

Hospitals fight over rights to new heart-care unit

By NANCY SCHACHTER

A Santa Cruz hospital has filed a legal challenge to the state's approval for the construction of a heart-surgery unit at a Salinas hospital.

American Medical International, which owns Community Hospital of Santa Cruz, filed a suit in Santa Cruz Superior Court this week challenging the certificate of need issued by the state to Salinas Valley Memorial Hospital.

Both hospitals had applied for state permission (which comes in the form of a "certificate of need") to add heart-surgery units to their facilities. The state has granted Salinas Valley's request and indicated it plans to turn down Community Hospital.

The AMI petition centers on the requirements

for administrative hearings on hospital expansion applications. According to the Executive Director of the Mid Coast Health Systems Agency, David Wright, there are two ways hearings can be called for, with one method used in reviewing the Santa Cruz application and the other used in reviewing the Salinas application.

When the State Office of Health Planning and Research reviews a hospital application, it can grant approval, or call for an administrative hearing to answer remaining questions about the proposal. Such a hearing was called on the Santa Cruz application, and the first day of the hearings was held Thursday. (The hearings will continue next month.)

But after reviewing the application from the Salinas hospital, state officials granted approval without calling for an administrative hearing. State regulations leave one loophole that can prevent the certificate of need from becoming final after the usual 30-day waiting period. That is by allowing the Mid Coast Health Systems Agency to call for the administrative hearings that the state had bypassed, and in effect requiring another review of the Salinas application.

Wright said his agency has asked for the administrative hearings on the Salinas proposal, and that is the basis of the AMI lawsuit. AMI contends the Salinas certificate of need is not valid because the administrative hearings requested by the Mid Coast Health Systems Agency must be held first.

AMI also is requesting that the hearings it contends must be held on the Salinas application be combined with the hearings on the Santa Cruz application so that the two proposals can be compared side-by-side.

Wright said his agency wanted such a joint administrative hearing on the two proposals all along, but was unable to get the hospitals to agree to such an arrangement.