

# County, hospital at impasse

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SANTA CRUZ — County officials no longer think they will be able to work out an agreement with Dominican Hospital on 14 issues of concern raised in April after Dominican bought rival Community Hospital.

"I think the Board (of Supervisors) is generally very skeptical of what has taken place," said Fifth District Supervisor Fred Keeley, "and remains unconvinced that the current arrangement where we have but a single hospital in the North and Mid-County area is going to be to the long-term benefit of the community."

After hearing a report Tuesday from Elinor Hall, county Health Services Agency administrator, supervisors agreed to hire a lawyer to help them with negotiations and to represent them with the Federal Trade Commission.

The FTC is investigating Dominican's purchase of Community. The deal leaves Santa Cruz residents with only one hospital, short of driving to Watsonville.

A preliminary letter from FTC staff dated Aug. 1 indicated Dominican may have violated laws governing fair competition and asked the hospital to postpone any further consolidation of the hospitals. The merger, however, was finished Aug. 15.

Larry Donatoni, director of community relations at Dominican, said the hospital remained "optimistic we will be able to come to a resolution on the points ... that's acceptable to both sides."

He said officials couldn't comment further on the county's change in tone about the consolidation until they had a chance to carefully read Hall's report to the board.

In her report, Hall said "the county needs to become more deeply involved in representing the long-term interests of its health programs and the people of Santa Cruz in the upcoming legal challenges which may reshape the provision of health care in Santa Cruz

for decades to come."

The county's concern has revolved around 14 points that include a long-term agreement for fair pricing; fair negotiations with local health maintenance organizations and physicians; and expansion of Dominican's ability to serve non-English-speaking patients.

The county also was concerned about Dominican's refusal to offer tubal ligation sterilization to women, as well as the possibility the hospital would try to get more South County patients and undermine Watsonville Community Hospital.

"On at least some of them (the 14 points), it's hard for me to envision

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'The county and Dominican have had some spectacular partnerships in the past. I'm disappointed this is not moving in the same way.'

— Elinor Hall

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how some of them are going to be worked out," said Keeley, who has been an outspoken critic all along of Dominican's takeover of Community.

Keeley emphasized that he was speaking only for himself, but that other board members shared his concern about the lack of agreement on the 14 points. He said hiring a lawyer would "assist us in the legal questions about the current conditions of health care in Santa Cruz County."

Hall said Thursday that the county was surprised to learn the complicated requirements governing potential hospital monopolies. And the early indications that Dominican may be ordered to restore Community Hospital also has officials worried.

In addition, "We are more pessimistic now with negotiations" on the 14 points. Those two factors have led to the new mood among county officials that things can be worked out to the benefit of everyone involved.

Hall said she originally thought the consolidation would benefit the community, and Dominican would provide quality health care without "exploiting their market dominance."

"But do we all want to say we will just have faith in the future?" she asked, noting Dominican's reluctance to sign a binding contract,

or even a letter of agreement, on the 14 issues raised by the county.

"Agreement is unlikely" on some of the issues, she added. "The county and Dominican have had some spectacular partnerships in the past ... I'm disappointed this is not moving in the same way."

Hall said the county has not issued a deadline on when an agreement is needed but there is an "increased feeling of urgency in the county to work it out."

Keeley said if no agreement is reached, the county has other options, including talking with the FTC and the state Attorney General's Office regarding the monopoly issue.

"For myself, I think it is a problem if there is no change in discussions between Dominican and the county," he said. "If it is resolved, then there is no problem."

He said the county wants a long-term contract that spells out specifics needed from Dominican to ease concerns about pricing and marketing problems that could arise when only one hospital serves such a large area.

In her report to the board, Hall noted that if the FTC orders Dominican to give up the Community Hospital site, it could be purchased by a company that then would provide health care only to those with private insurance.

That, she said, would put Dominican in the position of handling all

of the area's uninsured, MediCal and Medicare patients, which "would undermine Dominican's viability and its ability to provide excellent quality care to all."

The FTC also could force Dominican to restore Community Hospital to its former state and then sell it, said Hall, which would cost millions that could have gone to providing health care to the area.

"On the other hand, it is troubling that the county has not been able to draft a contract with the hospital," wrote Hall, noting how dependent the county is on Dominican to provide such services as mental health, treatment of jail inmates and to give medical direction and support to the paramedic ambulance system.

"The economy of North County is dependent on Dominican charging reasonable costs for its services," she wrote. "In Santa Cruz we will all have to accept the product Dominican produces."

The issue of local control also concerned Hall, who noted Dominican is owned by Catholic Health Care West, which in turn gets approval for key decisions from the Adrian Sisters of Adrian, Mich. "The issue of who governs the hospital is at root a question of whether future decisions will satisfactorily address our local needs."

Dominican bought Community Hospital on March 9 from American Medical International.