

FTC's Dominican ruling challenged

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SANTA CRUZ — Since Dominican Hospital knocked off its only rival by buying Community Hospital in 1990, it has worked steadily to maintain and increase its monopoly on hospital care in northern Santa Cruz County. That's according to a local medical clinic and a statewide medical group which has been blocked from building a small hospital here.

Nonsense, Dominican says — it just wants to make sure consumers understand the costs of having another hospital on the block.

Santa Cruz Medical Clinic and Sutter Health made a number of accusations Monday in challenging a March 12 decision by the Federal Trade Commission

that dropped antitrust charges against Dominican for its purchase of Community. In return, Dominican must agree that if it ever decides to buy another hospital, it will get FTC approval first. The proposed decision can be challenged for 60 days after it is published in the Federal Register.

The proposed decision is little more than a rap on the knuckles, say Santa Cruz Medical Clinic and Sutter Health. The two have urged the FTC to reconsider its decision because of what they say is "overwhelming evidence" that Dominican's purchase of Community was a "clearly calculated violation" of antitrust laws.

They also hinted at "private legal remedies" against what is now northern Santa Cruz County's only hospital.

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"We truly would prefer not to have to file these kinds of comments about Dominican," said Kent Sherwood, Sutter Health Senior Vice President. "... We didn't expect Dominican to be thrilled about Sutter coming to town, but we did expect professional and ethical behavior."

In making its decision, the FTC noted that Sutter was "likely to enter" the county's health care community.

But with Dominican fighting to stop Sutter from building a proposed 30-bed hospital across the street, Sutter and Santa Cruz Medical Clinic said that the proposed FTC decision might be "premature."

Sutter representatives said Dominican has blocked Sutter at every turn, filing last-minute challenges of land-use decisions; disrupting negotiations of a proposed agreement between Sutter and the county setting the number of charity patients Sutter would serve and attempting to lock in a five- to seven-year exclusive contract with Take Care, one of the county's largest health maintenance organizations, that would freeze a Sutter facility out of the market.

Dominican disputes those charges.

"We are not being obstructionist, or trying to oppose Sutter coming to town," said John Petersdorf, Dominican's chief financial officer. "We're just exercising our rights to inform the community of the potential impact that they bring to the com-

munity.

"The bottom line is, certain consumers are going to have a choice and probably, it's going to end up costing consumers more money."

Some of those implications, Petersdorf said, include reduced services to the poor and higher prices for everyone because Sutter's proposed hospital would duplicate services already offered by Dominican and Watsonville Community Hospital.

Steve Heath of Sutter Health said the FTC will respond to the comments in a process that could take from six months to three years.

Should the FTC decide to re-hear the case, Petersdorf said, it could modify or leave unchanged the original consent decree or decide to file antitrust charges against Dominican.