



2010

2010 RURAL HOSPITAL
REPLACEMENT FACILITY STUDY

COMMUNITY PROFILES

*How Replacement Facilities Impact Operations
and the Bottom Line: Findings from the Field*



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“...there is no minimum size or pre-defined demographic to support rural facility investments.”

The 2010 rural hospital replacement facility will be published in several parts, each with a specific focus. This first part, Part One, examines the make-up of the communities that have successfully completed a replacement facility. Many Boards ask, “Are we different than the communities with replacement facilities?” and this publication offers data to help rural leaders make this assessment. The 2010 study includes 97 rural hospitals that have replaced patient care areas and opened their new facilities prior to January 1, 2010, with a list of those facilities included in this report. For each hospital in the study, Stroudwater analyzed service area characteristics including population size and growth, household income, unemployment, and insurance coverage as well as each new facility’s distance in both miles and minutes to the nearest hospital, the utilization of services as measured by Medicare admissions per 1,000 population over age 65, and each hospital’s market share of Medicare admissions for its service area. (The study did not look at data from communities that have not replaced facilities, but past versions of this study have shown similar demographic characteristics between replacement and non-replacement communities.)

The results show there is no “typical” replacement community. The communities with replacement facilities are diverse, and there are no strong links between the factors one might assume would be determinant: population size, household income, unemployment rates, hospital utilization, or market share. Some of these communities are isolated, small, and relatively poor, while others are in more populated areas with significant competition.

Within the data however some patterns do emerge. In the area of population growth (or decline), for example, the smallest quarter of communities, all with service area populations less than 10,000, are more likely to be losing population, while the largest communities are showing the most growth. Nearly all communities are experiencing growth in the 65+ population, but this age cohort is growing fastest in those larger communities.

Hospitals in the smaller communities are generally more distant from the next nearest hospital and hospitals in the larger communities still generally command a larger market share of Medicare inpatient admissions. Additionally, larger service areas generally have lower percentages of uninsured populations.

The combination of a small and shrinking population, lower growth in the 65+ population, and a high percentage of uninsured patients presents a large challenge for small, rural communities. Larger rural communities face more competition from adjacent facilities and must define their service mix carefully. To sustain any facility investment, the facility must meet the needs of the community and be responsive to these challenges.

In conclusion, there is no minimum size or pre-defined demographic to support rural facility investments. More and more rural hospitals are considering facility investments – in communities both large and small – and should be looking at all options.

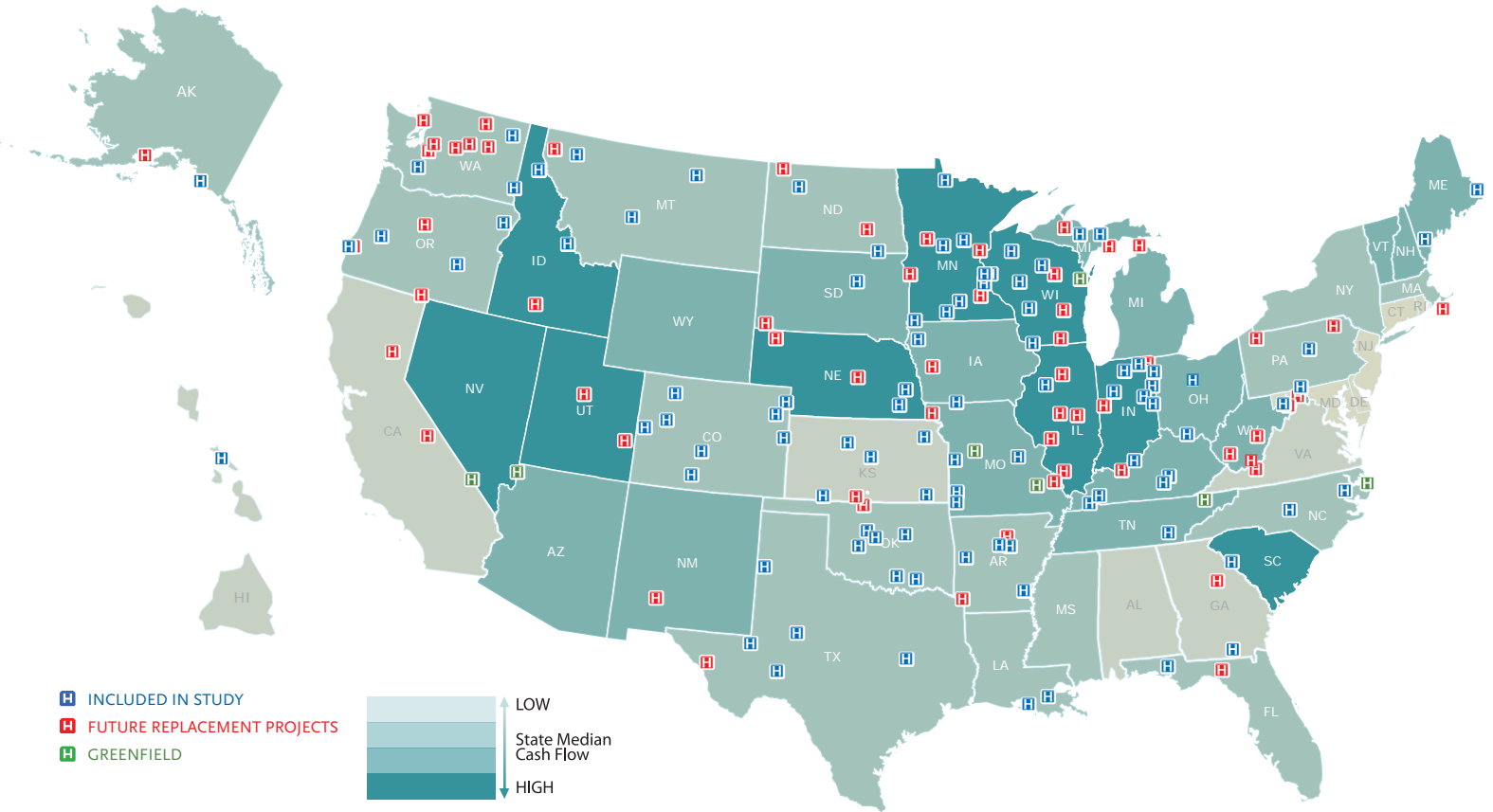
Part Two of the study will examine the impact of replacement on hospitals’ financial performance.



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PROVIDENCE MOUNT CARMEL HOSPITAL, COLVILLE, WA.



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 Design by annielcatherine, Portland, Maine.
 Printed by Colorgraphics, Sidney, Maine on recycled paper.

STATISTIC	10TH PERCENTILE	25TH PERCENTILE	50TH PERCENTILE	75TH PERCENTILE	90TH PERCENTILE
POPULATION					
Home ZIP code population	2,678	4,605	7,431	12,341	15,087
Service area total population	5,362	8,459	14,449	22,312	32,369
Home ZIP as percentage of total service area (1)	26%	41%	57%	78%	87%
Percentage of service area population age 65+	12%	14%	17%	19%	22%
Projected percentage of service area population growth 2009-2014	-4%	-2%	1%	3%	5%
INCOME/EMPLOYMENT					
Home ZIP median household income	\$34,181	\$36,840	\$40,263	\$45,605	\$50,614
Home county unemployment rate	4%	7%	9%	11%	14%
INSURANCE COVERAGE					
Home ZIP code percentage Medicare	12%	15%	19%	21%	24%
Home ZIP code percentage Medicaid	9%	11%	15%	20%	28%
Home ZIP code percentage Commercial	34%	41%	48%	56%	65%
Home ZIP code percentage Uninsured	8%	11%	15%	22%	28%
LOCATION					
Time to nearest hospital (minutes)	18	24	32	43	61
Distance to nearest hospital (miles)	12	17	22	29	44
UTILIZATION OF SERVICES					
Service area Medicare inpatient admissions	310	530	834	1,240	1,826
Service area Medicare admissions per 1,000 population, 65+	273	296	359	421	497
Hospital market share of service area Medicare admissions	22%	25%	31%	37%	47%

(1) Service area is defined as all ZIP codes in which the hospital had at least 10% market share of Medicare admissions.

DATA ELEMENTS

Population by ZIP code
 Median household income
 Insurance coverage
 Medicare admissions by provider by ZIP code
 Unemployment rate by county
 Time to nearest hospital (minutes)
 Distance to nearest hospital (miles)

DATA SOURCES

Thomson Reuters
 Thomson Reuters
 Thomson Reuters
 CMS Hospital Market Share Service Area File
 Bureau of Labor Statistics, Google Public Data Explorer
 ESRI/TeleAtlas
 ESRI/TeleAtlas

FRANKLIN FOUNDATION HOSPITAL, FRANKLIN, LA.



2 0 1 0 D I R E C T O R Y

FACILITY NAME	ST.	ADMIN/CEO	TEL.	POP.	FACILITY NAME	ST.	ADMIN/CEO	TEL.	POP.
Abbeville Area Medical Center	SC	Rich Osmus	864-366-5011	18,400	McCune-Brooks Regional Hospital	MO	Bob Copeland	417-358-8121	32,400
Adams Memorial Hospital	IN	Marvin Baird	260-724-2145	31,600	Meade District Hospital	KS	Michael Thomas	620-873-2141	8,000
Adams County Regional Medical Center	OH	Saundra Stevens	937-386-3400	39,700	Melissa Memorial Hospital	CO	John Ayoub	970-854-2241	3,100
Amery Regional Medical Center	WI	Michael Karuschak	715-268-8000	26,100	Mitchell County Hospital	TX	Karl Stinson	325-728-3431	9,400
Arbuckle Memorial Hospital	OK	Darin Farrell	580-622-2161	13,900	Molokai General Hospital	HI	Janice Kalanihulia	808-553-5331	5,300
Atoka Memorial Hospital	OK	Paul Reano	580-889-3333	12,600	Morton General Hospital	WA	Ron DeArth	360-496-3701	10,200
Baptist Health Medical Center - Heber Springs	AR	Edward Lacy	501-887-3000	23,300	Mountainview Medical Center	MT	Aaron Rogers	406-547-3321	1,900
Barton County Memorial Hospital	MO	Rudy Snedigar	417-681-5100	17,400	Mountrail County Medical Center	ND	Mitch Leupp	701-628-2424	2,100
Bell Memorial Hospital	MI	Richard Ament	906-486-4431	25,600	Munising Memorial Hospital	MI	Kevin Calhoun	906-387-4110	6,700
Bertie Memorial Hospital	NC	Jeff Sackrison	252-482-6268	10,100	North Valley Hospital	MT	Craig Aaved	406-863-3500	32,400
Blackford Community Hospital	IN	Steven West	765-348-0300	19,200	Oakes Community Hospital	ND	Lee Boyles	701-742-3291	11,100
Booneville Community Hospital	AR	Dzaidi Daud	479-675-2800	11,100	Okeene Municipal Hospital	OK	Shelly Dunham	580-822-4417	5,500
Bridgton Hospital	ME	John Carlson	207-647-6000	29,500	Orange City Municipal Hospital	IA	Martin Guthmiller	712-737-4984	16,800
Bucyrus Community Hospital	OH	Scott Landrum	419-563-9376	21,900	Osceola Medical Center	WI	Jeffrey Meyer	715-294-2111	13,200
Caldwell County Hospital	KY	Charles Lovell	270-365-0321	20,500	Our Lady of Victory Hospital	WI	Cynthia Eichman	715-644-5571	15,900
Casey County Hospital	KY	Rex Tungate	606-787-6275	13,200	Ozark Health Medical Center	AR	Kirk Reamey	501-745-9502	22,800
Cass Regional Medical Center	MO	Chris Lang	816-380-5888	47,800	Parkview LaGrange Hospital	IN	Rob Myers	260-463-2143	38,500
Chatham Hospital	NC	Carol Straight	919-799-4001	24,500	Parmer Medical Center	TX	Lance Gatlin	806-250-2754	7,600
Clinch Memorial Hospital	GA	Phillip Cook	912-487-5211	7,700	Phillips County Hosp. & Family Health Clinic	MT	Ward Van Wichen	406-654-1100	3,700
Community Hospital of Bremen	IN	Scott Graybill	574-546-2211	10,600	Potomac Valley Hospital	WV	Mike Makosky	304-788-3141	19,900
Community Memorial Hospital	OH	Mel Fahs	419-542-5560	14,700	Providence Mount Carmel Hospital	WA	Bob Campbell	509-685-5480	26,700
Cottage Grove Community Hospital	OR	Mary Anne McMurren	541-942-0511	19,700	Providence Valdez Medical Center	AK	Sean McAllister	907-835-2249	4,200
Crete Area Medical Center	NE	Carol Friesen	402-826-2102	11,600	Pullman Regional Hospital	WA	Scott Adams	509-336-7406	35,900
Delta Memorial Hospital	AR	Cris Bolin	870-382-8126	11,000	Ringgold County Hospital	IA	Gordon Winkler	641-464-3226	7,600
Doctor's Memorial Hospital	FL	Robert Winkler	850-547-1168	23,500	Rio Grande Hospital	CO	Arlene Harms	719-657-2510	17,200
Drumright Regional Hospital	OK	Darrel Morris	918-382-2300	6,300	River's Edge Hospital & Clinic	MN	Colleen Spike	507-931-2200	18,600
Ellsworth County Medical Center	KS	Roger Masse	785-472-3111	8,700	Riverwood Healthcare Center	MN	Michael Hagen	218-927-5501	16,400
Family Health West	CO	Errol Snider	970-858-2107	14,600	Rooks County Health Center	KS	Michael Sinclair	785-434-4553	5,400
Faulton Area Medical Hospital	SD	Jay Jahngig	605-598-6262	2,300	Sacred Heart Hospital	WI	Monica Hilt	715-453-7700	10,800
Fort Logan Hospital	KY	Mike Jackson	606-365-2187	42,700	Sanford Luverne	MN	Tammy Loosbrock	207-283-2321	15,100
Franklin Foundation Hospital	LA	Parker Templeton	337-355-1283	18,100	Saunders Medical Center	NE	Earl Sheehy	402-443-1417	10,200
Fulton County Medical Center	PA	Jason Hawkins	717-485-6109	21,100	Shoshone Medical Center	ID	Mike Pruitt	208-784-1221	12,400
Grand River Hosp. and Medical Center	CO	Martie Wisdom	970-625-1510	24,900	Southern Coos Hosp. & Health Center	OR	James Wathen	541-347-2426	9,500
Harney District Hospital	OR	Jim Bishop	541-573-8329	7,600	Southwest Health Center	WI	Anne Klawiter	608-348-2331	23,000
Harrison County Hospital	IN	Steve Taylor	812-738-4251	41,300	St. James Medical Center - Mayo Health System	MN	Scott Thoreson	507-375-3391	6,900
Hayward Area Memorial Hospital	WI	Barbara Peickert	715-934-4244	22,300	St. James Parish Hospital	LA	Mary Ellen Pratt	225-746-2990	13,900
Heart of the Rockies RMC	CO	Ken Leisher	719-530-2210	21,300	St. Vincent Randolph Hospital	IN	Cheech Albarano	765-584-0004	18,600
Hermann Area District Hospital	MO	Dan McKinney	573-486-2191	8,200	Steele Memorial Medical Center	ID	Jeff Hill	208-756-5617	10,400
Holton Community Hospital	KS	Ron Marshall	785-364-2116	8,500	The Memorial Hospital	CO	George Rohrich	970-824-9411	14,400
Hudson Hospital & Clinics	WI	Marian Furlong	715-531-6000	40,700	Tomah Memorial Hospital	WI	Philip Stuart	608-372-2181	22,100
Iraan General Hospital	TX	Teresa Callahan	432-639-2871	1,600	Wallowa Memorial Hospital	OR	David Harman	541-426-5300	7,400
Jersey Shore Hospital	PA	Carey Plummer	570-398-0100	35,800	Weatherford Regional Hospital	OK	Debbie Howe	580-774-2314	18,200
Kewanee Hospital	IL	Margaret Gustafson	309-852-7500	22,300	White County Memorial Hospital	IN	Paul Cardwell	574-583-7111	22,600
Kingfisher Regional Hospital	OK	Nancy Schmid	405-375-3141	14,100	Wilson Medical Center	KS	Deanna Pittman	620-325-2611	4,200
Kit Carson County Memorial Hospital	CO	Joe Stratton	719-346-5311	8,200	Winkler County Memorial Hospital	TX	Stan Wiley	432-586-8299	6,600
LakeWood Health Center	MN	SharRay Palm	218-634-2120	3,900	Yuma District Hospital	CO	John Gardner	970-848-5405	10,000
Lakewood Health System Hospital	MN	Tim Rice	218-894-8610	16,200	Hospital "A", U.S.A.	-	-	-	32,300
Limestone Medical Center	TX	Penny Gray	254-729-3281	9,300	Hospital "B", U.S.A.	-	-	-	13,500
Marshall County Hospital	KY	Kathy Long	270-527-4800	25,800					

Population is defined as the sum total of populations in all ZIP codes in which the hospital had at least 10% market share of 2009 Medicare admissions.

STROUDWATER ASSOCIATES

Stroudwater Associates is a prominent healthcare advisory firm with a dedicated team that is passionate about the health of rural people and places. With offices in Portland, Maine, Atlanta, Georgia and Phoenix, Arizona, Stroudwater provides strategic, financial, facility planning, and operational consulting services to a national clientele — from academic medical centers to small, rural hospitals, and from integrated health systems to stand-alone community hospitals.

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