



Merger Process Update is published periodically to keep members of the Northeast Health, St. Peter's Health Care Services, and Seton Health communities informed on the progress to merge these three organizations and improve access to, and delivery of, health care in our region.

Affiliation Summary

- The final merger between Northeast Health, St. Peter's Health Care Services and Seton Health became official October 1, 2011. The three systems are officially a new regional health system – ***St. Peter's Health Partners***.
- ***St. Peter's Health Partners (SPHP)*** is the new, not-for-profit organization that is the "parent corporation" for the three merging health systems. While the new organization became operational on October 1, full integration may take up to three years.
- The merger creates "the region's largest and most comprehensive not-for-profit network of high-quality, advanced medical care, primary care, rehabilitation and senior services. These state-of-the-art services and programs will be provided through Albany Memorial Hospital and St. Peter's Hospital in Albany; Samaritan Hospital and St. Mary's Hospital in Troy; Sunnyview Rehabilitation Hospital in Schenectady; as well as The Eddy system of continuing care and The Community Hospice."
- The new organization has more than 11,700 employees at more than 125 locations in seven counties of northeastern New York. ***St. Peter's Health Partners*** will be the region's largest private employer and have an annual budget of nearly \$1.1 billion.
- Since May, work toward the final merger has primarily focused in four areas – reorganization of the governance (Board) structures; preparing the legal and financial documents necessary to complete the merger transaction; appointment of a new Senior Leadership Team; and ongoing Planning and Integration activities to determine the most important steps to be taken to bring essential operations of the three organizations together.
- The senior management structure for the new health system has been named. Further work is underway to develop a process for determining department structures throughout the new system including the appointment of additional leadership and management staff.
- In early August, nine different workgroups were formed to begin the formal integration process.

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Governance Reorganization

- Reorganization of the governance (Board) structure of the three current health systems was a critical process necessary to complete the merger. There were more than 30 separate boards governing organizations within the three systems.
- SPHP will be governed by a board structure with membership drawn from all three organizations. The new SPHP Board of Directors met for the first time at an Organizational Meeting on Tuesday, September 27. Robert Johnson and Sydney Tucker Jones were elected co-chairs of the St. Peter's Health Partners Board of Directors.
- By-laws, board leadership and committee structure for the new St. Peter's Health Partners Board have been finalized.

Planning and Integration Phase

- Clearance for the merger by the Federal Trade Commission (FTC) in April 2011 allowed the three organizations to begin the final Planning and Integration Process to bring a conceptual design of the new health system to an operational level.
- Despite having signed the binding Affiliation Agreement in mid-2010, regulatory barriers still prevented the organizations from sharing such sensitive information as pricing, salaries, benefits, market share, and other key operational data necessary to complete the merger.
- In April 2011, the pace of Planning and Integration activities increased. Deloitte Consulting, the firm which helped leadership formulate the design for the new system, was engaged to assist with the activities necessary to move from the conceptual system design to the first day of operation and beyond.
- In early August, approximately 30 members of senior leadership of Northeast Health, St. Peter's Health Care Services and Seton Health were named to nine different workgroups to begin the formal integration process. These workgroups included: Human Resources; Information Technology; Finance, Business Intelligence & Audit; Revenue Cycle & Reimbursement; Supply Chain; Clinical Operations; Clinical Programs; Mission Services; and Communications.
- The workgroups had two primary functions. First, the groups prioritized work that needed to be completed for the Inaugural Day of the new system on October 1. Second, the groups began the work to evaluate, recommend and prioritize functions and services that might be combined, and what changes must be made for the current systems to be integrated over the next few years. Work plans are being developed to complete the highest priority activities.

- Among the highest priorities are plans to:
 - simplify access for, and transfer of, patients throughout the system;
 - “harmonize” employee compensation and benefits, and integrate employee policies and recruitment across all of the system’s existing organizations;
 - integrate electronic systems, and other programs and processes for purchasing equipment and supplies; and,
 - integrate financial policies and systems for payroll, accounting, budgeting and reimbursement, including the development of a system-wide centralized billing office; and integrated system-wide information management system.

Successful Change

- Some integration has already taken place within the system. All home care within the new company is being organized under Eddy Visiting Nurses Association (Eddy VNA). St. Peter’s Hospital Home Care discontinued taking new patients September 30, 2011, and will completely cease operations at the end of November 2011. Seton Health’s home care agency closed in August. Most patients and employees of the two closed agencies were transitioned to Eddy VNA.
- In addition, Inpatient Physical Medicine and Rehabilitation beds located at St. Peter’s Hospital will be transferred to Sunnyview Rehabilitation Hospital in Schenectady.
- A Certificate of Need has been filed with the New York State Department of Health to expand cardiac care capabilities at Samaritan Hospital in Troy allowing the facility to perform angioplasty (opening of heart arteries with a balloon or stent). The new capabilities could begin as early as January 2012. The facility will be integrated with St. Peter’s Cardiac and Vascular services.

Leadership

A Senior Leadership Team has been appointed for St. Peter’s Health Care Partners:

- As previously announced, **Steven Boyle**, the president, CEO of St. Peter’s, will be CEO of the new company. **James Reed, MD**, president & CEO of Northeast Health, will be the President of the new organization. Both will report directly to the new Board of Directors.
- In early August, 15 individuals were appointed to the senior leadership team for the new health system. A full list of the Senior Leadership Team is available at the SPHP Web Portal (www.sphp.com).
- It is important to note that many of the members of the Senior

Leadership Team currently have and/or may have additional titles and responsibilities within other institutions or facilities within the organization.

- Further work is underway to develop a process for determining organizational structures throughout the new system including the appointment of additional leadership and management staff.
- The official corporate address for St. Peter's Health Partners is 315 S. Manning Blvd., Albany, NY, 12208. Members of the Senior Leadership Team and other corporate, business and financial functions will initially be located in offices throughout the health system. The telephone number for St. Peter's Health Partners is (518) 525-1111.

Mission & Culture

- In recognition of the importance of mission in everything we do, the Board approved the SPHP mission statement at the first organizational meeting. The mission statement reflects the heritages and traditions of all three organizations and continues their legacies of care. The new St. Peter's Health Partners mission statement reads:

"Founded in community-based legacies of compassionate healing, we provide the highest quality comprehensive continuum of integrated health care, supportive housing and community services, especially to the needy and vulnerable."

- Since August 2010, the Culture and Mission Workgroup has been planning for the cultural integration of our new organization. To understand staff's view of the existing cultures, including the values and practices of which they are most proud, employees from all three organizations participated in a Cultural Climate Survey.
- The overall response rate was very high at just over 83 percent. Key favorable findings were shared with staff in September. As we move forward with the integration of our existing cultures into a new vibrant culture, our shared core values of respect, excellence, stewardship, community, integrity and creativity will continue to serve as our guide.

Impact on Operation of Facilities & Staff

- In order to accomplish transformational change, there will be an impact on jobs. Many of the changes require Certificate of Need approval or other regulatory approval. Some involve significant construction and/or renovation. Most changes would likely occur over a three-year period following the merger.

- Health care reform will bring dramatic changes to health care institutions throughout this country. Change is coming. We can either choose to make changes at the local level with a thoughtful, strategic, system-based approach, or we can have change imposed upon us. Northeast, St. Peter's, and Seton are merging to enact health care reform at the local level – to improve when, where, and how care is provided.
- While the primary reason for this affiliation is not to reduce jobs, it is likely that at the end of the integration process there will be fewer positions. Any reduction, however, will be significantly less than if we did not merge and had to face the coming changes as individual institutions. Our goal is to retain skilled individuals – perhaps some performing different jobs, some in different locations – in a more stable organization and work environment. Although services and programs may move, patients still need to be cared for regardless of physical location.
- In the event that there are job changes or reductions, employees will be treated fairly and compassionately. Reductions in our more than 11,700 employees will be mitigated by annual attrition rates of 10 to 12 percent. These institutions have a tradition of valuing staff and minimizing the impact to staff as changes occur. This has been the case in changes that have already occurred as a result of this merger. Our goal is to continue that tradition as we move through the integration process.
- The merger is not expected to disrupt physician relationships at the hospitals operated by St. Peter's, Northeast Health or Seton Health. Medical staff governance will continue to respect the unique practice circumstances of each participating hospital. It is believed a combined organization will help recruit new physicians and specialists to the Capital Region, a true community need.

System Identity Process

- In July of this year, following an extensive System Identity Process, officials announced that the new system would be named St. Peter's Health Partners. Now that the merger transaction has occurred, work on a detailed Brand Implementation Plan has begun. On the Inaugural Day of the new system, banners were placed on the campuses of Albany Memorial, St. Peter's, Samaritan and St. Mary's hospitals. The large banners read, "We Are St. Peter's Health Partners."
- An actual "roll-out" of the new brand will occur in 2012. For most consumers, there will be little immediate change in the identification of programs and services provided by the merging organizations. Certain parts of the new organization, particularly those in the organization's corporate, business and financial departments, may begin using the new name and graphic system later this year.

- Full implementation will incorporate the new name on signage, advertising, the corporate website, stationery, employees' badges, facility signs, vehicles, publications, bills, forms, checks, etc. – everywhere that Northeast Health, St. Peter's Health Care Services and Seton Health are being used. Like the system design, full implementation of the new brand will take two to three years.
- A new web portal has been created for St. Peter's Health Partners. The web address is www.sphp.com. The portal features information and news about the new organization, as well as links to the existing websites of St. Peter's Health Care Services, Northeast Health and Seton Health. It also has links to employment opportunities at all organizations within St. Peter's Health Partners.
- The System Identity Process is much more than implementing a new name and logo for the new corporation. It is about how we represent the new corporation and its components in thousands of interactions with the public each day, and to make it easier for them to identify and find the services they need.

Other Information

- Northeast Health will continue as a secular organization, but will abide by the Ethical and Religious Directives (ERDs) for Catholic Health Care Services. However, in light of its commitment to ensure that reproductive services are available in Rensselaer County, Northeast Health created Burdett Care Center (BCC).
- Concurrent with the merger, on October 1, Samaritan Hospital closed its maternity services and Burdett Care Center opened. Burdett Care Center, located on the second floor of Samaritan Hospital, is a separately licensed hospital providing birthing and sterilization procedures (tubal ligations and vasectomies).
- The transition to Burdett Care Center went very smoothly and there was no disruption in patient care. In mid-October, the Seton Health Childbirth Center will also close and transition labor and delivery services to the Burdett Care Center.
- SPHP is a member of Catholic Health East, the parent corporation of St. Peter's Health Care Services. However, the new company, St. Peter's Health Partners, is not a Catholic entity. Organizations that are currently part of St. Peter's Health Care Services and Seton Health will retain their Catholic identities. Organizations that are currently affiliated with Northeast Health will remain secular. The merger will better allow the organizations to combine their complementary strengths and better meet the sweeping challenges of federal health care reform.