

City leaders back hospital sale

Hospital - Watsonville 8-25-98 Register Pajaronian
70 attend second forum
hosted by attorney general

WATSONVILLE — City leaders voiced support for the sale of Watsonville Community Hospital Monday while critics sought another delay at the second public hearing on the issue hosted by the state Attorney General's office, which is conducting a review of the transaction.

The hearing — attended by about 70 — was intended to give the community an opportunity to voice their concerns to deputy attorneys general Chet Horn of Los Angeles and Yeoryios Apallas of San Francisco regarding recently released documents about the sale to a health care corporation, Community Health Systems of Tennessee.

The documents — primarily the health impact statement done by Southern California consulting firm The Camden Group and an evaluation of the \$55 million sale price by Houlihan, Lockey, Howard & Zukin Financial Advisors — were released to the public late last week, more than a month after the 60-day review period of the sale began and days before the hearing.

Watsonville Mayor Dennis Osmer spoke on behalf of the city of Watsonville in offering the city's endorsement of the sale, and commended the hospital's board of directors, the attorney general and CHS for their efforts during the past few months of transactions.

"I commend CHS for their efforts — they certainly didn't take advantage of us as they might," Osmer said. "If this sale is not consummated, then certain-

ly the hospital will close. In essence, we don't really have a choice," he said.

He said he was surprised at the poor financial condition of the hospital that documents have revealed. "I would have never believed it would have gotten to this state," Osmer said in an interview this morning. "Anybody that isn't shocked about how bad things are is on the board or in the hospital administration," he added.

He said that without CHS's intervention, the hospital will not be able to meet payroll in October. "They are \$4 million in the hole," he said. "And if the board members are not embarrassed about it, I've got enough to go around for everyone. (This sale) would have gone a lot easier if they had been open about it a year or two ago."

Charles Moody, director of Santa Cruz County Health Services, also publicly endorsed the sale, and announced that a contract — similar to the ones the county has binding with Dominican Hospital and Sutter Maternity and Surgery Center in Santa Cruz — would be signed by the county's board of supervisors and CHS within the next 10 days.

Other supporters of the sale were the Latino Affairs Commission of Santa Cruz County and the Community Foundation of Santa Cruz County.

Edison Jensen, president of Salud Para la Gente board of directors, said the low-income healthcare clinic "can find no compelling reason to oppose the sale," while Newell said the Pajaro Valley Coalition to Save Community Healthcare could "neither oppose nor support" the sale due to "lack of information."

See HOSPITAL, page 10

Page 10 - REGISTER-PAJARONIAN, Tuesday, August 25, 1998

HOSPITAL

From page 1

At the forum, others sought a postponement of the sale. "For community members to really participate in this process we need more time," said Amy Newell, co-chair of the Pajaro Valley Coalition to Save Community Healthcare, a watchdog group that has reviewed the transactions of the sale since the beginning of this year.

"We do think this process needs to be slowed down," said Newell, who was joined by other speakers in agreement that more time was needed.

The asset purchase agreement for the sale of the hospital to Community Health Systems was deemed complete by the attorney general's office July 7, when the review period began.

Though the attorney general has the option to extend that period for another 45 days — something most speakers at the hearing were hoping for — Horn said he did not see any reason for doing so.

"An extension would serve no purpose at this point," Horn said. "I don't think it's necessary."

However, he assured the attend-

ees that the review process was proceeding in as timely a manner as possible. "We, too, have concerns (regarding) the process," he said. "It simply took us longer to get the reports done than we thought it would."

Some community members — such as residents Andrea Garcia and Maria Asallas — spoke independently on behalf of Hispanic residents and their concerns, while representatives of various agencies spoke to declare their support or opposition to the sale.

A letter of intent was signed Monday by hospital President and Chief Executive Officer John Friel and CHS Project Director Barry Schneider to amend the Hospital Services Agreement between the hospital and the county (dated Jan. 1, 1994), which will be executed upon closure of the sale.

The term of the agreement will be extended to June 2010.

"In spite of all the differences and the challenges that have faced us, this (sale) will likely become a benefit for the community," Moody said.

Among those went on record as being opposed to the sale were Margot Hunter, staff attorney for Consumers' Union, and Aromas resi-

dent Mark Newman, who called the sale "a deterioration of the level of healthcare" in the community.

Several other speakers expressed concerns about hospital service maintenance, indigent healthcare and emergency room services, including the Community Action Board of Santa Cruz County, United Legal Services Workers and several residents.

Horn thanked the attendees, who filled three conference rooms in the new hospital facility on Nielsen Street, and assured them that he and Apallas "will seriously consider some of these issues raised here tonight."

Founded in 1985, CHS has under its control 40 hospitals in 17 states. Aside from its acquisition of WCH, it already owns a hospital in Barstow, Calif., and is seeking another in Fallbrook, about 60 miles north of San Diego.

The hospital's approximate \$35 million bond debt will be paid off with the sale, with \$12 to \$15 million being set aside to establish a community health trust. The trust will be supervised by a special 20-member board that will seek to provide community healthcare services, including health education.