



From Crisis to Hub: The Blandin Foundation, Grand Itasca, and Two Decades of Rural Health Renewal

Produced by FSG for the Blandin Foundation

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Introduction

In 2001 the Blandin Foundation approved its largest-ever single award: a \$20 million innovation grant to secure local ownership and support construction of a new integrated health-care campus. The Grand Itasca Clinic and Hospital (GICH) opened in 2005. Over the next 20 years, while many rural hospitals experienced stagnant revenues and declining services, GICH consistently grew its operations and services and fulfilled a critical anchor institution role in the Itasca region. In 2025 the Blandin Foundation engaged [FSG](#), a national nonprofit consulting firm, to conduct a 20-year retrospective review to document the decision making around the grant, and the long-term ripple effects the grant and hospital have had in the community.

Between August and December of 2025, FSG conducted mixed methods research and analysis to produce this report, including interviews, document review, secondary research, and community focus groups. This report tells the resulting story of the initial investment, how the hospital has grown and evolved over the past 20 years, and the significant impact that it has had on regional health, economics, and community identity.

Our findings highlight the success of the Foundation's investment and the tremendous growth and impact of the hospital in the region. Over the past 20 years, access to care and specialty services has expanded significantly, utilization of key preventative services and select public health measures have outpaced Itasca's rural peers, and the hospital has had an estimated \$3B impact on the regional economy, including employment, local purchasing, and related ripple effects. Beyond these immediate impacts, the hospital and its staff are deeply involved in the local community and are a key part of the region's sustainability. Had the Foundation not invested, it is likely that the hospital would be less independent, that far fewer services would be available locally, and that there would have been lessened economic and community impact.

At the same time, significant challenges remain. The Itasca region is grappling with growing mental health and housing shortages. Like other rural hospitals, major policy and financial headwinds are impacting Grand Itasca, and attracting talent remains an ongoing concern. And yet, the success of the past 20 years and the strong spirit of regional collaboration provide a solid foundation for rising above these challenges.

Our team is grateful for the opportunity to have told this story and to have gotten to know the Itasca area over the past several months. In particular, we are grateful to the numerous staff of the Foundation, Hospital, and many other local organizations who shared their experiences, insights, and hospitality with us.

Chris Carlson, Miya Cain, and Mikayla Redding - FSG

How to use this document

This document is intended for the Foundation’s internal use as a central repository of information related to its investment and the ripple effects that it has had in the community. The document opens with a summary of our findings and is followed by detailed sections with more detailed narrative, data, and quotes from our conversations. For most readers we recommend the summary, but encourage flexible use of the document, including extraction and recombination of different sections and data points for use with different audiences as needed.

For ease of navigation, we include a “clickable” table of contents on the next page. If viewing in Word, you may also use the “Navigation Pane” to navigate the document.

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Summary

Introduction

In 2001 the Blandin Foundation approved its largest-ever single award: a \$20 million innovation grant to secure local ownership and support construction of a new integrated health-care campus. The Grand Itasca Clinic and Hospital (GICH) opened in 2005. Over the next 20 years, while many rural hospitals experienced stagnant revenues and declining services, GICH consistently grew its operations and services and fulfilled a critical anchor institution role in the Itasca region. In 2025 the Blandin Foundation engaged FSG, a national nonprofit consulting firm, to conduct a 20-year retrospective review to document the decision making around the grant, and the long-term ripple effects the grant and hospital have had in the community.

This summary provides an overview of FSG’s findings and implications, and includes the following sections:

1. Methodology
2. Context and Initial Investment
3. GICH’s 20 Year Evolution and Growth
4. Health Impacts
5. Economic Impacts
6. Community and Placemaking Impacts
7. The Counterfactual Case: If Blandin Had Not Invested
8. Implications

Additional details on sections 2 through 8 are covered in greater depth in the full body of the report.

Methodology

From August – December of 2025, FSG conducted mixed methods research and sensemaking in collaboration with local stakeholders and the Blandin Foundation team. The research process included:

- **Materials Review:** Blandin & GICH board materials, CHNAs, bond filings, news coverage, state/federal filings, and public health, demographic, and socioeconomic data, etc.
- **Field work:** 21 interviews and 7 in person focus groups with hospital leaders, clinical & nonclinical staff, community organizations, local government, and Blandin staff.
- **Analysis:** Summaries of interviews, thematic triangulation, timeline development, and cross-checks of public and internal financial records.

Context and Initial Investment

In the late 1990s and early 2000s, like many rural hospitals across the country, the then County-owned and operated Itasca Medical Center faced financial challenges and increasing pressure to adapt to a changing healthcare landscape. With a deteriorating facility, limited available funding for capital improvements, and a politically controlled governance board, the hospital was headed toward crisis. In 1997, the Itasca County Board converted the public hospital into a new private 501(c)(3) not-for-profit called the “Itasca Medical Center Corporation.” This new non-profit structure included an independent local board entering into a partnership agreement with three of Minnesota’s largest health systems¹ to own and manage the hospital, with a guarantee for financing hospital improvements.

In the first three years under the new model the hospital made significant progress, achieving financial stability and designation as one of the top hospitals in the country. Despite this early success, there were significant challenges including a lack of trust between the local board and the statewide “Partners.” In 2000, the “Partners” issued an ultimatum – that either the IMC Board assume their obligations and operations of the hospital, or the Partners would assume control of the hospital using their reserve powers under the agreement. After ‘extensive discussion and debate,’ the IMC board and local doctors announced that they firmly believed that local control and ownership of the hospital was the best way to meet the healthcare needs of Itasca County.

The Blandin Foundation engaged in conversations with IMC Board members throughout its existence, and once the Board announced its intention to pursue local ownership the Foundation began active discussion of what role it could play in addressing IMC’s capital needs. There was intense debate over whether to support the hospital as the Board weighed the strengths of its strong local governance, recent success, and the need for a new facility with concerns about the size of the grant, the risks of the proposed plan, and whether funding could be provided by other sources.

*“I know it was controversial in the board room. It went back and forth, and it was very much: “Is this outside our strike zone or too big of an ask?” but also, “**If we don’t have a hospital, will this town die?**” – Blandin Foundation Trustee*

¹ St. Mary’s, the Benedictine Health System, & Allina (a.k.a. ‘the Partners’). Later Benedictine and St. Mary’s became Essentia Health.

In March 2001, the Blandin Foundation announced a \$20M grant, its largest ever, to support construction of a new health campus. The grant also allowed the local members of the IMC board to assume responsibility for the “Partners” financial commitments and formally dissolve their operating agreement. Rather than pay the grant directly, the Foundation decided to finance the grant using two bonds (one-fixed, one variable). This structure was designed to provide the foundation with flexibility in how it managed its debt, and indeed the Foundation did refinance the bonds with local banks when interest rates began to rise. There was uncertainty about whether the decision to bond the grant paid off financially, but an analysis of the decision determined that the Foundation’s fund would have given up \$6.8M in investment earnings had the grant been directly redeemed by the fund. Moreover, the grant was leveraged by the hospital to secure an additional \$20M in public and private financing for construction of the new hospital campus.

GICH’s 20 Year Evolution and Growth

Initial Design and Construction

The grant supported construction of a one story, 64-bed replacement hospital with an integrated 50-physician clinic on a 70-acre campus. Grand Itasca’s vision was to create a “healing destination” that balanced innovation, efficiency and holistic healing at its wooded 70-acre site at the headwaters of the Mississippi River.”² The goal was to design the hospital as a community amenity rather than a typical rural healthcare facility.

Following principles of evidence-based design and shaped by patient and community feedback, innovative features included:³

- **Evidence-based healing environment:** Numerous windows and natural light connect patients and caregivers to the healing elements of nature, private rooms provide family sleeping space, and family lounges open directly to courtyards.
- **Integrated services:** The hospital consolidates critical care nursing by co-locating emergency and intensive care, creating an integrated delivery system. Inpatient units are contiguous for staffing flexibility, and decentralized nursing stations bring staff closer to patients.
- **Wellness focus:** The entry gallery houses a fireplace, water feature, café and a wellness center that offers community classes, while the main corridor provides access to inpatient units, diagnostics, surgery, rehabilitation and a meditation room. The design intentionally links health-care services with wellness and disease-prevention activities.⁴

² “[Grand Itasca Clinic & Hospital](#),” Kahler Slater, accessed November 20, 2025.

³ “[Grand Itasca Clinic & Hospital](#),” Healthcare Design Magazine, August 31, 2007.

⁴ “[Blandin Foundation Announces \\$20 Million Grant for Build Community Health Care Campus.](#)” Philanthropy News Digest, March 6, 2001.

- **Advanced technology:** The project introduced technology such as a 64-slice CT scanner, MRI and digital radiography, allowing patients to receive advanced diagnostics locally.

These innovations fulfilled the grant requirement that the project emphasize creativity and improved rural health delivery. The master plan included future zones for wellness and medical profession education programs, and development of continuum-of-care facilities.

Growth and Evolution

Following initial construction, GICH embarked on a journey of continual improvement, focused on service expansion with an emphasis on expanding access to specialty care to both serve patients better locally and to support the financial sustainability and growth of the hospital. We describe several chapters of the hospital’s development in the table below:

	2001-2004 Catalytic Investment & Buildout	2005-2009 Post-Build Stabilization	2010-2016 Independent Scale Ceiling	2017 Strategic System Partnership	2018-2025 System-Supported Stability
Strategic Operational Growth	<ul style="list-style-type: none"> • Blandin Foundation awards \$20M for new integrated clinic-hospital • Local board and ownership reinstated 	<ul style="list-style-type: none"> • New Facility Opened at 1601 Golf Course Road • Operational integration between hospital and clinic (EMR Part I) • New clinical workflows 	<ul style="list-style-type: none"> • Designated as Level 3 Trauma Center and Acute Stroke Ready Hospital • \$650K from Blandin for renovation & expansion 	<ul style="list-style-type: none"> • Joins Fairview Health, a mission-aligned system • Retains local board • Access to shared clinical, technology, purchasing infrastructure (EMR Part II) 	<ul style="list-style-type: none"> • Recertified Level 3 Trauma • \$1.5M federal HRSA Opioid Mgmt Grant ('23-'26) • Launched Paid RN program • Announced new Rural Family Medicine Program
Progressive Expansion of Services & Specialties	<i>Pre-Grant:</i> <ul style="list-style-type: none"> • Full ED coverage • Pediatrics unit • Urology Service 	<ul style="list-style-type: none"> • Hospitalist Service 	<ul style="list-style-type: none"> • Inpatient Pharmacy • Rapid Clinic • Outpatient Pharmacy • YMCA Clinic • Full-Time Cardiologist • Full-Time Oncologist 	<ul style="list-style-type: none"> • Tele-ICU • Fairview agrees to make investments in clinical services such as oncology and cardiology 	<ul style="list-style-type: none"> • Cancer & Infusion Ctr • Mental Health Services • Tele-NICU • Geriatrics Program • Rheumatology • Robot Assisted Surgery
Financial Trends	<ul style="list-style-type: none"> • Revenue more than doubles • Net assets surge • Payroll doubles 	<ul style="list-style-type: none"> • Revenue stabilizes • Margins tighten • Payroll rises steadily 	<ul style="list-style-type: none"> • Rapid revenue growth • Flattening, low margins • Continued payroll growth 	<ul style="list-style-type: none"> • One-time consolidation accounting adjustments • Margins flip positive • Moderate payroll boost 	<ul style="list-style-type: none"> • Sustained revenue and payroll growth • Consistently positive, though tightening, margins
	<i>Rare rural health transformation moment</i>	<i>Normal post-capital digestion, stabilizing operations at a larger scale</i>	<i>Service growth to meet community needs, reaching structural scale limit</i>	<i>Proactive strategic affiliation, benefitting from modern infrastructure</i>	<i>Sustained community value & access</i>

A particularly important inflection point in GICH’s growth and evolution was the decision to join the Fairview Health Services system. After a period of initial financial growth and sustainability, between 2010 and 2016 GICH saw a flattening and initial decline in profitability due to structural challenges facing rural hospitals, such as reimbursement challenges and the difficulty of achieving sustainability without greater scale. Hospital leadership at the time decided to proactively seek partnership with a larger system to achieve greater economy of scale and sustainability.

The partnership with Fairview Health Services is notable for two reasons. First, it is structured such that GICH is a wholly owned subsidiary of Fairview, retaining significant local control (including a local Board) while positioning the hospital to benefit from system-level capabilities, clinical resources, and capital planning. Second, Fairview’s strategy for GICH is to expand availability of specialty services at the facility and to keep

patient care as local as possible, contrary to a national trend of rural hospitals being treated as feeders for referrals to larger urban hospitals when acquired.

Fairview leadership emphasizes that the quality of the facility has enabled them to invest in service expansion because there was less need for significant capital costs for facility maintenance. Under Fairview's ownership, GICH has continued to expand specialty services, has instituted tele-health and consults with other Fairview providers (e.g., tele-services in the Birthing Center allow OBs to consult with NICU specialists), and has benefitted from the purchasing power of the larger system. Despite initial trepidation among staff that joining Fairview might lead to layoffs or reduced services, the decision enabled GICH to recover financial sustainability, and is now widely seen as the best possible outcome for the hospital.

Implications

GICH's evolution and growth is particularly notable in the context of the pressures facing rural hospitals. Since 2005, 110 rural hospitals in the United States closed, and another 85 stopped offering in patient services.⁵ In that time, 3 rural hospitals in Minnesota closed, and another 3 stopped offering in patient services. An additional 40% of rural hospitals in the state operate on negative margins, and 11% are vulnerable to closure, including Fairview Range in Hibbing.⁶

Despite its success, GICH remains vulnerable to the pressures on rural health, including upcoming changes to Medicaid reimbursement under the OBBA and potential changes to the 340B drug pricing program. Additional pressures include a rising demand for behavioral health services, difficulties attracting and retaining the healthcare workforce, capacity challenges in the emergency department, and ongoing public health challenges and geographic inequities in the Itasca region. Navigating these challenges will require continued innovation from GICH leadership, with opportunities including expanded tele-care options, increased regional coordination and engagement on public health issues, and opportunities to tap into new funding streams, such as the forthcoming Rural Health Transformation program.

⁵ "[Rural Hospital Closures](#)." UNC Sheps Center. February 18, 2025. Accessed December, 2025.

⁶ "[Minnesota Rural Health Facts 2024](#)." National Rural Health Association. 2024

Health Impacts

Over the past 20 years GICH has emerged as a critical healthcare hub in the Itasca region. Its impact on health in the region can be seen both in terms of how the hospital has expanded access and utilization, and in its potential effects on public health.

Access and Utilization

GICH’s most direct impact on regional health can be seen in the way it has increased access to and utilization of healthcare services locally. In the table below, we demonstrate how utilization has increased in some illustrative categories.

GICH Patient Volume Snapshot Comparison: Pre-New Building & Today			
	2004	2023	% change
Annual Clinic Visits	64,567	89,864	+39%
Deliveries	199	379	+90%
Surgeries	1,906	2,890	+52%
ED Visits	5,660	14,714	+160%

By nature, service expansions significantly reduced out-of-county referrals and increased the region’s ability to treat higher-acuity patients locally. Without these service expansions, many patients would have faced long travel times, delayed care, or simply gone untreated – especially for stroke stabilization, cancer care, mental health crises, and prenatal services. A less tangible but important by-product of increased access to care locally is the peace of the mind that it provides for patients and community members. In FSG’s interviews, community members with direct or family experience with conditions such as cancer, stroke, and heart attack spoke to how the knowledge that high quality services were available locally reduced their anxiety. These interviews are reinforced by high patient satisfaction scores.

“I had to get a sleep study, and honestly if I had to travel for it, I just wouldn’t have done it.”
 – Local Interview

Public Health Outcomes

While it is impossible to attribute specific public health outcomes to the presence of GICH, there are several measures that indicate some significant effects. Some of the most direct indicators are measures of utilization of preventative care, as reported by IMCare. Between 2022 and 2024, utilization of several forms of preventative services both increased and remained above state averages, including breast and cervical cancer screening rates, childhood immunizations, blood pressure control, diabetic care, medication management, and perinatal care. These improvements are consistent with the expanded primary care, OB/Gyn, and specialty capacity at GICH.

Additionally, according to County Health Rankings, Itasca County performs relatively well compared to peer rural counties (Cass, Aitkin, and counties with similar rurality across the U.S.) in regard to:

- Fewer poor physical health days
- Comparable or fewer poor mental health days
- Lower proportion of residents in poor or fair health

Ongoing Challenges

Structural challenges continue to shape health outcomes in Itasca County, consistent with widely understood impacts of environmental, economic, and social factors on individual and community health and well-being that clinical expansion alone cannot fully address. Select population health indicators demonstrate continued challenges in Itasca County include the following:⁷

- Adult obesity: **40.5%**
- Adult smoking: **20%**
- Limited access to exercise opportunities: **66%**
- Rising youth anxiety, depression, and social-connection challenges
- Adult depression (26.1%) and anxiety (27.2%)
- Suicide mortality: **22.4 per 100,000**, nearly double statewide rates
- Premature death rate higher than the Minnesota average

Additionally, there are ongoing racial and socioeconomic inequities in the region, particularly for American Indian residents, who comprise 5% of the population, but 10% of Medicaid enrollment and 38% of the jail population.

Implications

Grand Itasca's emergence as a regional health hub was the product of a set of mutually reinforcing internal decisions and external conditions that enabled the organization to stabilize, modernize, and expand clinical capacity over two decades. Together, these factors created the strategic, financial, and operational environment necessary for Grand Itasca to grow into one of Minnesota's most capable rural health systems.

⁷ County Health Rankings

Internal Enablers: Organizational Strengths Positioning GICH for Growth	External & Community Enablers: Conditions That Supported Growth
<ul style="list-style-type: none"> • Early Capital Investment and Modern Infrastructure • Independent Operation During a Critical Decade of Growth • Prudent Financial Management & Workforce Investment • Strategic Timing of System Affiliation • Organizational Adaptation and Leadership Stability 	<ul style="list-style-type: none"> • Strong Community Trust and Local Governance • Regional Gaps That Created Demand for Local Services • High Need and High Utilization in County Populations • Strong Alignment with Itasca County Public Health and Social Services • Supportive Medicaid & Public-Health Environment • State and Federal Program Support

Despite its strength and impact, continued operational and public health challenges, particularly around supporting the healthcare workforce and rising needs for behavioral health services, present opportunities for future focus.

Economic Impacts

Grand Itasca is one of the most significant economic engines in Itasca County, functioning as both a major employer and a stabilizing force within an otherwise cyclical regional economy. Healthcare consistently ranks among the top employment sectors in northern Minnesota, and within Itasca County,⁸ GICH is one of the largest single-site employers, providing a mix of high-wage professional roles, middle-skill technical jobs, and stable entry-level positions. The organization’s employment footprint has expanded substantially since the early 2000s, driven by new specialty services, larger clinical teams, and more robust operational departments, reflecting both the campus expansion and the broader shift toward integrated clinic–hospital models.⁹

Labor Income

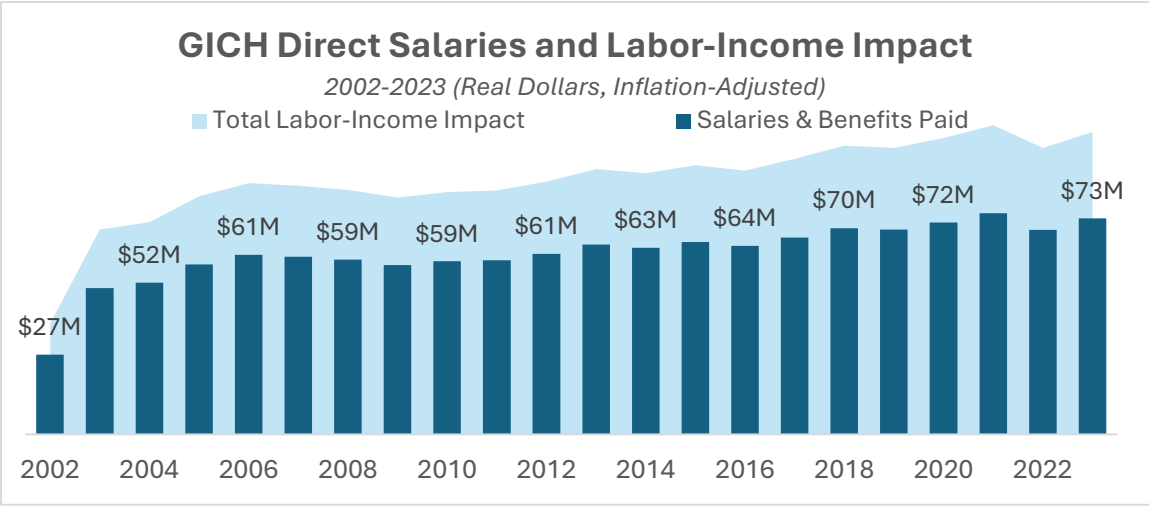
The hospital’s wage and salary footprint is critically important to the local economy. With an annual payroll totaling \$73.5 million in 2023,¹⁰ GICH contributes a meaningful share of the county’s overall labor income. Over the last two decades, GICH paid +\$1B in salaries,

⁸ In Itasca County, healthcare is the leading employment sector in the county, employing 4,279 people as of April 2025, representing over 25% of jobs in the county – nearly double the share of retail, the second highest employment industry. (MN DEED, [Itasca County Profile](#), April 2025)

⁹ GICH ProPublica 990s and self-reported employment data.

¹⁰ GICH ProPublica 990s; “annual payroll” is inclusive of salaries and benefits.

benefits, and other compensation to a primarily local employee base. Hospital wages supported an estimated \$418M in additional regional earnings through supply chain and household spending in the local economy.



Healthcare practitioner wages in rural regions tend to exceed local averages—particularly for nursing, specialty care, and clinical and technical health roles—making the sector a key driver of income growth and household stability.¹¹ In Itasca County, where median wages fall below state averages, Grand Itasca’s ability to generate stable, well-compensated jobs plays an especially important role in the local economy.¹²

Workforce Development

Relatedly, Grand Itasca’s economic influence extends into workforce development and community vitality. The hospital is a key partner to local education institutions, including Minnesota North and local high schools, providing clinical rotations, preceptorships, observation hours, and employment pipelines for nursing, laboratory, imaging, and allied health programs. These relationships support regional workforce retention and reduce recruitment costs while providing local residents with pathways into stable healthcare careers. GICH’s reputation as a high-quality employer also helps attract and retain families, strengthening both the tax base and local school enrollment.

¹¹ In Northeast Minnesota (a predominantly rural DEED region), the 2025 median hourly wage for *Healthcare Practitioners & Technical Occupations* was \$40.04/hour (70% higher than the regional median wage of \$23.47/hr.), though *Healthcare Support* roles earned a median of \$18.28/hr. (DEED, [Occupational Employment & Wage Statistics](#), 2025).

¹² Itasca’s median household income is \$66,380, below the statewide average of \$87,556 (MN DEED, [Itasca County Profile](#), April 2025)

Local Purchasing and Capital Improvements

Long-term infrastructure investment has been another key driver of Grand Itasca's economic contribution. Blandin Foundation's early 2000s investment enabled a major campus modernization that transformed the region's healthcare capacity. These improvements attracted clinical talent and laid the foundation for subsequent service-line growth that otherwise would not have been possible.¹³

Grand Itasca has continued to invest in its physical and technological infrastructure. Modernized IT systems, new equipment, and facility expansions have generated recurring waves of construction jobs, vendor spending, local business activity, and property value creation, and purchasing associated with ongoing clinical operations also provide ripple effects in the local economy.

"We use local contracts for our housekeeping and laundry services, so outside of the medical supplies and pharmaceuticals, we have a significant impact in the community, and we focus on trying to stay local, and we push Fairview on that all the time." - GICH Leadership

Retention of Local Healthcare Spending

The expansion of specialty care at Grand Itasca has had a measurable economic effect. As additional services were added (orthopedics, cardiology, oncology support, ENT, urology, and others) more patients were able to receive care locally rather than traveling to Duluth, Hibbing, or the Twin Cities. This shift not only improves access and patient experience but also retains healthcare spending within the local economy and reduces leakage across connected economic activity such as pharmacy purchases, imaging, and other ancillary services.

Economic Stabilization and Amplification

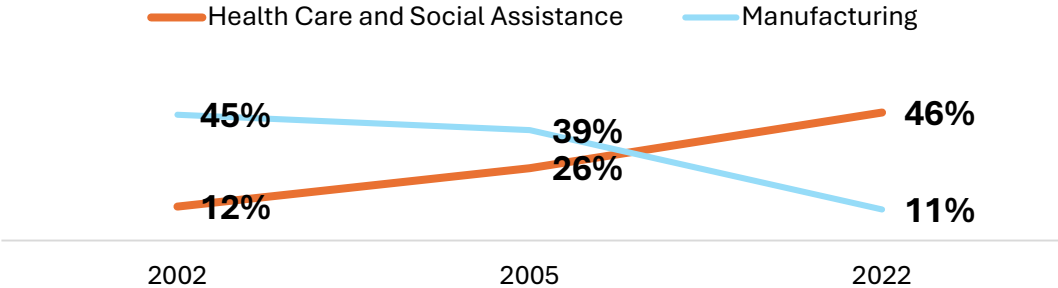
Grand Itasca also plays a stabilizing role within a mixed rural economy. Mining, forestry, manufacturing, and tourism—historically the county's most significant sectors—tend to fluctuate with commodity cycles, global markets, and seasonal demand. Healthcare, by contrast, provides stable employment and sustained economic activity across economic cycles.¹⁴ Grand Itasca's consistent payroll and operations spending help buffer the

¹³ Blandin Foundation grant records; GICH interviews and documentation.

¹⁴ Minnesota DEED Itasca County economic profile; sector-level employment data.

community from downturns, creating a countercyclical force that supports local businesses and household income during periods of volatility in other sectors.

Jobs by NAICS Industry Sector



GICH is also widely cited as a key regional amenity and attractor when recruiting companies to sustain or open operations in the region. Based on regional benchmarks and the hospital’s revenue, **we estimate that GICH has had a cumulative economic impact of \$3B in the region between 2002 and 2023.**

Community and Placemaking Impacts

GICH supports cultural initiatives, Indigenous art projects, sports medicine, wellness events, and philanthropic efforts that strengthen the social fabric and regional pride.

The hospital makes a number of important contributions in the community:

- **The Grand Itasca Foundation:** Through the hospital’s philanthropy, the hospital engages community in fundraising for ancillary services at the hospital, donates to community causes, supports its staff, and mobilizes major capital campaigns.
- **Sports Medicine Program:** The hospital provides free athletic training services for local schools and teams, which fosters participation in youth sports and community connection to the hospital.
- **Childcare and Workforce Supports:** The hospital has partnerships with the YMCA and Boys and Girls Club that strengthen availability of childcare services for staff and the broader community.
- **Employee Engagement:** GICH staff are active as local volunteers, providers of pro-bono care in the free-clinic, board members for local nonprofits, and more. Through their engagement GICH staff help strengthen the vibrancy of the region.
- **Other Supports:** GICH is involved in the community in a range of other ways, including through cultural enrichment, engagement on food security and opioid response, providing scholarships, and more.

All these activities contribute to local development and place-making, which in turn creates a positive operating environment for the hospital and helps attract providers to the region.

The Counterfactual Case: If Blandin Had Not Invested

Understanding the impact of Grand Itasca Clinic & Hospital requires considering not only what did happen, but also what might have happened had the Blandin Foundation not made its catalytic investment in the early 2000s. Constructing a counterfactual is inherently challenging; no rural hospital or community offer a perfect comparison, and the unique circumstances surrounding Itasca Medical Center (IMC) cannot be replicated. Because of these limitations, this section uses a **directional and qualitative approach**, grounded in observable patterns among northern Minnesota hospitals that remained system-owned during the same period.

The goal is not to generate precise numerical estimates, but to highlight **broad differences** in likely trajectories across key areas strongly influenced by capital investment and governance such as facility modernization, specialty care access, workforce growth, and local economic retention.

Domain	Observed Trajectory <i>With Blandin Investment & Local Governance</i>	Likely Counterfactual Trajectory <i>If IMC Had Remained a System-Owned Spoke</i>	Directional Implications for the Region
Capital Investment	Large, early, comprehensive modernization of the campus	Smaller, delayed, or incremental upgrades	↓ Facility capacity; slower modernization
Specialty Care Access	Broad specialty portfolio available locally	Fewer local specialties; more reliance on Duluth/Hibbing	↑ Patient travel; ↑ economic leakage
Employment & Workforce	Growing workforce with strong mix of high-wage roles	Slower growth; fewer professional and specialty roles	↓ Household income; ↓ induced spending
Local Vendor Engagement	Significant local contracting for operations & capital	More centralized procurement; reduced local vendor use	↓ Local business revenue
Economic Retention	More care delivered locally; lower leakage	Higher leakage to system hubs	↓ Local capture of healthcare dollars
Community Anchoring	Strong anchor role supporting population retention and civic vitality	Weaker and more limited anchor role	↓ Long-term regional stability

As noted earlier, we can also consider the public health benefits of GICH as part of the counterfactual scenario. While it is difficult to say exactly how health outcomes might look different, we can infer from the increased availability of high-quality services that the Itasca region’s high utilization of preventative services and comparatively better health outcomes on some public health measures, including numbers of poor mental and physical health days, are at least partly attributable to GICH.

While there are no complete “apples to apples” comparisons, two other regional hospitals provide instructive examples. First is the Fairview Range Medical Center in Hibbing. While also owned by the Fairview system it has not received any major outside capital investments, and in local conversation we heard that the facility is in much worse condition than GICH, and is considered to be one of the most vulnerable in the state to closure in coming years.¹⁵ A second peer hospital to consider is the Essentia-Health Virginia Hospital. Had the Blandin Foundation not made the capital investment in GICH, it is likely that Essentia, as one of the “Partners” would have assumed more control of GICH. Under its ownership of Virginia Hospital, Essentia has made some capital investments and expanded some services, but the hospital offers far fewer specialties than GICH and is treated as a “feeder” to Essentia owned Duluth hospitals,¹⁶ which would have been a possible future outcome for GICH.

Implications

The story of the Blandin Foundation’s investment in the Grand Itasca Clinic and Hospital holds implications for the Blandin Foundation, for the Hospital itself, and for the broader field of rural health and philanthropy.

Implications for the Blandin Foundation

- **The hospital investment illustrates the Foundation’s catalytic role:** In the time since the initial investment, past Foundation leaders and Board members have questioned whether the investment was the right decision, mainly because of doubts about whether financing could have been secured elsewhere, and because the hospital did not stay fully independent. In reviewing the strength of the hospital and its impact on health relative to peers, we are confident that not only was the investment successful, but it had a catalytic effect in reinforcing the long-term viability of the Itasca region and Grand Rapid’s development as a regional hub.

¹⁵ “[Seismic’ Medicaid changes will be rough on rural hospitals.](#)” Minnesota Post. July 8, 2025.

¹⁶ “[Iron Range hospital finds new life with Essentia in charge,](#)” MPR News. May 4, 2015.

- **Big bets and creative use of capital:** The conditions around the hospital investment and the way in which it was structured are instructive as the foundation considers potential future big bets. Factors such as the opportunity to leverage the Foundation’s resources to unlock additional capital, the importance of community anchor institutions, and preserving local independence and identity can be considered in future assessment of big bets.
- **Sustained engagement:** While this report primarily focuses on the Foundation’s initial grant, Blandin was continually involved in funding and supporting the hospital and its community partners over the years, helping reinforce and amplify the success of its initial investment.
- **Process findings:** In addition to direct implications of learning more about the investment itself, the process of conducting this assessment surfaced implications for the Foundation:
 - **Value of Learning and Evaluation:** This process illustrated the important role that learning and evaluation have in informing the Foundation’s strategy. While the process was primarily a “look back,” it inspired important conversations about future “big bets” and priorities for the Foundation.
 - **Future Opportunities:** In the course of engaging with stakeholders across the community, three areas arose as consistent community challenges that might inform future Blandin grantmaking and strategies:
 - Behavioral health
 - Housing affordability
 - Community organizing and civic participation

Implications for the Grand Itasca Clinic and Hospital

- **Strength of leadership and continuous improvement orientation:** A major factor in the success of GICH over the past 20 years has been the consistent strength of the hospital’s local leadership and its approach to continual improvement. From the prescient decision to join Fairview, to the multiple service expansions, and innovative programs around workforce and opioid response, the hospital is continually strengthening its services and sustainability.
- **Engagement in adjacent community issues:** The hospital collaborates with other community organizations in numerous ways, and as many of the pressures impacting both public health and the hospital’s own workforce increase, there may be opportunities for the hospital to more deeply and strategically collaborate with others on issues such as behavioral health and housing.

- **Importance of policy engagement:** The greatest risks and opportunities for GICH are associated with changes in public policy. The hospital is already strongly engaged in advocacy efforts, as evidenced by its recent grant for the emergency department and engagement with Senator Klobuchar. Going forward the hospital can continue to leverage its relationships and position as an exemplar of a successful rural hospital to continue advocacy for itself and rural medicine broadly in the state.
- **Health equity imperatives:** While GICH has implemented important health equity initiatives, such as permitting smudging and other cultural considerations, in the course of this process there was little availability of disaggregated data or insights on differential impacts in the region by social identity and economic status. There is an opportunity for the hospital and other regional health stakeholders to institutionalize greater disaggregation of data to better illuminate and address health inequities.

Implications for Rural Healthcare and Philanthropy

- **Hospitals are economic and social anchors:** It is widely acknowledged, but the GICH story demonstrates the multiple ways in which rural hospitals serve as critical anchor institutions in their communities. Given a growing focus on the importance of rural America and the rural inequities in philanthropy – there is an opportunity for funders and policy makers to focus on anchor institutions as part of a path toward long term community sustainability.
- **Rural hospitals are resilience assets:** Strong local hospitals reduce downstream costs, ease urban hospital burdens, and bolster emergency preparedness at the regional level.
- **Strategic capital can unlock systems change.** A one-time large grant (paired with blended financing) created an operational platform that enabled specialty growth, partnerships, and long-term revenue gains. Much of health philanthropy (rightfully) focuses on addressing social determinants of health and other upstream drivers of health; the GICH story provides an example of the outsized impact that capital investments *can* have.
- **Consolidation and increased regionalism.** Institutional consolidation and increased regionalism are important strategies as rural communities experience continued economic and social pressure, but they must be implemented with care and attentiveness to the impacts that they have on regional identity and culture.

The Blandin grant catalyzed a durable transformation: greater local care capacity, measurable quality improvements, and strong economic and civic returns. To convert these gains into lasting population-health improvements, stakeholders must prioritize behavioral health expansion, workforce pipelines and housing, telehealth scale-up, and equity-centered prevention tied to social supports.

I. The Unprecedented \$20M Grant for Grand Itasca

Overview: Avoiding Crisis & Promoting Growth via Local Ownership

In 2001 the Blandin Foundation approved its largest-ever single award — a \$20 million innovation grant to secure local ownership and support construction of a new integrated health-care campus for Itasca Medical Center (later Grand Itasca Clinic & Hospital) that combined clinical care with prevention and wellness.

Why it was needed

- **Local control risk:** The hospital faced an unstable ownership arrangement with three external “Partners” that threatened to prioritize outside interests over local needs.
- **A capital gap:** Cost estimates for a truly modern campus far exceeded the Partners’ \$14M guarantee. The Blandin grant filled the critical financial shortfall needed to move forward.
- **Operational vulnerability:** The aging facility hindered physician recruitment and revenue generation; without new capital and governance, services risked being scaled back or funneled elsewhere.

Conditions and expectations

Blandin would approve the grant only if county leaders released the Partners’ reserve powers, sufficient capital was secured for the proposed campus, and the project delivered on an *innovation mandate* — embedding prevention, wellness, and creative service delivery models into design and operations.

Funding approach & legacy

To protect endowment flexibility, Blandin blended traditional payouts with bond financing (two \$10M tranches and later interest rate management). This financing preserved the long-term financial position and yielded net interest benefits while enabling the development of an integrated campus that reshaped regional rural care.

Context and Purpose of IMC’s Grant Request

In the late 1990s and early 2000s, like many rural hospitals across the country, the then County-owned and operated Itasca Medical Center faced financial challenges and increasing pressure to adapt to a changing healthcare landscape. This led to a period of evaluation by its leadership and board of directors, exploring the risks and benefits of remaining independent versus forming a partnership with larger health systems.

Timeline of Itasca Medical Center leading to the Blandin Grant

- April 1997 The Itasca County Board **converted the public hospital to a new private 501(c)(3) not-for-profit corporation** called the “**Itasca Medical Center Corporation**”. The new IMC corporation was required to make several specific terms and commitments to Itasca County, including:¹⁷
- 1996 Itasca Medical Center was owned by Itasca County. According to a Business North article, IMC was “bleeding red ink.”¹⁸ Other challenges included:
- **Dilapidated building:** The hospital failed to effectively attract physicians because of the old facilities:
 - *“Really, we needed new infrastructure. We had an aging hospital that was not efficient. It had not been reinvested in; it was operated until it was falling apart.”* – Former GR Clinic leader
 - *“I remember when there were bats in the walls.”* – GICH Clinician
 - *“It was hard to recruit specialists with an aging facility; specialists and/or revenue is what drives healthcare.”* – Local Interviewee
 - **Limited funding:** According to local interviews, the county was not going to make any further capital improvements. Infrastructure funding would have to come from hospital revenue.
 - *“Costs are prohibitive. There was no savings, there was not capital improvement fund.”* – Local Interviewee
 - **Governance challenges:** IMC Board’s decision-making was ultimately controlled by the Itasca County Board itself, meaning that many hospital decisions were often changed for political reasons.¹⁹
- 1996-97 Persuaded by local physicians and community leaders, the Itasca County Board began **negotiations with three of Minnesota’s largest health systems** – St. Mary’s, the Benedictine Health System, & Allina (a.k.a. ‘the Partners’).^{20,21}
- Community participation in leadership and governance
 - Majority of the IMC Board must be from Itasca County

¹⁷ “Itasca Medical Center Frequently Asked Questions” Memorandum to the Blandin Foundation Board of Trustees, February 26, 2001.

¹⁸ Business North, “Independence or alliance? It’s decision time for Itasca hospital.” 2000

¹⁹ “Itasca Medical Center Frequently Asked Questions” Memorandum to the Blandin Foundation Board of Trustees, February 26, 2001.

²⁰ Business North, “Independence or alliance? It’s decision time for Itasca hospital.” 2000

²¹ In 2004 the [Benedictine Health System](#) and [SMDC Health System](#) formed the partnership that became Essentia Health.

- Remodeling the existing hospital or new construction at a cost of at least \$14M commencing within 60 months and completed by the 7th anniversary of the agreement
- Payment of \$1M to Itasca County for public health programs
- Other obligations included requirements for the provision of care, financial guarantees for outstanding hospital bonds, escrow accounts to meet future bond obligations, and retiree health insurance

After determining that it would be difficult to meet those obligations without a “deep-pockets” partner who could stand behind the IMC guarantees, Itasca **County struck a deal with the Partners to own and manage the hospital.** Involving the Partners in this manner was expected to help IMC address two key issues:²²

1. Recruitment of secondary care doctors (specialists) to help reduce the substantial out migration of patients
2. Need for a new hospital facility

The Partners agreed to guarantee IMC’s borrowing for remodeling or building — up to \$14 million. However, in return, the Partners obtained “reserve powers” that effectively put major financial control outside local hands by allowing them **to overrule the local board and replace the local board in certain defined situations.**²³ In other words, while IMC was an independent nonprofit, the Partners’ reserve powers meant it was **not truly locally controlled.**

Additional governance structure details in the agreement included:

- **Out of 20 total board seats, six represented the Partners.** The local hospital Board of Directors was charged with all the fiduciary and governance obligations of IMC.
- The **Partners committed to guaranteeing financing of \$14.9M** to be invested in new or remodeled facilities.
- Income from hospital operations was expected to repay this debt; the **Partners were not investing any of their own capital in the project.**
- “The agreement included a **\$10K per month penalty** provision that the Partners were to share **if the building program wasn’t underway by**

²² Ibid.

²³ Ibid.

2002,” according to Gary Kenner, an employee of the Benedictine system and IMC administrator.²⁴

1997-2000 IMC made **significant financial progress** after the Partners took over ownership and management: three profitable years, ~\$25M in revenue generating >\$2M net income in 1999.

In December 2000, the **HCIA-Sachs Institute recognized IMC as one of the Top 100 hospitals in the country**, successfully outperforming other national acute care hospitals in providing high-quality care and financial performance.²⁵

- Blandin Board of Trustees documents in 2001 purposefully point out that IMC’s financial progress during this time “**was not** achieved by the Partners. It **was** achieved by a local board with professional management,” as a proof point for the local board’s capability to run a successful hospital.²⁶

However, there were **significant challenges**; “the three-member partnership proved to be very complex and, at times, inoperable.”²⁷

- **Lack of trust** became a serious issue in the conflicts between the Partners and local doctors, making negotiations extremely difficult.
- **Underlying conflict of interest** between the Partners and the local board. The financial benefits to the Partners involved increasing their Duluth referrals from IMC. This was viewed to be in direct conflict with the interests of the local healthcare systems to expand its specialty services to better meet local healthcare needs.
 - *“To believe that outside control will work, one must believe that the Partners will do things not in their best interest. They would need to expand secondary care in the Grand Rapids area and, therefore, risk seeing a decline in their own referrals.”*²⁸
- **Reserve powers** were used by the Partners to “put a leash” on the behavior of local board members. According to local board members,

²⁴ “Itasca Medical Center” Memorandum to the Blandin Foundation Board of Trustees, October 2000

²⁵ “Itasca Medical Center Proposal,” Memorandum to the Blandin Foundation Board of Trustees, March 2001

²⁶ “Itasca Medical Center Frequently Asked Questions” Memorandum to the Blandin Foundation Board of Trustees, February 26, 2001.

²⁷ Ibid.

²⁸ “Itasca Medical Center Frequently Asked Questions” Memorandum to the Blandin Foundation Board of Trustees, February 26, 2001.

whenever things were not proceeding the way the Partners would prefer, they threatened to use their reserve powers to alter local action.

2000 The **Partners issued an ‘ultimatum’ indicating a desire to end their arrangement with the** local board and assume full responsibility for IMC.

- The ultimatum required that either the IMC Board assumed responsibility for IMC operations and assume all the obligations OR the Partners would take it over and pursue a more active role in the operation of the facility.

After the Partners’ ultimatum, that IMC and the Grand Rapids community, including the Blandin Foundation, faced two options:

Option 1: Remain Owned by Partners

Continue to be a secondary care feeder to the larger Duluth and Twin Cities systems.

Option 2: Local-Ownership

Build a community-based health care system on a 60-acre site purchased by the board in the southwest corner of the city.

The Partners publicly stated they would accept either option.²⁹

After ‘extensive discussion and debate’, the IMC board and local doctors announced that they firmly believed that local control and ownership of the hospital was the best way to meet the healthcare needs of Itasca County. The IMC board had strong, positive working relationship with local physicians, who also supported local control as a way to maintain their own independence. As such, protecting and maintaining local control of the hospital was expected to:

- **Enhance IMC’s ability to develop strong alliances** with a variety of healthcare partners throughout the state, driven by the best interests of its consumers.
 - *“It’s the difference between having physicians here as part of the community or visiting here once or twice a week,” – Hospital Board chairman Tom Jackson*
- **Allow for clearly defined responsibility** and accountability for IMC board and staff.

²⁹ Business North, “Independence or alliance? It’s decision time for Itasca hospital.” Nov 2000

Oct 2000 Blandin staff invite **the Board to discuss “how, and at what level, the Foundation could be helpful in the capital project,”** noting that a full proposal could be reviewed by the Board at a future meeting.³⁰

Nov 2000 **The hospital’s board asked the County Commissioners to release the Partners** from the \$14.2M financial commitment to replace the aging institution **and transfer ownership to the board itself** to create a community-based health care system and a \$40M hospital.³¹

As a prerequisite to transfer ownership, **County Commissioners required IMC to secure another source of funding to take the place of the Partners’ commitment** to cosign up to \$14M in financing for a new health care campus.

- *“The first step in this complicated unraveling process is to secure local control of IMC. This means that the County Commissioners must agree to release the Partners from their original commitment. To do this, the County Commissioners must see some alternative to the Partners’ commitment to guarantee \$14M of IMC debt for a remodeled or new hospital.”³²*

In addition to requiring relief from credit guarantees, **the Partners required assurance that ownership would stay with the local non-profit board.** As said by a leadership representative of the Partners, “We want to continue our involvement... and we don’t want them to sell to someone else.”³³

In addition, **the Partners and the IMC board agreed the original level of funding was inadequate** to address the issues facing the physical structure and needed to pursue more.

- *“Cost estimates are running around \$40M, nearly three times the amount The Partners have guaranteed in their agreement with the board.”³⁴*
- *“If IMC is to be independently owned and controlled, it must receive outside support of some type to generate the capital it needs for construction.”³⁵*

³⁰ “Itasca Medical Center” Memorandum to the Blandin Foundation Board of Trustees, Oct 2000

³¹ Business North, “Independence or alliance? It’s decision time for Itasca hospital.” 2000

³² “Itasca Medical Center Proposal,” Memorandum to the Blandin Foundation Board of Trustees, March 2001

³³ Business North, “Independence or alliance? It’s decision time for Itasca hospital.” Nov 2000

³⁴ Business North, “Independence or alliance? It’s decision time for Itasca hospital.” Nov 2000

³⁵ “Itasca Medical Center Frequently Asked Questions” Memorandum to the Blandin Foundation Board of Trustees, Feb 26, 2001.

Dec 2000 **Several IMC hospital Board members joined the Blandin Foundation staff and Trustees for a discussion and dinner to:**³⁶

- Increase the understanding of the Blandin Board and staff regarding issues facing Itasca Medical Center and to further explore its options
- Clarify what additional information would be needed if a capital request was to be considered

The memo shared in anticipation of this dinner mentions, “**it is anticipated that a Blandin Foundation grant in the range of \$10-14 million will be needed** to assist with the completion of the new health care campus. IMC is working out the details... but anticipates **a grant request could be forthcoming** for the March or May 2001 Board meeting.”³⁷

Feb 2001 Blandin Foundation Trustees are sent a memo titled “Itasca Medical Center Frequently Asked Questions,” in response to a proposal presumably received from IMC.

Mar 2001 **Leading up to the March 5th and 6th Blandin Board of Trustees meeting the trustees were presented with a full proposal and financial review** outlining the strengths and benefits of the IMC Proposal (see next section “Blandin’s Involvement” for further detail).

Trustees are presented with two options, outlined below, to respond to the proposal. Blandin staff believed that tabling the request, or delaying consideration, would be interpreted as a negative response and would likely cause an unraveling of the agreement and progress that had been made.

Option 1: Decline. This would most likely result in the Partners exercising their reserve powers and taking control. This could lead to downsizing IMC to act as a feeder to Duluth. Quality local care might not be a goal.

Option 2: Approve a grant of up to \$20M for the construction of a new integrated IMC campus, **with the following conditions:**

- **County Board agrees to release the Partners from their obligations** related to the sale
- **IMC Board is reorganized** without reserve powers.
- **Sufficient capital is raised** to fund a \$53M campus as proposed

³⁶ “Itasca Medical Center Update,” Memorandum to the Blandin Foundation Board of Trustees, Dec 2000

³⁷ Ibid.

- **Innovative aspects of the model are completed.** Blandin staff recognized the need for additional time for local healthcare stakeholders (doctors and hospital board) to fully develop the vision and ideas for a truly innovative campus.

Additional details on the substance of the conversation during this meeting are not available.

Mar 2001 On March 6, the Blandin Foundation issued a press release noting that **the board of trustees had approved a \$20 million grant, its largest ever, to the Itasca Medical Center** to support the construction of a new health care campus.³⁸

- Then Blandin Foundation president Paul Olson noted that **the innovative approach to health and disease prevention was the main reason for the grant:** *"If we work together, we can create an innovative health care system that serves all residents -- not just when we are acutely sick -- but also when we are well to keep us healthy. Prevention and wellness will be as much of this new campus as treating illness. The primary reason the foundation board approved this extraordinarily large grants of \$20 million is because of this innovative approach to wellness and disease prevention."*³⁹

Aug 2002 **Itasca County Commissioners gave IMC approval to restructure under local control.** The reorganization eliminated the six board positions held by the Partners and allowed the hospital to become an independent, community-based healthcare organization.⁴⁰

³⁸ "[Blandin Foundation Announces Its Largest Grant Ever-\\$20 Million Approved for a Community Health Care Campus](#)" Blandin Foundation Press Release 03/06/2001

³⁹ Ibid.

⁴⁰ "[A Fresh New Start for IMC,](#)" Grand Rapids Herald Review, Aug 23, 2002

Blandin's Involvement and Deliberation Process

Blandin's Early Involvement in Hospital Planning

The Foundation Influenced Hospital Designs Early to Push for "Innovation"

Local interviews and related media articles suggest that the Blandin Foundation was involved in early discussions and planning for the new hospital; likely years before the monumental \$20M grant actually happened:

- *"Paul Olson was running the foundation at the time; I think he was involved through the whole process. I know the Foundation was kept in the loop from the beginning. Because in Grand Rapids when there's a big project people tend to say, "we need to talk to the Foundation." – Blandin Foundation Trustee*
- *"For several years, the hospital and the Blandin Foundation worked together on how best the hospital could meet the foundation's requirement that it aim for innovation in health care services."⁴¹*

Blandin's Influence: Does Local Ownership Enable Local Funding or Vice Versa?

Several resources indicate that the local IMC board at the time believed the Blandin Foundation to be a likely avenue to secure funding but *only if the hospitals were locally owned*. This suggests that the Blandin Foundation and its ongoing conversations with hospital leaders regarding plans for a new facility throughout the years were, at least in part, a reason why the hospital board pursued local ownership when breaking away from the Partners. However, it is also possible that this rationale was used by members of the local board at the time as a bargaining chip to convince the Itasca County Board and leadership among the Partners to give full control of the hospital to the local IMC board.

- *"There's a core belief on the board that there's an opportunity to obtain significant local funding, but only if the health system is locally-owned," – Marge Johnson, the Benedictine system's COO*
- ***"Our prospects for accessing local funding through the Blandin Foundation are stronger with a community-based health care system,"*** said Hospital board chairman Tom Jackson. *"The Grand Rapids-based foundation has been a major financial player in many community projects, but usually as a match to other community investments."⁴²*
- *"The Partners have stated that they will not invest any capital in a new facility. If IMC is to be independently owned and controlled, it must receive outside support of some type to generate the capital it needs for construction... **it appears that the***

⁴¹ ["Minnesota Foundation to Borrow \\$10M for Hospital Plan,"](#) The Bond Buyer, May 4, 2004

⁴² Business North, "Independence or alliance? It's decision time for Itasca hospital." Nov 2000

local community is more likely to donate funds to a locally owned and operated facility. *It can also be argued that the needs of local healthcare consumers can best be met by a hospital board that understands those needs directly and is not trying to balance the demands of outside owners with local needs.”*⁴³

Blandin’s Review of the Itasca Medical Center Proposal

Proposal Goal & Vision

As stated in the initial March 2001 proposal, the goal of the new integrated campus proposal was, “to develop and implement a community-based, integrated healthcare campus that expands service capability in Grand Rapids, fosters collaboration between providers, minimizes duplication and sets a new standard in personalized care through the active promotion of the health and well-being of our community.” IMC worked with several outside experts to put together its vision for an integrated health care campus that would:

- Integrate the hospital, clinic and sub-acute nursing care
- Maintain independence of referrals to wherever is in the best interests of the patient
- Attract specialists and other providers to the campus
- Provide seamless healthcare delivery to residents
- Have shared services: lab, imaging, physical therapy, others
- Incorporate an effective, fully up-to-date information system
- Have increased secondary care: orthopedics, urology, emergency medicine, internists, OB/GYN, pediatrics, urgent care
- Emphasize wellness and prevention by collaborating with existing community wellness providers
- Expand shared services with Bigfork and Deer River hospitals
- Include emergency medical transportation
- Offer expanded hospice services through inclusion of hospice beds within new hospital
- Grow employment opportunities – each new specialist will create at least four new jobs

Proposal Strengths

Blandin Foundation staff and trustees involved in the review process noted several **positive elements of the proposal and plan** for a new community healthcare campus, including:

- **Local governance model** – IMC would continue to be a not-for-profit, 501(c)(3) organization. A local governance model was proposed that would include 11 members representing the following:

⁴³ Ibid.

- 6 community members, including at least 3 from Grand Rapids
- 2 providers/physicians, including up to 1 from the referral area
- 2 key collaborators representing industry or subject matters.
- **IMC's new financial stability** – IMC had improved its financial status since the change in County ownership. It paid off \$3.5M in debt, purchased over \$700K annually in needed equipment and met all obligations for retiree health insurance. Audited financial statements reflected a positive operating income, the ability to pay off long-term debt and retained accumulative earnings of almost \$6M as of June 30, 2000.
- **IMC integration with Grand Rapids Clinic Doctors** – A agreement was finalized to purchase the clinic for \$3M, a 20-year lease by the doctors of the new clinic building and a \$940K base payment on the lease.
- **Conservative business plan** – Financial assumptions regarding both income and expenses were considered 'conservative'. Susan Clark was noted as a county contractor to perform due diligence on the financial aspects of the IMC proposal (note: results of her work have not been found or reviewed).
- **Stable management plan** – IMC had a two-year management contract with Benedictine Health System (one of the Partners), which it planned to extend as long as quality services continued. The annual fee of \$250K plus the CEO's salary (a BHS employee, selected with input by the local board) included:
 - Access to all corporate resource experts, including legal, human resources, public relations, etc.
 - Guidance in the management of benefits for hospital employees
 - A corporate compliance program to ensure the hospital is in compliance with all federal regulatory issues (i.e., medical fraud and abuse law)
 - A corporate level senior executive officer who provided onsite management oversight and consultation to the hospital CEO, the hospital board and the medical staff
 - Group purchasing
- **Ambitious physician recruitment plan** – IMC contracted with an outside firm to review a physician recruitment plan and assist in physician recruitment efforts. A market study showed that the community could support the addition of eight new physicians. Planned additions included one family practice doctor, two internal medicine practitioners and one OB/GYN, one ENT, one urologist, and two orthopedic surgeons. Anticipated effects included:
 - Decrease the reliance on visiting specialists
 - Decrease the amount of business referred out of Grand Rapids
 - Increase the use of IMC's services

- Increase the number of employed staff at both the hospital and clinic
- Boost the local economy

Key Noted Concerns

After reviewing the IMC proposal, Blandin staff also raised **a few concerns about the innovation and financing aspects** of the proposal for the new hospital:

- **Lack of specifics regarding the “new model”** - At the time of the grant proposal, Blandin staff noted concerns that while the proposal described an integrated campus it did not truly present detailed ideas that could be described as a “new model” for rural healthcare. However, Board materials also noted a belief that IMC would be able to develop a truly innovative model once under local control and no longer beholden to reserve powers.
 - *“The continuing time pressures and negative influences brought about by the reserve powers carried by the Partners have made planning for the future extremely difficult.”*
- **Financial projections’ dependence on successful physician recruitment –**
 - *“...the entire plan depends upon the physician recruitment plan and capturing the market share needed to support the new physicians. Without that additional revenue, the proposal may not be financially viable.”*
 - However, the proposal review also noted: *“It appears from IMC’s sensitivity analysis that even if it succeeded in securing only 50% of the new physicians outlined in its plan, it would still have sufficient cash flow to cover debt payments.”*
- **Financing of the greater project:** The proposal was capitalized with \$31M in debt and \$19M in equity (the expected grant from the Foundation). Board materials noted: “Financing must be a condition of a grant from the Foundation.”
 - *“Any and all underwriters will scrutinize the project very carefully from a financial viability perspective. They will use industry specialists to review every detail and will not attempt to issue bonds unless they are as certain as possible that it is a good credit.”*

Key Points of Internal Deliberation

“I know it was controversial in the board room. I know it went back and forth, and it was very much: “Is this outside our strike zone or too big of an ask?” and also, “If we don’t have a hospital, with this town die?” – Blandin Foundation Trustee

The following section lists **several key points of deliberation** noted in historical Blandin Board documents and brought up in recent local stakeholder interviews:

Rationale & Community Need:

1. Would **outside or local ownership and control of the hospital** be in the best long-term interest of the local community?
2. **Was Blandin really needed** to fill the capital gap?

Strategic & Operational Alignment:

3. How might this opportunity **transform local / rural healthcare delivery**?
4. What did the **unprecedented size and scale** of the grant mean for Blandin?
5. How would such a large grant be **financially structured**?

1: Would outside or local ownership and control of the hospital be in the best long-term interest of the local community?

This was, perhaps, **the most significant issue under consideration**. While the IMC board and local doctors were convinced of the benefits of local ownership, the inclusion of questions like “in the long run, what’s best for local healthcare consumers?” and “why does there appear to be **“fear” of local control among the County Commissioners and others?**” in a Blandin Board memo indicates that not all local audiences shared this view.⁴⁴ There is no evidence to determine whether or not Blandin Trustees ‘feared’ or supported local control, though memos show that staff prepared field research highlighting the advantages of locally guided healthcare systems and the pitfalls of affiliation, which was presented to them in the months leading up to the grant decision.

Key points from that research **supporting local ownership** included:

- **Expert Consensus:** National healthcare leaders (e.g., Dr. Jim Ehlen) emphasized that future progress in healthcare delivery would depend on strong local influence and leadership.
- **Local Insight:** Successful healthcare outcomes require a deep understanding of local market characteristics—such as ethnic diversity, insurance mix, poverty levels, education systems, and social services—knowledge that exists primarily at the community level.
- **Improved Collaboration:** Locally responsive governance structures can help rebuild trust and coordination among physicians, healthcare providers, and public health officials, addressing long-standing issues of misalignment and mistrust.
- **Innovation:** Organizations with strong local guidance and control are more likely to produce effective innovations.

⁴⁴ “Itasca Medical Center Frequently Asked Questions” Memorandum to the Blandin Foundation Board of Trustees, February 26, 2001

- **Balanced Priorities:** Locally controlled systems are better positioned to balance medical and social needs, ensuring community priorities take precedence over external interests.
- **Health Promotion:** Local engagement and supportive governance can strengthen health and wellness initiatives, particularly those underfunded by traditional revenue streams.

Research **advising against outside ownership** included interviews with local doctors, local IMC Board members, the Executive Director of the Minnesota Hospital Association and the Chief Executive Officer of the Minnesota Center for Rural Health. Findings pointed to a “most likely scenario” of **largely negative effects for the Grand Rapids community if IMC remained owned by the Partners**. Anticipated effects and stakeholder concerns of succumbing to ownership by the Partners included:

- **Failure to integrate the Grand Rapids Clinic and existing hospital:** The Partners would likely approach the Grand Rapids Clinic and demand an agreement, which would be expected to either fail or not be formulated in a timely enough manner to meet the Partners’ needs.
- **Failure to secure critical hospital infrastructure upgrades would lead to decreases in quality of care:** Verbally, the Partners told the local board that they would not invest any capital in a new facility (beyond honoring their original obligation to co-sign a credit enhancement for up to \$14M); local stakeholders anticipated they would instead build “some type of scaled-back new facility or remodel the current facility with clinic space for SMDC (St. Mary’s Duluth Clinic)”.
 - *“If we proceed with no secondary care commitment (from the Partners), I’m afraid what we’re going to get is a \$14.2M **hospital remodel job.**”* – Hospital Board chairman Tom Jackson
 - *“IMC board members believe that if the current arrangement with the Partners is continued, **Grand Rapids will end up with only a C+ facility.** Outside owners simply do not have the commitment, concern and knowledge of citizens’ needs that would result in a top-level facility.”⁴⁵*
- **Reduced hospital revenue due to local competition:** With SMDC in market to compete with the Grand Rapids Clinic and protect their referral base (+ 65% of IMC secondary care referrals were sent to Duluth and Twin Cities specialists), local doctors would likely build their own Surgi Center, which would syphon away local hospital revenue in terms of outpatient services.

⁴⁵ “Itasca Medical Center” Memorandum to the Blandin Foundation Board of Trustees, October 2000

- *“If local doctors believe the Duluth Clinic is going to be a more active player in this community, they could build their own Surgi-Center and take most of the profit centers from any future healthcare complex. **Grand Rapids would end up with a divided healthcare community.** Any such moves will destroy the main asset that we now have—that our doctors and hospital work together and are willing to be integrated.”*
- *“We also would have **no control over referrals.**”*
- **Failure to increase local access to specialty care:** “Local doctors feared Duluth Clinic domination,” as it was generally agreed that it was not in the best financial interest of the Partners to encourage the recruitment of specialists for Grand Rapids.
 - *“The Duluth Clinic has NO interest in adding the six specialists urgently needed locally. It clearly wants to maintain and enhance its market share of our referrals.”⁴⁶*
 - *“In the event that financial problems continue to impact hospitals, it is in their [the Partners] best interest to expand their only positive cash flow relationship with IMC by expanding IMC referrals to Duluth.” - Terry Hill, Director of the National Rural Health Resource Center, based in Duluth⁴⁷*
- **Weakened local healthcare system without access to key profit centers:** “Any scenario of this type would clearly serve to weaken and limit our local hospital because it would be stripped of its key profit centers. It is uncertain if it would survive as a 30-35 bed unit, or if it would be scaled-back to fewer beds with most of the services provided from Duluth or other nearby resources.”

⁴⁶ Ibid.

⁴⁷ “Itasca Medical Center Frequently Asked Questions” Memorandum to the Blandin Foundation Board of Trustees, February 26, 2001

Note on Early 2000s National Trends in Hospital Mergers and Uncoupling

In the late 1990s and early 2000s, many hospital mergers began to dissolve as systems struggled with conflicting financial interests, power imbalances, and cultural clashes.

- *Large health systems had initially acquired rural hospitals to provide capital support and secure referral networks, but financial pressures—especially following the Balanced Budget Act—made continued investment unsustainable.*
- *Expected benefits such as cost savings and improved efficiency rarely materialized, while mergers often drained resources and morale.*
- *By 2000, many larger systems were divesting smaller hospitals or shifting to collaborative rather than ownership models.*
- *This national movement toward local control and autonomy reflected growing recognition that consolidation frequently failed to strengthen rural healthcare, influencing many hospitals' decisions to de-affiliate during this period.*

2: Was Blandin really needed to fill the capital gap?

Though not explicitly outlined, documentation from the time of the grant deliberation process suggests a prevailing assumption that local funding from the Blandin Foundation and corporate health system buy-outs were the only available options for funding needed for capital improvements. Supporting excerpts from Blandin Board documents include:

- Oct 2000: *“The IMC board is uncertain how it would fund the \$13 million shortfall and has **not yet identified any other alternative funding sources.**”⁴⁸*
- Feb 2001: *“**What happens if the Blandin grant is not approved?**” *The Partners have indicated that they would dissolve the local IMC Board... and seek changes in the original sales agreement that would allow them to take excess cash out of IMC.*”⁴⁹*
- Feb 2001: *“Other systems have responded to these problems by demanding that the local hospital make cuts in staff and/or other operating costs. **There is absolutely***

⁴⁸ “Itasca Medical Center” Memorandum to the Blandin Foundation Board of Trustees, October 2000

⁴⁹ “Itasca Medical Center Frequently Asked Questions” Memorandum to the Blandin Foundation Board of Trustees, February 26, 2001.

no indication that there are any deep pockets out there who would bail out IMC should it need help. – Blandin Board Materials

3: How might this opportunity transform local / rural healthcare delivery?

- The grant was structured as an “innovation grant,” meaning the hospital had to design a facility that went beyond ordinary replacement construction. Blandin required that the project emphasize creativity and improved rural health delivery.⁵⁰
- In response to Blandin Foundation’s concerns regarding an innovative healthcare model, IMC prepared the following ideas and were available to discuss them at the Board briefing session on March 5, 2001:

⁵⁰ “Grand Itasca Clinic & Hospital,” Kahler Slater, accessed November 20, 2025.
<https://www.kahlerslater.com/expertise/health-care/grand-itasca-clinic-hospital#:~:text=Kahler%20Slater%20partnered%20with%20Grand,grant%20from%20the%20Blandin%20Foundation>

Grand Rapid's Community Health Campus

Ideas Regarding a Model for Excellence for Rural Healthcare Delivery

Innovation in healthcare can be created when successful collaboration between healthcare providers and the community at large is achieved.

Our new model includes the realignment of incentives and a deeper commitment to collaboration between healthcare providers, the hospital and its governing board, and the community itself. The vision and model of the new IMC healthcare campus calls for the creation of new and more effective ways of improving care--both sick care and healthcare in Itasca County. Our model will serve as a platform for a host of innovative and expanded health and wellness services that will improve the lives of area residents.

This innovation will occur by identifying new opportunities and by re-arranging resources and incentives to accomplish better outcomes in light of those opportunities. Available to all stakeholders in Itasca County are "best practices" of improving the health of communities from around the country. The opportunity to innovate in Itasca County comes from the capabilities that currently exist in our community, coupled with visionary leadership, commitment and partnership between all key stakeholder groups--healthcare providers, the hospital and its governing board, and the broader community.

Outcomes

With new approaches to health and sick care delivery, our model can deliver the following outcomes:

- Improved ability to manage the cost of healthcare services;
- Efficient and timely delivery of patient services, including the installation of technology, record consolidation, etc;
- Community health resource center;
- More sophisticated prevention efforts;
- Breakthroughs in managing certain chronic conditions that drive significant healthcare expenditures;
- Identification and solutions to social issues that have specific healthcare implications;
- Implementation of wellness efforts;
- Application of breakthrough medical technologies and techniques.

We anticipate that the results of this new vision of healthcare in Itasca County will be a model for cooperation and innovation that can be replicated in other rural communities.

Our success will be achieved by:

1. **Integration.**
2. **Building Upon Our History of Community Healthcare Initiatives.**
3. **Engaging the Community.**

4: What did the unprecedented size and scale of the grant mean for Blandin?

The \$20 million grant was unusually large for the foundation which normally spread grant funds over years rather than in one bulk sum. In the context of the Foundation's required 5% payout, the Foundation's distributable amount in 2004 was \$2.4 million and distributions from the Residuary Trust was \$15.5 million. This investment built up excess distributions to \$20.3 million in 2004. **One could argue the Foundation made this grant**

on top of the 5% required minimum distribution and its payout rate in 2004 would have easily been 10.0%+.⁵¹

At the time, this would be the largest single grant in the Blandin Foundation's history. The scale of the investment may be seen from multiple angles, including:

- 1) **Inflation-adjustment grants paid amount comparison to prior-year:** \$20.0 million in June 2004 is equivalent to \$34.2 million in August 2025. By comparison, the Foundation had \$15.8 million in grants paid in 2024.
- 2) **Inflation-adjustment following-year grants paid amounts:** Grants in 2003 and 2005 were about \$9.0 million each year, so a \$20.0 million grant in addition to normal grantmaking was a 200%+ increase in grantmaking that year. This was a significant amount and essentially **tripled the Foundation's grantmaking in 2004.**

Details regarding the Board's discussion of this matter are not available.

5: How would such a large grant be financially structured?

*"We wanted to do this because we believe really strongly in providing innovative healthcare in rural communities, but it's an unusually large grant for us. **We had to look at our cash flow and at how we could accomplish this and still stay financially sound and maintain flexibility.**" - Jean Lane, Blandin Foundation controller*

At the March 5-6, 2001 Blandin Foundation Board of Trustees meeting regarding the 'Itasca Medical Center Proposal', Blandin staff had prepared **two alternative payout options** for the trustees' consideration:⁵²

- Option 1** Use approximately 10% of the real growth accumulated on investments, to be paid out over three years, thus not impacting other grants and programs.
- Board documents noted that, since inception, the Foundation had experienced "real growth" of the original ~\$210M endowment and that this growth had been reserved for a "rainy day," citing the rationale, *"we would spend more if we had a significant project that needed it."*
- Option 2** Pay the grant in part from the traditional 5.5% annual payout and part from the real accumulated earnings. This 50-50 split (or any other ratio) would be paid over a three-year period starting in 2002. The advantage of this option was that it would not reduce Blandin's accumulated earnings as much and instead would charge part of the payout against the 5.5% target.

⁵¹ FSG interview with Daniel Lemm, current Blandin CFO

⁵² "Itasca Medical Center Proposal," Memorandum to the Blandin Foundation Board of Trustees, March 2001

According to the Board memo, at the time the Blandin Foundation had net assets in excess of \$450M. “If we were to take the \$80M received from the sale of Blandin Paper Company and increase that by inflation to today’s money, our funds would be worth approximately \$240M. We currently have net assets in excess of \$450M.”

Financing the Grant via Tax-Exempt Bonds

“Blandin Foundation will enter the tax-exempt market tomorrow for the first time when it borrows \$10 million to help finance its largest grant ever - \$20 million - to the **Grand Itasca Clinic and Hospital** for a replacement hospital.” – *The Bond Buyer, May 4, 2004*

Blandin ultimately financed the grant in part by borrowing through tax-exempt bonds, underscoring the unusual size of the commitment.⁵³ The foundation secured \$20M by borrowing \$10M through tax-exempt bonds (one fixed, one variable) payable over 15 years; and later used an interest rate swap to stabilize variable-rate exposure.⁵⁴

Summary of changes to the bonds over the 15 years

Both bonds/loans and SWAPs were paid off on schedule in 2019.

Debt Instrument	2004	2006	2010	2015
<i>Hospital (a)</i> - \$10M tax exempt fixed rate bond	Date of issue		Refinanced with fewer covenants	
<i>Hospital (b)</i> - \$10M taxable variable rate bond	Date of issue	SWAP agreement to fix interest rate at 5.071%		Refinanced \$3.6M principal with bank loan at 3.38%. Obligations remain for “orphaned SWAP” contract

- The **first \$10M tranche of 15-year, fixed-rate revenue bonds** were an unsecured general obligation of the foundation and carried a first-time rating of A3 from Moody's Investors Service.⁵⁵
- The **second \$10M bond had a taxable variable-rate structure** that could be converted to a synthetic fixed-rate through a swap contract.

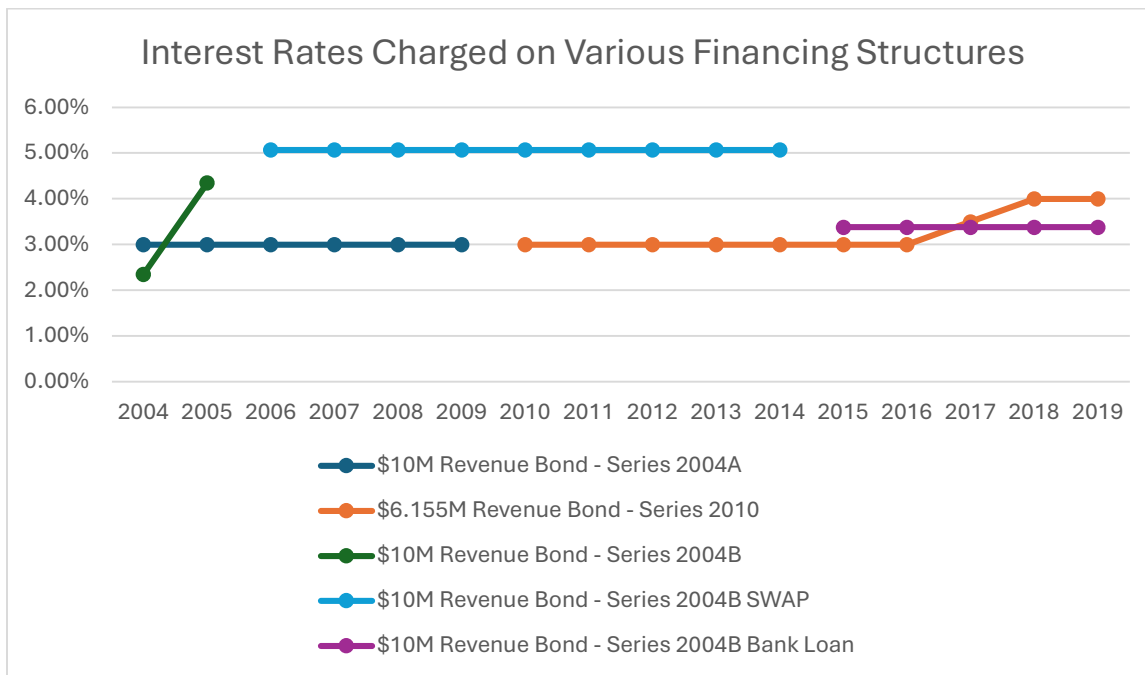
⁵³ “[Minnesota Foundation to Borrow \\$10M for Hospital Plan](#),” The Bond Buyer, May 4, 2004

⁵⁴ FSG interview with Daniel Lemm, current Blandin CFO

⁵⁵ “[Minnesota Foundation to Borrow \\$10M for Hospital Plan](#),” The Bond Buyer, May 4, 2004

- According to Jean Lane, Blandin Controller, the non-tax-exempt status on this bond was chosen to allow the foundation to maintain more flexibility in how it operated and repaid the debt.
- Recent conversations with Daniel Lemm, current Blandin CFO, confirmed this: *“5 years into the variable rate, interest rates started to shoot up so we took out a swap as part of that. That was helpful to us when it came to the interest we were paying on the bond.”*
- Bond covenants limited the foundation to the two \$10 million issues, including a fully funded debt service reserve and a pledge that the foundation will maintain unrestricted net assets of at least \$10 million.
- The foundation had \$52 million in unrestricted cash and investments at the close of fiscal 2003 that were directly under its control. A total of \$355 million was held in financial resources although the bulk of those assets were controlled by an affiliate trust that was not bound to pay debt service.
 - *“We believe the strong level of financial assets supporting the foundation's operations, and ultimately the debt service for the current bond issue, provides healthy bond holder security,”* Moody's analysts wrote in their ratings report. – [The Bond Buyer](#)

Information on the interest rates charged on the various financing structures:



Impact: \$6.8M Net Interest Earnings from Financing the Grant Funds

A key internal question for the Blandin team now is whether financing the grant funds was the right decision or, in hindsight, if it would have been a better financial decision to pull \$20M out of the endowment and make the grant directly. Financing preserved Blandin’s endowment exposure to market upside but also exposed the Foundation to market downturns (e.g., the Great Financial Crisis ultimately impacted returns). Paying cash from the endowment, on the other hand, was viewed as taking gains off the table. Ultimately, historical analysis shows:

- The financial decision to fund the \$20M grant with bonds was a strong decision that added value over the 2004-2019 period.
- The fund would have given up \$6.8M in net investment earnings if the decision was to redeem from the fund.
- In most periods, the return on the foundation exceeded the cost of debt.

Total Decision Summary - If only principal is paid out of the fund

Cumulative Cost of Debt (\$)	-\$8,054,677
Cumulative Return Foundation Return (\$)	\$22,350,730
Net Interest Earned From Financing Decision	\$14,296,053

Total Decision Summary - If all borrowing costs are paid out of the fund

Net Interest Earned From Financing Decision	\$6,849,926
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Periods where foundation return was higher than the cost of debt	10
Periods where foundation return was lower than the cost of debt	5

Ripple Effects: Grant Stimulated Innovative Local Financing & Philanthropy

- In 2016 a **consortium of community banks refinanced a portion of the foundation’s bond debt** used for the hospital construction, keeping interest payments within the community.⁵⁶
- **Community donors have continued to invest**; the Cancer & Infusion Center alone received contributions from over 500 donors. In 2017 the Blandin Foundation awarded **US\$650,000** to the Grand Itasca Foundation’s “Close to Home” initiative to renovate unused space and expand oncology and other specialty services,⁵⁷ demonstrating ongoing support.

⁵⁶ Blandin Foundation, “[Community bank teamwork keeps Blandin Foundation renovation financing local](#)”

⁵⁷ Blandin Foundation, “[Blandin Foundation awards \\$3.4 million in grants](#)”

- **The Grand Itasca Foundation** – associated with the new hospital has mobilized local donors to support medical needs, such as the [Patient Crisis Fund](#).

Implications

The history and context around the decision for the Blandin Foundation to make the \$20M grant raises a number of lessons learned and considerations for the Foundation in evaluating other potential future “extraordinary distributions.” There is no one size fits all set of criteria for determining when to make such investments, but some of the key factors and points of deliberation from the GICH example can help guide future decision making:

- **Leverage:** Blandin’s \$20M investment was leveraged to unlock an additional \$20M+ in public and private financing
- **Contextualizing Payout:** While the \$20M was significantly more than the 5% required payout in 2004, it was considered in relation to the inflation adjusted “real growth” of the original endowment of the Foundation.
- **Creative Financing:** The bond structure of the investment proved to be an effective strategy, and refinancing with local banks allowed the Foundation to redirect additional resources in the community. In addition to paying off in the long run, this sophisticated investment approach may have enabled the decision at the outset.
- **Unique Value Contribution:** A key point of discussion in making the investment was to the effect of “if not us, who?” It is likely that other potential sources of financing would have eroded local independence and control, and in turn the long-term expansion of care in the community.
- **Local Autonomy and Resilience:** Underlying the decision to make the grant was not only a belief in the importance of local governance of the hospital, but that local control of healthcare and other services and assets is essential to the broader sustainability and resilience of the community.
- **Early Involvement:** While there is not detailed documentation of Blandin’s role before 2000, it is understood that Foundation leadership was included in discussions about the hospital’s future from the outset.

II. Construction and Design of the New Facility

Overview: State-of-the-art integrated regional rural health care hub

The grant supported construction of a **one story, 64-bed replacement hospital** with an **integrated 50-physician clinic** on a 70-acre campus. Grand Itasca’s vision was to create a “healing destination” that balanced innovation, efficiency and holistic healing at its wooded 70-acre site at the headwaters of the Mississippi River.”⁵⁸ The goal was to **design the hospital as a community amenity rather than a typical rural healthcare facility.**

Following principles of evidence-based design and shaped by patient and community feedback, innovative features included:⁵⁹

- **Evidence-based healing environment:** Numerous windows and natural light connect patients and caregivers to the healing elements of nature, private rooms provide family sleeping space, and family lounges open directly to courtyards.
- **Integrated services:** The hospital consolidates **critical care nursing** by co-locating emergency and intensive care, creating an integrated delivery system. Inpatient units are contiguous for staffing flexibility, and decentralized nursing stations bring staff closer to patients.
- **Wellness focus:** The entry gallery houses a fireplace, water feature, café and a wellness center that offers community classes, while the main corridor provides access to inpatient units, diagnostics, surgery, rehabilitation and a meditation room. The design intentionally links health-care services with wellness and disease-prevention activities.⁶⁰
- **Advanced technology:** The project introduced technology such as a **64-slice CT scanner, MRI and digital radiography**, allowing patients to receive advanced diagnostics locally.

These innovations fulfilled the grant requirement that the project emphasize creativity and improved rural health delivery. The master plan included future zones for wellness and medical profession education programs, and development of continuum-of-care facilities. The facility’s **total construction costs of \$40,000,000, or \$216/sq ft** (excludes cost of land) were made possible by blending both private and public financing. In addition to receiving the \$20M grant from the Blandin Foundation, the hospital was also the state of Minnesota’s first ever federally funded HUD⁶¹ 242 project.

⁵⁸ “[Grand Itasca Clinic & Hospital](#),” Kahler Slater, accessed November 20, 2025.

⁵⁹ “[Grand Itasca Clinic & Hospital](#),” Healthcare Design Magazine, August 31, 2007.

⁶⁰ “[Blandin Foundation Announces \\$20 Million Grant for Build Community Health Care Campus.](#)” Philanthropy News Digest, March 6, 2001.

⁶¹ HUD = Housing, Urban, Development

- *“The [HUD 242] program will provide IMC with enhanced credit-worthiness because its mortgage financing will be backed by the full faith and credit of the U.S. government. With the Federal Housing Authority insurance, IMC expects the bonds will receive an “AA” rating from the various agencies. The “AA” rating will reduce net annual interest rates on the financing by 1.5 to 2 percent over current unrated tax-exempt bond rates.”* – Steve Feltman, GICH CEO 2002⁶²

Collaboratively Designing a Reimagined Rural Health Experience

Kahler Slater, a Madison-based design and architectural firm with a large hospital and medical services practices, was selected to design the physicians’ clinic and integrated replacement hospital on a new campus.⁶³ Although commentary from hospital leadership at the time on why Kahler Slater was selected is not available, other health care clients who selected Kahler Slater just after the GICH project highlighted the firm’s **creativity and out-of-the-box thinking: “They think of themselves as designing an experience, not just the building.”** Anecdotally, current GICH leadership has alluded to using Kahler Slater again if any future expansion projects come to fruition because of the level of forward-thinking in Kahler Slater designs.

Hospital leadership intentionally gathered community input and ideas on innovation to design the center’s amenities, likely inspired in part by the Blandin Foundation’s push for a new model of healthcare. **Grand Itasca leadership, physicians, staff, community members, and design professionals formed a collaborative** team to design an entirely new healing experience for the community.⁶⁴ This “Innovation Committee” which was created to find “services and innovative ideas [that were] out there within the community”.

- *“We’re looking to reach out to the community and get input from various groups and individuals. The new building is only a piece of this entire project.”* – Frank Allen, New IMC Board of Directors Chair (as of 2002)⁶⁵

Designing for Efficiencies & Cost Savings

The **integrated delivery system** created opportunities for Grand Itasca to achieve efficiencies and cost savings that are often difficult to realize in rural healthcare settings:

- The hospital improves critical care nursing by **co-locating the emergency department and intensive care unit.**

⁶² [“A Fresh New Start for IMC.”](#) Grand Rapids Herald-Review. August 23, 2002.

⁶³ [“Grand Itasca Clinic & Hospital,”](#) Kahler Slater, accessed November 20, 2025.

⁶⁴ [“Grand Itasca Clinic & Hospital,”](#) Healthcare Design Magazine, August 31, 2007.

⁶⁵ [“A Fresh New Start for IMC.”](#) Grand Rapids Herald-Review. August 23, 2002.

- Designed for peak operational performance, the clinic features **104 exam rooms** organized into four care team pods **directly connected to diagnostic and treatment areas** that also serve inpatients.
- Inpatient units are contiguous to enhance staffing flexibility, while **decentralized nursing stations** position caregivers closer to patients.
- Located near the main campus entrance, additional patient and family support services include **community and diabetes education, nutritional counseling, and cardiac rehabilitation.**
- Kahler Slater also renovated the newest clinic building on the vacated campus to provide space for **ambulatory rehabilitation services.**
- **Shared equipment and procedural spaces** enable seamless, integrated care and make investment in state-of-the-art technology more cost-effective.⁶⁶
- The project introduced **advanced diagnostic tools**—including a 64-slice CT scanner, MRI, and digital radiography—allowing patients to access comprehensive diagnostic services locally.

Designing for Healing, Wellness, and Compassionate Care

Balancing functional efficiency with a sense of expert and compassionate care, the design of the campus embeds opportunities for respite, connection to the natural surroundings, and recognition of local heritage in all patient and family areas.

Connection to Nature & Place

Kahler Slater’s design team drew deep inspiration from the serene setting of tall pine and hardwood forests surrounding the Grand Itasca campus, as well as from the region’s agricultural, timber, and milling heritage. Design highlights include:⁶⁷

- **Preservation of natural character:** The hospital is carefully nestled between a prominent white pine and a century-old oak tree—symbolic anchors of the site.
- **Regional materials and color palette:** A deep russet hue, inspired by local taconite ore, weaves throughout both interior and exterior finishes, complemented by warm natural wood.
- **Cultural references:** Slatted “corn crib” fences and visual screens evoke the area’s agricultural roots, reinforcing a sense of place.

“The design celebrates the Northwoods landscape — rooted in the community’s history and inspired by its natural beauty.” — Healthcare Design Magazine

⁶⁶ “[Grand Itasca Clinic & Hospital](#),” Healthcare Design Magazine, August 31, 2007.

⁶⁷ “[Grand Itasca Clinic & Hospital](#),” Kahler Slater, accessed November 20, 2025.

Evidence-Based Healing Environment

Every aspect of the facility supports healing, comfort, and family connection through evidence-based design principles. Key features include:⁶⁸

- **Expansive windows and daylight-filled spaces** that connect patients, visitors, and caregivers to the calming presence of nature.
- All **inpatient rooms are private**, each with space for a family member to stay overnight.
- **Family lounges** open directly to landscaped courtyards, providing restorative outdoor access and natural light.

Wellness & Community Connection

The design intentionally integrates healthcare delivery with wellness, prevention, and community engagement. Notable wellness features include:⁶⁹

- **Entry Gallery:** A welcoming fireplace, water feature, café, and wellness center offering community classes.
- **Main Corridor:** Provides intuitive access to inpatient units, diagnostics, surgery, rehabilitation, and a meditation room—reinforcing a holistic approach to health.
- **Daylight and respite:** Interior corridors are punctuated by windowed courtyards and sunlit seating areas.
- **Family comfort:** Sunroom-style lounges create bright, restorative gathering spaces.
- **Connection to nature:** Outdoor walking paths, terraces, and raised ceilings in the dining room foster openness and renewal.
- **Community integration:** A new trail system links the hospital to Grand Rapids' historic downtown, extending wellness beyond the facility and positioning it as both a healing destination and community asset.

External Recognition: Awards & Media

The building was the subject of several **design awards**:⁷⁰

- Design Award of Excellence, Modern Healthcare Magazine, 2009
- Honor Award, AIA Wisconsin Chapter, 2009
- Citation of Merit Award, Healthcare Design Magazine, 2009
- Gold Award, Wisconsin Chapter American Society of Interior Design, 2008

Select quotes from media sources covering the building design and construction:

⁶⁸ “[Grand Itasca Clinic & Hospital](#),” Healthcare Design Magazine, August 31, 2007.

⁶⁹ Ibid.

⁷⁰ “[Grand Itasca Clinic & Hospital](#),” Kahler Slater. Accessed November 20, 2025.

- “Grand Itasca Clinic & Hospital’s new facility is an **innovative, affordable** approach to providing **seamless care, patient-centered clinical excellence, and promoting wellness** in this community.”⁷¹
- “Grand Itasca Clinic & Hospital’s nontraditional hospital campus provides a unique balance of **expert primary care and specialty services** with an environment that is **inviting and renewing to all** who use the space.⁷² – Kahler Slater website
- “An **unusually stunning design** contributes to the facility’s success as a **healing destination and community amenity.**” – Health Care Design Magazine

Implications

Despite mixed perspectives among board members at the time, in many ways the design of the new hospital fulfilled the innovation mandate incorporated in the grant agreement. The elevated design has had many important benefits for the Hospital’s sustainability and the community:

- **Physician recruitment:** GICH leadership emphasize that the quality and design of the facility is an important part of the hospital’s value proposition when recruiting new providers.
- **Platform for partnership:** Fairview leadership confirmed that the quality of GICH’s physical infrastructure allowed GICH to affiliate with the Fairview system from a place of strength, and because there was less need for renovation and maintenance Fairview has been able to invest more in service expansion at GICH than is typical.
- **Design as a community asset:** The high quality of the design of GICH is important to patients and community members not only because the space promotes healing and connection to nature, but because high quality public spaces reinforce a sense of community dignity.

⁷¹ “[Community Hospital.](#)” The Free Library. Accessed November 21, 2025.

⁷² Ibid.

III. Grand Itasca as a Regional Healthcare Hub

Section Summary: How Grand Itasca Became a Regional Health Hub

Over the past two decades, Grand Itasca has transformed from a small community hospital into a regional healthcare hub – expanding clinical capacity, strengthening cross-sector partnerships, and improving access and quality of care for residents across Itasca County and northern Minnesota. This evolution reflects a deliberate, sustained effort to build specialty services locally, deepen community integration, and ensure that residents receive comprehensive care close to home. The following section summarizes the strategic, operational, and community-level shifts that together explain how GICH developed into a regional health hub.

Strategic & Operational Growth

The Blandin Foundation’s 2001 investment transformed a small community hospital into a regional hub for integrated rural health care. In 2005, the newly constructed healthcare campus opened under the name Grand Itasca Clinic & Hospital (GICH). Over the next 20 years, while many rural hospitals experienced stagnant revenues and declining finances, GICH consistently grew its operations and services and maintained a strong financial standing. GICH’s growth shows a pattern of strategic decision-making, pragmatic adaptation, and lasting community impact, reflected in its:

- Effective use of philanthropic funding
- Consistent operations as an independent provider
- Strategic alignment with future clinical needs and economic realities
- Ongoing commitment to local care access and workforce investment

Snapshot Comparison: Pre-New Building & Today ⁷³			
	2004	2023	% change
Annual Clinic Visits	64,567	89,864	+39%
Deliveries	199	379	+90%
Surgeries	1,906	2,890	+52%
ED Visits	5,660	14,714	+160%
Total Op. Revenue	\$51,386,760	\$124,640,153	+143%
Employed Physicians	44	60	+36%
Total Employees	680	779	+15%

⁷³ Source: Grand Itasca 2004 & 2023 A Comparison, Provided by GICH

Ownership & Governance

The hospital went through four phases of ownership and governance, each affecting resources and decision-making differently:

- Pre-1997 County-Ownership, with Competing Local Control Interests
- 1997 – 2002 Partners Ownership, with Non-Local Board Control
- 2002 – 2017 Local Ownership, with Local Board
- 2017 – Present Fairview Health System Ownership, with Local Board

Five Eras of Progressive Institutional Growth

Over the past two decades, GICH’s growth can be traced across five key phases, or “eras,” of development:

2002-2004	2005-2009	2010-2016	2017	2018-Present
Catalytic Expansion & Modernization	Operational Integration & Stabilization	Independent Maturity & Strategic Positioning	System Integration & Reporting Transition	System-Era Operations & Workforce Investment
Supported by Blandin’s \$20M capital investment, the organization expanded clinical facilities, upgraded infrastructure, and increased provider capacity to meet present and future demand for care.	With the new building open and clinic/hospital staff integrated, GICH shifted from “build” to “sustain,” successfully absorbing and staffing its expansion.	Patient volume and payroll grew, but margins flattened and declined in later years. GICH became regionally significant and faced the challenges of scaling modern rural medicine.	GICH joined Fairview, a larger health network. A one-year spike in net income likely reflects accounting alignment, asset transfers, or one-time integration credits.	Post-affiliation, the institution exhibits stable growth, stronger margins, and improved asset position — even through COVID.

Financial Trend Highlights (2002-2023)

- **Revenue quadrupled** from ~\$30M to ~\$122M (+307% total, 6.9% CAGR)
- **Net assets increased sixfold** from ~\$12M to ~\$71M (+500% total, 8.9% CAGR)
- **Salaries & benefits** paid to employees more than **quadrupled** (4.6x)

- **Operating margins** averaged at 5.9%, dipping during the great recession and in the years prior to joining Fairview Health System, stabilizing in 2023 at 3.8%, above rural benchmarks^{74,75}
- **Expense efficiency** improved post-integration: expenses were consistently 94–96% of revenue, demonstrating effective cost management and disciplined operations.

Care Delivery Evolution

Expanded Primary and Specialty Care Capacity | GICH has invested in expanding both primary and specialty care, giving residents access to more services close to home. Primary care access is strong for a rural area, supported by integrated clinic–hospital operations, more same-day and after-hours options, and steady provider recruitment. Growth in specialty care has been even stronger. New services such as cardiology, oncology, rheumatology, mental health, OB/Gyn, sports medicine, and wound care have reduced the need for patients to make the long journey to Duluth or the Twin Cities for care. Major additions like the Cancer & Infusion Center, tele-ICU/NICU/stroke support, and expanded behavioral health have further strengthened local capacity. As a result, GICH now offers many services usually found in larger urban systems, allowing more routine, complex, and acute care to happen locally.

Strengthened Community Integration and Cross-Sector Collaboration | As GICH has expanded its clinical services, it has also strengthened its role in the region’s broader health ecosystem. The hospital now works closely with the county department of public health, schools, behavioral health providers, food security organizations, senior services, tribal partners, and law enforcement. These collaborations fill gaps in social support, bring prevention and chronic-disease programs into the community, and improve care coordination for people facing mental health crises, incarceration, chronic illness, or poverty. GICH now serves not just as a medical provider, but as a key community institution supporting wellbeing and health-equity efforts across the region.

Health and Health Care Outcomes

Improved Utilization, Care Quality, and Patient Experience | Expanded clinical services and stronger community partnerships have reshaped how residents use care. From 2004 to 2023, outpatient visits grew by 39%, emergency visits by 160%, surgeries by 51%, and deliveries by 91%. The region now handles more than 250,000 patient encounters each year, supported by a larger physician team, a stronger nursing workforce, and increased

⁷⁴ The median operating margins among U.S. rural hospitals in 2023 was 3.1% according to [KFF](#).

⁷⁵ Note that GICH’s average operating margin over this period is impacted significantly by positive outliers in 2004 and 2017, presumably from the Blandin \$20M grant and one-time consolidation accounting practices associated with the Fairview merger.

operating revenue. Quality metrics also show steady gains: IMCare members receive more screenings, maintain better blood pressure control, experience improved perinatal outcomes, and face fewer high-dose opioid exposures. Patient experience scores continue to exceed targets. As a result, more residents access care earlier, more regularly, and closer to home, strengthening safety, detection, and coordination.

Persistent Population Health Challenges Reflect Structural Rural Realities | Even with these improvements, many community-wide health indicators remain troubling. Itasca County outperforms many rural peers yet still struggles with high rates of adult obesity, smoking, depression, and suicide; limited access to exercise opportunities; and rising youth mental health concerns. Aging demographics, economic hardship, limited recreation infrastructure, and geographic isolation continue to shape health outcomes in ways that clinical care alone cannot overcome. GICH's growth addresses critical needs, but the county will still need coordinated, long-term, cross-sector action to close broader health gaps.

Equity Efforts Are Expanding but Require Continued Focus | GICH and its community partners continue to expand equity-focused work through financial assistance, tribal partnerships, crisis-navigation services, expanded behavioral health offerings, and targeted opioid-response initiatives. Yet disparities remain, particularly for American Indian residents and families with low incomes. Equity strategies are gaining momentum, but the region must deepen its measurement tools and commit to long-term investment to achieve durable progress.

Enabling Factors and Future Outlook

Enabling Factors behind GICH's Growth | Grand Itasca's emergence as a regional health hub rests on a distinctive mix of internal strengths and external conditions. Internally, early philanthropic support modernized facilities, and a decade of independent operation allowed the organization to grow with discipline. Strong financial management and smart workforce strategies positioned GICH to expand both primary and specialty care. Its 2017 system affiliation further enhanced clinical capacity by expanding telehealth, strengthening specialty recruitment, and building clearer pathways to tertiary care.

External factors also played a critical role. High community trust, responsive local governance, and clear regional gaps in obstetrics, specialty care, and behavioral health fueled sustained demand for local services. Countywide partnerships with public health, schools, tribal health, IMCare, and social-service agencies extended prevention efforts and improved care coordination. Together, these factors created a reinforcing environment that enabled Grand Itasca to stabilize, expand, and evolve into a resilient regional health anchor for northern Minnesota.

Future Outlook | GICH enters the next decade amid increasing pressure on rural health systems, including workforce shortages, rising behavioral health needs, growing service demand, facility constraints, and potential threats to Medicaid and 340B funding. Persistent challenges in obesity, smoking, youth mental health, and Indigenous health disparities underscore the need for coordinated community and public-health solutions that reach beyond clinical care.

Even so, GICH is better positioned than most rural hospitals to navigate these pressures. Its modern clinical infrastructure, strong specialty access, high community trust, and deep system and local partnerships provide a durable platform for sustaining and expanding care. Continued investment, disciplined strategic planning, and robust cross-sector collaboration will remain essential to maintaining GICH's role as a regional anchor for health, equity, and resilience across northern Minnesota.

Conclusion

GICH's evolution into a regional healthcare hub has significantly strengthened access, capacity, and quality across Itasca County. Clinical expansion, deeper community integration, and targeted quality initiatives have improved utilization patterns, screening rates, chronic disease management, and patient experience. At the same time, the county continues to confront population-health challenges shaped by structural factors beyond the hospital's walls. The evidence shows both that GICH's growth has transformed the region's ability to access care and manage illness locally *and* that ongoing collaboration, workforce investment, and equity-focused strategies will be critical to advancing long-term community health.

The Five “Eras” of GICH’s Strategic & Operational Evolution

Overview & Summary

This section evaluates GICH’s development over time, using available financial, operational, and contextual data to assess performance and growth. The analysis highlights the interplay between local leadership, catalytic philanthropy, and system partnership in building and maintaining rural health capacity. The result is a community-anchored health organization with expanded clinical capability, strengthened infrastructure, and improved long-term resilience.

Over the past two decades, GICH has undergone a sustained institutional evolution which can be understood through the following five phases, or “eras”, of development:

- 1. Catalytic Investment & Rapid Expansion (2002–2004):** Blandin Foundation’s \$20M capital investment enabled GICH to transition from a modest local facility to a comprehensive community care platform.
 - Modernized care campus
 - Expanded diagnostic and specialty services
 - Recruited and retained providers in a rural market
- 2. Operational Integration & Stabilization (2005–2009):** Following construction and ramp-up, GICH stabilized operations at a larger scale.
 - Sustained service levels and workforce scale
 - Managed fixed-cost absorption and operational integration
 - Gradual revenue growth
 - Maintained community utilization and trust
- 3. Independent Maturity & Strategic Positioning (2010–2016):** As an independent hospital, GICH operated with stable performance and measured growth, while planning for future system alignment (consistent with national rural health trends).
 - Delivered steady financial and volume performance
 - Continued workforce and program investments
 - Monitored trends impacting rural health systems
 - Evaluated capabilities needed to sustain and grow services
- 4. System Integration & Reporting Transition (2017):** GICH joined the Fairview system as a wholly owned subsidiary in 2017, linking with a mission-aligned system.
 - Accessed specialty care support and recruitment pipelines
 - Shared clinical, technology, and purchasing infrastructure
 - Adjusted accounting to reflect system consolidation

5. System-Era Operations, Workforce Investment & Resilience (2018–present): Since integration — including during the COVID-19 pandemic and current uncertainty over federal funding programs — GICH has shown resilience amid sector volatility:

- Maintained comprehensive local care access and service availability
- Sustained workforce investment amid national labor pressures
- Leveraged system-wide infrastructure for supplies, staffing, and surge response
- Expanded telehealth for specialty care
- Continued as a major local employer and economic contributor

GICH’s trajectory demonstrates foresight, deliberate planning, and alignment between community needs and institutional strategy. Key lessons for rural health system development include:

- Leveraging philanthropic capital to build foundational capacity
- Maintaining disciplined operations over time
- Forming strategic system affiliations to secure long-term infrastructure and clinical resources
- Sustaining a role as an anchor institution supporting health and local economic vitality

2002-2004 — Catalytic Investment & Rapid Expansion

Strategic Overview | Blandin’s \$20M grant catalyzed a once-in-a-generation campus and service expansion. From 2002 to 2004, GICH underwent its foundational modernization phase, expanding clinical facilities, upgrading infrastructure, and increasing provider capacity to meet both current and future care needs. This proactive investment positioned the organization for service growth and improved patient access. Ultimately, it enabled a broader range of local services, reduced out-migration for care, and strengthened the hospital’s operational platform.

Operational Developments & Performance | Several key actions created the structural and operational base for growth and stability:

- **Physical capacity expanded to meet regional need:** infrastructure modernized to support long-term service delivery and community access (see earlier sections for detail)
- **Growth backed by philanthropic capital:** revenue more than doubles, margins were constrained, but capital investment increased net assets substantially
- **Workforce growth aligned with anticipated service demand:** payroll doubles; though data on new hires is not available the original grant proposal called for several physicians to be added to the GICH staff including one family practice doctor, two

internal medicine practitioners and one OB/GYN, one ENT, one urologist, and two orthopedic surgeons.

“Without that initial investment, we wouldn’t have had the foundation to grow or attract specialists.” — GICH CFO

Strategic Interpretation | Capital investment is often a major constraint for rural health systems. Blandin’s infusion served as a true “launch pad,” enabling rapid expansion of facilities, workforce, and service lines. Few rural hospitals experience such a step-change, and even fewer execute it successfully. In this case, philanthropy combined with strong local governance unlocked a level of scale that would have been otherwise unattainable.

2005-2009 — Stabilization & Service Integration

Strategic Overview | From 2005 through 2009, GICH shifted from capital expansion to operational consolidation. With facility investments complete, the organization focused on integrating new capacity, refining workflows, and strengthening clinical programs. This era marked measured stabilization, during which GICH absorbed fixed costs, aligned staffing to service levels, and established routines consistent with a modern rural health system. Community demand remained steady, and staffing gains were sustained, showing that the expanded platform met regional healthcare needs.

Additionally, under the leadership of its then CEO, John Kutch, GICH notably left the Blue Cross and Shield of MN network between January 1 and July 1 of 2008 due to stalled contract negotiations. This move was highly controversial and was referenced in several interviews.⁷⁶

Operational Developments & Performance | Financial data reflect a consolidation period following significant capacity investment:

- Continued gradual revenue and net asset growth
- Managed fixed-cost absorption and operational integration
- Sustained service levels and workforce scale

During this phase, GICH focused on:

- Integrating new staff and clinical services
- Retaining clinical personnel required to support expanded access
- Optimizing administrative and clinical workflows (e.g., EMR integration)

Strategic Interpretation | GICH effectively absorbed the large capital infusion and demonstrated the ability to sustain operations, retain workforce levels, and continue

⁷⁶ [“Grand Itasca: Back in network, but with a changed landscape.”](#) Business North. June 20, 2008.

serving regional demand while maturing its systems and practices. This era provided the operational and financial foundation for future strategic decisions, including longer-range planning around system partnership to support continued capability growth.

2010-2016 — Independent Operating Maturity & Strategic Positioning

Strategic Overview | From 2010 through 2016, GICH continued to mature as an independent regional health provider. The organization sustained stable operations, maintained a committed workforce, and expanded services to meet community needs. Revenues and net assets grew steadily, supported by consistent utilization, ongoing investment in clinical staff, and a reliable operating model.

Meanwhile, the national rural healthcare landscape was shifting. Health systems across the U.S., including strong independent hospitals, explored partnerships to access technology, specialty services, and operational efficiencies that were increasingly difficult to sustain alone. During this period, GICH likely began strategic planning for long-term alignment with a larger system to ensure continued growth and modernization.

Operational Developments & Performance | During this period, GICH faced the limits of independent scale. The hospital had a strong market position and modern facilities, but rural economics—such as high fixed costs, lower reimbursement rates, and limited patient volumes—constrained profitability. Strategic planning focused on securing the resources and capabilities needed for the next phase of growth and modernization in a changing healthcare environment.

Key activities and milestones include:

- **Sustaining clinical quality and access:** received designation from Minnesota Department of Health as a Level 3 Trauma Center, earned certification as an Acute Stroke Ready Hospital
- **Enhancing local specialty services:** hired a full-time cardiologist and oncologist, added an inpatient and outpatient pharmacy, opened the rapid and YMCA clinics
- **Recruiting and retaining providers** in a competitive regional labor market
- **Strengthening care coordination and patient retention**
- **Preparing for technology enhancements and regulatory changes** affecting all rural hospitals

Indicators of strategic strength during this period (pre-Fairview)

Dimension	Evidence
Revenue base	Strong & rising, diversified service lines
Market capture	High — patients staying local
Capital position	Built modern campus + specialty services
Labor force	Large, stable clinical staff & specialty base
Access footprint	Expanded capacity and catchment
Asset base	Solid — despite operating strain
Reputation	High quality local access; important regional anchor

Indicators of independent operating maturity (pre-Fairview)

Trend / Indicator	Interpretation
Continued rapid revenue growth \$36M → \$86M	Strong demand and broad service offerings
Profit: 4 of 5 years in red <i>Modest losses, not collapse</i>	Typical rural hospital margin pressures; financially stable
Net assets begin to decline \$36M → \$29M	Limited surplus cushion, growth absorbed by operations
Payroll remains steady & large \$49M-\$50M	Workforce capacity maintained; no loss of staff

Strategic Interpretation | GICH was financially and operationally strong but had likely reached the limits of independent scale. Margins were tightening due to structural challenges common to rural hospitals – higher costs per patient, reimbursement pressures, and the difficulty of scaling services efficiently.⁷⁷ As noted by AHA and RUPRI, independent rural hospitals often hit a ceiling where they can’t deliver new scale efficiencies or grow payer leverage without a partner. Thus, GICH began to proactively consider system partnerships to secure long-term sustainability.

2017 — System Integration & Accounting Transition

Strategic Overview | In 2017, GICH joined the Fairview Health System, an academic-connected, nonprofit health system with complementary mission and values, as a wholly-owned subsidiary. The integration was structured to maintain GICH’s local

⁷⁷ “[Hospitals with less than 100 beds saw margins decline on average 2013-2017.](#)” American Hospital Association (AHA) — TrendWatch Chartbook 2019

identity via a local board, while positioning the organization to benefit from system-level capabilities, clinical resources, and capital planning.

- *"We've had a loss in the last three years...With their size, expertise, resources ... we will have the ability to continue to be sustainable, and reinvest in our clinical needs within the community"*⁷⁸
- *"We wanted to keep jobs and control local decisions. Fairview was the only partner who allowed that."* — GICH CEO
- *"...becoming part of the Fairview system offers many opportunities... relationship provides access to specialty care through Fairview and University of Minnesota Health and the opportunity to expand clinical services to better serve our community"*⁷⁹
- *"Grand Rapids is emerging as another example of how health care in greater Minnesota increasingly is being shaped by competition among big regional networks of hospitals and clinics."*⁸⁰

Operational Developments & Performance | Following integration, Grand Itasca gained access to system resources supporting:

- Expanded specialty services in Grand Rapids (e.g., oncology and cardiology)⁸¹
- Enterprise electronic medical record and digital systems
- Systemwide clinical protocols and quality programs
- Workforce recruitment and retention support
- Telehealth and virtual specialty access infrastructure (e.g., tele-NICU)
- Supply chain and contracting efficiencies

The merger process was stressful for many staff due to concerns about job security and benefits, though ultimately it improved convenience for patients.

- *"Conversations about merging were very stressful... 'What will that mean for our jobs? Will we lose benefits?'"* — GICH Staff Member
- *"It would be so convenient to have everyone together... patients would just have to navigate one building."* — GICH Staff Member

Strategic Interpretation | The decision to merge with Fairview aligned organizational resources with emerging demands in rural healthcare delivery, setting conditions for continued capability development. A review of the integration period reflects:

⁷⁸ ["Fairview merger adds Grand Rapids hospital."](#) Minnesota Star Tribune. January 3, 2017

⁷⁹ ["Grand Rapids Hospital Becomes Part of Fairview Health System."](#) Duluth News Tribune. January 4, 2017

⁸⁰ Becker's Hospital Review, ["Grand Itasca Clinic and Hospital Partners with Fairview Health Services,"](#) 2017

⁸¹ ["Fairview Merges With Grand Rapids Hospital."](#) Twin Cities Business. January 14, 2017.

- Deliberate planning in response to evolving rural care dynamics
- Continued commitment to local access and identity
- Emphasis on specialty access and infrastructure modernization
- Use of system scale to support long-term sustainability

Notably, Essentia Health invested \$14 million to expand its Grand Rapids clinic less than a year after the Fairview merger, showing the strategic importance of this market.⁸²

2018-2023 — System-Era Operations, Resilience & Modernization

Strategic Overview | From 2018 through 2023, Grand Itasca functioned as part of the Fairview system, with operational focus on sustained service delivery, workforce investment, and modernization of clinical and digital infrastructure. This period reflects the organization’s transition from independent operation to fully integrated system membership, supported by system-level resources and capabilities.

During these years, the organization experienced steady financial performance, maintained staffing levels, and expanded access to specialty care. System integration provided access to shared clinical protocols, capital planning, digital systems, and system-wide recruitment pipelines, aligning local operations with enterprise-wide infrastructure and capabilities.

The COVID-19 pandemic intersected with this period, shaping utilization patterns, staffing models, and operational priorities across rural health systems nationwide. Overall, the affiliation era has resulted in stable performance, workforce retention, and community benefit — even through COVID disruption.

Financial Performance & Operational Developments		
Trend	Evidence	Interpretation
Steady revenue growth	~\$91M → ~\$122M	Sustained demand
Margins generally positive	Multiple surplus years	Operational stability regained
Payroll grows responsibly	~\$58M → ~\$74M	Continued local employment anchor
Net assets rebuild	~\$32M → ~\$71M	System + local value creation

Key operating features during this period included:

- Continued expansion of specialty services delivered locally
- Integration into enterprise EMR and digital systems
- Workforce development supported by system recruitment channels
- Access to system-wide quality, safety, and clinical practice standards

⁸² [“Essentia Health invests \\$14 Million in Grand Rapids community health.”](#) Grand Rapids Herald Review. July 3, 2017

- Continued advancement of telehealth and regional referral linkages

During the pandemic, GICH demonstrated system-supported preparedness and locally-coordinated response capacity:

- Maintained essential services and emergency care access
- Leveraged system supply chain and clinical support structures
- Sustained payroll stability through workforce disruptions
- Participated in regional emergency response and vaccination efforts

Interpreting COVID-Era Financials

COVID-era financial reporting reflects:

- Federal relief and stabilization funding
- Temporary staffing and supply cost increases
- Utilization shifts and delayed elective procedures
- Rapid uptake of telehealth models
- System-level support strategies for rural providers

Trends are best interpreted in the context of national rural health patterns and extraordinary operating conditions.

Emerging Outlook: 2024 – 2025

As Grand Itasca enters its third decade since the Blandin Foundation’s catalytic investment, its challenge centers on strategic stewardship—ensuring financial stability translates into equitable access, workforce resilience, and continued regional vitality.

Early indicators suggest continued focus on:

- Workforce stabilization and recruitment
- Specialty care alignment with system service lines
- Digital infrastructure modernization
- CHNA-aligned community health initiatives
- Maintaining local access through system partnership

Qualitative signals suggest operational continuity and alignment with system strategy.

- **Healthcare Workforce Pipeline:** Partnering with local schools and training institutions to secure long-term staffing.
- **Specialty and Telehealth Capacity:** Expanding regional specialty care and digital access to keep services local.

- **Operational Efficiency & Technology:** Leveraging data systems to strengthen performance and patient outcomes.
- **Philanthropy as an Innovation Partner:** Continuing Blandin’s legacy through targeted investments that advance local health equity.

Strategic Interpretation | This period demonstrates:

- Continued delivery of healthcare services despite external disruption
- Ongoing capacity to maintain staffing and service levels
- Operational integration into a larger nonprofit health system
- Access to scale resources in support of long-term service delivery

The evidence reflects a mature integrated operating model and sustained role as a regional healthcare provider and employer.

Financial Trends and Highlights

This section summarizes 20-year financial performance trends for Grand Itasca Clinic & Hospital, covering years 2002–2023, based on IRS Form 990 data reported to ProPublica. Filings from 2024-2025 were not available at the time of writing.

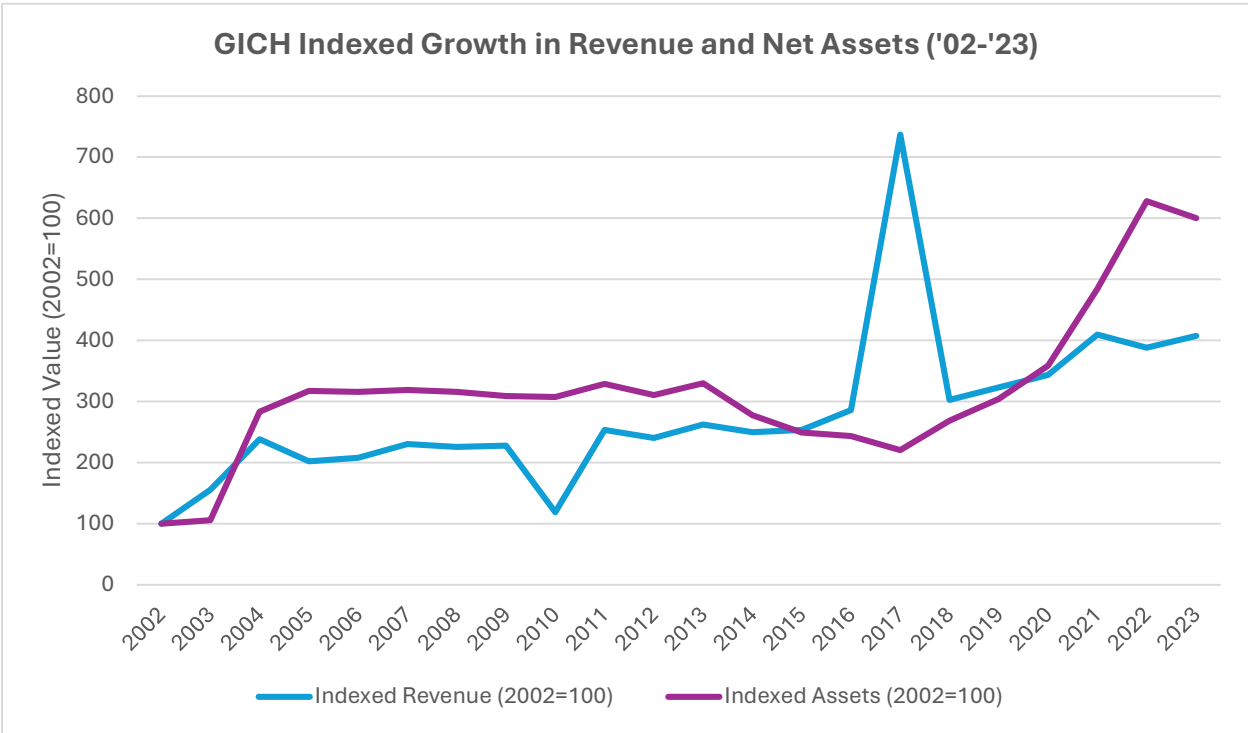
Where possible, available benchmarks are referenced and included to contextualize GICH’s performance compared to national and Minnesota-based rural hospital peers.

Increasing Scale: Revenue, Net Assets, and Payroll Growth

"We have tripled our size and outreach from 2006 to current. In 2006, our total operating revenue was \$63 million. In 2025, our total operating revenue was \$146 M."

– Todd Christensen, GICH VP of Finance

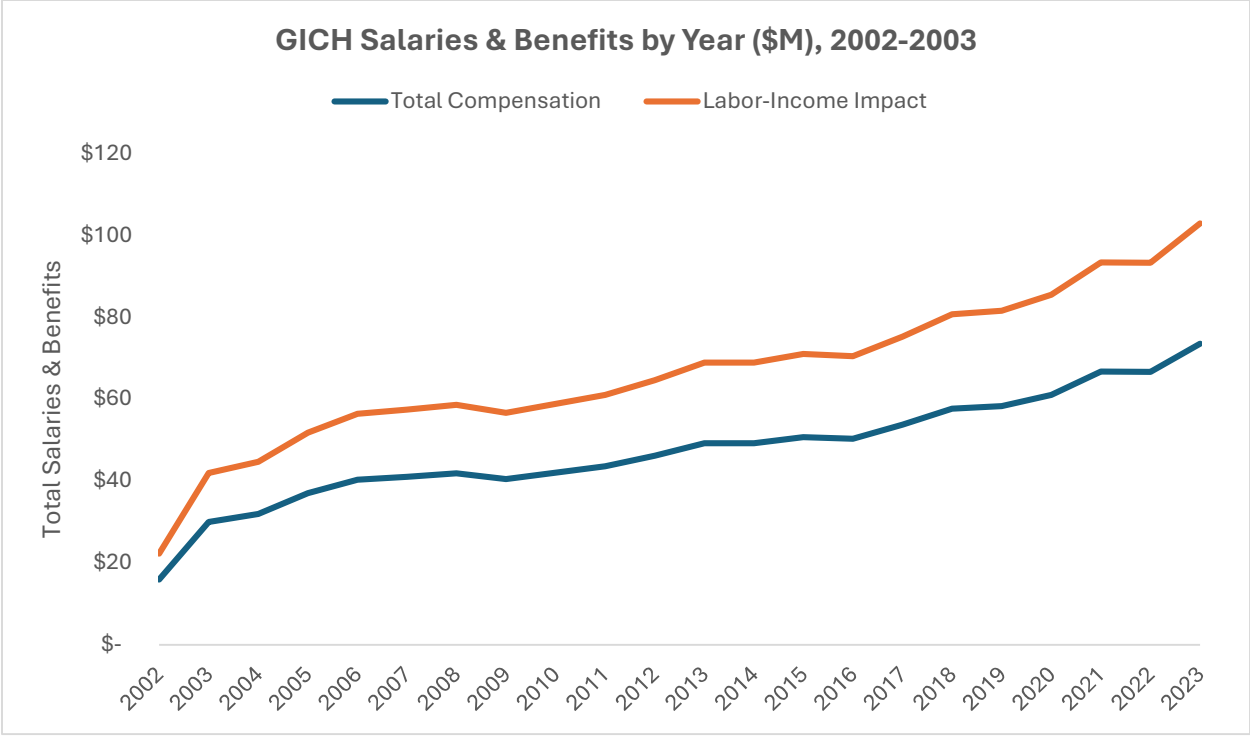
Between 2002 and 2023, GICH’s **total revenue grew from approximately \$20M to \$122M (+307%)**, outpacing U.S. hospital spending (+212%)⁸³ and typical rural hospital performance. **Net assets also expanded substantially over the period (+500%)**, reflecting accumulated surpluses and reinvestment capacity.



***Note on 2017:** Immense increases in revenue, net income, and operating margin from 2016-2017 reflect reporting treatment associated with the Fairview integration, not a shift in performance or operating fundamentals.

⁸³ CMS [National Health Expenditure Data](#); Table 7: Hospital Care Expenditures: 1970-2023

Salaries & benefits paid to employees more than **quadrupled** (4.6x, +362% total). A **0.61 payroll ratio** shows that roughly 60% of expenditures went to local employment, underscoring GICH’s role as a **major local economic driver** (see later sections for detail).



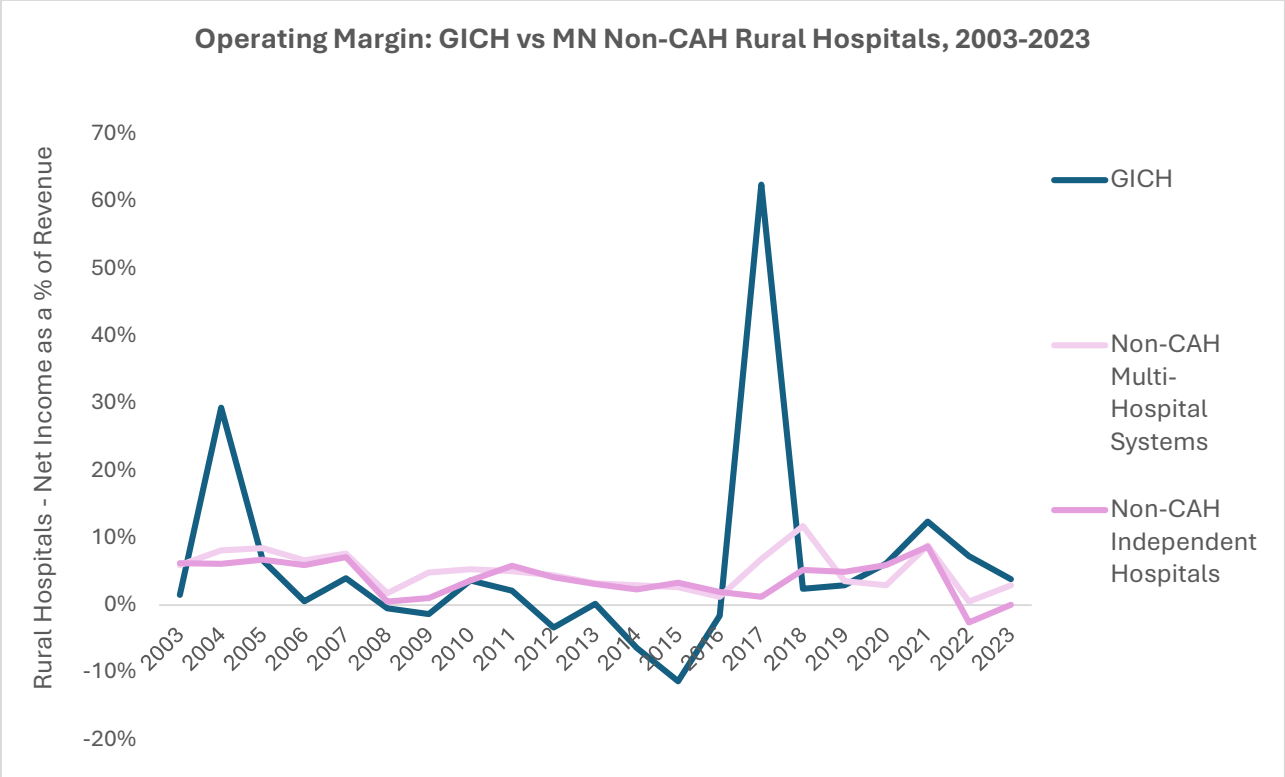
**Note: Total Salaries & Benefits not available for 2010; 2010 figure listed here represents the average of the prior and subsequent years.*

Financial Health and Stability: Operating Margin & Expense Efficiency

GICH’s average operating margin is about 6%, which indicates long-term profitability and places the hospital above many other rural, non-Critical Access hospitals (CAH) in Minnesota (see graph). After margin pressure during expansion in the mid-2010s, performance improved substantially following the Fairview affiliation, with positive — though recently easing — margins from 2018 onward.

This performance is notable because more than two-thirds of Minnesota hospitals operate at a loss. The peer median net operating income was about 2.7% in 2023, compared with GICH’s 3.8% that year.⁸⁴ Note that large one-time items (the Blandin \$20M grant in 2004, merger-related accounting in 2017, 2021 COVID-19 funding) produced big spikes in certain years and skew the long-term trend, so those exceptions should be considered when reading the chart below.

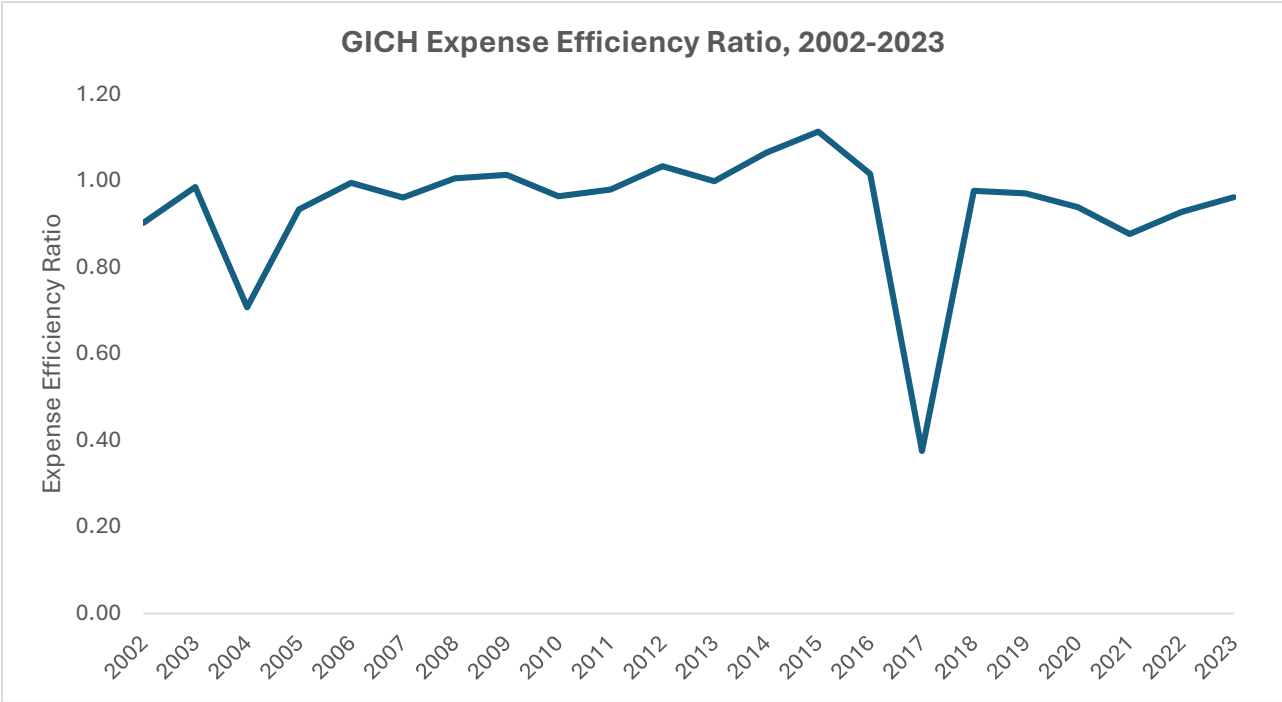
⁸⁴ GICH Chamber Presentation, February 2025



Notes: (1) CAH = Critical Access Hospital; this data excludes Critical Access Hospitals (CAH), which had higher percentages of net income than non-CAHs for most years since 2005. (2) All rural hospitals saw an increase in net income as percent of revenue in 2021, likely due to COVID-19 funding.

Source: MDH Health Economics Program analysis of hospital annual reports, October 2024 ([link](#))

With an **expense efficiency ratio of 0.94**, GICH kept costs ~6% below revenues on average — signaling operational discipline. Expense efficiency improvements post-2017 indicate better cost control under Fairview.



Note(s): (1) Expense Efficiency Ratio under 1.0 is interpreted as efficient; over 1.0 indicates that spending exceeds revenue and thus is a negative operating result. (2) Dips in 2004 and 2017 associated with the Blandin grant and Fairview integration

Increasingly Challenging Payer Mix

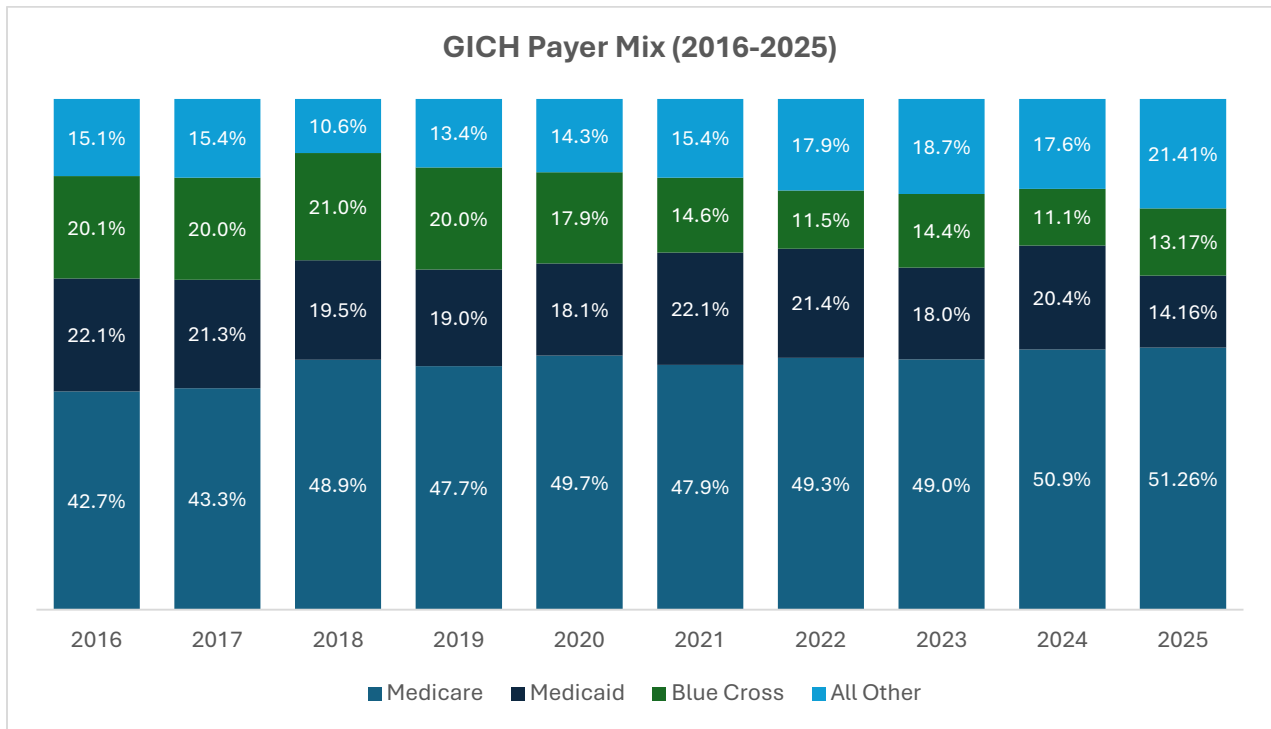
Over the past 20 years, GICH has seen fewer commercial-insurance patients and more government-paid patients (Medicare and Medicaid), putting greater pressure on GICH’s bottom line. That shift is squeezing revenue because government programs generally pay less than commercial insurers and often do not fully cover the cost of care.

The proportion of Medicare payments grew from 38% in 2006 to over 50% in 2025, consistently higher than the median 21.6% for rural hospital peers across the U.S..⁸⁵

- *"Half of our patients are Medicare patients. We don't make money on Medicare, we lose money on every Medicare patient that comes through the door, and that share of patients is increasing." – GICH CFO*

⁸⁵ GICH figures verbally reported in interview with FSG. Rural peer median calculated from most recent CMS Provider of Services and Hospital Cost Report files available as of October 2025 aggregated by [Saving Rural Hospitals](#) and represents all rural hospitals nationwide included in the dataset.

- **Proportion of Medicaid payments fell from 22.1% to 14.16% between 2016 and 2025**, yet remains higher than the 10.8% median benchmark among rural hospitals across the nation.⁸⁶ The GICH CFO noted that a portion of Medicaid payments is at risk of becoming uncompensated care due to changes in Medicaid requirements in the One Big Beautiful Bill Act (OBBA) of 2025.
- **The commercial health insurance mix dropped by 10 percentage points** over the last 20 years, from 38% in 2006 to 28% in 2025.
 - *“For every percentage that we lose out of commercial and into Medicare/Medicaid, it equates to \$1.6-2.0m to our bottom line” – GICH CEO*



Note: ‘Other’ definition is currently unknown but likely includes revenue from non-patient services and/or other commercial payers.

Source: GICH Internal Financial Data (provided by Todd Christensen, VP of Finance), October 2025

⁸⁶ CMS Provider of Services and Hospital Cost Report files aggregated by [Saving Rural Hospitals](#); figure represents Medicare & CHIP median for all rural hospitals nationwide included in the dataset.

Evolution of Care Delivery Strategy

Initial Grant & New Hospital Goals: Expand Local Access & Strengthen Care Quality

Since the local board set the original goals for the new hospital campus, GICH has made significant progress in achieving its primary objectives: increasing local access to healthcare and improving the quality and integration of care. The table below highlights original goals alongside select indicators demonstrating progress.

<p>GOAL: Expand local access to healthcare</p> <ul style="list-style-type: none"> • Attract specialists and other providers to the campus • Increase availability of secondary care: orthopedics, urology, emergency medicine, internists, OB/GYN, pediatrics, urgent care • Offer expanded hospice services through inclusion of hospice beds within new hospital • Maintain independence of referrals to wherever is in the best interests of the patient 	<p>Select Progress Indicators:</p> <ul style="list-style-type: none"> • Steadily expanded local capabilities including inpatient, outpatient, ED, specialty clinics, and digital/teleservices. • Capacity and technology upgrades, including enterprise EMR, tele-ICU/tele-NICU/ tele-stroke, robotic surgery, 3-D mammography, and a local cancer & infusion center. • New, higher-acuity care designations, including Level 3 Trauma Center and Acute Stroke Ready Hospital.
<p>GOAL: Strengthen care quality & integration</p> <ul style="list-style-type: none"> • Emphasize wellness and prevention by collaborating with existing community wellness providers • Expand shared services with Bigfork and Deer River hospitals⁸⁷ 	<p>Select Progress Indicators:</p> <ul style="list-style-type: none"> • Conducting free biometric and follow-up testing to identified community business partners and their employees, community groups and individuals • YMCA Clinic (Now PT Clinic) • In 2015, GICH began three free health and wellness programs in partnership with the YMCA (Doc Talk, Walk with a Doc, Free Biometric Health Screening) • Partnering with Itasca County Family YMCA and ElderCircle to establish the Active Living Center, which combines a clinic, a health

⁸⁷ Note: No evidence of progress (or lack thereof) on this shared services goal surfaced through research for this report. It is perhaps the one aim of the original plans that may not have come to fruition.

	<p>and fitness center and a space for the community’s aging population, all under one roof at the YMCA</p> <ul style="list-style-type: none"> • Project Care Free Clinic partnership: Grand Itasca provides free lab and radiology services to patients of the Project Care Free Clinic. Many of the physicians and nursing volunteers at Project Care are part of the GICH staff
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CHNAs: Shift from Individual Health to Systemic Needs

This following section reviews the evolution of GICH’s strategic priorities based on Community Health Needs Assessments (CHNAs) from 2013 through the 2025–2027 Implementation Plan⁸⁸. In addition to increasing access to care and strengthening integration, over the last decade, GICH has identified priority health needs of the surrounding community through Community Health Needs Assessments (CHNAs) that shed light on its population health and care delivery priorities.

Over time, GICH’s focus shifted from individual health behaviors and chronic disease prevention to systemic, structural, and equity-related factors, reflecting persistent community challenges and adaptive strategies. This growth and evolution in strategy is evidence of GICH as a learning organization, capable of adapting to challenges while maintaining focus on community well-being.

Primary Health Needs Articulated across CHNAs Include	
Behavioral Health / Healthy Living	<ul style="list-style-type: none"> • Early CHNAs prioritized chronic disease prevention and substance use reduction. • Later incorporated into broader mental health, access, and equity strategies.
Accessing and Navigating Care	<ul style="list-style-type: none"> • Priority from 2018 onward. • Includes health care access, navigation support, and chronic disease management.
Trust, Belonging, and Healing	<ul style="list-style-type: none"> • Evolved from “Mental Wellness” (2016) to “Healing, Connectedness, and Mental Health” (2021–2024). • Emphasizes social connectedness and holistic mental health.
Structural Racism and Health Equity	<ul style="list-style-type: none"> • Introduced in 2021 and reinforced in 2024–2027. • Highlights system-level approaches to addressing inequities

⁸⁸ Community Health Needs Assessment (CHNA) are done every three years and are mandated for GICH to maintain its tax-exempt status; CHNAs are led by the CHNA Steering Committee, which is made up of key community partners and leaders, to help guide GICH’s organizational and healthcare service strategy.

Key **strategic inflection points** in GICH’s named priority health needs include:

- **2013–2018:** Individual health behaviors and chronic disease prevention.
- **2018–2021:** Expanded to mental health, social well-being, and access.
- **2021–2024:** Emphasis on structural determinants and equity.
- **2024–2027:** Integrated approach combining access, equity, and belonging.

The **full chronological summary** of GICH’s priority health needs and populations is below:

Year	2013	2016	2018	2021	2024
<i>Priority Health Needs</i>	<ul style="list-style-type: none"> • Chronic disease prevention & management • Alcohol / drug prevention 	<ul style="list-style-type: none"> • Healthy Living • Mental Wellness 	<ul style="list-style-type: none"> • Mental Health & Well-being • Healthy Lifestyles • Access to Care 	<ul style="list-style-type: none"> • Healing & Mental Health • Structural Racism • Navigating Care 	<ul style="list-style-type: none"> • Access & Navigation • Structural Racism • Trust & Belonging
<i>Priority Populations</i>	Entire population	Elderly, low-income, minority populations	Seniors; people experiencing poverty; persons of color and Indigenous people	Persons experiencing poverty; racial/ethnic populations	Racial/ethnic populations; people experiencing poverty; seniors, veterans, youth, LGBTQIA2S+, rural residents, new immigrants

Advancing Health Equity through Grand Itasca’s Patient Care & Support

Since joining Fairview, GICH has advanced its focus on advancing health equity and further codified its strategy as an anchor institution for the area. In 2021, Fairview put forth a 10-year vision—increased community health equity—in response to several “key lessons” that emerged from a retrospective analysis of recent CHNAs:

- Health needs and inequities continue to deepen despite best efforts:
 - *“Our communities have faced the same challenges for more than a three-year CHNA cycle...these problems are not relenting and can last a decade or more.” — CHNA, 2024*
- Collective action is critical.
 - *“Accomplishing our vision will take strong, ongoing partnership and collaboration locally and statewide across a variety of sectors. We collaborate with local public health, schools, faith-based organizations, civic organizations, hunger relief organizations, social services organizations,*

other health systems, and federally qualified health centers.” — CHNA Implementation Strategy Report 2025-2027⁸⁹

- Transformational change requires sustained and focused commitment.

These lessons now shape GICH’s approach to care delivery and population health.

Guiding Vision and Implementation Approach

Grand Itasca’s most recent CHNA implementation report outlines an action plan, or implementation model, to advance health equity that is grounded in four Fairview-system level core commitments and guided by its implementation strategies:⁹⁰

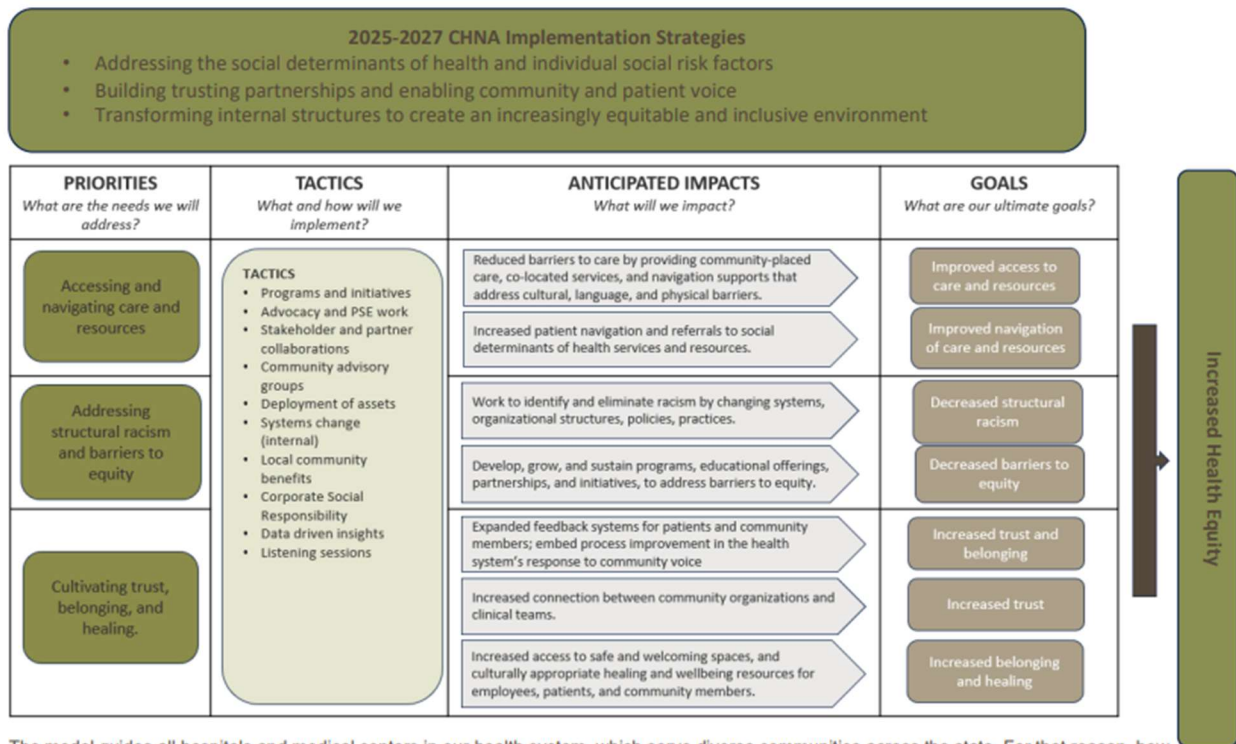
<p>Core Commitments</p>	<ol style="list-style-type: none"> 1. Center priority populations to ensure efforts meaningfully improve outcomes for those who need support most. 2. Leverage Fairview’s role as an anchor institution by considering local community impacts in organizational decisions. 3. Co-design and co-implement with communities to ensure solutions are created with and for the people they affect. 4. Bridge healthcare and community systems to create holistic approaches that uplift the entire population.
<p>Implementation Strategies</p> <p><i>Developed by Fairview’s Center for Community Health Equity</i></p>	<ol style="list-style-type: none"> 1. Community incubator: addressing the social determinants of health and individual risk factors 2. Engagement infrastructure: building trusting partnerships and enabling community and patient voice 3. Inclusive institution: transforming internal structures to create an increasingly equitable and inclusive environment.

⁸⁹ Grand Itasca Clinic & Hospital, “[CHNA Implementation Strategy Report 2025-2025](#)”

⁹⁰ Grand Itasca Clinic & Hospital, “[CHNA Implementation Strategy Report 2025-2025](#)”

GICH's Current CHNA Implementation Model:

Grand Itasca Clinic & Hospital 2025 – 2027 CHNA Implementation Model



The model guides all hospitals and medical centers in our health system, which serve diverse communities across the state. For that reason, how this work looks in practice locally will align with this model but will be unique and tailored to each community.

Health Equity Service Additions & Approaches

GICH has continued to add services and adjust approaches in care to address health disparities and promote health equity across different population groups. While the organization is building internal systems for community engagement (e.g., the HOPE Commission) and advancing antiracist reforms, leadership acknowledges that closing health equity gaps will require long-term, structural investments—challenges common across many rural health systems.

Select initiatives to advance equitable care highlighted by local stakeholders include:⁹¹

<p>Care Coordinators & Social Workers on Clinical Teams:</p>	<p>As of 2021,⁹² care coordinators support patients in navigating care and community resources. Their work is integral to improving patient experience, connecting patients with social services, and supporting population health goals.</p>
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⁹¹ Note: This table is not intended to be exhaustive of all efforts that may support progress towards health equity at GICH or across the Fairview system.

⁹² Note: Year of launch is based on feedback from local interviews and focus groups.

	<ul style="list-style-type: none"> • <i>“GICH has a couple of nurses and a social worker that work with patients that get referred by their providers. It’s great – they help them get connected to resources that are needed: SNAP, WINK, food shelf, whatever they need in the community.”</i> – GICH leadership • <i>“The social workers are really good about connecting folks with other things they might need (transportation, etc.). Food pantries to give people emergency food. Help them apply for insurance. Address other social determinants that might affect chronic conditions.”</i> – GICH Board Chair • <i>“Having social workers and an in-patient pharmacy are probably the biggest things that have helped us with inpatient care.”</i> – GICH Clinical Leader
<p>Behavioral Healthcare Providers in the Emergency Department</p>	<p>Following the rise of ED visits during and after COVID, GICH added an ED specific social worker in 2023 who provides care coordination to the highest acuity patients who are at the most risk for adverse outcomes.⁹³</p> <p>As of 2021, behavioral-health patients presented to the ED are assessed by a licensed mental-health clinician via telemedicine, through a partnership with Behavioral Healthcare Providers (BHP).⁹⁴</p>
<p>Patient Crisis Fund</p>	<p>In 2023, Grand Itasca Foundation launched the Patient Crisis Fund to offer tangible support to patients facing hardship — covering transportation, temporary lodging, prescriptions, medical equipment, and other essential needs.⁹⁵ The fund was inspired by a GICH social worker who identified gaps in addressing discharge requirements during inpatient hospitalizations or in the Emergency Department. Now, social workers can use the funds for various patient needs with the primary goal of preventing and reducing hospital admissions or readmissions.⁹⁶</p>

⁹³ [2024 IMCare Program Evaluation](#)

⁹⁴ [“Grand Itasca Announces Enhanced Care for Behavioral Health Patients in Emergency Department,”](#) March 10, 2021

⁹⁵ Grand Itasca Website, [Patient Crisis Fund](#)

⁹⁶ Grand Itasca Blog Post, [“Super One’s Super Impact”](#) December 2023

<p>SDOH⁹⁷ Screeners at clinic visits</p>	<p>In September 2023, Grand Itasca’s primary care clinic began routine SDOH screening to identify patients’ non-clinical needs (e.g., food insecurity, housing instability, etc.), as part of a broader Fairview initiative. This was later expanded to acute care sites in August 2024.</p>
<p>System-Wide SDOH Efforts</p>	<p>Through its affiliation with the M Health Fairview Center for Community Health Equity, Grand Itasca participates in broader initiatives such as Food is Medicine, Housing is Health, and Connection is Cure — all targeting social determinants and upstream factors affecting health equity. M Health Fairview+1</p>
<p>Translation & Interpretation Services</p>	<p>GICH is focusing on a project to identify and remove system-level equity barriers for interpreters and patients with limited English proficiency. The goal is to improve patient outcomes, customer experience, and care team cohesion. GICH has spent \$14,500 to enable effective communication with patients through spoken interpretation and translation.</p>
<p>RxOutreach Program</p>	<p>GICH’s RxOutreach Program provides medications to qualified patients at little or no cost. In 2023, the program helped 466 patients fill 2,278 prescriptions, providing nearly \$3.4M in total benefit.⁹⁸</p>
<p>Updated Smudging Policy</p>	<p>In 2025, Grand Itasca reviewed and updated its policies regarding patients’ ability to participate in smudging.</p> <p>Smudging is a sacred ritual in many Indigenous cultures, used to cleanse a space, invite positive energy, and support spiritual and emotional wellbeing. By creating a safe and accessible way for patients to participate, Grand Itasca is honoring cultural practices as an integral part of holistic healing and patient-centered care.</p> <p><i>“Now we have a policy in place to accommodate the smudging ritual if patients request it. We have the process in place with our facilities team to set up sprinklers and make everything safe and possible.” – GICH Staff</i></p>

Health Equity Spotlight: Engagement with Indigenous Communities

⁹⁷ SDOH = Social Determinants of Health
⁹⁸ GICH 340B Impact Template (Internal Document), 2025

Grand Itasca is in the early stages of implementing Fairview’s Native Health Equity Initiative, building relationships and engaging Indigenous communities to align local efforts with broader health equity goals. Fairview’s Native Health Equity Initiative is “designed to support healing in four directions across the health system.” This work includes partnering with Indigenous organizations and Native Nations to advance shared health equity priorities; co-hosting events that uplift Indigenous approaches to health and healing; and advocating with and for Native-led priorities. Grand Itasca explicitly incorporates this initiative into its own CHNA implementation strategy, aligning with Fairview’s system-wide equity goals.

As part of the 2024 CHNA process, Fairview and Grand Itasca initiated a more intentional and formalized approach to engaging Indigenous communities in its service area. Fairview convened three population-specific virtual conversations on “healing, connectedness, and mental health,” including one focused specifically on Indigenous community members. These conversations included presentations from community partners about their work, followed by small group discussions.

In addition to the CHNA work, several related but separate early efforts across the Fairview system have helped build foundational relationships and awareness:

- **Indigenous land acknowledgment ceremony (September 2022)**, reaffirming the system’s responsibility to address ongoing health equity challenges.
- **Hosting the “Why Treaties Matter” exhibit (July–September 2022)** to support education on tribal sovereignty and treaty rights.
- **Launching a systemwide employee cohort in 2023** with six sessions led by Native leaders and organizations to deepen understanding of historical and current challenges and identify opportunities to improve experiences and outcomes for Native patients and employees.
- **Hosting a Native American and Indigenous-focused recruitment event** at the Community Health and Wellness Hub to strengthen workforce pathways for Indigenous community members.

In interviews, Grand Itasca leaders emphasize that these initiatives are early-stage and largely exploratory, focused on relationship-building rather than fully scaled program implementation. Documentation from the CHNA notes the organization’s ongoing commitment to deepening partnerships as health care providers, employers, educators, and community members, with the goal of improving outcomes and experiences for Native patients, employees, and community partners.

- *“We’ve been working hard on SDOH (food security, etc.) and we’ve been working to connect more with tribal communities. We are probably 1% of the way there, but we’ve been very intentional about our focus.” — GICH Leadership*
- *“This has been a really hard subject for us. Fairview has been great at instituting their DEI program and SDOH focus. We actually asked them to come look at our population and patients so they could help tailor their programming to the Northern Minnesota demographic.” — GICH Leadership*

Primary Care: Sustained Local Access and Improved Quality

Rural Significance: Why Local Primary Care Matters

Primary care access is a cornerstone of rural health, yet rural communities across the U.S. and Minnesota continue to face widening gaps in availability of providers and appointment capacity; affordability, including insurance coverage and cost exposure; and ability to obtain care, as shaped by social determinants such as geographic distance, transportation, and health literacy.

Over the past decade, rural counties nationwide lost roughly 10% of their primary care physicians, compared to minimal change in urban counties.⁹⁹ Today, roughly *two-thirds* of all primary-care Health Professional Shortage Area (HPSA) designations are located in rural counties.¹⁰⁰ Rural areas are more likely to depend on small, isolated practices or clinicians nearing retirement; workforce experts predict rural areas will have only one-third as many primary care physicians per capita as urban counterparts by 2030.¹⁰¹ This scarcity leads to delayed care, increased travel distances for patients, and higher rates of chronic diseases and mortality.¹⁰²

Minnesota reflects these national patterns. More rural parts of the state face a more severe shortage of all provider types, especially in primary care and mental health. Furthermore, in the next five years, almost one in four rural physicians in the state plans to leave the workforce.¹⁰³ Rural Minnesotans travel two to six times farther to seek medical care, resulting in 10% fewer patients getting preventive exams and tests.¹⁰⁴ The lack of primary and preventive care leads to higher use of the emergency room, raising overall

⁹⁹ The Commonwealth Fund, [“The State of Rural Primary Care in the United States”](#), November 2025

¹⁰⁰ HRSA, [“State of the Primary Care Workforce, 2024”](#), November 2024

¹⁰¹ The Commonwealth Fund, [“How Some Rural Communities are Winning the Competition for New Clinicians”](#), December 2024

¹⁰² National Rural Health Association, [“Rural physician burnout and staffing shortage impact in 2025,”](#) June 2025

¹⁰³ MN Dept of Health, [“Rural Health Care in Minnesota: Data Highlights,”](#) November 2025

¹⁰⁴ MN Dept of Health, Rural Health Care in MN, Nov 16, 2023 via BCBSMN [“Blue Cross addresses healthcare challenges in underserved rural areas”](#)

healthcare costs. Affordability further complicates access: rural Minnesotans are more likely to be publicly insured and more likely to delay care due to cost despite comparable overall coverage rates.¹⁰⁵

In this context, primary care becomes more than an entry point into the health system—it becomes a foundation for early detection, chronic disease management, coordinated behavioral-health support, and health-equity improvement. This context is crucial for Itasca County, where distance, aging, chronic disease, and socioeconomic disparities make strong local access essential. Without deliberate, sustained local investment, primary care access in a county of this size and rurality would typically erode over time. Yet instead, Grand Itasca expanded primary care, after-hours access, behavioral-health services, and cross-sector partnerships, addressing multiple dimensions of rural access in ways that make measurable differences in health outcomes and system capacity.

Local Conditions: High Relative Access in a Shortage-Designated Region

Despite its rural status and designation as a low-income primary care HPSA by the State of Minnesota, Itasca County maintains comparatively strong primary care access.¹⁰⁶ Local leaders and residents consistently describe Grand Itasca as the central anchor of this access. Integration of the clinic and hospital, new Rapid Clinic, expanded clinic sites (e.g., YMCA clinic), and retail pharmacy growth have strengthened after-hours care, chronic disease management, and care transitions. At the same time, patients continue to feel the strain of regional provider shortages, highlighting the tension between relatively strong local performance and broader workforce constraints.

- *“Local residents benefit from personalized care and a doctor-to-patient ratio that is far lower than the national and state averages.”* – Itasca Economic Development Corporation
- *“I’ve been a patient since 1978 and even I have a hard time getting in to see my doctor – it’s usually 6-8 weeks.”* – GICH Patient

¹⁰⁵ MN Dept of Health, [“Rural Health Care in Minnesota: Data Highlights,”](#) November 2025

¹⁰⁶ Minnesota Department of Health, [“MN Health Professional Shortage Areas,”](#) August 2024

Physician Access: Itasca County Outperforms Most Rural Peers

Primary care physicians in Itasca County serve roughly 980 patients per year on average, a **patient-to-PCP ratio of 980:1**. This compares favorably to national and Minnesota statewide ratios which range from about 1,100:1 to 1,320:1.¹⁰⁷

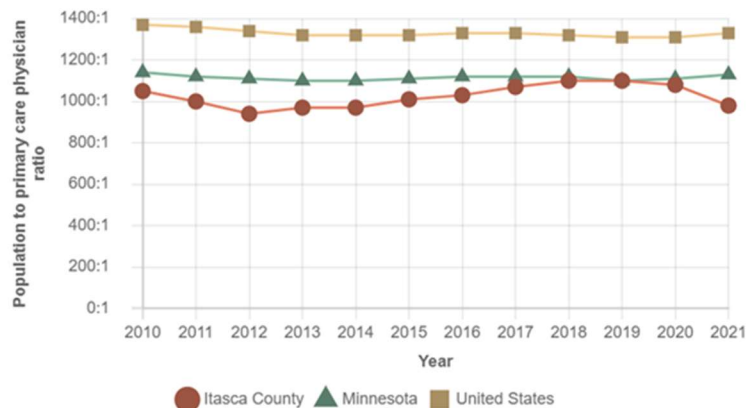
Over the past decade, the county's ratio has fluctuated due to recruitment, retirements, and stable population levels:

- In **2012**, the ratio was roughly 940:1 (the best in the decade).
- By **2018–2019**, it reached a ten-year high of ~1,100:1, driven primarily by provider supply rather than population growth, which had grown less than 1% over that period.
- Around **2021**, the ratio improved to approximately 980:1, down from the ten-year high of ~1,100:1 a few years prior.

Neighboring rural counties such as Aitkin, Cass, and Koochiching report substantially higher patient-to-PCP ratios. Beltrami is slightly better but has experienced recent population declines.

Together, Grand Itasca and Bigfork Valley Hospital (northern Itasca County) anchor primary care access across the county, mitigating what would otherwise be a severe shortage. This relative strength underscores how sustained local investment and effective recruitment help preserve access in a rural region designated as a Health Professional Shortage Area.

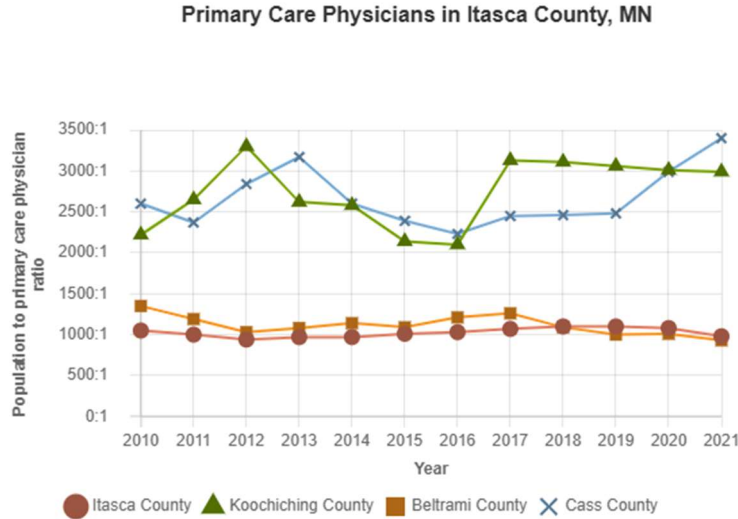
Itasca County Population to PCP Ratio vs State & National Averages¹⁰⁸



¹⁰⁷ Note: Although no clear “gold standard” benchmark exists, the [World Health Organization’s \(WHO’s\)](#) definition of “adequate medical staff” for primary care coverage requires at least 250 health professionals per 100,000 population (including physicians, nurses, and midwives). Based on Itasca County’s patient-to-PCP ratio of 980:1, Itasca County has ~ 102 physicians per 100,000 people – less than half of WHO’s benchmark.

¹⁰⁸ County Health Rankings, trend graphs reflect data released on 03/19/2025

Itasca County Population to PCP Ratio vs Peer Counties¹⁰⁹



The data in these tables reflect the average population served by a single primary care physician.

Progressive Expansion of Access Points

Over roughly two decades, GICH has pursued a deliberate, multi-step strategy to protect and expand primary care access in Itasca County, countering the typical “slow erosion” pattern seen in many rural regions.

Rapid Clinic (2013) | The opening of the Rapid Clinic was a major milestone, converting former medical record storage space into a same-day access point with extended hours and lower-acuity, lower-cost visits. Physician assistants and nurse practitioners are available without an appointment, seeing patients in the order they arrive.

- “We opened our rapid clinic in response to community requests for after-hours care. The Rapid Clinic allowed us to offer extended hours and lower costs.” – GICH Leader
- “When they added the Rapid Clinic, that was a big deal. It had extended hours and walk-in availability, which is a service you’re more likely to get in a larger city.” – Local Resident

Retail Pharmacy & Medication Management (2014) | Expansion of retail pharmacy and clinical pharmacy services has strengthened care transitions and chronic disease management. Leveraging 340B program revenue, pharmacists at GICH provide:

- Discharge counseling
- Medication reconciliation
- Medication Therapy Management (MTM)

¹⁰⁹ County Health Rankings, trend graphs reflect data released on 03/19/2025

- Clinical pharmacy services for high-risk patients

These services are aligned with evidence linking pharmacist-led interventions to improved adherence and reduced hospital readmissions; locally, they enhance the “last mile” of primary care by ensuring patients understand and can maintain their medication regimens after leaving the hospital or clinic.

[YMCA Clinic \(2015\)](#) | During facility remodeling and periods of growth, GICH opened a clinic site at the local YMCA, adding physical capacity and helping absorb patient demand while the main campus was under construction. This expansion effectively diversified primary care access points in the community. The clinic closed during COVID and has been repurposed as a physical and aquatic therapy clinic.

- *“They were going through a remodel and we needed more space.”* — Staff Member

Remaining Gaps and Community Experience

Even with favorable provider ratios and expanded access points, residents still experience barriers to timely primary care, reflecting the reality that **“better than most rural places” can still mean “not good enough” for patients**, especially in a county that continues to carry a primary care HPSA designation. Key structural drivers likely include national workforce shortages, recruitment and retention challenges for rural PCPs and advanced practice providers, and rising demand related to aging, chronic conditions, and behavioral health needs.

- *“I’ve been a patient since 1978 and even I have a hard time getting in to see my doctor—it’s usually 6–8 weeks.”* — GICH Patient

Synthesis: What GICH Has Prevented and What It Has Built

Taken together, the data and community input show that GICH has done far more than just “keep the doors open” for primary care in Itasca County:

- **Maintaining access in a resource-constrained region:** Despite operating in a rural, HPSA-designated region with chronic workforce shortages, GICH and its partners have maintained a PCP ratio (~980:1) that outperforms state and national averages and substantially exceeds the supply found in many peer rural counties.
- **Expanding access points and capabilities:** Through clinic–hospital integration, the creation of the Rapid Clinic, temporary expansion into the YMCA, and strengthened retail and clinical pharmacy services, GICH has added new access points and capabilities that would be more typical of a larger urban system.
- **Pairing expanded access with strong quality:** County health plan data show primary-care–sensitive quality measures (such as prenatal and postpartum care)

performing above state benchmarks, indicating that increased access has been matched with strong performance.

At the same time, ongoing appointment delays and the persistence of HPSA status signal that GICH is swimming against a strong national current. Without ongoing investment in workforce, telehealth, and team-based primary care, Itasca County could still slip toward the severe access shortages seen in many rural regions.

This combination—**prevented collapse, incremental expansion, and ongoing fragility**—captures the core of GICH’s primary care story. It also explains how early investments built the foundation for later specialty growth and positioned GICH to serve as a broader regional health anchor.

Specialty Care: Strategic, Multi-Era Expansion of Local Services

Rural Significance: Why Local Specialty Care Matters

Rural specialty care is a **structural determinant of health** in communities with persistent shortages and long travel distances. National data illustrate why having these services locally is so critical:

- Roughly 66% of primary care Health Professional Shortage Areas (HPSAs) are rural, and 80% of Minnesota counties are designated mental health shortage areas.
- Rural populations experience higher rates of chronic disease, injury, aging-related conditions, and socioeconomic disadvantages, all of which require specialty intervention.
- Between 2005 and 2020, **171 rural hospitals closed** in the U.S., often eliminating specialty services and forcing patients to travel long distances for basic care.
- When rural hospitals lose specialty capability, studies show increased **delayed care**, higher **preventable mortality**, and increased reliance on already-overburdened regional urban hospitals.

Rural Minnesotans must travel an average of three to six times further than Minnesotans in metropolitan areas to seek six essential types of hospital-based health care services: neonatal/NICU, cardiology, pediatric care, obstetrics care, cancer treatment, and cancer screening.¹¹⁰

Across the U.S. and the state of Minnesota, rural hospitals are losing specialties. In Minnesota, fewer services are available at rural hospitals, or the hospitals have closed. **Rural specialty care directly affects survival, access, equity, and the overall resilience**

¹¹⁰ New America, “[Rural Minnesotans Must Travel Long Distances for Hospital-Based Health Care](#),” January 2023

of rural communities. The more specialty services Grand Itasca can safely provide locally, the more Itasca County residents can receive timely, appropriate care close to home.

How GICH Built Specialty Capacity Over Time

As primary care access stabilized and strengthened over the past two decades, Grand Itasca built upon that foundation to **expand specialty care at a depth and breadth that is highly unusual for a rural hospital.** Through local board leadership, strategic use of philanthropic capital, clinical partnerships with M Health Fairview, facility investments, and targeted recruitment, GICH increased the volume and acuity of care delivered locally – reducing transfers, improving continuity, and positioning itself as a **regional specialty hub** for northern Minnesota.

The table and commentary below outline this progressive strategic expansion of services and provide context on the rationale behind select capability additions:¹¹¹

Timeline of Service and Specialty Additions at GICH				
2001-2004 Catalytic Investment & Buildout	2005-2009 Post-Build Stabilization	2010-2016 Independent Scale Ceiling	2017 Strategic System Partnership	2018-2025 System-Supported Stability
<p><i>Pre-Grant:</i></p> <ul style="list-style-type: none"> • Full ED Coverage • Pediatrics Unit • Urology Service 	<ul style="list-style-type: none"> • Hospitalist Service 	<ul style="list-style-type: none"> • Inpatient Pharmacy • Rapid Clinic • Retail Pharmacy • YMCA Clinic • Full-Time Cardiologist • Full-Time Oncologist • STEMI-protocol 	<ul style="list-style-type: none"> • Tele-ICU • Fairview agrees to make investments in clinical services such as oncology and cardiology 	<ul style="list-style-type: none"> • Cancer & Infusion Center • Mental Health • Tele-NICU • Geriatrics Program • Rheumatology • Robot Assisted Surgery • Wound Care Consults • Charge Nurses

Era 1: 2001–2004 — Catalytic Investment & Foundational Buildout | The promise of Blandin Foundation’s early capital infusion and ongoing engagement with IMC leadership to push for innovation inspired the leaders of IMC to establish essential specialty capabilities. These foundational specialties provided the minimum platform required for safety and acute care.

¹¹¹ Additional services added since 2004 (exact dates unknown) include: Sports Medicine; Breast Care; Medication Management; Expanded OB/Gyn; Occupational Medicine

- *Emergency Department:* Prior, ED docs were hired out in a “rent-a-doc” approach, and before that whoever was on call also had to be in the ER. “*We had a patient hit by airplane propeller that went to the clinic because that’s where the doctor was.*”

Era 2: 2005–2009 — Post-Build Stabilization | GICH strengthened inpatient and diagnostic infrastructure supporting specialty care. This era focused on stabilizing core operations and building the clinical backbone for later specialty growth.

- *Hospitalist Service:* “*Prior, everyone worked in the clinic and if one of your patients needed to be admitted to the hospital you’d jump out to admit them and make orders, then jump back into the clinic.*”

Era 3: 2010–2016 — Independent Era Scale Ceiling | As an independent system, Grand Itasca gained momentum in specialty expansion—but also encountered the limits of maintaining advanced services without system-level support. Grand Itasca demonstrated ambition but hit structural scale limitations that challenged long-term specialty growth.

- *Inpatient Pharmacy:* Built on hospitalist specialty
- *STEMI-Protocol:* Partnered to bring helicopters, first responders, EMS to GICH.
- *Hired full-time cardiologist and oncologist*

Era 4: 2017 — Strategic System Partnership (M Health Fairview) | A pivotal moment. System integration brought clinical depth, quality infrastructure, and sustainable specialty support. Rather than diluting local control, system partnership served as the prerequisite for advanced specialties.

Era 5: 2018–2025 — System-Supported Stability & Rapid Specialty Expansion | This period established GICH as an emerging regional specialty hub, with capabilities exceeding many rural peers. New or Expanded Specialties:

- **Rheumatology:** “*At the Volunteer Services Luncheon we host twice a year, one of our most common questions was always: ‘When are you getting a rheumatologist’ because so many of our patients deal with arthritis. It’s great to have added that specialty within the last 12 months*” – GICH Clinical Leadership
- **Medication for Opioid Use Disorder (MOUD):** “*This wasn’t a service we provided prior to receiving an Opioid Grant in 2023 (\$500k/yr for three years); our medical students tried to get a handle on why that was and that fueled us in getting the grant.*” – GICH Clinical Leadership
- **Tele-ICU:** “*COVID had an impact on our ability to care for sicker patients. Prior to COVID we were sending out a lot of our more critical patients. When we couldn’t*

during COVID, we had to up our game – physicians and nurse both. Tele-ICU was a big part of that. Now our level of acuity is higher.” – GICH Clinical Leadership

Through these eras, GICH moved from offering a basic mix of core services to building advanced, specialty-driven capability. This evolution is unusual among rural hospitals and is a primary driver of GICH’s emergence as a regional hub.

Community Experience and Remaining Gaps

Focus group and interview participants **appreciate the vast growth in services** at GICH:

- *“It’s evident that what was available 10 years ago was very limited. The group does a great job at marketing in advertisements and commercials to share with the community that we have growing services.”* – GR Community Member
- *“There are exams requiring radiologists that other local facilities can’t do, so patients come here instead of traveling far away.”* – GICH Non-Clinical Staff
- *“We have more specialists here which is great, I don’t have to travel as far to get care. That impacts our health indicators. It’s a huge benefit for us because it will impact our health overall.”* – GR Community Member
- *“Since our partnership with Fairview, we’ve added a lot more specialty care which is really important and our community is really benefiting from that. It’s unique for a community of our size.”* – GICH Leadership
- *“I have a lot of heart issues and now that I can go to the cardiologist that is stationed up here permanently, I’m not having the anxiety I used to have.”* – GICH Patient

However, challenges in accessing needed specialty care services remain. Focus group and interview participants highlighted a variety of challenges in accessing quality cardiac care, holistic and alternative medicines, dermatology, and mental health:

- **Cardiology:** *“Grand Itasca sent me to get ablations at Abbott Northwest since they don’t do that specialty care here.”* – Itasca County Resident
- **Mental Health:** *“I feel terrible every time we drop off a person with mental health issues at the ER; they don’t belong in jail, and they don’t belong there... there’s no place for them to go.”* – Local Sheriff
- **Emergency Care:** *“We’ve become the land of helicopters, which is great for many cases, but things like bad weather can deny a helicopter and then you’re stuck on a ground transport. It can take some residents hours to Grand Rapids.”* – Itasca County Resident

Cancer & Infusion Center | Purpose-Built Oncology Capability

Rural Significance: Oncology is among the highest-impact services a rural system can expand; it improves adherence, reduces travel burden, enhances patient safety, and

prevents avoidable late-stage disease progression. National oncology literature shows rural patients face worse outcomes when required to travel long distances for chemotherapy; local infusion reduces treatment abandonment and improves outcomes.¹¹²

Local Gap Before Expansion: Prior to 2018, infusion therapy occurred in makeshift ICU space within the ED, exposing immunocompromised patients to dangerous pathogens. Many patients traveled **1.5–3 hours** for routine or oncology infusion services.

Service Growth: To address this, Grand Itasca—supported by University of Minnesota Physicians (UMP), Fairview Health Services, and local donors—pursued a multi-year clinical infrastructure upgrade to deliver oncology services locally:^{113,114,115}

<p>2016–2017 Planning and Capital Formation</p>	<ul style="list-style-type: none"> • Recognition that existing infusion services were inadequate for patient volume and acuity. • Launch of the “<i>Close to Home</i>” capital campaign with a \$2M target; community response exceeded this goal, indicating strong alignment around localized cancer care. • Partnership with UMP and Fairview formalized to ensure clinical expertise and operational support for the expanded service line.
<p>2017 Buildout and Renovation</p>	<ul style="list-style-type: none"> • Initiated renovation of existing underutilized hospital space into a 9,000-sq-ft oncology center, representing a \$4.1M capital investment. • Design parameters focused on patient flow, safety, and comfort, incorporating 12 infusion bays, a private entrance, and an on-site oncology pharmacy.
<p>2018 Operational Launch</p>	<ul style="list-style-type: none"> • Opening of the Cancer and Infusion Center, providing 12 private/semi-private bays with outdoor views and enhanced privacy. • Recruited a full-time Nurse Practitioner and expanded onsite coverage from UMP oncology specialist. • Early steps toward building survivorship and support programming to extend the continuum of care.

¹¹² Chin, Zaphrirah S et al. “[Beyond Barriers: Achieving True Equity in Cancer Care.](#)” *Current oncology (Toronto, Ont.)* vol. 32,6 349. 12 Jun. 2025

¹¹³ [Business North, 2018](#)

¹¹⁴ [Herald Review, 2017](#)

¹¹⁵ [March 2017 Facebook Video Campaign](#)

Community-Level Implications:

- **Reduced logistical burden for patients:** Localizing care decreases travel time, reduces fatigue, and facilitates treatment adherence—particularly relevant for multi-visit chemotherapy regimens.
 - *“People used to drive to Duluth or the Cities for treatment and then take that long ride home. Now they only travel five miles.”* — Infusion RN
- **Improved patient experience and safety:** Purpose-built space increases privacy, reduces infection exposure, and enhances the overall environment of care.
- **Greater continuity and timeliness of oncology services:** Additional clinical staffing and increased oncology presence support earlier diagnosis, more predictable scheduling, and smoother care transitions.

Mental Health | Rapid Expansion to Meet Critical Demand

Rural Significance | Mental health is one of the most severe care gaps in rural America. Expanding access is vital for reducing ER boarding, improving crisis response, and supporting primary care.^{116 117 118}

- Over 169 million Americans live in Mental Health Professional Shortage Areas.
- 80% of Minnesota counties are designated as areas with a mental health shortage.
- One in four Minnesotan adults with a mental illness do not receive needed care.
- Across the state, hospitals have become default mental health crisis centers as a lack of community resources meets always-available 24/7 emergency departments.

Service Growth & Capacity | Against a statewide backdrop of shortages in mental health care, mental health services have rapidly expanded at Grand Itasca to meet rising need though they remain insufficient to meet growing regional demand:

- Historically, without dedicated mental health staff, patients’ mental health needs at GICH fell under the responsibility of their primary care physicians. *“We went 9-10 years without any mental health practitioners in our facility.”* – GICH Staff
- GICH added outpatient psychiatric nurse practitioners, therapists, and psychologists to address a CHNA-identified priority need for dedicated mental health services and coordination of care. *“In a short period of time, we went from zero to 6-7 providers and we could certainly add more. All of their appointments are completely full; that’s telling.”* – GICH Leadership

¹¹⁶ Int J Environ Res Public Health. 2025 Apr 16;22(4):620. Doi: [10.3390/ijerph22040620](https://doi.org/10.3390/ijerph22040620)

¹¹⁷ [“A Minnesota Family’s Desperate Search for Care Reveals State’s Mental Health Crisis,”](#) Minnesota Star Tribune, March 23, 2023.

¹¹⁸ [“Minnesota’s Mental Health System is in Crisis Fact Sheet,”](#) Minnesota Hospital Association, 2024

- For behavioral-health emergencies in the ED, Grand Itasca now uses a tele-mental health model: licensed mental-health clinicians from Behavioral Healthcare Providers (BHP) assess patients via telemedicine when they present to the ED with crisis symptoms.¹¹⁹ *“Post-COVID, we realized how high the need was. We were having more and more mental and behavioral health patients in the ER, sometimes for days and days because there was no place to admit or send them; everywhere else in Grand Rapids was full.”* – GICH Clinical Staff

Comparative Data | Today, Itasca County’s mental health provider ratio, or the number of residents per mental health practitioner, is favorable for rural Minnesota:

- Itasca County’s 2025 mental health provider ratio was 270:1, improved from 292:1 in 2024.
- Substantially stronger than Cass County (870:1), Aitkin (910:1), and areas of “similar rurality” as defined by County Health Rankings¹²⁰ (800:1).

Women’s Health & Birth Center | A Regional Maternity Hub Amidst OB Deserts

Rural Significance | Obstetrics units continue to close in rural counties in Minnesota and across the country, putting pregnant patients and their babies at risk. In 2022, eight states had more than two-thirds of rural hospitals without obstetric services. In Minnesota, OB units continue to close due to declining birth volumes, growth in high-risk pregnancies, and physician shortages. In 2021, about 14% of Minnesota women had no birthing hospital within 30 minutes, according to [a report](#) from the non-profit March of Dimes. Studies have found that further distances to receive maternity care increase the risk of maternal morbidity and adverse infant outcomes, such as stillbirth and NICU admission.¹²¹

- *“OBGYN is retracting rapidly in northern/rural MN. There are parts of our county and region where expecting moms could easily have to travel an hour plus to get to a hospital where they could give birth.”* – Local Interviewee
- *“My friend had to be separated from her baby at birth because he needed a NICU. Talk about mental health... that’s a horrible crisis.”* – Local Interviewee

Service Growth | Grand Itasca’s team of OB/Gyns and obstetrics providers is growing. Currently, Grand Itasca has three full-time OB/ Gyns, two dedicated Women’s Health

¹¹⁹ In practice, BHP clinicians work with Grand Itasca’s emergency doctors and nursing staff to evaluate immediate and future needs, stabilizing the patient and then coordinating follow-up care — either hospital admission or outpatient/community referrals before discharge.

¹²⁰ County Health Rankings defines similar rurality to Itasca, MN as “urban population of 5,000 to 20,000, adjacent to a metro area.”

¹²¹ MinnPost, [“U of M researchers find continued loss of OB clinics in Minnesota, across the country,”](#) January 22, 2025

Nurse Practitioners, plus two-Family Medicine physicians also providing obstetric care. In the Fall of 2025, an additional full-time OB/Gyn and another Family Medicine physician were expected to join the Women’s Health team. Advanced capabilities include:

- **Tele-NICU (2022):** Allows GICH care teams to instantly connect virtually with neonatologists (specialists in premature and high-risk births) at M Health Fairview Masonic Children’s Hospital.¹²²
- **HUGS newborn security system upgrade:** HUGS security band alerts staff if the band is tampered with, if a baby is too close to an exit, or taken off the unit.¹²³

Regional Role | The Grand Itasca team provides outreach support to the nearby communities that have recently lost OB services and now depend on GICH:

- *“A few of the docs are now going to Big Fork and International Falls, so GICH’s OB is serving a huge region or have the potential to.” – Local Interview*
- *“As baby delivery services stopped in International Falls and Deer River, for example, those patients now travel to Grand Itasca to give birth.”¹²⁴*

National Recognition | For the second year in a row, Grand Itasca was named one of the *2025 Best Hospitals for Maternity Care* by U.S. News & World Report. It has also received the *Maternity Care Access Hospital* designation, awarded to hospitals serving communities that would otherwise face significant maternity care gaps.

Telehealth-Enabled Specialty Care | Extending Rural Reach and Advancing Local Care

Rural Significance | The expansion of telehealth services enables patients to receive more comprehensive care locally, reducing long, costly travel to urban centers—a critical factor in rural health equity and outcomes. By enabling remote consultations in areas like neurology (e.g. stroke care), cardiology, psychiatry, dermatology, and more, telehealth expands the range of services available locally, so patients don’t need to travel for hours to urban centers for specialist appointments. For rural emergency departments, telehealth can provide timely specialist input (for trauma, stroke, behavioral health, etc.), which helps keep more patients treated locally, reduces unnecessary transfers, speeds up diagnosis/treatment, and improves outcomes. For rural communities like Grand Rapids and Itasca County which experience seasonal population flux (e.g., tourist influx) on top of structural rural health limitations, adding telehealth capability ensures consistent access

¹²² M Health Fairview, “[Tele-NICU Program Guides Grand Rapids Team Through Complex Birth – In a Snowstorm](#),” January 23, 2023

¹²³ Grand Itasca Clinic & Hospital Fact Sheet (Provided by GICH)

¹²⁴ <https://www.kaxe.org/local-news/2025-07-30/amy-klobuchar-grand-rapids-hospital-medicaid-cuts>

to care by allowing clinicians to absorb fluctuating demand without requiring proportional increases in on-site resources.

Service Growth | Key services available at GICH, many made accessible via the merger with Fairview, now include:

- **Tele-ICU** (Fairview Southdale): Specialists at M Health Fairview’s Southdale Hospital can remotely support the care team at Grand Itasca by reviewing vital signs, labs, and imaging. This improves local care and reduces the need to transfer patients to distant hospitals.
- **Tele-NICU** (Masonic Children’s Hospital): see section above for detail
- **Tele-Stroke** (M Health Fairview University of Minnesota Medical Center): Experts can immediately assess stroke patients and make rapid treatment decisions, including surgeries to dissolve the blood clots causing the stroke and prevent devastating brain injury.
- **Tele-Behavioral Health** (Behavioral Health Providers): Emergency Department patients showing symptoms of a behavioral health crisis are assessed by a licensed mental health clinician via telemedicine; care plans are directed from there.
- **Tele-Infectious Disease** (This telehealth service is available within the M Health Fairview system; GICH has access to specialty consult pathways as needed, though not all tele-specialties are deployed on site)

Community members, patients, and hospital staff express a wide range of views on the advantages and limitations of telehealth, as reflected in the following quotes:

- “Telehealth helps with emergency services and reduces burnout.” — *GICH Leadership*
- “Since COVID doctors have been burnt out, and telehealth helps so much with emergency services and emergency services at night. It’s really helped with doctor burnout. It also helps people who are three hours north that would have to drive, now they can connect with their docs via telehealth.” – GICH Leadership
- “Grand Itasca cut out the Crisis Response Team about a year and a half ago and put telehealth version via Fairview in its place. North Homes Residential Program now prefers to use Deer River now so kids can talk to an actual person” – *North Homes Staff*¹²⁵

¹²⁵ Grand Itasca historically used Itasca County’s Crisis Response Team (CRT) to assist patients experiencing behavioral crises in the ED. As the number of these cases increased, CRT spent a growing share of its time at the hospital rather than out in the community, aligned with its mission. Adding a Behavioral Health Professional (BHP) in the emergency department coincided with CRT leaving a dedicated space in the ED, which some community members perceived as Grand Itasca “kicking out CRT” in favor of BHP.

Synthesis: GICH as a Regional Specialty Hub

Over the last two decades, GICH has defied national rural health trends by adding specialty services while many rural hospitals have lost them. Through capital investment, local leadership, system partnership, targeted recruitment, and strategic adoption of telehealth, GICH has built a specialty care ecosystem that reduces travel burden, improves continuity, strengthens community trust, and enhances regional health resilience.

As GICH's service lines expanded, its role in the broader community also evolved. Increased clinical capacity positioned GICH to work more deeply with public health, behavioral health, schools, and social-service agencies—strengthening the community's overall care ecosystem.

GICH as a Rural Care Integrator and Cross-Sector Anchor Institution

Rural Significance: Why Local Care Integration Matters

High-quality rural healthcare requires more than clinic and hospital-based services. Rural health systems operate in environments defined by provider shortages, long travel distances, high chronic disease burden, and limited behavioral health resources. As GICH's clinical capacity expanded, partnerships became increasingly important for addressing behavioral health crises, chronic disease, youth mental health, and social determinants of health. In rural regions, high-quality care depends not only on clinical excellence inside the hospital, but on robust partnerships across public health, social services, schools, law enforcement, aging services, and community organizations.

As a locally governed and community-embedded health system, Grand Itasca plays a uniquely integrative role — one that extends beyond medical treatment to strengthen community wellbeing, support vulnerable populations, reduce system fragmentation, and coordinate care across sectors. This integrator role is well-supported by rural health research, which finds that strong cross-sector partnerships are associated with better chronic disease outcomes, lower preventable hospitalizations, and higher trust and utilization among underserved populations.¹²⁶

GICH's community-partnership model demonstrates this principle in practice.

GICH's Cross-Sector Care Integration Ecosystem

Because of its local governance and deep community roots, GICH plays a central role not only in delivering clinical care, but also in coordinating and strengthening the broader community health ecosystem. Its partnerships span public health, schools, aging services,

¹²⁶ Public data from CDC Rural Health and Rural Health Information Hub

behavioral health providers, social service organizations, law enforcement, free clinics, food-security organizations, and regional health system partners. These collaborations enable GICH to extend care beyond the hospital walls—supporting vulnerable families, addressing behavioral health needs, promoting chronic disease management, helping older adults age safely at home, and ensuring continuity for individuals involved with the justice system.

Across these sectors, GICH is described by partners as highly engaged, responsive, and easier to coordinate with than regional systems headquartered outside the county. This multi-sector integration is particularly vital in rural areas facing high chronic disease burden, workforce shortages, limited behavioral health resources, and long travel distances. By serving as a connector and coordinator across community organizations, GICH functions as an anchor institution for Itasca County—helping build a more stable, equitable, and resilient regional health system.

The table below outlines key community partners, the populations they serve, and the strategic contributions these partnerships make to improving health outcomes, coordination, and system capacity across Itasca County.

Selection of GICH Community Partnerships by Sector			
Partner Organization	Population(s) Served	Nature of Partnership / Activities	Strategic Significance
Public Health & Prevention			
Itasca County Public Health	Low-income families, pregnant women, infants, children, teens	WIC, home visits, Child & Teen Checkups, immunizations, monthly consortium	Strengthens prevention, maternal-child health, communication, early intervention, mental health
Arrowhead Area Agency on Aging	Adults age 60+	Evidence-based aging programs (Matter of Balance, Tai Ji Quan, Living Well)	Reduces falls and hospitalizations; supports aging in place
Area School Districts	Youth with MH needs, trauma, chronic illness	School-based MH coordination, crisis response, health education	Improves youth MH and early identification
Second Harvest North Central Food Bank	Food-insecure individuals and families	Nutrition and food security programs	Supports chronic disease control and health equity
Behavioral Health & Social Services			
Kiesler Wellness Center	Adults with mental illness	Community-based stabilization services	Reduces preventable psychiatric admissions
Ross Resources	At-risk youth, low-income adults, families	Case management, wrap-around supports	Addresses social drivers of health

HOPE Commission & MH Initiatives	GICH staff, patients, community	Suicide prevention, PFA, Juniper, Code Lavender	Builds trauma-informed culture and resilience
Justice, Safety & Emergency Response			
Itasca County Police & Sheriff's Office	Individuals w/ MH needs, SUD, reentry	Care continuity at discharge, med management, crisis collaboration	Reduces recidivism and crisis-driven ED use
Community Wellness & Chronic Disease			
Itasca County Family YMCA	At-risk youth, older adults, chronic disease populations	Chronic disease classes, ElderCircle, PT collaboration, screenings	Expands chronic disease management and prevention
ElderCircle / Active Living Center	Older adults	Mobility programs, social support, workshops	Reduces isolation and fall risks
Health System & Clinical Partners			
Fairview Range (Hibbing)	Regional specialty patients	Occasional specialty coverage and system-level telehealth pathways	Expands regional specialty capacity
Project Care Free Clinic	Uninsured & underinsured adults	Safety-net care, chronic disease support	Strengthens equitable access

These partnerships extend GICH’s impact beyond clinical care, creating a coordinated health ecosystem that supports prevention, crisis response, chronic disease management, and equitable access. Across these partnerships, it’s evident that:

- **GICH treats beyond the walls of the hospital.** It coordinates care, convenes partners, and connects vulnerable populations to needed resources.
- **GICH has cultivated local participation and trust.** This matters for emergency response, public health collaboration, and chronic disease management.
- **Partnerships help compensate for rural workforce shortages.** By working with schools, aging services, nonprofits, and law enforcement, GICH increases the county’s effective capacity.
- **Integration reduces preventable emergencies and high-cost utilization.** Evidence-based chronic disease programs, mental health investments, and coordinated outreach materially reduce system strain.

In rural regions, where shortages, geographic barriers, and fragmented resources pose ongoing challenges, these integrative functions are essential to sustaining access, improving equity, and stabilizing the local health system.

Synthesis: Care Integration as an Anchor-Institution Function

Taken together, GICH's partnerships illustrate why locally governed rural hospitals often function as anchor institutions:

- They coordinate care across sectors
- They stabilize vulnerable populations
- They ensure continuity across clinical and non-clinical settings
- They strengthen community resilience

GICH's extensive, high-functioning partnership network is a strategic asset – one that enhances health outcomes, reduces system fragmentation, and reinforces the hospital's broader role as a **regional health and wellbeing hub**. These cross-sector partnerships are critical for addressing the social and structural factors that shape health in rural communities. The next section examines how GICH's service growth and community integration have influenced care utilization, quality, and population-level outcomes.

Impacts on Healthcare Utilization and Health Outcomes

Health Impacts Overview

The combined effect of GICH's clinical expansion and its growing community-integration efforts can be seen in rising utilization, earlier detection, improved care processes, and shifting patterns in population health, though structural rural challenges continue to constrain overall outcomes.

Utilization Trends | GICH's overall patient volume and patient encounters have grown alongside its clinical capacity and scale. By 2023, the hospital had reached +250K annual patient encounters, driven by significant growth in outpatient visits, ED visits, surgeries, and deliveries. Higher patient volumes show that expanded local capacity has made GICH the region's primary destination for acute, chronic, emergency, and specialty services and contributed to earlier, more frequent care-seeking.

Care Quality & Outcomes | Expanded services, increased specialty capacity, and system partnerships have enabled more patients to receive timely, comprehensive care close to home. GICH's expanded local capabilities especially oncology, cardiology, OB/Gyn, trauma, and behavioral health directly contribute to increased early detection, chronic disease control, and reductions in avoidable transfers.

Quality, Utilization-to-Outcome Linkages | IMCare/Medicaid program data and local monitoring document improvements in cancer screening rates, blood-pressure control, perinatal measures, and reductions in high-dose opioid exposure tied to HRSA-funded work. Patient experience remains positive (Likelihood to Recommend above goal).

Equity and Population-Level Outcomes | Persistent population-level health challenges (mental health, obesity, smoking, Indigenous health disparities) reflect the broader structural realities of rural health, underscoring the importance of continued cross-sector collaboration and equity-centered strategies.

Ongoing needs include expanded behavioral-health capacity, chronic-disease prevention, workforce and housing solutions for recruitment, and capacity planning to sustain regional hub functions. Continued cross-sector strategies and equity-centered measurement are essential to convert service growth into durable population-health improvements.

Higher Utilization as Capability Expansion Extends Reach

GICH’s service expansion and community integration drove major increases in outpatient visits, ED utilization, surgeries, and deliveries. Increased volumes reflect both expanded local capacity and earlier and more frequent care-seeking, particularly among patients who historically deferred care.

Across nearly every care setting, GICH has seen substantial and sustained growth:

GICH Patient Volume Snapshot Comparison: Pre-New Building & Today			
	2004	2023	% change
Annual Clinic Visits	64,567	89,864	+39%
Deliveries	199	379	+90%
Surgeries	1,906	2,890	+52%
ED Visits	5,660	14,714	+160%
Total Op. Revenue	\$51,386,760	\$124,640,153	+143%

Source: Grand Itasca 2004 & 2023 A Comparison, Provided by GICH

Impact & Counterfactual Perspective | By nature, service expansions significantly reduced out-of-county referrals and increased the region’s ability to treat higher-acuity patients locally. Without these service expansions, many patients would have faced long travel times, delayed care, or simply gone untreated – especially for stroke stabilization, cancer care, mental health crises, and prenatal services. The evidence strongly suggests that health outcomes across the region would be significantly worse had GICH remained a limited-service facility or shifted into a narrow feeder-hospital role.

Community interviews reinforce this shift:

- *“Over the last twenty years, our patient volumes have increased 160% in the Emergency Department; 33% in the Clinic Setting; 52% in the Operating Room; and 90% on Women’s Health & Birth.” – GICH Leadership*
- *“Having access to physicians from various specialties and having either those physicians / specialties here or accessible via telehealth always been important to*

our rural community because there’s a lot of folks that won’t or can’t travel for those healthcare services.” – Grand Rapids Leader

- *“We went from sending out most stroke patients to now providing those services here.” — GICH Clinical Staff*
- *“It gives me peace of mind knowing the hospital is right here—not having to go to Duluth and make a day out of it.” — Patients & Families Focus Group*
- *“I had to get a sleep study and honestly if I had to travel for it, I just wouldn’t have done it.” – Local Interview*

Improvements in Prevention, Chronic Disease Management, and Care Coordination

County-wide quality data from IMCare¹²⁷ reinforces that GICH’s expanded clinical capacity is translating into measurable improvements for populations historically facing access barriers in rural Minnesota. In the 2022–2024 period, IMCare saw increases in key preventive measures: breast cancer screening, cervical cancer screening, diabetic eye exams, blood pressure control, and prenatal care among PMAP/MNCare enrollees.¹²⁸ These improvements are consistent with the expanded primary care, OB/Gyn, and specialty capacity described in earlier sections of the report.

Preventative & screening care access and quality indicators:

- **Breast cancer screening rates**, a key indicator of primary care functioning and early detection, improved and exceeded statewide averages for PMAP and MinnesotaCare members.
- **Cervical cancer screening rates**, an indicator of access to women’s health and preventative care, also improved and exceeded statewide performance.
- **Childhood immunizations** rebounded post-COVID, with PMAP immunization rates rising above the state average, suggesting strong access to pediatric care.
- **Annual dental visits** for IMCare enrollees met or exceeded Minnesota performance in multiple years.

Chronic disease management and follow-up metrics suggest that primary care, specialty care, pharmacy, care-coordination infrastructure is functioning well:

- **Blood pressure control** remained stable and above the Minnesota average across PMAP/MinnesotaCare for three consecutive years.
- **Diabetic care** (eye exams, BP control) **and medication-management** metrics also improved or held strong.

¹²⁷ IMCare, Itasca County’s Medicaid health plan relies heavily on local primary care providers including GICH, though quality metrics are

¹²⁸ IMCare Program Evaluation (2024): <https://www.co.itasca.mn.us/>. Data shown represents PMAP/MNCare Enrollees between 2022-2024.

Maternal & women’s health quality and access indicators suggest that, despite being a HPSA-designated rural area, Itasca is achieving strong performance on foundational primary care and maternal health quality measures:

- **Perinatal measures** (prenatal and postpartum care) surpassed state benchmarks.

Behavioral Health and Opioid Safety | GICH’s federal \$1.5M HRSA Rural Communities Opioid Response Program grant (2023–2026) supports local care coordination and contributes to **reductions in high-dose opioid exposure** among IMCare members.

Taken together, these measures confirm that the expanded clinical capacity and integrated care model in Itasca County are translating into stronger access and quality outcomes for populations that face some of the greatest barriers to care in rural Minnesota.

- *“Now in the clinic, we’re leading Fairview in so many things. Low no-show rates, quality measures in general are at or amongst the top on the clinic side for Fairview.”*
– GICH Clinical Leadership

Patient Experience

GICH’s Likelihood to Recommend score (82.3% YTD vs. goal of 80.3%) demonstrates sustained patient satisfaction. This linkage is especially important in rural systems, where delays in care and late-stage disease are common drivers of preventable outcomes. These quality gains reflect a clear causal pathway:

Expanded access → earlier detection → improved chronic disease control → better patient experience → increased trust and care-seeking

Community comments highlight the relational culture underpinning these results:

- *“We still know our patients’ names... we want to keep it that way.”* — *GICH Non-Clinical Staff*
- *“I like to walk down the hall and when I run into people, they know us by first name. That’s really nice.”* — *Focus Group Participant*

Population Health Outcomes: Strengths, Structural Challenges, and Context

Despite improvements in access and quality, population-level health outcomes in Itasca County remain mixed – consistent with national rural health trends, where social determinants (housing, transportation, income, connection, recreation, food security) outweigh clinical care in their influence on health. Given the structural realities of rural health from aging populations, limited recreational infrastructure, long travel distances, to socioeconomic vulnerability, it is neither expected nor realistic that clinical improvements alone would close gaps with statewide averages.

Strengths Relative to Rural Peers | According to County Health Rankings, Itasca County performs relatively well compared to peer rural counties (Cass, Aitkin, and counties with similar rurality across the U.S.) in regard to:¹²⁹

- Fewer poor physical health days
- Comparable or fewer poor mental health days
- Lower proportion of residents in poor or fair health
- Life expectancy above the U.S. average

Quality of life	Itasca, MN	Cass, MN	Aitkin, MN	Similar rurality
Poor Physical Health Days	3.7	4.0	4.0	4.7
Low Birth Weight	7%	6%	6%	8%
Poor Mental Health Days	5.1	5.5	5.1	5.8
Poor or Fair Health	14%	16%	16%	21%

Persistent Health Challenges | Structural challenges continue to shape health outcomes in Itasca County, consistent with widely understood impacts of environmental, economic, and social factors on individual and community health and well-being that clinical expansion alone cannot fully address. Select population health indicators demonstrating continued challenges in Itasca County include the following:¹³⁰

- Adult obesity: **40.5%**
- Adult smoking: **20%**
- Limited access to exercise opportunities: **66%**
- Rising youth anxiety, depression, and social-connection challenges
- Adult depression (26.1%) and anxiety (27.2%)
- Suicide mortality: **22.4 per 100,000**, nearly double statewide rates
- Premature death rate higher than the Minnesota average

¹²⁹ County Health Rankings

¹³⁰ County Health Rankings

Spotlight on Social Determinants of Health

“Social determinants of health – broadly defined as the conditions in which people are born, grow, live, work and age, and people’s access to power, money and resources – have a powerful influence on health inequities.” (World Health Organization)

Because of this, core health outcomes such as life expectancy and quality of life are profoundly influenced by social and economic factors (education, employment, income, family and social support, community safety), the physical environment (housing, air and water quality, transportation), and health behaviors. Clinical care (both access and quality) matters, but it accounts for only a portion of what drives health. Peer-reviewed research generally finds that social, economic, environmental, and behavioral factors account for an estimated 60–80% of the variation in health outcomes, while clinical care explains the remaining 20–40%—depending on the model, population, and methods used.

As such, Grand Itasca Clinic and Hospital’s influence on health is primarily concentrated in the areas it directly controls: access to care and the quality of services delivered. Population-level outcomes, however, depend on a much wider set of social and environmental conditions. As a result, some health indicators in the region are stronger than national averages, while others remain challenging—reflecting that even a high-performing hospital cannot, on its own, overcome the broader determinants shaping community health.

Health Equity: Progress, Remaining Gaps, and Strategic Needs

GICH and community partners have expanded efforts to address inequities, but disparities remain, especially for American Indian residents and low-income populations.

Ongoing Equity Challenges

- American Indian residents: 5% of the population, but 10% of Medicaid enrollment and 38% of the jail population.
- Disparities persist across chronic disease, behavioral health, and social needs.

Initiatives Underway | GICH is strengthening relationships with Leech Lake Tribal Health; expanding SDOH support; implementing crisis lines and care-coordination funds; and participating in opioid-response consortiums.

The Grand Itasca Foundation provides flexible support to address immediate needs (e.g., food bags, car seats, gas cards, walkers, digital scales) that help stabilize high-need patients and reduce preventable utilization.

Significance | Equity efforts are expanding, but the system lacks a comprehensive equity measurement framework—common in rural health systems—which limits the ability to track disparities across racial, geographic, and socioeconomic dimensions. Building this capability is a strategic next step for translating service gains into equitable outcomes.

Strategic Implications: Sustaining Hub Functions and Advancing Population Health

Across utilization, quality, and outcomes data, several implications emerge:

- **Service Expansion Must Be Paired with Community Prevention:** Clinical growth improved access and care processes, but durable population health requires long-term investment in prevention, behavioral health, chronic disease supports, and cross-sector coordination.
- **Behavioral Health and Workforce Capacity Are Priority Needs:** High demand for mental health services, coupled with statewide workforce shortages, requires sustained recruitment, housing solutions, care-team innovation, and tele-behavioral health strategies.
- **Economic Stability and Workforce Retention Influence Health:** As one of the region's largest employers, GICH's stability influences income, insurance coverage, and community wellbeing, reinforcing its role as an anchor institution.

GICH's evolution into a regional hub has yielded substantial improvements in access, capability, care quality, and patient experience. To convert these gains into durable population-level improvements, the region will require continued cross-sector strategies, equity-centered measurement, and investment in behavioral health and chronic disease prevention.

Enabling Factors Supporting GICH’s Rise as Regional Health Hub

Grand Itasca’s emergence as a regional health hub was the product of a set of mutually reinforcing internal decisions and external conditions that enabled the organization to stabilize, modernize, and expand clinical capacity over two decades. Together, these factors created the strategic, financial, and operational environment necessary for Grand Itasca to grow into one of Minnesota’s most capable rural health systems.

Internal Enablers: Organizational Strengths Positioning GICH for Growth	External & Community Enablers: Conditions That Supported Growth
<ul style="list-style-type: none"> • Early Capital Investment and Modern Infrastructure • Independent Operation During a Critical Decade of Growth • Prudent Financial Management & Workforce Investment • Strategic Timing of System Affiliation • Organizational Adaptation and Leadership Stability 	<ul style="list-style-type: none"> • Strong Community Trust and Local Governance • Regional Gaps That Created Demand for Local Services • High Need and High Utilization in County Populations • Strong Alignment with Itasca County Public Health and Social Services • Supportive Medicaid & Public-Health Environment • State and Federal Program Support

Internal Enablers: Organizational Strengths Positioning GICH for Growth

Early Capital Investment and Modern Infrastructure | The \$20M Blandin Foundation investment—and the resulting 2005 hospital and clinic campus—were foundational enablers. This modern infrastructure resolved long-standing facility constraints, created room for specialty expansion, and delivered a competitive platform for physician recruitment, integrated workflows, and a strong patient experience. The timing of this investment was critical: few rural hospitals modernized facilities during this period, giving GICH a durable advantage.

Independent Operation During a Critical Decade of Growth | From 2005 to 2016, GICH operated independently while building its clinical, financial, and operational capability. Operating independently allowed GICH to make locally grounded decisions, reinvest surpluses into local services, and retain a strong community mandate. During this period, the organization:

- Expanded outpatient specialty clinics
- Grew primary care and urgent access
- Added early mental health capacity

- Improved ED readiness and surgical services
- Strengthened care coordination and pharmacy services

Prudent Financial Management & Workforce Investment | GICH maintained above-average rural financial performance through disciplined operational management. Revenues more than doubled, net assets grew sixfold, and payroll expanded as new service lines opened. Investments in competitive wages, recruitment incentives, and workforce development helped attract specialists and build care teams. The organization’s ability to pay market-competitive rates and reinvest in clinical programs was a key differentiator from rural peers experiencing declining financial margins.

Strategic Timing of System Affiliation | GICH joined M Health Fairview in 2017 from a position of strength, not crisis. Because the organization had already modernized facilities and expanded services, the system partnership reinforced—not replaced—local capacity. The sequencing was critical: joining early (like Hibbing) or joining under distress (like many rural hospitals) would likely have narrowed local services. The affiliation extended:

- Tele-ICU, tele-NICU, tele-stroke
- Specialty recruitment pipelines
- Tertiary pathways
- Shared clinical protocols and EHR standards
- Oncology support (via UMP)

Organizational Adaptation and Leadership Stability | Leadership continuity and a culture of pragmatic problem-solving enabled GICH to respond to new demands. This adaptability transformed pressure points into opportunities for service expansion. Examples include:

- Adding an ED-dedicated social worker
- Building a Cancer & Infusion Center
- Expanding mental health from 0 to 6–7 providers
- Shifting suicide-ideation workflows into outpatient settings
- Adapting to rising behavioral health crises
- Implementing system-level care-coordination protocols

External & Community Enablers: Conditions That Supported Growth

Strong Community Trust and Local Governance | Local ownership (2002–2017) and ongoing local board governance created strong community alignment around the hospital’s role. Residents and leaders consistently supported investments in expanded primary care, urgent care, mental health, and specialty services. Trust facilitated recruitment, patient loyalty, and philanthropic giving—evident in the community-funded “Close to Home” Cancer Center campaign.

Regional Gaps Created Demand for Local Services | GICH's growth coincided with gaps created a natural, and urgent, regional role for GICH:

- OB unit closures in Deer River and International Falls
- Limited on-site specialty care at Essentia-Virginia and Hibbing
- Long travel distances to Duluth and the Twin Cities for complex care
- Inadequate local behavioral health infrastructure

The hospital increasingly became the **default regional anchor** for trauma care, maternity services, oncology, mental health, cardiology, and chronic disease management.

High Need and High Utilization in County Populations | Itasca County's demographic and health profile created structural demand, which meant expanded services were quickly absorbed and financially viable:

- Older, aging population
- Higher burden of chronic disease
- High prevalence of behavioral health needs
- Persistent SDoH challenges (housing, transport, poverty)
- Rising ED utilization among Medicaid and seniors

Strong Alignment with Itasca County Public Health and Social Services | GICH benefited from strong cross-sector coordination with organizations and entities including Itasca County Public Health, School districts, Tribal health (Leech Lake), the YMCA, Senior services programs, Second Harvest, and Behavioral-health/crisis partners. These partnerships amplified preventive care, chronic disease management, care coordination, and emergency/crisis response—making clinical expansion more impactful.

Supportive Medicaid & Public-Health Environment | IMCare (the county-run health plan) played a major role in enabling system improvement:

- Early detection and chronic disease metrics improved
- Dental access remained strong
- Opioid safety improved through HRSA-funded efforts
- Care coordination expanded significantly
- ED alerts and transitions-of-care strengthened

This alignment between the payer and provider environment is unusual in rural regions and helped translate clinical expansion into measurable outcomes.

State and Federal Program Support | **Programs** that meaningfully supported GICH's growth allowed GICH to stretch beyond what its local budget alone could support. These external resources include:

- 340B pharmacy (funding key clinical-pharmacy services)
- HRSA Rural Communities Opioid Response Program
- State maternal health and telehealth investments
- Federal IMD (Institution for Mental Diseases) flexibility during COVID
- EMS and trauma-designation support through MDH

Synthesis: Why These Factors Mattered

Taken together, these enabling factors formed a **reinforcing system**:

- Modern facilities → ability to recruit → ability to expand services
- Independent era → local alignment → strong finances → leverage entering a system
- Community demand + high trust → sustained volume → reinvestment capacity
- IMCare + public health integration → improved access → measurable quality gains
- System affiliation → advanced capabilities → reduced referrals → stronger regional role

This interplay of internal capability and external conditions is what ultimately allowed Grand Itasca to evolve into a **regional health hub** rather than a feeder hospital or struggling rural facility.

Future Outlook & Challenges

Grand Itasca enters the next decade as a **strong and regionally essential rural health hub**, but it does so against a backdrop of growing pressures facing rural healthcare statewide and nationally. The organization's recent gains in local specialty access, trauma capability, preventive care, and clinical integration provide a solid foundation — yet sustaining this progress will require navigating a set of emerging, systemic challenges.

- **Rural health financing pressures are intensifying.** Federal proposals to narrow Medicaid eligibility, reduce safety-net coverage, or amend 340B would disproportionately affect rural providers like GICH, where a meaningful share of patients rely on public insurance. Cuts to 340B — which supports GICH's pharmacy services, oncology care, and medication-management programs — could directly limit the hospital's ability to maintain expanded services in oncology, behavioral health, and chronic care management.
- **Behavioral health needs continue to outpace regional capacity.** While GICH has built one of the more robust behavioral health service lines in rural Minnesota, persistent shortages in psychiatric providers, limited step-down and crisis beds, and the high prevalence of youth anxiety, adult depression, and suicide mortality in the county will require sustained investment, new models of care, and stronger cross-sector solutions.
- **Emergency Care capacity is under pressure |** Rising ED utilization is likely to continue shaping GICH's future capacity needs. Grand Itasca's ED visits have more than doubled since 2004, and IMCare data show increasing ED visit rates among Medicaid, MinnesotaCare, and senior populations between 2022 and 2024. Much of this demand reflects legitimate, high-acuity needs associated with chronic disease, behavioral health crises, and persistent social determinants such as housing instability, transportation barriers, and poverty. As regional behavioral health crises intensify and local primary care and specialty capacity reach physical and staffing limits, emergency departments will continue to absorb unscheduled and acute needs. Sustaining ED readiness will require targeted investments in behavioral health, crisis response, care coordination, workforce recruitment, and physical capacity—alongside continued system support and community partnerships to redirect avoidable cases and strengthen follow-up after emergency care.
- **Workforce shortages remain a defining constraint.** Recruitment and retention of nurses, primary care clinicians, specialists, and mental health providers will shape GICH's future capacity. **Housing shortages** in Itasca County and increased national competition for rural clinicians amplify this challenge. As GICH's service lines grow, so does the pressure to recruit additional clinicians and support staff to maintain access and quality.

- **Infrastructure and demand pressures will create capacity strain.** Utilization has grown steadily: ED visits up 160% since 2004, births nearly doubled, surgeries up 50%, and annual encounters >250,000. The hospital is reaching the limits of what its existing campus can support. Without additional space, workforce, and technology investment, GICH may struggle to meet future demand or add new services.
- **Outer regions of GICH’s service area remain underserved.** While Grand Itasca has established itself as a successful regional hub, communities in the outer regions of its service area lack basic access to quality care. The current network around GICH is limited, making it essential to expand access – such as by adding urgent care services – to ensure quality care reaches the broader service area.
- **Rural social and economic conditions will continue to influence health outcomes.** High rates of obesity, smoking, chronic disease, poverty, transportation barriers, and mental health needs — especially among Indigenous and low-income residents — will require deeper collaboration with public health, tribal partners, schools, behavioral health agencies, senior services, and social-service providers.

At the same time, opportunities are emerging:

- Advances in telehealth and remote monitoring can expand local access without increasing physical footprint.
- System affiliation provides pathways to shared clinical expertise, regional coordination, and expanded specialty recruitment.
- Strong community partnerships position GICH to lead integrated, cross-sector rural health strategies.
- Philanthropy, grants, and state initiatives targeting mental health, workforce pipelines, maternal health, and rural innovation can strengthen long-term resilience.

Grand Itasca now operates as one of Minnesota’s most capable rural health systems. Its modern clinical infrastructure, broad specialty access, strong emergency capability, stable finances, and deep community partnerships position the organization to continue improving local access and health equity. Sustaining this progress will require navigating statewide rural health challenges including workforce shortages, behavioral health demand, rising service volumes, and shifting Medicaid and 340B policies. With strategic planning and continued collaboration, GICH is well positioned to remain a resilient regional health hub for northern Minnesota.

Rural Health Hub: Conclusion

Grand Itasca Clinic & Hospital (GICH) has emerged as one of Minnesota’s most capable and community-anchored rural health systems. Over the past two decades, the organization transformed early philanthropic investment, independent operational growth,

and a strategically timed system affiliation into a unique regional asset. Today, GICH provides broad specialty access, modern emergency and trauma capability, integrated behavioral health, high-quality preventive care, and deep partnerships with schools, public health, tribal services, senior programs, and social-service organizations — all while maintaining financial stability and increasing local retention of care.

By 2023, annual encounters exceeded 250,000; ED visits more than doubled; surgeries increased by half; births nearly doubled; and primary care, oncology, cardiology, and behavioral health services expanded dramatically. Quality outcomes for Medicaid/IMCare enrollees improved across cancer screening, blood pressure control, perinatal care, opioid safety, and dental access. These gains reflect not only expanded clinical capability, but also strong care coordination and system partnership.

Looking ahead, GICH faces the same structural pressures affecting rural health systems nationwide: tightening federal and state funding, potential 340B reductions, strain on Medicaid reimbursement, growing behavioral health needs, shortages in mental health and specialty providers, workforce and housing constraints, and increasing demand that is beginning to stretch physical capacity. High obesity and smoking rates, youth mental health concerns, and persistent inequities affecting Indigenous and low-income residents will continue to challenge population health.

Overall, GICH is well positioned heading into its third decade, with modern infrastructure, broad clinical capability, strong community trust, and a record of disciplined growth. Advances in telehealth and remote care, system-supported specialty recruitment, community-based mental health models, and opportunities for targeted philanthropic and grant investment offer meaningful pathways to sustain and strengthen rural health access. With continued support, strategic planning, and cross-sector collaboration, Grand Itasca can remain a resilient regional health hub — improving access, advancing equity, and supporting the health and wellbeing of northern Minnesota for years to come.

IV. Grand Itasca as an Economic Anchor

Introduction & Purpose of Analysis

Over the past two decades, Grand Itasca has become one of the most significant economic anchors in Itasca County. In rural regions like northern Minnesota, hospitals play an outsized role in economic stability and long-term growth: they are often among the largest employers, one of the few sources of high-wage professional jobs, major purchasers of goods and services, and consistent generators of both direct and spillover economic activity. Unlike more volatile industries such as mining or tourism, healthcare tends to remain stable during recessions and demographic shifts, making it a critical pillar of regional resilience. As Itasca County's population has aged and its economic base has diversified, the presence of a strong, locally responsive health system has become increasingly important to maintaining a healthy workforce and a vibrant local economy.

This section evaluates Grand Itasca's economic impact from 2002 to 2025, with a focus on understanding how the organization contributes to the economic wellbeing of Itasca County and surrounding communities. The analysis covers GICH's:

- **Direct impacts** (employment, payroll, operations spending, and capital investments)
- **Indirect impacts** (supply chain activity and specialty-care-related economic retention)
- **Induced impacts** (household and community spending generated by GICH employees and contractors)

Because the Blandin Foundation's catalytic \$20 million investment in the early 2000s fundamentally altered the hospital's growth trajectory, the analysis also incorporates a **counterfactual scenario** estimating how the region's economy might have evolved had Grand Itasca remained a spoke facility within a larger system.

Together, these components offer a comprehensive view of how Grand Itasca functions as an economic engine for northeastern Minnesota, how the Blandin Foundation's early investment continues to yield returns, and what sustained local healthcare capacity means for the future economic health of Itasca County.

Overview of Grand Itasca's Economic Role

Grand Itasca is one of the most significant economic engines in Itasca County, functioning as both a major employer and a stabilizing force within an otherwise cyclical regional economy. Healthcare consistently ranks among the top employment sectors in northern

Minnesota, and within Itasca County,¹³¹ GICH is one of the largest single-site employers, providing a mix of high-wage professional roles, middle-skill technical jobs, and stable entry-level positions. The organization’s employment footprint has expanded substantially since the early 2000s, driven by new specialty services, larger clinical teams, and more robust operational departments, reflecting both the campus expansion and the broader shift toward integrated clinic–hospital models.¹³²

Labor Income | The hospital’s wage and salary footprint is critically important to the local economy. With an annual payroll totaling \$73.5 million in 2023,¹³³ GICH contributes a meaningful share of the county’s overall labor income. Over the last two decades, GICH paid +\$1B in salaries, benefits, and other compensation to a primarily local employee base. Hospital wages supported an estimated \$418M in additional regional earnings through supply chain and household spending in the local economy. Healthcare practitioner wages in rural regions tend to exceed local averages—particularly for nursing, specialty care, and clinical and technical health roles—making the sector a key driver of income growth and household stability.¹³⁴ In Itasca County, where median wages fall below state averages, Grand Itasca’s ability to generate stable, well-compensated jobs plays an especially important role in the local economy.¹³⁵ The organization also provides a broad range of benefit-supported positions, which helps reduce the share of uninsured adults and strengthens economic security for working families.

Workforce Development | Relatedly, Grand Itasca’s economic influence extends into workforce development and community vitality. The hospital is a key partner to local education institutions—including Minnesota North and local high schools—providing clinical rotations, preceptorships, observation hours, and employment pipelines for nursing, laboratory, imaging, and allied health programs. These relationships support regional workforce retention and reduce recruitment costs while providing local residents with pathways into stable healthcare careers. GICH’s reputation as a high-quality employer also helps attract and retain families, strengthening both the tax base and local school enrollment.

¹³¹ In Itasca County, healthcare is the leading employment sector in the county, employing 4,279 people as of April 2025, representing over 25% of jobs in the county – nearly double the share of retail, the second highest employment industry. (MN DEED, [Itasca County Profile](#), April 2025)

¹³² GICH ProPublica 990s and self-reported employment data.

¹³³ GICH ProPublica 990s; “annual payroll” is inclusive of salaries and benefits.

¹³⁴ In Northeast Minnesota (a predominantly rural DEED region), the 2025 median hourly wage for *Healthcare Practitioners & Technical Occupations* was \$40.04/hour (70% higher than the regional median wage of \$23.47/hr.), though *Healthcare Support* roles earned a median of \$18.28/hr. (DEED, [Occupational Employment & Wage Statistics](#), 2025).

¹³⁵ Itasca’s median household income is \$66,380, below the statewide average of \$87,556 (MN DEED, [Itasca County Profile](#), April 2025)

Local Purchasing and Capital Improvements | Long-term infrastructure investment has been another key driver of Grand Itasca’s economic contribution. Blandin Foundation’s early 2000s investment enabled a major campus modernization that transformed the region’s healthcare capacity. These improvements attracted clinical talent and laid the foundation for subsequent service-line growth that otherwise would not have been possible.¹³⁶

Grand Itasca has continued to invest in its physical and technological infrastructure. Modernized IT systems, new equipment, and facility expansions have generated recurring waves of construction jobs, vendor spending, local business activity, and property value creation, and purchasing associated with ongoing clinical operations also provide ripple effects in the local economy.

Retention of Local Healthcare Spending | The expansion of specialty care at Grand Itasca has had a measurable economic effect. As additional services were added (orthopedics, cardiology, oncology support, ENT, urology, and others) more patients were able to receive care locally rather than traveling to Duluth, Hibbing, or the Twin Cities. This shift not only improves access and patient experience but also retains healthcare spending within the local economy. Retaining specialty visits locally not only prevents the out-migration of patient spending but also reduces leakage across connected economic activity such as pharmacy purchases, imaging, and other ancillary services.

Economic Stabilization and Amplification | Grand Itasca also plays a stabilizing role within a mixed rural economy. Mining, forestry, manufacturing, and tourism—historically the county’s most significant sectors—tend to fluctuate with commodity cycles, global markets, and seasonal demand. Healthcare, by contrast, provides stable employment and sustained economic activity across economic cycles.¹³⁷ Grand Itasca’s consistent payroll and operations spending help buffer the community from downturns, creating a countercyclical force that supports local businesses and household income during periods of volatility in other sectors. Based on regional benchmarks and the hospital’s revenue, we estimate that GICH has had a cumulative economic impact of \$3B in the region between 2002 and 2023.

Counterfactual Analysis | While there is no clear 1:1 comparison, by qualitatively comparing the story of GICH with other regional hospitals, particularly Fairview Range in Hibbing and Virginia Hospital, we can qualitatively assess what might be different had the Blandin Foundation not invested in the facility. Based on these comparisons it is likely that in that scenario, it is likely that the hospital today would be smaller and would offer few

¹³⁶ Blandin Foundation grant records; GICH interviews and documentation.

¹³⁷ Minnesota DEED Itasca County economic profile; sector-level employment data.

specialty services, which in economic terms would translate to less employment, more financial precarity, and a reduced long term regional economic impact.

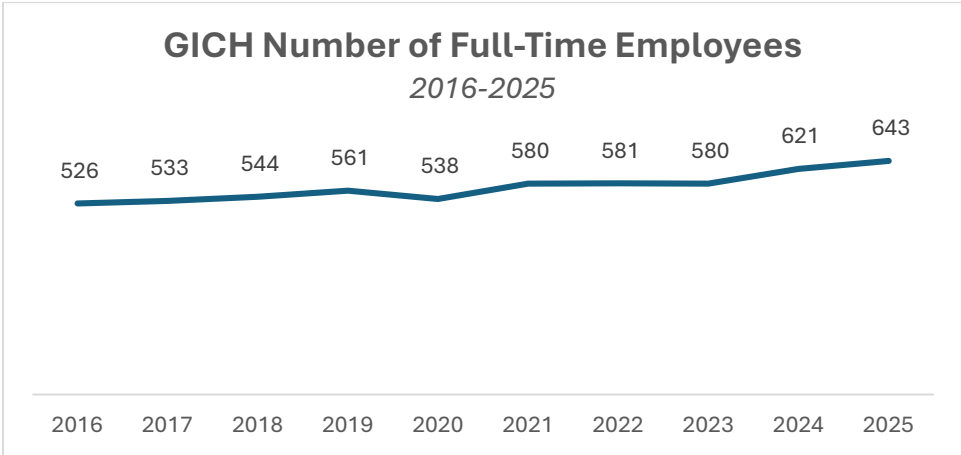
Together, these elements—employment, payroll and benefits, capital investment, specialty care capacity, and educational partnerships—illustrate Grand Itasca’s multifaceted and far-reaching economic role. The following describe these impacts in greater depth and summarize future challenges and implications for the hospital and Foundation.

Employment and Workforce Development

Grand Itasca’s most visible and measurable contributions to the regional economy come through its **direct employment impact: the jobs it creates, the wages and salaries it distributes**. These direct activities form the foundation for the broader indirect and induced impacts described in later sections and represent the most tangible drivers of economic value for Itasca County.

Employment

Grand Itasca is one of the largest and most stable employers in Itasca County, with employment levels rising significantly over the past two decades. The organization’s workforce has grown to approximately **800 employees in 2025** (actual employees, not FTEs), reflecting both the addition of new service lines and the transition from a small community hospital to an integrated clinic–hospital model.¹³⁸ Between 2016 and 2025 alone, the number of FTEs increased 22% from 526 to 643 (+117 FTEs). Growth in higher paid full-time clinical positions—nursing, primary care, and an expanding roster of specialists—has been particularly notable, but the hospital also generates a broad range of non-clinical roles in administration, operations, facilities, IT, and support services.



¹³⁸ GICH employment data; ProPublica 990 filings

A significant share of these jobs offers stable, benefit-eligible employment with wages above county averages. Because healthcare roles are less susceptible to cyclical downturns than industries such as mining or manufacturing, Grand Itasca’s employment presence helps stabilize the local labor market and sustain household incomes during economic volatility and provides multigenerational opportunities and pathways for mobility.

- *“The hospital is one of the largest employers, providing stable jobs with good wages, which supports the local economy.”* – Itasca County Official
- *“GICH employed my mother, my wife, and myself.”* — GICH Employee
- *“I started at the bottom rung in the maintenance department and worked my way up to chief engineer.”* — GICH Employee

Workforce and Education Impacts

Grand Itasca plays a central role in shaping the region’s workforce pipeline. Its collaboration with local educational institutions, regional high schools, and workforce training entities, drives multiple long-term benefits:

- **Clinical education and rotations** for nursing, laboratory, imaging, and allied health students
- **Career pathways for local youth**, reducing workforce outmigration
- **Job stability for young families**, supporting school enrollment and household formation
- **Upskilling opportunities** for incumbent workers through system-linked training and certifications

There are two particularly important relationships and programs that GICH supports, the Itasca Area Schools Collaborative (IASC) NEXT Career Pathways Program, and the Practical Nursing Program at Minnesota North College.

IASC NEXT Career Pathways Program

The IASC Operates as an independent school district that operates as a “cooperative to strengthen partnerships between regional school districts and to increase educational opportunities for students.”¹³⁹ The NEXT Career Pathways Program was created in 2016 designed to provide hands-on learning opportunities and to expose and prepare students for different career pathway opportunities. The program provides coursework, hands-on experiences, and dedicated career guidance resources within eight pathways: automotive/transportation, business, computer science, construction, education, healthcare, manufacturing, and natural resources/agriculture.

¹³⁹ IASC Overview and Career Pathway Data provided by IASC

Within the healthcare pathway students are able to achieve certifications, including Certified Nursing Assistant (CNA) and Home Health Aide. In addition to coursework, the program hosts an annual “Discover Healthcare” fair that brings together more than 350 students and 30 healthcare organizations to explore different opportunities in the healthcare field. Specifically to GICH, students are able to tour the facility, and a few students are able to participate in grant funded summer internships. The Healthcare program has grown over the years, from 93 students in the 2022-23 school year to 150 in 2024 – 2025, with 38 completing the program.

Minnesota North College Practical Nursing Program

Minnesota North College is a six-campus public community and technical college system serving northern Minnesota. Minnesota North offers a nursing program that serves approximately 20 – 25 students per year, with a completion rate of 65% in 2023.¹⁴⁰ Enrollment has declined in recent years, likely due to COVID and impacts on the healthcare job outlook.

GICH and the Fairview system collaborate with the Minnesota North nursing program in several ways. GICH hosts nursing students for observations and clinical rotations and provides mock interviews to students to prepare them for hiring processes. GICH and Fairview also employs many graduates of the program and offers a paid RN internship program. On average, approximately two MN North nursing students each graduation year receive a RN position on Med-Surgical at GICH.

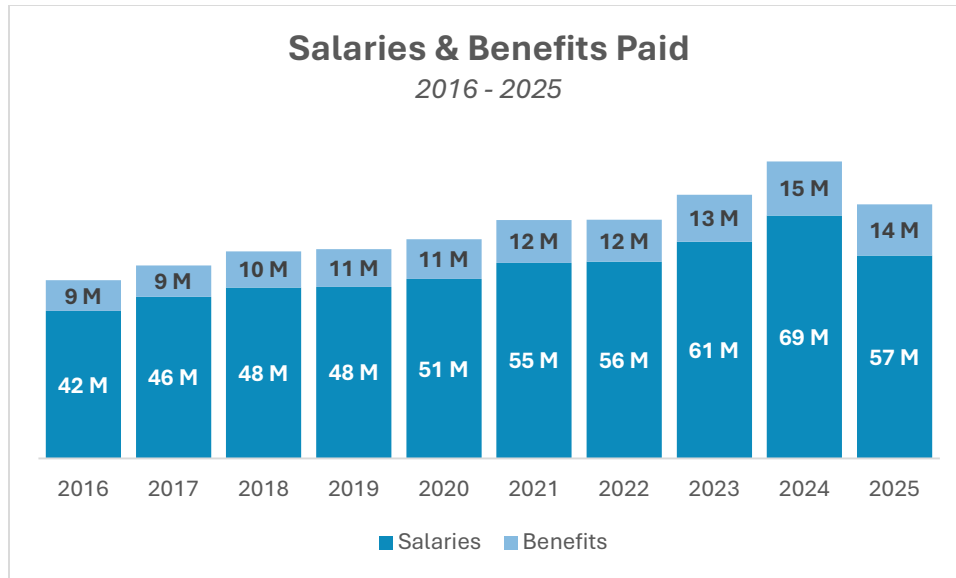
- *“At one point 75% of the nurses at Fairview Range in Hibbing were Minnesota North Graduates. They exist because of us, and we exist because of them.”* – Minnesota North Leadership

Payroll and Labor Income

Grand Itasca’s payroll represents one of the largest sources of labor income in the county. In 2023, the organization generated approximately **\$73.5 million** in total wages, salaries, and benefits including health insurance, retirement contributions, and paid time off.¹⁴¹ This compensation footprint has grown steadily as the organization expanded its workforce and added higher-wage roles associated with specialty care and advanced clinical services.

¹⁴⁰ MN North Nursing Staff Faculty 2025

¹⁴¹ Grand Itasca annual financial statements; Form 990 Part VII and Schedule J.

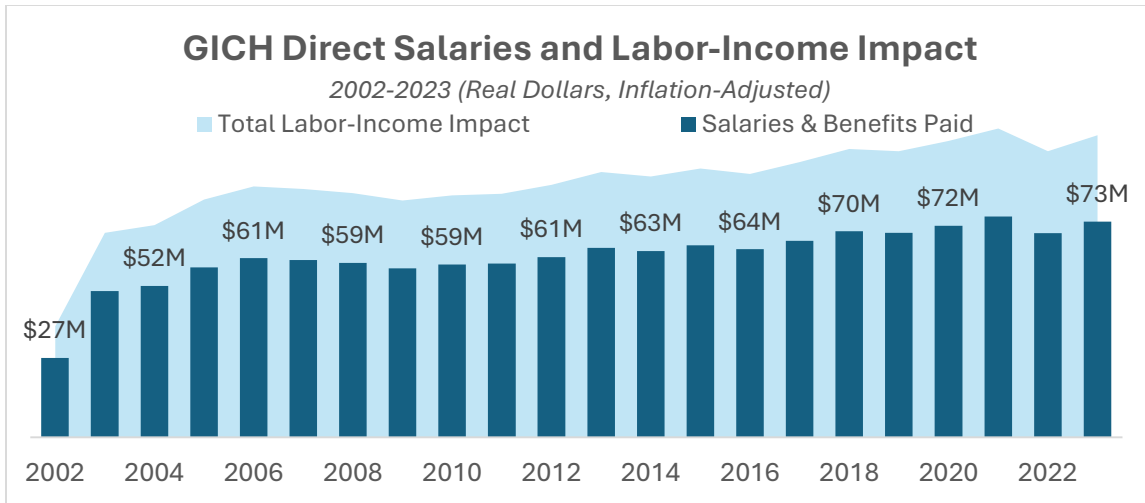


The distribution of this labor income within the region is a major driver of local economic activity, supporting retail, housing, education, transportation, and service-sector jobs.¹⁴² Given Itasca County’s population size and economic structure, Grand Itasca’s payroll has a measurable effect on household spending, local tax revenue, and the overall economic vitality of the Grand Rapids area.

Over the last two decades, GICH paid +\$1B in salaries, benefits, and other compensation to a primarily local employee base. Hospital wages supported an estimated **\$418M in additional regional earnings** through supply chain and household spending in the local economy. Today, even after adjusting for inflation, Grand Itasca’s labor income contribution to the local economy has **nearly doubled** since 2002.¹⁴³

¹⁴² USDA Economic Research Service; National Center for Rural Health Works spending patterns; IMPLAN household spending coefficients.

¹⁴³ Source(s): (1) GICH 990s (2) [The Economic Impact of Minnesota Hospitals and Health Systems](#), UMD BBER, March 2022; MHA Region 2 Labor-Income Multiplier as of 2020: 1.4; Employment Multiplier: 1.77. (3) Inflation adjustments made using CPI-U (U.S. All Items): FRED series CPIAUCSL (or BLS Table 1), Index 2023 = 100.



Local Purchasing and Capital Investments

Beyond wages, Grand Itasca contributes to the regional economy through annual operations spending on goods and services essential to delivering care. Each year, the organization purchases millions of dollars of supplies, equipment, utilities, and contracted services. While some categories, such as pharmaceuticals and major medical equipment, are necessarily sourced from national vendors, a substantial proportion of operational spending flows to local or regional suppliers.¹⁴⁴

Local purchasing categories commonly include:

- Facilities, electricians, general contractors, maintenance contractors
- IT support vendors
- Food services and retail suppliers
- Laundry, housekeeping, cleaning, and waste management services
- Local marketing, design, and communications firms
- Professional services (legal, accounting, engineering, architecture)

This localized purchasing reduces economic leakage and supports a network of small businesses that depend on predictable institutional clients. The hospital’s ability to retain decision-making authority over vendor selection—particularly during the years of local governance—helped maintain robust local sourcing. Even post-integration, Grand Itasca retains flexibility in several categories, enabling the preservation of local vendor relationships.

¹⁴⁴ GICH procurement records; interviews with operations and finance leaders.

- *“We push Fairview on that all the time. Fairview, at times would like us to bring in different contractors, and we simply say, no, we are not willing to have a relationship with a contractor that’s 3 hours away.” -GICH Leadership*
- *“We use local contracts for our housekeeping and laundry services, so outside of the medical supplies and pharmaceuticals, we have a significant impact in the community, and we focus on trying to stay local, and we push Fairview on that all the time.” - GICH Leadership*

GICH intentionally supports local businesses by contracting with multiple vendors and spreading procurement locally:

- **2022:** \$2,232,503.80 spent among 86 local vendors
- **2023:** \$2,298,979.37 spent among 101 local vendors
- **2024:** \$2,929,988.76 spent among 98 local vendors

Known Economic Beneficiaries of the Hospital: Ambulatory Services, Police Department, Cleaning Companies, Building Maintenance Companies, Pharmacies, Medical Device Companies, etc.

Capital Projects and Construction Impacts

Capital investments have been among the most significant direct economic contributions made by Grand Itasca. The early 2000s modernization of the hospital campus, made possible through the Blandin Foundation’s \$20 million investment, stimulated a wave of construction activity that generated both short-term and long-term economic benefits. Construction firms, subcontractors, and tradespeople engaged in these projects injected millions of dollars in wages and purchasing into the local economy.¹⁴⁵

Major capital projects have included:

- Construction of the new clinic–hospital campus (2003–2005)
- Surgical suite upgrades
- Diagnostic imaging updates (e.g., CT, MRI, mammography)
- Expansion of specialty clinic space
- IT infrastructure modernization and electronic health record (EHR) upgrades
- Parking, utilities, and campus infrastructure improvements

These investments created direct construction employment while also generating demand for local materials, equipment rentals, engineering services, and project management. Beyond the immediate economic boost, the enhanced facilities expanded the hospital’s long-term capacity to add jobs, recruit specialists, and retain patient care locally.

¹⁴⁵ Blandin Foundation grant documentation; GICH financial records.

Summary of Direct Impact Contribution

Across employment, payroll, operations spending, and capital investment, Grand Itasca's direct economic footprint is both broad and deep. The organization provides hundreds of stable jobs, generates tens of millions in annual household income, supports local businesses through operational and capital purchasing, and supplies the region with infrastructure that enables long-term growth in specialty care and high-wage employment opportunities. These direct impacts are the foundation upon which wider indirect and induced effects are built, effects that further reinforce the organization's role as a cornerstone of the Itasca County economy.

Retention of Local Healthcare Spending

A particularly meaningful dimension of Grand Itasca's economic impact arises from its expansion of specialty care. Before the campus upgrades, and prior to Grand Itasca becoming a regional hub under local governance, many specialized services were unavailable locally. Patients frequently traveled to Duluth, Hibbing, or the Twin Cities for diagnostics, surgery, and specialty consults—resulting in substantial **economic leakage** out of Itasca County.¹⁴⁶

As Grand Itasca expanded service lines (e.g., orthopedics, cardiology, ENT, oncology support, urology), significant portions of this healthcare spending remained in the region. Specialty care retention generates indirect economic benefits in three key ways:

1. **Direct reimbursement retained locally:** Each specialist visit or procedure billed in Grand Rapids represents revenue that previously flowed to external healthcare systems.
2. **Ancillary spending on pharmacy, imaging, labs, and post-acute care:** These downstream services amplify the economic effects of the initial clinical encounter.
3. **Spillover activity in the community:** Patients who previously traveled for care now spend on fuel, food, and other local services within the county rather than in Duluth or Hibbing.

Retention of specialty services results in material economic value. If even **20–30%** of previously out-migrated specialty visits are now retained locally—common in rural hospitals that successfully expand service lines—the cumulative annual economic impact can reach into the millions.¹⁴⁷

¹⁴⁶ MDH outpatient utilization data; historical Grand Itasca referral patterns (if available).

¹⁴⁷ National Rural Health Association (NRHA) specialty care retention literature; Minnesota rural hospital service-line expansion case studies.

Economic Stabilization and Amplification

Beyond its direct payroll and supply chain footprint, Grand Itasca Clinic & Hospital (GICH) generates a substantial layer of induced economic impact that helps to stabilize the economy in the region and amplify the impact of the hospital. These effects take several different forms, and in this section we discuss:

- Recirculating spending in the region
- Impacts on the housing market
- Attraction and retention of population and employers
- Workforce stabilization effects
- Cumulative economic impact

Recirculating Spending in the Region

Induced effects occur as workers and the employees of local vendors use their wages to purchase goods and services in the region—supporting retail establishments, restaurants, housing markets, transportation services, childcare providers, and countless other local businesses. In rural communities, where household spending plays an outsized role in sustaining small business vitality, the induced impacts of a large, stable employer like GICH are particularly pronounced. Studies of rural healthcare systems consistently show that a majority of healthcare workers spend **70%–85% of their take-home pay** within their home counties, reflecting both the geographic concentration of rural communities and the limited out-commuting for daily purchases.¹⁴⁸ For every full-time equivalent position at the hospital, additional jobs and small businesses are supported indirectly in areas including housing, retail, and food services.¹⁴⁹ As we calculated above, using IMPLAN multipliers and analysis from the University of Minnesota, **we estimate that the over \$1B in payroll and benefits paid by the hospital over the past 20 years has generated an additional \$418M in regional economic activity** in that time period.

Housing Market and Community Stability

As part of the recirculating spending noted above, GICH's workforce contributes significantly to the stability of Itasca County's housing market. Healthcare workers tend to have relatively consistent employment and predictable incomes, which supports demand

¹⁴⁸ IMPLAN household spending coefficients; National Center for Rural Health Works (NCRHW) rural household expenditure research.

¹⁴⁹ Multipliers from BEA RIMS II retail and housing sectors; rural healthcare employment studies (UMN Extension, NRHA).

for long-term housing—both rental and owner-occupied units. Over the past 20 years, GICH has influenced:

- **Demand for workforce housing** among nursing, technical, administrative, and support staff
- **Attraction of higher-wage professionals**, especially physicians and specialists, who contribute to higher-value home purchases
- **Population retention**, as stable employment encourages families to remain in or move to Itasca County
- **Neighborhood-level economic vitality**, with spillover benefits for property values and municipal tax revenue

The stabilization effect of a large healthcare employer is especially valuable in communities that have experienced cyclical downturns in mining and manufacturing. GICH’s steady employment base has helped offset those fluctuations and sustain local housing demand during periods when other sectors contracted.

Attraction and Retention of Population and Employers

Grand Itasca’s role in sustaining and attracting population is an additional induced impact with long-term economic implications. The presence of a robust healthcare employer:

- Attracts working-age adults seeking stable career opportunities
- Encourages families to remain in or return to the region
- Enables aging in place and attraction of part time or seasonal residents
- Supports school enrollment and youth services
- Enhances community vibrancy and resilience

Given demographic challenges facing many rural Minnesota counties, including aging populations and outmigration, GICH’s contribution to maintaining a stable population base has meaningful downstream economic benefits.

In addition to attracting and retaining families and residents, the hospital is an important component of the region’s value proposition to current and prospective employers.

- *“[Without GICH] It would look a lot different for sure. I think we would have much less of a presence as a regional center. I think it would have been less attractive for new investments in commercial business industry. I think it would have been a pretty devastating effect.”* — Local Interview
- *“When we are speaking with businesses interested in moving to the area, we consistently highlight the schools, the hospital, and the Reif Center as major amenities.”* – Local Economic Development Leader

Stabilizing Effects During Regional Economic Downturns

One of the most important, though often overlooked, induced impacts of rural hospitals is their stabilizing effect during economic downturns. Unlike mining, timber, and manufacturing, which are subject to global commodity markets and cyclical layoffs, healthcare demand tends to remain steady or increase during recessions.¹⁵⁰ One of the defining features of anchor institutions is the economic stability they provide. Grand Itasca has delivered consistently in this domain:

- **Stable, year-round employment** across a wide range of wage levels
- **Predictable payroll** that sustains household spending regardless of mining or manufacturing cycles
- **Recurring capital investments** that generate periodic surges in construction, subcontracting, and local materials purchasing
- **Long-term operational presence** that supports strategic planning across local government, education, and business sectors

This stability allows the community to weather regional downturns more effectively, smoothing tax revenues, supporting local businesses, and maintaining workforce participation rates.¹⁵¹ Focus group participants noted that as mining and manufacturing declined, the hospital maintained essential healthcare services and was a stable employer, helping families stay in town despite economic uncertainty.

- *“The hospital has become a major employer and economic anchor. It’s consistent even when other industries fluctuate.”* – Itasca County Official

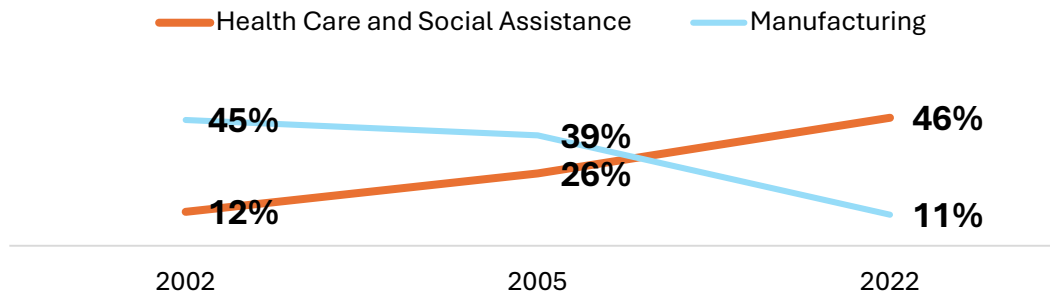
Evidence from the 2008 recession, the 2015 mining downturn, and the COVID-19 pandemic indicates that Grand Itasca’s payroll and employment levels remained comparatively stable, mitigating the severity of local economic shocks. These stabilizing effects are a hallmark of anchor institutions and demonstrate Grand Itasca’s outsized role in buffering the community against macroeconomic volatility.¹⁵²

¹⁵⁰ Minnesota DEED recession impact analyses; rural sector volatility studies; GICH historical employment stability (HR and financial records)

¹⁵¹ Minnesota DEED county-level employment volatility data; Bureau of Economic Analysis (BEA) industry earnings series

¹⁵² DEED

Jobs by NAICS Industry Sector



Cumulative Economic Impact

Economists use a number of different methods for calculating the economic multiplier effect of different industries. In March 2022, the University of Minnesota Duluth' Bureau of Business and Economic Research published a study titled "The Economic Impact of Minnesota Hospitals and Health Systems,"¹⁵³ which calculated the Direct, Indirect, and Induced economic impact of hospitals and health systems across the state, and by region. Based on their analysis, we estimate that there is a 1.64 multiplier effect of the healthcare industry in Region 2, meaning that for every dollar in healthcare revenue, there is an additional \$0.64 in total regional economic output that is generated as a result. This includes indirect and induced impacts such as employee spending, local purchasing, and related ripple effects. **Based on this ratio and GICH's annual revenue, we estimate that the hospital's total regional economic impact was \$200M in 2023 (based on \$122M in revenue), and \$3B between 2002 – 2023 (based on \$1.8B revenue over that time period).**

¹⁵³ ["The Economic Impact of Minnesota Hospitals and Health Systems."](#) UM Duluth. March 2022

Counterfactual Scenario: What if Blandin Had Not Invested?

Understanding the economic impact of Grand Itasca Clinic & Hospital requires considering not only what did happen, but also what might have happened had the Blandin Foundation not made its catalytic investment in the early 2000s. Constructing a counterfactual is inherently challenging; no rural hospital offers a perfect comparison, and the unique circumstances surrounding Itasca Medical Center (IMC) cannot be replicated. Because of these limitations, this section uses a **directional and qualitative approach**, grounded in observable patterns among northern Minnesota hospitals that remained system-owned during the same period.

The goal is not to generate precise numerical estimates, but to highlight **broad differences** in likely trajectories across key areas strongly influenced by capital investment and governance such as facility modernization, specialty care access, workforce growth, and local economic retention.

Domain	Observed Trajectory <i>With Blandin Investment & Local Governance</i>	Likely Counterfactual Trajectory <i>If IMC Had Remained a System-Owned Spoke</i>	Directional Implications for the Region
Capital Investment	Large, early, comprehensive modernization of the campus	Smaller, delayed, or incremental upgrades	↓ Facility capacity; slower modernization
Specialty Care Access	Broad specialty portfolio available locally	Fewer local specialties; more reliance on Duluth/Hibbing	↑ Patient travel; ↑ economic leakage
Employment & Workforce	Growing workforce with strong mix of high-wage roles	Slower growth; fewer professional and specialty roles	↓ Household income; ↓ induced spending
Local Vendor Engagement	Significant local contracting for operations & capital	More centralized procurement; reduced local vendor use	↓ Local business revenue
Economic Retention	More care delivered locally; lower leakage	Higher leakage to system hubs	↓ Local capture of healthcare dollars
Community Anchoring	Strong anchor role supporting population retention and civic vitality	Weaker and more limited anchor role	↓ Long-term regional stability

While there are no complete “apples to apples” comparisons, **two other regional hospitals provide instructive examples**. First is the Fairview Range Medical Center in Hibbing. While also owned by the Fairview system it has not received any major outside

capital investments, and in local conversation we heard that the facility is in much worse condition than GICH, and is considered to be one of the most vulnerable in the state to closure in coming years.¹⁵⁴ A second peer hospital to consider is the Essentia-Health Virginia Hospital. Had the Blandin Foundation not made the capital investment in GICH, it is likely that Essentia, as one of the “partners” would have assumed more control of GICH. Under its ownership of Virginia Hospital, Essentia has made some capital investments and expanded some services, but the hospital offers far fewer specialties than GICH and is treated as a “feeder” to Essentia owned Duluth hospitals,¹⁵⁵ which would have been a possible future outcome for GICH.

This directional comparison illustrates the broad differences between Grand Itasca’s actual trajectory and the likely path the region would have taken without Blandin’s early investment. While not a quantitative model, the evidence from regional peer hospitals provides a credible picture of the strategic value created by local governance and early capital investment.

Summary: Long-Term Economic Value as an Anchor Institution

Over two decades, Grand Itasca has evolved into one of the region’s most important **anchor institutions**, a large, stable organization whose economic, social, and civic contributions extend far beyond its immediate clinical function. Unlike private-sector industries whose presence is subject to market cycles, mergers, or relocations, anchor institutions such as hospitals, colleges, and public agencies tend to be geographically fixed and mission-driven. In rural communities, they serve as pillars of long-term economic stability, population vitality, and civic life.

Role in Regional Development and Infrastructure

The modern Grand Itasca campus—built and expanded through philanthropy, local leadership, and system partnership—is itself a form of long-term community infrastructure. Its presence has enabled broader economic activity in several ways:

- **Enhanced Regional Healthcare Capacity:** The availability of specialty care, diagnostics, and outpatient services has reduced outmigration, keeping healthcare spending within the local economy.
- **Improved Quality of Life:** Reliable healthcare access is a significant determinant of where families choose to live and work. The presence of a full-service hospital strengthens Grand Rapids’ competitiveness in attracting residents and employers.

¹⁵⁴ “[Seismic’ Medicaid changes will be rough on rural hospitals.](#)” Minnesota Post. July 8, 2025.

¹⁵⁵ “[Iron Range hospital finds new life with Essentia in charge.](#)” MPR News. May 4, 2015.

- **Catalyst for Commercial Development:** Healthcare campuses often anchor adjacent development, and Grand Itasca’s location has supported a cluster of retail, food service, residential, and professional services.
- **Support for Economic Diversification:** Reliable healthcare access is a prerequisite for sectors like manufacturing, education, and professional services to thrive. Employers look for strong healthcare systems when making siting decisions.

These effects illustrate that Grand Itasca’s value extends beyond employment; it underpins the broader foundation for sustainable regional development.

Future Outlook & Challenges

Grand Itasca remains a central contributor to Itasca County’s economic and community stability. Looking ahead, its role will continue to evolve in the context of shifting demographics, workforce dynamics, housing availability, and broader system-level trends. These factors do not diminish the hospital’s importance, but they shape the environment in which it will operate. A clear understanding of these emerging conditions can help inform practical strategies that sustain Grand Itasca’s value to the region.

Healthcare Sector Dynamics Affecting Grand Itasca

Like rural hospitals across Minnesota, GICH operates within a set of structural conditions that influence its long-term stability and economic role:

1. **Workforce shortages and rising labor costs.**¹⁵⁶ ¹⁵⁷ The most immediate challenge is the tightening labor market for nurses, physicians, and allied health professionals. These pressures could constrain service capacity, compress margins, and limit the hospital’s ability to make future capital investments:
 - Recruitment is increasingly competitive
 - Wage expectations continue to rise
 - Reliance on temporary staffing has become more common and more expensive
2. **System-level financial constraints.**¹⁵⁸ As part of M Health Fairview, Grand Itasca’s future capital and service investments may be shaped by system-wide priorities. System restructuring, payer mix shifts, or financial operating pressures represent a moderate but meaningful risk to local economic influence as they could:
 - Slow or reduce future capital allocations
 - Influence which specialty services are prioritized or consolidated

¹⁵⁶ Minnesota CareerForce. [Minnesota Health Care Workforce: What Employers Need to Know](#). June 3, 2025.

¹⁵⁷ University of Minnesota Medical School. [“Meeting the Moment in Rural Minnesota’s Healthcare Workforce Crisis.”](#) April 29, 2025.

¹⁵⁸ Minnesota Medical Association. [Data Shows Minnesota’s Hospitals Under Intense Strain](#). 2022.

- Change procurement and operational autonomy
- **Note:** a recent public dispute between Fairview and the University of Minnesota¹⁵⁹ adds some uncertainty at the system level, though interviews for this project surfaced no concerns or indications that these issues are affecting Grand Itasca.¹⁶⁰

3. Increasing complexity of care delivery.¹⁶¹ New technologies, regulatory requirements, and rising patient acuity levels continue to increase the complexity of hospital operations, requiring ongoing investment in equipment, workforce training, and digital infrastructure.¹⁶² Keeping pace with these demands may strain operational finances, particularly for smaller hospitals and high-cost specialty services.¹⁶³

4. Behavioral health and senior care demand.¹⁶⁴ Demographic trends point to increasing community need for behavioral health, geriatrics, long-term care coordination, and home-based services, areas where access gaps are already well documented.¹⁶⁵ These service lines are essential to community wellbeing but often operate with weaker margins, necessitating careful planning and creative funding approaches.¹⁶⁶

5. Volatile policy context. Recent changes to Medicaid under the OBBA threaten to impact the margins of GICH and other rural hospitals, despite planned offsets via the Rural Health Transformation program. While not currently impacted, GICH's financial sustainability is also highly dependent on the 304B drug pricing program, and potential future changes could have a material impact on the hospital's finances.

¹⁵⁹ Snowbeck, Christopher. "[What the Struggle over Money and Power at the U of M Medical School Means for Minnesota.](#)" *Star Tribune*. November 26, 2025.

¹⁶⁰ The Fairview–University of MN disagreement centers on proposed changes to their academic partnership. While the issue is centered in the Twin Cities and no interviews or documents reviewed for this study indicated any impact on Grand Itasca, system-level disputes can introduce some uncertainty around future capital priorities, specialty staffing models, or governance decisions, and should be monitored over time.

¹⁶¹ AHA. [2024 Costs of Caring: Trends Driving Expense Growth for America's Hospitals](#). 2024.

¹⁶² Minnesota Department of Health. *Rural Health Care in Minnesota: Data Highlights 2024*.

¹⁶³ Health of Health. [Administrative Burden in U.S. Healthcare: A Focus on Rural Systems and Workforce Sustainability](#). 2024.

¹⁶⁴ The Commonwealth Fund. [Helping Older Adults Age Well in Rural America](#). November 2023.

¹⁶⁵ Itasca County Health and Human Services. [Local Public Health Assessment and Community Health Improvement Plan](#), 2023

¹⁶⁶ RHHub. [Community Supports for Rural Aging in Place and Independent Living](#). 2025.

Regional Economic Conditions Shaping Local Demand and Stability

GICH's economic health is closely connected to the broader region's demographic and economic trajectory:

- 1. An aging population and flat growth overall.** Itasca County has an older population than the state and has experienced almost no population growth over the past decade.¹⁶⁷ This can affect:
 - Workforce availability
 - Demand for chronic care and specialty services
 - The long-term tax base that supports public infrastructure
- 2. Housing shortages for workers and families.** The county faces a tightening housing supply across multiple price points, with very low rental vacancy rates and long waitlists for many units.^{168,169} Without sustained workforce housing development, GICH may struggle to recruit and retain staff, limiting its capacity to deliver care and maintain economic impact.
- 3. Cyclical industries and economic volatility.** Itasca County's economy remains heavily influenced by mining, forestry, and tourism — sectors that are sensitive to commodity cycles and seasonal variation.¹⁷⁰ Although GICH provides stable, year-round employment, downturns in these industries can still weaken local tax capacity, strain household finances, and affect the broader community conditions that support workforce recruitment and population stability.
- 4. Transportation and access barriers.** Rural transportation challenges continue to shape how residents access care. If unmet, they may:
 - Depress utilization of preventive and specialty services
 - Increase late-stage care costs
 - Reduce the economic benefits of local specialty access

Opportunities for Growth and Resilience

GICH, Grand Rapids, and the broader Itasca County community are already advancing strategies that strengthen healthcare access, support workforce development, and

¹⁶⁷ U.S. Census Bureau, American Community Survey 2019–2023 5-year estimates. [Census Reporter: Itasca County, MN](#). Median age and population data; Minnesota Department of Health. [Rural Health Care in Minnesota: Data Highlights 2024](#).

¹⁶⁸ [Comprehensive Housing Study for Itasca County: Full Report](#), Prepared for the Itasca County Housing and Redevelopment Authority (HRA), August 8, 2024

¹⁶⁹ Minnesota Housing Partnership (MHP). [2025 State Housing Profile](#).

¹⁷⁰ Minnesota Department of Employment and Economic Development (DEED). [Itasca County Economic Profile](#). Updated April 2025.

enhance long-term community resilience. The opportunities below highlight areas where continued attention — building on existing local momentum — can help sustain progress:

- 1. Expansion of telehealth and hybrid care models.** GICH has already expanded virtual care options in recent years, and continued investment in telehealth can extend specialty access, reduce patient travel, and mitigate staffing constraints, especially for hard-to-recruit specialties.
- 2. Strengthening education pipelines (MN North, local schools, training partnerships).** The region’s “grow-your-own” approach to healthcare careers is gaining traction through partnerships with MN North College, local high schools, and community training programs. Expanding these pathways can further stabilize staffing, reduce reliance on traveling workers, and generate new local economic multipliers.
- 3. Behavioral health and aging-in-place investments.** Itasca County has invested in mental health access, senior services, and community-based supports — areas that carry high community value and long-term demand. Continued investment here can address rising needs while reinforcing population stability and wellbeing.
- 4. Strategic collaboration with local government and business sectors.** Grand Rapids and Itasca County are actively working to address housing, childcare, workforce shortages, and infrastructure gaps. Deepening coordinated planning among GICH, local government, and business partners can support the hospital’s operational needs while also reinforcing broader regional economic stability.
- 5. Maintaining strong system relationships.** GICH has long benefited from strong relationships within M Health Fairview, which have supported specialty access, capital investment, and operational stability. Continued proactive engagement with system leadership will be important to ensure ongoing alignment, visibility, and support for future local needs.

Strategic Implications for Itasca County & the Blandin Foundation

The findings from the economic and counterfactual analyses illuminate several strategic implications for both Itasca County and the Blandin Foundation. Understanding these implications is important for guiding future investments, supporting the region’s healthcare ecosystem, and sustaining the economic and social gains achieved since the early 2000s. Grand Itasca remains one of the most important economic anchors in northern Minnesota, but the conditions that enabled its success – local leadership, philanthropic capital, and a strong community mandate – require continued attention to ensure resilience in a rapidly changing healthcare environment.

The strategic implications below summarize where stakeholders should focus to preserve and extend the long-term value of the Blandin Foundation’s early investment while addressing new challenges and opportunities.

Sustaining Local Specialty Access and Preventing Economic Leakage

One of the central findings across this report is the outsized economic value of local specialty care. Expanded service lines have:

- Reduced referral leakage to Duluth, Hibbing, and the Twin Cities
- Supported high-wage job creation
- Increased local reimbursement capture
- Improved patient access and satisfaction

To maintain these gains, Itasca County and Blandin can prioritize:

- **Retention and recruitment of specialists**—especially in orthopedics, cardiology, mental health, and women’s health.
- **Ongoing facility and equipment modernization** to support high-acuity outpatient and surgical services.
- **Support for care models that blend virtual and in-person specialty access**, especially for hard-to-recruit specialties.
- **Advocacy within M Health Fairview** to ensure the region remains a strategic priority, not a spoke site vulnerable to consolidation.

Losing specialty capacity would not only decrease healthcare access but also accelerate economic leakage and reduce the hospital’s contribution to regional stability.¹⁷¹

Strengthening Workforce Pipelines and Retention Efforts

Workforce sustainability emerged as one of the highest-stakes strategic issues across this analysis. To maintain service levels and economic vitality, stakeholders must focus on:

- **Strengthening partnerships with Minnesota North** to expand nursing, CNA, LPN, respiratory therapy, and imaging pipelines
- **Developing “grow-your-own” programs** targeting local youth and mid-career adults
- **Supporting housing availability** for healthcare workers and their families
- **Ensuring competitive wages and career advancement pathways** to retain existing staff
- **Reducing dependence on costly temporary staffing** which erodes margins and destabilizes operations

¹⁷¹ Leakage reduction models based on MDH outpatient data and rural specialty access literature

The Blandin Foundation has a long history of supporting education and workforce development, positioning it well to play a catalytic role in healthcare pipeline investments.

Leveraging Grand Itasca’s Anchor Institution Role for Broader Regional Development

As a long-term anchor institution, Grand Itasca influences population retention, business attraction, downtown vitality, and community perception. Strategic implications include:

- **Harnessing healthcare’s stabilizing effect** to attract new employers who value local specialty access and workforce health
- **Coordinating with the city and county on land use and housing planning**, especially around the healthcare campus
- **Supporting complementary sectors**, such as behavioral health, childcare, and eldercare
- **Creating public–private partnerships** that leverage the hospital’s presence to strengthen commercial corridors and service clusters

Where the healthcare campus grows, complementary economic activity follows, including small businesses, service providers, and housing development.¹⁷²

Monitoring System-Level Financial and Strategic Pressures

While Grand Itasca has benefited from being part of M Health Fairview, system-level dynamics require careful monitoring. Key risks include:

- **System restructuring or service consolidation** that could deprioritize rural specialty services
- **Financial stress within the parent system**, affecting capital availability for rural sites
- **Potential realignment of service lines** toward metropolitan hubs
- **Shifting payer mixes**, particularly with an aging population and rising Medicaid share

Itasca County and Blandin should maintain active engagement with system leadership to ensure Grand Itasca remains strategically and financially supported.¹⁷³

Addressing Affordability, Access, and Community Health Needs

Beyond economic stability, Grand Itasca plays a critical role in addressing community health needs – an area that has both economic and social implications. Strategic priorities include:

¹⁷² Anchor institution economic development literature; Minnesota Initiative Foundations reports.

¹⁷³ M Health Fairview financial reporting; Minnesota Hospital Association (MHA) rural hospital trends

- **Expanding behavioral and mental health services**, which remain among the highest unmet needs in the region
- **Addressing transportation barriers** that limit access for rural residents
- **Increasing preventive care** to reduce long-term chronic disease burden
- **Enhancing maternal and child health access**, especially given demographic trends
- **Strengthening collaboration with Tribal communities**, recognizing shared care pathways and cultural considerations

These priorities align with Blandin’s mission to support healthy, resilient rural communities.

Opportunities for Future Investment

The analysis surfaced several high-potential areas where strategic philanthropy, public-private partnership, or community collaboration could enhance long-term economic and social value:

- **Behavioral health expansion**, including crisis stabilization and integrated care models
- **Telehealth infrastructure investments** to broaden specialty access
- **Housing initiatives** to improve recruitment and retention
- **Healthcare workforce centers** bridging GICH, ICC, and local employers
- **Capital improvements** that enable ongoing modernization and growth in specialty services
- **Partnerships supporting aging-in-place infrastructure**, including home health and community-based services
- **Enhanced transportation systems** for rural care access

These opportunities complement the existing strengths built since Blandin’s initial investment and can help safeguard Grand Itasca’s role for the next 20 years.

In sum, the trajectory of Grand Itasca demonstrates the power of community-driven investment, localized decision-making, and sustained attention to the economic and social infrastructure that supports rural communities. The Blandin Foundation’s early commitment catalyzed a transformation that continues to generate value for residents, businesses, and civic institutions across Itasca County. As the region navigates the next decade of demographic, economic, and healthcare system changes, the strength of its anchor institutions – chief among them Grand Itasca – will remain central to its prosperity and wellbeing.

V. Community & Place-Making Contributions

Overview

GICH supports cultural initiatives, Indigenous art projects, sports medicine, wellness events, and philanthropic efforts that strengthen the social fabric and regional pride.

The hospital makes a number of important contributions in the community:

- **The Grand Itasca Foundation:** Through the hospital's philanthropy, the hospital engages community in fundraising for ancillary services at the hospital, donates to community causes, supports its staff, and mobilizes major capital campaigns.
- **Sports Medicine Program:** The hospital provides free athletic training services for local schools and teams, which fosters participation in youth sports and community connection to the hospital.
- **Childcare and Workforce Supports:** The hospital has partnerships with the YMCA and Boys and Girls Club that strengthen availability of childcare services for staff and the broader community.
- **Employee Engagement:** GICH staff are active as local volunteers, providers of pro-bono care in the free-clinic, board members for local nonprofits, and more. Through their engagement GICH staff help strengthen the vibrancy of the region.
- **Other Supports:** GICH is involved in the community in a range of other ways, including through cultural enrichment, engagement on food security and opioid response, providing scholarships, and more.

All these activities contribute to local development and place-making, which in turn creates a positive operating environment for the hospital and helps attract providers to the region.

Evolution and Key Aspects of GICH Community Involvement

GICH's community engagement extends far beyond clinical care. Staff and leadership intentionally participate in civic life to maintain a close pulse on community needs and to ensure the hospital remains integrated into regional decision making.

Examples of Community Engagement

- Staff and leadership serve on local committees and boards to stay connected to community priorities.
- GICH supports cultural, civic, and wellness events and sponsors local fundraisers (for example, the golf tournament raising funds for children's services).
- The hospital displays local artists' work to reflect and elevate regional culture.

Representative Quotes:

- “We have a good pulse on what’s happening in our community; serve on different committees and different boards. Always try to have someone from our team part of everything that is going on. We want Grand Itasca to be a part of it.” – *GICH Leadership*
- “We still know our patients’ names... we want to keep it that way.” – *Longtime GICH Staff Member*
- “The hospital is the heartbeat of this community – it’s more than a building; it’s our identity.” — *Grand Itasca Foundation Board Member*

Grand Itasca Foundation and Philanthropy

The Grand Itasca Foundation serves as the hospital’s philanthropic arm and supports both large capital needs and smaller employee directed initiatives.

Foundation Profile

- Operating since 1986, the foundation focuses fundraising on hospital and clinic needs.
- Large donors tend to be local employers; staff giving is a sustained source of support. They raise about \$50K collectively each year.
- Employee giving campaign (2011–present): \$595,000.
- Caring Fore Kids golf fundraiser (2014–2025): \$1.25M raised; recent events raised approximately \$170K. Funds are used for improving pediatric services at GICH.
- Beginning in 2025, the foundation is hosting a gala to fundraise for a patient crisis fund for supplemental supports for patients in crisis and need.

Capital Campaigns:

- 2005-2006: \$1.5M “My Health...Our Future” capital campaign (new facility)
- 2018: \$2M Close to Home capital campaign (cancer and infusion), including \$25,000 for 40 pieces of art crafted by local (Minnesota) artists.

Large gifts to the clinic & hospital include:

- 2005: 64 slice CT Scanner
- 2008: Patient beds, \$260,000
- 2010: Digital mammography, \$475,000
- 2018: 3D Mammography, \$225,000
- 2024: Pediatric Sensory Playground, \$187,000
- 2025: Healing Garden, \$155,000

Employee-directed grants and crisis support

- Twice yearly, employees can apply for grants up to \$6,000 for projects that improve staff or patient experience. About \$50,000 per year is allocated to those projects, and since 2015, \$394,000 has supported 198 employee submitted grants.
- The Foundation also maintains an employee crisis fund to provide short-term support.

Major donations to community causes

- 2020: \$40,000 donation to upgrade Grand Rapids High School athletic field¹⁷⁴
- 2023: \$16,000 donation to expand YMCA childcare (58 additional spots)¹⁷⁵
- Ongoing: Community wellness spaces and Tioga Bike Trail improvements¹⁷⁶

Perceptions and Tradeoffs

Some community observers note that employee pressure to give to the hospital foundation may reduce donations to other organizations (e.g., United Way). The Foundation's tight local focus can concentrate philanthropic flow into hospital priorities.

Sports Medicine Program

GICH's sports medicine team provides robust services for student athletes and community members, integrating athletic trainers, physical therapists, and sports focused physicians to local schools and teams. Program highlights include:

- Certified athletic trainers and clinicians provide sideline coverage, preventive care, therapy, and rehabilitation.
- Full-time athletic trainers are embedded at Grand Rapids High School and Greenway High School; trainers are often present after school and at games.
- GICH is the official sports medicine provider for several local teams and schools (Grand Rapids Thunderhawks, Greenway Raiders, GNK Titans, Hill City Hornets, Northland Storm, MN North College Itasca Vikings).

¹⁷⁴ Grand Itasca, "Community Health Needs Assessment 2024."

¹⁷⁵ Grand Itasca, "Community Health Needs Assessment 2024."

¹⁷⁶ Grand Itasca, "Community Health Needs Assessment 2024."

Service volumes | The following data illustrates the number of sports medicine visits in the primary care clinic.¹⁷⁷

Year	Total Visits	Total Days	Avg./Day
2020	209	24.5	9
2021	3,336	175.7	19
2022	3,397	168	20
2023	3,569	167.5	21
2024	3,461	160	22
2025, Jan-Sep	2,585	125.7	21
Total	16,557	821.4	20

The hospital currently provides free athletic training services to the following schools:

- Grand Rapids High School
- Greenway High School
- Hill City High School/Northland High School
- MN North – Itasca

“I have kids that play soccer, and they can just talk to [the athletic trainer]. She talks to everyone every day.” – Focus Group Participant

Impact | Athletic trainers coordinate care across providers and settings, enabling therapeutic intervention, sport-specific rehabilitation and faster, safer return to activity. Community members praise the accessibility and daily presence of trainers.

Childcare and Workforce Support

Recognizing childcare shortages and their impact on staff recruitment and retention, GICH invests in childcare partnerships and supports scholarship programs.

Key activities

- Corporate sponsor for YMCA daycare center (2023 donation of \$16,000 annually to sponsor a classroom, resulting in priority placement for some GICH employees).
- Donations to Boys & Girls Club provide scholarships for community members and help many GICH staff access after-school care.
- Reciprocal partnerships with the YMCA: GICH sponsors events and health fairs while the YMCA supports workforce needs and community programming.

¹⁷⁷ Reported by Bri Wagner

- “The YMCA is also largest childcare in the county and there are 130-140 childcare spots in two locations. We partner with them on childcare and we sponsor a classroom. They nearly doubled their childcare capacity in 2023. They needed funding so they reached out to larger employers in Itasca County and asked us to sponsor childcare since we’re the ones that need it. We donate \$16K a year for childcare operations. That’s been a great partnership. That gives us a little bit of an advantage: if we have employees that are on the waitlist and a spot opens up, they get bumped to the top, that’s been helpful. It has been a very reciprocal relationship for years and years and years. We sponsor their big events, they come to all of our events. Even before Elder Circle we hosted health fairs there, we’ve done lots with them.” – *GICH Leadership*

GICH Employee Board Service, Volunteerism, and Community Leadership

GICH staff contribute time and leadership across many community organizations, reflecting the hospital’s role as a civic anchor.

Employee Board Participation (examples)¹⁷⁸

- Itasca County Family YMCA
- Grand Rapids Area Chamber of Commerce
- Second Harvest Northland
- ElderCircle
- Boys and Girls Club of Grand Rapids and Greenway
- Itasca Economic Development Corporation
- Grand Rapids Downtown Alliance
- North Homes Children and Family Services
- Grand Rapids Economic Development Authority

Employee Volunteer Hours, reported 10/2025¹⁷⁹

GICH offers paid volunteer opportunities for employees during work hours. Total employee volunteer hours for recent years:

- 2023: 162 hours
- 2024: 211.25 hours
- 2025: 125.75 hours (in 2025, GICH’s main volunteer opportunity had a change in process leading to the decline from 2024)

¹⁷⁸ Reported by GICH (Bri Wagner, 20/2025)

¹⁷⁹ Reported by GICH (Bri Wagner, 20/2025)

Project Care (Free Clinic) Contributions

GICH providers also volunteer their time at Project Care Free Clinic and have been doing so since the clinic opened in 2010. In addition, Grand Itasca provides lab and diagnostic imaging services to Project Care patients free of charge. In 2024, providers and pharmacy donated 70.5 hours; in 2025 85.5 hours (as of November 2025).

Additional Community Programs and Supports:

- Rural Communities Opioid Response Program: Work to address high occurrences of neonatal abstinence syndrome.
- Second Harvest Northland: Assisted in expanding food shelf infrastructure to serve more families in the region.
- Community health events: GICH sponsors speakers and programming (Get Fit Itasca, health fairs)
- Scholarships: \$260,000 from 2004-present in scholarships (graduating high school seniors who are planning to work in the medical field)
- Cultural support: local art displayed in hospital spaces; sponsorship of athletic and arena facilities (e.g., high school turf field, hockey arena).

Reputation and Community Perception

GICH is widely perceived as an institution deeply woven into local life. Providers are visible in the community, staff serve on boards, and many community members identify the hospital as central to local identity. There are many multi-generational ties and personal connections between staff and patients.

Representative Perspectives:

- “Providers sit on lots of different boards in the community.” – GICH Leadership
- *“I never thought I’d come back, but once I had my first child... After I moved back I remember thinking, ‘This is so great, I know my docs, I know my teachers.’ You know those people and they’re taking care of your kids and taking care of your mom.” — Board Chair*

Implications

Beyond the immediate health and economic impacts that GICH has had in the Itasca region, the hospital drives several important key community and place-making impacts:

- Strengthening of a cohesive regional identity.
- Increased trust, belonging, and healing that extend beyond clinical care.
- A cycle of service, trust, and reinvestment that positions Grand Itasca as a model of community centered rural healthcare.

To sustain and build on this legacy, Grand Itasca can strengthen partnerships, broaden philanthropic support, and expand accessible, community-centered programs that meet evolving local needs.

Potential pathways forward

- *Sustain reciprocal relationships:* Continue investing in partnerships (e.g., YMCA, schools) that deliver tangible benefits to residents and employees, with increasing focus beyond the immediate Grand Rapids area.
- *Broaden philanthropic engagement:* Encourage wider donor participation beyond traditional sources to reduce reliance on a small donor base.
- *Innovate service models:* Expand accessible, community-centered services (sports medicine, free clinics, childcare support)
- *Measure and communicate impact:* Track community health and social outcomes to demonstrate value, attract new partners, and guide future investments.
- *Engage proactively in other structural regional challenges:* Health is one of several interlocking issues facing the Itasca region. There is an opportunity for the hospital to play a more proactive leadership role in addressing issues such as economic development and housing that in turn affect public health and hospital's long-term sustainability.

By combining these strategies, Grand Itasca can remain a community anchor responsive to local priorities, resilient in the face of change, and positioned to serve the region for decades to come.

VI. Implications & Insights for Local Stakeholders

Retrospective Learnings: What the Past 20 Years Show

Reflecting on the past two decades offers valuable insights for local stakeholders, highlighting the strategies, successes, and lessons that can inform future healthcare planning and community partnerships.

- 1. Early investment changed Grand Rapids' healthcare trajectory.** The Blandin-funded rebuild gave Itasca County a modern campus at a critical time when many rural hospitals were aging, financially unstable, or consolidating. Without that investment, care today would likely be more fragmented, less local, and more dependent on Duluth or Hibbing.
- 2. Local governance mattered.** The decade of independent operation (2005–2016) allowed GICH to grow services based on community needs, not system priorities, and positioned the organization to join a larger system **from strength rather than distress**.
- 3. GICH became a regional health hub because of sustained service expansion.** The addition of cardiology, oncology, mental health, OB, telehealth, rapid clinics, pharmacy services, and ED upgrades fundamentally changed what care could be delivered locally. Many services that once required traveling 1–3 hours are now available in Grand Rapids.
- 4. The system affiliation with M Health Fairview was strategically timed.** Joining Fairview after building local capacity enabled access to tertiary pathways, tele-ICU/NICU/stroke, specialty pipelines, and oncology support without sacrificing local services.
- 5. Community partnerships multiplied GICH's impact.** Cross-sector collaboration with public health, schools, police, aging services, tribes, nonprofits, and IMCare strengthened prevention, chronic disease control, mental health response, and care coordination in ways that a hospital alone could not.
- 6. Local access to primary care, mental health, and specialty care improved measurably.** Itasca County now outperforms many neighboring rural counties in primary care ratios, mental health provider ratios, preventive screenings (IMCare), and chronic disease control measures.
- 7. Emergency department capacity became a critical regional safety net.** ED visits grew 160% since 2004, reflecting GICH's expanded role in trauma care, behavioral health crises, and after-hours access. In many cases, the ED functions as the community's default crisis system.
- 8. Some population health indicators improved—but many challenges remain structural.** Preventive screenings, opioid safety, and perinatal measures improved, but obesity, smoking, youth mental health, and preventable mortality remain higher than state averages—mirroring national rural health trends.

9. **Counterfactual analysis shows that GICH’s current level of local care was not guaranteed.** If GICH had joined Essentia early or been absorbed into a system earlier (like Hibbing), today’s service footprint would likely be smaller, more centralized, and more focused on referrals to Duluth or other hubs.
10. **Grand Itasca functions as a true anchor institution with broad civic and social value.** Its presence supports workforce development, population retention, local educational partnerships, public health readiness, and community cohesion. These non-financial impacts, while harder to quantify, are essential to Itasca County’s long-term resilience.

Forward-Looking Implications: Insights for GICH Stakeholders

The Itasca region faces ongoing healthcare challenges, but through collaboration among hospital leaders, care teams, civic officials, and residents, there is an opportunity to strengthen services, expand access, and adapt to evolving community needs.

1. **Workforce shortages will remain the single biggest threat to local access.** Recruiting physicians, mental health providers, nurses, EMS, and care coordinators will be a constant challenge. Without sustained workforce pipelines, programs could contract despite community need.
2. **Behavioral health demand will continue to rise faster than capacity.** ED boarding, crisis response gaps, and youth mental health needs will persist unless new models—crisis centers, mobile teams, school-based supports, and system-level behavioral health investments—expand region-wide.
3. **Hospital capacity constraints will become more visible.** As utilization grows (ED, surgeries, OB, oncology), GICH will face space and staffing limits. Long-term planning will be needed to maintain local access.
4. **Federal and state policy shifts could affect financial stability.** Potential changes to Medicaid reimbursement, 340B protections, and rural hospital funding formulas could significantly affect GICH’s ability to sustain specialty and pharmacy services.
5. **Primary care access will require constant attention.** Despite strong ratios today, rural PCP supply is fragile. Retirements, declining residency interest in rural practice, and patient panel growth mean GICH will need ongoing recruitment and retention strategies.
6. **Increased demand for specialty care and chronic disease management is expected.** An aging population, rising chronic disease, and earlier detection will continue driving utilization of cardiology, oncology, rheumatology, mental health, and geriatrics.

7. **Health equity work must deepen to close persistent gaps.** American Indian residents, low-income families, and individuals with behavioral health conditions still face disproportionately high burdens of illness. Cross-sector coordination—public health, tribal health, IMCare, social services—will remain essential.
8. **Transportation and social determinants will increasingly shape access.** Travel distances, rising costs, workforce housing shortages, food insecurity, and care-navigation challenges will continue to influence whether patients can access care even when it exists locally.
9. **Telehealth and virtual care will be necessary, not optional.** Tele-ICU, tele-stroke, tele-NICU, and outpatient telehealth will remain central tools—especially as broadband improves and rural provider shortages deepen.
10. **Community trust and local governance remain critical to sustaining GICH as a health hub.** Stakeholder alignment, strong local relationships, and transparent communication will determine whether GICH continues to grow as an anchor institution rather than shrink into a referral center.

Appendices

List of Stakeholders Engaged in Interviews and Focus Groups

Name	Title	Organization
Bonita Robertson-Hardy	Executive Director	Aspen Institute Community Strategies Group
Amber Smith	Project Manager	Blandin Foundation
Becky Adams	Senior Manager - Community Building	Blandin Foundation
Daniel Lemm	CFO	Blandin Foundation
Jennifer Bevis	Senior Rural Advocacy Manager	Blandin Foundation
Alice Moren	Blandin Trustee	Blandin Foundation
Kayla Scrivner	Blandin Trustee	Blandin Foundation
Kyle Erickson	Director of Rural Grantmaking	Blandin Foundation
Linda Gibeau	Grants Program Officer - Small Communities	Blandin Foundation
Paula Troumbly	Director of Operations	Blandin Foundation
Peter Birkey	Trustee (Investment and Financial Strategist)	Blandin Foundation
Senja Morque	Organizational History Specialist	Blandin Foundation
Sholom Blake	Trustee (Finance & Audit Committee Chair; Chair of GR Ec Dev Authority)	Blandin Foundation
Traci Gangl	Director of Information Systems Technology	Blandin Foundation
Tuleah Palmer	CEO	Blandin Foundation
Tony Yunk	Bovey Mayor	City of Bovey
Carson Gorecki	Regional Analyst Northeast MN	DEED Regional Office
Jeoff Will	COO	Fairview Health Services
Nate Mussel	VP Public Policy	Fairview Health Services
Rob Mattei	Director of Community Development	GR Economic Dev't Authority
Angel Bradshaw	Diagnostic Imaging	Grand Itasca Clinic & Hospital
Brent Weyer	Facilities	Grand Itasca Clinic & Hospital
Bri Wagner	Director of Community Relations	Grand Itasca Clinic & Hospital
Derek Flier, RN	Vice President of Hospital Services & CNO	Grand Itasca Clinic & Hospital
Dr. Dan Soular	Family Medicine Physician	Grand Itasca Clinic & Hospital
Dr. Jamie Harker	Hospitalist / Chief of Staff	Grand Itasca Clinic & Hospital
Dr. Tim Pehl	Family Medicine	Grand Itasca Clinic & Hospital
Jean MacDonell	CEO	Grand Itasca Clinic & Hospital
Jon Pederson	VP of Operations	Grand Itasca Clinic & Hospital
Kathy Helmbrecht	RN, Director of Nursing Services	Grand Itasca Clinic & Hospital
Lynne Meyer	Health Information	Grand Itasca Clinic & Hospital
Mindy Nuhrig	GICH Board Chair, ED GR Community Foundation	Grand Itasca Clinic & Hospital
Pam Nordsom	RN, Charge Nurse	Grand Itasca Clinic & Hospital
Todd Christensen	VP of Finance	Grand Itasca Clinic & Hospital
Elizabeth Miskovich	Board Co-Chair, Retired Grand Itasca Foundation Director	Grand Itasca Foundation Board of Directors and Staff
Angie Tobeck		Grand Itasca Patient

Name	Title	Organization
Charlotte McDermott		Grand Itasca Patient
Travis Tammi	Greenway Fire Department Member	Greenway Fire Department
Scott Patrow	Director	IASC Career Pathways
Brett Skyles	County Administrator	Itasca County
Casey Venema	Itasca County Commissioner	Itasca County
Joe Dasovich	Sheriff	Itasca County
John Johnson	Itasca County Commissioner	Itasca County
John Prepodnik	Veteran Service Officer	Itasca County
Mandy Windorski	HR Director	Itasca County
Naesa Myers	Public Health Manager	Itasca County
Sarah Anderson	IM Care Director	Itasca County
Joni Namyst	Executive Director	Itasca County Family YMCA
Isaac Meyer	Special Projects Program Director	Itasca County Housing Redevelopment Authority
Craig Wiita	Itasca County Officer	Itasca County Police
Nate Grossell	Itasca County Officer	Itasca County Police
Kayla Swanson	Coleraine Community Member/ Finance & Operations Manager	Itasca Economic Development Corporation
Amber Carlson	Nursing Instructor	MN North College
Dr. Michael Raich	President	MN North College
Renee Cole	Practical Nursing Faculty	MN North College
Trevor Guyer	Trout Lake Fire Department Chief	Trout Lake Fire Department

Current List of Services Available at GICH

Provider Specialties

- Anesthesiology
- Cardiology
- Chiropractic
- Ear, Nose & Throat
- Elder Care
- Emergency Medicine
- Family Medicine
- General Surgery
- Hospitalist
- Internal Medicine
- Neurology
- Obstetrics/Gynecology
- Occupational Medicine
- Oncology
- Orthopedics
- Pediatrics
- Psychiatry
- Pulmonology
- Radiology
- Rheumatology
- Sports Medicine
- Urology

Hospital Departments

- Day Surgery
- Emergency Department
- Intensive Care
- Medical / Surgical / Pediatrics
- Women's Health & Birth

Ancillary Services

- 2D & 3D Mammography
- Anti-Coagulation Clinic
- Cancer & Infusion Center
- Cardiac Rehab
- Certified Lactation Consultant
- CT & MRI Scanning
- Diabetes Education
- Nuclear Medicine
- Nutrition Services
- Pain Injections
- Pharmacy
- Respiratory Therapy
- Sleep Lab
- Social Services
- Ultrasound
- Wound Care

Rapid Clinic

Walk-in, non-emergency care for minor illness & injuries
Monday-Friday 9AM - 7PM
Saturday & Sunday 9AM - 5PM

Grand Itasca Pharmacy

Convenient prescription & over-the-counter medicine
218-999-GIRX (4479)

Professional Building

218-999-1570
111 SE 3rd Street, Grand Rapids

- Acupuncture
- Chiropractic
- Occupational Therapy
- Physical Therapy
- Speech Therapy

YMCA Clinic

218-326-7344
400 River Road, Grand Rapids

- Physical Therapy
- Aquatic Therapy
- Nutrition Services

Grand Itasca Home Care

Providing patient care in the comfort of one's home
218-999-HOME (4663)

Other Important Phone Numbers

Business Office
218-999-1710
Financial Advocates
218-999-1036
Medical Records
218-999-1517

Timeline of Operational, Strategic, and Care Delivery Milestones

- 2001** **Full ED coverage**; hired a full-time Emergency Department provider in-house
- 2002** **Blandin Foundation awards \$20M** for new integrated clinic-hospital
- 2003** Opened a **Pediatrics Unit**
- 2004** Began **Urology Service**
- 2005** **New 185,500 sq ft facility** opened at 1601 Golf Course Road
- 2008** **Dropped BCBS Insurance Coverage** in January and re-added in June
- 2008** Began Official **Hospitalist Service**
- 2010** Grand Itasca **Inpatient Pharmacy** Opened
EMR Part 1
- 2013** **Rapid Clinic** Opened
Added **Full-time Cardiologist & Oncologist**
- 2014** Grand Itasca **Outpatient Pharmacy** Opened
- 2015** **YMCA Clinic** Opened
Blandin Foundation provides \$650K for renovation / expansion
Designated by MN Department of Health as a **Level 3 Trauma Center**¹⁸⁰
- 2016** Certified as **Acute Stroke Ready Hospital**
- 2017** **Joined Fairview Health Services**
Tele-ICU Coverage Becomes Available
- 2018** **Cancer & Infusion Center** Opened
Launched **Mental Health Services** (program now has 5 staff, including a psychiatrist and 2 psychologists)
Re-designated by MN Department of Health as a **Level 3 Trauma Hospital**¹⁸¹
- 2019** Added **Tele-NICU**
- 2020** Launched **Geriatrics Program** with Nurse Practitioner (with home visits)
- 2023** **Tele-NICU program expansion**
Received **\$1.5M federal HRSA Opioid Management Grant** (2023-2026)
Capital Investments leading to improved patient care: Replaced main campus boiler, purchased a new sagittal saw for orthopedic surgeons, new cardiovascular ultrasound equipment, new lab equipment¹⁸²
- 2023** Added **Rheumatology**
Introduced **Robot Assisted Surgery**
- 2024** Launched **Paid RN program**
- 2025** Announced new **Rural Family Medicine Program**

¹⁸⁰ “[Grand Itasca is Level III Trauma Center](#),” Grand Rapids Herald Review, September 25, 2015

¹⁸¹ “[Grand Itasca redesignated as Trauma Level 3 Hospital](#),” Grand Rapids Herald Review, November 7, 2025.

¹⁸² GICH 340B Impact Template (Internal Document), 2025