



North Dakota Critical Access Hospital (CAH)

Vital Signs!
November 2009



Flex Monitoring Team Info

A consortium of Rural Health Research Centers from the University of Minnesota, North Carolina and Southern Maine. Under contract with the Federal Office of Rural Health Policy, the Team is conducting performance monitoring for CAH's for the FLEX Program.

The information is designed for public use!

Available at www.flexmonitoring.org

CAH Financial Indicators 2007

<u>Description</u> <u>Montana</u>	<u>National</u>	<u>ND</u>	<u>SD</u>	<u>Minn.</u>	
Total Margin 2007	1.34%	-1.54%	2.31%	4.40%	3.22%
Medicare Inpt. Rev/Day	\$1,333	\$1,037	\$1,188	\$1,732	\$1,374
Medicare Outpt. Cost/Chg	60%	59%	51%	49%	67%
Salary Exp/Total Exp.	47%	50%	48%	43%	44%
Average Age of Plant	12.4	12.4	14.5	9.6	12.9
Acute/Swing Ave. Census	3.4	3.6	3.2	5.3	3.3

Flex Monitoring Team, Summer 2007

Discussions...

- Rural Provider Advocacy to Date
 - CEO's From Bowman, Northwood, Rolla, Bottineau, Watford City Speaking on Behalf of ND CAH's
 - Meetings with BCBS of ND 2007, 2008, 2009
 - Eric Shell Presentation to ND CAHs
 - Eric Shell Presentation to BCBS Board of Directors
 - Meetings With the Insurance Commissioner
 - Various Legislative Advocacy
 - Community Education
 - ND CAH Financial Analysis Done For 3 Years

BCBS Reimbursement Comparison

CAH's in Other States Paid More For Services Provided by BCBS Plans in Their States

State

State 1,2,3,4

CAH Outpatient Reimbursement

92.5% - 100% Billed Charges

ND CAH's

BCBS of ND Pays **55 – 65% of Billed Charges**

Depends on Size and Individual Facility Costs

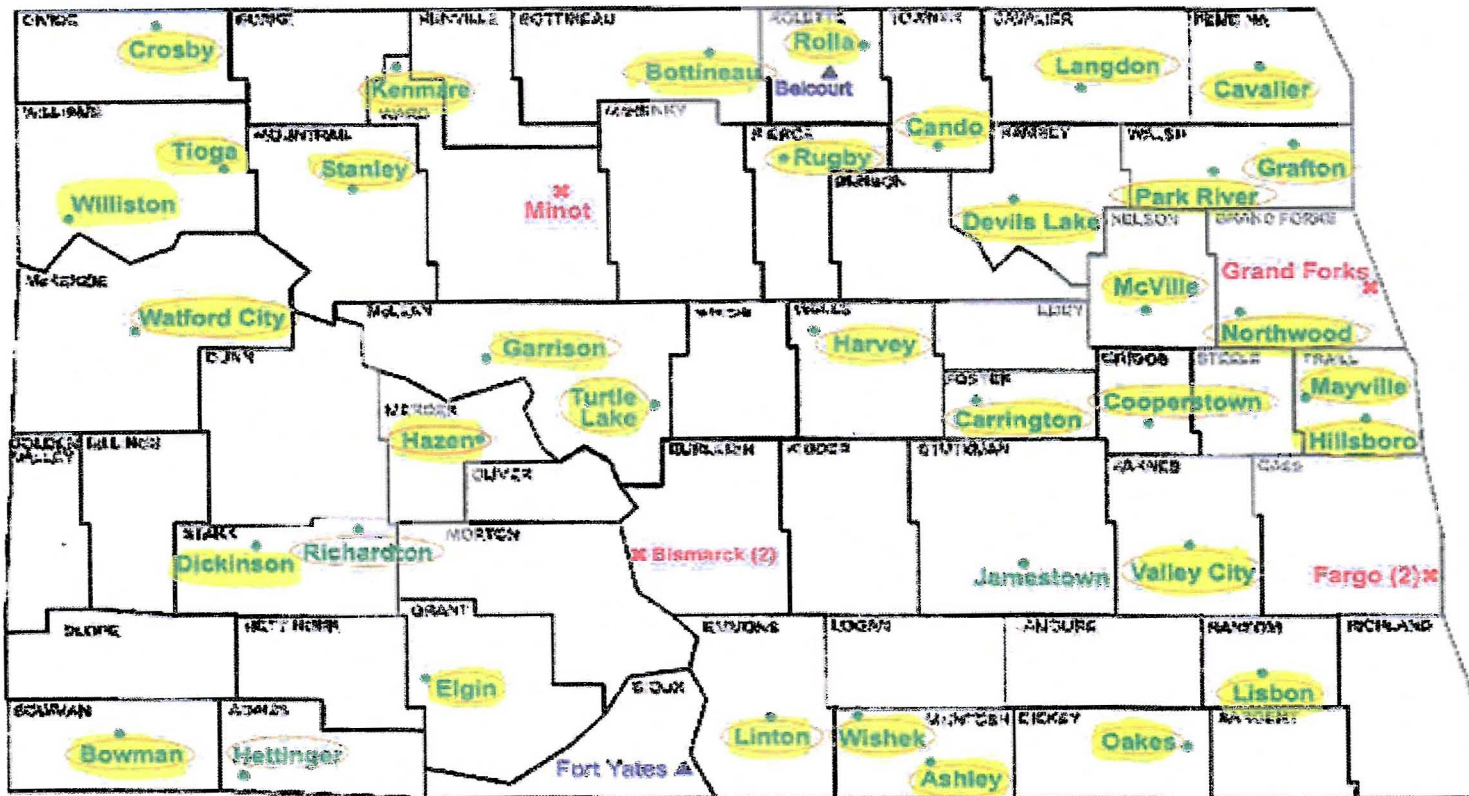
Average Regional Premium Comparison

Single Enrollees as of July 1, 2008

	<u>Monthly Premiums</u>
❑ Regional Group Average	\$399
❑ North Dakota	\$332
❑ 83% of Regional Average	
❑ Minnesota	\$437
❑ Kansas	\$364
❑ Nebraska	\$425
❑ Iowa	\$402
❑ South Dakota	\$447
❑ Missouri	\$365

Source: 2008 Milliman Study

North Dakota Hospitals and Critical Access Hospitals



● Rural Hospital	▲ Indian Health Service Hospital
* Tertiary Hospital-CAH Network	○ Critical Access Hospital

02/05

North Dakota Critical Access Hospitals Statement of Operations Analysis

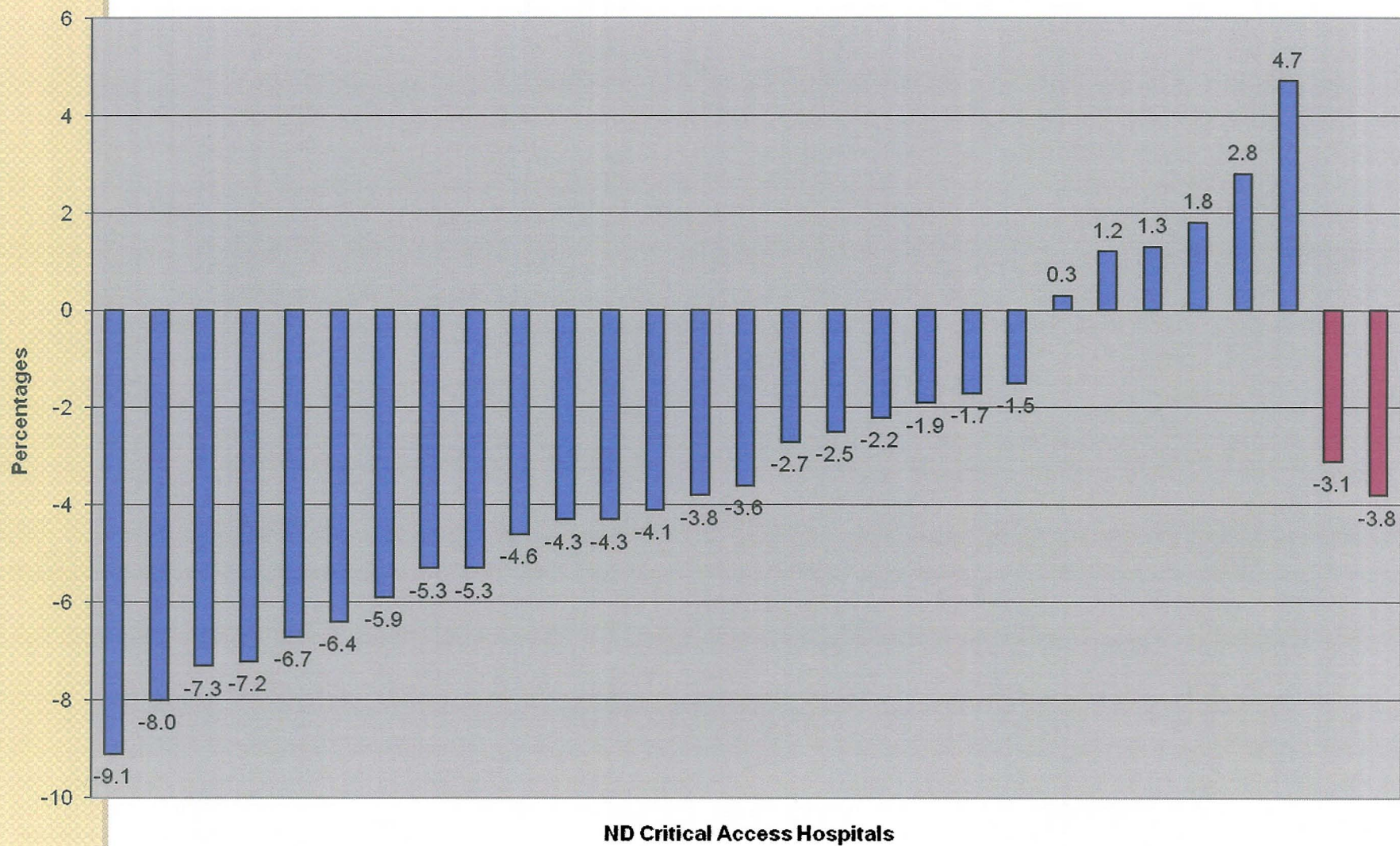
	27 Facilities 2007 <u>Average</u>	34 Facilities 2008 <u>Average</u>
Patient/Other Revenue	\$7,781,546	\$13,274,587
Deductions	<u>\$1,693,319</u>	<u>\$ 4,326,888</u>
Net Revenue	\$6,088,227	\$ 8,947,699
Expenses	<u>\$6,351,698</u>	<u>\$ 9,356,405</u>
Net Operating Margin	- \$263,470 -3.4%	- \$408,706 -3.1%
Non Operating Rev.	<u>\$194,617</u>	<u>\$159,262</u>
NET INCOME/LOSS	- \$68,854 -0.9%	-\$249,444 -1.9%

North Dakota CAH Statement of Operations Analysis

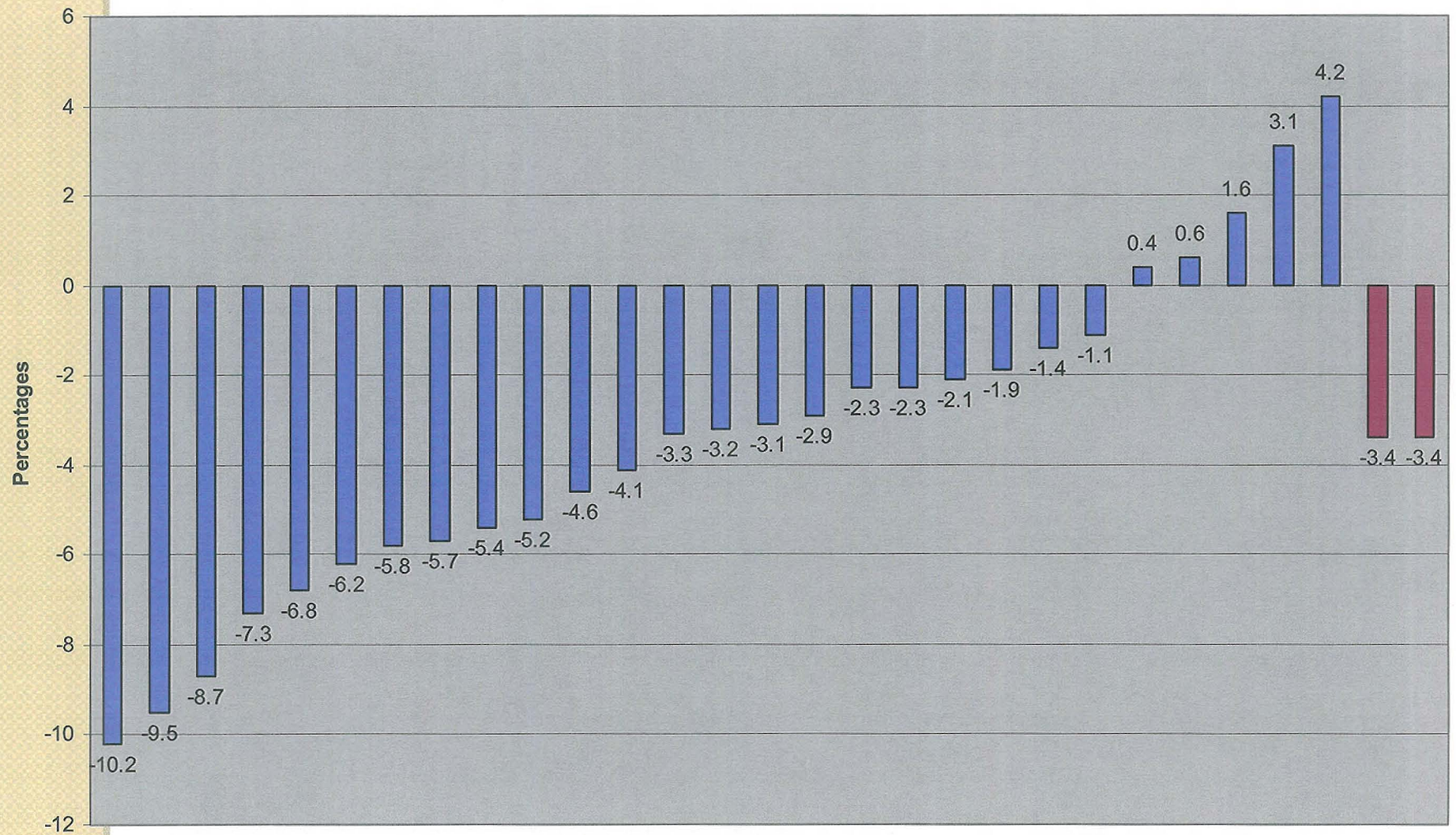
● Observations

- 34 of 35 Facilities Reported Their Financial Information
- 25 of 34 Facilities Own/Operate a Primary Care Clinic
- 15 of 34 Facilities Own/Operate a Nursing Home
- 23 of 34 Facilities had **Negative** Operating Margins
- Average Operating Loss was **-3.1% or -\$408,706**
- Average Net Loss was **-1.9% or -\$249,444**
- Of the 27 Reporting in all 3 Years
 - 16 Had Operating Losses all 3 years
 - 6 Had Operating Losses in 2 of 3 Years
- Average BCBS Contractual Deduction was \$941,019
- Total BCBS Contractual for 34 Facilities was \$31,994,643
- Average Bad Debt Expense was \$409,757

Operating Margin Fiscal Year 2006

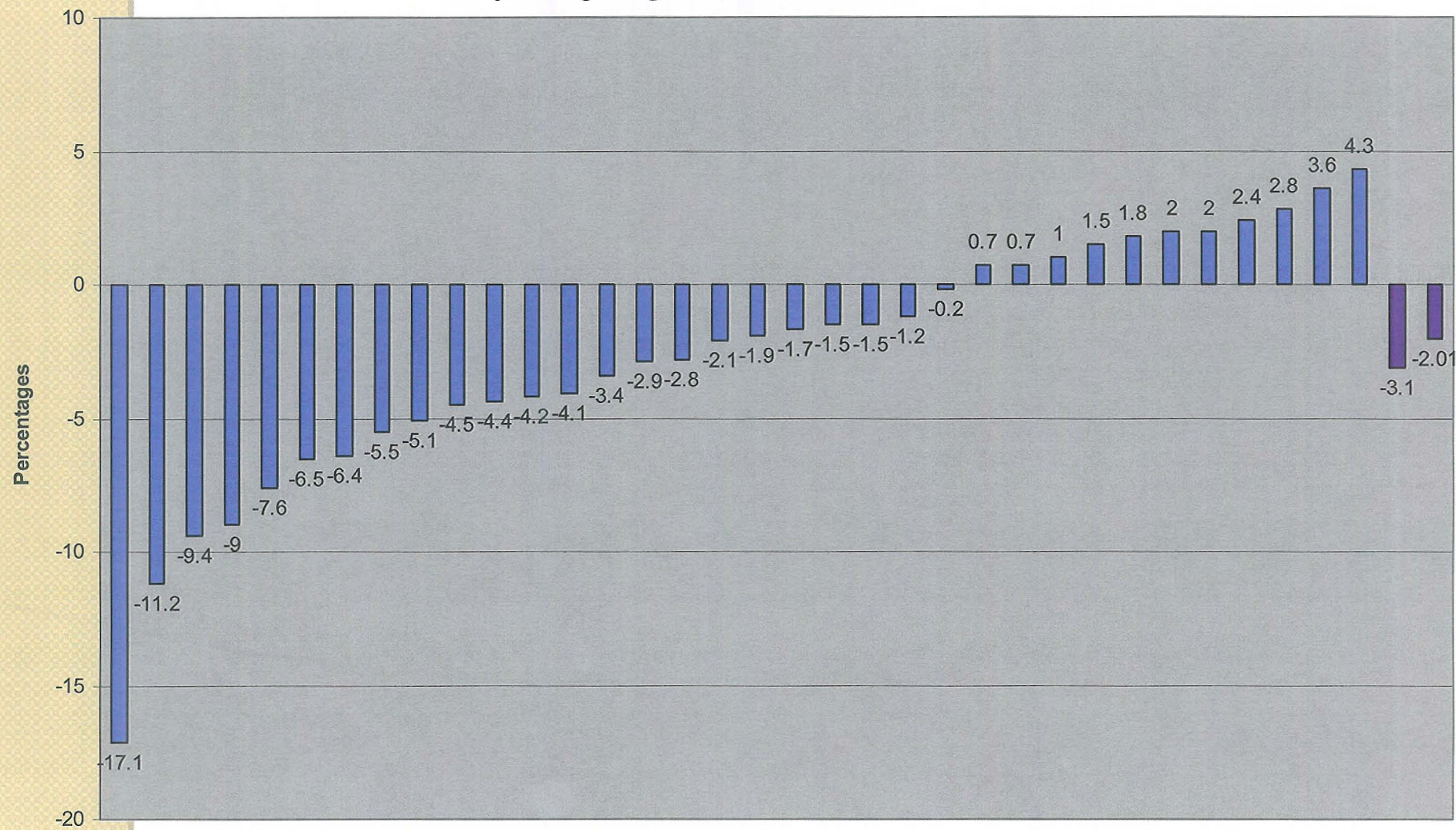


Operating Margin Fiscal Year 2007



ND Critical Access Hospitals

ND Critical Access Hospitals Operating Margin Fiscal Year 2008





Closing Thoughts...

- Rural Health Delivery Network is Fragile
- Financial Losses Cannot be Sustained
- Need to Work Together to Improve Financial Stability of All Providers
- Continue to Educate and Advocate
- ***Thanks For Listening!!***

**North Dakota Critical Access Hospitals & Dickinson
Services That Are Owned/Operated**

09/07/2009

Community	CAH Hospital	Nursing Home Beds	Basic Care	Assisted Living	Apartments	Clinic	Ambulance	Home Care
Ashley	20 Beds	44 Beds			30 Units	RHC - 2		Yes
Bottineau	25 Beds				15 Units	Jointly Own		
Bowman	23 Beds	61 Beds	5 Beds	12 Units	16 Units	RHC	Yes	Yes
Cando	20 Beds	45 Beds	10 Beds		10 Units	RHC - 2		
Carrington	25 Beds		24 Beds			RHC - 3	Yes	
Cavalier	25 Beds	60 Beds				RHC		
Crosby	25 Beds					RHC - 3		
Cooperstown	18 Beds	48 Beds		12 Units		RHC		
Devils Lake	25 Beds							
Dickinson	25 Beds					RHC - 2 of 4		Yes
Elgin	21 Beds	25 Beds				RHC - 2		
Garrison	22 Beds	28 Beds				RHC		
Grafton	17 Beds					RHC		
Harvey	25 Beds	106 Beds			16 Units			
Hazen	25 Beds		30 Beds			RHC - 2		Yes
Hillsboro	20 Beds	36 Beds					Yes	
Kenmare	25 Beds	12 Beds				RHC		
Langdon	25 Beds					RHC - 2	Yes	
Linton	14 Beds			11 Units		RHC - 3 of 4	Yes	
Lisbon	25 Beds							Yes
Mayville	25 Beds							
McVie	19 Beds	39 Beds				RHC - 2		
Northwood	12 Beds	61 Beds			10 Units		Yes	
Oakes	20 Beds							
Park River	14 Beds					RHC		
Rolla	25 Beds							
Rugby	25 Beds	80 Beds	68 Beds	37 Units		Yes	Yes	
Stanley	11 Beds					RHC		
Tioga	25 Beds	30 Beds			22 Units	RHC - 3		
Turtle Lake	25 Beds					RHC		
Valley City	25 Beds							Yes
Watford City	24 Beds	47 Beds	8 Beds	15 Units	8 Units	RHC		
Williston	25 Beds					Yes 3		Yes
Wishek	24 Beds					RHC - 4	Yes	Yes
Facilities	34	15	6	5	8	25	8	8
Total	749	718	165	87	127	48		

BCBS Reimbursement Workgroup
Facility Statement of Operations Summary

09/07/2009

	27 Facilities	27 Facilities	34 Facilities	34 Facilities
<u>Description</u>	<u>Fiscal</u>	<u>Fiscal</u>	<u>Fiscal</u>	<u>Fiscal</u>
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2008</u>
	<u>Average</u>	<u>Average</u>	<u>Total</u>	<u>Average</u>
<u>Patient Revenue</u>				
Inpatient	1,169,588	1,241,801	95,710,180	2,815,005
Outpatient	3,067,613	3,420,277	224,786,849	6,611,378
Clinic	756,213	856,810	45,060,581	1,325,311
Swingbed	429,137	406,733	19,904,926	585,439
Long Term Care	1,407,598	1,449,804	42,195,113	1,241,033
Basic Care	90,522	102,040	3,587,444	105,513
Ambulance	82,704	84,408	3,075,332	90,451
Home Care	29,446	30,438	4,885,086	143,679
Independent Apartments	40,996	42,141	1,245,684	36,638
Assisted Living	18,205	19,817	667,172	19,623
Total Patient Revenue	7,092,022	7,654,269	441,118,367	12,974,070
Other Operating Revenue	115,594	127,277	10,217,579	300,517
Total Operating Revenue	7,207,616	7,781,546	451,335,946	13,274,587
<u>Contractual Deductions</u>				
Medicare Contractuals	709,690	871,770	73,884,354	2,173,069
Blue Cross Contractuals	327,313	366,189	31,994,643	941,019
Medicaid Contractuals	156,068	159,956	13,240,118	389,415
Other Contractuals	124,389	155,569	14,063,340	413,628
Bad Debt/Charity Expense	130,465	139,835	13,931,728	409,757
Total Deductions	1,447,925	1,693,319	147,114,183	4,326,888
NET PATIENT REVENUE	5,759,691	6,088,227	304,221,763	8,947,699
<u>Operating Expenses</u>				
Salaries, Wages, Benefits	3,527,392	3,708,759	180,338,765	5,304,081
Purchased Service/Other	900,083	956,472	67,727,995	1,992,000
Supply Expense	1,096,002	1,179,344	43,357,593	1,275,223
Utilities	126,994	132,754	8,523,082	250,679
Depreciation & Amortization	276,790	310,915	14,882,424	437,718
Interest Expense	52,955	63,454	3,287,894	96,703
Total Expenses	5,980,217	6,351,698	318,117,753	9,356,405
Net Operating Margin	-220,526	-263,470	-13,895,990	-408,706
Operating Margin % (Mean)	-3.1%	-3.4%	-3.1%	-3.1%
			-2.0%	-2.0%
<u>Non Operating Revenue</u>				
Governmental Subsidies	4,228	14,841	596,601	17,547
Foundation Gifts	18,396	25,216	1,150,255	33,831
Grants	27,739	45,021	1,408,766	41,434
Other Donations	53,543	59,412	1,654,742	48,669
Other Non Operating Revenue	48,411	50,126	604,541	17,781
Total Non Operating Rev.	152,317	194,617	5,414,905	159,262
NET INCOME/LOSS	-68,209	-68,854	-8,481,085	-249,444
Net Margin % (Mean)	-0.9%	-0.9%	-1.9%	-1.9%
Net Margin % (Median)	-1.7%	-2.0%	-0.6%	-0.6%