

FACT SHEET

Affiliations Between Religious and Secular Health Care Facilities

THE NATIONWIDE TREND TOWARD AFFILIATION

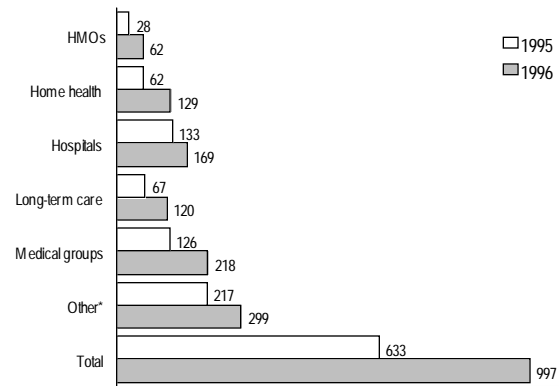
- Affiliations take a variety of forms, including both informal arrangements involving limited, shared activities and services, and more formal arrangements, such as joint ventures, mergers, acquisitions, consolidations, and long-term lease agreements.
- Affiliations can involve all segments of the health care industry, from hospitals and long-term care facilities, to physician groups and other providers.

DIFFERENT TYPES OF AFFILIATIONS

<i>Acquisition</i>	One health care organization purchases another organization, which ceases to operate as a separate entity.
<i>Consolidation</i>	Two or more health care organizations dissolve and are unified in a new legal entity with one governing board and one CEO.
<i>Holding company</i>	The governing boards of the member organizations lose their power to the new holding company board, but the organizations still maintain separate balance sheets and income statements.
<i>Joint venture</i>	Two or more health care organizations develop an alliance or association (possibly a new corporate entity) for specific purposes. Partners continue to operate as independent providers and share ownership and governance of the new corporation.
<i>Lease agreement</i>	A contract that allows one party (the lessee) to use, possess, and manage assets of another party (the lessor) for a specified time and for a set payment. The lessor maintains ownership of assets. Assets may include lands, buildings, and property of health care facilities.
<i>Merger</i>	One or more health care organizations are absorbed by another. Assets, liabilities, and income statements are merged into one corporate identity, typically a system with a new name, one governing board, and one CEO.

- Almost 40% of the 5,200 non-federal U.S. hospitals have been involved in some type of affiliation in the past 3 years.
- In 1996, 63 hospitals involved in affiliations changed ownership from not-for-profit to for-profit status, compared with 48 such hospitals in 1995.

Health Care Mergers and Acquisitions On the Rise



Source: Irving Levin Associates, 1997

* includes laboratory companies (such as MRI and dialysis) and psychiatric and rehabilitation facilities and practices.

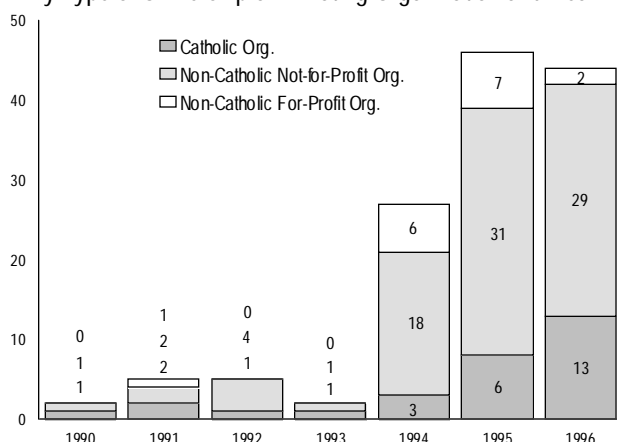
RELIGIOUSLY-SPONSORED HEALTH CARE FACILITIES

- Baptists, Catholics, Lutherans, Methodists, Adventists, the United Church of Christ, Episcopalians, Jewish organizations are among the denominations that have founded hospitals.
- Catholic hospitals comprise the largest component of religiously-sponsored hospitals and health systems in the U.S. In 1996, five of the nation's ten largest health care systems were Catholic.
- In 1995, there were approximately 600 Catholic hospitals nationwide, accounting for 10% of acute-care hospitals and 14% of acute-care hospital beds.

AFFILIATIONS INVOLVING CATHOLIC HOSPITALS OR HEALTH SYSTEMS

- Catholic hospitals or health systems were involved in 131 affiliations, or about 18% of the nation's hospital affiliations, between 1990 and 1996.
- 78% of the affiliations involving Catholic facilities between 1990-1996 were with a non-Catholic (secular or other religiously-sponsored) facility.
- The majority (66%) of affiliations involving Catholic hospitals or health systems between 1990-1996 occurred between Catholic and non-Catholic *not-for-profit* facilities.
- Most affiliations between Catholic and non-Catholic *not-for-profit* facilities between 1990-1996 were mergers (48%), whereas most affiliations between Catholic and non-Catholic *for-profit* facilities during the same time period were acquisitions (56%) in which the *for-profit* partner acquired the Catholic hospital.

Catholic Hospital/Health System Affiliations By Type of Ownership of Affiliating Organization and Year



RELIGIOUS POLICIES AND MANDATES

- Catholic health care institutions in the U.S. are governed by a set of guidelines for providing health care services, known as the *Ethical and Religious Directives for Catholic Health Care Services*.
- The *Directives* state that Catholic health care institutions are not to provide abortion services, contraceptive sterilization or most forms of infertility treatment, and are not to promote or condone contraceptive practices, with the exception of natural family planning.
- According to Family Planning Advocates, a reproductive rights organization, the next two largest religiously-sponsored health care systems run by Adventists and Baptists do not provide abortions under most circumstances in at least some of their facilities.

CONSCIENCE CLAUSES

- Conscience clauses are laws permitting individuals, health care facilities, or in some cases, health plans to decline to provide procedures such as abortions to which they may have religious, ethical, or moral objections.
- More than 40 states have conscience clauses which permit individuals or health care facilities to refuse to provide abortions, based on religious, ethical, or moral objections.
- In 1997, 3 states -- Texas, North Dakota, and Illinois -- enacted new conscience clauses with wider parameters than previous laws: any health care service, not just abortion or sterilization, is included, and in addition to individuals or facilities, payers (i.e. health plans) can refuse to provide services.
- 13 states have conscience clauses applying to contraceptive services and/or information, and 11 have conscience clauses to refuse to provide sterilization medical services, for either or both individual providers or medical facilities.

STATES WITH CONSCIENCE CLAUSE LAWS RELATING TO INDIVIDUAL PROVIDERS OR HEALTH CARE FACILITIES

State	Abortion		Contraception		Sterilization	
	Individuals	Facilities	Individuals	Facilities	Individuals	Facilities
Alabama						
Alaska	X	X				
Arizona	X	X				
Arkansas	X	X	X	X	X	X
California	X	X				
Colorado	X	X	X	X		
Connecticut	X					
Delaware	X	X				
Florida	X	X	X			
Georgia	X	X	X			
Hawaii	X	X				
Idaho	X	X			X	X
Illinois	X	X				
Indiana	X	X				
Iowa	X	X				
Kansas	X	X			X	X
Kentucky	X	X				
Louisiana	X	X				
Maine	X	X	X	X		
Maryland	X	X			X	X
Massachusetts	X	X		X	X	X
Michigan	X	X				
Minnesota	X	X	X			
Mississippi						
Missouri	X	X				
Montana	X	X			X	X
Nebraska	X	X			X	X
Nevada	X	X				
New Hampshire						
New Jersey	X	X				
New Mexico	X	X				X
New York	X	X				
North Carolina	X	X				
North Dakota	X	X				
Ohio	X	X				
Oklahoma	X	X				
Oregon	X	X	X			
Pennsylvania	X	X			X	X
Rhode Island	X	X			X	
South Carolina	X	X				
South Dakota	X	X				
Tennessee	X	X	X	X		
Texas	X	X				
Utah	X	X				
Vermont						
Virginia	X	X		X*		
Washington	X	X				
West Virginia	X		X			
Wisconsin	X	X	X		X	X
Wyoming	X	X	X			
TOTAL U.S. STATES	46	42	11	6	10	10

* Religious institutions only

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