

Hutcheson Medical Center

From the Erlanger press release	Hutcheson comments
<p>In addition to this bleak financial picture, Hutcheson and its previous leadership had run up a debt over \$12 million to Medicare at 11% interest. As a result, Medicare stopped paying Hutcheson for the services it provided, leaving Hutcheson with limited cash flow. The \$20 million loan to Hutcheson from Erlanger was largely to fund the operations since Hutcheson was no longer receiving payments from Medicare.</p>	<p>The original purpose of the \$20 million line of credit was to prove that Hutcheson operations could be successfully turned, not to fund a gap in Medicare payments. Erlanger extended an additional \$550,000 in 2013. Erlanger stated that Hutcheson was not receiving Medicare payments at the beginning of the management agreement; however, Medicare payments of \$1.1 million were halted in April 2012 (eleven months into the agreement). In September 2012, payments of \$300,000 were again halted. As of December 2012, \$18.5 million of the line of credit had been drawn, of which \$17.1 million funded operations and \$1.4 million for Medicare. Beginning January of 2013, Medicare stopped payments for almost six months. In total, only \$3.45 million of the line of credit was used to cover operations that should have been funded by Medicare reimbursement. The use of the line of credit during the first twenty months occurred because Erlanger's management failed to stem the negative cash flow.</p>
<p>Erlanger successfully managed Hutcheson since assuming responsibilities in 2011. Erlanger's turnaround efforts were repeatedly and publicly recognized by Hutcheson's board of directors, officials of Catoosa, Walker and Dade Counties, and often cited by local and regional media outlets, including the Chattanooga Times Free Press.</p>	<p>Hutcheson disagrees that Erlanger's efforts to manage Hutcheson were successful. This is particularly true in the first ten months of the agreement, which were critical to the overall success. However, Erlanger did not place a permanent full time CEO at Hutcheson until February of 2012. At the point that Mr. Forgey was appointed, \$11 million had been drawn on the line of credit, none of which was related to a Medicare repayment.</p> <p>In August of 2012, Hutcheson's board chairman, accompanied by the Erlanger appointed CEO, shared with Ron Loving, Charlesetta Thompson-Woodard and Greg Gentry what Hutcheson considered to be deficiencies of Erlanger to perform obligations under the agreement. None of which were cured.</p>

<p>It is clearly evident that Mr. Barnes, along with Hutcheson’s Boards and County officials continue to have a complete misunderstanding as to the terms of the Management Agreement. Erlanger, without exception, met each of its obligations to Hutcheson under the Management Agreement.</p>	<p>Hutcheson has sought to meet with Erlanger leadership to discuss differences of opinion. Hutcheson actually was in discussions with Erlanger to schedule meetings and possibly mediation when it was served with Erlanger’s lawsuit.</p>
<p>Hutcheson’s Board declined to approve many of Erlanger’s recommendations to save the hospital during its management of Hutcheson. As disappointing as that was, Erlanger continued to remain dedicated to turning around Hutcheson, including a response to Hutcheson’s RFP.</p>	<p>Hutcheson is not aware of any recommendations that were not implemented.</p>
<p>Erlanger has always provided care to North Georgia residents, regardless of their ability to pay. Those services range from emergency services and trauma care to surgical services and less acute outpatient care. These services have been provided at no cost to North Georgia counties and those receiving care.</p>	<p>Hutcheson understands that Erlanger and other Chattanooga hospitals have long provided care to North Georgia residents predating the management agreement and continuing after the contract. The care of patients needing specialized services of Erlanger or patients who elect to use Erlanger in lieu of Hutcheson has no bearing on the contract dispute. Hutcheson currently has transfer agreements with Erlanger, Memorial and Parkridge.</p>
<p>Erlanger named Roger Forgey as Hutcheson CEO, with the blessings of Hutcheson’s board. Mr. Forgey is a seasoned healthcare executive with strong ties to the North Georgia region, very familiar with the strategic healthcare needs of this community.</p>	<p>Roger Forgey did provide services as CEO to Hutcheson beginning in February 2012, nine months after the management agreement was effective. Mr. Forgey was the first full time Erlanger employee to assume that role. Mr. Forgey continued to operate without meaningful support from Erlanger. The CFO and CNO continued to be on payroll of Hutcheson despite the contract requiring the positions to be filled at Erlanger's expense.</p>
<p>Two of Erlanger’s leading primary care physicians, Drs. Chris Haddock and Chip Harris, have a long-established medical practice in Ringgold, Ga. at Erlanger South Family Medicine. Dr. Haddock has repeatedly been named “Best Family Doctor” in North Georgia in the annual Times Free Press readership poll. Both physicians are actively involved in this community, and have been supporters of the mission and values of Hutcheson for more than a decade.</p>	<p>As noted by Erlanger, these physicians have been in the community for more than a decade. While these physicians treat citizens in the community, Hutcheson sees very limited activity from the physicians and assume that virtually all referrals are made to Erlanger or Erlanger specialists. Erlanger has not recruited any other primary care physicians to the community during the term of the management agreement or for over a decade.</p>

<p>Dr. L. Kendrick Mills, a well-respected cardiologist, graduate of Harvard Medical School, and specialist in cardiology, interventional cardiology and echocardiography, was brought to Hutcheson by Erlanger.</p>	<p>Erlanger does employee Kendrick Mills, M.D. Dr. Mills was the first and only Erlanger physician recruited to North Georgia market during the term of the agreement. Dr. K Mills began practice in July of 2012, 14 months after the management agreement was executed. Dr. Mills is the one and only specialist physician that Erlanger placed at Hutcheson.</p>
<p>Erlanger made vast improvements to these and other key clinical programs at Hutcheson:</p>	<p>Hutcheson takes strong issue with the term vast improvements. As noted below, most changes were instituted only after Mr. Forgey assumed the CEO position and at the expense of Hutcheson.</p>
<p>Emergency Medicine</p>	<p>Hutcheson changed its emergency room contract to EMCARE in July 2012, 14 months after the agreement was signed</p>
<p>Surgical Services</p>	<p>Hutcheson contracted with Dalton Surgery Group to provide call coverage and two days of office hours beginning in November 2011, 6 months after the agreement was effective. No general surgery support was provided from the Chattanooga area.</p>
<p>Hospitalist Program</p>	<p>Hutcheson contracted with EmCare to provide Hospitalists coverage beginning in December 2012, 18 months, after the agreement was effective.</p>
<p>Orthopedics</p>	<p>Hutcheson contracted with various independent orthopedic surgeons for call coverage. During the Erlanger tenure there was limited orthopedic activity in at Hutcheson. The one orthopedic surgeon based in the North Georgia area continued to use Erlanger East as his primary location for outpatient surgery.</p>
<p>G.I. Services</p>	<p>In May of 2013, two Erlanger based gastroenterologists located in the multi-specialty clinic for two half days per week. Some procedures are performed at the hospital and some are referred to Erlanger.</p>
<p>Nephrology Services</p>	<p>Hutcheson has long had a relationship with the nephrologists and did not see any noticeable change in coverage. Hutcheson continues to enjoy the relationship with the group, who operates a dialysis clinic in North Georgia</p>
<p>Cardiology</p>	<p>Other than Dr. K Mills noted above Erlanger did not add to the cardiology services. While Erlanger Cardiologists did provide some call coverage, the coverage was largely in the form of transferring the patient to Erlanger for evaluation.</p>

Primary Care Medicine	Hutcheson saw no improvement or additional activity in the area of primary care medicine.
	Hutcheson is appreciative of all physicians new and old who are supporting our community and hospital.