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## **EXCLUSIVE: Signature Healthcare strikes major deal with another Louisville company; CEOs reveal details**

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Two Louisville health care companies are making big changes.

Louisville-based **Signature HealthCare LLC** has acquired the skilled-nursing division of Elmcroft Senior Living Inc., also based in Louisville. The deal adds 18 skilled-nursing and rehabilitation centers with about 1,700 beds to Signature's holdings.

The transaction was effective Dec. 1. Terms were not disclosed, but Signature president and CEO Joe Steier said in an interview that it likely would cost his company \$6 million to \$10 million to integrate the new centers. He said that could take about six months.

Seventeen of the homes are in Kentucky, and the other is in Pennsylvania. They're split about evenly between urban and rural markets.

### **What's in it for Signature**

The deal allows Signature to bypass a big barrier to entry for health care



Signature Healthcare CEO Joe Steier said the acquisition of skilled-nursing facilities from Elmcroft Senior Living allows the company to expand into other Kentucky markets without going through the CON process.

companies looking to expand into new Kentucky territories: the certificate of need, or CON, process, which verifies that a market is in need of the services a company wants to provide.

"It's so hard to get new CONs in Kentucky," Steier said. Buying these facilities gets Signature into rural markets without having to go through that "long, expensive process," which he said could take as many as five years — with "no guarantee you'll get one."

As a result of the deal with Elmcroft, Signature now serves 80 contiguous counties in Kentucky, which will allow "patients to move freely" between Signature's centers if they need or want to, Steier said.

For Signature, the deal is "about continuity, access and cost," he said.

The acquisition will give Signature one center each in two of its more prominent markets, Louisville and Lexington.

The company now operates 133 post-acute care centers across the country, including 41 in Kentucky.

Another draw was the "impressive" roughly 2,000-strong staff at the Elmcroft facilities, Steier said. Signature will now employ 23,000 in the U.S. and 7,400 in Kentucky, and it will add about 20 new posts at its corporate headquarters and 18 regional positions to serve the new facilities.

Signature will conduct training at the new facilities and will change their therapy programs to bring them into alignment with Signature's programs. It also will install Signature's proprietary software and electronic medical records systems.

### **Let's make a deal**

Signature "aggressively pursued" the deal, the release said. Steier said his company had been talking with Elmcroft for almost three years about "coming together," he said, but they encountered a few "roadblocks."

One of those was Care Capital Properties Inc.'s recent spinoff from Ventas Inc.

Care Capital owns the real estate where the Elmcroft homes are located, so Signature had to negotiate with two parties. As a result of the deal, Signature will operate 49 centers nationwide under a master lease with Care Capital, according to a news release.

Elmcroft president and CEO Pat Mulloy said in an interview that although he and Steier had talked, the deal "didn't really get started" until the past four or five months. "I knew what (Steier) was trying to do, and he knew what we were trying to do."

For Elmcroft's part, that involves zeroing in on its "core strength" — senior housing. Elmcroft has nearly 6,000 residents across its 82 independent, assisted and dementia care communities in 18 states.

"We weren't big enough to be a post-acute integrated provider like Kindred," said Mulloy, who was a corporate attorney before getting into the senior-living business. "This leaves our company in a much more focused structure."

### **Looking forward**

Signature also operates 11 home health centers and one for acute care, and Steier didn't rule out further expansion, saying that Signature is "always looking for new opportunities."

His company has been looking to diversify and "get more vertical" as part of its push create a "Signature Integrated Clinical Network" in Kentucky, Steier said.

Earlier this year, Signature entered the health insurance business with the formation of Signature Advantage LLC.



