren't addressed," says a joint statement from the hospital CEOs, "hospitals will be financially and physically pushed beyond a breaking point, threatening access to care for all - insured and uninsured alike."

Among the report's findings:

--More than half of the hospitals in California, including many in the Valley, are operating in the red because of uncompensated costs from uninsured residents, of which there are 2.7 million in Los Angeles County.

"Over 50 percent of patients at Valley Presbyterian Hospital have no money and no insurance. ... They can't pay," said Fleming, chairman of the board for Valley Presbyterian, which was between \$4 million and \$5 million in the red last year.

--A severe nursing shortage threatens the ability of **hospitals** to meet patient needs, while a new state law demanding higher nurse-patient ratios will be impossible to implement.

**Hospitals** must perform more regulatory paperwork. In addition, patients and insurers demand greater technology while paying **hospitals** less for care.

--By 2010, the **Valley's** 1.7 million population is expected to increase by as many as 300,000 residents, with more older residents placing increasing demands on **hospitals**.

The report's authors found that **hospitals** are the sixth-largest employer in the **Valley**, providing jobs for more than 18,000 people who earn \$1.2 billion a year in wages.

"We have a severe shortage of capacity at **hospitals** in the San Fernando **Valley**," Jim Lott, executive vice president of the **Hospital Association of Southern California**, said in an interview.

"What makes matters worse is that one out of every three **hospitals** in Los Angeles are closed to ambulance traffic because of the capacity issue."

Creating an even greater capacity crisis is the recent closure of Granada Hills Community **Hospital**. The 155-bed facility closed last summer just as it was reorganizing under bankruptcy law. More than 500 employees lost their jobs. Los Angeles Unified School District officials, looking for a school site, agreed to pay \$22.5 million for the property, outbidding a company that had plans to keep the **hospital** open.

"We cannot afford to lose another **hospital**," Lott said. "Granada had a branding domino effect on the entire system, shifting patient load to (Providence) Holy Cross (Medical Center)."

The 257-bed medical center in Mission Hills, now running closer to capacity levels, is functioning as a lifeline for the Northeast **Valley**, said Dan Boyle, spokesman for Providence Holy Cross. "the patient census is extremely high there," he said.

Another threat to many **hospitals** is the looming deadline to comply with earthquake safety standards. Today it is often more cost-effective to raze a **hospital** and build a new facility than to deal with the expense of retrofitting.

Many **hospitals** throughout the **Valley** are being upgraded to meet state- required seismic standards by 2008. Almost 95 percent of the **hospitals** in California will need seismic upgrades in the next five years that could cost \$24 billion.

A \$65 million renovation was recently finished at Mission Community **Hospital**, while ground was broken several months ago for Kaiser Permanente's new \$267 million **hospital** in Panorama City. The new 218-bed facility will stand adjacent to Kaiser's decades-old Panorama City Medical Center.



Most of the 19 Tenet-owned facilities for sale in Los Angeles County also need seismic upgrades.

"But we need to look at these regulations again," Lott said. "When looking for a buyer, this is a huge capital expense. It makes purchasing one of these facilities less attractive."

The **hospital** report was written by an Economic Alliance team that included the heads of **Valley Presbyterian Hospital**, **Mission Community Hospital**, **Kaiser Permanente**, **Sherman Oaks Hospital**, **West Hills Hospital and Medical Center**, **Encino-Tarzana Regional Medical Center**, the **Motion Picture and Television Fund Hospital**, **Northridge Hospital Medical Center** and the **Los Angeles County Economic Development Corp.**

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