



COMMUNITY HEALTH SYSTEMS INC

FORM 8-K

(Current Report Filing)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 18, 2024 (April 18, 2024)

COMMUNITY HEALTH SYSTEMS, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

4000 Meridian Boulevard
Franklin, Tennessee
(Address of Principal Executive Offices)

001-15925
(Commission File Number)

13-3893191
(IRS Employer
Identification No.)

37067
(Zip Code)

Registrant's Telephone Number, Including Area Code: 615 465-7000

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value	CYH	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement.

On April 18, 2024, certain wholly-owned subsidiaries (the “Selling CHS Entities”) of Community Health Systems, Inc. (the “Company”), entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Hamilton Health Care System, Inc. and certain of its affiliates (collectively, the “Purchaser”). Pursuant to the Purchase Agreement, and subject to the terms and conditions set forth therein, Purchaser has agreed to acquire substantially all of the assets, and assume certain liabilities, from the Selling CHS Entities related to the general acute care hospital known as Tennova Healthcare – Cleveland, together with certain related businesses (collectively, the “Facilities”), located in Cleveland, Tennessee (the transactions contemplated by the Purchase Agreement, the “Transactions”).

The total base purchase price payable by Purchaser to the Selling CHS Entities at the closing of the Transactions is \$160 million in cash, subject to adjustment based on closing net working capital and the amount of any capital/finance leases assumed by Purchaser. In addition, the Purchase Agreement provides that the Purchaser would be required to pay additional cash consideration to the CHS Selling Entities following the closing of the Transactions in an amount, if any, to be determined based on additional supplemental payments that may be realized by the Purchaser and the Facilities following the closing of the Transactions as a result of the potential modification to supplemental reimbursement programs as more specifically provided in the Purchase Agreement. Such additional consideration, if any, is subject to certain reconciliation mechanisms specified in the Purchase Agreement which may result in the payment in certain future time periods of additional cash consideration to the CHS Selling Entities or in the repayment to the Purchaser of additional cash consideration, if any, received by the CHS Selling Entities.

The Purchase Agreement contains various representations, warranties and covenants made by the parties. The Purchase Agreement also provides for indemnification by the parties with respect to breaches of representations, warranties and covenants by such parties, as well as with respect to certain other indemnifiable matters specified in the Purchase Agreement.

The closing of the Transactions is subject to the satisfaction or waiver of certain closing conditions set forth in the Purchase Agreement, which includes the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Consummation of the Transactions is currently expected to occur in the third quarter of 2024.

The Purchase Agreement may be terminated by either party under certain circumstances set forth in the Purchase Agreement, including if the Transactions are not consummated on or before August 31, 2024.

The Purchase Agreement provides that, at closing, the parties, and/or their respective affiliates, will enter into certain ancillary agreements, including an information technology transition services agreement, under which an affiliate of the CHS Selling Entities would provide certain information technology and operational transition services to Purchaser for a period of time following the closing.

The foregoing summary of the Transactions and the terms and conditions of the Purchase Agreement is subject to, and qualified in its entirety by, the full text of the Purchase Agreement, which is attached hereto as Exhibit 2.1 and incorporated herein by reference. The representations, warranties, and covenants contained in the Purchase Agreement were made solely for purposes of such agreement and as of specific dates, were solely for the benefit of the parties to the Purchase Agreement, may have been qualified in the Purchase Agreement by confidential disclosure schedules (which disclosure schedules may contain information that modifies, qualifies and creates exceptions to the representations, warranties and covenants set forth in the Purchase Agreement), may be subject to limitations and contractual risk allocation mechanisms agreed upon by the parties to the Purchase Agreement, and may be subject to standards of materiality that differ from what an investor may view as material, and thus should not be relied upon as necessarily reflecting the actual state of facts or conditions.

Item 8.01 Other Events.

On April 18, 2024, the Company issued a press release announcing the entry of the parties into the Purchase Agreement. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995 that involve risk and uncertainties. These forward-looking statements are based on the Company's current beliefs, understandings and expectations. These forward-looking statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from those contemplated in these forward-looking statements. Factors that could cause actual results to differ materially from those expressed or implied include: (i) the parties to the Purchase Agreement may be unable to complete the Transactions in a timely manner or at all, because, among other reasons, conditions to the closing of the Transactions set forth in the Purchase Agreement may not be satisfied or waived; (ii) uncertainty as to the timing of completion of the Transactions; (iii) the occurrence of any event, change or other circumstances that could give rise to the termination of the Purchase Agreement; (iv) risks related to disruption of management's attention from the Company's ongoing business operations; (v) the outcome of any legal proceedings to the extent initiated against the parties to the Purchase Agreement or otherwise related to the Transactions; (vi) post-closing risks related to the information technology transition services agreement and ancillary agreements to be entered into at closing as noted above; and (vii) the ability of the Company to execute on its strategy and achieve its goals and other expectations after any completion of the Transactions, as well as the risks set forth in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission on February 21, 2024, and the Company's other filings with the Securities and Exchange Commission. The Company undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
2.1	Asset Purchase Agreement, dated as of April 18, 2024, by and among certain subsidiaries of Community Health Systems, Inc., and Hamilton Health Care System, Inc. and certain of its affiliates*
99.1	Community Health Systems, Inc. Press Release dated April 18, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish, on a supplemental basis, a copy of such omitted schedules and exhibits to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COMMUNITY HEALTH SYSTEMS, INC.
(Registrant)

Date: April 18, 2024

By: /s/ Tim L. Hingtgen
Tim L. Hingtgen
Chief Executive Officer and Director
(principal executive officer)

By: /s/ Kevin J. Hammons
Kevin J. Hammons
President and Chief Financial Officer
(principal financial officer)

By: /s/ Jason K. Johnson
Jason K. Johnson
Senior Vice President and Chief Accounting Officer
(principal accounting officer)
