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Hospital pays county

Bingham switched to nonprofit a year ago

BLACKFOOT — In Bannock County, taxpayers are still footing bills for a consultant hired to help their county-owned hospital through a time of turmoil.

In Bingham County, where leaders faced with similar challenges made a change about a year ago, their hospital, Bingham Memorial, is already cutting checks to the taxpayers.

During a special meeting hosted at the Bingham County commissioners’ chambers Thursday morning, county officials accepted the hospital’s oversized check for \$175,000 to add to their general fund. In July 2007, Bingham Memorial, which had been county owned, converted to a 501(c)(3) nonprofit operation. Bingham County retained ownership of the hospital facilities and leases them to Bingham Memorial.

In exchange for the space, the hospital makes the county an annual payment of \$150,000, plus 5 percent of its earnings. Additionally, Bingham Memorial has agreed to reimburse the county up to \$150,000 per year for indigent fund expenses.

It’s the second check Bingham Memorial has made to the county — the hospital issued the first check for \$50,000 a few months ago.

During the Thursday meeting, the officials praised one another for good fortune fostered by cooperation — and voiced relief they didn’t follow the same path as Bannock County.

“This could not have happened if not for the efforts of the county commissioners. They had the foresight to see how this should be done and how this should be put together,” said Howard Harrington, chairman of the Bingham Memorial Hospital Board. “If we hadn’t done it, we’d be in the same position as they are now down in Pocatello.”

A few years ago, the Idaho Supreme Court issued a ruling that hampered the ability of public bodies to take on long-term debt. In the face of that ruling, Bingham Memorial made the switch to nonprofit status, enabling the hospital to continue bonding for projects.

Since then, Bingham Memorial has approved a \$10 million office building, which is under construction and should be operational by January 2009, and purchased a new CT scanner.

“In terms of the transition to a 501(c)(3), the county commissioners were very supportive,” said Jeff Daniels, Bingham Memorial’s chief financial officer. “We had a public hearing and had some comments, and most of the comments were very supportive of the change.”

Pocatello-based Portneuf Medical Center’s hospital board also initially recommended that the county convert the operation to a 501(c)(3). But the Bannock County Commission opted to study the issue in more detail, hired a consultant and assembled an advisory committee to assist in making the decision.

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PMC was in the midst of a \$200 million project to consolidate its east and west campuses onto its Hospital Way location in early 2007 when administrators determined the 2006 Supreme Court ruling would make bonding for phases of the project difficult. And earlier this year, Bannock County's consultant, Stroudwater Capital, determined PMC could not finance the consolidation project through bonding on its own for several reasons, including a reduction in the hospital's bond rating last year. The parties agreed the best option was to take on a capital partner, which would entail selling about 80 percent of the hospital to a separate entity to get financing. Texas-based Legacy Hospital Partners and Tenn.-based Life-Point Hospitals are the finalists to partner with PMC.

On Wednesday, PMC administrators announced a change in designation will allow them to bill slightly higher rates to Medicare. PMC is now classified as a Sole Community Provider, and one of the requirements for the designation is that no like hospital exists within a certain distance. In 2004, Bingham Memorial changed its designation to Critical Access hospital, ending its status as being like PMC and opening the door to the change in designation in Pocatello. PMC officials, however, say the additional revenue won't be sufficient to avoid the need for a capital partner.

But in Bingham County, if there's a down side to a major change forced by an Idaho Supreme Court ruling, Daniels hasn't noticed it.

"It's one of those situations where it's a win, win for everybody," Daniels said.