

Subject: Report on HCA
January 24, 2024

I reluctantly write this piece but feel compelled to do so. To be clear, our Highlands-Cashiers Hospital has been a great asset to our community over the past five years. Tom Neal has provided outstanding leadership, which has made many of us very proud of our medical facility. Our hospital is not the problem. The problem lies with HCA Mission in Asheville and its problems serving the 18-county region.

Six years ago, Dr. Ron Paulus and Dr. John Ball announced to the region that Mission Healthcare, a nonprofit organization, would be sold to Hospital Corporation of America, a for-profit company. The Mission board supported the sale. Doctors Paulus and Ball stated the sale was necessary to maintain the long-term viability and quality of the Mission Healthcare System. To them and Janice Brumet, the Mission Board Chair, HCA was the perfect fit.

A complex Asset Purchase Agreement (APA) was rolled out that guaranteed the operation of satellite hospitals like Blue Ridge, Angel, and Highlands-Cashiers for five years. If the North Carolina Attorney General had approved this initial APA draft, 2024 would be the year when HCA could close these satellite hospitals deemed unprofitable by HCA.

I was told by local hospital officials and some community leaders that I needed to endorse this initial agreement. I attended a meeting of elected officials at our hospital, during which Dr. Paulus let everyone know we should be grateful for the generous APA. He showed some agitation when questioned about the plan. I had also been at a previous meeting at UNC Asheville, where Dr. Ball and Dr. Paulus promoted the benefits of the sale and the creation of the new Dogwood Health Trust. Some attending the meeting had questions and concerns but were assured everything would work out for the benefit of Asheville and the region.

I also received feedback from legal experts who had studied the proposed APA. Their analysis was that the APA, as written, was problematic and that the Attorney General needed to address numerous issues before approving the sale. The former mayor of Franklin, Bob Scott, and I traveled to Raleigh and had an extensive meeting with the attorney general's staff about these concerns, especially about the APA provision that the smaller hospitals could be closed after five years.

By state statute, the attorney general had limited authority in approving the APA. However, he did negotiate 15 commitments from HCA concerning the system's operation, including a 10-year commitment to operate the outlying satellite hospitals.

Now, five years later, the attorney general has filed a lawsuit against HCA for not meeting all of the commitments, especially about emergency services and providing access to essential services. As for the outlying facilities, transporting and transferring patients to Mission in Asheville has had problems. In addition, a recent inspection by the North Carolina Department of Health and Human Services found nine deficiencies at Mission that could jeopardize their status to receive Medicare reimbursements. The assessment was some of these deficiencies could put patients in immediate jeopardy. In a recent Asheville Watch Dog article, Janice Brumet muses that HCA could have been a better corporate community partner.

In short, community leaders feel HCA Mission has lost the overall confidence of the public, while at the same time realizing large profits. In 2021, the HCA national operations posted a 7 billion-dollar profit, of which 1.2 billion came from the Mission system, according to an NBC News report covered in an Asheville Citizens Times article in 2023. Some may counter that HCA has invested millions in outlying hospitals like McDowell. Let's be clear: 1.2 billion is one thousand two hundred million dollars. Those capital investments are modest when compared to these profit numbers.

My suggestion is that HCA Mission needs to consider a new Asset Purchase Agreement and sell the system to another provider. They paid 1.5 billion for Mission, which some critics now say was a giveaway price orchestrated by Paulus, Ball, and the Mission board. Dogwood, the recipient of the 1.5 billion dollar sale, might very well have a role to play in the sale process.

I would also encourage the NC Legislature to pass a bill in this upcoming short session to grant more control to the attorney general's office in approving any future sales of healthcare systems in the state, including a sale by HCA. Such legislation would empower the attorney general to extract commitments for continued operation and services for the outlying areas of a healthcare system.

I hate to say it, but the 2019 sale of Mission to HCA has not served Western North Carolina, and major reforms are urgently needed. The notion of selling hospitals and leaving an area is not new for HCA. They left the Metropolitan Atlanta area just a few years ago. Besides, buying low, making a huge profit, and then selling for more than the original investment is a good corporate strategy that would please stockholders who would and already have received high dividends. Unfortunately, the general public in the HCA Mission service area has received no dividends, only disappointment.