



**For Immediate Release
Updated Q&A**

October 26, 2011

1. Question: What is the TVHC Conversion Plan?

A: Several elements comprise the Conversion Plan. First, a new entity called TVHC, Inc. is created and applies to the IRS for nonprofit status. Next, a 99 year operating lease is created between TVHC and Teton County. Finally, a Hospital Management & Health Services Agreement is struck between TVHC and BMH.

2. Question: What is the objective of the Plan?

A: The focus of this plan is to insure the hospital survives into perpetuity. The plan has three main elements: 1) leverage the expertise and systems of BMH to improve our efficiency and revenues, 2) remove the operating risk/liability of the hospital from Teton County and 3) embrace a legal structure that allows certain funding/financing flexibility.

3. Question: Is the fiscal health of the hospital the main focus of the Plan?

A: Hospitals do need to produce cash to cover the cost of doing business. More importantly, the more cash produced above and beyond operational costs, the more an organization can sustain its capital needs. Hospitals need to keep up to date with equipment and maintenance in order to offer top quality healthcare. Fiscal health and quality of care go hand in hand.

4. Question: Why do our County Commissioners want to make this change from a County not-for-profit hospital to a private nonprofit?

A: In late 2008, TVHC was technically bankrupt. Without a temporary supplemental tax levy, the hospital's distress could have resulted in County-wide bankruptcy. Changing the legal structure of the hospital operation by leasing the assets to a nonprofit entity will largely remove the County from this risk position.

5. Question: Can a private nonprofit ask for a tax levy?

A: Capital funding can be obtained through direct equity infusions from anyone on a tax deductible basis and through bank loans and bond elections, not tax levies.

6. Question: Are there options that can release TVHC from this arrangement if it's determined that the Plan is not working to the benefit of our community?

A: The lease agreement will be 99 years long but the management agreement will be a five year renewable deal with events of default and termination. Although it will be a

private entity, TVH will be governed by a local citizens' board. The options range from finding a new management partner, self-management, giving up on the lease or even selling the assets. The bottom line is there are always options but it is our starting premise to plan for success not failure.

7. **Question:** Could there be any obstacles to the Plan that would prevent it from moving forward?

A. Our two negotiating teams strived to address every possible known element or potential complication during the discovery phase of the Conversion Agreement. If such an obstacle does exist, we will deal with it at that time.

8. **Question:** What is the operational structure of Bingham Memorial Hospital?

A: BMH is also a private nonprofit hospital. They accomplished their own conversion in 2007 and have enjoyed increasing profitability since that time.

9. **Question:** What's in this deal for BMH?

A: The more size this network affiliation develops, the more positive implications for supply purchasing power, information system cost sharing, capital acquisitions, efficiency, software enhancement, etc. ahead.

It's become a growing trend for small rural hospitals to form alliances with larger, more financially-stable partners. TVHC is not alone in moving in this direction.

10. **Question:** What happens to the assets of TVHC?

A: Under the terms of our current Plan, Teton County retains the assets.

11. **Question:** How much will the conversion process cost?

A: We estimate total costs of approximately \$75,000 - \$100,000.

For further information, please contact Virgil Boss, CEO at vboss@tvhcare.org or 354-2677.
