Loyola University finalizes sale to Trinity Health
By Bruce Japsen
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Loyola University Chicago said this morning it finalized the sale of Loyola University Health System to Michigan-based Trinity Health, ending the school's decades-old ownership and operation of the medical center.

The deal's value is more than $1 billion to Loyola University. Trinity is committing several hundred million dollars to the university's medical education and research efforts while the Novi, Mich. based Catholic hospital operator assumes more than $780 million in health system liabilities that include debt, pension liabilities and other expenses.

For Loyola University, the closing of the deal means the school today is officially out of the hospital business, leaving at a time the market is demanding more from hospital operators to stay competitive. By merging, hospitals can pool capital to buy new computer systems, electronic record-keeping systems and the latest medical technology.

"With the consolidation, Trinity Health and Loyola University Health System joined forces to bring increased resources and greater efficiencies for patients who rely on the health system's cutting-edge treatments and exceptional care," the university and Trinity said in a joint statement this morning.

Terms of the deal provided to the Tribune call for Trinity to pay the university $100 million in cash and provide the school with another $75 million, or half the cost of a proposed $150 million new medical research building on the school's Maywood campus. Trinity Health will also annually pay $22.5 million to the Loyola University Chicago Stritch School of Medicine "with an annual adjustment for inflation," a statement on terms of the deal provided to the Tribune said.

The medical center retains its name and will still be considered a teaching hospital because it will continue to train Loyola University's residents, fellows and nurses from the medical and nursing schools that will remain owned and operated by Loyola University Chicago on the 61-acre Maywood campus.

Though Loyola University Chicago is no longer the parent of Loyola University Health System and its medical center, the university will still have a relationship in that medical center physicians will maintain their faculty appointments at the university-owned Stritch School of Medicine.

"We have an optimal structure for educating physicians, nurses, and other health-care workers and for conducting game-changing health-care research to benefit our local communities and beyond," said the Rev. Michael Garanzini, president of Loyola University Chicago.
Under Trinity ownership, Loyola health system will receive a commitment of at least $300 million over the next five years for capital improvements and equipment needs to the health system, which includes the flagship medical center in Maywood, Gottlieb Memorial Hospital in Melrose Park and outpatient facilities and clinics throughout the western and southwestern suburbs of Chicago.

Should the Loyola health system meet certain financial performance targets, another $100 million could be invested by its new owner, Trinity officials said.

"This collaboration holds great promise for the future and is an excellent foundation for growth to better serve the Chicago-area community," said Joseph Swedish, Trinity Health's president and chief executive officer.