

## DRAFT

TOWN OF NEW LONDON  
CITIZENS' ADVISORY COMMITTEE  
APRIL 30, 2005

PRESENT: Cindy Adie, Connie Appel, Peter Bianchi, Bill Clough, Sue Clough (Selectman), Raymond Ettenborough, Paul Gorman, Bob Gray, Karen Hoglund, Mark Kaplan (Selectman), Steve Landrigan, Robert Lavoie, Harmon Lewis, Sue Little, Doug Lyon (Selectman), Bob MacMichael, Lois Marshall, Noel Weinstein, Stephanie Wheeler.

ALSO: D.J. Lavoie; Bruce King, CEO New London Hospital; New London Hospital Trustees.

### Announcements

Mark Kaplan opened the meeting at 7:32 a.m., and announced that the Town Office will now be open an additional 7½ hours per week, that is, 8 a.m. to 4:30 a.m., with no closure for lunch.

### New London Hospital and the Dartmouth-Hitchcock Alliance

Bruce King reminded the Committee that in April of 2003, New London Hospital signed a management contract with Dartmouth Hitchcock, which was to expire after 3½ years. However, the benefits of that relationship have motivated the Trustees to request that the end date be removed. The managerial relationship with Dartmouth Hitchcock is now "evergreen," and will not be affected one way or the other by the decision to join or not to join the Dartmouth-Hitchcock alliance.

He said that New London Hospital will be debt free in a month. They have seven million in the bank. The Hospital is updating its information systems, and has recently purchased a new CT scanner. Right now, they are \$400,000 ahead of budget, and the potential value of membership in the Dartmouth-Hitchcock Alliance (which is the subject of this meeting) would add \$200,000 to that. The Hospital is looking now at its land, facilities, services and information systems.

He explained that this morning's meeting is the first of five community forums through which he and the Trustees would like to update the public on New London Hospital's exploration into the prospect of the hospital joining the Dartmouth Hitchcock Alliance. Another forum will be scheduled at Jack's, and three will be held in the Newport area. The prospective membership with the alliance is also being reviewed by the Attorney General's office.

Trustee Bill Helm said that seeking community input is a required part of the process. He summarized the pros and cons of New London Hospital joining the alliance with these five points:

Potential advantages:

1. Economic benefits, including opportunity to subscribe to Dartmouth Hitchcock's insurance with better coverage at lower rates, and more "clout" in pay out negotiations. Though New London Hospital will have to pay dues to the Alliance, a cost benefit analysis has indicated that the benefits will exceed those.
2. Marketing benefits. Membership in the alliance will allow New London Hospital to use its association with Dartmouth Hitchcock more openly.
3. The anticipated synergies of like-minded people working together.

Potential disadvantages:

4. Some autonomy may be lost.
5. The alliance may involve too much process, meetings, duplication.

Bruce King went on to discuss the Dartmouth Hitchcock Alliance in some detail:

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- The Alliance is defined as a holding company/regional healthcare system which was created by Dartmouth Hitchcock Medical Center. Currently, it consists of eleven locally owned and operated organizations serving rural regions of 500,000+ people in the MA/VT/NH Connecticut River Valley. It was pointed out that membership does not mean membership with Dartmouth Hitchcock Medical Center, but with the Alliance.
- The eleven members are: Mary Hitchcock Memorial Hospital in Lebanon, NH; Upper CT Valley Hospital in Colebrook, NH; Valley Regional Hospital in Claremont, NH; Visiting Nurse Association and Hospice of Vermont and New Hampshire; Weeks Medical Center in Lancaster, NH; West Central Behavioral Health in Lebanon, NH; Central Vermont Medical Center in Barre, VT; Gifford Medical Center in Randolph, VT; Mt. Ascutney Hospital in Windsor, VT; Northeastern VT Regional Hospital in St. Johnsbury, VT; and Cooley Dickinson Hospital in Northampton, MA.

Two maps provided in the handout show the geographical relationship between the areas currently served by Alliance members, and the area served by New London Hospital.

Bruce King referred to North Country Hospital in Newport Vermont, and said that that hospital has recently chosen to withdraw from the Alliance. In response to Harmon Lewis's question later in the meeting, he said the reason for its withdrawal include a change in administration and a desire to ally itself more with Fletcher Allen, as well as some financial difficulties.

- The Dartmouth-Hitchcock Alliance has set out four Strategic Purposes:
  1. To create a culture of health care excellence, together with clinicians.
  2. To become an exemplary model for collaborative delivery of health care.
  3. To pursue the best possible health for the region's people.
  4. To enable members to strengthen themselves financially.
- The Structure of the Alliance is as follows:
  1. The DHA Board is composed of individuals from member Boards, selected by an all-member nominating committee.
  2. The Council of Chairs (of all member boards) meets to contribute to a system-wide communication and sense of cohesiveness.
  3. A "Senior Management" group of eleven member CEOs and seven DHA staff meets twice monthly, chaired by the DHA CEO.
  4. In addition to local board-determined goals, each CEO has system goals set by the DHA CEO.
- Bruce King and the Trustees discussed at some length the Reserve Powers held by the Dartmouth-Hitchcock Alliance. In the handout these are listed as:
  1. Member CEO & Trustees.
  2. Operating and Capital Budgets, and Strategic and Quality Plans.
  3. Changes in services.
  4. Affiliations, mergers, consolidations, other reorganizations.  
\*In response to some concerns raised by the CAC, he pointed out that membership in the alliance would not require asset mergers, but would provide oversight of asset management.
  5. Insurances.
  6. Acquisitions/disposition of assets.
  7. Major fundraising and indebtedness.
  8. Corporate bylaws, articles, etc.
  9. Employee benefit plan changes.

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10. Accounting firm, year practices. \*Yes, New London Hospital can continue to use its own accounting and auditing firms.

The Reserve Powers reinforce DHA's legal structure, assure coordination and accountability among the members, and attainment of the four strategic purposes.

- The Alliance has set out six paths to firm financial foundations:
  1. Non-merged member assets or bottom lines.
  2. Clear financial targets for members.
  3. A common five year planning model.
  4. Consistency with environmental assumptions.
  5. Tracking ability to hit budgeted targets.
  6. Improvement plans for "watch list" members (those not meeting the financial goals).
- The objective of the Alliance is to match programs to (the area's) needs by addressing service gaps and overcapacity, and promoting shared services among contiguous communities...according to size, age, gender of population, and epidemiology.
- Typical local operating issues which will benefit from membership include:
  1. Recruitment and retention of qualified staff,
  2. Physician participation in leadership teams,
  3. Excellent patient services and access,
  4. Enhanced efficiency and productivity,
  5. Reduced cost of supplies and equipment,
  6. Clinical and financial information systems which support decision making and performance assessment.
- Some common ground among the Alliance members, and some collaborative DHA solutions are:
  1. Payer contracting,
  2. Insurance/risk management,
  3. Nurse recruitment,
  4. Web site/health information,
  5. Material purchasing,
  6. Pharmacy purchasing,
  7. Shared loan pool,
  8. Charitable benefit tracking,
  9. Electronic communication systems and data repository,
  10. Health policy advocacy.
- Direct benefits of Alliance membership to the Hospital and community include:
  1. Economic benefits in excess of allocated system expenses through purchasing, loan pool, insurances, and programs.
  2. Membership in work teams addressing common challenges from across organizations.
  3. Ability to influence care provided to the broader region while maintaining identity.

In conclusion, he said the New London Hospital Board of Trustee will vote on August 25 and the DHA Board will vote on September 28. October 1 of this year is a possible effective date for New London Hospital's membership in the Dartmouth Hitchcock Alliance.

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He opened the floor to questions.

Sue Little asked if there any negatives which are of particular concern to the Board.

Bill Helm said there may be some concern that major decisions will be subject to another Board's oversight. He added that there are some "outs," or "relief valves." New London Hospital would be allowed to leave the Alliance if it does not work out. In leaving, however, the benefits of better insurance and the ability to negotiate better payer benefits would be lost, as well as some of the purchasing power.

He and Bruce King pointed out that at one point in the past, New London Hospital was a member of the Capital Region Healthcare Alliance, composed of New London, Concord, and Monadnock Hospitals. New London Hospital did benefit from that membership in terms of purchasing supplies and equipment, but that Alliance had a "hands off" approach regarding fiscal decisions and policies. There is some feeling that, given New London Hospital's financial difficulties at that time, some management and oversight from the Alliance would have been beneficial. The Dartmouth Hitchcock Alliance has more substance, more teeth.

Noel Weinstein asked about duplicative medical services.

Bruce King said that locally, no specific service is threatened; there are no changes in clinical relationships anticipated.

On the other hand, he and the Trustees warned that membership in the Alliance should not be seen as an "open gate" for appointments. Membership in the Alliance will not shorten wait times.

Mark Kaplan presented a hypothetical situation in which New London Hospital and the Alliance differ in a management decision for a New London Hospital asset, and, as a result, New London Hospital chooses to withdraw, at which time it would lose all the benefits of membership.

Bruce King said they will be trying to work out those kinds of potential differences ahead of time.

Bill Helm said there will be those kinds of trade-offs. In such a scenario, New London Hospital would still retain some access to better purchasing of supplies, but would lose the opportunity to buy the better insurance.

Noel Weinstein asked if things as data processing, accounting, etc., will be amalgamated, and would New London Hospital lose out should it decide to leave the Alliance.

Bruce King said New London Hospital plans to continue its own accounting and billing. He added that should New London Hospital decide to leave the Alliance at some point, arrangements could be made for continuing a relationship in some areas.

Sue Clough asked to clarify that the financial targets are set at the local level, and checked by the Dartmouth Hitchcock Alliance Board. Also, she wished to confirm that current contracts, such as New London Hospital's with Riverbend will continue.

Later in the meeting, she again asked who sets the financial goals for each of the members.

Bruce King said each Alliance member sets its own. The system does do some financial planning, but that planning revolves around prudent financial principles to which they wish to adhere anyway.

In response to a question about the Alliance's insurance, Bruce King said that Dartmouth Hitchcock is self insured. They have found that easier and cheaper to do offshore. New London Hospital would not be required to subscribe to that insurance; however, he noted that every alliance member who has taken a look at it has decided to join. It provides better coverage at lower rates.

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Bill Clough expressed concern about a perception that this had all been worked out previously, and that New London Hospital may be turned into just a first aid station.

The Trustees assured that a decision to join the Alliance is not a *fait accompli*. The Trustees have yet to make that decision.

Bruce King said the Alliance is actually a structure to support the community hospitals.

Bill Clough said his question was directed more at the political issues.

The Trustees agreed that it is impossible to avoid some politics. The primary goal is to improve the survivability of New London Hospital.

Doug Lyon warned that there could be a knee jerk reaction to this proposal resulting from concern that New London Hospital will be taken over by Dartmouth Hitchcock. It is a public relations issue. He recommended that the Trustees address that point specifically in their upcoming public meetings.

Sue Clough said she echoed that. The business aspects of membership in the Alliance are interesting, but most people are concerned about the sustainability of good local care. She suggested the Trustees introduce membership in the Alliance as a method for keeping good care here.

Sue Little agreed that they would need to work on this perception problem before selling this idea—that is, the perception that joining the alliance is being considered because New London Hospital is not good enough.

Peter Bianchi asked if membership in the alliance will affect the continuity of primary care physicians.

Bruce King spoke to the nature of primary care and its high turn over. He said addressing that would not be a function of the Alliance; however, he noted that turn over at New London Hospital has already improved due to the current relationship with Dartmouth Hitchcock.

Bob Gray asked about Upper Valley Neurology.

Bruce King said New London Hospital has a terrific relationship with them, and they can see that relationship expanding. Already New London Hospital has added neuro-surgery.

Bob Lavoie asked if other members of the Alliance can restrict things at New London Hospital.

Bruce King said anything like that would be in the spirit of planning. Membership in the alliance would have no competitive disadvantage. In talks with Alliance member, Mt. Ascutney Hospital, they learned that membership provided that hospital with some “relief of tension,” in that it knew in advance what services, etc., were being planned, or changed, in other hospitals in the area.

Bill Helm pointed out that the hospitals are all fairly far apart. The real issue for New London is Newport; many of those residents use New London Hospital. As Valley Hospital is now currently a member of the Alliance, membership in the Alliance will allow New London Hospital to gain some insight into what Valley is planning.

Doug Lyon said that Jim Varnum of Dartmouth Hospital has pointed out that it is in Dartmouth Hitchcock’s best interest to have a strong hospital in New London.

Ray Ettenborough asked if the improvement in New London’s finances (discussed by Bruce King at the beginning of this meeting) are a result of the change in management, or of the (prospective) Alliance membership.

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Bruce King said the recent financial improvements can be attributed to New London Hospital becoming a critical access center, to building back volumes, to strategic planning and sound management.

The meeting adjourned at 9 a.m.

Respectfully submitted,

S.A. Denz  
Recording Secretary