



CHCA

CONNECTICUT HEALTH CARE ASSOCIATES

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July 3, 2014

Kimberly Martone
Office of Health Care Access
CT Department of Public Health
410 Capitol Avenue
Hartford, CT 06134

RE: OCHA Docket 13-31838-CON Proposal for a joint venture by The Greater Waterbury Health System and Vanguard Health Systems/Tenet

Dear Ms. Martone:

Pursuant to Connecticut General Statutes, Section 4-177a (b) and Section 19a 648-38 of regulations of the Office of Health Care Access, Connecticut Health Care Associates (CHCA), NUHHCE/AFSCME hereby requests the opportunity to participate in the above referenced proceeding as an intervener with full procedural rights including the right to present oral testimony, to inspect and copy evidence and to cross-examine witnesses.

CHCA sent a letter to your office on July 2, 2014 requesting that OHCA and the Attorney General postpone the hearing scheduled for July, due to the reasons bulleted below relating to the CON application being filed by Vanguard, not the actual owner, Tenet Corporation. That said, regardless of when the hearing is held, we request Intervener status.

We believe that CHCA should have standing in this hearing because it has represented the 400 front line nurses who have worked at Waterbury Hospital for over 30 years. We also represent 150 newly organized technical employees at the hospital and are attempting to secure their first contract. In addition, AFSCME has thousands of members in Waterbury and the surrounding towns who are patients at the hospital or who live in the service area who are affected.

CHCA is concerned about the proposed purchase of Waterbury Hospital by Tenet for the following reasons:

- Despite the reference to this as a joint venture, the proposal is in fact a takeover and ensures that Tenet will have complete economic control over the hospital and its assets. The desired outcome for Tenet is funneling money and resources away from Waterbury and to its shareholders and Wall Street venture capital firms.
- Tenet's past performance includes a number of seriously troubling incidents of denying care, investigations for inappropriate billing and failing to live up to its promises to invest in hospitals it acquires.

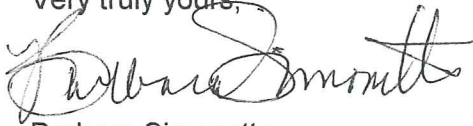
- Given Tenet's record and the records of for-profit care in general, the quality of care at the hospital could deteriorate in subtle or overt ways, which impacts not only our members who work at the hospital, but the tens of thousands of area union members who are patients of the hospital, as well as our neighbors, colleagues and entire communities. CHCA has suggestions for how to approach and address this issue, if and before any deal is approved.
- We anticipate that much of the profits that this for-profit company will generate will not only come from raising rates charged to Waterbury residents, but from slashing benefits and compensation to the hospital's employees, many of whom we represent. The hospital and its corporate partners repeatedly threatened our members and threatened to shut the hospital down if it could not generate more profits for its potential buyer. That additional money seemed to come in the form of massive givebacks demanded of the nurses' bargaining unit. We settled our contract recently after more than 16 months of negotiations, but at a significant cost. We know that further issues and givebacks may very well be on the table for our next contract. Now we are currently in negotiations with the hospital over a first contract with technical employees, another difficult and contentious situation. The hospital continues its demands for eliminating our pension and other proposals, which we believe result from Waterbury Hospital's administrators working hand-in-glove with Tenet to bring our employees in line with Tenet's lower levels of total compensation.
- Since the original CON filing by Vanguard, Vanguard has been purchased by Tenet, another for-profit corporation that buys and sells hospitals with a troubling performance record in other states, including over \$1 billion in fines for fraud and abuse of patients, taxpayers and the government. In its updated filing, Vanguard purportedly still exists and will be a separate wholly-owned entity within the Tenet system. It remains unclear which entity will have ultimate control over the purchased Hospital. This needs further strong scrutiny.
- Vanguard and Waterbury Hospital sought to have legislation passed in 2013 concerning medical foundations they claimed was necessary for the purchase to be completed. When the legislation was vetoed because of concerns on how the measure was pushed through the legislature without sufficient public input, Vanguard, and later Tenet, then developed an alternative scheme. This scheme involved the use of Yale-New Haven's tax exempt status, with Tenet controlling the Hospital - a novel if untested legal tactic. It remains unclear if there will be any further workaround attempt or what role Yale-New Haven will have in the newly purchased Hospital. This needs further scrutiny.
- This CON –hearing will be precedent-setting. Tenet is also moving to purchase Bristol as well as ECHN in Eastern Connecticut. In the ECHN acquisition, Tenet is not using Vanguard as the purchaser, but is creating a new entity called VHS with its partner Yale-New Haven. It will have yet another corporate structure, but apparently will be peopled by the same legacy Vanguard personnel who currently are spearheading the Waterbury Hospital purchase. It strains belief to think that two hospitals owned by the same conglomerate, in the same state and run by the same people, will have two separate corporate structures. The confusing array of entities needs to be sorted out and given full scrutiny.

- The real potential owner of Waterbury Hospital, Tenet Corporation, is not the official applicant in the Waterbury Hospital deal, and despite the AG and OHCA's request for clarification of this relationship, is avoiding full scrutiny. Since Tenet now owns Vanguard, shouldn't Tenet be given the same level of scrutiny that Vanguard has to undergo? Shouldn't its claims that Vanguard Health System runs Waterbury Hospital while Tenet/YNH/VHS runs ECHN be viewed with as much skepticism as was given to the "workaround" solution to Connecticut's prohibitions on for-profit medical foundations? Shouldn't Tenet's troubled past performance, and its history of fraud and lawsuits be a subject of review?

Given the complexity of this deal, the behavior of Vanguard and its new owner, Tenet, over the last 18 months, the real possibility that this takeover can result in hardship to the Waterbury community in the form of higher costs for less qualified service, the hardships to our members in terms of job cuts, more demand for higher productivity with less personnel and lower wages and benefits, and last but certainly not least, the precedents it may set as hospital conversions sweep the state - we respectfully request standing as an intervener.

Should you allow any deal to move forward, CHCA will argue for – and is counting on your office and the Attorney General to implement -- the highest level of scrutiny and protections for communities, patients and hospital personnel. Given the size and scope of this deal, we believe your office should exceed protections your office and the AG required be instituted over a decade ago in the Sharon Hospital/Essent Corporation deal.

Very truly yours,



Barbara Simonetta
President
Connecticut Health Care Associates, NUHHCE/AFSCME

Cc: Governor Dannel Malloy
Lieutenant Governor Nancy Wyman
✓ Attorney General George Jepsen
Department of Public Health Commissioner Jewell
Salvatore Luciano, Executive Director, Council 4 AFSCME
Suanne Fulton, President, CHCA Waterbury Unit 10
Lee Saunders, President, AFSCME International
Lori Pelletier, Executive Vice-President, CT AFL-CIO