

# 62 workers lose hospital jobs

By CHELA ZABIN  
STAFF WRITER

Watsonville Community Hospital has laid off 62 workers and is planning a reduction in hours or other changes to another 24 positions, Interim Chief Executive Officer Sandy Grantz said this morning.

The layoffs, which were mostly in the administrative and fiscal areas, were effective yesterday. Grantz said 14 percent of administrative staff was cut; 16 percent of middle management was cut; and 9 percent of other staff was cut. The hospital has about 700 employees.

The cuts are part of a "restructuring" plan the hospital has developed in response to operating losses during the fiscal year 1989-90. Grantz said that the plan was developed with the aid of consultants after a "lengthy evaluation of the hospital's business."

The hospital will look at other ways to trim its expenses, Grantz said, like eliminating certain contracted services and renegotiating malpractice insurance rates. In total, the hospital plans to cut \$1.8 million from its \$37 million operating budget.

She said she believed the cut-

backs would make the hospital financially sound and that no further cutbacks would be necessary. She also said that no medical programs would be cut and that patient care would not be affected.

Grantz blamed the hospital's financial woes on a low reimbursement rate from Medi-Cal, Medicare and other government programs.

About a year ago, the hospital and Medi-Cal agreed to a higher reimbursement rate — about 82 cents on the dollar, up from 63 cents. Over the last year, however, the percentage of Watsonville's pa-

tients on those programs has increased from about 62 percent to about 75 percent, Grantz said. Hospital officials are attributing the increase in Medi-Cal patients to the Oct. 17 earthquake.

The hospital had been taking a loss of about \$1.1 million a year on the Medi-Cal patients, but Grantz said that during 1989-90, that amount rose to \$2.2 million.

Grantz said figures for the hospital's total operating loss were not available.

Tim McCormick, field represen-

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tative for the Hospital and Health Care Workers Union, Local 250, said "we were kind of expecting" the layoffs.

Before the layoffs, McCormick said, the hospital would sometimes cancel the shifts for employees, reducing their hours for that week.

"We have demanded to bargain" with the hospital, McCormick said yesterday afternoon. The union is not challenging the layoffs per se, McCormick said, but wants to see that the workers are laid off according to seniority. Continuation of health benefits will be a bargaining point, he said.

Local 250 represents 220 hospital workers, a third of the staff. About 40 percent of the laid-off workers are union members, hospital vice president Barbara Shingai said this morning.

One hospital employee who was laid off said the hospital "is going to have a hell of a time getting morale back" among those who remain.

The former worker, who asked not to be named, said people were upset by the layoffs, although they were not unexpected.

Deedee Riccabona, the hospital's personnel director, who was among those laid off yesterday,

said "I was probably very much prepared."

She said she, along with other managers, had met with the hospital's consultants in August, and was aware that the hospital was looking at ways to cut back expenses.

By Tuesday, when news that the hospital's chief executive officer, Paul Estess, had resigned became public, "there were major rumors going through the hospital," she said. Estess cited wanting to spend more time with his family and repairing his earthquake-damaged home as his reasons for leaving, but said yesterday that he purposely quit before the layoffs because he didn't want to destroy relationships he's built up over the years.

Although Riccabona wouldn't comment on whether she thought layoffs were the best way for the hospital to cut expenses, she said that she feels very strongly that the hospital does need to do what it takes to continue to operate in Watsonville.

"You need to do whatever it takes to focus on patient care," she said.

She said several friends have told her about job openings in San Jose, but that she was going to take some time off before looking for work.

— Staff writer Lane Wallace contributed to this story.