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FOR YOUR INFORMATION
The Lewiston Tribune
Lewiston, Idaho
Tuesday March 21, 2017
by **Elaine Williams**
Page 1 of 2

Idaho AG: St. Joe's sale can proceed

Transaction must adhere to list of requirements

The Idaho attorney general's office will allow a pending sale of St. Joseph Regional Medical Center to proceed — as long as the sale adheres to a list of conditions.

"My review of the proposed sale indicates the hospital and the public will benefit from this transaction," Idaho Attorney General Lawrence Wasden said in a Monday news release. "I therefore do not oppose the sale and I encourage the parties to work cooperatively to quickly transition the hospital to its new management."

The much-anticipated decision removed a major obstacle to completing the \$109 million transaction, in which Ascension Health plans to sell the Lewiston hospital to RCCH Healthcare Partners.

St. Louis-based Ascension is the largest nonprofit health care system in the United States and the biggest Catholic medical care organization in the world.

RCCH Healthcare Partners, based in Brentwood, Tenn., is poised to be the first for-profit owner of St. Joe's since its founding more than 100 years ago. The company operates 17 regional health systems in 12 states and is a part of Apollo Management.

When the deal might close is not clear. Officials at Ascension and RCCH Healthcare Partners didn't answer questions Monday. St. Joe's is being sold as a package with Lourdes Health Network in Pasco. That transaction is still awaiting regulatory approval, according to a joint news release from Ascension and RCCH.

One of the chief requirements the Idaho Attorney General imposed was the creation of a \$25 million endowment that will be used to improve the health of people living in the region. Ascension will contribute \$23 million and RCCH is giving \$2 million, as well as the Carondelet House, a property adjacent to the hospital.

The money will be controlled by the Lewis-Clark Valley Healthcare Foundation, a new Idaho nonprofit that is expected to be established before the deal closes, said Brett DeLange, a deputy Idaho attorney general.

Initially, Ascension was going to contribute \$20 million to the endowment, and the foundation would have remained a part of Ascension, DeLange said.

"The original proposal had too much connection and tie-in with Ascension," he said.

Aside from the changes negotiated for the foundation, the requirements the sale must follow are largely ones the parties agreed to prior to the attorney general's involvement.

"The attorney general's review revealed that the sale terms and the parties' actions substantially comply with all ... factors" under the Idaho Nonprofit Hospital Sale or Conversion Act, according to the attorney general's news release.

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One of the only reservations the attorney general's office had involved Ascension pairing St. Joe's with Lourdes since "tying the hospital to a lesser-valued, out-of-state facility may not ... serve the hospital's best interests," according to the opinion the attorney general issued in the case.

That concern was outweighed by other features of the sale, according to the attorney general's opinion.

The purchase price of \$109 million exceeds the hospital's estimated fair market value, something that is not being shared right now because St. Joe's has asked for it not to be disclosed in pending litigation in Ada County District Court.

Of the \$109 million, \$23 million has been earmarked for the foundation and another \$34 million will cover debts, taxes and other financial obligations Ascension will incur because of the sale.

The remaining \$52 million will be used for charitable purposes that are in line with Ascension's Catholic mission anywhere the organization sees fit.

Part of the justification for not imposing geographic boundaries on the \$52 million was that the hospital rarely referred to its service area in documents and community members will be able to monitor how that money is used through public records, according to the attorney general's opinion.

RCCH Healthcare Partners will invest or commit to \$57 million in capital investments, including an outpatient surgery center.

Charity care will continue at the existing level. Generally, St. Joe's writes off 100 percent of a patient's portion of the bill after insurance for emergency and medically necessary care for patients with an incomes equal to or less than 250 percent of the federal poverty level.

As a for profit, St. Joe's will pay an undetermined amount of taxes. The hospital's employees will be allowed to keep their existing positions, salary and benefits, and the hospital will retain its Catholic identity.

"This is a new day for Lewiston and the Lewiston-Clarkston Valley," DeLange said. "We hope the parties proceed to close and we move forward."

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