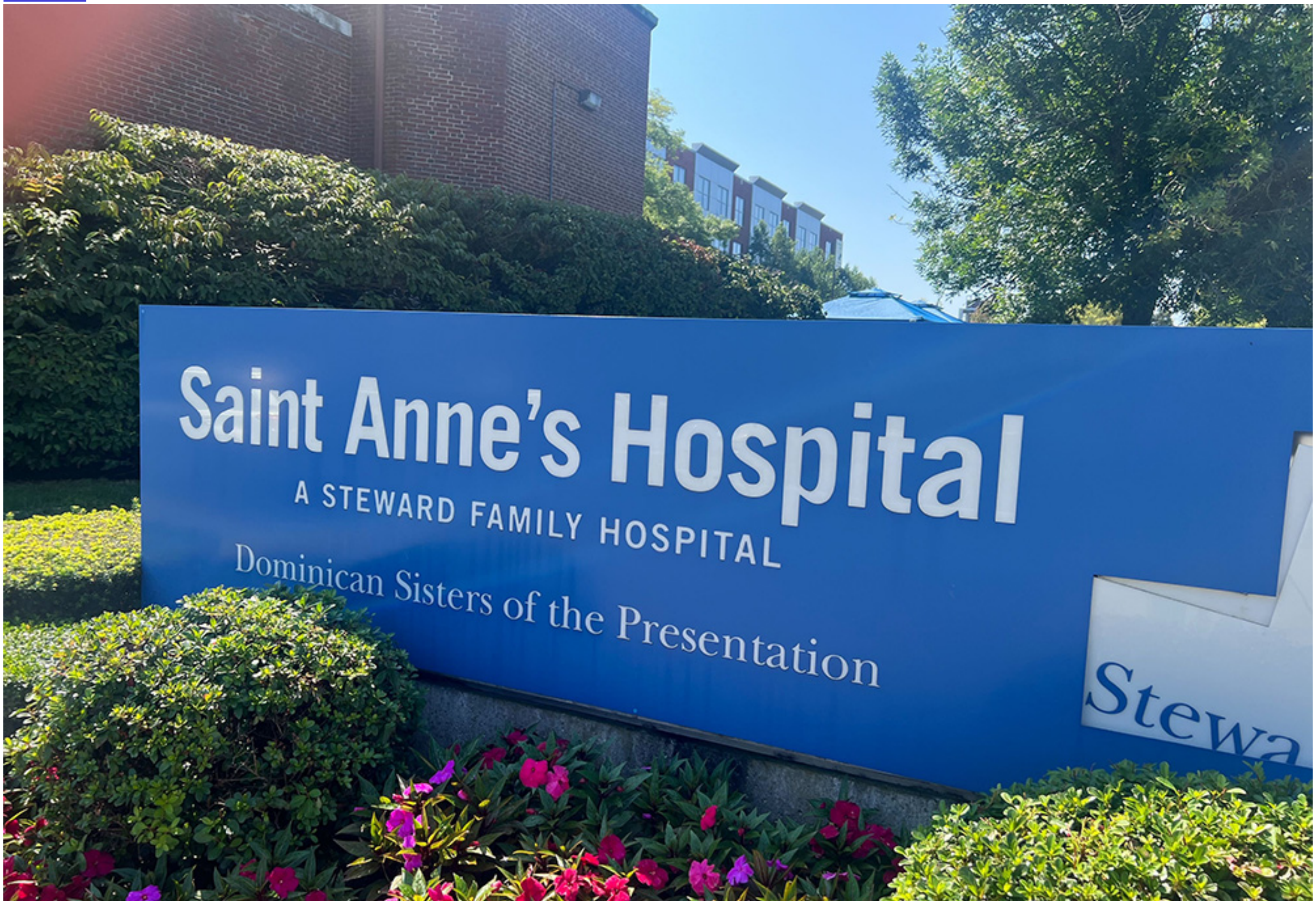
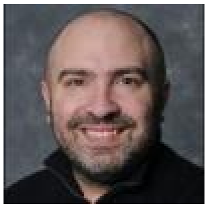
News



St. Anne's Hospital in Fall River, Massachusetts, is one of the former Caritas Christi hospitals now being sold by Steward Health Care in its bankruptcy proceedings. (NCR photo/Brian Fraga)



by Brian Fraga

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They petitioned the Vatican and wrote letters to the apostolic nunciature in Washington, D.C.

The ad-hoc group of Catholic activists in Massachusetts also held press conferences, issued press releases, spoke with journalists, penned letters to the editor in local newspapers and contacted state government officials.

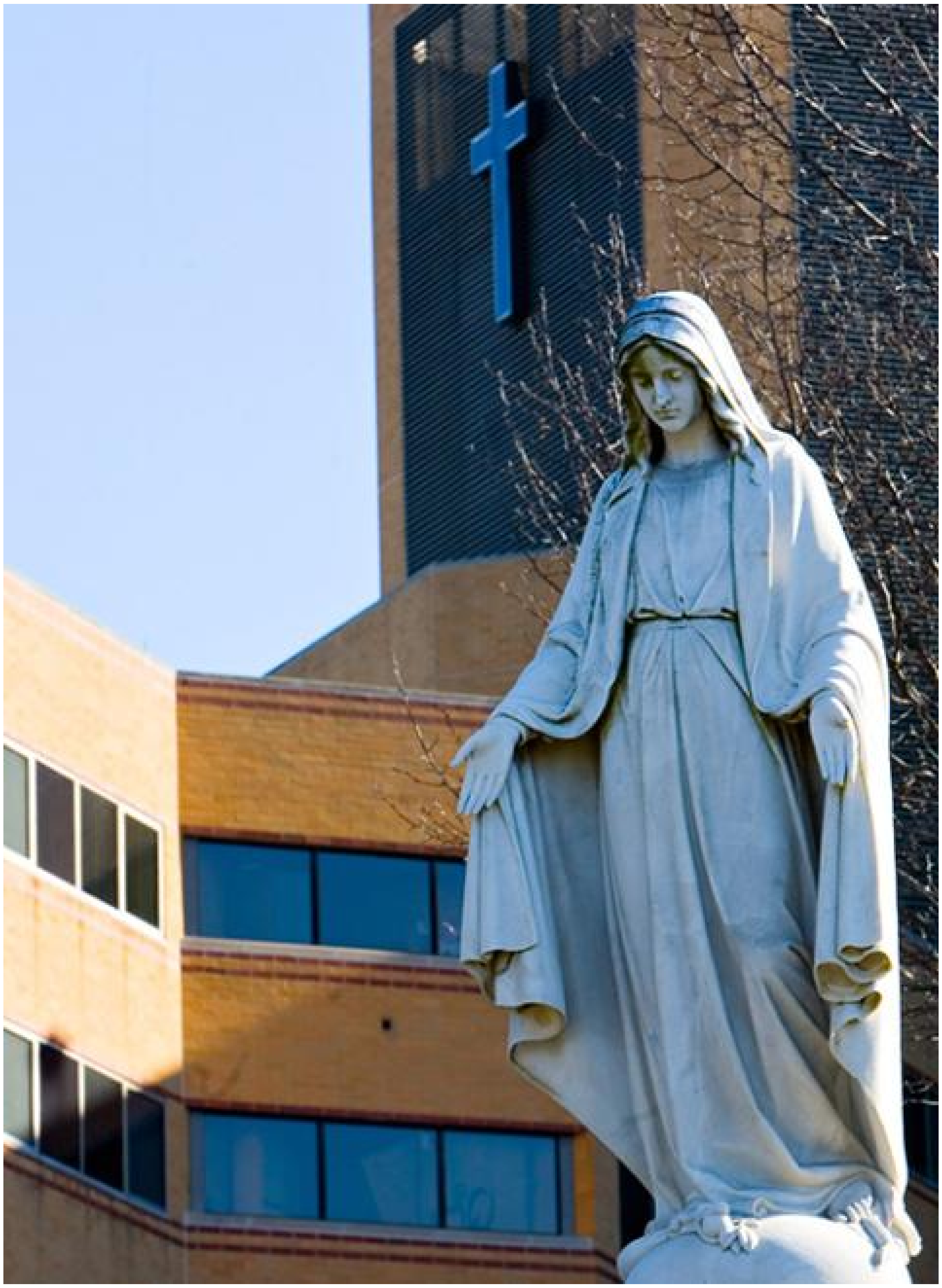
Calling themselves the Coalition to Save Catholic Health Care, the group did all it could in 2010 to sound the alarm about the Archdiocese of Boston's move to sell a chain of Catholic hospitals to Steward Health Care, an out-of-state, for-profit company created that year by Cerberus Capital Management, a private equity investment firm based in New York City.

Despite their efforts, the sale of the hospitals was approved by all levels of state government in Massachusetts. The activists said their concerns fell on deaf ears.

"We were cursorily dismissed," said Raymond Neary, a retired school teacher who was among the Catholic activists who tried to stop the sale of Caritas Christi Health Care's six hospitals in eastern Massachusetts.

"The sale was rubber-stamped all the way through. Every safeguard that we had failed," said John O'Gorman, another member of the Coalition to Save Catholic Health Care.

Fourteen years later, the hospitals are again being sold off to secular health care providers. In May, Steward Health Care, one of the nation's largest for-profit operators of hospitals, filed for Chapter 11 bankruptcy protection, citing billions of dollars of liabilities amid diminished reimbursement rates for public insurance.



A statue of Mary is seen in a 2007 photo outside St. Elizabeth's Medical Center in Boston, the flagship hospital of the Boston Archdiocese's Caritas Christi Health Care system. The archdiocese sold the chain of hospitals in 2010. (CNS/The Pilot/Gregory L. Tracy)

Steward's bankruptcy followed years of questionable management decisions that have garnered the attention of federal lawmakers. In September, a U.S. Senate committee intends to question the company's CEO about the bankruptcy.

"Steward raked as much money out of the hospitals as they possibly could," Neary told National Catholic Reporter.

Steward's financial downfall also follows years of underinvestment in its facilities. In one of the company's Florida hospitals, a pest control company found thousands of bats in 2023. At a Steward hospital in Phoenix, the kitchen had to be closed because of health code violations.

While the chain bled millions of dollars a year, with medical supplies running low at Steward hospitals, its chief executive officer, Dr. Ralph de la Torre and his other companies were paid at least $250 million, The Wall Street Journal reported. The Journal's story highlighted Torre's vast personal property collection that includes a $40 million yacht and an 11,000-square foot mansion in Dallas.

"It's highway robbery," O'Gorman said.

Steward Health Care's downfall has already resulted in the announced closures of two hospitals in Massachusetts, including Carney Hospital, a facility located in a working-class part of Boston that began as a Catholic hospital serving the community in 1863.

"While there has been extensive media coverage of the Steward catastrophe, there has been no mention in the news media of the fact that the sale of the Steward hospitals means the end of Catholic health care in eastern Massachusetts," said C.J. Doyle, executive director of the Catholic Action League of Massachusetts.

Doyle told NCR that his organization was also among those who raised concerns about the sale of Caritas Christi in 2010. The activists were primarily concerned that the sale would result in the loss of the hospitals' Catholic identity.

"This would deprive the Catholic community of authentically Catholic health care institutions where Catholic medical ethics were practiced, where the sanctity of human life was protected from conception to natural death, where there were adequate provisions for the pastoral care of patients, and where the conscience rights of Catholic doctors, nurses and health care workers were respected and preserved," Doyle said.

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—C.J. Doyle, executive director of the Catholic Action League of Massachusetts

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"The core of our concern was our respect for Catholic health care because you saw the tremendous tradition that it had," Neary said as he showed a recent visitor to his home in Medfield, Massachusetts, several binders of documents containing research that the coalition compiled.

In a letter he wrote to Pope Benedict XVI in August 2010, Neary requested the pontiff to call for "the cessation of all negotiations" with Cerberus Capital Management, which made an $800 million profit on its investment with Steward after selling its stake in the company in 2020, according to reporting by Bloomberg.

That same year Neary sent a handwritten note to the apostolic nunciature, the Vatican's embassy in Washington, D.C., warning that it was "urgent that Pope Benedict XVI know what is taking place."

Those warnings, Neary and others said, were essentially ignored as they only received terse acknowledgements of their correspondence, if any.

"I don't have a word to express my disappointment," O'Gorman said.

In addition to their concerns about the hospitals' Catholic identity, O'Gorman and other activists raised doubts in 2010 about Steward's ability to run a hospital chain, noting that Cerberus had had no prior experience running a health care system.

"Our second major concern was the seeming contradictions inherent in a for-profit entity administering Catholic health care," said Doyle, who testified at a 2010 hearing that that arrangement would affect the community orientation of the hospitals and access to affordable care for the indigent, the uninsured and underinsured.

"It would also have implications in labor relations, as the Catholic social principle of the just wage, or the family wage, would be replaced by the free market law of supply and demand in employee decisions," Doyle said.

Citing contemporaneous reporting indicating Caritas system's finances in 2009 were bouncing back after lean years, the activists question the rationale for selling the hospitals in the first place. John McDonough, a professor at the Harvard T.H. Chan School of Public Health, told NCR that the Boston archdiocese in 2010 was facing significant financial pressure to unload the hospitals.

The archdiocese "was in a very bad financial crisis. From the child abuse scandal and in particular the underfunding of their pension system, it created a financial crisis for them and for the Caritas hospital system," said McDonough, who added that the archdiocese did not have receive many other bids for the Caritas hospitals.

The end result was the sale of six Catholic hospitals to a for-profit company criticized by those who opposed the sale for prioritizing profits at the expense of the facilities' capability to provide long-term quality health care.

Said Doyle, "To sum up, in 2010, the Archdiocese of Boston transferred ownership of a 150-year-old, local, nonprofit, Catholic hospital system to a newly created, out-of-state, for-profit, non-Catholic corporation controlled by a hedge fund. What, possibly, could go wrong?"

A version of this story appeared in the **Sept 13-26, 2024** print issue under the headline: Activists who tried saving Catholic hospitals not surprised by owner's bankruptcy.