

David Shafer, State Senator (R-48) and author of the “Public Hospital Accountability Act of 2008”

Today we continue our multi-part series on the plight of Grady Memorial Hospital by talking with two state lawmakers. First, State Senator David Shafer from Duluth has legislation pending that proposes the creation of a new non-profit 501c3 corporation to manage Grady on a day-to-day basis. The new Board will have a number of other capabilities as well, as Senator Shafer explains...

DAVID SHAFER: Saving Grady is going to require a combination of governance reform, contract reform, and culture reform. I support the creation of a new non-profit 501c3 corporation to manage the hospital on a day-to-day basis. Virtually every other urban hospital in the country uses that governance model. It'll allow the hospital system to offer a wider range of, uh, services, and I think improve its patient mix. The major contracts between Grady and its vendors must be renegotiated, that's part of the solution as well. And I think we have to look at how the state funds indigent health care as well.

STEVE GOSS: Why is a 501c3 non-profit board the best solution? Yes, many other hospitals in the state—large urban hospitals—have converted to that, but Grady's patient mix is so much different than any other hospital in the state. What reassurances do you have that that will actually work at Grady Hospital?

SHAFER: Well I'd argue that the patient mix is so bad because we've failed to update our governance to the best practices of this, uh, of this century. I mean other communities in Georgia have large urban hospitals that serve the same demographic, but the patient mix is better. And I think it's because they've updated their governance so that they can offer a wider range of services, attract a better patient mix, and run a better hospital.

GOSS: Well then, how do you respond to some in the community who have claimed that the Greater Grady Task Force recommendations for the 501c3 is a 'white power grab,' they've alleged that the general assembly is getting involved, specifically your legislation is the same type of thing, it's the white legislature attempting to take control of Grady Hospital?

SHAFER: Well, we've been asked to get involved. They've come to us and they said that they've run out of money, and they're about to close, and they've asked us to help them. And we're helping them not just with money, but we're helping them with governance reform, and contract reform, and culture reform. There's a biblical proverb, 'You can give a man a fish and you can feed him for a day, teach him to fish and you can feed him for a lifetime.' We're trying to organize this hospital in a way that it can serve that community for a lifetime.

GOSS: How do you gauge the mood of the legislature toward Grady Hospital—the senators and representatives who are outside metro Atlanta—toward this critical issue?

SHAFER: I guess in 1999, Governor Barnes engineered the last bail-out of Grady. There was about \$55 million in indigent care trust funds that were injected into the hospital, and they were supposed to fix themselves. And that will be the last bail-out. So now it's eight years later and there's an even bigger bail-out required, so I think there's a lot of frustration and concern by members of the general assembly, and I think that you're not going to see any sort of financial assistance unless there's some assurance that these problems are fixed at the hospital. And that means governance reform, it means contract reform, and it means culture reform.

GOSS: Back in 2001, Emory University and Grady Hospital settled a lawsuit brought by a doctor who claimed financial wrongdoing by Emory and Grady involving federal research funds. The case was recently unsealed at your request. As a result of your review of those documents, you've stated that Grady's problems stem in part "from a culture of secrecy." Can you elaborate on that, can you explain what you mean by that?

SHAFER: I don't believe that lawsuits against public institutions should ever be litigated or settled under seal. If a whistleblower comes forward with allegations of wrongdoing, those allegations need to be thoroughly investigated, and if there's merit to them, the underlying problems need to be corrected. There seems to be a pattern at Grady of whenever a whistleblower comes forward, they simply pay him a chunk of money to be quiet, and the underlying problems are never really addressed.

GOSS: When you say there's a pattern, are there others then?

SHAFER: There are other former Grady doctors and Emory faculty members who have made allegations of wrongdoing at Grady and have subsequently entered into confidential settlement agreements.

GOSS: Do you think the contract that exists between Emory University and Grady Hospital is fair to Grady? Do you think the deal should be revised or renegotiated?

SHAFER: Well the non-partisan Senate Research Office did a thorough analysis of that contract, and concluded that there is a number of provisions that are unfair to Grady. Most contracts between medical schools and teaching hospitals are 3 to 5 years in length. Grady is locked into a 30-year contract with a number of provisions that are onerous, and I think those provisions either need to be addressed specifically or the entire contract needs to be renegotiated.

GOSS: And what are some of those?

SHAFER: Well Grady indemnifies Emory for any malpractice at the hospital. Under the terms of the contract, Emory has full responsibility for patient care, but Grady has liability for any mistake. That's a very unusual provision. That needs to be changed so that Grady's responsible for the malpractice of its employees, and Emory's responsible for the malpractice of its employees. I think not only will that save Grady money, I think it will improve the quality of patient care at Grady.

GOSS: One of the issues as far as Grady's funding that's been brought up by many people is the fact that there are counties in metro Atlanta—in fact, maybe all over the state—that use the services of Grady Hospital, but they don't pay anything to Grady for those services. Would you recommend that counties like Clayton, or Cobb, or Gwinnett, contribute "their fair share" to Grady Hospital?

SHAFER: There's about \$37 million worth of care that Grady provides to Georgians who don't live in Fulton and DeKalb County. But there's about \$22 million worth of care that residents of DeKalb and Fulton County get from hospitals outside of those two counties. It's a net of about \$15 million a year. I'd be open to some way to true those figures up, but I'm concerned that the mechanism to do that would be more complicated than the net return to Grady, to be honest with you.

GOSS: Well, Senator Shafer, thanks for taking the time today. We appreciate it.

SHAFER: Thanks so much. It was a pleasure to be here today.