



PAJARO VALLEY
COMMUNITY
HEALTH TRUST

FOR IMMEDIATE RELEASE

CONTACT: Shebreh Kalantari-Johnson, Board Chair
DeAndre James, Executive Director
(831) 761-5639; info@pvhealthtrust.org

COMMUNITY HEALTH TRUST PERMITS WATSONVILLE HOSPITAL PURCHASE

WATSONVILLE, Calif. -- The Pajaro Valley Health Trust today announced it has agreed to release the sale of Watsonville Community Hospital from Quorum Health to Halsen Health Care Group.

After a period of due diligence that included the engagement of outside operational, financial and legal consultants, the Pajaro Valley Community Health Trust has determined that its acquisition of Watsonville Community Hospital is infeasible at this time due to the limited time frame in which to secure financing for the acquisition and gear up for operations.

"The Health Trust engaged in a good faith effort to find a path forward to acquire and operate Watsonville Community Hospital on behalf of our residents, stakeholders and community. We have exhausted all avenues in arriving at this very difficult decision. Unfortunately, the financial challenges were too significant, and the time frame too short, for us to move forward," said Shebreh Kalantari-Johnson, Chair of the Pajaro Valley Community Health Trust Board of Directors.

It is presumed that Quorum Health, a privately held for-profit corporation based in Tennessee, would now proceed with a previously negotiated sale to Southern California-based Halsen Health Care Group.

"We are deeply disappointed this acquisition could not be completed," said DeAndre James, Executive Director of the Pajaro Valley Community Health Trust. "The Health Trust is committed to making sure Pajaro Valley residents have access to quality health care, and we stand ready to assist Watsonville Community Hospital in making sure that objective is met now and in the future."

Under a 1998 agreement established when Watsonville Community Hospital was converted from a not-for-profit hospital to privately held, for-profit ownership, the Health Trust reserved the right to match the purchase price of any future offer to buy the hospital. However, due to changes in the health care marketplace and economy since 1998, the agreement was viewed as providing an unworkable time frame in which to successfully complete any purchase.

Unfortunately, a Health Trust purchase from Quorum would not have included significant needed investments in systems to effectively operate a hospital, such as patient billing, patient tracking, personnel management and more. Establishing those systems would have increased the costs of acquiring the hospital by approximately 40 percent.

The Pajaro Valley Community Health Trust remains committed to its mission of health equity and improving the health and quality of life for all people of the greater Pajaro Valley by working to reduce disease, provide for early intervention and treatment and establish quality, culturally responsive services.