

An Exhortation to Sponsors

BY LAWRENCE E. SINGER, JD

Catholic healthcare is at a crossroads. At a time when its mission—providing high-quality, spiritually based care, particularly to the poor—is needed more than ever, it finds itself threatened. Managed care, together with the refusal of sophisticated purchasers to pay for inefficiency, has radically altered the healthcare landscape. Sharp competition is forcing venerable Catholic organizations with “blue-blood” pedigrees to reexamine their place in the market, and some are deciding to substantially alter their institutional presence, if not to leave the market altogether. Through the *New Covenant* process, the ministry is moving to reposition itself to meet oncoming competitive challenges.

Catholic sponsorship is also in a period of flux. The emergence of a strong, highly visible for-profit sector has changed healthcare’s dynamics. For the first time, for example, sponsors are facing takeover offers. Catholic healthcare leaders are forming partnerships with physicians, but these partnerships often do not mesh with the leaders’ old methods of governance and control. Lay boards of directors are beginning to challenge sponsors openly, in some cases going so far as to file lawsuits against them. And sponsoring religious institutes are themselves challenged by declining growth, an aging membership, and a shortage of potential leaders.

These pressures are real. But they are not entirely negative. Sponsors can in fact use the pressures as an impetus to provide strong, innovative leadership for Catholic healthcare. Now is the time for sponsors to exercise such leadership. Indeed, now is the time for them to exercise an even higher degree of leadership than they have in the past.

THE STRENGTH OF SPONSORSHIP

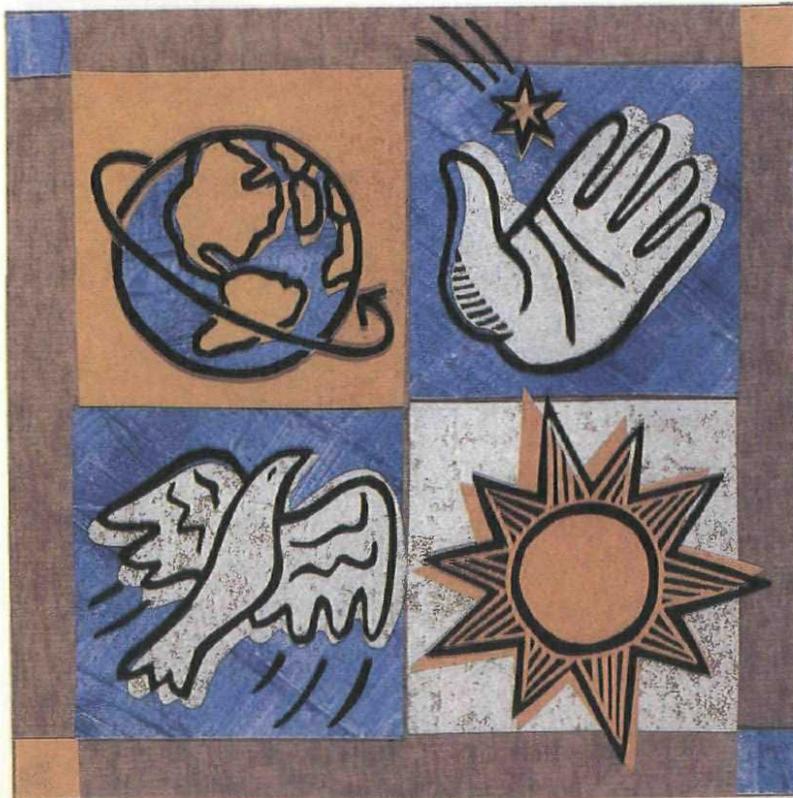
Catholic healthcare sponsors have long led the development of innovative management, governance, and delivery techniques. Sponsors were

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among the first, for example, to recognize the efficiencies that could result from system organization, both for governance and management. The ministry’s traditional approach to healthcare—which began with Christ’s healing ministry and was later reinforced by women religious’s practice of treating a patient’s spiritual, physical, mental, and social needs as a whole—long foreshadowed the current movement toward integrated delivery systems and holistic treatment modalities.

Although faith-based healthcare may be discounted by the current market, it is likely to regain its luster as patients grow increasingly alienated from for-profit care. Certainly the sur-

Continued on page 54



Vicki Rabinowicz

vival, even strengthening, of Catholic care in this era of competition and diminishing reimbursement is due in large part to the mission, philosophy, and values inculcated in it by its sponsors.

Sponsors continue to be a viable partner of the Catholic health ministry because they provide leadership that can see the big picture and address the greater good. Precisely because they are "above the fray," sponsors have an obligation to help develop the innovative solutions Catholic healthcare so sorely needs. Put another way, a healthcare organization without a sponsor is one without an outside force that constantly challenges the organization to improve.

THE CHALLENGES OF SPONSORSHIP

Consider the following events, each of which has actually occurred:

- A facility's board of directors, unwilling to pay an assessment to a sponsored healthcare system, votes to terminate its membership in the system, thereby terminating sponsorship as well.
- A sponsor removes an institution's board because it has refused to collaborate with the sponsor's system. The former board subsequently files a lawsuit against the sponsor.
- A physician group wants to take control of a Catholic hospital by making it part of an integrated delivery network. However, the new network will not promise to keep the hospital Catholic.
- Two cosponsors end their partnership because they cannot agree on a common vision.

Although they otherwise differed, these situations are similar in that each demonstrates the need for strong sponsor leadership. Too often sponsors assume that their needs and goals will be immediately understood by the agents involved—board members, executives, attorneys, consultants—not realizing that such understanding can only come after sponsor and agent have developed a relationship. Too often sponsors assume that the interests of their member systems and organizations are identical with their own, forgetting that they bear a responsibility to ensure that a vision serving the higher calling of Catholic healthcare is developed and implemented. Sponsors also are

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obliged to ensure that their work is a means of facilitating public service (in keeping with Catholic values), not as a way to stymie beneficial initiatives.

Much has been written about the competition offered to Catholic providers by investor-owned organizations. Although proprietary systems do pose formidable challenges in some markets, the larger challenge is from within: inculcating in everyone—employees, physicians, and the community at large—the continued value of Catholic sponsorship.

In this era of multimillion, even multibillion, healthcare systems, it is all too easy for employees and community members to view such organizations as big business, not as a ministry of service. Many physicians, not understanding what Catholic sponsorship means, are wary of partnership proposals from Catholic hospitals. And, on the other hand, religious institutes tend to get wrapped up too often in institutional or system politics—or at least are perceived as wrapped up in it—thus obscuring the unique leadership capital they might bring to a difficult business transaction.

In short, the current era of sharper competition and declining reimbursement challenges sponsors to define the essence of their sponsorship and to choose the tools they will need to stay true to their visions. The era demands clear answers to basic questions: What does it really mean to be a Catholic healthcare provider? How do we remain true to the ministry in the face of lowest-cost pricing and managed care incentives? How can we sponsor organizations when they affiliate with other-than-Catholic partners, partners who may not understand or appreciate our values? How can we retain a sense of ownership in a ministry whose organizations seem to grow inexorably larger? And, finally, can we let go—of our control and our traditional, comfortable way of doing things—in order to respond to the needs of others?

THE RESPONSIBILITIES OF SPONSORSHIP

The Catholic Health Association, Consolidated Catholic Health Care, and other groups have tried to identify the "core competencies" required by sponsors. In theory, they can be

taught. Unfortunately, some competencies have nuances that make them difficult to teach. Others—for example, leadership and vision—cannot be quickly taught. Their inculcation requires years of mentoring and on-the-job experience.

Since this is the case, it might be better for sponsors to identify core *responsibilities* they can either carry out themselves or delegate to others. They would do well to accept ownership of the following—by no means exhaustive—list of responsibilities:

Planning Sponsors have an obligation, in order to determine an appropriate future course, to assess themselves and the healthcare organizations they sponsor. Although businesses routinely engage in strategic planning, many religious institutes, unfortunately, do not. Yet a careful assessment of its resources will help a sponsor make decisions that strengthen both the religious institute and the healthcare ministry.

Marketing Religious institutes are generally uncomfortable with what they see as self-promotion. Unfortunately, we live in a world of information overload—one in which, if things are not screamed at you, they must not have occurred. But a happy medium lies somewhere between these two extremes. Religious institutes must quietly—but creatively and persistently—tell their stories to the public. If they do not, they will have little influence in the major decisions that affect both their own ministry and society at large.

Few members of the public understand the scope, duties, and responsibilities of religious sponsorship in the modern world. Because this is so, sponsors must clearly communicate both their own identities and the value of institutional Catholicity. Sponsors must consistently emphasize their interconnectedness not only with the organizations they sponsor but also with *other* sponsors. Then everyone involved—board members, employees, and the public at large—will understand that the ministry itself is more important than any single organizational piece of it.

Relationship Building A few sponsors have paid dearly, in adverse publicity and unwanted litigation, for using their reserved powers to ensure compliance from member organizations. In

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sponsorship, never having to use these powers is the name of the game. Sponsors should certainly exercise their powers when necessary, but they can accomplish more through relationship building. Unfortunately, many sponsors delegate the appointment and orientation of new board members because they fail to see how important such activities can be in building positive relationships. A sponsor's connectedness with member organizations will obviously be affected by the number involved, the distances between them, and similar factors. Nevertheless, sponsors have spent too little time ensuring the allegiance of their board members, executives, and medical staff leaders. Trust goes a long way when the chips are down.

Doing Your Homework Sponsors must take the time to understand, and stay in touch with, the organizations they sponsor. For religious institutes with leaders well versed in healthcare, this may be easy to do. Others, after taking a hard look at the number and location of their organizations, may need to create structures through which they can delegate certain functions. (And even then, in my experience, leaders of religious institutes often feel they are shirking religious community responsibilities when they attend board meetings, membership meetings, or negotiation sessions involving the organizations they sponsor.)

Sponsors also have an obligation to seek out the expertise they need to guide them in decision making. I have seen many instances in which leaders of religious institutes undertook activities they were not well-equipped to deal with and did not have appropriate advisers. In doing so, they put themselves in a negotiating stance or business transaction they did not understand.

A VALUABLE TRADITION

The new healthcare environment, competitive and cost constrained, is a challenge to religious institutes, many of which face their own internal changes. Such institutes must remember that, in sponsoring healthcare organizations, they are stewards of a rich, honorable, and valuable tradition. Sponsors are called to a new day of vigorous involvement as they move to fill a role for which they are uniquely qualified. □