

# Patients paid HOSPITALS- far more at PURCHASE sold hospital

## Report shows Community was doing poorly before sale

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SANTA CRUZ — Community Hospital charged higher prices, had higher costs and suffered an ever-increasing set of financial losses in the 18-month period before its purchase by Dominican Santa Cruz Hospital, according to a report prepared for the county.

County Health Services director Ellie Hall said the report reveals "a picture of a very strong dominant hospital" — Dominican — in the same market as a smaller, weaker one.

The report states that between October 1988 and September 1989, gross expenses per patient day were 60 percent higher at AMI/Community than at Dominican, and 47 percent higher than at Watsonville Community Hospital.

In the same period, charges per patient day were \$1,928 at AMI/Community as compared with

AMI/Community's charges were 67 percent higher than Dominican's and 64 percent higher than Watsonville's. They were 50 percent higher than a regional average, the report states.

The figures are contained in a study by Eleanor Littman, of Nursing Associates, and were presented to the Board of Supervisors Tuesday. The supervisors requested the study after Dominican's swift \$12-million buyout of its closest competitor four weeks ago. The supervisors are keenly interested in Dominican's move amid allegations it will lead to higher prices and a restriction of birth-control alternatives.

The change in obstetric care in north Santa Cruz County is "the most immediate and tangible impact" of the purchase, the report states.

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Dominican Hospital will not perform birth-control operations such as tubal ligations or vasectomies. Women choosing in-patient tubal ligations as part of a caesarean delivery will have to use Watsonville Community or another hospital. The report estimates that for the next year 100 additional women will be admitted to Watsonville for tubal ligations.

The supervisors pressed Hall for more information about the purchase and its effects on health care in the county.

Supervisor Jan Beautz said she wants to know more about Catholic Hospitals West, the Catholic non-profit conglomerate that owns Dominican. Although decisions regarding Dominican are made by the local board of directors, that may not always be the case, she said.

Supervisor Fred Keeley said it "appears Dominican made a decision to purchase the competition before they had a plan on what to do with it." He called for a commitment to the public from the hospital.

Hall said she too hopes Dominican will consider public concerns. The Public Health Commission will hold a public hearing May 2, she said.

Hall said she hopes to "see some peace dividends to the community" following the cessation of the "hospital arms race," referring to competitive marketing campaigns between the two neighboring hospitals.

The board agreed to direct Hall to talk with Dominican officials about their future plans. She said early discussions have been positive regarding "things they say they are concerned about." However, there have been no commitments or contracts, Hall said.

One reason why AMI/Community's costs were higher was because it served far fewer patients than the other hospitals, making for a less efficient operation.

Based on figures submitted to the state Office of Health Planning and Development, AMI/Community's share of patient days in Santa Cruz County was 14 percent, compared with 58 percent at Dominican and 27 percent at Watsonville.

The average stay was slightly shorter and more expensive at AMI/Community — 4.5 days and \$8,688 per visit. Dominican reported an average stay of 4.7 days and average revenue of \$7,271.

When patients with government-funded insurance — MediCruz, MediCal and MediCare — are considered, the average stay was considerably shorter at AMI/Community than at Dominican.

Hall said an occupancy rate of 81 percent is considered the minimum for efficiency. In the year-long period the study focuses on there were an average of 223 people hospitalized daily in the county, a 46-percent occupancy rate for the 497 licensed acute care beds in all three hospitals. AMI/Community's rate was 24 percent. Dominican's occupancy rate was 58 percent. Watsonville's was 60 percent.

Hall said she feels "pretty confident Dominican, for the next 25 years, can accommodate the population of Santa Cruz County."

In the last fiscal year, Dominican took in \$965,000 less than it spent. In the previous two years it reported a revenue surplus of \$1.2 million in 1987 and \$1.4 million in 1988. As a non-profit it must use the retained earnings for charitable purposes.

AMI/Community was \$74,569 ahead in 1987 but lost \$1.16 million in 1988 and \$3.47 million last year, according to the report.