



# Kaleida Health

## Affiliation Questions and Answers



**1. What have Upper Allegheny Health System (UAHS) and its member hospitals, Bradford Regional Medical Center (BRMC) and Olean General Hospital (OGH), agreed to?**

Upper Allegheny Health System (UAHS) has signed a non-binding Letter of Intent to affiliate with the Kaleida Health system to strengthen and enhance healthcare in Southwestern New York and Northwestern Pennsylvania. Under terms of the proposal, Kaleida Health will become the parent organization of UAHS. UAHS and its member hospitals, Bradford Regional Medical Center (BRMC) and Olean General Hospital (OGH), will become part of the Kaleida Health system while remaining separate legal entities with separate boards of directors. Ultimate responsibility for UAHS, BRMC and OGH will reside with the Kaleida Health board of directors. Members of the UAHS, BRMC and OGH boards of directors will serve on the Kaleida Health board of directors and various committees of the Kaleida Health board.

Timothy Finan will remain President and CEO of Upper Allegheny and its member hospitals. The current Boards of Directors and the senior management teams of UAHS, BRMC and OGH will also remain in place. The Letter of Intent proposes no immediate changes at either hospital, including service array or staffing. BRMC and OGH will continue to provide existing inpatient, outpatient, emergency, diagnostic and therapeutic services.

The affiliation with Kaleida Health is not intended to change or disrupt established referral patterns, take away physician and patient choices, interrupt existing physician/patient relationships or impact established health insurance coverage plans.

**2. Why is UAHS affiliating with another healthcare organization?**

UAHS is proactively seeking affiliation with the Kaleida Health system because it believes that the affiliation will significantly enhance healthcare in the region and provide improved access for area patients. The affiliation will also assure that BRMC and OGH are best positioned to respond to the dramatically changing healthcare environment characterized by the impact of health reform that includes diminished levels of reimbursement and reductions in hospital utilization. UAHS and its member hospitals are not unfamiliar with the benefits that affiliations can provide hospitals and their communities. In 2009, BRMC and OGH integrated to form UAHS, a collaborative effort that provides \$4M of combined annual financial benefit for OGH and BRMC or more than \$24M since the formation of UAHS in 2009. This affiliation is a continuation of efforts by our two local community hospitals to secure and enhance healthcare in the region.

**3. Why affiliate with Kaleida Health and not another health system?**

The Kaleida Health system is known as a collaborative, community focused organization with a track record of making decisions based on what is best for the community and its patients. Its services and capabilities align with the UAHS strategic vision to continue to provide and enhance necessary services in the Bradford and Olean communities. The Kaleida Health system and UAHS have a significant history of collaboration. Currently, OGH and Kaleida Health jointly operate the interventional cardiac catheterization laboratory in Olean while Kaleida Health and BRMC jointly sponsor the VNA of Northwestern Pennsylvania, a Medicare certified home care agency. Additionally, Kaleida Health acknowledges Upper Allegheny Health System's rural healthcare expertise and has asked UAHS to assist it with the management of Kaleida's rural health partnerships.

**4. Will the affiliation have any impact on physicians and employees?**

No. Employees of BRMC and OGH will remain employees of their respective hospitals under the affiliation. As a result of the affiliation both BRMC and OGH will be better positioned to attract and retain high quality physicians and clinical staff and to provide a more stable employment outlook. Under terms of the Letter of Intent, Kaleida Health will provide the funding and necessary infrastructure to recruit several new physicians for both BRMC and OGH.

**5. What will this affiliation mean to BRMC and OGH patients?**

The affiliation with the Kaleida Health system will help ensure that BRMC and OGH patients continue to receive high quality care for many years to come here at home. By becoming part of the Kaleida Health system our patients will also have greater access to Kaleida's physician specialists, technology and the vast array of specialty services at Kaleida Health system facilities such as Buffalo General Medical Center, Gates Vascular Institute and Women and Children's Hospital. The affiliation agreement calls for initiatives to recruit, with the assistance of Kaleida Health, new physicians to Southwestern New York and Northwestern Pennsylvania, which will benefit both BRMC and OGH and our patients.

**6. Is UAHS merging with Kaleida Health?**

No. Kaleida Health and UAHS are not merging. UAHS is affiliating with the Kaleida Health system. UAHS and its member hospitals will remain separate entities with separate boards of directors which will retain local responsibility for both BRMC and OGH. Ultimate responsibility for UAHS, BRMC and OGH will reside with the Kaleida Health board of directors. Members

of the UAHS, BRMC and OGH boards of directors will serve on the Kaleida Health board of director and various committees of the Kaleida Health board. UAHS and Kaleida Health will develop specific initiatives to help ensure that BRMC and OGH preserve and enhance healthcare services here in Southwestern New York and Northwestern Pennsylvania.

#### 7. What Happens Next?

With the signing of the letter of intent, UAHS and the Kaleida Health system will initiate a due diligence process which is a comprehensive reciprocal review of the other's organization as a prerequisite to the development of a formal affiliation agreement. The formal affiliation agreement will need to be approved by the boards of directors of UAHS, BRMC, OGH, and the Kaleida Health system and also by state regulatory agencies in New York and Pennsylvania. It is anticipated that the entire process will take eight to ten months.

#### 8. Will the affiliation mean that patients will be mandated to go to certain hospitals for care?

No. The affiliation with Kaleida Health is not intended to change or disrupt established referral patterns, take away physician and patient choices, interrupt existing physician/patient relationships or impact established health insurance coverage plans.

#### 9. Is this affiliation being undertaken because of concerns with the financial performance at OGH and/or BRMC?

No. This decision by UAHS is one that is being made from a position of relative strength. It is a proactive move in light of our keen understanding and appreciation of the rapidly changing healthcare environment. Since the formation of UAHS in 2009, OGH and BRMC have added new services, improved patient quality and safety and have realized several years of positive financial performance. In fact, Olean General has posted nine consecutive years of positive operating margins. Similarly, Bradford has posted positive operating results for five straight years.

#### 10. So this move is being done with an eye on the future?

Yes. An alignment with a larger health system is an appropriate and intelligent approach to preserve and enhance our mission of care. The healthcare environment is undergoing a period of dramatic and rapid change and the affiliation with Kaleida Health is a proactive means to ensure the success of BRMC and OGH well into the future.

The affiliation of UAHS with Kaleida Health will help BRMC and OGH withstand current financial pressures of the healthcare industry that are the result of healthcare reform and diminished levels of reimbursement being experienced by hospitals everywhere. While BRMC and OGH have been financially successful over the past several years, the impact of health reform and diminished levels of reimbursement is undeniable, especially on rural hospitals.

Entering into an affiliation now and from a position of relative strength will assure that our hospitals remain strong and vibrant regional healthcare resources for years to come. The affiliation is mutually beneficial to Kaleida Health and UAHS as UAHS will utilize its rural health experience to assist Kaleida Health with the management of Kaleida's rural healthcare partnerships.

#### 11. Are such affiliations common in the hospital industry?

Yes. According to the American Hospital Association, approximately 65% of the nation's community hospitals are currently affiliated with a multihospital healthcare system. Virtually every community hospital in Southwestern New York and Northwestern Pennsylvania is now affiliated with a major urban tertiary medical center.

#### 12. How will physicians and staff be kept advised of these affiliation efforts?

BRMC and OGH staff and physicians will be regularly advised via staff meetings, regular emails, and other means in the months ahead.

#### 13. Will the names of the health system and hospitals change?

No. The names of our health system and hospitals will not change. The name of our healthcare system will remain Upper Allegheny Health System. The names of Bradford Regional Medical Center and Olean General Hospital will also remain.

#### 14. What will happen to the Olean General Hospital Foundation and the Bradford Hospital Foundation?

The two foundations will remain in place as legally separate fundraising organizations and the restricted use intentions of donors shall be honored. The foundations will continue their efforts on behalf of OGH and BRMC.

#### 15. What history of collaboration exists between Kaleida Health and its member hospitals?

Kaleida Health and the UAHS hospitals have a history of significant collaboration. In 2013 Kaleida Health and OGH collaborated to establish an interventional cardiac catheterization laboratory at OGH. The program is jointly operated by OGH and the Gates Vascular Institute of Kaleida Health. Also in 2013, BRMC and Kaleida Health's Visiting Nurses Association of Western New York created the VNA of Northwestern Pennsylvania as a 50/50 joint venture entity.

#### 16. Who is Kaleida Health?

Kaleida Health includes the Buffalo General Medical Center, DeGraff Memorial Hospital, Gates Vascular Institute, Millard Fillmore Suburban Hospital and the Women & Children's Hospital of Buffalo. They also operate HighPointe on Michigan and the DeGraff Memorial Hospital skilled nursing facility, plus the nation's oldest – and original - Visiting Nursing Association. The organization is also affiliated with Great Lakes Health, the entity integrating Kaleida Health, Erie County Medical Center (ECMC) Corporation and the University at Buffalo. Other information regarding Kaleida Health includes:

Annual revenue:	\$1.3B
Acute care beds:	988
Long term care beds:	380
Annual discharges:	54,935
Emergency room visits:	167,169
Births:	5,335
Staff:	9,500