

News Release

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Yale New Haven Health has signed an agreement to acquire Connecticut Health Systems from Prospect Medical Holdings

Change of ownership to not-for-profit to increase access to care and health equity

New Haven, CT (Feb. 10, 2022) – Yale New Haven Health (YNHHS) and Prospect Medical Holdings, Inc. (Prospect) today announced the signing of an agreement for YNHHS to acquire two Connecticut health systems from Prospect. The agreement also includes the health systems' related businesses, real estate assets, physician clinic operations and outpatient services, and it is subject to customary regulatory approvals, with both organizations targeting completion of the transaction later this year. Under the LOI, YNHHS is to purchase the assets and operations associated with the following hospitals that make up the health systems:

- Waterbury Hospital (AKA Waterbury HEALTH) in Waterbury, CT, with 357 certified beds
- Manchester Memorial Hospital (AKA ECHN) in Manchester, CT, with 249 certified beds
- Rockville General Hospital in Vernon, CT, with 102 certified beds

ECHN and Waterbury HEALTH, with approximately 2,900 employees, would return to not-for-profit status, providing continued access to care at their campuses and outpatient care locations. The related real estate assets of the hospitals are to be released from the existing master lease agreement between the real estate owner and Prospect.

“As we begin to emerge from an international pandemic that has devastated many hospitals across this nation, it is critical that we think creatively about sustaining local access to high quality care,” said Marna P. Borgstrom, CEO of YNHHS. “Innovation has become a watchword for a post-pandemic healthcare environment, and we are all exploring clear opportunities to enhance access to high-quality care while driving down costs. While this is at a very early stage, our goal is to sustain critical access to vital healthcare services directly in these local communities.”

“We are excited about the opportunity to join YNHHS. We are proud of our accomplishments and appreciative of the significant investments made by Prospect to increase quality, preserve jobs and respond to the pandemic,” said Deborah Weymouth, CEO of ECHN. “Waterbury is deeply committed to caring for our communities and adapting to the rapidly evolving healthcare landscape,” said Dr. Justin Lundbye, President and CEO of Waterbury HEALTH. “Along with ECHN, we are proud of what we’ve accomplished, including investing millions of dollars in our communities, preserving jobs, increasing quality ratings, and being leaders in Connecticut’s response to the pandemic. We are confident YNHHS will continue this legacy.”

Under the proposal, the three Connecticut-based hospitals would become affiliated with the Yale New Haven Health System, similar in nature to Greenwich and Bridgeport Hospitals, as well as Lawrence + Memorial Health. As part of Yale New Haven Health, Waterbury HEALTH and ECHN will be able to enhance delivery of care across a wide spectrum of primary and specialty services.

“Working with our partners at the Yale School of Medicine, we believe this could create a seamless and integrated delivery system that would serve the best interests of our patients in the most cost-effective manner possible throughout the state of Connecticut and the entire region,” noted Christopher O’Connor, president of Yale New Haven Health.

As due diligence is completed and the organizations move towards a definitive agreement, Yale New Haven Health is focused on preserving jobs in the local communities, supporting employee pensions, and assessing the future capital needs of these facilities.

“This relationship makes sense from a patient care perspective,” added Keith Churchwell, MD, president, Yale New Haven Hospital. “We believe patients will benefit directly from the affiliation of these exceptional health systems with a Connecticut-based academic health system like Yale New Haven.”

Morgan Stanley & Co. LLC is serving as exclusive financial advisor to Prospect Medical Holdings on this transaction, and Sheppard, Mullin, Richter & Hampton LLP is serving as its legal counsel.

Yale New Haven Health, the largest and most comprehensive healthcare system in Connecticut, is recognized for advanced clinical care, quality, service, cost effectiveness and commitment to improving the health status of the communities it serves. YNHHS includes five hospitals – Bridgeport, Greenwich, Lawrence + Memorial, Westerly and Yale New Haven hospitals, several specialty networks and Northeast Medical Group, a non-profit medical foundation with several hundred community-based and hospital-employed physicians. www.ynhhs.org

Prospect Medical Holdings, Inc., established in 1996, is a national leader in fully integrated healthcare. We are proud to provision healthcare services for more than 600,000 enrolled members through integrated networks of primary and specialty physicians, in affiliation with hospitals, clinics, other community-based providers and health plans. Prospect owns and operates 17 hospitals and more than 165 clinics and outpatient centers, with primary operations in California, Connecticut, Pennsylvania, Rhode Island and Texas. www.pmh.com