

CITIZENS' FUTURE

A consultant offers these pros and cons for steps Citizens Medical Center might take:

	Pros	Cons
Remain Independent	<ul style="list-style-type: none"> ■ Can take actions to strengthen hospital's position. ■ Retain governance and management control. 	<ul style="list-style-type: none"> ■ Need to start cost-saving reductions and focus on efficiencies. ■ Need capital to be competitive in physician recruiting and marketing programs. ■ Competitive position will continue to be a significant challenge.
Management Service Agreement	<ul style="list-style-type: none"> ■ Retain hospital ownership and governance control. ■ Contract for professional management services. ■ Access best practice protocols and procedures. ■ Potential for clinical service line affiliation agreements with other providers. 	<ul style="list-style-type: none"> ■ May not provide access to managed care contracts that improve top line reimbursement. ■ Cost associated with management services could further erode bottom line. ■ Cost-cutting measures likely. ■ No upfront consideration.
Lease	<ul style="list-style-type: none"> ■ Retain ownership of the hospital. ■ Enterprise value received over the life of the lease via annual lease payments. ■ Can specify service line maintenance (could hurt value). 	<ul style="list-style-type: none"> ■ Loss of control during lease term. ■ Risk that capital improvements and maintenance are lacking and hospital quality deteriorates over time.
Sale to for-profit/nonprofit company	<ul style="list-style-type: none"> ■ Buyer may be in a better position to address increased competitive risks. ■ Partners can bring significant operational experience, capital and other resources. ■ Potential to maintain service lines (could hurt value). ■ County tax rolls could benefit if buyer is for-profit. 	<ul style="list-style-type: none"> ■ Loss of operational and governance control. ■ Potential not-for-profit status may not continue going forward. ■ Service lines could be cut or consolidated. ■ Expense reduction programs could result in layoffs.