

■ What's Up?

The executive committees of the boards of trustees of both MHC and LVH have approved the affiliation agreement in its final form. Included in its specifications is the preliminary corporate structure, which sets up Muhlenberg Hospital Center, the foundation and the rehab center as "sister" entities to LVH, all arrayed under the Lehigh Valley Health Network "parent."

Each hospital will continue to have a board, which will function much as a quality assurance committee, with responsibilities for medical staff development and performance improvement. All budget, planning, governance and similar responsibilities will be delegated up to the parent board. The parent board will have 25 members: 20 are existing LVHN members; the MHC board will select and recommend five from among its current members to sit on the parent board.

■ Rumor Control - Call 402-CARE

Rumor: Our benefits will change once the merger is finalized.

Fact: Benefits, along with salaries, are being analyzed by an independent consulting firm to compare policy differences and determine costs and implications of adopting common practices. That analysis will be completed by the time the merger is finalized in November. Only then will we legally be able to share and review that information, and make decisions.

Rumor: After the merger, LVH employees with ChoicePlus can use MHC.

Fact: We're currently working with MHC and their PHO to include them in the ChoicePlus network. We hope to have that completed Jan. 1.

Rumor: The number of inpatient beds will be reduced due to consolidated volume.
and

Rumor: Outpatient surgery facilities will be re-analyzed for location and need.

Fact: Since we are not yet legally merged organizations, we can make no decisions about how we will approach the market as a single organization. In the meantime, each institution will continually examine market conditions and utilization trends individually as we always have, and adjust capacity to meet requirements. After the merger, we will simply approach the issue of inpatient and outpatient volume and utilization as a single organization and what services should operate in which location.

Rumor: Dr. Sussman will resign following the merger activities.

Fact: Elliot J. Sussman, M.D., has been named president and chief executive officer of the merged organization. He has no plans to resign.

Rumor/Question: What will the organizational structure -- the entities, the management team, reporting relationships -- look like after the merger? When will those decisions be made and announced?

Fact: The proposed corporate structure of the Lehigh Valley Health Network is specified in the affiliation agreement (See What's Up? above). The proposed post-merger senior management team and associated reporting relationships are being discussed and will be announced by Nov. 15. Final decisions will be made once

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the merger is legally finalized and will continue to evolve over the next several months.

Rumor: How will departments be integrated after the merger?

Fact: Members of the merger transition team are working in several groups to discuss guidelines for developing a process to make decisions about which and how departments will be integrated after the merger. Input and involvement from employees and other stakeholders will be sought throughout the process. Before the merger, no final decisions on integration of departmental personnel, practices and services will be made. However the merger transition team is developing the process now and those details will be communicated as they develop over the next two months.

Rumor: Most of the MHC physicians are also on staff at St. Luke's Hospital. Which way will they go?

Fact: For now, there will continue to be two medical staffs, one at MHC and one at LVH. Medical staff at MHC may remain on the medical staff at St. Luke's. Eventually, there will be one medical staff for the merged organization, but it's not likely to happen in the short term. In that scenario, physicians will have to make the choice of how best to serve their patients -- from both a cost and quality standpoint -- when making referral decisions.

Rumor: The medical staff at both organizations reacted positively to the news of the merger.

Fact: The reaction has been mixed. The medical staff leadership of both organizations participated in the decision to pursue a merger. Some physicians who have had long-term membership on St. Luke's Hospital's medical staff have expressed concern over potentially new relationships. These concerns and other issues are being addressed by the physician issues task force. Many physicians have acknowledged the benefits of sharing resources, knowledge and access to technology to enhance their diagnostic and treatment capabilities. There is also a history of strong referral relationships among many members of the MHC and LVH medical staffs.

Rumor: MHC staff don't know if they're working day to day.

Fact: The day-to-day operations at MHC continue as they did before the merger announcement. No aspects of patient care or hospital operations or the people involved in them have been affected by the announcement.

Rumor: There's still a chance the merger could be "axed" by one or both institutions.

Fact: Both organizations are absolutely committed to the merger as the best way to serve the community, as evidenced by the actions of the both executive committees last week in approving the affiliation agreement. The "due diligence" process -- which examines the finances, operations and decisions of merging organizations in detail -- occasionally uncovers discrepancies that "nix" mergers. Similarly, the federal authorities may question the merger if it believes that regional competition is materially reduced. We believe that neither situation is likely to happen.

■ A Line or 2 from Lou

During this time of transition, we have all become aware that we have far more questions than answers. That can be unsettling, particularly when the impact may be very personal, affecting you and your job. But we must fight the temptation to look for the easy answer or to imagine for even one minute that a decision that seems good for now will be good forever. In health care, there's simply no such thing. Let's set aside for a moment the widely held belief that people in the Valley have long memories, and once told, they never forget. Nothing is set in stone, unless and until someone decrees that freedom of movement is no longer desirable or necessary for success. Together, let's create a new culture that values continual improvement, adaptation to changing needs, agility and flexibility in decision making and maximizing opportunity. Through commitment to our core values and adaptability to the rapidly changing environment, we will create lasting success and increased security.



Lou Liebhauer
Chief Operating Officer, LVH
Chair, Merger Transition Team

■ What's Up?

The merger operations transition team meets every Monday for discussion and planning purposes leading up to the merger of LVH and MHC. However, no decisions about how we will be organized or operate as a single organization can be reached until after the merger is finalized in November.

The team recently completed work on its charter. The team's purpose is to design and lead a seamless operational integration of MHC and LVH to strengthen both organizations and increase service levels to the region post-merger. Its goals include:

- Develop a process to identify opportunities for organizational synergy, prioritize them and develop an implementation strategy. Responsibility for and decisions about implementation will be delegated to appropriate operational areas, ensuring involvement by employees and other stakeholders.
- Develop a process for making decisions about a unified management and operational structure, and supporting systems, including human resources, finance, information services, general management, patient care and others.
- Assure regulatory and fiscal compliance for the merged organizations.
- Maintain patient, employee and physician satisfaction at each site.
- Maintain financial results.
- Retain market share.
- Assure that the best practices of service delivery of both organizations are preserved.

Again, during this transition time, all discussion on these issues is for planning and consideration only. Legally, we're bound by anti-trust regulations that prevent us from making decisions until the merger is finalized.

■ Rumor Control

Heard a rumor? Unsure what is fact, what is fiction? Call 402-CARE with your question, or drop a card in any one of a number "rumor question" boxes placed at all sites. You may leave your name and phone number and we'll get back to you individually. Or be anonymous if you wish, and if the issue has general interest, the response will be printed in Merger Update.

Rumor: From an anonymous letter recently sent to Lou Liebhaber from "concerned employees of MHC": "The one question that we all want answered is are we finally going to be paid competitive salaries...?"

Fact: Since we are not yet legally merged organizations, we are prohibited from sharing salary information, except with an independent consulting firm. That firm will complete an analysis by the time the merger is finalized in November, at which time we will be able to share and review salary and benefit information. LVH has spent the past year updating pay scales to assure market-competitive rates and developing a performance-based merit system. We will review the applicability of this system to the combined entities when it is legally permissible.

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Rumor: MHC's credit union will be dissolved or combined with LVH's credit union.

Fact: All decisions regarding the MHC credit union are made by the credit union members and their elected board through democratic vote. Any decisions regarding the credit union's future would be decided by the voting membership.

Rumor: Dion Manhoff, M.D., pathology, will be leaving MHC and was forced out because of the merger.

Fact: Drs. Manhoff, Arthur Altman and John Brown were involved in discussions with John Shane, M.D., chairman of pathology at LVH, and with Health Network Laboratories well before the hospital merger discussions ever began. As a result of pathology discussions, Dr. Manhoff will be joining Health Network Laboratories and will serve as the principal pathologist at MHC. Dr. Brown will continue his association with Dr. Altman's group and will function 50 percent at Warren Hospital and 50 percent at the Health Network Laboratories. In addition, pathology staff of LVH will be available to enhance the services that Dr. Manhoff will be providing to patients at MHC.

Rumor: After the merger, the TSU (transitional skilled unit) at LVH's 17th and Chew location will close, since there's also one at Muhlenberg; *and*

Rumor: After the merger, there will be one director for both the Base Service Unit (mental health/mental retardation) at Muhlenberg and the similar unit at LVH.

Fact: There are no plans to close the TSU at 17th and Chew. Specific decisions about that program and all other programs and their personnel will not be made until after the merger is finalized in November. Members of the merger transition team are working in several groups to discuss guidelines for developing a process to make decisions about a management and operational structure after the merger is finalized. Input and involvement from employees and other stakeholders will be sought throughout the process. Ultimately, patient and community needs for health care services will be the touchstone against which all decisions will be tested.

■ A Line or 2 from Lou

A fairly predictable phenomenon occurs inside organizations that are merging. Individuals at all levels and in all areas spend considerable time developing their personal and professional agendas -- the WIIFM syndrome, or "what's in it for me." That can be productive...or not. It can lead to increased efficiencies, higher quality, creative solutions, operational improvements. Or it can lead to power plays, "turf" wars, jockeying for position and in general, taking advantage of an unsettled situation. We are unusually lucky as we plan for this merger. Among the members of the transition team, there is no less than 20 years' experience with half a dozen mergers to guide our thoughts and actions. And here's what we know: Decisions will be made quickly after the merger is finalized, on the basis of thorough, reliable information; and our actions will be guided by key principles of individual respect, fairness, equity and integrity, in the best interests of patient care. That kind of thinking must permeate our discussions at every level as we work together to create the health care organization of the future.



Lou Liebhaver
Chief Operating Officer, LVH
Chair, Merger Transition Team

October 1, 1997

Lehigh Valley Hospital • Muhlenberg Hospital Center

■ What's Up?

An article in *The Morning Call* Monday indicated that the Pennsylvania Attorney General's antitrust division has imposed conditions that could abort a proposed merger of two Erie hospitals. The same article said that officials at St. Luke's Hospital are questioning the legality of the MHC/LVH merger, citing antitrust concerns. The two situations should not be compared; each case of this kind is based on its own merit. We are doing everything necessary to satisfy the requirements of the law, according to legal counsel.

■ Rumor Control -- Call 402-CARE

Rumor: Muhlenberg Hospital Center will keep its name.

Fact: Yes, that's true. After the merger is finalized, MHC will stay at its current location as an inpatient facility, and as a part of Lehigh Valley Health Network, serving Bethlehem and the surrounding community. It will keep the name Muhlenberg Hospital Center.

Rumor: LVH executives toured MHC last week to "size the place up" after the JCAHO survey, as a first step to taking over.

Fact: Not true. The tours were just tours -- "get-to-know-you" walk-throughs that happened right after the Monday morning merger transition team meeting in MHC's board room because everyone was conveniently assembled in one place. MHC team members also toured LVH last week in several "waves." Many of the team members had never been in each other's facility.

Rumor: Pay scales at LVH and MHC will be the same.

Fact: Anti-trust law forbids us from sharing information and making decisions about salaries until after the merger is finalized in mid- to late November. Then there will be a complete analysis, including market comparisons. In all cases involving personnel issues, decisions will be guided by key principles of individual respect, fairness, equity and integrity.

Rumor: If things are slow in a department at Muhlenberg, staff will be able to "float" to LVH, and vice versa.

Fact: Certainly not before the merger. After the merger, we will have ample time to seek input from employees on a policy that creates flexibility in staffing while maintaining high-quality patient care and sensitivity to employee inconvenience. Our goal is to capitalize on the talents and interests of our staffs and create more career options as a result of the merger.

Rumor: An MHC employee who transfers to LVH will lose seniority.

Fact: If any employee from either LVH or MHC transferred to the other organization, that employee would have to be treated as an external hire. What will happen after the merger will be part of the personnel policy analysis that will take place at that time.

Rumor: Patient centered care (PCC) will now be implemented at MHC.

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Fact: There have been no decisions made about PCC at Muhlenberg. Staff at MHC are actively involved in decisions about improvements to health care delivery. At LVH, PCC has significantly improved the quality of care and service as well as satisfaction scores, with staff actively involved in the work redesign process. The real issue here is that both organizations share that common goal: continual improvement to increase patient, staff and physician satisfaction.

Rumor: LVH is looking for other hospitals to merge with.

Fact: There are no more mergers either planned or in the works. But with health care in a constant state of transition, it's certain we will face other opportunities, and each will be evaluated on its own merits in its own time. MHC and LVH made the decision to merge because of a mutual belief that a stronger organization would result, better able to manage costs and improve the community's access to the best possible care. It evolved from a three-year affiliation that successfully launched joint ventures in home health, women's health services and health care for seniors.

■ JCAHO Survey at MHC

The preliminary report from the three-day JCAHO survey of MHC, which ended on Sept. 19, is very good. Surveyors were impressed overall, with one surveyor noting that the hospital's environment of care plan and performance improvement plan were the best they had seen to date. The hospital has achieved three-year accreditation and the preliminary grid score is in the high 90s.

■ Update on Psychiatry

The joint assessment of inpatient psychiatry at MHC and LVH will be completed by Jan. 1. Once the merger is finalized, a decision must be made quickly as to whether there will be one or two inpatient psych units. Meetings to discuss options and review assessments are planned for early October, to include each CEO and the chairman or chief of psychiatry from MHC and LVH.

■ Patient Care Services

Several new R.N. and nursing assistant positions have been approved at MHC, and are being posted today. Decisions to increase staff were made in response to volume issues and patient care needs, and are unrelated to the merger.

■ Employee Recreation Committee

Fun, trips, parties, dances and more! That's the agenda for the Employee Recreation Committee at LVH. MHC employees may call Barrie Borger, chair, at 402-1451, for more information or to discuss possible activities after the merger is finalized.

■ A Line or 2 from Lou

The question continues to be raised: How is this merger different than others, notably the Horizon and HealthEast experiences? Truly, it's hard to put them in the same category. The times are so different, and our organizations have changed so dramatically. The opportunities -- and the risks -- are greater than ever, so the stakes are that much higher to make this merger a successful, synergistic partnership. Both organizations come at this from a unique vantage point -- we've been through it before, in one form or another, and we've learned some lessons about what to do and what not to do. We have also had the opportunity to work together over the past three years on several successful endeavors that now pave the way to create a new and stronger organization. We **cannot** focus on the merger and each other as the enemy; that only leaves us vulnerable to the hostile forces of the marketplace. We **can** act as a team, support each other and strive for the enormous success that is well within our reach.



Lou Liebhaber
Chief Operating Officer, LVH
Chair, Merger Transition Team