

We alone can seize opportunities for region's health care

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Sometimes things don't turn out as planned. The big city health care gurus got a surprise.

More than a year and a half ago, Wellmont Health System embarked on a process aimed at finding a suitable merger partner. The board wanted a partner that had a compatible culture and was committed to quality care and the maintenance of patient access. Even more, Wellmont felt it needed a partner with deep pockets, willing to invest in our region, and an organization with operational expertise that could help our system lower costs while improving quality and efficiency.

The large metropolitan health systems that were interested in acquiring Wellmont expected to find a poorly run organization here in the heart of Appalachia. Their plan was to show the locals how things were done, lower operating costs, invest in profitable services and end up with a tidy profit to take back to the mother ship.

What they found instead was a health system that was successfully dealing with low reimbursement, high managed-care penetration, a high percentage of uninsured patients, two states that decided not to expand Medicaid and one of the unhealthiest populations in the nation.

Wellmont was being run more efficiently and effectively than any of its suitors.

Perhaps the reason the city guys folded their tents was that they had little additional expertise to offer and there wasn't an opportunity for cost cutting that could have justified their investment.

Reality stinks sometimes. There isn't an external benefactor out there that is going to ride in on a white stallion and solve our problems. If we're going to survive and thrive, it's up to us.

The board had one other option, the local option, Mountain States Health Alliance. "Anyone but MSHA!" many said at the start of the process. "MSHA and WHS have been battling one another since the two health systems formed. Our cultures are incompatible. We could never bury the hatchet. What about their debt? Besides, the regulatory hurdles will be too daunting."

Great leaders know how to tune out static and find opportunity. Mountain States proposed, not an acquisition, but the dissolution of both systems with the formation of a new organization that will incorporate the strengths of both. After suspending their skepticism, the Wellmont and Mountain States boards worked through a detailed analysis and came to the conclusion that not only is

forming a new organization viable, but it is the obvious choice for the future of health care in our region.

The potential benefits are significant:

1. Wellmont and Mountain States spend tens of millions of dollars yearly in duplication of support (nonclinical) services. A combined system will realize huge savings in these areas.
2. The operational savings will be used to support badly needed but unprofitable services such a mental health and drug abuse treatment and access to rural hospitals.
3. A combined system will invest in its existing workforce with improved wages and benefits and expanded training opportunities.
4. A combined system will leverage the clinical and information technology expertise of both to develop care processes that incorporate best practices.
5. A combined system will invest in new high-end services that require significant capital and the recruitment of top talent.
6. A combined system, in partnership with East Tennessee State University and several regional osteopathic medical schools, can support expanded medical education.
7. A combined system will use the energy and innovation formerly spent fostering competition to engage with its communities and measurably improve community health.

The Wellmont-Mountain States integration council and joint board task force are working hard to complete the financial due diligence, cultural analysis, naming and branding work, preparation of the definitive merger agreement and the bylaws of the new health care system along with the Certificate of Public Advantage (COPA) and cooperative agreement that will need to be approved by Tennessee and Virginia. These bedrock plans and documents must be done carefully and correctly if this new entity is to fulfill its promise.

A merger of this type will face robust regulatory scrutiny and may face opposition from some quarters. Regulatory approval isn't a foregone conclusion.

The merger is a once-in-a-generation opportunity for our region to assure that our health care is financially sustainable, clinically excellent, up-to-date and innovative, as well as provides access and needed services for all. If our region doesn't fight for and seize this opportunity, no one else will do it for us.

Dale Sargent is the medical director of hospitalist programs for Wellmont Health System and is a member of the WHS/MSHA integration council.