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Bannock County

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Bannock County Commissioners Select Legacy Hospital Partners

Pocatello, Idaho (August 14, 2008) – The Bannock County Commission has announced the selection of Legacy Hospital Partners, Inc. (LHP) of Plano, Texas as the proposed capital partner in a joint venture for the construction and operation of a new regional medical center to be located on Portneuf Medical Center’s east campus. The proposed joint venture will be on the November ballot for approval by Bannock County’s voters.

On Thursday, in an open meeting at the Bannock County courthouse, the commissioners voted unanimously to proceed with LHP, citing several factors in their selection, including superior terms in their negotiated relationship, the experience of LHP’s key executives in forming Community Benefit Organization joint ventures of the type proposed for the medical center, and a clear preference for LHP expressed by the various stakeholder groups, including the community’s physicians, the hospital’s Board of Governors, its administration, and members of a citizens panel, all of whom reviewed the proposals from both Legacy Hospital Partners, Inc. and LifePoint, Inc., the other finalist that was not selected.

“LHP’s executive team pioneered the joint venture, shared-governance model that we were looking for in moving ahead with the new medical center,” stated Larry Ghan, Chair of the Bannock County Commission. “We weren’t going to give up significant local control, and we wanted the

(Commissioners Select LHP, continued)

community's physicians to be confident they could continue to deliver good medical care to their patients. Under the proposal from LHP, both of those things are guaranteed. I think the residents of Bannock County are going to be very happy with the proposed relationship and the safeguards of local control built into it."

Ghan went on to state that the negotiated Letter of Intent – a document that lays out the contract the county and LHP will enter into if voters approve in November – will be made public at a Friday news conference scheduled for 9:00 a.m. on Portneuf Medical Center's west campus. "We want this to be a completely transparent process," said Ghan. "If we're going to ask the voters in Bannock County to approve this measure in November, then they deserve to know what's in that document."

The commissioners notified Legacy Hospital Partners immediately after the vote, to enable LHP's executive team to travel to Pocatello for the Friday press conference.

Upon hearing the news, Dan Moen, Legacy Hospital Partners, Inc. CEO said, "Legacy Hospital Partners, Inc.'s strategy is to partner with not-for-profit hospitals such as Portneuf Medical Center in the operation and ownership of community hospitals. We are very honored to have been selected as the capital partner for Portneuf. Our team has been impressed by the community and its commitment of time and energy to find the right partner for the hospital's future. I want to thank the community leaders, elected officials, physicians, hospital employees, educators and others who have invested so much in this process. We look forward to working with you in developing a regional medical center that is second to none."

In the proposed relationship, the new medical center will be operated as a joint venture between Legacy Hospital Partners and Portneuf Health Care Foundation, which will hold the community's interest in the medical center. The joint venture's board of directors will be appointed on a 50-50 basis by the directors of the Portneuf Health Care Foundation and LHP. Under a voting arrangement called

(Commissioners Select LHP, continued)

“block voting,” the board will be unable to approve any measures unless a majority of each side’s board members approve. In addition, the Foundation’s local board representatives must approve any proposed CEO for the hospital and may terminate the CEO without the approval of LHP’s board representatives. Finally, a completely local board of trustees comprised of at least 50 percent physicians will oversee clinical care issues.

“This governance model absolutely guarantees that local influence over our hospital will continue,” stated Commissioner Lin Whitworth. “I’ve had people ask me why a capital partner that owns the majority of a new medical center would give us 50 percent control. If you think about it, it’s very smart on their part. Who’s going to know better what services our local hospital should deliver than our local residents and our physicians? If we’re meeting the needs of the region, the hospital will grow and thrive. And that makes LHP’s investment worth more.”

The commissioners acknowledged that while they are confident the proposed joint venture represents the best solution to the area’s need for a new state-of-the-art medical center, there was a lot of work to do in educating the county’s voters between now and November. “What the voters decide in November will shape health care in our region for decades to come,” said Commissioner Steve Hadley. “We can go forward, or we can fall backward. It’s our job between now and November to answer every question and satisfy the residents of Bannock County that this represents a tremendous opportunity for all of us.”

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