

RURAL HOSPITALS STRUGGLE TO SURVIVE

In October 2005, three rural hospitals in the Florida Panhandle suffered a crippling blow to their ability to continue to operate when Gadsden Community Hospital in Quincy was closed by the Agency for Health Care Administration for violation of life safety codes. The closure of Gadsden also affected two other rural hospitals (George Weems Hospital in Apalachicola and Calhoun-Liberty Hospital in Blountstown) that were managed by the same hospital management company. Business services for all three hospitals (e.g., claims and billing, personnel services, supplies, IT support, etc.) were being handled through the Gadsden facility. When the hospital's doors were locked by the sheriff's department, Weems and Calhoun-Liberty lost all business and support services along with their ability to process claims and generate revenues.

Local communities quickly responded to the imminent closing of these facilities by assuming financial responsibility and taking control of the facilities from the former management. Prior to its abandonment of the three hospitals, the management company had also stopped paying staff salaries. But services continued due to the dedication of the hospitals' employees who showed up for work until alternative financial arrangements could be made. Franklin County government took over Weems Hospital and subsequently found a hospital management company to operate the hospital. In Blountstown, the Calhoun-Liberty Hospital Association assumed control and hired a consultant to assist in returning the hospital to profitability.

A major problem in keeping the hospitals in Apalachicola and Blountstown functioning to serve their communities was the availability of cash flow for day to day operations. In Franklin County, the County Commission provided the needed funding for the continued operation of Weems Hospital. The Calhoun-Liberty Hospital Association provided \$1 million in operating funding for Calhoun-Liberty Hospital. Despite this, additional funding was needed to reestablish business services and meet the Calhoun-Liberty Hospital's financial obligations for the coming year. The Florida Office of Rural Health worked with the Governor's Rural Economic Development Initiative to secure a rural community development loan of \$600,000 through the City of Blountstown. A local bank also provided a \$500,000 line of credit for the hospital.

In addition to identifying potential sources of funding for the hospitals, the Office of Rural Health provided grant funds to assist the two hospitals to reestablish billing services by updating their Charge Master documents. Franklin County will also receive funding for a study to determine the long range health needs for the county and whether the construction of a replacement hospital is financially feasible. As rural and critical access hospitals, both hospitals received state rural hospital capital improvement program funding, and federal pharmacy health information technology grants to purchase basic equipment to prevent medication errors for patients.

Since its closure, the community's efforts to reopen Gadsden Community Hospital have been frustrated by creditors who have prevented the local hospital authority from taking control of the building. Subsequently, the hospital lost its hospital license, Medicare certification, and critical access hospital designation. Despite this, the Florida Office of Rural Health has been providing assistance to the community with its efforts to try and reopen the facility by compiling and providing a list of rural hospital management companies to the Gadsden County administrator. More recently, grant funding was provided to review the accuracy of the hospital's Medicare cost report that is to be filed for Medicare claims during the past year.