



Kootenai Health Legal Structure FAQ

Why is the Kootenai Health board evaluating different legal structures?

The Kootenai Health board is considering pros and cons of transitioning Kootenai Health from a district hospital model to a non-profit 501(c)(3) model. In the past 20 years, the majority of hospitals in Idaho and nationally, especially those in larger, more competitive markets, have moved from public to non-profit models.

Why make this change now?

The board is continually looking at opportunities to improve how Kootenai Health serves its patients and community as highlighted in its 2030 vision statement: boldly transforming the health care experience. This requires the board to look at all aspects of operations, including the review of a model used by many leading health care organizations in Idaho and beyond. Today, Kootenai Health is one of only two district hospitals of its size left in the Northwest as others have transitioned to models with greater flexibility for modern operations.

How would a transition impact care at Kootenai Health?

Patients will continue to receive the best care possible and the day-to-day experience will not noticeably change. Long-term, a structure that allows Kootenai to make quicker decisions and be more nimble will provide more opportunities to add services and expand access to care.

How would a transition impact the staff at Kootenai Health?

A potential transition would not change the day-to-day experience of staff, nor anyone's current role. A more flexible operating model would allow Kootenai Health to recruit more physicians and staff more effectively, which would help with patient care and overall operations.

What does it mean to be a 501(c)(3)?

The 501(c)(3) designation is for nonprofit organizations. This means that any profits are reinvested back into the organization. As a district hospital, Kootenai Health has always reinvested profits back into the organization, but there are some other advantages that come with being a 501(c)(3). This is why so many organizations use this model rather than the hospital district model.

What are the advantages of a 501(c)(3) model?

One of the purposes of the board's evaluation is to look at the advantages and disadvantages of both the district hospital structure and the 501(c)(3) structure. These evaluations will include considerations around operational efficiency, ability to grow to meet the community's need for health care, partnerships, and advantages in recruiting and retaining talent.

It will also include considering the impact on the community. For example, a transition to a 501(c)(3) would mean no new taxes and less government. Kootenai Health would no longer be a local taxing authority, which would eliminate the possibility of taxing local citizens, keeping the focus on being self-sufficient.

What would change?

This is essentially an operating structure change. The scenario currently being explored would transition Kootenai Health into the Kootenai Health Foundation's existing 501(c)(3) structure. The current Kootenai Health board of trustees would continue to oversee the operations of the hospital and services, while the Foundation would retain an advisory board with delegated authority and become a division or department of Kootenai Health.

Why isn't this being voted on by Kootenai County residents?

Based on Idaho Code § 39-1359, the decision to transition to a nonprofit corporation can be made by the hospital district's board of trustees, who have been elected by county residents. This is similar to how publicly elected state legislators make decisions on behalf of their constituents.

Is this part of a plan to sell Kootenai Health?

No. There are no offers or overtures to buy Kootenai Health and it is not considering a sale at this time. This is not related to any plan to sell the hospital.

Will this change the local control of the hospital?

Kootenai Health will continue to be led locally, with its leadership and operations based in Kootenai County.

How would this impact the Kootenai Health board?

The current board would remain intact, but would shift into the new 501(c)(3) structure while retaining its oversight and responsibilities. Future board members would be appointed by the existing board to ensure local representation by qualified individuals continues. Health care is a complex industry so maintaining a qualified, experienced board will remain a priority.

How would this impact the Kootenai Health Foundation?

Keeping in mind that no decisions have been made and this is still in the early stages of evaluation, Kootenai Health recognizes the important relationship between the Foundation and its donors and is committed to retaining the integrity of that relationship regardless of legal structure. Should Kootenai Health become a 501(c)(3), the Foundation would become a separate department of Kootenai Health with delegated authority to oversee donor assets and funds. All current and future gifts to the Foundation would be used in alignment with donor intent and the Foundation would continue to exercise the highest level of stewardship.

How would this impact the Kootenai Health Foundation board?

The Foundation would retain an advisory board with delegated authority and become a division or department of Kootenai Health. Beyond that, its operations and mission will stay the same.

What would this do to donations?

All donations will be applied as directed by donors. Endowments, investments and donor designated funds will remain separate from Kootenai Health funds.

How would this impact joint ventures or other partnerships?

This is part of the ongoing evaluation of a potential transition, however Kootenai Health remains committed to all of its current partnerships.