

Integris partners with Health Management Associates

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The hospital in Clinton is one of five Integris hospitals that will be operated under a new joint venture with the Florida-based company Health Management Associates. (Courtesy Photo)

OKLAHOMA CITY – Integris Health’s new partnership with a health management company to operate five rural Oklahoma hospitals marks a new relationship for the system and one that’s still fairly unusual across the nation.

Integris, a not-for-profit health system, is teaming with the public company Health Management Associates (NYSE:HMA), based in Naples, Fla. They have entered into a letter of intent to form a partnership to operate Integris hospitals in Blackwell, Clinton, Madill, Pryor and Seminole.

Bruce Lawrence, president and CEO of Integris Health, said Integris has long-term lease agreements with the five hospitals. Under the new agreement, Integris will sell a majority of interest in the businesses to a joint venture created with HMA. HMA will own 80 percent of the joint venture and Integris will own 20 percent, Lawrence said. The governance will be shared equally.

“It’s a unique structure that has presented itself a few times around the country with publicly traded health systems and not-for-profit health systems like ours,” he said. “We think the strength that the HMA has in managing hospitals in small to midsize markets will really help us continue to provide the highest quality of care in each of these five communities.”

With the many changes occurring with health care reform and pressures concerning reimbursement, Integris felt it best to find a partner with a specialty in operating smaller hospitals, Lawrence said. It went through a competitive bidding process and felt HMA was the best fit. Smaller hospitals have a tough journey ahead of them.

“HMA has 66 hospitals in 15 states, many in smaller markets,” Lawrence said. “They’ve been successful with physician recruitment, controlling the cost of providing care and growing business opportunities.”

HMA already operates two hospitals in Oklahoma: Midwest Regional in Midwest City and the Medical Center of Southeastern Oklahoma in Durant. Lawrence said Integris’ partnership will allow it to work with HMA’s Oklahoma operations and those in surrounding states on clinical affiliations.

“As patients need a higher level of care than what may be delivered in one of their existing facilities, there will be a clinical affiliation back to an Integris Baptist, a Jim Thorpe Rehabilitation or Integris Cancer Institute to provide that next level of care. Strategically, this made a lot of sense.”

Lawrence said a definitive agreement will be established over the next six to eight weeks, and the transaction should close sometime in the first quarter of 2012.

All of the hospitals will retain the Integris name. Lawrence said the new relationship with HMA has the potential to expand to other of the system’s hospitals.

“With the health reform legislation we’re under right now and more of a reduction of payment for services, particularly for Medicare patients ... I think there will be other opportunities,” he said. “We’re forming this joint venture to explore other opportunities as they come up.”

Gary Newsome, president and CEO of HMA, said in a statement that his company is pleased

with the joint venture.

"The dedication to delivering high-quality care to the communities served by the physicians, medical professionals and hospital staffs of these five hospitals has been evident throughout our initial discussions," he said. "We look forward to the next step."

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