

501(c)(3) Revised Implementation Timeline

As work continues to transition Kootenai Health to a 501(c)(3) non-profit organization, we remain confident in our ability to complete this work and make a transition that will benefit Kootenai Health and our community. Recently we also identified several good reasons to complete this work in two steps: first establishing the new 501(c)(3) in May, and second transitioning operations on December 31. Here are a few highlights to keep you informed:

Q: Is anything changing with Kootenai Health's transition to a 501(c)(3)?

A: Kootenai Health is still moving forward and committed to transitioning to a 501(c)(3), however we have identified several important reasons to complete the transition in two steps.

Q: What are the advantages to completing the transition in two steps?

A: For some bodies of work it will be better to wait until the end of the year to make a transition. This mainly has to do with avoiding changes in Medicare/Medicaid reimbursement, not incurring expenses twice in one year (once as a district hospital and a second time as a 501(c)(3), such as completing two financial audits and issuing two W-2 forms), and the possibility of over-withholding social security for each employee.

Q: Why not just do everything at the end of the year?

A: The Kootenai Health Foundation is ready to transition to its new 501(c)(3). Before that happens, they need to appoint the Kootenai Health board to replace them in that structure. Additionally, there will be business for the new 501(c)(3) to conduct as transition work continues.

Q: What are the dates of the two steps?

A: On May 1 and 2, the Foundation board will appoint the Kootenai Health board to the 501(c)(3), and the Kootenai Health board will be established for the 501(c)(3). Then, on December 31, 2023, Kootenai Health operations will formally transition to the 501(c)(3).

Q: When the Kootenai Health board votes on the transition agreement on May 2, who will the board members be for the new 501(c)(3) board? Will that change on January 1, 2024?

A: Per Idaho State code, the initial board of the new 501(c)(3) must be composed of the incumbent trustees of the hospital district board. The trustees seated on May 2 will be seated as the board of the new 501(c)(3). Their terms on the board will be established in the new 501(c)(3)'s bylaws. January 1 will mark the transition of hospital operations, but it will not impact the 501(c)(3) trustee terms.

We believe this approach and schedule is best for Kootenai Health to achieve its conversion goals with minimal impact on our employees, medical staff members and finances.