

# Watsonville Hospital cuts 80 jobs

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WATSONVILLE — Watsonville Community Hospital has eliminated 80 jobs in an attempt to keep the financially troubled facility above water.

The hospital's chief executive officer, Paul Estess, announced the layoffs at county budget hearings Thursday morning. Estess resigned his position Tuesday, but is continuing as CEO for 60 days.

"I think there's no choice. (The layoffs are) absolutely necessary," Estess said after asking the Board of Supervisors to consider the plight of hospitals in health care cuts.

Employees were notified of the layoffs when they came to work Thursday morning. A hospital spokeswoman said the job cuts are

part of an overall restructuring of the hospital brought on by financial woes.

Estess said in April that the hospital was \$500,000 in the red and might have to close its doors. A county official said Thursday the hospital lost more than \$2 million in the last fiscal year and has already lost more than a half-million dollars since July.

The cuts came at the recommendation of Health Strategies Group, an outside management company the hospital hired two months ago. Hospital Board Member Dr. Albert Crevello said the company was hired to return the hospital to profitability and that the company may take over hospital management.

"The layoffs themselves are extremely unsettling as far as the morale of the people working at

Please see HOSPITAL — A14

## Hospital

Continued from Page A1

the hospital is concerned," Crevello said. "Many of the people were longtime employees."

Estess said the elimination of 80 jobs — 12 percent of the total work force — would probably put about 50 people out of work, since some of the positions were already empty and other jobs would be consolidated. Estess said most of the cuts would come in administrative areas and few would directly affect patient care. According to Crevello, none of the nursing or laboratory staff was cut. Crevello said the majority of layoffs were in administration and maintenance. The hospital's drug and alcohol treatment center was also scaled back with layoffs.

"This is the first major step to get the hospital back in shape," Crevello said.

The hospital's financial problems are due to the number of patients who have been covered by government insurance programs, which pay less to the hospital than it costs to treat patients. Estess said 75 percent of the hospital's patients were covered by MediCal, MediCare or other such programs.

Estess said the hospital, which was ruined beyond repair in the Oct. 17 earthquake, will be receiving around \$40 million in rebuilding funds from the Federal Emergency Management Agency. That money, Estess said, will likely be used to build a new hospital near the current building in Watsonville.

The earthquake also had a negative effect on the hospital's already high number of poverty-level pa-

tients. "After the earthquake that medical population went up to add to the burden that was already there," Crevello said. "In the future that statistic (75 percent) may not change, but there are other ways of developing income."

The hospital is also considering building an out-patient surgery center in Aptos, where it owns land near Soquel Drive, according to Estess. The idea would be to

boost the paying patients population from the wealthier mid-county area to offset losses incurred by treating poor patients in south county, Estess said.

County Health Services Agency director Elinor Hall expressed worries about the layoffs and the future of the hospital.

"I have great concerns," Hall said. "I'm concerned about poor patients being pushed out the bot-

tom. There's a real access problem for MediCal patients who are trying to find doctors. There's a goodly number of doctors who've left Watsonville in the last few years."

Hall also wondered whether the hospital would actually be able to profit from an out-patient surgery center in Aptos. "When you're laying off staff it's hard to see how you're going to bring in more people," Hall said.



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Hospital officials insisted the cuts would not affect quality of service or patient care.