

Status Report on the Proposed North Country Hospital Affiliation

Affiliation on track for end-of-year closing

April 24, 2015 -- Over the last two years, the four hospitals in the North Country have been meeting to explore an affiliation to help us deal with the challenges we face as small, rural community hospitals in a health care environment that is in the midst of significant change.

As we have previously explained, we face an environment in which, without taking this step, our ability to deliver on our missions to our communities and our financial viability is not a sure thing.

As you know, health care costs are growing faster than any other part of the economy. Government payment, especially Medicaid, frequently doesn't pay enough for us to cover our costs. Employers paying for employee health insurance find themselves paying more and more, and as a result are increasingly shifting insurance costs and choices to employees. And importantly, the demographics and economy of the North Country are changing.

To address these challenges, and after careful consideration and the receipt of a good deal of expert advice, the Boards and leadership of Androscoggin Valley Hospital, Littleton Regional Healthcare, Upper Connecticut Valley Hospital and Weeks Medical Center signed a non-binding Letter of Intent last summer to create a common parent organization that would serve all communities in the North Country.

Our goal is to provide an affiliation that will serve all the communities in the North Country and preserve quality, value driven and caring health services to people in the communities we serve. We'll be stronger together.

A lot has been accomplished

From a technical perspective, what we are considering is to create a common, nonprofit parent organization for the four North Country Hospitals. Under this arrangement, our four hospitals would each exchange some of our autonomy (giving it to the parent organization) to enable us to develop a highly-coordinated health care network that will improve quality, increase efficiencies and lower cost of health care delivery in the region.

After we announced the signing of our Letter of Intent last July the working group representing the interests of all the hospitals teamed up with legal counsel and other experts to lay the groundwork and, in an Affiliation Agreement, flesh out the detail of how this new arrangement will work.

This included:

- Reviewing each hospital's financial assets and liabilities.

- Vetting any current or pending environmental or legal issues faced by each institution.
- Detailing how individual hospital articles of agreement and bylaws must be amended in order for the new affiliation structure to proceed.
- Developing consensual agreement about how the new System Parent organization will be structured and then crafting articles and bylaws that establish that organization.
- Coming to agreement on how the new System Parent Board and individual hospital Boards will be structured and how each will be managed -- when and if the Affiliation Agreement is approved, and the formal closing takes place that establishes North Country Health.

What's next?

The Affiliation Agreement essentially follows the structure outlined in the [Letter of Intent](#) announced last summer. The next steps in moving it forward are as follows:

1. The Agreement will be individually reviewed and discussed by each hospital's Board of Directors in April and May.
2. The goal is to then forward the Agreement to the N.H. Attorney General and the Division of Charitable Trusts by July 1. The Attorney General and Charitable Trusts Division expects to take 120 days to review the Agreement to make sure that it conforms with and continues each hospital's non-profit, charitable mission.
3. During this review period, a public meeting will be held in each hospital's home community at which the details of the Affiliation Agreement will be outlined and members of the public will be invited to ask questions and make comments.
4. If needed, the Affiliation Agreement may be modified in light of this public feedback.
5. If all goes smoothly, it is anticipated that the Attorney General's Office will approve the Affiliation Agreement by the end of October, with the closing, which brings North Country Health into being, taking place by the end of the 2015.

The Agreement stipulates that a hospital may withdraw from the Affiliation prior to closing if all the other hospitals agree -- or if the necessary regulatory approvals or the closing take a substantially longer time period than anticipated.

It also stipulates that any hospital may withdraw from the Affiliation after closing, for cause, within two years. The hospital must give 90 days notice and be prepared to pay a withdrawal penalty if it chooses to withdraw from the new organization.

More information will be forthcoming

The North Country Hospitals will announce when the Affiliation Agreement has been submitted to the N.H. Attorney General's Office for review and will actively announce and promote attendance at the public meetings in each community.

Should you have questions, please email info@northcountryhealth.org.

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