

CLICK HERE
TO ORDER YOUR
COPY TODAY!

Log in
Create a new account
Forgot your password?

[HOME](#) [ARCHIVES](#) [CONTACT US](#) [ABOUT US](#) [LISTS](#) [SUBSCRIBE](#) [ADVERTISING](#) [CLASSIFIEDS](#) [RSS](#)

TEXT SIZE: [A](#) [A](#) [A](#)

[Click Here](#) To Learn About
Modern Healthcare Online's
Three Access Levels!

MODERN
HEALTHCARE
ONLINE



SEARCH

GO

Advanced Search

ORDER REPRINTS

PRINT ARTICLE

EMAIL ARTICLE

Capella moves to establish itself

Deal also helps Community's goal of cutting portfolio

By: Vince Galloro

Story posted: December 3, 2007 - 5:59 am EDT

_____ For Community Health Systems, the deal is about culling an overgrown herd. For Capella Healthcare, it's about
Advertisement establishing itself as a herder.

_____ Founded in April 2005, Capella is taking a major step forward in agreeing to purchase nine hospitals from
Community for \$315 million in a deal announced last week.

"We think it's a great set of assets," said Daniel Slipkovich, Capella's chief executive officer. "It positions us as a company. The size gives us a lot more stability in a hard environment these days."

Completing the deal, which the two Franklin, Tenn.-based companies expect to happen in the first quarter of 2008, will boost privately held Capella's hospital portfolio from five to 14 facilities.

But it wasn't just the chance to nearly triple in size in a single deal that lured Capella. Capella President Tom Anderson, used to work for Community and became familiar with three of the Alabama hospitals in the deal—70-bed Woodland Medical Center, Cullman; 120-bed Parkway Medical Center, Decatur; 119-bed Hartselle (Ala.) Medical Center—that have been operated for years by Community. The fourth Alabama hospital, 52-bed Jacksonville (Ala.) Medical Center, became part of Community when it acquired Triad Hospitals for \$6.97 billion in July.

Slipkovich worked at HealthTrust-the Hospital Co. when it built 67-bed Willamette Valley Medical Center in McMinnville, Ore., which is one of four former Triad hospitals included in the deal.

"Having some of that history and those relationships, it lessens some of the risk for integration," as Capella executives are already familiar with these hospitals' markets, Slipkovich said.

The remaining hospitals in the deal are: 181-bed National Park Medical Center, Hot Springs, Ark.; 154-bed St. Mary's Regional

In this Issue



December 10, 2007

Table of contents

Top Stories

- States take the lead
- States' rights and wrongs

Chart:

Largest patient-satisfaction measurement firms (Dec. 3)

[Click here to view past issues](#)

Medical Center, Russellville, Ark.; 108-bed Mineral Area Regional Medical Center, Farmington, Mo.; and 44-bed White County Community Hospital, Sparta, Tenn.

The deal requires customary federal antitrust clearance and some state regulatory approvals, none of which are expected to hold up the closing, Anderson said.

With this latest sale, Community is meeting investor expectations that it would trim its hospital portfolio after acquiring Triad, analysts said.

Two hospitals have already been sold, and two other single-hospital deals are pending, a spokeswoman said. Three of those deals involved joint ventures with not-for-profit partners negotiated by Triad. If those two pending deals and the Capella deal are completed, Community would trim its portfolio by 11 hospitals to 116 facilities in the U.S. and one in Ireland.

Frank Morgan, a hospital analyst with Jefferies & Co., said that the deal could relieve the concerns of some investors that the broad troubles in the credit markets would inhibit Community's ability to pare its portfolio. The Triad deal probably prompted Community to re-evaluate its own hospital portfolio, Morgan added.

HCA also was expected to trim its portfolio this year (Jan. 8, p. 12) to pay off some of the debt it incurred in its \$33 billion leveraged buyout from 2006. The privately held company has done just a bit of trimming, however, in keeping with the statements of Jack Bovender Jr., its chairman and CEO, who denied a major sell-off was coming.

HCA has agreed to sell five hospitals since the deal was announced back in July 2006, and it has closed one hospital, which would leave it with 169 hospitals once those sales are completed.

David Cyganowski, managing director and healthcare co-head for Citigroup, said not-for-profit hospitals could be buyers for some of the Triad portfolio, which are larger and more urban than Community's hospitals.

Potential buyers would be local not-for-profits that would be able to boost their market share by purchasing a local competitor, he said.

What do you think?

Write us with your comments. Via e-mail, it's mhletters@crain.com; by fax, 312-280-3183.

» 11/07/2007

▶ [RediClinic bolsters management with eye toward growth](#)

» 11/05/2007

▶ [Investors staying alert](#)

» 10/29/2007

▶ [HCA loses CON appeal](#)

» 09/24/2007

▶ [Justice sues ex-lawyer for Tenet](#)

» 09/03/2007

▶ [Tenet turbulence](#)

[More related articles »](#)

**Here's
your new
tool.**



EVENT CALENDAR

<< December 2007 >>

S	M	T	W	T	F	S
25	26	27	28	29	30	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

[Search All Events](#)

[Submit an Event](#)

Indisputable ROI



Find out how
Daughters of Charity
Health System
achieved an ROI in less
than one year.

[Download Story Now](#)



[HOME](#) | [CONTACT US](#) | [ABOUT US](#) | [CALENDAR](#) | [MY PROFILE](#) | [DAILY DOSE](#) |

Copyright 1996-2007 Crain Communications, Inc.

[PRIVACY STATEMENT](#) | [DISCLAIMER](#)