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## COUNTY PICKS PMC PARTNER

### *Legacy gets nod from Bannock Commission*

POCATELLO — The Bannock County Commission has chosen Legacy Hospital Partners to be the potential capital partner with Portneuf Medical Center, subject to approval by voters in November.

The commission unanimously approved Legacy, based in Plano, Texas, during a Thursday afternoon meeting. Legacy is a new company that doesn't currently operate any hospitals.

"I think we feel very good," said Bannock County Commissioner Larry Ghan after the passing of the resolution that named Legacy the preferred partner. "They have the kind of philosophy that will fit well in this community."

The choice of whether Bannock County relinquishes ownership of PMC to a joint venture that will be 77 percent owned by Legacy and 23 percent owned by a redefined Portneuf Health Care Foundation will now be added to the November ballot.

While ownership would be heavily tipped in Legacy's favor, the Portneuf Health Care Foundation and the new partner would have equal representation on the new hospital board.

"This governance model absolutely guarantees that local influence over our hospital will continue," said Bannock County Commissioner Lin Whitworth. "It's very smart on (Legacy's) part."

"Who's going to know better what services our local hospital should deliver than our local residents and our physicians? If we're meeting the needs of the region, the hospital will grow and thrive. And that makes LHP's investment worth more."

Prior to the commissioners voting on the resolution, Zach Parris, Bannock County's attorney, read the four-page resolution affirming the choice. All three commissioners took the opportunity to address those in attendance in the Bannock County Courthouse.

Each commissioner made it clear PMC was not going to be capable of completing its consolidation project independently. Each also said a little about why Legacy was chosen.

"We feel they will showcase the hospital because it is their first," said Bannock County Commissioner Steve Hadley.

"It's not about the commissioners. It's about the community," Whitworth said. "It's apparent we lack the funds to complete the (consolidation) plan. Costs rising faster than capital puts the hospital at risk of a fire sale."

Ghan said 17 months of work resulted in Thursday's consensus.

"We are going to retain local control. We are going to have a new hospital in two years or so," he said. "It's my assumption that we can't have anything but a 'yes' vote."

PMC was in the midst of the first phase of a \$200 million project to consolidate its east and west

campuses onto the property at its Hospital Way location in early 2007 when administrators determined a 2006 Idaho Supreme Court decision would require Bannock County voters to approve future bonding, making funding subsequent phases difficult. The Bannock County Commission, to aid in determining the feasibility of the hospital's plan to finance subsequent phases of the project, hired Stroudwater Capital. The consultant determined earlier this year that PMC could not finance the consolidation project through bonding for several reasons, including a reduction in the hospital's bond rating late last year.

A few days after Stroudwater's report, the Bannock County Commission, PMC's hospital board and a citizens' advisory committee agreed the best route for the hospital was to seek a capital partner who could finance the project. Proposals from potential partners were received in May, and last month two finalists were named.

rentwood, Tenn.-based Life-Point Hospitals was vying against Legacy as finalists. Life-Point was founded in 1999 and is one of the nation's largest health care companies focused on providing services outside of urban areas. The company operates 48 hospitals in 17 states. Of those, 44 are in communities where LifePoint runs the only hospital.

By contrast, Legacy is a privately held company that was recently formed to own, operate and manage acute-care hospitals in partnership with nonprofit entities. The company's senior executives have worked together in the health care industry for more than 10 years.

Last month, Dan Moen, president and chief executive officer of Legacy, discussed his company's proposal.

"Our primary strategy is to invest in hospitals with not-forprofit entities. This is right in our sweet spot," Moen previously told the Journal.

Legacy, founded in January, was formed by seven former executives of Triad Hospitals, a conglomerate of hospital partnerships acquired by Community Health Systems last year.

Legacy has also appeared to hit the ground running. The company is already looking into more than a dozen projects and has signed two letters of intent. One that was announced in May is a partnership with the University of New Mexico in Albuquerque to build a teaching hospital.

The other partnership has been signed with a group in the Northeastern U.S., but that deal has not yet been formally announced, so few details can be given. The deal is a joint-venture with a teaching facility to purchase and existing community hospital that will also eventually house a medical school.

Moen said an area of expertise of Legacy's, as a group that has been together for many years, is building hospitals. He said his group has built hospitals in under two years and believes that PMC's consolidation projects, which he called 25 percent complete, can be done in that time frame.

"We think we can do it under budget and complete it by the end of 2010 if everything stays on the current track," he said.

Moen has said Legacy will likely offer some reserve powers to the hospital foundation that would tip the governance scale slightly toward local control.

In a Thursday news release, Moen said Legacy is honored to have been selected.

Moen is scheduled to offer more details about the deal and will publicize Legacy's letter of intent to the county at 9 a.m. today at PMC's west campus.

Cal Northam, PMC's chief operating officer and executive vice president, said both Life-Point and  
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Legacy were good options for the hospital and touted Legacy's vision for PMC.

"Legacy has an exciting vision for us in the future," he said. "That vision includes a partnership between us and the community."

Northam said PMC is excited about the possibility of being the hub of Legacy's operation.

One person in the commissioners' office, soaking in the meeting, was Pocatello City Councilman Roger Bray, who said he's attended several of the meetings in the past 17 months. Bray said he is impressed with the accord there seems to be among PMC's administration, board and doctors, and the Bannock County commissioners.

"This has been kind of a point of healing for a lot of issues related to the hospital," Bray said of Thursday's decision. "Those issues have been borne out by different dimensions over the years. This process has been able to address them."

Bray also believes a preferred partner will now provide some relief for those who have been working at both PMC campuses.

"They now have a relative deadline (for a single campus)," he said. "I think the stress that has been on all the people using the two campuses is going to be mitigated now because they know it's all coming together."