Trace Regional Hospital Houston, MS

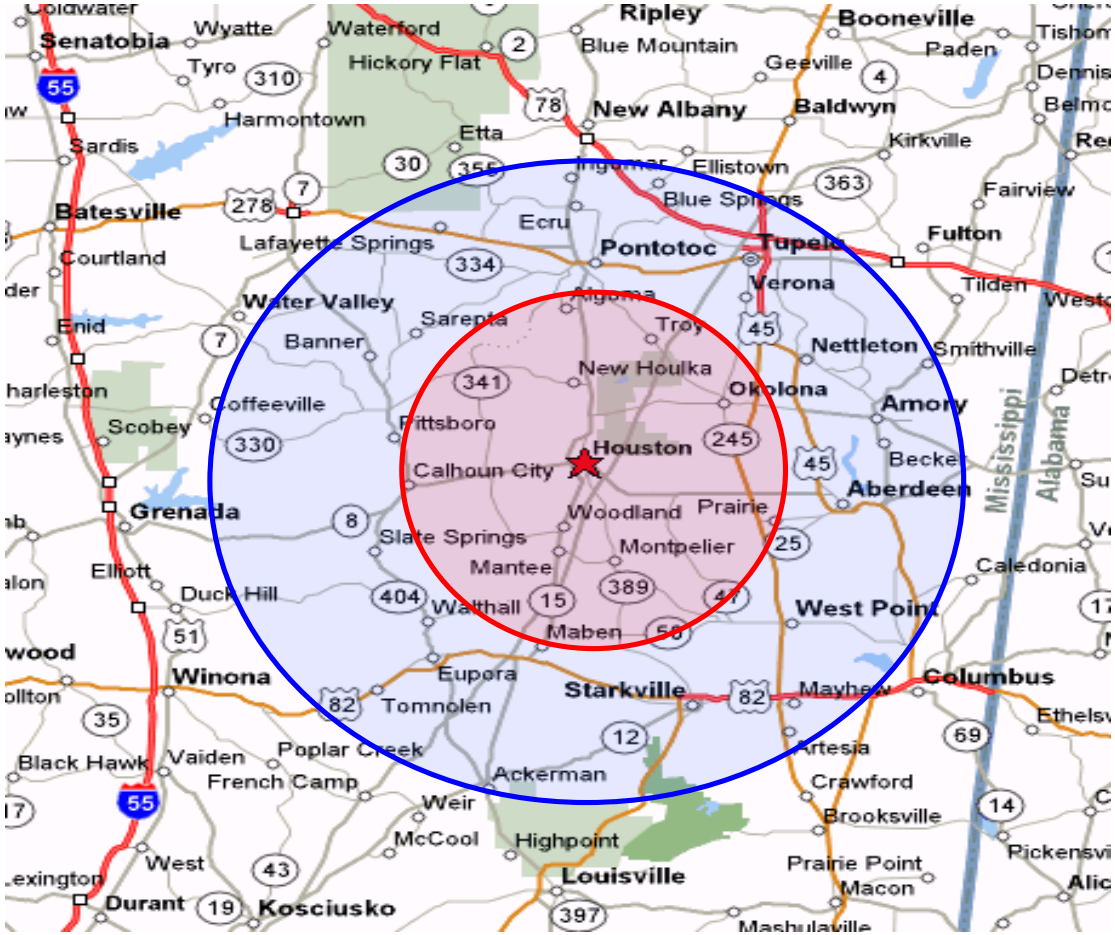
Emergency Room Closure/Conversion Overview

November 20, 2014

Trace Regional Hospital
Houston, MS

Trace Regional Hospital

Area Competitors



No. MS Medical Center has 4 locations in:
Tupelo
Pontotoc
West Point
Eupora

Gilmore Memorial Hospital
Amory

Pioneer Community Hospital
Aberdeen

Baptist Memorial Hospital
Oxford

Calhoun Health Services
Calhoun City

Tyler Holmes Memorial
Winona

OCH Regional Medical Ctr.
Starkville

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Hospital Clinical Profile

- Emergency Room (ER) closed September 8, 2014
- Remains a PPS acute-care hospital
- Not a Critical Access Hospital (CAH)
- Closest ER is CAH 20 miles away
- Closest trauma center is 37 miles away
- Hospital provided limited specialty services (no surgery, ortho or cardio)

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Hospital Financial Profile

- Financial results had deteriorated to a significant loss
- ER payor mix was 26% self-pay
- ER visits prior 12 months were 6,667 of which only 280 were via ambulance
- Expectation was for additional financial distress due:
  - Medicaid paying less than cost
  - MS not expanding Medicaid
  - UPL cuts
  - Higher regulation and mandated costs

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Closure Decision Process

- Contacted a healthcare attorney to understand the legal requirements (vary by state)
- Reviewed all 6,667 visits to evaluate nature of visits and emergencies
- Only three identified admissions were true emergencies (most transferred out)
- Ambulance service was readily available in the community

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Closure and Facility Structure

- Combined two clinics and ER into one hospital-based (HB) Rural Health Clinic (RHC)
- Clinic must be HB-RHC which is cost-based (CMS does not allow an RHC to be an “urgent care clinic”)
- RHC must be on hospital campus (MS interpretation)
- The clinic seeks to stabilize walk-in emergencies until ambulance arrives
- Hospital has a physician, at least on-call, 24 hours a day to cover acute-care , geri-psych unit and nursing home

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Closure Communication Process

- MS required 30-day notice of closure
- Communication started about 90 days ahead of closure
- Communication was made first-hand with all stakeholders (physicians, employees, community, EMS, politicians, other facilities, etc.)
- Communication continued through-out the run-up period and many issues and questions arose during that time

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Expected Results Achieved/Experienced (so far)

- One ER physician terminated privileges (did not want to work the clinic)
- Two ER physicians became clinic employees (formerly contract ER employees)
- ER contract was terminated (saving approx. $350,000 per year)
- Uncompensated care costs dropped 86% YOY (approx. $4 million annualized, but probably will not stay as low when community understands the clinic services and abilities)
- Other area facilities did not like it because they think they got the indigent care patients (but of course they have been getting paying patients from the community for years, especially specialist cases)
- Total clinic visits declined 13% YOY but no change in revenue or cost per visit (i.e., acuity did not appear to change)
- Some employee unhappiness and turnover, and paid some additional costs for employee retention

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Unexpected Results (so far)

- Inpatient volume increased (not sure why-could be extensive publicity, less hassle by avoiding coming through ER, or some other reason; the increase has diminished the second month)
- Local employers like the change because it saves them cost (clinic visit vs. ER visit)