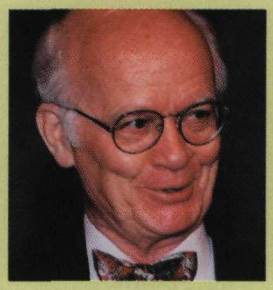
and constantly, while working to build consensus."

Citing Psalm 72 as the source for the assembly theme, Marty pointed out that the psalm was originally to a king. Since we no longer live under a monarchy, "for whom in our prayer and our prophecy are we asking that justice be effected, so that it flourishes?" For the answer, he said, "Look around you. Sixty-one percent of our citizens are outside the range of healthcare, and even those who are covered may not have just coverage."



We may be individualistic, but "our web of affiliations is strong, and building community is absolutely essential if justice is to flourish."

Rev. Martin E. Marty, PhD

Marty outlined six steps in the search for justice that will enable it to flourish through us as a nation. "First you must discern—see—the situation of the needy and oppressed." After discernment, "Prepare the soil," Marty urged. Before we build consensus, we acknowledge God as the source of justice and humans as his stewards. We recognize, in Pope John Paul II's words, *"dignitatis humanae,"* and that healthcare is essential to the realization of human dignity and justice. We must also see that the search demands dialogue with others—conversation, not argument. Then we are ready to plant the seeds of justice.

The vital role religion plays in society then cultivates an environment in which justice is allowed to flourish. "Religion brings to political and policy discourse not only reason, but elements that religion nourishes as people make decisions: intuition, memory, community, tradition, hope, and affection [in the sense of an 'affective' life together] as part of its role in society." But we must also counter that which inhibits the flourishing of justice: the idea that religion plays a marginal role in America's secular society, or that Americans' spirituality is too individualistic for them to work for the common good and justice. It is incorrect to call ourselves a strictly secular society, Marty said. "We are a religio-secular society. We are seeking" spirituality. We may be individualistic, but "our web of affiliations is strong, and building community is absolutely essential if justice is to flourish."

Finally, we must nurture justice as it flourishes, by looking for renewal in its sources; through criticism, including self-criticism; through witness and gesture; and through immediate action along the way.

Politics, the work of the "human city," works through many elements to let justice flourish, Marty concluded. It works through the individual; through the institutional voice of the Church; through agencies of the Church, such as CHA; through society, in consensus building; and through the rest of life. But politics has its limits, too: the eternal, and that which transcends even justice.

Strategies for Healthy Systems

Cosponsorship Ensures Ministry's Future

Mutuality, Not Proportionality, Underlies Cosponsorship Effort between Daughters of Charity and Sisters of St. Joseph

Many of the recent healthcare mergers, affiliations, and other collaborations have been driven by concerns about the continued viability of a particular facility. Not so with the cosponsorship agreement reached by the four provinces of the Daughters of Charity and the Sisters of St. Joseph.

In describing the arrangement, **Sr. Janet Fleishhacker, SSJ,** president of the Sisters of St. Joseph, Nazareth, MI, explained that "this partnership only makes sense in the context of the broader perspective about the continuation of the mission and ministry into the future."

This is particularly true for the Daughters of Charity National Health System (DCNHS), St. Louis, which will be entering this cosponsorship arrangement with the much smaller Sisters of St. Joseph Health System, Nazareth, MI. **Sr. Xavier Ballance, DC,** DCNHS board chair and a sponsor representative from the East Central province, explained that some people in the sys-

Sr. Xavier Ballance, DC

tem have accused the sponsors of "giving away the store." But, inspired in part by the *New Covenant* movement for collaboration within the ministry, the sponsors' concern goes beyond the continuation of an individual charism and focuses on the healing ministry of Jesus, she said.

The cosponsorship arrangement will bring together two congregational traditions, two health systems, and five sponsors into a new Catholic health system. The two speakers stressed that the agreement between the five sponsors is based on "mutuality of influence," not proportionality. The new system's sponsors' council will include one representative from each of the four Daughters of Charity provinces and four representatives from Sisters of St. Joseph. In addition, two laypeople will serve on the council to further help it transcend the religious congregations.

"This partnership only makes sense in the context of the broader perspective about the continuation of the mission and ministry into the future."

Sr. Janet Fleishhacker, SSJ

The steering committee that is developing the new sponsorship and governance structure, in addition to working on business issues, is also building relationships and candidly discussing feelings about the arrangement. "With the volume of work involved, we are guarding against it becoming just a task and a mound of papers," said Sr. Fleishhacker.

The steering committee has developed a mission and vision and a set of core values that involved input from persons at all levels in the organizations involved. They make decisions by consensus and constantly ensure that they are adhering to the guiding principles they've established. "The main thing is to keep the main thing the main thing," Sr. Fleishhacker said. "If we meet a stumbling block, we can look at our principles and see that this is not the main thing."

They have also established task forces to share the practices of each health system and congregation so they could retain the best of both. "It's not about deleting our heritage or selecting a dominant heritage," explained Sr. Fleishhacker. "What comes forward needs to build on both and be able to accommodate others that might want to join later." Sr. Ballance explained that several other systems have expressed interest in joining, but they are deferring discussions until the current planning is complete.

CEOs Share Secrets of Successful Growth

Cultural Compatibility and Market Position Are Important Factors When Expanding a System

Bon Secours Health System, on the East Coast, and Catholic Healthcare West (CHW), on the West Coast, have both experienced rapid and successful growth in the past few years. These two systems' presidents and chief executive officers (CEOs) explained how their systems' strategies have emphasized community or regional growth, physician integration, and compatibility between cultures, thereby enabling the two systems to sustain rapid change in the shifting healthcare environment.

Christopher M. Carney, president and CEO of Bon Secours, Marriottsville, MD, outlined how that system has grown, what it has learned from that growth, and what may lie ahead. In 1990 the system had five hospitals and $541 million in assets; as 2000 approaches it has 17 hospitals and $1.3 billion in assets. It has seen great growth in nonacute services, a development that Carney said was "unintentional" but reflects the Bon Secours mission of holistic care.

Bon Secours's growth has primarily been the result of partnerships with both Catholic and other-than-Catholic providers. "Our goal is to be the number one integrated delivery system in every community we serve," said Carney. To that end, Bon Secours has added assisted living facilities, behavioral health centers, and long-term care facilities to its acute care hospitals.

In the course of this growth Bon Secours has learned valuable lessons. "One size does not fit all," warned Carney, explaining that cultural synergy between proposed partners is critical. Bon Secours assesses opportunities in terms of whether they will increase sponsor and mission presence in the community, promise to establish Bon Secours as first or second in the market, and add operating synergies. "Not every deal should be done," Carney pointed out. Say no when you sense cultural incompatibility, divergent expectations, or a weak business case for the move, he advised.

Richard J. Kramer, president and CEO of CHW, San Francisco, oversees a system that has focused on regional growth. From a 10-hospital system, CHW has

"Our goal is to be the number one integrated delivery system in every community we serve."

Christopher M. Carney

grown to a 48-hospital system in 10 regions. Its current revenues are approximately $4.4 billion; current assets are approximately $5.7 billion.

Like Bon Secours, CHW's strategy when adding facilities to the system is to be first or second in the market. It has built regional delivery systems of hospitals, medical groups, ambulatory services, home care, and long-term care in the San Francisco Bay region, the Sacramento region, and Southern California.

Kramer outlined CHW's criteria for potential partners: They must share CHW's values, particularly a focus on community services; they must have a strategy for aligning with physicians; and affiliation must strengthen the regional system and be financially viable. This regional growth in turn expands CHW's mission, reduces general costs, and enhances specialty centers. CHW's physician strategy, too, is regional rather than local or systemwide. "If the contracting is regional, the risk-taking has to be regional as well," Kramer added.

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Richard J. Kramer

CHW has learned that partnerships must be relevant to the marketplace and "meaningful to buyers of healthcare," Kramer continued. "You must understand the needs of your constituencies." Second, it is important to address all the expectations of those involved. "Everyone has different expectations, but they don't necessarily tell you until after affiliation." Getting these out in the open means conflicts can be resolved at an early stage. Third, CHW balances centralization and decentralization by considering what is best for both the system and the region. Finally, "change management resources are essential," said Kramer. In an environment of rapid change, don't hesitate to use both internal and external resources to help people cope.

Making Provider Health Plans Work

Instituting a System-Owned Health Plan Is the Right Thing to Do But Can Lead to Conflict

Provider-owned health plans are attractive for a number of reasons, but their development and success are expensive and difficult to achieve and maintain, according to **Judith C. Pelham,** president and CEO, Mercy Health Services, Farmington Hills, MI, and **Henry G. Walker,** president and CEO, Sisters of Providence Health System, Seattle. Pelham and Walker candidly spoke about some of the problems their systems have encountered with their health plans.

"It's the right thing to do for all the right reasons," said Pelham. Mercy Health Services, which has approximately 260,000 members in its health plans in Michigan and Iowa, was attracted to ownership of managed-care plans for several reasons, including increased control over premiums, fees, medical operations, and administration; the ability to appropriately allocate funds; and the opportunity to fill in gaps in the system. For Providence Health System, whose health plans have become a $7 million operation, "soft" reasons to become an insurer included a commitment to healthier communities and the desire to address critical issues such as cost, quality, and access, particularly access to basic healthcare services, said Walker. "Hard" reasons were the fact that "we wanted to move up the food chain" and become a bigger player in the healthcare market.

Developing a provider plan is not easy, both Pelham and Walker warned. "Integration is hard," said Walker. "Provider services and provider plans are different businesses" in their fundamentals and in their incentives, and this can lead to conflicts with physicians. Furthermore, he pointed out, running an insurance company is expensive. It necessitates taking on risk, it is a cyclical business with large ups and downs, and it requires both reserves and capital growth.

Pelham also noted the possibility of plan-provider conflicts—"and it's difficult to negotiate your plan with your physicians." And as the plan grows, competition with other insurers is fierce. At one point, Pelham recalled, "we couldn't feed our

Employers are looking for "price, price, price, quality, and data—and only recently have they added the last two."

Judith C. Pelham

provider network with our own product, so we needed other insurers. However, they were offended by the fact that we were also competitors." Explained Walker, when you become a player in the insurance market, "insurance companies with whom you have provider contracts want you to fail and will try anything they can to move business from you." Other problems include deciding where profits will be recorded and the fact that information systems and data are "never good enough," added Pelham.

Henry G. Walker

Employers, too, are adding pressure on insurers. Pelham drew on her experience with Ford Motor Company and General Motors to describe what employers are looking for: "Price, price, price, quality, and data—and only recently have they added the last two." The economic boom of the late 1990s has supported employees in their demands for greater choice and increased services, and large employers now demand accountability and measurements from plans. Ford and General Motors have amassed huge amounts of information on health plans, which they pass along to their employees, and Pelham foresees increasing demand for demonstrably high-quality, cost-effective plans.

Concilia Moran Award Goes to Sr. Mary Roch Rocklage

Photo by John LaFata

Sr. Mary Roch Rocklage, RSM

Throughout her remarkable and distinguished career, Sr. Mary Roch Rocklage, RSM, the recipient of the 1999 Sr. Mary Concilia Moran, RSM, Award, has strengthened the Catholic health ministry by embracing and facilitating change. The award honors the commitment and visionary leadership of an outstanding member of the Catholic health ministry.

At the time of the award presentation, Sr. Rocklage was the president and CEO of the Sisters of Mercy Health System–St. Louis (SMHS), a system that owes its beginnings to her efforts to formally bring together all the healthcare facilities sponsored by the Sisters of Mercy–St. Louis. On July 1, 1999, Sr. Rocklage became board chair of SMHS. Her ability to help healthcare leaders and religious congregational leaders understand and articulate their common mission resulted in the creation of SMHS in 1986.

Sr. Rocklage leads a health system that today spans eight states, embraces diverse cultures, and serves needs in urban and rural areas. It consists of 23 acute care hospitals, a psychiatric hospital, more than 700 physicians at more than 180 sites, 58 freestanding outpatient facilities, a managed care corporation, and health and human service ministries. The system has more than 28,000 employees and 5,000 medical staff members.

In the early 1990s, Sr. Rocklage again was a force for change when she pioneered the system's move into healthcare financing. Mercy Health Plans, formed in 1994, currently operates in Missouri and Texas and provides coverage for more than 120,000 people. Under her leadership, the system welcomed its first non-Catholic members—a Presbyterian hospital and an Episcopal hospital. Sr. Rocklage's vision, extending beyond inpatient acute care to healthier communities and health education, has led to the establishment of numerous clinics and outreach services, including clinics in Belize.

Sr. Rocklage's efforts to bring about systemic change to benefit the poor and underserved have led to her service on the governing boards of numerous hospitals and health and education organizations. She also serves on the Domestic Policy Committee of the U.S. Catholic Conference, the American College of Healthcare Executives, the Forum of Women Healthcare Leaders, and the Forum of Healthcare Planning.