

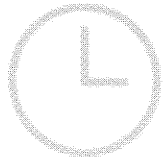
Advertisement



MOBILITY  CDW

**DELIVERING THE RIGHT CARE
AT THE RIGHT TIME.**

START HERE >

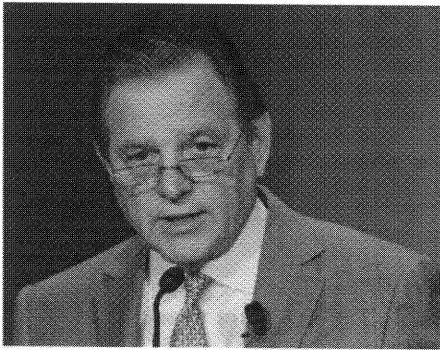


[Home](#) > [Providers](#) > [Investor-Owned Hospitals](#)

CHS now selling 12 hospitals, two more than originally planned

By [Dave Barkholz](#) | August 3, 2016

Wayne Smith



Community Health Systems is now negotiating to sell 12 hospitals, two more than were being shopped in May, CHS CEO Wayne Smith said during a **second-quarter earnings call** (<http://www.chs.net/investor-relations/investor-tools/q2-2016-community-health-systems-inc-earnings-conference-call/>) Wednesday.

The sale now is expected to garner \$850 million in net proceeds versus the \$530 million estimated for the first 10, Smith said. The additional hospitals bring in more revenue. Combined, the dozen hospitals generate about \$1.45 billion in annual revenue compared with \$1 billion in the first group, he said.

CHS is declining to name the hospitals. However, CFO Larry Cash told analysts on the earnings call that the 12 hospitals and other facilities are packaged in five different deals whereas there were three deals previously for the 10. One of the earlier deals fell through, Cash said.

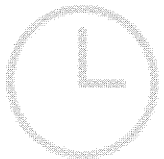
Smith said CHS expects to complete the transactions this year. The hospitals for sale are generally underperforming, contributing single digit EBITDA margins.

Cash said CHS has made a major push to improve performance at all of its hospitals but

Advertisement



MOBILITY and CDW
DELIVERING THE RIGHT CARE
AT THE RIGHT TIME.
START HERE >



company.

Cash said of 153 hospitals CHS currently operates, the 61 former HMA hospitals operated by CHS continue to post revenue and earnings below that of CHS's 92 legacy hospitals.

Problems are particularly acute at some of the former HMA hospitals in Florida, which CHS has tried to buttress by recruiting more physicians and putting management attention there, Cash said.

Those efforts notwithstanding, the former 61 former HMA hospitals combined in the second quarter posted 3% declines in revenue, surgeries and admissions, and contributed to CHS's decline in adjusted EBITDA during the quarter, Cash said.

In contrast, CHS's 91 legacy hospitals posted 3% gains in revenue and surgeries in the quarter, with a 1% decline in admissions.

The goodwill baked in the HMA acquisition also **was addressed** (<http://www.chs.net/investor-relations/press-room-media-releases/>) by a \$1.4 billion non-cash write-down against hospital goodwill that CHS booked in the quarter. Goodwill is the intangible value that a company pays on an acquisition above the tangible value of the assets purchased.

Excluding about \$1.6 billion in one-time adjustments, adjusted EBITDA in the second quarter fell to \$563 million compared with \$769 million in the year-earlier quarter.

Revenue also declined by 6% to \$4.6 billion.

RELATED CONTENT

➤ **HS posts \$1.43 billion loss on massive write-down of assets**

(<http://www.modernhealthcare.com/article/20160802/NEWS/160809971/chs-posts-1-43-billion-loss-on-massive-write-down-of-assets>)

➤ **HS completes Quorum spinoff** (<http://www.modernhealthcare.com/article/20160429/NEWS/160429885>)

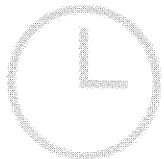
➤ **HS looks to divest up to 30 hospitals in bid for stronger regional hubs**

(<http://www.modernhealthcare.com/article/20160531/NEWS/160539991>)

Advertisement



MOBILITY and CDW
DELIVERING THE RIGHT CARE
AT THE RIGHT TIME.
START HERE >



Detroit at Automotive News, a sister Crain publication.

Tags: [Finance](#), [Financial Results](#), [Investor-Owned Hospitals](#), [Providers](#)

Advertisement



MARKETING MASTERMINDS
SHARE THE LATEST TRENDS IN
HEALTHCARE MARKETING

NOVEMBER 9
CHICAGO

LEARN MORE

SPONSORED BY:

YOURCAREUNIVERSE.
 **VENNLI**

Copyright © 1996-2016 [Crain Communications, Inc.](#) (<http://www.crain.com/>)