

L+M extends commitment to Westerly; \$1M marked for cardiac unit upgrades

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WAKEFIELD — In the two years since L+M Health Care purchased The Westerly Hospital, unfinished aspects of the receivership case have moved along quietly. One of the final steps, taken Tuesday, was held up as an assurance of L+M's intent to preserve and strengthen the local institution.

"This should send a loud and clear message, from the new owner's perspective and from the board perspective, there really is a commitment to continuing Westerly Hospital as an acute-care facility," Associate Justice Brian Stern said during a hearing in Washington County Superior Court.

Stern made his remarks after approving the transfer of \$1 million in a reserve account maintained by Mark Russo, the Providence lawyer who managed the receivership, to the Westerly Hospital Foundation, the hospital's philanthropic and fundraising entity. The funds will be earmarked for new equipment and other improvements in the hospital's cardiac-catheterization lab and will be used toward an eventual complete overhaul of the laboratory.

Russo, who requested the transfer of the funds, also announced that L+M had recently agreed to extend, by one year, its commitment to maintain the hospital as an acute-care facility for at least five years from the date of the June 1, 2013, purchase.

With the new commitment, L+M has pledged to keep the Wells Street facility open as an acute-care facility until at least June 1, 2019.

"I'm sure it will be longer," Russo said.

The reserve account was established early in the receivership proceeding, which started in December 2011 following decades of financial losses sustained by the hospital.

The hospital's secured creditors were paid at the closing of the sale of the hospital to L+M. Outstanding debts owed to unsecured creditors were negotiated as part of what Russo called a "compromise program." A total of \$500,000 was paid to the unsecured creditors, most of whom settled within six months of closing. The unsecured creditors entered the receivership owed a total of \$10 million. The final unsecured creditor was paid recently, according to Russo.

The receivership led to the hospital's employee pension plan being terminated. The employees' retirement funds were "preserved," Russo said, through a combination of insurance obtained during the receivership and an additional \$250,000 in hospital funds.

In short, Russo said Tuesday, the receivership process, which is expected to be fully complete in July, ended with a \$1 million surplus — the funds going to the hospital foundation.

"This is actually a lot of fun, we don't get to do too many motions like this ... we have carried out the instructions of the court. That was to preserve the hospital as an economic driver and preserve the jobs," Russo said during the hearing.

The \$1 million donation and the caveat that it be used only for the acute care provided by the cardiac-catheterization lab should assuage nervousness regarding the hospital's future, Russo said.

"Hopefully, this reverses the anxieties in the community," he said.

Kathryn Enright, health care advocate for the Rhode Island Attorney General's Office, said she and Russo heard frequent references to "the June 1 phenomenon" during a recent tour of the hospital. The date was anxiety-provoking for hospital employees and residents concerned that L+M would begin



reducing services on June 1, the last day of its promised period for retaining services that were in place on June 1, 2013.

Given the aging population in the hospital's primary service area, Stephen Greene, president of The Westerly Hospital board of directors, said cardiac services are sought by a high percentage of the hospital's patients.

"This is very positive news. We're committing not just to replacing equipment but investing in new services and expanding," Greene said.

The funds will initially be used to purchase new patient-monitoring equipment used in the cardiac-catheterization lab, according to Gerry Mulholland, manager of both the L+M and Westerly Hospital labs. Eventually, the lab's imaging equipment and its image-storing equipment will also be replaced. The current devices are at least five years beyond their useful life, she said.

The new equipment will enable heart surgeons to surgically install defibrillators in patients who need them, a procedure that cannot currently take place at the hospital, Mulholland said.

Donna Blakely, L+M and Westerly Hospital director of diagnostic imaging, said one of the new imaging devices will have the capacity to scan a patient's heart and other parts of the vascular system — also a new service for The Westerly Hospital.

The entire cardiac-catheterization lab overhaul is estimated to cost about \$2.3 million, Blakely said.

Nicholas Stahl, Westerly Hospital Foundation executive director, said the foundation would hold the funds until they are needed and would turn its attention to helping to raise the additional money needed to complete the work on the lab.

"The foundation is pleased to be in a position to secure these funds for the purposes that have been identified, for the direct benefit of our patients," Stahl said.

Timing of the lab overhaul will depend on the results of a soon-to-be-released facilities plan, said Michael O'Farrell, L+M spokesman.

Stern recalled Dec. 11, 2011, the day of the first hearing on the hospital's voluntary petition seeking receivership protection. It was a day, he said, when the hospital faced the very real possibility of closing for good. From that point of great uncertainty, the hospital is poised to celebrate its 90th anniversary in July, Stern noted.

"There were some people at that point that would say, 'Maybe the best thing that can happen is we'll have one less community hospital.' I think what's been proven is we have not only a viable but a thriving institution in Westerly," Stern said.

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