

## Will Healthcare Services Decline In Rural North Carolina?

As North Carolina's attorney general deliberates over whether to approve the sale of the nonprofit Mission Health System to for-profit Nashville, Tennessee-based HCA, a citizens group is asking that, if approved, the deal will ensure they have a voice in the future of health care services in their rural communities.

Members of the citizens group, Sustaining Essential and Rural Community Healthcare, or SEARCH, are worried that the sale will lead to poorer services for patients of Mission Health, which serves 18 mostly rural counties in western North Carolina, in the southern range of the Blue Ridge Mountains.

The deal with HCA includes the creation of a foundation, Dogwood Health Trust, that will use the proceeds from the proposed \$1.5 billion purchase of Mission Health to improve the health and well-being of the communities in those counties.

But that promise doesn't ease concerns from residents who want to make sure their views will be heard.

"All along, we have said that there are two things we want," said Susan Larson, a member of SEARCH. "We want our hospitals to be protected, and we want the Dogwood Health Trust to be constituted properly, so that it can indeed serve all 18 counties."

SEARCH was formed last year when labor and delivery services were discontinued at one of the Mission Health's hospitals, Blue Ridge Regional, which is located in a town of 2,100 called Spruce Pine and close to the highest peak in Eastern U.S., Mt. Mitchell. Mission Health runs six hospitals, including the flagship facility in the region's largest city, Asheville (population 90,000).

SEARCH has brought in as a consultant Jay Nixon, former governor of Missouri who, while serving as the state's attorney general, challenged HCA in courts, charging that the corporation had failed to live up to all of its responsibilities. He brokered a deal that allowed the \$1.13 billion sale of Missouri-based nonprofit hospital system, Health Midwest, to HCA if proceeds from the sale would fund two foundations to improve healthcare for the residents in the Kansas City area. HCA later faced a lawsuit from one of the foundations and settled the suit for \$160 million in 2017.

Nixon's role for the North Carolina group is to help advocate for an independent health trust that is "governed now and in the future by a board and communities that will do what's best for the region."

"Mission is a nonprofit and has built up a significant value, obviously, as laid out by the transaction that's on the table now," Nixon said.

Tax law requires the value of a nonprofit's assets to remain perpetually nonprofit. When a for-profit healthcare company buys a nonprofit system, one way to keep the proceeds in the nonprofit realm is to create a health care foundation that supports nonprofit work. That's the plan for the proceeds from the sale of Mission Health's assets.

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Having reaped the benefits of a nonprofit, Nixon said, Mission Health has a responsibility to taxpayers. "It's the community's money. It's the state who provided the nonprofit benefits."

Selecting the best

“People in this community have a very long history of feeling that the hospital is ours,” said Jean Hunt, a resident of Yancy County, which is served by Blue Ridge Regional. “We do not consider that hospital Mission’s. We consider it to be ours.”

Blue Ridge opened in 1955 with significant help from a community fund drive.

“My biggest concern is that the foundation isn’t independent,” Hunt said. Thus far, nine members of what is proposed to be a 12- to 15-member Dogwood Health Trust board have been appointed. The majority live in Asheville and eight of the nine have current or previous affiliations with Mission.

The health trust “very easily could be the largest per-capita in the country,” said Rowena Buffett Timms, Mission Health’s senior vice president for government and community relations. “What you want are the very best that you have to offer in your community to begin setting that up.”

Timms said she has heard the concerns: “People went, ‘Wait a minute, you’ve picked all these people who are or have been on the Mission Health board over the years.’ Absolutely.” Those selected, she said, “have deep pedigree, knowledge of health care, have been intimate with Western North Carolina over the years.”

Hunt agreed that such experience is important: “Obviously, we need people on board with specific skill sets.” She believes those individuals can also be found in the rural communities.

As regards Susan Larson’s concern that HCA might close one or more of the regional hospitals,

To ease concerns about a loss of services after the purchase, HCA’s purchase agreement stipulates that no services will be discontinued for five years, and emergency services must be maintained for 10 – unless a hospital’s advisory board approves the discontinuance of a service or the sale or closure of a hospital.

The advisory board at each hospital would have eight members: four appointed by Mission Health, four by HCA.

‘Three-comma world’

“I get very concerned about transactions of this nature where you don’t have long-term, ironclad guarantees that the facilities and services will remain open,” Nixon said.

“The trust, if it could be what they say it’s going to be, could be incredible,” said SEARCH member Risa Larsen. “I love the sound of that trust.”

Nixon, too, is big on the potential.

“You have the opportunity to keep this system as it exists now, which obviously is functioning and is gaining in value,” he said. “It’s a vibrant hospital system.”

By keeping “all the physical assets and the human capital assets” of the existing services and adding the improvements that the foundation promises to deliver, “You really do have great opportunities.”

This transaction, Nixon stressed, is “in three-comma world ... a billion dollars. There’s a whole lot of good that can be done if it’s done in a transparent fashion, if it’s done with very solid conflict-of-interest and ethics rules around it and a long-term pipeline of local citizens who understand the particular problems and challenges of

the region.”

The Daily Yonder, published by the nonprofit Center for Rural Strategies, covers the people, places and policies that affect small cities and rural communities.