

Cleveland Clinic: The Fox in the Hen House

This is the deal being aggressively promoted by Mayor Mike Summers, between the City of Lakewood, the Lakewood Hospital Association, the Cleveland Clinic Foundation, and the Lakewood Hospital Foundation.

The residents of the City of Lakewood own the building and equipment of Lakewood Hospital. The City of Lakewood leases the Hospital to the Lakewood Hospital Association, who in turn subleases the Hospital to The Cleveland Clinic Foundation, who runs the hospital. The Lakewood Hospital Association has a board of trustees but it only has ONE member: the Cleveland Clinic. This means that the Mayor and the City Council members on the Lakewood Hospital Association, and the other board members of the Lakewood Hospital Association (only half of whom live in Lakewood) have permitted Cleveland Clinic to put itself in the position of LANDLORD AS WELL AS TENANT.

The lease (written by Cleveland Clinic), which runs through 2026, states that the Cleveland Clinic is required to put money into the hospital to cover any shortfall. The Cleveland Clinic claims the hospital is losing money (although the financial statements audited by EY do not show a loss). The lease requires the Clinic to maintain ALL departments of the hospital; if it wishes to close any department it must advise City Council, who then has 60 days to agree or disallow. Since 1996, the Cleveland Clinic has removed department after department, either with or without the consent of City Council.

The Cleveland Clinic, in accordance with its Strategic Plan, has moved these departments to Fairview Hospital, where it is consolidating its west side operations. Lakewood is not part of the Clinic's Strategic Plan (except as a primary-care feeder into the Clinic's other hospitals). Cleveland Clinic is requiring its doctors to send all patients to Fairview instead of to Lakewood, even when patients request to be treated at Lakewood.

Mayor Summers claims we no longer need hospital rooms for inpatients, yet in a recent year there were 43,800 overnights (per the Mayor) which is 120 beds full for 365 days. This accounts for 60% of the patient revenue, which is 50% more than the outpatient revenues. And the Cleveland Clinic is building a 120-bed hospital in Avon.

The Mayor wants to sell to the Cleveland Clinic 2 acres of our hospital property, at a price that the Clinic will determine (because the City hasn't bothered to have it appraised). On it they plan to build a "doc in a box", an office building they will call a "Wellness Center". They say it will have an Emergency Room - but we all know you cannot have an Emergency Room if you have no surgical facilities. No ambulance will deliver a patient here.

The Clinic specifically forbids us to rent to, sell to, or allow any other medical facility on the premises.

There has been NO MENTION of appraising the value of our major equipment which is in Lakewood Hospital, which Cleveland Clinic probably intends to remove to their other facilities, before our hospital is demolished. This includes high-technology Emergency Rooms, Operating Rooms, CT scan, MRI, Nuclear Medicine, GI diagnostics, Ultrasound, X-Ray, the \$2.5 million Catheterization Lab, Test Lab, etc. There also has been no mention of the monetary value of various regulatory certifications, such as bed licenses (for 120 beds).

Once the Wellness Center has been built, AND THE CLEVELAND CLINIC AVON HOSPITAL (with 120 beds) IS OPEN - by September 2016--Lakewood must pay to demolish our hospital.

The Mayor plans to sell Lakewood's Medical Building on Columbia Road to the Cleveland Clinic for a mere \$8 million, even though the building is valued by the County at well over \$13 million.

Oh, and did I mention that the Cleveland Clinic wants to walk away with the \$38 million in the Lakewood Hospital Foundation, too?

After all of this, they will generously ñgiveò us \$32 million (which is really part of our own money) for a foundation that can no longer benefit our now-demolished hospital.

Here is a translation of that deal, in a manner that might be more easily understood by our residents:

I have a really good deal for you. You and your spouse own a 20-suite apartment building. It's losing money. (That's what your tax return says.) I, a Property Manager, will manage this for you. You and your spouse will set up an LLC (Limited Liability Company) and the three of us will discuss issues, but I will be the only member of this LLC. (That means that I prevail.) I have another apartment building, too, that I am busily improving to make it a real showplace. I will get your tenants to move to my other building because it is nicer than yours. I will tell you about this each time one moves, but you can't do anything about it. Our agreement states that you are not allowed to lease to any other tenants. Oh, and my other building also needs boilers, water heaters, refrigerators, ranges and dishwashers ñ so I will take them from your apartment building over to mine. (No problem, right?) While this is going on, I will build you a new 10-car garage. It will be the nicest garage in town. You will be the envy of every landlord west of the Cuyahoga. Once the garage is built, you must pay to demolish your apartment building. Your principal residence, which the County values at \$220,000, you will sell to me for \$125,000. That's all I think it's worth, anyway. Oh, one more thing ñ your IRA? You must give me all the funds in your IRA's (both of you).

Now, change a few words:

ñYou and your spouseò = City of Lakewood
20-suite apartment building = Lakewood Hospital
I, a Property Manager = Cleveland Clinic
LLC = Lakewood Hospital Association
Another apartment building = Fairview Hospital and Avon Hospital
Your tenants = the patients and doctors of Lakewood Hospital
Our agreement = the ñDefinitive Agreementò (aka sub-lease) between Cleveland Clinic and Lakewood Hospital Assoc.
Boilers, water heaters, etc. = CT scans, Emergency Room, MRI, Nuclear Medicine, etc.
10-car garage = Family Health Center
Principal residence = Columbia Road medical building
\$220,000 = \$13 million County value for the medical building
\$125,000 = \$8 million the Clinic is willing to pay for the medical building
Your IRA = Lakewood Hospital Foundation funds

If that explanation was more complex than you wish to contemplate, here is the 30-second version:

The City gave The Fox the key to The Hen House. The Fox ate the chickens, stole the horses, made us burn our barn, and in return The Fox will build us a new Rabbit Hutch.

NOW ñ WHAT CAN YOU DO?

YOU CAN HELP US SAVE LAKEWOOD HOSPITAL. COME TO OUR WEEKLY MEETINGS, INFORM YOUR FRIENDS, COLLECT PETITION SIGNATURES, WRITE YOUR CITY OFFICIALS, WRITE ARTICLES AND LETTERS TO THE EDITOR.

Lakewood Public Library, Multipurpose Room
4 pm
Sunday May 3
Sunday May 10
Sunday May 17
SAT May 23

Our website is: savelakewoodhospital.com or savelakewoodhospital.org