

December 26, 2007

A Message to the Bannock County Community concerning Portneuf Medical Center

From Bannock County Commissioners Larry Ghan, Steve Hadley and Lin Whitworth

We are pleased to announce that the Citizens Panel organized by the Bannock County Commission has completed a crucial part of its assignment. Today we release the Panel's outline of the Community Values they believe should guide the decision process on the vitally important future of our County Hospital. For this important work we all should be appreciative.

Background

More than two years ago, the Governing Board of Portneuf Medical Center (PMC) identified community healthcare needs and undertook the construction of a new hospital facility to unify its two separate campuses and improve the healthcare services it would offer. After the Hospital borrowed some \$58 million to begin construction, things quickly became complicated. Because of the difficulty in raising the necessary additional capital due to the *Frazier* decision, among other things, the PMC Governing Board asked the Bannock County Commission to explore the possibility of a transfer of PMC's ownership from the County to a private entity instead of our current public hospital model.

Under our State's Constitutional and Statutory framework, your Bannock County Commissioners have a duty to make the decision on any such transfer or change in governance keeping the best interests of the owners – the People of Bannock County – in the forefront of our thinking and analysis. Transferring ownership from public to private hands, whether the new private owner would be PMC's proposed non-profit, another non-profit, or otherwise, is not a decision we take lightly.

The Process

Earlier this year, the Commissioners laid out a two-part process to publicly review and consider the issues and criteria needed to arrive at an informed decision concerning PMC's future ownership structure, with both expert analysis and broad public participation and debate. Well, we have all witnessed the debate! Now we want to make sure that you are all aware of the progress we have made in the process itself. We sought the following in our two-part process:

- I. An independent, fact-based and research driven analysis of whether PMC's current and projected operations can support the sustainable capital funding needed to accomplish its master facility plan as a free-standing hospital;
- II. The development of a Community Values tool to form the criteria we would apply to make an informed and thoughtful decision on whether the transfer of ownership as requested by PMC, or any other transfer, would make the most sense for all involved.

It is necessary to understand that the two parts of the process go hand-in-hand. We have also stated consistently that they must run on parallel paths. For example, we firmly believe that it would insult our health system and the health care needs of our community to make such a critical decision on the transfer of ownership based on money alone. We must remember that just as a public hospital is

too precious to auction off on the courthouse steps to the highest bidder, a simple finding that PMC has the financial debt capacity to “go it alone” as a private 501(c)(3) is not enough on its own to have us three Commissioners act to sever the citizens’ ownership of their hospital with out a more complete (and public) discussion and understanding of our Community’s Values concerning our public hospital’s future.

Dollars alone will not guarantee that our community will have the healthcare they want and need, delivered with both the best of modern medicine and local compassion for patients and their families. Therefore we have been insistent that any system, any company, or any local group must prove *First*, that they share our Community’s Values and perception for healthcare as an operating priority, *Second*, that they will be willing to make a contractual covenant with the people of our County to operate under those values and conditions, and *Third*, that they will do so for the long term. After all any decision made and its attendant benefits or consequences will be one that will certainly outlast any individual doctor, medical administrator, Governing Board member or Commissioner.

Only if those Values are satisfied can we consider the financial aspects. And then our focus will be on whether the proposed solution will give our community a financially sustainable health system that will remain strong and best protect and promote the best healthcare into the future. Will such provide that our physicians and caregivers have confidence that their institution will continue to thrive and serve the best interests of the patient? Will our healthcare employees have the job security of working for a well-capitalized employer?

Clearly it is a tall order to expect both financial sustainability and the promotion of our community values structurally, but we believe that our citizens and our future healthcare system deserve no less.

Even more challenging is the task of gathering in a reasonably timely manner the financial data and citizen input for one of the biggest decisions our community may ever make. It is well-known by now that to accomplish the Community Values analysis we appointed a diverse Citizens Panel of dedicated community stakeholders, members of the PMC Governing Board, community physicians, and other dedicated folks who love their community and want the best for their families and their neighbors. And to accomplish the financial sustainability analysis, we commissioned a well-qualified national firm to conduct an independent study and financial analysis with no strings attached and no preconceived or predetermined outcomes. That firm has notably and by design been restricted to having no financial interest in the outcome, contrary to some popularized misinformation that has been circulated by a few individuals in our midst. We pay Stroudwater a flat monthly fee for their work and they will receive no commission of any kind whether a transfer of ownership takes place or not.

Assessment of Financial Sustainability

Stroudwater has in fact already presented and discussed the preliminary findings of their study to PMC in a thorough work session held with PMC’s leadership and Bannock County legal counsel in early November.

We should note that it took some time for PMC to gather and deliver the data Stroudwater needed, and that what PMC had delivered at the time of the November report required further updates to provide a fair picture of the full fiscal year. So, at PMC’s request, we agreed to wait for PMC to

deliver the full-year numbers, updated project costs and scheduling, and other necessary data before having Stroudwater complete their study and make their findings public. Last week PMC delivered most of the additional data, which the Commissioners forwarded immediately to Stroudwater. Subject to their review of this new package, Stroudwater expects to present their final report in public in January.

The Citizens Panel

We Commissioners are very proud of the hard work our Citizens Panel has put into distilling so many essential key elements into a concise statement of the Community Values, which are included to the Journal with this statement. We are also impressed with the work product produced by these dedicated members of our community. The resulting document should assist greatly in guiding our decision-making.

The members of our Citizens Panel have volunteered many hours for the sake of promoting the best, sustainable healthcare for the future of the People of Bannock County and our neighbors in Southeastern Idaho. Their names are attached with that Community Values document, and we ask you to take the time to commend them for their effort next time you see them. The Panel has taken testimony from legions of regional healthcare providers, local Governing Board members, and healthcare experts including PMC staff, policy leaders, community advocates, and regular citizens. They have reviewed summaries from more than 70 listening sessions, put their thoughts on flip charts during long work sessions, and then reviewed, edited, and re-edited a list of Community Values and the questions that will put those values into constructive action. Their draft was circulated to the Commissioners and to PMC's leadership for comment prior to release.

The Results of the Community Values Project Are Important

We are now pleased to present the results of the all this diligent, honest, and creative work by our Citizens Panel. As the County considers any new governance model involving transfer of ownership, whether such be PMC's proposed non-profit or any other private entity, these Community Values will be used as our decision criteria in this process and will be incorporated into the new relationship via commitments documented into a binding contract with the citizens of Bannock County. Any potential partners, whether local, national, not-for-profit, or otherwise, will need to address these Community Values first to qualify for further consideration.

Ultimately, no matter what the outcome of our deliberations, our Citizens Panel has given us an important tool that will allow us to move forward more quickly, yet still provide the thoroughness necessary for the best possible outcome. While this tool is of value now, it also has important value to future generations who can use it to demand accountability of the performance and mission of the health system in their community, whatever its eventual ownership and legal structure. By that measure, a stronger set of definable community standards and expectations can better serve the needs of our citizens, our medical community, and our overall healthcare system.

We thank you for your time in considering these comments and wish for you and your loved ones a healthy and prosperous New Year.