Questions & Answers

When was the affiliation agreement signed and what does it mean?

The affiliation agreement was signed on June 16 by Steven Boyle, president, CEO, St. Peter’s Health Care Services; James Reed, MD, president & CEO, Northeast Health; and Gino Pazzaglini, President/CEO, Seton Health.

The agreement was previously approved by all three boards as well as Catholic Health East, St. Peter’s parent and Ascension Health, Seton’s parent.

This is a binding agreement that indicates the organizations’ intention to merge and outlines the structure and governance of the new organization.

The agreement allows the three organizations to begin planning for operations after the merger.

Why are we merging?

It is our belief that by combining our complementary strengths, we can significantly improve our ability to meet the healthcare needs of the region through more coordination, improved efficiency, reduced fragmentation of care, and improved access for the poor and underserved people in the Capital Region and beyond.

Whether we merge or not, change will and must occur in our organizations. Continuous state budget cuts and Federal health care reform will result in significant reductions in Medicaid and Medicare reimbursements. Health care reform also will bring an unprecedented number of newly insured/covered patients seeking care. By transforming healthcare at the regional level, our organizations will be much better positioned financially to meet future challenges. Our system can be proactive, not simply reactive, to the changing environment.
What is the management structure of the new organization?

The signing of the Affiliation Agreement DOES NOT have any immediate effect on the operation of any of the three organizations and is not expected to have any impact until all pre-merger activities have been completed. However, some information regarding the leadership of the new parent organization is known:

- Steven Boyle, currently president, CEO, St. Peter’s Health Care Services, will be Chief Executive Officer.
- James Reed, M.D., currently president & CEO, Northeast Health, will be President.
- A permanent senior management structure for the new health system will be developed as part of the planning and integration phase.

What role will Gino Pazzaglini have in the new organization?

Gino Pazzaglini, currently President/CEO of Seton, had planned to retire last year but had remained in his position while merger discussions were being completed. With the signing of the Affiliation Agreement, Mr. Pazzaglini has announced he will formally retire on September 2.

Scott St. George, currently Senior Vice President/Chief Financial Officer at Seton Health, will serve as Interim President/CEO of Seton Health until the new company is formed.

What is the name of the new organization?

A System Identity Process is underway. The goal of this process is “a research-based recommendation to the Board for a new name, brand strategy, identity and architecture, and brand migration plan for the new organization.”

Findings from this process are now expected in August 2010.

Will each of the organizations still have its own board of directors?

No, the new company will be governed by a board structure with membership drawn from all three organizations.

Who will be the religious sponsor for St. Peter’s Health Care Services and Seton Health after we merge?

- A new not-for-profit organization will become the “parent corporation” for the Northeast Health, St. Peter’s and Seton Health systems and is expected to become operational the end of 2010. The creation and start of operation of the new parent corporation will signify the actual completion of the merger.
- The new parent corporation will join Catholic Health East (CHE) as a member, but the new organization will be a secular organization. St. Peter’s is currently a member of CHE. Northeast Health will also join CHE. Seton Health, currently owned by its parent corporation, Ascension Health, will also become part of CHE. Seton Health will retain its current religious sponsorship by the Daughters of Charity - Northeast Province.
- Northeast will remain a secular organization; St. Peter’s and Seton will maintain
Has “due diligence” been completed?

Approval and signing of the Affiliation Agreement means that the leadership and governing boards of St. Peter’s, Northeast Health and Seton have completed a thorough review of major clinical, governance, regulatory, cultural and administrative data and issues. It also means that this review or “due diligence process” concluded that a merger of the organizations is in the best interest of the communities served by the institutions.

When will we know whether the Federal Trade Commission, Attorney General’s Office and Department of Health approve the merger?

- While the organizations have signed a formal and binding Affiliation Agreement, regulatory barriers still exist related to what data and information the institutions can share with each other. In some instances, this has made the process more time consuming than originally anticipated.

- Due to the size of the transactions involved in the merger, the Federal Trade Commission (FTC) is conducting a normal assessment of the merger and its expected outcomes. This process is underway and is expected to be completed by the end of 2010. We remain confident the FTC and Attorney General will agree with our boards and the New York State Department of Health that the proposed merger is in the best interest of the communities we serve.

What is Burdett Care Center?

As noted previously, while Northeast Health will continue to be a secular organization, we will abide by the Ethical and Religious Directives (ERDs) for Catholic Health Services. However, Northeast Health remains committed to ensuring that reproductive services are available in Rensselaer County. In light of that commitment, Northeast Health is creating Burdett Care Center (BCC), a separately licensed hospital that will provide maternity and reproductive services on the Samaritan campus. The New York State Department of Health approved the Certificate of Need application in January and construction is now underway. BCC must be operational before the merger between St. Peter’s, Northeast Health and Seton Health can be finalized. Construction on the new facility is expected to be completed before the end of this year.

When will St. Mary’s maternity services move to Burdett Care Center?

St. Mary’s services will not move until after the merger has been finalized. While we anticipate that move in the first quarter of 2011, a final decision cannot be made until after all regulatory approvals.

System Design

How were these system design recommendations developed?

Deloitte Consulting, a firm consisting of professionals from many administrative and clinical disciplines, was engaged to help with system design ideas and recommendations. The Deloitte team worked with us to gather information and data on service lines, facilities and physical plants, operations and finance from the three organizations. They reviewed this information against best practices and system design...
models being used throughout the industry. Deloitte’s recommendations helped to maintain focus on the overall goal of the affiliation --- to fulfill our commitment to reform healthcare at the local level by improving when, where and how care is provided.

**Why is Samaritan the medical surgical hospital and St. Mary’s the Ambulatory Center?**

The facility and physical plant review was key in determining much of the realignment of services, particularly in Troy. Samaritan is the preferred medical surgical location due to its larger overall bed capacity, larger OR suite and larger and more flexible site plan. It also requires less immediate investment in capital improvements. Also, in order to abide by the Ethical and Religious Directives, the Burdett Care Center had to be located on the Samaritan Campus.

**Will St. Mary’s still be a hospital?**

Yes, St. Mary’s will continue to be licensed as a hospital.

**If St. Mary’s still has an emergency department, but doesn’t have medical/surgical beds, will patients who need to be admitted transferred to Samaritan?**

Yes, patients needing hospitalization will be transferred to Samaritan Hospital. This is similar to what happens today when a patient goes to an emergency room and needs specialized care that is not provided at our hospitals, i.e., a patient who requires cardiac surgery would be transferred to St. Peter’s.

**What services will be offered at Samaritan Hospital?**

Samaritan Hospital will become the sole facility in Troy to offer inpatient medical/surgical and critical care. Samaritan will also be the location for a catheterization laboratory with new angioplasty capabilities integrated with St. Peter’s cardiovascular services. Burdett Care Center, an independent, separately licensed hospital, offering maternity and reproductive services, will be located on the Samaritan Hospital campus.

**What services will be available at St. Mary’s Hospital?**

St. Mary’s will become the focal point for the new system’s behavioral health programs and a consolidated ambulatory care center with a new cancer treatment center for Rensselaer County. St. Mary’s will retain emergency services and serve as the centralized location for community education and outreach.

**What services will Albany Memorial Hospital provide?**

Albany Memorial will continue as a community medical/surgical hospital with a specialty focused surgical program. Additionally, it will retain emergency services and emphasize ambulatory and short-stay surgery.

**What is short-stay surgery?**

Short stay-surgery is less complex surgery that requires a shorter length of stay. The specific procedures will be decided as we move through the Planning and Integration Phase.
Will Albany Memorial focus on an orthopedics specialty?

The specialty focus for Albany Memorial Hospital will be identified as we move through the Planning & Integration process.

Will there be any changes at St. Peter’s Hospital?

St. Peter’s will be the system leader in the provision of complex inpatient care and the site for further advances in cardiovascular care, cancer care, women and children’s services including NICU, neurosurgery, urology, GI and others. However, to improve efficiency and make the best use of system resources, inpatient Physical Medicine Rehabilitation beds will be transferred to Sunnyview Rehabilitation Hospital in Schenectady (also part of Northeast Health) and inpatient substance abuse beds will be transferred to St. Mary’s Hospital in Troy.

When will the changes presented in the System Design be implemented?

- The recommendations presented in the System Design are conceptual. All the hospitals in the current organizations will continue to operate, but System Design suggests the reconfiguration of programs and services. The design gives each hospital a distinct role in the new system, consolidating services where possible and providing the opportunity to enhance service and quality.

- The next step is the Planning & Integration Phase. Beginning this summer, management, physicians and staff will be asked to participate in work groups. The task of these work groups will be to recommend and prioritize what functions and services must be integrated and what changes must be made for the merger to be completed and the new system to begin operation.

- Action Plans will then be developed in order of the highest priority activities. Many of the proposed changes will require Certificate of Need or other regulatory approval. Some involve significant construction and/or renovation. For these reasons, we expect the implementation process will take approximately three years.

Will there be any changes in long term care?

- While System Design looked at all aspects of the organizations, the major focus was on acute care services (hospitals) and rehabilitation.

- However, long-term care will be a hallmark of the new system and to better coordinate and integrate best practices, all long-term care, home care, sub-acute and acute rehabilitation, and hospice will be organized under The Eddy. Additionally, the home health agencies will be combined to improve home and community-based continuity of care incorporating all supportive services including infusion, Lifeline, and durable medical equipment (DME) services.

- Areas that will be explored for opportunities to expand include Hospice and Palliative Care, sub-acute rehabilitation, and a Program for All Inclusive Care for the Elderly (PACE) serving Albany, Rensselaer and Saratoga counties.

- The new system will also build upon the strengths of key facilities and programs currently within Northeast Health and The Eddy, St. Peter’s Health Care Services, and Seton Health to provide a comprehensive continuum of healthcare,
supportive housing and community services for the elderly. Goals will include advancing the system’s reputation for excellence in geriatrics; maximizing best practices across all long-term care and improving transitions across all care levels.

**How will the new system work with the physician community?**

A key imitative will be to work with physician partners both employed and those in private practice to build a strong foundation of physician skill and knowledge to successfully respond to new patient care management and payment models. The strength of the system’s primary care network will be essential to the new system’s ability to succeed in these initiatives.

**When do you anticipate the further integration of the primary care practices?**

The role of the Primary Care Network within System Design will be reviewed during the Planning & Integration Phase. The new organization’s primary care network will be key to our ability to proactively respond to new patient care management and payment models. As we move forward with System Design we will need staff and physician input. This is a very complex process that will be reviewed and addressed over the next three years.

**How will the merger benefit our community, staff and physicians?**

- The merger will create a foundation for consistent care management across all care levels by improving access, enhancing quality and making better use of scarce resources. The new system is committed to advancing cardiovascular and cancer care in the Capital Region with significant investments in Troy to improve access for the residents of Rensselaer County.

- Staff will have the security of knowing they are employed by a more financially sound organization that is committed to staff development and a supportive work environment. The new system will also offer greater opportunities for professional growth and to experience a variety of practice settings within the same system.

- The new system will afford employed and private practice physicians greater opportunities to work together with our hospitals to design new service delivery models to improve quality and reduce costs. Additionally, the new organization will assist physicians in creating more supportive practice environments that would aid in physician recruitment. The system will also work with physician specialists to identify strategies to reduce their on-call burden.

**What about those services or programs that were not included within the System Design recommendations?**

The proposed System Design is conceptual and broad-based. As we move forward with the Planning and Integration Phase, work groups will look at how we integrate complementary services and programs. This process will take place over a three-year period and we will keep everyone informed as we move forward.

**How will the merger impact the cultures of the organizations?**

We expect a new richness of cultures that benefits from the combined strengths of the legacy organizations. We would all like to believe that the traditions and cultures of each of the current organizations will remain exactly the same. To retain these customs is
comforting to us. Reality would suggest, however, that things will never be exactly the same, and that is a positive thing. The new system created from the legacy organizations will likely have new aspects to its culture and some new traditions. Each of the current organizations will retain much of their current cultures. At the same time, each may influence the others.

**What are the core programs/services that are centralized at CHE?**

Core Services/programs include Information Technology, Supply Chain Management, Insurance Procurement, Insurance Claims Administration and Workers Compensation Program.

**Will the new organization be required to consolidate these services at CHE?**

As we move forward with the Planning & Integration Phase, there will be several work groups formed to determine what functions and services must be integrated and the timeline for that integration.

**Staff**

**Will there be layoffs? Pre-merger? Post-merger?**

- The proposed merger will have no impact on staff or management while we are still in the regulatory review process.
- As merged entities, we will have far more options to efficiently allocate resources, consolidate services, and improve quality, efficiency and the patient experience. The anticipated changes will be transformational and will impact jobs. However, the primary reason for this affiliation is not to reduce jobs. Our goal is to retain skilled individuals - perhaps some performing different jobs, some in different locations. Although services and programs may move, patients will need to be cared for regardless of physical location.
- In the event there are job reductions, employees will be treated fairly and compassionately. Reductions in full-time employees will likely be mitigated by annual attrition rates of 10 to 12 percent.

**If there are staff management reductions, how will those decisions be made? Will there be severance?**

- All three organizations are working together to develop a unified policy that will go into effect upon the merger. The policy will be finalized and shared well before any potential staff reductions.
- All three organizations have a tradition of valuing staff and minimizing the impact to staff as changes occur. That tradition will continue as we move through the integration process.

**What about benefits and salaries?**

Due to legal restrictions, we cannot share specific salary and benefit information until post merger. At that time, our goal will be to move toward a more consistent practice for compensation and benefits among the three organizations.