10 YEARS OF A CATHOLIC/SECULAR PARTNERSHIP

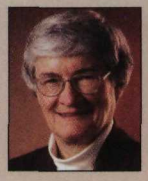
In Duluth, MN, a Religious Congregation and a Physicians' Group Have Joined Forces

BY SR. KATHLEEN HOFER, OSB; & MARY THOMPSON BODE

In 1892, northern Minnesota loggers were greeted by an unfamiliar sight: a snowshoe-clad Benedictine sister selling insurance tickets for a new Catholic hospital in Duluth. Those tickets, sold by Sr. Amata Mackett, better known as "Sister Lumberjack," were a great innovation in their day. Costing from $1 to $5, the tickets provided affordable hospital care for loggers and also brought in much-needed income for St. Mary's Hospital.

A century later, the women religious of St. Scholastica Monastery in Duluth, sponsors of what had become St. Mary's Medical Center, ventured into another new frontier. On January 1, 1997, the Catholic facility integrated with the Duluth Clinic, a not-for-profit, secular multispecialty physician practice, to form SMDC Health System.

Today, SMDC's four hospitals and 17 clinics serve a rural region larger than the state of Delaware, a region that would be medically underserved without the facilities' presence. The system's 450 physicians and 6,500 employees handle more than 400,000 patient visits each year. Many of these patients are elderly, poor, or suffer from some other challenge that makes it particularly important that SMDC exists to offer compassionate, affordable health care.



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The social and economic realities of health care today are likely to prompt more Catholic institutions to consider partnerships with other-than-Catholic providers. SMDC's experience has shown that these partnerships can strengthen both institutions without either having to relinquish its unique culture and identity.

The key to SMDC's success, its leaders believe, lies in the lengthy discussions and planning that took place prior to the actual integration. This careful preparation allowed the two parties to confirm that they shared common values about issues ranging from social justice to the dignity of human life. It also gave them time to draft legal agreements that would protect and preserve the Catholicity of their institutions well into the future.

Building on Tradition

The idea of a partnership between St. Mary's Medical Center and the Duluth Clinic is founded in a collective history that goes back nearly 100 years.

The establishment of St. Mary's Hospital in 1888, combined with Duluth's growth as a port city, drew growing numbers of physicians to the region. In 1915, five of these physicians established the Duluth Clinic, one of the country's first multispecialty group practices. Several of the founding members had been practicing at St. Mary's.

Four years later, these physicians became the first section heads at St. Mary's, making them the first in a long line of Duluth Clinic physicians to assume leadership roles at the hospital. This close working relationship was not lost on the women religious in charge of St. Mary's. One hospital administrator even anticipated that the clinic would one day relocate next to the hospital, and purchased an entire city block to ensure the land would be available. That block became the site of a five-story Duluth Clinic building in 1975.

Cooperation reached a new level in the 1980s with the opening of the St. Mary's Duluth Clinic Heart Center. Housed in St. Mary's and staffed by Duluth Clinic cardiologists, the Heart Center was early evidence that the two organizations could successfully integrate their business practices and cultures.

The 1980s and 1990s were tough decades for many health care organizations. Duluth Clinic physicians were watching service reimbursements decline while operating costs continued to rise. They considered two possible choices—partnering with a national physician group or integrating with one of Duluth's two hospitals. St. Mary's, right across the street from the clinic (and connected to it by a skywalk), seemed the logical choice.

Sharing a Vision

The longstanding working relationship between the hospital and the clinic aside, their leaders approached the idea of integration with caution. Both parties wanted to make sure that they had shared values as well as a shared vision and mission for health care delivery in the region.

The leaders of St. Mary's, a Benedictine-sponsored hospital, wanted to partner with physicians who shared the religious community's values of respect, hospitality, justice, stewardship, and peace. They also needed to be sure that the *Ethical and Religious Directives for Catholic Health Care Services* would continue to be honored at St. Mary's (and at St. Mary's Hospital of Superior, WI, which would also be included in the integration).

Representatives of both parties began their talks by listing the two organizations' key values, which they then projected side by side on a wall. They found that although they may have used different words to describe their calling, both institutions clearly shared a deep commitment to their patients and communities.

Making sure they shared common values was the first and most important step the representatives took in the process of integration. Doing so provided the foundation for all discussions that followed, as well as a common point of reference as they negotiated the specific details of the agreement.

Drawing "Lines in the Sand"

Once the two parties had confirmed their shared values, they were ready for the next step—listing the things they were *not* willing to compromise. These non-negotiable points, their "lines in the sand," would tell them if they should take negotiations any further.

The parties' first two points were similar in nature. First, whereas Duluth Clinic physicians wanted to remain secular, the leaders of St. Mary's knew that it was essential for the hospital and its affiliates to retain their Catholicity. Second, both parties wanted to establish a leadership structure that equally distributed administrative and governance power.

The two parties' last points, on the other hand, were unique to their institutions. Since the Duluth Clinic was a physician-led practice, its leaders wanted the new organization to have a physician as its CEO. St. Mary's leaders wanted the new organization to maintain a relationship with the Duluth-based Benedictine Health System (BHS), its parent organization at the time.

Talking First, Integrating Later

In the years since integration, people have often asked if there were major problems the two parties failed to anticipate. Both can honestly say no—primarily because they spent four years in discussion and negotiation. Both sides wanted to anticipate problems before they occurred, rather than trying to fix them later.

One good example of this lies in SMDC's governance structure. Both parties agreed they wanted to have equal administrative and governance power in the new organization. However, one of the Duluth Clinic's "non-negotiables" was having a physician CEO. For a time, the negotiators wondered how they could create an organizational structure that met both of those criteria.

In the end, they created an organizational structure that had the CEO reporting to a board of directors governed by what was called an "active board chair." The person who served as active board chair would meet regularly with the CEO and have significant input on major decisions affecting the health system. The integration agreement also stipulated that a member of the St. Scholastica Monastery hold the active board chair position for eight to 10 years.

When the agreement took effect, Duluth Clinic President Peter E. Person, MD, was named CEO of SMDC. One of this article's coauthors, Sr. Kathleen Hofer, OSB, remained president of St. Mary's Medical Center and also became the new organization's active board chair. She continues to serve in the latter role, having

recently begun a new three-year term in the 11th year of the integration.

Maintaining Catholic Sponsorship

Although Sr. Kathleen was one of the earliest proponents of integration, she never wavered in her commitment to maintain a relationship with BHS, which had been founded and sponsored by the St. Scholastica Monastery. However, integration with the Duluth Clinic meant that St. Mary's Medical Center could no longer have BHS as its sole corporate member. After substantial negotiations among the three parties, BHS ultimately became a special member of St. Mary's, retaining certain reserve powers. At all times, the Benedictine Sisters have remained the sponsors of St. Mary's and its subsidiaries.

Preserving Mission and Identity

In addition to maintaining sponsorship of St. Mary's and its related facilities, the religious community's leaders made sure that the legal agreement with the Duluth Clinic addressed more than a dozen issues they considered key to maintaining the hospital's Catholicity. These issues included:

- Adherence to the *Ethical and Religious Directives* by St. Mary's and its subsidiaries
- Continued use of prayers and religious symbols in Catholic facilities
- Maintenance of exclusive authority over ownership and use of the St. Mary's name and logo
- Preservation of St. Mary's board's special powers in respect to ensuring adherence to several Catholic issues, including the two listed above
- Review and maintenance of mission integration, chaplaincy services, sacramental ministry, and social justice at St. Mary's
- Maintenance by SMDC of a charity care program comparable to that offered by St. Mary's, adjusted annually for inflation
- Assurance that appropriate management and staff of St. Mary's would participate regularly in St. Mary's mission orientation and education programs

Although many of the negotiations concerned religious and philosophical issues, some involved important financial considerations. In particular, St. Mary's leaders wanted to remain part of BHS's "obligated group"—a collection of member organizations jointly and severally liable for all long-term debt issued by it—so the hospital could continue to borrow from it. This requirement resulted in very serious, lengthy discussions. Eventually, the Duluth Clinic leaders agreed that the clinic would become part of the obligated group, a result that ultimately strengthened the financial position of both BHS and SMDC.

Bringing in the Bishop

One of the most valuable partners in the negotiations was the then leader of the Diocese of Duluth, Bishop Roger L. Schwietz, OMI, who is today archbishop of the Archdiocese of Anchorage, AK. Bishop Schwietz was involved in the two parties' conversations with the Duluth Clinic and deserves a great deal of credit for supporting the hospital's representatives. In addition to ensuring that the *Ethical and Religious Directives* be respected in the new organization, he wanted assurance that the rights of the Benedictine Sisters of St. Scholastica Monastery would be preserved. He was also sensitive to the demands the new partnership would place on BHS and paid close attention to any human, legal, and organizational costs the integration would have on St. Mary's and the religious community.

What is the Catholic hospital's just response to employees who choose not to return to work for fear of their own health and safety?

One might note here that Bishop Schwietz has shared his thoughts on the negotiating process in *Catholic and Other-than-Catholic Collaboration: Lessons from the Field* (Catholic Health Association, St. Louis, 2000). That publication would serve as an excellent source of information for any Catholic organization considering a partnership like SMDC.

Sharing the Vision

Although SMDC has certainly faced its share of challenges over the last 10 years, none have involved the Catholic/secular nature of the partner institutions. In fact, the partners continue to find ways to promote their common values across the entire health system.

This year, for example, the Catholic facilities are emphasizing the value of *respect.* This initiative caught the attention of the leaders of SMDC's Department of Organizational Learning

and Development, who have decided to make respect a 2007 priority for the entire system. Both partners are now working together on a plan to promote the value of respect in Catholic and secular facilities alike. In promoting respect, SMDC and its Catholic facilities may differ in language and religious content, but they will work to accomplish similar goals.

Heading into Another Frontier

The successful creation of SMDC has inspired its leaders to launch an even larger venture, this time a partnership between SMDC and the BHS.

The new partnership, known as Essentia Health, supports communities in the development and delivery of high-quality, integrated health care services. Essentia Health collaborates with existing community-based health care groups to expand and strengthen their services while, at the same time, preserving their identity as local organizations. In an era in which many smaller communities are at risk of losing access to high-quality care, Essentia Health is a real opportunity for SMDC to practice its values of respect, innovation, excellence, teamwork, and stewardship in the communities it serves.

One Essentia Health project involves collaboration between the Duluth Clinic's Elder Care program and Benedictine Health Center, a long-term care facility in Duluth. Instead of transporting frail, elderly patients to the Duluth Clinic for medical care, Elder Care nurse practitioners and a physician travel to the center to treat patients. The clinicians' daily presence at the center ensures that patients are receiving timely, appropriate care and respects the fact that travel is traumatic for many such patients. The initiative's leaders hope that this model will one day be used in other communities in the service region.

Fulfilling a Mission

From the days of "Sister Lumberjack" and her snowshoes to their decision to establish a Catholic/secular health care partnership, the Sisters of St. Scholastica Monastery have explored the frontiers of values- and mission-driven care. It has been the religious community's way of continuing to fulfill its mission in a changing world.

Ten years ago, many people would have questioned the ability of Catholic hospitals and secular physician groups to form partnerships. SMDC Health System and Essentia Health are just two of a growing number of examples that prove the value of thoughtful Catholic/secular ventures. It strengthens the religious community's ability to live out Chapter 36 of *The Holy Rule of St. Benedict,* which reminds one that "care must be taken of the sick, so that they may truly be served as Christ would be served." ■

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