

# Northwestern, Centegra apply to merge on Sept. 1

Hospital systems applied to Illinois Health Facilities and Services Review Board to combine Sept. 1

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Northwestern Memorial HealthCare could own Centegra Health System on Sept. 1, according to a recent filing with the Illinois Health Facilities and Services Review Board.

Northwestern and Centegra have been in negotiations for about two years and recently filed a notice on the proposed change in ownership with the review board.

“Community members will benefit from our shared commitment to clinical excellence and a focus on patients,” Centegra spokeswoman Michelle Green said in a statement.

In the proposed transaction, Northwestern Memorial HealthCare would become the sole corporate member of Centegra Health System, and would have the power to govern, direct and oversee the property, funds, business and affairs of Centegra, according to the filing.

For purposes of the sale, Centegra is valued between \$82.2 million and \$116.2 million, considering its net long-term liabilities, according to the filing.

Centegra has \$21.3 million in operating losses for the last six months of 2017, according to the most recent unaudited financial statement found on Electronic Municipal Market Access, a municipal security website. The most recent filings available for Northwestern show it had a gain of \$88.5 million for the three months through the end of February.

Northwestern has had a large period of growth over the past three years, with 10,362 full-time employees in 2014 to 21,089 employees in 2017, according to filings.

Centegra’s Huntley, McHenry and Woodstock hospitals would join Streeterville-based Northwestern, which has seven hospitals in Chicago and its surrounding northwest and

southwest suburbs, the filing stated. Woodstock has 56 beds, McHenry has 157 beds, and Huntley has 128 beds. In summer 2017, Centegra announced plans to reduce the comprehensive emergency room in Woodstock to a basic emergency center in an effort to save \$15 million annually.

Written requests for a public hearing on the proposed affiliation must be received by the review board by Monday. The review board examines health care projects in the state to avoid duplicating services.

"It's in the hands of the state now, and community members can ask for a hearing," Northwestern spokesman Christopher King said.

If a hearing isn't requested, the proposal will go to the review board's chairperson, who could approve it or send it to the full board for approval. The board meets every six weeks.

The health systems signed a letter of intent to [discuss an affiliation](#) in 2016, and in June 2017, representatives said it was likely that [Centegra would join Northwestern by the end of the year](#). Northwestern and Centegra extended a nonbinding letter of intent in 2017.

Officials have remained mum on what effect the merger could have on Centegra, which is McHenry County's largest employer. In addition to its hospitals, the health system has numerous clinics and facilities in the county.

There is no acquisition price for the deal, according to filings. A fund will be created with the unrestricted net cash position of Centegra at closing, and the funds will be used exclusively to support Centegra's mission.

The filing also affirms the hospital will not adopt a more restrictive charity care policy, which provides medical services to those without insurance. The charity care policies will have to stay the same for a minimum of two years after the ownership change.