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insight™

EXECUTIVE EDITION FOR COMMUNITY HOSPITALS

# Untreated Hospitals in Poor Health Can Also Die

**by Jim Burnette, President/CEO, HospitalMD**

Clearly, many small community hospitals (SCHs) are in critical condition. Their specific conditions depend on their co-morbidities, how long their disease has progressed, and how long they have gone undiagnosed and untreated. The risk to these SCHs is analogous to human patients with complex disease that go undiagnosed and untreated. THE ULTIMATE AND FINAL PROGNOSIS IS DEATH.

*The sooner an effective hospital "treatment plan" begins, the higher the probability of recovery.*

There are three significant differences between hospitals and humans as patients: hospital disease is much less complex, symptoms clearly indicate the underlying disease and acuity, and there is a proven treatment that is 100% effective. They also have two conditions in common: cure depends on understanding and treating the real cause(s) rather than symptoms, and the sooner effective treatment begins, the higher the probability of a full recovery.

Today, there seems to be no greater promise or expectation of a hospital treatment plan that can bring about success and viability than there was 20 years ago. Is something wrong?

The consensus of most studies is that declining reimbursement is the cause of distress. If SCHs continue to believe this, they will forever continue treating symptoms and never consider a proven cure,

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even if there is a proven cure. Holding out hope of any substantial increase in reimbursement will only result in disappointment.

I believe there is a promising treatment plan to good health that does not depend on increases in reimbursement. This should be good news.

## FIRST GENERATION INSIGHT

I should clarify that declining reimbursement is a reality. But it is only an incremental contributing factor (symptom), and only one of many.

*The next issues of Insight™ will present the real fundamental causes of financial distress in community hospitals and a promising alternative path to financial viability.*

Over the next few issues of ***Insight™***, I hope to present what I believe are the real fundamental causes of financial distress. Based on this insight, I hope to offer a promising alternative path to financial viability that does not require increases in reimbursement.

The primary findings of five representative studies[1] conducted over the past several years, that assess the current and future viability of SCHs, reached the same conclusions about the fragile condition of SCHs and effects of financial distress. The studies found:

- **Approximately 120 (6%) of the rural hospitals operating in 2005 died and were closed by 2014, leaving approximately 2,000 that were still operating in 2014.**
- **Of these 2,000 remaining, 673 (34%) are at risk of closing based on comparing the key performance indicators of these 673 to the same indicators of hospitals that had closed.**
- **The death (closing) rate is accelerating with each passing year. The rate in 2015 was 6 times that in 2010.**
- **SCHs have done all they can do to cut costs, and there is little they can do to change their destiny themselves.**

Are these organizations and their studies wrong? Not entirely. They have done good jobs of identifying and cataloging distress symptoms.

Still, if one believes that SCHs have done all they can do (internally) to change their destiny, it would be natural to look for

[1]These studies were conducted by various organizations including iVantage (for the National Rural Health Association), the University of North Carolina's Center for Health Services Research, the National Center for Rural Health Works, the National Conference of State Legislatures, and a composite of *several Federal agencies representing the Department of Health and Human Services, the US House of Representatives, the US Senate, and the Congressional Budget Office.*

outside causes and cures. As we look outside, we tend to look for someone or something beyond our reach and control as the cause which distracts from the real cause. Diagnosing and treating financial distress requires someone who has studied this disease, developed the diagnostic and treatment plan(s) based on "clinical" trials, and specializes in this disease. I describe this perspective as *First Generation Insight*.

## SECOND GENERATION INSIGHT

I have personally owned, operated, and managed SCHs. I have reopened two hospitals that had been previously closed. I have experienced first-hand the same financial structure, pressure, and economic constraints as most SCHs. From these experiences, I have come to a different perspective I describe as Second Generation Insight.

I developed a comprehensive success solution (diagnosis and treatment plan) that HospitalMD uses to assist our clients achieve financial success. Our proprietary methodology solves the revenue problem and collateral symptoms without a need for increased reimbursement. And it is effective because it is "designed" to be effective and attack the real causes of distress.

## PARTNERSHIP, NOT A VENDOR

Most SCHs that are struggling financially cannot afford to take a financial risk. And a change in either or both their EM and HM services can be a disruptive and risky. So, we partner with our clients. We are not a vendor. We are your attending physician. A partner works with you as if both parties are the same organization, and both share risks and rewards. We believe this is fair, and this is the true spirit of partnership.

*HospitalMD is not a vendor. We are your attending physician. We share your risks and rewards in a true spirit of partnership.*

In each of the issues to follow, I will begin to dig deeply and convincingly into the real causes of distress, and show you steps to a path of recovery.

You and your Governing Board are the only parties that can, and will, determine if your SCH is successful. You are the only hope your local community has for continuing, and improving, local healthcare. I encourage you to talk with me about our partnership and how I work for you for your long-term success.

You can email me anytime with any comments or questions at jhb@hospitalmd.com or call me at 1.877.881.8783.

**Jim Burnette** is the Founder and CEO of **HospitalMD and Editor-in-Chief of Insight™.** Jim has worked in healthcare for more than 20 years. His mission is to strengthen community hospitals across the nation in today's rapidly changing healthcare climate. Jim is a graduate of Georgia Tech and resides in Peachtree City, a community right outside Atlanta.

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