

Case Study: BSA Health System



Finding the Right Partner

As health systems go, Baptist St. Anthony's was an increasingly rare breed. Highly regarded for its strong clinical outcomes, excellent culture and deep community ties, the Amarillo, Texas, system also boasted something even more elusive — a healthy balance sheet.

Perhaps that's why the December 2011 announcement that the not-for-profit was seeking a buyer took many by surprise.

The move, which came after CHRISTUS Health decided to sell its stake to focus on other markets, drew widespread interest from potential partners. Co-owner Baptist Community Services (BCS) soon followed suite, agreeing to sell its stake to the right buyer.

Not surprisingly, the system's strong reputation and financial standing helped attract more than two dozen suitors, both for-profit and not-for-profit.

"From the beginning, we were very focused on finding an organization with not only the right set of competencies, but also the right set of values," says Michael Cruz, BSA's chief executive officer. "We believe very strongly that our values have been fundamental to our success, so we wanted a partner who would honor that."

BSA and its sellers quickly narrowed the field to four finalists and began intensive reverse due diligence research on each organization's financial and cultural philosophies. It was during this time that one potential partner began to stand out.

"Ardent distinguished itself early on in the process," recalls Bob Williams, BSA's former CEO. "Everyone we met was intelligent and attentive, and they asked all the right questions. Our team felt comfortable with them quickly and we stayed comfortable."

"We met with some potential partners who had fantastic pedigrees, but they didn't seem to appreciate the things that make us unique," says Cruz. "Ardent understood right away that we weren't another turnaround. They were genuinely interested in what we were doing and how we could work together."

BSA Health System at a Glance

Hospitals: **3**

Sites of care: **14**

Employed providers: **115**

2023 uncompensated care: **\$91.9 million**

Capital investment to date: **\$251.6 million**

Website: **bsahs.org**

While it was clear the two organizations shared a mutual respect, partnership was far from certain. Despite its competitive proposal, Ardent's bid was not the highest. However, BSA's board of directors placed significant value on Ardent's track record of success in other markets, as well as its willingness to invest in and improve quality of care in Amarillo going forward. In the end, these factors proved to be more valuable than purchase price.



In October 2012, Ardent and BSA announced the formation of a new joint venture that would operate the health system, with Ardent assuming 80 percent ownership. BCS initially retained a 20 percent stake before selling it to Ardent in 2015, citing the company's successful operation of BSA.

The partnership has allowed BSA to preserve its mission while maintaining strong local representation through its governance structure.

"At the end of the day, you partner with individuals," says Cruz. "We knew Ardent had the financial strength and expertise, but, more importantly, it just felt right."

"We've seen a very deliberate focus on quality since day one," agrees Michael Lamanteer, MD, BSA's chief medical officer. "Every entity will try to deliver great care, but it's really about the results. In the first few months with Ardent, we began a very active dialogue around building the systems and processes that deliver a better result."

A Bright Future

In early 2016, BSA opened its new \$27 million emergency room, more than doubling the size of the 46-bed ER, adding private rooms and improving flow for patients and staff.

Significant improvements have also been made to BSA's Harrington Cancer Center. A new state-of-the-art facility will expanded chemotherapy and radiation services to better serve patients throughout the region.

Most importantly, the two organizations' values are aligned and there is no intention of dismantling the culture that has helped make BSA so successful.

"They're among the very best in this business, but the human factor is there too," says Williams of Ardent. "Whenever there's been an issue, the response is always 'do what's right for the employee' or 'do what's right for the patient.' That's only reinforced that we made the right choice."

