

The push and shove between hospitals

By BOB SMITH

Battle lines were being drawn this past week for a public hearing next Tuesday night on Dominican Santa Cruz Hospital's proposal to build a \$14-million addition.

The outcome of the battle between Dominican and Community Hospital of Santa Cruz over the Dominican proposal could also determine if Community Hospital will survive.

The Mid-Coast Health Systems Agency will hold a public hearing from 7 to 11 p.m. Tuesday in Aptos High School cafeteria on Dominican's application to the health agency for a "Certificate of Need." The agency staff is recommending the application be denied.

Without the certificate, the hospital would be ineligible for Medi-Cal and Medicare reimbursement for patients housed in the new wing.

Dominican is proposing to add 47 new medical-surgical beds to its existing 150 bed facility, plus four intensive care beds, four coronary care beds, a new six-bed pediatric unit and a 53-unit skilled nursing (convalescent) facility.

The application, particularly the portion authorizing the 47 medical-surgical beds, has been bitterly opposed by Community Hospital of Santa Cruz, owned for the last two years by American Medical International (AMI) of Beverly Hills. Community contends there is an excess of beds in the Santa Cruz metropolitan area and that Dominican's application for the additional 47 medical-surgical beds would only exacerbate the current over-supply situation.

Community Hospital administrator Anthony Daigle points to figures compiled by the Health Systems Agency in Alinas that estimate Santa Cruz has 88 too many acute

care beds for the present and future population in the Santa Cruz area.

That assessment doesn't include the 47 "paper" beds licensed to the Santa Cruz county Board of Supervisors for the closed county hospital on Emeline Street.

The supervisors last spring accepted a proposal from Dominican to delicense their 47 beds in favor of Dominican's application in exchange for a package of services the hospital values at \$1.2 million.

Community countered the Dominican offer with a similar, but smaller, package of services and benefits to the county available only if the supervisors had rejected the Dominican proposal and kept their license.

Dominican Administrator Sister Josephine Sullivan says the expansion is justified because the hospital is usually operating at or above the 95 percent occupancy level and frequently does not have beds available for certain categories of patients.

Daigle countered the Dominican claim Wednesday morning at a hospital press conference, telling reporters that Community, licensed for 180 beds, is now operating at only 35-40 percent of its potential (a marked improvement over the 15-20 percent occupancy level two years ago when the AMI acquired the 15-year-old hospital from the Sundeane Foundation in 1978) and can easily handle the community's future hospital needs without a costly capital improvement program.

Daigle also conceded to reporters Wednesday morning that if Dominican is granted approval of its application, the predicted syphoning of patients from Community to Dominican would make it uneconomic to continue

operation of the AMI facility.

Daigle stressed that he was not speaking for AMI, but said his personal opinion was that Community Hospital would not remain open if Dominican's expansion plans were approved.

He argues that the Health Systems Agency has no option but to reject the 47 medical-surgical bed portion of Dominican's Certificate of Need since, according to law, the Santa Cruz Health Facilities Planning Area has a surplus of beds.

Dominican officials contend that the HSA figures are wrong because the Santa Cruz population doesn't conform with the state or national averages.

They say that the Santa Cruz area has been growing faster than the mid-coast region, the state or the nation; that the proportion of seniors over 65 is much higher than anywhere else in the county and they require twice as much hospitalization as younger people.

Dominican officials also contend that the public has made its choice in favor of Dominican, and that to not expand would deprive many people of a continuing choice in future years.

Daigle answers, saying the pressures that come with high occupancy at Dominican Hospital can be reduced by means "far less costly" than expansion.

"Moreover," Daigle said, in a rebuttal to Dominican's arguments in the Dominican Hospital Foundation's 'Dominican's publication, "changes in physician referral patterns can completely solve Dominican's present occupancy pressure."

The changes Daigle referred to would require many

Santa Cruz doctors to send their patients to Community instead of Dominican. Some physicians refuse to practice at Community, a situation Daigle and Dominican Community Relations Director Frank McGovern say dates back to the years when Community was owned by the Sundeane Foundation.

Daigle said AMI is upgrading Community Hospital in an attempt to change its image among the public and physicians.

"We are spending more than \$100,000 a month, but it takes time to bring up 20 years of downhill slide," Daigle said.

That investment is apparently paying off for AMI. The administrator said a survey conducted when the hospital was acquired two years ago show only 20 percent of Santa Cruz residents were aware of the facility's existence.

That's risen to about 35 percent now, he said. Additionally, he added, the daily "census" at the hospital has increased 20 percent in the two years of AMI ownership.

Daigle also charged that the Dominican expansion will result in higher medical bills for the Santa Cruz community.

He said Community believes the \$14 million construction bill Dominican wants to incur will raise Medi-Cal rates \$35 a day per patient receiving welfare assistance, and increase the private-paying patient's bill by \$45.

McGovern did not dispute Daigle's claim that Dominican's charges would increase.

"Costs are bound to go up because of the addition," McGovern said. "I don't know if they will go up to AMI's

level," McGovern charged. "Their room rate is 26 percent higher than we are, according to a Blue Cross report. They charge \$165 to \$167.50 (semi-private and private room rates respectively) and we have a flat rate of \$150.

"Besides," McGovern argues, "if we were more expensive, then people would go to AMI."

He contends that the free market operates in the health care field, something that Daigle disputes.

Daigle contends that the average health care consumer with medical insurance doesn't feel the real impact of hospital charges and paying only 20 percent of the final bill, doesn't shop for health care as closely as he would for a non-subsidized commodity.

Community is going to be joined in its opposition to the Dominican Certificate of Need Application next Tuesday by representatives of the areas convalescent and skilled nursing facilities.

Archer Cogil, Cabrillo Convalescent Hospital administrator and vice president of the Monterey Bay Chapter of the California Association of Health Facilities, said the convalescent hospitals will also be opposing Dominican's application to build the 53-bed skilled nursing facility.

Cogil said Wednesday that the Dominican-proposed skilled nursing facility is unnecessary for the Santa Cruz area. To support his contention, he showed reporters a survey conducted the previous week indicating that 52 vacant beds could have been found in convalescent hospitals.

In its Certificate of Need application, Dominican states there is no hospital-based skilled nursing facility in the service area and that the county has included it as a condition of its agreement with the hospital.

The advantages of such a facility, the Dominican application adds, includes reduced patient costs by making other levels of care available to patients who would benefit from some of the specialized therapy programs available at a hospital, but who do not need the intensive care and supervision normally provided in an acute care hospital.

Cogil told reporters he believes the existing skilled nursing facilities are sufficient for the area's needs, citing an average bed vacancy of 40 to 50 "in facilities that offer the same services as Dominican is planning."

McGovern refutes Cogil's assertion that there are 40-50 beds available.

"There are times when we have to hold patients for up to two weeks waiting for beds in a skilled nursing facility to open up," McGovern said later.

"We have to send people as far away as Santa Clara County," he added.

"Also, some skilled nursing facilities will refuse some kinds of patients, McGovern continued — something that Cogil confirmed.

The convalescent hospital administrator said some patients are not accepted by some skilled nursing facilities if they feel they can't adequately care for them.

Cogil also charged that Dominican's skilled nursing facility will also wind up costing the taxpayer more in Medi-Cal payments than the equivalent number of beds in a non-hospital-connected skilled nursing facility. Cogil said Medi-Cal will reimburse Dominican \$84 a day for each patient-day in its skilled nursing facility, while the rate in a facility like the Cabrillo Convalescent Hospital is only \$37.

McGovern said he didn't know what the comparative Medi-Cal reimbursement figures were, but argued that the Health Systems Agency surveys showed 181 too few skilled nursing beds in the Santa Cruz area.

He also said Cogil's census figures indicated a 94 percent occupancy rate at the convalescent hospitals, far higher than the 84 percent figure the agency considers acceptable.

Cogil also charged that the added number of skilled nursing beds at Dominican will also worsen the staffing problems for the convalescent hospitals.

"Santa Cruz County is in a very critical shortage of trained and untrained personnel," Cogil said, adding that convalescent hospitals here can't compete with metropolitan area hospitals which can pay much better salaries due to higher Medi-Cal subsidies.

"We don't have the staff now for the 900 beds in skilled nursing facilities," Cogil added. "Additional beds will compound the problem."