



# Sister Julie Hyer

## ON THE RECORD...

by Mary Bryant

If you didn't know, you probably wouldn't guess Sister Julie Hyer was a nun. Not that she is flashy, mind you she's not. But she is far more direct, determined and decisive than one would imagine a holy sister to be, and maybe just a little less agreeable to the passing circumstance.

Hyer is also the county's largest non-government, non-seasonal employer. She runs the show for about 1300 local men and women, not to mention serving over 300 physicians and relying on over 400 regular volunteers.

When she's not overseeing the extensive holdings and operations of the hospital, she often attends committee meetings and community functions. There are currently 17 professional, hospital or community organizations she contributes time to in a direct management or governing capacity.

Needless to say she is smart and well educated. Hyer holds a Masters of Business Administration from the University of Detroit, a Bachelor of Science in Medical Records Administration from Mercy College, and a Bachelor of Arts in Mathematics from Siena Heights College. This

list does not include her honorary degree as Doctor of Humane Letters from Siena Heights College last year.

For fun she plays cards, reads almost anything, and watches movies. And her dedication to the church came early. Hyer remembers always wanting to be a nun, and with customary speed, did so the day after her high school graduation.

In fact the only thing that may have ever gotten in her way was a serious car accident when she was 22, which took her two years in a nursing home to fully recover from before continuing her studies.

She's 42 now, and thinks she has the best job in the world. While her salary goes directly to the Adrian Dominican Sisters order where she took her vows of poverty, she is provided a townhouse in Aptos to live in and allotted money by the Church for her needs.

Notably, as Dominican has grown so have Hyer's responsibilities and influence. In quite the same way, as Dominican's image has been attacked, so has Hyer taken the heat personally and professionally.

In this first part of an exclusive interview with *The Post*, Hyer talks about the decisions

to buy AMI's Community Hospital, current issues in local health care and the battle Dominican is waging to regain its place in the community.

**MCP:** Do you believe the Dominican's image has suffered as a result of the organization's purchase of Community Hospital.

**SJH:** Yes... I think that many people have, in fact, negatively responded to that... I take phone calls from patients or concerned people. I'm amazed with the passion that is in the voices of some of the people when they talk about having lost a choice. So I think, from that sense, yes.

**MCP:** Do you think there would have been the same uproar from people if it had been Community Hospital that purchased Dominican?

**SJH:** I think you would have heard uproar from different people. I think most of the uproar comes from people who [take] different sides of it, and I think you would have found some very pro-Dominican people very upset.

**MCP:** Many communities the size of Santa Cruz are served by only one hospital, but in the county we have two. Do you believe that if Watsonville Hospital was more active in North County that the issue of Dominican being a monopoly would be muted? And, do you believe this may someday be the case?

**SJH:** You know, I go back to when I first arrived here in town, and I just found a tremendous difference between the North and South counties. And it wasn't only between the two hospitals, but businesses and chambers, and there seems to be two different communities... Until that barrier breaks down, I think you're going to sense the North and South being very different... As a newcomer to the area, I find it phenomenal, knowing that the distance is so incredibly short.

*continued on next page*

## HOSPITALS - PURCHASE

### COMMUNITY HOSPITAL WAS IN THE RED

To find a modest profit for Community Hospital, it is necessary to go back to the fiscal year 1986/87 (July 31, 1986 to August 1, 1987). That's four years ago, and even then it was less than a half percent (.3 percent) on gross revenues.

Losses in subsequent years were much greater. But critics say this isn't the whole story.

Doubters suggest that if AMI, Community's parent company, didn't charge so much for capital investment dollars, then profits from operating revenues would have been adequate. But isn't this a little like affording the utility bills and not making the mortgage payment?

In any case, AMI was due some interest, even if their finance charges were steep. Initially the international corporation invested almost \$8 million to purchase the facility, then spent more on new construction, equipment and even a heart surgery center. The costs of capital were based on a \$28 million total investment insiders say, which when sold to Dominican for far less than half that amount, must have proved to be a substantial write-off AMI's year-end taxes.

The other deduction commonly challenged are the corporate charges for "support allocations." Granted AMI did provide accounting, legal and management services, however, Community had to pay on a per bed basis instead of as they needed the work. Clearly, they feel, this was unfair for a hospital that had less than a quarter of their beds occupied on the average.

Still, even without the corporate allocation they would show losses. Which may mean, that the only way Community was going to make money was to attract more business, and that was, regrettably or not, something they just didn't seem able to do. □

	Fiscal Year: 31-Aug-90 Annualized	Five Months 31-Jan-90	Fiscal Year 31-Aug-89	Fiscal Year 31-Aug-88	Fiscal Year 31-Aug-87
<b>INCOME STATEMENT</b>					
Admissions	3,329	1,387	3,424	3,613	3,607
Patient Days	14,390	5,996	15,817	15,480	14,187
Equivalent Patient Days	18,274	7,614	19,551	19,781	18,669
Outpatient Surgeries	1,318	549	1,243	1,302	1,026
Other Outpatient Visits	7,092	2,955	7,670	8,831	9,748
Emergency Visits	12,031	5,013	11,639	12,075	12,227
FTE's	241	241	256	0	0
<b>GROSS REVENUE</b>					
Government	20,523,708	6,551,545	21,027,050	19,193,109	14,331,137
Contracted	7,077,432	2,948,930	6,368,019	5,737,031	3,701,855
Non-Contracted	9,429,094	3,928,789	9,975,637	7,746,732	7,607,505
Other	89,474	37,281	185,844	83,763	100,909
<b>TOTAL GROSS REVENUE</b>	<b>37,119,708</b>	<b>15,466,545</b>	<b>37,556,550</b>	<b>32,760,635</b>	<b>25,741,406</b>
<b>LESS</b>					
Contractual Allowances - Current Year	11,594,669	4,831,112	11,472,995	9,466,456	6,225,166
Contractual Allowances - Prior Year	0	0	4,677	(72,060)	(155,474)
Contracted Discounts	3,415,181	1,422,992	3,091,174	1,803,860	1,283,865
Non-Contracted Discounts	312,662	130,276	130,244	146,721	250,002
Total Deductions from Revenue	15,322,512	6,384,380	14,699,090	11,344,977	7,603,559
<b>NET REVENUE</b>	<b>21,797,196</b>	<b>9,082,165</b>	<b>22,857,460</b>	<b>21,415,658</b>	<b>18,137,847</b>
<b>TOTAL OPERATING COSTS</b>	<b>20,088,581</b>	<b>8,370,242</b>	<b>21,530,858</b>	<b>17,626,843</b>	<b>13,650,791</b>
Earnings Before Depreciation Interest, taxes and Support Expenses	1,708,615	711,923	1,326,602	3,788,815	4,487,056
<b>CAPITAL COSTS</b>					
Depreciation and Amortization	1,839,919	766,633	1,755,697	1,689,729	1,374,843
Interest and Financing Costs	60	25	(4)	(191)	(1)
Cost of Capital	2,055,516	856,465	2,055,518	2,232,131	2,343,242
<b>TOTAL CAPITAL COSTS</b>	<b>3,895,495</b>	<b>1,623,123</b>	<b>3,811,211</b>	<b>3,921,669</b>	<b>3,718,084</b>
<b>OPERATING INCOME BEFORE ALLOCATIONS</b>	<b>(2,186,880)</b>	<b>(911,200)</b>	<b>(2,484,609)</b>	<b>(132,854)</b>	<b>768,972</b>
Support Allocations	984,341	410,142	984,318	1,033,984	694,404
<b>OPERATING INCOME BEFORE TAXES</b>	<b>(3,171,221)</b>	<b>(1,321,342)</b>	<b>(3,468,927)</b>	<b>(1,166,838)</b>	<b>74,568</b>





*Sister's Hospital was the first facility owned by the Dominican Adrian Sisters and was opened in 1941.*

## SISTER JULIE HYER

*continued from page 7*

**MCP:** *Do you think once Watsonville Hospital constructs and opens their new facility the flow of patients may change?*

**SJH:** People make their choices of hospitals for a lot of different reasons. I'm one who doesn't really think that a pretty building is the drawing card. I think that people go by [the] reputation of, and knowledge of, the doctors. So I think when the doctors [from Watsonville] become more known... there will be a good chance of people making that trip.

**MCP:** *AMI's Community Hospital suffered from not only financial losses, but a low daily census. During its last year of operation it had an average rate of occupancy of 24 percent. Do you think this means that Dominican was the more popular of the hospitals?*

**SJH:** Yes, I do. I think that Dominican has always been a hospital which is well-loved and respected by physicians, as well as patients in this community.

**MCP:** *What makes the difference? If Dominican was better, then why?*

**SJH:** I think that heads back to the philosophy of Dominican. Community Hospital was created back in the 1950s as an alternative to Dominican. It was purchased by AMI and remained an alternative to Dominican... I'm not sure the equipment was always the same. Dominican always has, in consultation with the doctors and with the staff, purchased the best equipment that's on the market that's been available to it. It [Dominican] has always stood for tremendous quality. People have known that.

There is a sense of confidence. We have the best staff that's here, we have the best physicians... and we don't take short cuts.

**MCP:** *It seems as if Community Hospital had two bright and shining departments. They were the birthing center and the heart surgery center. Why were those units so well supported by the doctors and patients, when the other services weren't?*

**SJH:** I think the birthing center was... a center that was marketed well to the general public... I think, which is ironic in some ways because the philosophy and the program weren't that different than Dominican's. It was perceived by the community to be different. I think that was just a very good marketing job.

The cardiac program was the first one that was here, and they made some very good moves in selecting their patients initially...

Recognizing that both programs were excellent, those were brought over from Community [with the consolidation]... We met with the nurses, we talked about those things that were different, and made a real commitment to do a number of things that the public stated that they liked...

With the cardiac program, recognizing that team of physicians, we invited them to come, also they are here at Dominican.

**MCP:** *Some believe Dominican to be a fierce competitor. One point brought up is the fact that Dominican opened a heart surgery center while Community Hospital was just beginning their program. A few suggest that Dominican even promised not to open such a center. Is this the case?*

**SJH:** I've never heard that Dominican promised not to open a cardiac center.

That's the first time that I've ever heard that.

When I came to this community back in 1985, one of the things I looked at was the scope of services... and [found] we couldn't have a hospital that had all the major services except the [procedures to fight the] number one killer in the United States... So it was only logical that this community would have its heart center at Dominican.

Now many people would say to you there should only be one heart center in the community.

Everyone said that, and if you read the doctors' quotes, they all said there should only be one heart center. Many people went on to say [that since] it's at Community therefore that's [where it should be]. As you read the doctors' quotes, that's not what they're were saying at all. They said there's room for one heart center...

If you look at the programs that surround heart centers normally, they are not [in] hospitals with a census of 23 percent with over half of that being OB [obstetrics] patients. They are full service hospitals. And so I think it would be much more appropriate that the center would have been based in a more complete [and] higher volume hospital.

**MCP:** *So if there's one center, it should be at Dominican?*

**SJH:** That would be my conclusion.

**MCP:** *If Community Hospital was losing so much money, do you believe it would have ultimately been closed by the parent corporation?*

**SJH:** That's a very hard one. It would take [understanding] the philosophy of

*continued on page 13*

## SISTER JULIE HYER

*continued from page 8*

AMI. It would depend on what was happening at their headquarters to determine how long they would maintain a losing hospital, even for what length of time and for what reason.

And I think the reason that it was disposed of now is because of the... buy-out of AMI [the international parent corporation]... They had lost a lot of money for a number of years and AMI was trying to make [Community into a] cardiac center. And they appeared to pour money into it. How long they would have continued doing it is really in the minds of AMI's officials.

**MCP:** Was Community destined to ultimately close or would they have been sold?

**SJH:** Tell me what you're getting at on that one.

**MCP:** Why not let AMI close the hospital instead of spending the money to buy out the petitor and risk the controversy with the public?

**SJH:** Because AMI was going to try to find somebody to buy it. They wanted some money for it. They're not just going to close it and disappear in the woodwork.

And it made sense econo-

mically, again, for the community, that we were the ones to purchase it, because we could give the greatest value back to the community, as far as economic efficiencies.

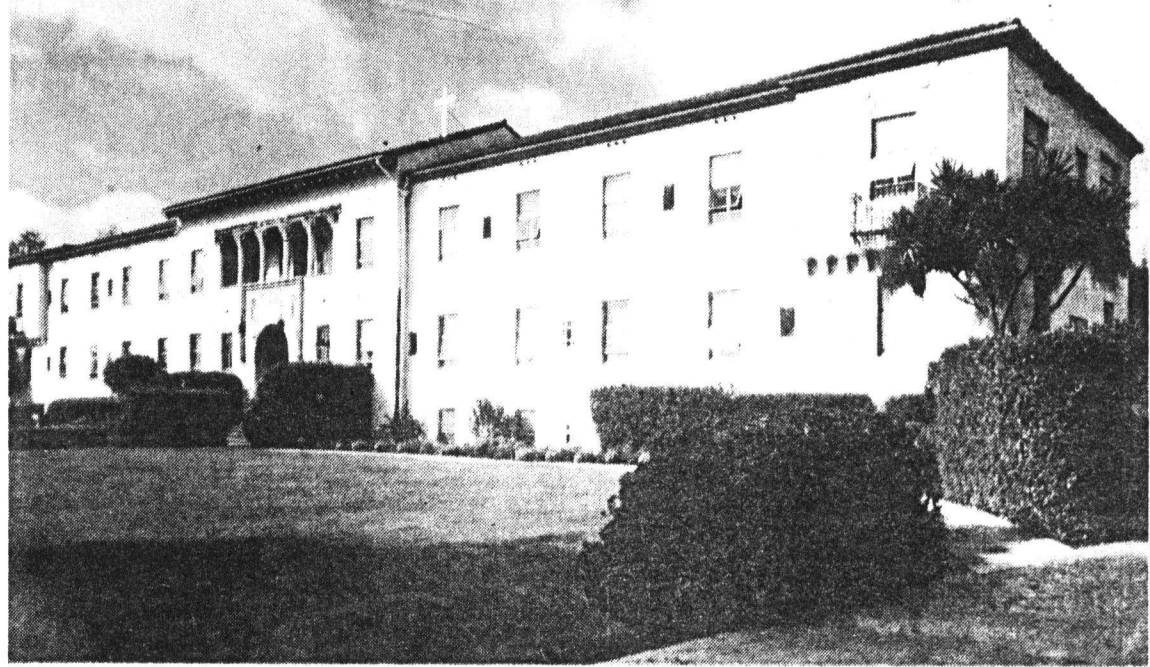
**MCP:** What efficiencies?

**SJH:** Capital Costs. We don't have to duplicate all the equipment. Administration costs, management costs, efficiencies due to things like not running two full staffs to staff an OR [operating room], or an emergency room, with round-the-clock kinds of services. OB [obstetrics] areas, all those expenses. ICU [Intensive Care Unit], all those areas that are [already] expensive enough to [keep] standing ready, even though they're not being used.

**MCP:** Did Dominican's

*Board of Directors consider that the purchase might result in accusations of Dominican becoming a monopoly?*

**SJH:** I think what's interesting is how people define monopolies. I find it incredible to say that there's a hospital 12 miles away and that there are hospitals over the hill, and people travel over the hill twice a day, to even consider in today's world what a monopoly is. We can get different places. You've got other alternatives. And in this community, with the number of Doctors on Duty [emergency



*Santa Cruz Hospital was Dominican's second facility.*

clinics)... that you call this a monopoly. I think it is kind of an antiquated word, almost an anachronism.

**MCP:** However inaccurate the term may be, did you still consider the possibility before you purchased Community Hospital?

**SJH:** Yes, we did raise the issue that there was some perceived [concern], that people could perceive that we would be the only game in town. Yes, that was talked about for a long time.

**MCP:** With this being con-

*sidered, did you make any plans in case that was the result?*

**SJH:** I believe, in light of the FTC [investigation], that we don't believe we've violated any regulations, or any law. And I think that [they] will be able to show, and as they continue to look, this is a competitive environment. I think that, again, based on the clinics... and Watsonville [Hospital being] 12 miles away, and showing the amount of traffic back and forth as an alternative to San Jose, and

certainly with the coming in of Capitola and their mini-hospital, the Santa Cruz clinic and their mini-hospital. Competition is alive and well, so no I don't—we don't believe that the Federal Trade Commission will move forward with the complaint.

**MCP:** *It is said that Dominican has budgeted half a million dollars a year in legal fees to fight the FTC. Is this the case?*

**SJH:** In considering the actual purchase, we realized