

28th Annual Health Law Conference
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Houston, Texas

**All in the Family: Trends in Hospital,
Physician and Payer Consolidation and
Alignment Activities**

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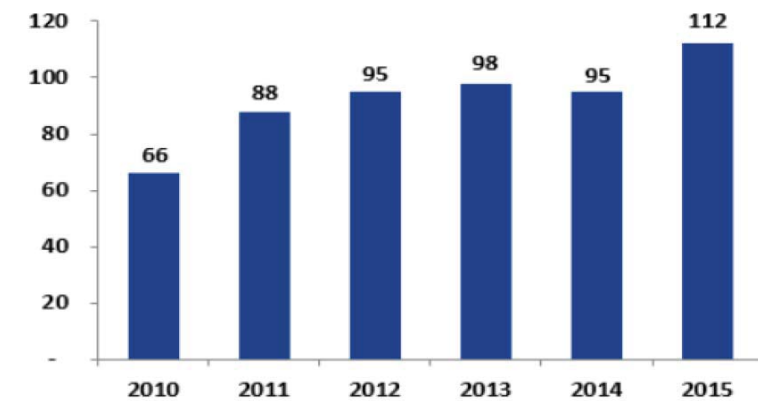
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Health Reform: A Significant Driver of Change and Consolidation

- Historical industry response to change has been acquisition/consolidation through traditional transaction models
- Organizations have sought to achieve greater scale through mergers, acquisitions, joint ventures, clinical integration and member substitutions
- Current trends are increasingly focused on different types of affiliations and relationships

Hospital Transactions – 2010 through 2015



Note: Includes reported combinations of acute-care hospitals in the U.S., including mergers, acquisitions, joint ventures, and member substitutions.

Deloitte & Touche LLP, 2016 HFMA Dixie
Institute, Health Reform-Refueled Mergers and
Acquisitions, March 21, 2016

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Recently Announced Transactions

- Innovative Hospital Partnerships, Relationships and Affiliations:
 - Southwestern Health Resources - affiliation with Texas Health Resources and UT Southwestern Medical School (integrated care network)
 - Methodist Health System joined Mayo Clinic Care Network (Mayo has affiliated with hospitals in approx. 20 states)
 - Baylor Scott & White Health and Baylor College of Medicine Joint Venture (research collaboration)

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Recently Announced Transactions (cont'd.)

- Large Provider Acquisitions/Mergers
 - Advocate Health Care / North Shore University Health System (FTC and Illinois AG Intervention)
 - Tenet/USPI – JV where Tenet acquired a 50.1% interest in USPI outpatient care/short-stay surgery businesses
 - Physician Practice Management Acquisitions
 - MEDNAX / Virtual Radiologic Corp.
 - Team Health Holdings / IPC Healthcare

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Recently Announced Transactions (cont'd.)

- Hospital Acquisitions of Payors
 - North Shore-Long Island Jewish Health System (Northwell Health) introduces subsidiary “CareConnect” as insurance company operating in New York (2013).
 - SSM Health Care (16 hospitals) acquired Wisconsin health plan with anticipated expansion to other states (2014).
 - Catholic Health Initiatives (89 hospitals) acquired Arkansas insurer with plans to enter the marketplace with health plans (marketed to individuals and employers) (2015).
 - Ascension Health acquired U.S. Health and Life Insurance (for-profit insurer licensed in 20 states) (2015).

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"All in the Family: Trends in Hospital, Physician and Payer Consolidation and Alignment Activities"