

Should Grady's Board of Trustees give up their daily management of the health system?

That's the recommendation of several local business leaders, who say the board should contract those responsibilities out to a new group of directors. They claim that turning Grady into what is called a 501c3 non-profit, would allow Grady to raise more money.

But opponents say that would decrease transparency and accountability.

WABE's Odette Yousef reports.

A 501c3 is a charitable organization that enjoys tax exemptions, and is not run by the government.

The idea of turning Grady into a 501c3 has raised a lot of fears. Many are shared by Allison Wall, Executive Director of the non-profit consumer advocacy group called Georgia Watch:

WALL: I guess my ultimate fear is that you're going to get a bunch of executives that are going to reprioritize where Grady's resources should go, and the patients are going to fall to the bottom of the priority list.

Wall believes that fear has been justified by what she's found, looking into other large, 501c3 hospitals in Georgia, like Phoebe-Putney in Albany, and MCCG in Macon:

WALL: We think that there are too many resources, too much funds that are being diverted from critical care and instead going to excessive executive payouts, offshore bank accounts, things of those nature.

Wall says those hospitals enjoy millions of dollars in local, state, and federal tax exemptions, and that they should put those dollars back into their communities. The problem is that when they don't, there's nothing the communities can do about it.

Wall prefers the accountability that's inherent in Grady's current management structure:

WALL: Right now with it being structured as a hospital authority under the Fulton and DeKalb county commissions, the commissioners appoint the board members, and there is a system in place there for accountability and oversight.

That line of accountability, says Wall, will disappear if Grady changes management.

But John Parker, an Atlanta attorney who has been hired to convert several hospitals like Grady, into 501c3s, says it would be replaced by a new type of accountability.

Like every other 501c3, Grady's tax forms would have show that it's using its money to help the community, to keep its tax-exempt status:

PARKER: I can't think of another industry, another type of business that is as fully-exposed in terms of their internal operations as a private NFP hospital, from things like form 990s, and other reports they file with the state and elsewhere... public entities don't even have to do that.

The fear that a new board won't be directly accountable to the community it serves has raised a key question: will Grady's mission of serving the indigent be compromised if its governance changes? Well, in short...

CUSTER: The governance structure of a hospital doesn't say a whole lot about how the hospital is going to behave.

That's Bill Custer, Director for the Center of Health Services Research at Georgia State University. He says it's true that in metro areas, like Atlanta, some 501c3 hospitals try to avoid caring for people who are uninsured or on Medicaid because it's costly.

But Custer says many other non-profit hospitals have dealt with that problem in a different way:

CUSTER: For instance, they'll open outpatient clinics to keep people out of the emergency room, and to help uninsured who are chronically ill get care before they have an episode where they need to be admitted to the hospital.

The idea is that providing primary care to the poor is, in the long run, less costly than inpatient care.

Grady's board has assembled a team to explore how a contract could be written to take into account all of these concerns. They expect to vote on the 501c3 idea on November 26th.