

✓ Capitola Health Center

More Than Just a Hospital

DOCTORS ALREADY INVOLVED IN PHYSICIANS GROUP

by Mary Bryant

The developers and doctors of the proposed Capitola Health Center (CHC) have plans that extend well beyond the scope of a hospital center.

Chuck Madden, a principal in the CHC group, calls it a medical group without walls. But, to understand how it works, one must know a bit about how health care is bought and sold.

Insurance is a common way individuals are assisted in paying medical bills, but over the years insurance companies have changed how they spend their dollars. More frequently now, carriers will manage the money they spend for their clients by contracting with a group of physicians, out-

patient surgery centers and hospitals. By promising a volume of work from their customers, the insurance companies will receive discounted rates.

Generally, these agreements are reached with a group of doctors working out of one facility or independent physicians cooperating in a single association.

County, state and federal governments also pay for services for those who are eligible either by age or economic status. These programs are commonly known as Medi-Cruz, MediCal and Medi-Care. Each program reimburses doctors and facilities on different scales through negotiated contracts, with the Medi-Care

work being the most lucrative and the MediCal payments often falling short of costs.

As well, employers—generally larger companies—can contract directly with a center for care. Usually this will be arranged through a primary facility that will then subcontract portions of the work. For instance, Santa Cruz Medical Clinic (SCMC) contracts with the University of California at Santa Cruz (UCSC). The workers from UCSC go to SCMC for a great deal of their care, but when they need the services only a hospital can provide, then the Clinic refers them to and pays Dominican Hospital.

Presently groups of employers, like growers and sin-

gle agencies, like the County of Santa Cruz, use these programs and pay an averaged or capitated price per employee covered through the plan.

Finally, individuals who are not eligible for insurance or are not sponsored by government programs, must bear the direct costs. While the state is now just developing a plan where every citizen would have private insurance coverage available—regardless of previous illnesses—through an assigned risk pool, the private payor is commonly the one that has the most difficult time affording care.

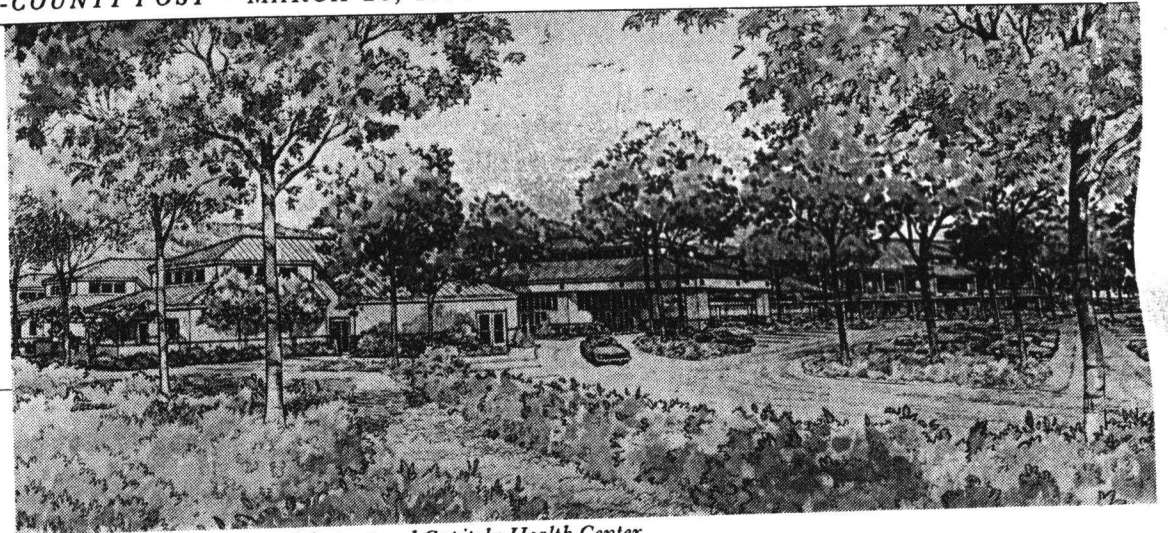
In order to address all these groups, CHC has brought together its 60 or so participating physicians into

an Independent Physicians Association (IPA).

These doctors still work out of their own offices, see their own patients and keep their own practices, but they can now contract with employers and insurance carriers. And even though the services are discounted and the IPA takes a referral fee, the doctors maintain access to a larger market without losing their autonomy.

Should the proposed facility be built, then CHC would offer more contracted services, like surgeries, and their own insurance programs in a similar fashion to Kaiser Medical Centers.

In all, more than just a hospital. □



An architectural rendering of the proposed Capitola Health Center.