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Dominican buys SC hospital; cries of 'monopoly' greet news

By BOB SMITH
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Amid cries of a hospital-care monopoly, Dominican Santa Cruz Hospital last night announced that it has purchased its competitor, AMI/Community Hospital of Santa Cruz.

Hospital officials would not reveal the purchase price but documents filed with the Santa Cruz County Recorder's Office last night showed Dominican purchased the Community Hospital building itself for \$10.5 million and an adjacent medical office building for \$1.5 million.

Under terms of the agreement,

Dominican took ownership of AMI/Community Hospital Thursday.

The AMI/Community facility will become the Dominican Community campus of Dominican Santa Cruz Hospital, said Dominican president and CEO Sister Julie Hyer.

For the time being, Community Hospital will continue to operate as it does today. Dominican officials said they have not made any firm decisions about the future of AMI/Community. A decision won't be forthcoming for another 30 days.

"We at Dominican are enthu-

siastic about the opportunities this acquisition creates," Hyer said. "It will allow us to expand the range and quality of hospital-based health care services provided to the people of Santa Cruz County."

In a prepared statement released by the hospital this morning, Bob Swenson, retired Cabrillo College president and chairman of the Dominican board of directors, added, "We have taken this action with deliberate caution." He said the board and administration consulted with the medical staff and initiated a se-

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ries of meetings with leaders from the health care, business, government, senior, church and community groups.

"We heard a broad range of opinions. Some people raised concerns about the purchase; some agreed the move would benefit the community; many asked questions," Swenson said.

Rumors of the purchase several weeks ago prompted doctors at the Santa Cruz Medical Clinic, the county's second largest health-care provider, to send out letters to its patients, questioning the wisdom of the purchase, citing a possible monopoly on some types of health care services by the merged hospital.

Medical Clinic administrator Wayne Boss said this morning a survey of all physicians showed 80 percent of them opposed to the purchase.

"This grants them a monopoly in Santa Cruz," Boss said.

"Over 90 percent of people (in the northern part of the county) seek hospital care in Santa Cruz. They don't go to Watsonville or San Jose," he said.

On the practical level, Boss said, Dominican said it will no longer allow sterilization procedures to be performed at Community. Nor will they permit contraception information or material to be dispensed there.

"Cost — Dominican has no incentive to negotiate its costs with HMOs like TakeCare or Prudent Buyer or even with Medicare," Boss added.

"People need to realize that it is not a done deal," the medical clinic administrator added. "The Federal Trade Commission will have a lot to say about it (the

anti-trust provisions). There is a case in Ukiah where the (hospital services) concentration was a lot less and the FTC is now taking the hospitals to court to require divestiture."

Swenson seemed to shrug off those fears. "We are confident that this acquisition meets our criteria and will be a benefit to Santa Cruz," he said. "We are committed to meeting the health care needs of the people of Santa Cruz County as we have for 50 years."

The new two-campus hospital will be governed by the Dominican Hospital board of directors and administered by Hyer. Roger Hite, executive vice president of Dominican, will be in charge of day-to-day operations at the Community facility.