Sharon Hospital announced this week that it will join HealthQuest and its network of not-for-profit healthcare providers in New York state. Photo by Cynthia Hochswender

SHARON, Conn. — Sharon Hospital will return to not-for-profit status when it joins HealthQuest, a nonprofit healthcare provider based in the mid-Hudson Valley.

The largest member of the HealthQuest group is Vassar Brothers Medical Center in Poughkeepsie.

The group also includes Northern Dutchess Hospital in Rhinebeck, a 68-bed acute care community hospital. Sharon Hospital is a 78-bed acute care community hospital.
Peter Cordeau, who has been Sharon Hospital's CEO since last November, will remain, as will CFO Christian Bergeron. They had been employees of hospital owner RegionalCare and Capella Healthcare. Lori Puff, the hospital's chief nursing officer, will also remain at Sharon. After the state of Connecticut approves the proposed partnership, Cordeau, Bergeron and Puff will become employees of HealthQuest.

Once the hospital files its certificate of need (CON) with the state, it could take nine months to a year for the plan to be approved. Until then, Sharon Hospital will remain a for-profit and part of Essent Healthcare of Connecticut, which is an affiliate of RCCH HealthCare Partners (which is the same as RegionalCare/Capella).

Regionally focused care

It was RegionalCare/Capella that orchestrated the transfer of Sharon Hospital to HealthQuest. Discussions between the two healthcare groups and a small group of community members, including Connecticut state Rep. Roberta Willis (D-64), have been held quietly over the course of the past year.

In a statement, Mike Browder, the chief financial officer of RCCH said, “Over the last several months, the leaders of the involved parties determined the best way to ensure a strong future for the delivery of healthcare in Sharon and the surrounding region would be for Sharon Hospital to align with another regionally focused health system.”

Also involved in the discussions over the past year was the Foundation for Community Health, a nonprofit organization that was formed as part of Sharon Hospital's conversion to a for-profit entity in 2002.

All parties privy to the discussions expressed enthusiasm and optimism about the merger.

A larger medical center

For Cordeau, the Sharon Hospital CEO, this new step is not a statement about whether hospitals should be for profit or not for profit.

"In my opinion, the model we need here in Sharon relies heavily on a tertiary care relationship with a large medical center," said Cordeau, who was Sharon’s chief nursing officer until he was promoted to CEO last autumn.

Vassar Brothers describes itself on its website as “a 365-bed facility that houses the first and only cardiothoracic surgery center between Westchester and Albany, a state-of-the-art birthing center, pioneering centers for advanced surgery and wound care and a Level III Neonatal Intensive Care Unit.”

In all its online materials, HealthQuest and its hospitals stress that they are a community-focused, nonprofit group that has been around for many years and offers stability and longevity in addition to high-quality care.

Hiring new doctors

Cordeau said that the stability of Sharon’s new partner will not only widen the medical options for area residents; it will also help Sharon to recruit new physicians.
HealthQuest President Robert Friedberg said last week that the group’s intention is to hire more physicians specifically for Sharon Hospital.

“A rotating staff doesn’t work,” he said. “We will recruit the physicians who fill the needs we have here.”

Having a larger local network helps attract doctors, he said. The HealthQuest Medical Practice has more than 264 providers in three counties in New York state.

“It’s very hard to recruit, for example, one surgeon to an area,” Friedberg said. “It’s better to be part of a group, so the doctors can share ideas and cover calls. They will also have access to the Vassar campus for advanced surgery.”

Cordeau added that, “Frankly, the stability of our group has been in question. Now the future looks very bright; this new partnership will help us grow, and attract both recent medical school graduates and seasoned physicians.”

**Foundation for Community Health**

The Foundation for Community Health (FCH) has been involved in the discussions since the beginning, thanks to the efforts of Rep. Willis.

The foundation was formed in 2003 with several million dollars in funds that had been donated to Sharon Hospital over the years by community members. As a condition of Sharon’s conversion to a for-profit entity, those funds were set aside in the care of the foundation; and as a condition of the for-profit conversion, FCH was not allowed to fund any programs at the hospital.

“Sharon Hospital is the central part of our region’s health-care delivery system,” said FCH CEO Nancy Heaton. “With this transition back to not-for-profit status, we can once again work closely with the hospital and provide more services to the community.”

The foundation will remain a separate entity and its funds will not revert to the hospital.

**Advisory board**

Another change that will come with the conversion to not-for-profit status: Sharon Hospital will no longer have an advisory board made up of community members.

Janet Nickson, a Sharon resident and head of the board, said, “Having served on the advisory board since 2002 I have seen the hospital go through many changes as per owners, CEO personnel, renovations/innovations, and I am not surprised by change. I hope to move forward with it and trust that those involved will do all that is possible to keep Sharon Hospital alive and well for the communities it serves.”

The hospital will continue to have a governing board, whose membership is likely to change when the conversion is approved by the state. Sharon resident Howard Fuhr is head of the governing board.
**Tax impact**

A third important change: Once Sharon Hospital returns to not-for-profit status, it will no longer pay property taxes to the town of Sharon.

Like many substantial not-for-profit property owners in the Northwest Corner, the hospital is likely to work out a deal in which it will make an annual donation to the town, known as a payment in lieu of taxes, or PILOT payment.

Willis and Sharon First Selectman Brent Colley said that it's too early to know exactly what the tax implications will be for Sharon. But both said HealthQuest has promised that there will not be a sudden withdrawal of taxes.

Colley said that, “As a member of the hospital advisory board and first selectman of Sharon, I feel this opportunity (should it be approved by state and federal regulators) would be a positive for both the hospital and the town.

“Hospitals across the country are partnering with other hospitals to expand their care options, better their bargaining power with the insurance exchanges and reduce their operating costs. Partnering is how hospitals are surviving.

“I am hopeful that this partnership is approved and feel it is exactly what this community needs at this moment. Sharon Hospital’s future impacts the town of Sharon’s future and we stand behind them and applaud them in their efforts to improve and expand what this town has to offer.”

Friedberg stressed that HealthQuest considers itself to be a community-owned healthcare system.

“The community will once again own Sharon Hospital. The profits and benefits will be reinvested in the community.”

The hospital will still be required to pay the $3 million per year provider tax to the state.

**Public comment**

Friedberg and Cordeau both promised that there will be numerous public meetings and opportunities for the community to ask questions and weigh in on the future partnership of Sharon Hospital and HealthQuest.