

GOVERNMENT

GHS awaits governor's office on bond reclassification



By Matthew Clark

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Greenville Health System officials are waiting on word from Gov. Nikki Haley as to whether she will agree to reclassify \$600 million in bonds from public to private, not-for-profit status.

The hospital system has an internal deadline of Oct. 1 to get word on the governor's decision. That is the date the hospital officially changes its governance structure to include a government body that will oversee the lease of property as well as a newly-established community fund, and the Upstate Affiliate Organization which will serve as the provider of care for the region.

With bond reclassification, GHS CEO Mike Riordan said if the governor does not reclassify the bonds from public to not-for-profit status, it could cost the hospital system nearly \$167 million in additional financing fees as the bonds would have to be sold on the taxable market.

The governor's office did not respond to repeated requests for comment.

If the bonds are reclassified, the health system would not have to refinance the bonds, thus saving the additional interest fees, according to Riordan.

"The impact would be pretty significant," Riordan said. "We have thousands of vendors and hundreds of agreements that would be impacted."

During a recent meeting of the GHS Board of Trustees, Riordan said the health system may have to look at raising rates, if the bonds are put on the taxable market. As part of its fiscal year 2017 budget, the hospital did not budget for any increases in patient fees.

Lisa Stevens, chairwoman of the Board of Trustees, said reclassification would allow the hospital to "keep these dollars in Greenville County." She said Haley has promoted collaboration across the state and that approving the reclassification was the right thing for the governor to do.

"I think this fits beautifully with the governor's vision," Stevens said.

Marguerite Wyche, chairwoman of the Upstate Affiliate Organization Board of Directors, said that the amount the system would have to spend on additional interest fees is nearly equal to the amount of money the system gives to charity yearly. She echoed Stevens is suggesting that reclassifying the bonds was the right thing to do.

"It is still debt and we will pay it back," Wyche said.

The reclassification comes after a pair of public hearings called by the governor by state law – one in Laurens County and one in Greenville County. According to Riordan, there was one objection to the reclassification suggested at the public hearing in Greenville County.

Despite the lone objection, Riordan said the reclassification was the best option for both the hospital and the public.

"I think it is a great opportunity to save the citizens of Greenville County \$167 million that we can put back into health care," Riordan said.

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