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Bringing Us Together: Federal agency's decision to split Triad ultimately hurt region, officials say

By Richard Craver | Journal Reporter

Lexington Memorial Hospital is feeling the pain of the demise of the Triad -- at least according to the federal government's definition.

The hospital is getting about \$200,000 less in annual federal Medicare reimbursements because, in 2004, the U.S. Office of Management and Budget placed Davidson County in its own micropolitan statistical area.

At that time, the agency divided the Triad into five statistical areas in its attempt at providing more in-depth data gathering.

But some of the changes spawned by the new statistical areas include the reduction or elimination of some federal grants or reimbursement programs, such as Community Block Development Grants, that are based on MSA population sizes.

Rather than having an eight-county Triad with close to 1.5 million residents -- ranked among the top 40 metro areas in the nation -- the Greensboro-High Point MSA of Guilford, Randolph and Rockingham counties is 71st and Winston-Salem MSA of Davie, Forsyth, Stokes and Yadkin counties is 104th.

According to the Brookings Institution, a Washington think tank, the Triad was one of nine metro areas with more than 500,000 residents that were subdivided by the agency.

The agency did establish a combined statistical area encompassing a 10-county Triad. But outside of unemployment data, the designation is barely used.

Danny Squires, the chief financial officer of Lexington Memorial, said its financial blow was softened when U.S. Rep. Howard Coble, R-6th, helped the hospital successfully attach Davidson to the Greensboro-High Point MSA for the purpose of Medicare reimbursement rates.

Otherwise, the revenue hit could have been \$350,000 annually, he said.

Squires said that the hospital has not had to cut back on Medicare services because of the lost revenue. But the decrease did play a role in its decision to form a partnership with Wake Forest University Baptist Medical Center in September.

"The decline alone was not the underlining reason for joining Wake Forest Baptist," Squires said. The major factor was gaining Wake Forest Baptist's help with the tens of millions of dollars needed to renovate the emergency room, operating rooms and rehabilitation and wellness center.

"But certainly, lower cash flow did have an impact on our bottom line," he said.

Several elected and economic-development officials requested that the Triad counties be reunited in

letters sent to the federal agency during a comment period that ended yesterday. The agency can change geographic definitions as part of incorporating data from the 2010 Census.

Officials with the Office of Management and Budget and the Census Bureau could not be reached for comment.

Economic officials said that having the Triad split up provides more clarity as to which area is faring better economically. In many instances, it has been the Winston-Salem MSA.

But the officials stress that the splitting of the Triad has done financial harm, as well as hurt the reputation of the region.

"We know we don't get national television ad revenue from companies that only buy the top 50 markets," said Gayle Anderson, the president and CEO of the Greater Winston-Salem Chamber of Commerce. "Local companies that need regional data for sales projections can't get it easily.

"People looking to relocate to the South that are looking for a metropolitan area, often don't consider regions that aren't in the top 75 or 100. Realtors tell us it makes it harder for them to convince people whose companies are relocating them to move here because they perceive we're small town.

"It also makes comparison data from the past very difficult to use," she said.

Keith Debbage, a geography professor at UNC Greensboro, said that the federal allocations for Medicare, transportation dollars and public housing are based on a cost-of-living index that is higher for larger MSAs.

Leading the appeal effort is Don Kirkman, the president and CEO of the Piedmont Triad Partnership.

"The 2000 standards effectively Balkanized the Greensboro/Winston-Salem/High Point region," he said. "We're not alone in being disadvantaged this way."

At least 33 other former metro areas were split into two or more sections, including the Triangle and Greenville-Spartanburg, S.C.

"Certainly within the economic-development community there is a sense of urgency in getting this resolved," Kirkman said. "We want to give site selectors a better sense of the interconnections of the Triad that isn't showing up in the current MSA designations."

A recent study by the Brookings Institution shows how the Triad is being slighted.

The study measured job sprawl, or how far people are willing to commute to work in an urban area. The institute reviewed the top 98 metros, which meant the Winston-Salem MSA didn't make the cut.

The Triad has enough fundamental economic strength, such as its transportation corridor, educational network and work force, to gain the attention of savvy corporate site selectors, said John H. Boyd, the president of The Boyd Co. Inc., a site-selection company in Princeton, N.J.

But companies that can't afford to hire site selectors and try to do the process internally are more likely to focus on the top 50 MSAs, Boyd said.

"Many corporations still take a seat-of-their-pants approach to economic projects," Boyd said. "These

information-technology, human-resources officials may be specialists in their field but typically know little about how a company should conduct a corporate-relocation project."

Anderson said she remains irritated with how the federal agency made the changes. She said that city officials are on board in urging a reuniting of the Triad.

"The data was being provided in the manner that we wanted and the groups we worked with wanted because it accurately reflected the identity of the Triad," she said.

"Now the government is providing data the way it wants to instead of what its customers, people like us, and the end user need. We operate as a region, and we need to be seen as one unit."

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Population Rankings

Although no major metropolitan areas in the Triad are among the top 50 in the country, one local community is ranked in the top 10 for micropolitan areas.

Metro areas - 2008 population - National rank

Charlotte-Gastonia-Concord - 1,701,799 - 34th

Raleigh-Cary - 1,088,765 - 50th

Greensboro-High Point - 705,684 - 71st

Durham - 489,762 - 103rd

Winston-Salem - 468,124 - 104th

Burlington - 148,053 - 262nd

Micro areas - 2008 population - National rank

Thomasville-Lexington - 158,166 - 8th

Statesville-Mooresville - 155,359 - 9th

Mount Airy - 72,468 - 113th

North Wilkesboro - 66,655 - 135th

Boone - 45,196 - 283rd

Source: Piedmont Triad Partnership