FLORIDA HOSP. MERGER

PHOTOCOPY
PRESERVATION

Florida Hospital Merger

file

June 22, 1994

To: Jennifer Klein

From: Stephanie Cutter

Subject: Florida Hospital Merger

As you requested, below is a brief summation of the settlement between the U.S. Department of Justice, the Florida Attorney General's office, Morton Plant Hospital and Mease Health Care regarding the merger of the two Florida hospitals. This is the first settlement of a case in the health care industry since last fall's release of the Statements of Antitrust Enforcement Policy in the Health Care Arena.

On June 17, the Justice Department and the Florida Attorney General's Office filed a proposed Final Consent Judgment barring the merger of Morton Plant and Mease, which account for nearly 60 percent of the market in the area. The Judgment, however, permits the two hospitals to form a "Partnership", allowing the consolidation and joint operation of certain administrative and patient care services. The "Partnership" will own and operate such services, independent from Morton Plant and Mease, and will sell each service to the two hospitals on the same terms and conditions. A listing of eligible joint services appear on pages two through four of the Judgment.

Further, Morton Plant and Mease may appoint members of their respective boards to a "Partnership" board. Independent services, managed care contracting for Morton Plant or Mease, or the marketing or pricing of any services, including "Partnership" services, may not be discussed by the "Partnership" board and its executives. The "Partnership" board may request Morton Plant and Mease to contribute capital, but each hospital is to determine independently the amount of capital to contribute.

In return for this "Partnership", the proposed Final Consent Judgment decree requires Morton Plant, Mease and the "Partnership" to undertake certain measures to preserve competition in the market. The "Partnership" must establish adequate protections, including employee confidentiality agreements, to keep information regarding pricing, managed care contracts, negotiations with managed care plans, and marketing and planning of the two hospitals separate. Further, Morton

Plant and Mease will continue as separate and competing entities, and will maintain an antitrust compliance program to formally inform their officers, directors, trustees and administrators about the Final Consent Judgment, and to educate them on the meaning of the Judgment and antitrust laws. Finally, to monitor compliance with the Final Consent Judgment, representatives from the Justice Department or the Florida Attorney General's Office are permitted access to Morton Plant and Mease during regular business hours.

Sixty-days after the Justice Department files a Competitive Impact Statement and gives sufficient public notice regarding the Judgment and the Statement, a Final Consent Judgment may be entered by the Court. The Judgment expires five years from the date of entry. However, before the expiration date, the Justice Department or the Florida Attorney General's Office may extend the Judgment at their own discretion for an additional five years.

Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, JUNE 17, 1994

AT
(202) 616-2771
TDD (202) 514-1888

JUSTICE DEPARTMENT SETTLES FLORIDA HOSPITAL MERGER CASE, DEAL PROVIDES LOWER HEALTH CARE PRICES AND PRESERVES COMPETITION

WASHINGTON, D.C. -- In a trend-setting settlement involving two Florida hospitals, the Justice Department today offered a model on the kinds of consolidations medical providers may do to lower prices while preserving competition.

The lawsuit and settlement, were joined by the Florida Attorney General's office, the first time an antitrust action has been filed jointly by state and federal antitrust enforcers.

The agreement bars the merger of the two largest hospitals in North Pinellas County, near St. Petersburg, while permitting them to jointly provide certain health care services in which competition is plentiful and to share some administrative costs.

"The agreement provides an innovative way to enable the hospitals to achieve cost savings without endangering competition," said Bingaman. "The hospitals must continue to compete on prices to consumers."

Under the agreement, announced jointly with representatives from the Florida Attorney General's office, the two hospitals may form a joint venture partnership for care in which there are

(MORE)

numerous competitors or for which patients might seek attention far from home. The partnership will manage the joint services and will contract to provide them to each of the hospitals at cost. The hospitals would then compete on the price at which they sold those services to consumers which will result in keeping prices competitive.

"The joint services will enable the hospitals to achieve significant cost savings that would unlikely be achieved in other ways," said Bingaman. "Those savings can be passed on to consumers resulting in lower health care prices."

Such partnerships could include, for example, outpatient services which are provided by clinics and doctors' offices, or open-heart surgery, in which hospitals compete in a broad area.

The settlement permits the two hospitals to merge procurement efforts, certain administrative services, telephone services, accounting, billing and collections, and medical records, while providing appropriate confidentiality measures.

The two hospitals account for nearly 60 percent of the market. Morton Plant Hospital is the largest in the area with 672 beds. Its major competitor is Mease Health Care, with 378 beds on two sites.

The action was the first settlement of a case in the health care industry since the issuance of the Statements of Antitrust Enforcement Policy in the Health Care Area, an initiative announced by First Lady Hillary Clinton and Attorney General

Janet Reno last September. The Statements encourage cost-saving joint ventures and joint purchasing agreements while maintaining the benefits of competition.

The proposed consent decree, settles the lawsuit, filed on May 5, in U.S. District Court in Tampa, Florida, in which the Department and the Florida Attorney General alleged that the merger of the two hospitals was likely to lead to higher prices and poorer services for North Pinellas County consumers.

"The merger as originally proposed by the two hospitals which dominate the market in North Pinellas County, would likely have reduced the drive to keep prices down and service up," said Bingaman.

The consent decree, if approved by the court, alleviates the Department's and Florida Attorney General's antitrust concerns.

The case was handled by federal attorneys in the Antitrust Division's Professions and Intellectual Property Section and by Division economists, and by state attorneys in the Florida Attorney General's Antitrust Division.

The proposed consent decree and competitive impact statement will appear in the Federal Register. Written comments may be sent to Gail Kursh, Chief, Professions and Intellectual Property Section, Antitrust Division, U.S. Department of Justice, 555 Fourth Street, N.W., Room 9903, Washington, D.C. 20001.

###

94-324

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

UNITED STATES OF AMERICA and STATE OF FLORIDA, Plaintiffs, v. MORTON PLANT HEALTH SYSTEM, INC. and TRUSTEES OF MEASE HOSPITAL, INC., Defendants.	Civil No. 94-748-CIV-T-23E Judge Steven D. Merryday

FINAL CONSENT JUDGMENT

Plaintiffs, the United States of America and the State of Florida, having filed their Verified Complaint on May 5, 1994, and Plaintiffs and Morton Plant Health System, Inc. and Trustees of Mease Hospital, Inc., by their respective attorneys, having consented to the entry of this Final Consent Judgment without trial or adjudication of any issue of fact or law, and without this Final Consent Judgment constituting evidence against or admission by any party with respect to any issue of fact or law;

NOW, therefore, before the taking of any testimony and without trial or adjudication of any issue of fact or law, it is hereby ORDERED, ADJUDGED AND DECREED:

I.

JURISDICTION

This Court has jurisdiction of the subject matter and each of the parties to this action. The Verified Complaint states a claim upon which relief may be granted against Morton Plant Health System, Inc. and Trustees of Mease Hospital, Inc. under Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

II.

DEFINITIONS

As used in this Final Consent Judgment:

(A) "Eligible Partnership Patient Care Services" means the following patient care services that Morton Plant and Mease may elect to own, manage, operate or provide by the Partnership described herein:

(1) all patient care services provided by Morton Plant or Mease on an outpatient basis that are generally capable of being provided outside of a general acute care hospital;

(2) open-heart surgery and/or services or procedures that require the immediate availability of an open-heart surgery unit;

(3) robotically assisted prosthetic implantation and special spinal instrumentation procedures involving the insertion of multiple rods in the spinal cord;

(4) stem cell procedures, advanced linear accelerator equipment and procedures, and HDR brachy therapy;

(5) stereotactic radio therapy;

(6) inpatient and outpatient diagnostic and therapeutic radiology services (e.g., CAT scans, MRI, X-ray, ultrasound, nuclear angiography);

(7) inpatient and outpatient laboratory services;

(8) neonatal level III services;

(9) inpatient and outpatient mental health services; and

(10) home health care, home infusion services, durable medical equipment, rehabilitative services, skilled nursing, retirement facilities and long-term care.

(B) "Eligible Partnership Administrative Services" means the following administrative services that Morton Plant and Mease may elect to own, manage, operate or provide by the Partnership described herein:

(1) human resources (except management positions at the hospital level with responsibility for management, marketing, planning, pricing or managed care contracting);

(2) medical staff organization and development, including medical staff development and recruitment, physician organization structure, advising on practice acquisition, governance and credentialing;

(3) information services;

(4) telephone and other communication services;

(5) accounting, billing and collection;

(6) housekeeping and laundry;

(7) medical records;

(8) materials management and plant maintenance;

(9) support services for charitable foundations; and

(10) all miscellaneous services not related to patient care and not exceeding an expenditure of $250,000 annually.

(C) "Independent Services" means all services other than those carried out by the Partnership under this Final Consent Judgment.

(D) "Managed Care Plan" means a health maintenance organization, preferred provider organization, or other health services purchasing program that uses financial or other incentives to prevent unnecessary services and includes some form of utilization review.

(E) "Mease" means the Trustees of Mease Hospital, Inc. and all subsidiaries and affiliates.

(F) "Morton Plant" means Morton Plant Health System, Inc. and all subsidiaries and affiliates.

(G) "Partnership" means the nonprofit, tax-exempt organization that Morton Plant and Mease may create and operate in accordance with this Final Consent Judgment.

III.

APPLICABILITY

This Final Consent Judgment applies to Morton Plant and Mease, to the Partnership created by them, to Morton Plant's and to Mease's officers, directors, trustees, administrators, agents, employees, successors and assigns and to all other persons in active concert or participation with any of them who receive actual notice of this Final Consent Judgment pursuant to F.R.C.P. 65(d).

IV.

PROHIBITED CONDUCT

Morton Plant and Mease shall not consummate their agreement to consolidate as set forth in their Letter of Intent, dated October 19, 1993, or any other agreement to merge, consolidate, or combine, except in accordance with the terms of this Final Consent Judgment.

V.

BONA FIDE PARTNERSHIP

Morton Plant and Mease may enter into a Partnership in which they consolidate and jointly operate certain patient care services and administrative services under the following conditions:

(A) Morton Plant and Mease may agree to consolidate and jointly operate any Eligible Partnership Patient Care Services and any Eligible Partnership Administrative Services.

(B) The Partnership may own and operate any Eligible Partnership Patient Care Service and any Eligible Partnership Administrative Service and may provide such service to Morton Plant and Mease. The Partnership shall sell each service to Morton Plant and Mease on the same terms and conditions in an amount equal to cost. The Partnership shall conduct an annual cost accounting.

(C) Morton Plant and Mease may appoint members to a Partnership board, which individuals may be members of each hospital's board. Executives at Morton Plant and Mease may also serve as executives of the Partnership and on the boards of their respective hospitals and of the Partnership. The Partnership board will govern the services provided by the Partnership. The Partnership board and its executives may not discuss Independent Services, managed care contracting for Morton Plant or Mease, or the marketing or pricing of any services, including Eligible Partnership Patient Care Services or Eligible Partnership Administrative Services, with the following exception: the Partnership may market and price those services set out in Paragraph II(A)(10) as long as Morton Plant and Mease continue their present practice of providing their patients and physicians with information on other providers of these services in the market. The Partnership board may request Morton Plant and Mease to contribute capital to the Partnership, but each hospital shall exercise its own independent judgment on how much capital to contribute.

(D) Morton Plant and Mease shall provide plaintiffs with written notification of their intent to consolidate and jointly operate any additional or new services (such as pediatrics and neonatal level II services) through the Partnership under the terms of this Final Consent Judgment. Morton Plant and Mease shall also provide any information reasonably necessary for plaintiffs to assess the competitive impact of adding such services to the Partnership. Morton Plant and Mease may consolidate and jointly operate the additional or new services unless either plaintiff provides a written objection within 120 days of receiving the necessary information. Notwithstanding the foregoing, Morton Plant and Mease may jointly operate through the Partnership any new service not currently provided by Morton Plant or Mease by providing plaintiffs with at least 90-days' notice, so long as the new service is a specialized inpatient procedure commonly recognized in the medical community as "tertiary" or higher, and is performed only by physician subspecialists with specialized support staff and expensive equipment.

(E) Morton Plant may lend or grant Mease up to $21 million for Mease's planned expansion under terms preventing Morton Plant from obtaining any control or leverage over Mease's management or operations.

(F) Morton Plant, Mease and the Partnership may become obligated parties, guarantors or co-makers on debt instruments and the assets of Morton Plant, Mease and the Partnership may be pledged as security for such debt instruments so long as all such obligations are approved separately by Morton Plant and Mease. Neither Morton Plant nor Mease shall unreasonably withhold consent to, impose conditions on, or attempt to influence the use of funds obtained by the other hospital through such financing for Independent Services. In the event that Morton Plant or Mease believes the other has unreasonably withheld such consent, the matter shall be submitted to binding arbitration under the American Arbitration Association Rules.

(G) Nothing in this Final Consent Judgment is intended to prevent Morton Plant, Mease and/or the Partnership from participating in lawful integrated delivery networks such as accountable health partnerships, physician organizations and physician networks of their medical staff; provided that participation decisions shall be made independently by Morton Plant, Mease and the Partnership.

(H) In the event that federal or state legislation enacted subsequent to the entry of the Final Consent Judgment permits conduct prohibited by this Judgment, Morton Plant and Mease may move for and plaintiffs will reasonably consider an appropriate modification of the Final Consent Judgment. This provision in no way limits Morton Plant's or Mease's right to seek any modification of this Final Consent Judgment.

(I) The Partnership shall establish adequate protections to keep information concerning pricing, managed care contracts, negotiations with managed care plans, and marketing and planning of Morton Plant and Mease separate and to insure that the information of one hospital is not transmitted to or received by the other hospital directly or indirectly. Adequate protections shall include, at a minimum, confidentiality agreements for employees with access to such information and protocols for preparation of separate reports for Morton Plant, Mease, and the Partnership.

(J) The Partnership may make any lawful acquisition of physician practices. However, in the event that a practice is acquired that admits patients to either hospital for Independent Services, Morton Plant and Mease shall allow each such physician to determine in his or her sole discretion to which hospital to admit such patients.

VI.

INDEPENDENT ACTIVITIES

(A) Morton Plant and Mease shall continue as separate and competing corporate entities, with separate Boards of Trustees and executive management, and shall separately own and operate their respective Independent Services. Marketing, pricing, and managed care negotiating and contracting decisions shall remain Independent Services to be considered only in each hospital board's respective meeting. Each board shall adhere to a separate agenda and will record such meeting in separate minutes.

(B) Morton Plant and Mease shall each price and sell its services, both those owned and operated separately and those purchased from the Partnership, in active competition with each other. Morton Plant and Mease shall each exercise its own independent judgment on how to market and price its patient care services and shall not discuss, communicate, or exchange with each other or any other hospital information relating to the marketing, pricing, negotiating, or contracting of any patient care service, including those purchased from the Partnership.

(C) Morton Plant or Mease shall be free to offer any patient care service or administrative service provided through the Partnership independently and in competition with any other provider and may end its provision of any such service through the Partnership.

(D) Morton Plant and Mease shall negotiate and contract independently with health care purchasers such as Managed Care Plans. Morton Plant and Mease may contract with the same Managed Care Plan or any other health care purchaser so long as they do so independently; provided, that Morton Plant and Mease may independently enter into similar but separate contracts with the same Managed Care Plan.

VII.

COMPLIANCE PROGRAM

Morton Plant and Mease shall maintain an antitrust compliance program, which shall include:

(A) distributing within 60 days from the entry of this Final Consent Judgment, a copy of the Final Consent Judgment and Competitive Impact Statement to all officers, directors, trustees and administrators;

(B) distributing in a timely manner a copy of the Final Consent Judgment and Competitive Impact Statement to any person who succeeds to a position described in Paragraph VII(A);

(C) briefing annually those persons designated in Paragraph VII(A) on the meaning and requirements of this Final Consent

Judgment, penalties for violation thereof and the antitrust laws, including potential antitrust concerns raised by hospitals;

(D) obtaining from the officers and administrators an annual written certification that he or she has read, understands and agrees to abide by this Final Consent Judgment and is not aware of any violation of this Final Consent Judgment; and

(E) maintaining for inspection by plaintiffs a record of recipients to whom this Final Consent Judgment and Competitive Impact Statement have been distributed.

VIII.

CERTIFICATIONS

(A) Within 75 days after the entry of this Final Consent Judgment, Morton Plant and Mease shall each certify to plaintiffs whether it has made the distribution of this Final Consent Judgment in accordance with Paragraph VII(A) above.

(B) For five years after the entry of this Final Consent Judgment, on or before its anniversary date, Morton Plant and Mease shall each certify annually to plaintiffs whether it has complied with the provisions of Paragraph VII.

IX.

PLAINTIFFS' ACCESS

For the sole purpose of determining or securing compliance with this Final Consent Judgment, and subject to any recognized privilege, authorized representatives of the United States Department of Justice or the Office of the Attorney General, State of Florida, upon written request of the Assistant Attorney General in charge of the Antitrust Division or the Attorney General of the State of Florida, respectively, shall on reasonable notice be permitted:

(A) access during regular business hours of Morton Plant and Mease to inspect and copy all records and documents relating to any matters contained in this Final Consent Judgment;

(B) to interview Morton Plant and Mease officers, directors, trustees, administrators, and employees, who may have counsel present, concerning such matters; and

(C) to obtain written reports from Morton Plant and Mease relating to any of the matters contained in the Final Consent Judgment.

X.

JURISDICTION RETAINED

Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Final Consent Judgment to apply to this Court at any time for further orders and directions as may be necessary or appropriate to carry out or construe this Final Consent Judgment, to modify or terminate any of its provisions, to enforce compliance, and to punish violations of its provisions.

XI.

EXPIRATION OF FINAL CONSENT JUDGMENT

This Final Consent Judgment shall expire 5 years from the date of entry; provided that, before the expiration of this Final Consent Judgment, either plaintiff, after consultation with Morton Plant and Mease and in each plaintiff's sole discretion, may extend the Judgment for an additional five years.

XII.

PUBLIC INTEREST DETERMINATION

Entry of this Final Consent Judgment is in the public interest.

Dated:

Steven D. Merryday
United States District Judge

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

UNITED STATES OF AMERICA, and STATE OF FLORIDA, Plaintiffs, v. MORTON PLANT HEALTH SYSTEM, INC., and TRUSTEES OF MEASE HOSPITAL, INC., Defendants.	Civil Action No. 94-748-CIV-T-23E Judge Steven D. Merryday

UNITED STATES' EXPLANATION
OF CONSENT DECREE PROCEDURES

The United States files this memorandum to set forth the procedures regarding entry of the proposed Final Consent Judgment, pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16(b)-(h) (the "APPA"). The APPA applies only to antitrust cases brought by the United States. (The Final Consent Judgment would settle the entire case.)

1. Today, the United States and State of Florida are filing a proposed Final Consent Judgment and a Stipulation between the plaintiffs and defendants in which all parties agree to entry of the proposed Final Consent Judgment.

2. Next week, the United States will file a Competitive Impact Statement relating to the proposed Final Consent Judgment pursuant to the APPA, 15 U.S.C. § 16(b).

3. The APPA, 15 U.S.C. § 16(b)-(c), requires the United States to publish the proposed Final Consent Judgment and

Competitive Impact Statement in the Federal Register and in newspapers 60 days prior to entry of the Final Consent Judgment. The notice will also inform members of the public that they may submit comments about the judgment to the United States Department of Justice, Antitrust Division.

4. The United States will consider any comments it receives and respond to them and publish the comments and responses in the Federal Register.

5. Pursuant to the APPA, 15 U.S.C. § 16(d), at the expiration of the 60-day period, the United States will file with the Court the comments, our responses, and a Motion For Entry of the Final Consent Judgment (unless either plaintiff withdraws its consent to entry of the Final Consent Judgment, as stated in paragraph 2 of the Stipulation filed today).

6. At that time, pursuant to the APPA, 15 U.S.C. § 16(e)-(f), the Final Consent Judgment may be entered without further hearing, if the Court determines that entry is in the public interest.

Dated: June 17, 1994

ANTHONY E. HARRIS, Trial Counsel
JON B. JACOBS
JESSICA N. COHEN
M. LEE DOANE
Attorneys
U.S. Department of Justice
Antitrust Division
555 4th Street, N.W., Rm. 9901
Washington, D.C. 20001
202/307-0951
202/514-1517 (fax)

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

UNITED STATES OF AMERICA and STATE OF FLORIDA, Plaintiffs,	Civ. No. 94-748-CIV-T-23E
v.	Judge Steven D. Merryday
MORTON PLANT HEALTH SYSTEM, INC. and TRUSTEES OF MEASE HOSPITAL, INC., Defendants.	

STIPULATION

It is stipulated by and between the undersigned parties, by their respective attorneys, that:

1. The Court has jurisdiction over the subject matter of this action and over each of the parties hereto, and venue of this action is proper in the Middle District of Florida;

2. The parties consent that a Final Consent Judgment in the form hereto attached may be filed and entered by the Court, upon the motion of any party or upon the Court's own motion, at any time after compliance with the requirements of the Antitrust Procedures and Penalties Act (15 U.S.C. § 16), and without further notice to any party or other proceedings, provided that plaintiffs have not withdrawn their consent, which they may do at any time before the entry of the proposed Final Judgment by serving notice thereof on defendants and by filing that notice with the Court; and

3. Defendants agree to be bound by the provisions of the proposed Final Consent Judgment pending its approval by the Court. If either plaintiff withdraws its consent, or if the proposed Final Consent Judgment is not entered pursuant to the terms of the Stipulation, this Stipulation shall be of no effect whatsoever, and the making of this Stipulation shall be without prejudice to any party in this or in any other proceeding.

DATED: June 17, 1994.

FOR PLAINTIFFS:

Robert A. Butterworth (a2H)

ROBERT A. BUTTERWORTH
Attorney General

Jerome W. Hoffman (a2Ct)

JEROME W. HOFFMAN
Chief, Antitrust Section

Lizabeth A. Leeds (a2et)

LIZABETH A. LEEDS
Assistant Attorney General
FL Bar # 0457991

Office of the Attorney General
State of Florida
The Capitol
Tallahassee, FL 32399-1050
(904) 488-9105
(904) 488-9134 (fax)

Anne K. Bingaman

ANNE K. BINGAMAN
Assistant Attorney General

STEVEN C. SUNSHINE
Deputy Assistant Attorney General

Constance K. Robinson /scj

CONSTANCE K. ROBINSON
Director of Operations

Gail Kursh JBJ

GAIL KURSH
Chief, Professions & Intellectual
Property Section

K. CRAIG WILDFANG
Special Counsel to the
Assistant Attorney General,
Antitrust Division

Anthony E. Harris

ANTHONY E. HARRIS, Trial Counsel
JON B. JACOBS
JESSICA N. COHEN
M. LEE DOANE

U.S. Department of Justice
Antitrust Division
555 4th Street, N.W., Room 9901
Washington, D.C. 20001
(202) 307-0951
(202) 514-1517 (fax)

FOR DEFENDANTS:

____
EMIL C. MARQUARDT, JR., Esquire
McFarlane Ausley Ferguson
& McMullen
400 Cleveland Street
P.O. Box 1669
Clearwater, FL 34617
(813) 441-8966
(813) 442-8470 (fax)

Date: June 17, 1994
Contact: Emily Stehle, Morton Plant Health System
(813) 461-8117
and
Ed McCarthy, Mease Health Care
(813) 734-6262

FOR IMMEDIATE RELEASE

HOSPITALS ANNOUNCE NEW PARTNERSHIP

CLEARWATER, FL -- Mease Health Care and Morton Plant Health System announced today the formation of a new health care partnership, the result of a settlement with the state and federal government. The new entity, called Morton Plant Mease Health Care, would allow the merging of certain medical and administrative services yet maintain the separate institutions.

"Community benefit is why we presented a full merger back in October," said Frank V. Murphy III, CEO and president of Morton Plant. "And community benefit is why we are agreeing to this settlement."

The two health care systems had announced their intent to merge last fall following a community benefits study that detailed savings of $80 million over a five year period through a full consolidation of the two institutions.

"The settlement reached with the Justice Department is a sincere effort to allow the community to realize the benefits of cost savings, quality enhancement and improved access which will come from our two institutions working together," said Philip K. Beauchamp, CEO and president of Mease Health Care.

"Ninety percent of the cost savings and other community benefits envisioned by a merger could be achieved under the agreement," Murphy said Friday.

-- more --

PARTNERSHIP -- ADD ONE

The new agreement approved by the boards of both hospitals, the Justice Department, the Attorney General's Office and a federal judge allows the two health care systems to consolidate and jointly operate administrative, outpatient and some highly specialized patient care services. Both hospitals would continue to offer routine, inpatient services separately and retain their own boards of trustees and executive management.

Both Murphy and Beauchamp said the settlement "was a step in the right direction."

"We are going forward in response to health care reform," said Murphy. "We believe this settlement is the best decision for the community at this time."

"The settlement is precedent setting, and we are confident the strength of our combined organizations will make it work," added Beauchamp. "We would hope that this will benefit other not-for-profit health care systems in similar circumstances."

-- 30 --