

Jefferson Health.

The For Profit Environment and Venture Capitalism in Academic Medicine- The rapid demise of Hahnemann University Hospital

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1

Disclosure

- No financial relationships to disclose
- However, a few financial damages



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GOALS & OBJECTIVES



- Provide history regarding current environment and closure
- Timeline of activities
- Lessons Learned

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Hahnemann University

1848: Homeopathic College of PA
 1850: Female Medical College of PA →
 HAHNEMANN MEDICAL COLLEGE AND HOSPITAL

1930s: Henry Ruth- ASA 1938- ABA- 1942 2nd
 -First Editor and Chief of Anesthesiology



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More Anesthesiology History!



Kenneth Keown
 HMC 1923 Introduction of muscle relaxants in practice
 and 1946 Hahnemann Residency graduate
 Time magazine hailed the "grand old man" of anesthesia for inside the heart
 Wrote the first monograph on Cardiac Anesthesia in 1956
 Published 1st paper on anesthesia for mitral valve
 Introduced method for hypothermic cooling

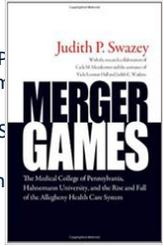
Harold Griffith
 Widely recognized as a pioneer in the research, education and treatment of malignant hyperthermia

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Modern Day Timeline

- Mid-1980's- MCP Purchased by AHERF of P
- 1993- AHERF enters into a "merger agreement" with Hahnemann Hospital
- 1994: Allegheny University of the Health Sciences
- 1995-1998: \$1.3 billion debt
- 1998: 1st US medical School to declare bankruptcy



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Tenet Healthcare

- Multinational investor-owned healthcare services company

 68 Hospitals	 21 LPHI Hospitals	 470 Outpatient Centers	 85% of Hospitals in ACCQ	 47 States
 115K Employees	 32K Active Physicians	 33K Nurses	 11M Patient Care Encounters	 90K Babies Delivered
 #147 Fortune 500 Ranking	 50 Health System Partners	 \$19.2B 2017 Revenue	 800 Conifer Clients	

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Modern Day Timeline cont,

- 1998: Tenet Healthcare Corporation acquires Philadelphia area hospitals
- 2002: Officially renamed Drexel University
- Present day- 1 out of 72 practicing physicians graduated from Drexel University College of Medicine
- 2003: Tenet closes MCP hospital.
 - 7 of 9 other facilities closed




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American Academic Health System

- Acquire ownership of Hahnemann and St. Christopher's Hospital for Children in January, 2018
- Private Equity subsidiary company of Paladin Healthcare
- 4 Los Angeles area hospitals and management contract for Howard University




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Los Angeles and Philadelphia




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Institutional Inertia




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AAHS Time at Hahnemann Hospital

- 1/11/2018- AAHS assumes operations
- Executive leadership turned over
 - April- CEO fired
 - June- DIO retires
 - July- CMO resignation
 - Aug- Barry Wolfman, Paladin President departs
 - Sept- CMO hired
 - Dec- CMO terminated
 - Jan 18- Dec 18- 5 different CEO's announced and terminated

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AAHS T This California banker bet on turning around Philly's Hahnemann Hospital. He's running out of time.

by Harold Brubaker, Updated: April 8, 2009

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Drexel sues to block threatened closure of Hahnemann University Hospital

by Harold Brubaker, Updated: June 24, 2019



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14

Timeline Contin

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- June 3
- All em
- termination



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Graduate Medical Education

- Overwhelming support from anesthesiology community in the interest of protecting residents
- June 27- ACGME notified
 - Institutional site visit occurred
 - ACGME submitted court filing requesting Hahnemann uphold policy for timely placement
- 583 residency positions in network
 - Tower health submits a 'Stalking Horse' bid for position- \$7.5M
 - AAHS will not release residents

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Graduate Medical Education

- July 29th- Residents are finally orphaned
- Hospital in-patient census empty for weeks
- CMS residency positions sold in bankruptcy auction court for \$55M to a consortium of 6 organizations
 - CMS provided 1 week to respond
 - CMS filed appeal stating that residency funded positions are not owned by institutions, but allocated by CMS. Have no negotiable value
 - No cash value exists- To be heard in Federal Court for decision

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Bankruptcy Court

As Hahnemann enters bankruptcy development site could open up

by Harold Brubaker, Updated: August 5, 2019

Bernie Sanders accused Hahnemann owners of a plan to make money off real estate. Is that realistic?

by Derek Robinson, Updated: July 5, 2019

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18

Lessons Learned

- It can happen anytime, anywhere
- Governmental regulation limited power, State or Federal
- Bankruptcy court heavily favors corporate interests and satisfying business creditors over people
- Not a significant impact on Philadelphia health care, most major cities are 'over-bedded'
- Payer mix- Very challenging in For-Profit setting
- Great support from education community

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Discussion



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21