

Deal dissolves between New Jersey hospitals and for-profit Catholic health system

Alice Popovici | Aug. 5, 2012 NCR Today

Earlier this year, Ascension Health, the largest Catholic health system in the country, announced [plans to purchase seven Catholic hospitals in New Jersey](#) [1] through its newly formed for-profit venture, Ascension Health Care Network, described by the company as "the nation's first for-profit Catholic health system." But part of that deal has now fallen apart.

On Friday St. Joseph's Healthcare System said it would not go forward with the deal that would have brought its two hospitals under the management of the for-profit venture "following extensive analysis and careful consideration of all aspects of the proposed alliance" in a closed board meeting, according to a statement from hospital spokeswoman Nancy Collins. She said details will not be released.

The statement said:

St. Joseph's Healthcare System made the decision to discontinue talks with Ascension Health Care Network based on what is best for our organization. We are proud of our longstanding commitment to providing truly advanced leading edge health care to the communities of Passaic County and northern New Jersey. St. Joseph's is the second largest provider of charity care in the state of New Jersey and the second largest provider of Medicaid services in the state of New Jersey.

We remain strong and financially profitable and it is an erroneous implication for anyone to suggest otherwise. St. Joseph's Regional Medical Center has been profitable since 2004. St. Joseph's Healthcare System, as of the end of June 2012, reported 77.4 days of cash on hand. The healthcare system has not fallen below 65 days of cash on hand since our bond issue in 2008. This shows 8 years of financial stability and profitability.

The dissolution of the deal with St. Joseph's brought down with it a contingent deal under which the for-profit system would have bought financially struggling St. Mary's Hospital in Passaic, N.J.

Leo Brideau, Ascension Health Care Network president and CEO, said in a statement:

Our analysis shows that in the long term it would have been difficult to sustain St. Mary's Hospital and its mission to serve those most in need in the community without it being partnered with a larger medical facility such as St. Joseph's. The joining of the two hospitals was a perfect opportunity to ensure the continuity of Catholic healthcare.

Brideau said Ascension Health Care Network is "disappointed" with the decision, as its goal was "to ensure St. Mary's and St. Joseph's would have sufficient resources to continue providing quality patient care while maintaining their Catholic identities."

Meanwhile, [The Record in New Jersey reported](#) [2] that "The finances at St. Mary's are precarious, with less than a week's cash on hand, according to several sources."

In a statement issued Friday, St. Mary's President and CEO Michael J. Sniffen said that "St. Mary's Hospital will be in discussions with the state to determine what role St. Mary's will play in continuing to deliver healthcare services to the City of Passaic and the surrounding communities."

As part of the deal discussed earlier this year, Ascension Health Care Network also planned to purchase four hospitals belonging to Saint Clare's Health System in New Jersey.

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