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FOR YOUR INFORMATION
The Lewiston Tribune
Lewiston, Idaho
Tuesday May 2, 2017
by Elaine Williams
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Sale of St. Joseph Regional Medical Center finalized

Hospital becomes for-profit business after purchase by RCCH HealthCare Partners

St. Joseph Regional Medical Center was acquired by RCCH HealthCare Partners on Monday, marking the start of a new era as a for-profit hospital for one of Lewiston's oldest institutions.

RCCH HealthCare Partners in Brentwood, Tenn., purchased St. Joe's for \$109 million from Ascension Health in St. Louis. RCCH HealthCare Partners operates 17 regional health systems in 13 states with the addition of the Lewiston hospital. It is a part of Apollo Global Management, an investment firm.

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

One of the changes that RCCH HealthCare expects to make this week will be to name a board of local citizens. At other RCCH HealthCare Partners facilities, the boards are comprised of an equal number of community leaders and physicians, said company spokesman Jeff Atwood.

Since September 2014, when St. Joe's acknowledged it was considering severing ties with Ascension, the board has been dominated by Ascension executives.

The new RCCH HealthCare Partners board will help find a replacement for Mark Taylor, interim CEO of St. Joe's, who will continue in that role until his successor is named, Atwood said.

Taylor's replacement will lead one of the most important organizations in the community. It is the only acute-care hospital between Boise and Coeur d'Alene, and is one of the largest employers in the Lewiston-Clarkston Valley, with 1,021 employees.

Since its founding in 1902, the hospital has been operated by nonprofit Catholic organizations and will retain its religious identity as part of the purchase.

Why the hospital sought a new owner has never been specified by hospital leaders. St. Joe's has performed well financially, earning \$6.1 million in net revenue in 2016, according to its most recent fiscal year community report.

But Ascension had only one other holding in the region — Lourdes Health in Pasco, which also is being sold to RCCH HealthCare Partners and is set to close later this year.

The close of the deal follows nearly two years of negotiations, first announced in June 2015. The transition to a for-profit entity forced public disclosures about the terms so that the Idaho Attorney General's Office could be sure it complied with the Idaho Nonprofit Hospital Sale or Conversion Act.

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The terms require RCCH HealthCare Partners to be an acute-care hospital with surgery and an emergency room for at least five years, retain all employees who are in good standing and maintain its policies for the care of indigent patients for an unspecified length of time.

It must invest or commit to invest \$57 million for capital projects within five years. How that money will be spent will be determined with input from the hospital's medical staff, leadership and board, Atwood said.

"What you'll find is we're a terribly collaborative organization," Atwood said. "... Together we will determine priorities and a timeline and the best way to use those funds to improve access to care locally."

The hospital will be allowed to assign its right to purchase and lease the hospital's property to a third-party real estate company. That is a potential option to attain capital or fund growth, Atwood said.

The merits of the sale have been debated at length in the valley. Supporters contended morale was suffering at the hospital as it struggled to recruit physicians, who were reluctant to join an institution in the midst of an ownership change.

"We know this will allow us to expand services, recruit specialists and continue to enhance our already strong commitment to high-quality care," Taylor said in a prepared statement.

Opponents wondered if a better buyer could have been found had Ascension not insisted that St. Joe's be sold with Lourdes.

They also had concerns about how the \$109 million in sale proceeds would be spent. A compromise hammered out by the attorney general's office puts \$23 million in the Lewis-Clark Valley Healthcare Foundation, which will be overseen by a local board. Another \$2 million is being put in the endowment fund by RCCH HealthCare Partners (see related story, Page C1).

An additional \$52 million will be used for charitable purposes that are in line with Ascension's Catholic mission anywhere the organization sees fit. Of that amount, \$2 million is going toward construction of a new building for All Saints school.

The remaining \$34 million will cover debts, taxes and other financial obligations Ascension is incurring as part of the sale.

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