

RELIGIOUS HEALTH RESTRICTIONS

FACT SHEET SERIES
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When a Hospital is No Longer Catholic: Religious Restrictions Continued After a Hospital is Sold

Why are Catholic health systems selling their hospitals?

Catholic health systems are responding to market trends and, like any other businesses, consolidating their resources and selling off low-performing hospitals. Often the buyers of these hospitals are for-profit health systems looking to enter new markets or expand their market share in regions where they already own hospitals.

Catholic health care restrictions are being maintained at some hospitals even after they have been sold to for-profit systems and are no longer Catholic.

Why are Catholic health restrictions being continued when hospitals are no longer Catholic?

When nonsectarian for-profit corporations such as Tenet Healthcare, Star Healthcare, Ardent Health Services, and Community Health Services have purchased Catholic hospitals recently, they have agreed to the sellers' demands that they continue some of the Catholic health restrictions¹ even though the hospitals are no longer Catholic. For the for-profits, it is simply a business deal: they are willing to restrict services in order to buy the hospitals they want — often at bargain prices. For the Catholic systems, the tactic allows them to claim that they have not abandoned their mission by selling their hospitals.

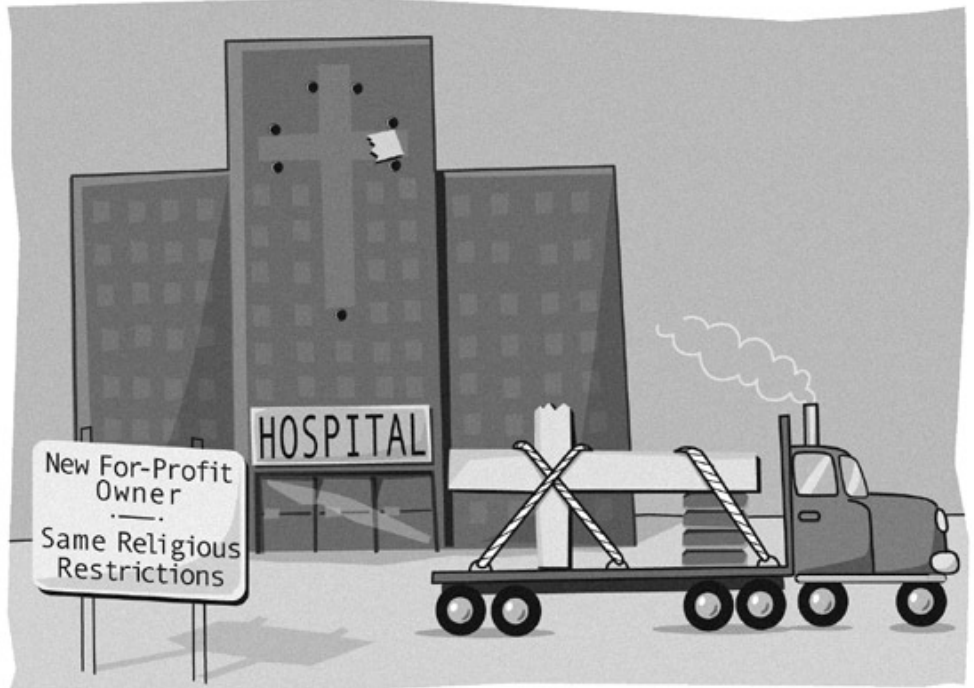


Illustration: Bruce Rosch

What are the Catholic health restrictions and how long do they remain in place?

The Ethical and Religious Directives for Catholic Health Care Services (Directives) require the restriction or elimination of basic services such as birth control, sterilizations, abortion, condoms to control the spread of HIV/AIDS, emergency contraception, fertility services, some treatments for ectopic pregnancy and patients' rights to make end-of-life decisions. Consumers have experienced the loss of access to reproductive and other health services when Catholic hospitals have taken over nonsectarian hospitals and imposed these Directives.

When a Catholic hospital is sold to a nonsectarian hospital, the community should expect that religiously-based restrictions on services will cease. Instead, the agreement of sales of Catholic hospitals to for-profit systems often require that the Catholic teachings be followed for a substantial

period of time — from 20 years to perpetuity — and also bind subsequent owners. The claim that maintenance of these restrictions perpetuates the Catholic mission is undercut by the fact that Catholic sellers often allow the new owners to abandon some of the Directives — specifically, those that honor collective bargaining or require service to the poor.²

How many for-profit hospitals are continuing restrictions from previous Catholic owners?

As many as 12 for-profit hospitals continue the bans on health services that had been instituted under previous Catholic ownership. Here are some examples:

- *California:* Daniel Freeman Memorial Hospital in Inglewood and Daniel Freeman Marina Hospital in Marina del Rey.

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Both facilities were owned and operated by the Sisters of St. Joseph of Carondelet. The hospitals experienced large financial losses, and in 2001, the Sisters decided to sell both facilities to Tenet Healthcare Corporation, one of the largest health systems in the United States. In the sale contract, Tenet agreed to operate both facilities according to the Catholic Directives.³

Memorial Hospital in Inglewood serves a community whose residents are primarily low-income African-Americans and Latinos,⁴ for whom traveling to other facilities is a considerable hardship. The California Attorney General has sued Tenet to invalidate the application of the Directives to future owners.⁵

- *Illinois*: Gateway Regional Medical Center in Granite City

The Sisters of Divine Providence had operated the medical center for 81 years before selling it to Community Health Systems (CHS) in 2002.⁶ CHS continues to operate the hospital according to Catholic doctrine.⁷

- *Florida*: St. Mary's Medical Center in West Palm Beach

Tenet acquired the hospital in July 2001 and agreed to maintain

Catholic doctrine for 10 years. St. Mary's serves a low-income residential area. The continued religious restrictions create barriers to care for those who have difficulty in accessing reproductive services elsewhere.

What can consumers do to oppose continuation of these restrictions?

Consumers and advocates can take steps to stop the restrictions on health care when a hospital is no longer Catholic. California has taken the lead in new strategies and laws to restore reproductive health services.

• ENGAGE THE STATE ATTORNEY GENERAL

Many states have "conversion" laws that require the Attorney General's consent for the sale of a non-profit hospital to a for-profit hospital operator. In California, Attorney General Bill Lockyer refused to consent to the sale of Santa Marta Hospital in East Los Angeles by the Sisters of Carondelet to Star Healthcare Corporation until the seller eliminated the requirement that Catholic doctrine would continue to apply.⁸

After threats to shut down the hospital, the Catholic leaders finally signed off on the agreement, but required the new owner to change the name of the hospital to ElaStar Community Hospital.

On October 10, 2003, California Attorney General Lockyer filed suit against Tenet Healthcare Corporation to invalidate one condition of the sale of the formerly Catholic-owned Daniel Freeman Memorial and Daniel Freeman Marina Hospitals to Tenet. The condition is that the religious restrictions are a "covenant that runs with the land," which means that the restrictions apply to any and every subsequent operator for as long as there is a hospital on the land.

• ENACT LEGISLATION

California also has enacted a statute that requires the Attorney General to refuse to consent to any hospital transaction between a for-profit and a non-profit or between two non-profits that would restrict the scope and type of services that the new hospital owner can provide.⁹

Under this law, SB 932, a Catholic seller of a hospital can no longer require a buyer of the facility to abide by the Catholic restrictions.

• ORGANIZE THE COMMUNITY

Often these hospital transactions take place behind closed doors with little opportunity for community input. Even when there is an Attorney General review process, many of the negotiations take place out of the light of public scrutiny. It is essential for community advocates to be at the table, to find out what the terms of the sales agreement are, and to be vocal about the health services that the community needs.

To learn more, contact the Merger-Watch project at 212-261-4314 or lois@mergerwatch.org



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1. United States Conference of Catholic Bishops, *Ethical and Religious Directives for Catholic Health Care Services Fourth Edition*, revised June 15, 2001; <http://www.usccb.org/bishops/directives.htm>

2. Asset Purchase Agreement, *Daniel Freeman Hospitals*, June 7, 2001.

3. *BW Healthwire*, "Tenet to Acquire Daniel Freeman Hospitals; Transaction Will Enhance Services and Assure Continued Access to Care," June 8, 2001.

4. Brandon, Karen, "Ex-Catholic Hospitals Retain Restrictions," *Chicago Tribune*, Sept. 17, 2002.

5. *The People of the State of California v. Daniel Freeman Hospitals, Inc.*, *Los Angeles Superior Court*, filed October 10, 2003.

6. Saxton, Jennifer, "New Hospital Owners Promise \$3 Million Renovation," *Belleville News-Democrat* June 13, 2002.

7. Brandon, Karen, op cit.

8. *Santa Marta Hospital Conditions*, Attorney General Bill Lockyer, July 26, 2002.

9. SB 932, *Cal. Corp Code §5917.5*, effective January 1, 2004.