After 2 deaths and a series of medical errors, the for-profit owner of Waterbury and Manchester hospitals faces protests, major sanctions

Community activists and at least two pastors are planning to protest on Monday in front of Waterbury Hospital. They are pressing for state oversight to continue at the troubled facility, bought by a for-profit hospital chain from Los Angeles. The hospital is in danger of losing accreditation, and state health inspectors found conditions that place patients in immediate jeopardy. (Patrick Raycraft / Hartford Courant) (Patrick Raycraft / Hartford Courant)

Medical regulators and community members were concerned when Prospect Medical Holdings, Inc., a Los Angeles-based, for-profit hospital chain, applied for approval in 2015 to buy Waterbury, Manchester and Rockville hospitals.

Some of Prospect’s hospitals in California had been sanctioned for medical errors, and Waterbury Hospital, which was losing money and suffering from one of the state’s highest rates of patient readmission rates, was already struggling to serve its large Medicaid population. Prospect fired back, touting annual earnings of over $3 billion, and
saying its ability to attract prominent doctors to its hospitals was a winning formula. The sale was approved in July 2016.

Now, with state-mandated conditions on community engagement and accountability set to expire in October, and the company facing sanctions for a series of lapses in health care, doubts about Prospect’s capacity and commitment, particularly in Waterbury, are deepening among local clergy, health-insurance reform groups, community organizers and residents.

“Holding on to accountability to the community is crucial,” said Jill Zorn, senior policy officer for the Universal Health Care Foundation of Connecticut.

Prospect Medical pointed out, in responses to The Courant, that Waterbury Hospital and the Eastern Connecticut Health Network, which includes Manchester, have been among the most scrutinized health systems in the state.

But three years after Prospect Medical took over, significant questions remain.

The breakdowns in care included a suicide and suicide attempt involving two patients at Waterbury Hospital in March and two incidents last year at Manchester Hospital — the death of a woman who had given birth to a stillborn baby, and an infant born with severe neonatal encephalopathy after an emergency C-section was done too late, according to state inspection reports.

Health inspectors cited both Waterbury and and Manchester hospitals for conditions that placed patients in “immediate jeopardy,” and Waterbury Hospital, which neglected to notify police of the suicide, faces losing federal Medicare funding in August if it can’t convince state and federal regulators that lapses in medical care, training and emergency response have been corrected.

While regulators rarely go so far as to cut off all Medicare funding, any financial penalties would be a devastating blow for a hospital that rose from church collection baskets in the late 1800s and grew to be Waterbury’s largest employer.

“Are they putting profits before patients? That has been our concern from the beginning,” said Pastor Rodney Wade. He is a leader in a group of clergy, community organizers, union representatives and residents in Waterbury that has pressed Prospect for commitments to serving the area’s needy population. Calling for the state oversight conditions to be extended for at least a year, the group plans a protest rally and march in front of Waterbury Hospital on Monday.
Kim McLaughlin, executive director of the Naugatuck Valley Project, a community-affairs group that has helped to organize the opposition, said that because Prospect Medical is a for-profit company, the set of conditions dealing with community engagement and local input are critical and should remain.

“The Waterbury community is very loyal and committed to the hospital,” said Barbara Cass, chief of the health care quality and safety branch at the Department of Public Health.

“These people want safe care, and they know what that looks like,” she said.

In an emailed statement, Prospect Medical said that it has developed relationships with numerous community groups and institutions and has “invested approximately $58 million in the Waterbury and Manchester hospital systems to help improve both their clinical quality and financial performance.”

The company said both hospitals “have seen recent gains in publicly reported quality measures.”

In 2015 and 2016, “Waterbury Hospital was in severe financial distress. Prospect not only kept the hospital open as an essential community health provider but also preserved hundreds of jobs,” the company said.
Prospect’s purchase of Manchester and Rockville hospitals “provided millions of additional dollars for improvements and new programs designed to fill unmet community needs,” the company said.

**Low ratings for hospitals**

From a national perspective, “immediate jeopardy” findings are not rare, but they are also not the norm. They can occur even at hospitals with stellar track records, and they signal a major deficiency.

Connecticut, for example, recorded one jeopardy finding in 2018 and two so far this year at general hospitals.

“It’s a condition that threatens patients’ lives, stops the momentum of the hospital and must be corrected immediately,” said Cass. “We don’t issue them without significant deliberation and consultation with our federal partners.”

The fact that Prospect Medical has been cited for immediate jeopardy at two of its hospitals within a year, “gives us pause,” Cass said.

“Hospitals can correct violations," Cass added. “What is harder is to maintain the corrections over time.”

Waterbury also faces losing its professional accreditation, that stamp of approval that assures patients that the hospital is safe and providing adequate care.

The Joint Commission on Hospital Accreditation has given Waterbury a preliminary denial and has cited 43 areas in which the hospital must improve, from basic hygiene and infection control to fire drills, medications, patient discharge instructions, assessing patient’s pain levels, suicide prevention methods and the accuracy of patient records.

Wall Street has had some concerns about Prospect Medical’s financial practices, which have an impact on the resources the company gives its hospitals.

In downgrading Prospect Medical’s credit in March, Moody’s Investor Service was critical of the company’s decision to borrow money to give shareholders a dividend in 2018, as “opposed to investing in its acquisitions or capital expansion.”

Three years into Prospect Medical’s ownership, Waterbury and Manchester hospitals did not fare well in the U.S. Centers for Medicare and Medicaid’s national hospital rating system for 2019.

Waterbury Hospital received a one-star rating, the lowest rung, in the national rankings, available at [Medicare.gov/hospitalcompare](http://Medicare.gov/hospitalcompare). The ratings are based on dozens of performance measures, including mortality, safety, patient readmission rates, effective and timeliness of care, and patient experience.
Manchester Hospital also received a one-star rating; Rockville was assigned two stars. Nationally, 6 percent of hospitals are at the one-star level. The most common rating is three stars, at nearly 28 percent.

After a suicide, revised policies

It was Cass’s inspectors who went to Waterbury Hospital after a 65-year-old man committed suicide in a hospital bathroom in late March, and a second patient, around the same time, attempted suicide in another bathroom.

The inspectors discovered that the hospital lacked a basic policy on when suicidal patients could have shoelaces and belts, that there were gaps in suicide-prevention training, confusion over the various levels of observation, and an overreliance on security guards to help with monitoring suicidal patients, according to an April 24 inspection by the Department of Public Health.

On May 10, the federal Centers for Medicare and Medicaid wrote to Prospect Medical’s Peter Adamo, who is serving as CEO of Waterbury Hospital, saying the deficiencies noted in the DPH reports “have been determined to be of such a serious nature as to substantially limit your hospital’s ability to render adequate care.”

On May 20, the hospital wrote back, saying it had revised policies, conducted re-training and increased staffing and supervision.

Cass said that inspectors must visit the hospital again and confirm that the corrections have been made and are sustainable. At that point, the regulatory clock ticking toward an Aug. 8 deadline would stop and Waterbury, at least for the time being, would not be in danger of losing its federal funding.

Last year, Manchester Hospital had to work to avoid that circumstance after DPH issued an “immediate jeopardy” finding for the hospital’s “failure to provide quality care to high risk pregnancy patients.”

A woman suffered complications, including septic shock and cardiac arrest, after delivering a stillborn baby. She was transferred to another hospital, but died. Inspectors found that Manchester Hospital had lacked a clear policy on when rapid response teams would be called in, the role of nurse midwives in complicated, high-risk pregnancies, and the response times of physicians when emergency procedures were required. After other incidents, the hospital had to revise or reinforce its procedures on the timing of emergency C-sections and the frequency in which nurses check on mothers and newborn infants in their hospital rooms, state inspection records show.
Cass said that Manchester Hospital’s plan of correction was approved. DPH’s inspection teams conducted 11 investigations and site visits between early March and mid-August 2018 at Manchester Hospital.

**Full compliance**

When Prospect Medical came calling in 2015, looking to expand its network of hospitals, clinics and doctors’ groups in Southern California, New Jersey and Rhode Island, regulators rolled up their sleeves.

The Department of Public Health placed a series of unusually demanding safeguards on Prospect Medical, including high levels of monitoring and quality controls, and ordered that the conditions last for three years, two years longer than usual.

A separate group of state regulators at the newly renamed Office of Health Strategy, who were charged with approving the sale, focused on Prospect’s financial wherewithal and engagement with the community. They requested, among 20 other conditions, that Prospect do a detailed study of the Waterbury area’s medical and mental health needs. To its credit, Prospect complied even though a for-profit hospital company is not mandated by law to do a full community assessment.

Three years later, Kim Martone, the deputy director of OHS, said Prospect Medical has been in “full compliance” with the conditions. Despite the opposition from some in the Waterbury community and the reservations expressed by Wall Street, Martone said state law doesn’t allow for the stipulations to be extended.

In contrast, the Department of Public Health does have the latitude to extend its orders.

Martone said that once the conditions of the sale fall away in October, OHS “will hand the baton” to the health department to track the quality of care at Prospect Medical’s hospitals.

*Josh Kovner can be reached at jkovner@courant.com.*