MedAssets projects 2010 loss due to acquisition

The Associated Press

Hospital software maker MedAssets Inc. said Tuesday it expects to record a full-year loss in 2010 due to costs tied to its acquisition of The Broadlane Group.

The company now expects a 2010 loss ranging from 11 cents to 14 cents per share, compared to a profit projection of 44 cents to 49 cents per share before the acquisition. MedAssets expects adjusted earnings, which exclude acquisition-related items, to range from 81 cents to 86 cents per share.

Analysts polled by Thomson Reuters expect earnings of 88 cents per share. Analysts often exclude one-time items from their projections.

MedAssets said in September it would pay $850 million to buy The Broadlane Group from private equity firm TowerBrook Capital Partners, and it completed the deal Nov. 16. The Broadlane Group provides supply chain management and cost management services to more than 1,100 acute-care hospitals and 50,000 non-acute-care locations across the country.

The company said Tuesday it will record an acquisition-related purchase accounting adjustment of between $15 million and $16 million that reflects an estimated reduction in net administrative fee revenue. It also will book $23 million in charges in the fourth quarter tied to the integration of Broadlane Group over the next year.

But MedAssets said the deal will lead to more than $20 million in savings next year, when it will add to adjusted earnings per share.

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