
Steward Health Care Secures Financing Deal with Medical Properties Trust for Restructuring Support



Steward Health Care (“the Company”), a national fully integrated value-based healthcare system and the largest physician-led hospital operator in the United States, announced that it has commenced an in-court restructuring process through the filing of voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas. The Company is finalizing the terms of debtor-in-possession financing from Medical Properties Trust for initial funding of \$75 million and up to an additional \$225 million upon the satisfaction of certain conditions acceptable to Medical Properties Trust.

Steward took this voluntary step today as a necessary measure to allow the Company to continue to provide necessary care to its patients in their communities without disruption. Steward does not expect any interruptions in its day-to-day operations, which will continue in the ordinary course throughout the Chapter 11 process. **Steward’s hospitals, medical centers and physician’s offices are open and continuing to serve patients and the broader community and our commitment to our employees will not change.**

“Steward Health Care has done everything in its power to operate successfully in a highly challenging health care environment. Filing for Chapter 11 restructuring is in the best interests of our patients, physicians, employees, and communities at this time,” said Dr. Ralph de la Torre, Chief Executive Officer of Steward. “In the past several months we have secured bridge financing and progressed the sale of our Stewardship Health business in order to help stabilize operations at all of our hospitals. With the delay in closing of the Stewardship Health transaction, Steward was forced to seek alternative methods of bridging its operations. With the additional financing in this process, we are confident that we will keep hospitals open, supplied, and operating so that our care of our patients and our employees is maintained. By working collaboratively with stakeholders in this court-supervised controlled environment, and having the benefit of our earlier strategic efforts, Steward will be better positioned to responsibly transition ownership of its Massachusetts-based hospitals, keep all of its hospitals open to treat patients, and ensure the continued care and service of our patients and our communities.”

The other primary factor driving this voluntary Chapter 11 case is, in large part, due to Steward continuing to face challenges created by insufficient reimbursement by government payors as a result of decreasing reimbursement rates while at the same time facing skyrocketing labor costs, increased material and operational costs due to inflation, and the continued impacts of the COVID-19 pandemic. It is Steward’s goal to resolve the Chapter 11 process as quickly as possible, with the help of the court, with a view to the long-term and sustainable financial health of the system.

Weil, Gotshal & Manges LLP is serving as the Company’s legal counsel. AlixPartners, LLP is providing financial advisory services to the Company, and John Castellano of AlixPartners is serving as the Company’s Chief Restructuring Officer. Lazard Frères & Co. LLC, Leerink Partners LLC, and Cain Brothers, a division of KeyBanc Capital Markets Inc. are providing investment banking services to the Company.

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