

It's not because they want to. It's because they're being put in a position where they have to. The impact stems from simply the downsizing of a major medical facility like D.C. General Hospital. To think that if you plan on wholesaling out parts of it, that there won't be any repercussions — they'll knock on my door today, they'll knock on yours tomorrow.

Documentation

House GOP Enforces 'Shareholder Values'

The following report (#106-786), on the District of Columbia Appropriations Bill for 2001, was adopted by the House Committee on Appropriations on July 25, 2000, as presented by Committee Chairman Rep. Ernest Istook (R-Okla.), speaking for the Republican majority on the committee. We offer it here as evidence of the commitment to shareholder (or slaveholder) values over the general welfare that predominates among Congressional Republicans. It also makes clear that the plan to close D.C. General Hospital has been a long time in the making, despite the charade to make the public believe that the decision was only made in February 2001.

The Committee is deeply concerned that the District must act immediately to stop the fiscal hemorrhaging that is occurring at the Public Benefit Corporation (PBC), which operates D.C. General Hospital. For the past 30 months the PBC has run a monthly deficit, now reaching \$2.5 million per month. During this time, rather than confront difficult decisions to keep the PBC from going bankrupt, the District and Control Board have used a facade of "loaning" money to the PBC. During this 30 months, these loans have reached \$90 million beyond the \$40 million annual subsidy which had been budgeted and approved. The Committee finds it insulting to hear anyone now seek to call these loans "receivables," as though the euphemism made any difference in their nature. Past practice reveals that these "loaned" monies then are routinely written off as bad debts. Nor can any title conceal the fact that this was unauthorized and unapproved spending, especially since the payments were not accompanied by any promissory note, repayment agreement, security interest, collateral agreement, agreement of interest to be charged, nor any other documents to demonstrate the due diligence which should accompany financial transactions of this magnitude. These were not *bona fide* investments of funds, which by law, were not authorized to be spent.

By failing to address the problem of the PBC and the associated hospital, the District and Control Board have made matters worse. They have lost the opportunity to correct the

underlying mismanagement, cost taxpayers many millions of dollars, and destroyed any confidence that any new proposed solution would be better than past proposals. The greater threat to public health in the District is not the potential closing of D.C. General Hospital, but in letting it continue to siphon off precious health care dollars without providing an equal value of benefit to the public. Other hospitals have indicated their readiness to assume the burden, and likely at lesser cost to taxpayers.

Just as bad as the financial failure, is the failure of political will to address this problem. The Committee is disappointed that officials have preferred to procrastinate and spend, rather than risk the unhappiness of the political constituencies involved in the PBC and D.C. General Hospital. District officials have failed to muster and demonstrate political will power or courage, and for more than the 30 months mentioned above. The problem dates back beyond ten years. The PBC was created in order to bail out a failing hospital, namely, D.C. General Hospital. District officials have had more than ten years to undertake the necessary operational or management reforms so badly needed. A recent report by the Cambio Group stated that the PBC should reduce its staff by 30%, and then, even this rightsizing of the workforce at the PBC would not totally eliminate the monthly deficit incurred by the PBC. The recently announced staff changes are but a tiny fraction of the savings now needed.

Leaders in the District have been asking, "What can we do to get through this without upsetting anyone?" when they should have been asking, "How can we prepare today to make a better tomorrow?"

No matter how good any current proposals may sound in this area, the Committee has no faith in the political will power of District officials to follow through with them. The Committee questions the legality of the so-called "loans" or "receivables," and even if this were somehow a legal loophole, the Committee has acted to close it.

Dissenting Views

The following is from the Democratic Committee members' dissent:

The second provision bars the Public Benefit Corporation from using its existing lines of credit to borrow funds above its budgeted amount. While the minority shares the majority's concerns about the grave financial condition of the Public Benefit Corporation, which operates D.C. General Hospital, emergency-care services, and health clinics for some of the District's poorest residents, it does not believe Congress, by fiat, should force its insolvency. Policy experts within the Control Board, the Mayor's office, and outside consultants, who are currently working on a remedy, were never consulted prior to inclusion of this provision. Moreover, the full ramifications of this provision are still not known, but certain to disrupt, and probably eliminate, health-care services to some of the District's neediest residents.