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Steward appears to be dropping Landmark deal

By [Jaimy Lee](#)

Posted: September 26, 2012 - 5:30 pm ET

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A court filing this week indicates that Steward Health Care System plans to walk away from a deal to buy a struggling hospital in Rhode Island after a nearly **16-month courtship** that required lawmakers to amend the state's hospital conversions law.

The deal to acquire the 133-bed Landmark Medical Center in Woonsocket would have been Steward's first acquisition outside of Massachusetts, where the for-profit health system has snapped up six community hospitals since 2010. Landmark has been in receivership since 2008.

On Sept. 25, Landmark's court-appointed Special Master Jonathan Savage filed a **response to a motion (PDF)** regarding a hospital licensing fee.

"In view of the apparent withdrawal of Steward Healthcare as the purchaser of the hospital's assets, it is essential that the special master have additional time to negotiate a sale to another prospective purchaser," Savage wrote. "Requiring immediate payment of the license tax will surely foreclose that possibility."

A spokesman for Savage said Steward has not formally withdrawn its bid. However, the spokesman said the special master has developed a contingency plan and has held discussions with other healthcare entities as the deal's deadline approaches. The deadline is Sept. 30.

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A Steward spokesman did not respond to requests for comment.

"It has become very clear that Steward's only interest was the bottom line, not, as the company claimed, the patients, the employees or the Woonsocket community," a spokeswoman for Rhode Island Attorney General Peter Kilmartin said in an e-mailed statement.

Tensions between Steward and Kilmartin, as well as Blue Cross and Blue Shield of Rhode Island, have steadily risen in recent months. In an Aug. 8 letter, **Steward Chairman and CEO Dr. Ralph de la Torre** criticized both the attorney general and the insurer's CEO over their behavior during contract negotiations.

"Steward has spent many years trying to help Landmark and the Woonsocket community, where certainly it appears everyone else in Rhode Island could care less," de la Torre said in the letter. "Your tone in both ending your efforts in this facilitation and reminding us of your deadline only underscored Rhode Island's unwelcome attitude to Steward."

The attorney general has contended that he has been supportive, in part by allowing the deal's **deadline to be extended twice**.

"It is more important than ever to ensure that the next suitor is serious and qualified," Kilmartin's spokeswoman said in the statement.

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