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A Clash of Cultures

By Matthew C. Cordaro

Nassau University Medical Center's announcement late last week that another 300 layoffs could be on the way is just one more reason to worry about the fiscal future of the public hospital. But apart from the institution's ongoing financial turmoil, a clash of cultures between the business-oriented administration and its health-care staff has now become a serious threat to its survival. Further complicating this is the public nature of the institution, its mission and its ties to government.

Many of the problems can be traced to 2000, when the medical center hired a new CEO to deal with the very high debt and mounting operating deficits. That person was Richard Turan, an individual with much more business experience than health-care experience, having served as head of Briarcliffe College and CEO of the Long Island Forum for Technology. Presumably, the thinking of the board that hired him was that much of the medical center's financial problems could be better addressed through the application of practices standard to other businesses.

There is a wide body of thought in today's health-care literature that suggests that there may be merit to this, especially when it comes to improving the quality of care. In fact, efforts to revamp health-care delivery, improve efficiency and reduce costs are under way at many hospitals, nursing homes and treatment facilities throughout the nation. All these efforts are aimed at dealing with the increasing cost of delivering health care.

However, health care is different from most traditional businesses. It requires special consideration. It involves providing care to patients even at a time when they are unable to pay, within a very complicated system of professional ethics for the people who work in the industry.

For the medical center, it is made even more difficult by the fact that it is run by a uniquely structured quasi-governmental corporation. Board members of the corporation are appointed by state and local politicians. Each has an agenda and political allegiance, which is in sharp contrast to the situation for private corporate boards where concern over profits for shareholders or owners is dominant. The result is a governance structure that presents unusual challenges.

Several events have recently brought the unusual situation at the medical center to a critical point. These have included charges of impropriety against Turan and other employees in accepting gifts from prospective contractors; criticism of the CEO from some board members for signing expensive contracts and granting large raises to top employees; audits projecting mounting financial deficits; layoffs of professional staff, including plans to release 35 doctors; a statement from the medical staff

*Nassau's public hospital
can survive, if CEO and
medical staff collaborate*



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of no confidence in the administration; and an attempt by factions of the board to fire Turan.

With this chaotic situation, the question now is, "Where do we go from here to salvage things?"

Foremost, while there is justification for trying to run a health-care operation more like a business, there is a need to recognize the special nature of an institution like the medical center. Intuitively, the ideal approach would be to come as close as possible to melding the best qualities of acceptable business practices with the successful aspects of traditional health-care management.

To accomplish this, it is necessary for the administration and the professional staff — including doctors and nurses — to work together in a spirit of participatory management and mutual respect. In arriving at a consensus, there must be a "buy in" by each side as fixes for problem areas such as organization and efficiency are developed. Only in this way will it be possible to actually

implement what needs to be done.

Similarly, the board must be involved in the process all along the way so that members support measures when they have to be formally adopted. Key to this is ensuring that there are no surprises for the board. It should be kept well informed on what is evolving and not learn about important developments for the first time in the media. This is a prime responsibility of the CEO.

- Having a number of bosses rather than one requires good board relations to be a priority for a CEO. This is even more difficult in a public corporation with politically appointed members than in a private corporation, where the CEO usually has more of a say on who gets appointed. For affairs to turn around at the medical center, Turan must make a special effort to improve his relationship with dissident members. If not, the conflict that now exists will prevent progress from being made.

The governance process in a semi-public corporation is also vastly different than in a private corporation. For this reason, and to avoid the possibility of a conflict of interest, many public corporations do not allow employees to be board members. This practice should be adopted at the medical center. Making such a change would avoid the recurrence of the now-awkward situation where the fired medical director still sits on the board.

Finally, there should be a recognition that public perception is very important. Even though it may be legal to accept some gifts from potential suppliers, for example, it is thought of as being extremely negative. The same goes for reports of high salaries and excessive raises. Although all of this may be acceptable within bounds for private corporations, it only serves to undermine the good work that is being done.

What is being suggested here may be an inefficient process compared to a pure business approach for dealing with financial problems, because it involves the active participation of different stakeholders. But it must be recognized that a public hospital is quite different than a traditional business. Efficiency means very little if the patient dies.

It is vital for the medical center to survive. It is important to the fiscal stability of the county, which must back the debt of the Nassau Health Care Corp. and, more importantly, it is vital to the health of those needy residents who have nowhere else to turn for treatment.



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