

Dear Editor,

It has been with sadness that I have observed the ongoing events regarding the potential change of control of Exempla Healthcare involving a sale of sponsorship rights by Community First Foundation (CFF) to the Sisters of Charity of Leavenworth Health System (SCLHS). This proposed sale raises multiple and complex issues that do not keep the best interests of the Denver area healthcare community in mind. I wish to voice my opposition to this transaction.

It was my distinct honor to serve as a community representative on the Lutheran Medical Center's Board of Directors from 1987 to 1998, the last three years serving as the Chairman of that Board and heading the negotiating team for LMC that created Exempla. I was also honored to serve on Exempla's senior management team as EVP/CMO during those trying initial formative years. Lastly, I served as a member of the Lutheran Medical Center Community Foundation board (LMCCF-now renamed CFF) for many years as well.

It is of utmost importance to remember that Exempla was formed for the purpose of insuring the continuance of highest quality, community centered, not-for-profit health care in the Denver Front Range area. At that time aggressive for-profit health systems and insurance companies were seriously threatening the ability of not-for-profit hospitals to continue financial viability. Exempla Healthcare was formed by LMC and St. Joseph's to sustain this vision while expressly maintaining the separate heritages of each institution. It was not without its challenges however, as few mergers of Catholic and community owned hospitals had been attempted at that time. The restrictions of Catholic canonical law were overcome after prolonged negotiations by the structuring of a joint operating agreement (JOA) with Exempla owning and managing LMC, the clinics and other facilities including all employees. Exempla assumed complete responsibility for managing St. Joseph's Hospital. SCLHS retained the ownership of St. Joe's physical facilities only.

LMCCF/CFF and SCLHS retained "sponsorship rights" for Exempla. These rights were specific in giving powers of board, committee and certain management appointments and certain review and advisory rights to each sponsor. However, the JOA gave no ownership rights to either sponsor regarding sale of Exempla owned assets. I believe it is the proper interpretation that the proposed sale of sponsorship (by whatever name is used) is in effect an attempt by CFF to sell Exempla's assets to SCLHS. This is a right that was not authorized by the JOA as structured. It is a right that CFF does not possess. In fact, it was the intent of both institutions by the forcefulness of the JOA to preserve their unique heritages, their Catholic and non-sectarian missions. It was also the intent of the JOA to make the dissolution of Exempla a most uninviting option.

Exempla has achieved remarkable fiscal health and stability since its early trying days. However, to continue to provide ever better quality of care to its served communities there must be a proper program of physical facility development and renewal. Exempla LMC has such a program underway with the ability to provide sufficient funding. To accomplish a similar rejuvenation at St Joe's requires considerably more capital. This is well known.

The JOA requires SCLHS to either participate in the funding or give approval for outside borrowing to fund facility renewal. It is my understanding that SCLHS thus far has refused to do either, but instead proposed, in effect, a takeover of the whole system using their refusal as leverage. In my memory, takeover by a

single sponsor was never the intent of the founders in the merger process and certainly not the spirit of those representing either side in the merger negotiations.

The Exempla Board of Directors has recognized the illegal and questionably ethical aspects of this proposed transaction. They have voted against it, publicly explained their reasoning and have instituted a lawsuit to block this transaction. The Exempla LMC medical staff has overwhelmingly opposed the transfer and the more than 650 volunteers of ELMC likewise have voiced their opposition. All of these loyal parties to Exempla and the community they serve have requested that negotiations resume to resolve this issue and find a solution for the preservation of both Catholic and community sponsored not-for-profit health care in the Denver area.

I am no longer a Colorado resident, having retired from medical practice, and I have no formal ties with Exempla. I do continue to contribute to CFF and the Collier Hospice Center. My heart will always be with the vision that was conceived back in 1998. I am proud and eternally grateful to have been a part of that vision. I hope that the good people representing this wonderful community through CFF, SCLHS and Exempla will realize the profound responsibility they have to this community to honor the commitments, traditions and heritages they represent. I encourage the citizens of the Denver area to remind the sponsors of that sacred trust.

Sincerely,

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Scottsdale AZ
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