

# PACIFICA PRESS

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## Putting Out Fires

By AMY STULICK *Staff Reporter*



PHOTO BY DAVID SPRAGUE

Sun Valley: Precious Mayes, chief executive at Pacifica Hospital of the Valley

A safety net hospital is incredibly important in any community, and, to Sun Valley, it's critical because of the service ranges that we have and because of the role that we play."

-Precious Mayes

Since taking the reins of Pacifica Hospital of the Valley in April 2018, Precious

Mayes has navigated the hospital through significant financial hardships, with the center almost closing 11 times. In addition, the private hospital has avoided union strikes and ratifying contracts. The chief executive of Sun Valley's 231-bed standalone hospital said she has met these challenges by bringing in a solid and passionate administrative team that takes everything back, financially speaking, to the basics, and advocating for the hospital she has been a part of in some capacity since 2012.

"I was really anticipating coming in and potentially having to close the organization because we were in such financial distress, that it changed the roadmap of where I have been this last year - it has been a journey," said Mayes, who was originally brought on as a consultant for the hospital's subacute care unit. "I was a little bit ahead of the game instead of someone coming in totally cold. I started to make sure people were put in the right positions with the right talent." Under the managed care side, Pacifica works with health plans through Health Net Inc. and L.A. Care. The fee for service side is where government funding comes in, which then needs to be approved by the Center for Medicare Services. After extensive lobbying with CHA, Congressman Tony Cardenas and Garcetti's office, Pacifica is finally going to get its HQAF Medicare portion of funding from the 2016-17 and 2017-18 periods, or at least a portion of it, this month. "It's not going to cure the financial situation of the hospital, but it's going to allow me to take care of patient needs, vendor partners, physicians and my staff," said Mayes. The following funding period, which ends this July and is supposed to cover 2017

**Union negotiations** While Pacifica was waiting on government funding to come in, officials were also dealing with seismic retrofit requirements and ratifying two union contracts for SEIU 121RN, a nurse's union, and SEIU-UHW, or SEIU United Healthcare Workers West. Contract ratifications were made before strikes were set to happen in March. Pacifica has spent \$2.6 million in seismic work since 2017 and once HQAF funding comes in this month, \$1.8 million will be spent to stay on schedule with seismic upgrades. In total, the Sun Valley hospital has been mandated to complete \$6.8 million in retrofitting projects over time. "(The DWP) was going to turn our water off in October and we were on an emergency evacuation of 20 days to get our patients out. ... I had to reach out to Los Angeles Mayor Eric Garcetti and his team to navigate the waters of the DWP and get back to where we could actually communicate so that we didn't have a closure," she explained.

When Mayes was named the Business Journal's Business Executive of the Year at the Women's Council Awards on April 17, she mentioned DWP negotiations as a defining moment during a time of extreme financial distress. The state and federal governments consider Pacifica a Disproportionate Share Hospital, commonly referred to as a safety net hospital, because of the low-income population it serves. With diminished funding options and regulatory requirements such as seismic retrofitting in California, roughly 24 safety net hospitals have closed throughout the U.S. since 2013.

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*During her first year, Chief Executive Precious Mayes avoided 11 near-closures at Pacifica Hospital of the Valley*

*"It has been a journey," she said of stressful early months on the job.*

**-Precious Mayes**

"A safety net hospital is incredibly important in any community, and, to Sun Valley, it's critical because of the service ranges that we have and because of the role that we play," said Mayes. "Not all hospitals want to serve the Medi-Cal population. We serve close to 89 percent of the Medi-Cal population here at Pacifica Hospital, and the reimbursement margins, the operating margins in that hospital, are very slim. It's usually a negative impact to us and we have to find other ways to diversify our portfolio so that we can actually have a breakeven or profit margin." Pacifica participates in the Hospital Quality Assurance Fee program, a two-and-a-half-year state funding initiative. Thirty-one hospitals, including the Sun Valley operation, participate in the program.

"The California Hospital Association over sees it," Mayes explained. "There is a bed tax fee to participate in the HQAF fee for service program, and then there's the managed care. Given financial stress right out of the gate, Mayes knew cuts needed to be made. The hospital's labor and delivery unit was put on the chopping block in 2018 after consistently losing money for five years. "At the end of the day, for the hospital to survive, I needed to close that unit," said Mayes. Patients were referred to Valley Presbyterian Hospital in Van Nuys and Providence Holy Cross Medical Center in Mission Hills in the wake of the closure. Bills and payroll concerns were also addressed within this first year, with Mayes managing to come to an agreement with the Los Angeles Department of Water and Power and switching to a weekly payroll. 2019, was approved a year after it was supposed to. "It took over a year to approve the actual program. If it's not approved, none of the dollars fall through and go to the hospitals," said Mayes.

"Most hospitals in the program can sustain that. ... We don't have that type of revenue coming in to sustain our operations and growth to serve the community. I started working on lobbying with our state officials and CHA prior to taking over as the CEO and president. Despite these challenges, the new Pacifica leadership has managed to roll out a new web site and introduce a new logo. "Doing those things in the height of not having any money, or things that were minimal expenses, is changing the culture of the organization," said Mayes. Pacifica's chief executive also plans to use a portion of its HQAF funding to expand its sub acute unit to include bedside dialysis and work with the Los Angeles Department of Mental Health to expand its behavioral health services.

