



Waterbury Hospital calls Saint Mary's merger over

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WATERBURY — Calling it an investment in "the impossible," Waterbury Hospital on Friday made official what many in the region had already guessed: the effort to merge with Saint Mary's Hospital is over.

The announcement comes about six weeks after LHP Hospital Group Inc. of Plano, Texas — the third partner in and catalyst for the proposed merger — had sent letters to both Waterbury and Saint Mary's hospitals terminating the joint venture agreement signed in August 2011 that would have resulted in construction of a new, for-profit, \$400 million state-of-the-art hospital. LHP also removed its representatives from the city shortly after sending its letter.

On Friday, LHP emailed a statement from CEO Dan Moen to the Republican-American confirming that the "original joint venture, as proposed, will not occur."

Waterbury Hospital's decision to declare the merger process over caught Saint Mary's officials off guard, with hospital President and Chief Executive Officer Chad Wable saying his "No. 1 priority" remains working toward a merger.

"The best solution for this community, and the solution supported by everyone, is a single health care delivery system," Wable said Friday. "If we want to excel in providing state-of-the-art, top-notch clinical services, it's important that we do it together."

Waterbury Hospital officials had echoed that sentiment during 14 months of negotiations, but on Friday Darlene Stromstad, the hospital's president and CEO, unequivocally said her organization is no longer seeking a merger.

"LHP gave us the termination notice saying they were done, but everybody was being very careful about being the one to say it's over," Stromstad said. "We at Waterbury Hospital needed to speak the truth. We're done."

IN A STATEMENT being released to hospital staff today, Stromstad states that the objectives that needed to be achieved to complete the merger were "too many and too insurmountable to allow us to realize our goal."

In particular, she said, was the need to resolve the conflict between continuing to provide women's reproductive health services while adhering to the Ethical and Religious Directives of the Catholic church as required by the joint venture agreement.

"We've come to the conclusion it simply isn't going to work," Stromstad said.

Carl Contadini, chairman of Waterbury Hospital's board of directors, went even further.

"It is no longer practical for our organization to continue to invest in the impossible," he said in the statement to staff.

Stromstad said Waterbury Hospital also mailed a letter Friday to Archbishop Henry J. Mansell of the Archdiocese of Hartford, with which Saint Mary's is affiliated, clarifying Waterbury Hospital's position.

Contadini said the hospital board is "actively engaged" in seeking new potential partners, something Stromstad said her hospital had told Saint Mary's it would do after LHP pulled out.

At that point, she said, Saint Mary's officials asked Waterbury Hospital whether it would return to the negotiating table if a "way around the ERDs" could be found.

"We said sure, but said we didn't see what that" could be, Stromstad said.

"We were really clear: we don't see a resolution," she said. "And because we don't see a resolution, we have moved on."

WABLE, HOWEVER, ISN'T READY to concede anything, including Stromstad's statement that she notified Saint Mary's her hospital was moving on.

"When LHP started backing out of the original deal, based on higher-than-expected costs for the replacement hospital, Waterbury Hospital indicated they needed to pursue other options," he said. "But always along the way, they relayed their support and preference for a single-delivery system."

He also refused to cite the women's reproductive health issues as the sole obstacle to completing the deal.

"I would say it's a number of issues, but everything points back to the totality of the economics involved in this," he said. "The original deal just became different from an economic standpoint."

Originally, LHP had pledged to build a new standalone facility, with the preferred location — never officially acknowledged until Friday — being the site currently occupied by Saint Mary's. The plan was to buy adjacent properties, including the Holiday Inn Express hotel on Union Street, and then combine them to make room for the new building and additional parking.

Both Wable and Stromstad, however, said the delay in completing the deal significantly

increased the new hospital's cost, causing LHP to scale back the project. If the deal had been completed, instead of a new standalone facility LHP would have torn down some of Saint Mary's existing building, renovated the rest and attached the new facility to it.

WABLE ALSO STRESSED that throughout the lengthy negotiations, Saint Mary's rejected numerous other offers for partnerships, many of which did not include a merger.

"We've had multiple expressions of interest throughout the entire process," he said. "We set those aside because we believe the best and most important thing for this community is a single-delivery system."

He also adamantly believes it's still possible to find the elusive solution to the women's reproductive health services issue.

"We believe there are workable solutions that exist, and we're currently working on those right now," he said.

Stromstad, however, said Waterbury Hospital and LHP offered eight separate models to resolve the issue — everything from a "hospital within a hospital" to a standalone "women's pavilion."

"Five were rejected by the archbishop, two were rejected by the Permanent Commission on the Status of Women, and one was rejected by LHP," she said.

"As long as we have the issue of ERDs to deal with, we will not get a new, single hospital for Waterbury," Stromstad added. "We are a secular hospital that must provide services to the community, and we can't abandon that."

Ronald J. Pugliese, Waterbury's economic development director, said "losing the potentially new \$400 million taxpaying facility would be a major blow to our efforts to revitalize downtown Waterbury."

He added, however, that a major blow is not the same thing as a fatal blow, noting that Mayor Neil M. O'Leary's administration is working on several high-profile downtown projects, including a bid to bring much of Post University's online infrastructure — and eventually Post students — to the heart of the city.

"The new hospital was a major component to our plan, but it wasn't the only component," he said.

O'Leary, who was returning from a trip to Kentucky, was unavailable for comment Friday night.

Pugliese, though, refused to concede the joint venture is dead.

"I'm not 100 percent convinced," he said. "I still think the possibility exists that we're going to be able to get something done."

Stromstad, however, said it's over.

"We're moving along quickly," she said. "The market is dynamic, and we have a window of opportunity. We are not going to lose that window. I don't know how long it will take, but we won't be here having this conversation a year from now."