Loma Linda Fighting to Survive

ALSO IN THIS ISSUE: **N.C. Wilson Says Lawsuits Are Wrong / National Council of Churches Nearing Bankruptcy**

WM 971

We once were the head and now we are the tail. But that is how the prediction goes. According to Deuteronomy 28:13, 44, obedience would make us the head, but departure from God's commands to us would make us the tail.

Loma Linda is an example of this. It was started by Ellen White, to present before the entire world an example in obedience to the health and healing principles in the Bible and Spirit of Prophecy. It was to demonstrate those principles to all the world.

But, with the passing of years, instead of showing the world what the divinely given blueprint could do in the recovery and maintenance of health, it was thought best to chase after the world and copy their methods of healing. Instead of plucking fruit from the Tree of Life, we chose to gather toxic crumbs from the Tree of worldly medical knowledge.

But being the tail can be dangerous business.

In 1983, the federal government introduced the *prospective payment system* for hospitals. Until then, hospitals were paid for their services on a *cost-plus basis.* Under this arrangement, a hospital would be reimbursed more if it kept a patient longer and/or performed more tests and procedures.

But the new prospective payment method meant that the federal government only paid hospitals a fixed amount to care for each Medicare patient. That amount was based on the patient's diagnosis, regardless of how long he stayed in the hospital or how many supplies or services he received.

So, like our other hospitals, Loma Linda had to get the patients out faster. But however successful they were in doing this, they were not making much profit off each one.

By 1983, when that new government payment plan went into effect, Loma Linda was already deep in debt, just as were our other hospitals. This was due to the fact that, in the late 1970s, the decision was made that they could all be managed more economically if they were united in "Adventist Health Systems." By the early 1980s, the AHS administrators decided that heavy borrowing, through the floating of bond issues, would provide money to modernize their facilities and purchase new hospitals.

The 1983 government changeover did not put a halt to this unreasonable urge to go even deeper into debt. It piled up so heavily that, as we reported in the mid-1980s, our U.S. Adventist denominational hospitals had accumulated $1 billion in debt. (In contrast, at that time all the other debt by the entire worldwide denomination did not amount to more than a few million dollars.)

After we published on this, Adventist Health Systems leaders shamefacedly reversed themselves and said they would quickly reduce the debt load.

But the following year, we reported that their extravagant living pattern had not changed—and they had arrived at $2 billion in debts!

The great majority of this plunge into debt occurred after the 1983 decision, by the federal government, to tighten its payments to the hospitals!

We were following hard after the world, which

THE PRESIDENT WHO STARTED THE TRADEMARK LAWSUITS SAID IT WAS WRONG TO SUE ADVENTISTS

On November 10, 1981, Neal C. Wilson sent Vincent Ramik, accompanied by Robert Nixon, to the office of the Trademark Commission to trademark the phrase, *"Seventh-day Adventist."* Having done this, they then waited five years before initiating lawsuits against groups which, without having received General Conference permission to do so, worshiped God as Seventh-day Adventists.

However, because so many lawsuits were being filed by church members against Loma Linda and other denominational entities, less than three months after the above filing, Elder Wilson wrote and published a one-page article in the *Review,* appealing to our people not to initiate lawsuits against one another or against the church—because, as he wrote, it was contrary to the Bible and Spirit of Prophecy to do so!

A copy of that article is reprinted on page three of this report. We cannot but wonder why he would write such a condemnation of litigation against fellow believers, when he was deliberately biding his time for the government-mandated five-year waiting time to expire, before starting his own lawsuits against little groups of Seventh-day Adventists!

If it is wrong for Adventists to sue the church, is it right for the church to sue Adventists?

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was used to going into debt. But, as we reported back then, our total AHS debt-to-assets ratio was significantly higher than that of the other average hospitals in America.

Over the next several years, the AHS total debt was lowered to a little over $1 billion. But then AHS administrators struck upon a great new way to spend money they could not afford to spend!

The AHS officers decided that they themselves were so invaluable to the cause that they deserved bigger wages. So they voted to give themselves huge salary increases. General Conference and union conference officials who were on every AHS board agreed that this was a good thing to do.

Some of our readers will recall that it was at that time, in the late 1980s, that David Dennis (head auditor at the General Conference) wrote a letter to Elder Wilson, pleading with him not to go ahead with this immense wage increase plan. It was that letter which initially blacklisted Dennis. A few years later, after disclosing Folkenberg and McClure's money laundering scheme, he was fired.

But let us continue on with the story.

As you know, in the 1990s the high wages brought some of our hospitals into bankruptcy and others into such desperate straits, that they merged with Catholic or Methodist hospitals.

As for Loma Linda, it continued racking up debt. By the beginning of the 1990s, a special objective was a proton generator, which could be used to treat cancer tumors. This was hugely expensive! So much so, that at the time there were only two or three in the United States! They were just too expensive for medical institutions, or even major universities, to afford. Loma Linda wanted to be the first to have one in the southwestern part of the nation.

We wrote, at the time, about that proton generator and how Loma Linda was borrowing heavily from the General Conference (we believe from the retirement funds), to pay for that and other little extras. Apparently they were so overextended on bond issues, that they had to go to the General Conference and try to empty its coffers. Fortunately, as a General Conference institution, the General Conference president was on their board, so it was relatively easy to bend his ear.

But the high wages for executives reduced government medical payments, and continual borrowing was like a ticking time bomb. Trouble was coming.

Hospitals all across the nation were struggling to adapt to the tighter patient cost payments. They hoped to make up on their traditional insurance patients what they were losing on Medicare patients.

But then insurance companies decided to initiate the same tighter fee arrangement! They began limiting their enrollees to the services of physicians, hospitals, and other providers who agreed to provide care for set rates.

It was the beginning of *managed care.*

Local employers only sent their sick workers to hospitals which signed insurance company contracts to care for them. Hospitals had to negotiate with various firms while trying to figure out how to cut costs.

Soon hospitals were forming alliances with physicians and with other hospitals. Joint operating agreements between hospitals became commonplace. Managed care organizations came into the picture, which paid a health system a flat fee per month to care for all its enrollees. The hospitals and physicians were squeezed financially even more.

Teaching hospitals (hospitals which also trained nurses) were hit especially hard, since their operating costs tend to be higher. Loma Linda was one of them.

Losses during the first three months of 1999 indicated that Loma Linda Medical Center would have an immense loss, as much as $41 million, by the end of the year.

Fearing that it might have to close its doors, at last Loma Linda tried to get drastic about cutting its hospital costs. All the staff took a 5 percent pay cut and the administration took a 10 percent cut. All personnel were reevaluated and 100 nonpatient-care staff positions were eliminated. The end of the year saw a much smaller loss.

But that same year, 1999, saw the downgrading of the Loma Linda Medical Center bond rating to "junk bond" status (from a BBB- rating to a BB-rating) by national bond rating firms.

Loma Linda hopes to do better in the year 2000, but it has a lot of debt; and there is a question whether it has really learned its lesson.

If Loma Linda has a hard time surviving, how many of our other hospitals will make it? Only time will tell. We have just received word that on May 9, 2000, Adventist Health System, Sunbelt, based in Orlando, Florida, announced that it was about to issue $600 million in bonds in order to improve its situation!

But such things happen when folk think it a good plan to depart from God's plan. Instead of providing the outstanding care with natural remedies, which made the Battle Creek Sanitarium world famous, our hospitals have decided to opt for the last part of Deuteronomy 28, instead of the first. They decided to ape the ways of the world and give toxic medical drugs, expensive surgeries, and radiation treatments.

They chose to be the tail instead of the head.

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National Council of Churches Close to Bankruptcy

It was the NCC's 50th anniversary celebration meeting. But what everyone in attendance heard was gloomy.

In November 1999, the special auditing firm, hired to investigate the finances of the National Council of Churches, issued its report to the Cleveland gathering. This is what they were told:

Over the past ten years, the managers of the NCC have taken more than $20 million out of their reserves, almost entirely depleting them.

Apparently lacking any real principles, they even broke into the restricted funds—and siphoned most everything out of them also!

The auditor solemnly told the audience that there was a very real question whether the amounts raided from each of the restricted funds could be determined! This was due to the fact that the NCC officers had kept such shoddy books, that no one could figure out what moneys had been taken out of what funds.

This would have to mean that no one kept track of what amounts were put into each fund to start with!

All the records were in a shambles. Many expenses could not be documented at all. Funds were generally commingled, and the staff was very difficult to work with as the auditors tried to figure out what had happened. Indeed, those in charge still did not seem to believe that they needed to change their ways or be accountable for any moneys in the future!

Then there was that consulting firm contract. Two years earlier, a Boston financial and management consulting firm had been hired, at a cost of $1 million a year, to solve the NCC's financial problems. But the November 1999 auditor's report declared that all the consulting firm did was collect $2 million in pay for next to nothing done.

The 1999 deficit alone was about $6.4 million. Add that to the total NCC debt,—a figure of which the auditor was not exactly certain! Everything was in such a mess, it was like examining a train wreck in order to find a bill of lading.

When the report was received, the board of the National Council of Churches immediately "retired" a few officers, cut back on some of its ongoing programs, froze salaries, reduced staff, and attempted to initiate stricter controls on spending. Whether they will succeed is a serious question.

The 50-member board then issued a written appeal to the 35 denominations which are NCC members. These denominations have 50 million church members.

The letter asked for money to pour into the leaking sieve (although it was not worded in that way). As of late May, 2000, approximately $2 million in bailout grants had come in.

Fortunately, the NCC board also had access to its most financially stable branch: the Church World Service and Witness (CWSW). So it dipped into those funds (which were supposed to be used for relief work overseas)—and took out $1.45 million to be used to keep NCC headquarters from going under.

How is that for "Christian financing"?

The National Council of Churches, headquartered in a 19-story "Interchurch Center" at 475 Riverside Drive in New York City, really has problems on its hands.

It is still millions of dollars short of its bailout goal. If you know of anyone foolish enough to give them any money, drop them a line.

Total NCC income in 1999 was $77 million ($62 of it earmarked for its CWSW, which included nearly $18 million in U.S. government aid programs). Yet the NCC has a way of going through money fast.

SOMETHING NEW !

The NCC board adopted a resolution to develop "a new ecumenical body" *that by 2003 will hopefully include Catholics, evangelicals, and Pentecostals!* The new NCC general secretary, Robert Edgar, admitted to reporters that the new organization might replace the NCC.

Edgar said he was meeting with Catholic officials, leaders of the National Council of Evangelicals, and the Southern Baptists,—with more meetings to come.

What will this new organization include? Will it be successful? Will it be the final ecumenical body which will coerce the U.S. Congress into enacting the National Sunday Law?