GHS to lease OMC

Non-binding letter of intent also includes relieving hospital of $71 million in debt

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SENECA — The governing boards of Oconee Medical Center (OMC) and Greenville Health System (GHS) have signed a letter of intent that calls for Greenville to lease and operate the Oconee hospital for at least the next 50 years and take on the Seneca hospital's approximately $71 million in debt.

The non-binding letter of intent was approved Thursday by the OMC board of directors and Friday by the GHS board of trustees and is the result of work since the OMC board announced Jan. 27 that it was "exploring a formal arrangement" with GHS.

OMC chief operating officer Hunter Kome said the two boards are working on a final agreement they hope will be completed by the end of June. If approved, it would likely be effective Oct. 1.

"We feel it is not just a very good move, but it is also a very necessary move given all the changes in healthcare right now," Kome said.

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Highlights of Oconee Medical Center-Greenville Health System letter of intent

- Lease of at least 50 years.
- GHS would operate the local hospital.
- GHS would assume OMC's current and future debt and liabilities.
- OMC employees would become part of GHS and receive credit for continuous service.
- OMC would have its own medical staff with employed and independent physicians through GHS' University Medical Group.
- GHS would honor deal giving OMC land to county for aquatic center.
- GHS would honor agreement between OMC and county to operate EMS.
- OMC would have small representation (two including one resident) on GHS Board of Trustees.
- Oconee Medical Center Foundation would be independent and control its assets.
- Hospice Board would be independent and control its assets.

Under the proposed agreement, the affiliation would take the form of a long-term lease of at least 50 years and include full integration of OMC into the operations of GHS. Oconee would continue to have its own medical staff that welcomes providers and licensed caregivers who hold credentials to practice at the hospital. It is similar to a current agreement between Greenville and Laurens County Memorial Hospital, which is a 40-year lease that has been in place for nearly a year. Two representatives from Laurens were at an OMC meeting board March 24.

"We are fortunate to have the opportunity to affiliate within our region with an organization of the caliber of Greenville Health System," OMC president and chief executive officer Jeanne Ward said. "By working together and sharing resources, we will be better able to improve the health of the communities we serve."

The prelinfinary agreement would call for GHS to take on "all current and future liabilities" of Oconee Medical, including an estimated $71 million in debt. Kome said that debt includes money owed from a $48 million project to build the patient towers as well as "older bond issues for other projects throughout the years." He said the bonds are typically 30-year bonds.

Kome said he does not expect any "wholesale losses" in employees due to the agreement. He said, if the current agreement is approved, all physicians employed through the hospital's Oconee Physicians Practices would be offered jobs through GHS's University Medical Group, which is a similar organization.

The letter of intent would also include GHS serving indigent care offered at OMC, as well operating Emergency Medical Services. An earlier agreement between OMC and Oconee County where the hospital would give about 22 acres for an aquatic center would also be honored in the agreement.

The OMC board would continue to exist and would have the task of ensuring that GHS fulfills its obligations under the lease. In other matters, the board would have an advisory role with the Greenville board. The GHS board would go from 12 to 14 members, with at least one of the additional members living in Oconee County and another from the OMC service area.

"We're all living in a more challenging healthcare climate now — it t[illegible] ple healthier over their entire lives."

Ward agreed.

"Healthcare is changing dramatically and rapidly," Ward said. "By taking this step with a partner who shares our vision, values of clinical quality and has a connection to the community, we only makes sense to work together," GHS president and chief executive officer Michael Riordan said. "Together, we can make a positive impact on the health of the communities we serve by improving access, quality and value. We believe the most successful health systems will develop multi-community integrated delivery systems [illegible] Medical Center doesn't just survive, but thrives and continues to deliver the outstanding care that our region expects and deserves."

Kome said he expects both Ward and himself to remain at OMC if the agreement is finalized.

"Jeanne will definitely be here, without question," he said. "She is one of the most respected leaders in healthcare in South Carolina. Greenville Health System is well aware of that, and they value Jeanne. I plan to be here as well."

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