



Dignity Health and Catholic Health Initiatives to Combine to Form New Catholic Health System Focused on Creating Healthier Communities

New Organization to Preserve and Expand Access to Quality Care

Geographically Complementary Facilities Across 28 States

ENGLEWOOD, Colo. and SAN FRANCISCO, Calif. – December 7, 2017 – Catholic Health Initiatives (CHI), the parent company of CHI St. Joseph’s Health, and Dignity Health have signed a definitive agreement to combine ministries and create a new, nonprofit Catholic health system. The combination brings together two leading health systems, allowing the organizations to expand their mission of service and create a healthier future for people and communities across 28 states.

The new health system will build a stronger operational and financial foundation to expand access to quality care, build upon complementary resources and capabilities, and reinvest in critical areas to accelerate improvements in care delivery.

"We are joining together to create a new Catholic health system, one that is positioned to accelerate the change from sick-care to well-care across the United States," said Kevin E. Lofton, chief executive officer of CHI. "Our new organization will have the talent, depth, breadth, and passion to improve the health of every person and community we serve."

"By combining our ministries and building upon our shared mission, we will expand our commitment to meeting the needs of all people with compassion, regardless of income, ethnicity, or language," said Lloyd Dean, president and chief executive officer of Dignity Health. "We foresee an incredible opportunity to expand each organization's best practices to respond to the evolving health care environment and deliver high-quality, cost-effective care."

"We are excited about the news of the merger, and the opportunities that lie ahead to build a stronger healthcare system for the communities we serve," said Ben Koppelman, president of CHI St. Joseph’s Health, Park Rapids, MN.

Key strategic and reinvestment priorities for the new system will include:

- The expansion of community-based care, offering access to services in a variety of outpatient and virtual care settings closer to home;
- Clinical programs focused on special populations and those suffering from chronic illnesses to keep people and communities healthier for longer; and
- Further advancement of digital technologies and innovations like stroke robots and Google Glass, which create a more personalized and efficient care experience.

The new health system will include more than 700 care sites and 139 hospitals, offering people and communities access to quality care delivered by approximately 159,000 employees and more than 25,000 physicians and other advanced practice clinicians. The organizations are geographically complementary with no overlap across hospital service areas.

The new organization will be led by an office of the CEO. Dean and Lofton will both serve as CEOs, each with specific and independent responsibilities and decision-making authority. Together, the CEOs will jointly oversee strategy and integration planning. Lofton will have authority for mission, advocacy,

sponsorship and governance, system partnerships, and information technology. Dean will have authority for all of operations, including clinical, financial, and human resources. They will work side-by-side with the executive team to plan a successful integration.

The governing board for the new organization – the Board of Stewardship Trustees – will include six members from each legacy board and the two CEOs. The new organization plans to establish its corporate headquarters in Chicago and operate under a new name that will be chosen in the second half of 2018. Local facilities will continue operating under their current names.

The organization will continue its commitment to supporting communities through charity care, grants, and loans to ensure a positive impact on creating healthier communities. In fiscal year 2017, the systems collectively provided approximately \$4.7 billion in charity care, community benefit, and unpaid cost of government programs. Continuing the traditions of both organizations, the new system will support high priority strategic programs as well as expand existing efforts to improve the health and wellbeing of the nation's most vulnerable populations. The new system will be guided by our shared mission that emphasizes social justice for all people and will work to ensure that those values are part of the local and national health care environment.

This combination brings together two organizations with complementary missions, capabilities, and talent to advance clinical achievements. Dignity Health has a proven operating model that successfully scaled enterprise-wide initiatives to ensure consistent practices across the system, and is well known for its work with innovative, diversified care-delivery partnerships. CHI brings a diverse geographic footprint with proven clinical service lines and home-health capabilities as well as successful partnerships in research and education.

The new organization seeks to become a national platform for innovation and research. This platform would capitalize on existing intellectual property and research capabilities, positioning the new organization as an attractive partner for other entrepreneurial organizations. Dignity Health and CHI have an established track record of successful partnerships and affiliations on initiatives spanning telehealth, micro-hospitals, and precision medicine.

In September 2016, the two systems formed Precision Medicine Alliance LLC (PMA), which will create the largest community-based precision medicine program in the country. A precision oncology program is being implemented in three service areas, and four-to-six more service area launches are planned across the country in the next 12 months. The program's objective is to be available at nearly 150 CHI and Dignity Health and care centers across the U.S., serving approximately 12 million patients annually.

Dignity Health's Board of Directors and Sponsorship Council and CHI's Board of Stewardship Trustees have approved the combination. The deal is anticipated to close in the second half of 2018 and is subject to federal, state, and church approvals.

Further information is available at: AdvancingHealthCareTogether.org.

About Catholic Health Initiatives

Catholic Health Initiatives, CHI St. Joseph's Health's parent company, 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 nonprofit health systems, Englewood, Colorado-based CHI operates in 17 states and comprises 100 hospitals, including three academic health centers and major teaching hospitals as well as 30 critical-access facilities; community health-services organizations;



accredited nursing colleges; home health agencies; living communities; and other facilities and services. With \$15.5 billion in revenue and approximately \$21.9 billion in assets in FY17, CHI provided more than \$2.1 billion in charity care, community benefit, and the unpaid cost of government programs. For more information, please visit our website at CatholicHealthInitiatives.org. You can also follow us on [Twitter](#), [Facebook](#), and [LinkedIn](#).

About Dignity Health

Dignity Health, one of the nation's largest health care systems, is a 22-state network of more than 9,000 physicians and other advanced practice clinicians and 63,000 employees. The organization was formed in 1986 when two congregations of the Sisters of Mercy joined their 10 hospitals together to form Catholic Healthcare West, which now includes over 400 care centers including hospitals, urgent and occupational care, imaging centers, home health, and primary care clinics under the name Dignity Health. Headquartered in San Francisco, Dignity Health is dedicated to providing compassionate, high-quality, and affordable patient-centered care with special attention to those who are poor and underserved. In FY17, Dignity Health had \$12.9 billion in revenue and \$17.4 billion in assets, and provided approximately \$2.6 billion in charity care, community benefit, and the unpaid cost of government programs. For more information, please visit our website at DignityHealth.org. You can also follow us on [Twitter](#), [Facebook](#), and [LinkedIn](#).

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