

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL

In the Matter of:
Sale of Detroit Medical Center
to Vanguard Health Systems, Inv.

/

PUBLIC HEARING

3030 West Grand Boulevard, Detroit, Michigan
Wednesday, August 18, 2010, 5:00 p.m.

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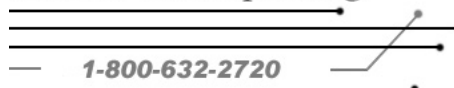


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1 Detroit, Michigan

2 Wednesday, April 28, 2010 - 5:07 p.m.

3 MS. ISAACS: If I may have your attention so that
4 we can begin? For those of you still coming in, please take
5 your seat.

6 This is August 18. We are starting at
7 approximately 5:00 p.m., and this is a public forum. I am
8 Carol Isaacs. I'm the Chief Deputy Attorney General. The
9 people that you see here in front of you are from the
10 Attorney General's office, and each of those individuals
11 will introduce themselves and tell you their role in the
12 DMC/Vanguard transaction that we are here this evening to
13 discuss.

14 Let me say welcome. I really do appreciate the
15 fact that you took your time from a very busy schedule to
16 come out and discuss something this important. We do want
17 to hear your comments, we do want to hear your questions.
18 Let me say that this may be the largest transaction -- one
19 of the largest ones in the nation. We are talking about a
20 transaction that is over a billion dollars and eight
21 hospitals. This is a transaction between the Vanguard
22 Health Center -- System -- excuse me -- and Detroit Medical
23 Center. I am told that some of the hospitals within the
24 Detroit Medical Center are over 100 years old. The current
25 structure of DMC is approximately 30 years old. Am I

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1 correct, Mr. Duggan?

2 MR. DUGGAN: (Nodding head in affirmative)

3 MS. ISAACS: Yes. This becomes a really important
4 issue for the people in Detroit and in the area and, in
5 fact, the entire city. The purpose of this forum today is
6 threefold. It is to provide the public with an overview of
7 the proposed sale; it is to outline the Attorney General's
8 review process and to give the public an opportunity to
9 comment and ask questions to the people who are in
10 attendance today for this forum. An invitation was issued
11 to a number of people, and I see people from the Department
12 of Community Health here that deal with our certificate of
13 need issue; representatives of both Detroit Medical Center
14 and Vanguard Health System are here. Those individuals are
15 going to introduce themselves and tell you what their role
16 is before your questions begin. That is so that you can
17 formulate your questions knowing who's here and who might
18 want to answer those questions. Might I also say that I see
19 a regent of U of M, (inaudible) is here and for anyone else
20 that I don't recognize who should be acknowledged today, I'm
21 sorry.

22 So let me move on to this and tell you in general
23 why we are here and why the Attorney General's office is
24 having this public forum tonight. In addition, the Attorney
25 General is authorized to act upon behalf of the people of

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1 Michigan to protect charitable property. Our office carries
2 out this important function in many ways. I will tell you
3 that we have a specific charitable trust section that is
4 contained within our consumer protection division. It
5 maintains the registry of charities and assets in Michigan.
6 We license charities that solicit money from the public and
7 we review requests from charity trust corporations. It is
8 not unusual for us to bring an action to enforce the proper
9 use of charitable assets and render any civil or criminal
10 actions.

11 There are some very basic principles guiding the
12 Attorney General's oversight and I'm going to generally just
13 discuss those. For those of you who want more detail,
14 you'll be able to ask that later.

15 Generally all assets held by a charity must be
16 used for charitable purposes. Assets may be sold for fair
17 market value and may not be converted for the benefit of
18 insiders or other private parties. Restricted gifts, like
19 the endowment funds for cancer research must be used for the
20 purpose for which they are donated unless the donor consents
21 to or a court orders a different use. Trustees, directors,
22 officers and others exercising control over charitable
23 assets are held to a high standard of loyalty, care and
24 obedience to an organization's charitable mission. The
25 Attorney General may hold them accountable for their

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1 actions.

2 DMC and the Vanguard Health System have recognized
3 the office's authority and made the Attorney General's
4 approval a condition of the sale and the Attorney General
5 staff is working on a thorough and independent review of the
6 proposed transaction. This however is a very complex
7 transaction and we have devoted specific staff to this
8 review. I'm going to have the staff that you see on the
9 podium today introduce themselves. I want you to understand
10 their role and how they specifically fit into the analysis
11 of this transaction. Let me also say that this is a
12 very large transaction. The magnitude and complexity alone
13 have required us to contract with two expert consulting
14 firms to assist us in the our analysis of this transaction.
15 The two consulting firms are the Alix Brothers and Focus
16 Management Group. I also want you to note that though tax
17 dollars are being used for specific terms, their fees will
18 be absorbed by the parties as a cost of the transaction.
19 Vanguard and DMC did not choose the consulting firms and the
20 firms have not issued a primary report to the office. That
21 being said, I would like to go into introducing the staff
22 that have oversight of this. I'll begin with Tracy.

23 MR. SONNEBORN: Hi. I'm Tracy Sonneborn. I am an
24 Assistant Attorney General in the Attorney General's
25 Charitable Trust Section of the Consumer Protection

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1 Division. I am pretty much 100 percent dedicated to
2 overseeing charitable assets. There are also organizations
3 that solicit to the public and trusts and threatened
4 diversions of charitable assets for noncharitable
5 purposes -- and I've been imminently engaged in the review
6 of this transaction.

7 MS. BARRON: Hello. My name is Katharyn Barron.
8 I'm the division chief of the Consumer Protection Division.
9 As Tracy mentioned, the Charitable Trust Section is within
10 the Consumer Protection Division.

11 MR. IANNI: And my name is Robert Ianni. I'm one
12 of the managing attorneys in the Attorney General's office.
13 I'm the bureau chief of the Consumer Protection Bureau
14 within which Consumer Protection Division is housed.

15 MS. BALKEMA: My name is Susan Balkema. I'm an
16 Assistant Attorney General in the Licensing and Regulation
17 Division in which I do some regulations to help
18 professional -- I assisted in the oversight of the health-
19 care policy issues and (inaudible) policy issues.

20 MR. POTCHEN: Good evening. My name is Joseph
21 Potchen. I am the first assistant to the Health, Education
22 and Family Services Division of the Department of the
23 Attorney General. I work with the Department of Community
24 Health on such things as health facilities and a variety of
25 other community health matters.

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1 MR. KYLMAN: Hi. My name is Joseph Kylman. I am
2 (inaudible) Charitable Trust Section. I work exclusively in
3 that section. I'm assisting the people who -- particularly
4 with the focus on the process followed by entities -- the
5 individual foundations and entities and also with an
6 emphasis on the financial transactions.

7 MS. ISAACS: Thank you. We have one member of our
8 team missing and that is Dr. Thomas Marks. Before I let
9 Tracy introduce the officers who will be handling the
10 actual -- the transaction, I would like to introduce the --
11 half of DMC representing the Detroit Medical Center and then
12 after that, from the Vanguard Health Systems. And I know
13 there are several people, so I'm going to let you -- any and
14 all of you introduce yourselves and speak so the audience
15 knows who's here. We look forward to seeing those people if
16 you wouldn't mind coming forward?

17 MR. D'ARCY: Thank you. I am Steve D'Arcy. I am
18 the chairman of the board of trustees of the Detroit Medical
19 Center. I'm here to answer any questions that you all may
20 have.

21 MR. DUGGAN: Mike Duggan, president and CEO of
22 Detroit Medical Center. And I'm also looking forward to
23 answering any questions you have.

24 MR. PILGRIM: My name is Trip Pilgrim, senior vice
25 president of Vanguard Health Systems, also (inaudible) from

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1 Vanguard. I am here to answer (inaudible). Thank you.

2 MS. ISAACS: Thank you. Tracy?

3 MR. SONNEBORN: Thank you. I'd like to just
4 highlight some of the key terms of the transaction. Both --
5 on the "Frequently Asked Questions" handout, what I'm going
6 to be summarizing, you can read in more detail on the
7 handout. On page one you see -- page number 3, the key
8 terms of the proposed sale of DMC to Vanguard Health System.
9 In a nutshell, there are various pertinent divisions in here
10 that can be broken down into what is Detroit Medical Center
11 receiving, what is Vanguard receiving and what assets now
12 belonging to the Detroit Medical Center --

13 REPORTER: I am having a technical difficulty.

14 MS. ISAACS: She is referring us for some reason
15 to stop for one second.

16 (Off the record)

17 MR. SONNEBORN: Okay. Off we go. Okay. The key
18 terms, just to summarize, first off, DMC is receiving relief
19 from hundreds of millions of dollars in debt -- (inaudible)
20 debt and other debts and its pension liability from its
21 defined benefit pension system. It's also receiving
22 warrants to guarantee Vanguard's performance of its
23 commitment to invest \$850,000,000 in capital improvements.
24 It's not receiving the \$850,000,000 up front, at least this
25 is not the agreement proposed, that I should say, but rather

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1 it will get warrants for stock in Vanguard -- equity
2 interest in Vanguard in the event that Vanguard fails to
3 perform its capital investment. It will maintain hospitals.
4 It has agreed to maintain certain core services that are
5 listed on page one and page two.

6 It will meet -- as promised in the agreement to
7 meet or exceed Detroit Medical Center's current charity care
8 policy and will continue certain educational programs.
9 Vanguard, on the other hand, will acquire substantially all
10 assets that are held by DMC and its subsidiaries. Now, DMC
11 will remain a corporation as proposed in the agreement after
12 the transaction closes. It will change its name to a
13 different corporation, but it will retain possession and
14 ownership of approximately \$140,000,000 in restricted
15 charitable gifts that donors have given to the DMC for
16 strictly charitable purposes. The Vanguard cannot hold
17 those assets because it's not a charitable corporation.
18 Okay.

19 So briefly I'm going to go over the basics of what
20 I review -- first off, we've -- we're reviewing very
21 carefully the terms of the purchase agreement which is a
22 long document with schedules attached to make sure we
23 understand exactly what Vanguard is financially and
24 operationally committing to. And we're asking, "Well, will
25 Vanguard be able to deliver on its commitments to provide

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1 these essential core health services that are the survival
2 of the community, the community depends on, and will it have
3 the wherewithal to make the capital investments that it's
4 promised?" We're conducting a completely independent
5 evaluation of the value of the Detroit Medical Center. DMC
6 had that done by its own outside consultants. Because the
7 sale was not the product of a competitive bid, we have no
8 market data as to what DMC is worth on the market. So we
9 have undertaken to perform a completely independent
10 evaluation of Detroit Medical Center to make sure that what
11 Vanguard is giving is better and equal to or better than
12 DMC's fair market value.

13 Now, a fundamental question whenever you have a
14 charitable entity converting to a for-profit is how the
15 restricted gifts will be handled. Donations that are
16 restricted for specific purposes must be used for those
17 purposes, and they certainly cannot be transferred to a
18 private or a for-profit entity. We will review the
19 restricted gifts to make sure that the -- one, that DMC has
20 received for specific purposes from its generous donors over
21 the years will remain restricted in the possession of a
22 charity and for strictly charitable purposes and not turned
23 over to a for-profit business or private individual.

24 Now, DMC so far as I mentioned has identified
25 about \$140,000,000 in restricted charitable assets. We will

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1 review the records to determine that that is, in fact, an
2 accurate number for the total of charitable gifts and that
3 there are no gifts that should be retained by DMC for
4 charitable purposes being given over to Vanguard.

5 Finally, we'll be reviewing the process, the
6 actions that the DMC leadership took in coming to the
7 decision that a sale of DMC to Vanguard was in the best of
8 the DMC and whether the DMC's leadership acted without
9 conflict of interest and very diligently and carefully in
10 coming to its conclusion.

11 Now, I'm going to hit just a couple key provisions
12 in the agreement again. First off, we know people are very
13 concerned will a charity care continue. Under the
14 agreement, Vanguard will at least meet DMC's current and
15 historical and charity care policy, and we expect Vanguard
16 will probably apply a policy similar or more generous
17 consistent with policies that it has followed in its other
18 hospitals.

19 Another question that's arisen is will there be a
20 management team and a new board of directors at the DMC?
21 The answer is "yes" and "no." It depends how you look at
22 DMC. DMC today is a charity. DMC tomorrow or after the
23 transaction, if it's approved, will remain a charity.
24 However, the management team that is operating the hospitals
25 will stay in place. Today it's the management of a

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1 nonprofit company. If the transaction closes,
2 post-transaction they will be a management team of a
3 for-profit business, Vanguard Health System. They will
4 remain in place during an indefinite period of time for
5 continuity and due to their familiarity with the operations
6 of the Detroit Medical Center.

7 Now, each individual hospital will have its own
8 advisory board. It is a board that's advisory up the
9 Vanguard corporate ladder. Each hospital advisory board
10 will report to a VHS Michigan Regional Board which in turn
11 will report to the VHS National Board in Nashville.

12 The question has been asked, "Well, who will have
13 decision making control over the hospital or the hospital
14 system if the sale goes through?" Well, Vanguard will be
15 the owner of the Detroit Medical Center hospitals and will
16 have ultimate control over all the hospitals subject, of
17 course, to local, state and federal laws and regulations
18 that govern the operation of hospitals and subject also to
19 its contractual commitments and promises under the purchase
20 agreement. The Detroit Medical Center has negotiated a
21 right to appoint a director to the Vanguard National Board.

22 Question, "If the sale is finalized, will the
23 Detroit community have a way to voice its concerns about the
24 Vanguard's operation of the Detroit Medical Center
25 hospitals?" The concern being that DMC as the charity, it

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1 will still be in existence after the transaction closes,
2 will have an obligation to monitor and report on Vanguard's
3 performance and its carrying out of its commitments and the
4 answer is "yes." The Attorney General's office expects DMC,
5 the surviving charity that will oversee Vanguard's
6 performance to solicit input from the public through online
7 suggestion boxes, telephone hotlines and maybe a combination
8 of other methods. But there will absolutely be a way for
9 patients and other concerned persons to communicate their
10 concerns about how Vanguard is operating the hospitals.

11 And finally there's a question, "What will the
12 Attorney General's role be after the transaction if it's
13 approved?" If the sale takes place, there will be several
14 charitable organizations that are in place. First off,
15 there will be the surviving Detroit Medical Center, which
16 will have some obligations, foremost among them monitoring
17 and enforcing Vanguard's commitments to DMC and to the
18 public and the people of Detroit in this purchase agreement.
19 There will be some additional charities that will hold
20 assets restricted for charitable purposes. All of these
21 charities will report to the Attorney General's Charitable
22 Trust Section on an annual basis. They will be Michigan
23 Charitable Trusts holding charitable assets in Michigan and
24 they will be required to report to our office every year on
25 their operations and activities, and they will retain

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1 oversight and, if necessary, enforcement authority to make
2 sure the assets are used for proper purposes after the
3 transaction is over.

4 MS. BARRON: I'm going to be your moderator for
5 this evening, and this is how things are going to work.
6 Comments or questions can be made in the order consistent
7 with the number you received when you turned in your comment
8 or question card. So if you turned in your comment or
9 question card, you have a little pink sheet that has a
10 number on that. And so we're going to start with "1" and
11 the odds are here on -- the odd numbers will be at this
12 (indicating) microphone to my left, your right, and the
13 evens will be over here. And we're going to alternate from
14 side to side. To keep the forum moving, let's try to have
15 two people in each line so that we can move back and forth
16 expeditiously. Each individual will have three minutes. We
17 have a digital timer up front. We ask that you watch that
18 three-minute time period. We can help you with that if you
19 need some help -- in a very nice way.

20 A transcript of the forum as we mentioned is going
21 to be available on the Attorney General's website as will an
22 audio file. So to help those who are not here follow
23 things, when you step up to the microphone to make your
24 comment or question, please clearly state your name. If you
25 are affiliated with Vanguard or DMC, please also briefly

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1 state the nature of the affiliation.

2 Now, we're going to begin. So I'm asking
3 individuals with numbers 1 through 4 to please approach the
4 microphone and we will begin. Congratulations, number 1.

5 MS. MITCHELL: Yes, thank you.

6 MS. BARRON: Please begin.

7 MARJORIE MITCHELL

8 MS. MITCHELL: My name is Marjorie Mitchell and
9 I'm the executive director of MichUHCAN and this testimony
10 is on behalf of MichUHCAN, one of the members of the
11 coalition to protect Detroit healthcare. MichUHCAN is a
12 not-for-profit organization founded in 1990. We provide
13 education and advocacy on healthcare issues. We work to
14 achieve access to affordable quality healthcare and build
15 healthy communities by addressing the social determinants of
16 health also. Our concern about the sale of DMC, a
17 not-for-profit organization, to Vanguard, a for-profit
18 organization, remain much the same as we outlined in a
19 letter dated March 30th, 2010, and many of the specifics of
20 that organization we understand are being addressed through
21 your due diligence.

22 For the purpose of this brief testimony, I'd like
23 to talk about three concerns. One of the concerns relates
24 to mission. A not-for-profit organization's mission is to
25 be responsive to its community and by law to give back to

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1 that community limiting its profits in return for its tax
2 exempt status. The mission of a for-profit organization is
3 to make a profit for its shareholders. A further cause for
4 anxiety is that Vanguard is majority owned by Blackstone, a
5 very large hedge fund.

6 After consulting a local health economist, I
7 learned how hedge funds work. He said they were like giant
8 vacuum cleaners that suck dollars out of communities and
9 businesses and send it to Wall Street. And when profits
10 don't meet expectations, they liquidate like any other
11 business. I think Detroiters have a reason to be skeptical.
12 If, as it is rumored, Vanguard goes public, the pressure for
13 dividends and profits for shareholders will grow even larger
14 and decisions will be based even more clearly on dollars and
15 cents.

16 A second concern is that the power to make
17 decisions emanates from those who have the purse strings.
18 The new owners will be far away from Detroit in Tennessee.
19 The healthcare needs of Detroit will look very different
20 from that difference -- from that distance when they are in
21 competition with the need to demonstrate increasing profits.
22 Likewise, when corporate cuts need to be made in Nashville,
23 Vanguard will look to regional managers to make changes
24 regardless of local community need. We all know who wins in
25 those contests the need for money. A third and by far an

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1 important concern is the limited commitment of Vanguard to
2 maintain charity care policy and needed but necessary
3 profit -- necessarily profit -- a not necessarily profitable
4 healthcare services that are a part of the current mission
5 of DMC. Vanguard being a for-profit entity may justify a
6 revision of that policy as economic imperatives take hold.

7 What process is Vanguard willing to commit to that
8 will assure the continuation of all essential services to
9 the people of Detroit after their ten-year commitment? If
10 this sale is approved, there must be a robust oversight
11 process developed to assure that Vanguard delivers the
12 affordable high quality healthcare that people of Detroit
13 deserve. Consumers must be a part of this process. Thank
14 you.

15 MS. BARRON: Thank you, Ms. Mitchell. Moving on.

16 DR. LEE: Number 2.

17 DR. RICH LEE

18 DR. LEE: First of all, I want to acknowledge the
19 Office of Attorney General and thank you guys for taking the
20 time to review the partnership between the DMC and Vanguard.
21 I'm Dr. Rich Lee. I'm a native Detroiter. I am a graduate
22 from Wayne State University School of Medicine. I'm a
23 product of Detroit Public School Systems. Also I graduated
24 from a residency program in Detroit City Hospital. Recently
25 I was also appointed as the president of Detroit City

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1 Hospital. So I think that I have the opinion or the right
2 to have an opinion as far as Detroit is concerned.

3 About 30 years ago Detroit Receiving Hospital
4 opened its doors. As many as you know and probably can
5 remember, we were -- we opened doors to a state of the art
6 facility. I mean, this was really the place for the City of
7 Detroit to go to. To fast forward to today, we can't say
8 the same anymore. I mean, we are struggling. We are
9 bleeding. And we just don't have the resources to offer our
10 patients what they deserve. And so I humbly say to you
11 today to any of you who don't support this to consider that.
12 The gentleman to my right actually had a conversation prior
13 to at the beginning of this and he sort of has question
14 marks about this. And I said to him, "Do you have a better
15 alternative?" And he said, "No, I don't. But I also don't
16 have a worse alternative." And I said, "My friend, we are
17 in the worst position that we possibly can be in right now."

18 And so I submit to all of you today to consider --
19 and I know you guys asked me to disclose my relationship. I
20 am a employee of the DMC. But I think I really speak on
21 behalf of the citizens of the City of Detroit, and that's
22 much more important than Vanguard and DMC in my mind because
23 I'm a Detroiter. And to not support this, in my opinion, is
24 to say to the patients or the citizens of the City of
25 Detroit that you don't deserve to have that state of the art

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1 facility that you had some 30 years ago and the only way you
2 can get that is to drive across Eight Mile and go to the
3 suburbs. And so I don't want to tell my patients that, and
4 I don't want to work in a facility that does not have the
5 state of the art equipment to provide the care that the City
6 of Detroit and its patients deserve. Thank you.

7 MS. BARRON: Thank you, Dr. Lee.

8 (Audience applause)

9 MS. BARRON: Now, if I may -- and I appreciate you
10 showing your appreciation. But we want to get through as
11 many comments as we can. So if you could hold your applause
12 to the end, that would be appreciated. Thank you.

13 GARY BENJAMIN

14 MR. BENJAMIN: My name is Gary Benjamin. I'm with
15 Michigan Legal Services. I'm also part of the coalition.
16 My comments are written as well, so I don't know who to hand
17 those to.

18 MS. BARRON: I'll take them. Thank you, sir.
19 Real close to the microphone, please, so everybody in the
20 room has the benefit of hearing you.

21 MR. BENJAMIN: I want to make a legal comment to
22 start with. This sale is premised on the notion that it is
23 legal under Michigan statutes. Our reading of MCL, Michigan
24 Compiled Laws, 450.2301(5) indicates that it is not legal
25 for a not-for-profit to convey its assets to a for-profit.

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1 We aren't sure whether this proposal would be legal even if
2 the Attorney General approves it. But having said that, we
3 want to focus more on the DMC purpose.

4 A statute passed back when, as Dr. Eads (phonetic)
5 talked about when Receiving was turned over to DMC, exists
6 on the books of the State of Michigan which says:

7 "DMC is to provide the highest quality healthcare
8 services to all persons needing them regardless of the
9 person's religious, racial or ethnic identification or
10 economic status."

11 We want that commitment to continue. It is important that
12 Detroit residents continue to benefit from that care. The
13 financial information made available by DMC suggested some
14 solution to guarantee the future viability of the system is
15 necessary. However, in order to continue to provide
16 critical healthcare services that Detroiters need, the
17 mission of the DMC as expressed in the statute quoted must be
18 protected in perpetuity as it would be if DMC was to survive
19 as a not for-profit.

20 The legacy board spoken about that will survive
21 this sale with monitor -- that has the charge of monitoring
22 and enforcing the agreement has a shelf life of ten years.
23 We reviewed the proposed agreement, and there's a lot in it
24 to like. Since my time's running down, I'll skip that part.
25 But we do have a concern that the legacy board include a

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1 greater number of representatives from Detroit and the
2 consumers of healthcare. We think they may need that --
3 that input.

4 It is our understanding that, although a for-
5 profit system such as Vanguard benefits from the recently
6 passed Affordable Care Act by getting more business through
7 those who will now be covered, they are not covered by the
8 provisions of the Act that cover not-for-profit hospitals.
9 One of them that we want to highlight is the needs
10 assessment. Not-for-profit hospitals are told that they
11 have to do a needs assessment and they have to try to
12 fulfill those needs. We would like to see Vanguard agree to
13 that process in some way, and we have some suggestions in
14 our written comments for the foundation board as well
15 similar to what we want with the legacy board. Thank you.

16 MS. BARRON: Thank you, Mr. Benjamin. And your
17 more comprehensive written comments will be part of the
18 record.

19 JOHN KAREBIAN

20 MR. KAREBIAN: Good evening. I'm John Karebian,
21 the executive director of the Michigan Nurses Association,
22 which is the largest union for registered nurses in
23 Michigan. As a voice of all registered nurses in Michigan,
24 we advocate for nurses and their patients at the state
25 capitol, in the community and at the bargaining table. I'm

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1 here as part of a coalition to protect Detroit healthcare
2 with our friends for the Michigan Universal Healthcare
3 Action Network to oppose the sale of the Detroit Medical
4 Center to Vanguard Health Systems, a for-profit hospital
5 chain.

6 We oppose this proposed sale because we believe
7 that for-profit healthcare is bad for patients, it's bad for
8 healthcare workers and ultimately it will be bad for
9 Detroit. We also oppose the sale of DMC to Vanguard because
10 we do not believe that Vanguard Health Systems has a good
11 track record in other facilities that they have purchased.
12 Their record is one that needs to be thoroughly reviewed
13 before making your decision.

14 For decades DMC has served as a safety net for
15 thousands of poor patients throughout southeastern Michigan.
16 We cannot put that safety net at risk, and we believe that
17 it's unrealistic to assume that a for-profit entity will
18 continue to provide that long -- that care long term.

19 I would like to begin by addressing the problems
20 of for-profit care. Hospitals began largely as a charitable
21 endeavor dedicated to the proposition that the preservation
22 of health and life is so dear that no one should be denied.
23 Nursing's mission has closely paralleled that philosophy.
24 Their first and only concern was to provide quality care for
25 the patient. The patient is never the first priority in a

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1 for-profit hospital. The shareholders and the need to make
2 a profit will always be the first priority. Businesses
3 exist to make money, plain and simple. Research indicates
4 that there are clear and significant differences between the
5 missions, program services and operations of nonprofit and
6 for-profit hospitals. In contrast, nonprofit hospitals,
7 for-profit hospitals return its profits to investors rather
8 than back into new technology, services and programs that
9 best meet the healthcare needs of the community. A most
10 recent study was done by Thomas Reuters on August 9th of
11 2010. This research brief titled "Differences in Health
12 System Quality Performance by Ownership" found that quality
13 efficiency and a perception of care varied different very
14 significantly by ownership. The study found that investor
15 owned hospitals had significantly lower performance than all
16 other types of hospitals. I'm going to skip ahead, because
17 I see my time's winding down.

18 I'd like to turn my attention to Vanguard Health
19 Systems. If you want to know what Vanguard does after it
20 buys a hospital, you need to read the recent book The Buyout
21 of America by Josh Kosman. This book dedicates an entire
22 chapter to Vanguard, chapter three of that book entitled
23 "Doctor and Customer Service." In that chapter, Mr. Kosman
24 reports on what happened at other hospitals that Vanguard
25 purchased. We already know from testimony delivered by

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1 DMC --

2 MS. BARRON: Please wrap it up quickly.

3 MR. KAREBIAN: Yeah. We already know by testimony
4 delivered by DMC nurses at a town hall meeting on safe
5 patient care that was hosted by State Representative Coleman
6 Young, Jr., in 2009 that DMC is grossly understaffed. We
7 heard stories of nurses being forced to care for even more
8 patients than ten patients. If Vanguard pushes on the cut
9 staffing even further after they take over, we believe DMC
10 will become a very unsafe place for medical care.

11 MS. BARRON: Thank you, sir, for your comments.
12 Numbers 5, 6, 7, 8, we know you're out there. And again, to
13 keep it moving, let's try to have two people in each line.
14 I believe we're at number 5.

15 DUANE MONTGOMERY

16 MR. MONTGOMERY: Yes. Hi. My name is Duane
17 Montgomery. I'm a citizen of Detroit, born and raised. I
18 oppose the sale. And if the Attorney General approves the
19 sale, I will be filing an action for writ of mandamus on the
20 grounds I don't think it's legal for a charity to become a
21 for-profit business. I have concerns with answers that have
22 not been provided as to what's the purchase price, what's
23 the value of the assets of the charity. If the executive
24 board of DMC is receiving any additional salary increases or
25 bonuses, we don't know any of that information. We don't

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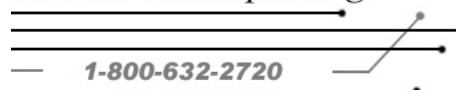
1 know if there's even a freeze on the salaries.

2 There's just too much information that we do not
3 know. We have a ten-year limit on charitable care. Detroit
4 has no other non-profit charitable care but DMC. When a
5 person gets pregnant in this city and has no insurance, they
6 go to Children's Hospital. When we get shot, when we have
7 no insurance, we go to Receiving Hospital. DMC is all we
8 have.

9 Thirty-three percent of us is below poverty level.
10 We cannot afford a for-profit hospital at this time. In ten
11 years when Vanguard has to show a profit, they're going to
12 have to make cuts because they're running a business. I run
13 my business. I expect Vanguard to do the same thing. They
14 have to make cuts, and the people that are going to suffer
15 is us, Detroit.

16 Now, I make money. I've got insurance. I won't
17 feel it. But I represent people here that are going to feel
18 it. And the decision that the Attorney General makes today
19 is going to affect my kids and my grandkids. Because if
20 that non-profit business model is not working today, it's
21 not going to work ten years from now when that limit is up.
22 Detroit has no other options. And I'd ask the Attorney
23 General's office to consider, if there were three or four
24 other non-profit hospitals out here, that's okay. Maybe we
25 can be flexible. Detroit needs the money that Vanguard's

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1 going to bring into this city. I totally agree with it.
2 However, we have to look at long term once that ten-year
3 limit disappears. It seems gravy now once we get used to
4 it, but you know healthcare costs just keep going up.

5 Vanguard has spread themselves too thin. They're
6 promising a billion dollars. DMC could not raise the money
7 on its own because Wall Street didn't think this nonprofit
8 business model was going to work. DMC is in the black.
9 It's not bankrupt. We have alternatives. Vanguard has
10 competitors that has not put any bids on the table. I call
11 it a no-bid option. Detroit is full of corruption. Not
12 saying Vanguard is corrupt, but this no-bid situation, we've
13 learned our lesson before. Thank you.

14 MS. BARRON: Thank you. Mr. Parks, moving on,
15 please?

16 DARWYN E. PARKS

17 MR. PARKS: Good afternoon. My name is Darwyn
18 Parks and I'm representing Tools Contracting Group. I've
19 been a longtime, lifetime resident of this area, and we
20 fully support DMC in their endeavors. They've been a
21 Vanguard in the community with their 30 minute -- I think
22 they've set the benchmark with that and I know that, in the
23 future, DMC will continue to be friendly to minority
24 contractors that they have been in the past. Thank you very
25 much.

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1 MS. BARRON: Thank you, Mr. Parks.

2 MICHAEL HARRIS

3 MR. HARRIS: Thank you very much for giving me
4 opportunity to speak. My name is Michael Harris, and I'm
5 also a lifelong resident of Detroit. And there's a couple
6 things that I think that needs to be said.

7 When people speak about Detroit, the people that
8 I've heard that spoke about Detroit don't live in the city I
9 live in, because we can't wait no ten years. We can't wait
10 no two months. This city is starving. We do not have home.
11 People do not have jobs. People do not have careers. We do
12 not have any apprenticeship programs. We have nothing in
13 play. Even today in the newspaper, the city says they have
14 plans, more plans, more broken promises. All we have is
15 more plans and more broken promises.

16 But what this is about, this is about leadership.
17 What we need is a leader who will step to the plate and do
18 the things that other people talk about and have someone
19 that can walk the walk and talk the talk. That's what we
20 have right now. We have a man who has stepped to the plate
21 who has took on the responsibility of making the DMC as well
22 as Vanguard and as well as City of Detroit a place that we
23 can be proud of, a place that we can call home. I have 20
24 years -- 20 years-plus at Detroit Receiving Hospital. And
25 where were these people when they were closing Hudson?

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1 Where were these people when they were going to close
2 Receiving? Where was all this money coming from all, all
3 this pie in the sky, all these promises? It wasn't there.
4 Where were the people who were doing massive layoffs? It
5 happened two, three months ago we had to take pay cuts.
6 Where are you going to find a group of people more -- and I
7 get choked up every time I say it -- more committed to the
8 DMC where we would take pay freezes to stop people from
9 being laid off? Pay freezes. Everybody took a pay freeze
10 so we would not -- no one would get laid off. No one. And
11 no one got laid off.

12 We have to understand this is not a game we're
13 playing any longer. We can't take broken promise. We can't
14 listen to the media and all of these hype stories they put
15 up on the paper that's not true.

16 People in Detroit are not working. People in
17 Detroit are losing their homes. People in Detroit need
18 hope. We have hope. Hope is here. We have a man and a
19 system with the DMC and Vanguard who have brought hope to
20 the City of Detroit, who have brought hope to the DMC and
21 the DMC employees.

22 I not only implore you guys to look at this for
23 what it really is but all of these naysayers that come to
24 this mike and tell you they live in Detroit and Detroit is
25 this wonderful place are crazy, because it's not. And we

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1 are so sick and tired of all these people coming to this
2 mike talking about how well Detroit is. Detroit is
3 suffering; suffering. And we need to understand this
4 suffering, and we need to stop the bleeding and we need to
5 accept the fact that we have a leader who is willing to step
6 to the plate and call a spade a spade and put the people,
7 the community -- he didn't just come to the DMC; he came to
8 the community. He came to the unions. He came to the
9 people and let the people know. What they want, he's trying
10 to provide, and what they need, he asked their questions.

11 So I'm saying to you and I'm saying to the people
12 in this room, understand, we need your help. We need for
13 the DMC and Vanguard to finish this deal so that we can have
14 a opportunity to have a better life. Thank you.

15 MS. BARRON: Thank you, Mr. Harris. We'll put
16 that one in the support column. Moving on to number 8,
17 please.

18 CHARLES R. SCALES, JR.

19 MR. SCALES: My name is Charles Scales. I'm a
20 lifelong resident of the City of Detroit. And I have
21 throughout that life availed myself of the many facilities
22 that DMC offers starting from old Children's Hospital, old
23 Grace, new Grace and more recently Sinai-Grace. I've been
24 very pleased with the services that have been provided. I
25 guess I'm testament to the fact that they are decent,

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1 because I'm standing here.

2 I think at this time we have to recognize that
3 Detroit and the State of Michigan are both in the process of
4 weaning ourselves from our near dependance and total
5 dependance on the automotive industry for our economic
6 health. I believe that the purchase of DMC by Vanguard will
7 have two major impacts on the area. One, the purchase
8 brings with it substantial investment in new facilities,
9 facilities that, as we have heard, are very sorely needed.
10 This investment will provide sorely needed immediate
11 employment opportunities for those associated with the
12 construction industry. In addition, there will be increased
13 staffing opportunities in the expanded facilities. So
14 employment opportunities for both the short and long term
15 should brighten considerably and assist in helping to heal
16 the present sick economy that we are experiencing.

17 Two, the new facilities will certainly mean the
18 deployment of new technologies. New technologies are
19 important in that they are progressing so rapidly that we
20 can hardly keep track of them. You can take a technology
21 that's new today and six months from now it's old technology
22 because newer technology has taken its place. In reading
23 the various magazines that I have read, I've noticed that
24 computers are taking a more and more greater place in
25 healthcare situations, which will help to improve and

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1 increase situations in the healthcare situation. This would
2 mean that DMC with new and improved technology should
3 upgrade research facilities and enable it to attract
4 patients to this facilities instead of having them to go out
5 of state for treatments such as to Mayo or to Cleveland or
6 to Johns Hopkins. This certainly should make Detroit a
7 destination for medical treatment and will aid in
8 diversifying the economy not only here in Detroit but both
9 in the State of Michigan. Thank you.

10 MS. BARRON: Thank you. Moving on and numbers 10,
11 11 and 12 you're on deck and in the hole, so -- all right.
12 Please proceed.

13 SHARON MADISON POLK

14 MS. POLK: Good afternoon. My name is Sharon
15 Madison Polk. I am president and CEO of Madison Madison
16 International. I live in the City of Detroit, and I own
17 businesses in the City of Detroit. I employ Michiganders,
18 but I primarily employ Detroiters. And I'm here basically
19 to -- well, I'm sure that the Attorney General's office is
20 going to carefully review everything that is being said and
21 is also going to carefully review all the presentations to
22 ensure that the healthcare that Detroiters deserve and need
23 will continue.

24 But I'm here particularly to speak about the fact
25 that just because you are a profit business, as someone that

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1 owns businesses, does not mean that you're bad. And it
2 doesn't mean that you're not going to do good things.

3 AUDIENCE MEMBER: That's right.

4 MS. POLK: And I'm here to basically say that I
5 believe that this is very important for the City of Detroit,
6 because we need to be part of many, many things, and the
7 healthcare industry is a major force and will continue to be
8 a major force in this nation. And if we don't take
9 advantage of the fact that there is a business that's
10 interested in coming here, developing and expanding in our
11 city, then we are, as others have said before, going to miss
12 the boat in terms of work, economic development potential
13 that may reside and develop in the future. And therefore,
14 you know, I ask that the Attorney General's office strongly
15 consider the fact that because this is the largest
16 transaction or one of the largest transactions in the
17 nation, this is a big deal for us here, and we deserve to
18 have a big deal in Detroit. So I ask that you consider
19 this. I am in favor of it. And I believe that I speak for
20 many business owners with respect to that.

21 MS. BARRON: Thank you, Ms. Polk.

22 FLORINE MARK

23 MS. MARK: Hi. I'm Florine Mark and I am a board
24 member at our fabulous Children's Hospital. The Children's
25 Hospital of Michigan treats more kids than any other

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1 hospital in the state and its pediatric specialists see more
2 kids not only from Detroit but virtually every county in
3 Michigan and beyond. Annually this translates into nearly
4 13,000 admissions, 14,000 surgical procedures, 189
5 outpatient visits and 95,000 emergency room visits just for
6 our children.

7 Children's Hospital of Michigan's patient volume
8 have grown significantly in the past several years. With
9 the 7% growth anticipated, that's nearly 16,000 visits in
10 total outpatient visits from 2008 through the end of this
11 year. This increase in volume causes unnecessary crowding
12 and patient delays in our specialty clinics and our
13 emergency rooms.

14 Every time a family takes their child to see the
15 pediatrician, they must park in a 14 level parking structure
16 that's nearly always filled and then take their kids through
17 one of the busiest children's hospital in the country to get
18 to their doctor's office. It shouldn't be that hard to see
19 a pediatrician. And Children's Hospital of Michigan is the
20 primary provider of pediatric care in the City of Detroit.

21 From an inpatient perspective, our IC rooms, ICU
22 rooms, they're just not large enough to accommodate
23 families, specialists, equipment, residents and medical
24 students comfortably. It has been decades since these
25 rooms -- decades -- have been updated. Our operating rooms

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1 were built to handle 400 surgeries a month, and now they see
2 1200 pediatric surgeries every single month.

3 Becoming a part of Vanguard will enable
4 Children's, one of the top 20 children's hospitals in the
5 United States, to update and expand its facilities and
6 equipment and technology and provide more comfort and
7 convenience for all our patients from near and far.
8 Specifically it will enable us to update and expand space
9 for outpatient specialty care with the addition of the new
10 Children's Hospital Medical of Michigan's Pediatric
11 Specialty Center which will be built directly across from
12 Bovee and from Children's. It will also help us update
13 inpatient facilities to better serve the growing needs of
14 families for advanced pediatric specialty care only
15 available in a freestanding children's hospital. I urge
16 you, urge you to allow this to go through. Thank you.

17 MS. BARRON: Thank you, Ms. Mark. If you have
18 numbers 12, 13 and 14, you should be approaching the
19 microphones, please.

20 JIM JENKINS

21 MR. JENKINS: To the Attorney General, I support
22 this sale. I'm Jim Jenkins with Jenkins Construction, a
23 longtime Detroit business; been in business for 21 years. I
24 was here in '81 and '82 when things were bad. I was with
25 another firm. But I've never seen it this bad, never. Been

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1 a contractor all my life. As a matter of fact, I cut my
2 teeth at Receiving Hospital. I used to wear the big yellow
3 boots in the mud. That was me. I was one of many
4 contractors that built Receiving Hospital years ago.

5 I encourage you to have this sale, because the
6 main things that affect our community. Our community is
7 hurting right now. We don't have any cranes. As
8 contractors, we go from state to state or city to city or
9 town to town, we look at the cranes. We have no cranes. We
10 have no cranes. We have no anchors. When you have anchors,
11 that means you have a -- like a -- I'm going to speak from a
12 lady's term because I have a wife -- you have a Nordstrom's,
13 you have a Macy's. I'm a Target businessman myself. Okay?
14 Okay. Thank you.

15 I support this, because what is the option? The
16 option is not to have this \$850,000,000 invested or a
17 billion dollars invested in our community. We need this.
18 What we need and we always been saying many times is we need
19 jobs. Jobs will challenge the need for all of us. The many
20 needs we have right now is that people don't have options of
21 going to work. We are all Americans. We all have needs.
22 We all have the need to have a job. This affects many
23 contractors. I have many -- there's many contractors right
24 here right now. They probably won't get up to speak, but
25 I'd just like to show the hands of the contractors and

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1 architects in the room.

2 MS. BARRON: Let the record reflect we have at
3 least six if not a dozen hands up.

4 MR. JENKINS: Well, let me just say how many
5 people it would affect with these jobs. Affects -- this
6 will mean -- this deal will bring as many as 10,000 new
7 jobs, 5,000 local jobs for the building construction
8 industry. This is -- this will be the largest single
9 investment in Detroit ever as issued by the National Public
10 Radio. The Vanguard deal will bring over 20 projects
11 ranging from 3,000,000 to 170,000,000. Construction related
12 businesses of all sizes and types will benefit from this
13 investment. Other industries that would benefit from this
14 investment as insurance company, bonding companies, food
15 service companies, education, training, apprenticeship
16 programs, journeymen. Many contractors been off for work
17 for two or three years. Their unemployment has run out.
18 They just don't have another means of making a life for
19 their families. And I urge you and encourage you to make
20 this happen for our local community. Thank you very much.

21 MS. BARRON: Thank you, Mr. Jenkins.

22 MARY ELLEN HOWARD

23 MS. HOWARD: Good evening. I'm Mary Ellen Howard.
24 I'm a Detroit resident, born in Detroit, and a nurse. The
25 Detroit Medical Center is a Detroit community asset, a

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1 nonprofit healthcare system whose mission is to serve the
2 community. It is governed by a local board whose
3 responsibility is to guard that asset through the community.
4 Hence, I find it incredible that Mr. Duggan and the board
5 are considering handing over this community resource to a
6 for-profit corporation, Vanguard Health Systems, whose
7 corporate offices are located in Nashville, Tennessee.

8 My understanding is that the community will not
9 receive any payments from Vanguard. This is highly unusual.
10 When most nonprofit corporations convert to for-profit use,
11 their value is transferred to another entity such as a
12 foundation which carries out the charitable purpose for
13 which the original corporation was founded. Vanguard is
14 doing nothing like this for the City of Detroit. Instead
15 Vanguard promises to invest 850,000,000 in the DMC which
16 they will own.

17 The DMC is the closest thing we have to a public
18 hospital in Detroit. It is where those who are poor and
19 uninsured turn for care. Will this mission continue under
20 Vanguard? They have made a ten-year commitment, but will
21 they own the DMC for ten years? We don't know and we have
22 no guarantees. With no local governing board, how will the
23 community hold Vanguard accountable for all the promises
24 they have made? Advisory boards have no authority. Let's
25 be honest, Vanguard is a for-profit corporation whose

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1 primary purpose is to maximize return to its owner which is
2 the Blackstone Group, the world's largest buyout firm. What
3 will happen when the interests of this for-profit
4 corporation conflict with the well-being of DMC patients,
5 staff and the surrounding community? Will vital but
6 unprofitable services such as OB and ER be discontinued in
7 order to pay larger dividends? Or will they put people
8 before profits? I doubt it very much. What is stake
9 here -- what is at stake here is nothing less than our
10 humanity. When healthcare is looked upon as just another
11 commodity to be bought and sold in the marketplace,
12 priorities become skewed and people suffer. We only have to
13 look at the millions in our country who do not have access
14 to adequate healthcare, especially on profitable primary
15 care and preventive services. We desperately need to
16 recover a sense of the common good in this country. We are
17 living in a world that puts a price on everything and values
18 nothing, where everything is for sale to the higher, highest
19 bidder including the DMC. I don't want to see this happen
20 to healthcare in Detroit. Thank you.

21 MS. BARRON: Thank you, Ms. Howard. If you have
22 numbers 15, 16 and 17, you should be approaching the
23 microphone very soon.

24 PAMELA MAYES

25 MS. MAYES: Hi. I'm Pamela Mayes and I am with

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1 the DMC. I'm a staff nurse at Detroit City Hospital. And
2 I'm also chair of the Professional -- Professional Nurse
3 Council at the DRH. Recently Detroit Receiving Hospital
4 received the Magnet Award given for excellence in nursing
5 care. We were granted this award because nurses as well as
6 all DRH employees are dedicated to caring, to compassion and
7 to commitment of our patients.

8 So our nursing question concerning the Vanguard
9 acquisition is, does Vanguard share and support a caring,
10 committed and compassionate nursing philosophy? Well, we've
11 been doing our homework and we've been looking at some
12 things. And from our conversations with Vanguard and from
13 looking at their previous actions, we are comfortable that
14 Vanguard will embrace and will support our simple nursing
15 philosophy. In addition, I think that Vanguard is a little
16 envious of our Magnet status. And I think that, you know,
17 Vanguard looks at us and says, "You know what? We have a
18 lot to learn from them." A Magnet hospital comes because of
19 our commitment to our community. We can show them how to do
20 this. There's concern, but we're going to show them the
21 way. That's the DRH nursing philosophy. Thank you.

22 MS. BARRON: Thank you, Ms. Mayes.

23 VALERIE BURRIS

24 MS. BURRIS: Good evening. My name is Valerie
25 Burris, and I'm one of those uninsured. And my concern

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1 is -- like, right now, I'm standing here with leg pain and I
2 can't see the doctor because it costs too much unless I go
3 to the emergency room. And you know how that is. So my
4 concern is for the uninsured. And I'm looking in this room.
5 I found out about this meeting from a blip on the news. And
6 I don't see too many community people here, uninsured
7 people. I see a lot of people that work for Vanguard or
8 DMC. But the people who are most affected by this, the
9 uninsured like me, we don't have enough information.

10 My question is, does this sale violate state law
11 or federal law? I know a lot of people keep saying how
12 great this is. And if somebody keeps telling me there's no
13 downside to something, I know there's a problem. There has
14 to be a downside. Everything can't be great. I'm also
15 concerned with the fact on this DMC foundation. Who will be
16 the board members and the agents? And is Mike Duggan and
17 others benefitting, gaining personally from this sale? We
18 saw -- as a Detroiter, we saw a press conference with all
19 the players how great this is. Then I started getting
20 fliers in the mail from Vanguard with pictures from
21 community people saying, "Call this number and tell them you
22 want this deal."

23 But I don't want it. I'm against it as of now
24 because, as a uninsured person, we don't have any
25 information. And we keep saying how great this is and what

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1 they're promising us and Vanguard -- if this sale goes
2 through, is there something that Vanguard can turn around
3 and sell all the hospitals to somebody else in a year? You
4 know, we don't have enough information, the public, the
5 uninsured, to say "yes" to this or "no" to this.

6 So right now I'm going to have to say no. Right
7 now I'm standing here in pain for five weeks waiting on an
8 appointment at the free -- free clinic, which should take
9 two to three months. You know, so let's talk about -- I
10 know we need jobs here. I know the contractors saying that.
11 Well, they're going to get rich. The contractors are going
12 to get rich. The workers at DMC -- and I know they're
13 committed, especially at Sinai-Grace, because every time I
14 have to go to emergency, they take care of me, you know. I
15 know they're committed. But the fact of the matter is, once
16 we turn this over to a for-profit, and we know that's
17 money -- I'm sorry -- then the -- the bottom line is money.
18 So thank you.

19 MS. BARRON: Thank you, Ms. Burris.

20 MARIE L. THORNTON

21 MS. THORNTON: Good evening and thank you for this
22 opportunity to come before you. My name is Marie Thornton.
23 I'm an elected precinct delegate 1236, and I do speak for my
24 community who elected me. I'm also a lifelong resident of
25 the City of Detroit.

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1 It is scary, and that's why I came today because I
2 don't have enough information and the community doesn't have
3 enough information. But it is scary to hear that a
4 for-profit health system outside the State of Michigan wants
5 to come in and regulate and join forces with Mr. Duggan and
6 DMC or whatever. I have uncontrollable diabetes. I have
7 uncontrollable high blood pressure. I have no medical
8 coverage like the citizens that I represent in Detroit.
9 I've watched people come up, and I know them from political
10 or from business in three-piece suits and nice suits that
11 can go to Nordstrom's and all of these places. But folks
12 like myself who's uninsured, who has to worry about the have
13 versus the have not, and I might not be able to afford
14 medication and citizens that I love and relatives cannot
15 afford. And to hear the word "for-profit," it's really
16 scary. So someone is going to make money. And if I don't
17 have the monies to go to the doctor, I, too, will be at the
18 whim of this Vanguard, this scary person.

19 But I need enough information. And I appreciate
20 the fact that the Attorney General office is looking at what
21 is in best interest of the citizens, not at what's in the
22 best interest of business people or hospital folks that got
23 jobs. What about people like me, uninsured? It's not a
24 good feeling to have high blood pressure uncontrollable,
25 can't afford medication. And so I stand before you, do what

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1 you need to do for what is in the best interest of the
2 citizens in the State of Michigan and not for those who want
3 to make money off of us. And have a blessed day.

4 MS. BARRON: Thank you, Ms. Thornton. Number 16?

5 BRUCE CAYTON

6 MR. CAYTON: Hi. I'm Bruce Cayton. I'm a manager
7 for the DMC. I've worked for them 30 years now. We're
8 really excited about this opportunity. I come from the
9 facility area, and my family uses the DMC for healthcare as
10 well. And we're super excited about the opportunity to
11 improve our buildings and continue to give the support to
12 the technology as you've heard before and continue the high
13 quality care that the City of Detroit really deserves and
14 really needs. I kind of feel like this could be one of the
15 big things to help turn the city around in the direction it
16 needs to go. So I'm just here to plead with you to approve
17 this sale. Help us get our buildings where they should be
18 and let us continue to serve the citizens of Detroit and
19 attract more customers and also help the city by getting
20 people working again and attracting more people to the city
21 which should help the economy of the city in general. Thank
22 you.

23 MS. BARRON: Thank you, Mr. Cayton. 18, 19 and
24 20, you're up soon. Sir?

25 KIRK LEWIS

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1 MR. LEWIS: Good evening. I'm Kirk Lewis,
2 resident of the City of Detroit and the group executive of
3 Corporate and Civic Affairs for the City of Detroit. And
4 I'm here in support of this transaction. And the City of
5 Detroit feels that the purchase of the DMC by Vanguard is in
6 the best interest of the citizens of Detroit.

7 Through thorough analysis of this transaction, the
8 city has granted Vanguard a renaissance zone, which really
9 will give them a tax-free situation for 12 years, and then
10 it will be phased in. In year '15, the taxes will be fully
11 paid and they'll be fully on the City of Detroit's rolls.
12 The DMC Sinai-Grace will be immediately put on the tax rolls
13 generating revenue for the City of Detroit, and also they
14 have committed to make substantial improvements to the
15 facilities. We, the city, is very comfortable with their
16 care policy for ten years, and we are very excited about the
17 \$850,000,000 of investment in the City of Detroit, and we
18 feel that that will bring opportunity for jobs and sorely
19 needed jobs for the citizens of Detroit. Thank you.

20 MS. BARRON: Thank you, Mr. Lewis. 18?

21 DR. JOSEPH MERLINE, Ph.D.

22 DR. MERLINE: Hello. I'm Dr. Joe Merline, Ph.D.
23 I'm a DMC retiree. And I actually have one simple question.
24 And it's basically, what assurances has Vanguard given that
25 they will not remove money from the DMC pension plan in the

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1 future? And this also applies to any of their successors.
2 I've been in the situation quite a few years ago when this
3 happened, and we were left with basically nothing. Thank
4 you.

5 MS. BARRON: Thank you, Doctor. If you have
6 numbers 21, 22 and 23, you should be approaching. Go ahead,
7 ma'am.

8 BONITA COBB

9 MS. COBB: Hello. My name is Bonita Cobb. I'm a
10 native Detroiter. I was born and raised and I currently
11 live in Detroit. And I work at Detroit Surgery Hospital,
12 Madison Behavioral Inpatient Psychiatric.

13 As a native Detroiter, I'm scared. But I feel
14 like this -- and I agreed with one of the things one of the
15 gentleman said. We need help. I feel good that there is
16 somebody that's coming in that's taking the chance, that's
17 innovative, that wants to do something different that's
18 reaching out. I myself have only been here for a year and a
19 half, but I chose it because it's a great staff. And at
20 Madison we work with a little nothing, we work with the
21 hardest population, and we're very dedicated. I never once
22 looked back and said, "Did I make the right choice?" But I
23 am scared. I'm thinking like in ten years -- I ain't the
24 youngest person I ever met -- where am I going to be? I
25 like the fact that we have a chance to do something good.

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1 We have a chance to do something great. And I think it's
2 time that we take that chance on the staff, on the citizens
3 and definitely on the patients. I speak for the patients
4 who you see on the streets that clog up the ER's, that don't
5 speak for themselves. So I'm hoping that, one, we get the
6 contract; two, I'm hoping that at Madison Behavior Health
7 Service you give us a little more room so that we can help
8 our patients a little more and that you have faith that, if
9 we take this leap, we take this chance, it's going to be
10 better for all of us. That's it for me.

11 MS. BARRON: Thank you, Ms. Cobb. We're moving to
12 numbers 20 and 21, so if you have numbers 22 through 24,
13 please be approaching the microphones.

14 DR. PATRICIA WILKERSON-UDDYBACK

15 DR. WILKERSON-UDDYBACK: My name is Dr. Patricia
16 Wilkerson-Uddyback. And I feel I can speak to this issue
17 with various hats. One, I'm a native Detroiter. My kids go
18 to school in Detroit, believe it or not. They go to DPS. I
19 live in the city of Detroit, and I am a DMC employee, and I
20 practice emergency medicine at -- I have up to a certain
21 point in Detroit Receiving and now at Harper/Hutzel
22 Hospital. So, you know, the thing that keeps coming up
23 among everybody's speeches, you know, you got to go to the
24 ED. And I feel that. Our volumes are through the roof.
25 Myself and many of my colleagues often are very pressed and

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1 stressed because the volumes are continuing to rise and,
2 with that rise, comes the question of how we're going to
3 continue to maintain services at this pace when more and
4 more people who come to our doors cannot pay. And so when
5 people continue to raise the issue of profit or
6 not-for-profit, one thing that's clear to me is that we have
7 to make money whether we're nonprofit or profit. If we do
8 not, we will close. We will close.

9 I remember before Mr. Duggan came, that time frame
10 when we thought we were going to close and it was a very
11 scary time. You're talking about the largest employer in
12 the entire city, a city that is already strapped in terms of
13 its tax base, a city that has already got one of the hardest
14 employment rates in the country and you're going to lose the
15 largest employer. So the people who are questioning profit
16 or not-for-profit, well, you know what? Profit or
17 not-for-profit, we have to make money if we're going to stay
18 open. That's first and foremost. I can tell you that now.
19 And as healthcare moves forward and the demands for
20 technology grow, we will not survive if we don't do
21 something different. If we stay the way we are, we will
22 close in ten years or less. If you look around the
23 landscape in Detroit -- and I've been here long enough, I'm
24 not as young as I look.

25 MS. BARRON: I'm sure you're younger.

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1 DR. WILKERSON-UDDYBACK: And I've seen hospitals
2 close. You know, Mike Duggan has gone through that map, and
3 it's scary. Doctor's Hospital, Riverview Hospital, Hutzel
4 Hospital and the list goes on and on. And little by little,
5 the DMC has picked up that slack. And so while I do
6 understand the importance of our existence, not only as a
7 physician and a DMC employee, but more than anything as a
8 native Detroiter, what that means to my neighbors. If we
9 don't do this, I feel that we will be closed, and so then
10 there is no option. And right now I feel that we've been
11 operating on life support, and we have done a -- excuse my
12 French -- damn good job. You will not find another staff as
13 committed as ours. And I am looking forward to the
14 opportunity to get off life support and to be able to work
15 with some resources -- I know, time is up -- so that we can
16 really show people what we can do. I'm not worried. I know
17 we're going to live up to your expectations and surpass
18 them.

19 MS. BARRON: Thank you, Doctor. We're at number
20 21 now, so if you have numbers 23, 24 and 25, please
21 approach.

22 FRED RUSSELL

23 MR. RUSSELL: Hi. My name is Fred Russell. I'm a
24 longtime resident of the City of Detroit. I'm a partner at
25 Hannah & Associates. It's a local architectural firm. And

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1 I also serve as -- on the Detroit City Planning Commission.
2 And I think that the sale DMC to Vanguard is going to have a
3 positive effect on the City of Detroit, and I would like to
4 support you approving the sale. Thank you.

5 MS. BARRON: Thank you, Mr. Russell. Again, we're
6 at comment number 22, so if you have 23, 24, 25, maybe even
7 26, 27, I don't see anybody in line.

8 MS. BELL: Number 23.

9 MS. BARRON: Thank you.

10 ALISHA BELL

11 MS. BELL: Good evening. I am Wayne County
12 Commissioner Alisha Bell and chair of the Health & Human
13 Services Committee for the Wayne County Commission.

14 I appreciate the discerning comments that have
15 been made today. Many of my colleagues have similar
16 concerns. However, after we've done our due diligence, many
17 needs, our own independent analysis, we voted unanimously to
18 grant a renaissance zone so that this project could go
19 forward. We therefore look forward to the construction
20 jobs, the tax revenue that would immediately come on from
21 Sinai-Grace, capital improvements and most importantly the
22 continued outstanding care for all of our residents,
23 especially the charity care that will continue.

24 And I'll speak personally that that was my main
25 concern as we deliberated this issue, will the charity care

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1 continue? And after many meetings, I was assured that it
2 would. And I think everyone knows that, if it does not, the
3 city council as well as the county commission will be on the
4 doorsteps of Vanguard and Mr. Duggan if that does not
5 happen. So with that, I am happy to say that the Wayne
6 County Commission is in favor of this deal going forward.
7 Thank you.

8 MS. BARRON: Thank you, Ms. Bell.

9 JACK BAKER

10 MR. BAKER: My name is Jack Baker. I'm a
11 pediatric ophthalmologist, and I first came to Children's
12 Hospital in 1966 as a resident -- as a medical student at
13 Wayne State University. And that was the old Children's
14 Hospital that was built before the turn of the last century.

15 Children's Hospital is 123 years old. It is a
16 world class children's hospital. It takes care of not only
17 more children in this state, but more importantly it is the
18 safety net for the critically ill children. Every night our
19 emergency -- excuse me -- our intensive care people try to
20 find a bed for somebody that needs to be transferred and
21 there's no other place in the state for them to be
22 transferred. We are on life support, and we are out of
23 space. Our hospital has half the intensive care unit beds
24 that any major children's hospital in this country has. We
25 train more pediatric residents that go into practice in this

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1 state. We also take every one of the 300 Wayne State
2 University medical students. We're the only hospital where
3 they all come to. We have equipment that we can't replace.
4 It is beyond repair. They don't make the repairs for it
5 anymore. Every time someone comes to our institution from
6 one of our respected colleagues around the country, they
7 say, "How do you do it?" Our intensive care unit and its
8 database is one of the most outstanding in the country,
9 again, for half the number of beds.

10 As we approach this problem -- and for the past
11 six years I've been chairman of the board of trustees at
12 Children's Hospital. And daily people come to me, "This
13 machine isn't working," "We've got to have beds." We put a
14 radiology reading room in our emergency room in an old
15 elevator shaft that we found that wasn't being used. So we
16 have literally used every single piece of space. In
17 partnering with Vanguard, we feel that we can enhance the
18 care that we are giving to the children of this state and
19 this country. Our Neurology Department attracts people
20 because of our PET scanner and our unique surgery for
21 epilepsy for children from all over the country and outside
22 of the country. So I really implore you, if you care about
23 the children of this area, if you care about training the
24 future physicians in this area, this is a partnership that
25 we feel must go forward. Thank you.

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1 MS. BARRON: Thank you, Dr. Baker.

2 MS. BUKOWSKI: Okay. I'm number 30. I don't know
3 if there's anybody before me.

4 MS. BARRON: Thank you. That's -- that's helpful.
5 It seems like maybe some people have decided that their
6 opinions have already been expressed.

7 MS. BUKOWSKI: Okay.

8 MS. BARRON: So if you have a number that's before
9 30 and you haven't had the opportunity to make a comment and
10 you'd like to, please feel free to approach the microphone.
11 So, go ahead, ma'am. That's all right. We can -- we can
12 take you. You've been up here already.

13 MS. BUKOWSKI: Oh, okay. Thank you.

14 MS. BARRON: You're up.

15 DIANE BUKOWSKI

16 MS. BUKOWSKI: My name is Diane Bukowksi, and I am
17 also a lifelong resident of the City of Detroit. I will be
18 62 this month. I worked for the City of Detroit for 25
19 years. I was a union officer in ASME Local 457 which
20 represented Detroit General Hospital and the Detroit Health
21 Department. I was very, very discouraged to see an ASME
22 union officer, Michael Harris, get up and speak in favor of
23 turning over the hospital to a for-profit entity.

24 We fought -- I was part of the Concerned Citizens
25 to Save Detroit General Hospital from 1977 to 1980. We had

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1 a mass community drive led by our local president, Hazel
2 Edwards, who died of a stroke after the hospital was
3 privatized basically by being turned over to DMC to keep
4 Detroit General Hospital a public hospital that would
5 guarantee care in perpetuity for the citizens of our city.
6 And that campaign lasted three years. We collected huge
7 numbers of signatures from citizens across the City of
8 Detroit to put it on a ballot. We were forbidden from doing
9 so by the courts and -- because they claimed it was a
10 budgetary matter.

11 But let me tell you why it should not be a
12 budgetary matter. First of all, Detroit was one of the
13 first major cities to get rid of its public hospital. New
14 York City and Chicago still have public hospitals. That was
15 the same type of shenanigans that are going on right now and
16 the same type of things being told to people about why
17 Detroit General Hospital had to be given to the DMC.

18 The fund -- healthcare in this country should be a
19 right. It should be funded by our tax dollars. It should
20 be funded by the dollars that go right now to finance the
21 wars overseas that are the biggest part of the federal
22 government's budget. It should be funded by the huge
23 dollars that go to pay the debt to the banks, for the
24 schools in the City of Detroit. For instance, 90 cents out
25 of every dollar of poor people school aid funding goes to

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1 the debt to the banks. The banks in this country are
2 getting rich off the devastation that they have brought upon
3 the poor and working people of this country, and we have
4 seen them bring us almost to an economic collapse. To turn
5 DMC over to an agency, Vanguard Health Care (sic), that is
6 70 percent owned by a hedge fund that is part of the
7 tremendous chicanery and tremendous greed and shenanigans
8 that are going on on Wall Street which is nothing but a
9 gambling den with -- that gambles with the lives of our
10 people is a travesty. And I am sorry that there are folks
11 here that allege to speak for the union in this matter. Our
12 union ASME never supported turning Detroit General Hospital
13 over to a nonprofit entity, let alone to a profit entity.

14 MS. BARRON: Thank you for your comments.

15 RONALD D. GLOTTA

16 MR. GLOTTA: Yes, can you hear me? My name is
17 Ronald D. Glotta. I'm an attorney here in the City of
18 Detroit. I've lived in the Detroit area since 19-- in
19 Detroit and Highland Park since 1968. And one of the
20 reasons that I wanted to speak is because the issue
21 presented was is this in the best interest of DMC? That is
22 not the issue. The issue is whether is this in the best
23 interest of the people of the City of Detroit and the
24 tri-county area. That's the issue. Not is it in the best
25 interest of the DMC. And turning it over to a profit

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1 organization means one thing.

2 It's very simple, very simple what this means.
3 When -- how do you maximize profit? What's the first thing
4 you do when you want to maximize profits? You reduce wages
5 and you attack the union. And who is working for DMC?
6 People in the City of Detroit. You reduce wages, you reduce
7 the wealth in the City of Detroit. What's the second thing
8 you do? You limit service. Because if you limit service
9 and reduce wages, then you increase profit. So who gets the
10 service? People in the City of Detroit. What's the third
11 thing you do? You increase charges. So you bring up more
12 money, limit service and decrease wages. That's how you
13 maximize profit. This is not a complicated problem. When
14 it goes for-profit, it means maximizing profit. What's the
15 fourth thing you do? You externalize cost. In other words,
16 you put the cost on the people in the City of Detroit, you
17 eliminate taxes, which they've already said they're going to
18 do, and then you increase profits. And then what is the
19 fifth thing that happens? You make profit. Where does it
20 go? It sure doesn't stay in the City of Detroit. It goes
21 out of the City of Detroit and apparently goes to the hedge
22 fund, and the hedge fund sends it to the Cayman Islands. So
23 we're in the situation -- this is not complicated. We know
24 what's going to happen to us here.

25 Now, there are certain -- always when this happens

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1 there's a few people who make some money, because you've got
2 to have some of the people in the city making money so that
3 you can make sure you get the profit taken out of the City
4 of Detroit.

5 Now, the fact is that money is coming in with the
6 new healthcare plan, and that probably is the plan of
7 Vanguard. They can see money increasing, so they come in,
8 take our resources, decrease our wages, decrease service and
9 externalize costs and then the money comes in and they make
10 lots of profit and it leaves the City of Detroit. That's
11 what's going to happen. This is not complicated. And it's
12 going to happen in the next ten years. And it impoverishes
13 the people who live here. That's what's going to happen.

14 MS. BARRON: Thank you, sir. Moving on.

15 MALIK SHABAZZ

16 MR. SHABAZZ: Good evening. I'm Malik Shabazz,
17 Minister Malik Shabazz. I'm a lifelong Detroiter, lover of
18 Detroiter -- of Detroit, supporter of Detroit. I wear many,
19 many hats. One of the hats that I wear is running the new
20 Marcus Garvey Movement, an organization which every day we
21 put our life on the line fighting crime, capturing -- going
22 out on the streets capturing rapists, marching on drug
23 houses, whatnot. I'm also the vice chairman of the Unify
24 Detroit Coalition.

25 The Unify Detroit Coalition has done its research

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1 on Vanguard. We've studied them in Tennessee and Texas and
2 the different places where they're located -- Massachusetts.
3 And we found that overall they have a exemplary record. And
4 we feel that this is going to be the largest investment in
5 the City of Detroit history. And we need the jobs that's
6 going to come from this as well as the opportunity for
7 business expansion. It is desperately, desperately needed.
8 Now, I as much as anyone am very concerned with indigent
9 care, the least of these. Vanguard has made a commitment,
10 solid commitment, for ten years on that. But we know that
11 healthcare is coming. In four or five years, we have
12 Obamacare coming. So I don't think we're going to have to
13 worry about healthcare in the next few years like we have to
14 do at this time.

15 So I want to say that we support this deal, and
16 we're asking the Attorney General's office to do the right
17 thing. Detroit is in need of the jobs, the money that's
18 going to be spent, the potential for 10,000 jobs, and we
19 want to keep the DMC open. Let's be honest with ourselves.
20 Nonprofit hospitals across the country and in Michigan are
21 failing. Now, do we want to have the hospital open or do we
22 want to have another big, giant, blighted, abandoned
23 building? Vanguard is offering an opportunity where the
24 hospital will not only stay open to service the community,
25 but it will expand. It will expand at a time where

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1 businesses are contracting especially here in the City of
2 Detroit. So I humbly ask you to do the right thing and to
3 approve this deal.

4 MS. BARRON: Thank you, sir, for your comments.

5 RAYMOND BAZMORE

6 MR. BAZMORE: I'm Raymond Bazmore, and I've just
7 been floored after listening to Minister Shabazz. I have
8 great respect for him, but we'll put that on the side right
9 now.

10 By the way, I just happened to have heard about
11 this meeting, and I wish you would do your advertising on
12 stations like TV 33 where people can get the news and react
13 in the proper time to it. I got here shortly around 6:00
14 o'clock and I -- I don't know. I sense somehow that the
15 deck is loaded here.

16 Yes, we do need hospitals. I came here in 1950,
17 helped to build some of -- when I say "helped to build," I
18 was a laborer for contractors who were building houses in
19 Clawson, Michigan. I later got a job -- oh, all kind of
20 jobs. But to make a long story short, I raised my family
21 here in Detroit. I'm still in Detroit -- on my way to
22 Detroit from Seattle, Washington and, God, I wish, except
23 for the one or two people I've met here from 1950 to today,
24 that it didn't happen but it did.

25 I'm okay in terms of healthcare. I've got a good

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1 health insurance. I was fortunate enough to wind up working
2 for the Detroit Public Schools, retired in 1988 before
3 people like Mr. Duggan took care of the millage that was
4 passed, the largest in history of Detroit, probably the
5 country, in terms of building schools and we're about to
6 have another debacle because another almost half billion --
7 well, it was a half billion passed supposedly. But however
8 that goes, I feel just by reading from the agenda, things
9 like"

10 "If the sale is finalized with the Detroit
11 community, will the Detroit community have a way to
12 voice its concerns about VHS's operations of the DMC
13 hospitals?"

14 And then I get the answer here:

15 "Yes, the Attorney General expects DMC, the
16 surviving charity, in carrying out its obligation to
17 monitor VHS's performance, will solicit input -- will
18 solicit input from the public through an online
19 suggestion box, telephone hotline or combination of
20 methods."

21 And question 13 is similar. What kind of attention will
22 anybody pay to what you're going to get through some
23 suggestion box? Yes, we need in- -- we need better
24 healthcare. Our president has done his best to get a feeble
25 way of getting healthcare for more people through the bill

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1 that's just passed and I think it will come to its fruition
2 around 2014.

3 MS. BARRON: Thank you, sir, for your comments.
4 And for the record. Can we have your name? I'm not sure we
5 do have that down.

6 MR. BAZMORE: No. I came in late. My name is
7 Raymond H. Bazmore, B-a-z-m-o-r-e, and I'm a retired person
8 from the Detroit Public School System. And as I said, for
9 me, I'm doing okay. But right now I have a grown daughter
10 who has a job but no insurance.

11 MS. BARRON: Thank you, sir, for your comments.

12 MR. BAZMORE: I've got a grandchild who has a job,
13 and again it does not pay enough for him to have insurance.

14 MS. BARRON: Thank you, sir. I do believe your
15 time is up.

16 MR. BAZMORE: So he told me a better deal than
17 what is apparently happening right now here.

18 MS. BARRON: Thank you for your time.

19 JAMES C. WILSON

20 MR. WILSON: Hi. How are you? The gentleman over
21 here (indicating), what is your name, sir? You, yes.

22 MR. KYLMAN: Joe Kylman.

23 MR. WILSON: And?

24 MR. POTCHEN: Joe Potchen.

25 MR. WILSON: And you?

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1 MS. BALKEMA: I'm Susan Balkema.

2 MR. WILSON: And you?

3 MS. ISAACS: I'm Carol Isaacs.

4 MR. WILSON: And you?

5 MR. SONNEBORN: Tracy Sonneborn.

6 MR. WILSON: And you?

7 MS. BARRON: Katharyn Barron, sir.

8 MR. WILSON: And you?

9 MR. IANNI: I'm Robert Ianni.

10 MR. WILSON: And this lady here (indicating)?

11 Anybody know who she is?

12 MR. IANNI: Diane Bukowski.

13 MR. SONNEBORN: Diane Bukowski.

14 MR. WILSON: You do? Is she with your

15 organization?

16 MS. ISAACS: No.

17 MR. WILSON: Okay. I would not like to have my

18 picture taken.

19 MS. BUKOWSKI: Okay.

20 MS. BARRON: Fair enough.

21 MR. WILSON: Okay. This is mostly for you,

22 because I look over to see if the people from the east side

23 was here, south side, the northwest side and the west side,

24 I didn't see them. So it's to you more than anybody else,

25 because anybody else would be equivalent to me. I'm a tenth

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1 grader born and raised in Detroit. And what I want to say
2 to you is that I feel bad in regards to the Attorney
3 General's office for the way the whole thing was put
4 together.

5 And to try to get this out as quickly as I can and
6 confer with your three minutes, three scores ago there was a
7 trend started by some people who are still here today with
8 their same blinders on. The trend was to move across
9 boundaries that would limit or restrict many others from
10 this plight. While this exodus was going on, some were
11 attempting to provide an easy source for the surrounding
12 environment, to reach back into the Detroit pot of gold.
13 That is, they tried to use the Metropolitan Police
14 Authority; the Southeastern Michigan Council of Government,
15 SMCOG; Southeastern Michigan Transportation Authority, SMTA,
16 now SMART, all designed to reach back into the Detroit pot
17 of gold.

18 You are looking at things from the universal. I,
19 in that class that I just spoke of, have a habit of looking
20 at things direct straight on and what have you and feeling
21 the effects of, "Oh, they are? Would they? Will they?
22 Could they? Should they? Oh." So I say to you two scores
23 ago, the trend mentioned above was reversed with new methods
24 for reaching back into that Detroit pot of gold with still
25 some methods used to this very day that is to influence the

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1 Detroit mayor, the common council or anybody else for
2 anything and everything from electrical sources, Cobo Hall
3 parking structure --

4 MS. BARRON: Sir, if you could wrap up your
5 comments, please?

6 MR. WILSON: Huh?

7 MS. BARRON: If you could wrap up your comments,
8 please?

9 MR. WILSON: Okay. All the way to the Detroit
10 Medical Center. This AIG mentality style has been realized
11 by even the Oprah billionaires who definitely look at things
12 from the top down. And they've decided that the logic and
13 the principle that you're exhibiting here today is not good
14 for you nor the community. So I propose no sale and invite
15 the Detroit erosion advocates, whoever they may be, to make
16 a 180 degree to give to and to support Detroit and its
17 residents as many of Detroit suburbanites groups -- I'm
18 sorry -- as many suburbanite groups has already started to
19 do.

20 MS. BARRON: Thank you for your comments, sir.

21 MR. WILSON: Thank you. James C. Wilson. Thank
22 you.

23 MS. BARRON: Thank you.

24 STEPHEN SHELTON

25 MR. SHELTON: Good afternoon. My name is Stephen

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1 Shelton. I am a journalist. I'm also a member of the Unify
2 Detroit Coalition. I have done quite a bit of study
3 concerning Vanguard Health Systems, its operations in the
4 various states throughout this nation, DMC, the nonprofit
5 model for hospitals versus the for-profit hospital systems
6 across the nation. The sad reality from the studies that
7 I've done and the people that I've talked to is that the
8 nonprofit model for hospitals are failing. They don't have
9 the investment capital.

10 Healthcare is an extremely competitive entity.
11 You have to continuously update and improve your facilities.
12 It's based upon high tech equipment, and the nonprofit
13 hospitals are unable in many instances to receive the
14 capital to improve their facilities. And thus people are
15 going to other places to get their services.

16 Just because a hospital is a nonprofit or calls
17 itself a nonprofit does not necessarily mean that it is
18 delivering the charity that the name implies. Although the
19 Detroit Medical Center has an extremely good reputation, it
20 gives more charity care than any other hospital in the state
21 of Michigan. But that being said, this business of a
22 nonprofit -- or a for-profit hospital just because it is a
23 for-profit being somehow worse than a nonprofit, my studies
24 have not borne it out. In fact, in some categories,
25 hospitals that are for-profit do better in some category.

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1 One of the categories is infections. There's less
2 infections in some for-profit hospitals than there are in
3 some nonprofit -- nonprofit hospitals. So it depends on the
4 hospital, it depends on the staff, it depends on the
5 commitment of the people. Vanguard shows and that's not
6 perfect and everyone is not going to be pleased in
7 healthcare because you're dealing with life and death
8 situations. But overall since they have been established in
9 19- -- I believe it was in 1993, they have been competent.
10 They're very competent. They have allowed the
11 administrators in the areas that they have come in and
12 purchased hospitals to administer the services. And they
13 have, for the most part, delivered on their promises.

14 MS. BARRON: Thank you for your comments, sir,
15 Your time is up.

16 BOB SISSLER

17 MR. SISSLER: Good evening. My name is Bob
18 Sissler, and I work as a volunteer for Michigan Alliance To
19 Strengthen Social Security, Retirees for Single Payer and
20 Local 6000's Committee for Single Payer Healthcare. I wish
21 to address to you as a clinical social worker who worked for
22 the state for almost 30 years and is currently doing some
23 practice.

24 I have seen what has happened, and I would ask
25 that you look at your state history and look at 1987 when we

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1 once had one of the best mental health systems in the
2 country. We had the Young Adult Institute that serviced all
3 of the City of Detroit and most of Wayne County. It was a
4 system that was put in place that helped our young adults,
5 and they did not have to go to prisons or jails or boot
6 camps, but there was actually outpatient treatment for them.
7 In 1987 there was a for-profit corporation called Aurora.
8 And if you look at the Detroit News of that year, you will
9 see that our tax dollars went into building a building for
10 them so that we would have this amazing facility for the
11 young adults. It sits right now at I-96 and Martin Luther
12 King Boulevard. It is now a shelter for the Salvation Army
13 substance abuse program.

14 What happened with Aurora Corporation I fear may
15 have a history of repeating itself with DMC. Once they saw
16 that they could maximize profit, we as workers concerned,
17 although I did not work in their for-profit system -- we
18 would talk to people who were and daily we saw services
19 being cut. We had a system where we gave people -- we had
20 specialized teachers who were certified to work with the
21 mentally ill and we had onsite education. What this
22 corporation decided to do was to still bill the federal
23 government for that -- for that service. What they would do
24 is put the young adults in a cab and send them to the local
25 GD Center where they would subsequently just walk out.

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1 Their success -- they were stopped by the federal government
2 when the government found out what they were billing for.

3 So I warn. I warn you to re-look at this. I warn
4 you to look at the history. And I do not wish to see people
5 in the City of Detroit and surrounding areas suffer anymore.
6 Thank you.

7 MS. BARRON: Thank you, sir. And this will be
8 our last public comment, and then we'll turn it over. If
9 DMC and/or Vanguard want to make some very, very brief
10 comments, they may, and then we'll wrap it up. So for our
11 last public comment or question, sir?

12 REVEREND CHARLES EDWARD WILLIAMS, SR.

13 MR. WILLIAMS: My name is Charles Edward Williams,
14 Sr., Reverend Charles Edward Williams. I'm a member of UDC,
15 Unify Detroit Coalition. And I come today to speak on
16 behalf of going forward with the Vanguard/DMC project. The
17 reason why I say that is because, from the time that
18 Vanguard approached or DMC began to negotiate a deal,
19 Vanguard and DMC have been transparent. They have done
20 community forums letting the community know exactly what's
21 going on.

22 I know that a lot of people have come forward and
23 made the issue about a for-profit medical center. But that
24 puzzles me because I'm wondering if all of the suburban
25 hospitals are nonprofit or charitable hospitals. And if

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1 that's the case, if they're for-profit and all of the
2 residents and the citizens of Detroit are running out to the
3 suburbs to go to their facilities, what's wrong with a
4 hospital in the City of Detroit being a for-profit? Henry
5 Ford Motor Company, what Detroit was built on, is a
6 for-profit corporation. General Motors, the three major
7 auto industries are for-profit. So I'm losing it when you
8 make the issue of, like, a business is supposed to be all of
9 a sudden not-for-profit. Another thing is that -- that
10 they've transparent. I don't see the issue being solely
11 nonprofit or for-profit.

12 And another thing, I'm just wondering if the
13 Attorney General refused this or declined this, what will
14 the Detroit Free Press headlines be in the morning? Not
15 only the Detroit Free Press, but what will the newspapers
16 all over the United States write about Detroit? Someone
17 came to Detroit in an effort to reach out and invest in a
18 city that is 85 percent black and nobody wants to invest in,
19 and the City of Detroit turned them down.

20 So I'm saying -- I'm saying to the Attorney
21 General I hope that you go forward with this, because I
22 don't want to see the headlines that say the residents of
23 the City of Detroit refused. And not only that, who will
24 follow Vanguard and say, "Well, if somebody can spend a
25 billion dollars and -- come to Detroit and spend a billion

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1 dollars, maybe we can bring our little company to Detroit
2 and invest in that community."

3 AUDIENCE MEMBER: That's right.

4 MR. WILLIAMS: So I urge you to move forward with
5 the process and let us go forward because there's nothing to
6 fear but fear itself.

7 MS. BARRON: Thank you for your comments, sir.
8 We're going to now turn it over to representative of
9 Vanguard and DMC. They've been very patient. I know there
10 are many times they would have liked to have said something
11 or responded, and so this is their opportunity. I believe
12 Mr. Duggan for --

13 MR. DUGGAN: Duggan (pronouncing)

14 MS. BARRON: -- Duggan (pronouncing).

15 MICHAEL DUGGAN

16 MR. DUGGAN: All right. Can you hear me? Does
17 anybody remember Samaritan Hospital? It was over there on
18 94. It seemed like it was still new when they closed it --
19 right? -- and the group went out to the suburbs? Remember
20 the old Sinai Hospital on McNichols? It's demolished now
21 over by Renaissance High School. Doctors Hospital near the
22 river, Old North Detroit General, Saratoga? Every morning I
23 drive into the west side I can see the old Southwest
24 Hospital which has been closed -- I don't know -- 15 years
25 or so now. And, of course, more recently we remember

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1 Riverview. They were all nonprofit hospitals.

2 The idea that nonprofit hospitals are serving the
3 City of Detroit well is flat-out wrong. Two-thirds of the
4 nonprofits have closed in this community in the last 20
5 years. And you remember 2003? DMC announced, the board
6 voted. They had voted to close Receiving and close Hutzel.
7 I was over being a prosecutor minding my own business at the
8 time. I never thought I'd end up here. But they voted to
9 close those hospitals as nonprofits.

10 The 12,000 men and women of the Detroit Medical
11 Center in the last seven years have worked long and hard to
12 bring us to this point. But if we are going to emotionally
13 cling to this old romanticized idea that, if you just have a
14 nonprofit system, it's going to be there for the city, it's
15 not. We decided we didn't want to watch the beautiful new
16 facilities be built in the suburbs and not having the people
17 in the City of Detroit have the same kind of facilities.
18 And so the people who have done so much to provide the care
19 develop this, we're going to double the size of the
20 Sinai-Grace emergency room so we can treat people there.
21 We're going to build a new Harper emergency room. We're
22 going to expand the Children's emergency room. We're
23 spending our money increasing access to the uninsured in
24 this community because it's who we are. And the people who
25 have spent the last seven years and, in many cases, 20 and

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1 30 years building this are strongly behind this. And we
2 hope the Attorney General will give them consideration.
3 Thank you very much.

4 MS. BARRON: Thank you.

5 TRIP PILGRIM

6 MR. PILGRIM: Thank you, Mike. I also wanted to
7 say thank you to the staff AAG. I know it's been a --

8 AUDIENCE MEMBER: Can't hear you.

9 MR. PILGRIM: I said I wanted to say thanks of the
10 Attorney General's office for the work they've done. I know
11 this has been an interesting process. I just wanted to
12 comment on a couple of things as our company. And, you
13 know, we are a for-profit company. We are owned by
14 investors. But really all we ask is you judge us by our
15 behavior not by our tax status. We have five hospitals in
16 Phoenix; five hospitals in San Antonio, Texas; four in
17 Chicago, Illinois. I can tell you personally I ran the
18 hospitals in San Antonio, Texas. I was part of that
19 leadership team for seven years. We do more charity care in
20 San Antonio, Texas, than the religious base not-for-profits.
21 In Phoenix, Arizona, we're the number one Medicaid provider
22 in Maricopa County, and that's beyond the Maricopa County
23 Hospital. Our facilities in Chicago did more charity care
24 than 75 percent of the nonprofits in the City of Chicago.

25 We understand as an organization that, if you're

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1 taking care of people and you're providing care in the
2 community, you have to take care of the whole community.
3 We've made a commitment of that as a company, and we're very
4 proud of our record. We believe that again, you know, judge
5 us by our behavior. We're excited to be in Detroit. We're
6 excited to be working with the DMC. What DMC has done in
7 the last seven or eight years is truly remarkable with very,
8 very limited resources. The clinical care they provide you
9 should be very proud of. We're very excited to be working
10 with the DMC and, yes, we are envious of the Magnet status.
11 We hope to learn. So thank you very much. Thank you --
12 thank you very much.

13 MS. ISAACS: Yes. Let me again offer the
14 microphone to anyone else in DMC or Vanguard because you --
15 some of you may offer a different perspective. And I know
16 we have someone who is from the board at DMC, and I don't
17 want to cut them off. I want people to hear from anyone
18 here from either organization. It will be helpful. So
19 please get up and speak.

20 MR. D'ARCY: Absolutely.

21 MS. ISAACS: Thank you, Mr. D'Arcy.

22 STEVE D'ARCY

23 MR. D'ARCY: Thank you. And thanks to everybody
24 who is here. I just wanted to make a couple points.

25 AUDIENCE MEMBER: What's your name? What's your

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1 name?

2 MR. D'ARCY: My name is Steve D'Arcy, and I'm the
3 chairman of the board of trustees for the Medical Center.
4 And speaking on behalf of the board, I can tell you that a
5 great deal of investigation by people who are very
6 independently minded went into this. No board -- some
7 people ask, you know, is any board member or any member of
8 management financially benefitting from this transaction?
9 And the answer is absolutely no. We take our role very
10 seriously. We agonize for years over how can we create a
11 model that's sustainable for the city? And after a lot of
12 soul searching and hard work, we voted unanimously to
13 support the transaction. And here with me is Lorna Thomas,
14 one of our directors, and John Levy, our vice chairman, and
15 Jack Backer who is one of our directors -- and you've
16 already spoken. And we would be delighted to answer any
17 questions or discuss anything the people here would like
18 before we leave today.

19 MS. ISAACS: Any further questions here for
20 DMC/Vanguard? No? That being said, we will close this
21 public forum. I remind you again that you may find this
22 public forum on the web site at the Attorney General's
23 office. We appreciate again your coming, and thank you very
24 much.

25 (Proceedings concluded at 7:02 p.m.)

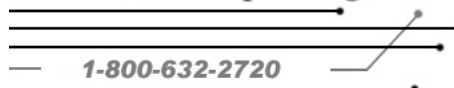
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