

Affiliation Questions & Answers

Catholic Medical Center (CMC) is a 330-bed acute care hospital in Manchester seeking an affiliation with Huggins Hospital in Wolfeboro and with Monadnock Community Hospital in Peterborough, both 25-bed Critical Access Hospitals. Huggins Hospital and Monadnock Community Hospital will each affiliate with Catholic Medical Center under a non-profit system parent, which will operate under the name GraniteOne Health (GraniteOne).

1. Why affiliate?

CMC has a long-standing clinical relationship with Huggins to provide cardiology and vascular care and, more recently, hospitalists. CMC has similar relationships with Monadnock to provide cardiology and vascular care, rheumatology, neurology, and shared hospitalists and laboratory services.

We can build on these collaborations to create more opportunities for patients and their families to have greater access to high quality, affordable care, closer to home. An affiliation could also assist Huggins and Monadnock in recruiting and retaining clinical care providers. CMC, in turn, will be able to extend more of its award-winning services to long-standing strategic partners. The affiliation would allow each of these organizations to execute a shared vision of providing high quality, value-based care for their patients and communities.

2. Why now?

The healthcare industry is undergoing major and transformative changes which are driven by many factors: healthcare reform, the increasing presence of government payers like Medicare and Medicaid that do not cover the full cost of care, an aging population, a move from a “fee-for-service” model to one based on patient health outcomes, and additional regulatory and market-based uncertainty. Organizations that have an eye towards the future will be proactive. In order to be successful, it is critical to increase scale, scope and geographic reach while maintaining a strong local and community focus.

3. Are the hospitals financially sound?

Yes. Huggins, Monadnock, and CMC are each financially sound and well-positioned to pursue this kind of strategic affiliation.

4. Is this a merger or acquisition?

No. This is an affiliation. This is not an acquisition because no assets will be exchanged. This is not a merger because the hospitals, staff and physicians will not be combined. Resources will be shared, but the hospitals will continue to operate as their own entity for a seamless patient experience.

In this affiliation:

- The assets and liabilities of each hospital will be separate but services will be coordinated.
- The hospitals will retain their names.

- Huggins and Monadnock will remain separate secular (non-religious), non-profit hospitals.
- CMC will remain a separate Catholic, non-profit hospital.
- Each hospital will continue with separate Boards.
- There will be an overarching non-profit system parent, called GraniteOne Health, with a governing Board (majority representation from CMC) to ensure strategic direction and initiatives for the system.

5. Will this affiliation affect jobs at either hospital?

There are no job consolidations planned as a result of the proposed affiliation. The goal of CMC, Huggins and Monadnock is to increase access to services for their communities while helping the hospitals prepare for the changes in healthcare such as healthcare reform and marketplace pressures.

6. What will happen to medical staff?

Medical staff at the hospitals will remain separate because the credentialing of each organization must remain distinct. Credentialing of medical staff will be performed by each hospital's respective Boards.

7. How will this change my experience as a patient or visitor to my Hospital? Will I still be able to receive clinical services locally after the affiliation?

You and your family will have the same experience as you do currently. There will be no instant or drastic changes. In the future, you may notice streamlined processes that improve your experience as well as increased access to services locally.

8. Will the affiliation result in changes to the cost of services at the hospitals?

One of the goals of the affiliation is to work together to increase resources and help the hospitals achieve economies of scale, something that helps to lower costs.

9. What, if any, services will be consolidated? If CMC offers the same service as Huggins or Monadnock, will there be a consolidation?

It is not the intention of the parties to consolidate existing clinical services, but rather, to increase access to a greater number of services. The healthcare landscape will continue to evolve and one of the goals of the affiliation is to strengthen our ability to provide high quality care well into the future.

10. What, if any, services will be expanded as a result of the affiliation?

A major goal of the affiliation is to expand access to primary and specialty services. The hospitals in GraniteOne will continue to identify and create programs to improve access across the entire spectrum of care, from primary care to highly specialized services like cardiology, vascular and laboratory services, in order to more effectively benefit the health of their communities.

11. Will patients have a choice as to where to seek hospitalized care?

Yes. Patients will always have a choice in their provider options. This affiliation will mean that patients will have greater access to primary and specialty care, especially highly specialized care, with a seamless patient experience.

12. What is involved in the affiliation process?

The affiliation process is a lengthy one which includes the following:

- CMC, Huggins and Monadnock have engaged in extensive due diligence to review the financial, operational and clinical aspects of the proposed affiliation.
- At the end of the due diligence period, modifications made to the proposed Affiliation Agreement were mutually agreed upon by the organizations. Additionally, CMC's participation was approved by the Roman Catholic Bishop of Manchester.
- The Definitive Agreement has been reviewed and approved by the CMC, Huggins and Monadnock Boards. The Agreement has been executed and presented for review by the Director of the Charitable Trusts Unit of the New Hampshire Attorney General's Office.
- It's anticipated the regulatory review process to be complete by the end of the year.
- There will be various opportunities for public input throughout this process including, but not limited to, information being available online as well as community input sessions.

13. What will happen to the hospitals' endowment and charitable assets as a result of the affiliation?

Each of the hospitals will continue to honor their respective donor restrictions. Restricted endowment fund expenditures will remain under local control. Unrestricted funds will only be used for the benefit of the intended Hospital communities or groups.

14. How will decision- making within each organization be affected?

The hospitals' individual Boards will remain active and engaged. Decisions will still originate at the local level where there is direct experience and interaction with patients and the community. There will be an added level of integration through the reserved powers of GraniteOne's Board over certain discussions to implement system strategic objectives (discussed below).

15. How will the Ethical and Religious Directives for Catholic Health Care Services (the "ERDs") apply?

The ERDs are the ethical guidelines governing Catholic healthcare institutions like CMC. CMC will continue to comply with the ERDs and the canon law of the Roman Catholic Church. The ERDs do not apply to secular hospitals such as Huggins and Monadnock. Huggins and Monadnock will continue to provide the same procedures and services they currently provide. The Roman Catholic Bishop of Manchester will continue to have the same means to exercise his reserved powers and oversight over CMC only. GraniteOne, Huggins and Monadnock will be secular while there will be no change to CMC's Catholic identity and adherence to ethical guidelines.

16. What will be the role of the GraniteOne Health?

GraniteOne will have a Board of Trustees made up of appointees from CMC, Huggins and Monadnock with majority representation from CMC. The primary charge of that Board will be to establish and maintain a system-wide strategic plan for the System. CMC, Huggins and Monadnock will continue to have governing Boards that will be responsible for the operation of their respective hospitals and the implementation of the GraniteOne strategic plan at each affiliated hospital.

GraniteOne will have high-level oversight over Huggins and Monadnock and will jointly have oversight over CMC along with the Roman Catholic Bishop of Manchester.

17. Will the affiliation impact Huggins' and Monadnock's status as a Critical Access Hospital?

No. This affiliation does not have an impact on Huggins' or Monadnock's eligibility to be federally designated as Critical Access Hospitals.

19. What are the opportunities for public input?

CMC, Huggins and Monadnock have been engaging community stakeholders throughout this process and have already begun holding community sessions for the public to learn and comment about the Affiliation. There will be future opportunities for public comment and members of the public can email comments through each hospital's website. Additionally, pertinent documents related to the affiliation will be posted on each hospital's website and on the GraniteOne Health website, www.graniteonehealth.org.