

## PARTNERS' RESPONSE TO *THE BOSTON GLOBE'S* DECEMBER 21<sup>ST</sup> SPOTLIGHT STORY

**This response was delivered to the editor of *The Globe* and members of the Spotlight Team.**

We have a number of fairness and accuracy concerns related to the December 21<sup>st</sup> Spotlight story. This list is limited to major concerns.

1. ***Charlie Baker's quote is misleading***

Charlie Baker is quoted as saying, "I think it's reasonable to assume Partners will expect MGH rates in Danvers." This leaves the reader with the impression that negotiations have yet to take place. It also leaves the reader with an inaccurate perception of the likely outcome of those negotiations. In fact, negotiations have taken place, reimbursement rates for our ambulatory care centers were resolved prior to publication, and they are not at MGH rates.

2. ***Charlie Baker conflict***

*The Globe* fails to inform the reader that Charlie Baker sits on a Board at Beth Israel Deaconess Medical Center, a Partners competitor (*The Boston Globe*, November 22, 2007- "Harvard Pilgrim chief joins Beth Israel board").

3. ***Massachusetts and Partners are not unique***

The December 21 story fails to inform the reader that Partners effort to build an integrated health care delivery system is similar to efforts around the nation and, in fact, here in Massachusetts. Nationally, hospitals such as the University of Pittsburgh Medical Center -- with 51 hospitals and outpatient centers -- have built regional networks. The same is true for local hospitals including Children's and Beth Israel Deaconess.

4. ***MetroWest Medical Center***

*The Globe* fails to provide the reader with important facts about management at MetroWest Medical Center -- a hospital that figures prominently in the story. First, the story does not include the fact that MetroWest is a for-profit hospital, which has been managed by three for-profit entities (Columbia/HCA, Tenet, Vanguard) and has had six different CEOs since 1995. Second, the story does not tell the reader that MetroWest patient satisfaction scores are below the national average. In fact, according to publicly available data, only 63% of MetroWest patients would definitely recommend it. These facts were discussed with *The Globe*.

5. ***Assertions and omissions***

Attached is a list of some of the story's assertions concerning outpatient market share and suburban projects, with Partners response to each of the assertions or omissions. We believe that many assertions in the story either lacked supporting evidence or did not include important context that would have provided the reader with a full picture of the issues discussed. These are listed in the order in which they appear in the story.

## GLOBE ASSERTION

## PARTNERS' RESPONSE

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**1** “Partners, as the Globe reported last month, receives markedly higher payments from insurers for patient treatment; it can offer doctors much higher pay than competing community institutions; and it comes to market with a multibillion dollar war chest - the proceeds of those higher insurance rates - to go with its coveted brand name.”

As Partners stated in its response to the November 16 story:

“This assertion overstates the impact of insurance contracts. Since 2004, only about 25% of Partners income has come from operating margins, which are derived in part from insurance reimbursement rates. The other 75% comes from investment income, philanthropy, and other non-operating income.”

As *The Globe* reported on May 15, 2008, after the Partners Community HealthCare, Inc. (PCHI) contract with Beverly Hospital was not renewed, Beverly Hospital was able to negotiate similar rates for its physicians.

**2** “...sending shivers down the spines of nurses and doctors at nearby Caritas Norwood Hospital, which already is nearly \$4 million in debt and poised to lose even more.”

The article fails to inform the reader that according to data from the Massachusetts Division of Health Care Finance and Policy, Caritas Norwood maintained an operating margin of at least 4% for five consecutive years (through 2007).

In fact, in 2007, Caritas Norwood's operating margin was in the top quartile for all Massachusetts hospitals.

The article does not inform the reader of recent management changes which may have contributed to recently deteriorating financial performance.

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**3**

“In Weymouth, Partners is part of a joint venture that is building a cancer center to compete with a similar facility two miles away that opened only last year.”

Partners is collaborating with a local community hospital—South Shore Hospital in Weymouth—to build the cancer center in cooperation with the Dana Farber Cancer Institute.

*The Globe* previously reported on this project following a state report that predicted a shortage of such facilities by 2010 (*The Boston Globe*, September 18, 2006).

*The Globe* also reported on the many benefits of this project in the South Weekly section (*The Boston Globe*, December 14, 2008).

The competitor *The Globe* refers to is operated as a collaboration of Atrius Health and Commonwealth Oncology and Alliance Imaging – a for-profit company. This project is being done with a physician exemption letter permitting radiation oncology services. (A physician exemption letter allows the holder to bypass the Department of Public Health’s regulatory process). Partners is not aware of any hospital affiliation with this center.

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“Over the 11 years that ended in 2007, Partners' revenue from certain outpatient procedures jumped 324 percent, to \$1.7 billion, an increase partly due to the acquisition of several suburban hospitals. That compares to a 163 percent rise statewide, according to the state Division of Health Care Finance and Policy, which collects the data from hospitals. Partners now gets nearly one of every five dollars spent on outpatient care statewide.”

This analysis is not calculated on a ‘same-store’ basis, which is the industry standard, nor are the numbers adjusted for medical inflation. A same store analysis also adjusted for medical inflation shows that Partners grew by less than half of what is reported in the article over this time period. (Partners: 324% would be 116%; state: 163% would be 74%)

Based on same-store, Partners is 17.8% of all inpatient discharges statewide and 20% of outpatient services, according to the Massachusetts Division of Health Care Finance and Policy.

Partners 20% dollar share of outpatient services is consistent with its inpatient market share and is not surprising given that many of Partners outpatient procedures, such as Proton Beam therapy, (*The Boston Globe Magazine*, February 22, 1998) are more expensive.

**5**

“According to Partners' own data produced for bond holders, the network's outpatient business is flourishing. From 2003 to 2007, routine office visits, procedures such as cardiac catheterization, scans, and treatments such as chemotherapy have grown to 4.3 million visits, procedures, and treatments.”

This assertion implies a level of precision when measuring outpatient business that does not exist in the industry. There is no precise way to measure outpatient business for a single year, much less over a five-year period. Partners provided 2007 data to *The Globe* explaining that there is no standard way to measure outpatient business, and that the various data sources are therefore inconsistent. See attached chart #1.

Partners is not unique in its development of an outpatient network. For example, the University of Pittsburgh Medical Center offers a network of 51 community hospitals, outpatient centers and other facilities. See attached Chart #2.

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**6** “Once a limited presence outside Boston, Partners' outpatient network is now paid four times as much as the number-two system, Beth Israel Deaconess Medical Center, state data show.”

This statement makes it look to the reader like Partners rates are four times higher than Beth Israel Deaconess.

Partners, as a network of eight hospitals, compared to one hospital, Beth Israel Deaconess, is not an apples-to-apples comparison.

**7** “In early 2007 Partners kicked the Beverly doctors out of its network. It said that because the local hospital was referring some patients needing advanced care to non-Partners hospitals, it could no longer ensure quality. The administrators said they weren't being disloyal and only turned to other hospitals for help on tough cases when Partners' teaching hospitals wouldn't.”

Under the PCHI contracts, Northeast Health Systems physicians were not obligated to refer patients to Partners hospitals.

As *The Globe* reported on January 27, 2007 on this topic, independent observers indicated that:

*"I don't think I'd characterize this just as a power play. Partners really is seeking more integration among its hospitals." - Paul Ginsburg, Center for Studying Health System Change*

*“Offering financial inducements to physicians for referrals is illegal under federal law. There are also prohibitions against forcing physicians to refer patients to particular institutions, said William J. Spratt, Jr. a health care lawyer in the Miami office of Kirkpatrick & Lockhart Nicholson Graham, LLP.*

*But there are exceptions to the rules when the motivation for shaping referral patterns is an effort to improve clinical care through networks like Partners, Spratt said.*

*‘It is a balancing test of weighing the independent medical judgment of a physician against perhaps the benefit that might be derived from the clinical integration,’ he said.”*

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“Anna Jaques Hospital lost market share in four of its top five communities - Newburyport, Amesbury, Merrimac, and West Newbury, while Mass. General, Lahey Clinic, and the Brigham picked up patients in those communities.”

The article fails to inform the reader that Anna Jaques lost market share because of regional competitors in its own primary service area.

Three of Anna Jaques' main competitors gained more significant market share in Anna Jaques' prime territory:

- Lawrence General (3 points)
- Holy Family (2 points)
- Lahey (1.7 points)

These three local hospitals gained a combined total of 6.7 points, compared to BWH and MGH combined total of just 3.4 points. (Source: Massachusetts Division of Health Care Finance and Policy)

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“But the hardest hit community hospital has been MetroWest. It lost market share in five of its most important communities, while the number of patients from those towns going to Partners hospitals increased by 32 percent, according to discharge statistics from the Massachusetts Health Data Consortium. Partners said patient demand for quality is the driving force behind those numbers. Beth Israel Deaconess Medical Center saw a 67 percent gain in those towns, although the hospital's raw number of patients from the region is about one-third that of Partners.”

With regard to MetroWest, the article fails to point out that:

- in its primary service area, a community hospital gained 3.3 share points over the 1996-2006 time period.
- BWH and MGH combined gained 2.8 share points during this period.

The article also fails to point out to the reader that patient satisfaction scores at the hospital are below the national average. According to US Centers for Medicare & Medicaid Services (CMS) data, only 63% of MetroWest patients would definitely recommend it compared to the national average of 68%.

**Chart #1**

Data sent to The Globe in an email on December 18.

***Globe Question: How many outpatient visits did Partners have in 2006 and 2007, in each of the three categories (ER, routine visit and day surgery)?***

Partners Response: Attached, please find Partners statistics for 2007 in each of these categories as reported to publicly available sources. As you will see, the numbers within these categories vary, as a result of different definitions established by each entity (AHA, 403, bond).

**Boston Globe Spotlight  
Comparison of Outpatient Statistics**

<b>2007</b>			
<b>PHS Volume</b>	<b>AHA Survey</b>	<b>403 Total OPD Stats</b>	<b>6-Month Bond x 2*</b>
Emergency "Visits"	340,269	331,070	273,002
Other "Visits"	2,092,208	1,479,705	1,084,464
<b>Subtotal "Visits"</b>	<b>2,432,477</b>	<b>1,810,775</b>	<b>1,357,466</b>
Day Surgeries	62,662	72,640	61,860

\*Lizbeth Kowalczyk's Method

## Chart #2

### Examples of Suburban Investments by Our National Competitors

Type of Facility	Partners	NY Presby.	Baylor	Univ. of Pitt Medical Center	Univ. of Penn. Health System	Cleveland Clinic	Johns Hopkins
Downtown Hospitals	2	9	1	1	3	1	3
Community Hospitals	5	15	5	13	--	8	--
Major Outpatient Facilities*	4	2	2	38	5	16	4
Specialty Hospitals and Other Major Facilities	4	1	3	--	1	2	--
Totals (excludes downtown hospitals)	13	18	10	51	6	26	4

\*Excludes hospital licensed and affiliated community health centers

Source: Hospital Websites