

Watsonville

hospital cuts staff

Hospitals - Watsonville Hospitals
Decreased revenues cited

By BOBI WOOD

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WATSONVILLE — Within a month, Watsonville Community Hospital will have reduced its staff by 20 to 25 full time employees. A memo dated April 21 from hospital chief executive officer Barry Schneider to the Board of Trustees, medical staff, employees and service league announced the coming cutbacks.

The hospital had anticipated higher volumes of revenues and expenditures than it has been generating, the memo states.

Schneider wrote, "The lower volumes in key service areas translate into the need to "adjust the level of staffing and resources to serve those volumes."

The memo continues, "The lower staffing commensurate with these volume declines will be achieved by restructuring, attrition and in some cases, eliminating positions."

Decreased patient admissions are also a factor in the decision, the memo states, due to pressure from payors. Managed care for outpatient services has resulted in less patient admissions with shorter stays, wrote Schneider.

The hospital's recent conversion to a new computer information system has "revealed that some of the previous accounting

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processes and procedures, particularly those related to calculating our true level of reimbursement, have not been providing us with accurate or timely information," wrote Schneider.

Watsonville Community Hospital has been in operation since 1895. It operated as a non-profit until it was bought in 1998 by Community Health Systems of Brentwood, Tenn. for \$55 million. At the time of the sale, staffing and program cutbacks had gone on for years, and the hospital was unable to do more than maintain basic services, according to a hospital report.

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The hospital's need to be purchased by a for-profit company was attributed at that time in part to the negative financial impact of managed care.

"Any business, or even a family, has to align their expenditures with their income," said hospital spokeswoman Bridget McMinn on Tuesday. "It's not popular at this point, but that's where we are, like any other

business." Hospital officials are still finalizing where and how the staff cutbacks will be made, said McMinn.

The lack of key physician specialties has also hurt the hospital, according to the internal memo. Schneider wrote that the hospital requires specialists in a number of areas, including pediatrics and occupational medicine.

"This is never an easy decision, but it is the responsible decision in light of the long-term consequence of ignoring a downward spiral," Schneider said.