



# Public Community Forum Questions Regarding Transfer of Ownership of Western Connecticut Health Network, Inc. and Health Quest Systems, Inc. to a New Not-For-Profit Parent Corporation CON Docket Number 18-32238

## Introduction

The Office of Health Strategy (OHS) conducted a Certificate of Need Community Education Engagement on June 27, 2019 at the Sharon Town Hall. The purpose of this meeting was to discuss the agency’s mission as the statewide health policy body, explain the Certificate of Need regulatory process and online information portal, and answer questions related to the recent Sharon Hospital acquisition. Below are questions that were received from Sharon community members.

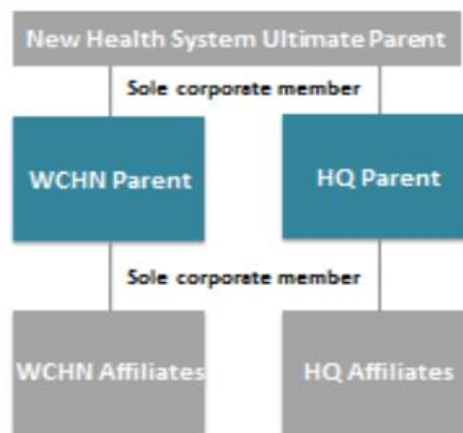
**Background:** Western Connecticut Health Network, Inc. (WCHN) and Health Quest Systems, Inc. (HQ) sought authorization to enter into an affiliation that would transfer ownership of WCHN and HQ to a new not-for-profit corporation (Nuvance) through a Certificate of Need application on November 2, 2018. A [public hearing](#) was held on December 4, 2018 and an [Agreed Settlement and Order was approved](#) on April 1, 2019 with specific conditions.

**The CON Application, Agreed Settlement and all documents and information can be found in the [CON Portal Docket Number 32232](#)**

### A. Comments and Questions:

1. **As I understand, HQ still owns Sharon Hospital. How much authority does WCHN actually have over Sharon Hospital?**

**Response:** Nuvance, the “New Health System Ultimate Parent”, is the sole parent of WCHN and HQ. Because WCHN and HQ will remain the sole parent of their respective affiliates, WCHN does not have authority over Sharon, an HQ affiliate. (See below)



**2. Explain the independent monitor process. Is there an inherent bias of the IM in favor of the hospital? What is the authority of the IM?**

**Response:** The IM is responsible for monitoring an Applicant's compliance with the conditions in the Agreed Settlement and reports directly to the Connecticut Office of Health Strategy. The IM has no existing or expected contractual or employment relationship with the Applicants and was required to attest to that effect. Although the Applicant is responsible for providing the candidate pool, OHS independently reviewed each candidate's qualifications and experience and directed Nuvance to offer contracts in order of OHS ranking and preference.

OHS is currently developing a request for proposals for IM candidates that will be released in 2020. This will provide the agency with a ready and qualified pool of experts that can be drawn from immediately in the future.

**3. Has the independent monitor been selected? Who chooses the independent monitor? Who oversees the monitoring process?**

**Response:** OHS selected Pershing Yoakley & Associates (PYA), a national professional services firm with specialized expertise in healthcare consulting. OHS directly oversees PYA.

**4. What obligations does the independent monitor have to receive input from the community and report to the community?**

**Response:** Sharon Hospital is required to hold two Public Forums per year for five years within the community. The IM will provide updates at these public forums as well as at any additional community meetings.

OHS continues to encourage direct input from the community. Residents may contact OHS at 860.418.7001 or email: [OHS@ct.gov](mailto:OHS@ct.gov). OHS Community Information Representative Leslie Greer may also be reached at [leslie.greer@ct.gov](mailto:leslie.greer@ct.gov).

**5. What exactly are the independent monitor's responsibilities?**

**Response:** The IM is responsible for monitoring Nuvance's compliance with the conditions in the Agreed Settlement for up to five years. Included in this oversight is Nuvance's obligation to hold community forums; to engage with community stakeholders in the development of the next Community Health Needs Assessment; and review and assessment of each hospital's community benefits and uncompensated care. The IM will conduct on-site reviews of the hospitals that include discussions with hospital and Nuvance leadership twice per year, as well as at least annual meetings with representatives of each hospital's community. The IM will provide routine written reports of its oversight to OHS, and will meet with OHS staff to review each report and discuss Nuvance's compliance with the Agreed Settlement. OHS may require the IM to conduct additional assessments of any or all of the hospitals.

**6. Why did OHS, in its final order approving the merger of Health Quest/Sharon Hospital and WCHN, request the Foundation for Community Health (FCH) to play a continuing role in nominating board members for the**

Sharon Board of Directors, when OHS knew there was an open dispute between Health Quest and the Foundation for Community Health? In fact there had been unsuccessful arbitration by the Attorney General's office last summer between the two parties. Additionally at the Danbury public meeting, considering the merger last December, Nancy Heaton, the Foundation's Executive Director, told the hearing officers of their major unresolved dispute. We subsequently learned that the Foundation has done nothing with Sharon Hospital, the two parties aren't speaking to each other, and the entire process is in limbo. In fact, if there are Board vacancies, the Foundation feels they can do nothing about it.

Given that FCH and HQ have an acrimonious relationship we have many concerns in that area (which we have been trying to discuss with FCH as well) —how are board members of Sharon Hospital to be nominated?

**Response:** In drafting the Agreed Settlement, OHS was determined to maintain the level of community engagement that existed prior to this merger. Condition #2 of the Agreed Settlement states, in relevant part, that:

*NewCo shall select, from those nominated by Foundation for Community Health in accordance with Section 2.7.1 of the Grant Agreement dated July 31, 2017, the community representatives in a manner that ensures the appointment of an unbiased individual who will fairly represent the interests of the communities served by the hospital.*

OHS' intent was that the community engagement represented by FCH's involvement should continue unabated, and that the needs of the Sharon community would be heard and addressed following the merger. The condition itself does not require any action on FCH's part, but instead that Nuvance select Board members from those initially selected by FCH. Effective April 1, 2019, Sharon Hospital directors are elected by Nuvance Health, the parent of Health Quest Systems, Inc. (Health Quest), at the Nuvance Health annual meeting. The Board of Directors of Sharon Hospital is currently comprised of the same individuals who served on the Board prior to the closing of the WCHN-HQ Affiliation pursuant to which Nuvance Health was created.

In accordance with Agreed Settlement 18-32238-CON, the Sharon Hospital Board includes 12 community representatives, who are selected from a pool nominated by FCH in a manner that ensures appointment of unbiased Board members who represent the communities served by Sharon Hospital. This is consistent with the process in place prior to the WCHN-HQ Affiliation, as set forth in Agreed Settlement 16-32132-CON, which contained a similar requirement. To ensure the appointment of unbiased individuals who fairly represent the interests of the communities served by Sharon Hospital, FCH previously engaged the Angeletti Group, a philanthropic consultant focused on healthcare, education, and community building. The Angeletti Group sourced and pre-screened potential directors for Sharon Hospital, and created a comprehensive list of candidates for presentation to Health Quest. The Chief Executive Officer of Health Quest, along with the President of Sharon Hospital, and an FCH search committee, then conducted in-person interviews with FCH's Board nominees.

On April 28, 2017, the HQ Board of Directors approved the final twelve candidates who were recommended by FCH's search committee. Each candidate was required to complete a director profile and sign a conflict of interest document to further validate their qualifications as unbiased individuals. Those twelve directors continue to serve on Sharon Hospital's Board to date.

The twelve community directors on the Sharon Hospital Board reside in communities within Sharon Hospital's primary service area, including towns in both Connecticut and New York. These directors have strong roots in the Sharon Hospital community and diverse backgrounds, including in cardiology, ophthalmology, nursing, banking, not-for-profit management, health insurance brokerage, higher education, advertising and marketing, asset management, engineering, and town government.

**7. What happens when their terms expire?**

**Response:** Directors serve for terms of three (3) years each and until their successors are elected and qualified. Directors may serve up to three (3) successive terms on the Board. A director is then eligible for re-election to the Board after one (1) year has elapsed.

**8. What obligations does FCH have to nominate board members?**

**Response:** FCH has no current obligation to nominate board members. As discussed in the response to Question 6 above, FCH was responsible for nominating the candidates for directors from which the twelve community representatives on the Sharon Hospital Board were selected, and from which the new Board members will be selected in the event of a vacancy on the Board.

**9. Do Sharon Hospital board members have an obligation to report back to FCH or to the community?**

**Response:** The Sharon Hospital Board of Directors provides updates to the Sharon Hospital community regularly throughout the year, in accordance with the above-referenced Agreed Settlements with OHS. Pursuant to Agreed Settlement 18-32238-CON, WCHN and Health Quest will be conducting public forums in the Sharon Hospital community at which representatives of WCHN and Health Quest will provide information to the public and be available to answer questions. Annual updates are also required per OHS and are [publicly posted](#) the Health Quest/Sharon Hospital website.

**10. What is the obligation of the local Sharon Hospital Board to establish open, two-way communication with members of the community?**

**Response:** The Sharon Hospital directors are active members of the Sharon Hospital community. The Board of Directors acts collectively on behalf of Sharon Hospital and any obligations regarding communications with the community remain with the Board and management of Sharon Hospital. Individual Board members are volunteers and have no independent obligations regarding communication with the community. The President of Sharon Hospital has established avenues of communication with the community through community forums held twice annually, followed by local community meetings to inform the public of the hospital and the system's activities and will include question and answer sessions. Members of the community are allowed to communicate with the executive assistant that supports the Board.

**11. The new parent organization Board will have the ultimate authority over all of the subordinate Boards, including the right to remove members, which has already shown a reduction or even elimination of the ability of local communities to be heard regarding their concerns about services available at their hospital.**

**Response:** Each Board will operate in accordance with its bylaws. The IM will monitor Nuvance's compliance with requirements for all public forums to ensure that community concerns are heard. In the August 30, 2018, [Annual Report](#) to OHS, Sharon listed the 12 Board members' names. In the August 22, 2019, [Annual Report](#) to OHS, Sharon listed the same 12 Board members. The CON agreement outlines a specific process for the appointment of Board membership.

**12. The community is not aware of any community engagement or recruiting efforts that HQ claims to have done for Sharon Hospital.**

**Response:** Health Quest and Vassar has provided OHS a list of twelve (12) community representatives who serve as voting members of the Hospital's Board of Directors with rights and obligations consistent with other voting members under the Hospital's Board of Director Bylaws.

In its [first annual report](#), filed to OHS August 30, 2018, Sharon reported on its community benefit program and community building activities for identified community health needs for the period August 1, 2017–August 1, 2018. As it relates to recruiting efforts, Health Quest and Vassar's next annual report, due in September 2019, should provide documentation of its sustained best efforts to continue to maintain OB/GYN services.

On December 3 & 4, 2018, respectively, Sharon filed their State of Hospital Forum Report and 2019 Community Service Plan. On March 4, 2019, OHS received a copy of the Forum's agenda, attendance roster, narrative description of the issues raised and questions posed by members of the community. This information is accessible in OHS' Certificate of Need portal, as well as Sharon Hospital's website [www.healthquest.org/community](http://www.healthquest.org/community). Please also see Sharon Hospital's [2018 Annual Report](#) and Nuvance Health's [2019 Annual Report](#).

**13. Hospital mergers generally cause consumers to pay more and is anti-competitive. The proposed affiliation is anti-competitive. OHS should monitor the impact of the 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.**

**Response:** The Order considers the merger's impact on quality by requiring reporting in those areas and on cost by conditioning the approval on the establishment of the [state's first cost cap](#) tied to the consumer price index.

**14. Questions regarding the termination of the OB/GYN services at Sharon Hospital were raised. What is the process if Sharon Hospital decides to eliminate those services?**

**Response:** Conditions 16 and 18 require Nuvance to file annual documentation for a period of five (5) years demonstrating its efforts to retain inpatient obstetrics/gynecology services at Danbury, Norwalk, and Sharon hospitals. A proposed elimination of inpatient OB/GYN services would require Certificate of Need approval.

**15. Questions regarding the OB/GYN services in the Order – specifically 16 (a), 16 (d) (4), 16 (d) (5) and 18, on pages 18 and 19. Some community members believed there was a contradiction in the order.**

**Response:** Nuvance is required to submit documentation and affirmations it has complied with the Order. Specifically, condition:

- 16(a) requires a report detailing whether certain outcomes identified in the strategic plan have been achieved
- 16(d) (4) requires the hospitals to affirm that they have maintained services, including inpatient OB/GYN services at all hospitals
- 16(d) (5) requires affirmation that there has been no change to the provision plan submitted in the Certificate of Need Application
- 18-requires Nuvance to maintain appropriate OB/GYN staffing levels and to use commercially reasonable efforts to have at least two OB/GYN staff at Sharon hospital subject to the availability of physicians and community need.

As indicated previously, any hospital seeking to terminate an inpatient service must seek Certificate of Need approval.

**16. In reviewing some of the recent reports that Sharon Hospital had been making to OHS, I noticed that in their Report #23, Charity Care, that SH provided substantially less charity care in FY18 vs. FY17 - the number spread is huge - \$478K in FY17 vs. \$37K in FY18 - a drop of 92%!! Now one of the main conditions in approving the sale of Sharon Hospital to Health Quest and the subsequent merger of Health Quest/Sharon Hospital with WCHN was the continuation of charity care - this is a major condition. Also what I find amazing is that in FY17, 95 applicants applied and they all got approved for charity care for an average of \$4,998 vs 43 applicants who applied in FY2018 but only 34 applicants were approved, with an average of \$1,103 given in support! Why is there such a major discrepancy in the average support and total support? OHS on April 10, 2019 asks Sharon Hospital to explain the difference between the two years, and on April 24, SH writes, "The reason for the significant decrease in charity care applications("and charity care charges") this past year was due to the change to Health Quest and the changes of billing information and systems. There was a delay in claims processing and then with patient statements, which in turn led to a decreased patient request for charity care." Their explanation makes no economic or business sense - other than Sharon Hospital just wanting to cut their charity care cost. What does OHS plan to do about this for the neediest members of our community?**

**Response:** Condition 5 requires Nuvance to ensure that Sharon Hospital maintains and adheres to its current policies regarding charity care and indigent care after the closing date (April 1, 2019), or adopt other policies that are at least as generous and benevolent to the community as a member of Nuvance and are consistent with state and federal law. The charity care policies are required to be prominently posted Sharon Hospital's website.

Additionally condition 6 provides that, for five (5) years following the closing date, Nuvance will be required to provide written notice to OHS of any modification, amendment or revision to the charity care policies of their respective Connecticut hospitals thirty (30) days prior to implementation of such change. The notice of these changes is required to be accompanied by copies of any revised policies.

Sharon Hospital applied for an extension until November 2019 to submit their IRS 990 forms. The IRS 990 forms provides information on the activities and policies of and community benefits provided by its hospital facilities and other non-hospital health care facilities that it operated during the tax year.

OHS has directed that Sharon Hospital submit their estimated charity care charges along with charity care applicants and approved applicants for FY 2019 to date.

OHS will work closely with the IM to ensure compliance with charity care requirements.