

Public Citizen



Buyers Up • Congress Watch • Critical Mass • Global Trade Watch • Health Research Group • Litigation Group
Joan Claybrook, President

August 29, 1996

David A. Clarke
Chairman, Council of the District of Columbia
1350 Pennsylvania Ave., NW
Room 103
Washington, D.C. 20004

Dear Chairman Clarke:

With this letter we are requesting that, as Chairman of the Council of the District of Columbia, you immediately undertake a review of the possible acquisition of George Washington University Hospital by Columbia/HCA, Inc. If you agree with our concerns, we urge you to schedule a public hearing on this issue as soon as possible.

It is our understanding that the University and Columbia/HCA are currently involved in serious negotiations for the sale of the hospital (and possibly of the George Washington University Health Plan as well) to Columbia/HCA. Of course, such a sale would result in the conversion of the hospital from nonprofit to for-profit status and the transfer of control of the facility from a local Board of Trustees to an investor-owned company headquartered in Nashville, Tennessee, whose fiduciary responsibility is to its stockholders.

We are particularly concerned that the sale of George Washington University Hospital may result in the loss of essential, but unprofitable, services to the community, such as trauma care and AIDS services, and that the amount of uncompensated and undercompensated care currently provided by the hospital to poorer residents of D.C. will not be maintained if the sale is completed. As a tax-exempt nonprofit institution, George Washington University Hospital has received millions of dollars in support from the Washington community, not only in taxes foregone, but also in charitable contributions, volunteer time, and multiple other benefits.

Because the community does have a stake in this institution, we are asking that your office investigate this potential acquisition to determine the possible impact on local residents and hold a public hearing to allow community members to voice their concerns. We would also request that you consider emergency legislation that would require public disclosure of the terms of the sale as well as approval of the sale subject to the review of a designated official before the acquisition can be completed. Such a procedure has been implemented in several other states faced with similar for-profit take-overs. We have enclosed a copy of the recently passed California and Nebraska legislation with this letter. Also enclosed is a copy of Public Citizen's June 1996 report on hospital merger and acquisition activity and the current trend of not-for-profit hospital conversions to for-profit status and a monograph prepared by the

Ralph Nader, Founder

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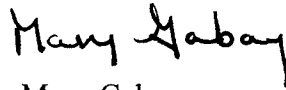
Volunteer Trustees of Not-For-Profit Hospitals on state attorneys general's authority to police the sale and conversion of not-for-profit hospitals.

The sale of George Washington University Hospital to Columbia/HCA would be one of the first teaching hospitals in the country, and the first in the District of Columbia, to undergo a nonprofit to for-profit conversion. These types of deals have come under the scrutiny of public officials in other states. There are real issues of concern to the community at stake, and we encourage you and the D.C. Council to do what you can to protect the public's interest in this matter.

Sincerely,



Sidney M. Wolfe, M.D.
Director



Mary Gabay
Staff Researcher

Public Citizen's Health Research Group

Enclosures