

Rockdale Citizen

Hospital has new suitor

LifePoint Hospitals to enter in exclusive talks on possible purchase

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CONYERS - Two months after the deal with Signature Hospital Corporation fell through, the Rockdale County Hospital Authority announced Wednesday it will now enter into negotiations with LifePoint Hospitals Inc. for the purchase of Rockdale Medical Center.

The announcement came after the Hospital Authority and RMC Board of Directors met for almost five hours Tuesday night. The agreement allows for a 30-day window where LifePoint Hospitals Inc. of Brentwood, Tenn., will be allowed to audit the books of RMC and visit the facility as negotiations continue.

Hospital Authority Chairwoman Ethel Boyle declined to go into details Wednesday of the discussions between the authority and LifePoint, saying that the negotiations involving the potential sale of the 138-bed facility are ongoing.

"They will be bringing in their different teams to do their due diligence to check out what we told them is right, look at our numbers, look at our people, look at our process and see if this really is a good fit for them," Boyle said. "It's not only us looking at them, it's them looking at us. This is their chance to put us under the microscope."

If talks fail with LifePoint, Boyle said the authority will continue its search for another potential buyer.

Boyle declined to discuss who else was interested in the hospital or how many parties were involved, but said, "I was pleasantly surprised by the people who stepped forward and showed an interest in us, especially in the type of economy we are in now."

Boyle said the same criteria set out during the negotiations with Signature remain: the Hospital Authority seeks to have a local governing board, guarantees of physicians' privileges, protection of hospital employees and a continued level of indigent care.

LifePoint Hospitals Inc. is a publicly traded company that operates 48 acute care hospitals in 17 states. The majority of its hospitals are located in rural areas in states as far west as Nevada, according to the company's Web site, www.lifepointhospitals.com.

The company has the majority of its hospitals in the South - Alabama, Tennessee, Kentucky and Louisiana. If the sale goes forward, Rockdale Medical Center will become LifePoint's first hospital in Georgia.

RMC officials began looking for a potential buyer of the community-owned hospital this time last year after it suffered significant revenue losses in 2005. RMC incurred about \$15 million in operating loss that stemmed from debt incurred from the East Tower expansion and a loss of accounts receivables when the hospital converted to a new computer system, according to documents filed with the Georgia Attorney General's office.

In light of those numbers, hospital officials announced in 2005 that RMC would be unable to meet its debt ratio covenants, which required the hospital to have enough cash on hand at any given moment to cover 1.2 times its bond debt of \$85 million, or \$102 million.

A pending \$87.7 million sale to Signature Hospital Corporation of Houston, Texas, was announced in September 2007. After a couple delays and two public hearings, the agreement received approval from the state Attorney General's office.

The pending sale was canceled this spring, however, when Signature announced it was unable to secure financing. The first sign of trouble came in December when Signature's primary lender altered the terms of its loans to finance the sale due to uncertainty in the financial markets. The company found a new lender and the sale agreement with RMC was restructured. In May, Signature announced it was pulling out of the deal to buy RMC.

The proposed sale to Signature faced some community opposition. Critics charged the amount offered by Signature was not as much as the hospital was worth and would barely cover RMC's debt.

The sale of RMC to a private company was placed before voters in a nonbinding, straw poll question that appeared on both Democratic and Republican ballots during the July 15 primary election.

The question read, "Should the Rockdale hospital boards be allowed to sell the community-owned Rockdale Medical Center to a private company?"

Democrats who voted "No" to this question numbered 2,825 and 1,034 said, "Yes." The number of Republicans who voted "No" was 2,302 to 2,195 who voted "Yes."

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