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## BJC, Saint Luke's of Kansas City merger to close soon

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Saint Luke's Health System of Kansas City

Richard Liekweg, BJC HealthCare president and CEO, and Dr. Melinda Estes, Saint Luke's Health System of Kansas City CEO, sign a definitive merger agreement.

BJC HealthCare and Saint Luke's Health System of Kansas City have signed a definitive merger agreement and plan to close the proposed transaction Jan. 1, the nonprofit health systems said Wednesday.

BJC and Saint Luke's executives said they have received all regulatory approvals. There are no state regulatory requirements, but the organizations have kept state officials informed throughout the process, executives said. The two systems signed a [letter of intent](#) in May.

*Related: BJC, Saint Luke's announced plans to form \$10 billion system*

The combined system would have roughly [\\$10 billion in revenue and 28 hospitals](#) across Missouri, southern Illinois and eastern Kansas. Each health system would maintain their respective brands and operate from dual headquarters—St. Louis, where BJC is based, and Kansas City, Missouri.

Richard Liekweg, BJC president and CEO, would lead the combined organization. Before the two systems announced their plans, Saint Luke's CEO Dr. Melinda Estes had planned to retire by year's end. The board would be composed of representatives from both organizations.

Like many other regional health systems that are pursuing or have completed mergers, Liekweg and Estes said their organizations together can more effectively cut costs and improve care.

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"The headwinds in our industry are strong as we face a number of issues—capacity, workforce, payment, supply chain shortages," Estes said. "As our industry pivots, I believe that we will be able to create greater efficiencies through scale and continue to provide excellent levels of patient care."

The merger would allow the combined health system to boost investment in treatment, expand recruitment efforts, add locations, bolster research and improve population health initiatives, executives said.

For the first nine months of 2023, BJC reported operating income of \$113.2 million on operating revenue of \$5.17 billion, compared with operating income of \$3.1 million on operating revenue of \$4.65 billion in the year-ago period. Saint Luke's reported operating income of \$8.4 million on revenue of \$1.85 billion, up from an operating loss of \$14.2 million on revenue of \$1.75 billion through the first nine months of 2022.

While the organizations are still mapping out the integration process, much of the focus will be on non-clinical, administrative areas, such as the electronic health record and IT management, Liekweg said. The systems operate on two different versions of Epic, he said.

"This would give us the scale to continue to innovate and invest in data analytics, allowing us as a large, integrated academic health system to bring discovery into the clinical environment faster," Liekweg said.

Many executives claim that overhead associated with a hospital's real estate footprint, electronic health record and equipment decreases as those expenses are spread over a bigger organization. But a [Modern Healthcare analysis of health system mergers](#) shows that growth does not always lead to lower costs.



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