

# SOUTHWESTERN NEWS

Media Contact: Susan Morrison  
(214) 648-3404  
susan.morrison@utsouthwestern.edu

## UT SOUTHWESTERN ANNOUNCES PURCHASE OF ST. PAUL

DALLAS – Dec. 27, 2000 – The University of Texas Southwestern Medical Center at Dallas announced today that it has purchased the physical assets of St. Paul Medical Center from Texas Health Resources (THR) and that the facility will be leased and operated by St. Paul as a subsidiary of University Medical Center, Inc., the holding company of Zale Lipshy University Hospital.

The purchase price of \$29.8 million includes the 554-bed hospital, medical equipment, garages and two clinical office buildings on about 26 acres adjoining the UT Southwestern campus at Harry Hines Boulevard and Inwood Road. No state or federal tax dollars were used in the transaction, which was funded instead by proceeds from the UT Southwestern faculty's clinical practice, unrestricted interest income and monies from the Permanent University Fund (PUF).

The hospital, founded by the Daughters of Charity in 1896, will retain its designation as a Catholic facility and will be known as St. Paul University Hospital at Southwestern Medical Center. Although the Daughters, whose operations are based in St. Louis, will no longer be involved in ownership or governance of the hospital, members of their community will continue to serve on staff.

Announcement of the transaction was made jointly by UT Southwestern President Dr. Kern Wildenthal, Texas Health Resources President and Chief Executive Officer Douglas D. Hawthorne, and University Medical Center Board Chairman Paul Bass.

"St. Paul has been an important part of Texas Health Resources," Hawthorne said. "St. Paul is a valuable asset and resource, not only within THR, but also to the community. The hospital holds a unique role in the community as the first private hospital and the only Catholic health care facility in the Metroplex. Over the past years, we have been in discussions with several parties in the Harry Hines medical corridor about finding a way to best utilize St. Paul's

(MORE)

## **ST. PAUL PURCHASE – 2**

resources for the benefit of the entire community. I am pleased that we have been able to complete this transaction with Zale Lipshy and UT Southwestern. This insures St. Paul's continued role as a Catholic health care provider and brings the hospital into a closer working relationship with two outstanding health care organizations."

Wildenthal noted that UT Southwestern has had a long and productive affiliation with St. Paul under the administration of the Daughters of Charity and THR, with the medical school's heart and lung transplantation and high-risk obstetric services centered there. It is planned that St. Paul, Zale Lipshy and UT Southwestern will develop closer collaborative programs and shared services in the future.

"We anticipate building on the work of the Daughters and THR so that St. Paul becomes an even more important asset to health care in North Texas," Wildenthal said. "St. Paul's medical staff is first-rate and will be an integral complement of our programs, along with our other primary partners in hospital health care – at Zale Lipshy University Hospital, Parkland Health Systems, Children's Medical Center and the Dallas Veterans Administration Hospital."

Bass said, "Patients will find exceptional hospital care at St. Paul – which, like Zale Lipshy, will swiftly bring the latest research innovations to the bedside."

Since Zale Lipshy, created as UT Southwestern's private referral hospital in 1989, has been operating at or near capacity for the past three years, the acquisition will provide critically needed room for additional patients, he added.

In addition, he said, it will create new opportunities for the faculty to work closely with private physicians who will also continue to practice at St. Paul.

"Tradition, location, financial imperatives and community need have led us to our newfound partnership with UT Southwestern and Zale Lipshy. These are compatible partners we can trust and take pride in," said Dr. Brian Baldwin, president of the medical staff. "The public is best served by St. Paul being a part of the university system. This partnership serves patient care, research needs and educational needs better. We at St. Paul will be able to carry on the rich heritage founded on the philosophy the Daughters brought to Dallas over 100 years ago."

(MORE)



### **ST. PAUL PURCHASE – 3**

The University Medical Center, Inc., holding company will appoint the boards of both St. Paul and Zale Lipshy, which will include veteran board members and supporters of both hospitals. Joint standing committees will handle the business affairs of both hospitals, including finance and facilities. Some administrative functions also will be jointly managed, including human resources and information systems. However, the hospitals will continue to operate autonomously from a financial standpoint.

Don Smithburg will maintain his role as president of Zale Lipshy and also will serve as president/chief executive officer of the holding company. Frank Tiedemann will continue in his role as president of St. Paul. Members of the newly instituted St. Paul board of directors will include Paul Bass, Harry "Buzz" Crutcher III, Irwin Grossman, Earl Hale, Sister Joan Kuester, Frank Miller, David Quinn, Donald Zale and Smithburg.

"I feel very strongly that the affiliation between Zale Lipshy and St. Paul is the right strategic move for both hospitals and the university," Smithburg said. "Zale Lipshy has a growing demand for services, St. Paul has a capacity for more patient demand and both hospitals have strong medical staffs, with a number of physicians working at both sites. This gives us important ingredients for a strong partnership."

UT Southwestern, Zale Lipshy and St. Paul are engaged in an assessment of St. Paul facilities to determine which academic referral specialties will be offered there and what renovations and upgrades will be made.

University of Texas Regents and the Texas Coordinating Board for Higher Education both approved the transaction in October, allowing the purchase contract to be signed in December.

###

This news release is available on our World Wide Web home page at  
[http://www.utsouthwestern.edu/home\\_pages/news/](http://www.utsouthwestern.edu/home_pages/news/)

To automatically receive news releases from UT Southwestern via e-mail, send a message to  
UTSWNEWS-REQUEST@listserv.swmed.edu. Leave the subject line blank and in the text box, type  
SUB UTSWNEWS