

From: Representative John Rusche <jrusche@house.idaho.gov>
Date: November 6, 2016 at 11:25:24 AM MST
To: "DeLange, Brett" <brett.delange@ag.idaho.gov>
Subject: St. Joseph Hospital sale

Brett,

There have been a couple of stories in the local newspaper about the St. Joe's sale. There is some consternation about the fact that the valuation is \$109 million, but the proposed foundation funding is \$20 million. The feeling is that Ascension "got" St. Joe's for nothing, and there is \$89 million gain for Ascension paid for by the Lewiston-Clarkston community and the taxpayers of Idaho.

After 100+ years of receiving tax preferences for their income and property, after having the ability to receive donations and give a tax deduction to their donors, many of the citizens are wondering why the entire \$109 million is not to be returned to the community and used for community benefit consistent with the mission of the hospital. Being used for a "Catholic" mission elsewhere does not sit well here.

I will admit that there are some here who just want to be rid of Ascension because they feel that the Ascension management has hindered the medical community and services here, particularly over the last three years. But that does not change the fact that "Community benefit" that has accrued to the hospital now appears to be set up to transfer outside the community. Making that less so is going to go a long way to easing these hard feelings.

If you wish, I am certainly willing to talk about this further. Below is the recent Lewiston Tribune story.

John

John Rusche, MD
Idaho House of Representatives
District 6--Lewis and Nez Perce Counties

St. Joseph Regional Medical Center will be acquired for \$109 million if the Idaho Attorney General's Office approves the transaction.

That figure was disclosed in a notice filed with the attorney general's office as part of a mandatory review to be sure it meets the requirements of the Idaho Nonprofit Hospital Sale or Conversion Act.

The attorney general's office has roughly 90 days to evaluate the sale. That timeline started Oct. 20, when it received the notice to evaluate Ascension's sale of St. Joe's, a nonprofit, to RCCH HealthCare Partners, a for-profit company based in Brentwood, Tenn. The deal was first announced in June 2015.

The company has agreed to hire all of the hospital's employees who are in good standing and with compensation at least as good as what they're making now, according to the notice that provides a few new details about what's being discussed.

All of the services currently available at the hospital would be available for at least five years, unless changes were approved by the local board or a service became "commercially unreasonable, obsolete or generally disfavored in the medical industry based on advances," according to the notice.

Within five years, RCCH HealthCare Partners will spend or pledge at least \$57 million in capital expenditures to "further the health care needs of the community," according to the documents.

A total of \$20 million from the sale would be donated to St. Joe's foundation. All remaining proceeds would be used in a way that is "consistent" with a Catholic mission, charitable purposes and its governing documents in Idaho or other places, according to the documents. RCCH HealthCare Partners has the option "to assign its right to purchase and lease the real property relating to the hospital to an independent third-party real estate company," according to the notice.

The attorney general's office is looking for additional details regarding the sale. It has asked for 25 items in response to the notice. Among them are documents related to any appraisals completed to help determine the value of the hospital.

The attorney general would also like to see a more detailed explanation of how the proceeds of the sale will be spent and copies of St. Joe's bylaws, starting with those created at its inception and going to the present.

That information will help the attorney general's office decide if it will allow the deal to close. St. Joe's has been a not-for-profit since its founding more than 100 years ago.

Ascension acquired St. Joe's at no cost in 2002. Ascension is the nation's largest nonprofit and Catholic health system. The proposed buyer, RCCH HealthCare Partners, operates 17 regional health systems in a dozen states. It has more than 13,000 employees and is affiliated with more than 2,000 physicians and mid-level providers such as nurse practitioners.

Williams may be contacted at ewilliam@lmtribune.com or (208) 848-2261.