

Q: What exactly are Community Hospital and Montrose Regional Health announcing?

A: Community Hospital and Montrose Regional Health (MRH) announced the signing of a Letter of Intent (LOI) to explore creating a new tax-exempt, nonprofit entity designed to strengthen community-based health care across western Colorado while maintaining each hospital's independence. Importantly, this marks the beginning of an exploratory process. No definitive agreement has been finalized.

Q: Is this a merger or an acquisition?

A: No. This is not a merger or a takeover. Each organization would continue as a tax-exempt, nonprofit organization embedded in and accountable to its community. Both hospitals would remain independent, locally governed, and tax-exempt nonprofit organizations with their own boards, leadership, finances, medical staff, employees, and facilities.

Q: Why partner specifically with each other?

A: Community Hospital and MRH are like-minded organizations with shared values around clinical excellence, financial responsibility, and local independence. Both organizations believe collaboration in targeted, non-clinical capabilities can create operational efficiencies while preserving independent governance and local control.

Q: Why are the hospitals pursuing this opportunity now?

A: As health care evolves nationally, regionally, and locally, it is creating challenges like increased financial pressures, workforce obstacles, and regulatory complexity. Acting proactively would allow both organizations to strengthen long-term sustainability while options for our patients and people remain strong. This potential step allows both Community Hospital and MRH to continue operating independently, while championing a competitive health care landscape and increased access and affordability for our patients and communities.

Q: How would this partnership benefit patients and the community?

A: The goal of this partnership would be to preserve what both organizations are already doing well, caring for patients, while strengthening our capabilities around non-clinical initiatives as we navigate significant industry challenges and pressures together. By working together in specific operational areas, both hospitals could improve efficiency, reduce costs, and reinvest in patient care. This potential partnership is intended to support long-term affordability and access, while allowing both Community Hospital and MRH to continue operating independently.

Q: Would there be any changes to services or patient care?

A: At this time, we do not anticipate any changes to clinical services because of this announcement. The potential collaboration would focus on non-clinical capabilities, while each hospital continues to operate independently to meet the needs of its community. The intent is to strengthen local services and expand specialty access where appropriate, not shift care away from our communities.

Q: Would any jobs be eliminated because of this partnership?

A: Our people are critical to our success and fulfilling our mission, now and well into the future. This potential partnership is about strengthening, not diminishing, that foundation. At this time, we look

forward to strengthened employment opportunities and economic growth for our communities as part of this potential partnership.

Q: Will our mission, vision, values, or culture change because of this partnership?

A: No. Both organizations are committed to high-quality, local care, and see collaboration as a way to build upon our aligned but individual cultures and missions. This partnership would allow us to protect these core parts of who we are in a rapidly changing health care environment while preserving patient choice and local independence.

Q: What types of improvements would the new organization oversee?

A: At this time, the new organization would collaborate on non-clinical capabilities, such as information technology alignment, group purchasing, long-term planning, and revenue cycle optimization, to create economies of scale and improve overall care quality and efficiency.

Q: How will governance of the new organization work?

A: The proposed structure includes a six-member Board, with three members from each organization, ensuring balanced representation and shared oversight. This commitment to balanced representation and continued independence is reflected in the proposed bylaws, where, for example, a tied vote between members would constitute no action being taken. Importantly, the parent company would not control either Community Hospital or MRH's operations, budget, leadership or clinical services. Each organization would continue to maintain its own local Board and leadership team.

Q: Will the hospitals share finances or revenues?

A: No. Each hospital would continue to generate and retain its own revenues, manage its own expenses, and operate as a separate legal and financial entity.

Q: Will either hospital give up ownership of facilities or assets?

A: No. Each hospital would continue to own or lease its own facilities and operate independently.

Q: When could the partnership be finalized?

A: The organizations anticipate reaching a definitive agreement later this fall, with the goal of finalizing the partnership by the end of the year, following a thoughtful and transparent process. We are excited by a potential opportunity to improve health care in western Colorado and eastern Utah and will share updates as conversations continue.

Q: What happens if a definitive agreement is not reached?

A: At this stage, the organizations have signed a Letter of Intent (LOI), which reflects a shared interest in collaboration. Any final agreement would be subject to further evaluation and approval by Community Hospital and MRH through the anticipated process.

If no definitive agreement is reached, each organization will continue as they are now. We are committed to transparent communication as we move forward.

Q: Why not simply collaborate without forming a parent organization?

A: Separately Community and MRH will simply not be able to generate sufficient results from many of the non-clinical capabilities like an aligned information technology that forming a parent will deliver. Forming a parent enables Community and MRH to achieve the best results and at the same time more easily comply with complex Federal regulations that would hinder Community and MRH's separately.

Q. Does this undo the hospital's independence from the county?

A: No. When MRH transitioned from county governance, the goal was to establish independent, nonprofit leadership rooted in the community. This exploration builds on that foundation by strengthening our long-term sustainability while preserving local control.

Q: Why isn't the Letter of Intent publicly posted?

The Letter of Intent (LOI) is subject to a master confidentiality agreement required for antitrust law compliance. Even if it could be released publicly, it merely reflects an exploratory, non-binding framework between the two organizations. Its purpose is only to establish a framework for discussion of definitive agreements and is not a public document. What we can share is a commitment to the integrity of the process and maintaining the best interests of our patients, people and communities. We are committed to transparent communication as we have details available to share.

Q: Does the LOI give another organization control over Community Hospital or Montrose Regional Health?

No. The LOI does not transfer ownership, operational control, or governance of either Community Hospital or Montrose Regional Health to any other organization. It simply begins a process to explore whether the two organizations could create a new tax-exempt, nonprofit entity designed to strengthen community-based health care across western Colorado while maintaining each hospital's independence.

Q: Will the proposed parent organization control Community Hospital or Montrose Regional Health's budget, leadership, services, or operations?

No. While no decisions about the parent organization's operations have been finalized, both Community Hospital and Montrose Regional Health agree, and the LOI itself is clear, that the parent organization will not control Community Hospital or Montrose Regional Health's budget, leadership, services or operations. The LOI simply begins an exploratory, due-diligence process to explore how the organizations might collaborate. Should the partnership proceed, both organizations will remain independent, locally governed and tax-exempt nonprofit organizations with their own boards, leadership, finances, medical staff, employees and facilities.

Q: I've seen articles or commentary suggesting Community Hospital/Montrose Regional Health is "ceding nearly all of its authority" to a new organization. Is that accurate?

No. Some recent statements have included information about the LOI that is incorrect or incomplete. The specific claims circulating about rights to deny, eliminate or control either system's budget, leadership, services or operations are not provisions contained in the LOI. It does not transfer ownership or operational control of either organization, nor does it establish a final governance structure. Even if the organizations ultimately decide to move forward with a partnership, both Community Hospital and Montrose Regional Health will continue to operate independent, locally governed and tax-exempt nonprofit organizations with their own boards, leadership, finances, medical staff, employees and facilities.

Q: Who should I contact if I have questions or feedback?

A: Both hospitals are committed to transparency throughout this process. Employees, patients, and community members who have questions may contact Katie Klossner, Director of Marketing and Public Relations. We will continue sharing updates as available.