



## The Rural Hospital Stabilization Program: A Comprehensive Report Addendum 1: Rural Hospital Stabilization Grant Program (RHSGP)

### Phase Five

*Submitted for inclusion on October 31, 2022*

### ***Where Are They Now? A Retrospective Evaluation of Outcomes for the Rural Hospital Stabilization Grant Program Phase Five***

This document is submitted as an addendum to *The Rural Hospital Stabilization Program: A Comprehensive Report* which was released by the Georgia Department of Community Health, State Office of Rural Health in December 2019.

The methodology for collecting the information reported in this addendum is located on pages 21 and 22 of the original report. To ensure standardization and consistency of information, a modified version (updated to reflect current distribution and deadline dates) of the original questionnaire (see Appendix D) was used to collect the information from Phase Five sites.

### ***Rural Hospital Stabilization Grant Program Sites: Phase Five***

<b><i>Fiscal Year Funding: 2020</i></b>	<b><i>\$3,000,000 (annual) award</i></b>
<b><i>Ten sites selected; two declined</i></b>	<b><i>\$300,000 award to each site</i></b>
	<b><i>Project Period: August 2019 – June 2021</i></b>
<b>Funded Sites</b>	<b>Funded Sites</b>
<ul style="list-style-type: none"><li>• <b><i>Candler County Hospital</i></b></li><li>• <b><i>Dodge County Hospital</i></b></li><li>• <b><i>Dorminy Medical Center</i></b></li><li>• <b><i>Jeff Davis Hospital</i></b></li></ul>	<ul style="list-style-type: none"><li>• <b><i>Jefferson Hospital</i></b></li><li>• <b><i>Stephens County Hospital</i></b></li><li>• <b><i>Wayne Memorial Hospital</i></b></li><li>• <b><i>Wills Memorial Hospital</i></b></li></ul>

### **Phase Five Addendum Executive Summary**

The recipients of funding provided through Phase Five of the Rural Hospital Stabilization Grant Program selected more “one-time purchase” projects than previous recipients. Phase Five Grantees had access to project outcomes data from the previous four phases of the program, and previous Project Managers made themselves available to provide guidance and suggestions, as well as offer reliable resources and vendors upon request.



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Initially, the Phase Five Rural Hospital Stabilization Grant was identified as a twelve-month funding cycle, beginning in September 2019 with a scheduled end-date of August 31, 2020. However, as the COVID-19 virus began to infiltrate the United States and an official pandemic was declared in March 2020, projects and plans outlined in the RHS Phase Five proposals had to be paused to allow healthcare providers, healthcare facilities, and the state of Georgia an opportunity to focus entirely on the effects of the pandemic across the spectrum. Therefore, the end-date for Phase Five Grantees was officially extended through June 30, 2021.

Specific to benefit and sustainability of grant funded projects, Grantees reported that all projects were completed by the (extended) end of the project period, and all but one project continues to perform as intended, meeting all original objectives. All Grantees reported that on-going projects were self-sustainable after termination of grant funding.

Phase Five Grantees also reported that improvements made through the RHSGP resulted in a better overall relationship with their respective communities and an increased level of confidence and utilization in the services provided.

Regarding the financial analysis, Phase Five Grantees were relatively consistent with the results for hospitals in Phases One through Four. Even with the significant changes they have encountered in the past eight years including the public health emergency of the COVID-19 pandemic in 2020 and 2021, the hospitals in Phases One through Five reflect overall relatively stable results from 2014 through 2018, more challenging results in 2019, and uncertain improvements in 2020 and 2021. None of these hospitals have closed during the period under review.

As stated in the original report, and due to many variables beyond the scope of the grant program, it would be difficult to draw the definitive conclusion that the Rural Hospital Stabilization Grant Program prevented additional hospital closures. However, specific to the intent to “stabilize” hospitals and communities with this initiative, it is reasonable to conclude that this program appears to have met its intended goal.



### Findings: Project Manager

The RHS Grant allowed Grantee Hospitals to select a Project Manager from within or hire from outside the organization. Grant funds could be used as salary support for a currently existing employee or fund a portion, or all, of a new employee's salary.

#### Questions specific to the status of the Project Manager

Question	Findings/Results
Was the Project Manager selected from staff already employed with your facility or hired from outside of your organization?	<b>100%</b> (8/8) of Project Managers were already employed by the Grantee Hospital.
Is the Project Manager still an employee of your organization? If so, in what capacity?	<b>86%</b> (7/8) of Project Managers were still employed by the hospital as of September 2022.

Specific to the Project Managers' employment status after termination of the grant, the Project Managers continued to serve in the same or similar positions they had held prior to Grant execution.

### Findings: Specific Projects Funded

Section Two of the questionnaire required that each respondent complete an "Attachment A" document (see *Appendix D*) for each individual project that had been selected by the Grantee hospital and funded through the RHS Grant. The number of projects selected by each site varied. Specific to those responses, five Grantee hospital selected two projects and three Grantee hospitals selected three projects.

For the purpose of data collection, the following information is specific to the combined number of projects for all participating Phase Five hospitals. Collectively, the projects were grouped based on similarity of design into eight separate categories.

A combined total of **19 projects** were funded through the grant during this evaluation period. The categories in which the projects were grouped are listed below:

Grouping of Projects	Number of Projects
Upgrades to Existing Equipment/Technology	4
Facility Upgrades/Renovations	4
Care Coordination Initiatives	4
Mental/Behavioral Health	3
New/Enhanced Service Lines	1
Community Education	1
Transportation Assistance	1
Patient Satisfaction/Quality Improvement	1



The eight categories of projects are detailed below:

**1. *Upgrades to Existing Equipment/Technology***

As one of the three most commonly selected projects, funding was used for necessary upgrades to equipment and technology to improve and enhance existing services lines. Aging equipment and outdated technology had resulted in a perceived loss of market share/revenue and contributed to the lack of confidence in the hospital as expressed by local residents. Upgraded and updated equipment improves efficiency and quality of care, and allows services provided at a local hospital to compare to those provided in larger, urban markets. Candler County Hospital, Dodge County Hospital, Wayne Memorial Hospital and Wills Memorial hospital selected projects within this category.

**2. *Facility Upgrades/Renovations***

As another one of the three most commonly selected projects, funding was used to renovate and/or upgrade existing areas of the hospital campus to include the emergency departments, behavioral health seclusion rooms, and primary care clinics. Renovation goals included improving patient, staff, and visitor safety; improved patient management and through-put; increased privacy and HIPAA compliance; and improving the general appearance and public perception. Candler County Hospital, Dorminy Medical Center, Jeff Davis Hospital, and Jefferson Hospital selected projects within this category.

**3. *Care Coordination Initiatives***

To address avoidable readmissions and inappropriate utilization of emergency departments, the third of the three most commonly selected projects were care coordination initiatives implemented by four of the eight Grantees. Dorminy Medical Center and Stephens County Hospital used funds to support Community Paramedicine programs which assisted patients with improved self-management of health care needs through scheduled home visits. Dodge County Hospital used funds to provide a full-time nurse navigator to connect patients with primary care providers and coordinate follow up appointments upon emergency department discharge. Wayne Memorial Hospital used funds to partner with Diversity Health Center to coordinate behavioral health consults and follow up appointments by way of referrals from the emergency department.



**4. *Mental/Behavioral Health***

Jefferson Hospital, Stephens County, Hospital, and Wayne Memorial Hospital chose to use funding to support behavioral health initiatives. While some portions of these funds were used to offset construction and upgrade expenses, the primary focus of these projects included contracting with behavioral health services to evaluate patients, determine in-patient or out-patient treatment needs, and assist with transportation to in-patient facilities.

**5. *New/Enhanced Service Lines***

To address inappropriate utilization of the emergency department, Wills Memorial Hospital identified the need to extend current clinic hours of operation into the evenings and on Saturdays. Funding was used for physician recruitment and as a signing bonus to incentivize interested physicians to commit to the community. An additional role of the recruited physician is to assist in re-routing non-urgent patients to the Wills Memorial Hospital clinics for appropriate care in the appropriate setting.

**6. *Community Education***

Candler County Hospital dedicated a portion of funding to develop an aggressive, multimedia campaign to educate the community regarding appropriate use of the emergency department and promote “after-hours” options for care at the Rural Health Clinic. Funds were also used to conduct community surveys and collect data as well as coordinate community health fairs and outreach programs.

**7. *Transportation Assistance***

To address missed appointments for intensive outpatient therapy, Jeff Davis Hospital dedicated a portion of funding to create a hospital-managed transportation service. This service provides the safe and timely arrival of patients to their appointments, as well as transportation of patients the in-patient therapy unit if needed. Funding was used to offset expenses related to the lease a 14-passenger bus, which is also equipped to accommodate 2 wheelchairs. Vehicle operators are employees of Jeff Davis Hospital.

**8. *Patient Satisfaction/Quality Improvement***

Stephens County Hospital used funding to address quality improvement initiatives, with specific focus on collecting patient satisfaction information in both the in-patient and emergency department setting.



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The questionnaire also included questions specific to the benefit and sustainability of the projects.

### ***Project Specific Details***

Question	Findings/Results
Is this project still on-going?	<b>94.7% (18/19)</b> of original projects were completed during the funding period and the services provided by the projects are on-going.
Was/Is this project financially sustainable after termination of the grant?	<b>94.7% (18/19)</b> of original projects were considered financially sustainable post-grant
Would your hospital have selected/funded this project if the RHSGP had not been available?	<b>53% (10/19)</b> of the projects may have been done at some (later) point.
Did this project lead to relationship development with other partners and subsequent additional projects?	<b>68% (13/19)</b> of the projects led to project-specific new relationships

As indicated above, funding from the RHS Grant allowed fifty-three percent of Grantees an opportunity to implement programs which had been identified for future efforts, as well as allowing forty-seven percent of Grantees the opportunity to explore new ideas and initiatives.

With hospital Grantees reporting that ninety-five percent of the projects were still on-going and all but one were financially sustainable post-grant, it is evident that communities have benefited from the effort to design programs to address specific community needs.

### **Overall Impression and Benefit of the Rural Hospital Stabilization Grant Program**

Section three of the questionnaire was designed to collect information specific to the RHS Grant Program as a whole and determine which projects had the most and least impact.

Specific to the overall benefit of the program, the following questions were asked:

Question	Findings/Results
Based on your experience with the RHSGP, do you feel this program met its intended objective to ensure patients receive the “right care at the right time in the right setting”?	<b>100% (8/8)</b> of recipients felt the RHSG Program did meet the objectives.



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Did your facility seek other grants/funding sources to expand or sustain any work begun through the RHSGP?	<b>50% (4/8)</b> of recipients did choose to seek additional funding to continue or strengthen projects begun with RHSGP funds.
Based on your experience with the RHSGP, if given the opportunity to start your project over, would you have made the same decisions, choices, done anything differently, etc.?	<p><b>12.5% (1/8)</b> of recipients would have made different decisions or choices about some aspect of their projects or selected an entirely different project all together.</p> <p><b>87.5% (7/8)</b> of recipients would have made no changes at all to decisions or projects.</p>

Hospital Grantees who indicated they would have made different decisions or choices about projects explained their positions in a commentary format.

Seven Grantee hospitals were completely satisfied with the projects selected, and felt the choices were appropriate to meet community needs.

The remaining Grantee hospital indicated projects had primarily focused on reducing costs but would have been better positioned for long term stability if revenue generating projects had been selected, instead.

Specific to the overall impact of the program, two questions were asked:

***Question #1. "Overall, what do you feel was the most beneficial or impactful component of your projects? Please explain."***

While there were projects common to all Grantees, each of the eight Grantees responded differently to this question. Responses to this question are summarized below:

Grantee	ID Most Impactful
Candler County Hospital	The phase 5 funding allowed CCH to execute a strategy whereby every department in the right time right setting model benefited instead of focusing on just one aspect. Success works best when broad and inclusive. RHSGP funding has allowed everyone at CCH to be successful, including the patient.
Dodge County Hospital	Upgrades to EMR system and renovation to ER.
Dorminy Medical Center	The most impactful and beneficial component is now having the ability to take healthcare and access to healthcare resources directly to the most vulnerable residents in our community.





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Jeff Davis Hospital	100% of our Intensive Outpatient Therapy patients now have comfortable, reliable transportation to their appointment. We have not had any patients miss their appointment related to transportation. The bus is also utilized by our hospital as needed for patients who may need transportation.
Jefferson Hospital	Being able to offer additional services to Jefferson and surrounding counties has been most impactful.
Stephens County Hospital	The impact to patient care, particularly those whose social needs were not being addressed previous to the grant.
Wayne Memorial Hospital	The most beneficial component of our projects were the equipment updates at WMH and our investment in the Wayne Diversity Health Clinic. The new ICU beds and Sonosite machines positively impacted patient care on a daily basis at Wayne Memorial—particularly as we battled COVID-19. The addition of the Diversity Health Clinic provided an accessible, affordable alternative to the emergency department for primary care and behavioral health services for Wayne Countians.
Wills Memorial Hospital	I believe that having the financial support to upgrade the ER and hire an additional primary care doctor will help to sustain the hospital. It is doubtful that WMH could accomplish either of these tasks without the additional funding provided by this grant. The addition of Dr. Lee Dinning will help to ensure our sustainability over the next few years. We are incredibly grateful to the SORH and the state of Georgia for recognizing the importance of rural health and supporting rural hospitals in this way.

**Question #2: “Overall, what do you feel was the least beneficial or impactful component of your projects? Please explain.”**

Responses to this question are summarized below:

Grantee	ID Least Impactful
Candler County Hospital	Community Surveys and public response meetings. Particularly during the COVID-19 early months. I found more effective information gathering techniques to be speaking engagements with civic clubs and small group gatherings. Digital media still seems less impactful in a small rural community when compared to word of mouth although a digital marketing campaign is still a goal for CCH.
Dodge County Hospital	Spring Creek Health Care.
Dorminy Medical Center	We are still unable to fully address the needs of the small percentage of those residents who simply will not comply nor participate, usually even when it's against their own best interests.





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Jeff Davis Hospital	The renovation of Jeff Davis Family Medical Group is currently the least impactful component of the project. We will continue to work on increasing our average monthly visits.
Jefferson Hospital	N/A
Stephens County Hospital	While using funds for HCAHPS could have been helpful, the hospital during this timeframe did not have a large focus on effectively discussing patient satisfaction and taking action to affect change in satisfaction.
Wayne Memorial Hospital	While I would say that all components of our projects were beneficial, the least impactful was the purchase of the shatter resistant mirrors for the emergency department. It was something that was needed in our facility, but was less impactful just in comparison to other aspects of the projects.
Wills Memorial Hospital	Honestly, there is no aspect of this project that was not beneficial.

### Findings: Other

Respondents were also asked,

***“Based on your experience with the RHSGP, what suggestions or advice would you offer to a new RHS Grant recipient?”***

Responses to this question are quoted below:

Grantee	Quoted Response
Candler County Hospital	Make sure as many people across every aspect of the Hospital as possible are involved in the decision making early in the process. And, always be prepared for the unexpected and remain flexible.
Dodge County Hospital	Be prepared for the unexpected as I learned when my journey began and COVID hit and the world stopped. Don't be afraid to ask questions take lots of notes. Don't be afraid to reach out to the other grant recipients for help. We are all walking the same path. Submit your required reports before the deadline so if you have to make changes you will not be late. MAKE NITA AND COLE YOUR NEW BFF'S!
Dorminy Medical Center	Don't try to recreate the wheel. Utilize the experience (successes and failures) of those who came before you and build your program utilizing that knowledge.
Jeff Davis Hospital	Welcome ideas from the community!! The community engagement was great for our hospital!!
Jefferson Hospital	Organization of all documentation and detailed progression of each project will make reporting a breeze. Jefferson Hospital is sincerely grateful for the opportunity to participate.



Stephens County Hospital	Ensure that your project is supported by data and that the data of the project is continuously monitored.
Wayne Memorial Hospital	First, invest heavily in the community engagement aspect of the RHSGP project development process and be open-minded in considering who your key stakeholders may include. By involving a variety of organizations, a broader picture of community needs can be identified and offers an opportunity to develop creative solutions. The relationships built during this phase of the process can be instrumental to the success of your project. Second, while it is absolutely beneficial to obtain that broad view of the community's needs, when faced with the health needs of an entire community, it can be overwhelming to know where to begin when deciding with which specific projects to proceed. When choosing a project, make sure the scope is detailed and clear in order to make the biggest impact and obtain the most value.
Wills Memorial Hospital	Make the effort to connect with SORH representatives and other participating hospitals. It is invaluable to have others who are in your position to support and work with as a team.

### **Detailed Analysis**

#### **Findings: Financial Analysis**

##### **Methodology**

Financial, operational, and statistical data was gathered from all of the hospitals in phases one through five. This data was obtained from audited financial statements, cost reports, and other sources provided by the hospitals. The individual hospital data was summarized to calculate and present financial ratios, indicators, and other information.

The most recent eight years of available data is presented with reporting to the closest corresponding fiscal year. All hospital data was presented without consideration for the various start dates of the four phases. For reference, start dates and number of hospitals for the various phases are as follows:

- Phase One – July 2015 – four hospitals
- Phase Two – September 2016 – three hospitals
- Phase Three – October 2017 – eleven hospitals
- Phase Four – July 2018 – four hospitals
- Phase Five – August 2019 – eight hospitals

The most recent fiscal year data was utilized if any of the years were incomplete for an individual hospital. For example, if *Hospital X's* 2021 audited financial statements were not



completed, then *Hospital X's* 2020 audited financial statements would be used for 2021 without any adjustments.

Certain individual hospital data elements were excluded if the data element was not consistently prepared. This reflects the practice where some hospitals are reported as departments and do not prepare individual stand-alone balance sheets separate from the overall multi-hospital system consolidated balance sheets. Certain data elements from two individual hospitals were excluded as a result.

Comparative ratios are presented where applicable and are from the 2022 Almanac of Hospital Financial and Operating Indicators (the Almanac) published by Optum360. The ratios reflected in this report primarily reflect 2019 data from Medicare Cost Report filings as published in the Almanac. Almanac ratios for specific categories include:

- Georgia – average of all Georgia hospitals
- National Rural – average of rural hospitals with revenues less than \$90 million

As applicable, each ratio presented will include several key pieces of information:

- Ratio Type
- Desired Trend
- Definition
- Formula

### *Overall Summary Findings*

Over the past eight years, the hospitals in these first five phases have faced a variety of factors including changing or declining demographics, varying patient preferences, shifts in service patterns from inpatient to outpatient, introduction of new reimbursement mechanisms and models, increasing salary and other costs, and adjusting regulatory or policy impacts. In addition, the hospitals confronted the public health emergency of the COVID-19 pandemic which significantly impacted their operations and financial health and brought additional challenges with staffing constraints, rising labor costs, and supply chain issues.

The hospitals are working to address these challenges and adapt to this changing healthcare environment. Hospitals are compelled to grow revenue to offset increasing expenses, develop new service lines, reduce costs, and implement other operational and financial actions to keep the hospitals' doors open and continue to serve the community.



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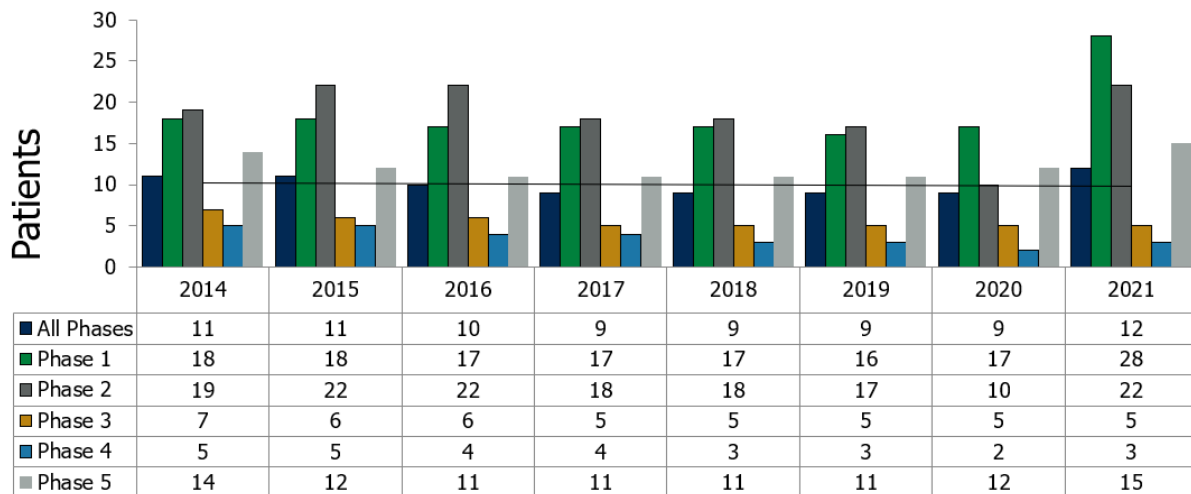
Overall, when considering the significant changes to the healthcare industry that have occurred in the past eight years, the hospitals in Phases One through Five reflect relatively stable results from 2014 through 2018 and more challenging results from 2019 through 2021. None of these hospitals have closed during the period under review. These hospitals will continue to be evaluated on an annual basis, and future reports will incorporate the results of Phase Six hospitals.

### Detailed Analysis

#### Average Daily Census

- Ratio Type - Volume
- Desired Trend - Increasing
- Definition – Measures the average number of adult and pediatric inpatient days over a fiscal year. Excludes swing bed and nursery days.
- Formula – Total Adults and Pediatrics Inpatient Days / 365

## Average Daily Census



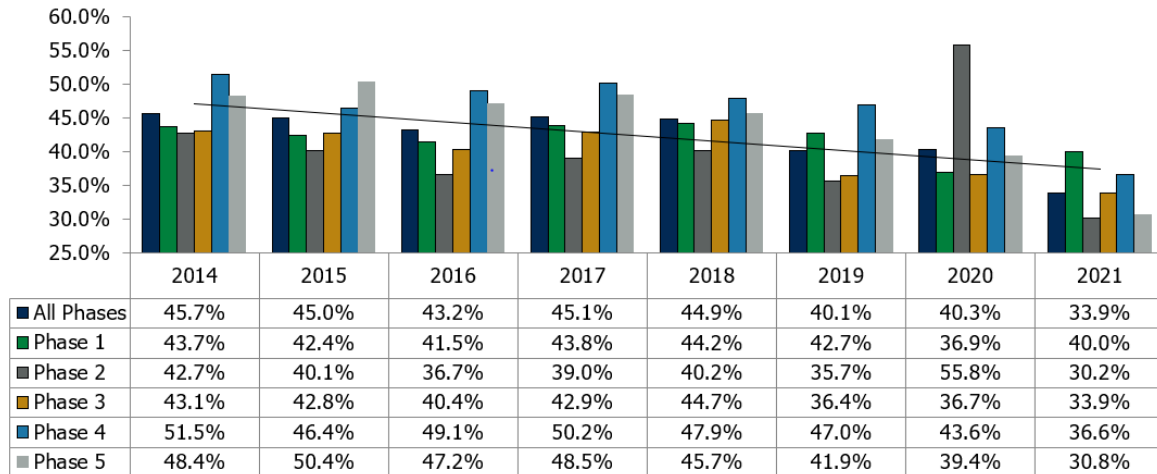
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As reflected in the data, the number of patients reported as inpatient is not a large number for all phases or the individual phases on average for the year. These numbers will fluctuate based on surgical cases, flu season, or other reasons, and the hospital will have to adjust its staffing, medical supplies, and other items to meet the varying demand for services. The trend for these eight years reflects an overall decrease in average daily census from 2014 to 2019 with increases in 2020 and 2021 due to the COVID-19 pandemic.



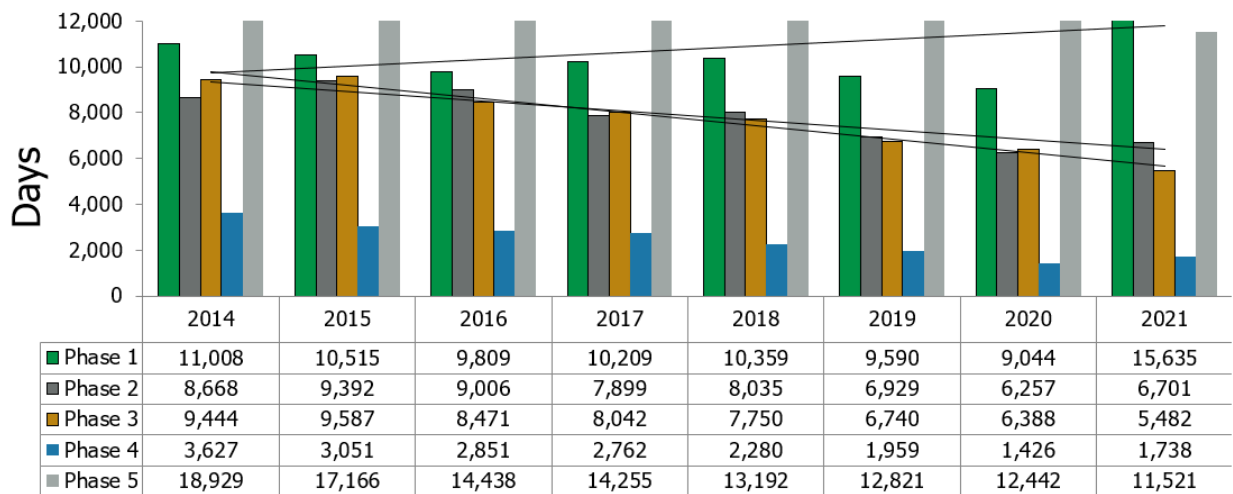
**Patient Mix – Inpatient Days – Payer Percentage and Days**

## Patient Mix – I/P Days – Medicare %



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## Patient Mix – I/P Days – Medicare Days



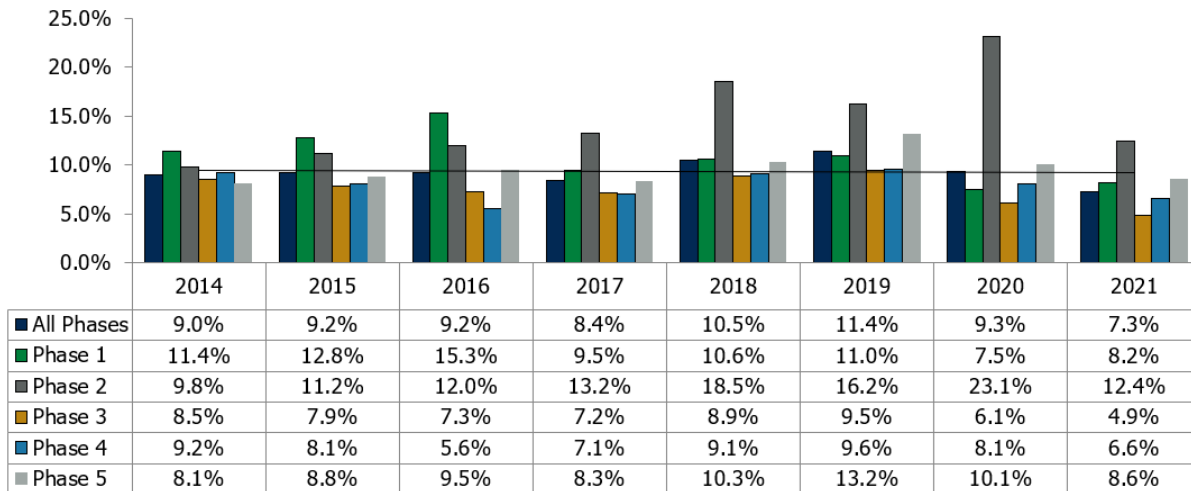
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For “traditional” Medicare, the inpatient days mix for all phases is decreasing from 46% to 34%. The actual patient days generally declined for all phases for the past eight years except for Phase One patient days in 2021. Medicare does not include Medicare Advantage plans.



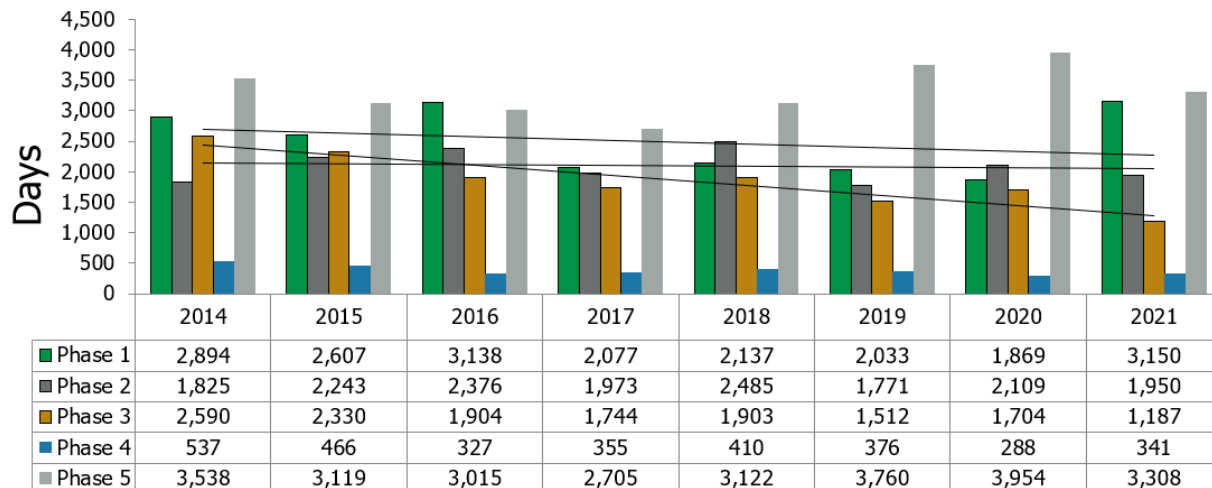
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### Patient Mix – I/P Days – Medicaid %



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### Patient Mix – I/P Days – Medicaid Days

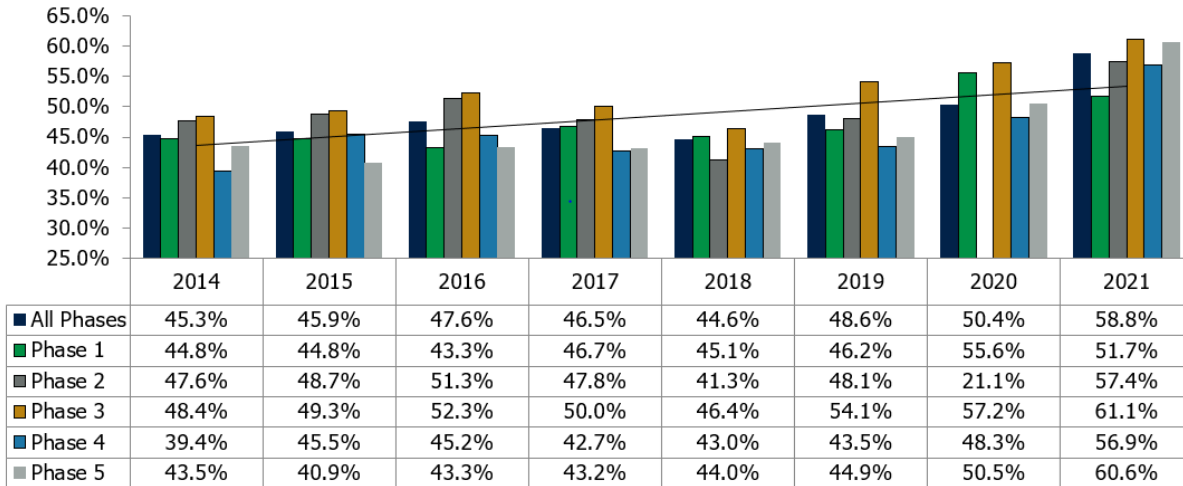


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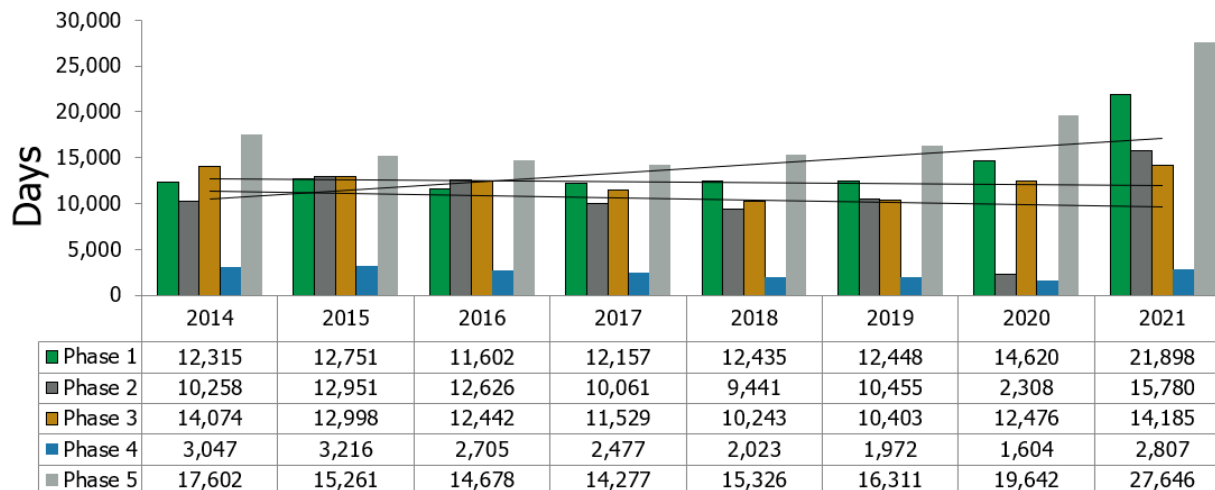
For “traditional” Medicaid, the overall inpatient days mix is increasing from 9% to 11% through 2019 with declines to 9% in 2020 and to 7% in 2021. Actual Medicaid patient days had mixed results across all phases and for all years. Medicaid does not include Medicaid Managed Care plans.



## Patient Mix – I/P Days – Other %



## Patient Mix – I/P Days – Other Days



Inpatient mix for other payers is increasing from 45% in 2014 to 49% in 2019 with increases to 50% in 2020 and 59% in 2021. Actual patient days for other payers stayed relatively the same from 2014 through 2019 with mixed increases and declines in 2020 and 2021. Medicare and Medicaid Advantage and Managed Care plans are included in this “Other” category.

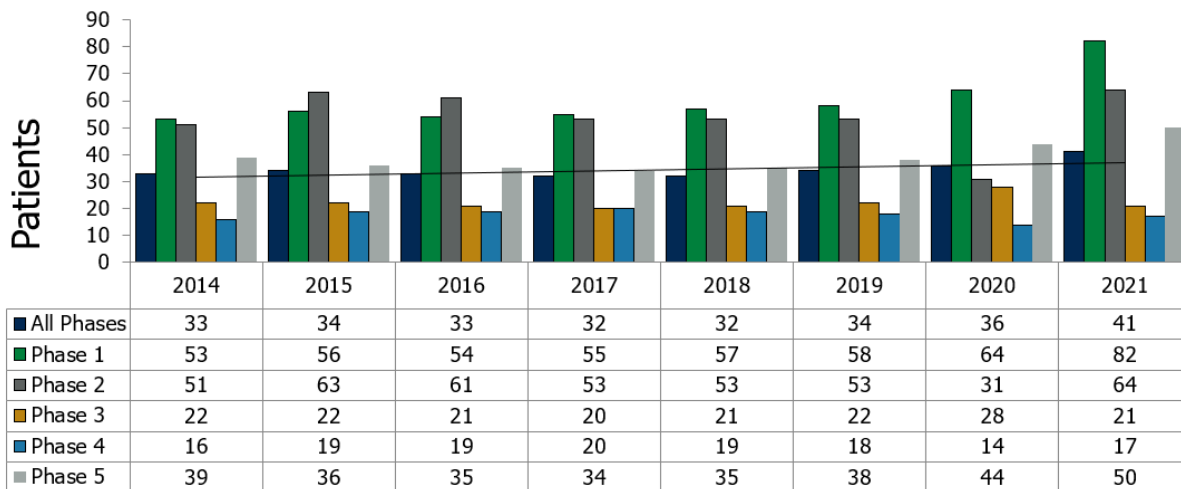




### Average Daily Census – Adjusted for Outpatient Equivalency

- Ratio Type - Volume
- Desired Trend - Increasing
- Definition – Measures the average number of adjusted patient days over a fiscal year. Numerator consists of inpatient adult and pediatric days plus outpatient equivalent days. Unit measure of volume incorporating outpatient services.
- Formula
  - $\text{Outpatient Equivalent Days} = \text{Outpatient Revenue} / \text{Average Inpatient Revenue per Day}$
  - $\text{Adjusted Patient Days} = \text{Inpatient Days} + \text{Outpatient Equivalent Days}$
  - $\text{Total Adults and Pediatrics Inpatient Days} / 365$

### Average Daily Census – Adjusted for O/P Equivalency



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This ratio converts outpatient services to incorporate into an adjusted average daily census. It helps to better reflect the volume, work effort, and activities of the hospital. As noted earlier in the report, average daily census was an overall average of 8 to 10 patients. Including outpatient activity, average daily census for all phases is now averaging 32 to 36 patients through 2020 and a high of 41 for 2021. Approximately 75% of the hospital activity in 2019 was attributable to outpatient services compared to approximately 70% in 2021.

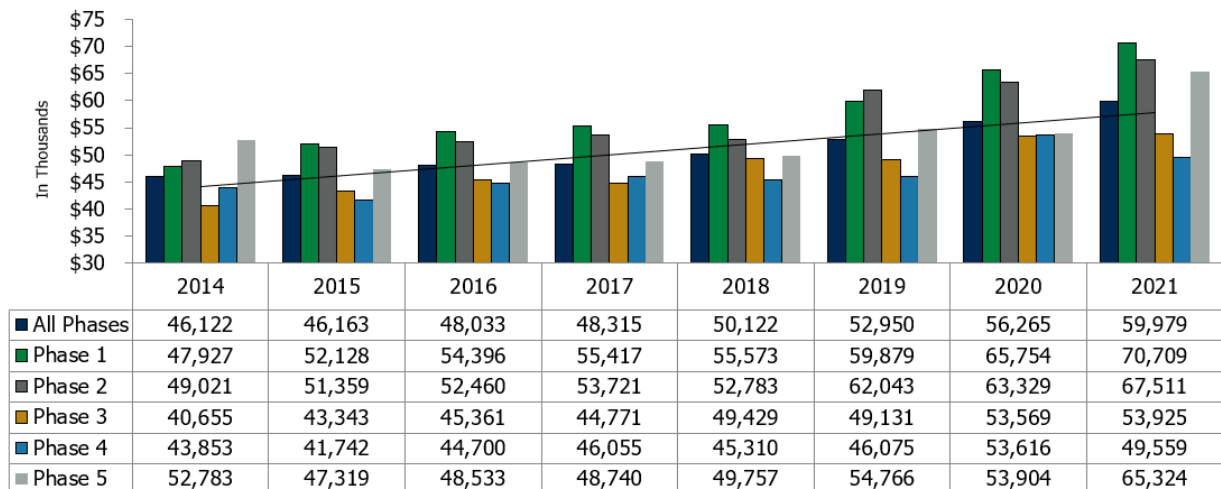


### Salary per Full Time Equivalent

- Ratio Type – Unit Cost of Inputs
- Desired Trend - Depends
- Definition – Measures the average salary per full time equivalent (FTE). Full time equivalent determined by dividing total fiscal year paid hours by 2,080 hours (40 hours times 52 weeks). Salaries are typically the largest resource item used in the provision of healthcare services.
- Formula – Total Salary Expense / FTEs

## Salary per FTE

Georgia - \$69,364  
Nat'l Rural - \$60,751



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Salary per FTE helps to analyze the cost of the employed labor providing the services at the hospital. This cost does not include benefits, recruitment and retention costs, and external contractors. There is an overall 15% increase from 2014 to 2019 or an average salary increase of approximately 3% per year. There is an overall 6% increase from 2019 to 2020 and 7% increase from 2020 to 2021.

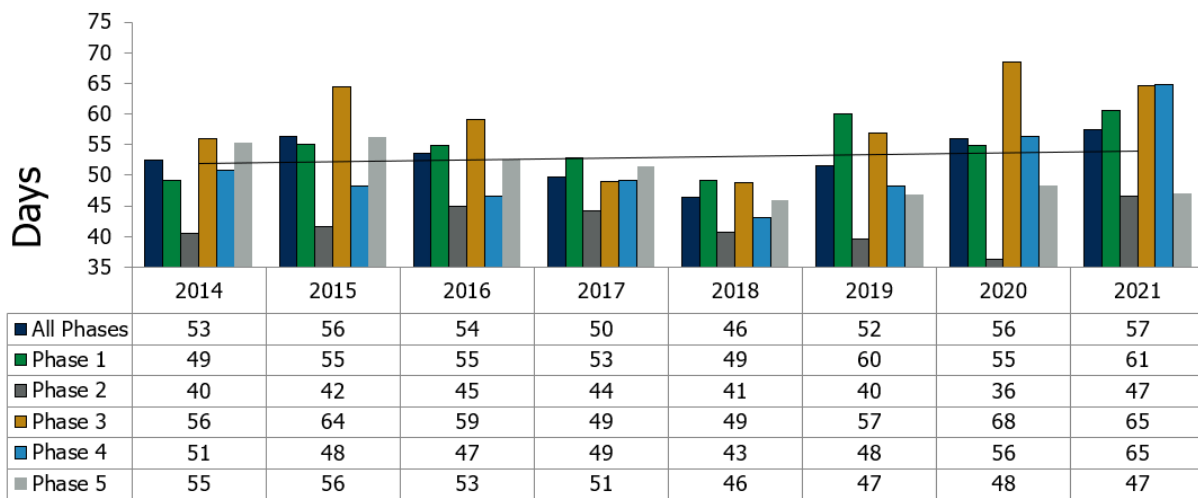


### Net Days in Net Patient Accounts Receivable

- Ratio Type – Liquidity
- Desired Trend - Decreasing
- Definition – Measures the average time that receivables are outstanding, or the average collection period. High values imply longer collection period and thus a need for the hospital to finance its investment in accounts receivable.
- Formula – Net Patient Accounts Receivable / (Net Patient Service Revenue / 365)

## Net Days in Net Patient Accounts Receivable

Georgia – 60  
Nat'l Rural – 73



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On an overall basis, net days in net patient accounts receivable increased 4 days during the eight year period. The data indicates it takes an average of 57 days for hospitals to receive payment for services for the most recent year.

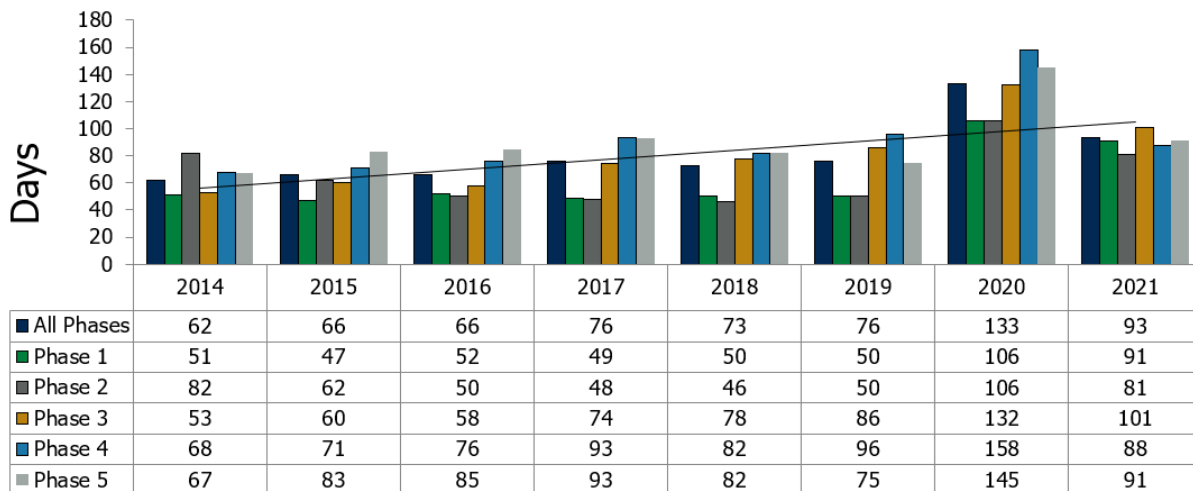


### Average Payment Period

- Ratio Type – Liquidity
- Desired Trend - Decreasing
- Definition – Measures the average time that elapses before current liabilities are paid. The denominator is an estimate of the hospital's average daily cash expenses minus depreciation. Creditors regard high values for this ratio as an indication of potential liquidity problems.
- Formula –  $\text{Current Liabilities} / [(\text{Total Expenses} - \text{Depreciation}) / 365]$

## Average Payment Period

Georgia – 76  
Nat'l Rural – 105



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Average payment period is a liquidity measure which shows the average time it takes the hospital to pay its vendors. The trend for this ratio should be decreasing; however, the data reflects the ratio at an average of 76 days in 2019 (23% increase) and 93 days in 2021 (50% increase) compared to 2014. In 2021, the individual phases range from a low of 81 days for Phase Two to a high of 101 days for Phase Three with the remaining phases falling between these amounts.

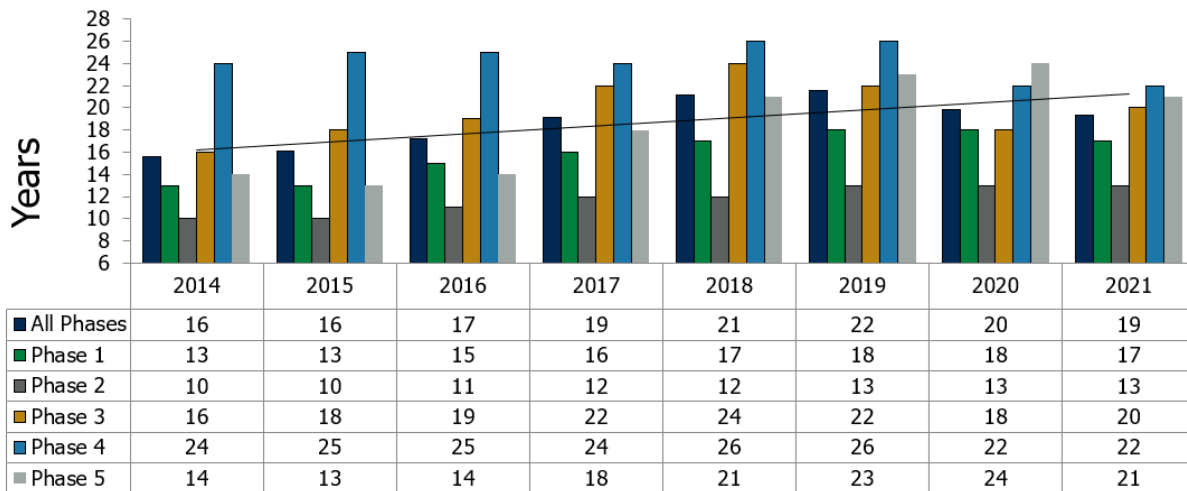


### Average Age of Plant

- Ratio Type – Asset Efficiency
- Desired Trend - Decreasing
- Definition – Measures the average age of the hospital's fixed assets in years. Lower values indicate a newer fixed asset base and thus less need for near term replacement.
- Formula – Accumulated Depreciation / Depreciation Expense

## Average Age of Plant

Georgia – 15  
Nat'l Rural – 16



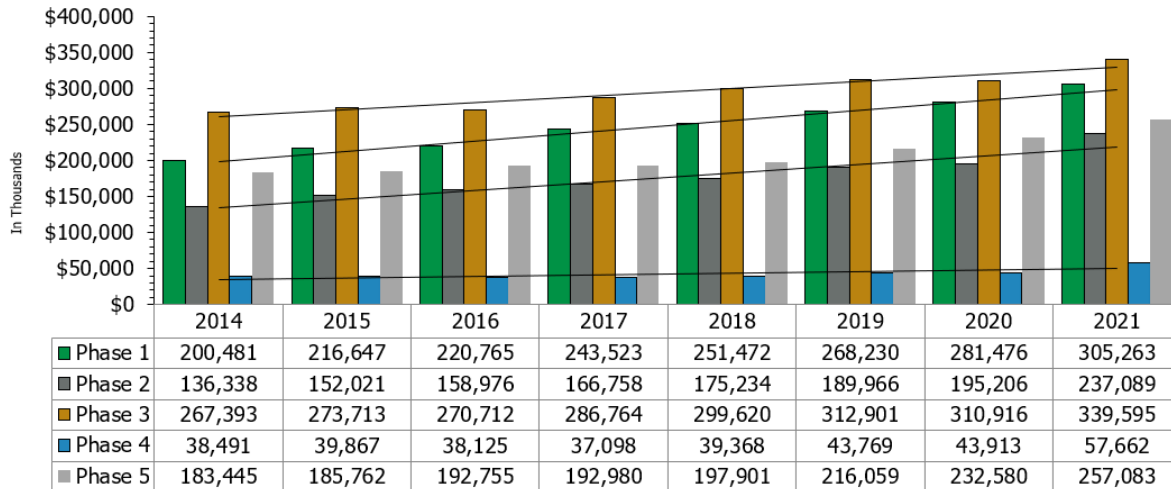
Draffin Tucker

Average age of plant is an indicator for how old the equipment, building, and other fixed assets of the hospital are and shows the potential need for replacement or updating. From 2014 to 2019, there was an overall aging of fixed assets from 16 to 22 which is an increase of 6 years or 38% increase in the average age of plant. Average age of plant reduced 14% to 19 years in 2021 with declines in all phases except Phase 2.



**Total Operating Revenues**

## Total Operating Revenues



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Total operating revenues includes revenue from patient services and reflects the gross charges of the hospital adjusted down to the amounts actually expected to be collected from payers and patients. All individual phases have increases during this eight year time period from 2014 to 2021 as follows: Phase One - 52%, Phase Two - 74%, Phase Three - 27%, Phase Four - 50%, and Phase 5 - 40%.

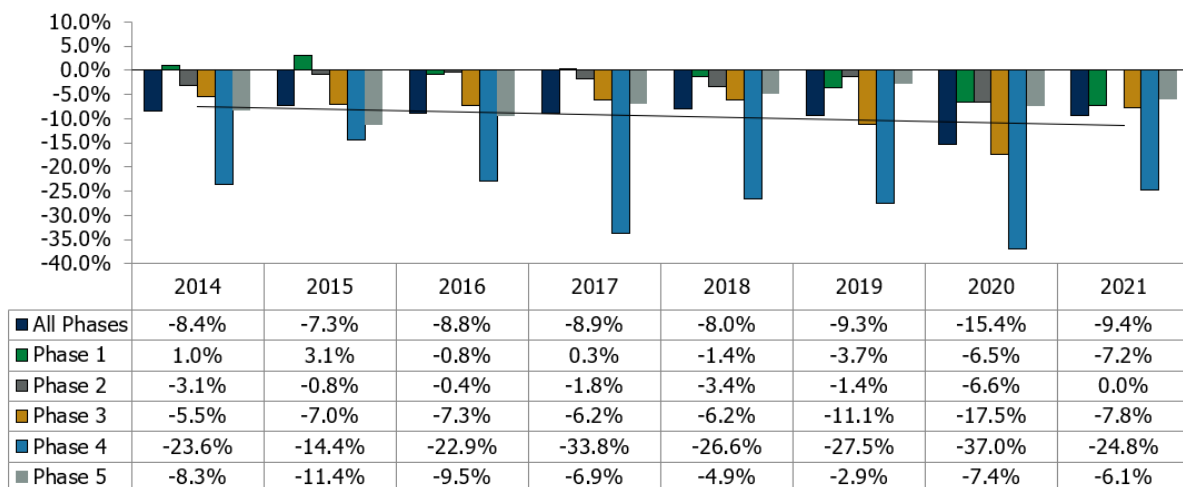


### Operating Margin

- Ratio Type – Profitability
- Desired Trend - Increasing
- Definition – Reflects the proportion of operating revenue retained as income and is a measure of a hospital’s profitability from the provision of patient care services and other hospital operations.
- Formula – (Operating Revenue – Total Expenses) / Operating Revenue

## Operating Margin

Georgia – Positive 10.4%  
Nat'l Rural – Positive 9.3%



Draffin Tucker

Operating margin is a profitability measure focused on the provided hospital services and generally does not include investment income, donations, nonoperating amounts, or unusual adjustments. Overall operating margin for all phases reflected a loss of 8.4% in 2014 compared to a loss of 9.4% in 2021 with mixed results by individual phases.



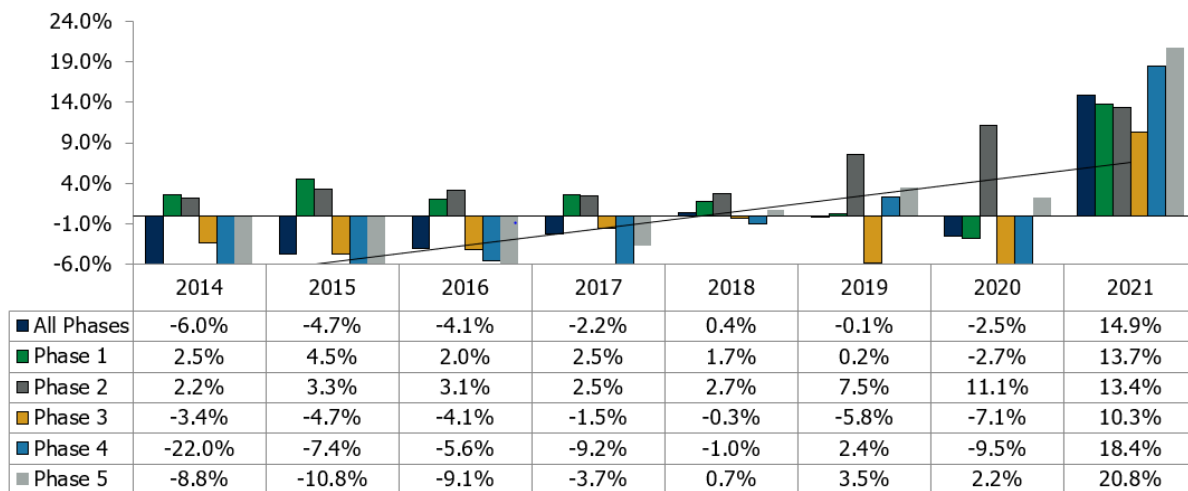


### Total Margin

- Ratio Type – Profitability
- Desired Trend - Increasing
- Definition – Defines the percentage of total revenue that has been realized in the form of net income or excess revenues over expenses. Used by many as a primary measure of hospital profitability.
- Formula –  $\text{Excess of Revenues (Expenses) / Total Revenue}$

## Total Margin

Georgia – Positive 13%  
Nat'l Rural – Positive 11%



Draffin Tucker

Total margin includes all revenue and expenses, including donations and investment income. Overall results for all phases went from -6.0% (negative margin) in 2014 to -0.1% (negative margin) in 2019 and -2.5% (negative margin) in 2020. An overall positive margin was reflected for all phases in 2021 reflecting the recording of federal, state, and other assistance (i.e., Provider Relief Fund, Paycheck Protection Program loan forgiveness, and other grant funds.)

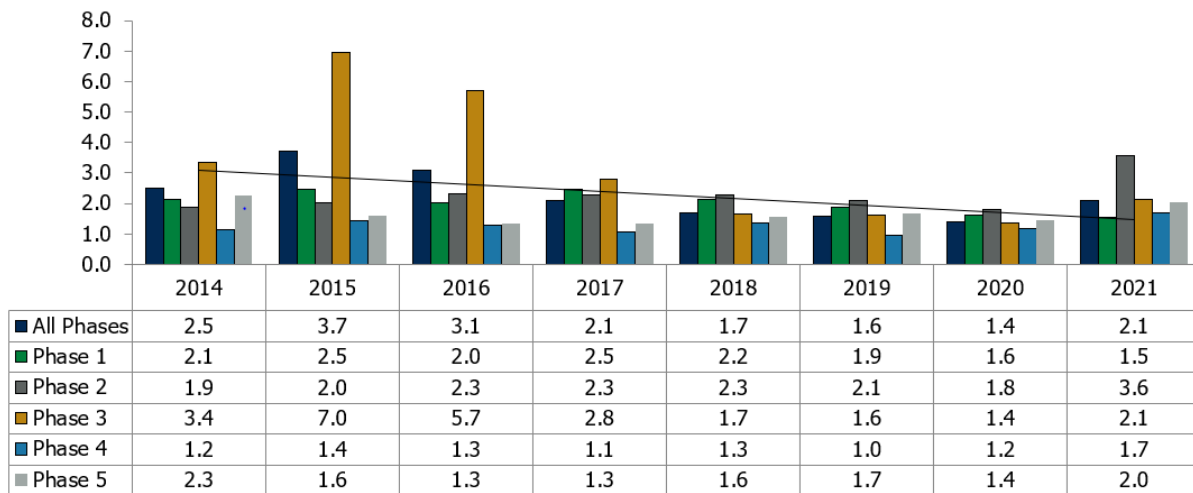


### Current Ratio

- Ratio Type – Liquidity
- Desired Trend - Increasing
- Definition – Measures the number of dollars held in current assets per dollar of current liabilities. Most widely used measure of liquidity. High values imply a good ability to pay short term obligations and thus a low probability of technical insolvency.
- Formula – Current Assets / Current Liabilities

## Current Ratio

Georgia – 2.0  
Nat'l Rural – 2.0



Draffin Tucker

Current ratio reflects liquidity of the hospital with two times current assets over current liabilities. From 2014 to 2021, Phases One and Five remained around 2, and Phase Four hovered around 1. Phase Two also stayed near 2 except for an increase to 3.6 in 2021. Phase Three went from a high of 7.0 in 2015 then gradually declined to 2.1 in 2021.

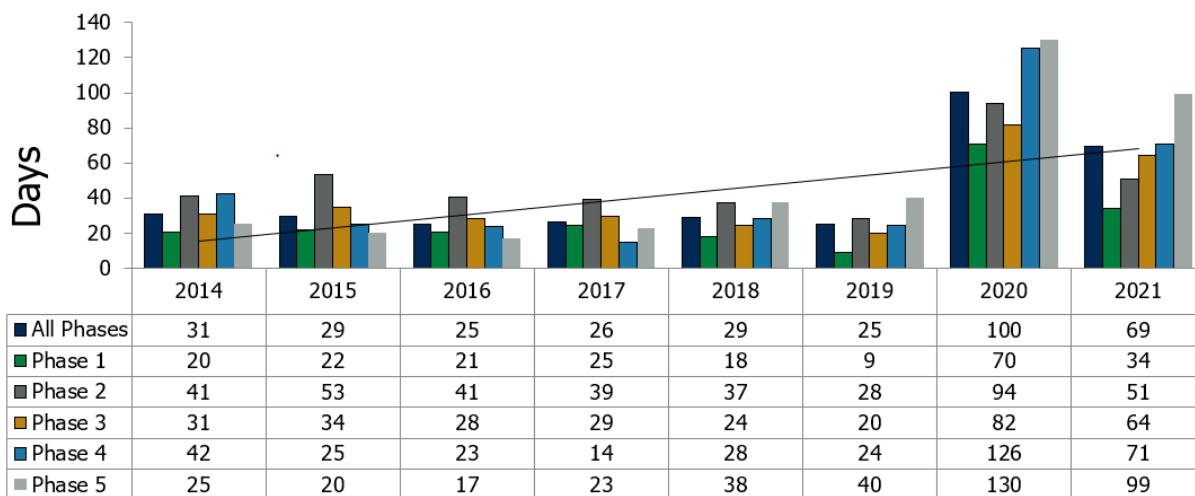


### Days Cash on Hand – Short-Term Sources

- Ratio Type – Liquidity
- Desired Trend - Increasing
- Definition – Measures the number of days of average cash expenses that the hospital maintains in cash and marketable securities which are classified as current assets. The denominator measures the average daily cash expenses less depreciation. High values usually imply a greater ability to meet short-term obligations and are viewed favorably by creditors.
- Formula –  $(\text{Cash} + \text{Short-Term Investments}) / [(\text{Total Expenses} - \text{Depreciation}) / 365]$

### Days Cash on Hand – Short-Term Sources

Georgia – 57  
Nat'l Rural –106



Draffin Tucker

Days cash on hand from short-term sources show declines over the time period with 31 in 2014 to 25 in 2019, a 37% decrease in liquidity. In 2020 and 2021, days cash on hand from short-term sources increased to 100 days in 2020 and 69 days in 2021. Phases One through Four all showed declines in this ratio through 2019 and subsequent improvements in 2020 and 2021. Phase Five generally showed improvements in this ratio from 2014 through 2021.

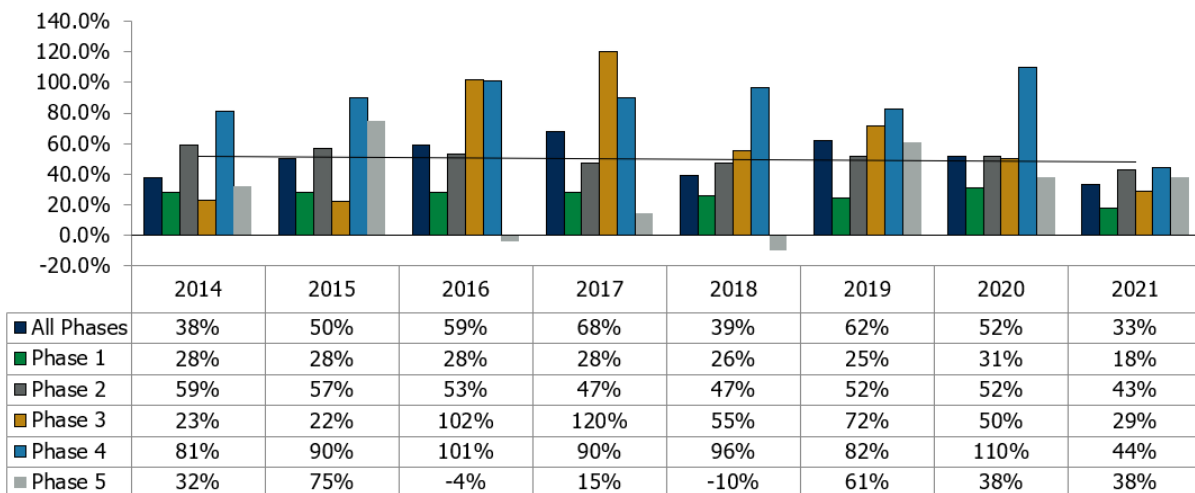


### Long-Term Debt to Capitalization

- Ratio Type – Capital Structure
- Desired Trend - Decreasing
- Definition – Measures the relative importance of long-term debt in the hospital's permanent capital structure. Net assets and long-term liabilities are often referred to as permanent capital since they will not be repaid within one year. Hospitals with high values have relied extensively on debt as opposed to equity to finance their assets and are said to be leveraged. Meaning risk may be viewed unfavorably by many creditors.
- Formula –  $\text{Long-Term Debt} / (\text{Long-Term Debt} + \text{Net Assets})$

## Long-Term Debt to Capitalization

Georgia – 37%  
Nat'l Rural – 19%



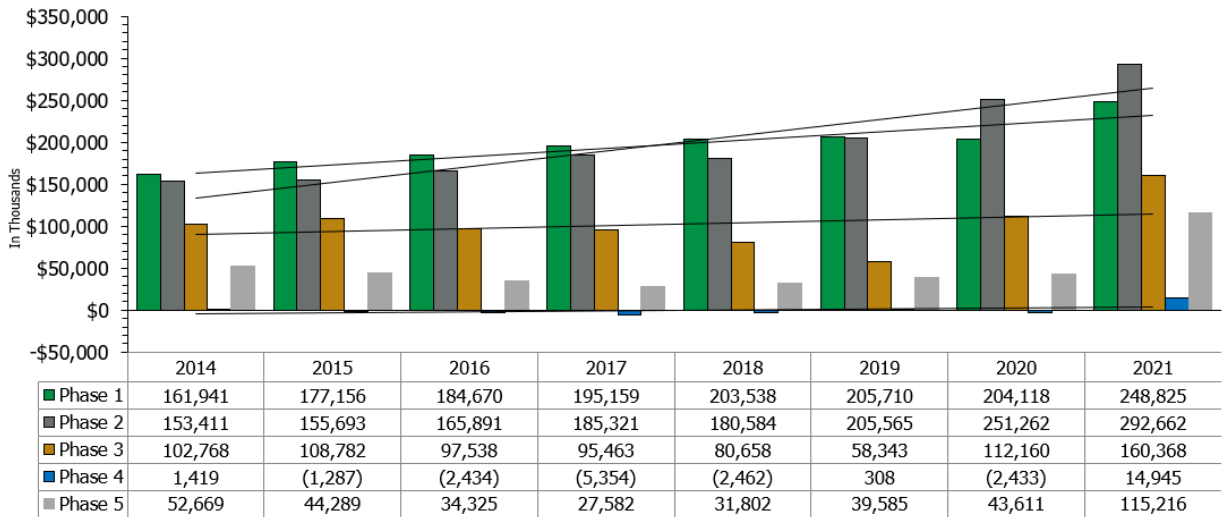
Draffin Tucker

Long-term debt to capitalization reflects if the hospital is using debt to finance its operations. The expected trend for this ratio is decreasing. However, for all phases, the ratio increased from 38% in 2014 to 62% in 2019 with decreases to 52% in 2020 and 33% in 2021. Phases One through Four showed overall decreases from 2014 to 2021. Phase Five showed an overall increase from 32% in 2014 to 38% in 2021.



**Net Position**

## Net Position



Draffin Tucker

Net position is comparative to stockholders' equity and reflects how the hospital's overall net assets are performing. All phases show increases from 2014 to 2021. However, Phase Three was declining from 2014 to 2019 with improvements in 2020 and 2021. Phase 4 has been hovering around a \$0 net position during the past eight years.