

Plans for Capitola hospital stir storm

By LANE WALLACE
STAFF WRITER

A study that is critical of a proposed 24-bed hospital in Capitola has been dismissed as incomplete and one-sided by the developer of the proposed facility.

Among the report's major contentions is that, if the Capitola Health Center is built, it would concentrate on the more lucrative medical services, draining the resources of Dominican and Watsonville Community hospitals by leaving them with a higher percentage of patients who provide little or no revenue. The report was prepared by San Francisco-based consult-

ants Lucy Johns and Thaine Allison.

The study "is comprehensive and well done," said John Friel, chief executive of Watsonville Community Hospital, after listening to Santa Cruz County supervisors review the study yesterday. Watsonville Community Hospital has opposed the Capitola plan from the beginning.

But Charles Madden, a principal developer of the health center, had taken the position even before the report was prepared that it was going to be biased against the health center because of the financing behind it. Noting that the

bulk of the financing came from the two hospitals and the Santa Cruz Medical Center, Madden's group refused even to participate in the study.

Madden, who did not appear at the supervisors' hearing but sent a letter outlining his position, said the report that finally emerged confirmed his earlier suspicions.

"After reviewing the study," Madden wrote, "we find its conclusions consistent with our predictions about its outcomes. Capitola Health Center's opponents of record funded this study, selected the consultant, chose the subject and focus, and produced the re-

sults they wanted."

Dominican and Watsonville hospitals and Santa Cruz Medical Clinic each contributed \$4,500 for the \$20,500 report; the county paid the remaining \$7,000.

Madden also questioned the role played in the entire affair by Elli Hall, the county's Health Services Agency director, and Dr. Ira Lubell, the county health officer. He said both had indicated, among other things, that they "prefer to have a single hospital provider in this county."

"The study," Madden concluded,

See HEALTH page 9 ▶

HEALTH

▶ From Page 1

"appears to have foreordained results and is merely another effort by CHC's competitors, with the assistance of the county, to prevent economic competition which would benefit all medical consumers in the county of Santa Cruz."

But Hall said in a letter to the supervisors that the contributors "did not dictate the study's approach or outcome, or edit even one word of the report."

Although the county helped pay for the study and county health officials have been expressing con-

cerns about the Capitola Health Center, it's actually up to the city of Capitola whether the center is built. Supervisors asked a number of questions about the study before referring it to the county Public Health Commission, an advisory body to the board, for further review.

Capitola Health Center, which is seeking doctors as investors, would provide a limited range of medical and surgical procedures. Because it is not comprehensive, the health center "can't exist without hospitals" in the area, said consultant Allison.

"It's unfortunate that we don't have more information from Capitola Health Center," said Supervisor Robley Levy.

Supervisor Fred Keeley said the

health center's impact will depend on its policies on treating Medicare (the elderly) and Medi-Cal (the poor). The Capitola Planning Commission recommended that the health center apply for a license to treat Medi-Cal patients, but that doesn't guarantee the license will be granted, Johns said.

Hospitals get about 60 percent of what they say would cover their costs from the state and federal governments for treating Medi-Cal patients. Hospitals usually seek contracts for Medicare, which is more lucrative than Medi-Cal.

The project is already working its way through the Capitola city bureaucracy; an environmental impact report is being prepared. The center is proposed on land between Nob Hill Foods and the freeway off Bay Avenue.