



Share Medical Center

History, Governance, Operations & Future Considerations

City of Alva Strategic Planning

November 6, 2012

Alva's First Hospital



- Opened early in 1909
- Building was on the south side of the square (adjacent to where Devery's is today)
- Dr. James Bowling and Dr. Phillip Herod shared an office on the second floor
- In 1914, the hospital moved to the "Old Alva Library"
- In 1922, the City of Alva purchased the hospital for \$4,500



Alva General Hospital

- Opened in 1932
- Building is on the south end of 14th St. (Now is the Cherokee Strip Museum)
- Dr. Daniel Ensor was the 1st Chief of Staff
- Notable physicians of the time include:
 - Dr. Arthur Hale
 - Dr. William Simon
 - Dr. I.F. Stephensen
 - Dr. Clifford Traverse
 - Dr. Lawrence Patzkowsky
 - Dr. John Simon



Share Memorial Hospital



- Share Memorial Hospital opened in August of 1970
- The cost of \$3,000,000 to build in 1970 was funded by
 - The City of Alva
 - Hill-Burton Federal Funds
 - The Charles Morton Share Trust
- Notable physicians who are no longer with us:
 - Dr. T.D. Benjegerdes
 - Dr. Alfred Hinkle



Alva Hospital Authority



- Created under a trust indenture dated October 1, 1968 (prior to Share Memorial Hospital)
- Public trust under the provisions of Title 60 of the Oklahoma Statutes for the benefit of the city of Alva, OK
- Sole activity is to operate Share Medical Center
- 50-year bargain lease with the City of Alva

Alva Hospital Authority

- Seven (7) trustees appointed by the Alva Mayor
- All must reside within the Alva city limits
- Current AHA Trustees (voting members)
 - Jason Gaisford – Chairman
 - Darlene Sanderson – Vice Chair
 - Scott Brown – Secretary/City Council Representative
 - Elizabeth Kinzie, M.D. – Chief of Staff
 - Steve Knox
 - Andrea Long
 - Terry Cline



Alva Hospital Authority



- Non-voting members include:
 - Kandice Allen, SMC CEO
 - Albert Wiss, SMC CFO
 - Janet Valencia, Recording Secretary
 - Rick Cunningham, Legal Counsel
 - Kyle Nondorf, VP Rural Development, SSM of Oklahoma

Alva Hospital Authority



- Must adhere to Oklahoma open meeting/open records laws
- Meetings are open to the public
 - Public comment permitted at discretion of chairman
- Certain contracts and personnel matters may be addressed in “executive session”, as permitted by law
 - Executive session is not open to the public

Share Medical Center

- SMC entities include:
 - 25-bed acute care hospital
 - Emergency & ancillary services
 - A St. Anthony Hospital Affiliate
 - 80-bed long term care facility
 - Home Health and Hospice agency
 - Primary care physicians' clinic
 - The Homestead retirement community
- SMC also owns:
 - approximately 11 acres south of Share Drive
 - residence at the corner of Share Dr. and Murray Dr.



Share Medical Center



- **Leadership Team**

- Kandice Allen, Chief Executive Officer
- Albert Wiss, Chief Financial Officer
- Mary Herold, Chief Compliance Officer
- Allison Zimmerman, Director of Human Resources
- Pat Nida, Director of Case Mgmt/Allied Health Services
- Regina Wilson, Director of Nurses (Hospital/Home Health/Hospice)
- Jane Gaskill, Nursing Home Administrator
- Melissa Headlee, Director of Nurses (Nursing Home)
- Kelly Parker, Director of Marketing/Foundation

Share Medical Center Medical Staff



- **SMC Employed Medical Staff**
 - James R. Colvert, Jr., M.D. – Emergency/Internal Medicine
 - Elizabeth Kinzie, M.D. – Internal Medicine/Psychiatry
 - Susan Deurksen, M.D. – Emergency Medicine
 - Bryan Nutter, A.R.N.P. – Family Practice/Emergency Medicine
 - Chuck Valgora, PA-C – Emergency Medicine
 - Kasey Swayden, PA-C – General Medicine/Psychiatry
- **Alva Independent Practices**
 - Kirt E. Bierig, D.O. – Family Practice
 - Phil M. Self, M.D. – Internal Medicine
 - Pamela Garner, D.O. – Family Practice

Share Medical Center

FY 2012 financial data



- Revenue

– Routine (room and board):	\$ 990,872
– Inpatient Ancillary:	\$ 1,144,602
– Outpatient Ancillary:	\$11,948,227
– Nursing Home	\$ 2,562,321
– Other Revenue:	\$ 211,493
– Charity Care:	-\$ 144,374
– <u>Contractuals:</u>	<u>-\$ 7,311,471</u>
– NET Revenue:	\$ 9,401,670

Share Medical Center

FY 2012 financial data



- **Expenses**

– Salaries & benefits:	\$6,026,234
– <u>Supplies & expenses:</u>	<u>\$3,219,124</u>
– Total Expenses	\$9,245,358

- **Operating Profit (Loss)**

– Profit:	\$ 156,312
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Share Medical Center

Financial Notables: Contractuals



- Contractuals are the discounts afforded to Medicare, Medicaid, and other insurance companies for covered services.
- SMC collects 50¢ to 55¢ for every \$1⁰⁰ charged

EXAMPLE

Tests/Procedure:		\$5,000 Charges
<u>Contractual (45%):</u>	-	<u>\$2,250 Discounts</u>
Allowable Charges:		\$2,750
Patient Portion(20%)		\$ 550
Insurance Coverage (80%):		\$2,200

Share Medical Center

Financial Notables: Changes in Medicare



- In years past we typically received \$100-\$300k cost report reimbursement from Medicare
- In 2011 we owed \$224k back to Medicare on our cost report
- In addition the Recovery Audit Contractor (RAC program) requires us to pay back approximately \$200k
 - Medical Necessity
- Medicaid has now begun their Medicaid Administrative Claiming (MAC) which will also effect our reimbursement

Share Medical Center

Financial Notables: Policy Provisions



Affordable Care Act Provisions

- Value Based Purchasing: Linking provider payments to improved performance by health care providers. This form of payment holds health care providers accountable for both the cost and quality of care they provide. It attempts to reduce inappropriate care and to identify and reward the best-performing providers
 - Works best with high volume providers – outliers have a limited impact on measured value due to law of averages
 - Low volume providers will experience a disproportionate reduction in reimbursement because the weight of outliers is heavier

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Financial Notables: Policy Provisions



Value Based Purchasing: EXAMPLE

– High Volume Hospital: 1,000 patients

• (90% of Patients)	900 patients rate care at:	5/5	4,500
• (2.5% of Patients)	25 patients rate care at:	4/5	100
• (5.0% of Patients)	50 patients rate care at:	3/5	150
• (1.5% of Patients)	15 patients rate care at:	2/5	30
• (1.0% of Patients)	10 patients rate care at:	1/5	10
Total Patients rate care at:		4,790/5,000 or 95.8%	

– Low Volume Hospital: 100 patients

• (90% of Patients)	90 patients rate care at:	5/5	450
• (2.0% of Patients)	2 patients rate care at:	4/5	8
• (5.0% of Patients)	5 patients rate care at:	3/5	15
• (2.0% of Patients)	2 patients rate care at:	2/5	4
• (1.0% of Patients)	1 patient rates care at:	1/5	1
Total Patients rate care at:		478/500 or 95.6%	

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Financial Notables: Policy Provisions



Value Based Purchasing: small changes = big impact on small hospitals (COMPARISON: impact from 2 patients)

– High Volume Hospital: 1,000 patients

• (89.9% of Patients)	899 patients rate care at:	5/5	4,495
• (2.5% of Patients)	25 patients rate care at:	4/5	100
• (5.0% of Patients)	50 patients rate care at:	3/5	150
• (1.5% of Patients)	15 patients rate care at:	2/5	30
• (1.1% of Patients)	11 patients rate care at:	1/5	11
Total Patients rate care at:			4,786/5,000 or 95.72%

– Low Volume Hospital: 100 patients

• (89% of Patients)	89 patients rate care at:	5/5	445
• (2.0% of Patients)	2 patients rate care at:	4/5	8
• (5.0% of Patients)	5 patients rate care at:	3/5	15
• (2.0% of Patients)	2 patients rate care at:	2/5	4
• (2.0% of Patients)	2 patient rates care at:	1/5	2
Total Patients rate care at:			474/500 or 94.8%

Share Medical Center

Financial Notables: EHR



Electronic Health Records

- Great idea with many benefits for patients

Challenges for SMC include:

- Initial financial outlay
- Change, attitudes, and training
- Implementation based funding/funding penalties
 - Federal funding available upon full implementation
 - Fines and penalties
 - Meaningful use criteria for SMC
 - Meaningful use for information networking
 - Meaningful use by patients
- Dozens of systems to interface with

Share Medical Center Financial Notables



TODAY: over \$5,000,000 is owed to SMC for services rendered

- Home Health, Hospice, Physician Clinics, Nursing Home & Hospital

– Unbilled accounts

- EHR issues have impacted billing
- Billing process evolutions at SMC

Share Medical Center Hospital Projects since 2004



- 2004: Alva voters 82% in favor of 1.25% sales tax increase to fund capital improvements at hospital (\$9,250,000 bond issue)
- 2011: approximately \$11,000,000 in expansion and renovations complete
- 2012: approximately \$2,000,000 for beginning phases of Electronic Health Records

Think Share!

Hospital Departments and Services

- Emergency Department
- Patient Business Services
- Specialty Clinic
- Laboratory
- Radiology
- Physical Therapy
- Respiratory Therapy
- Sleep Center
- Speech Therapy
- Acute Patient Care
- Skilled Nursing
- Observation
- Surgery
- Primary Care Physicians' Clinic
- Wound Care Center
- Telemedicine
- And more...



Share Medical Center Statistics FY 2012



- Hospital Days of Care: 1,228 days
 - Nsg Home Days of Care: 18,625 days
 - Emergency Room Visits: 4,814 visits
 - Specialty Clinic Visits: 1,192 visits
 - SMC Primary Care Visits: 6,105 visits
 - Ancillary Visits: 10,656 visits
 - HH/Hospice Visits: 11,135 visits
 - TOTAL days/visits: 64,411
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- On average 176 people per day receive care from SMC

What does Alva look like...



...without Share Medical Center?

Share Medical Center

What is the community impact?

- Alva has NEVER existed without a hospital...
- How many 4-year universities exist in communities without a hospital?
- How would area businesses be impacted if there were *377 fewer jobs?
- How would the region fair if *\$7.6 million was stricken from the economy?
- Is Alva attractive to corporate relocation if it doesn't have a hospital?
- What else changes?

**Economic impact information (employment and financial) courtesy Oklahoma State University, Office of Rural Health, and Oklahoma Hospital Association.*

- 2010

What can the City do for SMC?



- Property Lease – renews in 2018
- Utilities – continue current level of support
- The Homestead – continue cooperative relationship
- Taxes – present and future
- Services – water supply (quality & quantity), snow/ice removal
- Alva Hospital Authority appointments
- Continue efforts to enhance local EMS services (paramedics)
- Include healthcare in economic development strategies

Questions????

