



# Proposal for Franklin County Healthcare Services *by Ascension Sacred Heart*



October 29, 2019

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## Ascension Sacred Heart Mission Statement

Rooted in the loving ministry of Jesus as healer, we commit ourselves to serving all persons with special attention to those who are poor and vulnerable. Our Catholic health ministry is dedicated to spiritually centered, holistic care that sustains and improves the health of individuals and communities. We are advocates for a compassionate and just society through our actions and our words.

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## Ascension Sacred Heart

- ▶ Serving Panhandle of Florida since 1915
- ▶ Invited by Community to Pensacola: Ascension Sacred Heart Pensacola
- ▶ Invited by Community to Walton County: Ascension Sacred Heart Emerald Coast
- ▶ Invited by Community to Gulf County: Ascension Sacred Heart Gulf
- ▶ Studies Communities Throughout the Panhandle to Make Determinations for Services and Implement as Needed
- ▶ One of Five 5-Star Hospitals in Florida
- ▶ One of Four Hospitals <100 Beds with Near 0% Infection Rate
- ▶ Longstanding Great Service Provider Across Northwest Florida

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## Franklin County Sponsored Healthcare Resources Today

- ▶ George E. Weems Memorial Hospital
  - ▶ 25-Bed Hospital with Average Daily Census of ~ 1 Patient
  - ▶ 9 Percent Market Share of Med/Surg Patients
  - ▶ 91 Percent Med/Surg Patients Seek Hospital Services Elsewhere
  - ▶ 2018 Uncompensated/Charity Care of \$683,000
- ▶ Weems Medical Center West
  - ▶ Open 5 Days per Week; Staffed by Nurse Practitioners
- ▶ Weems Medical Center East
  - ▶ Open 5 ½ Days per Week; Staffed by Nurse Practitioners

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## Ascension Sacred Heart in Franklin County Today

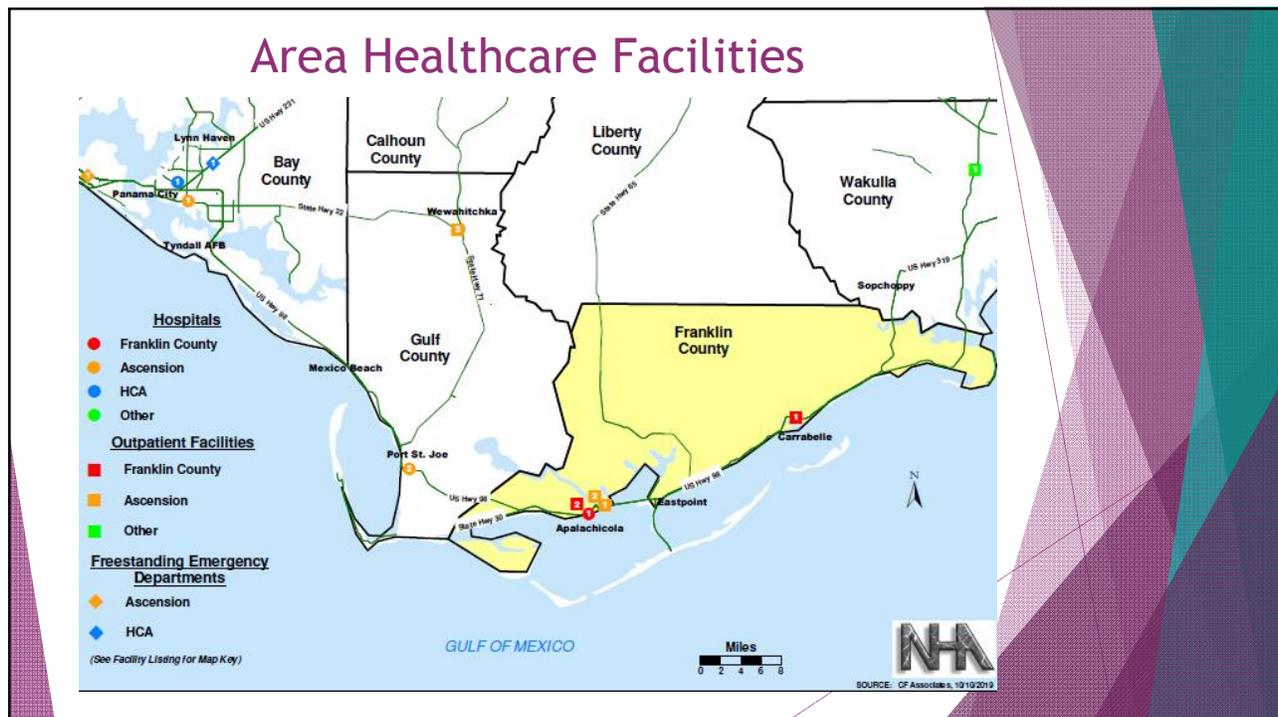
- ▶ Primary Care Practice, Dr. Pharr and Nurse Practitioner
- ▶ Adult and Pediatric Rehabilitation Services - Full Time Physical Therapist, Part Time Speech, Occupational and Therapy Assistant
- ▶ Ascension Sacred Heart Bay = Largest Inpatient Med/Surg Market Share in Gulf County
  - ▶ Apalachicola: 40%
  - ▶ Eastpoint: 30%
  - ▶ Carabelle: 8%
- ▶ Serve Franklin County Residents Throughout Ascension Sacred Heart

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## Ascension Sacred Heart in Franklin County Today

- ▶ Provide Uncompensated / Charity Services to Franklin County Residents:
  - ▶ Ascension Medical Group = Annual Charity Care ~\$1.3 million
  - ▶ Ascension Sacred Heart Hospitals = Annual Charity Care >\$2.4 million
- ▶ Ascension's My Gulf Care Currently Serves 40 Franklin County Seniors Who Are Among the Most Vulnerable
- ▶ Ascension Sacred Heart Gulf Hospital Employs 14 Franklin County Residents
- ▶ Ascension Sacred Heart Ministry within Franklin County is Based on Need Determinations Previously Conducted

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## Rural Healthcare

- ▶ Rural Hospitals are Performing Considerably Worse Financially than Urban Counterparts
- ▶ Currently, One in Five Rural Hospitals at High Risk of Closing
- ▶ Medicare for All Proposals by Various Candidates Could Result in:
  - ▶ 55% of Rural Hospitals Closing
  - ▶ Others Reduce or Eliminate Services to Remain Viable
- ▶ Technological Advances in Healthcare Often Bypass Rural Communities (Capital Constraints, Utilization Levels, Labor Skills, Infrastructure)
- ▶ Rural Hospitals Ability to Recruit and Retain Qualified Personnel is Challenged
- ▶ Accessing High Quality Healthcare Services Could Mean Reconfiguration of the Delivery System

## Rural Healthcare: Hospital Trends

- ▶ Healthcare Delivery is Transitioning from Inpatient to Outpatient
  - ▶ Inpatient Use Rates Continue to Decline
  - ▶ Lengths of Stay are Declining
  - ▶ Excess Hospital Capacity
  - ▶ Procedure Volume Needs to be Sufficient Enough to Maintain Proficiency, Challenging in Rural Communities
  - ▶ Result: Utility of 24/7 Hospital Beds is Declining
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- ▶ 160 Rural Hospital Closures Since 2005
  - ▶ Average 14 per Last Five Years - 2014 through 2018
  - ▶ 2019 Year to Date - 3 Quarters at 17; annualized 23 - 24
  - ▶ Of the 17 Closures in 2019, Half Established Ambulatory Platforms

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## Rural Healthcare: Community Trends

- ▶ Population Characteristics
  - ▶ Low Population Growth
  - ▶ Fewer Available Trained Healthcare Staff
  - ▶ Vulnerable At Risk Elderly, Healthcare's Highest Utilizers
  - ▶ Health Status of the Population in General
  - ▶ Lesser Service Availability Compared with Other Areas
  - ▶ Diminished Access to Services, Means of Transportation
  - ▶ Payor Mix Degradation
- ▶ Outmigration is Increasing
- ▶ Population Opting for Larger Medical Center Services
- ▶ Population Seeking Retail Clinics for Services
- ▶ Population Utilizing Telemedicine to Fulfill Some Needs

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## Rural Healthcare Delivery Solutions

- ▶ Identify a Regional Healthcare Partner with Deep Bench
  - ▶ Services
  - ▶ Physician Specialists
  - ▶ Access Points
  - ▶ Quality Provider
  - ▶ Telemedicine Capabilities
  - ▶ Capability to Implement Defined Services
- ▶ Key Services to be Provided Locally in an Ambulatory Platform
- ▶ Rotating Specialists to Bring Specialized Expertise Locally
- ▶ Ability to Manage Emergency Cases Locally

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## Ascension Approach to Rural Healthcare

- ▶ Ideal Model for Accessible Outlying Communities is an Ambulatory Platform Inclusive of a Freestanding Emergency Department and Alignment with Full Service Hospital for Comprehensive Services
  - ▶ First Ascension Freestanding Emergency Department in Panama City Beach - Saved Community Post Hurricane Michael
  - ▶ Six Additional Freestanding Emergency Departments in Various Stage of Implementation
  - ▶ Time to Market - Just 10 to 11 Months
- ▶ Studied the Franklin County Service Area and Population, Including
  - ▶ Medical/Surgical Hospital Utilization and Bed Demand
  - ▶ Emergency Services Utilization and ER Demand
  - ▶ Physician Supply and Demand
  - ▶ Health Status of the Population and Implications on Needed Services
  - ▶ Migration and Access Patterns
- ▶ Evaluated Modes of Healthcare Delivery & Conducted Needs Analysis for Franklin County - Resulting in This Ascension Proposal

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## Ascension Proposal

- ▶ Reconfigure Franklin County Healthcare Delivery System
- ▶ Establish New State of the Art Healthcare Access Points
  - ▶ Improve Access Locally
  - ▶ Improve Healthcare Services Locally
  - ▶ Improve Range of Healthcare Services Offered Locally
  - ▶ Incorporate Telemedicine
  - ▶ Align with Major Accessible Tertiary Provider (Trauma, Hearts)
- ▶ Implement a Healthcare System that is Economically Sustainable
- ▶ Expand Ascension Sacred Heart Ministry in Franklin County
- ▶ Align Franklin County and Ascension Sacred Heart to Appropriately Meet the Needs of Franklin County Residents

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## Proposed Scope

- ▶ Develop, License and Operate a Freestanding Emergency Department in Apalachicola
  - ▶ Ascension Sacred Heart is the ONLY provider in the State Allowed to Do This
  - ▶ Freestanding Emergency Department Will Replace the Existing Weems Memorial Hospital
  - ▶ Ascension Sacred Heart has experience in Freestanding Emergency Room Development and Operation
- ▶ Freestanding Emergency Department to Include: 6 Emergency and Procedure Rooms and 2 Holding Rooms, ~ 11,400 Square Feet
- ▶ Diagnostic Capabilities to Include: CT-Scan, X-Ray, Ultrasound and Lab
- ▶ Staffing 24/7: 4.2 Emergency Physicians, 8.4 Nurses, 4.2 CT/US Techs and a Total of 24 FTEs

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- ▶ AHCA Only Permits Licensed Hospitals (the Host Hospital) to License and Operate Freestanding Emergency Rooms as a Hospital Department
- ▶ Medicare Conditions of Participation Requires Any Hospital Based Department to be within 35 Miles of its Host Hospital

## Proposed Scope

- ▶ Establish a Second Primary Care Practice (\*)
  - ▶ Contiguous to the Freestanding Emergency Room
  - ▶ One Physician and Two Nurse Practitioners
  - ▶ Share Diagnostic and Lab Services with Freestanding Emergency Room
  - ▶ Will Replace Weems Medical Center West
- ▶ Staff the Weems Medical Center East Office
  - ▶ 5 ½ Days per Week
  - ▶ Two Nurse Practitioners
- ▶ Total FTEs include 1 Physician, 4.2 Nurse Practitioners and 9 Support Staff

*(\*) In addition to Dr. Pharr's practice which will remain at its 55 Avenue East location*

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## Proposed Scope

- ▶ Establish a Specialty Care Practices
  - ▶ Cardiology: 1 Day/Week
  - ▶ Orthopedics: 1 Day/Week
  - ▶ General Surgery: 1 Day/Week
  - ▶ Future: Other Specialties to be Determined
  - ▶ Total FTEs Initially: 0.6 Physicians and 1.8 Nurses/Support Staff
- ▶ Adult and Pediatric Rehabilitation Services
  - ▶ Relocate from 76 Market Street D
  - ▶ Expand from 2,000 to 4,000 Square Feet
  - ▶ Physical, Occupational and Speech Therapy
  - ▶ Total Clinical FTEs: 2 to 3

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## Jobs Created by the Ascension Proposal

	Emergency Department including Diagnostics	Primary Care Practice	Specialty Care Practices	Rehabilitation Services	Carabelle Clinic	Total FTEs
Physicians	4.2	1.0	0.6	0.0	0.0	5.8
Mid-Level Providers	0.0	2.0	0.0	0.0	2.2	4.2
Nurses and Other Staff	<u>19.9</u>	<u>5.0</u>	<u>1.8</u>	<u>2.3</u>	<u>4.0</u>	<u>33.0</u>
Total FTEs	24.1	8.0	2.4	2.3	6.2	43.0

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### Conceptual Rendering for Visual Perspective



## Capital Costs

	Emergency Dept including Diagnostics	Primary Care Practice	Specialty Care Practices	Rehabilitation Services	Total Project
Square Footage (approximate)	11,400	2,500	2,000	4,000	19,900
<b>Capital Costs</b>					
Land	TBD	TBD	TBD	TBD	TBD
Site work costs	TBD	TBD	TBD	TBD	TBD
Construction	\$4,262,625	\$625,000	\$500,000	\$1,000,000	\$6,387,625
Construction Contingency	\$353,265	\$62,500	\$50,000	\$100,000	\$565,765
Architect/Engineering	\$341,010	\$40,625	\$32,500	\$65,000	\$479,135
Pre-Development Costs	\$106,566	\$33,281	\$26,625	\$53,250	\$219,722
Subtotal Construction Related	\$5,063,466	\$761,406	\$609,125	\$1,218,250	\$7,652,247
Equipment	\$1,807,672	\$197,500	\$280,000	\$110,950	\$2,396,122
Equipment Contingency	\$138,871	\$20,244	\$28,700	\$25,400	\$213,214
Pre-Development Costs	\$43,942	\$4,938	\$7,000	\$6,048	\$61,927
Subtotal Equipment Related	\$1,990,484	\$222,681	\$315,700	\$142,397	\$2,671,263
<b>Total Project Costs (w/o land, sitework and unusual site conditions or infrastructure)</b>	<b>\$7,053,950</b>	<b>\$984,088</b>	<b>\$924,825</b>	<b>\$1,360,647</b>	<b>\$10,323,510</b>

## Operating Commitment

	Year One of Operations						
	Proposed Ascension Sacred Heart - Franklin County Health Care Center					Carabelle Clinic	Total Operational Investment
	Emergency Dept including Diagnostics	Primary Care Practice	Specialty Care Practices	Rehabilitation Services			
Physicians	4.2	1.0	0.6	0.0	0.0	5.8	
Mid-Level Providers	0.0	2.0	0.0	0.0	2.2	4.2	
Nurses and Remainder of Staff	19.9	5.0	1.8	2.3	4.0	33.0	
Total FTEs	24.1	8.0	2.4	2.3	6.2	43.0	
Forecasted Operations							
Revenues	\$24,281,038	\$847,013	\$360,000	\$847,836	\$646,672	\$26,982,559	
Deductions	\$21,156,745	\$298,996	\$234,000	\$536,341	\$260,609	\$22,486,691	
Net Revenues	\$3,124,293	\$548,017	\$126,000	\$311,495	\$386,063	\$4,495,869	
Expenses:							
Provider Compensation	\$1,551,052	\$473,653	\$25,200	\$0	\$274,560	\$2,324,465	
Non-Provider Compensation	\$1,226,075	\$209,315	\$0	\$201,709	\$148,612	\$1,785,710	
All Other	\$1,224,619	\$258,197	\$80,944	\$56,424	\$63,371	\$1,683,554	
Total Expenses	\$4,001,746	\$941,164	\$106,144	\$258,133	\$486,543	\$5,793,730	
Income from Operations	(\$877,453)	(\$393,147)	\$19,856	\$53,362	(\$100,479)	(\$1,297,861)	

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## Operating Commitment

	Year Two Year of Operations						
	Proposed Ascension Sacred Heart - Franklin County Health Care Center					Carabelle Clinic	Total Operational Investment
	Emergency Dept including Diagnostics	Primary Care Practice	Specialty Care Practices	Rehabilitation Services			
Physicians	4.2	1.0	0.6	0.0	0.0	5.8	
Mid-Level Providers	0.0	2.0	0.0	0.0	2.2	4.2	
Nurses and Remainder of Staff	19.9	5.0	1.8	2.3	4.0	33.0	
Total FTEs	24.1	8.0	2.4	2.3	6.2	43.0	
Forecasted Operations							
Revenues	\$25,751,882	\$929,041	\$540,000	\$852,075	\$646,672	\$28,719,670	
Deductions	\$22,441,296	\$327,952	\$351,000	\$539,023	\$260,609	\$23,919,879	
Net Revenues	\$3,310,586	\$601,090	\$189,000	\$313,052	\$386,063	\$4,799,791	
Expenses:							
Provider Compensation	\$1,552,043	\$477,566	\$37,800	\$0	\$274,560	\$2,341,969	
Non-Provider Compensation	\$1,250,596	\$210,012	\$0	\$205,743	\$151,584	\$1,817,935	
All Other	\$1,184,793	\$271,395	\$91,651	\$56,498	\$62,886	\$1,667,223	
Total Expenses	\$3,987,432	\$958,974	\$129,451	\$262,241	\$489,030	\$5,827,128	
Income from Operations	(\$676,846)	(\$357,884)	\$59,549	\$50,811	(\$102,967)	(\$1,027,337)	

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## Proposed Relationship and Terms

- ▶ Franklin County Provides the Capital for Construction Related Costs (Land and Building)
- ▶ Franklin County Enters into a Long Term Building Lease with Ascension at a Nominal Rate
- ▶ Ascension Provides the Capital for Equipment Related Costs
- ▶ Ascension Develops, Licenses and Operates the Newly Constructed Facilities
- ▶ Franklin County Discontinues Services at Weems Memorial Hospital Upon Licensure of the Freestanding Emergency Department (if not sooner)
- ▶ Ascension Staffs and Operates the Carabelle Clinic currently known as Weems Medical Center East

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## Proposed Relationship and Terms

- ▶ Franklin County Continues to Collect the One Cent Sales Tax
- ▶ Franklin County Provides Ascension With \$500,000 Annual Payment from the One Cent Sales Tax to Compensate for Charity Care and Subsidizing Services
- ▶ Franklin County Establishes a **Health Care Council** to Oversee and Recommend How the Remainder of the Annual One Cent Sale Tax Collections are Utilized. Examples of Programs Could Include:
  - ▶ Early Childhood Development
  - ▶ Nutritional Services
  - ▶ Mental Health Services
- ▶ Ascension Sacred Heart is Available to Serve on and/or Provide Staff Support to the **Health Care Council** and Make Annual Reports and Recommendations for Needed Community Services

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# Questions and Answers

## Proposal for Franklin County Healthcare Services

### by Ascension Sacred Heart

