

Franciscan Health System Responds to Demographic and Geographic Need

Extending a Community Ministry by Creating a New Medical Campus

St. Anthony Hospital, a new 80-bed community medical center with an attached 85,000 sq. ft. medical office building (MOB) opened in early 2009, serving the peninsula of Gig Harbor, Washington. Patients who choose this new community health ministry will be offered a fully integrated and seamless care experience.

Franciscan Health System (FHS), the sponsor of St. Anthony Hospital and a member of Catholic Health Initiatives (CHI), faced numerous hurdles in its effort to extend its community health services mission to this rapidly growing region. Challenges to the vision included: a need for state regulatory approval (Washington State's Department of Health had not approved a new hospital for construction in years); significant environmental issues; funding sources to simultaneously construct a new hospital/MOB; and the high cost of site improvements.

These challenges led to the need for a development partner with extensive physician and MOB development expertise. The Franciscans issued an RFP and selected Frauenshuh as their development partner. The two organizations had just completed a successful on-campus MOB project at the St. Clare Campus in Lakewood which was well received.



"Frauenshuh was willing to take significant vacancy risk in order to open the MOB project simultaneously with the new hospital."

Cliff Robertson, M.D.
Chief Operating Officer
Franciscan Health System



The principal goal for the project was to create a patient-focused campus that provided "seamless" primary and secondary health care services, including on-campus physician offices and a full service Oncology Center of Excellence. To facilitate this care model, the MOB (named the Milgard Medical Pavilion at St. Anthony Hospital) features a sky bridge to the new hospital to optimize convenience for physicians and patients.

In addition to the typical site preparation challenges, Frauenshuh's pre-funding of site costs allowed FHS to achieve its balance sheet requirements for proper accounting treatment.

Frauenshuh's physician leasing team worked closely with physicians and hospital management to lease physician office space in the MOB. Equity ownership for physicians resulted in a recruitment and retention strategy for the physician groups critical to the new hospital's success.

As with other similar on-campus development projects, Frauenshuh remains the owner of the MOB under a ground lease granting long term control over the facility to FHS.

To learn how Frauenshuh HealthCare Real Estate Solutions can help you achieve your facility, development, and capital access goals, contact them at 952-829-3480 or www.Frauenshuh.com.



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