

## CHS CONTINUES SELLING SPREE TO BUILD BACK FUNDS

ANALYSIS | BY [JAY ASSER](#) | APRIL 26, 2024

The for-profit health system is seeking out flexibility to potentially be a buyer again.

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### KEY TAKEAWAYS

- **Following a string of sales in 2023, Community Health Systems is sticking with its divestiture plan and selling Tennova Healthcare-Cleveland to Hamilton Health Care System for \$160 million.**
- **CEO Tim Hingtgen indicated more divestitures could be on the way this year to open up capital for investment.**
- **CHS' first-quarter earnings saw the operator suffer \$41 million in net loss but improve on its operating revenue by 1% year over year.**

Community Health Systems (CHS) is selling off more hospitals as it remains committed to cleaning up its balance sheet and regaining funding to pursue future acquisitions.

CEO Tim Hingtgen reiterated to investors in its recent first-quarter earnings call that the operator's sales could yield more than \$1 billion, allowing it to shed debt and turn around its finances.

In its latest bit of dealmaking, the Franklin, Tennessee-based health system has **entered** into a definitive agreement to send Tennova Healthcare-Cleveland to Hamilton Health Care System for \$160 million in cash.

The transaction, which will see CHS hand over control of the 351-bed hospital, is expected to close in the third quarter, subject to regulatory approval.

In 2023, CHS **sold** off eight hospitals and the majority interest in another as it kicked its aggressive divestiture plan into high gear. Those sales included sending three Florida hospitals to Tampa General Hospital for \$294 million and offloading a West Virginia hospital to Vandalia Health for \$92 million.

However, CHS also ran into regulatory roadblocks with its sale of two North Carolina hospitals to Novant Health for \$320 million, which the FTC is attempting to **block** for harming competition. CHS and Novant have since responded to agency's antitrust claims with their own arguments for the deal.

After reporting a net loss of \$133 million last year, CHS' first-quarter earnings were a mixed bag. While the operator saw improvement in operating revenue, which grew 1% year over year to \$3.1 billion, it still experienced \$41 million in net loss.

On a call with investors, Hingtgen stated that the system is "off to a good start" with its finances in 2024.

"We continue to evaluate opportunities for further divestitures across a handful of markets that could total more than \$1 billion in total proceeds," he said. "The divestiture of Tennova Cleveland is anticipated to close in the third quarter – and we believe that one or more additional transactions could close within the calendar year, providing substantial capital for the company to redeploy."

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