

Minutes of the Meeting of the Utah Privatization Policy Board
Wednesday February 10, 2010 12:00 p.m.
GOPB Conference Room, State Capitol
Salt Lake City, Utah

Attendees

Senator Brent Goodfellow, Senator Howard Stephenson, Representative Fred Hunsaker, Steve White, Curtis McCarthy, Kerry Casaday, Gary Nielsen, Ted Boyer, James Kesler, Tanya Henrie, Kim Jones, David Osborn, Robin Riggs, Randy Simmons, Nancy Orton, Kent Beers, Chris Bruhn

Excused

Steve Dickson, Steven Densley

Visitors

Si Hutt, Joe Hansen, Royce Van Tassell, Jeff Hartley, Todd Losser, Nicholas Bradford

Welcome and Introductions

Senator Brent Goodfellow, Chair started the meeting and then turned it over to James Kesler, Vice Chair as he needed to attend another meeting.

Approval of Minutes:

Steve White made a motion that we approve the January 19, 2010 minutes. Robin Riggs seconded his motion and the minutes were unanimously approved.

Update from Chris Bruhn on Survey's Sent Out

Chris Bruhn presented the board with a handout and gave an update on where he was with the surveys.

Ashley Valley Regional Medical Center – Si Hutt

Si Hutt is the CEO of Ashley Regional Medical Center in Vernal, Utah which is in Uintah County. This is a 39 bed hospital that is owned by Life Point which has 48 hospitals nationwide. They have operated this hospital since 1981 when it was purchased from the county. Mr. Hutt thanked the board for the opportunity to meet with them and share a concern he had with Duchesne County with some unfair business practices. Uintah Basin Medical Center is a hospital that is located in Roosevelt Utah which is in Duchesne County and about 30 miles outside of Vernal. Their structure is a 501C3 organization that is solely owned by Duchesne County. Just for clarity it is called UVMC most of the time or the Duchesne County Hospital. In Mr. Hutt's opinion they operate like a government entity when it comes to access to capitol funding and they operate like a business when implementing market share strategies in order to gain market share health care services in the Uintah Basin. In January of 2009 Duchesne County Hospital purchased 8.7 acres and a medical office building from 5 physicians and a contractor there in Vernal. This building is 5 blocks away from Ashley Regional Medical Center.

Ashley Regional Medical Center recently built a two story medical office building, the second floor in which still has access capacity. They are currently building a new two story building. They are in the process of that. The first floor of that they are going to rent to the physicians who sold them the property to provide urgent care. The second floor is what they claim to be using

for office space. This transaction was done at the height of property values and has since declined quite a bit and also included were 4 acres that the physicians were unable to sell to any private investor or developer. Mr. Hutt's concern is that it is not in the best interest of government entity to provide services that compete with private enterprise however that is the government's role to determine if that is best for their citizens.

In this particular instance, Duchesne County has crossed county borders and is building in Uintah County. Mr. Hutt feels that they should not be able to do that unless they have permission of Uintah County and Uintah County feels it is in their best interest of their citizens. Uintah County actually passed an ordinance requiring Duchesne County to enter into an inner local agreement regarding services before developing the property but that ordinance has been ignored by Duchesne County. UVMC is going beyond providing services to the residence of its county and in so doing is acting like a business, partnered with primary care, etc. Mr. Hutt has no problem competing with UVMC as long as it is on a level playing field. The Duchesne County Hospital has received funding through the Community Impact Board and also through Duchesne County Revenue Bonds. In 2007 they received five million dollars from the Community Impact Board through the Duchesne County Municipal Building Authority. UVMC for years has claimed that their 501C3 is independent of the county however the bond document makes it clear to the fact that they were able to get CIB money makes it clear that they are county owned. They have also received another fourteen million dollars through Duchesne County Revenue Bonds that the county terms hospital development bonds. The county just recently gave notice of a bond hearing for an additional twenty five million dollars of similar type bonds. If they utilize these or other sources of government money to build their infrastructure that frees up their operating capitol to expand to Uintah County and into Vernal.

As Mr. Hutt has talked to them to make the argument that the CIB money not spent specifically in Uintah County but stayed in Duchesne County. To Mr. Hutt it is a shell game. If you want to give him twenty five million dollars to spend here that would be great then he could spend his money in the other county. UVMC has operated previously in Uintah County however this is the first time that they have owned property and created a permanent presence and further historically they have provided services that were not provided in the community. In 2004 that changed and they began to provide services that were duplicative of those that are already in Uintah County and also began rotating physicians that were of the same specialty that were already in Uintah County. Someone asked if Mr. Hutt thought they would build a hospital in Vernal. His answer was of course not. Why would they do that a Community Hospital such as Ashley Regional has a requirement to see all the patients that come to the ER. They are working to provide many services, most of which are profitable but some of which are not. Their bad debt in 2009 actually doubled from what it was in 2008 to over six million dollars. About one in every four patients in the ER does not have insurance.

UVMC on the other hand does not have that obligation in Uintah County. They do in Duchesne County. By renting space to physicians in Uintah County and then providing services for those physicians they are actually able to skim the cream off the top so to speak of a private health care system. If UVMC brings its specialists to Uintah County particularly in close proximity to an urgent care and a family practice group they will likely split referrals through specialists. In a rural area that is a great concern because you need a certain population base to support specialists in the area. If you split that a referral base then it makes it hard for physicians, most of which are independent practitioners to stay. Ashley Regional has recently have moved to bring in two orthopedic surgeons, two general surgeons, a urologist, a neonatologist, five ER physicians all of which require a certain base for them to be able to maintain. If UVMC duplicates services Ashley Regional already provides then it obviously decreases our hospital revenue at the same time the burden of providing services for people who cannot pay remains

the same based on a current economy increasing. The more this occurs the less income the hospital makes and the less it can reinvest back into the community to cover expenses. Over time that will deteriorate quality and creates a price disparity. We have a small market as I have already mentioned I have brought some specialists in the area. In the last nine years Life Point has reinvested twenty two million dollars back into the community. We have very good technology and our hospital scores better than 2/3 of the Utah Hospitals in quality measures. As a private hospital they have invested heavily in Uintah County to bring more and better services there. However if Duchesne County is allowed to undermine these investments then the likely outcome over time is the expansion of government owned health care and the deterioration of privately owned health care.

Mr. Hutt feels it is wrong for one county to be able to destabilize with private enterprise as done in another county by expanding beyond its boundaries without the other counties permission. It is not appropriate for UVMC to pretend that it is just a not for profit private hospital when it is a county owned hospital. If UVMC feels it is a good strategy to move into Ashley Regional's market then they should divorce themselves from their relationship with Uintah County and pay back the money they have received from being a county owned hospital from Duchesne County.

Elect New Officers

Our new officers for next year will be Randy Simmons, Chair and Curtis McCarthy, Vice Chair

Next Meetings

The next meetings will be tentatively held on Wednesday February 17, or Wednesday February 24, 2010 in room 1112 of the State Office Building.