



MARTHA COAKLEY
ATTORNEY GENERAL

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL
ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108-1698

(617) 727-2200
www.ago.state.ma.us

March 6, 2008

Caritas Christi Health Care System plays a critical role as one of the largest health care systems in New England. Established in 1985, Caritas is a Catholic health care system, associated with the Archdiocese of Boston, which includes St. Elizabeth's Medical Center in Brighton, Carney Hospital in Dorchester, Good Samaritan Medical Center in Brockton, Holy Family Hospital in Methuen, Norwood Hospital in Norwood, and Saint Anne's Hospital in Fall River. Many of the services provided by its six hospitals are crucial to the communities they serve. In addition, the system plays an important role in preserving competition among hospitals in Eastern Massachusetts, which is necessary to moderate the reimbursement rates hospitals negotiate with insurers and, ultimately, the amounts insurers charge consumers.

While Caritas is not the only health care system in the Commonwealth facing significant challenges, its failure to partner with another system last year, combined with leadership and operational difficulties, have caused significant concerns about the future of the system. As part of our responsibility for overseeing the public's interest in the viability of the Commonwealth's non-profit charitable hospitals, the Attorney General's Office asked Health Strategies and Solutions, Inc. to prepare this report, which identifies key areas that must be successfully addressed by Caritas in order to become a more viable organization. The report identifies governance reform, the future of Carney Hospital, the role of St. Elizabeth's Medical Center and the operating performance of the Caritas Physician Network as priorities that need to be effectively addressed in order for the system to succeed. These recommendations are important, not only to the thousands of patients who rely on Caritas for care, but to the stability and efficiency of the Eastern Massachusetts health care system.

The most compelling priority confronting Caritas is the need for the Archdiocese of Boston to relinquish direct and indirect control over strategic, operational, and financial matters of Caritas while retaining influence only over matters of religious direction. Operating a hospital system is an extraordinarily complicated business, a recognition that has led virtually all religious organizations throughout the nation to transfer control to lay boards while in most cases maintaining a commitment to the religious principles upon which the systems were founded. Indeed, last year, the