Ascension logo. (Courtesy image)



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On Thursday (July 25), Ascension, one of the largest Catholic health care systems in the U.S., announced that it would sell nine hospitals and four post-acute and older adult living facilities in Illinois to Prime Healthcare. Eight of the hospitals would be managed under Prime Healthcare's for-profit wing.

The deal, expected to close in the first quarter of 2025, represents a significant change for both systems. More than half, in a nationwide system that has roughly 140 hospitals, of Ascension's Illinois hospitals are slated to be sold. For Prime, which has operated 44 hospitals in 14 states, the acquisition would be the biggest in its history.

Thursday's announcement is the latest in a string of other Ascension sale announcements as the system pivots to focus on outpatient care and telehealth, which typically have a lower overhead cost. The Catholic system incurred significant operating losses in fiscal years 2022 and 2023.

In a Monday (July 22) blog post, Ascension President Eduardo Conrado wrote that Ascension's shifting strategy has "strengthened Ascension and better positioned us to meet community needs while optimizing financial performance and strategic capital spending."

Conrado wrote that the health care system, like others across the country, had faced several challenges including "lower patient volumes, cost increases, and labor shortages."

"In recent divestitures, we recognized that other healthcare providers were better positioned to serve the community through a more integrated local network," wrote Conrado, saying that divestitures were made "with the utmost seriousness" and "after thoughtful consideration, thorough due diligence, a values compatibility assessment and an ethics discernment process."

The nine Illinois hospitals that Prime plans to buy from Ascension would be the system's first in Illinois. As part of the acquisition, Prime has announced it will invest $250 million in facility, technology and systems improvements.

"Ascension Illinois has been committed to our Mission of serving all persons, with special attention to those who are most vulnerable," said Polly Davenport, president and CEO of Ascension Illinois, in a press release. "Prime Healthcare's Mission and commitment to clinical excellence and health equity will carry on this legacy, ensuring that the greater Chicago area has sustainable, quality healthcare access long into the future."

In Monday's blog post, Conrado wrote that "financial stewardship ensures the long-term sustainability of our health services, allowing us to invest in advanced medical technologies, modern facilities and innovative programs that enhance patient care and expand access to healthcare."

The divestiture announcement comes after Ascension has faced criticism for outsourcing its hospitalist staffing in Illinois hospitals to a private equity-backed firm, high rates of closures of labor and delivery units, high executive pay and its participation in private equity investing. This latest decision has also prompted blowback.

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"It's astonishing to see Ascension decimate Catholic health care in yet another Midwestern state," M. Therese Lysaught, a member of the Pontifical Academy of Life and a bioethics professor at Loyola University Chicago, told RNS, saying that she couldn't square Ascension's commitment to Catholic health care and caring for the poor with its track record in the Midwest.

Ascension was founded in 1999 through a merger of two hospital systems founded by women religious. Its Illinois hospitals had also historically been operated by various communities of Catholic sisters.

"It's sad to watch the historic legacy of Catholic health care in Chicago replaced with a for-profit corporation," wrote Lysaught, expressing concern that Prime's acquisition

of Ascension hospitals might lead to consequences similar to the meltdown that followed for-profit Steward Health Care's acquisition of Catholic hospitals in Massachusetts. (The Senate's Health, Education, Labor and Pensions Committee opened a bipartisan investigation into Steward on Thursday.)

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Lysaught also said she was concerned about Prime's ethics because of multiple multi-million dollar settlements the company had previously entered into with the federal government around allegations of paying kickbacks to a doctor for patient referrals and submitting false claims to Medicare.

The bioethicist said that Prime and Ascension seem to be aligned, but not because of their commitment to Catholic values. "Sadly, it looks to me that Ascension's ethos has become basically a for-profit, private equity venture," Lysaught wrote.

Elizabeth Nikels, a spokesperson for Prime Healthcare, told RNS that Prime "has a long history of successfully turning around and improving community hospitals, and in fact, has never closed a hospital." She added, "Prime Healthcare remains guided by its values-driven mission of providing clinically excellent health care that is compassionate and attentive to every person who turns to us for care, including those in the most vulnerable and marginalized communities."

Nikels emphasized that Prime had previously acquired Catholic hospitals and wrote that "Prime intends to maintain the charity care policies and spiritual care that define the Ascension Illinois mission in its communities."

The Prime spokesperson also pointed to a letter that Brother Richard Hirbe, director of spiritual care and ethics at Prime's St. Francis Medical Center in Lynwood, California, had sent Ascension Illinois, vouching for Prime's positive impact since it acquired a hospital that had previously been sponsored by the Daughters of Charity.

"I can honestly say that Prime has strengthened our holistic support of mind, body and SPIRIT since the acquisition," Hirbe wrote, highlighting that his hospital continues to offer daily Mass and prayer, a 24-hour indoor chapel and outdoor shrine to Our Lady of Guadalupe, involvement with the Archdiocese of Los Angeles and chaplaincy services for patients of all faiths.

Hirbe, a Friar of the Sick Poor of Los Angeles, also wrote that "our standard of practice and service to the community, poor, vulnerable, and all in need has not wavered," adding that several community service commitments have continued.

"If you have any hesitation about Prime's promise of retaining your tradition of honoring the spiritual and religious needs of your facilities — and service to the sick poor — put that to rest. You are in good hands," wrote Hirbe.Prime previously acquired two Ascension hospitals in the Kansas City, Missouri, area in 2015.

This year, St. Joseph Medical Center in Kansas City and St. Mary's Medical Center in Blue Springs received B and C grades, respectively, from the Lown Institute's social responsibility index, which measures health equity, value and outcomes.

While the two hospitals received As and Bs on value and outcomes from Lown, they both received a D for community benefit, which measures "the extent of hospital investment in free care and community health," and a C for patient satisfaction, which measures patients' reported satisfaction as opposed to clinical outcomes or safety.

As a nationwide system, Prime's for-profit wing received an A for social responsibility, with a B for community benefit and a D for patient satisfaction.

Of the seven hospital listings in the Lown Institute's index that represent Ascension hospitals to be sold in the current Prime deal, three have A grades for social responsibility and four have B grades. Three have A grades for community benefit, with another three B grades and one C. Three have Bs for patient satisfaction, with another three C grades and one D.

RNS asked the three Catholic dioceses impacted by the hospital and facility sales to comment on their role in approving the sale to Prime Healthcare. The Diocese of Joliet in Illinois did not respond to RNS' request for comment before publication.

The Diocese of Rockford told RNS, "Bishop David Malloy is committed to reviewing the details of the transfer of ownership and the impact on healthcare it may have in some areas of the Rockford Diocese. The Diocese of Rockford reaffirms its long-standing support for Catholic Health Care."

A spokesperson for the Archdiocese of Chicago confirmed to RNS that the archdiocese is aware of the announcement about the intended sale. "As part of the canonical approval process necessary for such a transfer of assets, we are working

to ensure that the mission of service to the poor and marginalized continues," the spokesperson wrote.