

Capitola Health Center

# County panel withholds opinion on health center

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SANTA CRUZ — The county Public Health Commission decided Friday not to take a position on the controversial Capitola Health Center.

The county Board of Supervisors had asked commissioners to make a recommendation on the proposed "mini-hospital" on the basis of a 200-page study on the effects it could have on other local health services.

But commissioners said they had too much conflicting information after hearing from the study's author, Lucy Johns, and from Santa Cruz Medical Clinic, Doctors on Duty, the proposed health center, and Watsonville and Dominican hospitals.

They also noted that there was no way for them to predict the outcome if the health center is built.

Three of four commissioners agreed to the "no position" stance, even though one of them, Isabelle Bacigalupi, said she personally supported the health center because she believes in free enterprise.

Chairman Jean Poulos opposed the cen-

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ter, saying she believes county population growth is relatively stable and the community cannot support more hospitals.

Commissioner Dori Edson, vice president of Watsonville Community Hospital, abstained.

Those who took the "no-position" stance also felt that any new hospital should take some of the risky patients and those who don't pay. They questioned whether the Capitola Health Center would take its fair share of them. They also expressed concern about the impact of the health center on the health care system.

John Petersdoft, chief financial officer for Dominican Hospital, outlined for com-

missioners Friday four ways Capitola Health Center could cause Dominican to raise its rates:

- Dominican now gives \$1.5 million in free care a year through its emergency room. Those patients would still come to Dominican since the health center won't have an emergency room. Paying patients must subsidize these charity cases. And since there will be fewer paying patients, they will have to pay more.

- Some 60 percent of Dominican's Medical patients, 65 percent of its MediCruz patients, and 78 percent of non-paying patients enter the hospital through the emergency room. Since the health center won't

have this entry point, these patients, who don't pay full costs, will still come to Dominican. Again, paying patients will see their costs go up.

- The health center will take less-complicated cases. MediCare and MediCruz pay hospitals a flat rate per day for all cases. Dominican now offset the loss from complicated cases with what it gets paid for the less complicated cases. If Dominican gets fewer less-complicated cases, its costs will go up and will have to be passed on to paying patients.

- With the building of Capitola Health Center, Dominican's fixed costs will stay the same. But there will be fewer numbers of patients to help pay those fixed costs, so prices will go up.

John Friel, chief executive officer of Watsonville Community Hospital, said this same type of "cost shifting" to paying patients would also happen there if the health center is built.

The commission's recommendation, or any subsequent action by supervisors, has no bearing on whether Capitola Health Center can be built at the intersection of

Bay Avenue and Highway 1. That decision rests with the Capitola City Council.

But even so, Health Center developer Chuck Madden, appeared relieved over the commission's lack of position.

"I'm pleased. It was the appropriate position to take. It reflects nationally the view of health care. It is a complicated issue," Madden stated.

Madden admitted that if commissioners, and subsequently the Board of Supervisors, took a negative position on the health center, it could have consequences.

County government, he said, is the largest employer in the county and as an employer, contracts with hospitals to care for its employees. It is feasible, Madden said, that if the county were opposed to the health center, it could decline to contract with it for health services.

"It could have an effect, but we are a small facility and there are lots of local employers (who could contract with us)," Madden said.

Madden and partner Doug Byrd hope to build a 24-bed hospital, outpatient surgical facility and doctor's office on the five-acre site.