

FOUNDATION FOR COMMUNITY HEALTH
Oral Testimony for
Public Hearing on Merger of WCHN & HQ
December 4th, 2018

Introduction

Good evening, my name is Nancy Heaton and I am the CEO of the Foundation for Community Health (“FCH”). FCH which was created in 2003 to receive the assets from the sale and conversion of the original Sharon Hospital (the “Hospital”) to a for-profit company.

FCH is dedicated to improving the health and wellbeing of the residents in our service area, especially those most vulnerable. Our service area encompasses 17 small rural towns located in northwest Connecticut and eastern Dutchess and Columbia Counties in New York State replicating the service area of Sharon Hospital.

FCH’s Position

FCH is not here today to offer a direct opinion on the merger between Western CT Health Network (WCHN) and Health Quest (HQ) but rather we are here to request that the HSP’s Health Systems Planning office (HSP) create a process by which it will be able to measure how well each Affiliate Hospital community retains a significant voice in determining and “tailoring the delivery of healthcare services to meet its needs” - a stated goal in this application.

As structured in these CON documents, the new parent organization Board will have the ultimate authority over all of the subordinate Boards, including the right to remove members. While this may make some sense operationally, it has already shown to weaken, and even eliminate, the ability of local Hospital Boards, in this case the Sharon Hospital Board, and the communities it serves, to be heard regarding needs and services available at their hospital.

I am here specifically to provide you with some context as to how FCH has become concerned about Health Quest and its apparent lack of interest in community engagement since it has taken over Sharon Hospital. In addition, we also have some ideas about how the HSP might improve and monitor local community engagement.

I would also like to note at this time, that while I am summarizing my comments here, I have prepared and will be submitting a longer version of this testimony.

Experience - FCH Engagement with Health Quest

In 2017, after two years of negotiations, FCH decided to enter into a \$9 million multi-year Grant Agreement with Health Quest. We did not take the decision to collaborate with Health Quest lightly as the potential cost of the grant represented 40% of our total assets. Our decision was also not based on any apparent need of Health Quest for our funding. Health Quest (“HQ”) was well-financed and more than capable to proceed without our financial support. Our primary goal in entering this agreement was to convert Sharon Hospital back to a not-for-profit community-based hospital which, we believed would re-engage Sharon Hospital’s connection and responsiveness to our community.

Sharon Hospital had been failing under the former owner and HQ insisted that our partnership was critical to their decision to acquire Sharon Hospital. Which strengthened our belief that by entering into this agreement we could use our credibility and reputation in the community to “jump start” the community’s support and use of the hospital, which had been lost under the previous ownership. According to the agreement, in addition to providing financial resources, FCH recruited and recommended the new Sharon Hospital Board members, as well as directing, in collaboration with HQ a development campaign to raise the Capital Campaign funds described in our grant agreement. This campaign was a strategy to generate excitement and interest in the “new” non-profit hospital and the services it wanted to provide for the community. *Funds raised in the campaign might also help to offset some of the grant funds put up by FCH.*

Lastly, and most importantly, we felt that this collaboration with HQ would establish a close working and integrated relationship between HQ, FCH and the communities we serve. So while our first efforts would be centered on the promotion of Health Quest’s immediate vision for Sharon Hospital, this grant was seen as a way to build and strengthen an open and transparent dialogue about how each of us can use our strengths to best address the health needs and concerns identified by the community. We were very excited and looked forward to working together in this new way, which could only enhance *our* efforts to achieve our mission of improving the health and wellbeing of our community.

Post-Closing Events

In retrospect, the easy part was the conversion back to a not-for profit. In reliance on HQ commitments, FCH wrote letters of support and testified in support at the Office of Health Care Access’s Public Hearing regarding the purchase of the Hospital by HealthQuest.

The hard part, it turned out, was re-engaging Sharon Hospital’s connection and responsiveness to the community.

Unfortunately, despite FCH's best efforts to work with Health Quest over these past two years, the vision for this collaboration has not been realized. Repeated efforts to get HQ to provide basic information necessary to launch the critical capital fundraising campaign were not successful, and FCH was unable to proceed. In addition, members of the Hospital Board, recruited and recommended by FCH and approved by HQ, have not been given a detailed strategic plan and vision for the Hospital which can be shared with, and is central to engaging, the community. Health Quest has also not encouraged any significant communication and contact between the FCH and the Sharon Hospital Boards.

Given this situation, in January 2018 FCH requested a mediation process between our lawyers and this request was denied by HQ, so on May 18, 2018, the FCH Board made the difficult decision to formally notify Health Quest that it had been, and continues to be, in material breach of the Grant Agreement entered into as part of its acquisition of Sharon Hospital. As of today, this matter has not been resolved and our limited communication from HQ has indicated that HQ is prepared to litigate this matter with FCH, thereby weakening our financial capabilities for the future of our community-based safety-net programs and services.

For your information, in approving this first hospital conversion in Connecticut, the Attorney General's decision included language to ensure that FCH did not fund anything that might supplant the Hospital's normal operating responsibilities. This important clarification has been critical in fostering the Foundation's philanthropic growth and development over the past 15 years. FCH has been free to focus on creating a safety net of non-hospital based initiatives, for example: investing in transportation, Rx Assistance, oral health, and behavioral health prevention services. The Foundation's approach to its work has been to be an active member in our communities, participating in numerous local networks and committees in order to be better able to respond to community health care needs. It is this work that we feel may be at risk depending on how we resolve our differences with Health Quest.

As you have heard from other testimony tonight HQ's approach to the potential termination of Maternity Services at Sharon Hospital, as mentioned by others, is another an example of the lack of appreciation for community engagement and transparency in its actions.

Conclusions/Suggestions

As stated above FCH is not opposed to the proposed merger, provided the parties involved, in fact, follow through with their stated commitments in the CON proposal which clearly articulates a belief in local communities having a voice in identifying needs and determining services.

The local Hospital Affiliate Boards are the main connection to the local community, and if given enough information, authority and some flexibility they can ensure that their respective communities are heard and their needs addressed. If they are not able to perform these functions then a local Community Advisory Board structure should be developed. Solutions, unique to some communities, may require collaborating with local resources, as well as asking the community to support such an endeavor. This type of community and collaborative response to a problem is more likely to be successful if spearheaded by the local leadership.

It is hoped that the HSP will monitor the impact of this merger on the many measures described by the Applicants regarding cost, quality and leverage, etc. but also from the point of view of the residents of each local Affiliate Hospital and how well the health system has engaged and collaborated directly with each of their respective communities.

I planned to leave you with one of several suggestions I had put in my written comments, however, Dr. Murphy's description of WCHN's integrated planning process as described in detail was better than any suggestion I could make and so the only idea I will put forward at this time is that you might require that Sharon Hospital continue to conduct community meetings, like the every six month State of the Hospital meeting it has been required to do by the last CON decision. However, this meeting could be planned and organized by the Sharon Hospital Board together with community members and organizations. Its format should include reports, comments and input from a variety of sectors of the community. For example:

- The local Hospital and the larger health system would provide a status report on services, as well as any progress or development regarding strategic plans that may impact the community; a report on the progress of the Community Health Needs Assessment Plan and its implementation; and a description of the Hospital's Community Benefits plan.
- Community organizations could share information their programs and on actual and hoped for collaborations with the hospital;
- Members of the public would also have an opportunity to share its perceptions of the hospital and its interactions and with the community.
- A record of these proceedings and how they were advertised and organized would be submitted to HSP as one tool to monitor the community level objectives and goals stated in this CON application.

Thank you for this opportunity today, sincerely,

Nancy L. Heaton, MPH
Foundation for Community Health