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St. Benedicts, St. Luke's talk merger

Deal to be finalized by October, officials say

St. Benedicts Family Medical Center announced Thursday it is in advanced discussion to merge with St. Luke's Health System.

While many of the deal's details have not been released, it's scheduled to be finalized by Oct. 1.

St. Benedicts, in Jerome, is currently operated by Duluth, Minn.-based Essentia Community Hospitals and Clinics. Essentia often partners with local hospitals, said St. Benedicts President Jess Hawley.

"Essentia Health System's location and newly adopted model of health care has created a challenge to continue operating St. Benedicts in a sustainable way," Hawley said in a news release.

Hawley declined to detail the cost of the merger, explaining that the final details were still being discussed.

Hawley was brought in as president in April 2010. During his time at the hospital, he said, an integration with St. Luke's was a natural next step.

"I came in here to manage this facility. The advantages to this integration are very obvious," he said. "I had the support of the employer as I went down that road."

While no one has said how the deal will affect St. Benedicts' current employees, Hawley said "efficiencies" would be made.

Mergers are usually a time for hospitals to find areas where they can cut back and run more efficiently, said John Reiboldt, managing director for Coker Capital Advisors, a health investment firm in Atlanta, Ga. Reiboldt is a leading hospital merger expert.

"Many times hospitals have added too many layers of fat, they've bulked up and they are not as nimble as they could be," Reiboldt said. "It's hard for CEOs to trim down a hospital, but a merger allows them to cut so they can continue to operate."

While Jerome Mayor John Shine was not expecting St. Benedicts to make the announcement on Thursday, the overall decision was not a surprise.

"I know there have been ongoing discussions between St. Benedicts and other hospital groups over the years, but this particular merger is a surprise at this point in time," he said.

Originally sponsored by the Idaho Corporation of Benedictine Sisters, ownership of St. Benedicts transferred in 2000 to Saint Alphonsus Regional Medical Center in Boise — St. Luke’s main Treasure Valley competitor. Essentia’s parent in 2007, the Benedictine Health System, acquired the Jerome hospital at that time.

Shine said Jerome will benefit from the many resources a larger hospital system would bring, but hoped current services at St. Benedicts would be preserved.

“St. Bens is a small but full-service hospital. I want the people of Jerome to get all those services right here in their community that they’ve always had,” he said.

In general, Reiboldt said, patient care usually continues to operate the same, if not better, in hospital mergers. The main concern, he said, is waiting to see how many jobs will be cut.

“I think if people do it right and they get good advice, it can be a very smooth transition,” he said. “At the end of the day, if hospitals don’t react to the market they will die.”