

Capitola Center: A cure to county health needs?

Innovative, 'healthy' proposal

By CHUCK MADDEN

OUR HEALTH care system is sick and getting sicker. It will not get better by continuing to do what we are now doing. It is time for new ideas and new health systems. The Capitola Health Center represents one of those new ideas, one of those new systems.

The idea behind the Capitola Health Center is to pay the doctor to keep the patients healthy instead of waiting for them to get sick and then paying the doctor to make them well. The way our present system works, doctors are only paid to treat sick people. The Capitola Health Center idea is based upon prevention.

Santa Cruz County sees this as a threat to the established order. County Health Department officials apparently see their job as protector of existing hospitals with whom they contract for indigent care. In pursuing its own vested interests, the county has adopted the role of protector of the status quo and censor of innovation. It is a frightening posture for government to take since it assumes that public officials are endowed with greater wisdom than you or I to decide who should compete in the marketplace of ideas.

If the diagnosis is wrong, the prescription is unlikely to work. The county has misdiagnosed the illness that plagues our health care system. The county's diagnosis is that competition, innovation and change are unhealthy. Its prescription is to stifle new entries into the competitive market.

If this were Russia, Boris Yeltsin would denounce the county's effort to manage our health care economy. It is ironic that Santa Cruz County finds itself championing the idea that government should regulate private enterprise just as this idea is being rejected all over the globe.

In its effort to abort the Capitola Health Center, the county has gone to extraordinary lengths. The county has intervened in Capitola's land use process; it has attempted to stir up opposition from the Capitola Health Center's neighbors; it has attempted

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to enlist opposition from state and federal agencies; it has tried to marshal opposition from the Capitola Health Center's competitors and it has spent public money — money budgeted to pay for medical services to indigents — on a "study" of the Capitola Health Center.

The outcome of the "study" was announced in advance by the county officials who defined the scope of the study, chose the consultant and paid for the product. The director of the county Health Services Agency announced before the consultant was hired that she hoped the "study" would dissuade potential investors from backing the Capitola Health Center. The county Health Department was not created to provide investment counseling.

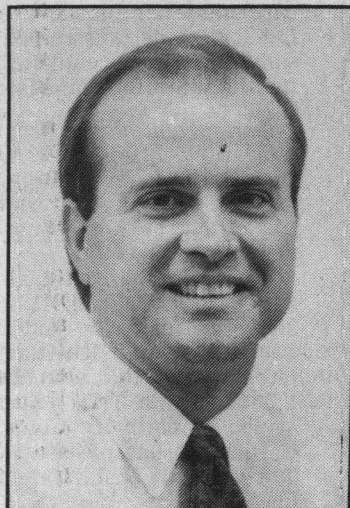
Fortunately, this expensive exercise in political control over business seems to have fooled no one. Even its backers have criticized it. Dominican Hospital submitted a five-page letter pointing out an array of general and specific efforts. Santa Cruz Medical Clinic told the county Public Health Commission that the study's analysis was based on gapping errors. Only the county officials who commissioned the study seem ready to defend it.

The state of California stopped regulating health care competition more than five years ago. This local study raises profound questions about the proper role of government. In my view, the job of government is to govern. It is not to thwart economic evolution and innovation. This is not a debate over comprehensive state-funded health care or some equally abstract public policy issue. It is a debate over the use of government to bar innovation. It is about curbing government's exercise of public power to control private enterprise. It is about the arrogance of power.

Whether you accept or reject the county's arguments you have to ask: If the county can kill the Capitola Health Center, how safe is my business? Are our county officials elected to thwart progress and new approaches to health care? Approaches that have been proven successful in other California communities. If we accept the notion that the county should be the official censor of competition, where will it stop? What will distinguish the Capitola Health Center precedent from the hundreds of other new ventures that challenge the archaic ideas held by our bureaucrats?

We are amazed that the public has expressed so little moral outrage over the county's conduct in the Capitola Health Center affair. Are we so jaded by past excesses that nothing the county does can surprise us? Perhaps the Lily Tomlin character was right to say, "No matter how cynical I get, I just can't keep up."

Chuck Madden is a principal in the Capitola Health Center.



Chuck Madden

Not the best for patients

By JOHN FRIEL

HEALTH CARE services for the people of Santa Cruz County is an extremely complex issue. Services are provided in doctors' offices, medical clinics, hospital emergency rooms and hospital inpatient services. There are two hospitals serving the county and there seems to be two additional proposed hospitals.

Of the numerous people requesting care within Santa Cruz County, many are dependent on government subsidized programs for their health care, particularly Medicare, Medi-Cal and MediCruz. Watsonville Community Hospital has been a participant for many years in all three of these programs and is proud of the fact of serving all patients. We have expressed grave concern for the development of a proprietary health center in Capitola. This concern is based on the fear that distribution of patients sponsored by the previously mentioned programs will not be equally spread through all providers of health care services.

The American Hospital Association published five basic principles of hospital operation which Watsonville Community Hospital endorses:

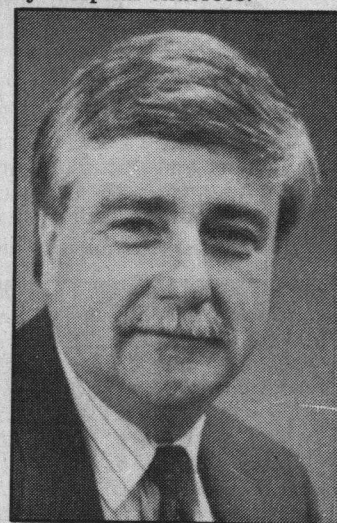
1. "Health care is and will continue to be local and entirely personal in nature."

2. "An effective hospital is predominantly a human institution, not a faceless corporation. It should keep sight of social and subjective values of patients and their families in the local community. Focus should be kept on patient care, not profit."

3. "The hospital is a community institution, not primarily a private business entity. Operational margins are important but not necessarily profitability. The public confidence and understanding are worth achieving by the hospital at all costs."

4. "The hospital is an integral part of the total health service capability in the service area and not an unrelated activity. Access must be spread throughout the community, not just on the basis of the patient's ability to pay."

5. "Hospitals will have to become increasingly de-



John Friel

termined in their management and focused in their goals and development. The hospital's mission statement and values must be published and followed."

Watsonville Community Hospital's mission statement states, "Watsonville Community Hospital will provide an optimum environment for healing, the promotion of health and the perpetuation of well being. Health services will respond to the patient and community needs of a vital and growing service area. These services will demonstrate the highest standards of professional excellence and will be offered in a cost-effective fashion . . ."

Having stated this commitment to the community to be full provider of services to all patients who require attention, we oppose the Capitola Health Center on the strong belief that it will serve to skim the insured patients of the area, subsequently overloading Watsonville Community Hospital and other full-service, acute-care hospitals with the patients dependent on the government-subsidized programs previously mentioned. This skimming concern is based upon the following facts:

1. Ownership for the Capitola Health Center would be by physician investors, who would then control what type patients would be admitted. It is unlikely that a physician who has invested \$50,000 into this venture would admit patients who would be detrimental to the bottom line profitability of the mini-hospital.

2. The Capitola Health Center will have no emergency room or critical care services. This will limit their admission to elective procedures that are not complex. The extensive overhead that most hospitals face is largely driven by the need to staff emergency and critical services, which are very expensive to provide, but receive little in the way of revenue. Any hospital that chooses not to offer these services would have a lower overhead, but that hospital would not be best serving the needs of the community.

Watsonville Community Hospital also is concerned for the safety of patients admitted to a mini-hospital. Since a mini-hospital will be performing surgical and childbirth procedures, it is possible complications may develop which require the very emergency services which the mini-hospital lacks. This situation could place a patient at a higher risk than is necessary or prudent. Such risks do occur in a full service, acute care hospital, but a full service acute care hospital is designed, managed, staffed and equipped to care for these events.

Any hospital providing services should be prepared for all possible events relating to patient care services and safety. Our hospital's opposition to the Capitola Health Center project is not an issue of profit, but rather a very serious concern with the survival of the existing health care delivery system in Santa Cruz County which serves people of all means.

John Friel is president and chief executive officer of Watsonville Community Hospital. He has more than 25 years experience in the health care field. Friel is a registered nurse and has a masters degree in public health administration/health services management from UCLA.