



Please refer to the TVHC press release dated 08/12/2011 for further details re: the following talking points.

## **Information about the Letter of Intent between TVHC and Bingham Memorial Hospital**

### **1. Is BMH purchasing TVHC?**

The Letter of Intent is not a formal agreement to purchase, replace management or takeover an organization. This Lol is an agreement between TVHC and BMH to pursue in-depth discussions with BMH toward the possible formation of an organizational partnership agreement.

### **2. Is TVHC for sale?**

No. We are considering options that will help us reach our goal of sustainability.

### **3. According to TVHC media releases and statements, the hospital is doing well financially. Why are other options being considered?**

The hospital is doing much better than even one year ago and we are right on track with the goals of Plan A. However, we face uncertain business conditions, increasing regulation, lower insurance reimbursements and higher expenses and capital costs ahead. The BOT and CEO decided it was prudent to seek an affiliation with a larger hospital group and try to leverage their systems expertise to increase our efficiencies, lower our costs and drive our cash flow higher so we can afford expensive capital requirements ahead.

### **4. Why can't TVHC stand on its own operational revenue?**

For many years, TVHC's ability to operate in the black has been due to private donations and grant support through our hospital foundation. While this kept TVHC alive, we believe we will not receive enough support from patient revenue, federal reimbursements or private donations to afford reasonable plant maintenance, capital upgrades, and facility improvements to keep pace with patient demand and federal mandates. Because we cannot be assured of consistent County tax support, it's our responsibility to find investigate operational models that are more profitable.

### **5. I thought the recent tax levies placed TVHC on a firm operational foundation.**

The first tax levy allowed TVHC to remain open by paying down debts and funding ongoing operations while we worked toward recovery. The second tax levy is earmarked for plant maintenance and capital improvements. Both of these temporary levies have been essential for our recovery, however, they are temporary.

**6. The wording in the press release says that TVHC hopes to “soon execute a Definitive Agreement and conclude all final documentation by next spring.” What does that mean?**

We hope to come to an agreement with BMH that would formally define a business relationship that would be mutually beneficial. At this point, we don't know what exactly that would be or what it would entail, however, both parties are working in good faith toward a goal of organizational partnership.

**7. Have other facilities expressed an interest in collaborating with TVHC? If so, what made BMH more attractive?**

Our staff have worked with Bingham for over a year now. Our administration team and trustees have worked closely with BMH management under the management consulting agreement that we've shared. They know us; we know them. We're also aware of the turnaround BMH has accomplished and their capacity for growth. We have discussed the possibility of partnering with other organizations and have chosen to move forward with BMH at this time.

**8. What do you hope will be the outcome for TVHC, specifically?**

It would be premature and irresponsible to state what the specific outcome could be or should be. We're taking first steps toward opening a serious conversation with BMH. The overriding objective is, and always will be, the continued delivery of the very best quality of healthcare possible for Teton Valley.

**9. Will some TVHC employees lose their jobs / be laid off?**

We're at stage one of discussions and can't answer that question either way. As stated above on question 8, we simply can't speculate about specific outcomes. We do see opportunities to integrate systems and share resources.

**10. What will happen if a deal with BMH does not close?**

There are no guarantees that a Definitive Agreement & Management Agreement will be struck between the parties or the IRS will approve a conversion to non-profit status. However, other options were explored and at this time the only real interest in affiliating with us was expressed by BMH. If a deal cannot be reached, the BOT and CEO are determined to retrench and do the best they can to fund top priority capital needs until the climate changes for completing an affiliation elsewhere.

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