



**Testimony of Community Catalyst Before the Public Health Council,
Massachusetts Department of Public Health Regarding the Determination of Need
for the Transfer of Ownership of the Caritas Christi Hospitals**
Boston, Massachusetts
October 13, 2010

My name is Renée Markus Hodin, and I am an attorney and Project Director at Community Catalyst. Thank you for the opportunity to offer my comments today.

Community Catalyst is a Boston-based, national non-profit advocacy organization dedicated to quality affordable health care for all. From 1996 through 2004, Community Catalyst, with the West Coast Office of Consumers Union, led a joint project called the Community Health Assets Project, providing expertise and assistance on the conversion of nonprofit health care institutions throughout the country.

Let me first commend the Attorney General and the Department of Public Health for their review of the transaction and the opportunities they provided for public input. We have reviewed the Attorney General's statement and the DoN staff summaries and are pleased by many of the additional conditions placed on the sale. Namely:

- Shoring up the buyer's commitment to keep the hospitals open and to maintain the current number of behavioral health beds.
- Extending the community benefit and indigent or charity care commitments to future owners.
- Requiring compliance with the AG's Recommended Hospital Debt Collection Practices.
- Requiring each hospital to implement specific elements of a professional medical interpreter service program.
- Ensuring that there will be joint oversight and enforcement of the conditions of the Asset Purchase Agreement (APA).

While these conditions represent significant improvements in the deal, we recommend the following additional conditions be attached to its approval:

- A required community needs assessment within one year and each year thereafter to determine the sale's impact on the accessibility, quality and affordability of health care services in the six hospital communities.

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- A promise to increase spending on indigent and charity care or community benefits in the future, to meet with inflation or an increased need in the communities affected.
- A formal role for consumers in the independent monitoring of costs and services within the communities served.

Furthermore, although it is not the charge of this Council, we want to state for the record our disappointment that there will be no resulting foundation to house the charitable assets that have grown over the years as a result of donations, tax-exemptions, and other public support. In past work by the Community Health Assets Project, we helped set the precedent that resulted in more than \$18 billion in charitable assets being placed in over 170 new health foundations. Beyond the loss to the communities served by the Caritas hospitals, we are concerned that the failure to set aside charitable assets here will set a negative precedent for conversions in other parts of the country.

Finally, and again, though it's not in the purview of this Council, we are troubled by the AG's decision about the fate of the Caritas Endowment Funds, presumably donations by individuals, some restricted, some not. Quite frankly, there is a lack of clarity in the draft windup agreement about the fate of these funds. However, we believe that Steward, a for-profit entity, should not have a continuing role with regard to the administration of these charitable assets. Instead, we recommend that the Attorney General work with the communities from which these funds originated to determine the proper administration of the funds, whether it be through a single foundation or multiple foundations in order to ensure that the assets continue to meet a charitable purpose.

In closing, this deal represents a major transformation of the health care system in Massachusetts. We are hopeful that it will result in a net benefit – rather than a loss -- for the communities served by the hospitals and stand ready to work the Attorney General, DPH and the other members of our network of consumer advocacy and service organizations to monitor progress over the coming years.

Thank you again for the opportunity to speak before you today.

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