

RESOLUTION NO. .

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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RESOLUTION CALLING FOR SETON MEDICAL CENTER TO BE MAINTAINED AS A FULL-SERVICE ACUTE CARE HOSPITAL WITH AN EMERGENCY DEPARTMENT, UNDER THE CONDITIONS SET FORTH BY THE STATE ATTORNEY GENERAL'S OFFICE

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, Verity Health System (Verity), is a regional health care system spanning the state of California from the Bay Area to Los Angeles, and, in 2015, it assumed control of the system formerly known as the Daughters of Charity Health System (DCHS), which, in the spirit of its founders, St. Vincent de Paul, St. Louise de Marillac and St. Elizabeth Ann Seton, was committed to providing holistic, spiritually-centered care to the sick and poor; and

WHEREAS, Seton Medical Center, in Daly City, was founded in 1893 by the Daughters of Charity as Mary's Help Hospital, and it has been providing medical care to the people of northern San Mateo County and San Francisco for over a century; and

WHEREAS, Seton Medical Center's 357-bed facility serves a highly diverse population of 1.5 million residents in San Mateo County and San Francisco with a comprehensive range of medical, surgical and emergency services; and

WHEREAS, care for the sick and persons living in poverty is central to the mission and values of Seton Medical Center as it serves 28,000 patients annually in its emergency department with 85 percent of them relying on Medicare or Medi-Cal coverage; and

WHEREAS, Verity employs 1,500 people at Seton Medical Center's Daly City hospital; and

WHEREAS, in 2015, the California Attorney General approved the sale of DCHS to Blue Mountain Capital, a hedge fund with extensive experience in the health care industry, and Blue Mountain rebranded the system as Verity Health System; and

WHEREAS, the California Attorney General imposed certain conditions on the transaction pursuant to which Verity assumed control of the DCHS, including the mandate that Seton Medical Center continue to operate as a full-service acute care hospital with emergency department services for a minimum of 10 years after the change in control; and

WHEREAS, billionaire and philanthropist Dr. Patrick Soon-Shiong invested in the Verity system in July 2017, stating his intent to revitalize the former DCHS hospitals; and

WHEREAS, Verity filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code on Friday, August 31, 2018, stating an intent to sell some or all of its assets under Section 363 of the Bankruptcy Code and Verity is currently soliciting offers for its assets; and

WHEREAS, since 2013, the County of San Mateo has contributed \$40 million to Seton Medical Center for patient care and seismic upgrades and the Health Plan of San Mateo has assisted Seton Medical Center with liquidity by providing Seton with a bridge loan of \$20 million in 2017; and

WHEREAS, net of federal and state funding, the County currently appropriates \$156.5 million to its Health System, of which \$58.1 million is appropriated for the San Mateo Medical Center for services including the provision of state-mandated indigent healthcare; and

WHEREAS, in light of the County's currently anticipated construction costs for upgrades to the San Mateo Medical Center Campus as well as uncertainties regarding the future of the Affordable Care Act and public hospital financing including Medi-Cal, the County's ability to make a major investment in another health care system is limited; and

WHEREAS, Seton Medical Center serves as an important part of the County's health care safety net by providing medical care to underserved residents of the County;

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of San Mateo, State of California, hereby calls upon the California Attorney General to uphold California law and the integrity of the conditions of approval imposed on Verity Health System when it assumed control of the Daughters of Charity Health System by taking all possible steps to ensure that Seton Medical Center remains a full-service acute care hospital with emergency services, consistent with those conditions of approval.

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