CODE BLUE

THE STORY OF A COMMUNITY AND ITS FIGHT FOR LOCAL HEALTH CARE

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Photo on cover is of the Winsted Memorial Hospital from a postcard postmarked 1906.

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The smaller hospital, a community servant, was the center of medical care, a social innovator and a major source of employment for communities throughout the United States in the 20th Century. Hospitals became instruments of scientific advance through diagnostic imaging and laboratory work, and in therapeutics, both surgical and pharmaceutical.

Increasingly, hospitals in the U.S. grew larger, became more capital intensive, and required and demanded more, brighter, better trained and more deeply committed professionals to operate successfully.

Winsted Memorial Hospital was the first hospital in Litchfield County, organized under State charter in 1896. Winsted grew, prospered and served, but then expired as a hospital on October 25, 1996. The 100 years of Winsted's history is a history of social change in hospital care in the United States in the 20th Century.

While technology, training and specialization boosted hospital revenues and expenses, the success of medical care (and associated public relations) boosted demand. Every city and town of any consequence wanted one of these therapeutic instruments, this modern hospital. Citizens wanted access to the services of the hospital, but could not always afford such services.

Medicare and Medicaid, legislation from the great society, amended the Social Security Act to attempt to insulate the aged and the indigent from the ravages of high medical costs. These two programs, one a social insurance program, the other a welfare program run by the states, helped lead to centralization and homogenization of decision-making in the hospital field.

Initially directed by the clinical decisions of doctors, responding to scientific advance, the centralization of hospital rules associated with Medicare and Medicaid

policies—and the growth and consolidation of powerful private health insurers—brought business models and business dynamics to predominate in the board room.

In the 1970s, hospitals thought that "product line costing" meant that every service should be a "tub on its own bottom" financially. One service way out of line, based on then-current hospital cost allocation techniques, was obstetrics. Smaller hospitals, limited by the number of births in their service area, decided to give up obstetrical service. In regulated states, such as Connecticut, regulators frequently made that decision for the smaller hospitals, in hopes, as with much recent regulatory activity, of consolidating business among fewer, financially healthier, institutions.

At a public hearing in Winsted, in 1977, my mother approached an official of the State's hospital association, asking whether it wasn't a mistake to close obstetrics at Winsted. The official gave her a facile and glib reassurance. In fact, the role of women in choosing health services was well recognized. Once obstetrics was no longer part of a hospital, that hospital became less attractive for women, and also less attractive for pediatric care, for the care of adolescents, for young adults, and indeed for any service except chronic illness in the elderly. One of my medical student "raiders," Fred Hyde, who figures in this story, has told me that based on experience in financially distressed hospitals, he has never seen a failed hospital which did not make an inopportune and wrong-headed decision to give up obstetrics.

This business decision - - to carry only the immediately profitable services at Winsted - - was followed by a second blow to smaller hospitals. In hopes of containing the increasing cost of hospital care, Congress increasingly tried to limit capacity, to "manage" demand. The imposition of "Diagnosis-Related Groups" in 1982 changed the basis of hospital reimbursement, from "cost-

based" to "*prix fixe*." DRGs, a payment based on discharges, not on days consumed, operated against the interest of smaller hospitals, especially where social factors (lack of other community health resources, lack of extended family support) kept patients in hospitals longer than anticipated, thereby financially penalizing the hospital.

DRGs and other "utilization management" techniques have failed miserably in attempts to contain the costs of health and hospital care in the United States. Economists throughout the field of health policy in the United States seem agreed that inattention to prices - - as opposed to attempts to manage volume - - has been costly. Meanwhile, our federal regulators seemed oblivious to the broader economic and structural factors which drive up prices, including the relentless consolidation of hospital and health systems, of pharmaceutical companies, of medical device manufacturers and of health insurers, all of whom follow the time-honored lesson of market place economics: buy your competitor and eliminate price competition.

So Winsted grew as other hospitals grew in the earlier parts of the 20th Century, by accommodating clinical advance, and by community service. Winsted suffered its own decision to give up obstetrics, and then suffered the nation's decision to reward hospitals for faster turnover. Giving up obstetrics was a disaster for Winsted, as it has been for other hospitals. Promoting faster turnover, through DRG reimbursement, created new problems, for example, that one out of nine hospital admissions in the United States today is a "readmission" of a patient prematurely discharged.

So the personalities and particular managerial problems of Winsted can be seen through this prism: scientific, social, political and economic advances by hospitals, tempered by the arbitrary imposition of

inappropriate business models and the mistaken precepts of centralized regulatory activity.

The demise of Winsted Memorial Hospital, the end result of bad decisions and bad health economic policies, proved to be an opportunity, a silver lining not possible without an overshadowing cloud. The Winsted Health Center Foundation, created in the wake of the demise of the hospital, was a newborn citizen organization, with no funds, no structure and an imprecisely defined mission, at least at its beginning. The Foundation was and is a group of individuals concerned that a central organizing principle of community medical care - - the hospital - - had been removed from their community.

Over 15 years, the Foundation and the Winsted Health Center it operates has reassembled many of the pieces of institutional ambulatory health care, including an urgent care center, diagnostic radiology and laboratory resources, an ambulatory surgery center (unused, for reasons of hospital politics), cardiac and pulmonary rehabilitation, physical and occupational therapy, and offices for a host of rotating specialists. Also included is a primary care clinic for Veterans, a successful example of a very significant decentralization project undertaken by the Veterans Administration in the late 90s and the early part of this decade.

So the Winsted Health Center survives and continues to provide services, not, however, without periodic (generally political) peril. The hospital is gone, as are 1,200 or so other hospitals nationwide in the wake of the passage of DRGs and the resulting centralization of hospital activity. We have fewer, larger, more centrally located, and, regrettably, less community oriented (and certainly less locally oriented) institutions.

Many of the "red states" have opted out of this fate, through the efforts of Senator Max Baucus of Montana and others to promote "critical access hospitals" in rural areas -

- exempt from the 1983 payment rules. Also exempted from this pressure are our academic health centers with their own powerful lobbies and special legislative friends. The wealthier suburban hospitals, whose wealth has been generated from their location in communities with well insured patients, are less interested in the niceties of Medicare reimbursement, or at least the impact of those policies on smaller community hospitals. Indeed, the growth of the larger hospitals is a result of the siphoning off of patients from the failing smaller community hospitals.

The remaining "safety net" hospitals in rural and urban areas that have little tax base, no academic lobby, no well-heeled and well-insured population and no special exemptions were special victims of our "progress" in hospital care in the 20th century.

The Winsted Memorial Hospital was one of them. Read this book, a rare chronicle of this history. The story of hospitals in the 20th Century in the United States is captured in this book, with whatever lessons may be applied to the extension of our best (and the extinction of our worst) initiatives in health care for the 21st.

Ralph Nader

Winsted, Connecticut
March, 2012

I had only been working as a reporter for the *Litchfield County Times* for six months when the story of a lifetime dropped in my lap. Litchfield County's first hospital, Winsted Memorial Hospital, was going to close, the first hospital in the state to do so.

Of course, that wasn't how hospital Chief Executive Officer James Sok put it at the press conference in April 1996. Instead he announced a "Vision Plan," in which the hospital would undergo a series of changes aimed at reducing costs. The hospital, he insisted, was merely reorganizing to better adapt to the ever-changing hospital climate. Its future, he assured the public, was secure.

Although I had been covering Winsted for only a few months, I knew the town well enough to realize this was not news that would be taken lightly or without a fight. The Office of the Community Lawyer, a unique public resource aimed at helping citizens wend their way through town politics to affect change, a way for ordinary people to learn that they could in fact control their political destiny, had already impressed me in other stories I had covered.

Indeed, within hours of the announcement Charlene LaVoie, the community lawyer, had organized a public meeting designed to mobilize the citizenry and help them understand that they did not have to make Sok's "vision" their own. The hospital did not have to die a death by 1,000 cuts; it could be saved if everyone banded together and worked toward a unified goal.

Ultimately, this is not what happened, but it was not for lack of trying. The Office of the Community Lawyer, a project of The Shafeek Nader Trust for the Community Interest, a non- profit organization, played a lead role in this drama, helping local civic leaders - and, impressively, heretofore untapped citizens who learned new skills and

became a new band of leaders in the town - to create Code Blue, a citizen group dedicated to preserving the hospital. The group met tirelessly in LaVoie's office, where she played the role of general when necessary and stepped back into the flanks at critical moments so local leaders could step to the fore. She helped everyone decode the legal issues and upped the statewide ante by getting the Attorney General involved in the case.

But the Community Lawyer's office was not the only critical actor in this drama. What became quickly clear as the drama progressed was that the people fighting the hospital's closure wouldn't have gotten as far as they did without the insights and pro bono assistance of Fred Hyde, M.D., J.D., M.B.A. Educated at Yale as a physician and a lawyer, with his MBA from Columbia, Hyde, a former Nader's Raider, stepped up to help this cause and spoke from firsthand knowledge of the issues. Having successfully reversed the decline of Windham Memorial Hospital, in Willimantic, CT, Hyde offered specific suggestions on how Sok could reverse the trends, and he debunked many of Sok's assumptions.

The local media played a vital role in the drama as well. In the latter half of the 1990s, Litchfield County still had a strong local media presence. Winsted itself had two weekly papers — the *Voice*, written by citizens, and the *Winsted Journal*. Three dailies, the *Register Citizen*, the *Waterbury Republican-American* and the *Hartford Courant*, also regularly covered the town. Additionally, the regional *Litchfield County Times* covered Winsted.

As a story of statewide, regional and even national significance — this was the first Connecticut hospital facing closure and a harbinger of the travails facing rural hospitals nationally — the fight was also covered by the *Connecticut Law Tribune*, the *New York Times*, *Modern Healthcare* and various radio and television stations.

This kind of attention was vital in moving the drama along, with the media being used by both sides of the hospital controversy to get their message to the people. Most papers assigned at least one reporter to the story, some more than one, so that daily coverage was virtually guaranteed.

The story of Winsted Memorial Hospital is in many ways the story of Winsted. The hometown of the Nader family, Winsted is known in Litchfield County as a place where people speak their minds, where they are not afraid to question their political leaders and where questioning the *status quo* is an accepted part of daily life.

But it is also a metaphor for the changing healthcare landscape, and as such serves as a cautionary tale for all of us even today. Since Winsted Memorial Hospital closed in 1996, something has arisen from its ashes. On the very cobble on the hill where the original hospital building was built sits the Winsted Health Center. It houses a Veterans Administration clinic and offers a full emergency facility and a variety of other diagnostic health care services to Winsted and the surrounding towns.

It is not, however, a full-service hospital, and while impressive and a stirring legacy to the people's fight to preserve local health care, it is a lessening of what the people once had: easy access to full-service acute hospital care. The story of Winsted Memorial Hospital, then, is a story that is important to everyone, and it begins with a young woman named Adelyn Howard.

- Janet Reynolds

Chapter One
"The Hospital on the Cobble"

Labor Day in 1941 began on a happy note for 8-year-old Fred Silverio. His parents were taking him and his sister, Shirley, to Canaan to see a movie. Young Fred couldn't wait.

"We piled into the family car, a 1937 Chevrolet," the silver-haired Winsted native recalled recently in an interview. The car had what later came to be known as "suicide doors," i.e. the back doors opened from the back, rather than from the front as cars do today. Fred jumped into the back seat behind his father, who was driving. The family started up the old Norfolk road. "Mom had brought a snack, a piece of fruit cake," Fred said. "I didn't like fruit cake, so I told Mother I was going to throw it away. I went to roll down the window and instead hit the door latch." The door swung open and the force of the wind pulled Fred out of the car, where he landed on the pavement. The car immediately behind the Silverio's car swerved to the right to narrowly miss Fred.

"I landed elbows and head first," Fred said, breaking both his elbows and fracturing his skull. "Dad got out and picked me up. I was unconscious and bleeding profusely, the back of my head all opened up."

The driver of the other car drove Mr. Silverio and Fred the three miles or so back to Winsted Memorial Hospital, where Dr. Roy Sanderson, the attending physician, performed emergency surgery. "I was bleeding so badly that all they could do was to stitch my head up and put me in the children's ward," Fred said. "I woke up three days later Mom told me. I kept complaining about my head hurting. It was very obvious that things were not going right so there would have to be additional surgery," he added, noting the doctor had placed drains in his head

to try to remove the pus from the dirt inside his neck and head from having been dragged on the pavement.

A couple of weeks later, when Fred was more stable, he had more surgery. During this second surgery, the medical staff moved some of the fragments of bone that were still attached in the back of his head to form a scalp that would bond. "I ended up with 128 stitches in my head," he said, noting he was in the hospital for a month. Because he had lost so much blood, Fred had to receive a liver injection for iron every four hours for a month. "I was a pin cushion," he said. "I used to fear that nurse coming with that tray." After leaving the hospital, Fred visited Dr. Sanderson's office on Main Street every other day to make sure everything was healing correctly.

"I survived the ordeal," said Fred, a lifelong Winsted resident who worked as an aeronautical engineer for Kaman Aerospace and Sikorsky before retiring. "I got to the hospital within 20 minutes. If it had been any farther along, it might not have worked out." And for this, Fred Silverio, and the countless thousands who came before and after him, can thank Adelyn Howard, a young invalid who, at the end of the 19th century, started the fund that began the drive to create Litchfield County's first hospital — The Litchfield County Hospital.

The story begins in the second half of the 19th century, when Winchester was humming as a self-reliant economic force. By 1880, according to *Winsted and the Town of Winchester* by Frank DeMars and Elliott Bronson, the town had grown so large that its leaders felt it was time to place numbers on the houses and other buildings on Main and North Main streets and to add street signs. The 1880 census noted Winchester had a larger population than Torrington, with 5,186 residents compared to Torrington's 3,329. The town boasted 70 joiners, 20 painters, 25 masons as well as a new grinding shop, while

83 houses and offices had telephones, according to Demars and Bronson. Dr. Lyman Case began developing Highland Park and none other than Mark Twain gave a reading in the opera house in 1881. When General Grant died in 1885, Winsted's Strong Manufacturing Company made the solid silver trimming on the casket, reportedly the only company in the country that could fill the order. Electric lights were introduced in 1887; the same year that J.J. Whiting bought the lot on the corner of Main Street and Munro Place for the town's first free library, the Beardsley Library.

The growth continued into the Gay Nineties as other manufacturing companies chose the town for their business headquarters, including the New England Knitting Company, Winsted Optical Company, Standard Manufacturing Company, and Goodwin and Kintz Company. The Cross Shoe Company, which changed its name to the Winsted Shoe Manufacturing Company after consolidating with the J.F. Swain Shoe Company of Lynn, Mass., turned out 600 pairs of shoes daily.

It was also in the 1890s that Adelyn Howard took the first steps toward something that affected health care in Winchester and surrounding towns forever. An invalid who needed crutches or a wheelchair to get around, Adelyn spent much of her short life bedridden. But she thought about the world outside her window and wanted to do something to help the town get its own hospital. She decided to hang a little bag by her bedside so that visitors and friends could leave a few pennies in it for her "hospital on the cobble." Under the bag she placed this appeal, taken from a poem by A.E. Hamilton. "This learned I from a tree whose shadow played upon the wall; Our shadow-selves, our influence may fall where we can never be," the poem went. She added her own lines: "So through the sunshine of God's love/May this my shadow prove." When Adelyn

died in July 1898, her so-called "Shadow Fund" amounted to $250, a princely sum in those days.

While Adelyn was collecting pennies, others in the community were beginning to think Winchester warranted its own hospital as well. In 1895, local leaders, under the name Litchfield County Hospital, introduced a bill in the state legislature asking for $25,000 to build a hospital in Winsted. The incorporators were from Norfolk, Canaan, Barkhamsted, Torrington, New Hartford, Goshen, Salisbury and Winsted. The appropriation was refused, although the legislature did approve the incorporation of a hospital in May 1895; the politicians just weren't ready to fund it. Area residents were angry at the vote. A new group called the Winchester Hospital Association formed in February 1899, to raise private funds for a hospital.

In June of 1899, Rep. Elliot B. Bronson sponsored passage of a bill incorporating a hospital with an appropriation of $10,000. The special law incorporating Litchfield County Hospital read in part: "Resolved by this Assembly: That [the incorporators] and such other persons as shall from time to time be associated with them for the purpose of establishing and maintaining a hospital in or near the borough of Winsted, and their successors, forever, be and they hereby are incorporated for that purposes and are made and constituted a body politic and corporate by and under the name the Litchfield County Hospital, and by that name may purchase, take, receive, hold, sell, convey, and otherwise have and dispose of any and all estate, real and personal, to such an amount as may be necessary for the purposes of said corporation, not to exceed two hundred thousand dollars." The law created officers for the board and noted that anyone contributing $500 "at any one time" shall be a member for life.

All well and good except for one problem: Now two separate organizations were incorporated to build hospitals in Winsted. In November 1899, the two

organizations joined together and adopted the name of the Litchfield County Hospital of Winchester. Julia Thayer Batcheller gave the land and an additional $250 for grading the grounds, which were originally rough pasture and orchards. This, plus the state funding, Adelyn's Shadow Fund and an additional $5,000 bequeathed by Maria Brown in 1899 for a hospital when/if it should be built, meant the building could begin.

They broke ground for the hospital on July 19, 1900 with the formal opening on January 29, 1902, the same year that George Kellogg of the Kellogg and Wakefield Company brought the first car to town and the first rural free delivery routes were established, changing the lives of farmers who could now get their mail delivered. One hundred twenty-five people and churches contributed to make the hospital's opening possible, according to a September 12, 1935 article in the *Winsted Evening Citizen* by Mrs. Charlotte Alvord, the president of the hospital auxiliary, which organized to help support the hospital as soon as it opened. Before the hospital opened, she wrote, "the stork and grim reaper visited homes in our community; a broken leg or fractured hip was cared for in the home, as only large cities had hospitals which were reached by painful process, either by train or wagon."

The *Winsted Evening Citizen* described opening day. Hospital President Edward H. Welch received visitors along with Judith Phelps, president of the women's auxiliary, from 7-10 p.m. after afternoon festivities. "Nearly every town in the county was represented among the visitors and there were present several prominent physicians and lay visitors from various parts of the state," the article stated. "Cut flowers, palms and potted plants were beautifully arranged in the various wards and rooms."

The article continued, "The hospital is considered by experts to be a model, the finest of its size to be found through New England. On every hand one could hear expressions of wonder and praise of the magnificent structure and its costly furnishings. One lady spoke of it as the 'spotless town' and in truth there was not a speck or spot to be seen … Itself occupying a prominent site under the shelter of the Cobble, the termination of one of the lower mountain ranges extending down from the Berkshires, far famed as the Switzerland of America, the hospital commands a panorama of magnificent scenery. Across the valley on the hill is icebound Highland Lake winding itself out of view among the mountains, which on one side are clothed with leafless forests studded with evergreens of the hemlock,' on the other the granite rocks stand out in bold and rugged outline … There is no data giving to any one person the credit for the inception of the movement for a hospital in this town. It was rather the need for a hospital which impressed the minds of several of the leading citizens that started the first activity in this direction early in the nineties. Among those who early became interested in the matter might be mentioned, Col. W.T. Batcheller, C.J. Camp, the late Judge Fenn, David Strong, Ex-Governor Cooke and the late William F. Hurlbut."

Joseph E. Rood of New Hartford was the first patient and Professor C.E. Dickerson, assistant principal of Mount Hermon School, was the first patient to have a private room. Ward patients paid $7 a week, town cases paid $5, and private rooms went for $15 a week. The new hospital had three private rooms, 14 ward beds, four maternity beds and six children's beds. The entire staff consisted of a matron, assistant matron and three nurses, who took care of 159 patients that first year, according to the *Winsted Evening Citizen* article. The first Hospital Sunday, in which area churches solicited donations for the

hospital, was observed July 18, 1902. Among the contributions received were $150 from St. Joseph's; $87.94 from Second Congregational; and $462.69 from Christ Church in Norfolk, according to *Winsted and the Town of Winchester*.

A look at the various available hospital annual reports and an overview celebrating the hospital's 75th anniversary in the March 24, 1977, *Winsted Evening Citizen* provide a good sense of how the hospital grew and, as the decades passed, the various challenges that began to set the scene for Winsted Memorial Hospital's later troubles. They also provide a mini-history of the development of healthcare.

From the beginning the Auxiliary had been a partner in deed and donation, forming in 1901. Indeed, a closer look at the Auxiliary and its history, showed how much WMH was, from the very beginning, a community effort. The relationship between the auxiliary and the hospital was critical to the hospital's growth and its ability to survive, a point that was re-emphasized in later years as the hospital fought for its very life. Little did they know that they, and the hospital they so cared for, were about to face their biggest challenge yet.

Chapter Two
Early Signs of Trouble

The changes that began to beset smaller hospitals in particular begin to arise in the mid 20th century. The 1948-1949 annual report reveals some interesting statistics about the hospital's growth, and sets the scene for its future challenges.

	# patients treated	Daily Avg	Avg Weekly Cost per patient
1913-14	569	31	$12.67
23-24	1120	38	$31.43
33-34	1008	33.7	$39.99
36-37	1147	37.5	$37.27
41-42	1608	50.2	$39.00
44-45	1786	53.2	$62.82
45-46	1962	57.5	$62.15
46-47	2220	57.5	$83.30
47-48	1991	52.6	111.30
48-49	2076	55	100.30

In the 1948-49 annual report, Administrator William Sisson noted that the main building was occupied 84.1 percent of the time, while the maternity cottage was only occupied 37.5 percent of the time. Room rate increases helped increase the hospital's operating income but operating expenses increased about $12,000. Sisson reported that the deficit dropped from $79,119 to $65,400. Outside income from endowments, state and municipal appropriations and donations increased by $1,000 and were used to offset the operating loss so the year's loss amounted to $1,127.21, compared to $15,961.98 the previous year. "The hospital is still in a serious financial position and it will be essential that all expenses be carefully watched and that patients' accounts be paid promptly," Sisson wrote. "Many hospitals have been forced to ask that patients pay a week's board and room

charges in advance and it is entirely possible that this hospital may be obliged to do this."

The beginnings of a more cohesive statewide hospital network was first noted in this annual report, where Sisson wrote that the Connecticut Hospital Association was reorganized and the fulltime executive secretary was working hard to create a uniform accounting system for all Connecticut hospitals. Sisson noted that the Winsted hospital staff had begun to gather more complete statistics in order to be better able to show exact daily costs per patient. (Prior to this, costs were by week rather than by day.) This action was necessary because of the developing trend among insurance companies and state departments for old age assistance to reimburse hospitals based on the actual per diem cost per patient. "They all insisted that these costs be determined on the same basis in all hospitals," Sisson wrote. Of particular import was the passage in the General Assembly of legislation empowering a new "Committee on State Payments" to assess the cost reports, and determine State welfare reimbursements based on those reports. This committee was later (in 1973) incorporated into legislation creating the Commission on Hospitals and Health Care (CHHC); the provisions in the "Committee" legislation allowing "equitable relief" to "Committee" decisions later played an important role in allowing aggrieved hospitals such relief in appealing decisions of the "Commission." It was, from the regulators' view, a "poison pill" (they wanted no judicial relief, at least none which would be based on equity), absorbed in the new CHHC legislation. (A prime mover in the 1948 legislation was Yale, through its influence on the Connecticut Hospital Association, anticipating a stepped up "cost basis" for reimbursement for the combination of the Grace and New Haven hospitals in New Haven. The Grace-New Haven officially combined in 1945, absorbing the New Haven Dispensary in 1951,

opening a new facility in 1953, and in 1965 becoming Yale-New Haven Hospital.)

Sisson's 1948-49 report revealed how this trend would hurt Winsted and other hospitals going forward. He noted that in the last year, 106 state case patients stayed in the hospital, staying a total of 1,588 patient days. The state paid $5 per day, or $7,940 total. If the state had paid the hospital its patient day cost of approximately $14.40 per day, however, it would have received $22,867.20. "It can be readily seen how this amount would affect the financial status of the hospital," he wrote. Toward achieving this goal, Sisson noted that the Connecticut Hospital Association was "most instrumental" in the formation and passage by the legislature of a new hospital bill that increased the payments for state case patients to $10 daily, with the plan being that in two years the state would pay the actual per diem cost. Sisson noted that Blue Cross was also working on a cost basis reimbursement to hospitals plan and that the Compensation Insurance Companies would likely consider it.

The hint of impending problems was clear in Sisson's analysis in the 1950-1951 annual report. The good news was that with continuing advancements in medical care, the number of days a patient stayed in the hospital was dropping. The bad news was the obvious: It meant less money for the hospital even as healthcare costs were increasing. According to Sisson's report, the length of the average stay dropped to 8.03 days this year. His concern was clear: "Much is being said these days about the high cost of hospitalization but when the trend noted above is seriously considered as against a confining case of twenty years ago and the number of days consumed in recovery, the actual cost of hospitalization remains at about the same figure. Twenty years ago the average hospital bill was about $150. Today the average bill is about $150. Then hospitals costs were $5 per day and the average stay was

30 days. Today daily cost is $16.34 but the average stay is only 8 days. The significant result is that the cost to this patient has not increased to the same extent as the cost of hospital care which has jumped tremendously." It doesn't take a doctorate in economics to see that mathematical formula won't work.

The 1951-1952 annual report heralded the hospital's half-century mark. Sisson noted that the Winsted hospital changed its fiscal year to match other Connecticut hospitals, making the fiscal year end September 30 rather than June 30. He also noted the continuing trend toward shorter stays. While the number of patients increased to 2.415, the number of patient days only increased by 328 for a total of 19,484.

To stay competitive, the hospital needed to expand its service. The 1953-54 annual report noted that the board of directors had voted in March to begin a financial drive for a new hospital. The kick-off dinner was held in May, with the closing dinner held on August 19. The goal was $600,000; they raised $735,823.48. Groundbreaking for the new building took place August 16, 1955. Three days later, the great Winsted flood devastated the town. When the flood first hit, the hospital had no lights, water, cooking gas or working telephones. By afternoon, though, tanks of gas had been connected to the kitchens and electric power was restored. Drinking water came from artesian wells up on Spencer Hill after volunteers temporarily connected the hospital to wells that had been dug originally but never used. By Sunday afternoon, one telephone line was working.

The new hospital building opened during the 1957-58 fiscal year, according to the annual report. The hospital now had 85 beds and 14 bassinets. The former hospital became the administrative building, while the former nurses' home was made into doctors' offices. The new hospital cost $1.3 million.

The hospital's annual reports become sparse at this point; indeed the records from 1959-1964 are lost forever, according to the *Winsted Evening Citizen* 75th anniversary overview. That same article notes some highlights in the years following, however, that illustrate the hospital's continued growth and importance in the community. Over 1,800 patients were admitted to the hospital in 1966-67. Of those, 246 were babies, 2,016 were emergency room cases, and 5,114 were for x-rays. The pharmacy department opened in 1967-68 with a fulltime, registered pharmacist; five new doctors joined the attending staff, including a pediatrician. The hospital added a department of anesthesiology as well as a nurse anesthetist. The Winsted Area Ambulance Association sponsored a 50-hour course on initial emergency care and transportation that was attended by firemen, policemen and nurses from northwest Connecticut and Massachusetts.

In 1968-69 WMH began sharing laundry costs with Charlotte Hungerford Hospital in Torrington. Total patient use rose to 2,319 patients and 3,536 in the emergency room. The five-bed coronary intensive care unit opened in August 1971, the same year the hospital added a medical library and librarian. WMH also allied with the University of Connecticut School of Medicine through a regional medical program that, at that time, affiliated every hospital with a larger medical center, and the board of directors voted to expand radiology and out-patient services

In 1971-72, the hospital served 3,363 patients and performed 113,843 lab exams. The emergency room served 5,044 cases. The following year the hospital added a fulltime emergency room doctor and opened a family planning clinic. On May 14, 1977 a new hospital wing was dedicated for the new emergency room.

But the 1970s were as important for what was happening outside the hospital as for what was

happening in it. In 1973 the General Assembly passed a statute that created the Commission on Hospitals and Healthcare (now known as the Office of Healthcare Access or OHCA). The commission's chief proponent was Bloomfield dentist and state representative Dr. W.H. Morris Cohen, who chaired the Public Health and Safety Committee. Dr. Fred Hyde was working for the Committee while at Yale Medical School (he graduated in 1972) and worked for the Connecticut Hospital Association when the legislation was adopted in 1973, while putting himself through Yale Law School (he graduated in 1975). Cohen's view, according to Dr. Hyde, was "that hospital doctors should be employees rather than billing the patients or insurers as consultants." Cohen also believed in price regulation. "He had a picture in his mind's eye of what happened in a hospital," Hyde said in a recent interview, "and that picture drove his solution."

Cohen found a champion in John Doyle, who, at the time, was Governor Meskill's legislative director. Coincidentally, Doyle served as president of the Winsted Health Center Foundation board from 2007 to 2010. In a 2009 interview, he elaborated on Cohen's ideas that "healthcare costs were too high and what was driving it was institutional ego." Doyle wrote the legislation that passed in 1973. The legislation went beyond simply requiring hospitals to get certificates of need to issues of budget and rate control. "The first year," said Doyle, who was the commission's first executive director, "we held the rate of increase to single digits." According to Doyle, the commission empowered hospital boards of directors so that, for the first time, they could question hospital managements. "They had been accepting of what management said," he said, "but now boards could be more vocal."

Hyde sees the commission's creation as the first step towards the consolidation of hospitals; implicit in the

creation of a central regulatory structure was a move toward centralization in larger hospitals at the expense of smaller, rural hospitals. "It is the central factor in the modern history of Winsted hospital," he said, "because it set up the potential for conflict between individual hospitals and those who would regulate and second guess what was going on in Hartford. The second guessers were distant from the communities and only had derivative information. In addition, centralization created the opportunity for influence peddling with government, with the larger institutions enjoying a direct advantage, as well as their influence (paying the bulk of dues, the income of Connecticut Hospital Association) through the trade association."

Today, Hyde suggests that "centralization" began the death knell for smaller hospitals, which were supposed to turn into feeder hospitals for the larger hospitals that would function as the go-to centers for the most difficult and advanced medical procedures. Smaller hospital administrators resisted, of course, recognizing their hospitals' vital role in their communities and realizing that when it comes to healthcare, the difference between life and death can literally come down to seconds.

Doyle defers to Hyde on this analysis because he lived out of state for most of the 1980s when further consolidation occurred. But while this centralization might have been the result, Doyle insists it was not the intent. "The intent of creating [the commission] was not to put smaller hospitals out of business," he said in a 2009 interview. "The intent was really the bigger guys and their unnecessary duplicative equipment." His original draft legislation allowed the commission to decertify hospitals if they had too many beds or scanners, for instance, although that language did not make it into the final bill. Doyle also noted that the essence and power of the commission was

stripped away in the 1990s when its name was changed to the Office of Healthcare Access (OHCA).

But before that happened, Hyde explained, the state agency wreaked havoc on the smaller hospitals in particular. F. Bernard Forand, the executive director after Doyle, had a theory that hospitals, having recovered all their fixed costs, should only be able to recover variable costs when volume increased, according to Hyde. By centralizing services, volume at the smaller hospital would decrease, and increase only incrementally (the "variable cost") at the surviving, larger institutions.

Chapter Three
Fatal Mistake

The WMH board compounded the woes coming from outside regulation with another, ultimately fatal, decision: The directors voted to eliminate obstetrics in 1977. It was a choice that seemed especially odd given the community's vocal questioning of this decision. According to the 1990 report to the board of selectmen by its Winsted Memorial Hospital Advisory Committee — a committee of 27 community leaders appointed by the selectmen to research what was going on at the hospital and recommend courses of action — the hospital board completely ignored the community's wishes and research, including a financial report by a local certified public accountant that showed the hospital's future would be jeopardized by closing down maternity services. "The political and economic forces that lead to the closing of the Maternity Ward were largely hidden from the community," the report stated, "so facts and relationships affecting a major change in hospital services could not be publicly analyzed, evaluated and properly debated and decided."

Giving up obstetrics, Hyde says today, was a way for WMH to satisfy the commission's interest in centralization, thereby enabling the hospital to have its budget (being held hostage during the obstetrics negotiations) approved, but it was also the beginning of the end. "As a hospital, you're on the way to becoming a chronic care facility for Medicare patients, you're on your way to losing your shirt (if you eliminate obstetrics)," said Hyde, who had been a consultant to smaller hospitals in financial trouble, notably Windham Hospital, which he is credited with saving from financial ruin as chief executive from 1987 to 1994. "Women make about 80 percent of the healthcare decisions. When you give up obstetrics, you

essentially tell women 'We're not interested in your services here and by the way your kids can go elsewhere, too, because pediatricians leave when obstetricians leave. You also give up young adult services, such as elective surgery, which is the single most profitable service. If a woman doesn't think of you when a child breaks his arm in a tree, you're cooked. You've given up roughly 75 percent of your market."

When Rose Nader first heard of the intentions about obstetrics, she asked Vince Prota, Connecticut Hospital Association's vice president for planning, if this loss meant the hospital was on its way to closing. "She told me Mr. Prota told her there was no problem," Hyde said in 2009, "but that was the beginning of the end." Claire Nader remembers vividly her mother's comments at the time. "She wasn't persuaded," Nader said in a recent interview. "She understood that when you start with your children, you stay. It was evident to many people like my mother, but the board didn't listen to the people's protest, it knuckled under to the powers that be. They were more impressed with the politicians in Hartford."

The choice by the WMH board was in direct contrast to the response by another local rural hospital, New Milford Hospital, a hospital notably still in existence at the time of this writing. That hospital, Hyde said, was less successful than WMH at the time. "Winsted was the place that had the Ivy League physicians in the'40s, '50s and '60s," he said. "If you wanted to be a swamp Yankee and go someplace where there were great colleagues, this was the place to go." When the state commission wanted to end obstetrics in New Milford, the hospital's executive director fought it. Hundreds and hundreds of angry people showed up at the public hearing in New Milford, which Hyde attended in his position with the Connecticut Hospital Association. "They turned out to protest," Hyde recalled. "[They told the commission,] 'You're not going to

tell us in Hartford what to do in New Milford,' and they won. They won because Hartford didn't want to fight, at least it did not want to defend service closing decisions in public. In contrast, Winsted's board was led at the time by a politician, John Groppo; my observation is that the core value of politicians is compromise."

New Milford still has obstetrics and the hospital is now partnered with Columbia Medical Center in New York City. "Fighting back was an option open to hospital leadership in 1977," Hyde said. "It did not follow the course New Milford did. The analogy is as close as you could come to a controlled experiment — a negotiation behind closed doors versus a public fight. Since 2000, I have been (involved) in two dozen hospitals and I have never seen one in poor shape that didn't make this bad decision to give up obstetrics."

Hartford attorney and former WMH board president Herbert Isaacson sees the elimination of obstetrics more matter-of-factly. A Winsted native, Attorney Isaacson had a long family history of involvement with the hospital. His father, Joseph, who owned Isaacson's Department Store in Winsted, had been on the board for many years, and had served as chairman as well. In a 2009 interview, Isaacson, who served on the board for most of the 1980s and was president at the time of the hospital's demise, agreed that "in an ideal world, you'd love to have an obstetrics department because in many cases it's the first contact people have with a hospital." While he was not on the board when the decision was made, he noted it was a numbers game. "The state was not interested in us having it either. The state had an interest in hospitals not being super expensive," he said. "You don't talk about rationing, but there has to be somebody who has to say it's too expensive if we put it here. It can be done better and cheaper if we put it there. By the time I got there in the 1980s, it was more of a

historical event. There was always ongoing discussion about why and how, but there was never a serious effort to restore it. It was one of the things you lived with."

But 20 years after WMH maternity unit closed in 1977, award-winning *Hartford Courant* reporter and Winsted native, Joe O'Brien questioned the wisdom of that momentous decision in an article for the *Winsted Journal* entitled, "Did Decision to Close Maternity Unit Help Start Hospital's Decline". He pointedly reported that after renovating its maternity unit in 1996, Fairview Hospital in Great Barrington, Massachusetts, just 45 minutes away from Winsted, proudly advertised its "Family Birthplace". The Fairview Hospital spokesperson said they "place a high priority on having babies" in their community hospital.

Not surprisingly to Hyde, it wasn't long after this bad decision to end maternity that the WMH board, desperate to stem the tide of rising costs and shorter hospital stays, began to look for ways to save money. The need for cost savings was clear. Annual reports from the early 1980s noted the ominous Medicare development in which a new payment system being phased in over three years would mean the federal government would further ratchet down the reimbursement formula for hospitals. At the same time, only slightly more than 60 beds were used on average at WMH. By the 1987 annual report, the trends that started in the 1940s were impacting WMH full bore. Increasing numbers of procedures were handled in ambulatory or outpatient facilities, continuing the decrease in hospital admissions that had hospital administrators on the record in as early as the 1960s crying foul. (WMH's Arthur Jarvis blamed this trend for the hospital's $80,000 operating loss in 1963.) Those who were admitted were, on the whole, sicker and therefore more expensive to treat. At the same

time, a shortage of skilled health care manpower pushed wages higher as WMH managers tried to lure employees to Winsted. By 1989, WMH was losing more than $300,000 a month and something decisive needed to be done and be done quickly.

Rather than think creatively about ways to expand or perhaps develop niches that would make the hospital indispensable, however, the board instead continued to relinquish power through consolidation and collaboration, a trend it started when it eliminated obstetrics. Consolidating efforts with its closest hospital neighbor, Charlotte Hungerford (CHH) in Torrington, seemed at first blush to make some sense. After all, as a hospital far from a large city hospital, Charlotte Hungerford faced some of the same stressors as Winsted Memorial, and the proximity made collaborating easier than looking further afield.

The two began discussions in the early 1980s. The 1984 WMH annual report noted that the board was working on a joint hospital planning study with Charlotte Hungerford. By 1986 the two hospitals had formed a holding company called the Northwest Connecticut Health Care System to operate WMH and CHH. Winsted was too small to operate on its own, hospital leaders told the public, once again, as with obstetrics, not really inviting public debate or input or providing informed analysis. Instead, the announcement was a *fait accompli* rather than a call for creative conversation about potential solutions. The hospital that was begun in large part because of one young woman and concerned citizens had finally morphed into an institution that no longer thought the community it served was worthy of involvement.

Critics felt the board ignored any outside suggestions that the two hospitals could work together to create efficiencies and, therefore, savings, while maintaining their independence. The directors created the holding company despite the call by some WMH hospital

corporators, who had been surprised by this announcement, and grave reservations by hospital physicians and staff. Instead in January 1986, the WMH board joined with the CHH board to create the holding company, an organizational structure that gave 60 percent of the holding company's board of director positions to CHH and only 40 percent to WMH.

In 1988, the holding company board appointed Dennis Moriarty chief executive officer. By 1989 his vision had become increasingly — disturbingly — clear: either close WMH and merge into CHH's Torrington facility or build an entirely new facility somewhere between the two towns. The community was not happy, and the Winsted Board of Selectmen asked for a meeting with hospital leadership and created a Citizen Advisory Committee to examine the situation from the town's perspective. Moriarty made public presentations and made a presentation in December 1990 to the Committee. He referred to several consultants' reports apparently supporting his plan that, despite repeated requests, were never released to the public or to the selectmen's Citizen Advisory Committee, making it impossible for the committee to verify his claims.

As the Advisory Committee continued its work, rifts grew between those members of the holding company board who merely wanted to coordinate functions for cost savings and those who maintained a complete merger was the only option. Still, Moriarty forged ahead, signing an agreement on February 28, 1990, with the state's Commission of Hospitals and Health Care to transfer the ability to dissolve the holding company from the board to the state commission. With one pen stroke, Moriarty moved the power to affect local control of healthcare one step further away from the very community being served.

Shortly thereafter, Paul Graff, WMH's president for nearly the last decade, transferred to CHH to become its

president; Michael Baxa, CHH vice president, became the new WMH president. Within weeks of the February agreement with the state commission, Graff had been fired, and Moriarty and John Boothe, chair of the holding company board, had resigned.

Isaacson wasn't entirely surprised it fell apart. "Charlotte Hungerford was bigger," he said in 2009. "We were contemplating Burrville general, a single hospital. They had a lot more to lose than we did. They had just done substantial renovations. At that point, Charlotte walked. They said, 'we can't live with this."

While many in the community were happy to see the holding company unravel, so much damage had been done that it was difficult to do much rejoicing. Hospital-community relations were at an all-time low, the financial toll to WMH during this ill-fated holding company was huge, — the hospital devoted $1 million a year to this ill-conceived endeavor — the holding company was still legally intact and the state commission was in legal control of the hospital's future.

The Advisory Committee continued its work, creating three subcommittees - one aimed at better informing the community about the hospital, one to assist in physician recruitment, and one focused on information gathering and research. (The committee was comprised of Carmen Bazzano, Laura Carter, Deborah Church, Joseph Isaacson, William Kennedy, Lee Ann LaClaire, Robert Green, Jennifer Gouthier, Claire Nader, William Riiska, Leslie Tury, and Dina Waker.) Realizing that a community that knew more about its hospital would be more likely to use it — a vital requirement for WMH to remain financially viable — the publicity subcommittee created a brochure about the hospital and its staff with the help of Dr. Nason Hamlin and organized a successful hospital open house and tour in 1990 that over 400 attended, as well

as a physicians' directory, speakers bureau and log of news clippings about the hospital.

Recruitment to WMH under the holding company had been woefully inadequate. In one instance, a candidate for the emergency room, a position WMH badly needed filled, was not even told about the opening. After the recruitment committee was formed, however, the candidate returned for an interview and seriously considered the job before ultimately going elsewhere.

The information and research subcommittee gathered information to buttress the hospital as a community asset and to clarify events about the holding company and its effect on the hospital, now and in the future. It also looked at other small hospitals to see how they were handling the changing healthcare landscape. Hyde was invited to speak in early March 1990, and he outlined the pressures facing hospitals in general and small hospitals in particular, the regulatory climate in Connecticut, the role of the community in maintaining a healthy hospital as well as possible routes to finance capital improvements. He gave examples of group buying and sharing specialists in medicine with larger hospitals as some of the many options.

In its report to the selectmen, the Advisory Committee also analyzed the financial health of the hospital. WMH had an operating loss of $445,000 in the fiscal year ending September 30, 1989. Compounding the many financial challenges facing rural hospitals everywhere was this: a charge of $125,000 for WMH's 25 percent share of holding company's operating expenses.

Losses soared to a record $568,000 in the first six months of fiscal year 1990. Still, thanks to non-operating revenues and income from investments, rate increases, and an early retirement package and reorganization that included some layoffs, hospital management was hopeful 1990 would end with the hospital in a break-even situation.

To remain financially viable, however, the committee report noted that the hospital had to address mounting deferred maintenance issues, develop additional sources of revenue and increase the number of community users.

To that end, the hospital management created a five-year plan to replace, renovate or modernize much of the hospital's plant and facilities, and to increase revenues by adding at least nine new types of services, products and satellite facilities. The report, prepared for medical staff member Dr. George Rubin in August, 1990, was not for the faint of heart.

The 10-page report noted the need to renovate multiple problems in the 1957 building, from leaky roofs to an inadequate water filtration system to boilers that were so antiquated they needed to be fired up in the summer just to provide basic hot water for the hospital. The phone system between the three buildings failed frequently. The 1902 building, meanwhile, needed an estimated $504,000 in renovations. And that wasn't counting the major clinical projects needed to keep the hospital competitive: a more private intensive care unit so that the most seriously ill patients weren't all in one room, more private rooms, remodeled physical therapy facilities — the list went on. The report also noted expected improvements to stay competitive: new anesthesia machines, better radiology and diagnostic imaging, updated operating rooms. All told the report stated the need to raise $8.26 million. Of that they expected the community to donate $2.5 million.

The challenges were large and yet the Advisory Committee basically recommended going for it. "These conditions will not be served up on a silver platter. They will require a sustained effort on everybody's part. Our work is cut out for us as a community." The report, provided to the Winsted Board of Selectmen in October

1990 summed up the needs and problems facing WMH this way: a lack of credibility of and confidence in past leadership of the hospital; a need to attract higher percent of community users and enlist greater community awareness, participation and support; a need to sustain appropriate levels of physician and staff strength; a need to provide additional revenue source by initiating new services and uses of the facility; and a need to raise substantial new money to fund large deferred maintenance and renovation costs for modernization of equipment and facilities. (See www.communitylawyer.org for the Citizen Advisory Committee Report and its specific recommendations.)

The Advisory Committee's conclusion that WMH should be saved, that it was an asset of priceless proportions in the town, indeed the region, was clear in its report summary. "The value of the small hospital serving small towns cannot be overstated," the report noted. It provided ongoing healthcare and was a catalyst for volunteering and community involvement and focus. "Proximity is also an attractive feature to manufacturing and other industrial concerns where occupational injuries requiring emergency care can happen." A full service hospital could, the committee noted, respond to 85 percent of the community's health needs.

For the coming years and into the 21st century the committee envisioned Winsted Memorial Hospital this way:

• a full service, acute care community hospital including surgical services, intensive care, pharmacy, lab, diagnostic equipment, emergency room, organized outpatient department and walk-in center, birthing room and obstetrics, pediatric unit, geriatric care,

• a hospital capable of responding to difficult planning and organizational challenges through intelligent, integrated long and short-range planning,

• a hospital capable of translating approved plans into creative action,

• a hospital operated by a board of directors, physicians and area health personnel, and people in the communities all committed and organized into a strong alliance to ensure:

- the healthy operation/evolution of the hospital,
- monitoring capability to anticipate problems, recommend solutions and assess performance,
- the creation of initiatives and innovations for treatment of illness, prevention of illness and maintenance of well-being,
- relevant collaborations that would strengthen the hospital's performance without compromising its independence.

Unfortunately, the hospital board and administration nor the board of selectmen did much with this report. While, in 1990, Baxa came on board publicly sending a message of optimism about the hospital's future and did, indeed, make some progress toward that end, he had to resign not long into his tenure as a result of a personnel issue. His leave-taking set the scene for the ultimately ill-fated partnership with Sharon Hospital.

In the fall of 1994, the WMH board of directors took a step that set the path for the hospital's ultimate demise: They signed a management agreement with Sharon Hospital. Harming Winsted Memorial wasn't their intent, of course. They thought that in an era in which larger hospitals were increasingly getting the competitive edge, joining forces with a similar hospital — Sharon was on the small side with 78 beds and rural — would provide them with a stronger voice at the state agency and allow for certain operating efficiencies. What looked good on paper, however, ultimately proved untenable in real life.

Under the agreement, WMH would pay Sharon $250,000 annually to oversee hospital operations. James Sok, chief executive officer at Sharon, and Daniel Dombal, chief financial officer at Sharon, would run both hospitals. The theory was that there would be efficiencies through pooling their combined buying power, reduced costs of having only one management, and potential for developing medical niches that gave each hospital more collective bargaining power with the state. The hospitals would remain separate but equal except in those places where collaboration made financial sense. At least that was the theory.

Herbert Isaacson was president of the board at the time. In a 2009 interview, Isaacson talked of the decision to go with Sharon after Baxa left. "We needed somebody for various reasons," he said, noting that going with Charlotte Hungerford clearly was no longer an option given the bad blood between the two entities. "I think it just kind of came to be, particularly since Mike [Baxa] left on comparatively short notice."

Sharon's proximity to New York State created some issues from the beginning, according to Isaacson. "They play in a very different ball park," Isaacson said. "They have New York patients and New York regulations. I think the next hospital going west is Poughkeepsie. They have an overlapping area in New York that's significant." In other words, while Sharon was based in Connecticut, its focus, indeed an important part of its future financial success, was going to come from luring more New York residents, not Connecticut. Aligning, then, with a hospital to the north might not have ever been a question of gaining a medical hold in Connecticut; instead what Sharon hoped to gain was referrals from Winsted's obstetricians and gynecologists, who, Sharon management hoped would send their patients to Sharon rather than Charlotte

Hungerford. Indeed, part of the management agreement included a lucrative referral service to Sharon.

At first glance, the alliance made a difference. Sok did some restructuring and downsizing, and where WMH had a 1994 loss of $2.365 million, it had a $46,000 surplus in 1995.

However, hints that all was not perhaps as well as the WMH leadership would like the public to believe began in May 1995, when WMH Marketing Director Cecile Volpe announced the kick off of the first-ever community needs assessment project. Sok and others in the administration couched the assessment as just part of smart planning for the future. "We cannot operate in a vacuum using models which are no longer applicable in today's rapidly changing health care environment," he said in the release about the project. The mission of the project was, at least on the face of it, to "establish a partnership with community residents and organizations in order to identify and prioritize community healthcare needs, improve the quality of life and enhance the overall wellness of our communities." Members included people from groups such as Foothills Visiting Nurse Association, Gilbert School and Winsted Savings Bank, as well as community leaders such as the police chief and the community lawyer.

The intent was to hold educational forums in June and July at the hospital. Focus groups comprised of a senior citizen, parent, teen, owner or manager of business, employees of emergency/social services and employees of school were formed. The community could put in its two cents on Community Discussion Day September 30, 1995.

Community Lawyer Charlene LaVoie and Claire Nader's antennae went up immediately. As soon as Sok described the hospital of the future as a "'portal' to a comprehensive healthcare system and not just an acute care facility," as he did in a press release, they began to

worry what a portal might mean. "I said, 'We already have a portal; it's the doors to the hospital,'" Claire Nader recalls responding to that comment in 2010.

LaVoie quickly organized an informational canvassing of the town to better inform residents of the hospital's status and to make sure they realized how important it was to both answer the survey sent out by hospital administration and to attend the discussion day in September. She and others also attempted to get specific information from the hospital in order to better prepare for the community day — information such as 1994 and 1995 financial statements, admissions by town, average length of stay and number of emergency room visits, for instance — but the hospital staff stonewalled and refused to provide it.

The results of the summer survey were not surprising. People valued their hospital and wanted it to be around; at the same time many of them recognized that insurance companies were calling too many of the shots — pushing patients toward other hospitals for certain procedures, for instance — and that not enough people were using the hospital. The groups suggested adding everything from alcohol-rehab programs to same-day surgery and teen pregnancy hot lines, among other items.

The Community Discussion Day was well-attended, and although Sok and his staff painted the entire scenario in the rosiest of terms, the real intent of this process became apparent. "There was an undertone even on the day of the event," LaVoie recalled in 2010.

More than a decade later, then-hospital board president Isaacson admits that the community activists were right to be skeptical. "The idea of that day was to convince the community how good we were. You weren't likely in that to say we're going to close next month," Isaacson said in 2009. "There was also a certain amount of

hearing what you wanted to hear." The suggestions for how to improve the hospital, he said, were mostly unrealistic. "The problem is it came back with all you want but no way on how to implement. People can disagree with what the board chose to implement, but (the public) had an unrealistic view of what you could actually do."

Perhaps, but then Jessica Fowler, a hospital facilitator at the event, said something revealing. Responding to LaVoie's prodding questions about the real reason for the community discussion survey, Fowler indicated that it was inevitable that the hospital would close, the facility would become an old age home or assisted living facility and the community would just have to accept it.

"Fowler confirmed the community's worst fears", LaVoie noted. "We started to talk to other people in the community, and then in April 1996 events began to unravel rapidly."

Chapter Four
The Fight Begins

The beginning of the end for Winsted Memorial Hospital began in mid-April 1996 when President James Sok invited Claire Nader to his office at the hospital. Accompanied by Community Lawyer LaVoie, she went to the meeting not expecting anything too surprising. After all, the reports in February 1996 had noted the hospital was narrowly in the black.

The point of the meeting, which included chief financial officer Daniel Dombal, became shockingly clear moments after they arrived. Sok announced he was planning to close the hospital and open a facility "somewhere" on Route 44. He said he had already talked to the doctors and they were in favor of the plan; he would rely on investors to fund the plan. "He finished and said, 'What do you think?'" Nader recalled in a 2009 interview. "I said I wanted to summarize. 'You're telling me there's nothing medical that's going to happen on this hill.' He said, 'Yes and I want you on my side when I go to the community.' I said, 'I don't know about your side, but I can promise you a robust public discussion.'"

On April 23, 1996, at 7:30 a.m., WMH Chief Executive Officer, James Sok unveiled the "vision" plan to the Board of Directors for the first time. This plan, which would radically depart from the purpose and mission of WMH and close a 100 year-old institution, was presented, discussed briefly and according to the minutes, Laurence Smith made the motion to approve the "Winchester Healthcare System Vision". The motion was seconded by John Lavieri and approved unanimously.

Immediately thereafter, and six months before it was necessary, the Board unanimously voted to extend the management contract with Sharon Hospital another three years commencing October 1, 1996.

This announcement was precipitous and shocking. In February 1996, the hospital publicly declared that the hospital was in "good shape" and Board Chairman Herbert Isaacson said that the Board was "very pleased with results to date and sees no need to change our independent standing - and, I think the positive financial results affirm that opinion." (Register/Citizen, February 14, 1996)

The "vision" plan included a for-profit ambulatory surgery center to be located on some site other than the current hospital property. No feasibility or marketing study was conducted or presented to the Board of Directors which would have revealed that this idea was dead on arrival. Several other entities, including Hartford Hospital, and Grove Hill Clinic, a New Britain physicians group, were planning such centers for the Avon, Farmington Valley area.

The initial "vision" did not include provision for emergency care. After explosive public opposition, the Board of Directors, in an attempt to win the support of the community, included a lame plan for a satellite emergency facility. Without the backup of a complete hospital - anesthesia, quality assurance and infection control, surgeons on call, all of the services which constitute a complete hospital - this would just amount to a fancy doctor's office, a doc-in-the-box, serving daytime needs of people without private physicians. Such a plan is not medically sound. The community did not fall for it either.

Sok moved ahead anyway, with so-called Vision Plan. The plan was couched as a way to save the hospital, which Sok said was hemorrhaging money. The plan, as outlined in the press packet Sok distributed at a press conference a few days later, was to create a "comprehensive, integrated health care delivery system" that included ambulatory/same day services, urgent

care/walk-in services, various primary care and specialty services, a residential care center, and a health education and wellness center. "In pursuit of this new vision for Winsted Memorial Hospital, we will maintain our commitment to providing quality, accessible and cost effective health care services to the residents of the Winsted area," he said in the press release announcing the creation of the proposed Winchester Health Care System.

"It's an exciting vision of how we will deal with health care and what our role will be going forward for the next couple of years and certainly into the 21st century," board president Isaacson said in a *Register Citizen* article by June Peterson the following day. "The hospital will not be closing. Whether it will be changing the way it provides services, that I think is a fair statement." However, this contradicted the 'Vision Plan' that specifically called for the closing of in-patient services.

Aware that the announcement of change at the hospital would concern the 30,000 residents served by the facility and attempting to be proactive about the likely fight coming from the community, Sok tried to reassure the public. "We're positioning the facility to be around for a long time to provide health care for the community," Sok said in the *Register Citizen* article, noting that changes in health care and its impact on hospitals in general and smaller hospitals such as Winsted Memorial in particular dictated this kind of drastic change.

To some extent, Sok wasn't exaggerating. The changes that began earlier in the 20th century — trends echoed in Winsted Memorial's decreasing daily patient census and rising costs — had only gone into overdrive in the last decade or so. Procedures that once required several days' stay in a hospital now required a stay of just a day or two, or might even be done as an outpatient, for instance. At the same time, managed care companies increasingly dictated where people could go to have certain procedures,

a move that often left smaller more rural hospitals out of the loop. Why have a high-tech specialty imaging machine that's used a few times a year in smaller hospitals when people could travel to larger, urban hospitals the few times a particular procedure was needed?

Barbara Peters, critical care nurse at WMH for 23 years, lived this trend firsthand and spoke to reporter Susan Pearsall about it in a June 23 *New York Times* article. "Cataract surgery, years ago, used to be a three- to four-day stay with sandbags on your head not to move," she said. "Now you come in at 6 in the morning and leave at 2 in the afternoon. Gall bladder surgery was a three-or four-day stay minimum. This is same-day surgery now. We have come so far with our antibiotics for pneumonias; pneumonias aren't even admitted any longer."

Indeed, Winsted Memorial's patient statistics reflected the reality of these changes. By the time of the board's vote, the hospital had a loss of a little over $1 million due in part to a lower than expected daily patient census, according to a May 4 article in the *Litchfield County Times*. Sok had budgeted for a 14.3 average inpatient count. In reality the hospital was averaging 11.4 patients daily. In 1995, the average was 17.9, more than 50 percent higher than the current one.

Mergers, creating mega-insurance companies with the obvious increased ability to control medical care, only exacerbated the issue. Concurrent to the Winsted Memorial Hospital announcement, for example, was the proposed merger between US Healthcare and Aetna Life & Casualty — this after posting a 116 percent profit. (Although opposed by many, the merger eventually was approved.) The larger the company, the more it could control health care decisions and manage doctors.

A letter in the April, 26, 1996, issue of the *Litchfield County Times* from St. Mary's Hospital emergency room physician Steve Holland further illustrated the extent to

which insurance companies, rather than medical personnel, were determining health care. He outlined legislation sponsored by the Connecticut College of Emergency Physicians to maintain access to emergency health care. He noted how health insurance plans increasingly denied patient visits based on the final diagnosis, rather than the presenting complaint. "For example, if someone with chest pain feels that they may be having a heart attack and goes to the emergency department only to be diagnosed as 'indigestion,'" he wrote, "payment of that visit might be denied." The emergency room physicians recommended in legislation that "prudent layperson definition of emergency services" become the standard instead. Under that definition, emergency room care would be covered "if there is a reasonable belief by the patient (having no medical expertise) that a condition of sudden onset may be threatening to life or limb."

The legislation also tried to address another managed care Catch 22, in which subscribers were told they needed prior authorization before being treated in the emergency room. By federal law, emergency room personnel must medically screen all patients, this while managed care companies do not uniformly agree to pay for this service. "If an emergency department calls for approval to treat, they may not hear back for a few hours….meanwhile the patient waits," Holland wrote. This prudent layperson definition, he noted, had already been passed in Arkansas, Maryland and Virginia.

Even as hospitals were hit on one front by the insurance industry, they received additional blows from the state in the form of the uncompensated care pool tax. The tax and pool were created to game federal Medicaid reimbursement, and, by raising federal rather than state dollars, enable the State to support more of the care of the indigent. On these terms, it was a success. Hospitals

serving areas with fewer Medicaid and uninsured patients, such as Winsted, supported others. It was a *de facto* wealth transfer from rural, (fewer poor people, numerically and proportionately) to urban hospitals (more poor people), whether or not so intended. But the reality proved to be otherwise. The 17 percent tax, a combination of a 6 percent sales tax and 11 percent gross receipts tax, meant that smaller hospitals in particular paid higher taxes at the very same time that they saw declining patient censuses and vying with large urban hospitals for special procedures. Winsted paid $2.3 million to the uncompensated care pool tax over the last three fiscal years. For the first six months of 1996, it had paid $500,000.

Additionally, the Distressed Hospital Fund, a state fund created — ironically — to alleviate the tax and changing health care landscape, treated these same hospitals unequally. Winsted Memorial Hospital, for instance, only received 24 cents for every dollar it contributed to the state tax, while Charlotte Hungerford received 68 cents and St. Mary's in Waterbury received $1.78. Winsted's was the lowest return on any of the state's 35 hospitals, a figure that was particularly questionable given the number of uninsured patients it typically served. In 1995, for instance, only 5 to 8 percent of the hospital's total patient population was uninsured.

At the time of Sok's vision plan announcement, the state legislature was making gestures toward amending the uncompensated care pool tax. The state Finance Committee proposed a bill that would gradually decrease the gross receipts tax over four years, starting with a drop from 11 percent to 9.25 percent for the fiscal year starting July 1, 1996. From there it eventually would drop to 6.25 percent. The Finance Committee also approved a plan to eliminate the distressed hospital program, which annually provided $25 million to financially-strapped hospitals. But

for Winsted Memorial it would turn out to be a case of too little, too late.

Isaacson and Sok both touted the vision as a model for other small hospitals and communities. Trying to maintain the *status quo*, they said, was not an option. At the corporators' meeting on April, 25, 1996, Sok told a story of doom and gloom. "What we are is a sinking ship," he told them, according to a *Register Citizen* article, "and we're going under financially…As we begin to sink, what we're talking about is shedding the weight that's pulling us under allowing us to float again." But the April financial statement showed a supply purchase of $450,000.00. Sok estimated a $2.1 million loss for fiscal year 1996, about half of which he attributed to the state uncompensated care pool tax. He said the average daily patient census was 11 beds out of the possible 72.

Reassurances and claims that change was necessary to retain any health services in this climate aside, the community was, for the most part, not buying the vision. Concern about the plan and what it might mean was swift and reaction, largely negative. Having gotten the heads-up of Sok's intentions in their preliminary meeting with him, LaVoie quickly sprang into action. About 300 people attended a meeting she organized for Saturday, April 28, just days after the announcement was made. LaVoie criticized the uncompensated care pool tax. "The smaller hospitals, in particular, end up subsidizing the larger city hospitals," she added. "The concept is good but the mechanism has not been working and it has not been fair to hospitals like ours." She decried the insurance plans also pressuring doctors to use certain hospitals. "Let's be clear that the people support this hospital as a fulltime service," she said, "and that's how we want it to remain." It was a call to action echoed repeatedly by others in the meeting. "We need to stand up and be counted," said Fire Chief Joe

Beadle, who was born in the maternity ward that closed 18 years earlier. "We can get together and save the hospital." Echoed Joe Cadrain in a *Litchfield County Times* article, "We all need the hospital. We are willing and capable people, and when willing and capable people work together, there is little they can't accomplish."

In a 2009 interview, Carol Crossman remembered the feelings of that meeting as clearly as if they were yesterday. "It was a shocking announcement that our hospital was going to be shut down totally," she said. "It was one of those life changing experiences. So many things happen and we just let it happen because you think you have no power. I felt inside this was the final straw. I thought that this was too important to let go." Crossman ended up taking a leadership role in the fight to save the hospital, becoming president of Code Blue, the citizen group formed by the community lawyer to oppose the hospital vision plan and propose alternatives. "I had never done anything in a public way like that before. It was a big leap for me to do that especially in a small community where you want to be careful what you're doing because you become known and that can be a mixed blessing," she said of her decision. "I threw all caution to the wind at that point, and I'm glad I did that. It was emotionally draining but very rewarding to do." (Crossman was elected to the board of selectmen in 1997.)

The selectmen quickly approved a resolution demanding that the state return tax money from the uncompensated care pool tax, including payments already made for 1994 and 1995. Meanwhile, LaVoie organized a petition drive. Area residents needed organizing, and she knew how to mobilize them quickly. This first step, the first of many LaVoie helped lead in her capacity as community lawyer, was critical in the fight to save the hospital because it gave people something concrete that they could do. It helped create a mindset that everyone

together *could* make a difference. That they didn't just have to sit back and let their hospital close. Within just a few days, 2,300 signatures had been obtained, thanks in part to clergy in the region making the petitions available at church on April 29 and asking their parishioners to sign it in their announcements and sermons. By the time the petition drive was over, 12 days later, 12,000 signatures had been collected. That impressive number represented 1,000 signatures a day and over 1/3 of the people in the hospital's 9-town service area (Winsted had 6,000 registered voters.)

The petition asked the state to increase the amount of money the hospital could receive from the distressed hospital program and to eliminate retroactively the uncompensated care pool tax assessments Winsted Memorial owed. It also asked that the burden of uncompensated care be lifted from smaller hospitals in general. "The whole town has come together to deal with an important issue," said Mayor John Arcelaschi in an April 30 *Register Citizen* article by June Peterson. "We've never really been faced with the possibility of the loss of something as great."

At the meeting, LaVoie urged citizens to contact members of the hospital board of directors and demand that they rescind their vote and not file decertification papers with the state. (Filing that paperwork with the state Office of Health Care Access was a prerequisite to ending inpatient care.) "It's premature," she said in the *Register Citizen* article. "We've been told by hospital administrators this is a wakeup call. If it's a wakeup call, there has to be an opportunity to wake up."

Hyde, who had approached the hospital six years earlier as a volunteer analyst to review a proposed merger between WMH and Charlotte Hungerford and who had already met with Sok, other key hospital officials and citizens after the announcement, spoke after LaVoie.

"There is no magic solution," said Hyde, who recently had led Windham Memorial Hospital out of financial distress. "If you want a hospital in Winsted, not only do you deserve it, but it's feasible and achievable. Winsted is a viable institution if everyone will put a little bit in the center and not take something out."

Claire Nader spoke to the wider community implications of potentially losing the hospital. "We're not just losing a hospital," she said. "The hospital is intertwined in our community life." It's a place for people to volunteer, for instance. "Our gathering places are shrinking," she said. "That continuity is part of our historic legacy."

Local legislators State Senator James Fleming and State Representative Phillip Prelli, also in attendance, committed to keeping WMH open. "In the wintertime if you can't get Lifestar over the mountain and you can't use Route 44, you've got a big problem," said Fleming, a 14-year volunteer fireman veteran in Simsbury. "It's time that makes a difference." According to Prelli, WMH had received about $350,000 in the first half of 1996 from distressed hospital fund. He hoped to get an additional $900,000 to $1.2 million from the Office of Policy and Management, which divvies up the money.

Sok, who attended the meeting, told the gathering he would ask the board to hold off doing anything, a comment that brought him a standing ovation. However, he also chided the residents, noting that 50 percent of the group had its health care needs serviced elsewhere. "Use it or lose it," he said. "Together we can do it. Alone we can't."

Isaacson, who also attended the rally, echoed some of Sok's comments when questioned by reporter *Register Citizen* reporter June Peterson after the meeting. He said he doubted the board would rescind its vote, at least not until the end of May when it was due to meet again. "If some of

the things talked about here take place," he said, referring to increasing the census to 18 patients a day and a refund on taxes, then the hospital could stay open longer. "I'm not convinced that that's the long term answer, unless there is that kind of long term commitment," he added. "I heard a lot of people say we need, we want. I'm not sure I heard a lot of people say we're prepared to make financial contributions. I'm not sure I heard a lot of people say we're prepared to go to the hospital."

Not surprisingly, the following day Isaacson led the board in a meeting with potential investors to explore creating a for-profit outpatient facility likely someplace closer to the highway. Doing this while waiting to see what happened with various citizen initiatives, he told reporter Ken Krayeske in a May 1 *Waterbury Republican-American* article, was simply part of performing the board's fiduciary duties. "We have assured ourselves that there are people out there prepared to invest in various portions of health care systems we are talking about," he said.

While the board explored implementing the vision plan, others continued their efforts to save the hospital. Winsted insurance agent Andrew Gomez announced he was prepared to launch a $1 million fundraising campaign to improve the hospital's operating room. The theory was that if the hospital were in better physical shape, doctors — and patients — would use the facilities. "I know it's possible," he said in a May 1 *Register Citizen* article in which he noted he once raised $250,000 in 60 days to restore the Tiffany windows in the Church of Christ in Winsted. "I think everybody that wants this hospital there will more than contribute."

A little over a week later Alan DiCara unveiled a fundraising method he said, in a May 10 *Litchfield County Times* article, could raise as much as $3 million. His idea was to ask residents of the nine towns served by Winsted

Memorial to pay as little as 15 cents a day, a hospital tax if you will. "That's cheap health insurance," he said, adding the monthly fee would only be $4.44 per person. "It's less than we pay in this area for cable TV." The fee would come with some restrictions, however. The board of directors would have to rescind its vote to close the hospital and would have to create a joint planning committee that would include community members to devise a long term strategic plan for the hospital.

Meanwhile, Code Blue — a medical term chosen to reflect the emergency nature of what was happening — began to call for a second opinion on the state of the hospital, and that was when the fireworks really began. The more Code Blue dug into the financial details (and published them in a series of Code Blue Bulletins – see www.communitylawyer.org for the series), the less they liked what they saw and the more they questioned the way the hospital had been managed since the joint management agreement with Sharon Hospital began in 1994. According to preliminary research, the hospital had about $500,000 in uncollected payments. Some patients had not received a bill in 14 months, a change that occurred after billing was switched from Winsted to Sharon as part of the management agreement. Before this switch, Winsted's collections were much more in synch with best practice standards. "They want to close it down so it doesn't have to be examined," LaVoie said.

Ralph Nader echoed her comments in a May 7 article in the *Waterbury Republican-American*, in which he called for the board's resignation. "It has to be saved," he said of the hospital. "If they're not going to save it, the board should resign *en masse* and admit they can't do the job." Nader also sent a letter to Sok on May 3, 1996 protesting the board's decision and demanding a copy of the joint management contract between the hospital and Sharon Hospital. "The people of Winsted are successfully

pressuring the state to provide legitimate relief from unfair tax burdens," he wrote. "The patient census is up and a campaign to raise money for operating room renovations is started, all in one week's time. Given the deep commitment of the people to save their hospital, you should welcome the help being offered by the community.

"Despite these efforts on behalf of the hospital, I understand that the board of directors has chosen to ignore the will of the people," he continued. "This is a pattern of insulated behavior…you are rejecting the express wishes of the people and are working to destroy an important institution and part of the wider community. Sharon Hospital's management team has tried to manage both hospitals. But you have come forward with a plan which was soundly rejected by the community."

Code Blue members questioned the speed of Sok's presentation and vote. Two months earlier, in February 1996, the hospital had announced that it stood poised to have another year of solid economic standing. (After posting a multi-hundred thousand-dollar loss in fiscal year 1994, the hospital ended fiscal year 1995, $46,000 to the good. In a hospital press release at the time, Sok noted, "All things considered, Winsted Memorial is going into 1996 on a very positive note.").

In the May 5 issue of the Winsted *Voice*, LaVoie called for a closer look at what she called the board's "double vision." "In response to widespread rejection of the board of directors' plan" she wrote, "Mr. Sok has come up with a new vision which includes a satellite emergency room. What are the implications of a plan to develop a satellite emergency room in Winsted? Is this plan well thought out, or just a ploy to deflect criticism? A close examination of this recent 'vision' shows that it is not feasible and responsive to the medical needs of this area."

LaVoie dispelled the idea of creating a for-profit facility as the board was suggesting, pointing out the

differences between the facility board members visited in Essex and the Winsted area. The Shoreline Clinic was a satellite to Middlesex Hospital and unique in Connecticut. It was created to address a community need for convenience. "That bears little resemblance to the needs of the Winsted Hospital service area, however," she wrote. "It is akin to comparing an astronaut's pod to the space station. Before Winsted abandons the space station, a closer look is called for." Satellites such as the Shoreline Clinic can only exist under the license of a sponsoring hospital. With the closure of WMH, that would meant any new entity would have to be under the auspices of Charlotte Hungerford or Sharon, and Winsted would lose its central health care focus. "The hospital board and the loaned management from Sharon have had two years to work toward revitalization of Winsted Memorial Hospital," she concluded. "They have tried but they have not succeeded. It is time for a second opinion and another plan."

Deaf to the public's questions and outcry, Sok continued to defend his decision in a profile by Jesse Leavenworth in the May 6 *Hartford Courant*. Regarding his February comment about the hospital's positive position, he said, "I also said that while we've had a positive turnaround, that's not to say there won't be numerous ongoing challenges — in the state and federal legislation; Medicare and Medicaid, insurance regulations, competition and managed care, and changing insurance plans. Those affect our ability to generate revenue."

So, too, did the recent announcement by the state that WMH owed back pay to the uncompensated care pool tax. Sok said the hospital owed $300,000 for 1994 and then in March was told it had to pay another $600,000-plus for 1995. "That was the sort of thing that broke our backs," he said. "The other thing is that insurance companies continue

to ask for and continue to demand and get ever-increasing discounts."

He gave an example. "Typically a company will come in and say, 'Would you like to participate in our insurance plan as a provider hospital?'" he said. "We'll say yes and they'll say 'Here's what we'll pay you.' And typically what they'll offer is a discount off our published charges, anywhere in the range from 10 percent to 60 percent. And then you try to negotiate, and most of the time it's either take it or leave it." Sok noted that refusal could result in diversion of patients to Torrington or Hartford or somewhere."

This discount only exacerbated the national trend toward shorter stays echoed in Winsted Memorial's declining daily patient census. "I think the decline we're seeing is part of a nationwide trend." Sok said.

Nationally, others quoted in this article echoed Sok's tale of managed care woes. "Managed care companies prefer facilities with proven track records in quality and cost," said Jack Bernard, vice president for strategic network development at Premier Inc. in San Diego, a national network of 1,750 hospitals. "Free-standing community hospitals are a thing of the past. Either they will have to be part of some network or they will end up closing down."

Bottom line, Bernard felt it was likely small hospitals would increasingly go the way of small Mom-and-Pop grocery stores. "In essence what we have now in the state of Connecticut is the insurance companies have been given market control through hospital deregulation," he said. "We have an oversupply of hospitals. The insurance companies are using that market situation to their advantage. They now have *de facto* control to negotiate discounts and sending or channeling patients to certain facilities. This is giving them unfettered ability to design the health care system for the state of Connecticut."

While the wonks debated the concepts, community concern grew increasingly frenzied about the potential loss of emergency and fulltime care. Area volunteer ambulance corps leaders weighed in about this in several newspaper articles. "Rural emergency calls will certainly be affected by the Winsted Hospital situation," said Winsted Area Ambulance Association Vice President Keith Chausse in an April 27 *Register Citizen* article, noting his concern about missing the so-called "golden hour" in which getting prompt treatment ensured the highest success rate. "We serve a variety of outlying areas that can take 15 minutes to get to. The additional minutes needed to get folks down to Charlotte Hungerford may make a critical difference in some cases."

Winsted Memorial Hospital treated about 13,500 people annually at this time, according to emergency room physician Glen Lovejoy. The WMH emergency room was the emergency medical control headquarters for ambulance services in Winsted, New Hartford and Norfolk, as well as for Otis and Sandisfield, Massachusetts. While hoping the hospital would remain open, the volunteer groups began to make contingency plans in case the hospital closed within 90 days as the vision plan suggested. Volunteer ambulance services had to be affiliated with a hospital to exist. Winsted Area Ambulance Association President Cy Goulet began looking into being affiliated with Charlotte Hungerford Hospital in Torrington and also into upgrading the group's certification status. At the time, Winsted-area ambulance crews could only provide basic lifesaving services. Goulet submitted an application to the state to become an intermediate-level service, so the volunteers could do more advanced treatment, such as administering intravenous fluids.

While the New Hartford Volunteer Ambulance Association already had a relationship with Charlotte Hungerford because the southern section of town was closer to Torrington than Winsted, members were still concerned since the association covered about 75% of Barkhamsted. Both groups began talking to Campion Ambulance of Torrington about its paramedic intercept service. Affiliating with that paid service would mean that a paramedic was dispatched to meet ambulances en route to the hospital. Paramedics have the highest degree of training and can administer drugs.

Residents in Massachusetts towns served by Winsted Memorial would be left particularly vulnerable if Winsted Memorial closed. About 90 percent of Sandisfield's emergency cases, for instance, went to Winsted Memorial Hospital. The next closest hospital was in Great Barrington, which could add a critical 30 minutes to any emergency ride. "If it's a bad accident, it's going to make a difference," said Sandisfield First Selectman Michael Salame in an April 27 *Hartford Courant* article. "There doesn't seem to be any concern about the patients here."

Chapter Five
The Role of the Media

Just as the Civil War divided families — brothers fighting brothers, uncles fighting brothers-in-law — so, too, did the battle to save Winsted Memorial Hospital divide a town and, ultimately, a region. Throughout the battle, the media played a critical role. Unlike today, at the time of the hospital's impending demise, the region had a number of newspapers, all of them regularly devoting reporters and space to the fight as it unfolded: they included the Waterbury *Republican-American*, the *Hartford Courant*, the *Winsted Journal*, the Winsted *Voice*, the Torrington *Register Citizen*, and the *Litchfield County Times*. The *Hartford Business Journal*, the *New York Times* and the *Connecticut Law Tribune* weighed in with summary stories at various points in the saga. Community access Channel 13, available through the local cable provider mandated by state law to provide local educational programming, was vital as a conduit for both sides to get their messages out.

But it was the Winsted *Voice*, a paper that no longer exists, where the full emotion of this battle raged because it could: The free paper was entirely citizen written and was the innovation of a Winsted local reporter, Jedd Gould. Its uncensored policy meant people could say exactly what they wanted — and they did. The *Voice* devoted pages in each issue to the WMH war. Each side used the paper to get out its completely uncensored message. Just one issue of the *Voice*, May 5, 1996 illustrated the breadth of that coverage and the deep emotions on either side. That issue included a list of Code Blue action items for those interested in saving the hospital. On the list were the names of the hospital board of directors and their home phone numbers and a request to call them to tell them to rescind their vote, a request to tell local doctors to use WMH, and information about how to call Governor John

Rowland and local legislators Prelli and Fleming to tell them to phase out the uncompensated care pool tax and to refund additional distressed hospital funding to WMH. Additionally, a story by LaVoie outlined the direct effect on WMH of the uncompensated care tax, distressed hospital fund inadequacies, and changes in health insurance practices and managed care. Her article also discussed the implications of the vision plan: It would relocate ambulatory care out of Winsted; it would not be a hospital but rather provide emergency care only 18 hours daily; there would be no medical functions at the current WMH site.

Claire Nader also weighed in on the issues in the May 5 *Voice* in an open letter, reminding people of what the October 1990 Citizens' Advisory Committee to the Winsted Board of Selectmen had recommended at the time. She quoted the vision statement of the report as a call to action: "The value of the small hospital serving small towns cannot be overstated. Created by the community its roots are deep in the community. The hospital provides stability as a familiar ongoing health care institution ... It draws its strength from townspeople whose involvement includes hundreds of volunteer hours, donations, and other kinds of contributions to its welfare; a medical and nursing staff who choose to work in a small-town hospital," as well as administrative and other support staff usually drawn from the community and a board of directors also usually drawn from the service area."

This alternating informational and emotional approach played itself out for months in the *Voice.* The August 1-15 issue of the *Voice* offered one sample of the breadth of community involvement and concern. Gilbert School student Diana Britton, whose grandmother worked at the hospital, wrote of visiting her mother as a child after she had an operation and how the nurses allowed her and her siblings to sit on her mother's bed and watch TV.

"There is so much love in this hospital of ours," she wrote, "yet with this money problem we have lost our sense of love and caring. The staff is splitting since there are ones who want to stay and help as much as possible, and there are others who have found other jobs and left as soon as they heard the news … Our love and friendship is what makes us Winsted citizens, and without our hospital, we lose some of that love and care."

Cynthia Woodin wrote an ode to the hospital that read, in part, "I am condemned to death. The twelve have decided my fate. Since April, I have been on trial. They have summoned their witness. Strong in their testimony against me. Once my supporters now my accusers. The Judas betrayed me for their 30 pieces of silver." A poem in the same issue by Sidney Van Leer called the board "Winsted Memorial Hospital's Dirty Dozen" and urged them to resign immediately. "These twelve members (alias the 'Dirty Dozen') tried to pull off the crummiest deal of the year; But True Code Blue loyal hospital supporters shifted into a super-high gear. The battle lines are drawn and this collective community will have its say; For the Dirty Dozen will not stem the tide of our army in this fray."

The depth of the personal level to which this battle went was illustrated in Judith Pavlak's open letter to Isaacson that began "Dear Herbie." Like many of the people pitted against each other in this hospital battle, she and Isaacson had attended Winsted schools together. Her grandmother, Augusta Swanson, knew Isaacson's grandmother, Gussie Isaacson. Pavlak recalled going into the Isaacson family's local department store as a child and how Isaacson's mother, Bea, "was always talking about her Herbie and how proud she was of him … you were the joy of your father's life.

"The Isaacson family had always done their best to help this community," Pavlak wrote, noting that Isaacson's

father was honored for his many years of volunteer service shortly before his death and that Isaacson's parents helped support the hospital over the years. "What they helped to build you are destroying. The Isaacson name would have been affectionately remembered for honesty, honor and community service. You in a matter of months changed all that. Your actions are leaving the people with a very sour taste and dislike for you. Your family were builders. Do you want to leave a memorial to them that what they built their son destroyed?"

Pavlak ended by noting Isaacson still had time to change his mind. "Most of us do not get a chance during our lifetime to do something that will bring us honor and respect from our community and make our parents and family proud of us. Herbie, you have a rare opportunity to leave the hospital as a monument to the community, your family and yourself. I pray you will decide to grasp the day!"

Hospital officials used the press to their advantage as well. Sok and various board members regularly penned op-ed pieces and informational articles in the papers. In the May 12 *Register Citizen*, for instance, Sok wrote an op-ed piece. "Saving Winsted Memorial is only possible if local residents use (or are allowed to use) the facility," he wrote. "This 'use it or lose it' battle cry has been sounded throughout the Winsted community. What does this mean? In simple terms, the hospital will require an inpatient census of 20 patients a day to remain open."

Referencing a call-in show hospital officials and board members hosted on Cable Channel 13, Sok wrote, "Contrary to what some of our detractors have inferred, neither the hospital's board of directors nor the management team want to close this hospital. But this situation is not about what any of us wants to do. It is

ultimately about what we may have to do … We face a steep uphill climb to sustain Winsted Memorial as a full service hospital. In the meantime, we need to cut through the inaccuracies and insinuations that have clouded the issues. We need to remain focused on our long term goal of meeting the community's health care needs today and well into the 21st century."

In addition to their regular updates in the *Voice* and other media, the hospital administration hired the public relations firm of Mintz and Hoke for $10,500 to create an ad campaign for regular full page ads in the *Hartford Courant*, *Register Citizen*, and *Waterbury Republican-American*. The campaign was designed to lull the public into thinking the hospital was on the right path, indeed the only path, and that the administration only had the citizenry's best health care interests in mind.

And of course, letters to the editors, both for and against the board's decision to close the hospital, abounded in all of the papers. Additionally, various papers weighed in with editorials at various points as the saga unfolded.

Winsted Voice founder and editor Jedd Gould wasn't surprised that the paper served such a central role in the hospital fight. That kind of citizen-driven journalism was precisely why he had founded the *Voice* after being a reporter at the *Register Citizen*. "I thought the system of sending people who knew relatively little into a meeting to determine what was really going on was sort of a poor system," he said in a 2010 interview. "The coverage was always so superficial."

Still, even he was taken aback by the time and energy people devoted weekly to writing about the hospital cause. "It was always surprising to me that people took as much time and care writing for an issue like that," he said. "I was always just surprised people had that much

time in their lives, the same way I'm surprised a million new videos are put on YouTube every day."

Chapter Six
The Battle Heats Up

As spring warmed into summer, the crusade about Winsted Memorial Hospital's future heated up. Initiatives cropped almost daily as Code Blue rallied resources among the towns served by the hospital and increased awareness statewide about what was happening. The rallying cry? If it can happen to our hospital, it can happen to yours.

On May 8, about 35 Winsted-area residents hopped on a chartered bus and went to Hartford. Their aim was to personally deliver to Governor John Rowland the 12,000 signatures gathered in 12 days opposing Sok's vision plan. Rowland was not in his office. His assistant said that the governor did not accept citizen petitions, which is an astonishing position for an elected official in a democracy. So, after meeting with state senator Jim Fleming and state representative Phil Prelli, they brought the signatures back to Winsted, more determined to fight on. Attorney General Richard Blumenthal was astonished at Rowland's rejection when he saw the pile of petitions and realized the depth of citizen support to save the hospital.

That same week, Blumenthal announced he was looking into filing an anti-trust investigation against Charlotte Hungerford. "We're reviewing the material that was submitted and additional facts and information that have come to our attention," he said in a May 8 article by Jesse Leavenworth in the *Hartford Courant*. In December, 1995, Sok charged in a memorandum that Charlotte Hungerford was using "predatory practices" to gain more business. These practices included entering into exclusionary contracts with health insurance companies and making it harder for doctors to admit patients to WMH. Charlotte Hungerford had eliminated Winsted doctors' so-called courtesy privileges. These privileges had

allowed Winsted physicians to use Charlotte Hungerford on a more occasional basis rather than being required to be a member of the "active staff." Changing this, Sok asserted, made it more inconvenient for Winsted doctors to admit patients at Winsted Memorial Hospital.

Moreover, Sok noted that Charlotte Hungerford had gained market control of 55 percent of its primary service area and 55 percent of Winsted Memorial's service area. Charlotte Hungerford's service area included all of the towns served by Winsted, as well as Canaan, Cornwall, Goshen, Warren, Litchfield, Morris and Harwinton. Although he admitted in the memo that it was legally difficult to prove Charlotte Hungerford was in violation of antitrust laws, he concluded that "a good faith claim" to that effect could be made. "In reviewing this matter it appears that Charlotte Hungerford's market share is great enough to give it market power," Sok wrote. The hospital's actions he continued "are arguably intended to lessen competition or create a monopoly."

Sok decried Charlotte Hungerford contracts with managed care outfits "that have clauses specifically prohibiting the payers from contracting with Winsted." Ralph Nader had intervened in recent months on this issue and some relief had occurred: Blue Care no longer excluded Winsted Memorial, although the hospital still had a problem with CIGNA. But that was just one insurance company. It was not enough to make a difference.

LaVoie had sent Sok's memorandum to Blumenthal in January 1996, long before the hospital's new woes were public. Her letter said the memorandum "outlines the possible antitrust activities of CHH against the interests of WMH. It is apparent that Charlotte Hungerford engages in practices which have the effect of eliminating WMH as a choice for patients."

Charlotte Hungerford lawyer Robert Langer denied the charges in the *Courant* article. He also noted certain changes had occurred in the five months since the memo was originally sent and that he had spoken to the attorney general's office a few months ago. "Our belief is that if the attorney general has a concern, he would have called me back and talked to me about it," he said. "I had talked to them some months ago and I had heard nothing."

Perhaps, but the situation that initially prompted Sok in December to write to Ralph Nader about concerns with insurance redlining and other industry issues had only worsened since then. In a May 17 *Litchfield County Times* article, Sok complained that decisions Winsted's own doctors had made only exacerbated the hospital's financial woes. Since he originally wrote to Ralph Nader about possible anti-trust issues, the state of Connecticut had converted its Medicaid program to managed care. Under this new plan, the patient picked a primary care doctor and the doctor picked a hospital. "All the doctors in our area to my knowledge have selected Charlotte Hungerford," Sok said.

A new state pilot plan passed into legislation in mid-May offered a potential life-saving option for the dying hospital. Under the legislation, one hospital in the state would be chosen to be part of a five-year pilot program that would allow it to operate an emergency room that worked in conjunction with a hospital or through the use of paramedics or an ambulatory surgery center. The law would also allow the facility to have a skilled nursing facility and acute care patient beds in the same building. "It's a blueprint for rural hospitals," Prelli said in a May 17 *Register Citizen* article.

The law had one kicker: To be eligible to participate, the pilot hospital would have to give up its license for inpatient and acute care. While happy to hear the option existed, nobody on Code Blue was ready to agree to that.

In a town meeting on May 16 attended by 150 people, Dr. Hyde, who was acting as a volunteer advisor to Code Blue and had volunteered to help run Winsted Memorial Hospital, told the group that the hospital board should be elected or at the very least independent rather than selected by corporators or other board members. The chair, he suggested, should be a WMH doctor. "That would give other doctors the message that they'll be listened to," he said.

Hyde had other specific suggestions to get the hospital moving on a better financial track. In a meeting with hospital corporators, the board of directors, and some concerned citizens on May 11, he suggested that hospital administrators poll the physicians to see what equipment they needed to make Winsted Memorial the best place it could be for their patients and to improve the collection service. Hyde also suggested reducing costs to meet revenues in the May 12 *Waterbury Republican-American* article by Ken Krayeske. Employees should be asked for assistance cutting costs, he said, and hospital officials should raise revenues by contracting for nursing home beds, selling inpatient hospital beds at a cut rate to larger hospitals, and expanding the physical therapy department. Hyde derided Sok's plan for outpatient ambulatory care. "This is not a plan," he said. "This is assisted suicide. It's a Jack Kevorkian plan. The likelihood to have a free-standing ambulatory care center is zero. If you can't manage your accounts, you can't open a free-standing emergency room."

The board did not take Hyde up on his suggestions or his offer to volunteer as chief executive officer to bring Winsted Memorial out of the red as he had done for Windham Memorial Hospital where he was chief executive officer from 1987-1993.

Others trying to save the hospital from closure suffered some disappointments in May. A bill Prelli hoped to get passed allowing Winsted Memorial to operate some form of an emergency room without having the accompanying inpatient facilities never made it out of committee.

Still, the board of selectmen persevered. They agreed to ask for a meeting with Governor Rowland and Reginald Jones, head of the Office of Policy and Management. "The biggest problem of all is not the uncompensated care pool tax or the need for money from the distressed hospital fund but rather the question of discounts," Winsted town manager Paul Vayer told the *Lakeville Journal*. "There is no cap on the discounts that managed care companies and other insurers can demand from a hospital. There should be a cap of perhaps 3 percent the way there is in indemnity plans … If you follow the way things are going to an extreme conclusion, you could end up with only four hospitals in Connecticut — Hartford, Waterbury, New Haven and Willimantic — all of them able to give the largest discounts to insurers and doctors."

Meanwhile, hospital officials got some good news: The hospital would get $647,974 from the state's distressed hospital fund, about $250,000 more than administrators had thought they would get. The hospitals' 1995 tax settlement of $642,042 to the uncompensated care pool tax was also deferred. In part as a result, the board voted to defer closing until the end of June, this despite operating losses that were now $1.6 million year-to-date.

That the board didn't hold out much hope for a different decision at the end of June, though, was clear in their continued meetings with Dave Desilets, an architect with Marshall Erdman and Associates in East Windsor. The company, which provided planning, construction and management services to hospitals, had begun a feasibility

study to look at developing a new medical office and ambulatory services at a site other than Spencer Hill.

But the hospital's tipping point may well have come when the majority of Winsted Memorial doctors agreed that the hospital should close, this not long after the auxiliary, a longstanding financial and volunteer supporter of the hospital, had voted to approve the vision plan. Dr. Richard Dutton made a statement on behalf of the group, reported in a May 31 *Hartford Courant* article. "Advancing medical technology and financial pressures require that the traditional dependence on inpatient care be re-examined. The future of medicine appears to lie in hospitals which provide ambulatory care and diagnostic support.

"In order to avoid competitive pressures and duplication of costs and services, the staff feels strongly that efforts to modify present services and develop new ones *be coordinated from the beginning* with the operations of Charlotte Hungerford in Torrington," the statement continued. "We are confident that a close working relationship can be developed. *If the Board fails to recognize and act upon these considerations, serious problems in the delivery of local medical care are very likely to develop."* (italics in original)

Between 35 and 40 of the hospital's active medical staff attended the meeting where this decision was made. Only one physician, Dr. Richard Munch, was against it. He castigated the board for not consulting medical staff prior to the vision announcement. "Since that time, this management's decision has been seriously questioned by many of the medical staff and by a large plurality of the people in the service area of the hospital," his statement said. "The hospital board has historically made major decisions on patient care in opposition to its medical staff, each time costing the hospital some of its viability."

Code Blue refused to give up, organizing a meeting at Northwestern Connecticut Community College to galvanize the anti-closing forces. Ralph Nader, in town to meet with activists, town officials and state legislators about ways to save the hospital, rallied the citizens. In a June 7 *Litchfield County Times* article, he vowed the current hospital management would "not write the last chapter" in the hospital's history. "You need to convey that if they implode this hospital, that this is not going to be the end of the discovery process," he said. "You have to do that if you are going to win this battle."

He characterized the board as "the quitters" throughout his speech. "When I asked the attorney general's office today who owned Winsted Memorial Hospital, I was told, legally, the owner was nobody," he told the crowd. "But we know who owns it ethically, and it is the people over the last 94 years who have helped build it, people who in effect nurtured it as they used it…."

He produced a note dated June 4 from Fleming to Sok requesting the minutes of board meetings for the last two years; the management contracts between WMH and Sharon; any conflict of interest disclosure statements made by directors over last two years; the date of the last hospital audit by Ernst and Young and details of that audit; Sok's management contract; the audited monthly financial statements from last Sept through May; details of any liability insurance the board had; and full information about the severance package of former hospital president Michael Baxa. Clearly the investigation into Winsted Memorial's operations was just beginning. "Get your dander up," Nader said. "You know what happens when your dander gets up? It eliminates fatalism. Suddenly strangers become neighbors, neighbors become friends, and friends become collaborators."

The speech echoed a Nader op-ed piece published in the same day's issue of the *Register Citizen*. "Economic

mismanagement, lack of accountability, and secrecy are working their insidious will to destroy the non-profit, full-service, acute care, community hospital in Winsted that has been the pride of this small town (population 11,000) for 94 years. Winstedites are fighting back to save their health care institution that serves about 30,000 people in semi-rural northwestern Connecticut. Therein lies the conflict — between the forces of community destruction vs. the forces of community preservation — that is going on all over the country," he wrote.

"Winsted is my hometown so I have heard the many accolades that residents and summer camp people have given to the physicians and staff at this intensely courteous and competent hospital. From across the Massachusetts border, firefighters and other emergency volunteers rave about the emergency room services at Winsted Memorial Hospital.

"When I hear these stories I recall the time when my father was operated on there — excellent — or my mother was treated there — excellent. I remember my observations of many big city hospitals — their impersonal, often brusque nature. One of my friends was having a heart attack and was rushed in mid-day to the emergency room of a major Washington, D.C. hospital. He waited five hours and died before anyone ever attended to him.

"In Winsted, while the hospital on the hill was getting better professionally, management started making mistakes, starting some 18 years ago with closing down obstetrics. The slippery slope commenced with the loss of many young families who followed many specialties elsewhere." Nader outlined the mistakes and issues: a "hair-brained holding company with Charlotte Hungerford; the state uncompensated care pool tax; and managed care contracts between insurance companies and hospitals that trade discounts for exclusivity." He pointed the finger at Charlotte Hungerford policy that required

doctors who also work at Winsted Memorial to become active staff rather than courtesy staff. "This status bends these physicians to send Winsted-area patients to Torrington instead of Winsted," he wrote. He questioned the speed with which Winsted Memorial's financial bleeding had occurred. "Then suddenly a mere two months later, the stealth president, Mr. Sok, unveiled a plan, approved by the board, that, in effect, would shut down the hospital's acute care services and move its non-profit outpatient and emergency care into a for-profit subsidiary that would build a separate standing facility some miles away."

Nader concluded by offering solutions similar to Hyde's. "First, collect its bills (it is nearly $5 million behind); second, subcontract with a larger city hospital in ways that help both sides; open up needed specialized outpatient care such as cardiac rehabilitation and major physical therapy; tap the state's distressed hospital fund to return some of the money it unfairly assessed against WMH by the state (this is about to occur); be more price competitive, and develop a skilled nursing facility using available bed space."

"There are other ideas and higher morale among the staff which a management and board, that really wanted to save the hospital, could generate. A new board and new management are needed," he continued. "The six or more 'towns' served by WMH can create a not-for-profit corporation, adopt the hospital and place it under new management dedicated to keeping the hospital open and improved. Instead of walling in all the excuses to close it and turn its remnants into a for-profit ambulatory care clinic, this municipal initiative can become a last line of defense against profiteering, anti-patient priorities and giant HMO domination."

A *Connecticut Law Tribune* story by Steven Fromm on June 10 took a closer look at the question Nader raised about ownership of a community hospital. "If the answer is the community," he wrote, "can the community replace a hospital board it disagrees with? If a couple of hospitals decide to affiliate and divvy up medical services are there antitrust issues? If a hospital converts from a non-profit to a for-profit can it legally use the gifts, bequests and donations given under its original non-profit mission?" Blumenthal was trying to find out. "We have a very active, ongoing investigation into two primary areas: issues related to charitable organizations, insofar as the intentions of donors and internal governance are concerned, and, second, antitrust issues that have arisen by proposed plans to combine some of the functions," he said. "We have an obligation to make sure a hospital, as a nonprofit institution, is serving its fiduciary duty — and we take that obligation very seriously."

Nader expounded on his feelings about charitable donations in the *Law Tribune* article. "The hospital was founded with charitable purposes in mind," he said. "The board of trustees are violating their charitable mission to the hospital, which in its charter states it will be a hospital serving Litchfield County." Changing it to a for-profit opens the door for action by the attorney general, according to Nader. "The attorney general is the ultimate trustee, the trustee of last resort," Nader said. "To enforce the charitable purpose and the public trust, the attorney general can theoretically substitute the old trustees with new trustees."

Sok offered this analysis. "The big question now is if a nursing home by today's definition is that much different than what hospitals back in the 1800s offered, and if these funds can be used for those purposes," Sok said.

Sok also tried to get Nader to take a different tack. In a letter to Nader on June 11, Sok, aware that Nader was

meeting with Fleming and Prelli, wrote: "If you are *really serious* about
helping Winsted Memorial Hospital, there are things you can do that will make a difference."

1. Demand the state of Connecticut refund the $2.3 million in uncompensated care pool taxes it forced WMH to pay
2. Call for a special legislative session before the November elections
3. Call for the passage of three laws designed to protect smaller community hospitals
4. Eliminate uncompensated care pool tax NOW, not in four years. "The uncompensated care tax has been the nail in the coffin for WMH by taking $2.3 million from its funds over the past three years and forcing it out of business."
5. Pass any Willing Provider Law NOW, allowing all hospitals and \physicians to participate in insurance contracts. "This bill would prevent managed care insurance companies from selectively excluding hospitals and doctors from participation in their plans. As you know WMH has been deselected from participating in many plans over the years and it was only with a great deal of effort that we were able to get into some of these plans."
6. Pass a bill regulated managed care insurance companies NOW. "(They) are forcing physicians and hospitals out of business. It is time that controls are put on the managed care companies as they have been given unfettered control to dictate public health policy in Connecticut.

In a June 13 *Register Citizen* article by Kevin Canfield, Nader dismissed Sok's letter and its intent. "Mr. Sok is trying to divert attention from his own economic

mismanagement of Winsted Memorial Hospital," Nader said from DC. He questioned Sok's motives for writing. "Why write a letter like this? The question for Mr. Sok is has he urged his board of directors to push for these proposals? If he has, then that means they're breaking away from (the closure of the inpatient services) and the vision plan. If he hasn't, then his letter is nothing more than grandstanding."

Nader also lashed out at Charlotte Hungerford President David Newton about the predatory hospital procedures first raised by Sok's memo to Newton late in 1995. In a letter sent to Newton June 19, Nader wrote, "You offered your sympathies and willingness to be of assistance. If so, why not reverse the restrictive policies that amount to coercive pressures on physicians to select Charlotte Hungerford Hospital for patient referrals? The unfair strategies weaken Winsted's hospital, are unbecoming to a neighboring hospital and detrimental to patients." In the June 20 *Waterbury Republican-American* article, Newton declined to answer the charge.

Newton received a letter from Sok the same day asking Charlotte Hungerford to help develop a plan for Winsted. Increasingly, as the end of June approached, hospital officials and board members believed the hospital's only hope lay in affiliating with a larger hospital. It's a point that was echoed by several doctors, who published an article in the June 20-July 3 *Voice* stating they thought cooperating between Charlotte Hungerford and Winsted Memorial was the way to go. "As area physicians, we sympathize with the citizens of Winsted and anyone associated with Winsted Memorial Hospital, as they attempt to work through what is sure to be a difficult and controversial situation," noted the piece, which was supported by 15 doctors. "However, there have been accusations made regarding CHH in Torrington that

are simply not true and are very unfair to the CHH administration."

They disputed Nader's claim that Charlotte Hungerford's elimination of the courtesy staff delineation created an issue and explained that hospital staff, not the board or administration, had made the decision to drop courtesy staff designation from bylaws. "It was dropped because the medical staff felt it was an antiquated staff category with most of the courtesy staff never being seen at the hospital or participating in hospital activities." The article concluded, noting, "There is a long and honorable history of the medical staffs, the physicians, of both Winsted Memorial Hospital and Charlotte Hungerford working closely together to achieve quality medical care in this part of northwest Connecticut. …The physicians at both institutions have long appreciated that you don't have to be looking down from an airplane at 30,000 feet to realize that there isn't a fence separating Torrington and Winsted, and the terms 'Winsted-area physician' or 'Torrington-area physician' don't seem to be as important as some would have you believe."

What did seem increasingly important to Winsted Memorial physicians were concerns about admitting patients to a hospital that might close. With the June 28 potential close date nearing, WMH doctors sent a letter to the board notifying them that if they did not receive a specific closure date for acute care and inpatient services, they would stop admitting patients immediately, according to a June 26 *Register Citizen* article. On the same day Marshall and Erdman informed the board that the existing Spencer Hill site was unsatisfactory for ambulatory care. Because it was "designed primarily for inpatient care, the space does not allow the type of circulation and interaction required in a patient-friendly ambulatory care facility," the company noted.

None of these announcements were good news to those fighting to preserve Winsted Memorial. Ralph Nader fired off a letter to Sok calling for his resignation and blasting the board for pursuing a for-profit ambulatory facility while claiming to try to save the hospital. "When the profit facility is pursued, the focus is on the negatives working against Winsted Memorial Hospital's survival," Nader wrote. "When the preservation of the hospital is the orientation, all the ways for this community institution to survive and thrive become the focus."

Isaacson defended Sok and the board's actions in a June 25 *Litchfield County Times* article. "I'm not sure we have any fiduciary obligations," he said. "Our obligations are business-venture obligations. If we make bad business decisions and fail to get advice from the proper entities, then we might be subject to a challenge. Beyond that I don't think the law is at all clear we have any other obligations."

Chapter Seven
Looking for New Partners

In addition to pursuing possible sites for the ambulatory care center, the board, under public pressure to keep the hospital open, began to investigate affiliating with larger hospitals. Both Charlotte Hungerford, in conjunction with Hartford Hospital, and Saint Francis Medical Center and Hospital submitted proposals in early July. Waterbury Hospital was asked to submit a proposal but declined.

The Charlotte Hungerford proposal would include round-the-clock emergency services, a primary care program, an ambulatory surgery center, long-term care facilities, and a health education center. It would also provide inpatient care for patients for whom a 23-hour stay is required. Clinicians from Charlotte Hungerford would help coordinate care. In contrast, the Saint Francis plan would keep inpatient beds intact, at least for the immediate future. "In our planning we will need to ensure ourselves that the cost to preserve inpatient beds won't threaten the hospital's ability to survive and provide other services that are needed and appropriate," it read. Both plans would keep the management teams in place and would try to provide Winsted with better access to managed care contracts.

In its July meeting, the Winsted Memorial board of directors voted to accept the Charlotte Hungerford/Hartford Hospital plan, a move that would effectively end acute inpatient care at the facility. Isaacson defended the vote in a July 24 *Register Citizen* article by Kevin Canfield. The choice was driven by three factors: the need to create regionalized health care, the support of Winsted Memorial's medical staff for this plan, and the lack of a guarantee from either hospital to maintain Winsted's acute inpatient services. While Saint Francis's

proposal did include putting $5 million into the facility, Isaacson said it would be for "new and viable programs" rather than maintaining acute inpatient care. "In the long run, we will be losing a specific part of the system," he said. "We think we will be providing more health care and perhaps at a higher level than we've been able to in the past."

Saint Francis officials were disappointed but took the high road. "We respect the decision of the Board of Directors of Winsted Memorial," they noted in a statement. "The proposal that Saint Francis presented was an honest one with the best interests of the community in mind. We appreciate the opportunity that we have been afforded to become acquainted with the Winsted community and admire their spirit and determination. We will continue to work with the people of Winsted."

The community's response was less accepting. The board's hands were barely down from the vote when the outcry began. Critics could not believe the board could so blatantly ignore the hospital's past history with Charlotte Hungerford. LaVoie's written response summed up the feeling in the *Register Citizen* article: "This board has consistently ignored solutions to save Winsted Memorial offered by the community and its diverse allies," she wrote. "The message: the community be damned and full speed ahead with the original so-called 'vision plan'. The members of the Board of Directors who voted to close the hospital have ensured that the battle over the future of Winsted Memorial Hospital will continue."

And so it did. The Winsted Board of Selectmen quickly adopted a proposal asking hospital officials to reverse their decision. A week later, they voted to spend at least $5,000 to hire a lawyer to represent the town in its struggles with the hospital board. Other service towns also began planning public meetings and hearings to discuss the proposed affiliation. LaVoie, meanwhile, publicly

questioned the legality of the vote. In a *Winsted Journal* article by June Peterson, LaVoie said that the bylaws called for a full complement of 18 board members to vote but that the board had three vacancies. She also questioned the ability of Dr. David Lawrence to vote because he was not actually a board member but rather director of professional services, and she wondered about the legality of Larry Smith's vote since he was also a corporator of Hartford Hospital. "You have bylaws for a reason, and the reason is they are to be maintained in compliance with a strict standard designed to promote fairness to individual members," she said. "By not following bylaws they have essentially broken their own rules." Isaacson called the quorum issue a red herring. "Every member of the board voted — one by proxy — and the vacancies can't vote," he said in the *Journal* article. "All you need is a quorum to vote on anything and we certainly had a quorum."

Not surprisingly, given the sour taste of previous failed collaborations, more than 100 town residents voted unanimously at the Winsted town meeting on the board's affiliation decision to ask the board to rescind its decision to affiliate with Charlotte Hungerford and Hartford Hospital. "Saint Francis has a significant interest in maintaining an interest in Northwest Connecticut because it doesn't have one," said Code Blue member Michael Stumo at the meeting. "We have a better chance with Saint Francis and it will give us more value in the marketplace, as it will give us a choice."

The dog days of August were anything but lazy as both sides of the hospital issue moved into overdrive. With the average daily patient census at 7 for the month of July, Isaacson said in an August 9 *Winsted Journal* article that he expected the monthly loss for July to be over $300,000. As the hospital board moved ahead on its potential affiliation with Charlotte Hungerford and

Hartford Hospital, community activists continued their push for autonomy, creating a nonprofit entity they hoped would be able to take over the hospital. Called the Community Trust for Winsted Memorial Hospital, the new entity would be comprised of people from the hospital service area, Code Blue members and others. Claire Nader invited prominent citizens Jack Burwell, Ruth Ells Crane, and Rev. Richard Michaelsen, to join with her as incorporators, with Michaelsen as acting chair. The entity would have to apply for its own license, rather than simply take over the existing license, according to a *Litchfield County Times* article. "We have done ownership transfers in the past," said Marc Brennan of the state Department of Public Health, "but they're examined on case-by-case basis. It would be treated in its own unique way." Hospital board Vice President John Lavieri, dismissed the group's efforts. "It's their right to do what they're proposing to do and they're following their beliefs," he said, "but I doubt it will have significant impact on the board."

Code Blue meanwhile organized a rally in front of Hartford Hospital. "We're going to Hartford basically to tell Hartford Hospital to stay home and not destroy our community," said LaVoie in an August 14 *Hartford Courant* article. "We want to let them know how the community feels about this 'vision' of theirs."

The rally, on August 24, brought out about 70 protestors, including Rose Nader, who protested in front of Winsted Memorial Hospital and in front of Hartford Hospital in the pouring rain. Some carried signs with slogans like "Hartford will quit before Winsted does." The group chanted as well, according to an August 25 article by Brigitte Ruthman in the *Waterbury Republican-American*. "Hartford Hospital you're too late. Winsted Hospital's not your mate. We're not big, but we are great. You can't control Winsted's fate." In Hartford, members of the group met with hospital spokesman Jim Battaglio and Hartford

Hospital Vice President Kevin Kinsella, both of whom said it was unlikely Hartford Hospital would change course.

As the likelihood of the hospital staying open and offering acute inpatient care lessened, the emotional fever pitch in the battle increased almost daily. Many in Winsted felt betrayed by the hospital's board and hospital officials, and they did not hold back their thoughts. The August 15-September 1 issue of the *Winsted Voice* included this article penned by Ray and Judy Pavlak. Titled "Guilty of Murder?," it said: "If the people of the community could serve as a jury, most would find the 12 members of the Board of Directors of Winsted Memorial Hospital guilty of premeditated murder of the Hospital. Hartford Hospital would likely be found guilty as a co-conspirator. The instrument of assault was the vote of the 12 to accept the proposal of Hartford/Charlotte Hungerford Hospital rather than Saint Francis Hospital." The piece then listed the various reasons each member gave for his/her vote, using the minutes of the July 23 board meeting. The Pavlaks created nicknames for some of the members for their vote. John Groppo, for instance, won the 180 Degree Turn Around Award because while they gave reasons to vote for Saint Francis, they ultimately voted for Charlotte Hungerford/Hartford Hospital. Laurence Smith Jr., meanwhile, won Mole of the Year Award for voting in favor of the Hartford Hospital plan even though Hartford Hospital was receiving $70 million for its Veterans Memorial Medical Center project from the Connecticut Health and Educational Facilities Authority, a state entity on which Lawrence Smith is a board member. "Shame on you, Mr. Smith, for even voting, never mind making the motion!" they wrote.

The board, which had fired its public relations group to save money, took its show on the road to certain public groups. Top hospital officials, for instance, spoke at a lunch meeting of the Rotary Club of Winsted. Lavieri

said the decision to give up the license for acute care would help the hospital reduce costs. Board member and hospital attorney Frank Finch Jr. disputed the contention that the board had leapt to its decision to take this route quickly. "The board of directors didn't just wake up one day and say, 'Let's do something radical,'" he said in an August 27 *Register Citizen* article by Kevin Canfield. "Far from that. The board has been increasingly aware of these changes (in the health care industry). We saw that…small community hospitals, that they had to change what they were doing and the way they were doing it."

By the end of August, the board announced the hospital would end acute inpatient care at the end of September, a move that would result in the layoff of 60 employees. Doing this, Isaacson said in a prepared statement about the board's actions would allow the hospital to "retain 24-hour emergency services, 23-hour observation beds, ambulatory/same day surgery, outpatient services comprised of physical and respiratory therapy, laboratory services and x-ray services." At the time of this decision, the losses for the month of July were actually $500,000, about $200,000 more than originally anticipated. In addition to notifying OHCA of its intent to end inpatient acute care September 30, the board also voted to officially apply to become the hospital for the five-year demonstration plan.

Public reaction to the announcement was swift. In an August 30 *Litchfield County Times* article, LaVoie said, "The board has brought us full circle back to the original 'Vision Plan.' Despite all the facts in the last four months and the communities' increasing knowledge of the facts, the board of directors is hell bent on affirming their original vision, no matter how cross-eyed." Fleming, who had been working hard to preserve the hospital's full services, wrote in a press release: "It is hard for me to

fathom why Mr. Sok would be so set on ensuring that Winsted Hospital no longer be able to offer inpatient services to a community that so obviously wants and needs such a valuable health care resource."

The Community Trust for Winsted Hospital moved into hyper drive, according to a September 4 *Hartford Courant* article. The organization planned to petition the attorney general to ask him to remove the current board of directors and install the new trust instead. In an about-face, the board of the directors of the Auxiliary voted, 28-2, to support the trust's plan. "It was an overwhelming vote pledging support of this community trust and for a full-service hospital," said Auxiliary President Dina Waker, noting the auxiliary annually provides the hospital with about $50,000. "That's what we've always wanted and that's what we've always stood for." The board of selectmen also voted to continue to authorize its attorney to take all necessary steps to oppose the affiliation with Hartford Hospital.

Sok and Vice President for Financial Services Dombal continued to assert that ending acute inpatient care was the only option. Sok made an impassioned plea to corporators at an early September meeting to accept the board's decision, according to a September 5 *Register Citizen* article. "The institution is running out of money," Sok said. "If we don't do something soon, we will erode all of the assets we have left and have no money for severance pay." Dombal predicted the hospital would run of out money by November if the change wasn't made. The average daily census was 10; the hospital needed 20 to break even. Hartford Hospital's Kinsella presented the corporators with more specifics about the proposed deal. It was an affiliation, not a merger, he said. The two phases would include a three-year commitment to keep 24-hour emergency services in Winsted as well as 23-hour observation beds and outpatient care. Phase two would be

based on a feasibility study for other services such as hospice and long term care. At this same meeting, the hospital board's attorney, Stephen Ronai, dismissed the move by the trust to take over running the hospital. "The Community Trust is not capable of being an applicant in the demonstration legislation and is not eligible to be an applicant," he said in a September 5 *Hartford Courant* article. "And I doubt very much whether a Superior Court judge will take action against a community board that is acting in good faith." Sok also warned that the actions of activist groups could kill the hospital. "These attempts to block us or slow us down are costing us money," he said. "We're in a race against bankruptcy."

As details about the proposed affiliation with Hartford Hospital and Charlotte Hungerford emerged, area residents only became more concerned. Hartford Hospital administrators wanted the license for 24-hour emergency care, for instance, to be held with Charlotte Hungerford. The theory was that it made more medical sense to have the license held with the closer hospital. Given the bad blood between the two hospitals thanks to the failed collaboration of the early '90s, however, many people were upset by the idea. "There's been an on-going history of problems between the two hospitals," Prelli said in a September 6 *Register Citizen* article. Even Isaacson admitted he'd prefer the license to be held by Hartford Hospital. "We would be an annex to Hartford Hospital and Charlotte Hungerford would be an annex to Hartford Hospital," he said. "If I had my druthers, I'd prefer Hartford Hospital as the license holder given the feelings of the community, but given the unification of the medical staffs, it would make sense."

As the stakes got higher, so, too, did people's emotions. In a September 8 letter to the editor, the Community Trust incorporators outlined the need for the trust to be formed. "The board and its president continue

their aggressive efforts to close the hospital by September 30, ignoring the people and their representatives, the hospital's auxiliary, whose devoted members have logged hundreds of thousands of hours in volunteer service, the Winsted Police Department and, last but not least, the loyal nursing and other staff of the hospital who believe that our hospital is not a lost cause and is worth giving our best try," wrote Michaelsen, Claire Nader, Burwell and Crane. The Community Trust was "designed to reflect the will of the greater community served by Winsted Memorial Hospital. Its purpose is to preserve, expand and improve the hospital as a full service, acute care health facility, including inpatient beds." The need for the Community Trust, they concluded, was that "the health care picture is changing rapidly. A strong, determined and imaginative leadership is required of us all to insure the care we need and want. We seek to build an organization that is democratic, accountable and competent. We owe it to our predecessors who labored so devotedly to plant the original seeds that nourished the Winsted Memorial Hospital for a century. We owe it to ourselves, and to those who come after us, to reach for the best health care possible, one that is accessible and flexible. All who work and accomplish this mission can be deservedly proud of such a legacy."

Isaacson downplayed the Community Trust's overall significance in a September 6 *Litchfield County Times* article. "To the extent they propose to interfere with the affiliation with Hartford Hospital, it uses up valuable time which has to do with whether health care will survive in the Winsted community or not," he said. "I don't think they have any standing to intervene in our certificate of need application [to become the demonstration project]."

In the same issue of the *Litchfield County Times*, Lavieri defended the hospital board's decisions, and in particular those of Sok, in a letter to the editor in the

Litchfield County Times. "The primary objective of the board of directors and the administration of Winsted Memorial Hospital is to make available the greatest amount of high quality health care, for the longest time and at the lowest cost possible for the citizens of the greater Winsted area. This, I can assure you, is also the objective of Jim Sok, the chief executive officer, an honorable man.

"Mr. Sok has been severely criticized by many in our community who appear to have identified him as the cause of our problems," he continued. "While he has been the bearer of bad tidings, he is not the cause of the problems at our hospital. The problem is nine patients a day, and falling. Nor is he responsible for these strategic decisions and policies. His job is to: 1) administer the hospital, and 2) identify, analyze and present strategic options to the board of directors. I believe Mr. Sok, under extremely difficult circumstance, has done a fine job of presenting strategic alternatives to the board, without biasing the board by the interjection of his own opinions."

Lavieri went on to state that it was he, not Sok, who first suggested discontinuing acute care. "After several months of agonizing over the decision to discontinue acute inpatient care, it is my deep conviction that what we must do is stop dreaming about the past and start dreaming about the future. The past is past and will not return … Let us pull together in support of this (Hartford Hospital) proposal. Let us concentrate our mutual energies on creating a health-care delivery system which reflects the realities of our environment today. To build a system for the future, we must let go of the past. Let's work together in a way that will make our grandchildren say we were people who could adapt to change and prepare for the future." (In 2010, Lavieri became president of the board of directors of CHH and promoted the same idea to move the medical services from the WHC to a piece of land that he owns on Route 44, outside of Winsted.)

The Community Trust didn't waste any time waiting for state approval. Hyde, acting chief executive officer, asked employees to donate 10 percent of their salaries for anywhere from six months to three years to help reduce costs. He said he would work for free for six months as chief executive officer of the hospital. A week later the nurses and technicians voted to support the Community Trust and make the donation.

Chapter Eight
Heading to Court

Given the legal issues cropping up throughout the battle, it was not surprising that Attorney General Richard Blumenthal finally leapt into the fray once the actual closure date for acute inpatient care was settled. On September 11, he asked Litchfield Superior Court to block the closure until a full review had been done. "The board cannot unilaterally end inpatient care," he said in the press release. "We are asking the court to block any immediate move to end inpatient care." Blumenthal said that the hospital's charter and state law require that the assets of the hospital be used for the purpose of maintaining a hospital, including acute inpatient care. "The hospital's charter clearly anticipates that inpatient care will be provided at Winsted Memorial," he said. "We are hopeful that the court will side with us and that the hospital will be required to prove in an open court of law that there is no other choice but to close inpatient care." The hearing was set for September 19.

Isaacson responded swiftly. "We plan to defend the action both on a procedural and a substantive level," he said in a September 12 *Register Citizen* article by Kevin Canfield. He was upset that the hospital would have to spend dwindling money reserves representing itself in a lawsuit. LaVoie and other members of Code Blue were understandably thrilled. "I'm not surprised that he did the right thing," said LaVoie. "He's a good attorney general and he knows when to do the right thing." Ralph Nader weighed in as well. "As the state of Connecticut's trustee in hospital matters, Attorney General Richard Blumenthal has begun the correct course of action to protect the public health and safety of the residents in the area served by Winsted Memorial and hold the board of directors

accountable for their mismanagement and reckless conduct," he said in a prepared statement.

One of the legal issues at the heart of the case was the definition of a hospital. State statutes define a hospital as "an establishment for the lodging, care and treatment of persons suffering from disease." In a September 12 *Hartford Courant* article Isaacson called the description "old-fashioned." "The key word in that definition is 'lodging'," he said. "And in today's health care, lodging is not a very important part."

Not surprisingly, the board made a pre-emptive strike against the attorney general, voting in an emergency meeting on September 17 — two days before the scheduled court hearing — to finalize the Hartford Hospital agreement and to end acute inpatient care the following Monday. Only one board member voted against the decision. Auxiliary president Dina Waker (who had voted to close the hospital), noting that the board had not had enough time to look over the documents, wrote the board a letter explaining her vote. "It is evident that what this affiliation accomplishes is the dismantling of the hospital, and an annexation with Charlotte Hungerford," she wrote. 'This agreement does not put Winsted Memorial Hospital on a separate and parallel track with Hartford Hospital; something Hartford assured our board it would do."

Blumenthal was furious at the board's move. "I am absolutely outraged by this action, which is clearly intended to subvert the court's authority and avoid a fair review of the lawsuit we brought last week," he said in prepared statement in a September 18 *Register Citizen* article. "By voting to end inpatient care Monday, the hospital's board is trying to deny the people of Winsted and the people of Connecticut their day in court." Isaacson shot back. "It disturbs me the attorney general has taken on the mantle of some harmed party when his assistants (David Ormstead and Janet Spaulding-Ruddell) that were

handling the case knew that this was a very real possibility," he said.

The final agreement with Hartford Hospital also included phasing out the Sharon management team over three months and a stipulation that "major policies regarding Winsted are to be made by the Winsted board of directors after reasonable consultation with the other parties…who may be affected." The new entity would be called Winsted Memorial Health Center and any agreement to end existing services at Winsted would have to be approved by both Hartford's and Winsted's boards. The agreement also reasserted Hartford Hospital's plan to contribute $850,000 for each of the next three years toward the hospital's remaining services. Under the final plan, Hartford Hospital officials could terminate it any time "if it is no longer financially feasible."

The early closing meant that only 49 employees would need to be laid off rather than 62 as first thought. The hospital union filed a complaint with the National Labor Relations Board, accusing hospital officials of negotiating in bad faith. Isaacson confirmed in a September 19 *Register Citizen* article that the board had lowered the number to 49 so the hospital's restructuring plan would avoid falling under the Federal Worker Adjustment Retraining Act. That law states that if the plans of an employer to lay off one third of that employer's workforce will affect 50 or more employees, the employer has to provide workers with 60-day pre-layoff notice or pay in lieu thereof. Keeping below 50 would save the hospital about $300,000. "They're being abusive of their employees, and it's unconscionable," said Mary Lou Millar, president of Connecticut Health Care Association, a union that included 66 of Winsted Memorial nurses and technologists.

The hospital got a reprieve at the September 19 court hearing when Winsted Memorial officials voluntarily postponed ending acute inpatient care until September 27

after Judge Richard Walsh agreed to hear Blumenthal's case for an injunction to stop the closing. The hearing was set for September 24 and 25. Walsh also denied the hospital's motion to dismiss the complaint filed by Blumenthal after hearing introductory arguments from each side. "Although this may seem like this is a just a small hospital, a small community, this raises an issue of constitutional importance," he said in a September 20 *Winsted Journal* article. "What is unprecedented here is that never has a hospital ended acute care without the approval of any state agencies." Hospital counsel H. Kennedy Hudner maintained that the planned shutdown of inpatient care was necessary to salvage what remained of the hospital's dwindling assets, and that the primary jurisdiction for making these decisions was OHCA and departments of Public Health and Social Services. Blumenthal disagreed, saying only the court, not state agencies, could evaluate whether the board's plans violated the original charter. He also disputed the hospital board's claims of dire finances. He said recent reports showed the hospital had more than $800,000 to continue operating. "The hospital's finances have been underestimated and that's the kindest way to put it," he said.

The Community Trust, meanwhile, prepared for what it hoped would be the eventual outcome: taking over control of the hospital. The September 20 *Winsted Journal* reported that about 40 area residents from Barkhamsted, Colebrook, Hartland, New Hartford, Norfolk, Winsted and Sandisfield, Mass. met for an organizational meeting of the Community Trust for Winsted Hospital Inc. The board would be comprised of 16 members with the president of medical/dental staff and auxiliary president serving as ex-officio members with voting privileges.

The following were unanimously elected to the board: John Burwell of Winsted, Manuel Cords of Colebrook, Carol Crossman of Winsted, Robert Ellsworth of Barkhamsted, John Gauger, Jr. of Winsted, Andrew Gomez of Norfolk, Laurence Hannafin of Norfolk, Blanche McCarthy of Winsted, Rev Richard Michaelsen of Winsted, Dr. Richard Munch of Norfolk, Claire Nader of Winsted, Patsy Renzullo of Winsted, Clark Smith of Winsted, Michael Stumo of Winsted, Barbara Tracey of Norfolk and Susan Whittier of Barkhamsted.

At the meeting, Dr. Hyde outlined the group's tasks. "It's time to leave the past behind and start looking for a new Winsted hospital," he said. Noting that the hospital building was outdated and that renovations would be costly, he said it was vital for the trust to be financially stable. He told the group that about 20 doctors had responded in the affirmative to a letter he sent asking if they would send patients to a good hospital in Winsted. That, he said, was a good start but they would have to recruit more physicians and expand services to survive. He suggested adding cardiac rehabilitation, physical therapy and women's health services.

On September 20, however, the Community Trust got some bad news from the state Office of Health Care Access. It denied the Trust's application to oversee the hospital in the five-year pilot program because it was not an acute care hospital. At the same time, it sent a letter to Winsted Memorial Hospital officials saying that the hospital did qualify for the program and should apply to the state to become the pilot hospital. LaVoie was not deterred. "The strategy is to pursue every option no matter how faint," she said in the September 20 *Winsted Journal*. "In this kind of struggle, you've got to pursue everything to the end and that's what we're doing." Isaacson, meanwhile, was not surprised. "I think there are major impediments to their running a hospital," he said.

"They've chosen to rely on the attorney general and the courts to give them a role, and what I believe and our counsel believes is that is extremely unlikely."

The fight took a surprising turn in the September 24 and 25 court hearings. The hospital board voted to temporarily suspend executing its affiliation agreement with Hartford Hospital and to reopen negotiations with Saint Francis. Additionally, ending inpatient acute care was postponed to October 28. Charitable assets would be used to take care of financial obligations in the meantime. After losing its attempt to have the attorney general's lawsuit dismissed, one board member spent the weekend before the hearing going over financial information with assistant attorney general Janet Spaulding-Ruddell. They agreed there was $630,916 in endowment funds to keep the hospital functioning until the end of October. "We felt we had a gun to our head," a board member told reporter Rachel Gottlieb of the *Hartford Courant* on September 25 of the board's reversal. "The attorney general would stonewall every step we take." Saint Francis officials, meanwhile, were guarded in their reaction. "We need to look carefully at Winsted Memorial's financial condition, which we have heard has deteriorated significantly since we last saw its financial statement," said spokesman Pete Mobilia.

Local editorials urged both sides to come to the table and move forward. The *Winsted Journal* noted that the new move by the board to renegotiate with Saint Francis and the attorney general's actions did not guarantee the hospital had a future. "What they do is buy a month's time — while WMH spends more of its limited resources — in which the community can develop the best possible solution." The editorial offered suggestions for how that time should be used: Talks with Saint Francis must be urgent and intensive; the Community Trust should still

plan for alternatives; the public should be kept in the loop of developments. "Neither side may be willing even to consider such a joining of forces today. But there will be a tomorrow. Neither side should rule out joining hands for the future. This community can stand tough fights, even harsh confrontations on issues that matter. It can ill afford writing off, demonizing or marginalizing good people who honestly differ."

A September 28 editorial in the *Register Citizen* also urged compromise by summarizing what had worked, or not worked, in the campaign so far. The paper's editorial board gave Blumenthal credit for taking aggressive action. "While he has not exactly saved the hospital (yet), he has given it a reprieve." The paper also credited Code Blue and town officials who had worked to keep the hospital open. But the editorial lambasted overall negative behavior, criticizing the board for not being forthcoming and ignoring neighborly advice, the various town officials who refused to fight the board, and "the hotheads who turned this into an ugly fight." It concluded "Winsted Memorial Hospital has a long way to go before its future is finally resolved. But at least reasonable discussion is taking place. At long last."

While conversations were taking place, the hospital got another nail in its coffin when BlueCross/BlueShield told Winsted's 85 town employees that they could only use Winsted Memorial Hospital's emergency room for life-threatening conditions. Otherwise they should go to Charlotte Hungerford. "It's absolutely ridiculous for Winsted people not to be able to go to a hospital that has the facilities in place," Winsted Town Clerk William Riiska said in the September 30 *Hartford Courant*. Norfolk First Selectman Arthur Rosenblatt quickly weighed in, sending a letter to the insurance company. "At a time when municipalities in this area are being

encouraged to convert medical insurance to managed care plans, you provide the most compelling reason for not doing so. Your advisories regarding the use of emergency room facilities that exclude Winsted Memorial Hospital have the potential for doing great harm, indeed, for possibly causing loss of life to area residents," he wrote. "Do you people down there have a map of the state of Connecticut that includes the northwest corner? Could someone possible put a little mark where each of our three full service hospitals are located? Yes, that's right *three* for the whole area.

How can you possibly exclude any of these facilities from providing appropriate medical service to those in its immediate area?" he continued. "How can you possibly as a person in medical need to define in advance whether the condition is 'acute care,' 'sub acute care,' 'emergency care' or 'urgent care'? While the red liquid is pouring out is not time to quibble over the difference between bleeding and hemorrhaging. Put Winsted back on the list." Isaacson was more sanguine about the decision. "It's not totally surprising to me," he said. "Initially BlueCross was trying to keep us out of all their plans."

While the hospital was being hit from the outside by managed care, inside the building hospital administrators surprised employees by asking them for 10 percent pay cuts the first week in October. They based the request on the vote taken three weeks earlier by the union to support the Trust and Hyde's request to considering donating 10 percent to the hospital, payable over three years. "Consistent with your public statements to the press indicating your union members' desire to take a 10 percent pay decrease to help keep Winsted Memorial Hospital open, we would like to implement this 10 percent pay reduction as soon as possible," Francis Golden, vice president of human resources, wrote to union President Mary Lou Millar. Millar responded swiftly and angrily that

the original vote was not a 10 percent pay cut but rather a pledge of 10 percent over three years. "And that vote had to do with local autonomy and a full service hospital," she said in the October 1 *Hartford Courant*. "It was a total package."

The board, meanwhile, sent a new proposal to Saint Francis Hospital the same week. Key to the revised proposal was keeping acute inpatient care for a specific period of time. "We don't want an agreement that states Saint Francis will study keeping inpatient care open, nor do we want an open-ended agreement on this issue," Isaacson said in the October 2 *Register Citizen*. "Given the position the community has taken and the way Saint Francis was brought back into negotiations by the attorney general, we felt we have to ask them to do that." The revised proposal also noted that the Winsted board would have voting rights on certain issues. "If Saint Francis just signed on the bottom line, I'd be thrilled," Isaacson said. "But that won't happen. It will be give and take, which is the nature of negotiations."

Saint Francis officials were quick with their response to the WMH board proposal and the news was not good for Winsted. "We cannot understand how you and the board can make such a proposal with any reasonable expectation that it is even close to something that would be acceptable to Saint Francis," wrote Douglass Seaver, lead negotiator for Saint Francis. The letter, which was quoted in the October 4 *Hartford Courant*, also accused Sok and Isaacson of violating confidentiality agreements about negotiations and expressed concerns about the general adversarial relationship of the board and hospital with the community. "There is so much distrust and animosity between the community and the WMH board that Saint Francis does not want to take sides, nor do we want to get in the middle," Seaver wrote.

The attorney general continued preparing for his day in court, subpoenaing hospital officials the first week in October. He asked Sok to bring financial information about bonus pay for employees, statements from May-September about the deficit, documentation about accounts receivable and explanations for why they had dropped off this year, and documentation to explain the $740,000 in supplies purchased during the summer, a point at which the hospital in theory was on the way to closure as part of the vision plan.

Blumenthal did not like what he saw so on Friday, October 4; he filed documents asking the judge to appoint an overseer of Winsted Memorial Hospital. "We think there's a need for new leadership with new ideas focusing on positive steps to preserve inpatient care at Winsted Memorial Hospital," he said in the October 5 *Hartford Courant*. "We believe the present board has been unwilling or unable to preserve inpatient care, which is one of the hospitals' core responsibilities." LaVoie, representing the Trust, which had already been accepted as a friend of the court, said she would ask the judge to appoint the Trust as the hospital administrator.

That did not happen. Instead Judge Walsh, in a move that brought audible cries of surprise from the many Code Blue members in the courtroom on October 8, appointed E. Cortwright Phillips as receiver. It was the first time in state history the court had appointed a receiver for a hospital. The appointment effectively ended Blumenthal's lawsuit. "This step includes all the remedies we sought," he said in the October 9 *Hartford Courant*. "We hope the administration can help to enhance and maintain the core services of the hospital." As receiver, Phillips was authorized to order independent audits of the hospital's finances and to appoint three new members to the hospital board to fill vacancies. He could also alter the hospital's charter and override board directives, and negotiate an

affiliation or merger with another hospital. Phillips could not, however, terminate or increase any services without approval from the appropriate state agencies. Phillips was given until October 22 to report to the court on the scope of what services, inpatient or otherwise, Winsted Memorial Hospital could provide going forward.

A former banker, Phillips was well known to those fighting the closure of the hospital. He had served for three years on the state Commission on Hospitals and Healthcare (now OHCA) and nine years on the Connecticut Health and Education Facilities Authority. As chair of the state commission, Phillips quickly earned a reputation for not having the best interests of Northwest Corner residents in mind. When Winsted and Sharon officials tried to persuade the commission to make cuts in the number of beds allowed at the competing Charlotte Hungerford, Phillips made his feelings about Winsted Memorial clear. At the end of the commission hearing, hospital attorney Stephen Ronai, said that Sharon and Winsted, in their joint management agreement, were important to the area's health care and had a "role to play." Phillips responded, in various public reports, "Sharon has a role to play," i.e. making Winsted Memorial's role perfectly clear. Phillips also voted against Winsted Memorial's application to the state agency for a certificate of need (CON) to open a psychiatric unit three years earlier, a move that the board had hoped would bring the hospital much-needed additional revenue.

Hyde summed up his view of Phillips and his treatment of smaller, rural hospitals for Lance Tapley, an investigative reporter retained by Ralph Nader to write a report about the WMH debacle. In that report, "The Destruction of a Hospital," Hyde described Phillips' generally chummy behavior with hospital regulators this way: "He fought tooth and nail not to allow smaller (See www.communitylawyer.org for the complete report.)

Outside the courthouse on that October 1996 day, Phillips admitted he historically had supported hospital consolidations. He also defended his vote against the psychiatric unit because the hospital's expert witness did not come to the hearing. Inside the courtroom, Code Blue and Community Trust members were concerned that something was up as soon as they saw Phillips. LaVoie and others tried to offer three other candidates during a two-hour break, getting resumes faxed to the judge. (One later withdrew due to a conflict with Winsted Memorial and the other Walsh, who spoke to most of them during the day, found unacceptable.) When Walsh announced Phillips as the choice at 4:45 p.m., the naysayers in attendance gasped. "The attorney general has betrayed the hopes of this community to save its hospital by supporting the appointment of Mr. Phillips," LaVoie said in the October 9 *Register Citizen*. A full decade later, she remains firm in her original analysis of the AG's betrayal. "He led us to believe he was going to handle it differently," she said. "The AG's office could have worked with us beforehand. He knew what they were up to. He could as easily have conferred with us, but he did not."

Phillips quickly went to work. He contacted Saint Francis officials to see if they were still interested in talking. The answer? Maybe. He also met with members of the medical staff and with Waker to ask her to hand over the auxiliary's $230,000 in assets for use by the hospital. The auxiliary, which maintained it was a separate entity from the hospital, ultimately voted to fight the court order to turn over its assets.

Members of the Community Trust, meanwhile, reeling from Phillips' choice but ever hopeful it might still play a role in the hospital's future, planned a fundraiser with Phil Donahue as host. About 120 people attended the fundraiser, which was broadcast over Channel 13 and

raised nearly $255,000 in pledges in just a few hours. Claire Nader remembered the event as seminal to pulling together the people. "We had to have something dramatic," she recalled in 2009, "so we got Phil Donahue. He gave a wonderful speech at that fundraiser. People pledged money. The heart that was in this effort was incredible." She recalled people donating a month of their Social Security check. "We repaid the compliment to the people by respecting them and kept them entirely informed. It was a wonderful time from that point of view."

Trust members also expressed their public dismay over Phillips' appointment. Carol Crossman sent Blumenthal a letter, which also appeared in the October 11 *Winsted Journal*. "It was with grave concern that I reviewed the stipulation agreement written in words that clearly leave us at a disadvantage," she wrote. "If the receiver of the hospital is to decide what our health-care needs are and what is financially within the current board of directors' scope of control and its desire, it closes out the very community that has expressed its public dedication to preservation of the hospital under local control with an expanded service base …These three parties, the board of directors, Mr. Sok and Mr. Phillips, have a public history of displaying their strong intent to put an end to a full-service hospital in Winsted." LaVoie also sent Blumenthal a letter asking for more time for community input. "Phillips doesn't have the time to properly analyze the situation or present appropriate recommendations to the court," she said in the October 15 *Republican-American* of her letter. "The good news is Sok is out and the bad news is that Phillips is in. This receiver is historically antagonistic to smaller hospitals and has been given only two weeks to decide the hospital's future. He admits he has been in favor of consolidation and that means bring them to Hartford." She asked Blumenthal for a chance to meet and

discuss various parts of the court order, in particular the section that disqualified anyone employed by an organization affiliated with Ralph Nader, Code Blue or the Community Trust for Winsted Hospital to be appointed temporary receiver. "If the goal was to appoint a neutral receiver," she wrote in her letter to Blumenthal, "this stipulation fails because it is imbalanced: it only excludes those who are connected to the community and the effort to save the hospital." The request was categorically denied. No one from the Trust was allowed to see the documents until they were in court.

LaVoie also questioned the use of Ernst and Young financials since they did the initial hospital audits. "The outcome and integrity of this process may rest on the analysis of the finances, yet the receiver has rejected the importance of an auditor who has no conflict of interest and has no stake in the outcome," she wrote.

The emotional toll of this protracted crusade on the community was expressed in resentment by some toward townspeople who fought to save the hospital. Despite the support of selectmen John Forrest and Virginia Dethy for the Community Trust cause (they were corporators of the Trust), the Winsted Board of Selectmen voted in mid-October against supporting the Trust taking over the hospital.

Code Blue leader Crossman remembers how tactless some of the behavior was toward Code Blue and its many efforts. "There were faxes sent to the attorney general by local selectmen saying they were not supporting this Code Blue effort. It was spiteful on many levels," she said in a recent interview. "This was true citizen action. The local political forces did not rally behind this. That undercurrent made getting through to Hartford to move through the system more difficult."

The hospital board tried to mend some fences by offering a few members of the Trust positions on the board

to fill vacancies. The Trust rejected the offer. "We are not sending three of our people to that board," Trust President Michaelsen said in the October 12 *Hartford Courant*. "It's of no value to us. Their mission is to close the hospital and ours is to preserve it."

For the most part, Phillips followed his own agenda in the few weeks he had to gather information before reporting to the court. He refused to meet with the press and ignored Michaelsen's request to meet. While Blumenthal was contacted by various community members expressing concern about this, he declined to take any substantive action. "Certainly my expectation has been the receiver would consult with the community as he indicated he would do," he said in an October 18 *Litchfield County Times* article.

As court day loomed most people in the community remained in the dark about what Phillips would report. His intent became immediately and shockingly clear in newspaper reports October 23: Phillips wanted the hospital to close Friday, October 25 and file for bankruptcy. "The conclusion is very clear that the hospital must cease patient care services," he said in a press conference. "The reason is quite simple. There are approximately $700,000 in liabilities not covered by assets." He said there was no money to pay employees after Friday. The five patients currently in the hospital could be discharged by Friday. The board of directors had voted the day before to follow Phillips' recommendation and close the hospital, even though originally they had called for eliminating acute inpatient care only.

Blumenthal did not agree and called for the Trust to take over the hospital. "The people of this community deserve a chance to save their hospital," he said in the *Register Citizen*. "The only group that seems ready, willing and able to assume that very difficult task is the

Community Trust. There is clearly a need for new vision and imagination, as well as leadership." By this point, the Community Trust had raised $400,000 in pledges.

Phillips threatened to resign if the court didn't agree with his decision. "I couldn't afford the personal liability unless the court was willing to protect me," he said.

"It is a surprise to no one that Phillips came to the conclusion this hospital is in trouble," Claire Nader said. "We did not need a receiver to tell us that. We knew it had been grossly mismanaged by the hospital board."

As news of Phillips' decision spread, the blame game started full force on both sides. Hospital Chief Financial Officer Dombal commented, "Our running out of money is essentially Code Blue," he said in a *Register Citizen* article. "They are the ones who have done this to the employees of this hospital."

It's a point that was echoed by hospital board President Isaacson in the October 24 *Register Citizen*. "Our attempts to save the hospital were thwarted at every turn by Code Blue and the Community Trust," he said. "They scared away our suitors, they frightened patients away and made our doctors and employees uncomfortable. We wouldn't be closing if it weren't for them." But Isaacson's after-the-fact statement contradicts the hospital's April 1996 public announcement that the in-patient services and the emergency room were closing - this was the heart of Sok's "vision plan" that scared patients and employees and worried doctors who needed to admit patients.

Sok's obfuscation escalated in his November 6, 1996 memo notifying the executive committee of the strategy Sharon would adopt in its public response to the hospital closing. In addition to offering three months free emergency and urgent care and helping former Winsted employees find new health care jobs, their public relations strategy would be to blame Code Blue and the Community

Trust. "No one truly wanted this to happen but unfortunately, at virtually every turn the hospital's efforts were thwarted by Code Blue and the Community Trust," a press release stated.

As for the complaints that Code Blue had done more harm than good, both Claire Nader and LaVoie dismissed those claims then, and they still do a decade later. "Of course they're going to blame those who wanted to save the hospital," said LaVoie recently. "We backed up our name-calling with facts based on the hospital's financial records. They just name-called."

"We knew we would have no credibility with the people if our facts were incorrect," added Nader. "You have to have the evidence. It is important to remember that hospital officials did not dispute the facts we brought to bear to support our conclusions that the board's mismanagement had lead finally to the demise of Winsted Memorial Hospital and a declaration of bankruptcy."

In court on October 24, the specifics behind Phillips' recommendation were made public. He said the hospital had assets of $3,571,950 and debts or obligations of $4,291,242, leaving a shortfall of about $719,000. Between October 1995 and August 1996, hospital admissions had dropped by 38 percent, causing an operating loss of $3.2 million, according to Phillips' report. In addition to the power of a biased receiver, who was well positioned in the state's regulatory and legal agencies, other forces were arrayed against the Community Trust that proved decisive. The influence of the hospital network, buttressed by its state and political allies, coalesced to create insurmountable obstacles that blocked the Community Trust and its citizen allies from saving the hospital.

Walsh decided closing was the only option. "The financial condition of (Winsted Memorial) is more than

precarious," he wrote in his decision. "Indeed, it is nothing less than desperate — so desperate that there is nowhere to turn." No money was left for severance pay to the 206 employees losing their jobs. But before closing on the final day Sok and Dombal each received hefty bonuses — $100,000 and $50,000 apiece — for trying to implement the vision plan! In fact, they failed.

On October 25, 1996, shortly before 5 p.m., the last patient at Litchfield County's first hospital walked out the door. Winsted resident and former town clerk Russell Didsbury had had hernia surgery earlier in the day. "This is an honor I'd rather not have," he said, welling up as he spoke to a *Hartford Courant* reporter. He remembered his first visit, when he was six and had broken his leg. Anyone calling the hospital after 5p.m. heard this message — direct, simple and a summary of a community's greatest fear: "You have reached Winsted Memorial Hospital. Effective Friday, October 15, 1996 at 5 p.m., we have terminated all services per court order of the Litchfield Superior Court. If you are in need of medical care, please call Charlotte Hungerford Hospital in Torrington, Connecticut."

Chapter Nine
Disturbing Developments (Now, We Will Never Know)

The ramifications of the hospital's demise came within 48 hours of its closing when Winsted resident Mary Ducharme's son fell out of a tree and needed emergency treatment, which meant driving the additional 20 minutes to Charlotte Hungerford Hospital. "We had our first emergency today (without the hospital)," she told Joe Coombs in the October 28, 1996 *Waterbury Republican-American*. "I'm glad it wasn't a more serious injury, because that's a lot of extra time to go to the hospital."

Anita Mathewson knew full well how long that trip to Torrington could take. She recounted the horror of her husband's near-death medical scare sans WMH in a letter she wrote about John and his reaction to a wasp sting on his shoulder. "At first, he complained because of the sting," she wrote in her December 7 letter. "Then he developed a rash within a minute or so. After approximately 3 minutes, he realized he was in trouble and told me so. I immediately called Winsted Hospital, as always in an emergency, and got the recording that as of 5 o'clock that day the hospital had been closed. Now I am desperate, my husband has become unconscious and I had no idea if 911 would work in our area. I dialed it and was told that the Norfolk ambulance would be coming. It seems it took a long time, possibly 5 minutes, before they arrived. In the meantime, I am moving my husband back and forth and talking to him, without any response. I thought he had died, but did continue to move him around. He was cold and sweaty.

"The ambulance is a voluntary ambulance and does not have paramedics on board," the letter continued. "They called to Charlotte Hungerford for assistance when they saw my husband. The Torrington ambulance met our Norfolk ambulance in west Norfolk and the paramedics

came on board and gave my husband the medicine and IV and oxygen. He came to after a while and it took about 40 minutes before we were at the emergency room at the hospital.

"When you have a desperate situation like this, the ride to Torrington seems endless," she summed up. "It was horrible that Winsted Hospital had been closed just that day when we so dearly needed to go there. If the weather had been bad, icy etc. I don't know if my husband would have made it for that long. It is very bad for all of us who are used to having Winsted Hospital so near to now be without immediate help."

Indeed, dealing with the crucial time gap and its impact on area volunteer ambulance corps was a main action item by various town selectmen once the hospital closed. Winsted's Board of Selectmen voted in a special meeting the day after the hospital closed to pay Campion Ambulance $12,000 a month for three months to provide emergency services during the day. It was meant to be a stop-gap measure while town officials determined other options. Under best case scenarios, officials estimated the drive to CHH would tack another 20 minutes on to emergency trips. Add snow, ice and the wide geography covered by the service towns, and that trip could easily take 45 additional minutes.

And that was just getting the patient to the hospital. The extra distance also meant that volunteers, many of whom left work in the middle of the day to respond to an ambulance call, had further to travel back to their jobs. The average ambulance call was likely to increase from 45 minutes to perhaps two hours.

Those numbers worried ambulance leaders such as Cy Goulet, president of the Winsted Area Ambulance Association. "I can guarantee response of the first team," Goulet, president of Winsted Area Ambulance Association, told selectmen in an October 27 *Register Citizen* article by

Michelle Zissler. "What I can't guarantee now is a second crew being available if the first crew is in Torrington." At the time the Winsted association was comprised of 60 members, 40 of them from Winsted. They answered 800 calls in 1995.

For many residents in Winsted and the surrounding towns served for nearly 100 years by Winsted Memorial Hospital, the hospital's demise was as gut wrenching as the loss of a dear family member.

In 2009, LaVoie recalled her feelings at the announcement. "I was angry because I felt both the attorney general and the receiver did it in finally," she said in 2009. "There were some specific actions and decisions on the part of the authorities involved in this that hastened the demise. So when it closed, you realized that the powers that be had to do it because they thought it was inevitable and they had to prove they were right. They couldn't bear to have someone come in and manage it out of the mess. I'm certain that Dr. Hyde could have done that."

But Hyde and the Community Trust hadn't been given that option. Instead, the town that had been the site of the first hospital in the county was now the site of the first hospital to close in state history and, once papers were filed in the next few weeks, would become the first hospital to file for bankruptcy.

The impact went beyond decreased access to health care. As a major employer in town, Winsted Memorial Hospital had a large economic footprint. Within days of the hospital's demise, area merchants were bemoaning the effect on their business. "I think it's going to have a grave impact on us economically," Mayor John Arcelaschi said in a November 1 *Winsted Journal* article by June Peterson. "It's been here so long and we've come so much to depend on it."

Town Manager Paul Vayer, meanwhile, lamented the loss of institution, noting the hospital brought in $5

million to town. "That's a lot of money to be taken out of our community," said Clark Smith, president of the Winsted Retail Merchants Association and owner of Smith Greenhouse. "Unfortunately it's sort of the heart of our community here; it's like closing down Gilbert School or the community college."

In 2010, the *Voice*'s Gould, who closed the paper not long after the hospital closed but who still operated a business in Winsted, summed up the closure this way. "Economically it was an enormous blow to the town. It also gave Winsted an identity; it's what differentiated it from Canton or something. If you think of Winsted as being a self-sufficient functioning community, it can't be that without that institution. In some ways, those days are gone when people used to work and live here, but when that closed, that was another reminder that it wasn't going to ever go back to the way it was, that Winsted wasn't going to be this self-sufficient community in its own right as it had been."

For his part, Phillips offered no apologies for the closure. In an October 29 *Torrington Register Citizen* article by William Haskell, he was direct about why he felt closing the hospital was the only option. "Two things … two trends … were drawing this hospital down well before I got here," he said. "They were the cost of inpatient care, with a disastrously declining inpatient census, and the cost of the emergency room service … more than $1 million a year. When you see trends like that, there's not much you can do.

Phillips offered this specious comparison: "It's a shame that Winsted won't have full emergency room service, but who could pay for it?" he continued. "It cost over $1million a year. When, for example, from October through July in fiscal year 1996, Hartford Hospital was having 64,100 emergency room visits, Waterbury was having 34,000, Saint Mary's 40,800 and Charlotte

Hungerford 15,140, Winsted Memorial had just 7,700 and very few of those generated inpatients for the hospital."

Others laid the blame directly at the feet of the hospital board. A *Hartford Courant* editorial on October 30, 1996 blamed the hospital board for "having misjudged the crisis, negotiated in bad faith with other hospitals, and jerked around employees. The administrators deserve a swift kick for their heavy-handed management. Inexplicably, at least two officers — former President Sok and vice president for financial services Dombal — have collected $100,000 and $50,000 bonuses, respectively, for trying to implement what was euphemistically called 'the vision plan'." The editorial concluded by suggesting these bonuses be revisited by the court during the bankruptcy proceedings.

Ralph Nader offered a similar analysis of what had gone wrong. At a public meeting, he deflected critics in town who had been blaming him and the Code Blue group that fought the hospital's closing. "I've heard John Lavieri (a board director) say it's my fault," Nader said, in an October 31 *Hartford Courant* article by Rebecca Sausner. "But the board of directors are to be blamed for mismanagement and running the hospital into the ground."

In a November 14, 1996 letter, Nader called for Blumenthal to investigate the actions of the board and alleged conflicts of interest on the part of Sok. Nader also urged hospital directors to have a public meeting to explain their plans for the hospital and its assets and suggested that the Winsted Board of Selectmen take over the hospital by eminent domain.

But the closing of the hospital turned out to be just the first wound in this health care horror story. Just how infected the hospital's management had been became increasingly clear as the bankruptcy

proceedings began, and certain documents and information were made public.

While news of the bonuses paid to Sok and Dombal — $100,000 and $50,000 respectively — for creating the so-called Vision Plan first hit the public during the trial, these financial insults turned out to be just one in a slew of financial questions that began to come to light as the hospital's financials became available. Why, for instance, in July 1996, a month when daily in-patient census at the 72-bed hospital averaged perhaps a dozen, did Sok authorize $255,000 more for supplies than his budget called for?

Other dubious expenditures and potential conflicts of interest that could have affected how Sok and Dombal ran the hospital included:

• $7,233 to the law firm of Levy & Droney, where board president Isaacson was a partner.

• $4,300 debt to RJ Sok & Associates; R. Sok was a relative of Jim Sok and the purpose of debt unknown.

• questionable stock ownership by Dombal. Under cross examination by the attorney general in early autumn, Dombal said he owned 3000 shares of Owen Healthcare. That company began operating the pharmaceuticals and materials management of WMH and Sharon under the Sok-Dombal management team. He also testified he owned 200 shares, worth at the time about $1,800, of Wellcare Corporation, a managed-care company with which WMH had a contract. Dombal denied under testimony that his stock ownership had any impact on his financial decision-making. He testified that the Owen contract saved WMH about $125,000 annually.

• astonishingly, the relationship with Sharon OB/GYN in which WMH paid $150,000 to this group in return for the doctors in this group referring Winsted patients to Sharon Hospital rather than Charlotte Hungerford. In other words, WMH essentially financed guaranteed revenue to Sok's competing hospital. "Who

benefits from that?" Michaelsen asked at the time. "It's a cost for Winsted Memorial."

Board member Lavieri denied at the time that this was an ill-conceived venture. Instead, he said, it was designed to fill the ob/gyn void in Winsted, a void ironically created by the board itself when it voted to end the practice in the 1970s. "Our board had a strong belief there was a demand in the community for additional gynecological service," he said. "We thought it was imperative to provide additional services to the women of the Winsted area, so we directed management to secure another ob/gyn specialist. It was our expectation that securing such a specialist would increase services for Winsted Memorial."

• management spent at least $37,000 for a public relations firm to convince the community that the vision plan was a good idea, this at a time when a lack of cash flow was supposedly the reason the hospital needed to close

• $2700 paid to Howd, Lavieri & Finch, a local law firm where hospital board member Frank Finch is a partner. Conflict of interest?

• $87,000 in legal fees to Murtha, Cullina, Richter and Pinney, who were paid to sell the vision plan to state Office of Health Care Access and fight the attorney general.

• $209,000 to Ernst & Young, the hospital's auditors. Excessive?

That these and other financial discrepancies warranted a closer look was made clear in one seemingly small and yet significant discrepancy uncovered in mid-November by the Community Trust for Winsted Hospital. According to a letter sent to the attorney general by Jake Maendel, who operated Jake's Locksmith, the $2,014.33 quoted by Phillips as being paid to Maendel for services he

rendered WMH was inaccurate. According to Maendel, he worked at the hospital three times in 1996 for a total of $97. "That's just one we know of," said the Rev. Richard Michaelsen, president of the Community Trust, in a November 22 *Litchfield County Times* article. "We don't know what's behind the figures." Added LaVoie: "That's the problem with no independent audit," she said. "We don't know if we can trust any of the reports from the hospital. Mr. Phillips used the numbers Sok gave him, period. Then he went to court and said, 'Yes, your honor, it's as bad as Sok said.'"

Indeed, an investigation by the *Litchfield County Times* showed the Community Trust's concerns were warranted. The bonuses offered one example. No record of a board vote about the bonuses exists in the minutes of the day they were approved. Dombal said they were approved by the executive committee moments after the board approved the vision plan, a plan that was recommended, after a mere 30-45-minute presentation by Sok and Dombal, because the hospital was in dire financial straits. In the same meeting, the board renewed the Sharon contract for another three years.

The bonuses were meant to be paid out for implementing the vision plan, but were paid out early after it became clear the hospital would be closing. "The fact that they got paid even before they presented the vision plan is grossly inadequate," said Michaelsen. "They saw a hospital going down. They just tried to grab as much money as they could."

The November 6, 1996 memo Sok sent to the executive committee of the WMH board indicated even Sok and Dombal had some second thoughts about the bonuses. The memo discussed the possibility of Sok and Dombal returning the bonuses and stated that initially the men had planned to return the money. Once they learned, however, that Phillips might seek to have additional

money returned to WMH, perhaps as much as $300,000, they changed their minds, according to the memo. "Dan and I totally disagree with any approach that second guesses the cost allocations," Sok wrote, referring to a point he made earlier in the memo, saying that Phillips "may feel he can get more back by asking and questioning the cost allocations that we shared with Winsted.

"We can defend all cost allocations," he continued, "and can even make the argument that we were more than fair in our allocation of costs. Expenses were reduced every year that we were in Winsted."

Unlikely, because the financials raised more questions than they answered, especially as the flimsiness of Sok's research into his so-called vision plan became clear. Sok admitted in a June 1996 *Litchfield County Times* interview that he had done no independent studies or investigations into how other small hospitals changed to adapt to the highly competitive managed-care environment before coming up with the vision plan. Instead, he said he relied primarily on previous health-care forays by former Winsted Hospital administrations and conversations with people in the field to come up with his vision. "A lot couldn't be done or was rejected in the past," he said then, ticking off alcohol detox, rehabilitation care and adolescent psychiatry.

An "internal analysis" showed the outpatient side was where the hospital was making money. "So we came up with a focus on outpatient care," Sok said. Residential care arose in the plan because "there was a need in the area for that based on some discussion with people in the industry," Sok said.

But even Phillips thought the plan made no sense. In his report following his examination of the situation at Winsted hospital, he found the likelihood of financial success for sub-acute and ambulatory care, and clinics — the cornerstones of Sok's plan — dubious at best. "A major

assumption in that analysis is the continued receipt of Medicare reimbursements," Phillips wrote in his report. "This reimbursement is, probably, not available to a free-standing emergency room that is not affiliated with an acute care general hospital."

The attorney general's response to this new information was cautious. "We're reluctant to predict how we might use that information," he told the *Litchfield County Times*. "It depends on what is disclosed."

Those in the community were a lot more outspoken. Of the bonuses, Andrew Gomez, who was a fundraiser for the Community Trust, was direct: "It's simple — they weren't deserved and frankly, I'm devastated," he said in a November 7 *Waterbury Republican-American* article. "They said the bonuses were for extra work to put the vision plan in place, but the plan never got into place." Added LaVoie, "It's a stark outrage. Employees are furious, and there is $150,000 in the pockets of these failed managers."

The bonuses were salt in the wounds of the hospital employees who had been informed no money was available for their severance. "We're all angry. We worked hard" said Nancy Anderson, a nurse at the hospital for 17 years. "We feel we just got taken advantage of and the fact that they took bonuses when the hospital was in trouble is unbelievable, really." Isaacson, meanwhile, continued to downplay the bonuses, saying the additional money would have only kept the hospital open one more week.

The Community Trust kept working overtime. Two weeks after the court rejected its bid to take over the hospital, Trust members brainstormed about ways to create health care in the town and actively worked toward raising money. To date, the group had raised more than $500,000 in pledges.

But while members of the Community Trust strategized, officials at Charlotte Hungerford made it clear

they weren't going to wait to see what happened in bankruptcy court. They filed a letter of intent with OHCA to build an ambulatory care center and outpatient facility in Winsted just one week after the hospital's last patient walked out the door. The note stated the hospital would invest $2.5 million. Where this center might be located was not yet known.

Winsted town leaders, meanwhile, met in mid-November with officials with Saint Francis Hospital in Hartford. They were more interested in forming an alliance with Saint Francis over Charlotte Hungerford or, by association, Hartford Hospital. In 2009, Isaacson said he was always puzzled by this interest in Saint Francis over Hartford Hospital. "For reasons that were never totally clear to me parts of the community preferred to have us deal with Saint Francis," he said. "That whole level of confusion certainly didn't help anything."

Critics of the Sok regime got some new fodder with the news that the daily cash balance log for the hospital showed a balance of $647,482 — far more than the $34,000 Phillips claimed was there when he closed the hospital October 25. LaVoie used this new information and asked the attorney general to reopen the investigation into the closing. "Could the new information force a reopening of the investigation," she asked in a November 15, *Republican-American* article.

The revelation did not stop the bankruptcy filing on November 15, however. Barbara Hankin, a Bridgeport bankruptcy lawyer, was appointed trustee to see the hospital through the Chapter 7 liquidation.

Court filings in mid-December made public additional details surrounding the hospital's financial status. The hospital's assets were valued almost $900,000 more than liabilities. The known liabilities of $4.6 million were against known assets of $5.5 million. Assets of

undetermined value were estimated at another $5 million, including the $1.8 million appraised value of the hospital building, $1.7 million in equipment and machinery and $1.5 million in assets with restrictions for use.

The hospital's largest creditor was the state with $1.2 million owed in unemployment compensation funds, and $450,000 owed to distressed hospital fund. The next largest creditor was the federal pension/benefit guarantee fund, which owed $1.1 million. Medicare was owed $400,000. Northwest Community Bank was the largest creditor with a secured claim of $420,000, the balance of the mortgage on the medical arts building. Former employees and docs also were owed thousands in unpaid wages and personal time, according to the filing.

Other assets included $800,000 left to the hospital by a Winsted man shortly before the hospital closed and $225,000 held by Winsted Memorial Hospital Auxiliary. The auxiliary had refused to give up the money to date, despite threats from Phillips, maintaining it's a separate entity. Bank accounts totaled more than $650,000.

The surprise news of the month, however, was the announcement that Sharon Hospital, along with Sok and Dombal, had agreed to give back $275,000 to Winsted hospital. Of that amount, $150,000 was the bonus money, which Phillips deemed premature. He wrote in his report to Judge Richard Walsh that "the bonus would have been better applied when the recommended new programs for WMH (the so-called Vision Plan) had been accomplished." Phillips said other payments to Sharon were "questionable" and that "certain other consultant expense, though perfectly legal, resulted from planning deficiencies."

Sok and Dombal, according to Phillips, "put forth, in great detail, their justifications for the expenses that I was questioning. After considerable discussion and negotiations both agreed to compromise and they have

agreed to a lump sum payment in the amount of $275,000, which I find to be an equitable compromise." Phillips recommended this to Walsh as a "final settlement and the parties should be released from all future liability in this matter."

Phillips referenced some of the dubious financial transactions made public by critics of the hospital's closing in the letter. Of the payment to Sok's brother, RJ Sok, for instance, Phillips wrote that although "the purchase had not gone out to bid, the resulting cost and turnaround appeared to make the transaction proper." He wrote that all transactions were legal and in accordance with the management agreement between WMH and Sharon.

But while that was Phillips' view, critics of Sok and the WMH board expressed outrage at the giveback and, more importantly, the apparent *quid pro quo* that absolved Sharon of any future liability. In a December 20 *Lakeville Journal* article, LaVoie did not mince words. "It means that the Winsted community will never be able to ascertain the full extent of the mismanagement and potential corruption of the Sharon Hospital management team," she said. "The first Phillips report (which closed the hospital) was incomplete and done in haste using the hospital's own accounting firm," she said, adding this latest report was "a travesty of justice."

Nor were disgruntled former Winsted Hospital users the only ones upset by this new report. About 30 Sharon Hospital doctors met on December 14 with hospital trustees to discuss what one doctor called a "lack of trust" between medical staff and the administration. Sok downplayed the meeting. "It is often the case here and at other hospitals that doctors and administrators cannot see eye to eye on all issues," he said. "That meeting was equivalent to our so-called 'annual retreat', a time for staff and the board to get together and set out all issues on the table."

Doctors at the meeting said Sok was an "image problem" in the community. Their criticism focused on the bonuses, the possible conflict of interest in the stock ownership, and lack of available information about Sok's total salary from several corporations under the Sharon Hospital umbrella, which included West Sharon Corporation, a for-profit real estate subsidiary whose records were not available to the public.

Michaelsen expressed his fury about the potential payback in exchange for liability protection in a December 28 article in the *Litchfield County Times*. "They should give the money back because they didn't earn it," he said. "It shouldn't be tied into releasing all of Sharon Hospital in the future with any liability they may have had in improper finances with Winsted."

Phillips wouldn't comment further about the proposal, but Donald Dedrick, president of the Sharon Hospital board, said the additional $125,000 from West Sharon was "money Cortwright Phillips felt should be paid back to Winsted — that's about all I can say." Dedrick described West Sharon, the only for-profit subsidiary for Sharon Corporation, as a domestic stock company with 100 shares, according to Secretary of State listing. It managed the real estate part of the Sharon organization, according to Dedrick. "It has to do with any of our buildings we own other than the hospital building," he said. "It's the profit side of the hospital."

West Sharon was also the arm of the company to which Winsted Memorial Hospital began directing its management payments effective April 1995 at the request of Sok. Before, the payments, which totaled $250,000 annually, had gone to Sharon Hospital with which the original contract was signed in 1994. Sok made the request to change payment to West Sharon Corporation at the April 1995 board meeting. Minutes said the change was being done for tax reasons.

With these annual payments going to a private arm, however, some questioned if the move was done to create a veil of secrecy about the money. Members of the West Sharon Corporation, according to papers at the Secretary of State, were Sok as president, Dombal as treasurer and James Bates of Lakeville as secretary. Sok and Bates were listed as trustees of the company; Farnham Collins of Millbrook, NY and Robert Royce of Lakeville, Sharon Hospital board members, were also listed as trustees of West Sharon Corporation.

Dedrick maintained it was all above board. "That's the vehicle for doing everything outside of the hospital," he said, "as far as monies are concerned, any rentals that we have, anything of that nature."

Phillips also said he didn't see any improprieties here. "I don't consider there were any improprieties, maybe differences of opinion," he said. "The agreement was broad. Everything they did was legal."

Code Blue member Crossman wasn't satisfied by Phillips' conclusion. In a January 7 letter to the editor in the *Register Citizen*, she called for a full independent audit with recommendations for equitable reimbursement and thorough research into any conflicts of interest. "The underlying issues as outlined in Mr. Phillips' report will not be resolved without full disclosure and full reimbursement to this community."

Ralph Nader, meanwhile, wrote to Bankruptcy Trustee Hankin, urging that she reject the proposed settlement. "It would be prudent to reject the proposed settlement between Winsted Memorial Hospital receiver and the Sharon Hospital group," he wrote in a January 6 letter to Hankin. "Absolving the Sharon group of all liability to WMH for an inadequate amount of hush settlement dollars is reckless."

Hoping to gain access to the hospital's charitable assets, the Community Trust hired two bankruptcy lawyers to represent it in the bankruptcy proceedings. "If the Community Trust can be in a position to provide health care in Winsted, (the attorney general) would like to give those charitable trusts to (the Trust)," Michaelsen told corporators at mid-December meeting. "The charitable trusts are not assets of the hospital. They will not be used to pay off debtors or creditors because the people who give those charitable trusts give the money … to be used for the hospital."

The Community Trust was concurrently working on a five-year plan with Hyde, who was acting as a consultant to the group, and meeting with area health care agencies such as Foothills Visiting Nurses Association to build consensus on health care needs. The Trust, which included many former Code Blue members, was acutely aware that now was the time to forge a community based strategy.

Town officials, meanwhile, continued to shun the Community Trust and its efforts, preferring instead to work with Saint Francis, forming a community advisory council to act as a liaison with hospital officials. The selectmen would appoint the council members and made it clear in a December 30 *Republican-American* article that they wanted participants without an agenda. "There's no room for politics in this situation," said Selectman Tim Moran. "I think everybody wants to see health care come back to Winsted."

With this community input on the horizon, Saint Francis officials forged ahead, filing a letter of intent with OHCA to open a medical facility. A letter from Saint Francis' president David D'Eramo outlined some of what the facility would include: a wide variety of primary care and specialty physician services, as well as health and wellness programs. Noticeably was missing emergency or inpatient care. The letter noted the hospitals' intent to file a

final application April 1, with the facility expected to open January 1, 1998. The filing estimated the facility would cost $3 million to open; no site was mentioned in the letter.

Meanwhile an *ad hoc* group from the Trust met with officials from Saint Francis and Charlotte Hungerford, which had also submitted a letter of intent to open a facility in Winsted. "We want to see who can provide the best services for our area," said Michaelsen in a January 3 *Litchfield County Times* article. "That's going to be the bottom line."

Ralph Nader continued to play a critical role, demanding the payback be declined. He made public the letter he had written to Dedrick of the Sharon Board, an excerpt of which was printed in the January 10 *Litchfield County Times*. In addition to asking for an independent audit, the letter asked Dedrick to respond to Michaelsen's letter from November asking for explanations about the bonuses, stock ownership by Dombal in Owens Healthcare and other financial issues. He derided the board for its actions and demanded change. "You, the board and Messers. Sok and Dombal have much to answer for in your two tiered mismanagement and wasting of the Winsted Memorial Hospital," the excerpt noted.

"Instead you have thus far opted to participate in a cover-up which you seem to believe will put this controversy behind you. Recently, the hush settlement, fixed by Mr. Sok and the receiver, Mr. Phillips, returning $275,000 of some of the unjust enrichment by Messers. Sok and Dombal and others to the assets of WMH, could have served to encourage your expectation that the cover-up was proceeding on schedule, especially since it seeks to sweepingly absolve the for-profit West Sharon Corporation, its affiliates and Messers. Sok and Dombal from any further liability to WMH.

"Whenever boards of trustees slide into a sycophantic mode with a manipulative chief executive officer where the latter's decisions are regularly condoned or approved without the exercise of time consuming independence of judgment, the trustees become accustomed to circling the wagons and bonding with the misbehaving managers. In the case of your board, the situation was compounded by Mr. Sok managing two non-profit hospitals and a for-profit entity at the same time. Right from the beginning of this arrangement, portents for conflicts of interest were obvious. The conflicts of money, allegiance and time become all too real and proliferating. One can understand the present challenge in dealing with the tangled business affairs of James Sok, but a board of trustees that takes its trust obligations seriously cannot properly avoid their exercise in these matters.

"The longer you wait to perform your duties at arm's length from Mr. Sok, the more you are on notice and the more exposed you become publicly as a board in the draining away of the assets — specifically and broadly defined — of WMH. "It is not too late to mitigate your negligence. You can start by initiating your own independent investigation of the entire Sok-WMH dealings…

"The overwhelming majority of people in the greater Winsted area served by WMH want a full service hospital restored to their community. You should be aware that this determination will not tolerate the closure of this debacle without full disclosure and accountability. Given the damage to this community by an executive duo whom you approved, the people in this area would like you to begin standing by them for a just resolution."

Nader also sent a letter to Isaacson urging the board to reject the settlement. "(Mr. Phillips') settlement is not only too small in dollar terms, but the absolution from liability is outrageous," he wrote in a January 10 letter. "He

didn't come close to conducting the kind of investigation necessary to support such a concession of no further liability. Indeed, his proposed deal didn't pass the smell test; it is a hush settlement for a cover-up."

Dedrick's response was direct via the *Litchfield County Times.* "I don't plan on any investigation," Dedrick said. "I won't respond with any kind of word to Mr. Nader or Mr. Michaelsen."

As had been the case with Code Blue, not everyone appreciated the Community Trust's efforts. The local advisory council, called the Advisory Committee on Medical Care, did not, in fact, include anyone from Code Blue or the Community Trust as members. They included Joanne Centurelli, Jeffrey Corso, Rujo Moore, Ellen Cormier Marino, Joseph Brady, Gary Jamieson and Angelo DiMauro, all of Winsted; Jennifer Diederich and David Krimmel of New Hartford, Elizabeth Thompson and John Miller of Colebrook; Wade Beecher and Susan Dyer of Norfolk and Richard Winn of Barkhamsted.

Meanwhile, other town officials, feeling their towns were being ignored in the quest for health care, formed a subcommittee of their own. Members of the Litchfield Hills Council of Elected Officials formed a panel called Litchfield Hills Health Care Subcommittee. The First Selectmen from New Hartford, Norfolk Colebrook, Hartland and Barkhamsted sat on the panel. "What right do (the Winsted selectmen) have to appoint people outside of their community to this committee," asked Norfolk First Selectmen Rosenblatt. "If they want to ignore us, fine, run along. This love affair with Saint Francis to the exclusion of all others that's been going for months and months, I don't think is doing service to the rest of the area." He worried that the longer Winsted had no health care, the more people, especially in Norfolk, would get used to going to

CHH in Torrington and the harder it would be to open a facility in Winsted that would be successful. In the end, he was proved wrong.

The charge of the selectmen's advisory group was straightforward: to provide Saint Francis representatives with information about medical concerns of the communities; to assist in providing the best medical services for the communities; to keep the Winsted Board of Selectmen apprised of the progress with Saint Francis; and to assist in helping to replace the fullest extent possible medical treatment and facilities.

The first meeting with Saint Francis outlined some of what the hospital was contemplating for a new facility. Ideas included providing the services of 3-5 doctors specializing in pediatrics and internal medicine; establishing support services such as lab and general diagnostics; establishing urgent care facility; renting office space for specialists such as cardiologists and oncologists; providing out-patient occupational therapy; providing community educational services; boosting volunteer ambulance services with a garage and additional training for existing volunteers; and providing counseling services. The 10-12,000 square foot facility would cost about $3 million. The idea was to begin construction in summer and open by beginning of 1998.

At the same time, Charlotte Hungerford officials continued their plans to open a walk-in clinic in Winsted. Director Robert Summa said in a January 15, 1997 *Register Citizen* article that the hospital had notified the state of its intent to create this urgent care facility. It would treat walk-in clients and be similar to the existing CHH facility on East Main Street in Torrington. The hospital was considering space at Ledgebrook Plaza on Route 44 because Summa felt it would be tough to be located at WMH because of the hospital's bankrupt status. He hoped to open it by the fall of 1997 and he was unfazed by Saint

Francis' plans. "Right now we are independently proceeding with our own plans," he said.

That at least some people in the community were concerned that the dual efforts could work against reinstating health care in Winsted was clear in mid-January when seven doctors, formerly associated with WMH and still in practice in the town, wrote a letter to the advisory committee and selectmen, stressing the need for community solidarity.

While noting they did not think it was economically viable to try to re-establish in-patient care, the doctors did note they "do feel that the community could support an ambulatory clinic providing urgent care for outpatient problems … with the potential for an ambulatory surgical unit in the future." Centurelli suggested the doctors be asked to join the advisory committee, an idea that Mayor John Arcelaschi nixed. "We didn't want to put them in an awkward position because those physicians are now affiliated with CHH in Torrington," he said.

Committee member Joanne Centurelli summed up the challenge group members felt trying to hold all the bits and pieces together. "Our main concern is that we have everyone going off in different directions," she said in a February 11 *Republican-American* article. "If we don't all agree on something, we may get lost."

The potential, unintentional implications of this fractured approach to reinstating health care worked, ironically, against the very concept everyone served by the hospital hoped for: access to hospital-quality health care. An editorial in the February 14 *Winsted Journal* called for a single voice on health care. The selectmen's advisory group should have included members of the Trust from the beginning, it counseled. Instead the selectmen had a committee with little clout and few representatives from outside Winsted attending meetings.

The editorial advised there was still time to regroup. It called for the selectmen to disband the committee and reform it, seeking members from Litchfield Hills council and the Community Trust. The community, the editorial exhorted, couldn't afford to be divided again.

Editorial aside, the groups continued their individual marches. In mid-February, the selectmen's advisory group gave its blessing to the Winsted Area Ambulatory Health Services Center proposed by Saint Francis.

Reactions were mixed to the committee's approval. "It doesn't look like very much 'advising' was going on," said LaVoie in a February 20 *Register Citizen* article. "It appears to be just a rubber-stamping of the original and quite limited Saint Francis proposal." The Litchfield Hills subcommittee, meanwhile, disbanded after endorsing a paramedic intercept program as a means to improve medical care.

The Community Trust joined forces in mid-February, 1997 with Charlotte Hungerford in applying to the state to establish a new health care facility in Winsted. The idea was that the Trust would raise money to buy the former WMH building and then contract with Charlotte Hungerford for the services.

In 2009, Claire Nader credited Michaelsen and Hyde with helping to make this alliance possible. "Michaelsen called Charlotte Hungerford chief executive officer David Newton and said, 'How about talking,'" she said. "He and Fred went to see Newton who knew that Winsted would be a source of growth. That was the beginning of a very good collaboration."

Hyde brought the knowledge of and experience with the Connecticut hospital scene. His specialty was saving small hospitals, as he had with Windham Memorial Hospital in the 1990's. Now his challenge was to maintain

hospital level services on the site of WMH minus in-patient services. His approach was innovative, imaginative and unique. He reasoned that lacking a medical license, the Community Trust needed to partner with a hospital or two, and other providers of health services. Newton recognized the opportunity in the plan that Dr. Hyde presented. What resulted was a fast paced set of decisions that led to an April 1998 opening day.

On March 3, Charlotte Hungerford and Community Trust representatives revealed their plans for the new health center on the hospital site in a press conference held at First Church in Winsted. It would be staffed by CHH doctors 16 hours a day, 7 days a week. It would host the paramedic intercept program using Campion and working with area volunteer ambulance corps. Ambulatory surgery would be available three days a week, while diagnostic services would include everything from radiology and mammography to fluoroscopy and ultrasound. Rehabilitation and wellness programs would round out the services.

Community Trust member Manuel Cordes said at the press conference this is what the community needed. "This proposal is head and shoulders above any existing proposal on the table because of both its emergency services and its program's content," he said in a March 4 *Register Citizen* article. Added CHH chief executive officer David Newton, "We have felt keenly since the closing a sense of responsibility to assist in any way we could," he said. "This is not an end point but a starting point. It's only a jumping off point on what kind of collaborative system can emerge here in northern Connecticut."

The collaboration, while not the first between the two towns, was the first since the ill-fated holding company that disbanded after five years. This announcement was the first real détente between the two

entities since that time. The Community Trust knew its best chance for local health care control was in a local alliance.

So did Charlotte Hungerford. At its request, the selectmen from New Hartford, Norfolk, Barkhamsted, Hartland and Colebrook announced their support of Charlotte Hungerford, leaving, ironically, only the Winsted selectmen holding out for Saint Francis.

And spokesman Peter Mobilia was not concerned about the announcement. "We don't see these two projects as mutually exclusive," he said in a *Litchfield County Times* article. "We recognize the desire of others to bring other services to Winsted. We're not opposed to others. We think people should have a choice." But Dr. Hyde deftly brought Saint Francis into the fold and it became the second hospital anchor in this novel collaboration.

Chapter 10
A Stunning Accomplishment

With little interest in political bickering, the Community Trust instead forged ahead with its plans to raise money to buy the hospital building. The group got a little reprieve a few days after announcing the partnership with Charlotte Hungerford when the sale of the hospital was put on hold until the bankruptcy proceedings were completed. Hankin had hired the MedConn Collection Agency to collect the $1.2 million in accounts receivable.

Hankin also decided to hire a forensic accountant to do an independent audit of the former hospital's financials long hoped for by local Sok/Dombal detractors. Meanwhile, the personal and real property owned by the former hospital was set to go on the auction block sometime in April 1997. The total value was estimated to be about $4.4 million, with the largest piece of the auction the 115 Spencer Street hospital building itself. (Other buildings on the auction block were the medical office building at 71 Spencer St., which had tenants, an unoccupied residence at 121 Spencer St. and the building housing the Winsted Memorial Hospital Thrift Shop at 129 Main Street).

Phillips was blunt about the building's worth in a February 7 *Winsted Journal* article by June Peterson. He referenced a recent tour by some real estate management firms. "The first one went through and their comment was the generator (downstairs) is worth more than the building," said Phillips, noting the building had asbestos in it. "If somebody walked in with a check for not too much money and wanted to buy that building, it's a done deal."

By the middle of April, Saint Francis had realized looking for its own space seemed counterproductive now that Charlotte Hungerford and the Community Trust were

focused on buying and renovating the former hospital. Aware of the strength in numbers, the Trust reached out to the hospital. "We feel it will be an advantage to Saint Francis to be part of the health center," Michaelsen said in an April 11 *Winsted Journal* article.

The Auxiliary, meanwhile, was still going strong despite being in limbo while waiting to hear of its status from Hankin and the court. The Auxiliary had long maintained it was a separate entity, and therefore its assets should be protected from the hospital bankruptcy proceedings. The organization had changed its bylaws long before the hospital's troubles to state that if the hospital was not in existence, it could funnel its assets to another charitable organization. "What we were really all about was to serve the community," said Auxiliary President Dina Waker.

By early May 1997, the Community Trust, Charlotte Hungerford and Saint Francis were one working unit. "This is going to bring back a sense of hope," LaVoie said in a May 2 *Hartford Courant* article. Saint Francis agreed not to file a separate certificate of need and to spend between $700,000 to $800,000 to renovate the 1902 building, site of the original hospital. The plan was to house medical offices and physical therapy in this building. "I am so proud of this group of citizens because they refused to let the impact of closing stop them from developing a solution to continue health care services in this area," LaVoie said. "It's a stunning accomplishment."

To better reflect the new arrangement, the Community Trust changed its name to the Winsted Health Center Foundation. "Winsted Health Center will become the more identifiable name and we will be acting as a foundation to received restricted endowment funds from [the now-bankrupt] Winsted Memorial Hospital," Michaelsen said in a May 1 *Winsted Journal* article. A

subsidiary known as the Winsted Health Center, Inc. was formed as a holding company for the real estate.

Now it was time to begin active funds solicitation for purchasing the former hospital building. First stop were the people who had pledged money during the Donahue fundraiser in the autumn of 1996.

Michaelsen was optimistic about the town supporting it despite hard feelings over the closure. "I think once people see it, once we acquire the building, in a very relatively short period we'll be up and running with the health care center," he said. "Once it's in full operation, you'll have very significant support. That'll change the doubters into believers."

Concurrent with the fundraising were regular meetings with the architects by CHH Director of Service Operations Bill Godburn and retired Sikorsky Aircraft engineer Fred Silverio, who was on the Health Center Facilities Committee. The last thing anyone wanted was to not be prepared should they win the bid to buy the hospital building.

In the same week members of the Health Center Foundation and Charlotte Hungerford announced the unprecedented joint venture with Saint Francis to bring health care back to the Northwest corner, the bankruptcy trustee's consulting firm specializing in assisting and investigating financially troubled companies, Kahn Consulting of New York City, filed an affidavit detailing the scope of its services. In it, the company noted that the WMH board of directors could come under scrutiny as part of the forensic accounting audit. It also noted it would investigate management of WMH by Sharon Hospital, West Sharon Corporation, former chief financial officer Dombal and chief executive officer Sok from 1994-96. The audit could, depending on circumstances, extend to board members as well.

By the end of June, the health care trio had filed its certificate of need with OHCA. In it, the group asked OHCA to waive the mandatory public hearing about the plan. If granted, the approval process could by shortened by as much as three weeks.

The certificate of need, which was hundreds of pages, noted that Charlotte Hungerford and Saint Francis expected to spend $1.673 million on capital costs to meet the health care needs of more than 38,000 people. Financing would come from the Bank of Boston. The bulk of the capital expenses — 1.236 million—would be spent getting equipment for the facility, some of which they would purchase at the bankruptcy auction and the rest new. The remainder of the money would go toward building renovation, and architectural, legal, consulting and contingency fees.

In early July, Hankin filed a notice of intent to hold the public auction of assets August 13 and 14, unless a private bid was accepted before then. So far, the only property set to be sold earlier was the former hospital thrift shop spot on Main Street, which was being sold to Winsted attorney Ellen Marino for $75,000.

On July 14, just a few weeks after the group submitted the certificate of need, OHCA Commissioner Ray Gorman waived the need for a public hearing. Three short days later, the state agency approved the certificate of need. "We are very pleased that the state has approved our plans and we are looking forward to our next step, which is acquiring the old Winsted Memorial Hospital building," said Michaelsen in the July 17 *Register Citizen*. The OHCA agreement had several conditions. Among them the Health Center Foundation had to provide the state agency with a copy of its purchase agreement for the land and building by October 23; applicants had to make sure not to exceed the total capital expenditure of $1.236 million; the group must get all necessary approvals from

federal, state and local agencies; and the state's authorization would expire July 15, 1998 unless the facility was licensed and running.

The attorney general, who had been fairly quiet about the goings-on surrounding the hospital since the court debacle in which he lost the battle to keep the hospital open, issued a press release on the good news. "Winsted area residents should be proud of the imminent return of health care services following the state's approval of the Winsted Health Center," he noted. "Just as I supported the community's efforts to keep the hospital open, I will continue to support the return of medical services to Winsted throughout the partnership of the Health Center Foundation, Charlotte Hungerford and Saint Francis."

On the day the group learned of the certificate of need approval, the Health Center Foundation offered Hankin $475,000 for the former hospital, equipment, art and antiques. The deal almost fell apart at the last minute, because of the antiques, which included a Tiffany clock that had graced the hospital since the beginning but which Hankin had not included in the original price. Hyde and LaVoie made a call to Claire Nader of The Shafeek Nader Trust whose board authorized the additional $25,000. "We were sensitive to the symbolism, Nader recalled later. "The clock shows we were continuing health care on the hill. It represents a long-term commitment."

The hearing on the proposal was slated for July 24. If the court approved, the sales would be subject to higher bids, with the bid likely being accepted at the end of August after notice to creditors and prospective bidders.

The Health Center Foundation made a request to the Winsted Board of Selectmen to waive taxes for the proposed center since it was a tax-exempt entity. "If we can reduce the costs, they (Saint Francis and Charlotte Hungerford) can spend more money and bring more jobs

to the community," Foundation member John Gauger, Jr., told the selectmen, according to a July 25 *Winsted Journal* article.

August 28, 1997 was an historic day for the Health Center Foundation. Federal Judge Robert Krechevsky approved sale of the hospital to the Foundation. Foundation members waited for two hours to hear the good news and clapped enthusiastically at the back of the courtroom when he announced the decision. "We're getting ready to create health care," Michaelsen said after the proceedings in an August 29 *Register Citizen* article. The $200,000 mortgage from Bank of Boston, backed by Charlotte Hungerford Hospital, got the Foundation ownership of the land, and all the facilities on Spencer Street.

The gift from The Shafeek Nader Trust helped the Foundation buy the hospital's antique collection, which included paintings, plaques, and the Tiffany grandfather clock. The remaining $250,000 was for the building's contents.

It was a victory for the citizens of Winsted and the surrounding towns. "It demonstrates the resolve of the communities to restore locally controlled health care at the same site that's been providing health care in this community for 100 years," LaVoie said. Added Claire Nader, "It's a magnificent beginning toward expanding the legacy of our forefathers — to provide health care for the people in our community. What's interesting to me is we've structured (the health center) in a way to allow our community to continually define health needs for ourselves."

This was due in large part to Dr. Hyde's ability to envision the concept, design the partnerships and structure the financing. His education and experience in medicine, law and business enabled him to accomplish this unique

result. Up to this point, Dr. Hyde represented the Community Trust *pro bono*. He only received compensation once the Winsted Health Center was operational and he became the first chief executive officer, serving for five years.

But while the Foundation had been focusing on re-establishing health care in the Northwest corner, Ralph Nader hadn't forgotten the reasons the hospital had closed in the first place. He had commissioned an investigative report about the closure of the hospital by Lance Tapley, and in September 1997, Tapley was ready to issue his report.

Tapley released the 16-page report in front of Sharon Hospital, with Sharon spokesman Ken Roberts and vice president for Human Resources Fran Golden watching from the sidelines. Called "The Destruction of a Hospital," the report was scathing in its indictment of the management arrangement. "Negligence on the part of Sok and Winsted hospital's board of directors in the face of dramatic changes in the health-care field is a major culprit in the hospital's bankruptcy last year," the report stated.

Tapley also cited shorter hospital stays and discounts demanded by HMOs, the managed care climate, Connecticut's tax system and nearby competition as other nails in the coffin. But the report faults Sok for not responding appropriately to these changes. "Why had Sok and his team not done as much for Winsted Memorial as they had for Sharon Hospital?" the report asks. (See www.communitylawyer.org for the complete report.)

Why indeed? Ralph Nader called for an investigation by the attorney general. Sharon Hospital management, meanwhile, downplayed the report, issuing a release calling the report old news. "We hope that those concerned with the future of health care in Winsted would focus on that future rather than endlessly repeat charges

that have been rejected in the past," the hospital statement read.

When contacted at the end of September by Adam Raider from the *Winsted Journal*, Blumenthal said he hadn't received a copy of the report yet. He also said all matters about the hospital were now within the authority of bankruptcy court. Only Hankin, he said, had "the power and the obligation" to continue investigation into the closing of the hospital.

On a happier note, LaVoie, who had received the keys to the hospital building at the closing, showed them to the gleeful gathering at the September 9 public forum. Despite overwhelming odds, setbacks and political machinations, the citizens, with the help of the community lawyer and Dr. Hyde, had triumphed. While they did not save the hospital from closing, they managed to retain healthcare in their community. The Health Center Foundation had finalized the real estate deal at 1 p.m. that day. "It's a triumph for the community," LaVoie said that night.

With the keys came the reality of the mortgage payment to be met. Various members of the surrounding towns jumped in to help raise the $200,000. On November 1, for instance, the Citizens for Health Care Players put on a murder mystery. Audience members were invited to dress in period costumes to help solve the whodunit set in the 1920s.

To date, the Health Center Foundation had raised about $27,000 in donations, mostly from people who made pledges during the telethon hosted by Donahue last year. The goal was to raise $100,000 by the end of the calendar year toward repaying the $200,000 loan to buy the hospital building. The entire board had contributed as well as Dr. Hyde.

Within one year of closing, the community had persevered and work was beginning on the new health center. Ralph Nader was proud of his hometown's citizens and their accomplishment. "They should be proud of doing something very few communities who have lost their hospitals have been able to do: establish in the same location a health care institution that is accountable to the community," he said in the October 26 *Register Citizen.*

Reflecting back on this one-year anniversary, Michaelsen noted that in some ways Code Blue's failure to take over the hospital, saddled with $5 million in debt, actually was a saving grace. "In some ways, as tragic as it was, it has been a favor for us," he said. "We have a hospital and building and all for $200,000. If we had taken over, we would have had a $5 million debt."

Instead the organization could focus on renovating the hospital and setting up Winsted and area towns for the best health care possible for the next 100 years. Charlotte Hungerford officials were busy overseeing renovation of the emergency room and the first floor of the 1950s building for lab and radiology departments, while Saint Francis representatives focused on refurbishing the original 1902 building. The hope was to open the emergency room in January 1998 with the doctors' offices opening in the spring. The plan was for the first floor to have offices for obstetricians and gynecologists and physical therapy, while the primary care medical offices would be on the second floor. The offices for orthopedic surgeons and oncologists would be on the third floor.

There was much to be done: None of the buildings were handicapped accessible, the mechanicals needed updating, as did the elevator, to name just a very few of the needed upgrades.

But everyone moved as quickly as possible. On December 1, the mobile paramedic service funded by Charlotte Hungerford moved into the new health center.

This new 24-hour medical coverage meant area residents could count on faster response time from volunteer ambulance companies and life support services. The advanced monitoring equipment allowed medics to send diagnostic information ahead to the hospital so personnel were better prepared for the arriving patient. Of the 808 emergency calls Campion had responded to between November 1996 when the hospital closed to August 1997, 20 percent needed advanced life support because the patients were either non-responsive, had suffered a heart attack, were experiencing chest paints or had trouble breathing, or had knife or gunshot wounds.

As the renovations continued to meet the anticipated March opening of the emergency room, the Health Center Foundation hired the Berkshire Taconic Community Foundation to manage a trust fund that included money left to the resurrected nonprofit medical facility through wills and estates. "We didn't want anyone's legacy to be lost," said Norfolk resident and foundation trustee Gomez said January 11, 1998 in the *Republican-American*. "We want people to know we're here to stay." The intent was to protect future gifts so that any money left the hospital would not end up as part of the bankruptcy estate as happened to a recent $15,000 donation.

The townspeople, meanwhile, continued to rally behind the Health Center Foundation's efforts. The annual Boar's Head Festival at First Church of Winsted — where Michaelsen had been pastor for many years before retiring — donated $1,740 of its proceeds to the Foundation. Others were generous with their time. Bill Hilbert, a retired hospital employee who had worked there for 21 years, was just one example. He volunteered to help with electrical work during renovation. "We couldn't afford to have an electrician," Michaelsen said in the February 20, 1998 *Winsted Journal*.

The wound from the closure of the hospital was reopened in March 1998 when Hankin announced that the bankruptcy court ordered Sharon Hospital and West Sharon Corporation to give back $387,500, which included the return of the bonuses paid to Sok & Dombal by WMH, to the former hospital to settle all potential claims against Sok, Dombal, Sharon Hospital and West Sharon Corporation from any wrongdoing.

The figure, according to court documents, was a reduction from the original $537,356 that the forensic accounting by Kahn Consulting had suggested was due the hospital. That amount included $152,175 in bonuses. Hankin reduced the figure to $387,500 because the Sharon team disputed Kahn's interpretation of the management agreement signed in 1994. Hankin thought the legal fees needed to fight the dispute with Sharon administrators would likely fall into the $100,000-plus range. "If the compromise is approved by the court," she said in a March 1 Register Citizen article, "it will spare the estate the expense of lawyers. It will also be able to expedite the case."

As he had with other suggested compromises, Ralph Nader decried the deal. "She had them by the throat and she let them get away," he said. He said the Kahn report wasn't a true audit because Hankin didn't want to embarrass Phillips. "Do you think she is going to embarrass him," Nader said. "The more she got out of Sharon, the more she would be embarrassing him.

"The list of witnesses is the list of perpetrators," he said of the report. "They just went over available materials that the press has seen *ad infinitum*. An audit means you really dig into the raw data. It's a bad joke. They didn't find anything new."

Others were angry as well. "To me it's extremely frustrating to find the political and judiciary system so entwined that the average citizen is unable to attain

justice," said Marcia White, who served as nurse in the WMH operating room for more than 35 years. "That those managerial people from Sharon Hospital have been allowed off the hook is appalling." The move seemed particularly unjust given that Hankin had convinced WMH nursing units 76 and 29 not to file an objection regarding the compromise, according to a March 11 article in the *Register Citizen*. They had been upset because the hospital had not paid more than $50,000 in medical claims of about 100 employees. Hankin promised them a check within 30 days of the court decision if they withdrew their objection.

Ralph Nader tried to stop the court from approving the motion, sending Blumenthal a letter asking him to object on the grounds that no real forensic audit had occurred. Blumenthal didn't respond. Nader also asked that assistant attorney general Janet Spaulding-Ruddell, who was handling the case for the attorney general, be dismissed. "The assistant attorney general pursued a pattern of reckless disregard if not outright collaboration with personnel that favor the Sharon mismanagement over the rights of the Winsted Memorial Hospital charity," Nader said.

The appeal didn't work. Judge Krechevsky approved the claim on March 15, prompting outcry from LaVoie. "Blumenthal obviously decided that the community didn't have a right to discover the full truth about the demise of their hospital," she said after the assistant attorney general declined to object to the compromise in court.

But while the attorney general and his staff declined to object in court or respond to Nader's letter personally, Blumenthal did write a letter to the editor of the *Litchfield County Times* in which he outlined his position regarding the motion to accept the funds from Sharon. The March 27 letter notes in part: "My paramount goal has been to

ensure that creditors, including the former employees, receive as much money due to them as promptly as possible, and to recapture as much as possible of the hospital's endowment for the benefit of the citizens of the Winsted area. I am fighting to have this money used for their health-care needs.

"After reviewing the settlement, the court accepted it as prudent and well-founded, for many of the same reasons that my office and other parties concluded that an objection would not serve the best interests of the creditors of the hospital, including its former employees. Rejecting Kahn Consulting's findings would have required a return to the starting point in the process, with even more time and expense and eventual harm to the community. The absence of any objection from any other creditor — including the unions, businesses and others — supported this conclusion as well as our concern about the disadvantages of prolonged litigation…

"As a matter of fact, Kahn Consulting did not, as some believed, request that the Sharon parties pay $537,356 to the bankruptcy estate … In fact, based on Kahn Consulting's discussions with the trustee and my office, the maximum questionable amount was closer to $430,000. This figure is only $43,000 higher than the settlement amount. The cost to the state to fully litigate the claim, including attorney and accountant fees, would have far exceeded that amount …

"As a practical matter, the estate along with creditors, including the former employees, would likely have received less money had the matter been fully litigated. At the very least, a protracted court battle would have significantly delayed a final outcome and the distribution of money to creditors to the detriment of all concerned, including the community and others."

The health center renovation hit a snag of its own a few days later when the town building official said he believed the 1902 building needed a zoning change for new use as a medical office building given that it is in a predominately residential zone. The hospital had been grandfathered in when zoning came into effect in 1950, but the official felt this office medical building meant it was a new use and therefore needed to go before the Zoning Commission.

LaVoie, representing the health center, maintained no zone change was needed because the hospital had always had medical offices. She appealed to town attorney Kevin Nelligan in a March 11 letter. "WMH, and all of its health services, including the medical offices, were permitted as a legal non-conforming use in their R-2 residential zone," she wrote. "Saint Francis plans to provide medical offices and physical therapy, both activities that were provided by WMH. Therefore, the legal non-conforming use must be maintained to ensure that the same health services WMH provide will continue to be available to the community."

LaVoie prevailed and on Monday, April 13, 1998, a mere 18 months after the hospital closed its doors, the Winsted Health Center opened - a story of triumph over tribulation. The center had a 16-hour a day emergency room open from 7 a.m.-11 p.m., a 24-hour mobile paramedic union, ambulatory surgery and cardiac rehabilitation center. "I think we're all just ecstatic. It may seem as if this happened very fast but for us it's been a long time coming," Carol Crossman said in the April 11 *Republican-American* of the anticipated opening. "We lived so long with a vision and to see the vision become a reality is just a wonderful feeling.

"The community should be very proud of itself," she added, noting the Health Center Foundation expected to pay off the remaining $100,000 of the $200,000 loan used

to purchase the former hospital. "It was instrumental in having this happen and a lot of people stepped forth with courage because there certainly were enormous and sometimes overwhelming odds but when you are truly committed to a vision and making that a reality, you look past the odds."

About 100 people attended the ribbon cutting on April 13. Michaelsen reiterated Crossman's feelings to the jubilant gathering. "It is truly a good morning. In a sense it is a Passover and an Easter; we tasted of the angel of death and out of that came a new beginning," he said. "Many believed it would never happen."

The clear need for the center was obvious from the statistics posted just three weeks after its opening. In that short time, it had already helped 737 people. "The amount of work here has far exceeded our initial expectations," said ER manager Lurlene Wallace in the May 2 *Republican-American*. Of the 737 patients, 507 needed outpatient services such as x-rays and lab exams, while 230 visited the emergency room.

On May 15, 1998, James Sok announced that he was resigning as president of Sharon Hospital, effective May 31st. This was just weeks after a vote of no-confidence by the medical staff. Concerned that Sok's "vision" for the hospital did not fit with the rapidly changing healthcare environment, the doctors wanted new leadership.

This move was hailed by those who felt Sok was the primary reason behind the demise of Winsted Memorial Hospital. "Sok's demise is an appropriate conclusion to the Winsted Memorial Hospital saga," LaVoie said in a May 16 *Register Citizen* article. The resignation, Crossman felt, was a sign the community had been right all along. "The community (of Winsted) is vindicated," she said. "Our community recognizes that the management style of Mr. Sok could not serve the purpose of providing health

care. His management style instead served a purpose of purely financial gain on the part of the management team. This community was outraged at the loss of its hospital as it resulted from the management contract with a direct competitor. We should feel gratified that Mr. Sok has resigned, perhaps under pressure."

The resignation raised the ire and continued suspicions, however, regarding Sok and his looting of the hospital. "The departure of Mr. Sok was preceded by a pattern of greed, mismanagement and insensitivity to the needs of a hospital institution," Ralph Nader said in the May 16 *Register Citizen.* "His management style is best suited to running a gambling casino. The community deserves to know the details of the severance package. The Sharon Hospital Board of Trustees should conduct a thorough post-Sok investigation now that he can no longer obstruct such an inquiry."

Initially the board refused to discuss Sok's severance. But OCHA Commissioner Gorman demanded to know the details because in an earlier March meeting with Sok and Dombal — which became public after the resignation and public outcry — the men had asked Gorman to return $400,000 Sharon Hospital had mistakenly paid into the uncompensated care pool due a mistake the duo had made. Gorman refused at the time because returning that money would have required his asking 30 other hospitals to pay additional taxes. In the March meeting, Sok and Dombal claimed the tax placed the hospital in a precarious financial position, so Dombal wanted to be sure a large severance payout wouldn't place Sharon Hospital at even greater risk. "If the board was extremely concerned about the $400,000 (miscalculation), then have they made (Sharon's finances) more precarious?" Gorman asked in the June 5 *Winsted Journal.* "I'm concerned about the severance package."

The severance details, once public, only made his and others' concern more valid. In July of 1998, the Sharon Hospital board issued a press release outlining Sok's payout. It included:

• two years of full salary, for a total of $451,996, paid out biweekly;

• full payment by the hospital of retirement, health and life insurance benefits for two years;

• the transfer of title of the 1995 Buick he had been provided while CEO;

• payment by the hospital of the annual premiums of a split-dollar life insurance policy for Sok through February 1, 2004. The full amount of the premiums will be returned to the hospital when Sok reaches a certain age or if he should die. The hospital will also pay an ancillary retirement completer insurance premium of $2,281 per year for the same period;

• payment of up to $18,000 to an outplacement firm to help Sok find another job;

• $10,000 a month for three months of consulting work to help the hospital in the transition;

• payment of up to $2,500 of Sok's legal bills associated with the severance and consulting agreements;

The board defended the severance, saying it was standard fare for CEOs of Sok's stature and tenure at the hospital. "Jim's severance package was based on a longstanding employment agreement as well as the record of achievement he amassed in 28 years of service and leadership, the last 11 years as President and Chief Executive Officer," Chandler noted in the press release announcing the severance details. Nader and others, however, were not as sanguine. The lucrative package was just one more example of how Sok had seen to his own financial needs before those of the non-profits he had overseen. "Chief executives who have monumentally failed, as has Mr. Sok, should consider themselves lucky to

leave without incurring personal liability for the calamities they have caused," LaVoie said in a press release at the time. "Under no circumstances does Mr. Sok deserve this level of compensation."

Ralph Nader took it a step further. "The incorporators should seriously consider placing personal responsibility on the board for this grotesque wasting of hospital assets on a man who was essentially pushed out by the doctors and some members of the board," he said in the July 3 *Winsted Journal.* This "unconscionable and excessive action invites investigation by state Attorney General Richard Blumenthal and the Internal Revenue Service, both overseers of nonprofit entities," he said, adding, "Now we know why they wanted to keep it a secret."

Nader contacted Blumenthal about investigating this several times over the next couple of years. While Blumenthal repeatedly stated publicly that an investigation was ongoing and a report was to be released, no public report was ever made.

The Health Center celebrated its opening a few months later on June 20, 1997 when it held a gala open house designed in part to let area residents know of the Center's many medical options. More than 600 turned out for the day-long event, which included music, big top entertainment with clowns and animals, as well as a parade and dedication ceremony during which Claire Nader presented the Health Center with the Tiffany grandfather clock and other paintings and antiques that The Shafeek Nader Trust had purchased to ensure that they would remain part of the hospital/health center legacy.

Chapter Eleven
Next Steps

Under Dr. Hyde's leadership, the Health Center continued to grow, adding a rehabilitation program for people with heart and lung problems in September 1998. Meanwhile, the Health Center Foundation learned in October that it could be the recipient of more than $1 million in funds from endowments that once belonged to the hospital. Both Blumenthal and Hankin had filed motions in bankruptcy court asking it to remove several endowments from the hospital's assets. "We certainly regard the Winsted Health Center as the likely and natural facility to receive these funds and the overriding objective is to make sure the intent of the endowments are served, even if the hospital no longer exists," Blumenthal said in the October 23, 1998 *Winsted Journal.*

The funds included the Anna Hadley Hakes Memorial Clinic Fund, with $97,633 as of June 30, 1998, and Wilcox Trust with $532,137. The Hakes Fund would go to the Foothills Visiting Nurse Association because the hospital had stopped operating the fund September 4, 1987. Under the original articles of association, once the clinic ceased to exist the funds should have reverted to the local visiting nurse association. That, however, was never done.

Other monies included the $15,000 that Susan B. Perry gave in 1909 to establish the Old People's Fund to build housing adjacent to the hospital. When Litchfield County Hospital, WMH's predecessor, was incorporated, the act included a provision for a home for the elderly. The Perry Fund was never used for the intended purpose and it grew to $1.2 million by June 30, 1998. At this point, however, the Health Center Foundation was in negotiation

with the McLean Home in Simsbury to open an adult day care on the center grounds.

The Wilcox Fund started with a $100,000 gift from the late Edward P. Wilcox in 1929. One quarter of the interest from the principal was to be used by the hospital for its general operating expenses. The remainder was to be paid to Gertrude M. Young. In September 1997, Winsted attorney Mark Jones became trustee of the Wilcox trust. At this point, Young still received interest from the endowment. What was in question at court was the principal amount and the 25 percent once given to the hospital. Although some endowments stated where money should go if the hospital ever closed, this one didn't.

If the judge agreed on the motions October 29, 1998, the next step would be to ask Winsted Probate Judge Alan Barber to appoint an interim trustee for the Old People's Fund.

In 2006, the Foundation learned that victory was at hand. Nearly a decade after the hospital had closed, Superior Court Judge Elizabeth Bozzuto ordered that approximately $2.2 million in charitable funds be transferred to the Foundation. The majority of the funding was from the Perry Fund, which had grown since the original donation to nearly $1.5 million. The Foundation, under LaVoie's legal leadership, had argued that the charitable funds belonged to the Foundation, the only existing entity still dedicated to preserving health care services in the area.

LaVoie praised the legal decision in an article in the *Winsted Journal* at the time. "From the beginning we have been fighting for local control of health care," she said. "This means that people in this area can decide the level of health care to which they have access. The charitable assets coming to the Foundation acknowledge its role in maintaining local health care."

To better leverage the Susan B. Perry Fund, the Health Center developed plans to build a low-income senior housing facility in accordance with her wishes. In August 2003, Dr. Hyde and his graduate students from Columbia University's Mailmen School of Public Health completed an in-depth study that made the case for both low-income senior housing on the grounds of the Health Center and increased out-patient services for all seniors.

The housing part was made possible through a grant of 2.5 million dollars from the Department of Urban Development (HUD). The Health Center brought on a housing specialist who worked with the community lawyer to complete the application and HUD awarded the grant in November 2004.

With both the Perry Fund and the HUD grant under its belt, the Health Center moved to accomplish Perry's original dream. The plan for a 20 unit low-income senior housing complex was implemented and realized at the end of 2008, when the Susan B. Perry Senior Housing complex opened its doors to an enthusiastic citizenry. When it opened, only five of its 20 one-bedroom apartments were vacant. Within a few hours, the complex had a waiting list.

While the housing facility is a success, the out-patient and other senior services have yet to be fully developed and implemented.

Despite these successes, the Health Center was not without struggles. In an interview in 2009, John Doyle, the Foundation board president was frank about his concerns for the institution's viability. When he became president in 2007, he had to take some tough steps almost immediately. "I had to do some unpleasant things to move people along," he said, including raising the rent of the Auxiliary, a major supporter of WMH for decades. "We can't be subsidizing another charity." But this shortsighted move alienated an organization long tied to

health care in Winsted. The Auxiliary moved out of the Health Center in 2009, and opened its successful thrift shop downtown.

Doyle noted that the Health Center was expecting the remaining funds from the bankruptcy case to be distributed, about $250,000 in all as well as about $130,000 in federal money to make repairs on the 1902 building, which has been accomplished.

In 2009, the strategic planning committee was looking at a number of options for the Health Center, including the possibility of expanding the senior housing program and exploring potential partnerships with federally qualified health centers. "That kind of a service has been a target virtually since the beginning of this place," Doyle said of its focus on needy people — Winsted's growing immigrant and senior population in particular — with less access to health care in general. "When WMH went bankrupt, the purpose was to maintain accessible care for Winsted in Winsted. The point was not historical preservation. What I'm about here is to maintain and enhance accessible care for Winsted in Winsted."

That may be what Doyle believed he was trying to do — he retired as president in 2010 — but LaVoie and others feel the Health Center got off track under his leadership. "Senior housing was never the primary purpose of the Health Center", she emphasized. The primary purpose is to have locally controlled, hospital level services – including an emergency room – for all of us," LaVoie said. "Also, implicit in his statement is that health care can be provided anywhere in Winsted, and not necessarily in partnership with the Foundation," she said.

In September 2009, Charlotte Hungerford publicized its plan to look for new space on Route 44, dissatisfied with the facility. Instead of solving whatever problems may have existed, Doyle, without board

approval, issued a press release saying "the issue is service not buildings". This sent Charlotte Hungerford Hospital the message that it was okay to severe its partnership with the Foundation, leave the Health Center and provide its services in some other location.

The public response, including from the Winsted Board of Selectmen and Friends of Main Street, was fast and furious - basically saying "no way". The proposal continued to move ahead but has been slowed, and perhaps thwarted, by economic reality as well as citizen opposition.

Whether Doyle or future board members have the vision to bring the Health Center into the 21st century health care environment and ensure health care access for this rural community remains to be seen. Christopher Battista assumed the presidency of the Foundation in 2010 and brings new energy to the task.

Claire Nader, who worked tirelessly to first save the hospital and then create the Foundation and Health Center, has not been on the board since 2006. She remains a corporator and cautiously optimistic. "We have the collective capacity to keep it," she said in 2009. "My hope is that we can strengthen our capacity for self-reliance in health care and keep our facility under local control operating with our definition of needs, bringing the proper services into the community, understanding the outside forces and navigating those turbulences with dignity and self confidence.

"To do that you have to remember the history and the genesis of the Health Center," she continued. "It's still a very fragile operation. It will challenge our imaginations, our knowledge, and our capacity to act to continue that effort up there, to act selflessly."

Whatever happens, the need remains and with it the need for citizen oversight and involvement. Just ask Carol Crossman, a woman who had never been involved in local

politics or issues, until her hospital faced closure. Eight years ago, her 3-year-old granddaughter, Hannah, was watching *Dragon's Tale* on her son's 27-inch television. "She must have reached up to adjust the sound or something," Crossman recalled. The entire entertainment system fell on her. "My son rushed her to the Health Center. It was 9:30 at night and the paramedics were still there. He banged on the door. They tended to her injuries and called Lifestar to get her to Hartford Hospital."

Little Hannah lost nearly all her blood and had major fractures in the front and back of her skull. After spending 75 days in intensive care, Crossman and her son were told Hannah had suffered "major brain damage and would never do anything again. I said I was not willing to accept that diagnosis and took her home," Crossman said. Today Hannah, while still challenged, is in regular classes.

"We have our granddaughter," Crossman said. "She would never have made it to Torrington. I would have been visiting her in a grave. Without that Health Center there at that moment in time, she wouldn't be. I look back and say it was right to keep health care there. You just can't let something like that go.

"Maybe because I was so naïve, I didn't realize the monumental task that was ahead when I joined Code Blue. That was probably a good thing. Virtually for two years there was no time for anything else. It was that important. If not for the Community Lawyer and the Nader Trust, we wouldn't have the Health Center up here. That was the key. It was the key that enabled this to happen.

"If I hadn't taken those steps years before," she continued, "then when Hannah had her accident, she would have died. You never know when you wind up doing something what it means down the road. It was fate. I feel like the hand of fate came down upon me and drove me for an important reason I didn't understand at the time."

Epilogue

The story of the fight to save Winsted Memorial Hospital, lose it to bankruptcy and then emerge victorious, having restored essential hospital level services, is the story of citizen action at its finest. Residents fought to preserve locally-based health care, under local control. They showed determination, stamina, creativity and true grit. It was not easy on all levels - personal, political and economic. Families and friends argued and differed on what is best for Winsted and its neighbors in the hospital's service area - about 30,000 strong.

From that galvanizing moment in April 1996, when the Winsted Memorial Hospital Board of Directors and its chief executive officer announced the imminent closing of the community's venerated century-old hospital, the public mounted an unrelenting protest. The people rejected the Board's decision to shutter the hospital in favor of a much reduced level of health care on Route 44. In response to an aroused and increasingly informed citizenry, the hospital Board was compelled to explore options for keeping the hospital open with both Saint Francis and Hartford Hospital. The activists monitored and critiqued each move.

These stalwarts called themselves the Code Blue Committee. With their supporters, Code Blue organized, demonstrated, leafleted, and marched strategically, once in the rain on the steps of Hartford Hospital. Many argued that the proposals from the Hartford-area hospitals would result in the eventual closing of Winsted Memorial.

As the efforts of Code Blue members matured against all odds, their self-confidence grew. They poured over hospital financial records, board minutes and other documents, interviewed former and current employees, including nurses, and medical staff for information and insights. They contended with both Saint Francis and

Hartford Hospital officials and elected officials. They continually educated the general public through newsletters, the press, cable access programming, public meetings and other routes to publicize the latest information. Code Blue began by trying to engage members of the hospital Board in useful discussion to save the hospital. Although some were responsive, the board leadership was of a different mind. It had fully signed on to the plan of its CEO, James Sok, to close the hospital. So, the die was cast. Just as adamant were the citizens who fought to keep health care where it has been for a century, close to home. They had the essential support of the pro bono citizen resource Community Lawyer Charlene LaVoie, and Fred Hyde, M.D. whose experience, advice and strategic good sense helped residents understand the complexities and politics of health care.

Local control is a prudent principle in the community's dealings with medical partners and the Office of Health Care Access, the state regulatory agency. Guided by this principle, residents, represented by the newly-formed Winsted Health Center Foundation, obtained a legal role in the structure that replaced Winsted Memorial Hospital. This ensures that the medical partners cannot make any changes in health care services without the Foundation being notified and offered the automatic opportunity to participate in proceedings – a first in state history. This is important because if partners unilaterally are able to move out, the connection with the Foundation is severed, the public role disappears and it becomes easier for them to leave the service area at any time, for any reason.

The Winsted Health Center Foundation has now been in operation for 15 years. The original organizational structure, considered pioneering and innovative, continues to serve the community.

However, the provision of health care is a dynamic process. The vortex of forces, governmental, commercial and political, as well as advances in technology, continues to pummel large and small facilities. Timely and creative responses require resilient leadership, together with informed and robust public support to shape sturdy solutions. Otherwise, the Foundation is subject to ill-advised initiatives, such as those that would fracture the coherent provision of patient services at the Winsted Health Center.

This book is meant to remind those who fought the good fight, and others, of what determined and organized residents can accomplish. Margaret Cook and Mary Russell of Winsted and Adele Smith of Norfolk, CT were paying attention. Between 2001 and 2005, their expressed appreciation arrived in the form of sizeable bequests. These generous civic actions kept an essential forward momentum in play.

The Foundation is now at a critical turning point. It is challenged by the need for a firm understanding of an evolving picture of patient services and a physical plant that needs attention. The goal is clear - to position the Winsted Health Center on a healthy path well into the next generation. We are set for another burst of imaginative activity to accomplish this work. It is an intricate journey and an exciting prospect for the resolute communities served by the Winsted Health Center.

Claire Nader, President
The Shafeek Nader Trust for the Community Interest

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About the Author

Janet Reynolds is an award-winning journalist who has written on a variety of topics. Reynolds was the Publisher and Editor at the *Hartford Advocate*. She was also a reporter at the *Litchfield County Times*, where she won second place from the New England Press Association in Investigative Journalism for her series on the Winsted Memorial Hospital issue. She is currently executive editor for the magazine division at the Hearst Corporation, where she was the 2012 recipient of the Hearst Eagle Award. She is married with three adult children and lives in Connecticut.