Jonathan Schechter – "Corpus Callosum" Column
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In 1975, Teton County's permanent population was around 7,100. Roughly 25 percent of the county's adult residents were college graduates, and in the presidential election three years earlier, Teton County voters favored Richard Nixon over George McGovern 70 percent to 26 percent.

In 1975, Teton County had roughly 3,500 housing units, the median value of which was around $60,000 ($230,000 in today's dollars). Median household income was around $14,000 ($54,000 in today's dollars); the ratio of the value of the median housing unit to median income was around 5:1. In the winter of 1975-1976, the Jackson Hole Ski Area recorded 89,000 skier days.

Today, Teton County's permanent population is around 20,000, nearly three times greater than in 1975. Roughly half the county's adult residents are college graduates, twice as many as in 1975. In the presidential election three years ago, Teton County residents voted for John Kerry over George Bush 53 percent to 45 percent.

Today, Teton County has around 12,000 housing units, more than triple 1975's number. The median value of those units is around $900,000, 15 times greater than 1975's median (roughly 4 times greater in constant dollars). Today, Teton County's median household income is $81,000, nearly 6 times higher than 1975's figure (50 percent greater in constant dollars); the ratio of median housing unit to median income is around 10:1. This year, the Jackson Hole Mountain Resort anticipates recording over 400,000 skier days, nearly five times 1975's level.

In 1975, if you were skiing and took a bad fall, you would have been seen by Jackson Hole's lone orthopaedic surgeon. He was one of eight doctors – seven full-time – on the St. John's Hospital staff in 1975.

To diagnose your injury, technology provided the doctor with just one tool: the x-ray. If you required surgery, your payment would have been part of St. John's gross revenue of approximately $3 million ($11.5 million in today's dollars).

This winter, if you go skiing and take a bad fall, you can be seen by one of eight orthopaedic surgeons; if you prefer, there's also a doctor of osteopathy. These physicians are among the over 80 doctors currently credentialed by St. John's Medical Center, a ten-fold increase over 1975.

To diagnose your injury, today a doctor has a choice of at least three radiological modalities: x-ray, CT scan, and MRI. If you require surgery and choose to go to St. John's (alternatively, you could choose Teton Outpatient Services), your payment will contribute to St. John's budgeted gross revenue of over $60 million, a twenty-fold increase over 1975 (more than a five-fold increase in constant dollars).

Few things in Jackson Hole today are the same as they were in 1975. Even fewer are the same at St. John's today as in 1975, the year the hospital went from being run as a free-standing non-profit to being run as part of a Wyoming hospital district. In fact, among the few things that are the same about St. John's today as 32 years ago are its corporate status as a public non-profit, and its governance by a publicly-elected board.

This status quo governance mechanism creates a problem, one that has existed at least since the time I was elected as a trustee in 1994, and one which is arguably getting worse: Health care in general, and St. John's in particular, are changing so rapidly that reasonable people can ask whether the medical center's governance mechanism is keeping pace. Arguably, it is not.

I've written before about Schechter's maxim, that economies change faster than perceptions, and perceptions change faster than politics. The maxim can be modified for health care by substituting "medical science and technology" for "economies." While today St. John's is economically, technologically, and scientifically a fundamentally different institution than it was a generation ago, from a governance perspective, little has changed.

The same basic point can be made about local government of any ilk: the challenges facing Teton County's other publicly-elected boards – the town council, the county commission, the school district board, and the natural resources conservation district board – are all very different than they were when their respective corporate structures were set up. But two things distinguish the St. John's situation. One is that the pace and scale of change in health care are of a completely different magnitude than in civic affairs, education, or resource conservation. The other is that, unlike the other four boards, St. John's has the ability to change its governance structure.

Last week, Teton Community Hospital (TCH) proposed to the St. John's board a fundamental change in the hospital's corporate structure, from a public non-profit to a community non-profit. To me, there are two key elements of the proposal.

First, what TCH proposes is a change to St. John's governance mechanism, not its mission. Since it was founded as an arm of St. John's Episcopal Church, St. John's mission has been to provide Jackson Hole's residents and visitors with a community-owned and -operated health care facility. That remains St. John's mission today, and would remain so under the TCH proposal.

The second key element is the difference between the TCH community non-profit model and the current public non-profit model. Both are non-profits, but to my mind, the former's private governance system offers distinct advantages over the latter's publicly-elected governance system.

Under the current model, the St. John's board governs two entities. One is the Teton County Hospital District, which has the statutory authority to levy property taxes. Because of this taxing authority, the state has mandated that the hospital district be governed by a publicly-elected board, directly accountable to the people who pay those taxes. Governing the hospital district means setting the annual mill levy and determining how the proceeds are spent.

The other entity is St. John's Medical Center, a wholly-owned asset of the hospital district (in 2001, the board voted to change the name from St. John's Hospital to St. John's Medical Center). Governing the medical center means setting and overseeing the organization's strategy and hiring and overseeing its chief executive officer.

Conceptually, this system could work well. However, in practice, it has major shortcomings, all of which were clear in my time on the board, and all of which have plagued boards before and since.

These shortcomings stem from the fact that St. John's is governed by publicly elected board. Is it appropriate that a taxing authority (i.e. the hospital district) be run by a publicly-elected board? Absolutely. Is it appropriate for that same board to run an affiliated organization? Not necessarily, and in the case of St. John's Medical Center, almost certainly not.

I say this because, simply put, St. John's is the biggest and most complicated business in Teton County. However, right now its governance is a case of the tail wagging the dog: property tax levies account for only 5 percent of St. John's total revenues, yet that 5 percent dictates how the hospital is governed. Having watched St. John's for 20 years now, I think this is wrong: While everyone I've ever known who has run for the St. John's board has sincerely cared about the hospital, many candidates – some of whom have been elected – have not had the knowledge or skills to do the job. St. John's deserves better, as does Jackson Hole.

Basically, all local elections are popularity contests, little different than voting for the senior class president in high school. In high school, the coolest kid usually one; in local elections, the person with the greatest name recognition (i.e. the longest-term resident) usually wins, regardless of their abilities. As a result, the quality of the hospital's governance has often suffered: sometimes because the voters don't elect a board with a balanced mix of skills; sometimes because voters elect candidates whose caring for St. John's is not matched by their knowledge or judgement.

What I like about the TCH proposal is that it recognizes that the St. John's board has the two distinct tasks, and sets up a governance mechanism appropriate for each task. In the case of the hospital district and its ability to levy property taxes, nothing will change: Under the TCH proposal, the collection and expenditure of our tax dollars will continue to be overseen by a publicly-elected body. This body – the hospital district board – can use those funds as it sees fit, funding any public health need the community might face. To govern the medical center, however, TCH recognizes that a private, self-appointed board has a much better chance of being big enough, experienced enough, and nimble enough to deal with the ever-increasing pace of change sweeping over both health care and Jackson Hole; hence its proposal that the hospital district lease the medical center to a new non-profit.

Is this a perfect solution? Of course not, for any governance mechanism will inevitably have problems. However, to me the TCH proposal offers the best of both worlds; some public, some private; giving both the hospital district and medical center the best chance to address the community's rapidly-changing health care needs. As a result, I commend TCH for crafting such a thoughtful proposal, and I urge the current St. John's board to give it careful consideration.