

CLARK COUNTY ADVISORY QUESTION NO. 6
(Boulder City Residents Only)

Boulder City Hospital District Creation and Funding Question

This question is advisory only: Do you support Clark County seeking legislation to permit the County to create the Boulder City Hospital District to contract with the existing not-for-profit hospital in Boulder City and allow the District to impose a new property tax in the amount of 15 cents per 100 dollars of assessed valuation within the District, to fund capital improvements (updating or adding square footage to the physical plant and infrastructure, purchase of property, plant and equipment, as well as repayment of capital debt) and program expansions (i.e., financing the recruitment of needed physician specialties and adding new medical services not currently available within the District's boundaries)? If approved, the County will seek legislation that would allow only the new rate to be outside the caps on a taxpayer's liability for property taxes established by the Legislature in the 2005 session, but except for the effect of the increased tax rate, the taxes raised would not otherwise be outside these caps.

Yes
No

EXPLANATION

Earlier this year the Board of Trustees of the Boulder City Hospital, a not-for-profit Nevada corporation, passed a resolution requesting that the Board of County Commissioners create a Hospital District for the sole purpose of contracting for hospital services in the City of Boulder City, Nevada. The County Commission has determined that the proposed hospital district constitutes a geographic area of the County that is not served by adequate hospital services; that the county hospital, University Medical Center, is not capable of providing the necessary services. The boundaries of the proposed District would include the area of the incorporated City of Boulder City only.

The Boulder City Hospital needs additional funding to be able to provide currently unavailable medical services to the residents of the City of Boulder City. If passed, the Legislature would be requested to allow the additional funding by allowing the District to impose a new property tax of 15 cents per 100 dollars of assessed value on all property in the newly created Hospital District. The funding will be used to fund capital improvements (updating or adding square footage to the physical plant and infrastructure, purchase of property, plant and equipment, as well as repayment of capital debt) and program expansions (i.e., financing the recruitment of needed physician specialties and adding new medical services not currently available within the District's boundaries).

ARGUMENT ADVOCATING PASSAGE

Boulder City is a historic and unique community that has chosen to remain a small town with limited growth. These attributes help define our town, making it a desirable place to live. Unfortunately, these attributes lead to economic realities, hindering the Boulder City Hospital's ability to increase revenue through growth and pricing. Additionally, the Hospital's proximity to the metropolitan area means the Hospital must incur frequent cost increases to compete for physicians, nurses and other skilled employees. All independent rural hospitals in Nevada, except Boulder City Hospital, are supported by a tax district. Without this subsidy, they could not exist. Hospitals represent part of the community's service infrastructure, much like the fire and police departments and schools.

The 35-year-old building providing hospital services requires constant attention and more than \$700,000 per year to maintain. The Hospital is currently paying for this ongoing maintenance of building and equipment from its daily operations and, to a much lesser extent, fundraising and grants. The formation of a Hospital District in Boulder City will help to maintain the existing facility and services, and also provide opportunities to improve the building and develop services not currently available. Since 2000, Boulder City Hospital has operated at a substantial financial loss, averaging well in excess of \$500,000 annually. Without the Hospital District, the Hospital could close by 2012.

Closure of the Hospital would have a significant negative effect on local primary care and specialty healthcare services, as well as other emergency response services like Paramedics. As a result, patient prognosis in emergency situations would decline. In 2007, almost half of the 1,655 EMS (Emergency Medical Service) calls were transported to Boulder City Hospital.

The Hospital District is estimated to generate \$750,000 annually to subsidize what the Hospital is already paying to maintain facilities and services. The financial commitment is nominal; an individual with a home that has a taxable value of \$200,000 would see an increase in property taxes of approximately \$105 per year or 29 cents per day. That's a small price to pay for the comfort of knowing that should you or a loved one wake up with chest pains at 3:00 in the morning you can be seen within minutes by an Emergency Physician. Thanks to the efforts of dedicated residents, Boulder City Hospital has been serving the healthcare needs of this community since 1954. Let's keep quality care close to home.

The above argument was submitted by the Ballot Question Committee as provided for in NRS 295.121

ARGUMENT OPPOSING PASSAGE

Boulder City residents must vote “NO” on establishing a Hospital District and, therefore, a new property tax.

Residents must know the actual financial position of the Boulder City Hospital prior to making an informed voting decision. Although the Hospital claims annual operating losses greater than \$550,000, that amount cannot be verified. The Hospital refuses to provide appropriate financial statements, the same documents required by State law to be filed yearly with the Nevada Department of Health and Human Services. According to State officials, Boulder City Hospital has been “non-compliant” in filing these financial statements since 2000. Without analyzing the Hospital’s financial condition, the necessity of a tax cannot be determined.

If financial numbers exist, the voters need them to make an informed decision on this ballot question. If the financial numbers do not exist, then the Boulder City Hospital Board of Trustees has no objective basis to make their recommendation regarding this ballot question.

The immediate need for this Hospital District HAS NOT been verified with separate data, audits, independent studies, focus groups or surveys. The Hospital’s Administrator maintains if the ballot question fails to pass in 2008, it will be reintroduced to the County Commission in 2010. The Hospital refuses to provide evidence of actions taken to reduce the ongoing \$550,000 operational losses.

No accountability has been provided for the expenditure of the taxpayer’s money. One hundred percent (100%) could be spent on the “purchase of property” or “repayment of capital debt” without a single penny allocated to improving the Hospital by adding more space, equipment or services. Additionally, the Hospital District will have authority to raise this tax rate and incur debt without VOTER APPROVAL.

The Hospital is close to several excellent Las Vegas Valley medical facilities. The Hospital’s patient census averages between 80% and 90% capacity that is neither overflowing nor denying care. The Hospital already provides outstanding emergency services with between 5 and 8 beds, a 4-bed intensive care unit (ICU) and a 16-bed medical-surgical unit. Physicians regularly use these facilities for same-day surgeries. Many residents have medical coverage that requires them to seek treatment in the Las Vegas Valley or elsewhere. Therefore, this Hospital District Tax would be an unfair burden to Boulder City property owners.

Vote “NO” on this ballot question until the Boulder City Hospital fully justifies the need for a Hospital District with its own tax.

The above argument was submitted by the Ballot Question Committee as provided for in NRS 295.121

REBUTTAL TO ARGUMENT OPPOSING PASSAGE

The Hospital's financial information is accessible to anyone and is reported to the IRS annually and to the State quarterly. The Hospital is in compliance and records are current. The Hospital's financial data is available for viewing by appointment with Hospital administration or going to <http://dhcfp.state.nv.us>.

The need for this Hospital District has been validated by industry experts including the leadership of the Nevada Hospital Association and the Nevada Rural Hospital Partnership, independently audited financial statements, Facility Master Planning studies, and extensive analysis by the executive team and Hospital Board of Trustees. The Hospital has taken steps to reduce its annual operating loss, so far without sacrificing available services. Without a Hospital District, the Hospital will be forced to decrease services and access to avoid closing in 2012.

The Hospital will be accountable to two oversight bodies for the disbursement and use of the tax revenue: the Hospital's Board of Trustees and the Hospital District Board. No disbursement of tax funds can be made without proper justification and approval for the capital or program expenditure by both Boards. The Hospital District CANNOT change the tax rate without prior voter approval.

VOTE "YES" TO KEEP QUALITY CARE CLOSE TO HOME

The above argument was submitted by the Ballot Question Committee as provided for in NRS 295.121

REBUTTAL TO ARGUMENT ADVOCATING PASSAGE

Vote "NO" on this ballot question.

Boulder City residents should have the freedom to choose their medical care providers. Medical care is a competitive business. Choices are sometimes limited by health care coverage or by Federal or State assistance.

The Hospital states that the limited growth in Boulder City is the source of their problems. However, the Hospital claims a service population of 75,000 that includes Henderson. If their reasoning is correct, Henderson's growth should have helped. Instead the trend suggests servicing Henderson could be contributing to their losses.

No independent proof for the Hospital closure in 2012 or for any cost cutting action to delay this planned closure has been provided.

In 2004, according to the Clark County Assessor records, the Hospital purchased property for \$700,000 that had been sold less than three months earlier for \$295,048. This purchase should justify taxpayers questioning the financial practices of the Hospital.

The Hospital's payroll is 85% of Las Vegas Valley. The Hospital should be capable of hiring medical and support personnel at this rate for Boulder City.

Until the Hospital demonstrates a genuine need for a Hospital District and property tax, vote “NO” on this question.

The above argument was submitted by the Ballot Question Committee as provided for in NRS 295.121

DESCRIPTION OF ANTICIPATED FINANCIAL EFFECT

The Legislature would be requested to allow the new District to impose a property tax levy of up to \$0.15 per \$100 assessed valuation for an indefinite period. This property tax rate increase would result in an increase in the property taxes that the owner of a new \$100,000 home will pay of not more than \$52.50 per year, depending on the application of the caps on a taxpayer’s liability for property taxes established by the Legislature in the 2005 session to that taxpayer’s property. If the question is approved, the County will seek legislation that would allow only the new rate to be outside the caps on a taxpayer’s liability for property taxes established by the Legislature in the 2005 session, known as the property tax abatements. Except for the effect of the increased tax rate, the taxes raised would not otherwise be outside these caps. This would mean that if a taxpayer’s property tax bill is capped by the 2005 abatement legislation, taxes on the property would go up if this proposal is put into effect in proportion to the increase in the combined effective tax rate as a result of this new 15 cent hospital rate, but would not result in an additional increase in the tax bill from otherwise abated taxes on assessed value increases since 2005. For most property owners in Boulder City, implementing this proposal will result in an increase in the property tax bill of 6.5% to 7%.