

Why does Bigfork Valley Need the Tax Levy?

The short answer is that Medicare and Medicaid reimbursement does not meet the cost of providing care.

Bigfork Valley is a critical access hospital. It received the designation in 2003. It was originally designed to cover the cost of providing care in rural hospitals, that were separated from other hospitals by thirty-five miles. Since then the regulations have changed allowing some hospitals through waivers to obtain critical access designation. In 2013 the reimbursement was reduced from 101% of ALLOWABLE cost to 99% through the process of sequestration. This was originally scheduled to last for six months. The sequestration remains in place. Additional restrictions have also placed caps on some allowable costs. Bigfork Valley has an attached nursing home. The allowable cost calculation has a formula to divide some of the fixed costs, such as administration, between the hospital and nursing home. This results in the nursing home and hospital losing additional reimbursement.

The financial losses incurred in 2018 resulted in Bigfork Valley not meeting the benchmark in our bond covenant for our debt service ratio. As a result, we were required to hire a nationally recognized consultant. His job was to formulate a corrective action. However, as a result of raising the levy for 2019, the corrective action had already been taken.

Bigfork Valley has ongoing capital expenditures to maintain the facility and stay abreast of changes in medical care and technology.

Bigfork Valley has made significant investments to expand services and ensure a healthy revenue stream, by expanding the clinic, recruiting new medical providers e.g. two family practice physicians, two nurse practitioners, an orthopedic physician's assistant with wound care training, an optometrist, and an orthopedic surgeon. We are in the process of recruiting additional specialists.

Bigfork Valley will be obtaining a modeling tool this fall, which will help us to compare the financial effects of different models of governance, administration, and services.