

Morrow County Healthcare Advisory Committee Recommendations

June 24, 2021

Introduction

Healthcare is a complex, rapidly evolving, national issue. The issues we are experiencing in Morrow County are not uncommon in communities across Ohio and the United States.

Current national healthcare issues include:

- A focus on preventive care to keep people out of hospitals.
- A focus on outpatient care vs. inpatient care.
- Healthcare cost increases.
- Healthcare cost shifting from employers to employees and/or government programs like Medicare and Medicaid.
- Continued consolidation of the industry by traditional and non-traditional players.
- Pressure on hospitals to improve margins.
- Medical staff shortages, particularly in rural areas.
- Disruption because of COVID-19.

Chronic diseases and preventable conditions like obesity, high blood pressure, heart disease, and diabetes continue to increase across the United States. Morrow County residents have higher levels of diabetes, high blood pressure, cancer, heart disease, and obesity than Ohio and the United States. Mental health issues and substance abuse are also increasing in the County.

The disagreements and lawsuits between the County Commissioners and the Hospital Board have resulted in strategic healthcare planning limbo, healthcare fatigue, hard feelings and distrust in the community, decreased morale at the Hospital, and significant legal expenses.

These two Boards must put the past behind them and move forward together with open minds to create pragmatic, strategic, apolitical solutions that are in the best interest of the residents of Morrow County. Our County's long-term physical, mental, and economic health is at stake; it's time for strong leaders working together to make decisions and take action.

Purpose

Our Committee was formed as a result of the Legal Settlement Agreement reached by the County Commissioners and Hospital Board effective Dec. 20, 2020.

The Commissioners appointed three Committee members and the Hospital Board appointed three Committee members; those six Committee members selected a chairperson. We were charged with making recommendations related to Three Objectives established in the Agreement. We were given a deadline of July 1, 2021 to submit a recommendation to the Commissioners and the Hospital Board.

Methodology

For the most part, the Committee met weekly beginning on February 8, 2021. From the start we agreed it was essential to filter out the “noise” and do what was best for Morrow County. We also focused primarily on looking forward, not backward.

We gathered and reviewed data that was already available, including:

- Morrow County Emergency Medical Services (EMS) 2020 Year End Report
- 2019 Morrow County Community Health Assessment released February 2020
- Settlement Agreement & Mutual Release
- OhioHealth Hospital Management Agreement
- Morrow County Hospital Health Services Asset Purchase Agreement
- History of Morrow County Hospital & Levy
- HCA Asset Management, LLC CORSA Insurance Detail Report for the Hospital (3/16/18)
- ECG Project Buckeye presentation
- Current and Former ORC 339 Hospitals
- Morrow County Hospital Financial Statements & FTE data
- Community Access Hospital (CAH) Financial Indicators Report
- Morrow County Health, Economic & Housing Data
- Alternatives to Hospital Closure: Findings from a National Survey of CAH Executives

We also requested presentations and heard from:

- Morrow County Hospital President & CEO C.J. Miller and OhioHealth Senior Vice President of Operations Cheryl Herbert
- Dr. Grant Galbraith, President of the Morrow County Hospital Medical Staff and Dr. Mohiuddin Ghazi, Internal Medicine
- President & CEO of Avita Health Systems Jerome Morasko
- Morrow County Economic Development Director Andy Ware
- Phil Ennen, former CEO of the Bryan Hospital

We decided not to ask current or previous County Commissioners or Hospital Board members to present information to the Committee. This was because of our focus on looking forward, not backward.

We also wanted to hear directly from the community so we conducted two quick Opinion Polls:

1. One for as many residents as we could reach through social media and community resources like the Township Association, Seniors on Center and County offices. We received 252 responses.
2. The second for Morrow County Hospital employees. We received 80 responses.

Using information from these resources, we did a SWOT (Strengths, Weaknesses, Opportunities & Threats) Analysis to incorporate the data into our recommendations on the state of healthcare in Morrow County. Kenzie Johnston, a Community Development OSU Extension Educator, moderated two sessions with us. The SWOT Priorities from those sessions are in the Appendix at the end of this document.

All other materials, including the presentations and Opinion Poll results, are in this public repository: <https://zimbra.xmission.com/home/healthadvisorygroup@co.morrow.oh.us/Briefcase/Public>.

Recommendations

Objective One:

“Shall analyze the current state of healthcare in Morrow County and shall release a report of its analysis of, together with recommendations for, improving the provision of healthcare in the County. Report shall also include a recommended 5-year plan for improving healthcare services in the County, as well as at the Hospital. The report may, but is not required to, recommend any entity, person, or healthcare management organization for the purchase, management, lease, or any other action related to the Hospital. The report shall provide a strategy and benchmarks, and the report may consider whether any one entity, person, or healthcare management organization could meet those strategies and benchmarks. For example, should the Advisory Group determine the Hospital should be managed by a healthcare management organization, the Advisory Group should recommend provisions and/or limitations on that management and may comment on whether one particular healthcare management organization over another would be better equipped to meet those objectives.”

Committee Recommendations:

The Hospital staff is on the front lines of an evolving national healthcare industry made more difficult because of the COVID-19 pandemic, as well as local challenges and circumstances that are out of their control. The current situation is not the fault of the Hospital staff. Their hard work and concern for their patients must be supplemented by the full support of County leadership and the community, and an operating model that helps ensure the continuation of this facility.

The current Hospital operating model is in jeopardy and at risk because of these factors:

- Decreased payer reimbursement and poor Emergency Room payer mix
- Decreased use of the Emergency Room and inpatient services by County residents, resulting in decreased revenue
- Long-term reliance on a County-wide operating levy as a source of funding
- Ongoing need for capital improvements

The status quo is not the best, long-term solution for the residents of Morrow County. We recommend a thorough, unbiased, apolitical review of the current situation and development of a strategic healthcare plan with measurable goals and objectives. Innovative thinking, balanced with the practicalities of business, will be needed from everyone involved.

The Hospital and healthcare providers and physicians cannot be solely responsible for the community's health. We recommend activating and coordinating public and private resources across the County to focus on our health:

- Establish a Health Advisory Committee with representatives from resources that already exist in the County, including: Healthcare Providers, Hospital, Health Department, Park Board, EMS, Schools, OSU Extension, Seniors on Center, Maryhaven, Morrow County Family Health Center, a Nutritionist, Medical Practices, Churches, County Economic Development, the Community, and Private Businesses (including fitness centers).
- Encourage residents to take responsibility for improving and sustaining their own health through shared leadership, strategic planning, meaningful community engagement, targeted outreach, and coordinated action.
- Engage residents to use local healthcare services through education, collaboration, and communication in local organizations, partnerships, and networks.
- Leverage local communications networks to develop and distribute easy-to-understand materials to help Morrow County patients navigate the health care system.
- Expand recreational opportunities and retail choices throughout the County to promote healthy lifestyles and offer wellness activities.
- Leverage financial grants and resources, as well as public/private partnerships.
- Attract good-paying jobs with health care benefits to the County and strong economic growth within the County.
- Increase public transportation and improve broadband access across the County; these two factors were cited as barriers to healthcare access.

The County Commissioners and the Hospital Board have a lot of work to do to repair their relationship and restore community trust. We recommend:

- Joint, public meetings twice a year to improve communication.

- Complete transparency and accountability with the community. The Ohio Open Meetings Law should be followed to the letter. All Hospital Board and County Commissioner meetings should be recorded for public access.
- The Commissioners should appoint at least one Hospital Board member who is a medical professional (Doctor, Nurse, or Certified Nurse Practitioner).
- Transparent and frequent communication with Hospital employees and the community about current issues and strategic plans for the future.
- The roles and responsibilities in ORC 339 must be followed. The Commissioners appoint the Hospital Board, and need to stand behind their appointees and trust them to make educated, informed decisions. At the same time, good communication and partnership between the boards is vital for success, and the Hospital Board should be open and transparent with the Commissioners and the community. We should be Team Morrow County.

Objective Two:

“Shall review the evolution of the management agreement and provide a report of recommendations related to that management agreement. These recommendations may include areas in which the Advisory Group believes Morrow County residents will be better served by the provision of healthcare in the County.”

Committee Recommendations:

We were not involved directly in the Management Agreement. According to the documents that we reviewed about the evolution of the Agreement:

- The Hospital Board sought and received advice from experts and trusted advisors in healthcare fields.
- Six health systems were asked to submit a Request for Proposals (RFP); two completed the process.
- Based on multiple factors, including clinical services and programs, capital commitment, physician enterprise, financial strength, and corporate infrastructure, the Hospital Board chose OhioHealth as the best candidate with which to pursue a management agreement and negotiate partnership terms.
- Frequent communication from the Hospital Board to the Commissioners about the process was documented in the public record.

The Committee spent a lot of time discussing the best way to move forward, including conducting a new RFP or conducting an Organizational Discovery Process (ODP). The Committee does not agree on the approach.

- Four Committee members (Altizer, Lessick, Meimer, Williams) recommend a new RFP process be conducted because:
 - We need a fresh look after everything that has happened and because of the rapidly-changing healthcare industry.

- Although there were significant costs involved in previous the previous RFP, as well as litigation costs, this should not stop us from spending money to explore other options.
 - We need a healthcare provider that will provide the services we need, not what the provider wants to offer.
 - Note: It's imperative the RFP stress the importance of local hospital employee retention, development, training, and compensation. Keeping these jobs in the community is critical.
- Three Committee members (Carver, Gompf, Stauffer) DO NOT recommend conducting a new RFP process for the following reasons:
 - The original Hospital Board RFP directed the consultants—and also informed the commissioners—that the RFP was designed to “explore a long-term relationship with a health care entity through a long-term lease, merger or acquisition process” (this is the verbiage noted in public documents regarding the RFP process). Based on information received from the only two candidates completing the RFP, the management agreement with OhioHealth was deemed the best option. There is no evidence to suggest the current RFP is no longer valid.
 - If, for some reason, OhioHealth declined any further affiliation with the Hospital, an RFP would be indicated to find a suitable partner with sufficient services, financial strength, and corporate infrastructure to continue healthcare operations at MCH.
 - The three Committee members listed above, and the majority wishes of the public (as made clear in the Opinion Poll and Employee Poll), do not wish to have any more tax dollars or time wasted on another RFP process unless indicated by loss of affiliation with OhioHealth.

An ODP could help identify options for future organization vision and direction, and maintain stable leadership and administrative structures for healthcare continuity. For more information, see <https://managementhelp.org/consulting/discovery.htm>.

While stable leadership and administrative structures are necessary for continuity of care, the Hospital Board should consider changes to the Management Agreement or other organizational changes based on an ODP for future direction with a strategic 18-month plan. This plan should be shared with County leaders and residents.

If an ODP occurs, within this process we recommend:

- Consider converting the hospital to a 501c3 organizational structure, which may allow for more leverage in negotiations with larger systems in merger or acquisition scenarios.
- Demand a financially transparent and financially viable operating model with any restructuring.
- Include first right of refusal to purchase the Hospital buildings and grounds if they are sold to an outside entity in an organization buyout scenario.
- Include the employee stakeholders in any restructuring agreements.

- Look for models that provide viable increased access to health services for all County residents, taking into account use patterns and other health services nearby.
- Reallocate current clinical and financial resources for best use and reimbursement, taking into account the Hospital’s current Critical Access Hospital designation and Rural Emergency Hospital changes in 2023.
- Keep as much local control as possible of the current Hospital facility and services, while providing quality healthcare options.
- Expand outpatient care, including emergency care, urgent care, and specialty services.
- Prioritize increased access to primary care, behavioral health, women’s care (GYN), pediatrics, and chronic disease management programs.
- Make realistic, pragmatic, and data-driven decisions about healthcare services that provide the best care in the best place for patients; options may be local or within a larger system for complex care.
- Implement rebranding and marketing campaigns to increase community awareness and use of the Hospital.

An ODP could give the newly-elected Commissioners and newly-appointed Hospital Board members time to educate themselves on the Hospital situation and the effect of any changes to management or organizational structures.

If an ODP is conducted and it doesn’t conclude with results that best meet the community’s needs, the next step should be an RFP.

Objective Three:

“Any other information relevant to the future of healthcare in Morrow County as determined by the Advisory Group and/or any consultants hired by the Advisory Group.”

Consulting firms or individuals with expertise in healthcare management, organizational structure or mergers & acquisitions will be needed to help the Commissioners and Hospital Board with this complex project.

Committee Recommendations:

We recommend keeping a close eye on a new hospital category—Rural Emergency Hospital (REH)—that serves community needs for emergency and outpatient services. The REH model is considered a safety net for the preservation of emergency and outpatient services for rural hospitals.

Here are some details:

- Critical Access Hospitals with 50 or fewer beds can convert to REHs if the facility is in a state that provides for the licensing of these hospitals. The program is not available to previously closed hospitals.
- REH payments will begin on January 1, 2023. Centers for Medicare & Medicaid Services will move quickly to publish implementing regulations and establish the application process; and

states will need to act quickly to establish licensure for REHs. State Medicaid programs and commercial payers also will need to determine payment policies for REHs in short order.

- As part of the application process, a hospital must show a detailed transition plan specifying the services it will offer; the applicant also must have in place a transfer agreement with a Level 1 or Level 2 trauma center.
- An REH’s emergency department must be staffed 24/7, and a physician, nurse practitioner, clinical nurse specialist, or physician assistant must be available to furnish services in the facility 24/7. REHs are subject to the Emergency Medical Treatment and Labor Act (EMTALA). Implementing regulations will define what a facility must do to meet these requirements.
- REHs will receive 105% of the Prospective Payment System (PPS) rate for hospital outpatient department services and an additional monthly facility payment, which will be the same for all REHs. For 2023, the monthly facility payment will be calculated by (a) subtracting from the total amount paid to all CAHs in 2019 the amount that would have been paid under PPS rates, (b) dividing that number by the total number of CAHS in 2019 (about 1,350), and (c) dividing that number by 12. The monthly amount will be increased by the hospital market basket percentage increase each year after that. A REH will be required to report on its use of the monthly facility payment.

Source: <https://www.pyapc.com/insights/top-five-things-to-know-about-the-new-rural-emergency-hospital-program/>. PYA is among the nation’s Top 100 largest CPA firms (INSIDE Public Accounting); Top 15 auditor of the nation’s largest health systems; one of the country’s Top 20 healthcare consulting firms (Modern Healthcare).

We also want to note that as part of the Settlement Agreement, the Commissioners: withdrew all charges levied against four Hospital Board members that the Commissioners previously stated were grounds for removal; stated that the four members served honorably; and thanked the members for their service.

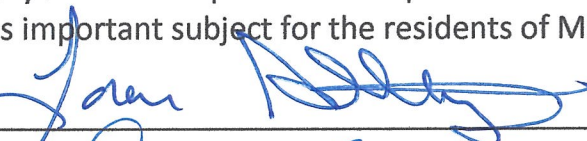
Conclusion


There is general agreement in our Committee and the community on these points:

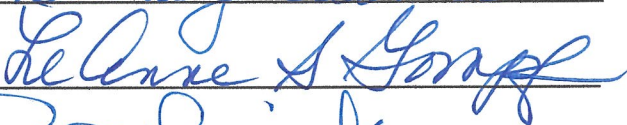
- County residents must have a range of accessible, affordable, quality health care options, from Emergency Care to Mental Health Care to Preventive Care.
- We must be realistic, pragmatic, and data-driven. All services cannot be offered 24/7 locally, even if we want them to be. We need to find the “sweet spot” of the best care in the best place for patients—local or within a larger system for complex care.
- The Hospital, as a Critical Access Hospital (CAH), is an asset to the County’s physical, mental and economic health; it needs to adapt to survive.

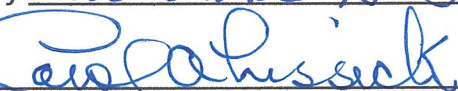
- There are advantages to the Hospital and Physicians being part of a healthcare network with a long-term, strategic partner. An independent Morrow County Hospital and independent physician and specialist practices would be difficult to achieve and sustain.
- Improving our County's physical and mental health will take a coordinated, comprehensive effort by the community, including government, public organizations, private businesses, and healthcare providers and organizations. The current situation didn't happen overnight, and it's not going to be fixed overnight. However, we must take action now.
- The multi-year disagreements and lawsuits between the Commissioners and Hospital Board have negatively impacted the Hospital and community. The significant legal fees spent by both Boards could have been used for far better purposes.
- The Commissioners and Hospital Board must put aside past differences and work together to find the best solution for County residents. The County needs leaders who will work together, focus on accountability and transparency, look forward strategically with open minds, and make decisions in the best interest of the community.


We thank everyone who helped us develop this recommendation. We appreciate the opportunity to delve into this important subject for the residents of Morrow County.


Loren Altizer 

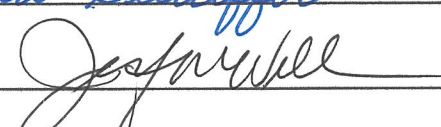
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June 14, 2021

Appendix

Summary of Findings of SWOT Analysis

Strengths

- Existing Critical Access Hospital
 - Morrow County Hospital received an overall hospital 5-star rating for 2021 from the Center for Medicare & Medicaid Services (CMS); 14% of the 4,586 hospitals rated received this ranking.
 - The Hospital was recognized for top performance among critical access hospitals and rural and community hospitals for the second year in a row (Performance Leadership Award from the National Organization of State Offices of Rural Health; and the ChartisCenter of Rural Health).
- Connection to large healthcare system
- Trusted primary care physicians
- 24/7 emergency department with triage care
- Longevity of employees
- Local control
- No debt with \$11 million in cash reserves. (This could also be a weakness and an indication of no capital improvements.)

Weaknesses

- No strategic healthcare plan
- 94% of adults went outside Morrow County for healthcare
- 7 other hospitals (3 OhioHealth) within 15 miles of Morrow County
- Healthcare in limbo
- Dated, 70-year-old hospital facility
- Residents are underserved with Physician: patient ratio
- County is not physically well
- Increasing mental health issues
- Economic development threatened
- Electronic health record and billing systems fragmented and expensive to update

Opportunities

- Reallocate resources to greater healthcare needs, including preventive care
- Create a County healthcare strategy
- New Hospital Board & County Commissioners work together
- Strong local leadership makes tough decisions
- Improve communications & trust
- Increase recreational opportunities

Threats

- Hospital & healthcare fatigue
- Loss of local control

- Stigma that hospital doesn't provide quality care
- Underserved by healthcare services
- Loss of the healthcare services we already have
- Loss of levy funds (\$25.1 million over 20 years)
- Lack of communication = misinformation & mistrust
- Lack of future growth & economic development
- Current model with Commissioners & Hospital Board (specified by ORC)
- Healthcare decisions based on politics
- The Management Agreement with OhioHealth ends 12/31/21