NEWS RELEASE

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Warned by State Police to Stay Away from Sharon Hospital, Writer Nevertheless Intends to Issue Report There

Sok Admits to Owen Stock Ownership

SHARON, Conn.

Even though the State Police warned investigative writer Lance Tapley to stay away from Sharon Hospital, on Monday he intends to hold a news conference there to issue a report, "The Destruction of a Hospital."

The report is about why Winsted Memorial Hospital was forced into bankruptcy last year. The Winsted hospital was run by James Sok, who also is Sharon Hospital's president. A lawsuit against Sok is one of the report's recommendations.

Tapley, who was commissioned by consumer advocate Ralph Nader, also will issue a "Personal Report" detailing how his persistence in trying to ask questions of Sok and others at the hospital resulted in the institution convincing the state police to warn Tapley he would be arrested if he returned.

Soon after he became the subject of several Litchfield County news stories about his large salary, however, Sok agreed to talk with Tapley.

Among other revelations in this interview, Sok admitted he was an owner of Owen Healthcare stock. Owen is the company to which he gave the contract to provide pharmaceuticals and other supplies at Sharon Hospital and Winsted Memorial.

"In my years as a newspaper and magazine writer I have trod on the toes of many authorities, but I have never before had people I wanted to interview convince the police to run interference for them," Tapley said. "The Connecticut State Police should be ashamed of being used in this way."

Negligence on the part of Sok and Winsted hospital's board of directors in the face of dramatic changes in the health-care field is a major culprit in the hospital's bankruptcy last year, according to the report. It was commissioned by Winsted native Nader because, after unsuccessfully opposing the hospital shutdown, he wanted to discover what lessons could be learned from the controversy for the benefit of other communities.

Another report recommendation is that the Sharon Hospital board of directors and community require Sok to make data about both hospitals available to the press. Tapley noted that questions about Winsted's finances remain unanswered, and he was unable to get full information on Sharon Hospital.

"Mr. Sok is head of a nonprofit institution which he is running as if he had no public accountability," Tapley said. "Yet because federal programs such as Medicare and Medicaid are so important to hospitals much of the \$500,000-plus he was paid last year was actually paid for by the taxpayers."

Among the report's conclusions:

- The shorter hospital stays and discounts demanded by health maintainence organizations impacted Winsted Memorial severely. Connecticut's tax system also had a strong negative impact, as did nearby aggressive hospital competition.
- But the hospital management and board did not respond to these threats with attractive offerings of health-care services. "Why had Sok and his team not done as much for Winsted Memorial Hospital as they had for Sharon Hospital?" the report asks.
- By announcing in February, 1996, that the hospital was in good financial health, and then two months later announcing it had to close, the hospital management created turmoil that ensured it would close.
- The anti-shutdown forces were unrealistic to believe that they could have taken over the institution by late October. "It was too far gone financially by that time," said Tapley, who is based in Maine. "The actions and inactions by the board and management had killed it."
- As for the suggestion that Sok may have torpedoed Winsted Memorial to eliminate a competitor to Sharon Hospital, Tapley said that this question would only be resolved when the bankruptcy trustee completed an audit of the hospital's finances. "Citizens should carefully monitor the progress of the trustee's work," he said. "The bankruptcy trustee is a public servant."
- Tapley suggested Connecticut's Attorney General Richard Blumenthal should continue last year's investigation into the Winsted hospital's finances.

- The report sees "greed" in Sok's taking $100,000 as a "bonus" in advance of starting on a late-in-the-game plan to convert Winsted Memorial Hospital to a lesser health-care center. Sok has subsequently agreed to return the money--and an additional $125,000 from a Sharon Hospital subsidiary--for a release from liability for wrongdoing, although this deal has not been accepted by the trustee overseeing the bankrupt hospital's affairs.

"The Winsted experience suggests that, in a place where the sharks are circling, a too-sleepy or too-compliant board of directors may preside, through inaction, over the sacrifice of their institution," the report says. "In an era of dramatic change, this would be a lesson that hospital boards around the country might well heed."

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Lance Tapley

Lance Tapley, 52, is based in Augusta, Maine. He has been a reporter or editor for such daily newspapers as the *San Francisco Chronicle*, the *Providence Journal*, and the *Portland Press Herald*. His first newspaper job was at the weekly *Southington News* in Southington, Conn. He has written for *The Nation, Sierra, Utne Reader, Whole Earth Review*, and many other magazines.

He was the publisher of Yankee Books, the country's largest regional book company.

His magazine investigative journalism in Maine has resulted in the uncovering of several major scandals including child sexual and physical abuse at the state School for the Deaf, which resulted in the resignation of top state officials, a state police investigation, and changes in the state's child-abuse laws.

He also is the former Health Systems Development Director of the Maine Health Systems Agency, a federally funded health-care regulatory agency. He wrote and successfully lobbied for state legislation creating Maine's first cancer registry and environmental health unit within the state's Department of Human Services.