

CF

Sutter Affiliates

Hospitals - Sutter Hospital

With VNA

MCP OCT 17-30, 1995

On October 9, 1995, officials for Sutter Health of Sacramento announced that they had closed acquisition talks with the Santa Cruz County Visiting Nurse's Association, and that Sutter Health would immediately assume the role of VNA's sole corporate board member.

Sutter Health has affiliated with VNA associated home health agencies in other communities. VNA is presently the area's largest home health provider.

"The objective from VNA's perspective was to find an affiliation partner that could support our mission, and assist us in providing financial stability, access to managed care contracting and the ability to provide management and administrative expertise," said interim VNA director Joan Grewohl. "We were also looking for an affiliation that would strongly emphasize autonomy and control through a local community board."

VNA had reportedly entered into discussions with Sutter last spring, not long after VNA had learned of \$600,000 due VNA's biggest customer MediCare. The debt resulted from nearly a year overcharging the federal insur-

ance program for seniors. While Sutter will reportedly not be putting up any cash for the local deal, Sutter will be guaranteeing a larger line of credit for VNA.

"What Sutter is doing is guaranteeing a line of credit so that the VNA can weather the ups and downs of MediCare reimbursement and can assist in the development of programs," said Grewohl adding that during the half year of talks there had been no decisions made as to which programs VNA would pursue. Nor did Grewohl explain why when Medicare pays VNA in advance for services, VNA is experiencing ups and downs. Grewohl did note that Sutter's guarantees did not extend to protecting jobs.

"I can't predict the future," Grewohl said.

Grewohl said she had not decided whether to apply for the job left vacant by former CEO Delorme McKee-Stoval's sudden departure last May. She did report Sutter would have to approve the candidate selected by VNA's board and approve VNA's annual operational and capital budgets. □