

CASE 4-2 COMMUNITY RELATIONSHIPS MAINTAINED DURING HOSPITAL CLOSING

Throughout the 1980s and early 1990s, business and the government trimmed whatever fat there was from the healthcare system. In 1997, Congress passed the Balanced Budget Act in an attempt to reform Medicare and trim waste from the system. But cuts went billions of dollars beyond expectation. Now, the healthcare system is in a financial crisis. Health premiums aren't paying for the cost of services. Hospitals are being squeezed by managed care companies that are having their own financial troubles. One consequence is the closing of hospitals.

MERCY HOSPITAL–DETROIT'S STRUGGLE

The east side of Detroit is among the most troubled urban areas in the United States, struggling with a multitude of social and economic challenges. Mercy Hospital–Detroit was an important anchor in this neighborhood, not only providing access to healthcare, but also security, employment, leadership, and a place for social interaction. It relied heavily on Medicare, Medicaid, and other government sources for its business—nearly 80 percent of its total admissions.

In the early to mid-1990s, Mercy Hospital–Detroit found it increasingly difficult to maintain its fiscal health; operating losses were supplemented by the hospital's

parent company, Mercy Health Services (MHS).¹ Then, in 1997, the Balanced Budget Reconciliation Act severely reduced Medicare and Medicaid reimbursements. The already struggling hospital was devastated by the cuts. Losses of \$1.5 million per month began to mount. The federal and state funding cuts similarly affected operating margins at Mercy's other hospitals. The MHS Board was faced with system-wide financial constraints that put the system's bond rating at risk. Operating losses at Mercy Hospital–Detroit totaled nearly \$100 million from 1990–2000.

In the hope of finding a buyer, a series of discussions with major Detroit health systems ensued in 1999, but all were facing the same circumstances: increasingly ill patients with no health insurance and decreasing reimbursements from the government. The decision was made to close the hospital in December 1999. Mercy Hospital–Detroit quickly became a national example of the evolving healthcare crisis in the United States.

SEVERAL PUBLIC RELATIONS ISSUES EMERGED

- How can the hospital close without giving the impression of abandoning the city and its poorest residents?

¹Renamed Trinity Health after a May 2000 merger.

- Is it possible to close the hospital while still maintaining the excellent reputation of MHS and its sponsor, the Sisters of Mercy?
- How can Mercy coincidentally acquire a similar-sized hospital in a predominantly white suburban community without attracting major criticism and, worse yet, accusations of “racism”?

RESEARCH

Preparations began as early as 1997 when Mercy Hospital–Detroit commissioned a research study to obtain community opinion and attitudes. The study showed that parent company MHS was held in high esteem and that the local community not only counted on Mercy Hospital–Detroit but saw it as an entitlement for the community.

Meanwhile, the commitment to the community from the Sisters of Mercy and the MHS Board led MHS management to conclude that it should donate the 10-year-old building to the community. Instead of simply selling the hospital campus to a developer for commercial use, MHS decided the hospital should be converted as a long-term community asset to enhance neighborhood revitalization, and the new owner(s) and users should share the mission and values of the hospital’s parent, MHS. Additionally, MHS decided to keep a presence on the hospital campus by earmarking \$2 million for a primary care clinic for the uninsured. In doing so, Mercy supported its mission of “care for the poor and underserved” while seeking a new owner for the larger block of property and buildings.

The next step was a major study in early 2000—just after the announcement of closure—consisting of personal interviews with 198 Detroit community and opinion leaders, including elected officials, clergy, and major business and social service

agency representatives, to obtain ideas about how to “do the right thing” and “give back” to the community, rather than simply close the hospital and move on. The personal interviews provided valuable input on specific community needs, possible organizations that met the criteria as a new owner, and communication tactics for most effectively reaching the important audiences of key community leaders and area residents, many of whom are without transportation or telephones. The interviews also helped crystallize other audiences to target:

- Mercy Hospital–Detroit employees, medical staff, board members, and volunteers
- Mercy’s leadership group (40 top management personnel nationwide) and other corporate office employees
- Community religious leaders
- Local physician leaders
- Regional and national partners
- Major insurers
- Archdiocese of Detroit and Bishops in all MHS markets
- Michigan’s governor and staff
- Detroit’s Mayor and key aides
- The Wayne County Executive and key aides
- Detroit City Council
- Trade and healthcare consortia
- 99,000 residents in the primary service area

THE PUBLIC RELATIONS PLAN

A public relations plan was developed to reach these audiences using a variety of tactics—not relying on advertising—including specific ways to obtain their input and feedback. Tactics in the plan included e-mail; a telephone hotline; staff and community

town hall meetings; targeted letters to volunteers, community leaders, and others; the hospital newsletter; editorial board meetings with Detroit's two daily newspapers, weekly business newsmagazine, and African-American weekly; formal closure notices in community newspapers; direct-mail letters; and news releases, fact sheets, and backgrounders.

The **key messages** to communicate were: "Mercy can no longer tolerate this level of losses or be supported by others within the Mercy system," "Mercy is 'doing the right thing' by donating the property to help meet community needs," and "Mercy continues its ministry for the poor with a new primary care center for the uninsured—investing \$2 million per year to make that happen."

PLANS WERE EXECUTED WITH PRECISION

Plans began with a carefully implemented effort to obtain balanced stories—as early as September 1999—about the difficult financial situation and the possibility that Mercy Hospital–Detroit may close. This was followed with a series of editorial board meetings with Detroit's two dailies, the weekly business newsmagazine, and African-American weekly. Similar meetings were later held with community leaders and the Detroit City Council. The generally fair and favorable editorials and news coverage resulting from the meetings helped educate Mercy's key audiences and would later help them understand the reasons for closing.

Media coverage reached a crescendo in January 2000 and has continued through March 2001, including NBC Nightly News and several national trades. A total of 10,000 letters were mailed to residents' homes within three eastside ZIP codes. All audiences received the news of Mercy Hospital–Detroit's closing and, although disappointed that Detroit's east side would

lose an acute care hospital, they were generally understanding of the situation.

Excluding a regulatory requirement to place a "Public Notice" advertisement in local newspapers, no other form of advertising was used to reach the audiences.

EVALUATION

In late 2000, the Mercy Hospital–Detroit building was donated to a multi-service community organization (SER Metro) and a Catholic organization serving youths and families (Boysville). Other new tenants on the former hospital campus include Mercy Primary Care Center to serve the uninsured, the National Council of Alcoholism and Drug Dependency, Head Start, Child Care Coordinating Center, the Detroit Fire Department, and McCauley Commons' independent housing. The revamped campus promises to continue providing a positive, major impact in the community. Balanced media coverage told the story fairly. Personal interviews with a sample of 20 (from the list of those previously interviewed) were extremely positive. Internal meetings were equally positive. Employees from Mercy Hospital–Detroit, many of whom would be without jobs, gave Mercy–Detroit's CEO a standing ovation after he explained the closing and transfer of the hospital.

The final test came when MHS announced the purchase of St. Mary Hospital, a 300-bed hospital in the Detroit suburb of Livonia, only four months after closing the inner-city Detroit hospital. Without the effective public relations program on the closing of Mercy Hospital–Detroit, the announcement to acquire a new hospital in a predominantly white suburb could have caused significant editorial scrutiny and community backlash that would surely damage MHS' reputation (just one month after its merger with another

major national health system to create Trinity Health) and hamper its future growth. All internal and external audiences met the announcement of the

St. Mary Hospital acquisition, except for minor exceptions, with support and encouragement.² ■

QUESTIONS FOR DISCUSSION

1. You are the public relations director of the closing hospital. Your public relations plan calls for a community town hall meeting. Some people in the community don't have phones or computers. How will you alert everyone about this meeting? When will you hold it? How many times? Who will attend from the hospital? What is your goal for the meeting and how will you achieve that? Put together a plan addressing these issues.
2. Many depend on the hospital for their own and their children's health needs.

The plan calls for input and feedback from the community. What will you do with their feedback? What if your CEO is unwilling to listen?

3. Take as an example the hospital closest to where you live. Who do you think are the opinion leaders for that hospital? Make a list and identify them by their position in the hospital, how they would be contacted and what the message strategy would be.

²Thank you to Stephen Shivinsky, APR, vice president of corporate communications and public relations at Trinity Health for this case study.