

City of Cambridge

The Health and Hospital Committee held a public meeting on March 27, beginning at 7:35 p.m. in the Sullivan Chamber for the purpose of continuing the discussion of a proposed reorganization of the Cambridge Hospital as an authority.

Present at the hearing were Councillor Timothy J. Toomey, Jr., Chair of the Committee, Vice Mayor Kathleen L. Born, Councillor Francis H. Duehay, Councillor Anthony D. Galluccio, Councillor Kenneth E. Reeves, Mayor Sheila T. Russell, Councillor Michael A. Sullivan, Councillor Katherine Triantafillou, and City Clerk D. Margaret Drury. Also present were Robert W. Healy, City Manager; John O'Brien, Commissioner of Health and Hospitals; James Lindstrom, Auditor.

Councillor Toomey convened the hearing and explained the purpose. He requested that Mr. Healy begin the presentation. Mr. Healy introduced Attorney John Faria, who worked on the draft legislation. He began with a summary of the legislation.

Councillor Duehay asked whether section 1 (c) would mean that the City Manager or City Council would have to approve any further mergers.

Attorney John Faria said that the section operates with section 14. No further State Legislature approval is required, but the City Council would have to approve other mergers.

Mr. Faria said section 1 (c) would provide for the Somerville merger without any further City Council approval. Mr. Faria then moved to Section 3, which covers the acquisition of Somerville Hospital. Mr. Faria noted that the legislation would allow Somerville Hospital to continue to be a nonprofit.

Councillor Duehay asked if Somerville Hospital employees would be treated the same way as Cambridge Hospital. Mr. Faria said that the legislation does not cover this.

Councillor Duehay asked whether it guarantees city employees their same benefits. John O'Brien said that union negotiations are ongoing with Cambridge Hospital employees. Somerville Hospital is not unionized, but there will be terms in the acquisition agreement regarding fair and equitable treatment.

Councillor Reeves asked about the liability limitation. Mr. Healy said that the intent is to extend the municipal, tort liability limit of \$100,000 to the entire entity. Mr. Faria said that Somerville Hospital will be publicly owned.

Councillor Reeves asked if the public commission will be assuming the current debt and liability of Somerville Hospital. Mr. O'Brien said that the commission will assume liability.

Councillor Duehay requested a copy of the report of Somerville's liabilities and certification of the amount. Mr. O'Brien noted that there is a nondisclosure agreement with Somerville Hospital that affects some of the information available.

Councillor Sullivan asked whether this could be the subject of executive session. Mr. Healy agreed that it would be preferable if it could be a matter for executive session.

Councillor Galluccio asked whether Somerville Hospital was acquiring the Heritage Hospital, formerly Central Hospital. Mr. O'Brien said that Somerville Hospital did put in a letter of intent because it was very concerned about it being acquired by a competition. Mr. O'Brien stated that the Cambridge Hospital's opinion is that this is a very good opportunity. Councillor Galluccio requested financial reports and overview statements for the past few years for Cambridge Hospital, Somerville Hospital and Heritage Hospital.

Councillor Galluccio requested an analysis of all potential liability of the City of Cambridge in this legislation. Mr. Faria said that one of the principal purposes of the legislation is to set limits on obligation. The liability that remains with the city will be general obligation debt incurred in the past. There shouldn't be any contractual liability if the City isn't a direct party.

Councillor Duehay noted that in section 4 the City Manager can remove board members "for cause" and requested an explanation of the term. Mr. Healy said that it is relatively common standard that requires that the action be defensible, not arbitrary and capricious. Mr. O'Brien added that the board's by laws will articulate some of the reasons for dismissal.

Councillor Duehay noted problems of using only the current board for nominations of future board members. Mr. O'Brien noted that the Board will be ultimately liable and responsible for the quality of health care.

Councillor Toomey stated that he would like to see a representative of the labor unions on the Board.

Vice Mayor Born asked who appoints the Cambridge Housing Authority Board. Mr. Healy said that he appoints four, the state appoint one. Their compensation is a small bonus in good years.

Vice Mayor Born asked about the CRA. Mr. Healy stated that the appointment is the same, Mr. Healy appoints most the state appoints one; there is no compensation.

Councillor Triantafillou asked whether Mr. Healy is satisfied that the legislation transfers to the commission all the functions that should be transferred and limits the liability to the City as much as possible.

Councillor Triantafillou asked whether the City would have any liability for bonds issued by the Commission. Mr. Faria said that the City could decide to incur debt on behalf of the authority, but the Commission's revenue bonds would not obligate the City.

Councillor Triantafillou asked about the provision for a board of health. Mr. Healy said that the legislation leaves open the possibility of returning to a board of health if at some future date the City Council is not satisfied with the way that the commissioner fulfills the City's public health responsibilities.

Councillor Sullivan noted that there is no prohibition on paying the Board of Trustees.

Councillor Reeves asked about the general practice. Mr. O'Brien said most not-for-profit hospitals do not compensate board members; some large for-profit hospitals do.

Councillor Galluccio asked how the civil service provisions would work for a current civil service employee who wanted to transfer into another position. Mr. Healy said that the new job wouldn't be civil service but the person would still retain a right to go back to civil service.

Mr. O'Brien noted that he expected changes in the management rights language in the proposed legislation in response to union negotiations.

Councillor Galluccio asked if there could be a way to give Cambridge employees preferential treatment vis a vis Somerville employees. Mr. Healy said that the existence of collective bargaining units in Cambridge will result in some of this because of the significant protection offered by their unions.

Councillor Triantafillou said that setting up a system that purposely treats Cambridge employs better than Somerville employees would be illegal discrimination as well as unwise.

Councillor Triantafillou said that civil service does not offer satisfactory protection for employees.

Councillor Sullivan asked whether agreements with unions will be completed prior to signing agreement. Mr. Healy stated that this is the goal.

Councillor Reeves stated that civil service in recent times does not serve the City well. He expressed his hope that the Commission will continue to be a caring employer.

Councillor Toomey asked about in-house bidding rights for Commission employees. Mr. O'Brien stated that it is not currently in the legislation; he is trying to reach agreement.

Councillor Sullivan asked whether under section 7 (b) if other Hospitals are not providing free care, it would become tax burden. Mr. O'Brien said that this would be subject to agreement with the City Council.

Councillor Duehay asked whether the contract would specify the exact public health services that will be provided to the City. Mr. O'Brien said that it will. Councillor Duehay said that the free care and public health needs should be specified, even if the City Council's appropriation does not cover all of the needs. Councillor Duehay stated that he would like to have a model of what such a statement would look like.

Vice Mayor Born asked under what circumstances the City might not renew its contract with the Commission. Mr. O'Brien said that maybe if all of the other money for free care continues to be cut, the City might feel unable to meaningfully continue. The City would reserve the right to renegotiate its contracts every year.

Vice Mayor Born asked about the real estate plans. Mr. O'Brien said the goal is to allow the Commission to carry the real estate on the books as assets and to ensure that if were to be taken over by some for-profit entity, etc, the real estate would revert to the City. He added that he believes this can be accomplished by a lease arrangement.

Councillor Sullivan stated his hope that the Commission maintain offices in Cambridge and would hold a significant portion of board meetings in Cambridge. Mr. O'Brien said that the home office will always be in Cambridge.

Councillor Sullivan noted his reservations regarding the provision requiring City Manager approval only for a management contract for "substantially all of the networks."

Mr. O'Brien said that the City Council's leverage is from the requirement that the City contracts be reviewed by the City Council every year.

Councillor Sullivan questioned whether the approval required for disposal of assets in excess of \$1 million should be City Council approval.

Councillor Duehay agreed. The City Council should approve transfer of more than \$1 million; the City Manager should approve \$100,000 to \$1 million.

Councillor Reeves agreed that this section needs more work. He stated his belief that it is crucial to have ownership of the real estate remain with the City.

Councillor Sullivan expressed his desire that "Cambridge" remains in the name of the institution.

The discussion then moved to the provision for tax exempt status. Councillor Sullivan said that if the Commission becomes a cash cow, there should be consideration for the tax support the City has provided.

Councillor Duehay noted that there is no explicit prohibition against merger with a for-profit entity. Mr. Faria stated that it is his opinion that such a merger would be impossible under the proposed legislation as presently drafted. In response to a question for Councillor Duehay, Mr. Faria said that the law could be strengthened.

Councillor Galluccio requested an overview of the current medicaid situation. Mr. O'Brien said that the biggest threat is for changes to the uncompensated care pool. Mr. O'Brien would like to see HMO's and insurers contribute.

Councillor Duehay said that he did not believe it would be a good idea to drop section 14 or to draft it so that it would be necessary to go back to the state legislature.

Councillor Duehay noted that he had written a letter to the City Auditor and would like to get his written response. He asked about the schedule for getting to the goal of submitting legislation. Councillor Toomey responded that legislation should go to the state legislature no later than early May.

Councillor Galluccio requested that the City Clerk prepare a summary of the list of questions and information requested by City Councillors.

Councillor Galluccio requested that the process for hiring a staff.

Councillor Toomey then invited public comment. There was none.

The meeting was adjourned at 10:20 p.m.

For the Committee,

A handwritten signature in cursive script, appearing to read "Timothy J. Toomey, Jr.", written in dark ink.

Timothy J. Toomey, Jr., Chair

REPORT ACCEPTED. PLACED ON FILE.

Councillor Reeves asked about the liability limitation. Mr. Healy said that the intent is to extend the municipal, tort liability limit of \$100,000 to the entire entity. Mr. Faria said that Somerville Hospital will be publicly owned.

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For the Committee,

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Timothy J. Toomey, Jr., Chair

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Committee Report #2

S-186

Health and Hospital Committee,
transmitting a report of a public
hearing held on March 27, 1996 for
the purpose of considering the
discussion of a proposed reorganization
of the Cambridge Hospital as an authority.

In City Council April 8, 1996

Report Accepted.

Placed on file.