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July 24, 2015 1:06 p.m. UPDATED 13 DAYS AGO

Doctors Hospital in Pontiac files for bankruptcy

By [JAY GREENE](#) [J](#) [v](#)[N](#) [y](#)[n](#) [SHARE](#)[McLaren Health Care](#) [Health Care](#)

After years of financial struggles, **Doctors Hospital of Michigan** in Pontiac has filed for bankruptcy protection under chapter 11, according to court filings.

Officials for Doctors Hospital said they plan to keep the hospital open after they reorganize their debts.

From 2009 to 2013, Doctors Hospital lost a total of \$59.5 million, according to Louisville-based **Cost Report Data**. No financial information was available for 2014 and 2015.

This year, the physician-owned 47-bed hospital had been trying to cope with a lawsuit filed by the **Shree Investment Group** and several physician investors for unpaid loans of about \$2 million.

The legal name of Doctors Hospital is the Oakland Physicians Medical Center LLC.

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An article [February in the Oakland Press](#) quoted CEO Elizabeth Knisely as saying the hospital does not comment on pending litigation. The newspaper reported in April that Mark Jewett was the CEO. The [hospital's website](#) now lists John Ponczocha as CEO.

Jewett and Knisely were among at least seven CEOs at the hospital since Flint-based **McLaren Health Care Corp.** sold its 35 percent interest in 2011 to a group of physicians headed by Yatinder Singhal, M.D., its board chairman.

Past CEOs have included Robert Barrow, Sam Gizzi, David Sessions, Michael DeRubeis and McLaren's Clarence Sevillian, who now is CEO of **McLaren Bay Region Hospital** in Bay City.

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In 2008, a group of physicians and McLaren purchased the shuttered hospital formerly known as North Oakland Medical Center and brought it out of its first bankruptcy.

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But the hospital continued to lose money. In 2013, the last year financial data was available, Doctors Hospital lost \$11.9 million on net patient revenue of \$63.8 million, according to Cost Report Data.

Over the past several years, Doctors Hospital tried to reduce operating expenses. It closed its emergency department in October 2013 but in January 2014 expanded its urgent care center to 24 hours.

In April, some 40 of the estimated 200 employees were laid off. Earlier this year, more than 170 hospital retirees were notified their life insurance coverage was terminated, effective Dec. 31.

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BrewPubNate • 14 days ago

Isn't McLaren trying to build a new hospital out in the suburbs, but is stymied by a surplus of beds in Pontiac? Might that have any relevance to the story, Mr Jay Greene?

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Jay Greene • BrewPubNate • 13 days ago

It could. After failing to change hearts and minds of legislators and CON state regulators, McLaren plans to build a 30-bed short stay hospital. However, if Doctors Hospital closes, the licensed beds in the immediate region of Pontiac and Clarkston could change. Right now there are about 989 licensed beds in the region with a 53 percent occupancy rate. Take 336 beds away, if Doctors Hospital closes, and you have maybe 80 percent occupancy rate. The owners of Doctors Hospital have pledged to keep the hospital open after bankruptcy reorganization.

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Pontiac's Doctors' Hospital files for bankruptcy

Lauren Abdel-Razzaq, The Detroit News 6:43 p.m. EDT July 24, 2015



(Photo: Todd McInturf / The Detroit News)

Doctors' Hospital in Pontiac, the last independently operated medical facility in Metro Detroit, has filed for federal bankruptcy protection after years of operation turbulence and financial problems.

The for-profit, physician-owned hospital, which operates as Oakland Physicians Medical Center LLC., owes at least \$13.8 million to creditors, according to the Wednesday filing of the top 20 creditors with the U.S. Bankruptcy Court for the Eastern District of Michigan.

In its filing, the hospital indicated it has at least 200 creditors and could owe as much as \$50 million.

The Pontiac hospital was dogged by financial struggles in a Metro Detroit market where health systems have become larger and the pace of mergers has quickened. Other independent hospitals merged or affiliated with large health care systems such as Beaumont to shave costs and stabilize their cash flows.

Doctor's Hospital lost nearly \$12 million in 2013, according to the American Hospital Directory. More recent financial data was not immediately available.

In June, a judge ordered the hospital to pay more than \$2.6 million to two doctors, one of whom is a former board member. Surindar Jolly, Sanjay Jolly and Shree Investment Group in Orchard Lake are listed as major creditors after they gave loans to the hospital.

During the same month, the hospital found out it was at risk of losing Medicare dollars after inspections in previous years found violations of patients' rights, quality assurance and infection control, among other issues.

In the bankruptcy filing, Wisconsin Physicians Service Insurance Company is owed the most money at \$6.4 million, followed by the state of Michigan at \$1.2 million in tax debt. Several individual doctors claim they are owed hundreds of thousands of dollars in loans.

Messages left for the CEO of Doctors' Hospital and attorney Thomas Radom were not immediately returned Friday evening.

The current version of the hospital opened as a private, for-profit facility in 2008 with backing from a group of physician investors after the former North Oakland Medical Center declared bankruptcy. The facility had operated as the city-owned Pontiac General Hospital until 1993, when it was sold and assumed the North Oakland name.

In February 2011, a group of physicians bought McLaren Health Care Corp.'s 35 percent stake in the hospital, pooling about \$3 million to make the deal happen.

The deal gave physicians sole control of the hospital's ownership and operation. Prior to the deal, 42 doctors owned a 60 percent stake in the hospital, with McLaren as an institutional investor.

The hospital lost \$31 million in 2008, \$2 million in 2009 and likely \$1.5 million in 2010, McLaren said at the time the deal was made.

A year before the deal with McLaren, the 336-bed hospital warned the state that it could close or lay off up to 690 employees if efforts to sell or restructure the hospital failed.

By the fall of 2011, the hospital had 30 medical/surgical beds, 26 skilled nursing facility beds and 15 inpatient acute rehabilitation beds and about 125 employees.

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