

# Challenges in Rural Healthcare

March 5, 2020



# The Essential Question

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- How do we want Teton County Healthcare priorities to be determined and addressed?



# The Situation

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- 5,500 US Hospitals
- 2,300 Rural Hospitals
- Since 2010
  - 150 rural hospitals closed
  - 450 on verge of closing
  - Additional 300 rural hospitals merged with larger systems
- 74 million Americans seek care in rural communities

# Challenges Facing Rural Communities

Figure 2: Persistent, Recent, and Emergent Challenges Facing Rural Communities



Source: American Hospital Association, 2018

# Hospital Closure: Economic

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- One of largest community employers
  - Per capita income decrease by 4% on average
  - Unemployment increase by 1.6%
- St. John's has 665 full time employees (FTE)
  - Median income:
    - Salary and Benefits \$110,000 / FTE
    - Salary only \$83,000 / FTE

# Hospital Closure: Local Realities

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- No OB
- Very basic emergency services
- Loss of primary care
- Long commutes
- Difficulty recruiting teachers, chefs, bankers



# Service Line Profitability

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## Breakeven

Emergency Room

Obstetrics

Oncology

Surgery

## Profitable

Cardiology

Imaging

Laboratory

## Loss

Primary Care

Urgent Care

Clinics

Mental Health

Wellness

What happens in a merger?



# Financial Realities

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- Medicare 60-80% of costs
  - Medicaid 40% of costs
  - Does Medicare for all make sense?
    - Increase in charity care of 18%
      - \$3.8 million 2018
      - \$4.5 million 2019
    - Increase in Salaries, Wages, Benefits of 8.4%
      - \$59.3 million 2018
      - \$64 million 2019
  - 2019 SJMC missed budget operationally \$1.8 million
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# The Casper Story

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- Wyoming Medical Center not-for-profit hospital district
  - Subspecialty physician group opens small hospital
  - Competition lowers prices: ultimately below cost of delivering care
  - Both hospitals cut services and raise prices
  - Small hospital bought by Wyoming Medical Center
  - Bankrupts Wyoming Medical Center: up for sale to Banner Health
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# Conclusions

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- St. John's viability dependent on community support
- Community support should be predicated on quality services



# St. John's Health Value Proposition

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- Outstanding DNV Results
  - Studer Excellence Awards
    - Patient Experience
    - 5 Star Rating
  - Safe Care Top 100 Hospitals for Patient Safety
  - Chartis Top 100 Rural Hospitals in America
  - Women's Choice Awards
    - Best Hospital in America: ED, OB, Orthopedics
    - Top 100 Hospitals in America: Patient Experience, Women's Care
  - Quantros Awards
    - #1 in State for Cancer Care
    - Top 10% in Nation: GI Care, Surgery, Orthopedic, and Overall Hospital Care
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# What's Next?

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- Situation Assessment
- Incorporation into Strategic Plan
- Collaborative Problem Solving

