

Honorable George Jepsen, Atty General
Dr Jewel Mullen, Commissioner of Public Health

I am writing to ask that you deny Tenet Healthcare's application to acquire ECHN.

On 11/26/13, George Jepsen wrote an op-ed for the Hartford Courant alerting legislators and citizens of Ct that it was time consider carefully new regulatory approaches to "foster patient access, preserve competition and protect healthcare jobs" in hospital communities, because of the likelihood of acquisitions of non-profit hospitals in CT. He also noted the aggressive acquisitions of physician practices by hospitals. He told legislators that his role in hospital conversions was currently very limited and that other states have laws limiting such conversions, such as the RI Hospital Conversion Act. He warned that current law just wasn't adequate to regulate the current rapid changes in delivery of health care in Connecticut.

Legislators, who were being lobbied on an almost daily basis by Tenet Healthcare, as were our municipal leaders, held public hearings. On Dec 3, 2013, the Labor and Public Employees Committee held a 3 ½ hr hearing on hospital conversions. (tape available at CT-n.com) They heard testimony concerning legislative cuts to hospital reimbursements and their repercussions on non-profit hospitals, as well from Federal Gov't sequestration cuts. Peter Gould of Philadelphia testified that Tenet bought 5 hospitals there 15 years ago, and 4 have now closed. The fact that he came from PA to testify signifies much. He said that Tenet had no community roots, local base, or commitment there. They subcontracted services, janitorial and food services, and did not invest in the hospitals to keep them in good shape. They had other masters to answer to: Wall St and shareholders. Steve Schrag of Community United in Waterbury testified that the largest employers in Waterbury are the two hospitals (as in Manchester and Rockville, I think) and that legislators need to protect hospitals with legally negotiated contracts for employees, maintaining current levels of care, charity services, capital expenditures, collective bargaining rights, pension fund assets, and governing boards that include local community members. Dr Nick Tsongas came all the way from Rhode Island to testify about Rhode Island's "Hospital Conversion Act." He said that for-profit hospitals cut back on non-profitable clinical services, access for the poor, choose the kind of patients they want to serve, and have much less transparency by the IRS than non-profits do. Deborah Chertoff represented a nurses' union and worried about the for-profits changing working conditions, eliminating aides, staffing levels and thus quality of care. There was another 13 hour hearing, I think by the same committee, later in December. Legislators walked in and out, I did not see my legislators: Janowski, Ackert, or Guglielmi in attendance. Of course Tripp Pilgrim of Tenet was there and testified. He promises a big "infusion of capitol," and the sky.

The second Legislative hearing, lasting nearly 13 hours was held. I can't recall the date. Someone testified that Tenet bought 5 hospitals in Detroit, MI, that were deeply in debt, at prices as if at a fire sale. Another testified that the Sherri Fink novel 5 Days at Memorial described Tenet's deplorable treatment during hurricane Katrina in New Orleans. Deborah Chertoff testified that Tenet was currently—and long term-- under indictment for Medicare Fraud and predatory practices. She said that traditionally for-profit hospitals provide less charity care, mortality increases, skilled staffing decreases, unprofitable areas are eliminated and unnecessary surgery, especially for medicare

patients, increases. Very few legislators attended or asked pertinent questions, Mr Pilgrim testified that Tenet's management team was all new since the fraud fines and the "climate" at Tenet management had changed.

There were two bills in the 2013-14 Legislature concerning for-profit conversions, SB 460 and HB90. The session ran out, and at the very end a bill with no teeth for Mr Jepson, negotiated entirely by Tenet with the Governor's office was passed. My legislators voted against it, not wanting to be blamed for allowing the conversions, but not having the guts to vote for a moratorium on conversions until we know how they work, or fail to work. Municipal leaders knew that ECHN was deeply in debt (\$100M), were wined and dined by Tenet, and promised that for-profit hospitals pay municipal taxes, so they didn't protest either.

Our local newspaper, the JOURNAL INQUIRER, and particularly one writer, Don Michak, kept us abreast of developments. I think that you should read his articles, or interview him, to inform your decision. I will cite the headlines, I think they are pretty unbiased and informational: "Data on ECHN Hospitals could influence decisions on buy-out" 1/1/13, "Tenet timetable uncertain" 1/9/13, "ECHN timetable pushed back" 1/15/13, "CT isn't ready for hospital takeovers" editorial by Chris Powell, July 2013, "Diagnosis-Insufficient Outrage, Medicine Should be About Patients, Not Profits" NY Times, 7/5/13, "Malloy wants more talks, plan before hospital takeover" Ed Jacovino, 8/10/13, "An Arm and a Leg-hospitals to blame for obscene healthcare costs" Avik Roy, 8/17/13, "Why won't ECHN answer some questions?" 8/22/13, "Stop Hospital mergers, enforce anti-trust laws" Chris Powell, 8/24/13, "2 ECHN execs leaving" 8/24/13, "The demise of a community resource" Dr Ellen Marmer, 9/2/13, "Vanguard Hospital head warns of post merger lay-offs" 9/7/13, "Public forum sought on RGH future" John Kennedy, 9/26/13, "Proposed RGH sale raises raft of questions in Vernon" 9/26/13, "Mass nurses' union blasts ECHN suitor," "Third party providers only good for profits" 10/28/13, "Executive shuffle, stock sales reported at ECHN" 10/8/13 "A Billion dollars for fraud" 11/12/13, "Tenet's history peppered with disputed business practices" 11/12/13, "ECHN to corporators: Tenet deal expected in early 2014" 11/15/13, "Murphy (Senator Chris) calls for discussion of for-profit ownership," "Tenet's way around Malloy's VETO is Yale New Haven" 11/19/13, "Tenet again settles with the feds" 11/20/13, "Cayman official disputes ECHN execs claim that Caribbean sojourn is mandatory" 11/21/13, "ECHN adds trustees, drops some corporators" 11/26/13, "Will nothing interfere with ECHN's junket?" editorial 11/27/13, "ECHN execs get pep talk from 'The Wolf of Wall ST,'" "For-profit hospital deal elicits many questions" Hartford Courant 12/4/13, "Bungling the Easy Stuff" Steve Brill for TIME mag 12/16/13, "Who owns Tenet? Mostly hedge funds, investment houses" 1/7/14, "Tenet timetable uncertain" 1/9/14, "ECHN timetable pushed back" 1/15/14, "Hospital chain said to scheme to inflate bills" NY Times, 1/24/14, "After Obamacare" Phillip Longman and Paul Hewitt Jan/Feb Washington Monthly Magazine, "Oversite over hospital ownership changed" Mark Pazniokas 2/3/14, "Turmoil at Tenet" 2/18/14, "Federal judge's ruling could hinder ECHN's buyers' business strategy for docs" 2/14/14, "Medical society wary after unraveling of hospital practice mergers" 2/17/14, "ECHN opposes restrictions" 2/28/14, "Tenet reserves \$27M to resolve investigations, lawsuits" 3/1/14, "Yale-NewHaven, Tenet sign partnership agreement" Hartford Courant, 3/7/14, "Bill aims to protect workers as hospitals switch to for-profit" Ed Jacovino, 3/11/14, "ECHN execs got big bonuses" Ed Jacovino, "Transparency, Please" editorial, Hartford Courant 3/10/14,

“Hospitals dislike proposed rules on sales to for-profits” Ed Jacovino 3/20/14, “Lobbyists clear hurdles for deals between Tenet, targeted hospitals” 3/17/14, “ECHN insiders did \$3.1M in business” 3/13/14, “Doors close on talks over hospital rules-existing bills getting little attention” Ed Jacovino 4/04/14, “Tenet discloses top-tier pay” 4/17/14, “ECHN sale, questions await” 4/26/14, “Approved, but not OK” 4/30/14, “For-profit hospitals mean less care” Hartford Courant editorial letter 4/28/14, “Hospitals looking for a shot” Hartford Courant 4/27/14, “Tenet, Yale spokesmen soften response to hospital bill” 5/8/14, “Malloy to Tenet, get moving” 5/9/14, “For-profit hospitals cleared” Dan Haar, Hartford Courant 5/9/14 (“Gov Dan Malloy signs a hastily adopted bill that emerged from chaos in the waning hours of the legislative session.....the bill does not offer the direct protection for workers that labor fought 2 years to include”), “RGH on chopping block” 5/31/14, “The doctor is out--west, ECHN outsources in-house physicians.”

Chapter 22 of David Cay Johnston’s 2007 book, Free Lunch, is entitled “More, for Less.” It describes in almost cookbook fashion, how health insurance companies in CA became for-profit as they raised profits, stifled competition, and cut services. “De-Ja-Vu!”

Charles Bill, program director for Consumers’ Union warns that non-profits in other states have been converted by corporate insiders who have privatized and pocketed the charitable assets owned by the hospitals. A complete forensic audit of ECHN 1995-2013, including their 990 forms, is in order. Rockville Hospital once had a \$50M endowment. There are encumbered assets that must be identified. How has the Conn Healthcare Insurance Co(CHIC), based in the Caymen Islands, been funded? Corporate salaries, perks, and fringe benefits have been inflated for years. The “Medical director” unnamed, owns a medical lab that ECHN uses to do its lab analyses, complete lack of transparency. Local “Corporators” were never consulted on ECHN policy. Some didn’t know they WERE “corporators,” some have moved away. The same corporate insiders, the “transaction committee,” set policy and ran operations, into \$100M in debt. A single “developer” built and leased back all new facilities for ECHN. I am concerned that the assets, much of them donated by the community, will be evaluated at low-ball prices, perhaps less than the helipad at RGH cost to build. (See “JI-accuse”, Journal Inquirer, 2/18/2014) The community is alarmed that services at RGH will be curtailed, moth-balled like the thriving birthing-unit was, and then closed, or resold because it proves “unprofitable.” I believe that there was a complete lack of due-diligence on behalf of ECHN in choosing the Tenet Healthcare Co as buyer. I would ask that you, Mr Jepson, scrutinize the offers that ECHN rejected as they chose Tenet to be their buyer.

Google “Tenet Healthcare” and “Fraud” on Wikipedia. The company has huge debt. Their bonds were lately rated “possible default” by Zacks when they borrowed \$4.6B to buy Vanguard, paying 6-8% interest on the new debt.

Chris Powell, editor of the Journal Inquirer on Saturday, August 24, 2013, in “Stop Hospital Mergers, Enforce Antitrust Law” points out the destruction of competition in local medicine posed by Tenet’s consolidation of an ever-increasing number of acquisitions in our area. Manchester and Rockville have large pockets of poverty requiring much hospital charity care and limited access by locals in poverty. Non-profit ECHN has adequately provided this. It is well known that for-profits cut back on the services this immobile population requires. “Hospitalist” doctors will be hired by Tenet

and the resulting care driven by the bottom line, and unfamiliar care-givers. Community benefit:0. Wouldn't fair trade practices alone prevent this company from owning every hospital/medical provider/emergency rm/visiting nurse assn/clinic in our area? Many residents are elderly and need local services that they will have to buy from this one company.

I urge both of you to deny Tenet's application to purchase ECHN.

Sincerely,
Jean Merz, 144 Phoenix St, Vernon, CT 06066