



Press Release

Alomere Health board votes to create new relationship with the county and move toward converting to a new 501(c)(3) nonprofit organization

Sends recommendation to Douglas County Board of Commissioners to approve the conversion and a lease agreement for new nonprofit to operate hospital and clinics

Alexandria, Minn.—(August 25, 2025)—The Alomere Health Board of Directors has voted unanimously to recommend to the Douglas County Board of Commissioners to convert Alomere Health from a county governmental status to a 501(c)(3) nonprofit organization.

Under this recommendation, the health system's operations would be transferred to a new 501(c)(3) nonprofit organization, retaining the name Alomere Health. Douglas County would continue to own the health system's land and buildings, and would lease them to Alomere Health. Two individuals appointed by the Douglas County commissioners will continue to serve on the board of the Alomere nonprofit organization. The initial appointees will both be current county commissioners.

In this new relationship, the county would also retain the reserved right defined in the nonprofit's governance documents that would require the consent of the Douglas County Board of Commissioners before the nonprofit enters into any sale, merger or other transaction that gives up control of the health system.

Both the commissioners and Alomere Health's leadership stress that one of the goals of this restructuring is to ensure the health system's continued independence and local control.

"The health system board has studied this question for almost a decade, and now is the time to act," said Shari Laven, Chairperson of the Alomere Health board. "To best serve patients across west-central Minnesota, Alomere Health needs to be able to bring services closer to where patients are across the region, and that means new alliances and investments outside of Douglas County."

Nonprofit would facilitate service expansions

Douglas County Hospital, renamed Alomere Health in 2018, has never funded its operations with a tax levy. Under county ownership, however, Douglas County remains the ultimate financial guarantor of Alomere Health.

"By converting to a nonprofit organization, Alomere Health removes this financial risk from Douglas County taxpayers. That is important as Alomere Health continues to grow as a regional destination and invests more outside the county to better serve patients across the region,"

said Jerry Rapp, Chairperson of the Douglas County Board of Commissioners. “With Douglas County retaining ownership of the land and buildings, and county commissioners appointing two members to the board, the county will continue to have meaningful input into the future of Alomere Health.”

Converting to a 501(c)(3) nonprofit organization now will provide needed flexibility for Alomere Health to build alliances with other independent hospitals, including the ability to add board members from outside of Douglas County. As a government-owned health system, “we have had strategic conversations with other independent community hospitals in the region, but our county ownership has proven a stumbling block for those potential partners,” Alomere Health CEO Carl Vaagenes said.

As a nonprofit, Alomere Health would be better able to work together with local and regional hospitals to improve access and care in adjacent areas.

A new Minnesota law approved this year, the Omnibus Pension Act, adds to the urgency of converting now. Under the new law, Alomere Health would face a significant cost to exit the Minnesota Public Employees Retirement Association (PERA) pension system if Alomere Health were to convert after July 1, 2027.

Nearly a decade of study

The Alomere Health board’s vote comes after nearly a decade of evaluating the possibility of converting the health system to a nonprofit organization.

During the initial evaluation in 2016, the leadership at Alomere Health developed a detailed framework to guide the board’s consideration of making the conversion. At the time, the board decided the strategic focus of the health system should be on integrating recently acquired physician clinics, further building relationships with physician groups and expanding services.

Since then, the board has continually monitored several leading strategic and operational indicators identified within the 2016 framework.

“The board of Alomere Health has emphasized the critical importance of staying current with the changing dynamics in healthcare and positioning Alomere Health for the future,” Vaagenes said. “This change represents an important strategic evolution for Alomere Health that will allow us to build on what we do best—delivering high-quality care with a local touch—and sustain it for the long term.”

In Minnesota and across the country, the number of government-owned hospitals has decreased significantly over the past several decades. Many government-owned hospitals have converted to nonprofit status to be nimble enough to keep up with the rapid pace of change in healthcare.

County-owned hospitals in particular have become a rarity, with fewer than 10 remaining in Minnesota among the more than 100 private nonprofit hospitals in the state. Many of those nonprofit hospitals were founded as city or county hospitals or hospital taxing districts but have since converted to nonprofit status.

County commission to review lease at next meeting

With this vote, the Alomere Health board of directors is forwarding its recommendation to the Douglas County Board of Commissioners. All five county commissioners also serve on the Alomere Health board and voted in support of this recommendation.

At the Douglas County board meeting on September 2, the commissioners will hear a detailed explanation of the lease terms and the nonprofit's governance from the county's outside legal counsel.

On September 26, the county board will conduct a public hearing on the proposed lease agreement. The county commissioners will vote on whether to approve the conversion of Alomere Health to a 501(c)(3) nonprofit organization and the lease agreement after the public hearing.

If the Douglas County commissioners approve the conversion and the lease agreement, Alomere Health will convert to nonprofit status on January 1, 2026.

About Alomere Health

Alomere Health is a locally governed health system that serves Alexandria, Minn., and the surrounding west-central Minnesota region. Our network of providers, services, locations and solutions includes a full-service, 127-bed hospital with a Level III trauma center and a state-of-the-art surgical center; local clinics and specialty care serving thousands of patients across the region; and a team of 80-plus physicians, surgeons, nurses and other healthcare providers across 28 specialties. To learn more about Alomere Health, Alexandria Clinic, Heartland Orthopedic Specialists or Lakes ENT, please visit our website.

For media

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