Centegra Health System, Northwestern Medicine merger talks ongoing nearly 2 years later

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<u>CRYSTAL LAKE</u> – It's been about two years since Centegra Health System and Northwestern Medicine announced plans to explore an affiliation, but the deal has yet to solidify.

The health systems signed a letter of intent to <u>discuss an affiliation</u> in 2016, and in June 2017, representatives said it was likely that <u>Centegra would join Northwestern by the end of the year.</u> That didn't happen, and officials now have said the merger likely will close later this year.

"Discussions continue to progress, and we hope to be part of their health system by the end of the year," Centegra spokeswoman Michelle Green said in a statement. "I have no additional information at this time."

Northwestern and Centegra extended a nonbinding letter of intent in 2017, but a definitive agreement is not in place. Any plans also must go through state regulatory reviews and approvals, according to Centegra's 2017 Annual Report.

"The health systems continue to determine how Centegra will integrate with Northwestern Medicine, including opportunities to increase the depth of Centegra's clinical capabilities, enhance physician collaboration and improve efficiencies to prove the best possible care for patients and their families," Centegra Health System CEO Michael Eesley said in the report.

Northwestern merged with Cadence Health about six months after announcing plans. KishHealth System joined Northwestern about seven months after discussions began between the two systems. Representatives from the systems declined to comment on why this deal is taking longer.

Officials have remained mum on what effect the merger could have on Centegra, which is McHenry County's largest employer. The health system operates hospitals in Woodstock, McHenry and Huntley, and it has numerous clinics and facilities in the county.

Northwestern Memorial HealthCare is the corporate parent for the Northwestern Medicine health system, which has a staff of more than 30,000. The system manages seven hospitals in Chicago and its surrounding northwest and southwest suburbs, according to its website.

Green has said money will not be exchanged to make the deal between Centegra and Northwestern happen. In business dealings, a merger or acquisition typically involves a money exchange or a corporate governance change. Both health systems are nonprofits.

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