



Hardin Memorial Health

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BAPTIST HEALTH®

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HARDIN MEMORIAL HEALTH BOARD APPROVES BAPTIST HEALTH ACQUISITION

Sale expected to close Dec. 1, 2018

Elizabethtown, KY., May 22, 2018 --- The Hardin Memorial Hospital (HMH) Board of Trustees voted today 8-1 to approve the sale of the health system to long-time manager Baptist Health. The vote was taken today at the meeting of the Hardin County Fiscal Court, whose members also serve as the HMH Board of Trustees.

The Baptist Health Board of Directors approved the asset purchase agreement (APA) earlier this month. The final step in the process will be finalizing the sale, expected Dec. 1, 2018.

After the acquisition is finalized, 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.

"This agreement assures that HMH will continue to provide the excellent healthcare that we have come to expect," said Judge-Executive Harry Berry, HMH Board of Trustees chairman. "The board's objective over the last two years has been to seek the best available affiliation to continue to provide for the needs of our communities. We found the best solution in this acquisition by Baptist Health."

"We welcome HMH to the Baptist family, and look forward to serving the Central Kentucky area through the strong network of HMH providers and facilities," said Gerard Colman, Baptist Health CEO. "We have successfully managed HMH for 20 years, during a time when Baptist Health has grown to be the largest not-for-profit healthcare system in Kentucky, in addition to our recent Southern Indiana expansion. We look forward to expanding to meet the healthcare needs of Hardin County and to serving all HMH's patients across the 10-county service area."

Under the terms of the APA, Baptist Health will acquire all assets of HMH and, in return, will commit \$235 million over 10 years to HMH in operating and capital investments.

Specific terms call for Baptist Health to invest a minimum of \$150 million in the first five years to build new facilities, recruit more physicians, upgrade HMH's information technology and equipment, and strengthen HMH'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 HMH.

At closing, Baptist Health will pay the county \$60 million, less the amount used to fully fund all liabilities associated with HMH's defined benefit pension plan (estimated at \$30-\$35 million) plus another \$66.4 million over 25 years. (The \$66.4 million breaks down to a \$50 million payment and \$16.4 million in interest.)

Baptist Health will also assume HMH's current debt obligations of approximately \$37 million; and provide up to \$150,000 per year (inflation adjusted) for 25 years for healthcare services historically provided to inmates of the Hardin County Detention Center.

All told, the agreement spells out \$361.4 million in payments and investments.

Baptist Health will offer employment to all HMH non-contracted employees at their existing rates of compensation. Dennis Johnson will be retained as President of the hospital, along with other members of the HMH senior leadership team.

The hospital will have an administrative board, consisting of 11 members, with at least six from Hardin County.

HMH will become the ninth hospital in the Baptist Health system. 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.



Hardin Memorial Health

HMH 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, HMH 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.