

# NCA NEWSFAX

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**McCall Star News, Thursday, May 14, 2009**

# St. Luke's, McCall eye expanding partnership

BY TOM GROTE

The Star-News

McCall Memorial Hospital has begun formal talks with St. Luke's Health System about expanding the McCall hospital's partnership with St. Luke's.

A steering committee of six people from McCall Memorial and four from St. Luke's has been formed to explore ways St. Luke's could help the McCall hospital expand services and be more efficient over the next five years.

McCall hospital officials sought out the aid of St. Luke's, and the talks are not in response to any overture by St. Luke's, McCall hospital trustee chair Dan Krahn said.

Krahn emphasized the talks are not necessarily a

prelude to a full merger, but that whatever happens must be to the benefit of patients and employees.

"That is a huge reason why we contacted St. Luke's; their local boards make the decisions," Krahn said.

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- McCall Hospital

CEO Emeritus

Karen Kelle

## Hospital: McCall, St. Luke's eye expanding partnership

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The talks are in their early stages, but Krahn and CEO Emeritus Karen Kellie said no major changes in operations at the hospital would be made without approval of the board's trustees and, if necessary, voters.

St. Luke's already has a long history with the McCall hospital. The hospital has had a management contract with St. Luke's since 1999 and directly employs Kellie and current CEO Lee Rhodes.

St. Luke's also operates a home health and hospice program in McCall with its own employees, and the hospital is part of the St. Luke's buying group for equipment and supplies.

St. Luke's operates hospitals or cancer centers in Boise, Meridian, Eagle, Ketchum and Twin Falls, and manages hospitals or health centers in Challis, Mountain Home, Gooding, Stanley and Weiser in addition to McCall.

Total revenues for St. Luke's Health System totalled \$903 million in 2008.

No specific occurrence caused the McCall hospital to approach St. Luke's, Krahn said.

"There was a discussion

among board members of what do you do to ensure the long-term viability and sustainability of a rural hospital," he said.

Kellie agreed, saying now was the time to ponder the future in light of national health care reform, rising health costs and the growing number of people without health insurance.

"We have no debt, three months cash reserve and our neighbors in small hospitals in the area envy our situation," she said.

The expertise provided by an expanded partnership could help the McCall hospital set up new services such as chemotherapy and orthopedic services, Kellie said.

Krahn has briefed hospital employees on the talks, and has tried to calm anxiety over further involvement by St. Luke's in hospital operations.

"If you think of it like a ball club, it is looking at the depth of your bench," Krahn said.

One area to be explored is retirement benefits. McCall hospital employee are now covered by the state public retirement system, but St. Luke's, a nonprofit corporation, has its own benefits

program that could be superior depending on the employee, Kellie said.

The steering committee also will look at how the McCall hospital could use St. Luke's favorable bonding rating to finance a planned expansion of the McCall hospital.

McCall officials are planning an expansion within the next five years, but are not sure asking voters for a property-tax bond is the best way to fund the expansion.

It is not clear how deep a St. Luke's-McCall partnership would have to grow before

McCall could use St. Luke's financing, St. Luke's CEO Ed Dahlberg said Tuesday.

"It could take upwards of a year to understand the ramifications," Dahlberg said.

St. Luke's commitment to local control is unwavering, he said.

"We understand and appreciate finding the sweet spot between the value of being a larger system and recognizing the commitment of local communities," Dahlberg said.

"We can't have a strategy of going out and picking off places if they don't want to commit to us," he said.

**HOSPITAL COMPARISONS**

*Here is a comparison of McCall Memorial Hospital with St. Luke's Regional Medical Center (only Boise center figures shown).*

**MCCALL MEMORIAL HOSPITAL**

- Beds - 15
- Employees - 161
- 2008 Admissions - 617
- 2008 Babies Delivered - 141
- 2008 Outpatient Visits - 27, 215

**ST. LUKE'S - BOISE**

- Beds - 403
- Employees - 3,522
- 2008 Admissions - 25,346
- 2008 Babies Delivered - 4,820
- 2008 Outpatient Visits - 285,342

**HOSPITAL TIMELINE**

- ▶ 1956 - Hospital opens as a city-owned hospital, later becomes a county-owned facility.
- ▶ 1984 - Voters approve hospital district after financial troubles under county ownership.
- ▶ 1984 - Hospital signs management agreement with St. Alphonsus Regional Medical Center.
- ▶ 1993 - Voters approve \$3.8 million bond issue to expand, modernize hospital.
- ▶ 1999 - Hospital drops management agreement with St. Al's, signs similar agreement with St. Luke's Health System.
- ▶ Early 2009 - Hospital, St. Luke's begin talks on expanding partnership.

## Medical clinic wants St. Luke's to run business operations

BY TOM GROTE

The Star-News

Payette Lakes Medical Clinic is talking to St. Luke's Regional Medical Center about using the services of St. Luke's, the clinic's president said Monday.

Preliminary talks are underway to see how St. Luke's can help streamline patient billing, medical record-keeping and employee management, clinic president Dr. Dan Ostermiller said.

Payette Lakes Medical Clinic is located across the parking lot from McCall Memorial Hospital. The clinic is a private corporation, but has had a contract with McCall Memorial for the last 12 years to provide management services.

"We want to focus more on patient care and less on running the business," Ostermiller said.

There are services that could be provided more efficiently by St. Luke's, and the larger hospital is better equipped to keep up with the constant updates in health-care regulations, he said.

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## Clinic

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"When I came here 22 years ago, billing was easier," Ostermiller said. "Now you can't keep up with the changes."

The talks between St. Luke's and the clinic could take six months or more, and the extent of the potential partnership is not yet known, he said.

There are nine physicians, one physician's assistant and two nurse practitioners who

work at the clinic.

PLMC also operates satellite clinics in New Meadows and Riggins. The Donnelly clinic, operated jointly with hospital, closed on May 1, and the PLMC's Council satellite clinic will close May 31.

The various clinics saw 21,070 patients in 2008 compared to 21,153 patients in 2007.

The partnership that owns the business side of PLMC includes Ostermiller and Drs. Jim Dardis, Scott Harris Dave Hall and Julie Welty.