



Why a Hospital District Is the Best Path Forward for Vernon County

Thank you to everyone who has attended community meetings, asked questions and shared feedback about the hospital district ballot measure. The strong community interest shows how much people care about protecting local healthcare. This decision affects access to care, the strength of our local economy, and the future of healthcare in Vernon County.

For more than two years, the hospital's Board of Directors has been engaged in a thorough and deliberate process to evaluate the best path forward for the hospital. Working alongside hospital leadership, experienced healthcare consultants, legal counsel, and industry experts, the board carefully reviewed the structural, financial, and operational options available to rural hospitals today. This is the responsibility of a governing board: to study the issues, seek expert guidance, evaluate the available options, and ultimately present a well-supported recommendation to the community. That work has been ongoing through public meetings, professional consultation, and extensive analysis. The ballot measure reflects the result of that process.

At its core, the ballot measure asks a simple question: **what ownership structure gives our hospital the best chance to succeed long term?**

Understanding Hospital Ownership

Hospitals can be owned in three ways: **governmental, private not-for-profit, or private for-profit.** Across rural America, communities are increasingly choosing governmental ownership because it provides long-term stability and the financial tools needed to keep hospitals open.

In Missouri, governmental hospitals can be organized as:

- **Municipal hospitals (Chapter 204)**
- **County hospitals (Chapter 205)**
- **Hospital districts (Chapter 206)**

The key difference is **governance and flexibility.** Municipal and county hospitals usually involve multiple governing bodies, which can slow decision-making and complicate partnerships. A hospital district is governed by one locally elected board, making leadership clearer and more accountable to the community.

After studying these models and examining how rural hospitals operate successfully across Missouri and the country, the board concluded that a **hospital district offers the strongest long-term foundation for local healthcare.**

Greater Ability to Collaborate

One of the biggest advantages of a hospital district is its ability to collaborate and partner with other healthcare organizations. Independent rural hospitals must collaborate to succeed. This includes sharing specialists, participating in purchasing groups, coordinating services with nearby hospitals, and partnering on programs that reduce costs and expand services. A **hospital district provides the greatest flexibility** to do this. Because the district is an independent governmental entity, it can:

- Partner with hospitals in neighboring communities
- Share physicians and specialists
- Collaborate on regional healthcare programs
- Lease operations if that benefits the community
- Participate in statewide rural healthcare initiatives

Municipal hospitals are often **restricted by city boundaries and municipal governance rules**, which can make regional collaboration more complicated and slower to implement. A hospital district allows the hospital to think and operate **regionally instead of only within city limits**, which is increasingly important in rural healthcare.



For example, NRMC could collaborate more easily with nearby hospitals such as Bates County Memorial, Cedar County Memorial, Cox Barton County, and the Fort Scott community to share services and reduce costs. These types of regional partnerships strengthen all rural hospitals involved.

Local Control Still Matters

A hospital district also ensures that **local residents remain in control of their hospital**. The board is elected by the community, which means the hospital's direction is determined locally—not by outside organizations or corporate leadership in another city. If partnerships are beneficial, the community can pursue them. If independence is best, the community can choose that as well.

Addressing Questions About Other Options

Some have suggested alternatives such as becoming a **Critical Access Hospital (CAH)** or **Rural Emergency Hospital (REH)**. These are Medicare payment models, **not ownership structures**, and they can be considered regardless of whether the hospital is municipal or a district.

However:

- CAH status requires hospitals to be 35 miles from another hospital, which NRMC does not meet.
- REH designation eliminates inpatient beds, including obstetrics and psychiatric care.

These changes would reduce services, total revenues and compensation to the hospital. Ultimately they would negatively impact the economic activity of the hospital in our community. For example, while the REH designation provides a 5% increase in outpatient Medicare reimbursement, the current Sole Community Hospital status provides a 7% increase. As a PPS hospital NRMC provides more outpatient services than an REH would including, important screening services. Changing to an REH would reduce net revenues by more than \$48 million. NRMC is the only provider of OB services in a 100 mile radius. Not having an OB program would cause the population in Nevada to shrink.

What About Taxes?

The ballot measure allows a hospital district board to levy **up to \$1 per \$100 of assessed property value**, but the tax could be **anywhere from zero to the maximum**. The elected board would adjust the rate annually based on the hospital's financial needs. The intent is to provide a **financial safety net**, not to automatically increase taxes. The state legislator could grant permission to the district to assess a sales tax.

Recent Progress at NRMC

It is also important to recognize the progress NRMC has made recently. Since returning to stronger local governance and leadership in 2024, the hospital has seen significant improvements in employee engagement, patient satisfaction, market share, and financial performance. Net revenue has grown from **\$42 million to \$58 million and is projected to reach \$70 million this year**. These improvements demonstrate what can happen when **decisions are made locally** by people committed to the community.

Looking to the Future

The hospital district proposal is not about fixing a failing hospital. NRMC is improving. The goal is to **ensure the hospital remains strong for the next generation while expanding opportunities to collaborate with other rural hospitals and healthcare organizations**.

Hospital districts across Missouri have successfully operated for decades. They provide **stability, flexibility, and local control**, while allowing hospitals to collaborate regionally and adapt to changes in healthcare. There are several examples surrounding Vernon county of the different ownership types. Its easy for residents to see which one would best meet the needs of Vernon County.

Ultimately, this decision is about the future. A hospital district allows the people of Vernon County to **keep control of their hospital, expand collaboration, and protect access to healthcare for the next 100 years**.

Sincerely Jason McCormick, Acting CEO NRMC & NRMC Board of Directors.