

March 23, 2018

Mr. Eugene A. Woods  
President & Chief Executive Officer, Atrium Health  
Member, Executive Committee  
Atrium Health Board of Commissioners  
1000 Blythe Blvd  
Charlotte, NC 28203

Dear Mr. Woods:

We wanted to take some time to provide you with a different perspective of the dispute between Atrium and our practice Southeast Anesthesiology Consultants (SAC), the perspective of the physicians. The physicians of SAC have provided care to surgical patients at Atrium facilities for over 37 years, working closely with Atrium and its surgeons to develop the highest quality surgery program in the Region. As a matter of background:

- 70% of our anesthesiologists at Carolinas Medical Center are sub-specialty trained, allowing us to support Atrium's highly complex surgical patients.
- Atrium's surgeons know us and trust us. We are a team.
- The physicians of SAC have implemented a Quality & Safety Program unmatched in the country, with clinical outcomes that any program would be proud of.
- We introduced the Enhanced Recovery After Surgery (ERAS) program with the distinction of becoming one of 4 designated centers in the country.

Displacing such a highly skilled subspecialty-based team with all new physicians will create disruption and disarray in the OR's on July 1. Considering that this is the exact day that new interns and residents will begin their tenure, you will have brand new doctors being supervised by new senior physicians that are unfamiliar with the people, equipment, policies and procedures that govern operations today. It is also not an exaggeration that this disruption could impact the quality of care and level of service for years. This is not a formula for safety and quality.

Our reluctance to accept Dr. Wherry's proposed transformative anesthesia model was clearly a key element that gave rise to the cancelling of our contract with Atrium. His proposal recommended a model that de-emphasizes the role of the anesthesiologist in anesthesia care by eliminating them, reducing their numbers or increasing the number of cases they are responsible for at any given time. There is no disputing what he has proposed. We attach a copy of his presentation to the Atrium administration from August, 2017 calling to your attention to Slides 33, 54, 69, 89, 109, 131, and 155 that document the reductions at each of the sites.

Recently, he has publicly back-tracked on his stated goal of implementing that model. If there is to be no such change in the model, why then is Atrium changing out its anesthesiology group, one that it respects and with which, by its own words, it desires a continued relationship? We believe the answer has to be financial. We have been supportive of Atrium's desires to be more efficient and cost-effective and have made proposals to the business and staffing model that would have resulted in millions of dollars of savings to Atrium, but it was not enough. Atrium's most recent proposal to us this week makes our practice financially non-viable.

Currently, SAC's physicians are paid at the 75<sup>th</sup> or better percentile for Anesthesiologists in the region, necessary and appropriate to attract and retain the talent required for a program such as ours. Accepting Atrium's offer would reduce that compensation to the 10<sup>th</sup> percentile and take SAC's margin to zero, even before paying for necessary management services such as revenue cycle management. Make no mistake, our acceptance of Atrium's proposal would require significant reductions in physician compensation. We understand the financial pressures under which all of healthcare operates, and we support working collaboratively to evolve the care model where it makes sense, but improving the Health System's financial performance cannot all be solved on the backs of the physicians.

We want to stay at Atrium and continue the work that has been in process for over 37 years. We have always worked for SAC and continue to believe that it provides the best platform in which to practice. Scope has no history in providing the necessary infrastructure to insure optimizing patient outcome and keeping patients safe. As part of a national group, we have the opportunity to collaborate with some of the most talented anesthesiologists in the country. This collaboration allows us to introduce such programs as (i) ERAS (Enhanced Recovery after Surgery) program, (ii) HRO (High Reliability Organization) program, and (iii) Operating Room efficiency and optimization (through our affiliation with Surgical Directions) in the way of example.

The reason we can't be here on July 1 is that Atrium is terminating our privileges to practice anesthesia after June 30. We don't need a contract to practice, but we do need privileges. That is under Atrium's complete control.

Finally, we feel compelled to address the numerous inaccuracies and misleading statements contained in Atrium's memo of March 21, 2018 to key staff. I have attached comments to the various points below.

We appreciate your consideration of this letter. We thought you needed to hear directly from the doctors. Don't hesitate to call if you would like to discuss in person.

Respectfully,



Russell A. Sauder, M.D., M.B.A.  
Corporate Medical Director



Joshua S. Miller, M.D.  
Division Medical Officer