

# THE FINAL CHAPTER

## *Sound Management Procedures Facilitate A Hospital's Closure*

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**T**he closing of a time-honored health-care institution is traumatic at best. However, if the process is permeated with Christian sensitivity, the persons involved can look to the future with positive attitudes and feel enriched by their involvement in the Catholic healthcare ministry.

After 107 years of service, St. Mary's Health Center, Emporia, KS, closed in 1991. Leaders of CSJ Health System of Wichita, KS, of which St. Mary's was a member, and of the hospital itself have been recognized by a number of other sponsors for the graceful manner in which they helped employees and patients through the closure process.

### **EVENTS LEADING TO CLOSURE**

The Sisters of St. Francis of Lafayette, IN, opened St. Mary's Hospital in January 1884.

**Summary** The closure of a healthcare institution affects employees, patients, and the community. When St. Mary's Health Center, Emporia, KS, closed in 1991, those who administered the closure followed a procedure that lessened the burden on all involved.

Because of the health center's deteriorating financial picture, CSJ Health System of Wichita (of which St. Mary's was a member) decided to close the facility. Once the system's board of trustees and the ordinary of the Archdiocese of Kansas City, KS (in which Emporia is located), approved the closure, facility and system leaders planned the procedures for announcing the closure and helping employees and patients through the difficult times ahead.

On announcement day the CSJ Health System president and St. Mary's chief executive officer met with department heads to inform them that no new patients would be accepted and to explain the

They transferred ownership to the Sisters of St. Francis of Dubuque, IA, in 1963.

After an in-depth feasibility study, the Sisters of St. Joseph of Wichita, KS, assumed ownership of St. Mary's Hospital in January 1985. At that time the facility became a member of CSJ Health System of Wichita. In 1986 the facility was renamed St. Mary's Health Center.

After CSJ Health System evaluated the hospital, it decided to capitalize on St. Mary's centers of excellence with an emphasis on outpatient services. The hospital introduced 24-hour emergency physician services, an 11-bed inpatient chemical dependency treatment center, private-pay home health services, and a 10-bed skilled nursing unit.

Newman Memorial Hospital, another health-care facility serving Emporia and the Lyon

dismissal and transfer processes. Department heads were also asked to tell those they supervised about the closure and about meetings for employees later that day. Counselors were available to help department heads and employees through that emotional day and during the weeks and months ahead.

Employees received packets of information describing severance benefits. Human resources personnel sponsored a job fair at which many former employees found jobs. A closing ceremony was held at a local chapel. During the ceremony employees voiced their appreciation of the way in which the closure had been completed and the openness and supportiveness of the sisters, the system, and St. Mary's administrators.

The CSJ staff involved in the process regarded the closing as painful but found satisfaction in the knowledge they had done everything in their power to assist St. Mary's employees.



County area, was St. Mary's primary competitor. CSJ Health System personnel tried to establish open communication between the hospitals' administrators to determine service areas in which cooperative efforts might further the scope and quality of healthcare delivery. Despite these approaches, duplication of services and equipment continued. In 1989 the two hospitals negotiated proposals for consolidation but without success.

While these events were taking place, St. Mary's financial picture continued to deteriorate. Although St. Mary's experienced modest net gains from 1985 to 1987 (the first three years of CSJ ownership) because of Medicare reimbursement for depreciation, the hospital recorded net losses of more than \$4 million from 1988 to 1991.

Obviously, the hospital's financial condition had worsened to such an extent that CSJ Health System leaders had to make a decision about the facility's future. They seriously considered this matter during the system's annual retreat in February 1991.

As a result, the system's executive staff recommended that operations at St. Mary's be discontinued and that Robert Mac Devitt, the facility's chief executive officer (CEO) since August 1990,

be appointed as general contact person during the closing period.

CSJ Health System's board of directors approved this recommendation on March 1; the General Council of the Sisters of St. Joseph affirmed it on March 4. After the hospital received approval for closure from the ordinary of the Archdiocese of Kansas City, KS (in which Emporia is located), Stephen Blaes, chairperson of the CSJ Health System Board of Directors, announced the decision at the March 7 meeting of St. Mary's board of trustees. St. Mary's board had taken part in preliminary discussions and was aware that CSJ directors and sponsors had to act. "We made a valiant effort," remarked CSJ CEO Gregory Guntly. "We tried to address unmet needs but couldn't find a niche."

### THE CLOSURE PROCESS

St. Mary's Health Center staff formed a close family. This placed an added burden on the Sisters of St. Joseph because they wanted to close the 107-year-old Catholic healthcare facility with as much compassion and equity as possible.

**Preparation** A total team effort went into preparations for the closure. First, CSJ directors and St. Mary's trustees agreed on March 11 for the formal announcement.

## IMPORTANT STEPS TO CLOSURE

Despite the pain involved, administrators can turn closure of a facility into a positive experience. CSJ Health System of Wichita, KS, and St. Mary's Health Center, Emporia, KS, leaders took the following steps to ensure a smooth and just closure.

### INITIAL STEPS

- Appoint a general contact person (usually the facility's CEO) to be available during the closure
- Secure approval for closure from the system's board of directors, sponsoring religious institute, and ordinary of the diocese in which the facility is located
- Announce the decision to the facility's board of trustees
- Set a date for formal announcement of the closure
- Plan how to notify employees,

patients, the community, the media, government agencies, and other interested groups

- Establish an employee severance and benefit program
- Put a team in place to help employees through this emotional time by planning for job placement and counseling

### AFTER THE ANNOUNCEMENT

Once word gets out the facility will be closing, emotions will run high. Department heads must be trained and counseled in how to cope with employees who are upset, as well as their own sadness. The experience can be positive if facility leaders do the following:

- Thoroughly explain the rationale behind the decision to close
- Assure employees that their actions did not cause the closure

- Appoint a transition team to stay on until final closure

- Explain severance benefits to employees in detail
- Plan ways to honor staff before closure, such as celebrations that accentuate positive feelings
- Assist employees with job searches by sponsoring events such as a job fair

### AFTER OPERATIONS CEASE

Once operations cease, a transition team will be needed. Team members will stay until records are in order, accounts are closed, and other administrative tasks are finalized.

Some steps St. Mary's took were as follows:

- Hold a formal closing ceremony
- Dispose of equipment and supplies
- Transfer medical records
- Continue counseling service



As a starting point in coordinating the closure process, Jill Beckman, CSJ director of human resources, referred to the Worker Adjustment and Retraining Notification Act of 1988, which requires employers to provide 60 days' advance written notice, preferably through hand delivery or first-class certified mail, of "plant closings" or "mass layoffs."

Beckman also followed guidelines compiled for CSJ by a consulting firm. The document specified that the facility had to notify federal, state, and local government agencies that regulate healthcare organizations. The guidelines also detailed procedures to be followed regarding accrediting organizations, contracting parties, employees, Medicare and Medicaid statutory conditions, and community communications.

Using comprehensive lists of individuals, agencies, institutions, constituencies, and groups needing to be notified, CSJ Communications Director Shelly Hardin composed letters and wrote press releases that would be relevant to each group.

Facility and system leaders made sure that the closure process strictly conformed to Catholic ideals of social justice. Deeply concerned about the people affected by the closure, system and facility leaders looked first at the legal requirements involved. "But we went much further to ensure that social justice, human dignity, and Christian sensitivity were integrated into every step of the process," says Sr. Antoinette Yelek, CSJ, the Sisters of St. Joseph's general superior and CSJ Health System president.

In addition, CSJ personnel fully recognized the emotional impact the decision would have on the 165 employees who would lose their jobs at St. Mary's and would face uncertainty about future employment. For this reason, CSJ personnel and St. Mary's administrators enlisted the assistance of a four-member critical incident response team (CIRT) from St. Joseph Medical Center, Wichita. This team, a facet of ACCESS, the St. Joseph employee assistance program, uses its skills to help people cope with traumatic situations.

**Announcement Day** During the first of many meetings scheduled for March 11, the CIRT group alerted CSJ personnel and St. Mary's administrators on how to detect and respond to employees' emotional reactions to the announcement. The team attended all the day's meetings to provide counseling and support.

At 9 AM Sr. Yelek and St. Mary's Mac Devitt met with department heads and informed them that the hospital would accept no new patients, the dismissal or transfer of patients would take

place from March 11 to 15, and operations in general would cease on March 18. Mac Devitt asked the department heads to convey this information to the employees whom they supervised and to advise them to attend meetings scheduled in the afternoon. Department managers contacted absent employees by telephone.

After explaining the rationale behind the decision to close, Sr. Yelek thanked the department heads for their loyal support and told them, "We are deeply concerned about the impact this decision will have on you and your families; we want to do all we can to help you during this time."

Mac Devitt then informed the group that a transition team would be retained temporarily but that most employees would not be required to work after March 15.

After this initial announcement, Mac Devitt and Blaes informed Newman Memorial Hospital's CEO of St. Mary's closure and discussed the transfer of patients and medical records.

At their afternoon meetings, employees responded positively to Mac Devitt after he detailed the reasons for the closure. Having been assured they had not failed personally, the employees were ready to listen to human resources personnel tell them about severance benefits.

Each employee received a packet containing personal letters from Sr. Yelek and Mac Devitt, a set of questions and answers about the closure (and its implications for employees), and a detailed set of pay and benefit information. CSJ and St. Mary's personnel directors explained that employees were being given 60 days' notice and would continue to be paid during that time. Part-time employees' pay would be prorated according to scheduled or average hours per pay period from December 3, 1990, to March 9, 1991. Employee benefits would be included in the final paycheck. Coverage for those having medical insurance would continue through May 31, 1991, after which the employees would have the option to pay for continued coverage as provided by law.

While these meetings were in progress, the mission effectiveness director and the director of nursing visited patients and family members to discuss their wishes regarding dismissal or transfer.

At the same time, CSJ communications director Hardin began to notify the media and others about the hospital's closure (see **Box**). During the day, Mac Devitt notified the employees who would be part of the transition team.

The CIRT group conducted an end-of-the-day debriefing session to provide an outlet for St.



Mary's and CSJ key personnel to express the pent-up emotions they were feeling after participating in the announcement process.

According to Hardin, even the intense work period before March 11 "didn't prepare us for all the emotions of the day. There was a lot of sadness, but not a lot of anger, bitterness, or animosity toward the system. When we mentioned how hard it must be for the employees, their response was, 'We know how hard it is for you.'"

Announcement day ended with a meeting for the medical staff at which Mac Devitt supplied additional information and answered questions.

**Continuing the Action Plan** Among the tasks to be accomplished during the week in which the announcement was made, the smooth transfer of patients was given top priority. Only patients in the chemical-dependency unit remained after March 15 so they could be appropriately placed.

To provide emotional support for employees and staff, two ACCESS team members remained

in Emporia during the week after the announcement and held debriefing sessions four times daily. The meetings allowed employees and their families to talk openly about their reactions to the closure in a nonthreatening, confidential setting. They also received materials helpful in coping with loss, stress, and anxiety. Those needing counseling were referred to ACCESS staff members.

At the end of the week the CIRT team met once again with St. Mary's and CSJ staff members. One ACCESS staff member was available for on-site consultation through May 17 and continued to work with several employees and their families throughout the year following closure.

To facilitate the healing process, St. Mary's personnel director made payday March 14 a celebration. Employees were feted at an ice cream social in a brightly decorated cafeteria. All employees received a special commemorative coin that had been minted for St. Mary's centennial.

## DISSEMINATING NEWS OF THE CLOSURE

A hospital's closure affects not only its employees and patients but the entire community. When St. Mary's Health Center, Emporia, KS, closed, myriad groups were notified for a variety of reasons.

Those who provide community service, such as police forces and fire departments, must be informed so that trauma patients are not brought to the facility. Local and state human resource departments may be helpful to former employees looking for work.

News releases were hand delivered to local media and mailed to diocesan newspapers, media in the surrounding area and in Wichita, and Catholic and national healthcare journals.

Letters were hand delivered to the following:

- St. Mary's board members
- Local priests
- Medical staff members
- The mayor
- The city manager
- City commissioners

Letters were mailed to the following:

- Area priests
- Auxiliary members

- County commissioners
- CSJ Health System board members, staff, and CEOs of member institutions

- The archbishop of Kansas City, KS
- The bishop of Wichita
- Major superiors of Kansas congregations of women religious
- Sisters who operated other Catholic hospitals in Kansas

- The Kansas Department of Human Resources

- The district congressional representative

- The executive directors of the Kansas Hospital Association, the Catholic Health Association of Kansas, and the Catholic Health Association of the United States

- Vendors
- Donors
- Employees on leave of absence
- Medicare and Medicaid agencies
- Insurance carriers

The following individuals, agencies, and institutions notified by phone also received a follow-up letter:

- The Kansas Department of Health and Environment

- The Emporia police department, fire department, and chamber of commerce

- Sheriffs in surrounding counties
- Local emergency services
- The county hospital ambulance department

- Kansas highway patrol
- County and city health departments
- Other pertinent community organizations

- Hospitals in surrounding cities

Sr. Antoinette Yelek, CSJ, general superior and CSJ Health System president, personally called the general superiors of the two Franciscan congregations that had previously sponsored St. Mary's. In addition, CSJ Board Chairperson Stephen Blaes called the governor of Kansas and U.S. senators from Kansas.

St. Mary's Health Center administrators:

- Notified the Joint Commission on Accreditation of Healthcare Organizations

- Completed for the Internal Revenue Service the appropriate filing indicating closure



Employees also planned a celebration (in the manner of an Irish wake) for themselves, which was held Friday, March 15, at a local restaurant. According to Mac Devitt, it was "highlighted by lots of hugs, laughter, and emotional good-byes."

**JOB SEARCH ASSISTANCE**

CSJ Health System and St. Mary's leaders' concern for the hospital's 165 employees went far beyond simply providing for their emotional needs and

terminating them in a just and equitable way. Leaders also helped employees find new positions. This initiative began on March 11 by including in the employee packets a list of personnel contact persons in each of the CSJ Health System institutions. System leaders encouraged employees to apply for positions within the system. If accepted, St. Mary's former employees would receive credit for their length of service at the hospital in accordance with the CSJ transfer policy.

The CSJ personnel director and her St. Mary's counterpart held a job fair on March 20 at the hospital. The 48 participants included representatives from 8 CSJ Health System facilities, 18 other Kansas hospitals, 13 nursing homes, 8 agencies, and the Kansas Department of Human Resources.

By May 3, 53 former employees had found work with job fair participants; 9 others had relocated with other facilities. By August more than 70 employees had obtained positions with healthcare providers and other organizations.

**OTHER CLOSING STEPS**

A transition team of about 30 employees was in place March 18, the day on which operations ceased. A week later, after department heads and secretaries had put files and records in order, the number decreased to about 20. Work continued on accounts receivable, inventory, issuance of regular paychecks, preparation and distribution of employee termination packets, and determination of pay and fringe benefits due with final paychecks, which were mailed May 17 and accompa-

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nied by a follow-up termination notice.

**Solemn Closing Ceremony**

Sunday, May 5, was chosen as the date for a closing ceremony held at a chapel at Emporia State University. Based on the book *Praying Our Goodbyes* (Joyce Rupp, Ave Maria Press, Notre Dame, IN, 1988), the service involved as many segments of the St. Mary's family as possible. Called on to relate their memories, employees emphasized their appreciation of the way in which the closure had

been completed and the openness and supportiveness of the sisters, the system, and St. Mary's administrators.

**The Work Goes On** At the end of June, the transition team consisted of six members: the CEO, his secretary, the finance officer, the personnel director, the nursing service director, and a business officer. But their duties involved far more than their titles suggest. As Mac Devitt put it, "I have never been involved in a 'garage sale' of this magnitude."

In their first attempt to dispose of equipment and supplies, St. Mary's offered it as a package to Newman Memorial Hospital. When this offer was declined, CSJ facilities and employees bid on individual items.

Over the summer the team continued the "garage sale" and efforts to settle old accounts and transfer medical records. St. Mary's Health Center closed on November 1, 1991. It was sold at public auction on February 12, 1992.

**ENDING ON A POSITIVE NOTE**

Reflecting on the closure of St. Mary's some months later, Mac Devitt expressed gratitude at the way in which employees had received the announcement and attributed their positive attitudes to the process employed by the combined CSJ-St. Mary's contingent. He also cited the job fair as an effort that had earned them "enormous respect."

The CSJ staff involved in the process regarded the closure as painful but found satisfaction in the knowledge they had done everything in their power to assist St. Mary's employees. □