



THE STORY OF THE FORMATION OF THE OBICI HEALTHCARE FOUNDATION

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The story of the Obici Healthcare Foundation begins with Amedeo Obici, an Italian immigrant who came to this country at the age of 11 in 1889. He was sent to America by his family to live and work with his uncle and family in Scranton, Pennsylvania, so that he might seek a better opportunity. Mr. Obici came here in rather humble circumstances, and it was through his ingenuity, foresight, and hard work that he became a successful businessman. He started selling peanuts out of a home-made pushcart and his efforts grew into an established business in Wilkes-Barre, Pennsylvania. His business grew and required more peanuts, so he decided to move to Suffolk to be close to his peanut supply. Planters Peanuts became a household name and “Mr. Peanut,” created by a 13-year-old Suffolk school boy named Antonio Gentile, became a famous logo. The original drawings of “Mr. Peanut” are in the Smithsonian Institute.

Mr. Obici had a great interest in healthcare, particularly for those who could not afford that care. He provided in his will and several trusts for the construction of a hospital in memory of his wife, Louise. He stated in those documents that if for some reason the funds dedicated to the construction of a hospital, representing the major part of his estate, could not be used for a hospital, they were to be used to provide healthcare for the poor in Suffolk and Wilkes-Barre. Mr. Obici died in 1947, and the Louise Obici Memorial Hospital was constructed from the estate funds and opened in 1951.

After the construction of the hospital, some of the funds from the estate received by the hospital were used to reduce patient charges and for additions to the hospital. Because of federal healthcare policies, the reduced patient charges did little to reduce actual patient medical expenses. The hospital policy was changed so that the trust fund

income was used, not only to reduce patient charges and support the immediate needs of the hospital, but to accumulate funds to assist in the construction of a future replacement hospital.

In 1985, the Obici Foundation was established as a subsidiary of the Obici Health System to hold the funds received from Mr. Obici's trusts. Some of those funds continued to be used for the benefit of the hospital, such as for the purchase of equipment and payment for additions to the hospital. Some of those funds were also used to provide healthcare services outside the hospital, such as the Community Health Outreach Program. The remaining balance of the funds was retained by the Obici Foundation to be used when a replacement hospital was needed.

Over the years additional facilities and services were added and the hospital grew, sometimes in ways that did not contribute to the most efficient operation. In the late 1990s it was apparent that changes needed to be made to make the hospital more modern and more efficient. One suggestion was to put an addition on the front of the building, which would have cost about \$50 million dollars. The hospital would still have been inefficient, so the Board made the decision to build a new hospital. By that time the Obici Foundation had about \$60 million and contributed \$30 million toward the construction of the new Louise Obici Memorial Hospital. The remainder of the construction cost was financed.

When it became public news that a new hospital would be constructed on a new site, the main questions the Board received concerned the use of the original hospital building and the new location of the burial vaults of Mr. and Mrs. Obici, which were inside the original hospital. The Obici burial vaults issue was settled by providing space in the new hospital. Movement of the vaults at an unannounced time and at night was accomplished and thus did not disrupt daily hospital operations. An effort was made to sell the original hospital and the adjoining property, but no realistic proposal was ever received. The original hospital was then torn down and after some time the City of Suffolk bought the vacant property.

The new Louise Obici Memorial Hospital, which opened in 2002, was more attractive and more efficient, but it became increasingly apparent that a small independent hospital could not survive and grow in the existing healthcare environment. The Board's primary interest was not in selling the hospital to the highest bidder. It was most interested in an arrangement that would ensure that the people in the service area got the best medical care from a strong and

established nonprofit hospital to ensure long-term hospital care. The Board was also concerned about the welfare of the dedicated employees at Obici. The general medical referral pattern from Obici was to Sentara. Sentara had an excellent reputation for quality care, safety, and innovation. The Obici Board had great confidence in the wisdom and integrity of the leadership at Sentara and felt that both organizations shared similar values. Sentara, headquartered in Norfolk, was the natural choice as a negotiating partner.

The management at Sentara could not have been a better group with whom to deal. Negotiations were open and fair. The monetary appraisal of the hospital secured by Obici was agreeable to both sides. Both sides had capable and thoughtful legal representation and the many details of the transaction were worked out without great difficulty. The Obici Board felt that the negotiated agreement made final in 2006 was fair and in the best interests of the people in the Obici service area.

Some of us like to think of the transfer of Obici Hospital to Sentara as a merger, but the arrangement had all the earmarks of a sale. The Board and the people in the area were justly proud of Mr. Obici's gift of a locally controlled hospital, but the Board was even more interested in ensuring quality healthcare over the long-term for the people in the service area (the cities of Suffolk and Franklin; Smithfield and Isle of Wight County; the towns of Surry, Dendron and Elberon in the eastern half of Surry County; Waverly and Wakefield in Sussex County; Boykins, Newsoms, Courtland, Sedley and Ivor in Southampton County; and Gates County in North Carolina). The Board made the decision to sell, a decision it thought Mr. Obici would have made. The agreement with Sentara made it possible for the area to have excellent hospital care provided by an organization with the strength to continue that care for the foreseeable future. From this transaction the area also got a new and independent \$100 million Obici Healthcare Foundation, which was formed at the time of the sale from the original Obici Foundation, with its \$30 million in assets, and the \$70 million net from the sale to Sentara. The arrangement was a win for Sentara, Obici, and the people in the service area.

As a result of the agreement with Sentara Healthcare System, Obici Health System conveyed to Sentara all Obici's assets except the Obici Foundation, the original hospital site, the Obici artwork and a number of cemetery lots in Cedar Hill. Sentara assumed Obici Healthcare System's debt and paid Obici Healthcare Foundation \$70 million, and both organizations provided important future assurances. Sentara would make certain specific improvements in the hospital

facilities, continue its commitment to superior caregiving services and preserve the right of the Foundation to participate in the selection of two members of the Sentara Board (Thomas L. Woodward Jr. and Peter D. Pruden III were the first two board members appointed). All those provisions expire by 2026, at the end of 20 years from the date of the sale of the hospital except two. First, Sentara has the continuing obligation to provide hospital care in the area. Second, Obici Healthcare Foundation has the obligation “to improve the health status of the people living in the service area by responding to the medical needs of the indigent and uninsured and by supporting programs which have the primary purpose of preventing illness and disease.” This became and remains the mission of the Obici Healthcare Foundation.

Some may contend that the mission of the Obici Healthcare Foundation should have been the broad mission of a community foundation which could give to almost any good cause. However, when the agreement with Sentara was made, the Obici Hospital Board felt strongly that even with Medicare, Medicaid and other healthcare assistance plans being considered, there would still be a need for community healthcare assistance. The Board also believed that the Foundation funds should be used in a focused manner to make a significant healthcare impact and thereby honor Mr. Obici’s strong commitment to healthcare for the needy as expressed in his will and trust agreements.

The initial Board of the Obici Healthcare Foundation was composed of twelve members, four from the old Obici Health System Board (J. Samuel Glasscock, Robert M. Hayes, Lula B. Holland and William G. Jackson, MD), four from the old Obici Foundation Board (George Y. Birdsong, Robert C. Claud, Henry G. Simpson and B.J. Willie), and four other community leaders with valuable talents and experience (Richard F. Barry III, Jeffrey D. Forman, MD, Douglas C. Naismith, and Joyce H. Trump). After considerable deliberation, this initial Board felt it best to proceed with humility and genuine concern for those foremost on Mr. Obici’s mind, namely, those who need medical care and are without the means to pay for it. The Board also felt it was important to work with other healthcare organizations and to treat them as partners. Since inception and through 2018, the Obici Healthcare Foundation has contributed \$50 million, approximately \$4.5 million per year, to 501 (c) (3) charities related to its mission. However, the amount of money spent is not the most important metric. The goal is to make a real difference in peoples’ lives. This area is fortunate to have Sentara Obici Hospital, Obici Healthcare Foundation and other community health-related organization like the Suffolk

Partnership for a Healthy Community (Healthy Suffolk) and the Western Tidewater Free Clinic, all working together in an effort to meet the healthcare needs of the community, particularly for those most in need.

Mr. Obici's Legacy

Amedeo Obici was an immigrant who had a "rags to riches" American success story.

He left his fortune to improve the health status of the people of Suffolk and surrounding area by funding a hospital and honoring his beloved wife by naming the hospital for her. Further, with good stewardship of his initial bequests, his estate funded a foundation that continues his goal of providing healthcare for the uninsured and indigent.

As a tribute to honor his legacy, a beautifully designed and environmentally sound new office building was built in Suffolk's historic district. This location is convenient to most healthcare grantees and is highly visible to the public. The building displays his valuable art collection and is used as a resource to help other nonprofits, such as the Suffolk Foundation, which is currently located in the building.

His greatest legacy though is his strong commitment to the provision of healthcare to the disadvantaged in his adopted home as expressed in the hospital which bears his wife's name and the efforts of the Obici Healthcare Foundation to improve the status of health in the area.

Amedeo Obici was, and still is, Suffolk's greatest philanthropist.

**About the authors*

George Y. Birdsong was the Chairman of Obici Foundation from its creation in 1985 until the sale of the hospital to Sentara in 2006. He was Chairman of the Obici Healthcare Foundation from its inception in 2006 – 2016.

J. Samuel Glasscock was a member of Obici Health System Board from 1966 until the sale of the hospital to Sentara in 2006; he was Chairman of the Board for much of that time. He was the Vice Chairman of the Obici Healthcare Foundation from its inception in 2006 – 2016 and Chairman of the Obici Healthcare Foundation Board from 2016 – 2017.