Health care companies say proposed merger shouldn't halt St. Joe's deal

A proposed merger between Capella Healthcare and Regional Care Hospital Partners will have no effect on a possible deal to buy St. Joseph Regional Medical Center in Lewiston.

That's according to Capella Healthcare in Franklin, Tenn., which is negotiating to acquire St. Joe's from Ascension Health in St. Louis. At the same time, Capella Healthcare is pursuing a merger with RegionalCare Hospital Partners in Brentwood, Tenn.

Capella Healthcare operates 10 hospitals in Arkansas, Oklahoma, Oregon, South Carolina and Washington. RegionalCare Hospital Partners owns eight hospitals in Alabama, Arizona, Connecticut, Iowa, Montana, Ohio and Texas.

"This is a strategic partnership that will enable both of our companies to enhance service and support to our existing community hospitals while creating a new entity that is even more attractive - and better positioned - for future partner communities," Capella President and CEO Michael Wiechart said in a prepared statement about the merger.

Wiechart would continue in his present role after the merger closes, something that is expected to happen by the end of June. Details of the merger are not being disclosed.

The name of the new organization would be RCCH, which stands for RegionalCare Capella Healthcare. The company would have more than 13,000 employees, 2,000 physicians and $1.7 billion in revenues.

The news about the Capella Healthcare merger comes at a time when talks about St. Joe's being sold are happening privately. No new public documents were available Thursday from the Idaho Attorney General's Office, which has been following the transaction.

St. Joe's also had no updates. Capella Healthcare confirmed that talks were ongoing and provided no additional details. Ascension Health didn't respond to an inquiry about the matter.

Ascension Health acquired St. Joe's for nothing in 2002. Ascension Health is a Catholic organization that is the largest not-for-profit health system in the United States. Officials said St. Joe's would be allowed to maintain its Catholic heritage as it shifts from a not-for-profit to a for-profit if the deal proceeds.

A total of $57 million would be invested for an ambulatory care complex and the expansion of other services over five years following the sale, according to terms described in a letter Ascension Health sent to the Idaho Attorney General's Office. The letter was obtained by the Tribune through a public records request in February.

If St. Joe's were for-profit, it is predicted it would generate $3 million a year in new tax revenue, according to the documents.
Money raised by the hospital's foundation would stay within the community. Ascension would create a $20 million endowment from the sale for the health care needs of the Lewiston area consistent with the hospital's Catholic mission.

All remaining proceeds would be used consistent with a Catholic mission and charitable purposes as directed by Ascension, according to the letter.

How much Ascension is asking as part of the St. Joe's deal has not been made public. The attorney general's office has been pushing Ascension to release the market value it established for the hospital as part of its discussions with Capella Healthcare.