

N e w s R e l e a s e

www.pennstatehershey.org
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MEDIA CONTACTS:

Penn State Hershey:
Scott Gilbert 717-531-1887
sgilbert1@hmc.psu.edu

St. Joseph Regional Health Network:
Mike Jupina 610-378-2527
michaeljupina@catholichealth.net

Catholic Health Initiatives:
Michael Romano 303-383-2720
michaelromano@catholichealth.net

BOARD OF TRUSTEES APPROVES PROPOSED ACQUISITION OF ST. JOSEPH REGIONAL HEALTH NETWORK

STATE COLLEGE, PA – The Penn State Board of Trustees has approved a proposal for Penn State Health to acquire Berks County, Pa.-based St. Joseph Regional Health Network from Catholic Health Initiatives (CHI). The decision paves the way for the proposed acquisition to be submitted to the Pennsylvania Attorney General and the Federal Trade Commission for review and approval. The transfer of ownership also will be reviewed by the Catholic Church, a standard practice for CHI-owned healthcare institutions.

As part of a clinical relationship established in 2010, Penn State Hershey currently provides specialty care for a significant number of adult and pediatric patients from the Berks region, offering treatment for a range of conditions such as cancer, stroke, high-risk obstetrics and neurologic disorders. Penn State Hershey opened a pediatric multi-specialty practice on St. Joseph's Bern Township campus in 2011. In 2013, vascular surgery services were added to this clinical offering.

The acquisition approved today by the Board of Trustees and in December 2014 by the CHI Board of Stewardship Trustees will allow Penn State Hershey and St. Joseph to better coordinate the care of these patients, enhance access to services, manage the cost of care and improve the

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overall health of the region. A patient entering the health system, whether through a hospital or doctor's office, will have access to a full range of sub-specialty care.

"Joining forces with St. Joseph is a logical next step in our five-year relationship," said Dr. A. Craig Hillemeier, dean of Penn State College of Medicine, chief executive officer of Penn State Hershey Medical Center and Health System, and Penn State's senior vice president for health affairs. "The better we can expand our reach and help people to stay healthy, manage chronic diseases and avoid costly medical care – collectively known as population health – the better we position our health system for the future."

"This agreement will effectively position us to meet the future health care needs of the community," said John R. Morahan, president and CEO, St. Joseph Regional Health Network. "By combining our resources, and building on our five-year clinical relationship, we will offer even more innovation with the goal of making health care better, safer, more accessible and more affordable."

Kevin E. Lofton, chief executive officer of CHI, noted that the decision to transfer St. Joseph to Penn State Health is a recognition that the health care industry is rapidly changing to a new model in which organizations are expected to offer integrated systems of care for specific geographical populations. "It has been CHI's privilege to have continued and expanded upon the St. Joseph health ministry started by the Sisters of St. Francis of Philadelphia and continued by CHI. We are confident that St. Joseph and the communities it cares for will be well-served as part of Penn State Health," Lofton said.

Penn State Health is a not-for-profit entity created by the University in September 2014.

Penn State Health was developed to enable the University to bring Penn State Milton S. Hershey Medical Center and its various health care services, including Penn State Hershey Children's Hospital, Cancer Institute and Medical Group, as well as the Penn State Hershey Health System and its associated entities, together with other health care facilities. Such facilities could include hospitals, surgery centers, home health providers and similar organizations.

Founded in 1963 through a gift from The Milton S. Hershey Foundation, [Penn State Milton S. Hershey Medical Center](#) is a leading academic medical center located in Hershey, Pa. The 551-bed Medical Center is a provider of high-level, patient-focused medical care. The

Medical Center campus includes [Penn State College of Medicine](#) (Penn State's medical school), [Penn State Hershey Cancer Institute](#), and [Penn State Hershey Children's Hospital](#)—the region's only children's hospital. The Medical Center campus is part of [Penn State Hershey Health System](#), which also includes the Pennsylvania Psychiatric Institute, Penn State Hershey Rehabilitation Hospital, and other specialty facilities.

[St. Joseph Regional Health Network](#), which includes a community hospital and 15 ambulatory care centers, is a not-for-profit, tax-exempt health care provider with more than 1,500 employees, making it the 8th largest employer in Berks County. Founded in 1873 by the Sisters of St. Francis, St. Joseph provides a full-range of outpatient and inpatient diagnostic, medical and surgical services to Berks County's 410,000 residents.

[Catholic Health Initiatives](#), a nonprofit, faith-based health system formed in 1996 through the consolidation of four Catholic health systems, expresses its mission each day by creating and nurturing healthy communities in the hundreds of sites across the nation where it provides care. One of the nation's largest health systems, Englewood, Colo.-based CHI operates in 19 states and comprises 105 hospitals, including four academic health centers and major teaching hospitals and 30 critical-access facilities; community health-services organizations; accredited nursing colleges; home-health agencies; and other facilities that span the inpatient and outpatient continuum of care. The health system, which generated revenues of almost \$13.9 billion in fiscal year 2014, has total assets of \$21.8 billion.

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