

Westerly Hospital restructuring receives national recognition

January 27, 2014 12:22 PM

BY TATIANA PINA

The hospital deal that turned around the financially strapped Westerly Hospital - a restructuring overseen from 2011 to 2013 by the Rhode Island Superior Court - has received national recognition from a leading network of financial professionals.

The Merger & Acquisition Advisor, based in New York City, announced last week that the hospital's acquisition in 2013 by Lawrence & Memorial Hospital of New London, Conn., would receive its annual Turnaround Award as Deal of the Year in the health-care sector, according to a news release from the Rhode Island Judiciary.

The Westerly Hospital filed for receivership in December 2011 after struggling to pay its creditors and employees. Superior Court Associate Justice Brian P. Stern appointed attorney W. Mark Russo as special master to run the hospital during the receivership and to seek bids for its acquisition. Judge Stern presided over dozens of hearings and conferences in the process. "This is a tangible demonstration that there is a real alternative to federal bankruptcy for organizations in financial distress, in particular where the state has a major policy, health or public protection interest," Judge Stern said Monday. "The result in this case is exactly what former Superior Court Presiding Justice Joseph F. Rodgers Jr. spoke about when he created the court's Business Calendar 13 years ago - to have a specialized and efficient calendar for companies in distress that will preserve jobs and services in Rhode Island.

In this case, the Department of Health, the attorney general, the Town of Westerly, the United Nurses and Allied Professionals and local stakeholders all worked together to make this a success. This is positive news for the legislature as well. After the issues over the years with the Hospital Conversion Act, the new legislative changes in 2012 allowed expedited processing and review by regulators in the Department of Health and the attorney general's office." Lawrence & Memorial made several commitments in its purchase of The Westerly Hospital. It pledged to invest in capital upgrades to the facility and equipment over the next five years, to invest in a turnaround plan aimed at achieving long-term viability, to operate it as an acute care facility for at least five years, to maintain its nonprofit status, to assure local representation on its governing board and to retain The Westerly Hospital name.