

Catholic Medical Center and Huggins Hospital Affiliation Frequently Asked Questions (FAQs)

What is a Letter of Intent?

A Letter of Intent (the “LOI”) is a preliminary non-binding document that describes the general principles and broad outlines for reaching a final binding agreement. In this case, the LOI is a mutual commitment to work closely for the benefit of our patients and the communities we serve to develop the details of our mutual participation in a more integrated healthcare system.

Why affiliate?

CMC and Huggins have had a very successful, long-standing clinical relationship in cardiology and vascular services. The proposed affiliation would allow the two hospitals to work even more closely together to improve healthcare quality and access, coordinate care and improve efficiency for their patients through shared resources and managing the flow of patients between the two facilities. An affiliation would allow Huggins and the Wolfeboro community to gain access to expertise in specialty and acute care while improving the ability to recruit and retain clinical providers. CMC would be able to extend its award winning services to a long-standing strategic partner. The affiliation would allow both organizations to execute on a shared vision of providing high quality, value-based care for the benefit of their respective patients and communities.

Why is this affiliation being considered now?

The healthcare industry is undergoing major and transformative changes which are driven by many factors: health care reform, a shift to a larger percentage of government payers like Medicare and Medicaid that do not cover the full cost of care, an aging population, a move from a “fee for service” model to one based on the health of the entire population, and additional regulatory and market-based uncertainty. Organizations that have an eye towards the future will be proactive, understand that increasing scale, scope and geographic reach, while at the same time maintaining a strong local and community focus, are critical ingredients for success.

Are both hospitals financially sound?

Yes. Both Huggins and CMC are financially sound and well-positioned to pursue a strategic affiliation.

Would this proposed affiliation affect jobs at either hospital?

Although there will undoubtedly be changes in the future given how dynamic the healthcare environment continues to be, there are no major job consolidations planned at this time resulting from the proposed affiliation. The goal is to increase access to services for the community while helping both hospitals transform for the reality of healthcare reform and marketplace pressures.

Both organizations will strive for cost effectiveness through bulk purchasing and consolidation of vendors in order to gain greater economies of scale. While both will be seeking ways to combine support services efficiently, they are also looking to expand the services available to patients in both communities. This requires flexibility and smart planning.

Is this a merger or acquisition?

This would not be an acquisition because no assets would be exchanged. This would not be a merger because we would not combine the hospitals and staff or physicians. In this affiliation:

- The assets and liabilities would be separate but services would be coordinated.
- The hospitals would not change their name.
- Huggins would remain a separate secular (non-religious) non-profit hospital.
- CMC would remain a separate Catholic non-profit hospital.
- Each hospital would continue with independent boards.
- There would be an overarching system parent and governing board ensuring strategic direction and initiatives for the system.

How will the Ethical and Religious Directives for Catholic Health Care Services (the “ERDs”) apply?

The ERDs are the ethical guidelines governing Catholic healthcare institutions like CMC. CMCHS will continue to comply with the ERDs and the canon law of the Roman Catholic Church. The ERDs do not apply to non-Catholic hospitals such as Huggins, but out of respect for CMC’s core values, Huggins would continue its current practice of refraining from performing pregnancy terminations. Huggins would continue to provide the same procedures and services it currently provides.

What is involved in the affiliation process?

The affiliation process is a lengthy one. Now that the Boards of CMC and Huggins have approved the LOI, the following steps will take place:

- CMC and Huggins will endeavor to develop the LOI into a more detailed proposed Affiliation Agreement.
- CMC and Huggins will engage in extensive due diligence to review the financial, operational and clinical aspects of the proposed affiliation.
- At the end of this due diligence period, modifications may be made to the proposed Affiliation Agreement and must be mutually agreed upon by both organizations. Additionally, the proposed Affiliation Agreement and any additional modifications are subject to further review and final approval of the Roman Catholic Bishop of Manchester.
- Once the definitive agreements have been finalized, the agreements will be proposed to CMC and Huggins’ Boards for review and approval. The agreement will then be executed and presented for regulatory review.
- There will be various opportunities for public input throughout this process.