



Hardin Memorial Health

Letter to the Editor

December 14, 2017

All of us, Democrats and Republicans alike, were elected to Hardin Fiscal Court and therefore also serve as the Board of Trustees for Hardin Memorial Health. In this capacity, we have a fiduciary duty to safeguard the best interests of the community.

It was in this context we unanimously voted to sign a non-binding Letter of Intent with Baptist Health for them to potentially acquire HMH. Since the announcement of the proposed transaction, there has been considerable discussion in *The News-Enterprise* about our decision.

On December 3rd, a group of former elected officials wrote a Letter to the Editor raising questions about the proposed transaction. Because HMH is, as *The News-Enterprise* said, "vitally important to Hardin County and the region", we want to answer the questions the letter raised.

Who put the bid package together? *A steering committee, comprised of HMH employees, outside consultants, and Board of Trustees members, was formed to guide the process. This steering committee was advised by Huron Consulting Group, a financial advisor, and assisted by our legal counsel, Hall, Render, Killian, Heath & Lyman, P.C., in putting together the "Request for Proposals" (RFP).*

How many bid requests were sent out and how many bids were received?

Approximately 60 interested healthcare entities received and considered the Request for Proposals. Eleven of these engaged concerning a potential partnership. Eight actually proceeded in information exchange through non-disclosure agreements. Ultimately four organizations provided partnership proposals.

Why were the bids opened behind closed doors? We, the owners, deserve to see the bids before the sale is finalized. Why all the secrets? *Responses to the RFP were made under confidentiality of non-disclosure agreements. The private entities making proposals are safeguarded under the provisions of KRS 61.878 to protect their business interests during this process. We continue to provide as much information as possible within the constraints of these non-disclosure statements and the law.*

How will the sale of HMH affect the employee's retirement? Salaries? Health insurance? *From the proposals obtained through the RFP, Baptist Health was selected for exclusive negotiations to develop a definitive agreement. As part of the due diligence in this process, these questions will be resolved. We are working to ensure as little disruption and change to employee benefits as possible.*

Baptist Health currently manages HMH. Now, they have been awarded the bid to purchase HMH. To what degree was Baptist Health involved in putting the bid package together? *No "bid" was "awarded". No employee of Baptist Health was involved in the development, distribution, or evaluation of responses to the request for proposals. No Baptist Health employee was involved in the selection of Baptist Health for exclusive negotiations.*

No public meetings were held at night. Does Fiscal Court expect us to miss a day's work to ask these questions at an afternoon Fiscal Court meeting? *Fiscal Court has not held any meetings regarding this issue. The Board of Trustees conducts regular meetings most months at the same time it has for decades; similar to the process followed during the tenure of those former officials requesting this information. As it was then, these meetings are open to the public. Decisions regarding the expenditure of millions of dollars, and often, tens of millions of dollars, are frequently made during these meetings. Members of the Board of Trustees are well known in the community and easily contactable by the public.*

If HMH is sold, will the members of Fiscal Court retire as the Board of Trustees for HMH and take a reduction in salary because they no longer serve on the board of HMH? *Board Trustees are not employed by HMH and therefore, not eligible to "retire" from the board. Most hospital boards across the country are not paid positions. Trustees of HMH are also not paid. Their salaries as members of Fiscal Court are not tied to HMH. Their salaries as Hardin County Magistrates are less than many other Kentucky counties and the board unanimously voted to freeze those salaries four years ago.*

Was an unbiased appraisal made of all HMH facilities so we, the owners, can be assured we are getting our money's worth? *Annual audits and financials for HMH provide the necessary information to evaluate the financial component of the proposals considered. HMH retained outside experts to evaluate all of the system's assets and liabilities prior to entering into the process. These experts compared all the proposals to comparative transactions to ensure HMH receives fair market value. The existence of multiple offers at or near the offer made by Baptist gives further assurance.*

The News-Enterprise ran a poll in which 58 percent of those responding were against the sale of HMH. That's 58 percent of the owners polled are against the sale of HMH. Polls, especially unscientific polls, are not utilized to make our decisions. The poll referenced was open for one day with 101 "votes" cast. There is no way of knowing how many of those voted more than once and if they were even registered voters. The poll's sampling is not sufficient to provide useable data.

Hardin County owns the voting machines used for election purposes. Why can't the proposed sale of HMH be put on the ballot and let the owners decide if we want to sell? Kentucky is not a referendum state. The former elected officials asking this question no doubt know there is no legal mechanism available to place this issue "on the ballot".

According to *The News-Enterprise*, we, the owners, won't know these answers until after the sale is final. Would you sell your home or business not knowing how much you will receive, when you would receive it, how it would affect your employees? We think not. To us, it's about transparency. We feel our government should be open and not about doing things in secret behind closed doors. As is being done here, we strive to answer every question we receive, without violating confidentiality agreements. Keeping the public informed continues to be our goal. Our performance throughout the process reflects our commitment to disclosure when we can. The terms of the final agreement will be publically available prior to Fiscal Court taking a vote for final action.

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