

# M&A SECTOR WATCH: 2Q 2018

For the second quarter of 2018, Ponder & Co. tracked these 21 transactions involving hospital change of control:

## APRIL 2018

**APRIL 1:** Massachusetts Eye and Ear (not-for-profit) acquired by Partners HealthCare System (NFP). **Target beds:** 41. **Total revenue:** \$197.6 million.

**APRIL 2:** Union Hospital (NFP) in Ohio acquired by Cleveland Clinic Health System (NFP).<sup>1</sup> **Target beds:** 129. **Total revenue:** \$130.3 million.

**APRIL 11:** Mountain View Regional Hospital (for-profit) in Wyoming acquired by Wyoming Medical Center (NFP).<sup>1</sup> **Target beds:** 25. **Total revenue:** \$53.3 million.

**APRIL 17:** St. Joseph Martin Hospital (NFP) acquired by Appalachian Regional Healthcare (NFP). **Target beds:** 25. **Total revenue:** \$19.1 million.

**APRIL 18:** Munroe Regional Health System (FP) acquired from Community Health Systems and UF Health Shands by Adventist Health (NFP). **Target beds:** 425. **Total revenue:** \$254.5 million.

**APRIL 20:** Williamson Memorial Hospital (FP) in West Virginia acquired from Community Health Systems by Mingo Health Partners (FP). **Target beds:** 76. **Total revenue:** \$19.7 million.

**APRIL 23:** 5 Adventist hospitals and 4 St. Joseph hospitals (NFP) in California form new joint-operating committee (NFP).<sup>2</sup> **Target beds:** 888. **Total revenue:** \$1.193 billion.

**APRIL 25:** Great Bend Regional Hospital (FP) in Kansas acquired by University of Kansas Health System (NFP). **Target beds:** 33. **Total revenue:** \$39.5 million.

## MAY 2018

**MAY 1:** Des Peres Hospital (FP) in Missouri acquired from Tenet Health by St. Luke's Hospital (NFP). **Target beds:** 88. **Total revenue:** \$99.8 million.

**MAY 1:** Hardin Memorial Hospital (NFP) in Kentucky acquired by Baptist Health (NFP). **Target beds:** 270. **Total revenue:** \$316.7 million.

**MAY 7:** Centegra Health System (NFP) in Illinois acquired by Northwestern Medicine (NFP). **Target beds:** 405. **Total revenue:** \$472.9 million.

**MAY 8:** DeKalb Medical (NFP) in Georgia acquired by Emory Healthcare (NFP). **Target beds:** 627. **Total revenue:** \$487.5 million.

## JUNE 2018

**JUNE 5:** Lourdes Health System (NFP) in New Jersey acquired from Trinity Health by Virtua Health (NFP). **Target beds:** 379. **Total revenue:** \$433.6 million.

**JUNE 6:** Memorial Hospital (NFP) in Illinois acquired by UnityPoint Health (NFP). **Target beds:** 18. **Total revenue:** \$25.1 million.

**JUNE 15:** Wrangell Medical Center (NFP) in Alaska acquired by Southeast Alaska Regional Health Consortium (NFP). **Target beds:** 8. **Total revenue:** \$10.8 million.

**JUNE 20:** Trios Health (NFP) in Washington acquired by RCCH HealthCare Partners/UW Medicine joint venture (FP). **Target beds:** 111. **Total revenue:** \$201.5 million.

**JUNE 25:** Miami Medical Center joint venture (FP) in Florida acquired by Nicklaus Children's Hospital (NFP). **Target beds:** 67. **Total revenue:** N/A.<sup>3</sup>

**JUNE 25:** Campbellton-Graceville Hospital (NFP) in Florida acquired by Northwest Florida Community Hospital. (NFP). **Target beds:** 25. **Total revenue:** N/A.<sup>4</sup>

**JUNE 26:** AllianceHealth Deaconess (FP) in Oklahoma acquired from Community Health Systems by Integris Health (NFP). **Target beds:** 291. **Total revenue:** \$115.5 million.

**JUNE 28:** Women & Children's Hospital (FP) in Louisiana acquired from HCA by Franciscan Missionaries of Our Lady Health System (NFP). **Target beds:** 161. **Total revenue:** N/A.

**JUNE 29:** Summit Health (NFP) in Pennsylvania acquired by WellSpan Health (NFP). **Target beds:** 330. **Total revenue:** \$520 million.

## FOOTNOTES

1. Ponder represented one or both sides in the transaction.
2. Adventist Health Howard Memorial, Adventist Health Ukiah Valley, Adventist Health Clear Lake, Adventist Health St. Helena, Adventist Health Vallejo; St. Joseph Hospital Eureka, Redwood Memorial Hospital, Santa Rosa Memorial Hospital, Queen of the Valley Hospital.
3. Miami Medical Center had filed for bankruptcy, and the purchase took place through an auction.
4. Campbellton-Graceville Hospital closed in June 2017.

## PONDER & CO. SECOND-QUARTER ANALYSIS:

The median acquisition had 111 target beds and target revenue of \$164 million. ... The decrease in activity from the first quarter (36 transactions) was nearly 50 percent. That far exceeds the standard correction, about 25 percent, that follows a quarter that exceeds the trailing four-quarter average. ... The quarter-to-quarter decrease is the second-largest by percentage since 2000, exceeded only by the fourth quarter in 2009.

**LOOKING AHEAD:** Ponder expects upcoming quarters to be busy, noting that many organizations are in the early stages of discussions. Letters of intent to merge have been signed by Jefferson and Einstein Healthcare Network in the Philadelphia area, and by Atrium Health and Navicent Health in Georgia. Ochsner Health System is in the final stages of discussions with the State of Louisiana to operate three LSU hospitals. Fairview Health and the University of Minnesota have agreed to expand their affiliation and to rebrand. Cleveland Clinic has pending acquisitions in Florida (Indian River Medical Center and Martin Health System).