

Centegra Health System may merge with Northwestern Memorial HealthCare

Health care providers are exploring affiliation in negotiations

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[CRYSTAL LAKE](#) – Centegra Health System on Tuesday announced plans to explore an affiliation with Northwestern Memorial HealthCare, the parent corporation to a nationally top-ranked academic medical center hospital in Chicago.

What shape the affiliation will take remains uncertain, as both parties now begin several months of negotiations after recently agreeing to a letter of intent to discuss an affiliation. Representatives with Centegra and Northwestern Memorial didn't rule out the possibility of a merger or an acquisition that could make Centegra a Northwestern Medicine member.

Representatives also wouldn't say whether corporate governance or staffing levels would change if an affiliation is approved. Both parties still need to work out the logistics that come with a potential partnership.

"This is the right time to join an organization that values the ways we provide advanced medical care in our community," Centegra CEO Michael Eesley said in a news release. "Northwestern Medicine would help us give patients the perfect combination of academic medicine and community-based care."

Centegra and Northwestern Memorial share similar values focused on delivering exceptional care to patients, spokespeople with both health care systems said. Both systems share similar structures and operate magnet hospitals, making the decision right to explore an affiliation, they said.

If the two parties agree to a partnership, Centegra patients would have greater access to health services provided by one of the best health care systems in the country, Centegra spokeswoman Michelle Green said.

Northwestern Memorial HealthCare oversees Northwestern Memorial Hospital, a highly regarded academic medical center hospital within the industry and the primary teaching hospital to Northwestern University's Feinberg School of Medicine.

The health care system served more than 600,000 patients in 2014, according to its website, employing more than 4,000 medical staff and managing seven hospitals – Northwestern Memorial Hospital in Chicago, Northwestern Medicine Central DuPage Hospital in Winfield, Northwestern Medicine Lake Forest Hospital in Lake Forest, Northwestern Medicine Delnor

Hospital in Geneva, Northwestern Medicine Kishwaukee Community Hospital in DeKalb, Northwestern Medicine Valley West Hospital in Sandwich and Marianjoy Rehabilitation Hospital in Wheaton.

Under an affiliation, Centegra patients could access numerous clinical trials, skilled transplant teams and specialized doctors that Centegra's current system doesn't provide, Green said.

Centegra operates two hospitals in [McHenry](#) and [Woodstock](#) and plans to open its third hospital in [Huntley](#) in August. The top employer in McHenry County, Centegra employs more than 4,000 people.

"It's a once-in-a-lifetime opportunity to partner with an organization that is known around the world as a first-class organization," Green said. "We are in a position of strength. We were in a position to choose a partner, and we couldn't choose better than Northwestern."

An affiliation also could expand Northwestern Memorial HealthCare's footprint farther west throughout the Chicago area. The system last May announced intentions to explore an affiliation with KishHealth System in DeKalb County, a move that would help fill a services gap and improve overall health care delivery in the county, both parties told the DeKalb Daily Chronicle at the time.

By August, KishHealth and Northwestern Memorial HealthCare agreed to a merger that made KishHealth a part of Northwestern Memorial HealthCare.

Christopher King, a spokesman with Northwestern Memorial HealthCare, said the proposed affiliation with Centegra still is in its infancy with negotiations just beginning. Both parties, however, are looking forward to working out the details.

"Long term, it could potentially mean Centegra joins Northwestern Medicine and becomes a member of Northwestern Medicine," King said. "But we are still many months away and numerous negotiations away before we can even get to that point."

Green said cash will not be exchanged to make the affiliation happen. In business dealings, a merger or acquisition typically does involve a money exchange or a corporate governance change.

The negotiations between both parties will take "many, many months," Green said. Once agreed upon, an affiliation also would need approval from the Illinois Health Facilities and Services Review Board, and the Federal Trade Commission before becoming official.

"We are taking two strong clinical programs and uniting them into one," Green said. "We obviously are thrilled and look forward to the process."