

NEWS

'Historic milestone': FSU now owns TMH campus as city transfers hospital assets



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Florida State University [now effectively owns](#) the Tallahassee Memorial HealthCare campus.

FSU and the City of Tallahassee announced Friday evening that the legal transfer of the city-owned hospital assets are complete, "marking a historic milestone for FSU Health, the university's academic health system," according to a FSU press release.

"This partnership will expand medical education, strengthen clinical care, and grow research in Tallahassee and across North Florida," according to the release.

"Together, the organizations are building an integrated academic health system designed to better serve patients while advancing discovery and training the next generation of health care professionals."

TMH will continue to operate the hospital as a non-profit and doctors and staff will remain hospital employees rather than state employees. FSU, however, now owns much of the Miccosukee Road campus and equipment as part of a \$1-a-year lease deal after the City of Tallahassee divested its interest in the hospital it has claimed as its own for nearly 80 years.

The move paves the way for the creation of an academic medical center, [which offers bold promises to patients](#) seeking better healthcare but came together [under a cloud of controversy](#).

The move has divided the community and city commission and came after a string of 3-2 votes by elected leaders.

But while once hospital officials accused city leaders and FSU of holding secret meetings to engineer a hostile takeover of the hospital, on Friday there was universal praise in prepared statements from the leaders of the three parties.

“This milestone reflects years of partnership and a shared vision for the future of health care in our region,” said FSU President Richard McCullough. “This is a major step forward for FSU Health and for expanding clinical care, research and medical education in North Florida.”

Tallahassee Mayor John Dailey added: “Tallahassee is known across the nation for its high quality of life, and with the future of FSU Health now solidified, our community is poised to play a leading role in advancing medicine while elevating the care available to our residents and the broader region. We have successfully strengthened the heartbeat of our city by uniting research, education and patient care.”

“This is an exciting day for TMH, FSU and our community. This brings us one step closer to our vision of an academic health model — one that will strengthen our ability to recruit physicians, expand specialty services, and continue delivering exceptional care close to home,” said Mark O’Bryant, CEO of Tallahassee Memorial HealthCare.

But there is still plenty of work to be done.

While the legal transfer marks another step in the process, tense negotiations continue between FSU and TMH lawyers on developing a detailed roadmap for the new FSU Health enterprise. A final deal, which will cover everything from branding, to research and governance, could take months, according to those involved with the negotiations.

How will the hospital operation merge with FSU?

Because there is no definitive agreement on more than a dozen different points, there is plenty of uncertainty of how the two entities will come together.

The best guide for what happens next may be a [September Memorandum of Understanding](#) between FSU and TMH that was forged after months of tense negotiations and [accusations](#).

The MOU envisioned an academic medical center governed by a 17-member board made up of hospital and university appointees. TMH, which [feared political interference](#) if it lost local control of the board to academic seats, would ultimately have a slim voting majority with one extra member.

Then came objections from Florida A&M University that [it wasn't included in the deal](#) and that the university, which once ran [FAMU Hospital before it was closed](#), deserved as many as three seats. That sent negotiators back to the drawing board, with FSU holding separate discussions with FAMU.

FSU ultimately agreed to [give up one of their seats](#) to a FAMU representative with the understanding that TMH would give up a seat for TSC. But TMH officials said they never agreed to that.

It's not completely clear where the final board makeup will land.

The agreement also explicitly states TMH is to "retain control" but is subject to "coordination and cooperation" with FSU. The hospital will remain an independent entity, with its financial statements also remaining separate from the university.

All the costs associated with "purchasing, securing and maintaining" assets, as well as repair and maintenance costs will fall on the shoulders of TMH. Finances will only cross when it comes to shared employees that are working for both parties, the MOU says.

While FSU Health will ultimately become the dominant brand, don't expect a full-fledged name change too quickly. The MOU says the parties will co-brand for ten years, unless otherwise decided by the board.

What is FSU paying and pledging for the hospital?

The city's agreement with FSU includes a pledge that university administrators will spend \$1.7 billion to invest locally over the next 30 years – though the agreements make clear that this is on the condition of the legislature appropriating "a sufficient amount for FSU to perform its obligations under this agreement."

It also includes a commitment by FSU to invest \$100 million in existing hospital facilities and another \$150 million toward the FSU Health endeavor.

For the transfer of the assets, the city will charge FSU \$109 million, which will be contributed back to City Hall coffers in annual installments of \$3.63 million over the 30 years.

What does the deal mean for patients?

For many capital city patients the issue revolves [around a single question](#): Will I have to travel hundreds of miles to see a specialist?

The answer to that question doesn't come easy, and certainly won't come quickly.

McCullough and O'Bryant have continually said joining forces will ultimately create care options that allow people to be treated in the town they live in, eliminating a lot of the travel to other institutions across the state such as Mayo Clinic and UF Health.

But critics of the deal have said such promises are "misleading." They maintain that Tallahassee's population and distance from larger population centers means the city will never see the medical industrial complex that exists in [Gainesville with UF Health](#).

McCullough has also insisted that providing care to those who can't afford it will remain a priority. The condition is even baked into the transfer of assets agreement that city leaders voted 3-2 to move forward.

The MOU says that TMH is to use its "best efforts" to "participate as an in-network provider with all major managed care plans" as well as Medicare, Medicaid and the State of Florida's workers' compensation program. It includes the caveat that participation and contracts will be determined based on "access, mission, financial sustainability" and the joint goals of FSU and TMH.