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# Looking at the Full Picture: Analyzing the Community Health Impact of Hospital and Insurer Transactions

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November 2003

*This report was  
written with support from  
the W. K. Kellogg Foundation.*



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## Acknowledgments

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This report was written by Community Catalyst staff and was made possible by the generous support of the W. K. Kellogg Foundation.

Community Catalyst is a national advocacy organization based in Boston, Massachusetts, that builds consumer and community participation in the decisions that shape our health system to ensure quality, affordable health care for all.

Working with a national network of state and local groups in over 30 states, Community Catalyst provides leadership and technical assistance to strengthen the voices of consumers and communities on health care issues. The range of assistance provided includes policy and legal analysis, strategic planning, and support for community organizing, organizational development, and coalition-building. Since 1997, Community Catalyst has helped preserve over \$16 billion in community health assets put at risk in the conversion of non-profit health institutions to for-profit status and through other market-driven health system changes. It has carried out this work as part of the *Community Health Assets Project*, a six-year joint project of Community Catalyst and the West Coast Office of Consumers Union that is funded by the W. K. Kellogg Foundation.

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Conversions of health insurers and hospitals from nonprofit to for-profit status require a thorough review of the possible effects the conversion will have on the consumers served by that health entity. Although many regulators do hire investment bankers to conduct valuations of the charitable assets at stake in conversions, there must also be a focus on the other key community health assets - health services and coverage. A health impact study is the best tool for assessing a conversion's likely impact on both. In some recent conversions, regulators have insisted on health impact studies, however they have not yet become a regular feature in regulatory review of conversions. When a health impact study has been conducted, it has proven to be an invaluable tool for the regulator, as well as for consumers. A health impact study must be comprehensive and independent in order for it to provide a full picture of the effects a proposed conversion might have on a community's access to quality, affordable health care.

When conducting a health impact study, a framework should be set for understanding what will occur in the future if the conversion were approved. In order to do this, the study should begin with understanding both the current health status of the community and the local health insurance market, and continue with questions regarding the conversion's effect on the community's access to health care. The analysis must be an extensive study of the current services, market conduct and community focus of the nonprofit and the acquiring company, if there is one, and the future impact of the proposed conversion. This must include an evaluation of the post-conversion business plan, as well as a full clarification of the level of current and proposed services, the financial status of the hospital as it affects these services, charity care in the case of hospitals, and the possible affects of the conversion on the uninsured. Only an analysis that is this comprehensive will provide the community with a clear picture of the conversion's potential impact.

Since 2001, three state regulators in Kansas, North Carolina, and Maryland have utilized an independent expert to conduct a health impact study as part of their review of a proposed conversion of a Blue Cross Blue Shield plan. The studies proved to be very instructive to the regulators because they

made clear the potential impact of the conversion on the community's access to health care. In Kansas, the report identified for the Commissioner the risk that the new for-profit would be forced to significantly increase premiums in the individual and small group markets in order to meet its profitability standards. In North Carolina, the Commissioner was informed by a health impact analysis that the conversion could result in 5-6 avoidable deaths per year. In Maryland, an Impact analysis also contributed to the Commissioner's view that conversion of the CareFirst Blues plan would have negative consequences for the community. A financial evaluation alone would not have provided this information to the community or the regulators reviewing the conversion proposals. In all three instances the conversion was either denied or abandoned by the parties.

In conversions of nonprofit entities, it has become common for a Commissioner or Attorney General to hire an independent expert to conduct a valuation to determine whether the charitable dollars are being adequately captured and preserved. However, in order to get the full picture, a health impact study is also required to fully understand how health care services, the health care market, and ultimately consumers, will be affected by the conversion. Without such a study, the only review is by investment bankers, who are not charged with looking at the health service and access issues that are so compelling for consumers. Therefore, in both hospital and Blue Cross Blue Shield conversions, communities should demand that their regulators hire an independent expert to study this aspect of the conversion or to require this as a step in the conversion statute.

Attached are two lists of questions that we believe can serve as the basis for a comprehensive health impact study for both a nonprofit hospital and a nonprofit BCBS plan. This area of analysis continues to develop, however, and is truly a work in progress. With each conversion, we learn more about how to fully examine proposed transactions. We hope you will use, and add to, this list to help independent consultants structure health impact studies in a way that will maximize the information available to communities.

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## **HEALTH IMPACT STUDY**

### **Of Nonprofit BCBS plans**

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#### **OBJECTIVE**

- ⇒ To assess the impact a conversion of a nonprofit Blue Cross Blue Shield plan "BCBS" would have on accessible, affordable, quality health care for consumers.
- ⇒ To carefully analyze the proposed business plan and profit goals of the for profit BCBS plan to determine whether they will adequately address the health care needs of the community.
- ⇒ To assess the impact a potential conversion of BCBS would have on access to health care specifically for vulnerable populations such as children, seniors, people with disabilities, low income families, people with HIV and people with chronic illnesses.
- ⇒ To determine if the conversion includes a plan for BCBS that include affordable and accessible services and products that will meet the community's needs.
- ⇒ To include the community in a health impact study through comments provided in interviews and public hearing testimony.

#### **COMMUNITY NEEDS/STATUS**

In order to fully understand the impact the conversion would have on the affordability and accessibility of health care, it is important to understand the current health status and needs of the community and how dependent the community is on the nonprofit's services and coverage. It is also important to understand if the nonprofit BCBS plan is currently addressing the community's needs or if it could be doing more to meet those requirements. This information should be compared to what is being offered in the conversion proposal and business plan as provided by the transacting parties in order to determine if the proposal will address those needs and improve the health status of the community.

#### **Health Status**

Identify the demographics for the BCBS service area for the following categories:

- ⇒ Gender, race, ethnicity, age, income, insurance coverage (including Medicaid, Medicare and other state programs) and the number of uninsured.
- ⇒ Age related health care issues, morbidity/ mortality rates and race related health care issues.

- ⇒ Seniors and people with disabilities with/without prescription drug coverage.
- ⇒ Services

List the services in the BCBS service area including but not limited to:

- ⇒ The ratio of physicians to consumers.
- ⇒ Mental health services.
- ⇒ Substance abuse services.
- ⇒ Availability of acute care services.
- ⇒ How will the health status of the community be affected by the conversion of BCBS. Will it result in greater/less access to insurance coverage, health care and prescription drugs?
- ⇒ Will the health of the community be improved overall by the conversion of BCBS to a for-profit entity?
- ⇒ What will the affect of the conversion be on the health status of specific populations - children, seniors, uninsured, disabled, minority communities, people with HIV, people with chronic illness?
- ⇒ How will residents who currently have significant medical needs be affected by the proposed conversion if it is approved?
- ⇒ How will presently uninsured residents benefit from the conversion, if at all?
- ⇒ What are the major areas of health needs in the service area and does BCBS currently address these health issues through services or coverage programs? Will these programs continue following the conversion?

## **MARKET TRENDS**

This aspect of the study should identify what insurance coverage, programs and companies currently exist in the state's insurance market and what percentage of the market share the BCBS plan controls.

### **Market overview**

For the major providers of health care insurance in the state list:

- ⇒ Their headquarters.
- ⇒ The number of subscribers.
- ⇒ The number of employees.
- ⇒ Any distinguishing characteristics regarding market position.
- ⇒ The market share each company holds by product type and how many enrollees are in each product:
  - ⇒ HMO's
  - ⇒ Individual market products
  - ⇒ Small group products
  - ⇒ Large group products

- ⇒ Public programs other than Medicaid and Medicare
- ⇒ Medicaid
- ⇒ Medicare

How many residents in the BCBS service area are covered by:

- ⇒ Medicare
- ⇒ Demographics on who is covered by Medicare, where and their income levels.
- ⇒ What insurers participate in Medicare and in which programs?
- ⇒ Medicare HMO's in the state.
- ⇒ Medicare Supplemental Insurance providers.
- ⇒ Medicaid
- ⇒ Who is covered by Medicaid, including eligibility levels for all populations and programs including CHIP?
- ⇒ What insurers participate in the Medicaid program?
- ⇒ What insurers have stopped participating in the Medicaid program?

Issues that affect the insurance market:

- ⇒ Underwriting and rating - what are the practices and restrictions in underwriting and rating.
- ⇒ Insurance regulations -
- ⇒ Requirements for non-group insurance
- ⇒ Requirements for small group insurance
- ⇒ HMO Patients' Bill of Rights
- ⇒ Other public programs

### **INES OF BUSINESS**

Identify each line of business for both the BCBS plan and the acquiror and for each determine:

- ⇒ Number of enrollees, deductibles, premiums, copays, other cost sharing by consumers, history of participation in each product market for the last five years, underwriting practices, the gross premium income, net premium income, claims expenses, trends in the products and net underwriting gains and losses by line of business.

The following questions about the lines of business should be analyzed:

- ⇒ Is the nonprofit currently meeting the community's health needs?
- ⇒ What kind of coverage does BCBS and the acquirer provide to individuals with pre-existing conditions? What waiting periods and exclusions affect these consumers?
- ⇒ What is the BCBS plan's rating for its lines of business?

- ⇒ What are the capital expenditures and depreciation working capital for the BCBS plan?
- ⇒ Has any commitment been made to maintain access to the current products offered by BCBS?
- ⇒ How will each of these lines of business change following the conversion? And will the for profit discontinue any of the nonprofit's products following conversion?
- ⇒ How will the for profit decide if services and products are unprofitable and should be eliminated?
- ⇒ How will decisions be made about changing the products and will there be a consideration of the consumer need?
- ⇒ How will subscribers to these lines of business be affected by the conversion?
- ⇒ Will changes be made to underwriting in any of these lines of business?
- ⇒ Considering the health status of the community, has the for profit made any commitments to provide greater access to health care for seniors?

### **BENEFITS**

For both BCBS and the acquiror, for each line of business identified in the last question list the following:

- ⇒ Benefits and benefit limitations for each line of business, rules governing access to specialists, limitations on benefit amounts within each line of business, compare both insurer's benefits to other insurers in the states in which they operate plans, the prescription drug coverage for each line of business.

Analyze the following:

- ⇒ Are the current benefits provided by BCBS sufficient to meet the needs of the subscribers?
- ⇒ Has the for profit made any commitments to maintain benefits or improve benefits following the conversion?
- ⇒ What changes will the acquiror make to the benefits provided by BCBS following the conversion? How will this affect consumers of those products?

### **NETWORKS**

For each line of business identified for the acquiror and the nonprofit, list the following:

- ⇒ The provider and hospital networks for each line of business including any limitations on networks for each product, the process

for receiving care from a specialist and process for receiving out of network care.

Analyze the following:

- ⇒ Are the current networks able to meet the needs of the subscribers?
- ⇒ Has the for profit made any commitments to maintain provider networks following the conversion?
- ⇒ Are there proposed changes to the networks that would limit access to providers?
- ⇒ Is the BCBS plan currently using a tiered cost based system to charge consumers for services received from certain providers? Will this continue following the conversion?

### **LOSS RATIO/COSTS/REVENUE**

For the lines of business identified for both the acquiror and BCBS, provide the following:

- ⇒ Medical loss ratios for each of those lines of business, administrative costs for each of the lines of business and annual revenue from each line of business for the last 5 years.

Analyze the following:

- ⇒ Do the acquiror and BCBS have similar policies on allocating administrative costs?
- ⇒ If no, what are the expected changes the acquiror will make to BCBS's administrative cost structure to make it consistent with the acquiror? Will this change in the administrative costs affect consumers in any way?
- ⇒ Do the acquiror and BCBS have similar levels and policies on medical loss ratios?
- ⇒ If no, how are they different and how will this difference change the medical loss ratios at BCBS in the future? How will this change affect consumers?

### **VALUE OF THE NONPROFIT**

- ⇒ For the nonprofit BCBS, identify how the plan utilizes the revenue it maintains due to the tax exemption.
- ⇒ What will happen to the programs that benefit from the tax exemption following the conversion? What services, coverage or benefits will be reduced due to the lack of the tax exemption?
- ⇒ How will those subscribers who benefit from BCBS's use of the tax exemption continue to receive services?
- ⇒ Will premiums increase as a result of the lack of the tax exemption?

- ⇒ What services, coverage or benefits does the nonprofit BCBS currently provide that are different from what other insurers provide in the same area?

### **COMMUNITY BENEFITS**

- ⇒ List all the community benefits provided by the BCBS plan and the acquiror including the amount of assets both entities have allocated for each community benefit for the last five years.
- ⇒ List the community benefits that have been discontinued by BCBS in the last five years with an explanation of why the benefits were withdrawn.
- ⇒ Will the community benefits be altered in any way following the conversion of BCBS?

### **STATE PROGRAMS**

- ⇒ Questions should be asked of BCBS and the acquiror, when appropriate, regarding both entities' commitment to state programs such as high risk pools and pharmacy programs and the affect the conversion may have on the enrollees in those programs.

### **ACQUIROR**

- ⇒ If the acquiror has purchased other BCBS plans in other states, did the acquiror alter the products of those companies or discontinue products following the acquisition? Has there been an increase in premiums at those plans since the conversions were approved?
- ⇒ How have provider networks, benefits and coverage been altered in other states as a result of the purchase of BCBS plans by the acquiror?
- ⇒ Has the acquiror been a supporter/opponent of legislative reforms in other states to make insurance more affordable and to include more consumer protections?
- ⇒ Has the acquiror recently discontinued products in any insurance markets in other states? What was the effect on consumers who were enrolled in those products?
- ⇒ Is the acquiror accredited by a national accrediting entity?
- ⇒ What has been the impact on the accessibility of health care in the states where the acquiror has purchased other BCBS plans?
- ⇒ What has been the impact on the health status of the residents in other states where the acquiror has purchased the BCBS plan?

## **QUALITY**

- ⇒ What have consumer satisfaction surveys and consumer complaints collected by the state indicated about the quality of care at BCBS and how does it compare to the quality of care of the acquiror?
- ⇒ How will the conversion affect the quality of health care in the state?
- ⇒ Will the quality of care be maintained or improved for BCBS subscribers after it converts to a for-profit?
- ⇒ Is there a commitment by BCBS to improve quality of care and how will this be achieved?
- ⇒ What does the most recent HEDIS data indicate about the quality of care at BCBS?
- ⇒ If there are additional costs involved, will these be passed along to the consumers through higher premiums?
- ⇒ How many consumer complaints have the BCBS plan and the acquiror received in the last five years.

## **CONVERSION**

### **Financial Status:**

- ⇒ What is the current financial health of the BCBS plan and the valuation of the plan?
- ⇒ How does the financial status of BCBS affect the coverage and benefits the community currently receives from BCBS?
- ⇒ How will the conversion change the financial status of BCBS and how will this affect the community's access to health care?
- ⇒ Is it possible for consumers to continue to receive the same level of services and coverage from BCBS if it remains a nonprofit?

### **Business Plan:**

- ⇒ Considering the proposed business plan in the conversion application, what are the profit goals and the overall goals and projections for the new for profit insurer following the conversion?
- ⇒ What methods will the new for profit use to achieve the stated goals and how will these relate to the operational, administrative and financial aspects of BCBS?
- ⇒ What is the strength of the data the transacting parties are using to assume their future goals and is this data accurate and an appropriate measure?
- ⇒ How will the public be affected by the acquiror's proposed goals and will it change the community's ability to obtain quality, affordable, accessible health care? For instance, in order to meet the business plan, will premiums rise, will benefits be discontinued, will the amount of community benefits be reduced or will certain products be discontinued?

**Due Diligence:**

- ⇒ In deciding to convert the BCBS plan to for profit, did the Board of Directors and management take into account how the conversion would affect the community's access to necessary services?
- ⇒ Did the Board thoroughly consider the affect the conversion would have on the health care needs of the community?
- ⇒ Did the Board consider the conversion the best way for the hospital to fulfill its charitable mission?

**CONCLUSIONS**

- ⇒ After analyzing the health status of the community, the health needs, the insurance market, the products and the state programs, what is your assessment of the impact of the conversion of BCBS on the health status and access to health care for the consumers?
- ⇒ How will specific populations be affected by the conversion in terms of health status and health care accessibility? Including: children, seniors, people with disabilities, low income families, women, people with HIV, the uninsured and people with chronic illnesses.
- ⇒ Overall will the health care consumers be affected positively or negatively by the conversion?
- ⇒ How has the past conduct of the non-profit BCBS impacted consumers in different markets and what does this indicate about future actions by BCBS?
- ⇒ What promises has BCBS made that it will be responsive to the health care needs of the state's residents if it is purchased by the acquiror?
- ⇒ Has BCBS made any specific demonstration through its filing or actions that its conversion to a for-profit entity will benefit and improve the health status of the residents of the state?
- ⇒ What affect will the conversion have on the health care market in the community?
- ⇒ How will the conversion affect the other providers in the community? How will the conversion affect insurers in the community? Will this conversion result in higher costs to insurers who may pass along these costs to consumers in the form of premium increases?

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## HEALTH IMPACT STUDY Of Nonprofit Hospitals

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### OBJECTIVES

- ⇒ To assess the impact a conversion of a nonprofit hospital would have on accessible, affordable, quality health care.
- ⇒ To carefully analyze the proposed business plan and profit goals for the for profit hospital to determine whether they will adequately address the health care needs of the community.
- ⇒ To assess the impact a potential conversion would have on access to health care specifically for vulnerable populations such as children, seniors, people with disabilities, low income families, people with HIV and people with chronic illnesses.
- ⇒ To include the community in a health impact study through comments provided in interviews and public hearing testimony.

### COMMUNITY NEEDS/STATUS

In order to fully understand the impact the conversion would have on the affordability and accessibility of health care, it is important to understand the current health status and needs of the community and how dependent the community is on the nonprofit's services and coverage. It is also important to understand if the nonprofit hospital is currently addressing the community's needs or if it could be doing more to meet those requirements. This information should be compared to what is being offered in the conversion proposal and business plan as provided by the transacting parties in order to determine if the proposal will address those needs and improve the health status of the community.

#### Health Status:

Identify the demographics for the hospital service area for the following categories:

- ⇒ Gender, race, ethnicity, age, income, insurance coverage (including Medicaid, Medicare and other state programs) and the number of uninsured.
- ⇒ Age related health care issues, morbidity/ mortality rates and race related health care issues.
- ⇒ Seniors and people with disabilities with/without prescription drug coverage.

#### Services:

List the services in the hospital service area including but not limited to:

- ⇒ The ratio of physicians to consumers.
- ⇒ Mental health services.
- ⇒ Substance abuse services.
- ⇒ Availability of acute care services.
- ⇒ Availability of free care at hospitals in the service area.

List the other hospitals in the converting hospital's service area identifying

- ⇒ Each speciality
  - ⇒ Non-profit/ forprofit status
  - ⇒ Owner of the hospital
  - ⇒ Distance from the converting hospital
  - ⇒ Amount of charity care and community benefits provided by the hospitals in the last year.
- 
- ⇒ Will the health of the community be improved overall by the conversion of the hospital to a for-profit entity?
  - ⇒ What will the affect of the conversion be on the health status of specific populations – children, seniors, uninsured, disabled, minority communities, people with HIV, people with chronic illness?
  - ⇒ Specifically, how will the proposed conversion benefit the public with its need for affordable health coverage?
  - ⇒ What are the most significant health care needs in the community? How is the hospital currently addressing those needs? How will the hospital address those needs following the conversion?

## **INSURANCE**

- ⇒ What insurance companies and products does the hospital accept?
- ⇒ Analyze the converting hospital's most recent Medicare cost report.
- ⇒ What is the payor mix at the hospital specifically for Medicaid and Medicare? How will this balance change following the completion of the conversion?
- ⇒ How many Medicare recipients receive services at the hospital?
- ⇒ How many Medicaid recipients receive care at the hospital?
- ⇒ How many uninsured individuals receive services at the hospital? How does this compare to other hospitals in the area?
- ⇒ Has the for profit committed to accepting Medicare and Medicaid at the hospital following the conversion? For how long?
- ⇒ What are the policies of the current hospital for participating in Medicare and Medicaid and will these stay the same following the conversion?

- ⇒ Does the acquiror, if there is one, accept Medicaid in all of its hospitals?

### **SERVICES**

- ⇒ List all the services provided by the hospital and the acquiror by the largest revenue source.
- ⇒ Provide the number of beds at the converting hospital and the acquiror – listed by department and identify what percentage the beds represent in the service area. The hospital and the acquiror should provide the most recent Uniform Hospital Discharge Abstracts to assist in this analysis.
- ⇒ Identify the patient statistics for the converting hospital for the last 3 years including: inpatient days, discharges, average inpatient census and admissions.
- ⇒ Provide a breakdown of the services with the payor for each service category and compare that to other hospitals in the service area.
- ⇒ Provide the number of admissions for emergency services at both the hospital and the acquiror delineated by categories of insurance and uninsured status.
- ⇒ Analyze all data or reports the hospital and the acquiror submits to the departments of public health.
- ⇒ What services are the hospital and the acquiror committed to maintain following the conversion and for how long?
- ⇒ Outmigration – How many consumers in the service area of the converting hospital seek care outside of the service area?
- ⇒ What commitment has the converting hospital and the acquiror made to continue emergency services and for how long will these services be provided?

### **CHARITY CARE**

#### **Charity care**

- ⇒ Health care provided by a hospital for which it does not expect to be paid.

#### **Bad debt**

- ⇒ Health care that hospitals provide for which they expect payment, but never receive it.

#### **Uncompensated care**

- ⇒ Health care services that hospitals provide for which they do not receive full payment and is often used as an umbrella term to describe both charity care and bad debt.

- ⇒ Using the definitions above, identify the full amount of charity care the hospital and the acquiror provide considering that it should be calculated by the cost to the hospital rather than the charges and should be delineated by department.
- ⇒ The amount of charity care provided by the hospital and the acquiror for the last five years.
- ⇒ What is the charity care policy of the hospital and the acquiror? Are the policies written documents?
- ⇒ Are there adequate postings of free care eligibility inside the hospital and the acquiror's hospitals and instructions for those patients who are interested in applying for those services?
- ⇒ Using the definition above what is the amount of uncompensated care the hospital and the acquiror provide?
- ⇒ What are the Medicaid and uninsured payor mixes for the hospital and the acquiror?
- ⇒ What level of charity care are the hospital and the acquiror proposing to provide following the conversion? What will the charity care obligation be after that time?
- ⇒ What reimbursements does the hospital receive through state and county indigent care programs?

### **COMMUNITY BENEFITS**

- ⇒ List all the community benefits provided by the hospital and the acquiror including the amount of assets both entities have allocated for each community benefit for the last five years. The list of community benefits should include services such as: health screenings, clinic services, transportation services, immunization clinics and outreach education on health issues.
- ⇒ List the community benefits that have been discontinued by the hospital in the last five years with an explanation of why the benefits were withdrawn.
- ⇒ What prescription drug services do the hospital and the acquiror provide to uninsured patients?
- ⇒ Will the community benefits be altered in any way following the conversion of the hospital?

### **QUALITY**

- ⇒ Are the hospital and the acquiror accredited by JCAHO?
- ⇒ What category of accreditation does the hospital and the acquiror have from JCAHO?

- ⇒ What ratings have the hospital and the acquiror received from JCAHO for the last five years?
- ⇒ Analyze any reports submitted by the hospital to the state regarding hospital errors or procedures.

### **GOVERNANCE**

- ⇒ Are community members or consumers members of the converting hospital's board?
- ⇒ How will the governance structure at the converting hospital change following the conversion and will the new board and governance include consumer or community members on the board?
- ⇒ Will consumer boards or community advisory boards be maintained or created at the hospital following a conversion? Will these boards have a significant role in shaping the new hospital and providing input on hospital decisions?
- ⇒ Will there be any representation from the underserved or uninsured community in the governance of the hospital?

### **DIVERSITY**

- ⇒ What are the current policies, standards and practices for the nonprofit hospital and the acquiror regarding cultural competency and diversity? How will these policies and standards be maintained or changed at the hospital following the conversion?
- ⇒ Are the nonprofit and acquiror's cultural competency and diversity policies adequate and effective?
  - a Do the nonprofit hospital and the acquiror have comprehensive interpreter services programs? If the hospital has an interpreter services program, will it continue following the conversion? If it does not have a program, will one be implemented by the new for profit or acquiror?
- ⇒ Do the hospital and the acquiror have established relationships with community based organizations?

### **CONVERSION**

#### **Financial Status:**

- ⇒ What is the current financial health of the hospital, considering its cash on hand, amount of debt and costs?
- ⇒ What is the current financial status of the acquiror?
- ⇒ How does the financial status of the hospital affect the services the community currently receives? How will the conversion change the financial status of the hospital and how will this affect the community's access to health care?

- ⇒ What is the physical age of the hospital facility and what are the current capital investment needs of the hospital?

**Business Plan:**

- ⇒ Considering the proposed business plan in the conversion, what are the profit goals, the overall goals and projections for the new for profit hospital following the conversion?
- ⇒ What methods will the new for profit or acquiror use to achieve the stated goals and how will these relate to the operational, administrative and financial aspects of the hospital?
- ⇒ What is the strength of the data the transacting parties are using to assume their future goals and is this data accurate and an appropriate measure?
- ⇒ How will the public be affected by the for profit or the acquiror's proposed goals and will it change the community's ability to obtain quality, affordable, accessible health care? For instance, in order to meet the business plan will the cost of care rise, will services be discontinued, will the amount of charity care be reduced or will new higher revenue services be substituted for current services?

**Due Diligence:**

- ⇒ In deciding to convert the hospital to for profit, did the Board of Directors and management of the nonprofit take into account how the conversion would affect the community's access to necessary services?
- ⇒ Did the Board thoroughly consider the affect the conversion would have on the uninsured population in the hospital service area?
- ⇒ Did the Board meet its fiduciary duty in its process to decide whether the conversion is the best way for the hospital to fulfill its charitable mission?

**Conversion Effects:**

- ⇒ Under what circumstances will the new for profit be permitted to discontinue certain services and is there a process for including the public in these decisions?
- ⇒ How will the health status of the community be affected by the conversion of the nonprofit hospital?
- ⇒ What affect will the conversion have on the uninsured members of the community?
- ⇒ What affect will the conversion have on the health care market in the community?
- ⇒ What affect will the conversion have on the community's access to quality affordable health care?

- ⇒ Will any vulnerable consumers in the community be left without health care services due to the conversion?
- ⇒ How will the conversion affect the other providers in the community?
- ⇒ How will the conversion affect insurers in the community? Will this conversion result in higher costs to insurers who may pass along these costs to consumers in the form of premium increases?
- ⇒ Overall will the health care consumers be affected positively or negatively by the conversion?