

# Doctors lend support for hospital sale

By VICTORIA MANLEY

STAFF WRITER

WATSONVILLE — Members of a physicians group associated with Watsonville Community Hospital announced their support for the hospital's sale to a healthcare conglomerate, saying the sale would only improve healthcare in the city and would not cut any services or jobs.

Physicians of the Pajaro Valley Medical Group held a press conference Thursday to reiterate the benefits they and hospital officials believe will derive from selling the hospital to Tennessee-based Community Health Systems.

"We think CHS represents a way of maintaining the healthcare system," physicians' group Vice President Dr. Michael Suval said. "They will serve to bolster the services that don't exist."

Officials say the \$55-million sale would include all the hospital's current assets, including the new building, and the hospital would honor all its labor contracts.

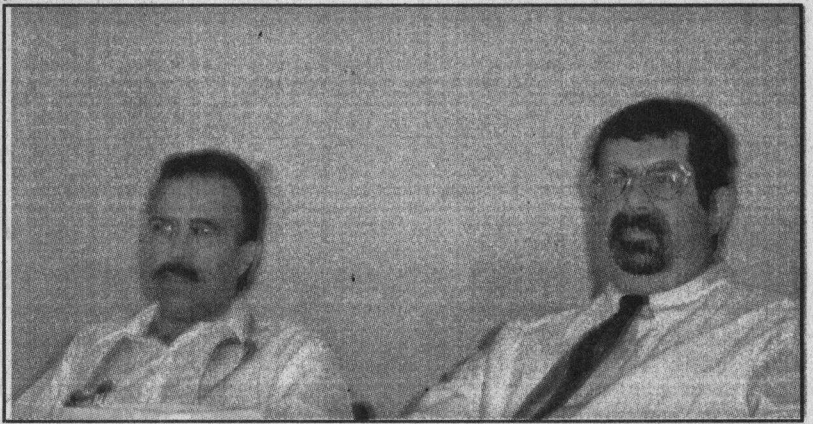
Joining Suval were Dr. Fred Chen, president of the group; Treasurer Dr. Lee Griffith; Dr. Jeffrey Solinas, past president; Executive Director John Bratkovsky; and hospital President and CEO John Friel.

The physicians' group was created in 1988 and represents about 70 doctors, almost all of the physicians practicing at the hospital.

"We're excited to be able to work with CHS," Solinas said. "The hospital chain of CHS is very committed to the success of the hospital."

Solinas said that as a family practice physician, he understands some of the concerns raised by community members regarding the sale. "Certainly there's been a lot of controversy in the press about the sale," he said. "I hope by our coming out publicly, our support will help allay some fears."

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Physicians Dr. Michael Suval (left) and Dr. Jeffrey Solinas.

WRP 7-24-98

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— Jeffrey Solinas, physician

## Hospital CEO explains need for hospital sale

**State mandate, poor fiscal past given as reasons**

By VICTORIA MANLEY

STAFF WRITER

WATSONVILLE — Watsonville Community Hospital President and CEO John Friel explained the need for an alignment with Community Health Systems, Inc., the Tennessee-based healthcare corporation vying to purchase the hospital, Thursday.

In a press conference held with the Pajaro Valley Medical Group, Friel gave a state mandate for the alignment and a fiscal year in the red as the main reasons for the sale.

"We're under a state mandate to find a partner," Friel said, which came from a \$20 million loan issued by CalMortgage in 1995. The \$20 million tax-exempt bond must be paid back by the hospital by 2015.

The loan was given for the relocation of the hospital to 75 Nielson St., and hospital officials began looking into its alignment options immediately thereafter.

The second "wake-up call," Friel said, was when the hospital found its finances in the red. In June 1997, the hospital was forced to lay off 70 employees.

Though the hospital is back in the black financially, officials need to look toward the future, he said. "We certainly cannot go through 1999 without positioning ourselves for the future," Friel said.

The finalization of the sale would ensure that CHS pays off all of the hospital's debts, Friel said.

The \$55 million sale would include all the hospital's current assets, including the new building, and the hospital would honor all its labor contracts.

Friel said that in a competitive business of healthcare services, small, one-hospital towns are finding their healthcare facilities such as Watsonville Community Hospital

in similar situations.

"Hospitals like ourselves are at risk of (not) surviving," he said.

Friel attributed competitive markets with other hospitals that have stronger buying power as one of the main reasons for the need to align with CHS.

If the sale with CHS does not go through, hospital officials will pursue a different alignment with another healthcare corporation, Friel said. He said that though officials are not considering any drastic changes to services, it is possible that changes would have to be made at the hospital.

Friel said he hopes the community understands a strong commitment has been made by hospital staff and CHS to ensure a strong future for the hospital.

"(The sale) is being done by reasonable and competent people," he said. "This is not a buyout."

In an effort to communicate the details, reasons for and benefits from the sale, hospital officials and city council members will be hold-

ing a meeting at 7:30 p.m. Wednesday in council chambers, located at 250 Main St., which will be open to the public.

The meeting comes just a few days before a public hearing scheduled by California Attorney General Dan Lungren will take place Aug. 1.

Lungren deemed the sale agreement between the hospital and Tennessee-based Community Health Systems complete July 7 and started the clock for a 60-day review period, though a 45-day extension is possible.

A public hearing is currently scheduled to take place from 10 a.m. to 3 p.m. Aug. 1 at the Henry J. Mello Center for the Performing Arts. Anyone interested in speaking should submit a written request by July 27 to Steve Bauman at the Charitable Trusts Division, California Department of Justice, Suite 500, 300 S. Spring St., Los Angeles, Calif. 90013. For more information, call 213-897-2184.

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He said that even certain labor unions have expressed their support for the sale despite their "very active watch-dogging (of) the entire process."

"There aren't going to be jobs lost, no services will be cut, and the hospital will be better off in the future," he said.

Not only will jobs and services remain the same, doctors said, but there will be benefits — including a

55,000-square-foot medical office to be constructed at the old Seagate property nearby — gained if CHS bought the hospital.

"The sale represents our best possible chance to keep healthcare in south county viable, and even more than viable," Suval said. "And it's going to grow to meet the needs of this community."

Other benefits include a commitment from CHS for \$9 million devoted to capital improvements, both for equipment and personnel, such as physician development.