

Rural Community Infrastructure Roundtable

Healthcare Facilities and Policy
July 24, 2018



Healthcare Policy Summary Discussion

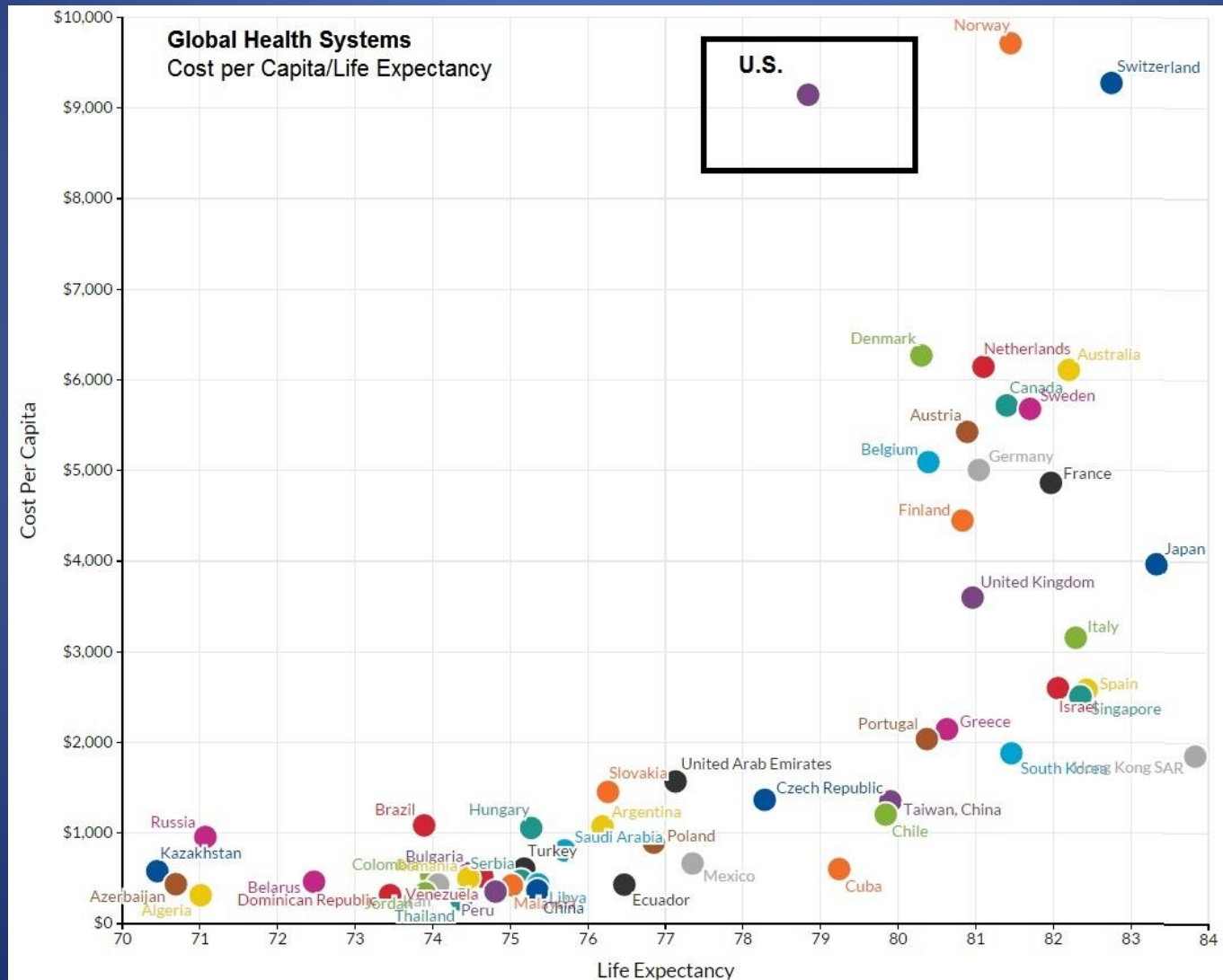
Roundtable Topics

- Healthcare Facilities' vital role in Rural Communities
- Financing opportunities and programs in rural healthcare markets
- Measuring and managing credit risks for healthcare facilities
- Best Practices in Healthcare Financing

Healthcare Policy Summary Discussion

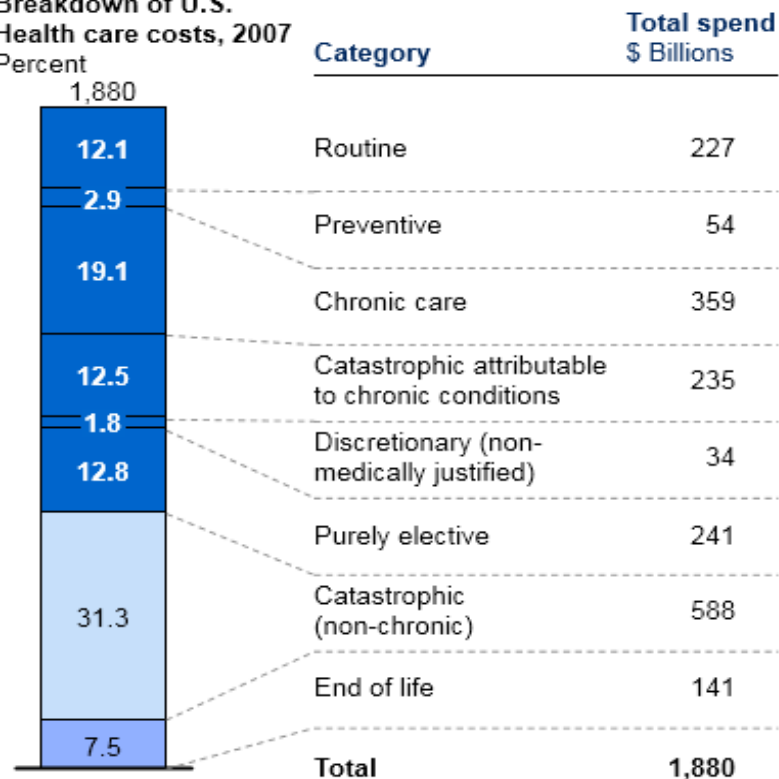
America has the best doctors, the best nurses, the best hospitals, the best medical technology, the best medical breakthrough medicines in the world. There is absolutely no reason we should not have in this country the best health care in the world...Dr. William Frist

At \$3.2 trillion and 17.5 percent of GDP, the U.S. devotes at least 50 percent more of its economy to health care than do other countries.

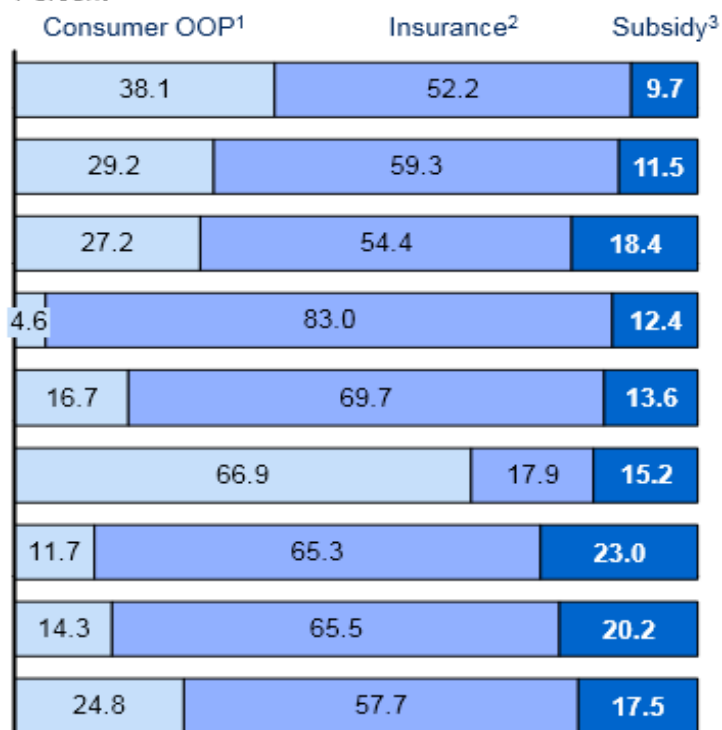


Healthcare funding mechanisms are misaligned with the medical risks they cover

Breakdown of U.S. Health care costs, 2007
Percent



Current funding method
Percent



¹ Direct out-of-pocket spend including co-pays, co-insurance, and deductibles. Excludes employer-sponsored and individually purchased insurance premiums

² Public and private employer-sponsored and individually purchased insurance, including consumer-paid premiums

³ Includes federal and state subsidy programs such as Medicaid and SCHIP

SOURCE: NHE, MEPS, CMS; Office of the Actuary; Health Affairs; McKinsey analysis

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Significant Healthcare Industry Issues 2018

- “Health reform isn’t over, it’s just more complicated”
 - Medicare Advantage swells with aging demographics.
 - High deductible and co-insurance increases bad debts.
 - Opioid Crises
 - The Patient Experience is changing. Doctors spend less than 30% of their time on patient contact. (11 seconds)
 - Telemedicine
- Access to medical care in rural communities is diminishing

Healthcare Facilities' Vital Role in Rural Communities

- Recruiting new Businesses
- Largest Employer
- Taxes
- Advantages of a Healthy Population

Financing Opportunities and Programs in Rural Communities

- Hospitals
- Behavioral Health
- Assisted Living
- Nursing Homes
- Equipment Replacement
- Medical Office Buildings

Rural Community Medical Centers



Unprofitable Rural Hospitals

State	IDN	IDN Parent	Net Patient Revenue	Discharges	Staffed Beds	EBITDA
AR	Baptist Health (AR)		\$23,347,740	1,214	25	(\$41,906)
LA			\$25,108,021	802	25	(\$69,598)
MS	Pioneer Health Services		\$14,058,316	377	25	(\$79,651)
GA			\$14,779,813	211	25	(\$118,821)
AR			\$5,640,308	499	25	(\$121,608)
NC			\$40,783,999	827	25	(\$135,570)
NC			\$11,827,657	410	25	(\$163,549)
TN			\$7,507,643	289	25	(\$163,722)
GA	Archbold Medical Center		\$26,582,675	91	25	(\$170,291)
MS	Southwest Health System		\$11,011,482	301	25	(\$170,367)
TX			\$17,357,986	222	25	(\$200,369)
FL			\$11,923,125	408	25	(\$268,953)
TX			\$19,740,036	558	25	(\$284,475)
GA			\$13,376,319	119	25	(\$287,505)
AR	Mercy (MO)	Mercy (MO)	\$9,619,839	210	25	(\$339,634)
LA			\$15,146,553	263	25	(\$351,615)
MS	Rush Health Systems		\$24,128,612	231	25	(\$353,891)
TX			\$6,131,130	152	25	(\$365,152)
SC			\$13,635,103	188	25	(\$415,189)
MS			\$23,019,182	263	25	(\$420,757)
FL			\$7,577,648	23	25	(\$422,435)
GA	Phoebe (FKA Phoebe Putney Health System)		\$13,191,545	260	25	(\$431,996)
TN	Highpoint Health System	LifePoint Health (FKA: LifePoint Hospitals)	\$7,618,253	247	25	(\$437,382)
IN	Norton Healthcare		\$48,801,794	1,909	25	(\$467,061)
MS			\$12,649,698	332	25	(\$482,207)
NC	Cape Fear Valley Health System (FKA: Cumberland County Hospital System)		\$31,859,229	762	25	(\$504,780)
TX	Preferred Management Healthcare Specialists		\$8,415,418	163	25	(\$507,858)
FL			\$4,552,261	78	25	(\$554,982)
LA			\$5,782,565	28	25	(\$657,861)
GA	South Georgia Medical Center Health System		\$11,571,240	132	25	(\$677,174)
MS	Rush Health Systems		\$11,767,459	292	25	(\$713,198)
LA			\$22,856,764	558	25	(\$721,978)
AL	Rush Health Systems		\$12,854,609	85	25	(\$740,665)
GA			\$38,738,813	855	25	(\$794,209)
GA	Union General Hospital System		\$23,756,630	512	25	(\$802,442)
IN	LifePoint Health (FKA: LifePoint Hospitals)	LifePoint Health (FKA: LifePoint Hospitals)	\$20,229,990	1,149	25	(\$812,806)
AR	Mercy (MO)		\$9,619,839	210	25	(\$339,634)

Measuring and managing credit risks for healthcare facilities

- Stress Tests and Key Performance Indicators
- Early Detection and Intervention
 - “A Coughing Canary in a Gilded Cage”
 - Reaching out to the Governing Board
 - Site visits
 - Operational Assessment

Best Practices in Healthcare Financing

- Case Studies in rural health delivery
- Accelerating the process in healthcare lending

Best Practices

- Governing Board Involvement
- Improving the quality of staffing and building physician relationships
- Upgrading medical and technology systems;
- Creating operational efficiencies
- Investing where increased profitability results.
- Developing Strategic Alliances

Case Study: Hospital CEO Newsletter

Since July, great accomplishments have been made at the Medical Center. We have doubled the average daily census, hired over 80 nursing personnel, decreased nursing agency from 85% to 22% and hired our own pharmacy department. We doubled our ambulance runs to the ER over prior year while decreasing our average wait time. We purchased a new echo machine and are currently installing a brand new \$1.2 million dollar Cath lab. We have a new HR Director, CNO and Director of Business Development; The Volunteer program has added responsibilities. They are helping our patients and families be more comfortable. We scored ourselves very high on being friendly with our co-workers and the hospital being a great place to work. We have new doctors on staff (and more to join) and have renewed relations with our core group of physicians. We completed our Meditech conversion and hired our own business office. We have revised our pay scale in needed areas and done much work to ensure your comfort and safety at work. We have expanded the GeroPsych from 9 to 13 beds, added a cardiac rehab program and doubled our monthly cardiac procedures. We started an Employees Activity Committee and provided an opportunity for us to utilize our exercise equipment.

In turn, you have been friendly, caring, outgoing and devoted. Thank you for a great start with the company.

Transforming Healthcare



Strategic Partners

New Technologies

- AI and Big Data
- Predictive Models for Targeting Care
- Individualized Treatment Recommendations

Thank you!