

Bigger Dominican Santa Cruz Hospital Now Part Of One of Nation's Largest Healthcare Systems

by Mary Bryant

In an industry in which "big" is defined in billion dollar figures, the term "big" just got bigger.

With years of talks complete, officials from two of California's largest health systems formally announced that the Daughters of Charity National Health System West would join Catholic Healthcare West as the system's fourth congregational sponsor. The Daughters bring to the union their six acute care hospitals and Northern and Southern California physician groups. Capping almost a decade of non-stop growth for CHW, the deal also cinches that CHW's name will remain on the door in the advent of new affiliations.

With the Daughters assets, CHW will now become one of two leading non-profit, multi-hospital chains in the state. And, while more mergers will no doubt occur and CHW will certainly continue to expand, the identity of the CHW organization has been established.

Doing what might have been considered impossible a decade ago, Catholic Healthcare West executives have maneuvered their network in less than 10 years to rival the likes of the Kaiser Foundation, with 24 acute care hospitals presently open and 4,103 physicians in affiliated practice.

While not all of CHW's member hospitals are Catholic sponsored, the folding of the Daughters of Charity West into the CHW flock begets a not-for-profit organization that includes about one-half of the Catholic sponsored hospitals in the state. Folding the Daughter's hospitals and doctors into the CHW coalition also makes for a much larger CHW, with broader and wider geographic dominance in California.

For local doctors and hospital workers, there are few changes in store, according to CHW officials. While Dominican Santa Cruz

Hospital is a CHW affiliate and the Adrian Dominicans remain as one of CHW's sponsors, CHW's Debbie Cantu says the merger is aimed at creating efficiencies within the system, not changing the way hospitals are managed. Nor, Cantu adds, is the intent of the merger to create a big regional referral network to optimize profits for providers.

"In terms of the hospital's service, I don't think this merger will affect patients in Santa Cruz," said Cantu. "I think that we will continue to encourage the community to be involved in the way each region develops, as we have done in the past through local boards and local activities. I don't see that changing."

Dominican Hospital's president Sister Julie Hyer agreed. However, Sister Hyer emphasized CHW's commitment to "community-based" healthcare in contrast to regional providers groups that emphasize finding efficiencies by developing very large regional provider networks.

"I realize there are people who believe that patients won't mind driving over the hill to see specialists or be cared for in big hospitals. ... especially if they can save a few dollars a year on their health insurance," said Sister Hyer. "I don't agree. I think that when people consider the choices, they will want to continue to get care close to home. Perhaps, when faced with the difficulties of having a family member hospitalized over the hill, they will even demand access to their own community hospital."

Sister Hyer added that she believed the expansion of regional networks in Santa Cruz county might serve to spur support for both of the county's full-service, acute care hospitals.

"While being surrounded by mountains obviously hasn't kept the competition out, a mountain between Santa Cruz and San Jose does serve to drive home the point about how important maintaining quality community-based med-

ical facilities can be," Sister Hyer said.

What Won't Change

Merging two of the state's larger health systems into one organization likely portends changes, however CHW officials are more willing to talk about what won't change instead of what will.

Community decision making will remain, along with heightened competition driven by both an increase in managed care enrollments and a quickly consolidating market. Doctors in California, Arizona and Nevada will continue to practice in their autonomous groups and foundations, including the CHW Medical Foundation, Hill Physicians and the Mullikan Medical Enterprises.

Even in the Bay Area where CHW now has three hospitals and rumors have been flying about which of these CHW will reorganize, Cantu said none will close.

"I think that one of the very advantageous things about this merger ... is the fact that the service areas are very complimentary. Even though there are three facilities in San Francisco, it is a really highly concentrated population and the survey that we have done in the past ... shows that the three hospitals draw from different markets," reported Cantu. "I think that there are going to be ways that they can share services in the future. We will be looking for that."

Cantu said that CHW's successful mini-system model that permits CHW's hospitals in Sacramento to centrally administer their five hospitals may be the paradigm for the Bay Area. However, Cantu said officials from Daughters and CHW will still discuss the possibilities for combining the existing CHW headquarters in San Francisco with the Daughters' central offices in San Jose.

Cantu also pointed to the changes ahead to make sense of the current rush in the market for large systems to affiliate.

"The state has been aligned

into regions," said Cantu. "For the purpose of statewide contracting these [regions] make sense because you can contract with one system to provide care in a number of regions in California. ... They can guarantee price and quality."

Cantu acknowledges that these kinds of mega-contracts have yet to become popular. Except for the current membership exclusive to Kaiser facilities, the majority of contracting has been negotiated within communities. However, with large for-profit corporations like Columbia-HCA emerging from Wall-Street, some say either non-profit systems will learn how to play the contract game or be gobbled up in the skirmishes. With this in mind, Cantu said she imagines CHW will continue to be an umbrella for community hospitals throughout California.

"I think that what is important to CHW is to align with providers that have common missions and values and not

necessarily religious affiliations," said Cantu. "I think the basic element is similar missions and values, so that we approach the issues in the same way."

Sister Hyer added that one of the fundamental elements of mission includes local identities, doctors and patients.

"In Santa Cruz, we are building on a long tradition. ... Our sisters tended to patients when that meant staying up nights making bandages," said Sister Hyer. "I realize this might sound too simple, but really what we have done as a sponsor of CHW is learned how to manage our resources in today's capital markets like our older sisters managed their resources during an era when dollars were very scarce. ... Just like we keep our technology and facilities current and modern in our hospitals, we must keep our organizations current and modern." □

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One Big Family

With the agreement of Federal Trade Commissioners not to challenge the merger, Catholic Healthcare West officials announced the end of affiliation talks with sponsors of the Daughters of Charity National Healthcare System West on March 21, 1995. What emerged from the more than a year of discussions was the agreement to merge DCNHS into CHW's parent corporation, with DCNHS sponsors taking seats on CHW's governing board of sponsors. The updated list of CHW facilities includes the following hospitals and physician groups. According to CHW reports, based on revenues CHW is the seventh largest health care system in the

United States.

Dominican Santa Cruz Hospital, Santa Cruz
Mercy American River Hospital, Carmichael
Mercy General Hospital, Sacramento
Mercy Healthcare, San Diego
Mercy Hospital, Bakersfield
Mercy Hospital, Folsom
Mercy Medical Center, Mr. Shasta
Mercy Medical Center, Redding
Mercy San Juan Hospital, Carmichael
Mercy Southwest Hospital, Bakersfield
Methodist Hospital, Sacramento
St. Francis Memorial Hospital, San Francisco
St. John's Pleasant Valley

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A Very Long Tradition

by Mary Bryant

While it may be difficult to imagine that one Catholic sponsored hospital is not necessarily kin to another, the Catholic health-care tradition in the United States is actually quite varied and diverse. Cultural ideals and charismas can differ among orders of women religious based on the mission embraced and the personalities of founding members, according to one Catholic healthcare authority.

"The congregations have different missions in many respects. Some of them focus on health care, some of the focus on education. Some of them focus on social services, but they as a part of that often develop different cultural habits," said Bud Lee, president of the California Catholic Hospital Association. "They have what they call different charismas. I don't look at that as any different than [there] might be different cultures of operating styles in different businesses. A lot of that stems from leadership ... from many centuries in terms of sponsored congregations."

Tracing the roots of a congregation in the United States can be challenging, said Lee.

But, he added it is often the founding sister who impresses her personality on an order. He said that the appeal to women of like faith and ambitions to join a founding sister in her ministry then transcends the generations.

"If the leadership of a sponsored congregation as [the order] starts out was kind of de-centralized and nurturing," said Lee, "that is the kind of culture that a sponsored congregation most likely continues to have because it attracts sisters who have those kinds of personalities."

Knowing the Order of Things

Each of CHW's sponsoring congregations entered their health care ministries in different times and different fash-

ions. Adrian Dominicans were initially called to form their congregation to staff a long-term care facility for retired rail workers, later known as St. Joseph's Hospital. The next hospital the Adrian Dominicans sponsored was more than a century later in Santa Cruz in 1941, with the Adrian Dominican order purchasing a former small health care facility run by doctors. The small facility was named Sisters Hospital.

The Mercy Sisters of Burlingame were also active in health care in the 19th century, founding St. Mary's Medical Center in 1857 in San Francisco. The Mercy Sisters of Auburn opened their first hospital in the Sacramento area, known today as Mercy General of Auburn. In 1850, the Daughters of Charity congregation in the Western states

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Roots Not All Congregations Are the Same

Women joining a Catholic chartered congregation are commonly collectively called women religious, although the designation of nun is theoretically only applied to women religious who seclude themselves in prayer and lead a contemplative life. The term sister defines women religious who seek their ministry in the world, and using the most proper of diction it is not appropriate to refer to sisters as nuns.

Except that at one point in history, all sisters were nuns. Or, at least that is what one Pope ordered in the 13th century.

Making exceptions only for plagues and natural disasters, Pope Boniface VIII ordered all women religious cloistered or restricted to convents in the late 13th century. However, that is not to report that every sister or women religious in the 13th

century remained cloistered.

While attempts to circumvent the rule humbled most congregational superiors throughout the centuries, some escapes from a completely cloistered existence were noted including one by the sisters of the founding order of the Adrian Dominicans.

Of the other CHW congregations, the Daughters of Charity owe their early opportunities to minister within communities to the work of St. Vincent de Paul of France during the seventeenth century.

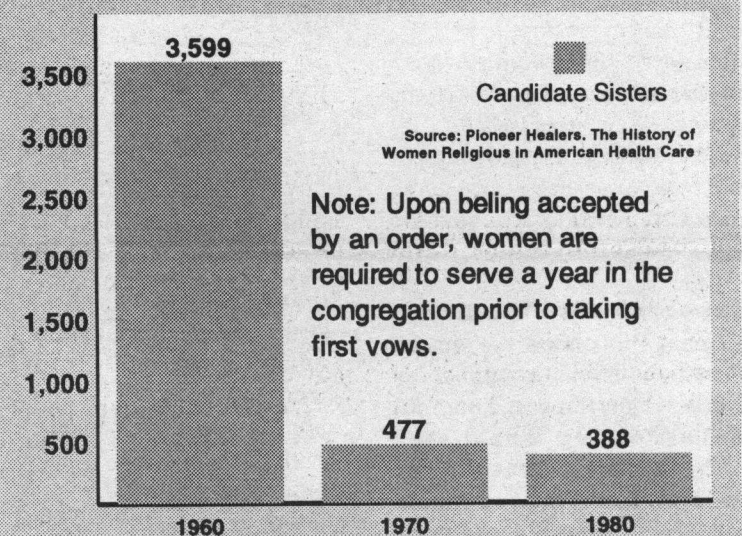
However, by the late nineteenth century, European congregations began spreading their roots throughout the United States and active ministries were in vogue.

Of the sponsoring congregations of Catholic

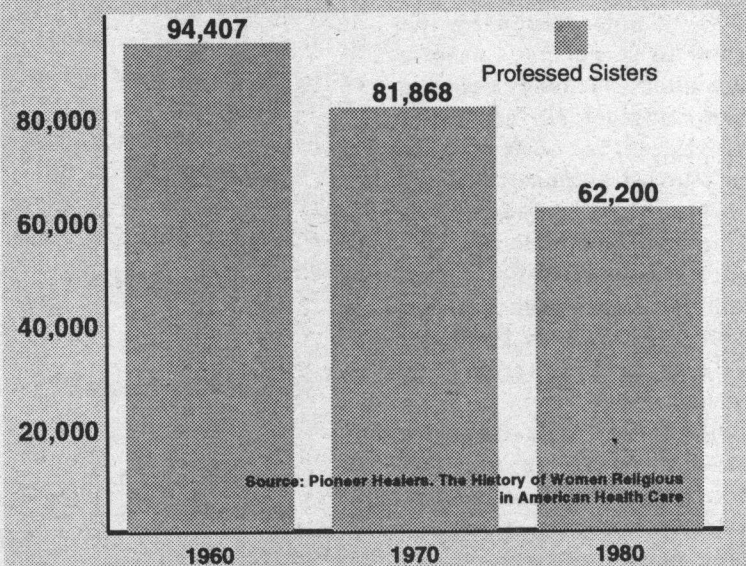
Roots

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The Number of Women Entering Hospital Orders Fell Rapidly During 20 Year Span



Total Professed Membership in Congregations Sponsoring Hospital Sharply Declines Since 1960... With Fewer Women Candidates Entering the Individual Congregations, the Average Age Has Climbed of the Professed or Women Religious Who Have Taken Final Vows



One Big Family*continued from page 22*

Medical Center, Camarillo
 St. John's Regional
 Medical Center, Oxnard
 St. Joseph's Hospital and
 Medical Center, Phoenix, AZ
 St. Mary Hospital and
 Medical Center, San
 Francisco
 St. Rose Dominican
 Hospital, Henderson, NV
 Seton Medical Center,
 Daly City
 Seton Medical Center
 Coastsides, Moss Beach
 O'Connor Hospital, San
 Jose
 Saint Louise Hospital,
 Morgan Hill
 St. Francis Medical
 Center, Lynwood
 St. Vincent Center, Los
 Angeles

Mulliken Medical
 Enterprises
 American Health Inc.
 San Jose Medical Groups
 PriMed/Hill Physicians
 Medical Group, Inc. (An
 Independent Practice
 Association with patients in
 Alameda, Contra Costa, San
 Francisco, Sacramento and
 Salano counties).

Catholic Healthcare West
 Medical Foundation (CHW's
 Medical Foundation includes
 affiliated physicians practicing
 in the California communities
 of Santa Cruz, San Francisco,
 Sacramento, Redding, Mt.
 Shasta, Bakersfield, Oxnard
 and San Diego. Also, CHW's
 Foundation extends
 out-of-state to Phoenix,
 Arizona and Henderson,
 Nevada). □

Tradition*continued from page 23*

sponsored California's first
 hospital in Los Angeles,
 adding a San Francisco facility
 called Mary's Help Hospital
 that was eventually moved to
 Daly City and was renamed the
 Seton Medical Center.

Expanded With The Times

What motivated the devel-
 opment of Catholic sponsored
 hospitals differed throughout
 the nation. In established
 Eastern cities, reasons for
 building Catholic healthcare
 facilities included offering
 opportunities for residencies to
 Catholic physicians who might
 otherwise not be welcomed on
 the staff of a private or public
 hospital. In the west, the drive
 to construct and staff hospitals
 was based on a frontier drive to
 construct communities.

"The growth of the Catholic
 health systems in the east were
 in some part driven by the
 desire to serve that Catholic
 population which may not have
 been being served that well,"
 said Lee. "To go west was
 more to fill an unmet need of
 the people at large without
 regard to denomination."

Unlike other faiths,
 Catholics institutions boosted
 about serving non-Catholic
 patients. These institutions
 would often report out the
 number of non-Catholic
 patients admitted to a facility
 in a fashion which suggested
 that early on Catholic spon-
 sored institutions rated their

successes based on their appeal
 to an entire population in new,
 growing towns.

More Changes

Many congregations saw
 much expansion during the
 early 1900s, with the number
 of established hospitals with
 Catholic sponsorship peaking
 between 1940 and 1949.
 Although, as the health care
 industry saw a consolidation of
 hospitals in the 1950s, so did
 the congregations.

The mid-century consolida-
 tion of the independent hospi-
 tals marked a period of con-
 structing large facilities specifi-
 cally designed to deliver the
 latest in acute health care.

For instance, by the late
 1950s the Adrian Dominicans
 owned Doctors and Sisters
 Hospital in Santa Cruz, which
 had facilities much like
 expanded boarding houses. In
 the 1960s, after their new cam-
 pus on Soquel Drive was built
 with modern operating suites
 and the then-latest in technol-
 ogy, the sisters closed the two
 earlier infirmaries.

That is that America's con-
 solidation of hospital facilities
 in the 1950s was more about
 building bigger and better, than
 finding different ways and dif-
 ferent environments to treat
 patients.

Newer Challenges

Religious sponsored hospi-
 tals mostly flourished with the
 rest of the industry during the
 boom years of the 1960s, when
 federal health care programs
 providing big financial incen-

tives to expand and federal laws
 requiring more medical care be
 delivered in an institution set-
 ting.

About the time the first fore-
 casters were projecting the
 costs of running the Medicaid
 and Medicare for the Baby
 Boomer generation and tracking
 the soaring inflation rates being
 reported by an industry which
 was always seemingly on the
 verge of another scientific
 breakthrough, hospital expan-
 sion began to slow.

After the initial rounds of
 significant cutbacks in the late
 1970s and early 1980s, hospi-
 tals also began to close.

During the late 1980s,
 rounds of acquisitions and
 mergers left more hospitals
 partnered with others than ever
 before in the nation's history.
 And, by the mid-1990s, these
 health systems with physicians
 in aligned practice have now
 begun to unify.

To date in California, the
 largest single religious spon-
 sored merger occurred in
 March, with California's largest
 Catholic sponsored health sys-
 tems Catholic Healthcare West
 acquiring the assets and holding
 of another of California's larger
 Catholic sponsored health sys-
 tems, The Daughters of Charity
 National Health System West.

Lee of the Catholic Hospital
 Association said that this merg-
 er represents more the begin-
 ning than the end.

"I think that we will eventu-
 ally see most of the Catholic
 hospital in California in some
 type of organizational align-
 ment with each other," said
 Lee. "You are going to see
 more and more — in addition to
 the types of relationships that
 have emerged between Catholic
 Healthcare West and the
 Daughters — you are also going



With years of talks complete, officials from two of California's largest health care systems have formally announced a merger that includes Dominican Hospital.

Congregations*continued from page 22*

Healthcare West including
 the Congregation of the Most
 Holy Rosary of Adrian,
 Michigan (Adrian
 Dominicans), the Mercy
 Sisters of Burlingame, the
 Mercy Sisters of Auburn and
 the Daughters of Charity of
 St Vincent de Paul, Province
 West, there are several sepa-
 rate examples of how congre-
 gations developed.

The Daughters of the West
 are sponsored by their moth-
 erhouse in France, which in

turn is sponsored by indepen-
 dent charter to the Church
 through Rome. The Mercy
 Sisters of Burlingame and
 Auburn are related, tracing
 back their roots to a shared
 congregational lineage from
 the 1800s. Adrian
 Dominicans are from another
 distinct, ancestry claiming
 heritage to the Holy Cross
 Convent in Ratisbon,
 Bavaria, with the Adrian,
 Michigan motherhouse hav-
 ing been founded in a small
 abandoned dwelling in a
 cornfield in the 1880s. □

to see relationships between
 non-Catholic hospitals and
 Catholic hospitals. ... like in
 Grass Valley. There is another
 one brewing down in
 Bakersfield. There is another
 one brewing down in West
 Covina, so I think that there is
 going to be growth."

However, predicting growth
 in the size of Catholic
 Healthcare West is not predict-
 ing growth in the size of
 CHW's sponsoring congrega-
 tions.

As women have found places
 in the workplace, political cau-
 cuses and non-traditional
 worlds, women have not
 entered the orders by the thou-
 sands as they did in the 1960s.
 And, declining memberships
 mean that often now the sisters
 working in hospitals are fewer
 in number and not commonly
 by the bedside.

While the diversity and inde-
 pendence of America's Catholic
 congregations makes census
 taking very difficult and the
 numbers produced by these cen-
 suses very unreliable, one count

of the number of women reli-
 gious working in health care
 ministries sponsoring at least
 one hospital in the country
 shows a decline from 94,407
 women to 62,200 women from
 1960 to 1980. But maybe more
 significant, during the same
 time frame, the number of can-
 didates petitioning to enter con-
 gregations sponsoring at least
 one acute care hospital dropped
 from 3,599 to 388 women.

"Clearly over the past couple
 of decades the opportunities for
 women to enter professional
 careers have increased consid-
 erably. Therefore, we have
 reduced the number of young
 women entering the sponsored
 congregations. That is good.
 We don't begrudge anybody
 that at all," said Lee. "As a
 result, [the sisters] are getting
 older and wiser. ... It is a major
 concern in the Catholic min-
 istry. ... I think the more [this
 occurs, the more] opportunity
 we have to have lay Catholics
 be more formally involved in
 governing the health ministry in
 their area." □