



Critical Access Hospital Fiscal Analyses

Performed by Draffin & Tucker, LLP
for the Georgia State Office of
Rural Health

Supported by the Medicare Rural Hospital Flexibility Grant Program
CFDA Number 93.241

The project

- Funded by Flex grant funds
- Administered by the Georgia State Office of Rural Health
- Performed by Draffin & Tucker, LLP
- 32 of 34 Georgia Critical Access Hospitals (CAHs) participated

Data reported

	Fiscal years ended
Phase 1	During 2007
Phase 2	06/30/07 to 03/31/08
Phase 3	12/31/08 to 9/30/09

The findings



Critical Access Hospital Financial Analyses - 2009

Prepared for
Georgia State Office of Rural Health (SORH)
An office of the Georgia Department of Community Health (DCH)

Prepared by
Draffin & Tucker, LLP

June 2010

Supported by the Medicare Rural Hospital Flexibility Grant Program
CFDA Number 93.241

Georgia State Office of Rural Health
229-401-3090

www.dch.ga.gov

The screenshot displays the Georgia Department of Community Health website. At the top left, the logo for Georgia.gov is visible. The main header features the Georgia Department of Community Health logo and name. A search bar is located in the top right corner. Below the header, there is a navigation menu with links for Mobile, FAQ, Site Map, Jobs, Online Services, and Contact Us. The main content area is divided into two columns. The left column contains a vertical navigation menu with links for About Us, Public Info & Notices, Programs, Members, Providers, and Contact Us. An arrow points from the 'Programs' link in this menu to the 'Programs' section on the right. The right column contains the 'Programs' section, which includes a search bar, a 'Related Links' section with a link to 'Health Access Programs', and a description of the Department of Community Health's programs. Below this, there are sections for 'Medicaid' and 'Georgia Long Term Care Partnership'. The 'Medicaid' section lists 'Long Term Care & Waiver Programs' and 'PeachCare for Kids™'. The 'Georgia Long Term Care Partnership' section lists 'Georgia Families (Managed Care)' and 'Medicaid EHR Incentives Program'. Below these, there are sections for 'Georgia Volunteer Health Care Program', 'Health Improvement' (listing 'Women's Health', 'Minority Health', and 'Georgia Commission on Men's Health'), 'Pharmacy Services', and 'Rural Health'. An arrow points from the 'Rural Health' link to the 'Rural Health' section.

georgia.gov™ Official

GEORGIA DEPARTMENT OF COMMUNITY HEALTH

Mobile | FAQ | Site Map | Jobs | Online Services | Contact Us

Search

Home > Programs

Programs

The Department of Community Health provides many programs that benefit the citizens in our state. In this section, you'll find direct links to some of our most widely-used ones.

Medicaid

- [Long Term Care & Waiver Programs](#)
- [PeachCare for Kids™](#)
- [Georgia Families \(Managed Care\)](#) is a program that provides health care services to enrolled members of [Medicaid](#) and [PeachCare for Kids™](#). It is a partnership between the Department of Community Health and three health care plans, also known as private care management organizations (CMOs). The plans are: Amerigroup Community Care, Peach State Health Plan and WellCare.
- [Medicaid EHR Incentives Program](#) is for eligible Medicaid providers who adopt, implement, upgrade, and demonstrate meaningful use of certified EHR technology.

[Georgia Long Term Care Partnership](#)

[Georgia Volunteer Health Care Program](#)

Health Improvement

- [Women's Health](#)
- [Minority Health](#)
- [Georgia Commission on Men's Health](#)

Pharmacy Services

Rural Health

www.dch.ga.gov

georgia.gov™ Official Portal for the State of Georgia

 **GEORGIA DEPARTMENT OF
COMMUNITY HEALTH**

Search

[Mobile](#) | [FAQ](#) | [Site Map](#) | [Jobs](#) | [Online Services](#) | [Contact Us](#)

State Office of Rural Health

- Maps of Georgia
- Programs
- Rural Health Advisory Board
- Publications and Presentations
- Helpful Links

Back to:
[Offices](#)
[Divisions/Offices](#)
[About Us](#)
[Home](#)

[Home](#) > [About Us](#) > [Divisions/Offices](#) > [Offices](#) > State Office of Rural Health

State Office of Rural Health

 **SORH**
GEORGIA STATE OFFICE OF RURAL HEALTH

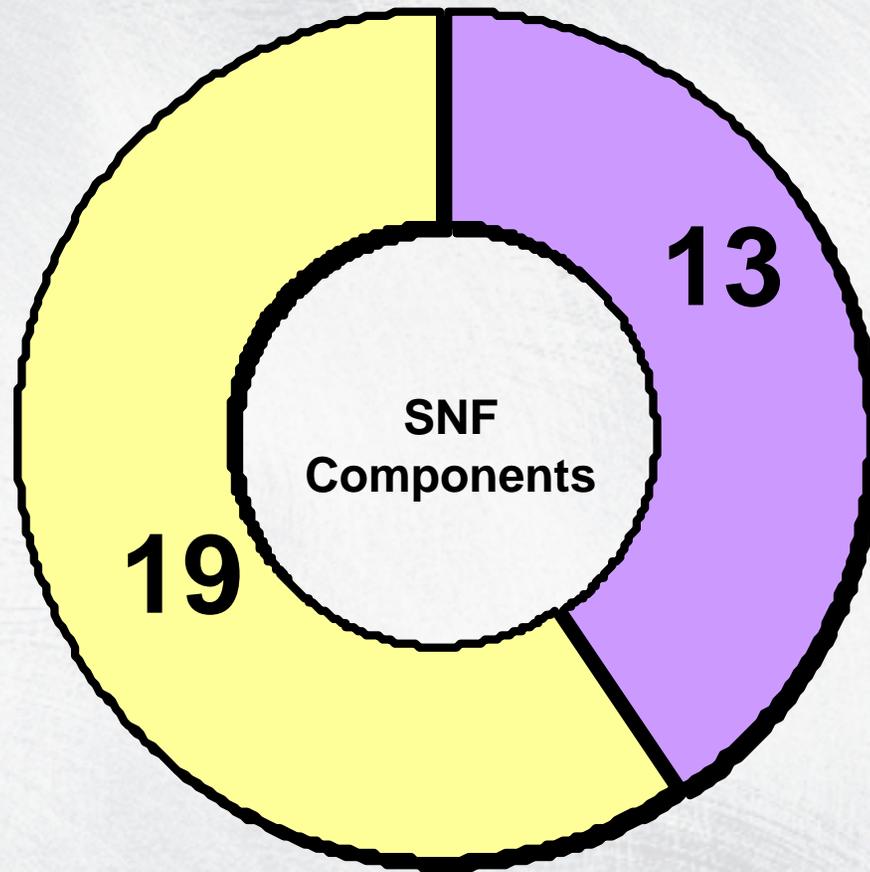
Charles F. Owens - Executive Director
502 Seventh St. South, Cordele, GA 31015-1443
Telephone: (229) 401-3090
General Fax: (229) 401-3077 • Administrative Fax: (229) 401-3084

Latest News

www.dch.ga.gov

The screenshot displays the Georgia Department of Community Health website. At the top left is the logo for Georgia.gov and the text 'Official Portal for the State of Georgia'. Below this is the Georgia Department of Community Health logo and name. A search bar with a 'GO' button is on the right. A navigation menu includes links for Mobile, FAQ, Site Map, Jobs, Online Services, and Contact Us. The left sidebar contains a menu for the State Office of Rural Health, including Maps of Georgia, Programs, Rural Health Advisory Board, Publications and Presentations (highlighted), and Helpful Links. Below this is a 'Back to:' section with links to Offices, Divisions/Offices, About Us, and Home. The main content area shows a breadcrumb trail: Home > About Us > Divisions/Offices > Offices > State Office of Rural Health > Publications and Presentations. The main heading is 'Publications and Presentations', followed by a sub-heading 'Publications'. A list of publications is shown, each with a red document icon: 'Critical Access Hospital Fiscal Analysis (Phase 3)', 'Critical Access Hospital Fiscal Analysis (Phase 2)', 'Critical Access Hospital Fiscal Analysis (Phase 1)', and 'Office of Rural Health Fact Sheet - Updated 11/2/09'. An arrow points from the 'Publications and Presentations' link in the sidebar to the main content area.

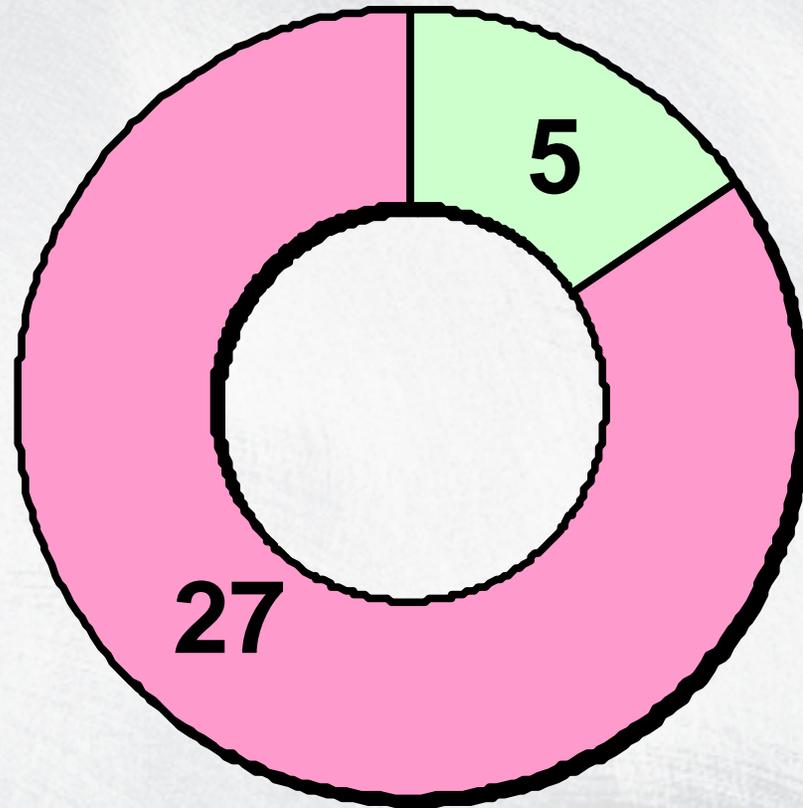
Participants – SNF* ownership



*skilled nursing facility

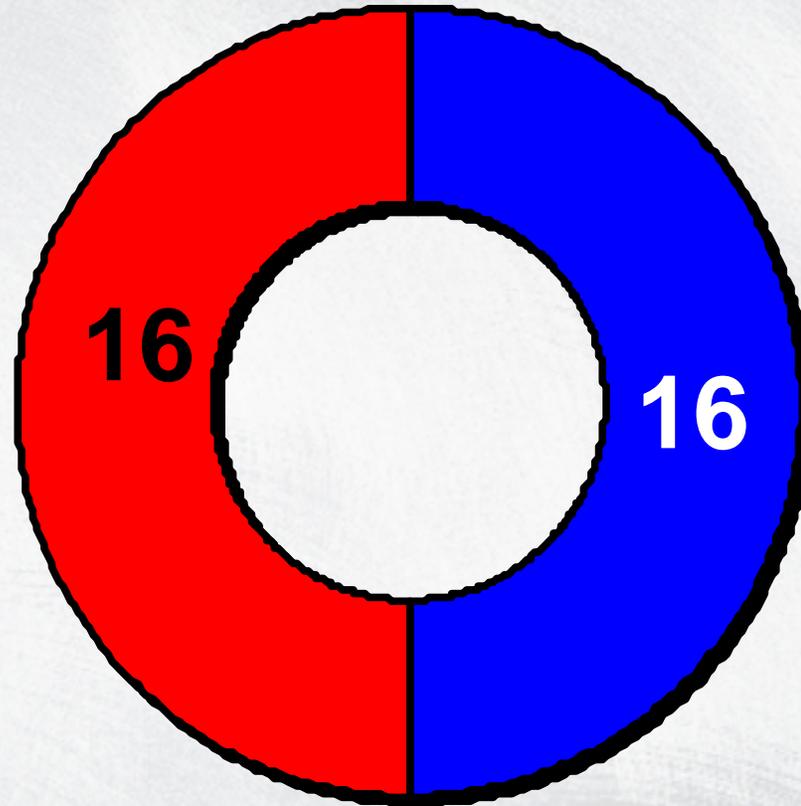


Participants – Operating margin

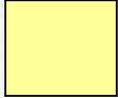


■ Positive OM
■ Negative OM

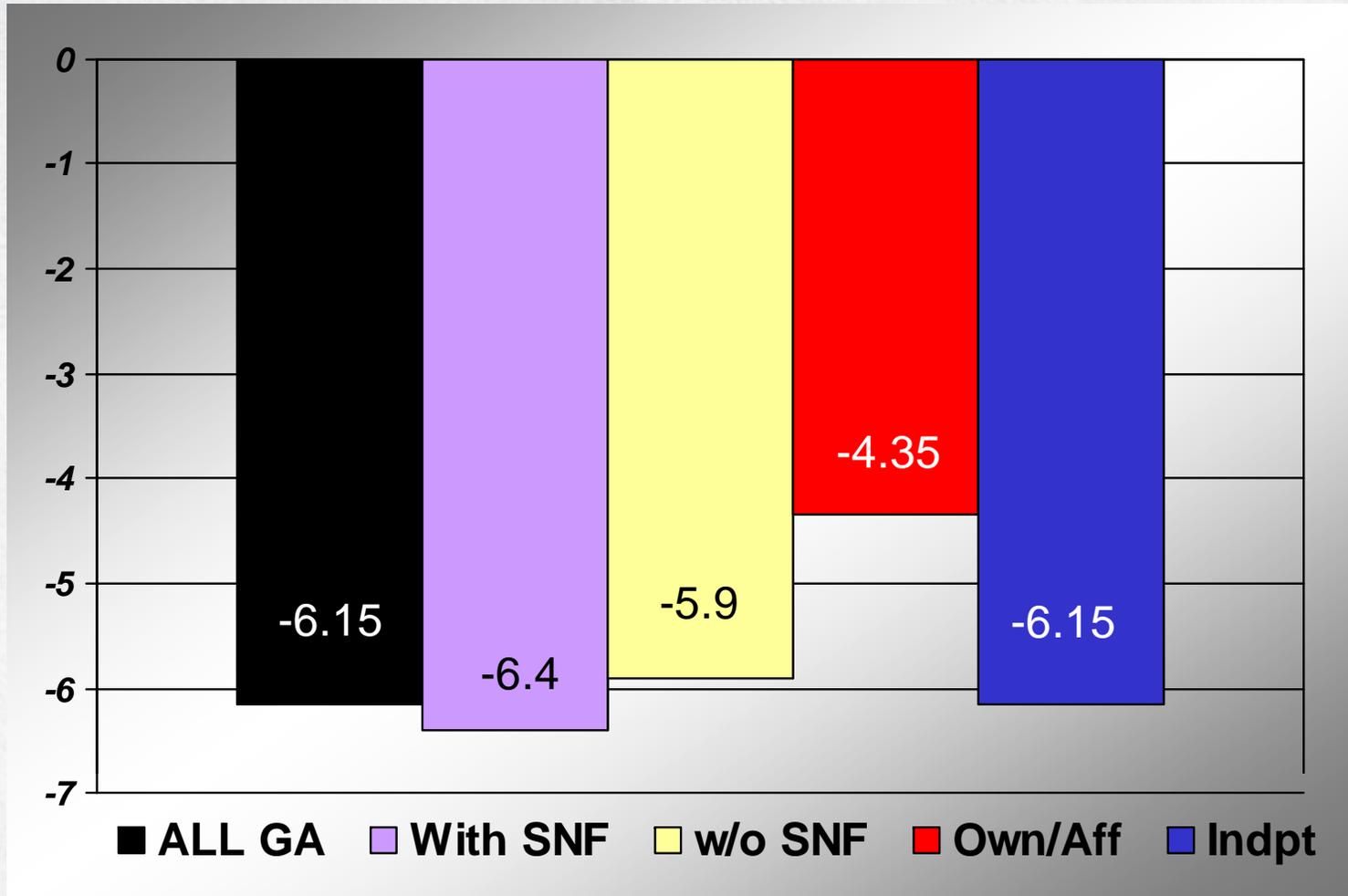
Participants – Structure



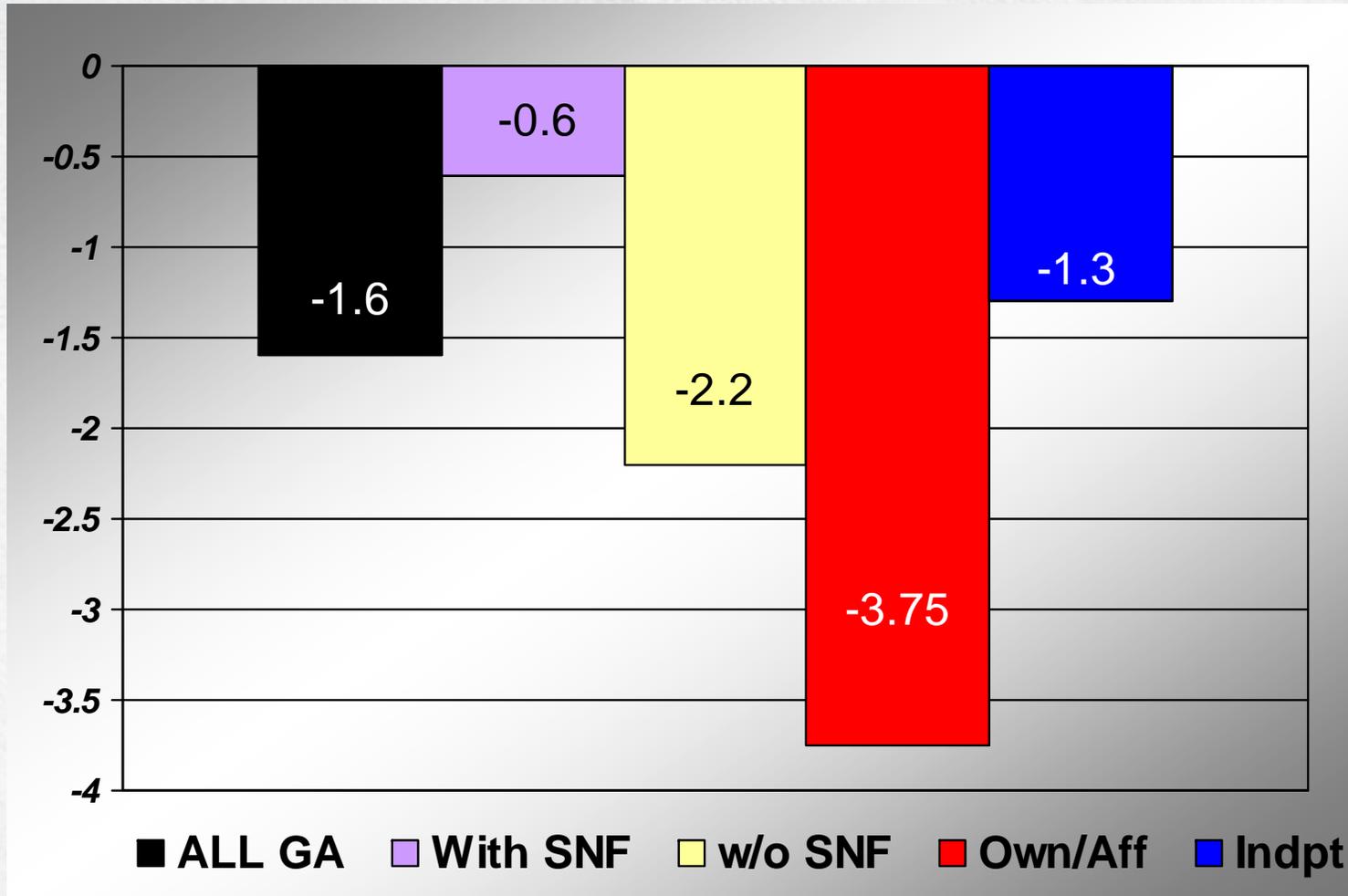
Legend

-  All Georgia CAH participants
-  CAHs with Skilled Nursing Facility
-  CAHs without Skilled Nursing Facility
-  Owned or affiliated CAHs
-  Independent CAHs

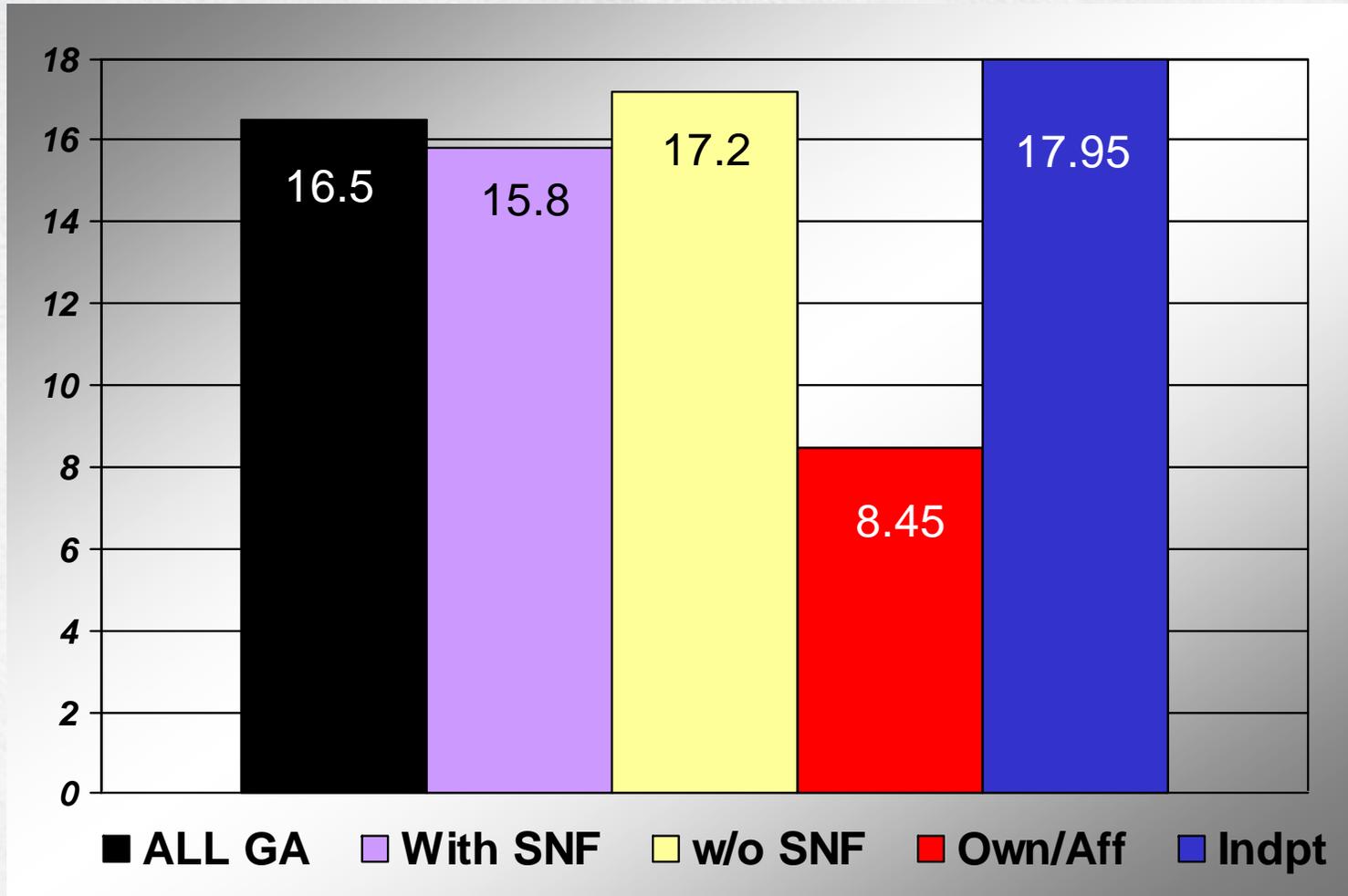
Median operating margin



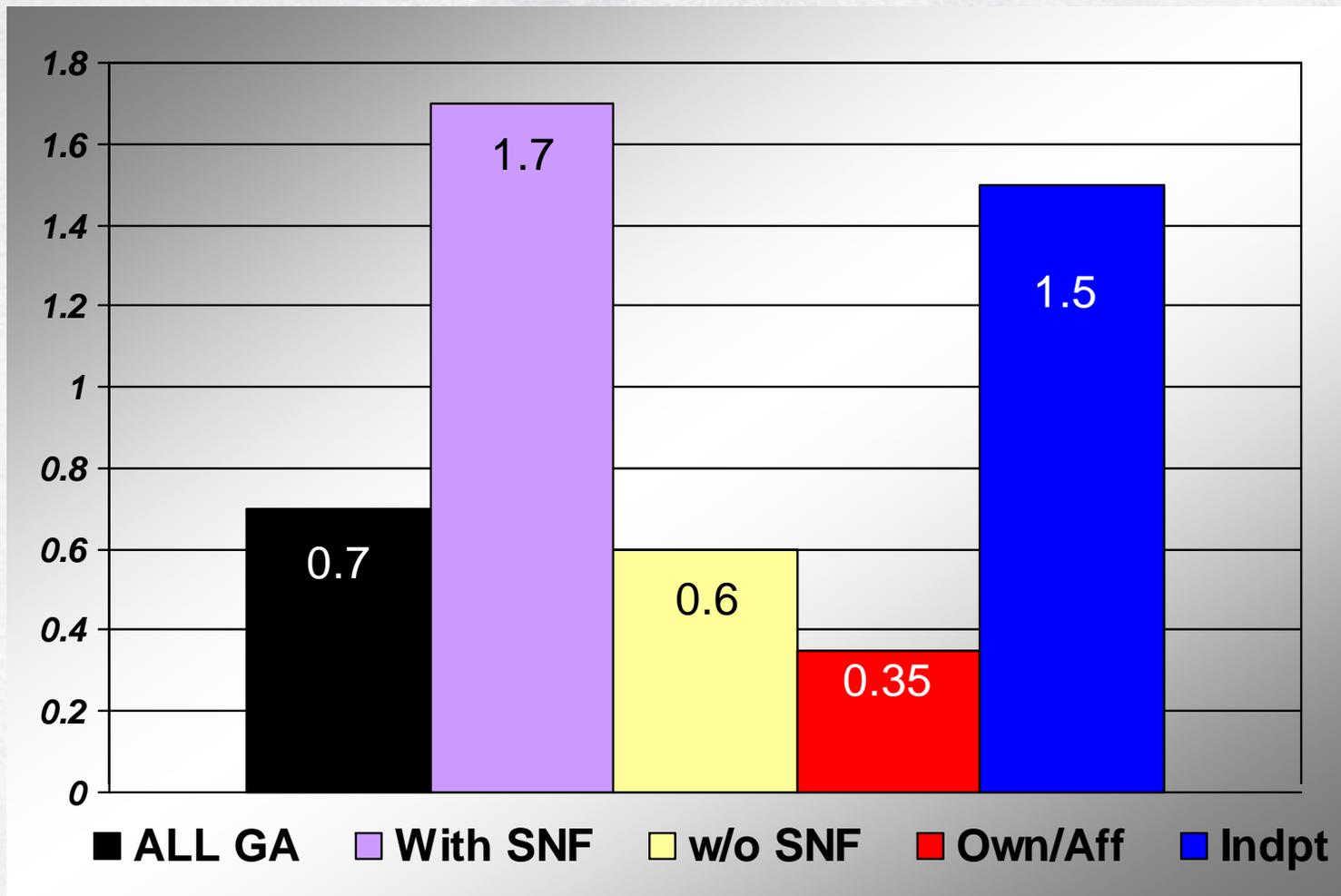
Median total margin



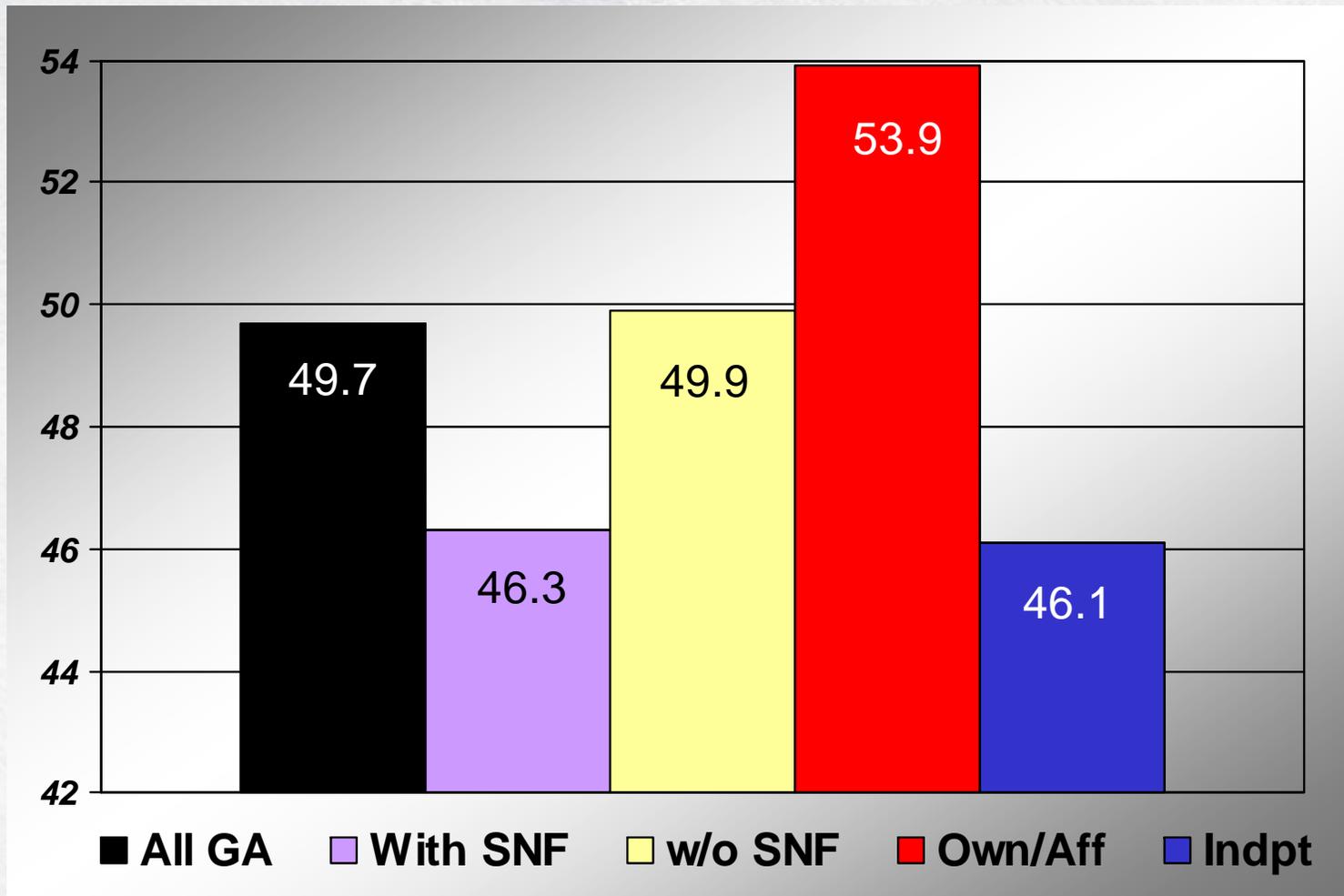
Median days cash on hand



Median debt service coverage



Median total deductions



How does Georgia CAHs rank among U.S. CAHs in profitability?

Top 10 performers

Bottom 10 performers



TOTAL MARGIN		OPERATING MARGIN		
2008		2008		
1	NM	8.81	1 NM	14.02
2	WY	6.49	2 AZ	7.56
3	AZ	5.89	3 IN	7.10
4	ID	4.99	4 NE	4.07
5	IA	4.97	5 WI	3.70
6	NE	4.82	6 SD	3.15
7	CO	4.62	7 UT	3.12
8	MO	4.19	8 MN	3.00
9	IN	3.72	9 WY	2.86
10	MN	3.62	10 ME	2.66

36	TN	(0.12)	36	FL	(2.80)
37	GA	(0.25)	37	CO	(3.26)
38	KS	(0.74)	38	AR	(4.38)
39	ND	(0.95)	39	GA	(4.39)
40	OH	(1.22)	40	OK	(4.79)
41	NY	(1.49)	41	VA	(5.09)
42	AL	(2.48)	42	SC	(5.50)
43	VA	(3.33)	43	AL	(5.74)
44	AR	(4.38)	44	KS	(7.43)
45	HI	(16.18)	45	HI	(19.91)

- Top 10 performers

- Bottom 10 performers

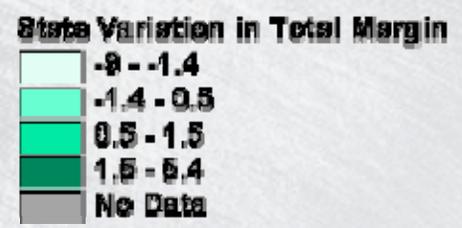
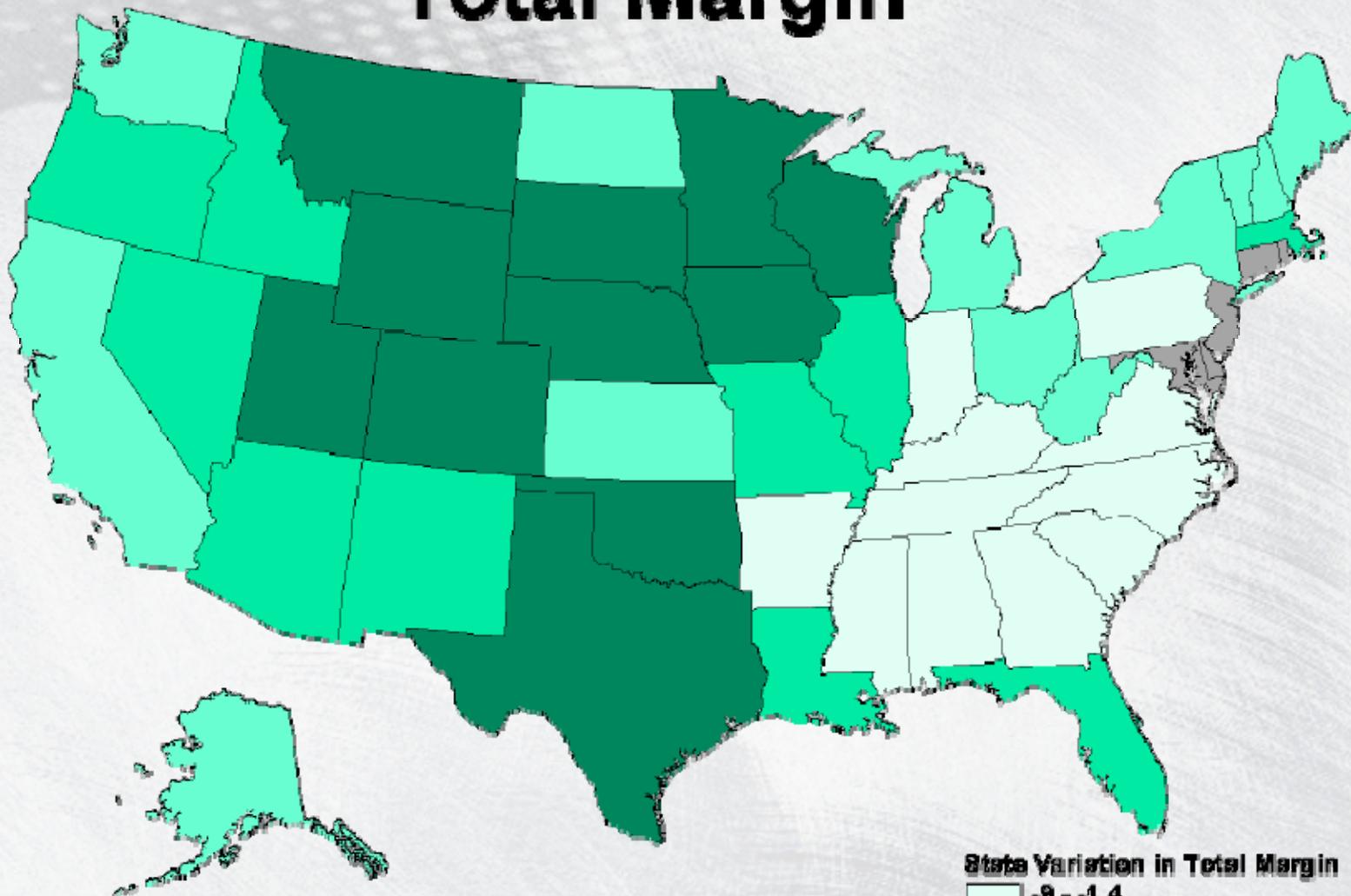
Note: only 45 states with CAHs
Source: Flex Monitoring Team, August 2010

Are the results regional?

Flex monitoring team
interactive graphics



Total Margin



Source: Flex Monitoring Team analysis of Medicare Cost reports.
Values are deviation from national average, adjusted for peer groups.



[Home](#)
[About Us](#)
[About
Flex/CAHs](#)
[CAH Data](#)
[Project Info](#)
[Publications
and
Presentations](#)
[State Level
Data](#)
[Contacts](#)
[Links](#)

Motion Chart of State Medians of Financial Performance Indicators

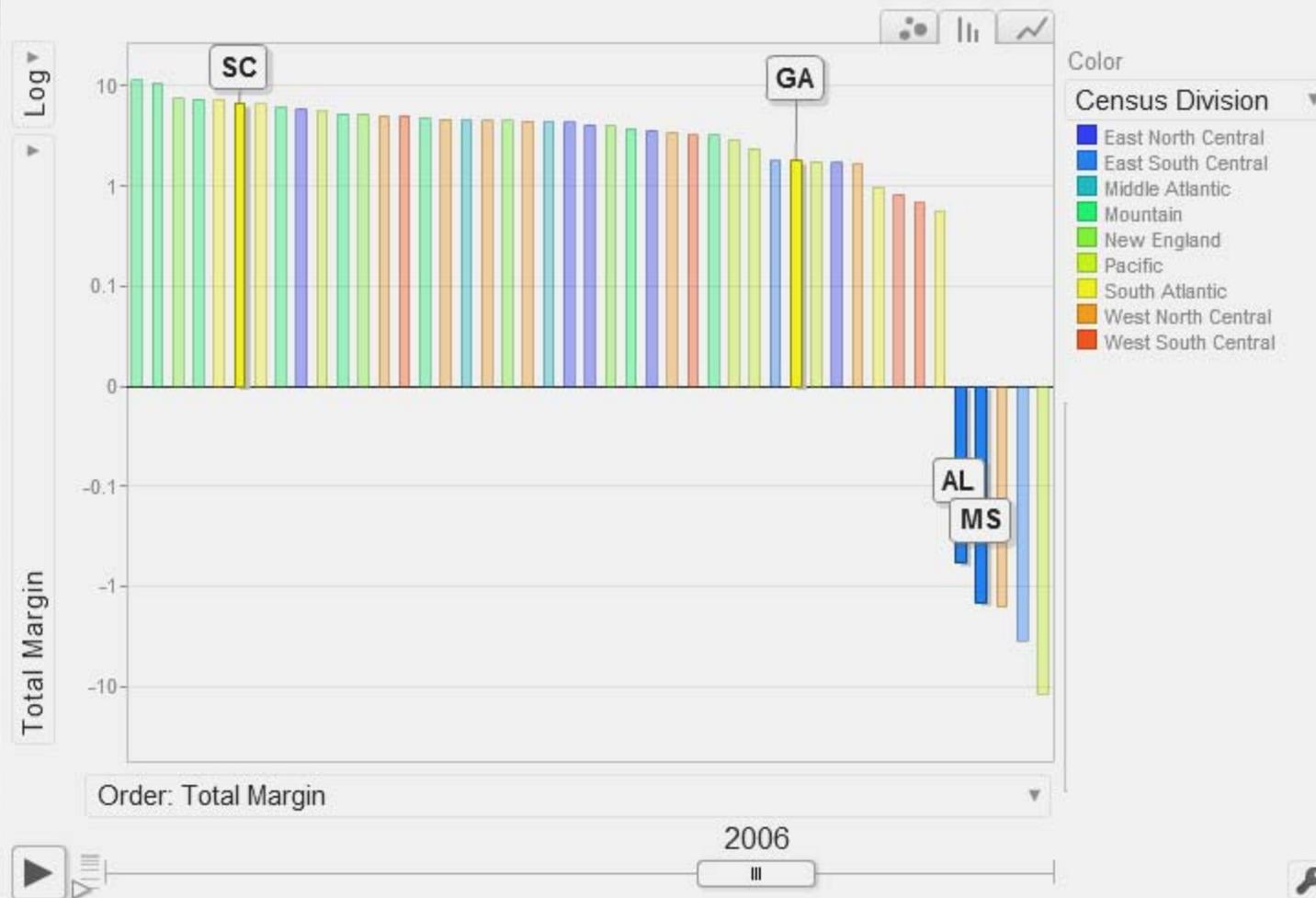
As part of ongoing work of the Flex Monitoring Team, **quality** and **financial** indicators of Critical Access Hospital performance are being analyzed by the Flex Monitoring Team. Here, state level data on financial performance of Critical Access Hospitals in each state can be viewed in "motion charts".

[\[-\] More information on data and how to use the chart](#)

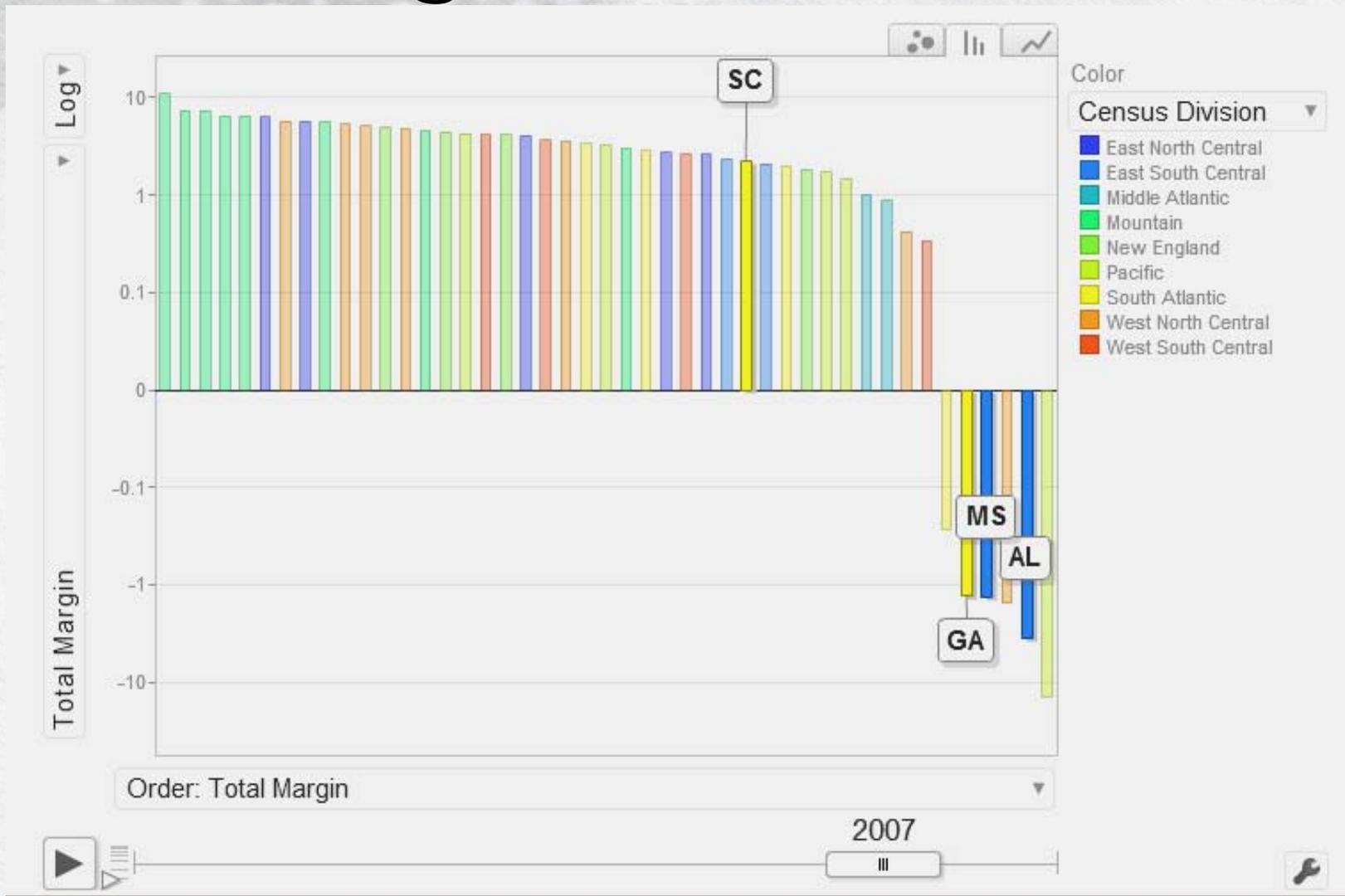
[Data Source](#)

<http://www.flexmonitoring.org/motion.shtml>

Total margin - 2006



Total margin - 2007



Total margin - 2008



Are there disparities in the Southeast that are out of our control?

- Poverty
- Unemployment
- Minority population
- Health status
- Provider availability
- Medicaid reimbursement



Regional comparisons

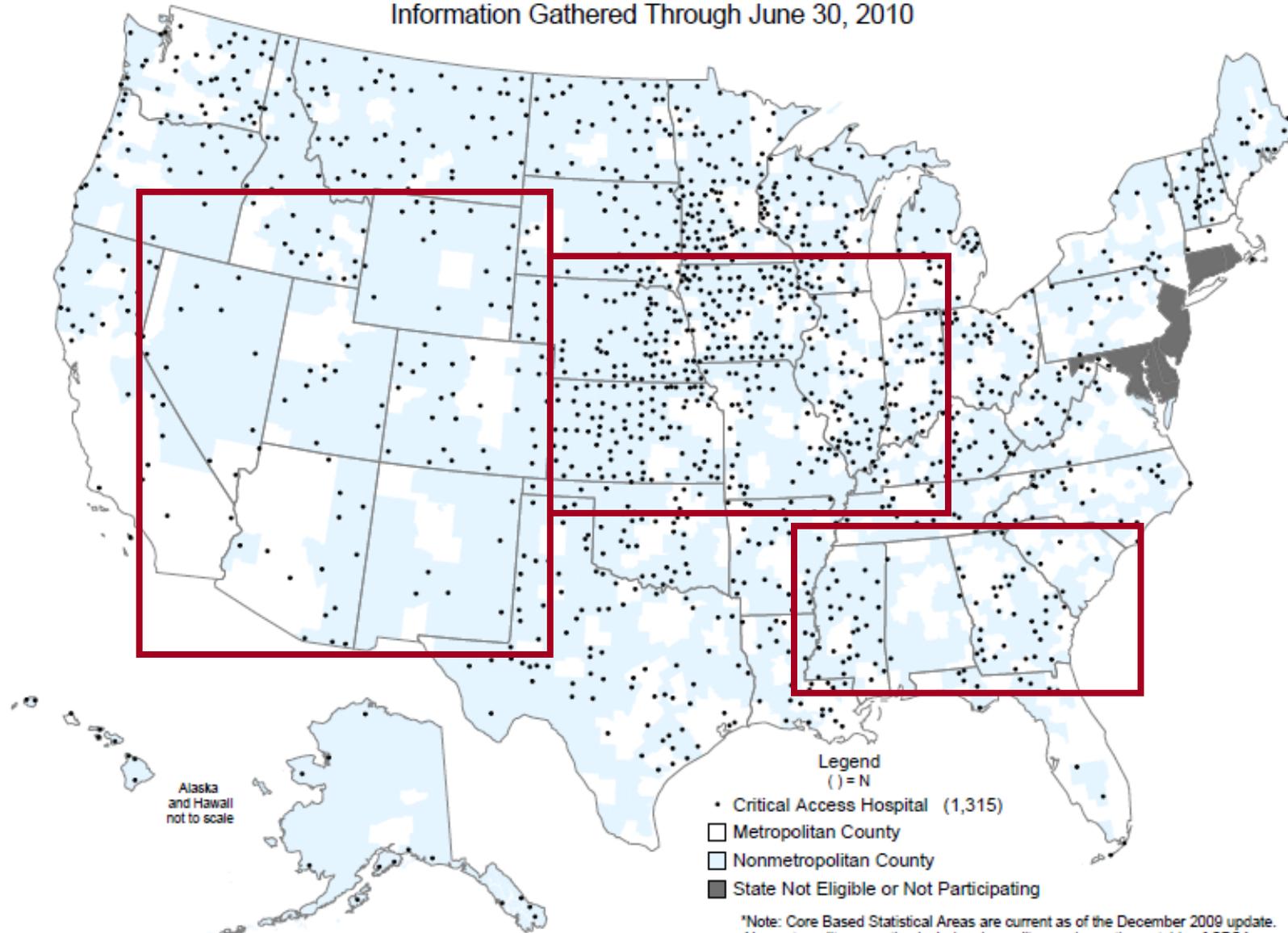
Western United States

Midwestern United States

Southeastern United States

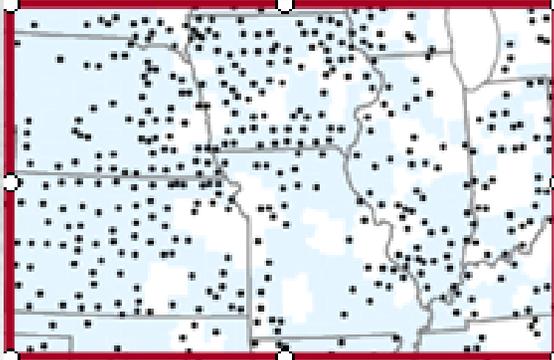
Location of Critical Access Hospitals

Information Gathered Through June 30, 2010



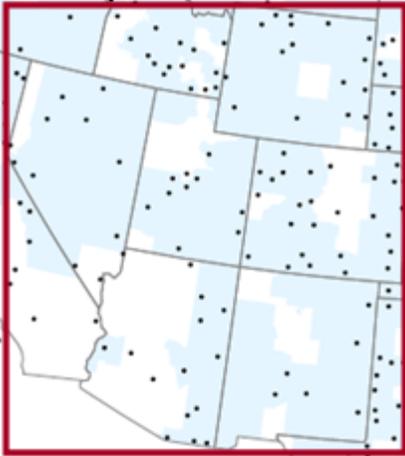
Sources: US Census Bureau, 2009; CMS Regional Office, ORHP, and State Offices Coordinating with MRHFP, 2010.

*Note: Core Based Statistical Areas are current as of the December 2009 update. Nonmetropolitan counties include micropolitan and counties outside of CBSAs. Produced By: North Carolina Rural Health Research and Policy Analysis Center, Cecil G. Sheps Center for Health Services Research, University of North Carolina at Chapel Hill.



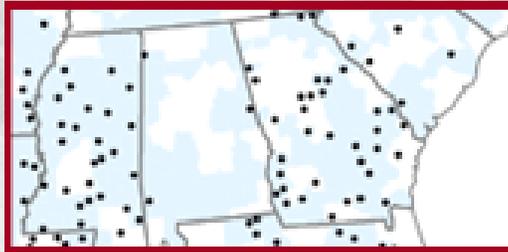
Midwest	HOSPITALS	URBAN HOSPITALS	RURAL HOSPITALS	% RURAL	CAHS	% RURAL CAH
Illinois	185	121	64	35%	51	80%
Indiana	122	84	38	31%	35	92%
Iowa	121	37	84	69%	82	98%
Kansas	144	37	107	74%	83	78%
Missouri	118	63	55	47%	36	65%
Nebraska	88	16	72	82%	65	90%

Source: Rural Assistance Center



West	HOSPITALS	URBAN HOSPITALS	RURAL HOSPITALS	% RURAL	CAHS	% RURAL CAH
Arizona	80	60	20	25%	14	70%
Colorado	78	37	41	53%	29	71%
Idaho	44	17	27	61%	26	96%
Nevada	37	24	13	35%	12	92%
New Mexico	42	13	29	69%	6	21%
Utah	40	22	18	45%	10	56%
Wyoming	27	3	24	89%	14	58%

Source: Rural Assistance Center



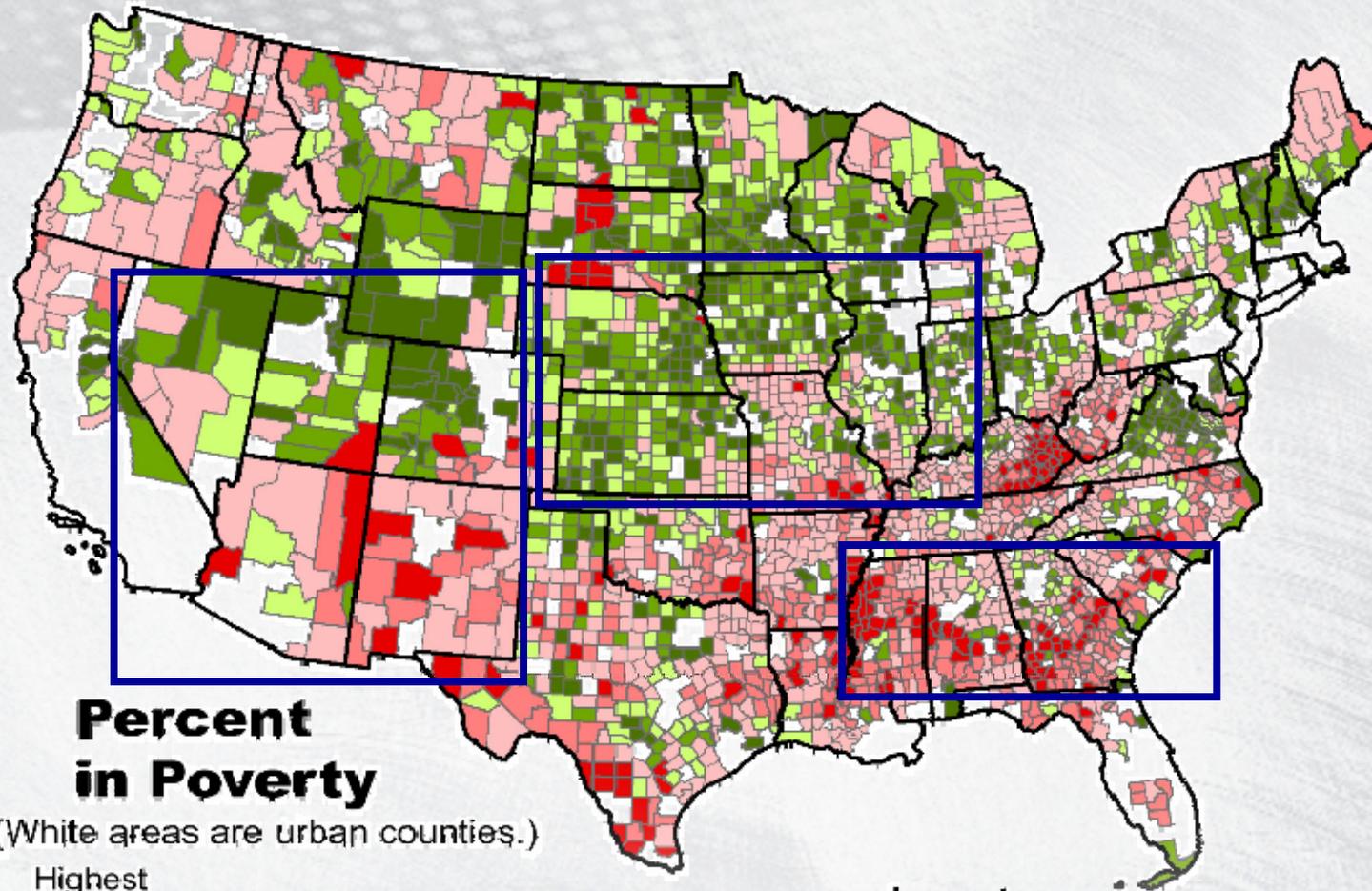
Southeast	HOSPITALS	URBAN HOSPITALS	RURAL HOSPITALS	% RURAL	CAHS	% RURAL CAH
Alabama	102	53	49	48%	3	6%
Georgia	144	78	66	46%	34	52%
Mississippi	99	27	72	73%	27	38%
South Carolina	60	36	24	40%	5	21%

Source: Rural Assistance Center

Poverty in rural America

Impoverished individuals generally have poorer health and no source of payment.

Poverty in Rural America, 2008



Percent in Poverty

(White areas are urban counties.)

Highest
Ziebach County, SD
54.4%

National Average
13.2%

Lowest
Los Alamos County, NM 3.1%



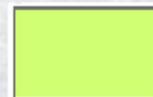
54.4% to 25%



25% to 20%



20% to 14.3%



14.2% to 12.2%



12.1% to 10%



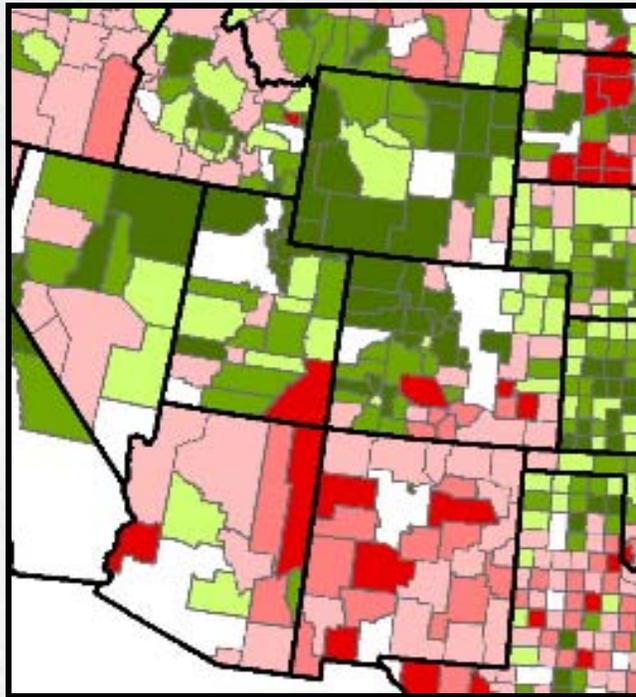
10% to 3.1%

Source: www.dailyonder.com

Draffin & Tucker, LLP P.O. Box 6 Albany, Georgia 31702 (229) 883-7878

Poverty ranking

WEST



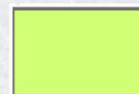
54.4% to 25%



25% to 20%



20% to 14.3%



14.2% to 12.2%



12.1% to 10%



10% to 3.1%

Higher ranking –
lower level



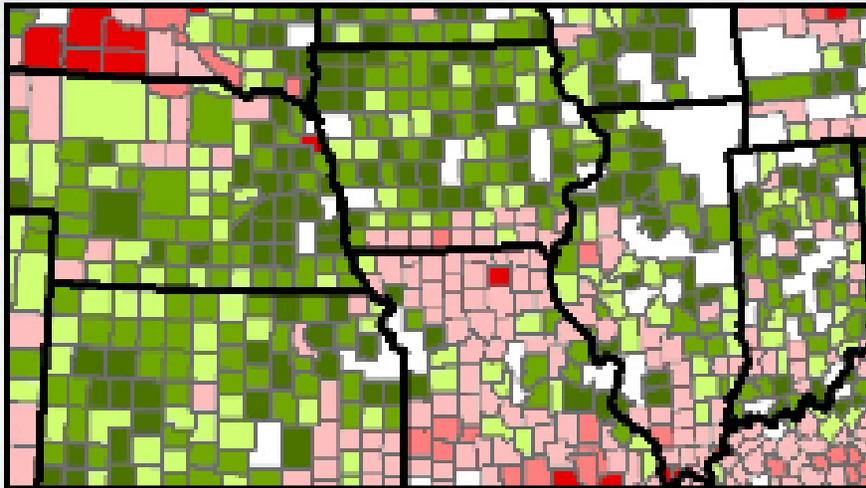
	Total Margin	Poverty
Arizona	3	13
Colorado	7	32
Idaho	4	24
Nevada	19	33
New Mexico	1	5
Utah	20	42
Wyoming	2	44

Median ranking - 32

Poverty ranking

Higher ranking –
lower level
↓

MIDWEST



	Total Margin	Poverty
Illinois	14	27
Indiana	9	23
Iowa	5	31
Kansas	38	33
Missouri	8	19
Nebraska	6	36

Median ranking - 29



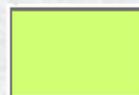
54.4% to 25%



25% to 20%



20% to 14.3%



14.2% to 12.2%



12.1% to 10%

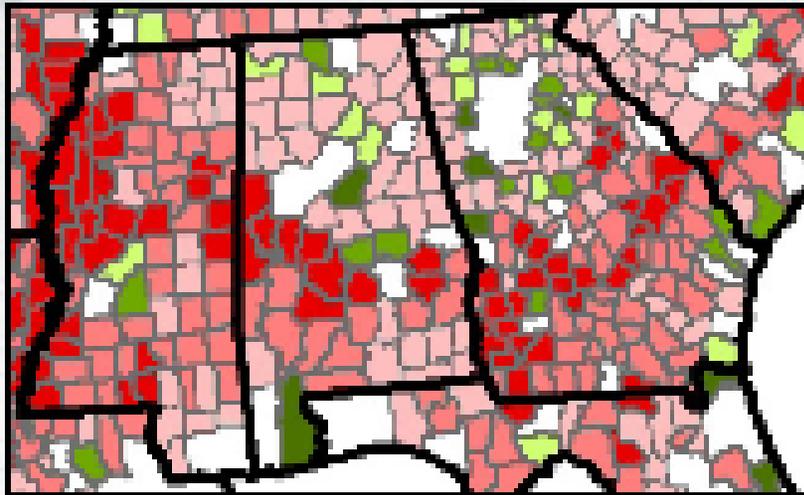


10% to 3.1%

Poverty ranking

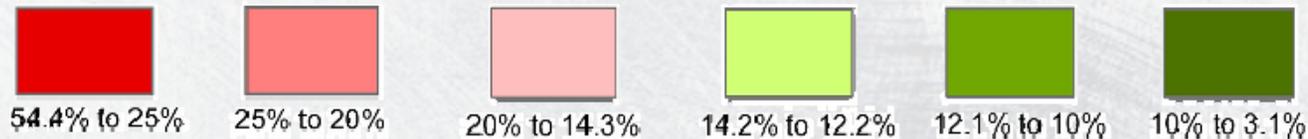
SOUTHEAST

Lower ranking –
higher level
↓



	Total Margin	Poverty
Alabama	42	9
Georgia	37	13
Mississippi	28	1
South Carolina	30	9

Median ranking - 9



Poverty findings

Southeast ranks higher in poverty than other sections of country.

West - 32

Midwest - 29

Southeast - 9

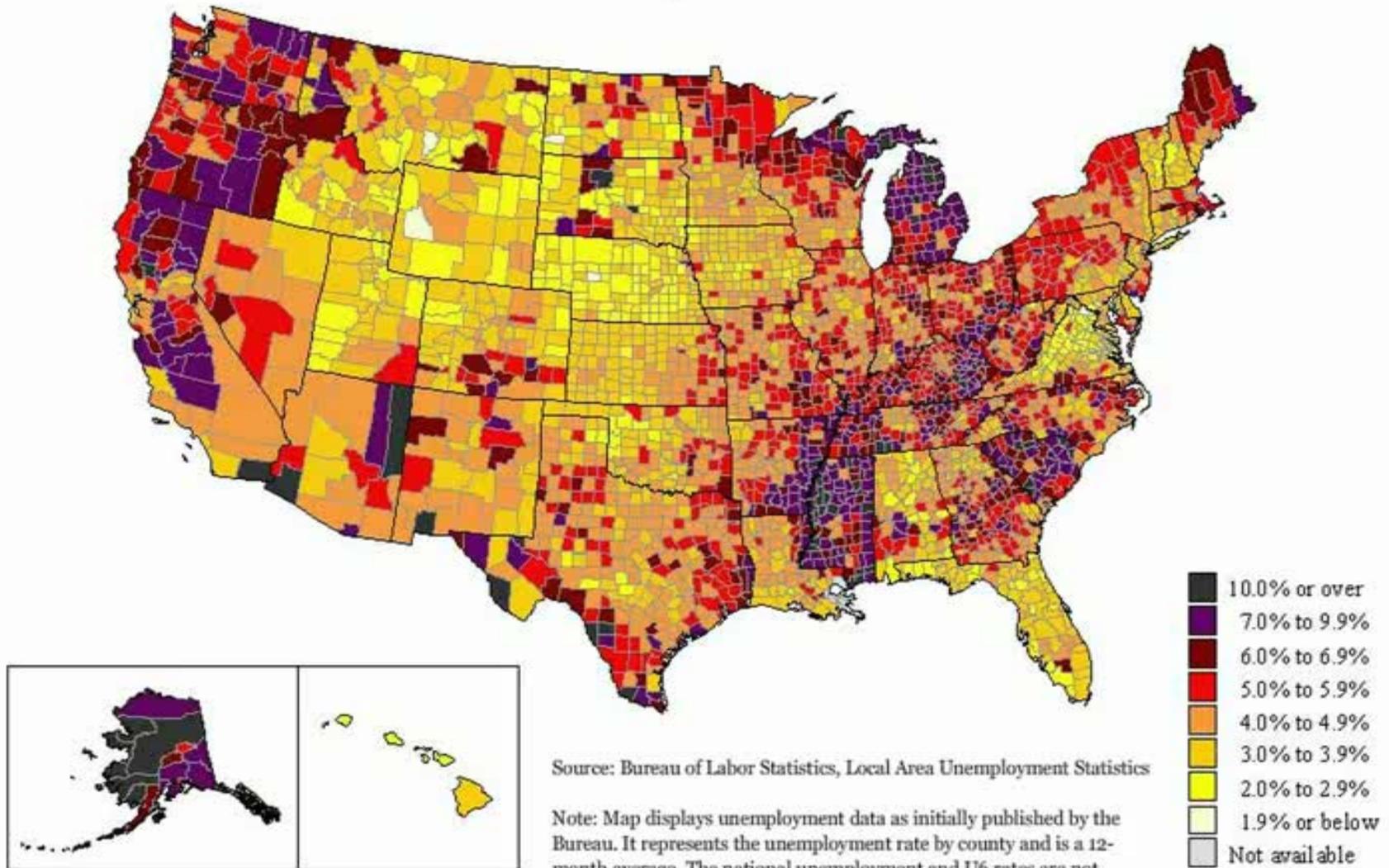
Unemployment

Increasing unemployment will adversely affect profitability.

Unemployment Rates by County

January 2007

4.6%



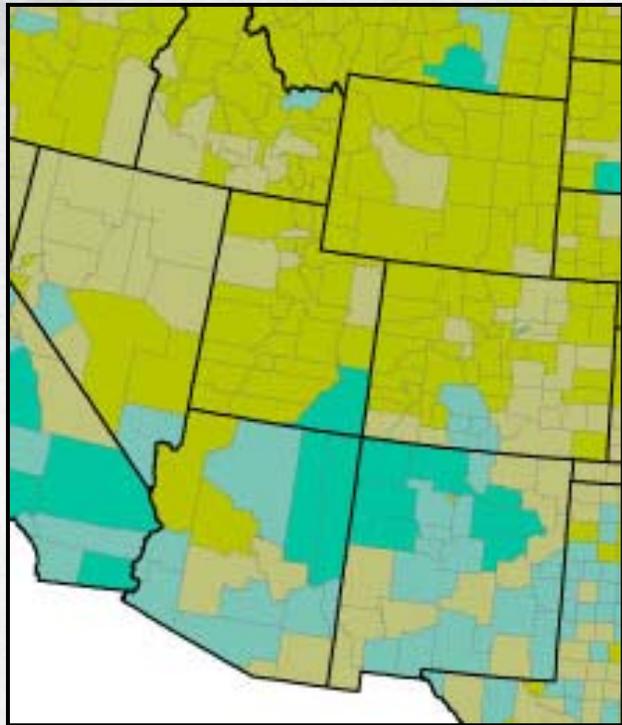
Unemployment findings

Unemployment is increasing, with no immediate relief in sight. This factor continues to contribute to hospital losses.

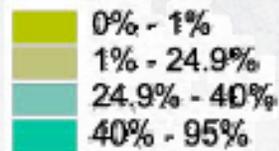
Minority population

Minorities generally have poorer health and less ability to pay for health care services.

Minority Population



Percent Race
Non-White



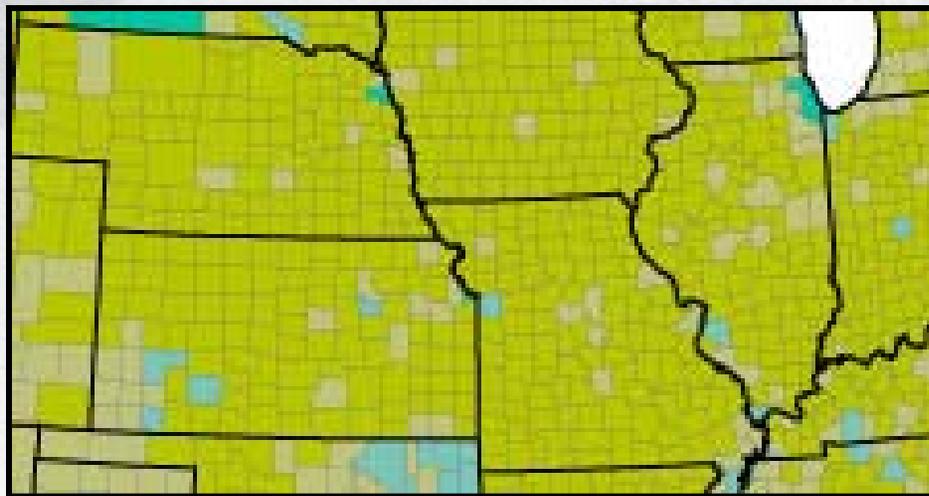
United States = 24.9%

Higher ranking – ↓
lower population

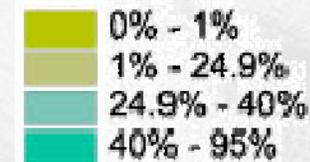
Median ranking - 39

	Total Margin	Native American %	Black American %	Black Population Ranking
Arizona	3	4.9	4.2	35
Colorado	7	1.2	4.3	33
Idaho	4	1.5	0.9	48
Nevada	19	1.5	8.1	23
New Mexico	1	9.7	3	39
Utah	20	1.4	1.3	49
Wyoming	2	2.5	1.3	42

Minority Population



Percent Race
Non-White



United States = 24.9%

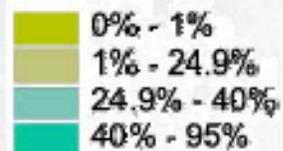
	Total Margin	Native American %	Black American %	Black Population Ranking
Illinois	14	0.3	14.9	14
Indiana	9	0.3	9.1	22
Iowa	5	0.4	2.7	40
Kansas	38	1	6.2	29
Missouri	8	0.5	11.5	19
Nebraska	6	1.1	4.5	32

← Higher ranking –
lower population

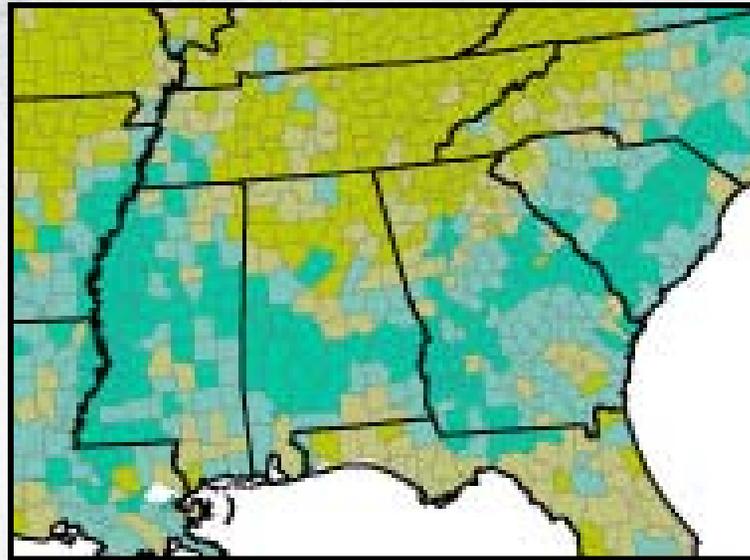
Median ranking – 25.5

Minority Population

Percent Race
Non-White



United States = 24.9%



	Total Margin	Native American %	Black American %	Black Population Ranking
Alabama	42	0.5	26.4	6
Georgia	37	0.4	30	3
Mississippi	28	0.5	37.2	1
South Carolina	30	0.4	28.5	5

Lower ranking –
higher population



Median ranking - 4

Minority population findings

Southeast ranks higher in minorities than other sections of country.

West - 39

Midwest - 25.5

Southeast - 4

Native Americans are a significant minority in the West. Many are served by Indian Health Services hospitals.

Health status

Individuals with poorer health may delay health care, which will result in higher health care costs.

Health status rankings

WEST

Lower ranking –
better health



	Total Margin	Health Ranking
Arizona	3	27
Colorado	7	8
Idaho	4	14
Nevada	19	45
New Mexico	1	31
Utah	20	2
Wyoming	2	19

Median Ranking - 19

Source: americashealthrankings.org

Health status rankings

Lower ranking –
better health
↓

MIDWEST



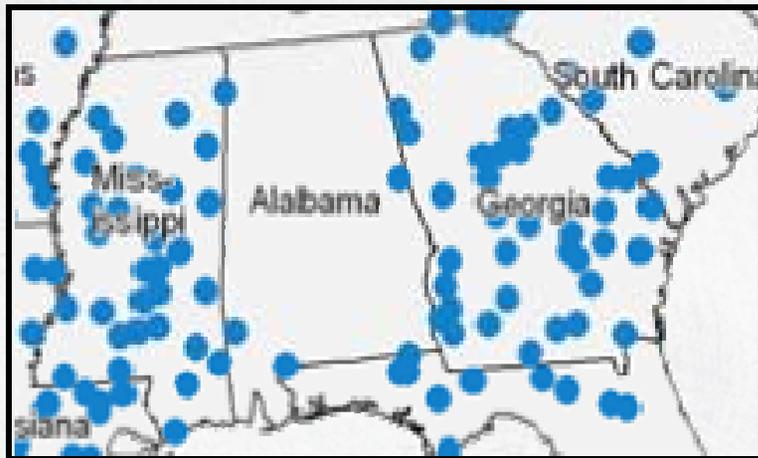
	Total Margin	Health Ranking
Illinois	14	29
Indiana	9	35
Iowa	5	15
Kansas	38	24
Missouri	8	38
Nebraska	6	16

Median Ranking – 26.5

Source: americashealthrankings.org

Health status rankings

SOUTHEAST



Higher ranking –
worse health
↓

	Total Margin	Health Ranking
Alabama	42	48
Georgia	37	43
Mississippi	28	50
South Carolina	30	46

Median ranking - 47

Source: americashealthrankings.org

Health status ranking findings

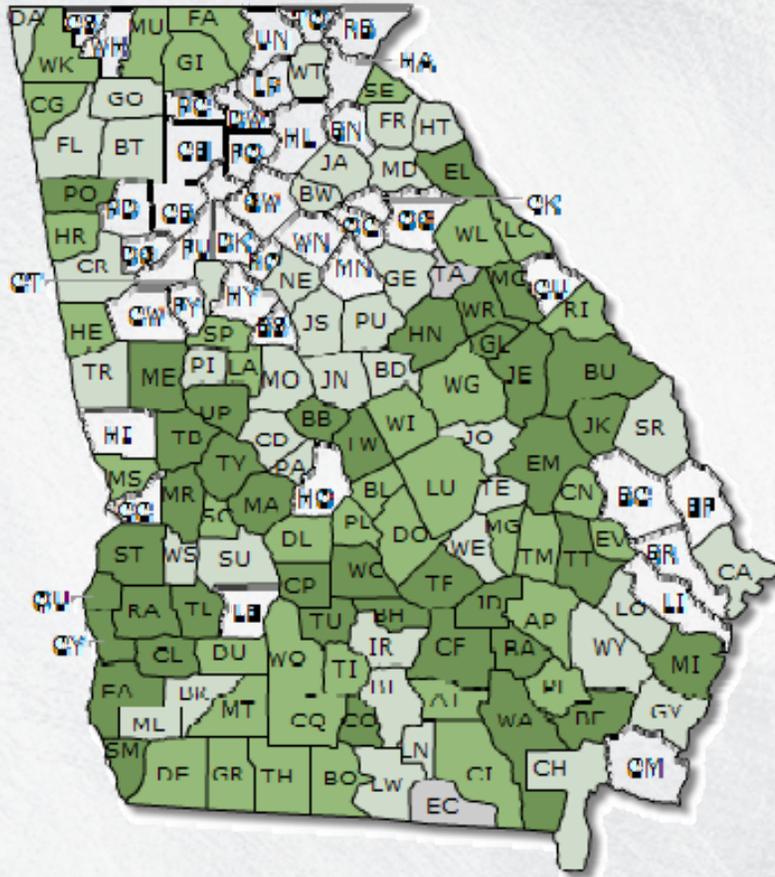
Southeast population has poorer health than other sections of country.

West - 19

Midwest – 26.5

Southeast - 47

County health rankings

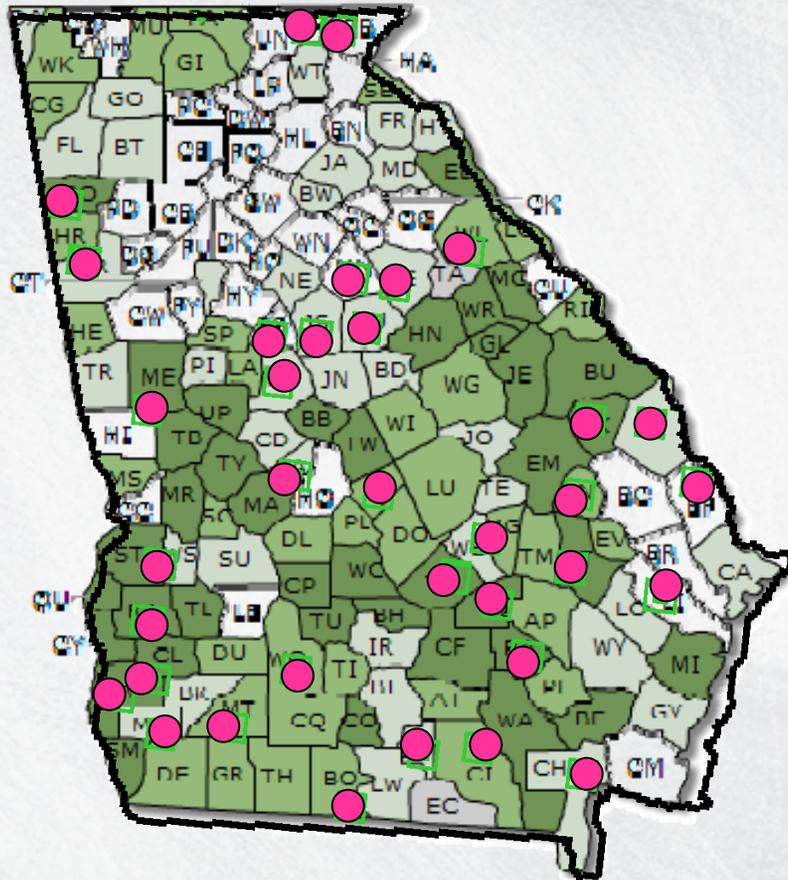


Health outcomes are the primary ranking used to rank the overall health of counties. The county ranked number 1 is considered the healthiest county in the state.

Rank 1-39 Rank 39-79 Rank 79-118 Rank 118-157 Not Ranked

Source: Robert Wood Johnson Foundation County Health Rankings

County health rankings



Rank 1-39 Rank 39-79 Rank 79-118 Rank 118-157 Not Ranked

County	Rank
Morgan	8
Effingham	22
Towns	23
Butts	27
Rabun	31
Liberty	37
Wheeler	44
Miller	50
Monroe	57
Jasper	58
Charlton	65
Screven	67
Peach	68
Putnam	72
Lanier	76
Greene	78
Haralson	80
Candler	82
Bleckley	83
Mitchell	90
Wilkes	98
Clinch	102
Brooks	110
Tattnall	121
Jeff Davis	125
Polk	130
Bacon	134
Meriwether	137
Early	138
Jenkins	143
Telfair	148
Stewart	149
Randolph	153
Calhoun	156

Source: Robert Wood Johnson Foundation County Health Rankings

Provider availability

Does higher rural resident populations result in a higher CAH census?

Provider availability



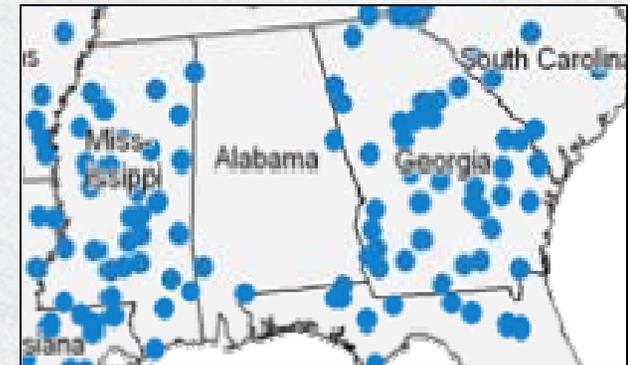
	Total Margin	RURAL HOSPITALS	Rural residents per rural hospital	% State rural residents
Arizona	3	20	30,350	12%
Colorado	7	41	16,293	16%
Idaho	4	27	16,074	34%
Nevada	19	13	13,077	9%
New Mexico	1	29	15,724	25%
Utah	20	18	14,611	12%
Wyoming	2	24	7,167	35%
Average	8	25	16,185	16%

Provider availability



	Total Margin	RURAL HOSPITALS	Rural residents per rural hospital	% State rural residents
Illinois	14	64	23,594	12%
Indiana	9	38	11,421	34%
Iowa	5	84	13,560	39%
Kansas	38	107	7,178	29%
Missouri	8	55	31,127	31%
Nebraska	6	72	7,194	30%
Average	13	70	15,679	23%

Provider availability

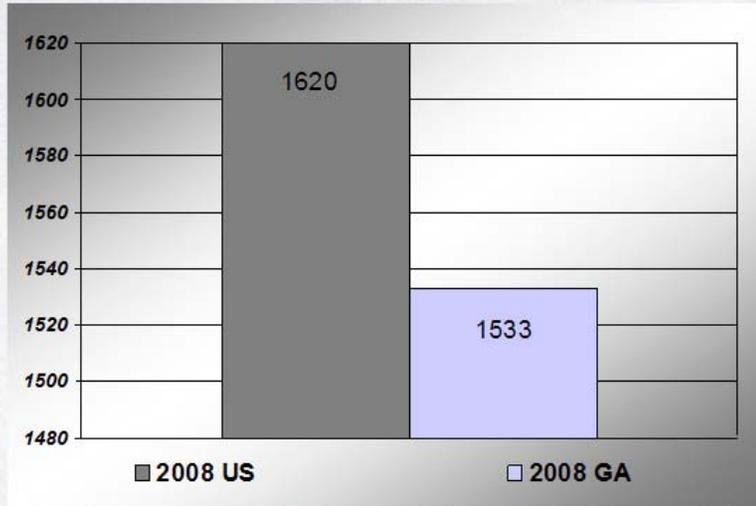


	Total Margin	RURAL HOSPITALS	Rural residents per rural hospital	% State rural residents
Alabama	42	49	40,429	45%
Georgia	37	66	35,182	28%
Mississippi	28	72	20,236	51%
South Carolina	30	24	66,042	40%
Average	34	53	40,472	38%

Provider availability findings

There is a higher rural population per rural hospital in the Southeast than in other regions.

Median Acute Care Days

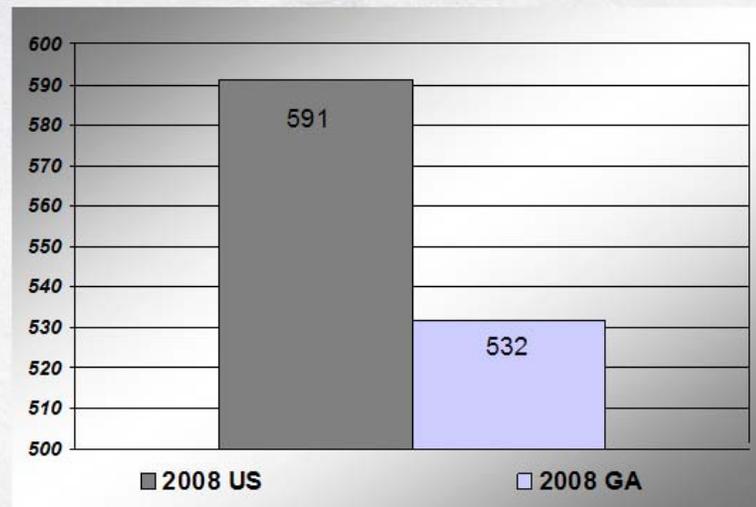


Although there are more rural residents per rural hospital in the Southeast (and Georgia), there were fewer days in the Georgia CAHs as compared to the US CAH median.

Are the Georgia rural patients bypassing the CAHs for other hospitals?

Are the Georgia rural residents not seeking health care?

Median Swing Bed Days



Medicaid reimbursement

Does Medicaid reimbursement methodologies explain profitability differences?

Medicaid reimbursement

WEST

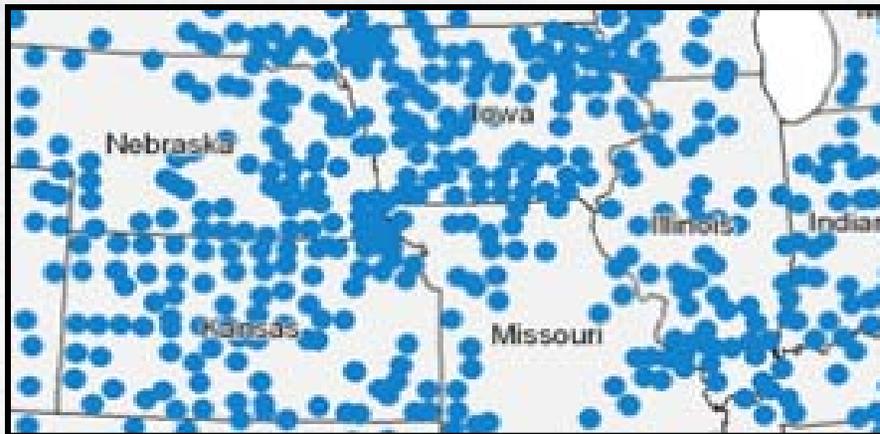


	Total Margin	MEDICAID INPATIENT	MEDICAID OUTPATIENT
Arizona	3	PPS	PPS
Colorado	7	COST	COST
Idaho	4	COST-	COST-
Nevada	19	COST	PPS
New Mexico	1	PPS	PPS
Utah	20	PPS	PPS
Wyoming	2	PPS	PPS

Source: americashealthrankings.org

Medicaid reimbursement

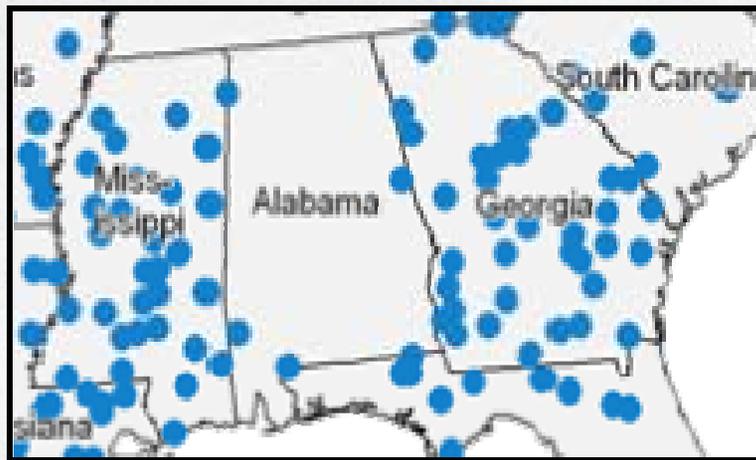
MIDWEST



	Total Margin	MEDICAID INPATIENT	MEDICAID OUTPATIENT
Illinois	14	PPS	PPS
Indiana	9	PPS	PPS
Iowa	5	COST+	COST+
Kansas	38	COST+	COST+
Missouri	8	PPS	PPS
Nebraska	6	COST	COST

Medicaid reimbursement

SOUTHEAST



	Total Margin	MEDICAID INPATIENT	MEDICAID OUTPATIENT
Alabama	42	PPS	PPS
Georgia	37	PPS	COST
Mississippi	28	PPS	PPS
South Carolina	30	COST	COST

Mississippi was ranked 42 for Total Margin in 2007

Medicaid reimbursement findings

Without an in-depth study of Medicaid plan specifics, we are not able to correlate Medicaid plans to total margin.

The demographics are out of the hospital's control.

So what is management's responsibility?





Flex
Monitoring
Team

University of Minnesota
University of North Carolina at Chapel Hill
University of Southern Maine

Takeaway for total margin

- Peer groups, state effects reduce the variation
- Hospital-specific effects are big – 60 percent of the variation can be explained by hospital factors
- In other words, although state factors may be somewhat important, improvement strategies must be hospital-centered
- *Key question: Are these hospital factors modifiable?*

We haven't discussed -

- Ownership, affiliations, alliances, collaborations
- Services offerings
- Delivery models

These are management's
responsibility!

THINK!

Think!

Think!

Think!

THINK!



Think!

Think!

Think!

Think!

Think!

PPACA* - Transforming health care delivery

- National strategy – reduce disparities across populations and geographic areas
- Quality measures – EHR, value based purchasing, readmissions, hospital acquired conditions
- New patient care models – patient centered medical homes, community health teams, collaboration, bundled payments

*Patient Protection and Affordable Care Act

PPACA grants and demonstration projects

- Emphasis on networking and collaboration
 - Community based services
 - Health homes
 - Bundled / global payments
 - **Accountable care organizations**
 - Regionalized systems
 - Primary care extension program

Implications



Shifting economic incentives will
drive behavioral changes

Join forces or stand alone?

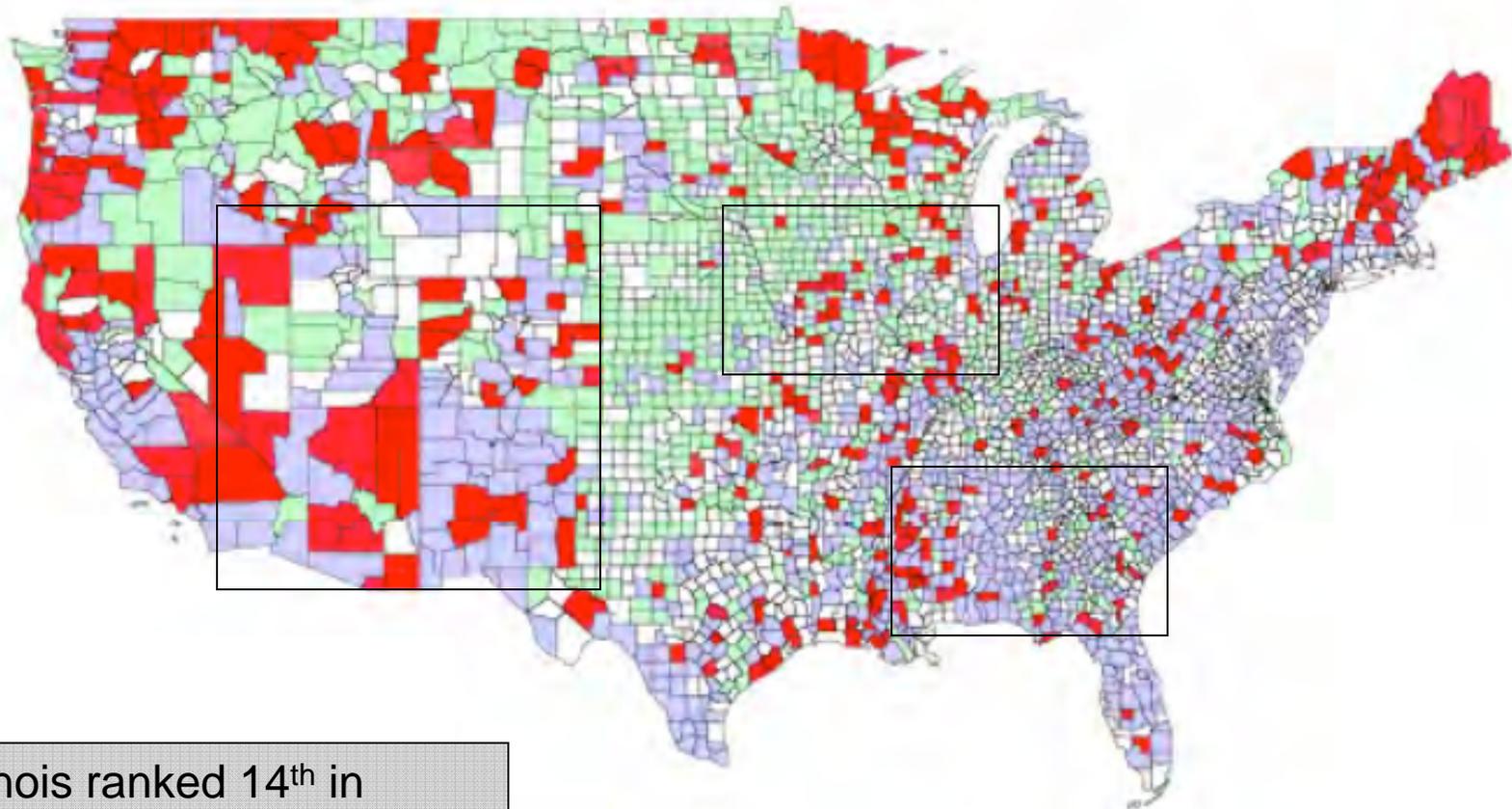
1. Communication
2. Coordination
3. Cooperation
4. Collaboration
5. Consolidation

Can you afford to compete?



- Physicians
- RHCs
- FQHCs
- EMS
- Public health
- Hospitals

FIGURE 3: Rural Counties: CAHs or FQHCs Only, CAH and FQHCs



Illinois ranked 14th in margins. The state has 210 RHCs and 570 FQHC sites.

FQHC Only	Blue	(937) – 46%
CAH Only	Green	(709) – 35%
CAH & FQHC Site	Red	(397) – 19%

Grant opportunities

Rural Health Open Opportunities

HRSA-11-085 Rural Health Network Development Planning Grant Program

[Program Details](#)

[Apply at Grants.gov by October 08](#)

HRSA-11-089 Rural Health Network Development Grant Program

[Program Details](#)

[Apply at Grants.gov by November 12](#)

& Human Services

[Frequent Questions](#) [A-Z Index](#)

[This Site](#) [All HHS Sites](#)

Email Updates Font Size Print Download Reader

News

Jobs

Grants/Funding

Families

Prevention

Diseases

Regulations

Preparedness

Releases

News Release

IMMEDIATE RELEASE
August 23, 2010

Contact: HRSA Press Office
(301) 443-3376

Secretary Sebelius announces \$32 million to support rural health priorities

Program includes funding for rural hospitals, workforce, veterans and telehealth

Secretary Kathleen Sebelius announced today more than \$32 million in FY 2010 funds to increase access to health care for Americans living in rural areas. The funds reach across seven programs administered by the Office of Rural Health Policy in HHS' Health Resources and Services Administration (HRSA).

"These funds reflect the priorities spelled out by President Obama in providing the best health care possible to rural Americans," said Sebelius. "The ultimate goal is to build healthier rural populations and communities."

"The grants will strengthen partnerships among rural health providers," said HRSA Administrator Dr. Mary Wakefield Ph.D., R.N. "Funds will be used to recruit and retain rural health care professionals and modernize the health care infrastructure in rural areas."

New Media

Contacts

The writing is on the wall.



The status quo will not work.



Change must happen!

- Proactively consider collaboration / networking
- Investigate alternative structures
- Engage the Board members
- Seek grant assistance
- Keep open minds! Learn all you can and think outside the box.

FQHC



- We are here to help you with this change!
- Take advantage of grant opportunities.
- Give us your input.



GEORGIA DEPARTMENT OF
COMMUNITY HEALTH

Thank you for your interest and participation in the CAH Fiscal Analyses!

We look forward to assisting you in the upcoming years.



SORH

GEORGIA STATE OFFICE OF RURAL HEALTH