Health Care

# Privatization Scheme Collapses in D.C.

by Edward Spannaus

The privatization scheme for Washington, D.C.'s public health-care system, which was rammed through in a corrupt deal last year—and which the U.S. Congress refused to reverse, even though it had the power and the duty to do so—has now entered into a process of rapid and terminal collapse.

The centerpiece of the scheme, Greater Southeast Community Hospital, is in bankruptcy and operating "day-to-day" on a drastically reduced level, as a result of the Chapter 11 bankruptcy filing on Nov. 20 by its owner, the Arizona-based Doctors Community Healthcare Corporation. DCHC's filing followed by two days the bankruptcy of its financial partner, National Century Financial Enterprises (NCFE), which itself filed Chapter 11 after FBI agents spent the weekend executing a search warrant in its Ohio headquarters.

All of this was foreseen and forecast a year and one-half ago, by the LaRouche movement, which organized the mass opposition to the shutdown of D.C. General Hospital, and exposed the dirty record of DCHC and NCFE. *EIR* reported that what DCHC and NCFE specialize in, "is extracting loot from hospitals and health-care institutions upon which the lives and well-being of thousands of patients and citizens depend." Even though this was all known, the corrupt deal was forced through by Wall Street's Financial Control Board, which oversaw the city's finances, and Democratic Leadership Council (DLC) darling Mayor Anthony Williams. After the takeover of the Senate by John McCain (R-Ariz.) and Joe Lieberman (D-Conn.), the DLC gang prevented any consideration of the matter in Congress, with D.C.'s Congressional Delegate Eleanor Holmes Norton ordering Congress to stay out, because it was a "home rule" issue.

## Greater Southeast's Failure

Not only was DCHC's Greater Southeast supposed to "replace" the services provided by the top-rated D.C. General Hospital—which it could never do—but it was also the centerpiece of the so-called D.C. Health Care Alliance, which was supposed to function like an HMO for poor residents of the District. Greater Southeast never provided anywhere near the level of services of D.C. General. Under the privatization contract rammed through by the Mayor and the Financial Control Board, it was supposed to create its own Level I Trauma Center, to replace that which was shut down at D.C. General; it never even tried.

Last Spring, Greater Southeast was downgraded by the national agency responsible for accrediting health-care institutions, after an inspection found numerous safety and health violations. Greater Southeast was then notified by the Center for Medicare and Medicaid Services that its ability to obtain reimbursements from the Federal government was in jeopardy because of this. Ironically, the re-inspection is scheduled to take place during the Thanksgiving week of Nov. 25—at a point where the hospital cannot even provide sufficient nurses and doctors to serve its dwindling number of patients.

Greater Southeast's emergency room has been closed for much of the week of Nov. 18, its pediatrics unit has been closed, and three nursing units have been consolidated into one. The CEO of Greater Southeast has said publicly, that the hospital is operating "day-to-day," and that if it cannot meet payroll, it will close. The near-closing of Greater Southeast has again thrown the District's emergency medical services into a crisis—as occurred after the shutdown of D.C. General in the Summer of 1991. Greater Southeast staffs its emergency room with contract physicians from PhyAmerica—which has also gone into bankruptcy because of non-payment from National Century. Howard University Hospital, the only other hospital in the eastern half of the city, is diverting ambulances from its emergency room due to overcrowding. Washington Hospital Center has announced that it will not accept any more non-emergency patients, because of lack of payment from Greater Southeast.

According to Sister Carol Keehan, the CEO of Providence Hospital, Greater Southeast Hospital's emergency department and the emergency department at D.C. General, serve 6,000 patients a month.

City Council members are enraged and pointing to their unanimous opposition to the privatization scheme last year. Councilman David Catania, who had published a dossier on DCHC and NCFE, said that "the Control Board and the Mayor's office didn't listen when we told them this would happen." "I'm sick," said Council member Sandy Allen, who sponsored many hearings on D.C. General and the privatization plan last year.

The fallout from the National Century collapse is being felt all over the country. At least four other health-care providers have also gone into bankruptcy, including PhyAmerica, which provides emergency-room doctors for over 200 hospitals; the Tender Loving Care unit of Med Diversified, which provides home-care services to over 60,000 patients; and Lincoln Hospital Medical in Los Angeles.

Hundreds of other clients of National Century—which built its operation around lending against the accounts receivable of health-care providers—are also endangered. Many operate in the nation's poorest communities. "This is a knife in the heart of those institutions," a spokesman for the American Hospital Association said, noting that many of these facilities were already on the verge of collapse.