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End of UofL's Search for New Partner In Sight?

Posted on **October 16, 2012** by **P Hasselbacher**

What should an agreement look like?

Last week, administrators of the University of Louisville received permission from its Board of Trustees to sign a final agreement with one or more undisclosed healthcare companies to form a new management partnership for at least some portion of the healthcare operations of the School of Medicine. Doctors at Jewish Hospital have been told to expect an emergency meeting to hear of the results. The whole process has been carried out under military-grade secrecy. One hopes that at least UofL's Board of Trustees got the whole story.

The University used as an excuse that secrecy is required by state contracting rules. Of course, playing by the rules did not stop UoL from continuing its behind-the-scenes planning with Jewish Hospital. In fact, I wonder if this column's exposé of that activity was not responsible for forcing UofL to broaden its search options. We will soon see whether this was for the better or not. I will not belabor the list of possible participants for a new deal. The most recent one is the publicly held company Health Management Associates (HMA) out of Naples, Florida, or some combination of HMA with Baptist Hospital. It has been fun to speculate, but the game has run its course and it is time to turn over the hole cards.

Last December, I wrote to the Governor and Attorney General suggesting that it was inappropriate for the University to ask for approval of the planned acquisition of University Hospital by Catholic Health Initiatives (CHI) when none of the details had been made available to the public. I now find myself writing again for exactly the same reasons. I wrote later outlining what I thought an agreement between the University of Louisville and CHI or any other new partner should look like before their offices approved a new deal. I think those suggestions are still relevant and I now update those comments briefly below. Additionally, I emphasize that any proposed arrangement must be presented to the public for its comment before any final approval is given. The University can now no longer hide behind RFP rules to avoid their obligation to its public.

Criteria on Which to Evaluate a new Agreement.

Must make sense.
Any agreement must make sense and not be so complex as to invite failure. It must make sense as a clinical operation, for the training of health professionals, to the public who as taxpayers have the responsibility of

funding medical care for the disadvantaged, to the public who may need clinical care themselves, and to both city and state government.

No dual standard of care for Louisville citizens.
No agreement should allow for the continuing ghettoization of medical care for the disadvantaged and people of color at University Hospital. It must not provide an easy way out to allow University faculty to continue their lack of support for University Hospital. This was a baked-in problem with the earlier merger proposal. In the comments below I extract a portion of an earlier post in this regard.

No religious prohibitions.
No religious prohibitions or restrictions of care are acceptable at our public University Hospital or any other major teaching hospital or facilities in which our students and residents are trained. The standards of who can be seen and what can be done must be the same on both sides of a street.

No academic give-aways.
There must be no loss of University or faculty independence in its clinical, academic, or administrative affairs. I was stunned by the amount of such independence the University was willing to give away in its search for money to support its commercial research enterprise.

The community must be allowed to buy-in.
Any arrangement must be reviewed, accepted, and supported by the community. This means the community must see the deal before it is approved by the state. The University claims to be acting on behalf of the public's responsibility to care for the disadvantaged and to educate our students. The University and its administrators do not make those decisions alone. Up to now we have been dealing with Stonewall U.

No more palming off of debt on the public.
The University, it's Hospital, Louisville, and Kentucky must not be on the hook for further unreasonable debt. The last iteration of a University solution was as much to bail out the massive debt of Jewish Hospital as it was the saving of University Hospital. The University has not yet even paid off its own bonded debt resulting from the failure of its last management partnership. That failure, and the University's continuing siphoning off of hospital profits has brought us to where we are today.

Private vs. public nature of University Hospital must be resolved.
No deal can be approved until the status of University Hospital is clarified once and for all. Is it an independent and private tool of the University, or a community asset subject to badly needed transparency and accountability? Any deal otherwise approved will by default make permanent the University's own self-serving definition.

No "Do not compete clauses."
The University of Louisville and its Hospital are public assets. There can be no prohibition of partnerships, clinical or otherwise with other Kentucky hospitals or medical schools. Such "do not compete" clauses are

inappropriate in academic affiliation agreements. This was a major giveaway in the previous merger attempt.

Fix an independent hospital first.
A new deal must focus on the financial and clinical health of University Hospital, not the commercial research enterprise of the University of Louisville and its Foundation. University Hospital must no longer be left at the bottom of ratings for safety and quality. We must know where any money will go and for what purposes. This is not a deal to make the UofL Foundation's fundraising goals look good. University Hospital has been ignored and even abused too long. One can only imagine how things might have been different if University Hospital administrators had been permitted to act in the best interests of the hospital. Any new governing board of University Hospital must be completely independent of the University of Louisville or any other outside organization, let alone Wall Street. University Hospital, as it exists now, is entirely a servant of the University. This position has not served us well.

What if the new deal also fails?
I personally have seen some four or five major management changes at University Hospital. All have failed. I have not yet seen a public discussion of why. The legislature and others were appropriately concerned about this issue. It must be assumed that any new arrangement may also fail. This is not a justification not to try, but the costs and consequences of failure must be very clear. The community has been left on the hook for too many of the University's adventures.

Ability to adapt to evolution of medicine.
Any new contracts must be flexible enough to accommodate the inevitable changes in medicine that are, and will continue to occur. Unsupported claims that future success is possible only through merger and acquisition is patently inadequate. We have been through these cycles before. The current wave of hospital mergers is only driving up the price of healthcare, and promised improvements in quality and safety have yet to be shown.

What else should be considered?
I am sure there are many more potential criteria that should be considered. I have been necessarily brief today because of the press of time and in the absence of specifics. I encourage anyone to add their own suggestions in the comments section below. Please also review earlier articles on the subject indexed as "Hospital Mergers" in this column.

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ONE THOUGHT ON "END OF UOFL'S SEARCH FOR NEW PARTNER IN SIGHT?"

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P Hasselbacher on **October 16, 2012 at 8:12 pm** said:

The following is abstracted from a Post on Feb 24, 2012 when UofL began the RFP process.

Two Standards of Medical Care in Louisville.

In my mind, the least positive implication of this rush to conclude a deal is that we will memorialize in stone for yet another generation, a segregated and second-class system of healthcare for those who do not qualify for mainstream medical services. The comments below are not mine, but I could not have expressed them better. A respected authority describes the system we have now in Louisville.

> *"If someone decides there are some hospitals in Louisville whose job it is to take care of the poor black and the marginalized and that it's okay if they have to be kept waiting for a couple of weeks and it's okay if the carpet is frayed, it's okay if the phones don't get answered, and it's okay if the doctor is late, but there are other hospitals in Louisville where upper-class white people get taken care of by doctors who answer the phone on the first ring and smile a lot. There's shag carpeting, and wood wainscoting on the wall. Was there a plebiscite … in Louisville where people voted and said they wanted to have segregated medical care? I don't think so. But, there is a very strong theme that it's okay for medical students and interns and residents to learn on poor people, but when you're done, then you'll be able to take care of private patients."*
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> *Edward C. Halperin, MD. From: "Slave Medicine and the Banality of Evil." Gheens Foundation Lectureship, University of Louisville School of Medicine, Feb 2, 2012*

To participate in the above system of contemporary segregation is to participate in an evil. I think it is time for a plebiscite in Louisville, and I trust that our citizens to favor a different set of priorities. Those decisions must not be made behind closed doors by a self-selected privileged few. The leadership of our University and our health care systems need to hear from all of us.

Peter Hasselbacher, MD