

M&A SECTOR WATCH

For the third quarter of 2017, Ponder & Co. tracked these 26 transactions involving hospital change of control:

JULY 2017

- JULY 1** UW Health and UnityPoint-Meriter (NFP), Madison, Wis., form joint-operating agreement. **Target beds:** 686. **Total revenue:** \$2.058 billion.
- JULY 3** Stonewall Jackson Memorial Hospital (NFP), Weston, W.Va., acquired by Mon Health System (NFP). **Target beds:** 64. **Total revenue:** \$45 million.
- JULY 6** Wilkes Regional Medical Center (NFP), North Wilkesboro, N.C., acquired by Wake Forest Baptist Medical Center (NFP). **Target beds:** 86. **Total revenue:** \$81 million.
- JULY 10** Two Emerus hospitals (FP), Tomball, Texas, and Sugar Lake, Texas, join Memorial Hermann as part of joint venture (FP). **Target beds:** 15. **Total revenue:** \$13 million.
- JULY 11** L.V. Stabler Memorial Hospital (FP), Greenville, Ala., acquired from Quorum Health Corporation by the City of Greenville (NFP). **Target beds:** 72. **Total revenue:** \$19.3 million.
- JULY 11** Weatherford Regional Medical Center (FP), Weatherford, Texas, acquired from Community Health Systems by HCA (FP). **Target beds:** 103. **Total revenue:** \$107.7 million.
- JULY 13** Lahey Health and three other area hospitals (NFP), Massachusetts, acquired by CareGroup Healthcare System (NFP). **Target beds:** 656. **Total revenue:** \$1.563 billion.
- JULY 21** Highlands Medical Center (FP), Sebring, Fla., acquired from Community Health Systems by HCA (FP). **Target beds:** 126. **Total revenue:** \$50.6 million.
- JULY 24** Hanover Hospital (NFP), Hanover, Pa., acquired by PinnacleHealth System (NFP). **Target beds:** 93. **Total revenue:** \$163.9 million.
- JULY 28** PinnacleHealth (NFP), Pennsylvania, acquired by UPMC (NFP). **Target beds:** 1,238. **Total revenue:** \$1.05 billion.
- JULY 31** United Health System (NFP), Kenosha, Wis., acquired by Froedtert and the Medical College of Wisconsin (NFP). **Target beds:** 206. **Total revenue:** \$317.8 million.
- AUGUST 2017**
- AUG. 1** Texas Spine and Joint Hospital (FP), Tyler, Texas, joins Baylor Scott & White and United Surgical Partners International joint venture (FP). **Target beds:** 18. **Total revenue:** \$91.8 million.
- AUG. 14** Moundview Memorial Hospital & Clinics (NFP), Friendship, Wis., acquired by Gundersen Health System (NFP). **Target beds:** 25. **Total revenue:** \$19.9 million.
- AUG. 17** Gwinnett Health System (NFP), Lawrenceville, Ga., acquired by Northside Hospital (NFP). **Target beds:** 553. **Total revenue:** \$705.7 million.
- AUG. 31** Rockdale Medical Center (FP), Conyers, Ga., acquired from LifePoint by Piedmont Healthcare (NFP). **Target beds:** 138. **Total revenue:** \$139.1 million.
- SEPTEMBER 2017**
- SEPT. 1** Dimensions Healthcare (NFP), Maryland, acquired by University of Maryland Medical System (NFP). **Target beds:** 383. **Total revenue:** \$393.2 million.
- SEPT. 1** Hahnemann University Hospital and St. Christopher's Hospital for Children (FP), Philadelphia, acquired from Tenet Health by Paladin Healthcare (FP). **Target beds:** 685. **Total revenue:** \$790 million.
- SEPT. 1** Lourdes Health System and St. Francis Medical Center (NFP), New Jersey, acquired from Trinity Health by Cooper University Health Care (NFP). **Target beds:** 200. **Total revenue:** \$243.1 million.

- SEPT. 6** Hancock Medical Center (NFP), Bay Saint Louis, Miss., acquired by Ochsner Health System (NFP). **Target beds:** 96. **Total revenue:** \$46.9 million.
- SEPT. 12** Vista Medical Center West (FP), Waukegan, Ill., acquired from Quorum Health Corporation by US HealthVest (FP). **Target beds:** 16. **Total revenue:** \$21.2 million.
- SEPT. 13** Hutchinson Health (NFP), Hutchinson, Minn., acquired by HealthPartners (NFP). **Target beds:** 43. **Total revenue:** 98.1 million.
- SEPT. 13** Moses-Ludington Hospital (NFP), Ticonderoga, N.Y., acquired by Elizabethtown Community Hospital (NFP). **Target beds:** 15. **Total revenue:** \$11 million.
- SEPT. 13** East Texas Medical Center Regional Healthcare System (NFP), Tyler, Texas, joins Ardent Health-University of Texas joint venture (FP). **Target beds:** 834. **Total revenue:** \$613.9 million.
- SEPT. 13** Blue Mountain Health System (NFP), Palmerton, Pa., acquired by St. Luke's University Health Network (NFP). **Target beds:** 97. **Total revenue:** \$92.2 million.
- SEPT. 18** Fulton Medical Center (FP), Fulton, Mo., acquired from NueHealth-University of Missouri Health Care joint venture by EmpowerHMS (FP). **Target beds:** 18. **Total revenue:** \$13.9 million.
- SEPT. 19** Sacred Heart HealthCare System (FP), Allentown, Pa., acquired by St. Luke's University Health Network (NFP). **Target beds:** 107. **Total revenue:** \$106.3 million.

COMMENTARY The number of announced transactions is down from the previous quarter (34) but represents more than a 50 percent increase over the third quarter of 2016 (16).

- ✦ The median and average target bed counts were 100 and 253, respectively; the median and average target revenues were \$102 million and \$341 million, respectively. These numbers are down from the prior quarter but in line with the trailing 12 months ending Sept. 30.
- ✦ For-profit divestiture activity remains high, with Community Health Systems, Tenet, Quorum, and LifePoint accounting for six transactions. Ponder expects these divestitures to continue as a major driver of activity.
- ✦ Ponder projects the fourth quarter of 2017 and early 2018 to be very active, with several large health systems having announced letters of intent (LOI) during the past quarter. In North Carolina, for example, UNC Health Care and Carolinas HealthCare have signed an LOI to merge to create the state's largest health system. Other activity on the near horizon includes a merger between Greenville Health System and Palmetto Health in South Carolina, and agreements by Presence Health in central Illinois to sell off its hospitals to OSF Healthcare and Ascension.

FP: for profit NFP: not for profit