

Firm owned by McKesson buys Saltzer Medical Group

The final act in the antitrust case that St. Luke's Health System lost appears to be playing out at last, with the sale of a Nampa primary-care medical practice whose acquisition by St. Luke's started it all.

And the buyer is a surprise: a company created by McKesson, a \$200 billion-a-year global corporation known for its pharmaceuticals and medical technology.

Documents obtained by the Idaho Statesman show that the company, Change Healthcare Management Co. LLC, plans to acquire Saltzer Medical Group effective May 1.

Change Healthcare has extended job offers to some current Saltzer employees, with a McKesson-owned health care manager, Med3000, also listed on the employment letters.

"To be clear, this offer is subject to the successful closing of the transaction as defined in that certain master transaction agreement dated as of March 31, 2017, by and among St. Luke's Health System Ltd., St. Luke's Regional Medical Center Ltd., Saltzer Medical Group P.A., Change Healthcare Management Company LLC and Southern Idaho Health Partners LLC," the letter says.

Southern Idaho Health Partners is a company owned by St. Luke's.

McKesson Technologies LLC registered with the Idaho secretary of state on March 1, listing Change Healthcare Holdings as the governing member.

Saltzer President John Kaiser declined to comment, saying an announcement will be made soon about Saltzer's sale. He said it would be inappropriate to comment or answer questions before the deal is completed and approved by U.S. District Judge B. Lynn Winmill in Boise, who presided over the antitrust trial in 2013.

Several employees were notified this week that they will be laid off at the end of the month, according to an employee who asked not to be identified. Kaiser denied that anyone has been laid off.

Winmill ordered St. Luke's Health System to sell Saltzer Medical Group by May 1.

It all started when St. Luke's bought Saltzer Medical Group in 2012 even though the Idaho Attorney General's Office warned it not to.

The Federal Trade Commission, Attorney General Lawrence Was-den and two St. Luke's competitors in the Treasure Valley — Saint Alphonsus Health System and Treasure Valley Hospital — sued St. Luke's and Saltzer, saying the 2012 acquisition broke federal antitrust laws.

After weeks of testimony, Winmill sided with the plaintiffs, who said the purchase gave the hospital system too much control over the primary-care market in the Nampa area. Winmill ordered Saltzer and St. Luke's to reverse their deal. A trustee was put in charge of finding a buyer.

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What is Change Healthcare?

McKesson is a drug distributor and technology business based in San Francisco. In March, it merged most of its McKesson Technology Solutions division with Change Healthcare, a software and analytics company based in Nashville, Tennessee.

The merged company kept the Change name and is mainly a financial technology company. However, the other company named on Saltzer employment letters, Med3000, offers management and other services to provider groups, hospitals and health systems.

“The two companies together can do something neither one of us can do by ourselves,” CEO Neil de Crescenzo told Modern Healthcare.

Change has about 15,000 employees, it said in a March news release.

That merger prompted its own antitrust concerns. The U.S. Department of Justice in December closed an investigation in December into whether the multibillion-dollar merger would violate antitrust laws.

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