

# Baylor Health Care plans merger with Scott & White

January 7, 2013

DALLAS—Baylor Health Care System plans to merge with Temple-based Scott & White Healthcare to create the largest nonprofit health system in Texas.

The boards of the two health care systems each unanimously voted to approve letters of intent to merge, said Joel Allison, Baylor president and chief executive officer. The systems now enter a period of due diligence and securing approval from necessary entities—a process expected to take a minimum six to nine months.

Baylor Scott & White Health will have total combined assets of about \$8 billion.

Top officials of the two health systems announced the proposed merger during news conferences in Dallas and Temple.

Implementation of the Affordable Care Act creates “major changes in health care,” including reduced reimbursement for providers, Allison noted.

“We are going to create a new model of health care delivery that truly focuses on the patient,” he said, characterizing opportunities offered by combining the two Texas-based health systems as “transformational.”

Baylor and Scott & White are like-minded organizations, each with a more than 100-year heritage, he added. The two institutions discussed a potential merger for about a year.

Assuming the merger proceeds as anticipated, governance for Baylor Scott & White will be provided by a board with half its members drawn from each

of the current boards for the two existing health systems.

Allison will serve as chief executive officer of Baylor Scott & White. Robert Pryor, president of Scott & White, will serve as the merged health system's chief operating officer.

Drayton McLane, chair of the Scott & White board, will become chair of the combined board, and Jim Turner of Dallas, chair of the Baylor board, will be designated chair-elect of the new board.

"What is unique about all of this is our Christian heritage of healing," said McLane, a Baptist layman from Temple.

He also noted the two hospital systems have no overlapping geographic coverage. Baylor's facilities are located throughout North Texas, and Scott & White's are clustered to the south, primarily along the I-35 corridor from Waco to just north of Austin and east toward Bryan/College Station.

Texas Baptists launched the institution that became Baylor Health Care System. In 1903, George W. Truett, pastor of First Baptist Church in Dallas, challenged a group of North Texas community leaders by asking, "Is it not now time to begin the erection of a great humanitarian hospital, one to which men of all creeds and those of none may come with equal confidence?"

Truett joined R.C. Buckner, who had pioneered a small-scale hospital in an annex of the Buckner Orphans Home in east Dallas, and wealthy Dallas layman C.C. Slaughter in giving birth to the Texas Baptist Memorial Sanitarium in Dallas—predecessor of what is now Baylor Health Care system.