

# Hospital Authority Delays Vote On Reassignment Of HCA Lease

BY SUSAN USHER

While transfer of The Brunswick Hospital's lease with Hospital Corporation of America to HealthTrust Inc. may be only a technicality, members of the hospital's governing authority aren't taking any chances. Meeting last week, Authority members decided to have both a private law firm in Raleigh and Brunswick County's attorney, David Clegg, examine the lease and the request for its transfer before taking action.

Chairman Donald Noe told members that in a July 20 letter to Rodney Pulley, at that time the hospital's administrator, HCA Vice President and General Counsel Charles L. Kown advised that concerns about transfer of the lease didn't apply in this case since the hospital was actually leased to an HCA subsidiary, Hospital Corporation of North Carolina.

Nothing in the lease, Kown wrote, prohibits the sale of stock of the subsidiary to the new corporation, HealthTrust, which would own the stock.

"This prohibition against assignment only applies to the lease and the sale, assignment, mortgage or transfer of this lease by the leasee," he wrote. "In legal fact that is not occurring, as the subsidiary leasee is staying in place and the lease is not being sold, assigned, mortgaged or transferred."

However, a second letter, from HealthTrust Inc., asks the Authority to reassign its lease to that new hospital holding company.

The letter notes that "the operations, management, personnel and facilities of the hospital will continue as before. The holding company will assume all of the hospital's obligations to you under the agreement."

Then the letter asks the authority,

"to the extent that your consent to the assignment of the agreement to the holding company and to the release of the obligations of the hospital under the agreement may be required," to sign and return such a release.

Instead, agreeing with a motion by Leo Fulford, they put the matter on hold until legal opinions could be sought.

Said Pauline Morgan, "It makes sense what he says, but I'm no lawyer." Getting the opinions, she added, "is just good business practice."

Authority members, as hospital employees had earlier in the month, received HealthTrust baseballs, symbolizing membership on the new "team."

#### Audit Noted

Authority members also received summary sheets of two audits performed in conjunction with lease of the hospital by HCA in 1984.

Audits completed in May 1987 by

Coopers & Lybrand CPA firm of Raleigh for the fiscal years ending June 30, 1985, and June 30, 1986, showed a decrease in the hospital authority's net assets from \$1 million in 1985 to \$27,000 in 1986 following lease of the facility to HCA.

Liabilities changed from the hospital's Hill-Burton obligation of approximately \$1 million in 1986 to \$2,500 in accounts payable in 1986.

Revenues for 1985 and 1986 were \$93,613 and \$96,239 respectively. Expenses and losses were \$3.19 million and \$1,441 respectively. The 1985 figure reflects the loss of \$3.17 million in disposal of hospital operations and the medical office building by their long-term lease to HCA year.

End-of-year fund balances for the two years were -\$60,242 and \$24,556 respectively.

#### Other Business

In other business, members: Welcomed two new board members, Wilson Arnold of Supply, District 2; and Charlena Alston of



Alston Arnold

Navassa, District 5. They were sworn in by Magistrate Roney Cheers.

Approved Pauline Morgan's motion to pay Coopers & Lybrand for audits for fiscal years ending in June 1985 and 1986, at a cost of \$1,750.

Approved retroactively expenditure by HCA of \$100,000 for equipment to stock new eye surgery service that Chairman Donald Noe said he feels "is really going to help our hospital. It is going to keep a lot of people from going across the river to get these cataracts taken care of."

The hospital lease agreement with HCA requires Authority approval of

any expenditure of \$50,000 or more. Chairman Donald Noe of Southport said. However, since the equipment would be fully depreciated before the (extended) 40-year lease would end, he determined a special meeting was not needed earlier to approve the purchase, since approval would be a technicality.

Heard from Secretary-Treasurer Kenneth Bellamy that the authority has assets of \$52,128. Bellamy questioned a changeover in accounts from UCB to Southern National Bank, made apparently before Noe became chairman this summer. "When did this happen?" Bellamy asked. "I'm secretary-treasurer and this is the first I knew of it. I should have at least known." Hospital administrators said they would investigate who authorized the change.

The discussion was sparked when Mrs. Morgan recommended closing out a UCB account that had a minimal balance that was drawing monthly charges.

## The Brunswick Hospital Now Part Of HealthTrust

The Brunswick Hospital in Supply was one of 104 hospitals formerly held by Hospital Corporation of America (HCA) that last month became part of a new company, HealthTrust, Inc.

According to HealthTrust Chairman and Chief Executive Officer R. Clayton McWhorter, the Nashville, Tenn., firm is the first major hospital company to be owned, in large part, by its employees.

Though it opened as Brunswick County Hospital, the facility, renamed The Brunswick Hospital, was later leased by HCA for 10 years, with the option to extend the lease to 40 years as allowed by law or at the end of the initial lease period.

John Marshall, formerly of St. Augustine, Fla., is hospital administrator, coming on board Sept. 1.

As a leased facility, the hospital was considered an HCA owned rather than managed facility.

In September, HealthTrust purchased the group of acute care general hospitals from HCA for \$2.1 billion through the formation of an Employee Stock Ownership Plan (ESOP) whereby almost 23,000 employees became part owners of the company.

Public Information Officer Pete Barnette of The Brunswick Hospital said last week that the purchase by HealthTrust has not affected the hospital's administration or services.

"The only change was we became an employee-owned facility instead of part of HCA," Barnette said.

He added that hospital employees "seem to be pleased" with the ESOP, although "I don't think it's really

sunk in to most of them that we actually own it," he said.

Barnette noted that prior to the sale, HCA was composed of 494 hospitals worldwide.

He said he feels The Brunswick Hospital now will receive increased individual attention from corporate leaders, especially since most of the 104 HealthTrust facilities are smaller, community hospitals.

"That's a definite plus," he said.

In order to finance the acquisition, HealthTrust borrowed approximately \$1.7 billion from a syndicate of banks and financial institutions. HCA received \$1.64 billion in cash and \$460 million of preferred stock. HCA also received warrants for up to 34 percent of the fully-diluted HealthTrust stock.

HealthTrust's annual revenues are expected to be approximately \$1.5 billion, while its hospitals total \$2 billion in assets.

As HealthTrust pays off the loan over the next 10 years, the stock will be released and distributed to a special pension account for each employee.

Early estimates predict contributions of approximately 20 percent of pay could be made to the employee accounts each year after 1988, as compared to 6.5 percent of pay contributed into the HCA retirement plan each year.

Ownership of stock costs employees nothing, and when fully diluted, the ESOP will own 51 percent of the company.

Over the past three years, HCA has invested \$642 million in what are now HealthTrust hospitals, of which 40 percent are the sole provider of inpatient care in their communities. Another 25 percent are one of only two or three hospitals in their communities.

Barnette said The Brunswick Hospital has facilities that most community hospitals can't afford. He noted that hospital's new CAT-scan addition, which is nearing completion, advanced laboratory and operating facilities, the 24-hour emergency room with advanced equipment, and the hospital staff.

"We have one of the ablest, most competent teams of technicians and medical staffs that you could have," Barnette said.

The Brunswick Hospital, which accepted its first patient in November 1977, now has more than 150 full- and part-time employees.

## It's Dixon Chapel Oyster Roast Time

Tradition continues this weekend in Varnumtown as Dixon Chapel Methodist Church holds its annual oyster roast from 1 p.m. to 8 p.m. Saturday.

Costs for the "all-you-can-eat" affair will be \$8 for adults and \$3.25 for children. Proceeds are used for the benefit of the church and for needy individuals in the Varnumtown community.

Hushpuppies and coffee will be served with the oysters. Soft drinks, pies, cakes and hotdogs also will be on sale.

Persons who attend are encouraged to bring their own oyster knives.

For more information, call (919)842-6425.

In past years the roast has traditionally been held earlier in the month; this year's event was rescheduled to accommodate the later opening of oyster season on Oct. 15.

## Bryant Leaving DA's Office

BY RAHN ADAMS

Assistant District Attorney Wanda Bryant said last week she's having "severe withdrawal pains" at the prospect of leaving Brunswick County soon, but she's looking forward to joining her husband in Washington, D.C.

Ms. Bryant, 31, of Supply, said she will begin a one-year leave of absence from the 13th District Attorney's office on Oct. 31.



BRYANT

"I'm having severe withdrawal pains, but knowing I'm coming back makes leaving a lot easier," she said. "I feel like hopefully it'll be an experience that I can bring something back from."

She said her husband, Ronald Steven Douglas, has been living in Washington since April, when he joined a private law firm to do mainly criminal defense work.

"We've had a commuter marriage," Ms. Bryant said, noting the couple has been able to see each other only once or twice a month since April.

Ms. Bryant said she and her husband plan to return to Brunswick County next year, after he passes the N.C. Bar Examination.

For almost five years, Ms. Bryant has been employed as assistant

district attorney in Brunswick County.

While here, she has prosecuted "just about everything you can imagine," she said, but has specialized in sexual offense cases.

Ms. Bryant was in private law practice here from August to December 1982.

Sandra Hairston of Durham will join the local district attorney's office Nov. 1, Ms. Bryant said.

Ms. Hairston, a Stokes County native, is a recent graduate of the N.C. Central University Law School in Durham and passed the state bar exam in August, Ms. Bryant said.

Ms. Hairston earned her undergraduate degree from UNC-Charlotte, Ms. Bryant said.

## Man Charged In Leland Murder

BY RAHN ADAMS

A Brunswick County man was arrested last week in connection with the murder of his cousin, a Leland area teen.

Donald Ray Ballard, 29, of Route 1, Leland, was charged with first-degree murder in the Friday night shooting death of Onzel Dupre Ballard, 16, also of Route 1, Leland, according to Brunswick County Sheriff's Capt. Phil Perry.

The suspect made his first court appearance Monday in Brunswick County District Criminal Court.

According to the county clerk of court's office, a probable cause hearing is scheduled for Nov. 4 in Bolivia.

Donald Ballard remained in the Brunswick County Jail Monday with no bond.

Perry declined Monday to release a possible motive in the murder, saying it was still under investigation by the sheriff's department.

He said the shooting occurred Friday around 8:25 p.m. near the victim's home in the Phoenix community.

A handgun was used in the slaying, he said. Lawmen located a handgun near the murder scene, but as of Monday had not positively determined

if it was the murder weapon.

"We have a weapon, but we don't know if it's the right one or not," Perry said.

Following the shooting, the victim's mother, Cynthia Ballard, found the teen lying face-down in the driveway just north of the residence, Perry said.

The mother initially reported the incident to off-duty Brunswick County Sheriff's Deputy Ida Ballard, who in turn notified the sheriff's department of the shooting, he said.

The youth was dead by the time lawmen arrived on the scene, Perry said.

The victim's body initially was transported to The Brunswick Hospital in Supply, then to the Regional Medical Examiner's Office in Jacksonville for autopsy.

Perry said autopsy results Monday confirmed that the youth died of a gunshot wound.

Donald Ballard was taken into custody by Lt. Jimmy Bryant at the suspect's residence shortly after the shooting was reported to officers. The arrest was made without incident, according to Det. Sonny Padgett, who assisted in the investigation.

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3 votes of our Town Commissioners can change the building height limit of 35 feet. Our commissioners need to submit this local bill to the General Assembly for passage. It would then require a vote of the people to be changed. A similar act, "The Mountain Ridge Act," was passed to preserve mountain-top views.

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I feel the police department should not be under the power of only one Town Commissioner.

**BUILDING INSPECTOR**  
I am against the present policy of paying the building inspector by commission on the number of building permits issued.

**TOWN MANAGER FORM OF GOVERNMENT**  
Why require and hire someone with experience if we do not permit him to make recommendations based upon that experience? Our commissioners will always be responsible for making the laws and seeing they are enforced.

**EROSION PROBLEMS**  
I am in favor of organizing the Brunswick Islands to push legislation to fund erosion problems. More voices, more impact. Will our children have a beach front?

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