The Transformation of Health Care:
National Trends Mirrored at the Local Level in
Eureka, California's Union Labor Hospital

by Elizabeth Claasen
As World War II drew to a close, a series of factors accomplished change in the status of hospital care across the United States and particularly in Humboldt County's Union Labor Hospital. The 1950s saw a great increase in the ability of healthcare workers to provide new cures for illness through effective surgery and antibiotics. Such advances began to change public opinion that a hospital was solely a place for the destitute and dying; a community's hospital became a focal point of its pride. Hospital care was deserved by all. At the same time, the federal government began to take more and more responsibility for providing funds for building construction and biomedical research. The creation of private health insurance through Blue Cross and Blue Shield programs led to massive shifts in the provision of health care. These national changes were mirrored - very visibly - in the Eureka-Arcata area.

The year 1950 signaled a turning point for the Union Labor Hospital. That year marked the inclusion of community businessmen on the Hospital's Board of Directors, the Union Labor Hospital Association. Prior to the decision, only members of different local unions had opportunity to assign a representative board member to influence matters of hospital policy. Among the most important reasons for the integration were the hospital's increasing importance in the community and the fact that 75% of the patients who had been treated there in recent years had no trade union affiliations. Across the nation, organized labor was experiencing a sharp decline in membership as well as in public trust. This was the case in the Eureka-Arcata area. What could cause
such attitudes? One factor may be the political clout of unions had increased substantially during the 1930's and labor leaders held what was perceived as too much power. Many Americans distrusted such a concentration of power and were relieved to see any weakening in organized labor's solidarity. Also, attitudes towards collective bargaining had shifted during World War II. For the first time trusted labor leaders prioritized a goal over worker's issues: the defeat of the Axis powers. The inclusion of community leaders on the hospital board links with the timing of the passage of the Hill-Burton Act in 1946. The Act provided funds for the improvement or construction of hospital facilities - on the condition that the community surrounding the hospital matched any such funds! Possibly in an effort to recast the hospital as a service facility for the whole community, (and to improve the likelihood of receiving community aid) the hospital name was changed from Union Hospital to General Hospital. A campaign to build followed close on the heels of the decision to add community members to the Board and a community name to the previously "Union" hospital.

The Board had hoped for several years to improve the physical structure of Union Labor Hospital. The hospital was nearly forty years old, and staff and patients were acutely aware that the facility was sadly outdated. On April 16, 1946, the Redwood Empire Labor Journal announced that the organized labor movement would build a new steel and concrete hospital on site. At the time, labor leaders - who were still experiencing decreased influence after WWII - encountered difficulty raising the funds
needed, and the effort fell through. Another attempt was made in 1949, with over 57
unions pledging to support new construction. However, it was not until non-union
community leaders were brought in - the very next year - that the needed funds were
made available. In 1950, after the official name change and additions to the Board of
Director's by-laws were made, the fundraising campaign kicked off. Led by George J.
Cole, a labor leader; Charles R. Barnum, a local businessman; and John F. Langer Jr., the
mayor of Eureka; the campaign solicited monies for the new General Hospital Building
Fund¹. Few changes had been made to the original 1906 structure, and a new facility was
desperately needed. Plans were made for a new wing to be added and a complete plant
reorganization to take place. The expansion of the Eureka-Arcata area population
necessitated the addition of space for an increased number of beds. Also, space was
needed for many of the new medical innovations that became more common after WWII
- a more technologically advanced laboratory and sterile surgery theatres. The original
plans for the Humboldt County Hospital, built in the same era as Union Labor, showed
provision for rooms such as servant's quarters and butler's pantries - obsolete by the
1950's. The hospital board reached their goal of $400,000 by 1954, and the construction
endeavor began.

The hospital's transition from a completely Labor-run entity to a combined labor
and community-run organization proved to be a rocky one. One fascinating example of
the difficulties encountered is the Nursing Strike of 1953. The Nurses' Union, Local 250,
struck for better pay against an organized labor-dominated Board. The non-union
members of the Board were asked to look for "alternative solutions" to end the strike, and
so they sought out nurses from outside the area. Penny Penfold, a Canadian native,
responded to their advertisement knowing nothing of the strike taking place. She arrived
in the middle of the strike and immediately faced the frustration of being put in the
position of being a "scab" strikebreaker unknowingly. She endured the actions of the
nurse's union against her,\(^4\) the strike ended gradually and the nurses returned to work,
gaining little. Dr. Ted Loring, a physician serving on the Board at the time, remembered
the irony of this, "A union striking against a union." The union members of the board
"realized, to save the hospital, they had to accept it, but they...tried to ignore it."\(^5\)
Nationally, hospital workers - nurses, housekeeping and janitorial workers, and
pharmaceutical workers - had successfully organized to strike for better wages and
working hours. Prior to the 1950's, these positions had been held as "sacred" by many -
care providers had a solemn duty to care for the sick and dying and were not to forsake
that call for any reason. To strike for increased wages or better hours would be a betrayal
of the patients who needed their care. The gradual shift in perceptions of nursing - from
nurturing care providers to efficient health care providers who were scientifically trained
- influenced such healthcare providers to organize and strike for improvements in wages,
hours and facilities. Professional women in the nursing field began to organize, and
Labor leaders were caught unprepared to deal with the situation.
The strike was further exacerbated by the fact that there were very few nurses in the area, as the closest training grounds were in the Bay Area. Scholarships provided for three women a year to travel down to San Francisco, but on average only one of the three would return to Humboldt County. In 1951, there was a polio epidemic across the nation which also affected Eureka. Dr. Loring’s small son caught the dreaded disease and was put in isolation, but no special nursing could be found for him - local nurses took extra hours beyond their normal shifts to care for the child of the new doctor. It was then that Dr. Loring realized the dire need for a nurses training program in the area. He approached Dr. Homer Balabanis, a Dean at Humboldt State College, and they began to discuss the idea of a nursing program. Because there was no accredited hospital in the area at the time, doctors gave educational talks on their field of specialty to train nurses. When General Hospital and St. Joseph’s Hospital were accredited in 1958, the Nursing program at Humboldt State - which continues to this day - was instituted.

In the 1950’s General Hospital also saw an increase in specialization of medical treatment. Rather than seeing a general practitioner, a patient admitted to the hospital might see for the first time a pediatrician, an internist, or an obstetrician/gynecologist. This followed a nationwide trend towards specialization that had been spurred by WWII. Medical officers in the Armed Forces had been encouraged to specialize their practice through increased exposure to specific areas of medicine. One example given was orthopedic surgery - each certified surgeon serving as a medical officer was assigned two
or three partly trained surgeons to assist him. In this way, it is estimated that nearly 900 men came into contact with this type of surgery. Medical officers who received this additional training during the war put the GI bill to good use, pursuing graduate medical education. Physicians returning to civilian status could access subsidized residency training as well as a living allowance, and with greater financial freedom, many men pursued the economic and social status attained by specialization. When Dr. Loring arrived in Eureka in 1951, he was the first registered obstetrician in the area. Like thousands of other doctors, he had entered the armed forces as a medical officer and then received additional training in obstetrics and gynecology after World War II. Dr. Loring would go on to play a significant role in General Hospital’s history.

General Hospital’s ticket system, long valued as a bastion of security for the laborer who would be unable to afford the cost of hospitalization, was gradually phased out during the decade of the 1950’s. In 1954 a ticket for one year of medical coverage cost $24, and a bill for a hospital stay cost only $5. With the advent of Blue Cross and Blue Shield Insurance companies, many employers were providing insurance for their employees as a benefit. In 1958, the last hospital tickets were sold and General Hospital saw the end of what had been among the first comprehensive health care plans in the nation.

During the 1940s, aides and practical nurses had appeared in increasing numbers across the United States, adding an additional element of change to hospital staffs.
Registered nurses, armed with antibiotics, no longer needed to focus primarily on
maintaining sterile cleanliness in the hospital. Many head nurses became administrators,
orchestrating complex medical relationships between aides, doctors, laboratory
technicians, pharmacists, and other nurses. While women had served as hospital
administrators since the 1890s (comprising 40% of all hospital superintendents as late as
1929) their established role had been to provide religious, moral, medical and social
services. Most, if not all, women administrators were completely untrained in financial
management and thus unprepared to deal with increasingly complicated hospital
situations.

Each of the alterations in how General Hospital provided care - improvements in
the facility, changes in perceptions of nursing care, increased specialization among
physicians, and more and more frequent questions over insurance and reimbursement -
combined to create great frustration for the Board of Directors of General Hospital by the
mid-1950's. Prior to this time, the hospital had been administered the daughter of a
prominent local Labor leader. In 1957 the Board made the decision to hire Mr. Ernie
Stewart, a trained administrator, to run the hospital. The previously noted distrust of
"labor" and a large Catholic population in Humboldt County had ensured that St. Joseph's
Hospital was more frequently utilized at the time. Ernie Stewart was described as a man
of "vision for the future...an individual who made you feel comfortable around him."

According to Dr. Ted Loring, Stewart's arrival "made the hospital more efficient. At
this point, utilization at General increased." Stewart's influence in the community at this
time is noteworthy. He forged strong relationships with community leaders and served
legendary dinners of champagne, filet mignon and the like to Board Members.

One major outcome from the changes wrought during the 1950's was the
accreditation of the hospital in 1958. Criteria for accreditation included modern facilities
and the presence of specialists to meet community healthcare needs. Both General
Hospital and St. Joseph's Hospital began to seek accreditation in 1951, but neither was
eligible. By 1954, however, St. Joseph's had built a new structure and began the process
for accreditation. The construction - started in 1954 - at General Hospital was necessary
if the hospital was to compete with St. Joseph's. The long-sought accreditation - received
in 1958 - closed out the decade of the 1950's with a new focus, improved facilities, and
major changes in how healthcare was provided.

Although somewhat buffeted by the transitions of the 1950's, the relationship
between General Hospital and the Labor community remained healthy. Al Gruhn, the
California AFL President, commented on the expansion of General Hospital with ,"Let's
make General Hospital labor's labor of love. What is good for the community is good for
labor."
Indeed, such strong ties remained throughout the decade of the 1960's. The
Redwood Empire Labor Journal reveals a fairly strong labor organization that continued
to seek political influence through the endorsement of state politicians, among other
venues. General Hospital was held up as a landmark within the labor community, and
close tabs were kept on improvements made to the hospital and Union Board members.

In 1964, 9 out of 15 of the members of General Hospital's Board (the Union Labor Hospital Association) were representatives of various unions - Laborer's Local 187, Plywood Workers 2931, Butchers 445, and Hospital Workers 327, to name but a few.\(^\text{15}\)

As General Hospital's community presence gradually increased, organized labor continued to support the hospital financially and avowed its success. At the same time, labor leaders bowed to the pressures that had removed the hospital from their complete control, primarily the gradual forces of the community leaders, a trained administrator, and more and more government influence.

The beginning steps made towards General Hospital's integration into the community in the 1950's blossomed in the 1960's. In 1962, the Pinafores - a lady's voluntary service group - was organized.\(^\text{16}\) Women throughout the community became involved in helping with routine hospital tasks, fundraising, and other methods of supporting the hospital. They wore starched and striped aprons, and the Junior Pinafores, organized only a few years later, wore a diminutive version of the same. Also in 1962, a widely published Nurses' Reunion - celebrating the 56\(^\text{th}\) anniversary of the hospital - took place. A Portuguese baker crafted a 600-pound cake in replica of the 1908 structure,\(^\text{17}\) and numerous newspapers took note. A wedding - between a seaman and his girlfriend - took place at General in October of that year, and the event was also used to generate positive publicity. In 1966, General Hospital organized a Health Fair, which was
sponsored by the Registered Nurses (RNs), and Medical Staff. The Fair took place at Redwood Acres and had Laboratory, X-ray, and Electroencephalogram (EEG) displays in addition to hospital and surgical equipment from General's facility. Great efforts were made to introduce the community to the technology and its accoutrements which were now standard at General Hospital. With the money raised from the fair, the General Hospital R.N. Association purchased an automatic rotating tourniquet (for heart conditions) and an alternating pressure mattress. These foremost technological innovations of the time were presented to the hospital. Far from being a home for the indigent sick and dying, the hospital had become a "lively" place, a symbol of progress and hopefulness in the community.

In 1962, General Hospital was again accredited. Amid the congratulatory lauding by area newspapers and organized labor, the hospital's administration and board were seeking Federal Funds for a complete overhaul of General's facility. Eventually, funds were obtained - a $458,000 grant from the Federal Government Works Project financed some of the project, and loans were taken out for the remaining $1.1 million necessary. The plans included a substantial expansion of the first floor, a remodeling of the lab and x-ray, emergency, central supply department rooms as well as three operating rooms, and the addition of a recovery unit, business offices, and a lobby elevator. Such expansion required that the nurses' home, built in the 1920's, be demolished. The lovely craftsman style bungalow, with its huge river rock fireplace,
was mourned by many when the city approved the new plans. However, building proceeded and in 1965 there was a gala ceremony to dedicate the cornerstone of the new wing. A time capsule was presented at the ceremony, to be opened in 2015 by Jeffrey Santsche, who had been the baby born closest to Easter (a day of new beginnings) that year. The time capsule included notes on Native American medicine from the shamans of the Yurok, Karok, Hupa, Wiyot and other tribes, a description of the first use of anesthesia (chloroform) in Humboldt County, a copy of the 1908 Union Labor News, a picture of the 1920 Board of Directors, a picture and names of the 1965 Board, a map of Eureka, stamps and coins, a grocery ad, and photos of the current nurses' uniform. A broad spectrum of historical artifacts, indeed.

The new heliport was tried out - the first local helicopter access - and on June 24, 1965, a helicopter landing interrupted a speech by actress Bettye Ackerman, star of the archetypal television medical show - the wildly popular Dr. Ben Casey television series. Ms. Ackerman traveled to Humboldt County with her husband, Sam Jaffe (also a star of the Casey series) and was the keynote speaker at the cornerstone laying ceremony. Her speech reflected the nationwide hopefulness in scientific medicine for the future, and some of the predictions made at the time seem amusing today:

The General Hospital which we are dedicating here today is about as modern and up-to-date as is presently possible. But hospitals, like almost everything else, are looking toward automation. A recent report by the Stanford Research Institute gives some idea of the kind of hospital one may expect twenty or thirty years hence...the futuristic hospital will be manned by automation of almost everything
except nurses. Each patient will have a small but private room. His bed, which may not resemble a bed at all, will supply an individual climate the way an incubator does for a premature baby. Electronic devices will monitor his condition when needed. The sleeping pill will be replaced by a weak electric current flowing through his head at bedtime. There'll be spray-on dressings, disposable garments and single-dosed packaged medicine.26

Nevertheless, Miss Ackerman was received in state, visited with a number of hospital patients, and was greeted by a large crowd. The cornerstone laying ceremony aptly illustrated the seeming zenith of General Hospital's star. However, the hospital's great financial outlay - combined with unforeseen economic disturbances - contributed to overwhelming changes in not only how General Hospital would provide healthcare, but where and why.

The exigencies and complications of healthcare in California meant that General Hospital's plans for expansion were not unnoticed. In 1964, the Humboldt Times reported on the arrival of state hospital authorities that came for "Open Talks on Voluntary Planning." A stronger emphasis on providing adequate healthcare for all led to the following analysis:

...The problem, as defined by the California Hospital Association, is that new medical facilities (in the state of California) 'are not all properly located, nor of the right size and function to accommodate an increase in population which now averages 600,000 a year. Planning must be geared to handle this influx, with hospitals of appropriate size, location, and function.'27
The idea of "voluntary planning" was considered to be especially needful in Humboldt County, with many rural areas, indigent residents, and little access to the superior specialized care available in large, metropolitan areas. It was feared that the concentration of hospitals in the Eureka area would severely limit available care in outlying areas, and so when Klamath/Trinity Hospital and Medical Center on the Hoopa reservation faced grave financial difficulty and threatened closure, General Hospital considered taking over its operation. The County Board of Supervisors didn't want to set up tax-funding, but a "Save the Hospital" movement led by E.V. Griffith, ULHA Board President, and General Hospital made provision for doctors and laboratory technicians who would then travel out to the Hoopa Hospital. This service, in addition to increased room rates at Hoopa, provided hope that the hospital would be able to run on its own power.

Such arrangements could only forestall increasing questions over how medical care was to be provided in Humboldt County, and the most important question of all - who was to pay for services provided? Since 1940, health insurance had become a national phenomenon. In that year, 12 million of 132 million Americans, 9%, had private health insurance. By 1950, 50% of the American populace had insurance, and in 1965 139 million of 194 million Americans were health insurance members - an astonishing 71%. Since health insurance was primarily a fringe benefit of employment, legislators looking ahead to the future saw a huge percentage of people soon to be retired, poor, and
in need of coverage. In addition, the system that provided health care for those who required treatment but were unable to pay for such services was in great need of overhauling. "In 1965 California had a costly, fragmented, uneven and largely disorganized system of public medical care. Services varied for each category of medical assistance. The variety of programs was made more complex by the existence of an extensive county hospital system. State aid was also administered at the County level."  

Additionally, problems were found with services that were generous in some areas, while paltry in other areas such as eye care and dentistry. Physicians, by and large, were unhappy with the fees received for their services through county and state provisions. County administrators were well aware they would be unable to pay for expanded medical services for the indigent through increased county taxes. Finally, there was a growing movement - across the state and in Humboldt County - to allow those who lived in poverty the right to seek health care from other venues than the County Hospital.  

It was apparent that change was badly needed, and legislation mandating that certain standards of healthcare be maintained for the poor and elderly - Medicare and Medicaid - was passed in 1965. When the California Assembly's Medicare bill (AB-5) passed later that year, it was greeted with not a little apprehension. Such comprehensive state mandates didn't begin to compare with previous measures that had provided limited services to the indigent. General Hospital Administrator Ernie Stewart stated the fears of many health care providers briefly in an article that blasted Medicare as a "Political..."
Scheme": It was possible that the hospital beds available in the County could be completely filled by Medicare cases, not leaving room for emergency situations. It would be necessary to redesign the hospital accounting systems. The present shortage of RN's and technical persons might grow acute, and people would remain confused about what Medicare provided.33 Certainly, confusion was never far from the administration of Medicare's provisions. The County's role in the provision of care was uncertain, and only days after Medicare Bill AB-5 passed, the Executive Committee of the Medical Staff at the County Hospital made several recommendations in response to "Medicare provisions that will phase the County Hospital out as a provider of hospital and professional Medical care."34 They foresaw the eventual demise of the county hospital, the Humboldt Medical Center. Predictions were made that Medicare would provide the care and services for all ages and the indigent which had previously been the County's job. Ultimately, there would be a rash of new patients that would emerge in the face of free health care.

As mandated by law, Medicare was implemented - along with costs far beyond initial estimates. Hospitals, far from finding they were bowed down by the extra expense of indigent care, discovered there was a lucrative return on providing many services. Eli Ginzberg writes in *Tomorrow's Hospital* that acute-care hospitals were cut loose from financial constraints that had helped to moderate both their operating and their capital spending.35 Federal and State financial resources were severely strained. The California State government began to look for ways to contain some of the spiraling costs of
reimbursement. Governor Ronald Reagan's administration sought to make a $210 million dollar cut to the $600 million dollar budget, noting that "Medi-Cal...is spending more than $650,000 a day for general hospitalization or more than $4.5 million a week." Other suggestions made to contain the costs included taking off one day of hospitalization for each patient admitted (to save an estimated $20 million) and to consider the new eight-day limit on hospital stays as "a very crude initial step to control hospital utilization." Finally, hospital planners were urged to consider community needs first when contemplating future development, modification, and expansion. Suddenly, hospitals throughout the state and country had the paradoxical situation of extra funding from state and federal governments and added clientele, but new and burdensome limitations and regulations.

As area hospitals faced the coming decade, major changes had been put into place. Norcoa Health was organized, a state-organized agency that served Humboldt, Del Norte, Mendocino, and Lake Counties by providing comprehensive health planning, as mandated by both U.S. Congress (Public Law 89-749, Nov. 3, 1966) and the California Assembly in 1969. The 49-member board - culled from 4 counties - had formed close liaisons with governmental and planning agencies and was chaired by E.V. Griffith, a local labor leader. Norcoa recommended that a new hospital be built in the Arcata area, and plans for the construction of Mad River Community Hospital were made. Since 1965, hospitals had added Intensive Care Units, Cardiac Care Units, and inhalation
therapists. In a very short time, these new and expensive services had been incorporated as standard treatment in acute care hospitals. Duplication of such costly services - offered by both St. Joseph's Hospital and General Hospital, the two largest in Eureka - came to a head as both hospitals saw decreasing profits. The decision was made to eliminate St. Joseph's maternity department and General's pediatric department. This was "...to continue cooperative efforts within the community, to meet health needs and to prevent unnecessary duplication of facilities. During the past several years the census in these departments at both hospitals has consistently decreased, resulting in an exceedingly high cost ratio of maintenance and staff of the maternity department in both hospitals." Both Ernie Stewart, General's administrator, and the Sister in charge of St. Joseph's expressed a new hope for the possibility of further collaboration.

However, such a realization was not to be. Hospitals over the next years faced a grim time of competition for seemingly fewer and fewer admissions. In 1972, the Times-Standard reported that bed occupancy rates had been only 55.1% for the new Mad River Hospital, 31.7% for the Humboldt Medical Center, 66% for St. Joseph's, and 59.2% for General. The article continued with, "While patients complain about the size of their bills, the current empty bed crisis has placed most acute-care hospitals throughout the two counties in grave fiscal trouble. This is the trend throughout the state and the nation..." Why such dire straits? Many reasons contributed to "The Empty Bed Blues," as another article termed it. With the advent of Medicare and Medi-Cal, new government
restrictions worked to limit hospital admissions and curtail that average length of hospital stays. Operating costs were drastically increasing and were passed on to consumers at the tune of $100 to $125 per day, which led to the placement of many of the sick into less expensive convalescent care facilities. Inflation had reared its ugly head and the slackening economy forced many to postpone surgery or other hospital care out of apprehension of job layoffs or a lack of medical insurance. Inflation also affected hospital costs, and a week's stay in the hospital could seriously deplete a family's savings. According to the American Hospital Association, hospitals nationwide had the "...lowest occupancy level since 1966," and yet "...the number of hospital beds increased...three times faster than the population" (from 1960 to 1970). In addition to these problems, new services were required of hospitals. Coronary care units were often 24-hour standby care units, and the specialists who filled these units received top salaries. Not only did Humboldt County hospitals face these state-wide and nation-wide difficulties, they were also aware they were lacking in the newest cancer fighting technology (cobalt treatments), had little recourse when dealing with head injuries and brain tumors as neurosurgery options were extremely limited, and equipment for kidney disease was nearly non-existent. Norcoa was well aware that regardless of current economic problems, they were obligated to see that such services would be provided - and such provision would not come at a low price. Altogether, General Hospital found it was not alone in its growing financial difficulties.
One suggestion that was widely supported was that the three largest hospitals in Eureka - St. Joseph's, General, and Humboldt Medical Center - consolidate under a single management. A Hospital Coordinating Committee, chaired by leading community figure and General Hospital Board member Homer Balabanis, was formed.\(^{44}\) Amalgamation would certainly cut down on the duplication of services rendered and allow hospitals to provide the increasing services required without becoming uncompetitive. Concerns were soon raised, however, about the care of the indigent patients in the county. Without total county supervision of their needs, would they receive the same level of care?\(^{45}\) Alex Jett, Director of the Humboldt Medical Center, verbalized the additional concerns of having former rivals work together: "If the services of the three hospitals are amalgamated or put under one or more roofs, political and economic problems will have been, or will have to be, ironed out - certainly a monumental assignment for all concerned. Loyalties are involved, not only to the patients who traditionally favor one hospital over another, but to the doctors and the institutions also. Each hospital has engineered its own history and is steeped in its own lore..."\(^{46}\) Certainly, traditional loyalties were entrenched, and each hospital had a faithful clientele. However, merger meetings continued throughout 1972.

Late in December of 1972, negotiations began to break down. Closed meetings - described as "sometimes tense and stormy"\(^{47}\) - disbanded over the seemingly untenable position of the Sisters of Orange, who owned St. Joseph's. Their primary concern was
that the health care religious values they held would be infringed upon - they were not convinced that the planned corporation would provide better care. For many years, General Hospital had not allowed religious leaders to provide services within their facility. In spring of 1972 Rev. James Brown had joined General's Board, but his chaplain's program didn't become a reality until 1980. Also, the furor over the legality of abortions in hospitals was just beginning to rise. Such practices would be unallowable and abhorrent in any Catholic-run hospital. Sister Corrine, administrator of St. Joseph's Hospital, revealed the following points of contention: no thorough investigation of the sites and facilities of the three hospitals had been made, no adequate investigation of financial structures, assets and liabilities took place, and there were no answers for the question of how county health obligations would be dealt with. And finally, from Sister Corrine, the bottom line: "The Sisters would expect to be paid and they want to know how much. They do not have the same feeling of General Hospital's Board. They have reservations about giving things away." Core moral values, concerns over the viability of combining, and financial reasons effectively stopped merger plans in their tracks.

Reprisals were quick and furious. Many reminders were made to St. Joseph's administration of the cost involved in planning ($30,000 for a hospital consulting firm) and of the strong recommendation of the committee that a merger would be best for the community. Some were primarily saddened, like Dr. Homer P. Balabanis, a member of General Hospital's Board. "What can I say? I've been working on this project off and on
for some ten years and I deeply regret that we have not been able to realize our dream.\textsuperscript{50}

The Hospital Coordinating Committee was disbanded, and an ominous warning was heard from the Director of Norcoa, Vic Biswell: "...If there isn't some kind of meaningful step taken (to help cut rising patient costs and expensive duplications of equipment, personnel and services) I'm afraid that the steps will be forced on us. These will come from the outside (the state) and they may not be what we want at all."\textsuperscript{51}

General Hospital and Humboldt Medical Center made plans to pursue consolidation.

Although "community-first" rhetoric had driven the plans to consolidate, General Hospital's governing board also held many of the same fears about consolidation that St. Joseph's had. Among the main concerns was the care of the indigent in Humboldt County - how would county and state tax dollars be used to provide care? Would General be financially liable for all "charity" work? As hospitals across the nation bowed to pressure to consolidate and privately owned hospitals took over providing care for those who had previously received it from the county, a growing trend of "dumping" began to occur. A trauma patient without insurance would enter the emergency room of one hospital, only to be told that they could not receive care there and that they would have to travel to another facility.\textsuperscript{52} This became a common occurrence and was a major concern of those who were advocates for the elderly and indigent in Humboldt County. A "Committee to Keep the People's Medical Center" had been organized, and they petitioned against the sale of Humboldt Medical Center to General Hospital for over two
years. Much discussion among Union Labor board members ensued. The questions regarding indigent care - as well as the question of what would become of both facilities and displaced County employees\textsuperscript{53} - were never fully answered, but the decision to consolidate was made. On October 31, 1975 the agreement selling Humboldt Medical Center to General Hospital was finalized. General Hospital took responsibility for Humboldt Medical Center's assets and liabilities as well as for the facility. They also took over the obligation to care for the county's indigent patients.\textsuperscript{54}

County Medical Services - now providing services in a limited sphere - would operate out of the old General Hospital structure at Harris and H. General Hospital's Union Labor Hospital Association launched an extensive remodel of the County facility on Harrison St. in Eureka, and the ULHA board discussed changing the name of the new facility to Sequoia Medical Center or Eureka Memorial Hospital. It was finally decided that they would stay with "General Hospital."\textsuperscript{55} The construction wasn't complete until November of 1978, when in 3 1/2 days the entire contents of General Hospital were moved to the new facility.\textsuperscript{56} The original 1908 Union Labor structure - renovated in 1954 and 1965 - was outfitted with offices and mental health facilities for the County.

Life continued apace at General Hospital during this time. Computers had been introduced in 1973, performing data processing duties.\textsuperscript{57} Other innovations at General included the first Computed Axial Tomography (CAT) scanner, one of three on the West Coast,\textsuperscript{58} IV pump set-ups\textsuperscript{59}, out-patient surgery care and a "Tumor Clinic."\textsuperscript{60} In 1974 the
The decision was made to allow fathers into the delivery room at Ob/Gyn wards. The abortion debate, raging across the country, burst into flame in Humboldt County in the late 1970's. Planned Parenthood approached General Hospital in 1979 with a proposal for a clinic, but division on the Board and a flood of community correspondence against such a clinic forestalled it. For the first time, male nurses were seen on General Hospital's floors. The decade of the 1970's saw the dawning of hospital care as we know it today.

In the midst of innovation and change, a little-known crisis loomed. In 1975, Ernie Stewart died of a heart attack. He had served as administrator of General Hospital for 17 years, had been instrumental in organizing General Hospital's X-Ray department and school, the computer data processing system, and had pushed strongly for the combining of General and Humboldt Medical Center. His involvement in the community was vast - he served with March of Dimes, the Eureka Rotary, and the California Hospital Association, among other roles. Photos abound of Stewart in Santa Claus suits, handing out turkeys to employees. A man more competent at promoting a hospital to a community and its inhabitants would be difficult to find. Unfortunately, the growing complications of providing healthcare led to missed details and a high level of financial instability. After Stewart's death, his assistant Andrew Lasser was made Chief Executive Officer of General Hospital, and the looming financial crisis devolved upon his head.
General Hospital had several loans that the Union Labor Hospital Association needed to pay off - the Hill-Burton funds from the 1950s, and a Bank of America loan in 1975 that had financed General's deal with the County of Humboldt and the new facility's remodel. Both were in need of repayment. Room rates had been raised 17% and hospital utilization was under 50%. Frequent audits within different units of the hospital in 1976 and 1977 had poor results and a recommendation was made to close the emergency room. An "old county hospital" image seemed to have attached itself to General in the public’s eyes and the renovation at the county facility dragged on, when the accreditation board was coming to evaluate the new facility. To top it off, the financial loss in 1977-1978 was $1.6 million. The management plan of 1979 states, "If there was a problem that could exist within a hospital environment, General Hospital had it." By February 1978, General Hospital was on the verge of collapse.

Union Labor Hospital Board Members, who previously enjoyed the prestigious role of "hospital board member" and had little to do with the daily running of the hospital, discovered they would need to take action. Many Board members resigned and a few new members were chosen. The financial crisis remained, as well as additional realms of physician-hospital relationships, new technologies, computer utilization, medical ethics, and the like - uncharted territory for most members of any community! Membership on General Hospital's Board was no longer a "plum" for a community leader, but a position of responsibility. Finally, the decision was made to pursue help
with General Hospital's management from a large corporation - a hospital management firm. A relatively new phenomenon, profit-making hospital management chains had grown more rapidly in the 1970's than the computer industry. In *Health Care in the United States*, Stephan M. Ayres reported that "The General Motors of investor-owned hospital corporations, The Hospital Corporation of America (HCA) controlled 23 hospitals in 1970; by 1980 they owned or managed more than 300 hospitals with 43,000 beds." It was to HCA that the Union Labor Healthcare Association turned, and an agreement was made that HCA would lease and run General Hospital. The hospital would still be owned by the ULHA. Plans were made for re-attaining financial solvency. Don Hamachek, known as "the Hammer", was brought in as administrator by HCA in the hopes that greater efficiency would be reached. Many staff members were fired and a reorganization of financial practices took place. His passing was unmourned, and James Ferguson succeeded him as administrator. A new semblance of stability had been achieved.

The decade of the 1980's began with the Union Labor Healthcare Association providing a lease with option to purchase to HCA. The decision was not an easy one - St. Joseph's Hospital had heard of the possibility of HCA making a purchase and had made an offer to buy General Hospital. Talk of a merger was much discussed through 1979, but it was decided that St. Joseph's religious philosophy - as well as problems with finances and utilization - were insurmountable obstacles and the offer was rejected.
The Hospital Corporation of America would run General Hospital for five more profitable years. A Public Relations committee was formed from the ULHA board and plans were made to improve the hospital image. By March of 1980, a huge increase in utilization at General had occurred, and that month saw a $56,000 profit. Progress was made towards paying off standing loans from past construction endeavors. Finances continued to improve through 1984, and the ULHA was able to invest some of the profits acquired.

In 1984 HCA approached the Union Labor Hospital Association seeking authorization of their offer to buy St. Joseph's Hospital, or sell General Hospital to St. Joseph's. Dr. Ted Loring, Chair of the ULHA Board at the time, remembered wishing HCA well with a somewhat skeptical view to their chances, but permission was granted. St. Joseph's did not jump at the chance to own General Hospital, and in 1985 HCA decided to drop their lease. Near desperation, the ULHA board sought out possible lessees, and Brim and Associates came in with a ten-year lease/purchase agreement. The relationship between Brim and General would be, as Dr. Loring described it, a happy one.

The late 1980's saw an increase in available finances. HCA had improved somewhat the viability of the hospital, but Brim worked closely with the ULHA board and hospital physicians and staff to provide a near optimum hospital environment. General's reputation in the community substantially improved, and it became known as
the most efficient and effective provider of healthcare in the area. The board was able to buy additional properties, and all loans were paid off.\textsuperscript{77}

However, the hospital faced the same problems with healthcare that had been faced by others across the nation. Once again, healthcare providers adjusted to changes in Medicare. In 1983, legislation passed that changed reimbursement procedures from covering individual medical necessities to covering "diagnosis related groups"\textsuperscript{78} Now, Medicare would no longer pay for the individual lab fees, hospital bills, physician and other services necessary for a patient who had pneumonia, the hospital would simply be reimbursed for standard pneumonia costs. It was assumed this would cause hospitals to become "leaner," any profit they realized could be kept and any loss would have to be covered.

Brim leased General Hospital, managing it for the full ten years of their contract. By 1990 all loans had been paid off at a final price of $6.6 million\textsuperscript{79}, and the Union Labor Hospital Board continued to invest, keeping an eye to the future. Intimate contact with the daily workings of the hospital decreased - it looked more and more likely that Brim would exercise their option to purchase the hospital, and indeed, in 1995 the hospital was sold. In October of that year, Brim merged with Paracelsus,\textsuperscript{80} a major hospital owning corporation. Paracelsus had a reputation for purchasing small hospitals in outlying areas and milking them for all they could, and immediately, changes began to occur at General Hospital - cost cutting procedures became common.
The Union Labor Hospital Association had run the hospital for over 80 years. Now, the hospital no longer belonged to the Board, and they pursued other options. One option was to use the finances accumulated during the profitable years with Brim to create a philanthropic organization - specifically, a "health-related supporting organization." On November 19, 1996, it was decided that the Union Labor Hospital Association would become the Union Labor Health Foundation, a supporting organization of the Humboldt Area Foundation. The Foundation served as an umbrella organization for charitable foundations in the Humboldt Area, providing valuable resources and information. In January of 1998, the ULHF went public: "The new foundation will award grants specifically for medical and health needs in Humboldt County...(it) will accept proposals from community health and medical organizations serving local citizens. In its first year ULHF will make $150,000 available for grants."

Long-time Board President Dr. Ted Loring commented, "Ninety years ago, the men and women of Humboldt, working in the timber mills and forests, built the Union Labor Hospital with their own hands. Today, the assets from the hospital they created allow us to establish a health foundation to serve the entire community, many of whom are their descendants." 81

General Hospital continued to function for the next 5 years. In 2000, the hospital's resources were vast: off-site services included business offices, Home Health Services (providing home visits to pregnant women and care for those recuperating at
home), the Burre Clinic (providing primary medical care for the county's indigent poor),
the Northcoast Ambulatory Surgicenter, providing the only out-patient surgery center on
the Northcoast, an Outpatient Rehabilitation Center, a dental clinic for Medi-Cal patients,
and a Mid-wifery Clinic. General had 82 beds and over 200 physicians on staff. Such wide-ranging services reflected the nationwide trend towards diversification in healthcare - no longer were health care needs met solely in the hospital structure.

In October of 2000, Paracelsus offered to either purchase St. Joseph's Hospital or
sell General Hospital to St. Joseph's governing entity, the Sisters of Orange. General was
purchased, and a new name was added to the hospital: St. Joseph's Hospital, General
Campus. St. Joseph's moved their short-stay surgery unit to General's Surgicenter and
moved General's OB unit to St. Joseph's. General's Home Health Nursing was shut
down, and nearly a third of the nurses lost their jobs, putting great pressure on the
remaining Home Health nurses for the county. In two to three years' time, it is hoped that
overnight stays will be phased out at General, as state law mandates that by 2007 all
hospitals must be retrofitted for earthquake safety. As the cost of retrofitting General
would be enormous, it is likely by 2007 the physical structure of the hospital will house
offices and perhaps an extension of the Burre Clinic, to continue providing care to the
indigent. St. Joseph's is also planning to build a new wing and tower to house the
additional beds needed in the county. General Hospital will continue only in memory.
Nationwide, questions regarding such consolidation of hospitals continue to emerge. Will health care best be provided by only a few large organizations or corporations? Today 71% of Americans can expect to live to age 70. In 1960, the average per capita amount spent on health care was $143, in 1993 it was $3,299. Rising costs and the increasing complications of providing healthcare ensure that only the most competitive of hospitals will survive. As care for the aging generation born after World War II looms, many questions arise. Will area hospitals be adequate to the task?
End Notes


2 The Humboldt Times (Eureka), 10 Feb. 1950, 1, 10.

3 HDNMSB 4-57p4 - Irvine Notes

4 Edna Penfold, interview by author, 4 August 2000, Eureka, tape recording.

5 Dr. Ted Loring, interview by author, 29 June 2000, Eureka, tape recording.

6 Dr. Ted Loring, interview by author, 6 June 2000, tape recording.


8 Original ticket for Audrey Oberdorf - from Dr. Jack Irvine's files.


11 Dr. Ted Loring, interview by author, 6 June 2000, tape recording.

12 Dr. Ted Loring, interview by author, 29 June 2000, tape recording.

13 The Humboldt Times (Eureka) 5 August 1964.


16 The Humboldt Times (Eureka) 22 July 1962.

17 The Humboldt Times (Eureka) 16 February 1962.

18 The Humboldt Standard (Eureka) 25 April 1966.

19 The Humboldt Standard (Eureka) 5 September 1966.


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22 The Humboldt Times (Eureka) 5 July 1964.

23 The Humboldt Standard (Eureka) 12 March 1963.

24 The Humboldt Standard (Eureka) 19 April 1965.


26 Hospital Dedication Speech by Bettye Ackerman, 24 June 1965. Predictions of Dr. Mark S. Blumberg of Stanford Research Institute.

27 The Humboldt Times (Eureka) 7 March 1964.

28 The Humboldt Times (Eureka) 23 August 1966.

29 The Humboldt Times (Eureka) No date found.

30 Eli Ginzberg, ibid., 9.


32 Ibid., 83

33 The Humboldt Times (Eureka) 28 June 1966.

34 The Humboldt Times (Eureka) 10 November 1965.

35 Eli Ginzberg, Ibid., 22.


37 Ibid.
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