



BAPTIST HEALTH & JOI:

NAVIGATING THE UNWINDING OF A MAJOR ORTHOPAEDIC PRACTICE

SMITH HULSEY & BUSEY

TWELVE YEARS AFTER BAPTIST HEALTH SYSTEM ACQUIRED THE JACKSONVILLE ORTHOPAEDIC INSTITUTE, JOI PHYSICIANS SOUGHT TO REPURCHASE THE PRACTICE IN MARCH 2023.

With a repurchase provision in the 2011 Stock Purchase Agreement nearing expiration, the physician group exercised its option to reacquire the practice and separate from Baptist Health.

For more than three years, Smith Hulsey & Busey represented longtime client Baptist Health as it negotiated terms of sale with the physicians of JOI. However, what could have been a routine transaction became a complex unwinding when the physicians at JOI became divided over the future of their practice.

SHB Managing Partner [Dick Lewis](#), along with [Charmaine Chiu](#), [Megan Heiden](#) and [Catherine Gleason](#), counseled Baptist Health throughout the negotiations. SHB provided counsel on a wide range of legal issues, including:



**DRAFTING AND
NEGOTIATING
ALL PURCHASE
AND SALE
AND RELATED
DOCUMENTS**



**FAIR MARKET
VALUATION**



**HEALTHCARE
REGULATORY
MATTERS**



**CONTINUATION
OF PHYSICIAN
NONCOMPETE
COVENANTS**



**ALLOCATION OF
REHABILITATION
CLINICS AND
EQUIPMENT TO BE
OWNED BY THE
PARTIES AFTER
CLOSING**

“THIS BECAME AN INTENSE AND COMPLEX DEAL, BECAUSE THERE WERE SO MANY MOVING PARTS.”

As JOI physicians began to leave their group, the scope of SHB’s work in the transaction evolved.

Heiden assisted JOI physicians with legal, employment and regulatory matters as they continued their practices after separating from Baptist, whether they remained with JOI, joined North Florida Surgeons or moved elsewhere.

“This situation is unique, because even though they were technically on opposite sides, both institutions will remain connected through their shared mission of providing quality healthcare to the First Coast community,” said Chiu. “Physicians leaving the Baptist umbrella will continue practicing within our local hospitals, so there was a lot of diplomacy involved.”

With each physician who left JOI throughout the unwinding, changes in staff and assets followed. JOI laid off 150 employees and closed six locations during this time, affecting the valuation of its assets during negotiations. Ultimately, SHB successfully negotiated the sale to the remaining JOI physicians while keeping patient care at the forefront of all discussions.

“It was a long process of constantly adjusting to accurately account for the assets that would ultimately transfer to the new JOI,” Chiu said. “Despite the separate factions involved, we worked to ensure every party would still be rowing together to prioritize patient care.”



THE NEGOTIATION PROCESS AND ULTIMATE SALE OF JOI REFLECTED SHB’S LONGSTANDING PARTNERSHIP WITH BAPTIST HEALTH.

Over many years, SHB has provided counsel on a wide variety of legal issues to Baptist Health, and the successful JOI sale reflects the long-standing relationship between SHB attorneys and the health system.

SMITH HULSEY & BUSEY



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