



GOOD HOPE HOSPITAL, INC.

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April 20, 2004

Mr. Wayne T. Barbour
Chairman, Board of Trustees
Betsy Johnson Regional Hospital
Post Office Box 1706
Dunn, North Carolina 28335-1706

Dear Wayne:

The Trustees of Good Hope Hospital thank you for your letter of April 7, 2004, which I received on April 14, 2004. Your letter reveals two major evolutions in the thinking of the Betsy Johnson Board. First, your letter evidences that, like Good Hope, the Harnett County medical community, the County Commissioners, Harnett Forward Together, several Harnett County towns, dozens of Harnett County civic organizations, and the vast majority of our county citizens, your board finally recognizes the need for expanded medical care facilities in Harnett County. Second, your letter acknowledges that efforts by the leaders of Betsy Johnson to block Good Hope's construction of a replacement facility has had a detrimental effect on the cooperative spirit and economic development of the communities across the county.

Thank you for coming forth with those recognitions. We are energized by this evidence of our success in altering the outlook of the leaders of Betsy Johnson regarding the health care needs of all the citizens of Harnett County.

As you may remember, back in the 1960s there was an effort to build a county hospital to replace the aging facilities of both hospitals. After months of efforts, your predecessors decided to withdraw from the county effort and to build a new hospital for Dunn on your present campus, thus preventing the building of a new hospital for all of our county residents. Again in 2001, when our two hospitals were moving forward with their separate building plans, the Good Hope Trustees had the courage and foresight to contact your board in another effort to develop a single healthcare system that could build a new hospital to serve all of Harnett County. Despite several months of efforts, the Trustees of Betsy Johnson rejected our efforts in favor of expanding on the Betsy Johnson campus, a site that is conveniently accessible for the residents of Dunn, but not for the majority of our county.

These past experiences demonstrate the difference in the philosophies of the two hospitals. Betsy Johnson was a city hospital, and its leaders have continued to direct their efforts to serve the citizens of Dunn. Understand that these comments are not critical of the City of Dunn. We deeply appreciate the support the vast majority of the citizens of Dunn have for our project.

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Most Dunn residents realize that all our county residents deserve the same convenience of medical care that Dunn and Erwin have had access to for many years.

Only recently, and in the context of the plans and influence of Good Hope, have officials of Betsy Johnson exhibited an expanded interest in our county. The recent efforts by your board to reach outside of Dunn to counteract the bad publicity you have received are not sufficient to accomplish Good Hope's mission to serve all of Harnett County. Good Hope has a long-established record of a broader philosophy. Good Hope has not only served the citizens of Erwin, but Good Hope has also reached out to our county at large by operating medical facilities in Angier and Lillington and even in Benson in Johnston County.

Betsy Johnson decided on its own to proceed with the expansion in Dunn. Now your letter suggests the offer of the expanded Betsy Johnson facility as the one inpatient location for Harnett County is based on recommendations submitted to us by Tom Matherlee. Such post hoc self-justification of Betsy Johnson's sole decision falsely implies that there was one recommendation concerning having one inpatient location for Harnett County. According to the Matherlee report, having one county inpatient facility at Betsy Johnson was Option Five of the five options for Betsy Johnson and Good Hope to consider together. From the beginning, Good Hope informed you that locating the only inpatient facility in Dunn could not serve the whole county. Your unilateral decision ignored input from Good Hope and apparently ignored Mr. Matherlee's warning of the pitfalls of Option Five, namely that it would limit future expansion, portions of your facility would remain dated and more costly to maintain, your layout would not be as efficient as a new facility, the location in Dunn is not the best for future growth, and the result would be higher operating costs than consolidating all programs and services at a new location.

Not only did Betsy Johnson reject Good Hope's offer to merge, Betsy Johnson's Trustees also rejected an ongoing cooperative relationship. Prior to Betsy Johnson's commitment to spend in excess of thirty million dollars on its present campus in Dunn, and prior to the partnering of Good Hope and Triad, the Trustees of Betsy Johnson repeatedly rejected any association with Good Hope and our mission to build a hospital that will serve all of Harnett County. In spite of those actions, Good Hope continued its efforts to work with Betsy Johnson by proposing that the two hospitals sign a Memorandum of Understanding to, in good faith, negotiate and develop a joint advisory board to collaborate with respect to projects and services that would benefit both hospitals and would help us to meet the health care needs of our community. Again, Betsy Johnson rejected our efforts and instead ceased participation in the collaborative efforts that were already in place. For example, contrary to the good working relationship that had existed between the two hospitals where we had jointly recruited doctors and shared equipment and supplies, Betsy Johnson unilaterally stopped this working relationship. We have been informed that when there were no available beds at Betsy Johnson, officials of Betsy Johnson began refusing to send patients to Good Hope and instead sent them out of county. Also, it was the Trustees of Betsy Johnson who began an aggressive, costly course of action to stop, or at least to

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delay, the partnership efforts of Good Hope and Triad to build a hospital for all of Harnett County. In pursuing this course of action, the Trustees of Betsy Johnson have caused both hospitals and Triad to spend hundreds of thousands of dollars on fees for attorneys, consultants, and other unnecessary expenses that should have been spent on medical care. By contrast, Good Hope has taken no actions to delay or prevent any of Betsy Johnson's projects but in fact has endorsed your present building plans.

So, it seems the Trustees of Betsy Johnson remain limited in their vision, but Good Hope and the rest of the county are not and will not be similarly limited. Further, given the restrictions for eligible membership to the Betsy Johnson Board, the Betsy Johnson health care system remains designed to be a city rather than a county health care system. Again, neither Good Hope Hospital nor the citizens of Harnett County should be held back by such constraints.

When you speak of windows of opportunity that have passed, remember that Betsy Johnson is the party that has failed to recognize repeated opportunities to make the right decision on an issue as meaningful as the health care needs of all of Harnett County. Betsy Johnson rejected, not once but twice, the chance to have a countywide nonprofit hospital for Harnett County. Still, Good Hope has continued its offer for Betsy Johnson to join with Good Hope and Triad. This offer is still available to you. Should you wish to resume talks with the Good Hope Trustees and Triad, please be prepared to address the following concerns that are raised by your letter and your past actions:

1) Your letter ignores the partnership between Good Hope and Triad; consequently, we are concerned that your board exhibits little regard for contractual relationships and what that attitude might suggest about fostering trust in a further relationship with Betsy Johnson. Triad negotiated a contract with Good Hope in good faith. Triad has committed an initial investment of over Thirty Million Dollars in Harnett County's health care. Triad's representatives have been honest and up front with Good Hope in all our dealings. Further, prior to selecting Triad, Good Hope examined several possible partners, including public, nonprofit, and for-profit entities before selecting Triad. We believed then as we do now that our relationship with Triad is the best for Harnett County.

2) Another critical issue remains unresolved in your letter. According to the offer expressed in the letter, your board has failed to acknowledge a key point in the public expression, namely a desire for a centrally located hospital. Opening outpatient services around the county will not solve the problem of having one inpatient facility in the far edge of our county that is not accessible for the vast majority of Harnett County citizens. The project at Betsy Johnson will not stop the large out migration of our county citizens for their medical needs.

Your letter states, "our window of opportunity has passed to build one replacement facility for our two hospitals." But the fact is that the opportunity for a centrally located hospital in Harnett

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County has not passed. Opportunity for improved health care for all citizens of Harnett County is moving forward, sustained by the momentum of an overwhelming public preference. And as you know, before Betsy Johnson began construction on its expansion project, it had an opportunity to partner with Good Hope and later had the opportunity to partner with Good Hope and Triad. Further, when Betsy Johnson's executive board met with three of our board members at Johnson Tilghman's office, Joe Giles, then chairman of the Betsy Johnson Board, stated that Betsy Johnson should delay the letting of bonds to finance your building project in order for Betsy Johnson to meet with Triad officials to discuss Betsy Johnson joining in with our project. Joe later confirmed to me that he was the only board member who was interested in exploring this opportunity. It was Betsy Johnson that closed the window on the opportunity to build one replacement facility for our two hospitals. Again, neither Good Hope nor the citizens of Harnett County will be limited by Betsy Johnson's decisions.

3) Betsy Johnson cannot meet the needs of the entire county. At one of the hearings before the North Carolina Medical Care Commission, T. C. Godwin, then chairman of the Board of Trustees of Betsy Johnson, admitted that Betsy Johnson could not handle all the medical needs of Harnett County. Further, the resolution passed unanimously by the Harnett County Medical and Dental Society on February 16, 2004, confirms that during the months of October through December 2003 and January 2004, Good Hope, Betsy Johnson, Wake Medical, UNC, and Duke hospitals were filled to capacity which resulted in Harnett County residents being placed on a waiting bed status, crippling the physicians' efforts to serve their patients. Obviously, your suggestion to use only your facility for inpatient beds is inadequate for Harnett County's medical needs.

4) Betsy Johnson's position that a joint venture must be nonprofit ignores the striking evidence of success of for-profit systems and contradicts your own actions in partnering with for-profit medical groups. Triad is an extremely successful hospital corporation that distinguished itself as the best of the options for partnering with Good Hope for the benefit of all residents of Harnett County. Our work with the Triad organization has cemented that early impression. Our partnership is with Triad.

As your board works in concert with Central Carolina Hospital to obstruct the Good Hope-Triad project, you might investigate the advantages of Central Carolina's for-profit status. Although Lee County has approximately one-half the population of Harnett County, Lee County has nearly three times the physicians per capita that Harnett County has, and Lee County has twice the number of specialists. With the Good Hope-Triad partnership, we too will have the financial resources to bring additional services and specialists to Harnett County.

We at Good Hope regret that when the opportunity first presented itself, Betsy Johnson's board lacked the foresight to predict the public support for a centrally located hospital and that you too hastily embarked on a multimillion dollar expansion at your present campus. But from another point of view, your letter is evidence that the competition between the two health care systems in

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Harnett County results in positive consequences for the citizens. You acknowledge in your letter that you have now learned of the wishes of the citizens outside of Erwin and Dunn. This change in your outlook is causally linked to the Good Hope project. And, external evidence supports the argument that competing systems result in lower medical care costs for our county citizens.

Nevertheless, if you would like to continue talks with Good Hope and Triad, we invite you to do so. In any event, we ask that you focus you medical care dollars on **medical** care rather than fighting our project. Good Hope is going to continue to meet the **physical, mental, and wellness** needs of all of our Harnett County citizens and also contribute to the **economic** development and unity of our county. It is time for Betsy Johnson to decide whether it will continue its **destructive** actions or join with the rest of the county for the betterment of us all.

I look forward to hearing from you regarding this most important matter.

Sincerely yours,



N. Earl Jones, Jr.
Chairman,
Board of Trustees
Good Hope Hospital

pc: Betsy Johnson Board of Trustees
Al Taylor, CEO Betsy Johnson Hospital