

Kaiser-Dominican negotiations discontinued

By TOM LONG
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SANTA CRUZ — Kaiser Permanente, a health plan with more than 6,000 members in Santa Cruz County that had been negotiating with Dominican Hospital for partial use of its services, says it is no longer "actively discussing" future plans with any hospital in the county.

But Kaiser spokeswoman Susan Pieper added that the other two hospitals in the county — AMI/Community and Watsonville Community — are still being considered along with Dominican as possible service sites for its members.

"We are not at this time actively discussing (plans) with anybody, but we're not ruling anybody out," said Pieper. "We have a goodly number of members in that area whom we would like to bring services to."

The end of Kaiser-Dominican negotiations means Kaiser members will have to continue to drive more than 30 miles for medical care.

"Approximately 6,000 people here now drive over the hill for their medical services and the overwhelming majority of those people are elderly," said Santa Cruz City

Councilman John Laird, one of those encouraging Kaiser to arrive at a deal with a local hospital. "It's a real issue of health care being closer than a 60- to 90-mile round trip."

If negotiations had been successful, Kaiser would have set up a clinic in the county and begun marketing its plan actively in the area, advertising Dominican as its provider of local hospital services.

Two points of dissension between the plan and the hospital stalled the negotiations. Kaiser expects hospitals it contracts with to offer its members a discount; Dominican says its rates are already lower than many hospitals and that Kaiser

members in Santa Cruz County are an unrepresentative group since many are older, higher-risk members who moved here to retire.

"We have every reason to believe that the particular Kaiser group that is over here isn't typical of the Kaiser group at large," said Roger Hite, executive vice-president of Dominican.

The age of members is important since health maintenance organizations such as Kaiser generally pay a contracting hospital an annual flat fee for each member it serves. Since older people are more likely to need medical services, an older population can make providing those ser-

vices more costly on per person basis.

"They want a fixed rate and that ends up potentially shifting a lot of risk to us," said Hite. "And giving a discount before we even know the risk just isn't prudent."

But Kaiser is standing firm on its demand for a discount. "We feel it's necessary in order to keep our rates down," said Pieper. "We have contracts with other community hospitals that give us discounts on fees."

Also, Dominican wants Kaiser members to be able to use its full range of services, while Kaiser wants to be able to refer certain elective surgeries to its own hospi-

tals in the Santa Clara Valley.

"We don't want to sign a contract that is going to market a partial health plan," said Hite. "If Kaiser is able to tell people they can enroll in the plan and get taken care of at Dominican and yet a lot of the elective surgery isn't going to be done here, we don't think that's in the best interest of Santa Cruz."

"We don't want to be in a position where they can come in, expand their market by using our name, and then ship people over the hill for care," Hite said.

But again, Kaiser is adamant about retaining the option to use its own hospitals. "It's only partly

cost," said Pieper. "In our own hospital we have much tighter control over quality of care and we have a greater continuity of care, too."

Laird said he would like to see some compromises made by both Kaiser and Dominican. "I think there's a number of ways they could decide to do it," Laird said. "Kaiser could accept the fact that in effect they're getting a discount from Dominican and Dominican could be willing for some people to have elective surgery over the hill."

"I would just like to see Kaiser come to an agreement with some hospital on this side of the hill," Laird said.