

Kaiser Defends Hospital Closure

Continued from Metro

the health care needs of North/Northeast Portland.

Closing Bess Kaiser Medical Center is the most difficult decision we've made in our 50 years in the Northwest region. Faced with one of the nation's most competitive health care markets, we are losing market share - our membership has not increased for several years.

There is currently 50 percent bed occupancy rate in the Portland metropolitan area, and a trend toward more outpatient services. With hospital use continuing to decline, and hospital bed availability increasing, we decided it is not wise to invest over \$60 million in Bess Kaiser Medical Center or to build another hospital. Bess Kaiser Medical Center is an old building, in need of expensive repairs to house modern equipment and to meet health, safety and seismic codes.

For many years, Kaiser Permanente has contracted with community hospitals for a variety of services such as cardiac surgeries. By expanding our contracts with other health systems, we will provide high quality services at more locations for the lowest possible cost to our members. Rather than duplicate expensive resources, we are able to collaborate with other health systems to form centers of excellence and provide the highest quality health care possible for all our members.

We plan to operate Bess Kaiser Medical Center as a small, 55-bed hospital during the phase down period. While this is viable during the transition period, it cannot be maintained as a high-quality, cost-effective institution indefinitely.

Even after Bess Kaiser Medical Center closes, Kaiser Permanente will have a strong, visible presence in North/Northeast Portland. Over 1,000 physicians, dentists and staff will continue to serve our 28,000 North and Northeast Portland members where they already receive 99 percent of their care - in our outpatient facilities. We will remain the predominant health care provider and major employer in the community. Urgency care will be provided in North and Northeast Portland until

11 PM seven days a week. Emergency trauma cases will still be treated at the nearest hospital. Alternate hospital services for late night and early morning care are still under discussion for all our members.

We are very concerned about the 1,300 Bess Kaiser employees who are being displaced, 300 of whom live in North and Northeast Portland. We are hopeful that most will find new positions through a variety of actions we are taking:

1. We expect to re-hire many of these employees in positions within Kaiser Permanente.

2. Preferential hiring agreements, giving our employees priority over outside applicants and equal consideration with internal applicants have been negotiated with our new alliance hospitals and we expect many to be hired.

These agreements currently pertain to all our non-union employees and our union employees represented by bargaining units that have agreements with us - UFCW Local 555, Operating Engineers Local 701, Oregon Nurses Association and the Guild for Professional Pharmacists. A tentative agreement with SEIU Local 49 is awaiting ratification.

3. We are working with the Dislocated Worker Program - state, federal and North and Northeast Portland employment and job placement programs including the Urban League of Portland, Northeast Workforce Center, Northeast Jobs Committee and the Private Industry Council - to develop re-training and job placement programs.

4. While we are hopeful most Bess Kaiser employees will find new jobs, we have developed a severance

package, which goes beyond our union agreements and includes:

- Sick leave buy out - 50 percent of sick leave accrual if placed in a job with an alliance hospital; or 100 percent if laid off.
- Severance pay - a single cash payment equal to one week's pay for each year of service, to a maximum of 15 weeks pay if laid-off.
- Medical and dental benefits - continuation of current coverage for up to six months.

Again, thank you for your letter. Kaiser Permanente values its 50-year history with the African American community in North and Northeast Portland. We are committed to forging ahead with a continued and renewed working relationship. We look forward to strengthening our partnership and seizing this opportunity to collaborate on a wide-range of needs in North and Northeast Portland.

Sincerely, Michael H. Katcher, president.

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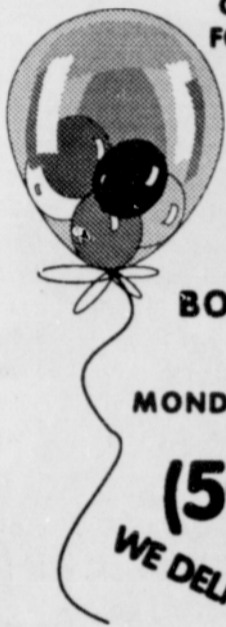
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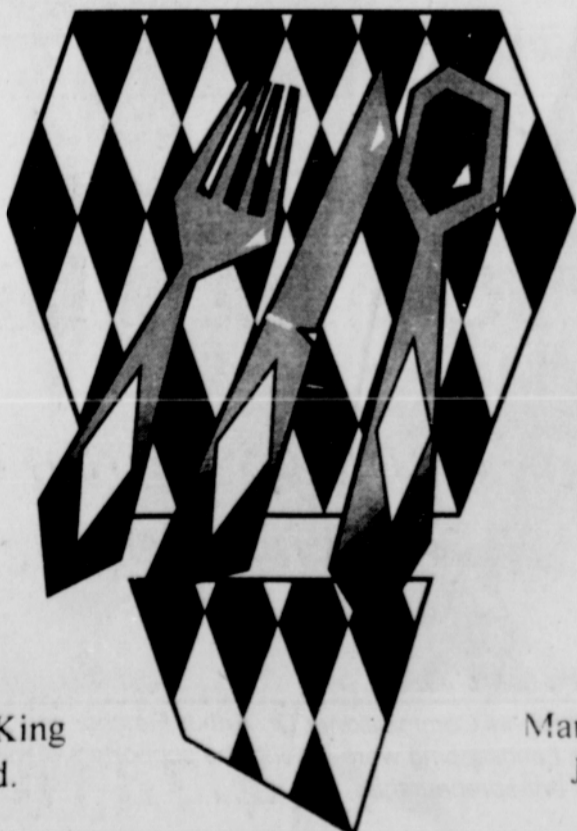
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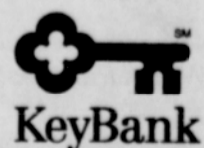
The big banking company also has worked to retain and woo small-business clients.

THE WALL STREET JOURNAL, MONDAY APRIL 17, 1995

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