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Proposed Transaction:
Consumer Fact Sheet

Manchester Public Hearing

On December 30, 2019, GraniteOne Health (GO) filed a notice of a proposed transaction with Dartmouth-Hitchcock Health (D-HH). These systems propose to combine to form a NH-based, integrated, and regionally distributed health care system called Dartmouth-Hitchcock Health GraniteOne (D-HH GO).[1]

Potential Benefits[2]

D-HH and GO say the transaction would benefit NH by:

- Making it easier for patients to access services close to home by providing more specialty services at each system location in person and through telehealth. D-HH GO would also build new inpatient beds at Catholic Medical Center (CMC).
- Improving the availability of mental health and substance use disorder services in the region.
- Containing costs overall by offering more services at lower cost locations in New Hampshire and consolidating and coordinating administrative functions.
- Improving health outcomes and patient safety using strategies such as continuous quality improvement, population health management, and standardizing best practices.
- Improving coordination of patient care through integrating primary, specialty, and hospital care through a regional care delivery model.
- Investing in clinical programming, workforce development, and infrastructure.
- Supporting D-HH's function as the only academic medical center in New Hampshire by providing enough patients to sustain the most specialized clinical services and research activities, as well as training locations for students.

Potential Concerns

Stakeholders noted some concerns about the proposed transaction, including the possibility of:

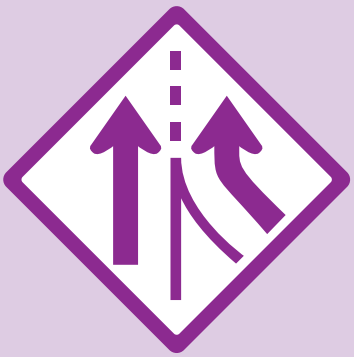
- Higher rates for services at some locations. Some facilities may face increased costs for administrative services provided through the larger system. Some facilities may need to invest in their infrastructure and additional administrative services to align with the system.
- Challenges accessing services outside the D-HH GO system, especially for Carroll County residents. For example, if a patient's insurance network does not include D-HH GO, the patient might need to travel a longer distance to get to an in-network provider.
- Expense and risk from debt financing for new construction and improvements at CMC and critical access hospitals. These hospitals would depend on D-HH GO to pay this debt.
- Changes in management of or access to patient services:
  - at Catholic facilities that follow the Ethical and Religious Directives for Catholic Health Care Services, and
  - at secular facilities that provide services that do not comply with these directives.
- Changes to local control of hospitals, including the local administrative workforce and the operational, reporting, and management structures of the hospital systems.

Comments regarding the proposed transaction may be sent to the Director of Charitable Trusts, Department of Justice, 33 Capitol St., Concord, NH 03301 or by email to charitabletrusts2@doj.nh.gov.

More information about the proposed transaction is available at: https://www.doj.nh.gov/charitable-trusts/hospitals.htm

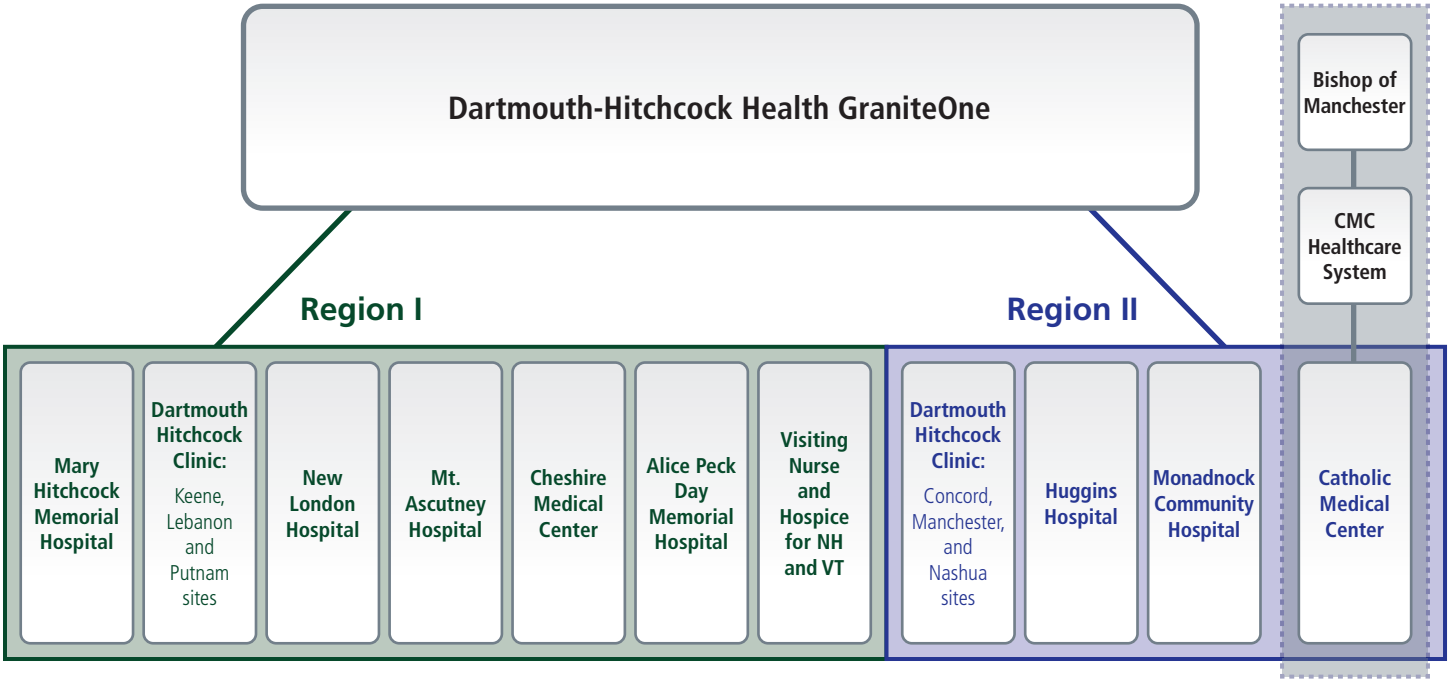
Previous Proposal[3,4]

- In February 2009, CMC and D-HH proposed combining. That transaction would have set up a system board led by D-HH that would review and approve decisions regarding joint operations. D-HH services in conflict with the Ethical and Religious Directives would have been kept separate. At the time, some stakeholders expressed concerns whether this structure would affect the mission of either hospital, or would expand or limit access to abortion, contraception, and sterilization.
- The Charitable Trusts Unit objected to the transaction based upon its governance structure, risk of cost increases, and use of surplus. Ultimately, the transaction did not take place.
- The parties state in the notice documents that the current proposal is materially different from the previous proposal in terms of its governance structure, the approval by the Bishop of Manchester, and the health care marketplace in southern New Hampshire.



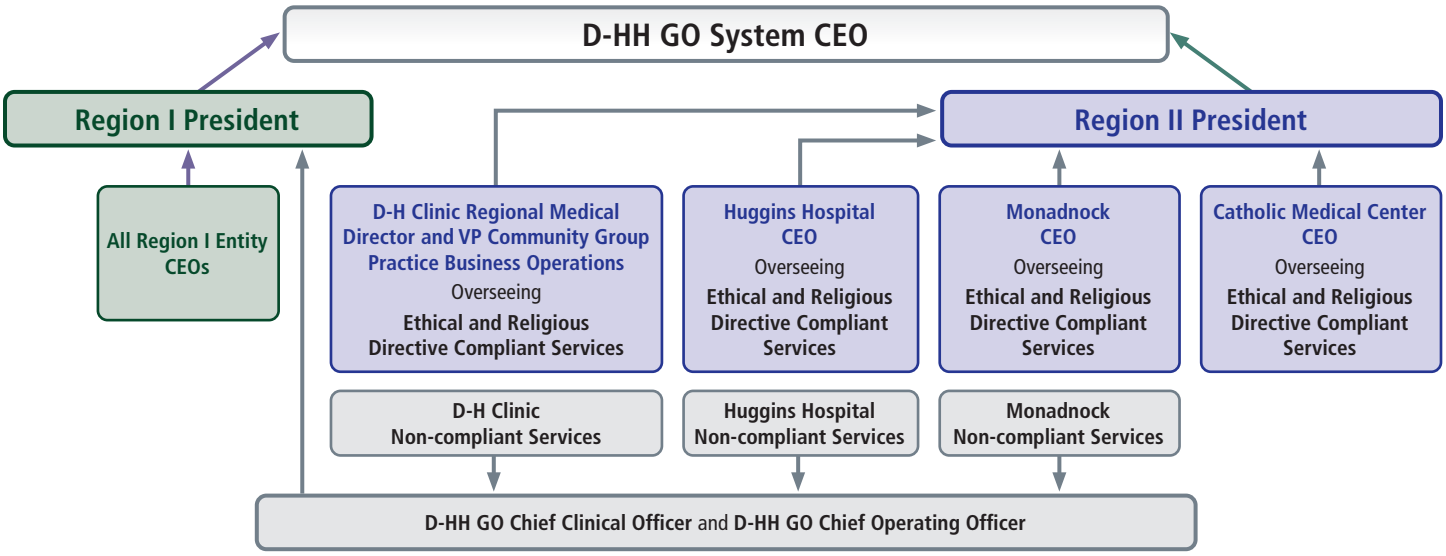
Proposed Transaction: Corporate Governance and Boards[5]

- D-HH will change its name to "Dartmouth-Hitchcock Health GraniteOne" and reconstitute its Board. The Combination Agreement lays out the structure of the Board and the number of seats assigned to each entity.
- The organizations propose that D-HH GO would continue to be the parent organization of all D-HH facilities, Monadnock Community Hospital (MCH) and Huggins Hospital (HH).
- D-HH GO and CMC Healthcare System (CMCHS) would be co-corporate members (parent organizations) of CMC.
- The D-HH GO system board would oversee each hospital member board. The system board would have the power to make certain decisions. Each individual member board would continue to make many decisions for its facility, subject to system board oversight. The Bishop of Manchester and CMCHS would continue to oversee CMC's Catholic identity and adherence to the Ethical and Religious Directives.
- Initial terms on the system board would automatically renew for a second three-year term. As a result, the system board most likely would have no change in membership for the first four years. No Trustee would serve more than nine years.



Proposed Transaction: Regional Management Structure[6]

- The proposed transaction would create one integrated system with two regions. Region presidents would be responsible for overseeing and coordinating the system strategies, clinical initiatives, and operational programs for the region.
- Region I would be managed by its president, who initially will be Joanne Conroy, MD, the current president and CEO of D-HH. Region II would be managed by its president, who initially will be Joseph Pepe, MD, the current president and CEO of GO. Going forward, different individuals could serve in each of these roles. The regional management structure is subject to review in two years.
- A designated individual would oversee the strategic initiatives and clinical and operational programs in Region II. As the initial Region II president, Dr. Pepe would oversee only services that comply with the Ethical and Religious Directives.
- The Region I president would oversee Region II services that do not comply with Ethical and Religious Directives. In the future, if the Region II president is not affiliated with CMC, Region II may have a different reporting structure.



Focus on Key System Members: Hospitals at a Glance*

- Cheshire and Mary Hitchcock Memorial Hospital (MHMH) are members of D-HH.
- CMC is a member of GO.
- MHMH is the largest facility in New Hampshire.

	Dartmouth-Hitchcock Health		*GraniteOne Health*
	Cheshire Medical Center (FY19)	Mary Hitchcock Memorial Hospital (FY19)	Catholic Medical Center (FY19)
Total Number of Staffed Beds	98 [7]	396 [7]	261 [7]
Bed Occupancy Rate**	52.5% [8]	77.1% [8]	70.0% [8]
Total Charity Care (millions)	$2.0 [9]	$11.8 [10]	$5.3 [11]
Total Charity Care (% of Total Revenue)	0.9%	0.8%	1.3%
Total Community Benefits (millions)***	$6.2 [9]	$75.1 [10]	$14.2 [11]
Total Expenses (millions)	$227.1 [8]	$1,483.5 [8]	$430.6 [8]
Total Net Patient Service Revenue (millions)	$198.9 [8]	$1,141.9 [8]	$428.5 [8]
Total Revenue (millions)	**$223.8 [8]**	**$1,467.5 [8]**	**$466.6 [8]**

*Comparison of the three largest hospitals only. Does not include physician practices.
**Bed occupancy rate is computed by dividing patient days by the number of total bed days available.
***Includes community health services, health professions education, subsidized health services, research, financial contributions, community building activities, community benefit operations, and charity care.

Hospital Size and Ownership in New Hampshire[8,12]

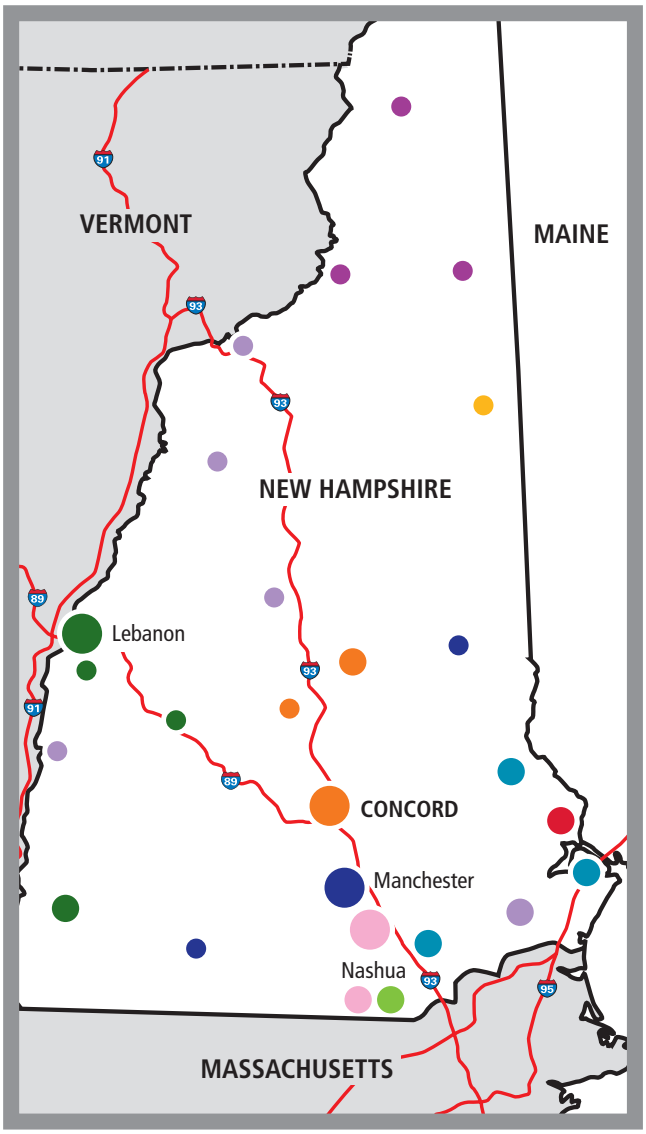
This map shows the locations of New Hampshire hospitals, their sizes, and their corporate owner (if applicable).

Number of Staffed Acute Care Beds

- 1-35
- 36-199
- 200-401

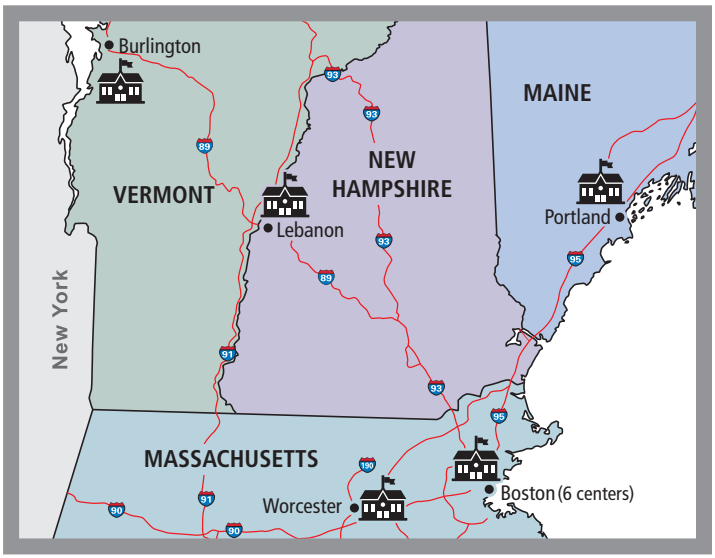
Corporate Owner

- Independent/Other
- Capital Region Health Care
- Covenant Healthcare
- DHH
- GraniteOne
- HCA
- MaineHealth
- North Country Healthcare
- Partners/MGH
- SolutionHealth



Academic Medical Centers in Northern New England[13]

This map shows the locations of academic medical centers in New Hampshire and bordering states. Many residents of southeastern New Hampshire travel to Boston for specialty hospital care rather than to D-HH.



Comparing D-HH and GO vs. New Hampshire[8]

Together, D-HH and GO would make up a third of New Hampshire's total hospital available acute care beds* and discharges, and greater than 40% of the state's total hospital expenses and revenue. These discharge, expense, and revenue data include care provided to in-state and out-of-state residents. D-HH, for example, cares for a large number of Vermont residents.

	D-HH as % of State Total		GO as % of State Total		D-HH + GO as % of State Total
Total Available Acute Care Beds (2019)	23%	+	12%	=	35%
Total Discharges (2019)	21%	+	11%	=	32%
Total Expenses (2019)	33%	+	11%	=	44%
Total Revenue (2019)	31%	+	11%	=	42%

* Data on "Total Available Acute Care Beds" retrieved from CMS Hospital Form 2552-10 Cost Reports for all NH Acute Care Facilities for FY2019. The number of beds available may differ from the number of beds staffed at each hospital.

Hospital Payment Levels[14]

This table compares the average payment each hospital receives from the three largest private health plans, for the services it provides in each category, to the state median payment for the same sets of services. Two of these hospitals report payments from all three payers in all service categories.

Higher	Health plan pays hospital a rate more than ***10% higher*** than the state median
Similar	Health plan pays hospital a rate ***similar to*** the state median
Lower	Health plan pays hospital a rate more than ***10% lower*** than the state median
Not Reported	Data not reported

Private Insurance Payments

		Dartmouth-Hitchcock Health		*GraniteOne Health*
		Cheshire Medical Center	Mary Hitchcock Memorial Hospital & DH Clinics*	Catholic Medical Center
Emergency Visits	Anthem NH	Lower	Higher	Lower
	CIGNA	Higher	Higher	Similar
	Harvard Pilgrim HC	Higher	Higher	Higher
Office Visits	Anthem NH	*Not Reported*	Higher	Similar
	CIGNA		Higher	Higher
	Harvard Pilgrim HC		Higher	Higher
Outpatient Tests and Procedures**	Anthem NH	*Not Reported*	Higher	Higher
	CIGNA	Similar	Higher	Similar
	Harvard Pilgrim HC	Similar	Lower	Higher
Radiology Services	Anthem NH	Lower	Higher	Similar
	CIGNA	Higher	Higher	Similar
	Harvard Pilgrim HC	Lower	Higher	Higher

This table compares the discounted rate that each hospital charges uninsured patients for the services it provides in each category, compared to the state median rate for the same sets of services. Cheshire and Catholic Medical Center give greater discounts to uninsured patients than Mary-Hitchcock Memorial Hospital does.

Higher	Hospital charges uninsured patients a rate more than ***10% higher*** than the state median
Similar	Hospital charges uninsured patients a rate ***similar to*** the state median
Lower	Hospital charges uninsured patients a rate more than ***10% lower*** than the state median
Not Reported	Data not reported

*Uninsured Payments****

		Dartmouth-Hitchcock Health		*GraniteOne Health*
		Cheshire Medical Center	Mary Hitchcock Memorial Hospital & DH Clinics*	Catholic Medical Center
Emergency Visits	Uninsured estimate	Lower	Higher	Lower
Office Visits	Uninsured estimate	*Not Reported*	Higher	Lower
Outpatient Tests and Procedures**	Uninsured estimate	Lower	Higher	Lower
Radiology Services	Uninsured estimate	Lower	Higher	Lower

*Facilities included in this analysis are as follows: Dartmouth-Hitchcock Medical Center, MHMH, and the Dartmouth-Hitchcock clinics located in Concord, Keene, Lebanon, Manchester, Nashua, and Walpole.

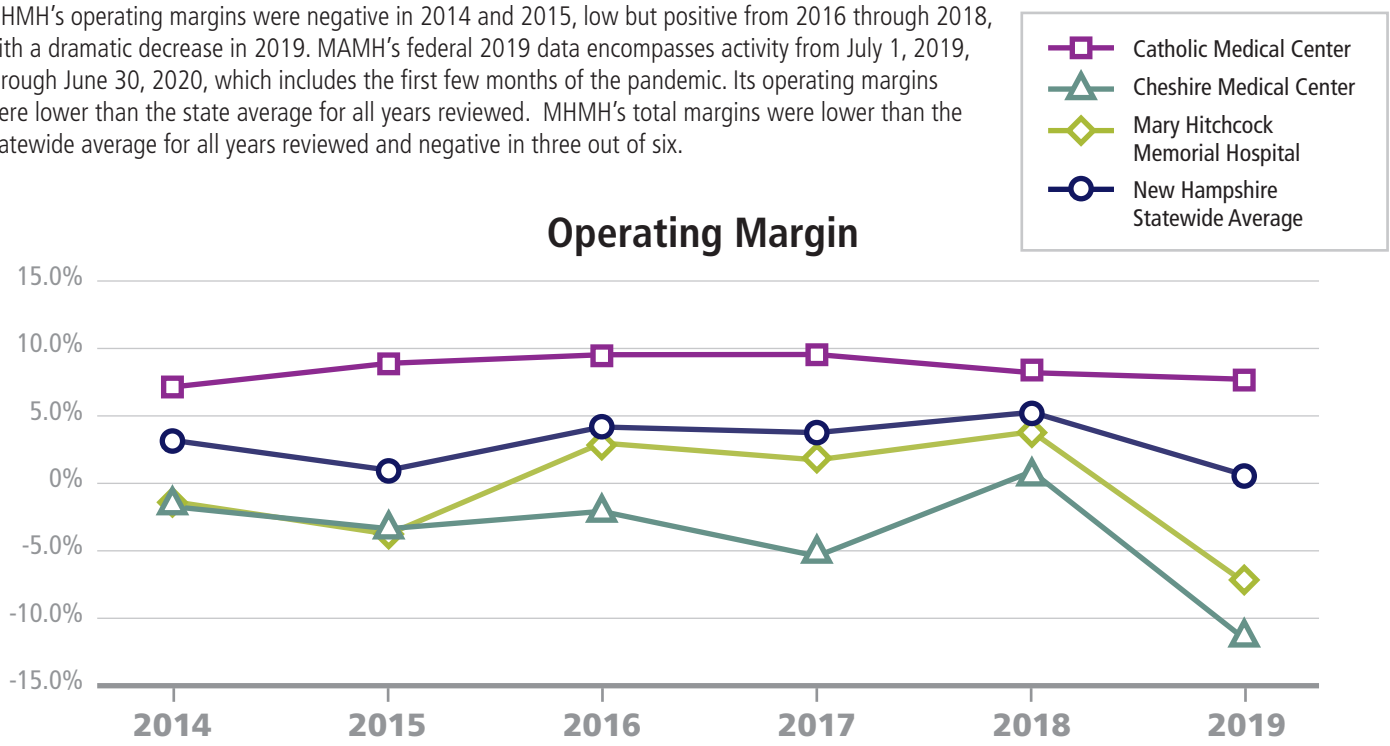
**Outpatient Tests and Procedures" does not include radiology services or facility fees for ED and office visits.

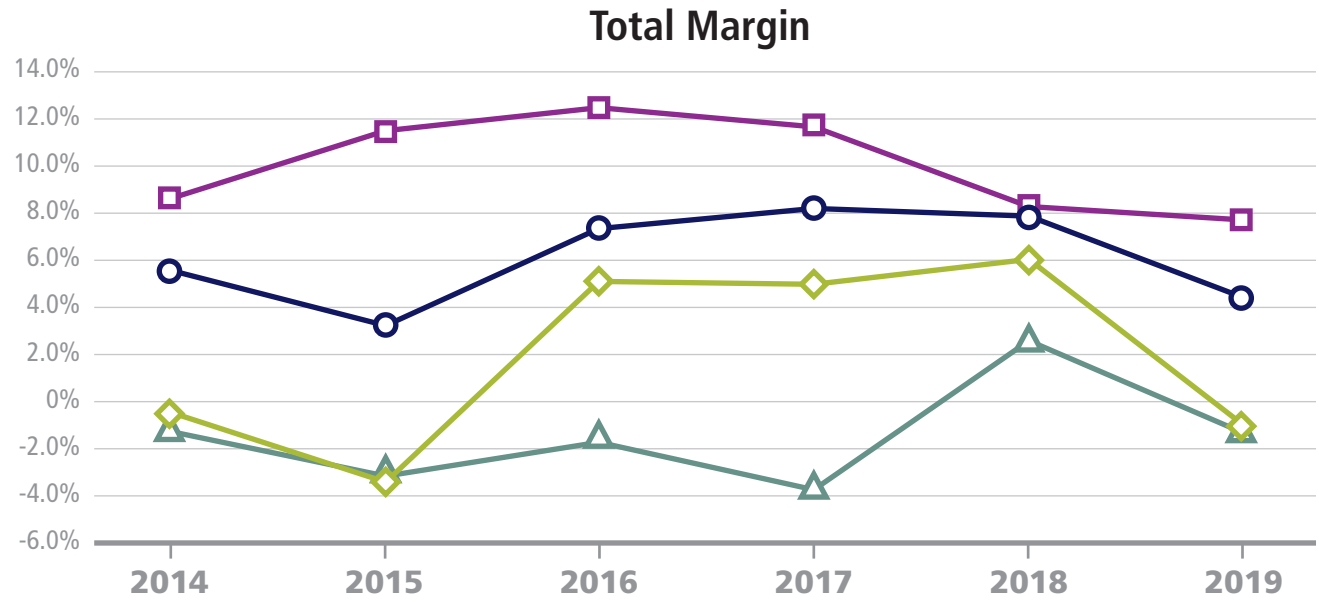
***NH HealthCost estimates the price each hospital offers to uninsured individuals based on the hospital's charges less the discount the hospital offers to uninsured patients for the mix of services the hospital provided to insured patients.

Source: Authors' analysis of NH Comprehensive Health Care Information System (CHIS) Group Medical Plans and Uninsured Claims only, FY2020 Q2. Authors calculated the median payment by insurer by service for each hospital and median payment by insurer by service for the state as a whole. The chart shows the average of the median payment the hospital received for each service category, weighted by the hospital's service mix. The chart compares this amount to the average state median payment amount for each service weighted by the hospital's service mix.

Hospital Financial Analysis*[8]

- CMC's operating margins were positive and higher than the state average from 2014-2019. Its total margins were positive and higher than the statewide average each year over the same period.**
- Cheshire's operating margins were generally negative over the period reviewed, except for 2018. The hospital saw a large decline in its operating margin in 2019. Cheshire's total margins were worse than the statewide averages in all years, and negative in five out of six years.
- MHMH's operating margins were negative in 2014 and 2015, low but positive from 2016 through 2018, with a dramatic decrease in 2019. MAMH's federal 2019 data encompasses activity from July 1, 2019, through June 30, 2020, which includes the first few months of the pandemic. Its operating margins were lower than the state average for all years reviewed. MHMH's total margins were lower than the statewide average for all years reviewed and negative in three out of six.





*Data included in this analysis only pertains to the hospitals themselves, not any physician practices owned by the hospital or the hospital systems each facility is associated with. Data for 2014-2019 derived from each hospital's CMS 2552-10 Cost Report. Data is reported by each hospital's federal filing year. A hospital's federal filing year begins on the first day of the hospital's fiscal year on or after the beginning of the federal fiscal year (October 1). For example, federal 2019 data for Catholic, Huggins and Monadnock encompasses activity from October 1, 2018 through September 30, 2019, while federal 2019 data for Alice Peck Day, Mary Hitchcock, Cheshire, and New London encompasses activity from July 1, 2019 through June 30, 2020, which includes the first few months of the pandemic.

**Includes only the period 7/1/17-9/30/17. In 2017, Catholic Medical Center changed its fiscal year end from June 30 to September 30. It filed two CMS 2552 reports for the fiscal year, one for the full year 7/1/16-6/30/17, and the other for the quarter 7/1/17-9/30/17. Unfortunately, only the single quarter report is available from CMS.

Hospital Quality Snapshot – Comparison[15,16]

MHMH and CMC perform similarly on multiple sets of NH HealthCost and CMS Hospital Compare quality measures, while Cheshire scored lower on several measures.

		Dartmouth-Hitchcock Health		*GraniteOne Health*
Source	**Measure***	**Cheshire Medical Center**	**Mary Hitchcock Memorial Hospital**	**Catholic Medical Center**
New Hampshire HealthCost Quality of Care Scores	Quality of Care Measures Better Than Average	**2 out of 14**	**4 out of 15**	**1 out of 13**
	Quality of Care Measures Near Average	**3 out of 14**	**5 out of 15**	**5 out of 13**
	Quality of Care Measures Worse Than Average	**9 out of 14**	**6 out of 15**	**7 out of 13**
U.S. Centers for Medicare and Medicaid Services (CMS) Hospital Compare	**Overall Rating**** *(out of 5 stars)*	★★★	★★★★	★★★★
	Patient Experience Summary Star Rating*** *(out of 5 stars)*	★★★	★★★	★★★
	Unplanned Readmission Rating****	**No Different Than the National Rate**		

*Measures highlighted in shades of green are scores higher than the state or national average, shades of yellow are scores at or near the state or national average, and shades of red are scores lower than the state or national average.

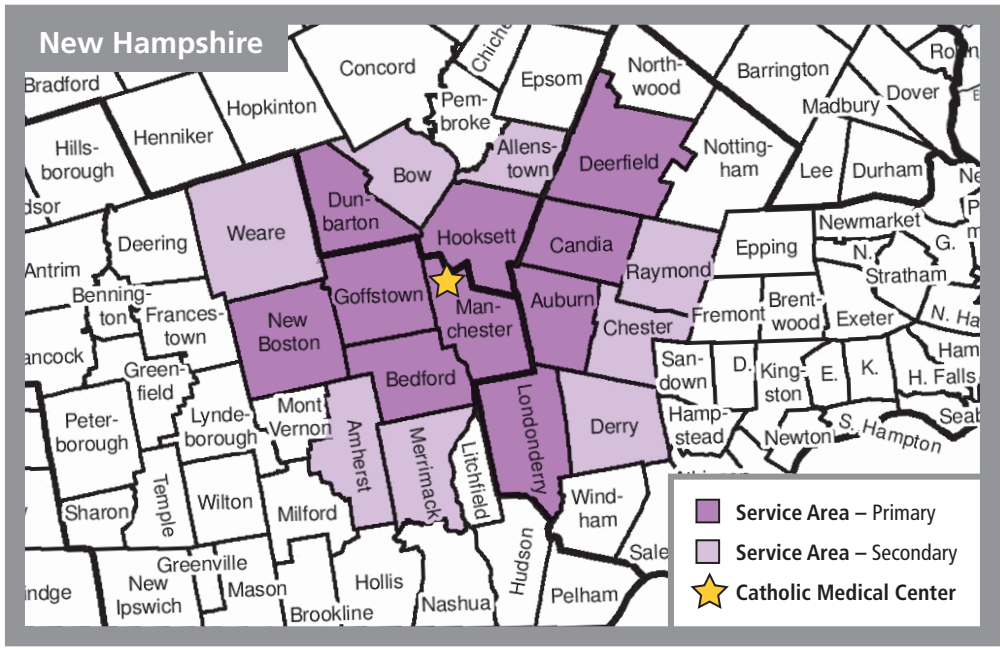
**This measure summarizes more than 100 measures of mortality, safety of care, readmission, patient experience, effectiveness of care, timeliness of care, and efficient use of medical imaging.

***This measure summarizes how patients recently discharged from the hospital responded to a survey about their hospital experience. The survey asked questions like how well a hospital's doctors and nurses communicated with the patient.

****Share of patients readmitted to the hospital within 30 days of discharge.

Communities Served by Catholic Medical Center[11]

CMC identifies the communities shaded in shades of **purple** as its primary and secondary service areas.*



* This map shows the communities reported by the hospital as its primary service area; it does not reflect an anti-trust analysis.

Community Health Profile

- Manchester City and Hillsborough County, which includes CMC, performed similar to or better than the state average on most population health measures.
- However, Manchester City and Hillsborough County do have some health challenges, such as those highlighted below.

Measure	Manchester City	Hillsborough County	New Hampshire
Number of diabetes related hospitalizations per 100,000 adults	**1,688.0** [17]	1,409.0 [17]	1,419.0 [17]
Number of drug related deaths per 100,000 people	**54.2** [18]	**29.0** [19]	25.3 [19]
Number of newly diagnosed chlamydia cases per 100,000 people	**555.3** [20]	**320.6** [20]	267.3 [20]
Years of potential life lost before age 75 per 100,000 population (age-adjusted)	**8,900.0** [18]	**6,600.0** [18]	6,400.0 [18]
Persons in poverty, percent	**14.1%** [21]	7.5% [21]	7.3% [21]

Citations:

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