

## Assignment:

Now you try it!! Develop your own SWOT for the following:

HCA was founded in 1968, in Nashville, Tennessee by Dr. [Thomas F. Frist, Sr.](#), [Jack C. Massey](#) and Dr. [Thomas F. Frist, Jr.](#). Frist Sr. is the father of former U.S. Senate majority leader [Bill Frist](#). Milton Johnson is the [CEO](#) of HCA.

The first hospital that HCA owned was Park View Hospital, near downtown Nashville.<sup>[3]</sup> The small group of founders worked out of a small house not far from Park View for the first few years of operation.<sup>[4]</sup>

In 1969, HCA conducted its first Initial Public Offering (IPO) on the [New York Stock Exchange](#) (NYSE).<sup>[5]</sup> As HCA grew, the small house that served as office space for the company no longer provided enough space. In 1972, the company built a new office to house corporate operations behind [Centennial Park](#) in Nashville.<sup>[5]</sup>



Parkview Hospital circa 1968

## Growth & merger

During the 1970s and 1980s the corporation went through a tremendous growth period acquiring hundreds of hospitals across the United States which numbered 255 owned and 208 which HCA managed.

In 1988, the hospital operator was acquired for \$5.3 billion in a [management buyout](#) led by Chairman [Thomas F. Frist, Jr.](#)<sup>[6]</sup> and completed a successful [initial public offering](#) in the 1990s. In 1993 HCA merged with [Louisville](#)-based Columbia Hospital Corporation to form **Columbia/HCA**. In April 1998, [Birmingham, Alabama](#)-based [HealthSouth Corporation](#) announced it was acquiring the majority of HCA's surgical division.

## Fraud & investigation

In 1997, the company was part of a fraud investigation initiated by a number of governmental departments in the [United States](#). Later that year, [Rick Scott](#) resigned as Chairman. He later became the 45th and current [Governor of Florida](#). The case was settled in 2002 at a reported cost of \$2 billion to HCA. This made it the largest fraud settlement in US history.

On March 19, 1997, investigators from the FBI, the Internal Revenue Service and the Department of Health and Human Services served search warrants at Columbia/HCA facilities in El Paso and on dozens of doctors with suspected ties to the company.<sup>[17]</sup> Following the raids, the Columbia/HCA board of directors forced Rick Scott to resign as chairman and CEO.<sup>[18]</sup> He was paid a settlement of \$9.88 million and left with 10 million shares of stock worth over \$350 million, mostly from his initial investment.<sup>[19][10]</sup> In 1999, Columbia/HCA changed its name back to HCA, Inc. HCA also admitted fraudulently billing Medicare and other health programs by inflating the seriousness of diagnoses and to giving doctors partnerships in company hospitals as a kickback for the doctors referring patients to HCA. They filed false cost reports, fraudulently billing Medicare for home health care workers, and paid kickbacks in the sale of home health agencies and to doctors to refer patients. In addition, they gave doctors "loans" never intended to be repaid, free rent, free office furniture, and free drugs from hospital pharmacies.<sup>[11][12]</sup>

After Scott stepped down, Frist Jr. returned as chairman and CEO. He called on longtime friend and colleague Jack O. Bovender, Jr. to help him turn the company around. Frist and Bovender, who became CEO in 2001, pulled off what *Fortune* magazine called a remarkable corporate rescue.<sup>[13]</sup> In settlements reached in 2000 and 2002, Columbia/HCA pleaded guilty to 14 felonies. They admitted systematically overcharging the government by claiming marketing costs as reimbursable, striking illegal deals with home care agencies, and filing false data about use of hospital space.



Corporate office in 1972

In late 2002, HCA agreed to pay the U.S. government \$631 million, plus interest, and pay \$17.5 million to state Medicaid agencies, in addition to \$250 million paid up to that point to resolve outstanding Medicare expense claims.<sup>[14]</sup> In all, civil lawsuits cost HCA more than \$2 billion to settle, by far the largest fraud settlement in US history.<sup>[15]</sup> The name subsequently reverted to "Hospital Corporation of America." HCA abandoned the use of its name in its home market and instead promotes its Nashville hospitals under the TriStar brand.

On July 1, 2005, Senator Frist sold all of his HCA shares two weeks before disappointing earnings sent the stock on a 9-point plunge. Frist claimed that he sold his shares to avoid the appearance of a conflict of interest if he ran for president. Other executives sold their stock at the same time. Shareholders sued HCA, alleging that the company made false claims about its profits to drive up the price, which then fell when the company reported disappointing financial results. Eleven of HCA's senior officers were sued for accounting fraud and insider trading.<sup>[16]</sup> HCA settled the lawsuit in August 2007, agreeing to pay \$20 million to the shareholders.<sup>[17]</sup>

## Recent history

In 2006, Kohlberg Kravis Roberts and Bain Capital, together with Merrill Lynch and the Frist family (which had founded the company) completed a \$31.6 billion acquisition of the hospital company, making the company privately held again 17 years after it had first been taken private in a management buyout. At the time of its announcement, the HCA buyout was the first of several to set new records for the largest, eclipsing the 1989 buyout of RJR Nabisco. It would later be surpassed by the buyouts of Equity Office Properties and TXU.<sup>[18]</sup>

On Friday May 7, 2010, HCA announced that the corporation would once again go public with an expected \$4.6-billion IPO.

As of 2012, HCA operated 162 hospitals and 113 freestanding surgery centers located in 20 U.S. states and London.<sup>[2]</sup> The London sites include The Harley Street Clinic, The Lister Hospital, London Bridge Hospital, The Portland Hospital for Women and Children, The Princess Grace Hospital and The Wellington Hospital. In July 2007, HCA sold its hospitals in Switzerland.<sup>[19]</sup>

The Princess Grace Hospital specializes in breast cancer and surgery, aided by Professor Kefah Mokbel and Dr. Nick Perry who, in 2005, founded The London Breast Institute.

HCA Holdings Inc. ([HCA:US](#)), the biggest for-profit U.S. hospital chain by patient volume, raised its 2014 earnings forecast and said it would announce second-quarter earnings that are higher than analyst estimates.

HCA expects 2014 earnings excluding certain items of \$4 to \$4.25 per share, compared with a previous forecast of \$3.45 to \$3.75 per share, the Nashville, Tennessee-based company said in a statement today. Second-quarter profit excluding some items will be \$1.07 per share, compared with 92 cents average estimate of 21 analysts surveyed by Bloomberg.

The results “exceeded our internal expectations, both in terms of our core operations and healthcare reform,” said Milton Johnson, HCA’s chief executive officer, in a statement. HCA is scheduled to release its full second-quarter results on July 29.

HCA expects second-quarter net income of \$904 million, 12 percent above a year earlier, according to its statement.

HCA shares ([HCA:US](#)) rose 10 percent to \$60.99 at 4 p.m. New York time, the most since 2012.

### HCA Corporation SWOT analysis:

<b>Strengths:</b>	<b>Weaknesses:</b>
<b>Opportunities:</b>	<b>Threats:</b>