



Hardin Memorial Health

Media Contact:

Megan Blaney, Heartland Communications
Consultants
631-431-3011
megan@heartlandcommunicate.com



BAPTIST HEALTH®

Media Contact:

Kit Fullenlove, Baptist Health
Public Relations manager
(502) 253-5367 (office)
kfullenlove@bhsi.com

**HARDIN MEMORIAL HEALTH AND BAPTIST HEALTH
ARE ENTERING INTO \$361.4 MILLION ASSET PURCHASE AGREEMENT**

Baptist Health to Commit \$235 Million to HMH, \$126.4 Million to Hardin County

Elizabethtown, KY., May 1, 2018 --- Hardin Memorial Hospital (HMH) and Baptist Health announced today they are entering into a \$361.4 million asset purchase agreement through which Baptist Health would acquire HMH, subject to a vote of the HMH Board of Trustees and appropriate regulatory approvals.

The HMH Board will vote on the asset purchase agreement at its May 22 Fiscal Court meeting. The Baptist Health Board of Directors approved the agreement at a special-called meeting on Tuesday, May 1. The final step in the process will be finalizing the sale, expected to occur Dec. 1, 2018.

Hardin County is the hospital's owner. Baptist Health has managed the 300-bed facility and system for the past 20 years.

After the acquisition is finalized on Dec. 1, the hospital system will be known as Baptist Health Hardin, in keeping with Baptist Health's tradition of linking the hospital name with its geographic location.

Under the terms of the asset purchase agreement, which follows a two-year long HMH process of exploring potential affiliations, Baptist Health would acquire all assets of HMH and, in return, would commit \$235 million over a 10-year period to HMH in operating and capital investments and \$126.4 million to Hardin County over a 25-year period.

Judge-Executive Harry Berry, chairman of the HMH Board of Trustees, *"As a result of this asset purchase agreement between two institutions that have worked together for decades, HMH will emerge stronger operationally and financially. With Baptist's committed infusion of \$235 million over 10 years, the future of HMH as a regional healthcare leader is assured. This agreement is clearly in the best interests of the 400,000 individuals in 10 counties which our health system has served with quality healthcare for more than 60 years."*

Allen Rudd, chairman of the Baptist Health Board of Directors, said, *“We are pleased to add the caring healthcare providers of Hardin Memorial Health to the Baptist Health family. We are committed to expanding HMMH’s services, growing its market presence and enhancing its position and reputation as our new hub for Central Kentucky. The residents of Central Kentucky will greatly benefit from Baptist Health Hardin becoming part of the Baptist Health system and our investments in this facility and community so that residents can continue to enjoy quality healthcare right at home.”*

Specific terms of the agreement regarding HMMH call for Baptist Health to invest a minimum of \$150 million in the first five years to build new facilities, recruit more physicians, upgrade HMMH’s information technology and equipment and strengthen HMMH’s position and reputation as the preferred regional healthcare center. After the first five-year period, Baptist Health will commit an additional \$85 million in capital investments to HMMH.

Regarding Hardin County, Baptist Health will pay the county \$60 million at closing, less the amount used to fully fund all liabilities associated with HMMH’s defined benefit pension plan (estimated at \$30-\$35 million); pay the county \$66.4 million over 25 years; assume all of HMMH’s current debt obligations of approximately \$37 million; and provide up to \$150,000 per year (inflation adjusted) for 25 years for healthcare services to inmates of the Hardin County jail.

Commenting on the payments to Hardin County, Judge-Executive Berry said, *“This agreement will also ensure a steady source of non-taxpayer funding for the county for many years, as well as assuming HMMH liabilities and continuing HMMH-provided inmate health services.”*

Among other elements, the agreement includes the following:

- Baptist Health will offer employment to all HMMH non-contracted employees at their existing rates of compensation.
- Baptist Health will provide HMMH employees with continuing health benefit coverage and employee benefits consistent with those offered similarly-situated Baptist Health employees.
- All pension obligations of HMMH, associated with the defined benefit pension plan, will be fully funded. Baptist Health will also maintain retiree medical benefits under the HMMH plan that covers employees who began employment at HMMH prior to July 1, 2005.
- All HMMH physician employees have contracts with HMMH. HMMH will assign these to Baptist Health Medical Group (BHMGM) at closing. The assignment will include some terms that apply to BHMGM physician contracts. Physicians will transition from HMMH retirement and benefit plans to BHMGM retirement and benefit plans. HMMH and Baptist Health will work to ensure that each physician’s fair market value compensation remains consistent through this assignment process.
- Baptist Health will continue to provide medical staff membership and clinical privileges to HMMH medical staff members and practitioners with clinical privileges in good standing.

- Baptist Health will retain Dennis Johnson as President of the hospital, and other members of the HMM senior leadership team will continue in their current positions of hospital leadership.
- The hospital will be governed by a Hospital Administrative Board, consisting of 11 members, with at least six from Hardin County.

A copy of the asset purchase agreement will be posted by noon Wednesday, May 2, at www.hmh.net/APA.

Hardin Memorial Health

HMM is an integrated system of providers and facilities serving approximately 400,000 residents in 10 Central Kentucky counties (Hardin, LaRue, Meade, Breckinridge, Grayson, Nelson, Hart, Bullitt, Green and Taylor).

The 300-bed hospital in Elizabethtown, Kentucky includes 270 acute care, 15 psychiatric and 15 skilled nursing beds. Additionally, HMM includes 50+ outpatient facilities across the service area including a Cancer Care Center and Outpatient Surgical Center. There are over 445 physicians and advanced practice clinicians in over 40 specialties and primary care including Hospitalists available 24/7, Emergency and Urgent Care; Cancer, Cardiac, Rehab and Therapy Services; Medical and Surgical Services; Pulmonary Care, Diagnostic Imaging, Ear, Nose and Throat, Plastic and Reconstructive Surgery, Obstetrics including a Level II Neonatal Intensive Care Unit (NICU) and Pediatrics. With 2,700 employees and an active volunteer corps of 140, Hardin Memorial Hospital is the third largest employer in Hardin County.

Baptist Health

Founded in 1924, Baptist Health has been bringing advanced medical technology, modern facilities, and many of the region's most prominent physicians and medical professionals to Kentucky communities for nearly a century.

Headquartered in Louisville, the Baptist Health family of hospitals, urgent and express care centers, physician offices and other health facilities has experienced tremendous growth in recent years. Baptist Health Floyd in New Albany, Ind. (formerly known as Floyd Memorial Hospital and Health Services), joined in 2016. In 2012, Baptist added Baptist Health Richmond (formerly known as Pattie A. Clay Regional Medical Center) and Baptist Health

Madisonville (formerly known as Trover Health System). Baptist Health's other hospitals include Baptist Health Paducah, Baptist Health Louisville, Baptist Health La Grange, Baptist Health Lexington and Baptist Health Corbin.

Baptist Health has more than 300 points of care in 75 Kentucky counties, seven counties in Illinois, six counties in Southern Indiana and two counties in Tennessee. Its physician network includes more than 3,000 employed and affiliated physicians.

