$22m Dartmouth-Hitchcock loss prompts hospital heartburn

MANCHESTER — Dartmouth-Hitchcock lost $22 million in its most recent quarter, prompting Elliot Hospital officials to assess how the resulting bond rating downgrade might affect a possible affiliation and a potential new or renovated Elliot Hospital. “Elliot is taking all of the steps necessary to understand the impact this may have on a future affiliation,” Elliot spokesman Susanna Fier said Tuesday. Fitch Ratings downgraded $132.5 million in Dartmouth-Hitchcock bonds from “A+” to “A” and put the bonds on a negative ratings watch. “The rating watch negative reflects not only the magnitude, but also the velocity of the deterioration in operating performance,” Fitch Ratings wrote.

Fitch said Dartmouth-Hitchcock’s main hospital and clinics reported operating income of $10 million for the first nine months of its fiscal year through March 31. But the health care provider lost $22 million in the final quarter, according to unaudited figures Fitch cited. Fitch said it plans to have an on-site meeting with senior management at Dartmouth-Hitchcock “to discuss operating results as well as the organization’s corrective action plan.”

Elliot is in talks to affiliate with Dartmouth-Hitchcock Health that could bring Elliot hundreds of millions in new investment. An affiliation deal, if approved by both boards and government regulators, would allow for Dartmouth-Hitchcock to help pay for a new or renovated Elliot Hospital. Dartmouth-Hitchcock spokesman Mike Barwell said Tuesday that discussions continue with Elliot officials. “Dartmouth-Hitchcock is a strong organization,” Barwell said in an email. “With the corrections we are making and the plan we have in place, we expect to emerge in a stronger financial position at the end of FY17 and continue on our journey to create a sustainable health system for the people and communities we serve throughout New Hampshire and Vermont.”

S & P Global Ratings, another ratings group, will maintain D-H’s “A” rating, but will change the outlook from stable to negative, according to Dartmouth-Hitchcock. “It’s important to note that for an organization dedicated to value not volume and to delivering the care patients want and need when well-informed, we will never be about maximizing profits,” James Weinstein, CEO and president of Dartmouth-Hitchcock, said in a statement. In a newsletter to employees, Weinstein said “ending the year with a deficit is not where any of us expected to be.” “Rating agencies have strong criteria for organizations to meet within each rating level and our unanticipated shortfall predictably has resulted in a downgrade,” Weinstein told workers.

Fier said the news about Dartmouth-Hitchcock’s finances didn’t come as a surprise to Elliot officials. “Dartmouth-Hitchcock made us aware of their financial performance and a rating change was not unexpected,” she said in an email. “We know D-H is a strong organization that can get through this, and we understand that there are performance improvement plans underway to ensure that FY17 is a better year.”
WMUR – August 31, 2016
Outside spending in Ayotte-Hassan US Senate race now more than $40 million
Experts say super PACs, issues groups crowding out the candidates’ messages to voters

MANCHESTER, N.H. — More than ever, the New Hampshire television broadcast airwaves, cable stations and online sources are being flooded with advertising focusing on the state’s nationally watched U.S. Senate race. Looking ahead to the summer and fall campaign, U.S. Sen. Kelly Ayotte’s “Kelly for New Hampshire” campaign is reserving $9 million in advertising on both television and digital platforms through Election Day.

Even before Granite Staters went to the polls in February to vote in the state’s first-in-the-nation presidential primary, advertising was underway by outside, third party special interest groups on both sides, attacking and praising Republican Sen. Kelly Ayotte and Democratic Gov. Maggie Hassan. As of Tuesday, more than $40 million had been spent on independent expenditures by super PACs and issues groups in support of, and attacking, each candidate. And there are still more than two months to go before the general election. “It’s amazing but it’s not surprising,” said veteran New Hampshire Republican strategist and communication specialist Patrick Griffin. “I think we knew this was going to be a record year, and this race in particular is one of the biggest races in the country, and it’s a close race.”

What makes the spending on the Senate race even more noteworthy is that it is being wedged among television advertising on the presidential race, which is in the tens of millions of dollars for New Hampshire. And it comes after about $100 million was spent in New Hampshire during the presidential primary races. Only a small fraction of the advertising Granite Staters see on television is from the campaign committees of candidates Ayotte and Hassan. The overwhelming majority is by out-of-state political action committees, super PACs and nonprofit issues advocacy groups. The creation of these big-spending groups was prompted by the 2010 U.S. Supreme Court ruling in the Citizens United case, which held that political spending is a form of protected free speech under the First Amendment, and the government may not keep corporations or unions from spending money to support or denounce candidates.

The respected non-partisan Citizens for Responsive Politics explains on its OpenSecrets.org web site: “Technically known as independent expenditure-only committees, super PACs may raise unlimited sums of money from corporations, unions, associations and individuals, then spend unlimited sums to overtly advocate for or against political candidates. Unlike traditional PACs, super PACs are prohibited from donating money directly to political candidates, and their spending must not be coordinated with that of the candidates they benefit.”

“Super PACs are required to report their donors to the Federal Election Commission on a monthly or semiannual basis – the super PAC’s choice – in off-years, and monthly in the year of an election.
According to OpenSecrets.org, as of Aug. 26, nationally, “2,327 groups organized as super PACs have reported total receipts of $992,284,832 and total independent expenditures of $529,622,999 in the 2016 cycle.”

In the New Hampshire U.S. Senate race, according to a WMUR review of spending, based on information culled from OpenSecrets.org and campaign sources that track spending, as of Aug. 30:

-- $42 million has been spent on the Senate race.
-- Of that total, $24.2 million has been spent by Republican groups on behalf of Ayotte, mostly attacking Hassan. Approximately $5 million of that amount was spent in 2015, much of it even before Hassan announced for the Senate.
-- And $18.4 million has been spent by pro-Democratic groups on behalf of Hassan, mostly attacking Ayotte. All of the pro-Hassan money has been spent in 2016.
-- The 2016 totals of pro-Ayotte and pro-Hassan spending are about equal, with a relatively small, $1 million edge to the pro-Ayotte efforts.

Separately, the candidates themselves have spent $4.3 million -- including all spending, not just advertising -- as of June 30. The June 30 spending included $2.4 million by Ayotte’s campaign and $1.9 million by Hassan’s campaign. On Tuesday, Hassan made public pre-primary figures showing that from July 1-Aug. 24, the campaign raised an additional $2.1 million while its cash on hand decreased from $4.2 million on June 30 to $3.3 million on Aug. 24, meaning Hassan’s campaign spent about $3 million during the period, for a total of $4.9 million. Ayotte’s campaign has not yet released her pre-primary fundraising.

In the 2014 campaign, the U.S. Senate race between Sen. Jeanne Shaheen, who won re-election, and former Massachusetts Sen. Scott Brown was also a closely-watched race nationally. According to OpenSecrets.org, total spending by outside groups on the Shaheen-Brown race was $28.3 million. In addition, Shaheen’s campaign spent $15.9 million and Brown’s campaign spent $8.7 million. Total spending on that race was about $53 million. In the current campaign, the biggest spender in the Ayotte-Hassan race so far has been the pro-Republican issues group One Nation, which is linked to the American Crossroads super PAC, co-founded by former George W. Bush senior adviser Karl Rove. The group also has ties to Senate Majority Leader Mitch McConnell. Combined, One Nation and Crossroads so far has spent $8.7 million in the Granite State attacking Hassan or praising Ayotte.

Its most controversial ad was aired in June, accusing Hassan of mismanaging the state’s response to the opioid crisis. Ayotte said the issue should not be politicized and asked that the ad be pulled. One Nation refused. Earlier this month, the National Republican Senatorial Committee aired an ad that similarly targeted Hassan on the drug crisis. And Ayotte again joined Hassan in demanding that the ad be taken down. The NRSC refused.
On the pro-Democratic side, the biggest spender so far, at about $7.3 million, has been the Senate Majority PAC, affiliated with Senate Democratic Leader Harry Reid. Its ads have portrayed Ayotte as ally of conservative special interest groups and as a supporter of turning Medicare into a voucher program – charges Ayotte has denied. An affiliated nonprofit issues group, Majority Forward, is currently spending $2.2 million for an ad that also hits Ayotte on the Medicare issue.

Together, the Senate Majority PAC and Majority Forward have so far spent about $9.5 million. Other big spenders on the Republican side have been the NRSC, at $7.4 million, and the Ending Spending Action Fund, at $1.5 million. Other groups supporting Hassan have been Independence USA, a super PAC founded by former New York City Mayor Michael Bloomberg, at $2 million; and End Citizens United, organized by a group of Democratic strategists, at $1.8 million. Early in the campaign, each candidate tried to take advantage of the anticipated big spending by outside groups by taking the high road – proposing her own version of the “People’s Pledge” to limit outside spending.

Ayotte began by proposing a pledge similar to one adopted in 2012 by Brown and Sen. Elizabeth Warren – requiring that a candidate who benefits from a third party ad donate 50 percent of the ad’s total cost to a charity of the other candidate’s choice. Hassan responded with what she called “strengthened pledge” that would have limited each candidate’s spending to $15 million. Neither candidate agreed to sign the other’s pledge, and the floodgates were opened.

The spending has outraged a Seacoast Republican activist who has hosted many GOP candidates for president and other top offices for discussions of the issues. “It’s disgusting,” Renee Plummer of Portsmouth said. “I wish that we could forget about the television ads and have all these candidates answer questions on typewriters.” “Let’s look at the black and white, rather than these attempts to make the candidates look more appealing or devilish. I think what has happened on Facebook and social media and television advertising is the worst thing that can happen to politics,” Plummer said.

Plummer said that additional regulations would be fruitless. “There are always people who are experts at getting around the system,” he said. “It is so sad, and it is both sides, absolutely.”

Two experts in New Hampshire campaigns said the volume of advertising will only explode in the coming months. “The constitutionalist in me says it’s free speech,” said Griffin, a co-founder of Merrimack Potomac + Charles, a communications firm. “The Citizens United case came down, and individuals and groups have the right to advocate for issues and candidates within the confines of the law.” “The Senate race gets completely and totally federalized,” he said. “There is no nuance. You are either for something or against it, and the problem is that in public life, there are nuanced approaches to how these candidates got to where they are.” “Third party super PACs deal in nothing but absolutes,” Griffin said. “And candidates are blamed for what someone else has run, and it’s hard to refute.”
“It dumbs down the political process in a state where voters are notoriously smart,” Griffin said. “Voters here are good at this and have been doing this really well for a really long time. But this has changed the level of discourse in a state that celebrates town meetings, retail voter contact, going door-to-door.”

“That’s a staggering number, and we’re still in the late summer,” agreed Jim Demers, a longtime Democratic strategist, owner of a Concord government relations firm and Griffin’s partner at Merrimack Potomac + Charles. “I was just in Maine for the weekend and every other commercial I saw was on the New Hampshire Senate race. I think, and many people think, that when the campaign really gets going in New Hampshire after Labor Day, we’re going to see over-saturation of this election.”

“And I think at that point, people need to buckle up because their mailboxes are going to be full every day. There is only so much TV time you can buy,” Demers said. Demers said the heavy outside advertising is a double-edged sword for candidates. “The campaigns probably think it’s helpful to have outside groups spending a lot of money going after the opponent, but at the same time, it really clutters the ability of the voters to figure out where the candidates stand.”

He also said highly negative issues ads can backfire on the candidates they are supposed to help. The recent ads charging that Hassan mismanaged the opioid crisis is a good example, Demers said. “A lot of people were talking about how offended they were by these ads, particularly people in the drug counseling community who felt they were not accurate,” he said. Demers said the Senate campaign will reinforce what he believes is the voters’ desire to limit outside spending. “Already, the voters want Citizens United overturned,” Demers said. “So when they see what is happening in this campaign, it just adds more fuel to the fire.”

For candidates, third-party ads “can cut both ways,” said Dean Spiliotes, a civics scholar at Southern New Hampshire University. “The typical thinking is that the big problem with outside spending is that the campaigns lose control of the message, and there is some truth to that.” “It also results often in nationalization of the issues,” Spiliotes said. “Often, these groups have one generic ad and they just drop in the names in the appropriate state. That doesn’t help the campaign or the candidate.” “On the other hand, campaigns like to have other people do the dirty work, whether it’s surrogates or outside groups, and it can be effective. I’m sure in those cases they are secretly pretty happy with it.”

But, regarding the anti-Hassan opioid issue ads that Ayotte disavowed, Spiliotes said, “In Kelly Ayotte’s mind, there must be some potential for a backlash, otherwise she would not have said that the ads should be taken down. Campaigns also understand that a lot of viewers don’t make the kind of distinctions on which entity is running the ad, and that is potentially dangerous.” Overall, though, Spiliotes said, "The amount of spending is amazing." “By the time we are finished, it will probably be $75 million or $80 million.”