



OSF HealthCare and KSB Hospital Sign Term Sheet

OSF to Invest \$40 Million in Dixon Hospital

FOR IMMEDIATE RELEASE

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(MAY 10, 2024 | Peoria, Illinois) – OSF HealthCare and Katherine Shaw Bethea Hospital (KSB Hospital) have entered into exclusive negotiations, anticipating a full merger. A term sheet has been signed, and the two organizations will spend the next several months finalizing agreements and seeking the necessary regulatory approvals.

KSB Hospital conducted a thorough and comprehensive search before selecting OSF HealthCare as its partner. The rigorous process spanned several months, with numerous options considered. The resulting agreement includes \$40 million in funding to support facility renovations, improve access to care locally, and create seamless referrals to subspecialties. Education, including the well-regarded residency programs at KSB Hospital, is also a key component of the agreement.

"As health care continues to evolve, we are responsible for ensuring that we are planning for the future. The challenge of being a standalone, rural hospital in today's financial environment, was an important element in our board's consideration," said David Schreiner, PhD, President/Chief Executive Officer, KSB Hospital. "OSF HealthCare shares our deep commitment to caring for the health of rural communities and has demonstrated innovative ways to transform health care for the benefit of all people they serve."

"Both KSB and OSF have long histories of serving the health and wellness needs of their communities," emphasized Robert Sehring, Chief Executive Officer, OSF HealthCare. "Together, we will ensure continued quality and compassionate health care for the Dixon community and greater Sauk Valley region." Sehring also shared that the health system looks forward to welcoming KSB practitioners and employees. "We appreciate that the process of selecting a new partner has created some degree of uncertainty for the employees of KSB and hope that they now feel reassured that the hospital will continue to serve the patients of the Sauk Valley communities well into the future," Sehring said.

When the merger is finalized, a local community advisory council will be established to provide advice and counsel to hospital management and OSF. The council will focus on insight, guidance, and the development of local strategies, in addition to providing feedback on the management of local facilities. Upgrades to technology and expanded digital care offerings are other innovations the organizations intend to provide.

KSB Hospital was established in the late 1800s as an independent nonprofit organization. KSB has 900 employees and 91 practitioners and provides specialty care at six locations in Lee and Ogle counties.

Additional information will be shared as the merger details are finalized.

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OSF HealthCare is an integrated health system founded by The Sisters of the Third Order of St. Francis. Headquartered in Peoria, Illinois. OSF HealthCare has 16 hospitals – 10 acute care, five critical access, one transitional care - with 2,131 licensed beds throughout Illinois and Michigan. OSF employs nearly 24,000 Mission Partners across 150+ locations; has two colleges of nursing; operates OSF Home Care Services, an extensive network of home health and hospice services; owns Pointcore, Inc., comprised of health care-related businesses; OSF HealthCare Foundation, the philanthropic arm for the organization; and OSF Ventures, which provides investment capital for promising health care innovation startups. In 2020, OSF OnCall was established, a digital health operating unit, including a hospital-at-home. OSF OnCall delivers care and services when, where and how patients prefer to receive them. OSF HealthCare has been recognized by Fortune as one of the most innovative companies in the country. More at osfhealthcare.org

Katherine Shaw Bethea Hospital is a not-for-profit, independent healthcare provider located in Dixon, Illinois. Known as KSB Hospital or KSB, the organization has 900 employees, 91 practitioners and provides specialty care at six locations in Lee and Ogle counties.