

Sutter Health Prepares for Home Health Market

After Nearly a Half Century, the Visiting Nurses Association of Santa Cruz County May Become Part of a Larger Organization. Non-Profit Home Health Agency In Talks With Sacramento Health System.

by Mary Bryant

As part of Sutter Health's move to form their own integrated health care network in Santa Cruz County, Sutter officials confirmed that a formal letter of intent had been executed to acquire the local Mid-Coast Visiting Nurses Association. The largest established not-for-profit home health agency has reportedly been experiencing serious financial difficulties.

In a written release to *The Post*, VNA Vice President Christine Macias confirmed the organization's talks with Sutter.

"VNA and Sutter Health have agreed to enter into discussions regarding the potential for future affiliation. ... However, no final decisions have been made thus far," wrote Macias, who declined to be interviewed. "If a decision is made for VNA to affiliate with Sutter Health, VNA's local community Board of Directors will continue to maintain operational control of the organization. The VNA Board of Directors made the decision to pursue affiliation as a partner with a premier integrated health system for three reasons."

Among the reasons Macias provided were to allow VNA to raise capital for expansion, offer more efficient health care delivery, and to provide passage to managed care contracting in the market.

"VNA's 48 year mission remains unchanged," Macias concluded.

"Both organizations are looking at each other formally," said Tony Browne, who is temporarily serving in the role of Bay Area Regional communications director for Sutter Health. "We are determining whether or not this is going to be a deal."

Browne said that Sutter continues to be an advocate of integrated health care, and that an integrated system means there are a variety of services available within a single network within a single community.

"An integrated health care network means all the bits and pieces of health care across the continuum [are brought together]," said Browne. "Home health services are a big piece of that. Sutter is in the process of developing either their own, or affiliating or acquiring or merging with an existing company."

Of the market, Watsonville Hospital's wholly owned licensed home health agency Prime Health at Home has provided the South County institution flexibility in a changing market. However, as Prime Health at Home has grown, the Visiting Nurses Association has been challenged to maintain market dominance.

Independence for VNA has also likely meant that a bigger share of resources have been needed to focus support on a single administration with a single patron. A bigger partner could

mean access to California's bond market for capital and central administrative services, corporate services that would also be supported by a hospital and a medical group in town. Sutter Health will reportedly soon be the sole corporate owner of the Santa Cruz Medical Clinic and is finishing construction of a 30-bed hospital. However, not everyone is ready to embrace change.

"We are always concerned when out of town companies enter the picture because it could affect the quality of care," said California Nurses Association's Beth Saffron. CNA holds a labor contract with VNA.

"It is also our hope that if another health care company becomes involved that we can have an open and productive relationship and dialogue with them," Saffron added.

Saffron said that VNA administrators had previously denied the assertions they were in talks with Sutter Health about affiliation. She also noted that VNA was presently in contract negotiations with CNA, talks she said had not yet produced a contract.

"As of this date, VNA has claimed an inability to pay to make improvement [to the current wage package]. They have proposed a wage freeze," said Saffron.

Saffron said she was confident that no matter whether or not VNA was to affiliate that CNA would have a contract with VNA's home health agency.

At the present, VNA president Delorame McKee-Stoval is reported on extended leave, and an interim chief executive officer has been appointed for the organization. □