

**TETON VALLEY HOSPITAL
SUB-COMMITTEE: HOSPITAL STRUCTURES MEETING
October 26, 2009**

Committee Members Present: Mike Whitfield, Mitch Felchle, Roger Emerson, Janine Jolley, David Trianus, Stacey Stewart

Minutes: Hospital Structures meeting

Meeting called to order @ 9:32 am

Nick Miller from Hawley Troxell law firm presented information to us (This information was emailed to all committee members prior to the meeting and can be obtained from Janine or any committee member).

Currently there is a patchwork of hospital structures throughout Idaho.

Currently we are county owned.

Benefits of being a hospital district are: The district can cross county lines, the district owns the hospital. The board is elected, not appointed and is the governing board of the hospital. The District receives tax money.

Much of what makes the decision on whether to go a district or remain a county hospital depends on the BOC and their position on the hospital--if they want to distance themselves or stay involved.

Districts are harder to form. They require a 10% voter drive/petition to put on a ballot. Then 2/3 of voters must vote for a district.

M. Whitfield asked if hospital districts become political as we see in Jackson. Is this a common problem?
N. Miller said that Kootenai Hospital in Coeur d'Alene was not at all political and was very positive.

Selling the hospital to a for-profit hospital was also a possibility with a 50% vote by the people to do so.

This option was not discussed very much in this outline.

Some discussion occurred about the Frazier decision (outline in packet)

However, 20 years ago, the Frazier problem wasn't an issue. Magic Valley wanted to change to a district because they wanted to get away from public meetings which just informed private competition of their plans. The competition could request their minutes, all information and stay ahead of the hospital's plans.

There are 2 type of 501c-3's—outlined in emailed information.

Bingham went to the 31-3515A type—which mandates that the board must be made up of a certain number of board members from each town or area that the non-profit represents.

M. Whitfield asked who would be members of the corporation with the non-profit status. N. Miller responded that the original board would be...the cooperation was more a holding company for liability purposes.

M. Whitfield then asked how the board brings on new members when change is required, and N. Miller said he would find out.

Bingham's model of 501c-3 effectively sells the hospital (99 year lease) but the county does not give up all rights or privileges with it....The hospital can still ask for a levy. N. Miller was going to check up on this and find out more information about how this could still be done.

Tax subsidies cannot be pledged as leverage for debt in a 501c-3 like Bingham's.

They must borrow on the strength of revenues alone—no time for a 2/3's vote...Franklin County is running a bond next month...if it passes, it's credit worthy and the bonds for it would be easily sold.

M. Felchle asked if the change to a different model was primarily political for hospitals. N. Miller said that in Bingham's case it wasn't. Bingham wanted to change so they were more flexible and quick to move on business opportunities. Not needing to have the public meetings helped them be more agile. When the Frazier decision came out it validated their decision to change over.

The Frazier decision basically pushes hospitals into 501C-3 or a 2/3's vote to incur debt, or hospitals can choose to try to get a constitutional amendment. The IHA has tried to change this.

The question was asked by R. Emerson what a ballpark figure dollar amount would be to change to a 501C-3. N. Miller said he would find out on this issue and the others—primarily the clarity we need on availability of county tax revenue using the Bingham model.

R. Emerson stated that the hospital district he worked for in Plumas, CA worked very well. They have 3 districts in a close area, and one of the districts is particularly strong where he is working. They just passed a \$20 million bond to build a new hospital and make ½ million per year in profit. The other districts close by are not very strong, however.

At this point, we thanked N. Miller for his presentation and J. Jolley introduced Dave Trianus who facilitated the rest of the conversation.

D. Trianus asked the board what our intended end result would be when we were finished with our meetings by December 31, 2009.

M. Felchle pointed out that prior to any change, every contract would have to be examined and every benefit package gone over. There would be a lot of legal expense in this change, should we decide upon one.

The question was asked if the BOC supported our hospital and what the best fit for our hospital would be should we change our status.

D. Trianus wrote a list of objectives based on input from the group and will type these up to have at our next meeting.

It was decided to use doodle.com to arrange the time of our next meeting and to meet for a longer period of time.

The meeting was adjourned at 11:15 am