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## **AFSCME Rhode Island Council 94**

*American Federation of State, County & Municipal Employees, AFL-CIO*

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**MEMO TO:** House Finance Committee Members

**MEMO FROM:** J. Michael Downey, President, RI Council 94, AFSCME, AFL-CIO  
Kwame Larbi, President, Local 1350, RI Community Living & Supports  
Alexis Santoro, Esq., Executive Director, RI Council 94, AFSCME, AFL-CIO  
Jim Cenerini, Legislative Affairs/Political Action Coordinator

**DATE:** September 29, 2020

**RE:** Eleanor Slater Hospital Proposed Reorganization

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RI Council 94, AFSCME, AFL-CIO voices the following concerns and objections to the proposed Eleanor Slater Hospital Transition & Redesign (September 18, 2020).

Eleanor Slater Hospital acts as the provider of last resort for medically fragile patients who require acute psychiatric care, Forensic/Not Guilty by Reason of Insanity patients, and critical medical long-term care for elders requiring specialized services such as ventilator beds.

RI Council 94, AFSCME, AFLCIO Locals 1350, 2392, and 2883 represent over 412 employees providing direct patient care, dietary needs, housekeeping services, and administrative/fiscal/clerical, laboratory, facility/maintenance at the Pastore Medical Complex in Cranston, Rhode Island.

In the past, Council 94 and the State have partnered together to consolidate the size of the Hospital's footprint, to increase facilities' effectiveness and supported the passage of a bond issue for the construction of more modern hospital facilities at the Pastore campus.

**Council 94 opposes proposed Eleanor Slater Hospital's Transition & Redesign plan.**

1. **Lack of Communications/Negotiations**-While limited discussions have occurred with BHDDH administration and local union presidents, Council 94 learned of the potential closure of the Regan Building, when the PowerPoint presentation was made public on or about September 26, 2020. During preliminary conversations with Local Presidents, the Union was notified of increased patient discharges, however believed that the Regan building remained open and that possibly a skilled nursing, step-down facility, would be housed on the Pastore Complex and the employees would transition to those positions.

Eliminating 185 beds from the Cranston Campus would drastically diminish Eleanor Slater Hospital's capacity to deliver high quality medical services to some of Rhode Island's most vulnerable and medically fragile individuals.

2. Medical Reimbursement Issues Not Created by Patients or Workers- Council 94 was distressed to learn of the problems with Medicaid reimbursement in late February 2020. However, it is important to note that neither the patients nor dedicated employees created the fiscal crisis. Rushing to close the medical wards and potentially laying off hundreds dedicated employees will only inflict pain upon Rhode Islanders, who did not create/cause the current situation.
3. Closing the Regan Building Does Not Make Sense- The Regan building, which was built in 1976, is the second youngest facility in the Eleanor Slater Hospital Complex. Additionally, the Regan Building is centrally located in the state/Cranston and close to interstate access which allows for frequent family visitation and rapid Emergency Service response/transport. Recent state projects/developments have attempted to maximize the use of Pastore Campus' central location. Many of the workers, who are minority members, reside in the surrounding urban ring cities/towns near the Pastore Campus.

The proposed reorganization plan also conflicts itself. While the Regan building closure is projected for February, FY 2021, it appears that \$5 million would have to be expended for renovations, while a new facility/renovation occur at the Zambarano Campus over three years.

Additionally, Council 94 has learned that due to the upcoming Joint Commission Accreditation Process, significant funds were and are currently already being expended to conduct renovations at the Adolph Meyer Building.

4. Windfall for Private Consultants- Eleanor Slater Hospital's structure has been studied extensively. As noted by the Providence Journal, consultants have been paid considerable sums during the last few years. Over \$3 million dollars was provided to Applied Medical Systems; \$3,000,000 to Manatt, Phillips & Phelps Legal Services; and \$150,000 to Ernst & Young Fiscal Billing Audit. Additionally, up to \$1.3 million has been set aside for Alvarez & Marsal, the consultants, who have assembled the Transition and Redesign plan. Council 94 contends that close to \$4.75 million would have been more appropriately spent on direct patient care instead of duplicative studies and multiple reorganization plans.
5. Compliance with Articles 11, 32 of the CBA and RIGL 42-148-Privatization of State Services – Despite the significant impacts on service delivery and considerable number of potential job eliminations, Council 94 has not received any formal notifications from the State, although the required by the Master Agreement between the parties. Hundreds of dedicated employees' livelihoods/earnings have now been cast into doubt.

6. *Projected Savings Questionable-* Council 94's contract, contains provisions that when layoffs occur, more senior employees can bump less senior employees for jobs they are qualified to perform. Bumping incurs considerable time and expense. Additionally, the number of employees with statutory status that may be impacted is unclear. The projected costs of community placement, depending on patient acuity, may also be underestimated.

7. *Unwise to Eliminate Middle Class Jobs-* According to Rhode Island's Department of Labor & Training and the Bureau of Labor Statistics, Rhode Island's Unemployment rate is 12.8%. Thousands of Rhode Islanders have lost their jobs during the pandemic.

Council 94 maintains that eliminating hundreds of middle-class jobs would be run counter to Governor Raimondo's admirable efforts to get Rhode Islanders back to work.

8. *Pastore Medical Center Workforce is Multicultural & Diverse-* Local 1350, which represents a considerable number of medical direct care staff, is Council 94's most diverse and multicultural bargaining unit throughout our state employee membership. Over 80% of the direct care employees of Local 1350, are minorities.

9. *New Building-*If the House Finance Committee finds it is necessary to build a new hospital building, Council 94 urges the consideration of land currently open and available at the Pastore Complex.

Council 94 appreciates the pressure placed upon House Finance Committee members during these difficult times. We urge the House Finance Committee to reject Eleanor Slater Hospital's Transition & Redesign plan and preserve a future role for the centrally located Regan Hospital Building.

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## State signs \$1.3M contract for 'redesign' of Slater Hospital

By **Katherine Gregg**

**Journal Political Writer**

Posted Jul 17, 2020 at 5:44 PM

Updated Jul 18, 2020 at 4:33 PM

PROVIDENCE — The financially troubled agency that runs the state's Eleanor Slater Hospital has signed a \$1.3-million contract with Alvarez & Marsal to help "execute the transition and redesign" of the hospital.

The contract runs from July 1 of this year through June 30, 2021, but the "performance" period in the contract is July 6 through Sept. 4, just shy of two months.

The Washington-based arm of the consulting firm is assigning 13 staffers to work with Rhode Island's Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. All but three will work remotely.

As to what the consultants have been hired to do, BHDDH spokesman Randal Edgar said: "We are studying the level of patient care. We are studying staffing. We are studying opportunities for discharge and we are studying the implications of this work for the future of the hospital as we redesign it to fit into the overall health-care landscape of Rhode Island."

Next month will mark a full year since BHDDH stopped billing Medicaid for its psychiatric and forensic unit patients, based on a re-reading of a longstanding Medicaid rule banning reimbursements for this population, which, at one point, exceeded 50% of the patients at Eleanor Slater Hospital.

The billing freeze contributed to a \$63-million hole in the BHDDH budget for the fiscal year that ended June 30, which was reduced, but not eliminated, by shuffling money around.

In early June, hours before the start of a House Finance Committee hearing on the financial dilemma, the agency announced the appointment of a new CEO for the hospital, which currently has 209 patients.

A statement said chief financial officer Jennifer White would take the helm while the agency “explores options for restructuring the hospital and recruits a permanent CEO.”

“While White is serving as interim CEO, BHDDH will explore options for restructuring the hospital to better serve the state and ensure that people with behavioral-health needs and developmental-disabilities care can access services in the least-restrictive settings possible,” the agency statement said.

Asked the purpose of the new, no-bid contract, Department of Administration spokesman Robert Dulski on Friday told The Journal:

“Following lost revenues due to compliance and billing limitations in FY20, BHDDH is working with Alvarez & Marsal to update and strengthen its billing and financial forecasts for future fiscal years.

“Alvarez & Marsal has extensive expertise in this area and has worked with ESH [Eleanor Slater Hospital] as recently as last fall. Their knowledge and familiarity with ESH positioned them to provide assistance to ESH on the urgent timeline under which it is operating to maximize payer revenue.”

Dulski noted the contract spells out three phases, with the first budgeted at \$460,000. (At that rate, the state will be paying \$35,385 on average for each of the 13 consultants during phase one.)

“The State is not committed to anything beyond phase one at this time, and cannot be penalized for terminating the contract after phase one if that is in its best interest,” he said.

Alvarez & Marsal had been hired previously to do a 10-day hospital assessment, from Oct. 15 to Oct. 25, 2019, including a look at a Medicaid eligibility issues.

Prior to this latest contract, the House fiscal staff compiled this list of consulting fees paid by BHDDH in recent years: Applied Management Systems to review hospital structure \$3.2 million; Alvarez & Marsal, \$95,000; Manatt, Philips &

Phelps Legal Services, \$300,000; Ernst & Young Fiscal Billing Audit, \$150,000;  
PCG Consulting Cost Allocation Plan, \$300,000.

There has been no direct statement yet from the BHDDH director, Kathryn Power, who has been in quarantine since Wednesday of last week after spending time with a visiting consultant who tested positive for the coronavirus.

A total of five BHDDH employees were in quarantine as of Tuesday.

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