

Hospital sale will pinch patients, clinic chief says

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SANTA CRUZ — Wielding a just-published study that says most hospital mergers result in higher costs to patients, Santa Cruz Medical Clinic president Wayne Boss told the Public Health Commission Wednesday Dominican Hospital's purchase of Community Hospital is a bad deal for consumers.

"I don't think the issue is their intentions or the quality of service (at Dominican). I don't think a community could have a better hospital than Dominican," Boss told members of the county commission who had invited him to speak on the hospital purchase.

"But even with the best intentions, if you create a monopoly, sooner or later it's going to start acting like a monopoly," said Boss, who was once chief administrator for Dominican.

Boss handed out copies of a March 19 article published in *Modern Healthcare* magazine, which examined a study of hospital mergers commissioned by the magazine and performed by Health Care Investment Analysts in Baltimore.

The study of 36 hospitals that merged between 1985 and 1987

found that "most hospitals increased their charges after merging," according to author Jay Greene.

Dominican has said repeatedly that it hopes to lower health care costs as a result of its purchase of Community Hospital, and officials there said Wednesday that continues to be their intent. But Boss and others have expressed fears that the hospital will inevitably raise prices without any close competitor to challenge it.

"If there's only one car dealer in Santa Cruz then everybody has to either buy their car there or else leave town," Boss said. "There's no guarantee that this merger is going to lower costs."

Boss also said that he didn't think Watsonville Community Hospital offers the kind of competition that would force Dominican to control the prices it charges. "I don't think traditionally people have gone to Watsonville from north county," Boss said.

Dominican bought its main competitor for \$12.5 million on March 9, making Dominican the only hospital in north county, and by far the largest provider of medical services in the county. As president of the Santa Cruz Medical Clinic, Boss is in charge of the second-largest

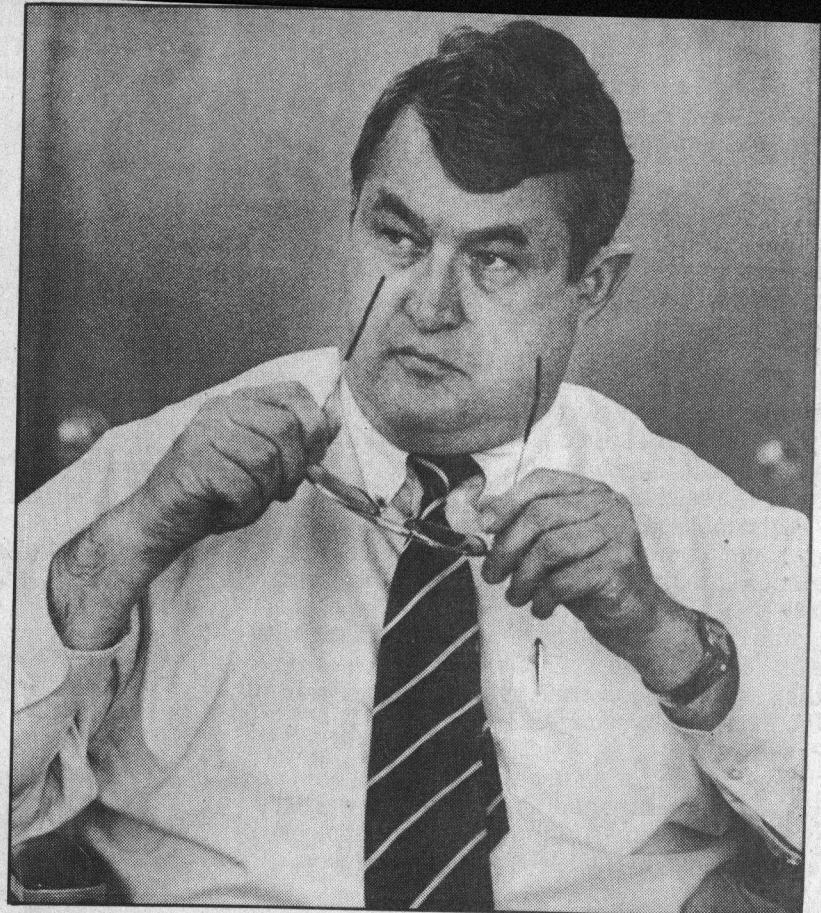
health care provider in the county, which also serves as base for the county's only major health maintenance organization, Takecare.

The Catholic hospital announced in mid-January that it was considering purchasing Community and wanted to survey local response to the idea.

Following that announcement, one poll of local physicians showed that a majority preferred having two hospitals in north county. And Community's board began an effort to bring physicians and local businesses together to buy the hospital, fearing their would be no controls over rising health care costs if there was no competition.

Many in the area were stunned when it was revealed that Dominican had actually bought Community. Since that time local politicians have been swamped with inquiries about the purchase. The city of Santa Cruz sent off a letter to the Federal Trade Commission requesting an investigation of the purchase and the county board of supervisors asked for a special report from its Health Services Agency on the merger's impact.

The Federal Trade Commission, which is charged with enforcing anti-trust laws and breaking up monopolies, launched an investiga-



Dan Coyro/Sentinel

Wayne Boss says a Dominican monopoly will be a bad deal.

tion into the purchase about two weeks ago.

In the meantime, the Board of Supervisors has also asked the Public Health Commission to host a forum on the hospital merger for

members of other county commissions. That forum was tentatively scheduled Wednesday for May 2, but it has not been decided whether it will be open to the general public.