

## **Northwestern Deal-Making Spree Continues with Centegra Partnership Talks**

April 6, 2016

Chicago-based Northwestern Memorial HealthCare and Crystal Lake, Ill.-based Centegra Health System have signed a letter of intent to explore an affiliation.

The systems said they will work together to define the affiliation over the next several months.

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

The Northwestern-Centegra deal is part of the second wave of healthcare consolidation that is on the horizon in Chicago. The first wave began a few years ago and came to a head when Northwestern closed its merger with Winfield, Ill.-based Cadence Health in September 2014. After striking another deal with Dekalb, Ill.-based KishHealth, Northwestern includes seven hospitals and a medical staff of more than 4,000.

There is another major Chicago-area merger deal pending between Downers Grove, Ill.-based Advocate Health Care and Evanston, Ill.-based NorthShore University HealthSystem. If the Advocate-NorthShore and Northwestern-Centegra deals go through, the field of dominant players in the Chicago-area healthcare market will significantly condense.

**In a recent interview with Becker's Hospital Review, Gregory F. Hagood, senior managing director and president of SOLIC Capital, discussed healthcare consolidation in the Windy City. He said the second wave of consolidation will divide the market between the "haves," or large integrated regional systems with leading market shares, and "have-nots," or smaller systems with limited offerings compared to the "super regional" organizations.**

The Northwestern-Centegra deal would create a 10-hospital system, while the Advocate-NorthShore merger would create the largest system in Illinois with 16 hospitals.

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