

Greensboro health care nonprofits may merge

Wesley Long Community Hospital and Moses Cone Health Systems seek federal approval for merger and develop an outline to create a foundation.

By LESLIE BROBERG

Greensboro

In years to come, the summer of 1997 may be remembered as the season of nonprofit hospital mergers in the Piedmont.

Just as the new Novant Health System in Winston-Salem and Charlotte was formally emerging as a regional health care giant, Greensboro's Wesley Long Community Hospital and Moses Cone Health System were entering the final phase of their proposed merger plans.

In early July, the two hospitals filed their official merger notice with

the Federal Trade Commission, which will decide whether the merger would create an unwanted health care monopoly in Greensboro. Hospital officials are hoping for an approval within 30 days.

Combining the two interests would involve folding the 309-bed Wesley Long Community Hospital into the 547-bed Moses Cone Memorial Hospital, which includes the 115-bed Women's Hospital of Greensboro and other specialty services and physician practices.

In addition to saving the combined hospitals \$53 million over five years, the merger would establish a more competitive force in the local health care market that now includes Novant Health, with its bold plans to serve more than 2.2 million people in

North Carolina and parts of Virginia and South Carolina.

As hospital officials await the FTC ruling, they are laying the groundwork for the \$50 million Wesley Long Community Health Foundation, to be funded by the hospital's former sale of shares in PHP Inc., the health maintenance organization.

The foundation will award \$2.5 million in grants each year for projects that help improve the health of the community.

The hospitals have already named officers to this new foundation, which will begin operating if the merger is approved. William R. Rogers, the former president of Guilford College, was named chairman, and Warren G. Corgan, a former vice president at AT&T, was named vice chairman.

HEALTH CARE



HOSPITALS

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cialties.

Facing managed care and heightened competition, many hospitals around the country have been seeking partners to help strengthen their stance in the health care arena.

Carolina Medicorp and Presbyterian were no exception. The for-profit Columbia/HCA Healthcare Corp., for example, was once rumored to be a possible partner for Presbyterian.

But Carolina Medicorp and Presbyterian decided to join forces, maintaining their nonprofit status and keeping their form of health care out of the hands of Wall Street investors and distant managers.

"We will retain medical management in the providers' hands," says Gregory J. Beier, who was named president of Novant's Triad region. "We'll look to the MDs — not the MBAs — to develop the best ways to practice medicine."

Novant will be led by Wiles, who was previously the president and chief executive officer of Carolina Medicorp. Paul F. Betzold, who was

president and chief executive officer at Presbyterian Healthcare System, is now president of Novant's Southern Piedmont Region.

"As we began the due diligence process, we found no impediments to proceeding," Betzold says. "I confirmed what we had been saying all along — this is a merger of two equals with similar missions and visions of the future."

In seeking its new status, Novant needed routine state and federal approvals from the North Carolina Medical Care Commission, the Internal Revenue Service and the Federal Trade Commission.

Novant also had to convince Forsyth County to change the bylaws of Carolina Medicorp and Forsyth Memorial Hospital. Since 1984, when Carolina Medicorp was created to run Forsyth Memorial, county commissioners have appointed 12 of Carolina's 19 trustees.

But a change was needed if the new entity was to reach beyond the scope of the county.

Now, under the changed bylaws, Forsyth County Commissioners will appoint one person to Novant's Board of Trustees. They will also approve the nominations of 12 of the 19

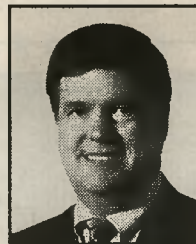
trustees on the board that will oversee Forsyth Memorial after the merger.

The interesting fallout from this exchange was a \$10 million gift to the county that will likely be used to pay for health care needs in the county.

The payment was "never a key factor in the merger," says Peter Brunstetter, chairman of the Forsyth County Commission and the new Forsyth area trustee on Novant's board. "It is a return to the government for an asset that has grown over time," he explains.

Brunstetter says the money will be put in a bank to collect interest for one year until County Manager Graham Pervier develops suggestions for its use.

But, Pervier adds, "we will take our time in recommending strategies."



Paul M. Wiles

NONPROFIT BRIEFS

LEADERSHIP

Web site for women

Juliette Tracey Goldman is the new director of development and outreach at Women's Connection Online, a web site for professional women and women business owners, located at <<http://www.womenconnect.com>>.

Goldman will work to increase the visibility of women business owners, women's nonprofit organizations and volunteer efforts on the Internet. She also will work to improve Internet access for these women.

Goldman was director of development and outreach for the Washington Area Community Investment Fund and has served as deputy director of the National Women's Business Council.

HOUSING

Fannie Mae would aid Habitat

The Fannie Mae Foundation has announced a \$1 million challenge grant to Habitat for Humanity International. The announcement was made at the First Annual James W. Rouse Forum on the American City in Washington.

The Fannie Mae Foundation's \$1 million challenge grant over two years will support Habitat for Humanity International in developing a dedicated operating reserve fund of \$10 million, based on an annual operating budget projected to grow to \$100 million by 2002. The Fannie Mae Foundation will match \$1 for every \$3 Habitat raises in response to its challenge grant.

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RESEARCH

Why do nonprofits die?

New research sponsored by the Nonprofit Sector Research Fund attempts to answer the question: Why do nonprofits die?

Researchers used a sample of organizations tracked over 15 years and interviewed representatives from "dead" organizations. The study found smaller and younger organizations were more likely to die than older and larger ones. Small size was singled out by 37 percent of respondents as the main reason for closing.

Twenty percent pointed to organizational instability, such as personal loss and turnover, as the most critical factor. A significant number indicated their organizations were harmed by the influence of strong board members.

FUNDRAISING

Used-car charity under fire

The nonprofit that built a multi-million-dollar charity from used car donations was slapped with a preliminary injunction recently amid charges of fraud and false advertising, according to reports by the *San Francisco Examiner* and the Associated Press.

The order, passed down by Superior Court Judge William Cahill, means the Jewish Educational Center must close until a higher court overturns the ruling. Cahill had appointed a receiver to oversee the nonprofit's assets, which the charity reported as \$1.8 million.

The charity runs one of the largest for-profit used-car dealers in the U.S., with sales of \$8.5 million last year. But it spent only \$1.45 million on charity causes.

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Peter Leouis, Assistant State Secretary for Children, Youth and Families

Rob Maddrey, President, Arts North Carolina

Betty McCain, State Secretary of Cultural Resources

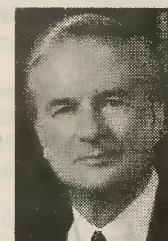
Wayne McDevitt, State Secretary of Environment, Health and Natural Resources

Kate McGuire, Program Director, N.C. Center for Nonprofits

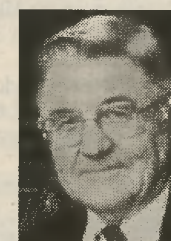
Sandra Mikush, Assistant Director, Mary Reynolds Babcock Foundation

Richard Moore, State Secretary of Crime Control and Public Safety

Hilda Ragland-Pinnix, Manager, Community Relations, Carolina Power & Light Co.



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