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Baylor Scott & White Health, Memorial Hermann Health System Sign Letter of Intent to Create New Combined Health System

Furthering century-long missions to transform the future of healthcare to benefit millions of Texans

DALLAS and HOUSTON (Oct. 1, 2018) — The boards of Baylor Scott & White Health and Memorial Hermann Health System have signed a letter of intent to merge into a combined system to further strengthen communities, advance the health of Texans and transform the delivery of healthcare.

As two of the most comprehensive not-for-profit health systems in Texas, Baylor Scott & White Health and Memorial Hermann, both founded as faith-based organizations, share similar missions and values. Equally important, they share like-minded, forward-thinking visions for the future. This proposed combined health system is positioned to become a national model for integrated, consumer-centric, cost-effective care.

“This is about two mission-driven organizations – both committed to making safe, high-quality healthcare more convenient and affordable – building something transformative together,” said Jim Hinton, CEO, Baylor Scott & White Health. “We must lead the change in our industry, while insisting we continue to fulfill our unwavering commitments to meeting the needs of all Texans.”

The health systems, both nationally recognized and dedicated to improving access and continuity of care, serve as vibrant, economic engines in more than 30 Texas counties, employing more than 73,000 across the state. Both have strong ties to the academic medical community, and together will be positioned to expand those affiliations to advance medical training and research programs, while continuing to attract and retain the very best talent.

“Together, we believe we will be able to accelerate our commitments to make care more consumer centric; grow our capabilities to manage the health of populations; and bend the unsustainable healthcare cost curve in the state,” said Chuck Stokes, president and CEO, Memorial Hermann. “Through this combined system, we have a unique opportunity to reinvent healthcare and make a profound difference in the lives of millions of Texans.”

The details of the letter of intent include:

- **Unified Board:** A unified board will be comprised of an equal number of appointees from both organizations. Ross McKnight, the current chair of the Baylor Scott & White Holdings Board of Trustees, will serve as the first chair of the proposed combined system’s board. A vice chair, selected by the Memorial Hermann Health System Board of Directors, will be named prior to closing and will become chair at the end of McKnight’s two-year term.
- **Leadership:** Jim Hinton, CEO of Baylor Scott & White Health, will be the CEO of the proposed combined system and will be joined in the proposed Office of the CEO by Chuck Stokes, president and CEO of Memorial Hermann and Pete McCanna, president of Baylor Scott & White Health. Other members of the executive leadership team will be comprised of leaders from both Baylor Scott & White Health and Memorial Hermann.

- **Operations:** The proposed combined system will have executive and support staff based in Austin, Dallas, Houston and Temple.
- **Name:** The proposed combined system will have a new name to be determined before closing; however, Baylor Scott & White Health and Memorial Hermann will continue to operate under their strong, highly regarded brands in their respective service areas.

“Baylor Scott & White was founded as a Christian Ministry more than 100 years ago; ever since, it has advanced health and driven change in North and Central Texas,” said Ross McKnight, chair of the Baylor Scott & White Holdings Board of Trustees. “This proposed combination starts the next chapter in the legacies of service and innovation for both systems. It will not only make a positive difference in the lives of millions here, it will become a national model.”

Together, the two systems include 68 hospital campuses, more than 1,100 care delivery sites, nearly 14,000 employed, independent and academic physicians and two health plans; and they currently record nearly 10 million patient encounters annually.

“Memorial Hermann has proudly served the Greater Houston area for more than 110 years with nationally recognized, high-quality patient care,” said Deborah Cannon, chair of the Memorial Hermann Health System Board of Directors. “Our mutual history of providing accessible and leading-edge healthcare for all people has laid a strong foundation for our shared vision to build a future together for the benefit of all Texans.”

With approval of the letter of intent, the two organizations have entered into a period of exclusive negotiations, due diligence and the standard regulatory review processes. The next stage in the transaction – a definitive agreement – is anticipated to be complete in 2019.

For more information, visit www.TransformingHealthTogether.com.

About Baylor Scott & White Health

Baylor Scott & White Health promotes the health and well-being of every individual, family and community it serves. An integrated care delivery network, the system includes the Scott and White Health Plan, Baylor Scott & White Research Institute and Baylor Scott & White Quality Alliance. Through 49 hospitals and more than 1,000 access points including flagship academic medical centers in Dallas and Temple, the system offers the full continuum of care, from primary to award-winning specialty care, throughout Texas, and via virtual touchpoints. Founded as a Christian ministry of healing, Baylor Scott & White is proud to honor its century-long legacy through its commitment to improving accessibility, affordability and the customer experience for all.

For more information, visit BSWHealth.com.

About Memorial Hermann Health System

At Memorial Hermann, we are all about advancing health. Yours. It begins by redefining healthcare. Our 6,400 [affiliated physicians](#) and more than 26,000 [employees](#) practice evidence-based medicine with a relentless focus on quality, safety and exceptional service for all patients, consumers and [Health Plan](#) members. Our efforts continue to result in [national awards and recognition](#), including for our nationally acclaimed Accountable Care Organization. With a focus on providing enhanced access to care, Memorial Hermann offers [Virtual Clinic](#) for digital access and has 300 care delivery sites conveniently located across the Greater Houston area, including our flagship hospital in the world-renowned Texas Medical Center, which serves as the teaching hospital for McGovern Medical School at UTHealth. We have proudly served this community for more than 110 years, and we contribute more than \$588 million annually through school-based health centers and other community benefit programs. Because at Memorial Hermann, the health of our community is always at the center of what we do.

Learn more about [Memorial Hermann Health System](#).

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