



# TETON VALLEY HEALTH CARE

*Partners in Health for a Lifetime*

**Teton Valley Hospital**  
120 East Howard Avenue  
Driggs, ID 83422  
(208) 354-2383

**Driggs Health Clinic**  
283 North First East  
Driggs, ID 83422  
(208) 354-2302

**Victor Health Clinic**  
252 South Main  
Victor, ID 83455  
(208) 787-9898

**Teton Valley Home Care Services**  
Teton Valley Home Health Care  
Teton Valley Hospice  
345 North First East  
Driggs, ID 83422  
(208) 354-2259

**Teton Valley Learning Center**  
85 East Howard Avenue  
Driggs, ID 83422  
(208) 354-2610

June 26, 2008

Teton Valley Health Care (TVHC) is owned by Teton County, Idaho, and is managed by its seven-member Governing Board, appointed by the Board of County Commissioners (BOCC). This form of ownership can result in funding restrictions hampering TVHC's ability to secure financing for its operations. Presently, we receive approximately \$32,000 annually from County property taxes through a budget line-item. We do not receive funding from County hospital tax district.

For over 70 years the hospital has survived on funds generated from operations and donations; however, times have changed.

TVHC serves an estimated population of 8,600 which includes Alta, Wyoming; this estimate is based on a 2006 Census Bureau study. The population's percent of uninsured is estimated at 26 percent compared to a state rate of 19.4 percent and a national rate of 14.8 percent as reported by the Centers for Disease Control (CDC) for 2006. Teton County has been identified as one of the fastest growing counties in Idaho with estimates ranging from single digit growth to an annual boom figure of 15.5 percent. This population growth coupled with the ever changing healthcare industry has placed TVHC in a very precarious position.

During the last three accounting years (FY2005, 2006, 2007), TVHC has written-off over 2.4 million dollars in contractual adjustments. Contractual adjustments equate to the difference of what Medicare, Medicaid and commercial health insurance plans pay as it relates to the charge for services provided. For example, if Blue Cross is charged \$300 for an Emergency Department visit and only pays 80 percent or \$240, the difference of \$60 is the contractual adjustment; the hospital never collects this money.

For the same accounting period noted above (FY 2005, 2006, 2007), TVHC wrote off 1.8 million dollars in bad debts; these accounts are identified primarily as accounts patients did not or could not pay for various reasons.

When these two accounts are considered together, a total of 4.2 million dollars has been adjusted off in the last three accounting years. This annual average of 1.4 million dollars, adjusted off, has put great financial hardship on TVHC. Operational losses in the last three years are as follows with projections for FY 2008:

<b>Fiscal Year</b>	<b>Operational Losses</b>	<b>Cash &amp; Cash Equivalents</b>
2005	\$412,455	\$1,128,850
2006	\$792,548	607,743
2007	\$954,351	0
2008	\$1.7-2 million	0
2009		

For the current accounting period as of May 31, 2008, equaling eight months of operations, we show an operating loss of 1.3 million dollars with the year end, September 30, 2008, estimated to be 1.7 to 2 million dollar loss. TVHC has no cash reserves and has utilized one million dollars of a 1.5 million dollar line of credit with a local bank. The average number of days to pay our vendors is 71; the current accounts payable outstanding, May 31, 2008 is 1.1 million dollars resulting in the very real risk of TVHC vendors cutting off service.

TVHC currently has some service lines that are not normally found in a Critical Access Hospital and others that carry great risk, high costs and write-offs. These service lines and the entire organizational structure are currently being evaluated by the new management team. Some programs will have to be discontinued in order to strengthen core service lines; there's no doubt that bad business decisions have been made. However, the Board of Trustees is taking the following corrective action:

- Replaced senior management September 2007
- Has authorized over \$400,000 of annual operational expense reduction to date
- Will review additional expense reduction on 6/25/2008 (more to be added to this list)
- Currently working with community leaders to strengthen TVHC's operations
- Request assistance from the BOCC, budget line item of \$1.2 million for 2009 with cost of living increases-pursuing the establishment of a tax district for TVHC
- Requesting gifts from community members for debt relief
- 3-5 year recovery period to put TVHC back on track

Successful community hospitals across this country need support from its citizens, the counties in which they operate, and philanthropy.

TVHC is in financial trouble and needs assistance from the public and private sector. TVHC can't continue operating as it has in past years. If immediate action is not taken to address the financial needs of this community hospital, it could face closure soon.

Sincerely



Floyd D. Bounds, CEO  
Teton Valley Health Care