



Done deal!

KershawHealth board votes to sign Capella/MUSC agreement

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September 2, 2015

Capella Healthcare and MUSC Health will become the new owners and operators of KershawHealth at 12:01 a.m. Oct. 1.

At the end of a special called meeting Monday and following a 90-minute executive session, the KershawHealth Board of Trustees unanimously resolved, 8-0, to authorize Chair Karen Eckford to execute and deliver final transaction documents for Capella CEO Michael Weichart's signature. Afterward, trustees and KershawHealth officials gave themselves a round of applause.

The vote came after four extensions of a letter of intent originally signed in December 2014, the transfer of emergency management services to Kershaw County and a request from Capella for the board to retain ownership of the Karesh Long Term Care Center.

For legal purposes, Capella and MUSC Health -- the patient care arm of the Medical University of South Carolina -- have created a wholly-owned subsidiary called Kershaw Hospital LLC (KH LLC). Monday night's resolution states the board has elected to enter into a long-term lease agreement with KH LLC for KershawHealth's real estate and improvements, enter into an asset purchase agreement with the LLC for the hospital's furniture, fixtures and equipment; and enter into a management services agreement with KH LLC to manage the Karesh center on behalf of the board.

Earlier this summer, Capella asked the board to retain ownership of Karesh due to its status as a governmental entity which allows it to receive approximately \$1 million annually in government reimbursements. The board could elect to find a new partner or another purchaser for Karesh in the future.

Following the Oct. 1 closing, the current board will transition to governing what will be known as the Kershaw County Hospital Service District. According to KershawHealth attorney David Summer, the district will retain not only the portions of the former Pine Tree Hill Elementary School property the board has purchased, but the old Burndale Shopping Center.

KershawHealth purchased the shopping center in 2007 in the hopes of locating outpatient services there, but never moved forward on those plans in favor of working on the Elgin enter when the Great Recession hit in 2008. More recently, the hospital purchased property making up most of the former site of Pine Tree Hill Elementary School (PTHS), possibly for the eventual relocation of the Karesh center.

“The remaining real estate will be sold,” Summer said in an email Tuesday.

According to the letter of intent, Capella is paying the board \$35 million for the lease/purchase deal and will place KershawHealth into its collaborative network with MUSC Health, of which, so far, Carolina Pines Regional Medical Center in Hartsville is the only other member. Capella purchased Carolina Pines for \$75 million on Jan. 1.

Monday night, Summer said Sept. 30 is the closing date for the transaction, setting up the next day’s takeover by Capella/MUSC Health (KH LLC) on Oct. 1. He said it was possible Eckford and Weichart could sign the transaction documents by the end of the week, although he noted Labor Day weekend schedules could push this to next week.

Summer said the documents would be released to the public as soon as they are signed.

Also following executive session, the board voted unanimously to:

- accept the medical executive committee’s credentialing and activity report;
- contract with Dixon Hughes for KershawHealth’s annual audit; and
- contract with Mad Monkey to prepare a website for the (hospital) district.

The board will continue to meet as the owners and operators of KershawHealth for the month of September, with meetings set for Sept. 14 and 28. Following the Oct. 1 takeover, a new local advisory board will be formed to assist Capella and MUSC Health. The advisory board’s first members are to be nominated by current trustees. According to the letter of intent, the new board is to be made solely of residents from KershawHealth’s service area, with 50 percent representing medical staff and the other 50 percent representing the community. No more than 50 percent of the board can ever be made up of either Capella or MUSC employees.

Unlike the current board of trustees, which is appointed by Kershaw County Council, and due to Capella’s status as a for-profit company, the local advisory board would be under no legal obligation to open its meetings to the public.



Eight hands up show the KershawHealth Board of Trustees' unanimous vote to sign off on a final agreement with Capella Healthcare and MUSC Health to take over the county's hospital beginning Oct. 1. The vote on the resolution came at the end of a special called meeting Monday night. The board members showing their approval are (from left) Chair Karen Eckford, Vice Chair Dr. Tallulah Holmstrom and trustees Steve Holliday Jr., Eric Boland, Bobby Jones, Susan Outen, Wayne Tidwell and (hidden, at far right) Derial Ogburn. Photo: Martin Cahn/C-I

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