Honorable George Jepsen, Atty General
Dr Jewel Mullen, Commissioner of Public Health

I am writing to ask that you deny Tenet Healthcare’s application to acquire ECHN.

On 11/26/13, George Jepson wrote an op-ed for the Hartford Courant alerting legislators and citizens of Ct that it was time consider carefully new regulatory approaches to “foster patient access, preserve competition and protect healthcare jobs” in hospital communities, because of the likelihood of acquisitions of non-profit hospitals in CT. He also noted the aggressive acquisitions of physician practices by hospitals. He told legislators that his role in hospital conversions was currently very limited and that other states have laws limiting such conversions, such as the RI Hospital Conversion Act. He warned that current law just wasn’t adequate to regulate the current rapid changes in delivery of health care in Connecticut.

Legislators, who were being lobbied on an almost daily basis by Tenet Healthcare, as were our municipal leaders, held public hearings. On Dec 3, 2013, the Labor and Public Employees Committee held a 3 ½ hr hearing on hospital conversions. (tape available at CT-n.com) They heard testimony concerning legislative cuts to hospital reimbursements and their repercussions on non-profit hospitals, as well from Federal Gov’t sequestration cuts. Peter Gould of Philadelphia testified that Tenet bought 5 hospitals there 15 years ago, and 4 have now closed. The fact that he came from PA to testify signifies much. He said that Tenet had no community roots, local base, or commitment there. They subcontracted services, janitorial and food services, and did not invest in the hospitals to keep them in good shape. They had other masters to answer to: Wall St and shareholders. Steve Schrag of Community United in Waterbury testified that the largest employers in Waterbury are the two hospitals (as in Manchester and Rockville, I think) and that legislators need to protect hospitals with legally negotiated contracts for employees, maintaining current levels of care, charity services, capital expenditures, collective bargaining rights, pension fund assets, and governing boards that include local community members. Dr Nick Tsongas came all the way from Rhode Island to testify about Rhode Island’s “Hospital Conversion Act.” He said that for-profit hospitals cut back on non-profitable clinical services, access for the poor, choose the kind of patients they want to serve, and have much less transparency by the IRS than non-profits do. Deborah Chertoff represented a nurses’ union and worried about the for-profits changing working conditions, eliminating aides, staffing levels and thus quality of care. There was another 13 hour hearing, I think by the same committee, later in December. Legislators walked in and out, I did not see my legislators: Janowski, Ackert, or Guglielmi in attendance. Of course Tripp Pilgrim of Tenet was there and testified. He promises a big “infusion of capitol,” and the sky.

The second Legislative hearing, lasting nearly 13 hours was held. I can’t recall the date. Someone testified that Tenet bought 5 hospitals in Detroit, MI, that were deeply in debt, at prices as if at a fire sale. Another testified that the Sherri Fink novel 5 Days at Memorial described Tenet’s deplorable treatment during hurricane Katrina in New Orleans. Deborah Chertoff testified that Tenet was currently—and long term-- under indictment for Medicare Fraud and predatory practices. She said that traditionally for-profit hospitals provide less charity care, mortality increases, skilled staffing decreases, unprofitable areas are eliminated and unnecessary surgery, especially for medicare
patients, increases. Very few legislators attended or asked pertinent questions, Mr Pilgrim testified that Tenet’s management team was all new since the fraud fines and the “climate” at Tenet management had changed.

There were two bills in the 2013-14 Legislature concerning for-profit conversions, SB 460 and HB90. The session ran out, and at the very end a bill with no teeth for Mr Jepson, negotiated entirely by Tenet with the Governor’s office was passed. My legislators voted against it, not wanting to be blamed for allowing the conversions, but not having the guts to vote for a moratorium on conversions until we know how they work, or fail to work. Municipal leaders knew that ECHN was deeply in debt ($100M), were wined and dined by Tenet, and promised that for-profit hospitals pay municipal taxes, so they didn’t protest either.

Chapter 22 of David Cay Johnston’s 2007 book, Free Lunch, is entitled “More, for Less.” It describes in almost cookbook fashion, how health insurance companies in CA became for-profit as they raised profits, stifled competition, and cut services. “De-Ja-Vu!”

Charles Bill, program director for Consumers’ Union warns that non-profits in other states have been converted by corporate insiders who have privatized and pocketed the charitable assets owned by the hospitals. A complete forensic audit of ECHN 1995-2013, including their 990 forms, is in order. Rockville Hospital once had a $50M endowment. There are encumbered assets that must be identified. How has the Conn Healthcare Insurance Co(CHIC), based in the Caymen Islands, been funded? Corporate salaries, perks, and fringe benefits have been inflated for years. The “Medical director” unnamed, owns a medical lab that ECHN uses to do its lab analyses, complete lack of transparency. Local “Corporators” were never consulted on ECHN policy. Some didn’t know they WERE “corporators,” some have moved away. The same corporate insiders, the “transaction committee,” set policy and ran operations, into $100M in debt. A single “developer” built and leased back all new facilities for ECHN. I am concerned that the assets, much of them donated by the community, will be evaluated at low-ball prices, perhaps less than the helipad at RGH cost to build. (See “JI-accuse”, Journal Inquirer, 2/18/2014) The community is alarmed that services at RGH will be curtailed, mothballed like the thriving birthing-unit was, and then closed, or resold because it proves “unprofitable.” I believe that there was a complete lack of due-diligence on behalf of ECHN in choosing the Tenet Healthcare Co as buyer. I would ask that you, Mr Jepson, scrutinize the offers that ECHN rejected as they chose Tenet to be their buyer.

Google “Tenet Healthcare” and “Fraud” on Wickipedia. The company has huge debt. Their bonds were lately rated “possible default” by Zacks when they borrowed $4.6B to buy Vanguard, paying 6-8% interest on the new debt.

Chris Powell, editor of the Journal Inquirer on Saturday, August 24, 2013, in “Stop Hospital Mergers, Enforce Antitrust Law” points out the destruction of competition in local medicine posed by Tenet’s consolidation of an ever-increasing number of acquisitions in our area. Manchester and Rockville have large pockets of poverty requiring much hospital charity care and limited access by locals in poverty. Non-profit ECHN has adequately provided this. It is well known that for-profits cut back on the services this immobile population requires. “Hospitalist” doctors will be hired by Tenet
and the resulting care driven by the bottom line, and unfamiliar care-givers. Community benefit: 0. Wouldn’t fair trade practices alone prevent this company from owning every hospital/medical provider/emergency rm/visiting nurse assn/clinic in our area? Many residents are elderly and need local services that they will have to buy from this one company.

I urge both of you to deny Tenet’s application to purchase ECHN.

Sincerely,
Jean Merz, 144 Phoenix St, Vernon, CT 06066