

HEALTHCARE STUDY REPORT

Elmore County Economic Development Authority
April 28, 2021



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Engagement Overview and Approach



Stroudwater Associates was engaged by the Elmore County Economic Development Authority in order to better understand the present and future healthcare needs of Elmore County and surrounding communities.

While the communities have hospital options through Community Hospital in Tallassee and Elmore Community Hospital in Wetumpka, and a new medical complex, One Oak Medical in Wetumpka, many residents continue to travel outside of the county to Montgomery for care, which shifts patients away from healthcare facilities in Elmore County and places a large burden on residents to have to travel for certain healthcare services.

Specifically, Elmore County leaderships wants to rethink and redesign the future of healthcare delivery in the county by understanding:

- ➤ Which services are provided in Elmore County and where services are provided
- ➤ Which services Elmore County residents travel for and why
- > How population and demographic changes shape healthcare service demand
- ➤ Which services could and should be provided locally and in which site of service
- ➤Once identified, how to implement services utilizing the right providers and equipment in the right service sites in order to improve service access and bridge service gaps by serving Elmore County patients locally to the extent possible

Engagement Overview and Approach



- To achieve these goals, Stroudwater utilized the following approach:
 - Market Analysis a comprehensive analysis of the service area that examines market trends and competitive dynamics
 - Delivery Model Options Analysis used to establish a common fact base and establish goals and objectives, which includes:
 - ✓ Qualitative analysis informed by key stakeholders through virtual interviews
 - ✓ Quantitative analysis using relevant operating, financial, clinical and market data and information provided by the Alabama Department of Public Health, and hospitals and healthcare facilities located in and around Elmore County in order to make informed decisions
 - ✓ Analysis of Delivery Model Options, which is informed by the key stakeholder interviews and market analysis used for evaluation of the identified goals and objectives by Elmore County leadership
 - Facilitated Planning Session An on-site collaborative planning session with the Elmore County Economic Development Authority and Elmore County leadership to achieve the following goals:
 - ✓ Publish the report and present findings and strategic recommendations
 - ✓ Seek consensus on the optimal delivery model option
 - ✓ Develop draft action plans to serve as the road map for implementation of the selected delivery model

Recommendations



Expand services through provider recruitment and partnership

- OB-GYN and women's services
- Elderly and geriatric services
- Cardiology services
- Imaging services
- Psychiatric and mental health services
- Physical therapy services
- Surgical services
- Dermatological services

Evaluate further service delivery options

- Options include:
 - Ambulatory Service Center
 - Diagnostic Imaging Center
 - Replacement "rightsized" hospital in Wetumpka
 - Repurpose Elmore Community Hospital facility
 - Master facility planning for Tallassee Hospital

Evaluate potential partnerships for both

- Sizing and cost estimates for delivery alternative options
- Develop plans of finance for options under consideration
- Partner evaluation for delivery options
- Negotiation of key terms

MARKET ANALYSIS

Service Area Definition

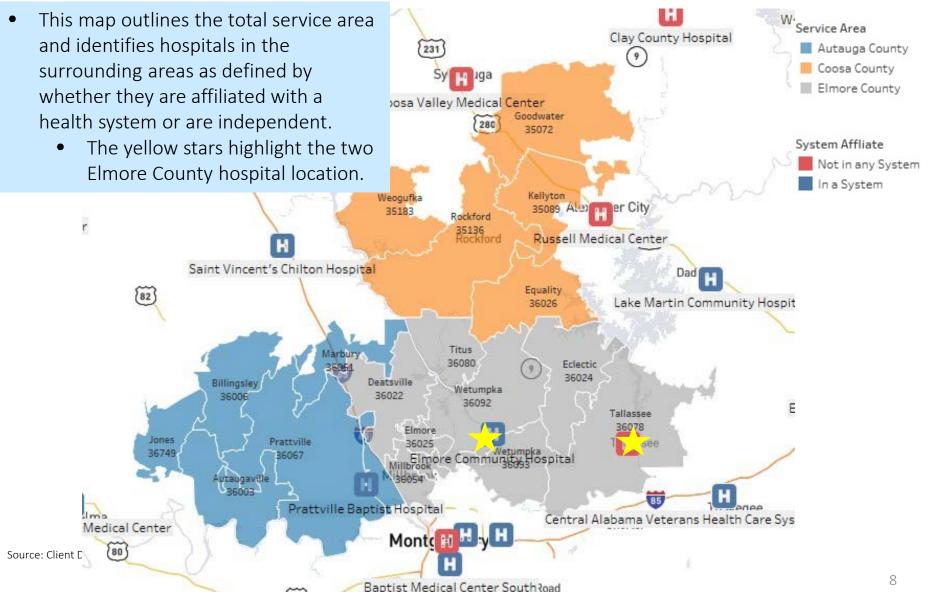


The overall Total Service Area is presented by the three counties of Autauga, Coosa and Elmore to give a general backdrop of the entire area from which patients originate to visit healthcare facilities in Elmore County.

This service area was further refined to include only Elmore County to better understand the healthcare needs to support within the county when performing the healthcare study.

Service Area Map





Total Service Area Population



- Total service area population is expected to increase by 2,590 people or 1.7% over the next five years.
- The age 65+ cohort is expected to grow by 15.6% and represents nearly all the estimated population growth.

 152,626
 5yr Estimate

 155,216

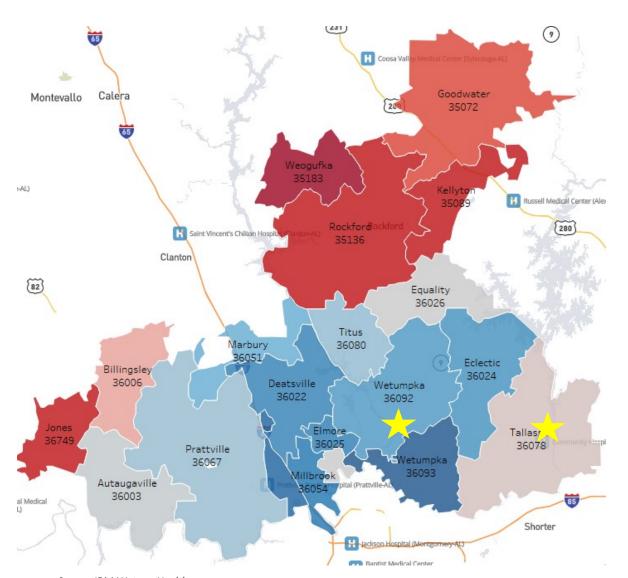
Age Groups	Current	Forecast	# Change	% Change
0-17	34,535	33,405	-1,130	-3.3%
18-44	53,298	53,775	477	0.9%
45-64	40,904	40,414	-490	-1.2%
65+	23,889	27,622	3,733	15.6%
Grand Total	152 626	155 216	2 590	1 7%

PO Name	Zip Code					
Autaugaville	36003	1,868	1,870	2		0.1%
Billingsley	36006	1,592	1,582	-10	-0.6	5%
Coosada	36020	1,268	1,268	0		0.0%
Deatsville	36022	14,142	14,510	368	3	2.6%
Eclectic	36024	5,564	5,673	109		2.0%
Elmore	36025	3,957	4,064	107		2.7%
Equality	36026	1,341	1,341	0		0.0%
Goodwater	35072	4,382	4,274	-108	-2.5%	
Jones	36749	905	867	-38	-4.2%	
Kellyton	35089	2,491	2,385	-106	-4.3%	
Marbury	36051	2,266	2,292	26		1.1%
Millbrook	36054	14,539	14,998	45	9	3.2%
Prattville	36066	20,896	21,739		843	4.0%
	36067	26,628	26,780	152		0.6%
Rockford	35136	1,660	1,588	-72	-4.3%	
Tallassee	36078	13,160	13,139	-21	-0.2	2%
Titus	36080	2,261	2,276	15		0.7%
Weogufka	35183	490	463	-27	-5.5%	
Wetumpka	36092	22,911	23,317	400	5	1.8%
	36093	10,305	10,790	48	35	4.7%
		OK 10K 20K 30K 40	K OK 10K 20K 30K 40K	0	1,000 -10.0%	0.0% 10.0%
		Current Pop	Forecast Pon	# Change	. 0/	Change

- Wetumpka, Prattville, Millbrook, Elmore and Deatsville are among the fasted growing zip codes projected over the next five years.
- Weogufka, Rockford, Kellyton and Jones are expected to be the largest declining zip codes on a percentagebasis over the next five years.

Total Service Area Population





- This map signifies the population growth and declines displayed as a heat map of each zip code.
- Blue colored zip codes signify population growth while red signifies population decline.
- The darker the color the larger the growth or decline
- Elmore County is expected to see the greatest overall growth while Coosa County is expected to see the greatest overall population decline.
- The yellow stars highlight the two Elmore County hospital locations.

Source IBM Watson Health

Elmore County Service Area Population



- The Elmore County service area is expected to see population growth of 1,928 people or 2.2% over the next five years.
- Growth exceeds that of the total service area led by 16.6% increase in the age 65+ cohort.

Current Population 5yr Estimate 88,107 90,035

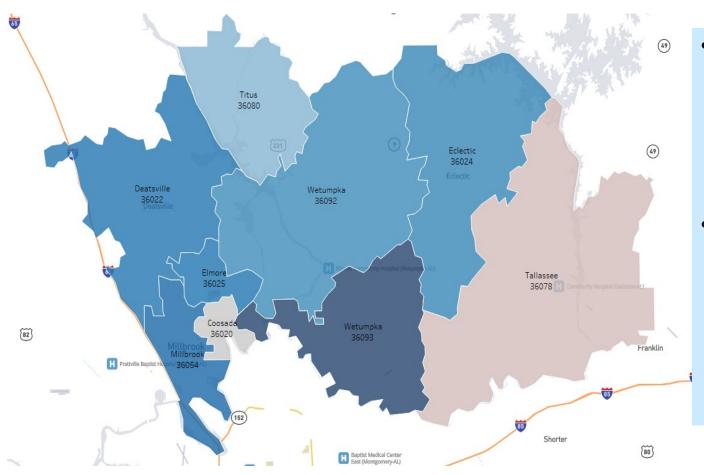
Age Groups	Current	Forecast	# Change	% Change
0-17	19,950	19,598	-352	-1.8%
18-44	31,454	31,825	371	1.2%
45-64	23,131	22,784	-347	-1.5%
65+	13,572	15,828	2,256	16.6%
Grand Total	88,107	90,035	1,928	2.2%

PO Name	Zip Code						
Coosada	36020	1,268	1,268		0		0.0%
Deatsville	36022	14,142	14,510			368	2.6%
Eclectic	36024	5,564	5,673		109		2.0%
Elmore	36025	3,957	4,064		107		2.7%
Millbrook	36054	14,539	14,998			459	3.2%
Tallassee	36078	13,160	13,139	-21			-0.2%
Titus	36080	2,261	2,276		15		0.7%
Wetumpka	36092	22,911	23,317			406	1.8%
	36093	10,305	10,790			485	4.7%
Source IBM '	Watson Health	OK 20K 40K Current Pop	OK 20K 40K Forecast Pop		Chang	000 e	0.0% 5.0% % Change

- Within Elmore County,
 Wetumpka is expected to
 see the largest
 population growth
 followed by Millbrook
 and Deatsville.
- Only Tallassee is expected to see a population decline in Elmore County and it is very minor.

Elmore County Service Area Population



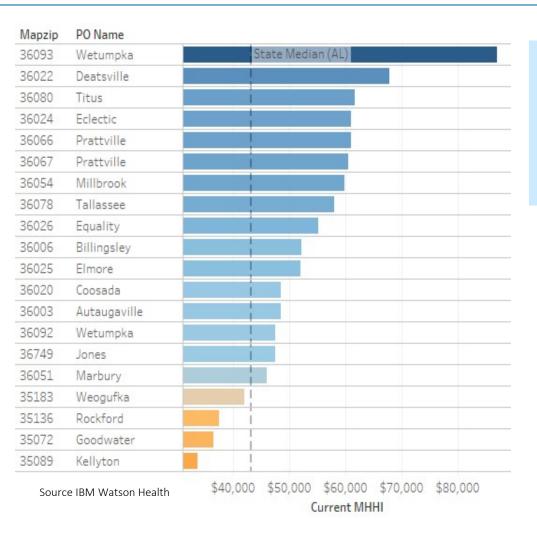


- Like the total service area population heat map, this map represents the magnitude of growth or decline specifically for Elmore County.
- Overall, the county is expected to see steady population growth, which will require adequate and stable healthcare services to support continued growth.

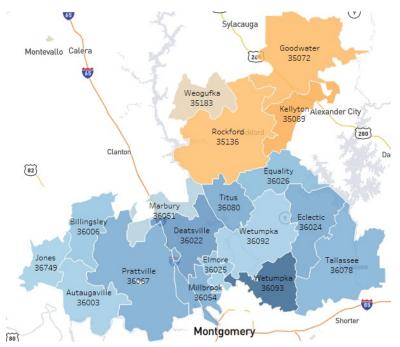
Source IBM Watson Health

Total Service Area Household Income



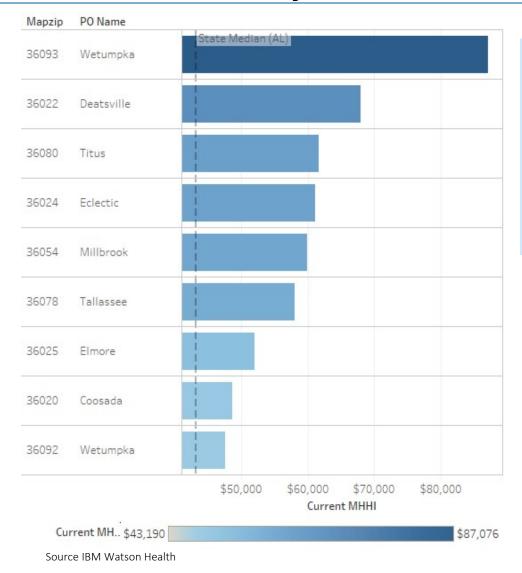


- Household income in the total service area is generally above the Alabama state median of \$43,190.
- Only Weogufka, Rockford, Goodwater and Kellyton fall below the state median.
 - These zip codes are in Coosa County.

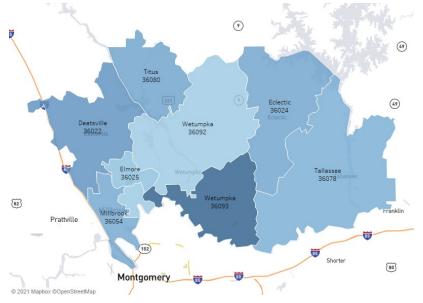


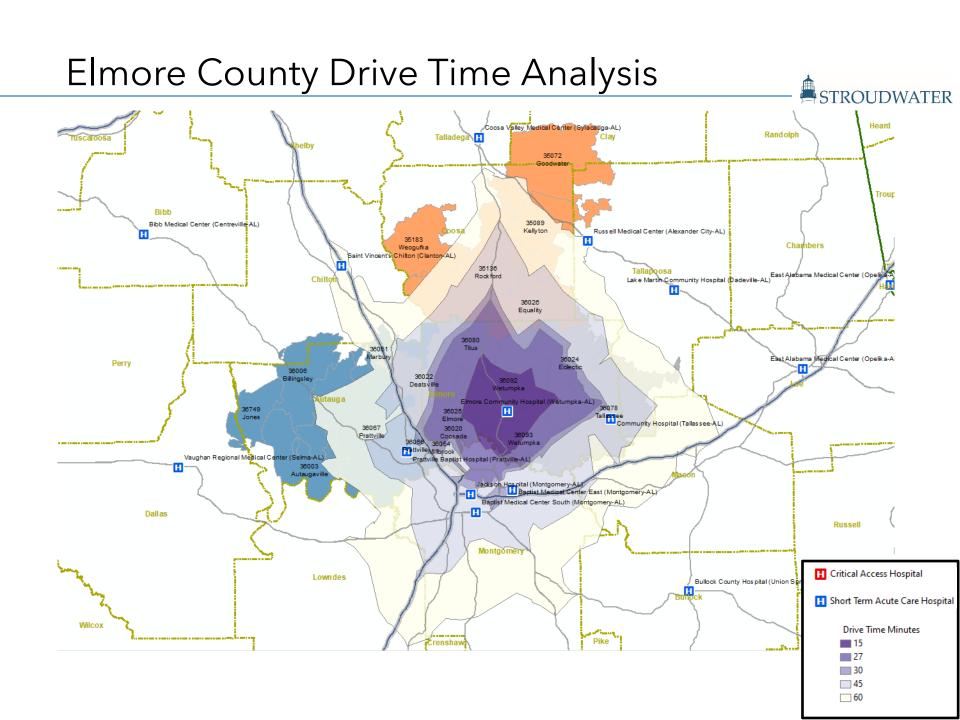
Elmore County Household Income

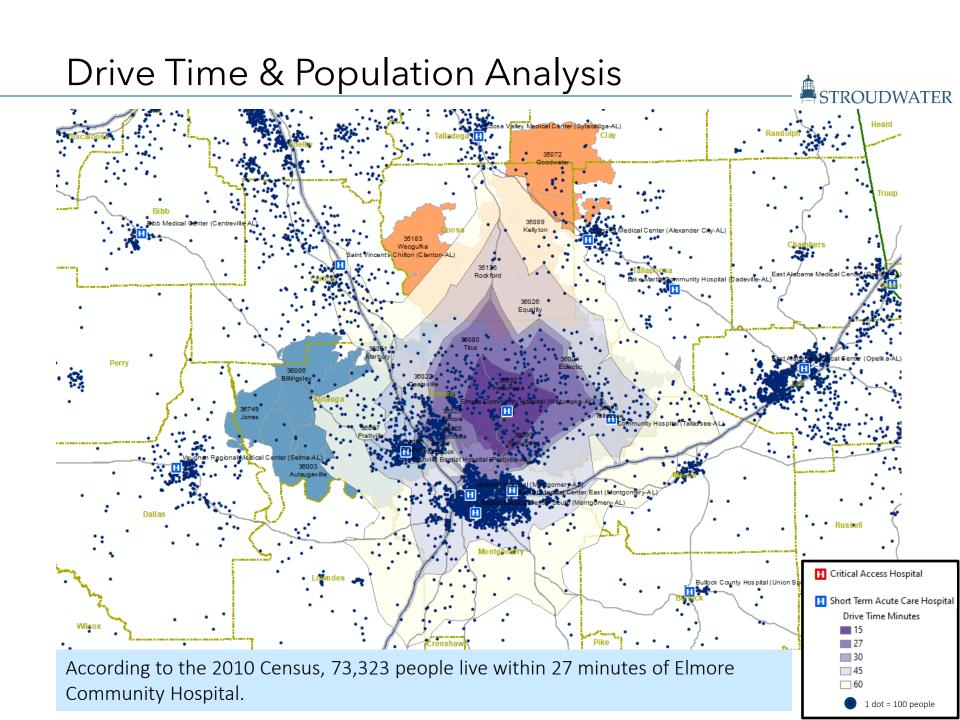




- Each zip code in Elmore County exceeds the Alabama state median household income of \$43,190.
- Wetumpka's 36093 zip code has Elmore County's greatest median household income at \$87,076 and Wetumpka's 36092 zip code has the lowest median household income at \$47,630.







Total Service Area Insurance Estimates



Payer Category (group)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Medicaid Pre-Reform	15,705	15,618	15,877	15,773	15,674	15,937	15,881	15,800	15,779	15,760	15,699
Medicare	23,138	23,728	24,327	24,939	25,576	26,246	26,780	27,322	27,892	28,478	29,175
Medicare Dual Eligible	4,874	4,951	5,031	5,109	5,191	5,282	5,352	5,421	5,500	5,581	5,727
Private (Dir, Emp, Exch)	92,567	92,142	91,702	91,559	91,555	91,176	90,653	90,685	90,289	90,213	90,095
Uninsured	16,087	16,311	16,245	16,285	16,207	16,154	16,585	16,511	16,802	16,784	16,708
Grand Total	152,370	152,750	153,181	153,665	154,203	154,795	155,251	155,740	156,261	156,816	157,405



Source IBM Watson Health



- Total insured individuals within the overall service area is expected to increase 3.3% over the 10-year period ending in 2029.
- Private insurance comprises the largest financial class of the insured population but declines over the projected period from 60.6% to 57.2%.
- As the population ages, Medicare coverage makes up the decline in private insurance growing from 15.2% to 18.5% over the period.

Elmore County Insurance Estimates



57.7%

10.8%

																		F-1 0 1 1		OD VVI
Payer Category (group)			2019		2020	2	021	20)22	2	023	20	24	2025		2026	2027	20	28	2029
Medicaid Pre-Reform			8,961		8,930	9,	097	9,0)56	9,	016	9,1	85	9,169		9,138	9,142	9,1	47	9,127
Medicare			13,345		13,694	14,	051	14,4	115	14,	794	15,1	94	15,510	liji i	15,831	16,168	16,5	15	16,927
Medicare Dual Eligible			2,699		2,741	2,	786	2,8	329	2,	875	2,9	26	2,965	i	3,004	3,048	3,0	194	3,177
Private (Dir, Emp, Exch)			53,724		53,513	53,	293	53,2	246	53,	273	53,0	82	52,809		52,862	52,661	52,6	i49	52,610
Uninsured			9,343		9,483	9,	451	9,4	178	9,	440	9,4	16	9,681		9,646	9,827	9,8	125	9,788
Grand Total			88,072		88,361	88,	678	89,0)23	89,	398	89,8	03	90,134		90,481	90,846	91,2	28	91,629
Payer Category (group) Medicaid Pre-Reform Medicare	80K	10.2%		10.1%		10.3%		10.2%		10.1%		10.2%		10.2%	10.19	6	10.1%	10.0%		10.0%
Medicare Dual Eligible Private (Dir, Emp, Exch) Uninsured	al	15.2%	Ш	15.5%	Ц	15.8%	ı	16.2%	ı	16.5%		16.9%	ı	17.2%	17.59	6	17.8%	18.1%	Ш	18.5%
rce IBM Watson Health	overed Lives																			



61.0%

10.6% 2019

20K

60.6%

10.7%

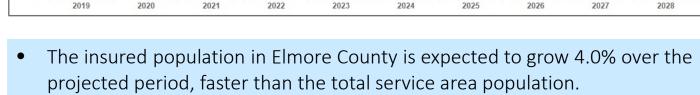
60.1%

10.7%

2021

59.8%

10.6%



59.6%

10.6%

10.5%

10.7%

10.7%

10.8%

The financial classes in Elmore County mirror those of the total service area population with Medicare growing over the period to make up the decline in private insurance coverage.

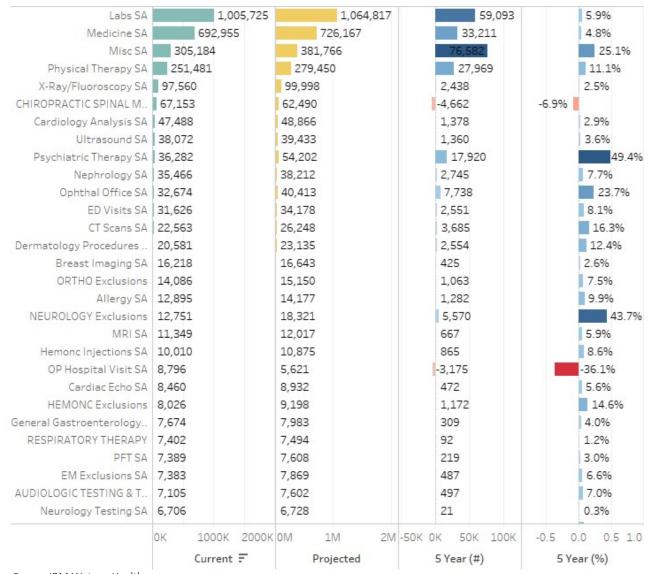
57.4%

10.7%

2029

Elmore County Outpatient Estimates



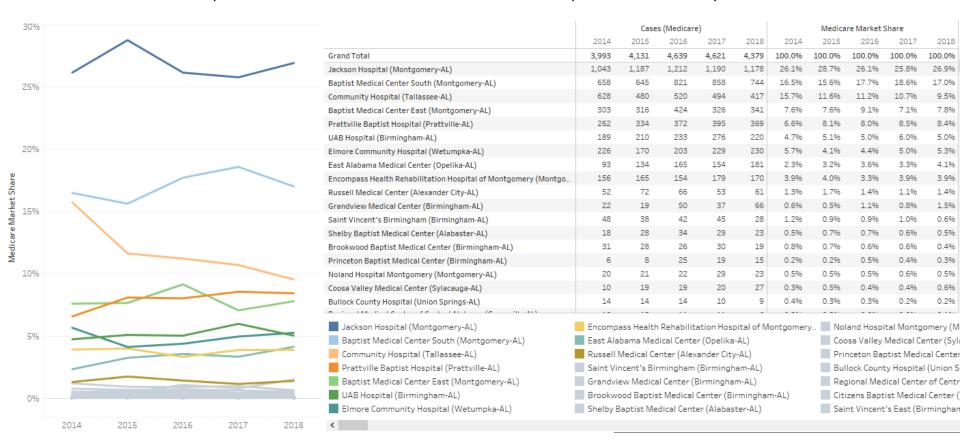


- The graphic at left represents the highest volume service areas originating in Elmore County along with fiveyear service area projections, service area growth in numbers and percentages.
- Lab services and diagnostic radiology services represent a significant portion of services and must be expanded for convenience.
- Misc. SA consists of mostly injectables and injections.

Source IBM Watson Health



 Providing inpatient services is an important opportunity for Elmore County hospitals to strategically prioritize since low-acuity cases represent 60% to 70% of all inpatient cases and these cases can be provided locally.



Source CMS.gov



Medicare Market Share Findings

- Jackson Hospital owns the largest Medicare market share (26.9%) among all hospitals for patients age 65+ originating from Elmore County.
 - Baptist Medical Center South has the next largest Medicare market share (17.0%) with all other hospital Medicare market shares significantly lower.
 - Baptist has an overall combined Medicare market share across its entities in the area of 35.4%.
- Community Hospital in Tallassee has a 9.5% Medicare market share, third highest overall, which has fallen significantly from a high of 15.7% in 2014.
 - The primary beneficiaries of this declining market share appear to be Elmore Community Hospital, Baptist East, Baptist South and Jackson Hospital.
- Elmore Community Hospital only has a 5.3% Medicare market share for Medicare inpatient cases originating in Elmore County.
 - Improved in recent years from a low of 4.1% in 2015.
- Jackson Hospital and Baptist Medical Center South market shares are inversely correlated.
 - These two hospitals seem to compete most directly for the same Medicare inpatient types from Elmore County with Baptist South's market share decreasing when Jackson's increases and vice versa.



Medicare Market Share Findings (continued)

- Prattville Baptist Hospital has steadily increased its market share from 6.6% to 8.4%, an increase of 27.3% over the period.
- East Alabama Medical Center has rapidly increased its small market share from 2.3% to 4.1%, an increase of 78.3% over the period.



Medicare Market Share Conclusions

- As the age 65+ population in Elmore County grows, counteracting forces made by the federal government to decrease inpatient admissions and lower average inpatient length of stays may not provide increased opportunities for hospitals to grow inpatient cases organically.
 - This will cause hospitals to fight for redistribution of the Medicare case "pie" in order to increase Medicare cases and market share.
- Knowing each hospital's current Medicare market share of patients originating within Elmore County and having the ability to recognize market share trends affords the opportunity for Elmore County hospitals to proactively take steps toward ensuring Medicare patients can receive quality inpatient services locally without having to travel.
 - High level of outmigration indicates that recipients of volume may not have an interest or incentive in reducing outmigration making them hesitant partners.
 - Further indicates that conflict about future growth and investment in Elmore will remain and must be factored into selection process going forward for any future partners (entities or providers).
 - Highly fractured outmigration creates an opportunity for recapturing market share locally.



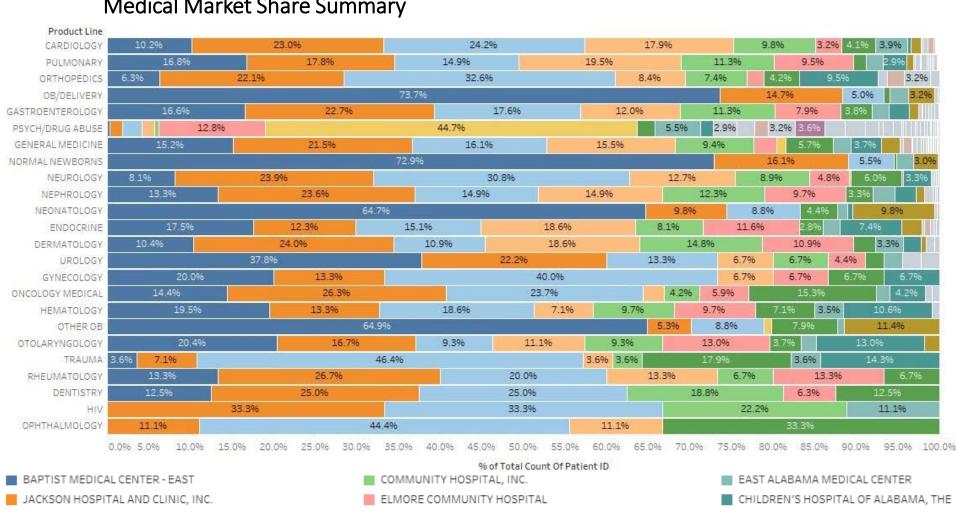
RUSSELL MEDICAL CENTER

BROOKWOOD MEDICAL CENTER

Medical Market Share Summary

BAPTIST MEDICAL CENTER - SOUTH

PRATTVILLE BAPTIST HOSPITAL



UNIVERSITY OF ALABAMA HOSPITAL

CROSSBRIDGE BEHAVIORAL HEALTH A BAPTIST SOUTH FACILITY



Medical Market Share Findings

- Data represents the market share, inclusive of all payers, for medical services broken out by service specialty.
 - Elmore Community Hospital and Community Hospital in Tallassee lose significant market share to hospitals and healthcare providers outside of the county for medical services provided to patients originating in Elmore County.
 - For most services, both hospitals located in Elmore County own between 10% and 25% combined market share.
 - Elmore Community Hospital
 - High market share services Rheumatology (13.3%), Otolaryngology (13.0%), Psych/Drug Abuse 12.8% and Endocrine 11.6%
 - Low market share services Orthopedics (2.1%), General Medicine (2.7%), Cardiology (3.2%), Urology (4.4%), and Neurology (4.8%)
 - Community Hospital in Tallassee
 - High market share services HIV diagnoses (22.2%), Dentistry (18.8%), Dermatology (14.8%), Nephrology (12.3%), Pulmonology (11.3%)
 - Low market share services Trauma diagnoses (3.6%), Oncology Medicine (4.2%), Urology (6.7%), Rheumatology (6.7%), Orthopedics (7.4%)



Medical Market Share Findings (continued)

- The Baptist system (includes Baptist Medical Center South, Baptist Medical Center East and Prattville Baptist) consistently capture 40% to 60% or greater market share in Elmore County for most services.
 - Baptist East owns most of the Elmore County market share for any services related to obstetrics, delivery, neonatology and newborn services.
 - This indicates that Baptist may be disincentivized to partner to keep care in Elmore County.
- Jackson Hospital and Clinic captures the greatest market share from within Elmore County of any single hospital and consistently owns 20% to 25% market share for most services.
- The Baptist system (includes Baptist Medical Center South, Baptist Medical Center East and Prattville Baptist) consistently capture 40% to 60% or greater market share in Elmore County for most services.
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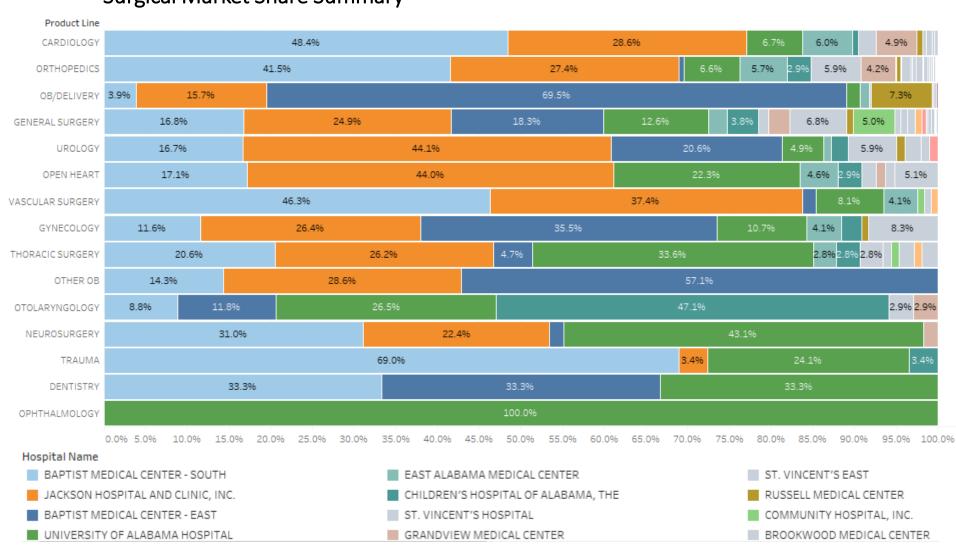


Medical Market Share Conclusions

- The Elmore County hospitals have difficulty competing with hospitals outside the county for services provided to residents of Elmore County.
- Routine services can and should be offered locally and conveniently to Elmore County residents and include cardiology, orthopedics, nephrology, urology and dermatology.
 - Expanding service offerings and access prevents unnecessary travel and ensures that patients can make and keep appointments more easily.



Surgical Market Share Summary





Surgical Market Share Findings

- Data represents the market share, inclusive of all payers, for surgical services broken out by service specialty.
 - Due to limited surgical service offerings, Elmore Community Hospital and Community Hospital in Tallassee have minimal market share of surgical services provided to patients originating in Elmore County.
 - Elmore Community Hospital
 - Urology 1.0%
 - General Surgery 0.5%
 - Community Hospital in Tallassee
 - General Surgery 5.0%
 - Vascular Surgery 0.8%
 - Thoracic Surgery 0.9%
 - Baptist Medical Center South captures significant market share in several surgical services including Trauma (69.0%), Cardiology (48.4%), Vascular (46.3%), and Orthopedics (41.5%).



Surgical Market Share Findings (continued)

- Baptist Medical Center East captures significant market share in obstetrical and women's surgical services including: OB/Delivery (69.5%), Other OB (57.1%) and Gynecology (35.5%).
- Jackson Hospital and Clinic captures significant market share in most surgical services particularly Urology (44.1%), Open Heart (44.0%), Vascular (37.4%), and Cardiology (28.6%).
- University of Alabama Hospital captures significant market share of surgical services originating in Elmore County including Ophthalmology (100%), Neurosurgery (43.1%), Thoracic (33.6%), Dental (33.3%) and Open Heart (22.3%).
 - The University of Alabama Hospital, located in Birmingham, is known for performing complex and specialty surgical procedures.



Surgical Market Share Conclusions

- Elmore Community Hospital and Community Hospital in Tallassee offer limited surgical services and have low or no market share of surgical services for patients originating in Elmore County.
 - Elmore County has a large and growing age 65+ population and local hospitals could expand surgical service access and perform routine orthopedic and general surgeries as well as minor surgical procedures for services such as cardiology, urology, dermatology and nephrology.
 - The resulting effects would include:
 - Increased surgical market share in Elmore County
 - Increased hospital profitability as surgical services are usually high margin
 - Achieve overarching goals of keeping Elmore County residents local for surgical cases able to be provided locally that do not require the high level of specialty/complexity of certain services found only in Montgomery or Birmingham
- Baptist Medical Center East owns most of the Elmore County market for OB-GYN surgical services while Baptist Medical Center South captures significant market share in a comprehensive suite of surgical specialties.
 - Baptist East has little competition for the surgical services it specializes in and duplicating its services locally would not result in market share capture.



Surgical Market Share Conclusions (continued)

- Jackson Hospital and Clinic is a significant player in the surgical services market for most services.
 - Much like medical services, Jackson has a diverse surgical services offering and captures between 20% and 40% market share of most surgical specialties.
 - Given the wide array of surgical services provided, developing clinical provider partnerships with Jackson, which is independent from the Baptist system, could make sense for the Elmore County hospitals to have various specialty physicians provide surgical services locally.
- The University of Alabama Hospital captures significant market share in many specialty surgical service lines
 - The disparity between surgical service market share and medical service market share shows that Elmore County residents utilize the University of Alabama Hospital for specialty surgical services, but are not as likely to travel for medical service appointments.

Elmore County Provider Supply and Market Demand Analysis



		All FTEs	FTE Provider Needs	Overage (Shortage)
PRIMARY CARE SPECIALTIES				
	FAMILY/GEN PRACTICE	21.90	27.8	(5.9)
	INTERNAL MEDICINE	1.75	20.1	(18.4)
	PEDIATRICS	3.38	13.2	(9.9)
SUBTOTAL, PRIMARY CARE		27.03	61.1	(34.1)
MEDICAL SUBSPECIALTIES				
	ALLERGY	0.00	1.1	(1.1)
	CARDIOLOGY	0.00	4.1	(4.1)
	DERMATOLOGY	0.00	2.5	(2.5)
	ENDOCRINOLOGY	0.00	0.7	(0.7)
	GASTROENTEROLOGY	1.00	2.6	(1.6)
	HEM/ONCOLOGY	0.00	2.3	(2.3)
	INFECTIOUS DISEASE	0.00	0.7	(0.7)
	NEPHROLOGY/HYPERTENSION	0.00	1.1	(1.1)
	NEUROLOGY	0.00	2.4	(2.4)
	PULMONARY	0.00	1.7	(1.7)
	RHEUMATOLOGY	0.00	0.9	(0.9)
SUBTOTAL, MEDICAL SUBSPEC.		1.00	20.2	(19.2)
SURGICAL SPECIALTIES				
	ENT	0.00	2.6	(2.6)
	GENERAL SURGERY	1.00	8.3	(7.3)
	CARDIO/THORACIC	0.00	0.1	(0.1)
	NEUROSURGERY	0.00	0.7	(0.7)
	OB/GYN	0.00	9.9	(9.9)
	OPHTHALMOLOGY	0.00	4.5	(4.5)
	ORTHOPEDIC SURGERY	0.00	5.7	(5.7)
	PLASTIC SURGERY	0.00	1.2	(1.2)
	UROLOGY	0.00	2.8	(2.8)
	VASCULAR	0.00	0.3	(0.3)
SUBTOTAL, SURGICAL SPEC.		1.00	36.1	(35.1)
OTHER SPECIALTIES				
	PSYCHIATRY	0.00	8.9	(8.9)
	PHYSICAL MEDICINE	0.00	0.9	(0.9)
	EMERGENCY MEDICINE	1.00	6.4	(5.4)
	ANESTHESIOLOGY	0.00	6.5	(6.5)
	RADIOLOGY	0.00	4.9	(4.9)
	HOSPITALIST	0.00	1.7	(1.7)
	PATHOLOGY	0.00	2.9	(2.9)
SUBTOTAL, OTHER SPECIALTIES		1.00	32.1	(31.1)
TOTAL, ALL SPECIALTIES		30.03	149.6	(119.5)

- Stroudwater examined provider needs within Elmore County by specialty based on service area data provided.
- Specialties highlighted in light blue (shortages of greater than 3.0 FTEs) represent services in Elmore County that have a significant imbalance between current providers offering the service and the need for the service within the county given the population size.
 - Cardiology, General Surgery, OB-GYN, Ophthalmology, Orthopedics, Psychiatry, Emergency Medicine, Anesthesiology and Radiology may be prime specialties for expansion of services provided.
- A more thorough provider demand analysis can be performed with a complete provider supply, including independent and rotating providers that come from outside Elmore County.

IP Bed Needs: Elmore County



- Overall inpatient discharges are declining from 10,595 to 10,485 over a given year period. A high-level demand study based on an ADC of 9 to 11 (current Elmore ADC is 10) is shown below along with market share assumptions.
- Compared to the combined 70 beds between Elmore and Tallassee
 Hospitals, taking into consideration the achieved market share, any
 replacement hospital should be right-sized to appropriately account for
 needed healthcare services.

			ADC	
		9	10	11
Occupancy	65%	398	442	486
ccup	70%	369	410	451
0	75%	345	383	421

		Beds Needed in Elmore County				
		Low	Medium	High		
Market Share	5%	19.9	20.5	21.1		
Aarke	10%	39.8	41.0	42.1		
2	15%	59.7	61.6	63.2		

IP Bed Needs: Wetumpka Only



- Inpatient discharges originating from Wetumpka zip codes are declining from 4,019 to 3,999 over a given year period. A high-level demand study based on an ADC of 9 to 11 (current Elmore ADC is 10) is shown below along with market share assumptions.
- Compared to the 33 beds at Elmore Community Hospital, taking into consideration the achieved market share, any replacement hospital should be right-sized to appropriately account for needed healthcare services.

			ADC	
		9	10	11
Occupancy	65%	152	169	185
ccup	70%	141	157	172
0	75%	131	146	161

			ded in We	•			
		Low Medium High					
Market Share	5%	7.6	7.8	8.0			
Aarke	10%	15.2	15.7	16.1			
2	15%	22.8	23.5	24.1			

IP Bed Needs: Tallassee



- Inpatient discharges originating from Tallassee and Eclectic zip codes are declining from 2,489 to 2,404. A high-level demand study based on an ADC of 8 to 10 (FY 2019 adults and peds ADC was 7.6) is shown below along with market share assumptions.
- Community Hospital in Tallassee currently has a 30.2% (a decline of 14% since 2014) market share for these zip codes. Based on the current 37 bed complement, the hospital should assess alternative potential uses of the excess bed count, by prioritizing a master facility plan, to ensure no further decline of market share, optimize the return on their existing beds and determine if space used by excess beds could be better used for additional service offerings.

			ADC	
		8	9	10
Occupancy	65%	81	91	101
ccup	70%	75	85	94
0	75%	70	79	88

		Beds Needed in Tallassee/Eclectic Zip Codes (36078 and 36024)		
		Low	Medium	High
Market Share	25%	20.3	21.2	22.0
/arke	35%	28.4	29.6	30.7
2	45%	36.5	38.1	39.5

INTERVIEW SUMMARY

Interview Process



Stroudwater performed an extensive interview process in order to gain a qualitative perspective of the services and facilities in Elmore County and surrounding areas and understand the consumer behavior of residents living in and around Elmore County.

Interview respondents were chosen by the Elmore County Economic Development Authority and a listing was presented to Stroudwater with contact information to initiate virtual interviews with each respondent.

Most interview respondents have ties to or a background in healthcare and as a result were able to provide meaningful perspectives on their specific area of healthcare as well as convey insights on the pulse of healthcare services, trends, utilization, and healthcare seeking behaviors for themselves, and more generally, for people with whom they frequently interact.

The following slide contains a listing of all the respondents Stroudwater interviewed or corresponded with in relation to the healthcare study for Elmore County.

Interview Respondents



- Troy Stubbs, Elmore Co.
 Commission
- Desirae Lewis, Elmore Co.
 Commission
- Lee Greer, Elmore Co.
 Healthcare Authority
- Frank Barnett, Elmore Co.
 Healthcare Authority
- Richie Beyer, COO, Elmore County
- Mike Bruce, CEO Ivy Creek
- Amanda Hannon, COO, Ivy Creek
- Brent Vinson, Phoenix
 Physical Therapy
- Donna Leslie,
 Montgomery Area Mental
 Health Authority

- Bill Franklin, Elmore County Sheriff
- Chris Dozier, Director, Elmore County 911
- Keith Barnett, Elmore County EMA
 - Michelle Wood,
 Department of Human
 Resources
- Kirk Barrett, Haynes
 Ambulance Service
- Larry Brown, Elmore
 County Volunteer
 Firefighter's Association
- Suzanne Ragan, Head Nurse, Elmore County Schools
 - Beth Nelson, Head Nurse, Tallassee City Schools

- Tyler Hale, Rehab Associates-Millbrook
- Steve Forehand, Russell Lands
- Vicki Tuggle, COO,
 Children's Harbor
- Mayors of Millbrook,
 Coosada, Prattville,
 Tallassee, Wetumpka
- Dr. Coleman
- Dr. Lyons
- Dr. Holman
- Dr. Bianchi
- Dr. Courtney
- Dr. Pasley

Overall Interview Themes: Strengths



- Primary care physicians in the area are good, competent providers
- Elmore Community Hospital is clean, staff are nice, and quality is acceptable, overall
- Community Hospital in Tallassee offers an adequate array of services and is appropriate for routine and emergent healthcare needs. Many respondents were not as familiar with the full extent of offerings, including the acuity of care that could be treated at Community Hospital.

Overall Interview Themes: Opportunities



- "Doc-in-a-box" or Urgent Care is very prevalent, but this is not the preferred method of Elmore County residents to receive primary care
 - Respondents feel there are not enough private practice providers and there is an overall deficit of primary care providers in Elmore County
- OB-GYN services are practically nonexistent and there is no labor
 & delivery
 - No pediatrics outside of Dr. Carlile in Wetumpka
- Specialty services are lacking
- General and Orthopedic surgery are badly needed
- Surgeons are not comfortable using Elmore Community Hospital to operate
- Acuity of care at Community Hospital of Tallassee should be better advertised to ensure patients are aware of the full scope of services

Overall Interview Themes: Opportunities



- > Surgical center needed in Elmore County by multiple respondents
 - Must focus on convenient high quality OP facility for surgeries
- Other specialty service needs mentioned recurrently:
 - > Significant dermatology needs locally
 - > Cardiology services including cardiac catheterization lab
 - Endocrinology
- Respondents would utilize more healthcare services locally if provided in an appropriate setting and the quality of care was high.
 - Would travel less to Montgomery and Birmingham for comparable services
- Ancillary services, such as laboratory and radiology, are less available than respondents preferred
 - Diagnostic imaging center came up multiple times as did the need for open MRI
- Mental health services
 - Large deficit of services, sites for service and providers
 - Need substance abuse, adolescent mental health, crisis services inpatient rehab, and residential beds and group home beds
- A new replacement hospital would be welcomed and heavily utilized according to some respondents

Overall Interview Themes: Barriers



- Providers come to Elmore County for short time to serve and receive student loan repayment benefits and then leave the area
 - High turnover of providers
- Lack of public transportation or Medicaid funded transports prevents certain patient demographics from making their appointments, leading to further healthcare decline and lower overall population health
 - Specifically, the elderly, low income, and disabled with family members taking off work or making other costly arrangements to take patients to appointments
- > Elmore Community Hospital has an image problem
 - ➤ Is old and outdated, needs remodeled, offers limited services
 - ➤ Leads to transfers out of Elmore County even if the patient presents to the hospital due to lack of services provided
 - ➤ Need process improvement for patients needing psych evaluation by ER physician; also disconnect between ER physicians and ambulance service
 - People avoid the hospital and go to River Oak or elsewhere
- Community Hospital in Tallassee provider turnover has been rampant in recent years and the inconsistency is hurting reputation and quality
 - > Has led to patient utilization and market share declines

SERVICE OPPORTUNITIES

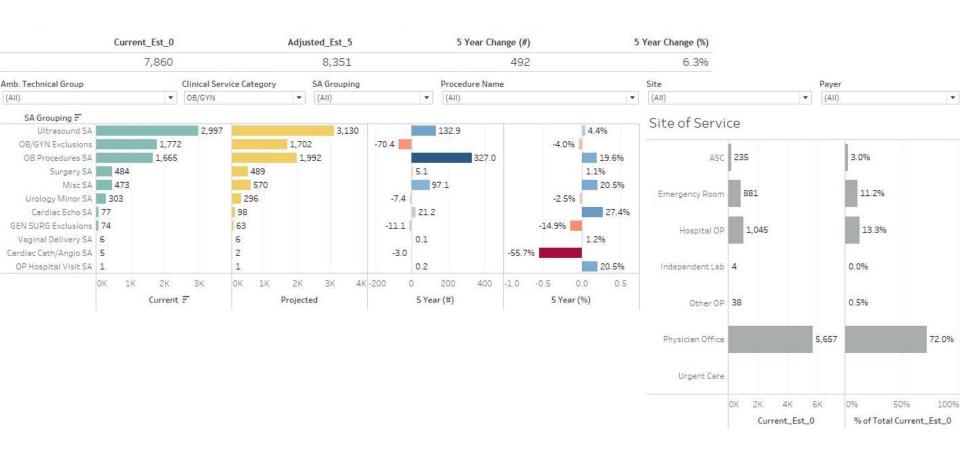
Service Expansion Opportunities



- For the service-specific opportunity analysis, Stroudwater utilized the qualitative interview findings in conjunction with the quantitative utilization data
- The following services are currently unmet, underprovided and/or are expected to grow significantly in Elmore County over the next five years and should be prioritized for improved access, service development and expansion:
 - ✓ OB-GYN and women's services
 - ✓ Elderly and geriatric services
 - ✓ Cardiology services
 - √ Imaging services
 - ✓ Psychiatric and mental health services
 - ✓ Physical therapy services
 - ✓ Surgical services
 - ✓ Dermatological services

OB-GYN and Women's Services





OB-GYN and Women's Services



The need for OB-GYN and women's services were among the most prevalent from interview respondents.

Considering the provider supply and demand needs analysis, the OB-GYN provider needs in Elmore County are 9.9 FTEs.

Growth Projections - Next Five Years

- OB-GYN procedures are expected to grow 6.3% from current levels in the next five years.
- The vast majority of OB-GYN procedures, 72.0%, take place in a physician's office with 13.3% taking place in a hospital outpatient department, 11.2% in an emergency room and 3.0% in an ambulatory surgery center

Elmore County Obstetrics Market Share

- Neither hospital in Elmore County owns a percentage of OB services market share.
- Baptist Medical Center East 71.8%
- Jackson Hospital and Clinic 15.1%
- Russell Medical Center 5.0%
- Baptist Medical Center South 4.5%

OB-GYN and Women's Services



Elmore County Gynecology Market Share

- Elmore Community Hospital 0.7%
- Community Hospital in Tallassee 0.0%
- Baptist Medical Center East 33.8%
- Jackson Hospital and Clinic 25.0%
- Baptist Medical Center South −14.7%
- University of Alabama Hospital 10.3%

OB-GYN AND WOMEN'S SERVICE CONCLUSIONS

- While labor and delivery services in Elmore County may not make sense, providing routine services for regularly scheduled prenatal visits and ultrasound procedures would significantly reduce travel to Montgomery and driving risk to mother and baby while commuting the further distance
- OB-GYN market is not as fragmented as other services, which will make it more difficult to capture additional market share
- Since 72.0% of visits occur in a physician office, partnering with OB-GYNs from Baptist Medical Center East to utilize a physician office in Elmore County and see patients locally could be a strategic entry into the women's services market
- Organic demand within Elmore County will grow by nearly 500 procedures in the next five years and could allow for market share growth without affecting competitor volumes; however, some level of market capture is likely to occur

OB-GYN and Women's Services:

Currently, 62.9% of procedures take place in a hospital

physician office; minimal volume takes place outside

outpatient department and 36.7% take place in a

Mammography

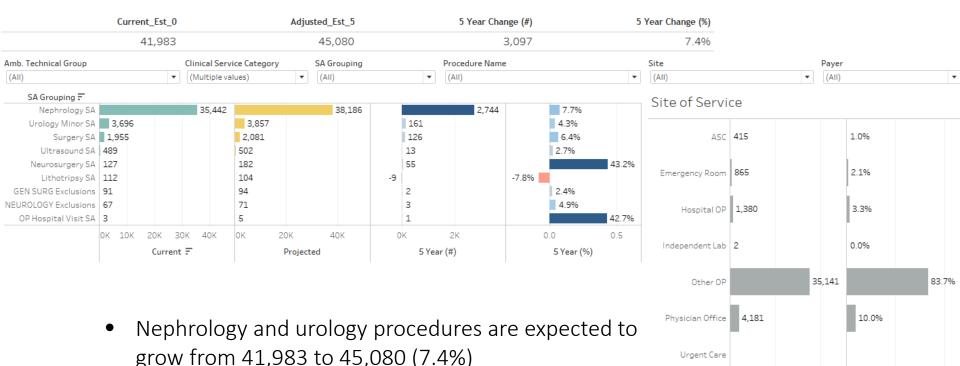
these sites of service





49





- Nearly 84% of these procedures take place in an outpatient setting, 10.0% take place in a physician office and only 3.3% take place in a hospital outpatient department
 - Minimal volume occurs at other sites of service

50%

% of Total Current_Est_0

20K

Current_Est_0

40K



The 65+ aged population is expected to grow 16.6% over the next five years and represents nearly all the population growth in Elmore County.

Specifically, nephrology and urology services must be enhanced to accommodate the growth of aging populations within Elmore County.

- In addition to aging of the current population, it was reported that Elmore County is becoming a retirement destination for Maxwell Air Force Base (Montgomery) retirees seeking the recreation areas of the lake region in Elmore County.
 - This could further lead to population growth in the age 65+ demographic.

Growth Projections - Next Five Years

- Nephrology procedures are expected to grow from 35,442 to 38,186 (7.7%).
- Minor Urology procedures are expected to grow from 3,696 to 3,857 (4.3%).
- Surgeries from nephrology and urology are expected to grow from 1,955 to 2,081 (6.4%).



Elmore County Nephrology Market Share

- Community Hospital in Tallassee 12.3%
- Elmore Community Hospital 9.7%
- Jackson Hospital and Clinic 23.6%
- Baptist Medical Center South 14.9%
- Prattville Baptist Hospital 14.9%

Elmore County Urology Market Share

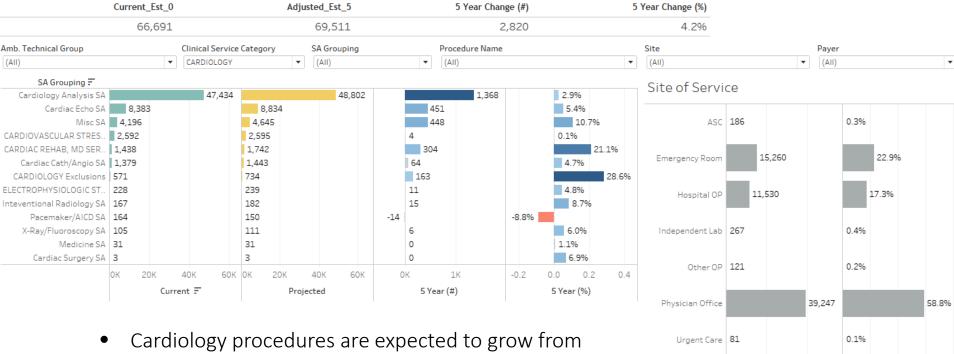
- Community Hospital in Tallassee 2.0%
- Elmore Community Hospital 2.0%
- Jackson Hospital and Clinic 37.4%
- Baptist Medical Center East 25.9%
- Baptist Medical Center South 15.6%



ELDERLY AND GERIATRIC SERVICES CONCLUSIONS

- As the population in Elmore County continues to age, healthcare services must be available to support the growing needs of the retiring and elderly populations
- Hospitals outside Elmore County capture significant market share for elderly and geriatric services, 78.0% for nephrology and 96.0% for urology
 - By providing quality nephrology and urology services in Elmore County, volumes for these services from organic market demand growth could increase from current levels by 36.8% and 108.8%, respectively
 - Increase market share by keeping residents from seeking healthcare outside of the county
 - Reduce travel distance and burden for patients and their families to get to appointments
 - Investing in relationships with nephrology and urology specialists, through employment or contractual arrangements, ensures Elmore County has the provider bandwidth to provide elderly residents access to quality services
 - Provider supply and demand needs assessment indicates that Elmore County has a 1.1 FTE deficit of nephrologists and a 2.8 FTE deficit of urologists





- Cardiology procedures are expected to grow from 66,691 to 69,511 (4.2%)
 - Of these procedures, 58.8% take place in a physician office, 22.9% in an emergency room department and 17.3% take place in a hospital outpatient department
 - Minimal volume occurs at other sites of service

0% 20% 40% 60% 80%

% of Total Current Est 0

Current_Est_0



Cardiology services are one of the most vital healthcare service offerings.

Recent efforts to implement cardiology services have improved access to quality services; however, Elmore County remains significantly underserved locally as demonstrated by the provider need supply and demand provider shortage of 4.1 cardiology provider FTEs

• In addition, roughly 90% of all cardiology procedures for patients originating in Elmore County are performed in hospitals or facilities outside of Elmore County

Growth Projections - Next Five Years

- Cardiology analysis procedures, representing over 71% of cardiology procedures, are expected to grow from 47,434 to 48,802 (2.9%)
- Cardiac echo procedures are expected to grow from 8,383 to 8,834 (5.4%)
- Of non-excluded services, Cardiac Rehab physician services are projected to grow fastest from 1,438 to 1,742 (21.1%)

Exclusions represent more complex cardiac procedures, such as cardiac catheterizations, that are unlikely to be performed in a community hospital or similar setting and are occurring in Montgomery or Birmingham due to specialization and/or complexity.

• Complex cardiac procedures are expected to grow from 571 to 734 (28.6%)



Elmore County Cardiology Market Share

- Community Hospital in Tallassee 7.6%
- Elmore Community Hospital 2.5%
- Baptist Medical Center South 29.5%
- Jackson Hospital and Clinic 24.2%
- Prattville Baptist Hospital 14.0%
- Baptist Medical Center East 8.0%

Combined, both Elmore County hospitals capture just 10.1% of all cardiology volume originating in Elmore County while the Baptist system and Jackson Hospital and Clinic account for most of the remaining cardiology service delivery to local Elmore residents.



CARDIOLOGY SERVICES CONCLUSIONS

- Growing retiree and elderly populations age 65+ in Elmore County must have healthcare services available locally or they will seek these services further from home, often not the preferred option for these populations that may have difficulty traveling or making travel arrangements
 - Cardiology services are a key specialty that these populations utilize most and expanding services and access will allow for care closer to home
- Healthcare facilities in Elmore County must make improved efforts to provide access to quality cardiology services locally in order to increase market share
 - Elmore County hospitals could increase cardiology volumes by around 2,500 procedures (37.3%) in the next five years from capturing organic volume growth occurring in Elmore County
 - Service growth does not include recapturing any market share currently leaving Elmore County
- Continue to develop relationships with cardiologists from Montgomery hospitals to address the significant provider shortage in the Elmore County Service Area

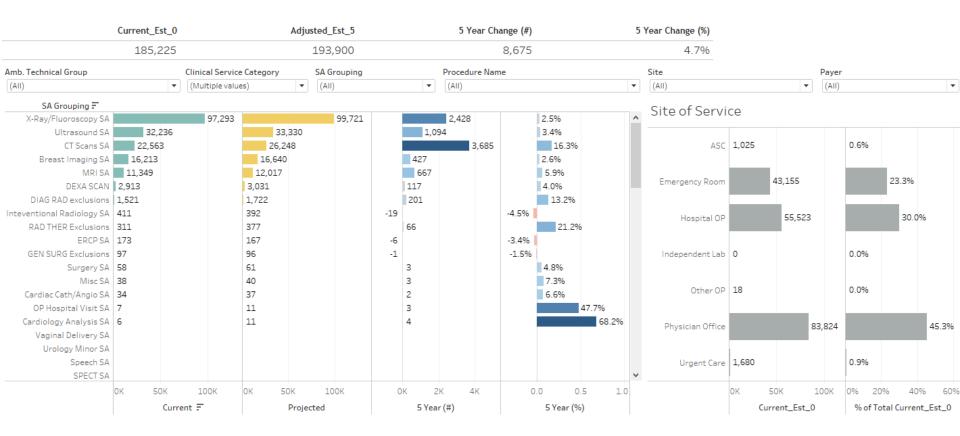


CARDIOLOGY SERVICES CONCLUSIONS (CONTINUED)

- Provide modern healthcare spaces with functionality for routine office visits and cardiac rehab, as well as the ability to perform procedures such as cardiology analyses, echocardiograms and stress testing
 - As the population of Elmore County ages and if the region continues to become an attractive retirement destination, cardiology services demand will continue current momentum and could exceed current projection estimates for the age 65+ cohort
- Due to projected demand growth for complex cardiology services, consider the feasibility of a cardiac catheterization lab taking into consideration construction/implementation costs, provider availability, and utilization

Imaging Services





Imaging Services



Currently, there are 185,225 imaging procedures originating from Elmore County and that number is expected to grow to nearly 193,900 (4.7%) in the next five years.

• Nearly 84,000 (45.3%) of procedures are taking place in a physician office while 55,500 (30.0%) take place in a hospital outpatient department and 43,000 or (23.3%) take place in an emergency room department

The provider supply and demand needs assessment shows a shortage of 4.9 radiology FTE providers.

Growth Projections - Next Five Years

- CT scans are projected to grow from 22,563 to 26,248 (16.3%)
- MRI are projected to grow from 11,349 to 12,017 (5.9%)
- Ultrasounds are projected to grow from 32,236 to 33,330 (3.4%)
- X-rays are projected to grow from 97,293 to 99,721 (2.5%)

Considering the current and projected service needs in Elmore County along with service access limitations reported by interview respondents, expansion of imaging service offerings and increasing access will allow for residents of Elmore County to remain locally for imaging services that they currently seek outside the county.

Imaging Services

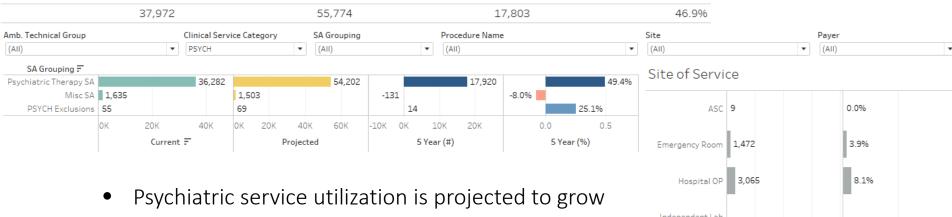


IMAGING SERVICES CONCLUSIONS

- Imaging volume originating in Elmore County is significant at over 185,000 procedures annually
- Given the access deficiencies in the county discovered during interview sessions, developing relationships to bring radiologists locally and expanding service offerings and access to those services would likely lead to immediate utilization and market share growth
 - CT and MRI services, specifically, are expected to grow fastest and lack local access currently
- An imaging center, inclusive of a vast array of imaging modalities, either connected to the hospital, another outpatient facility, or as a standalone facility would create a one-stop-shop for routine imaging needs

Psychiatric and Mental Health Services





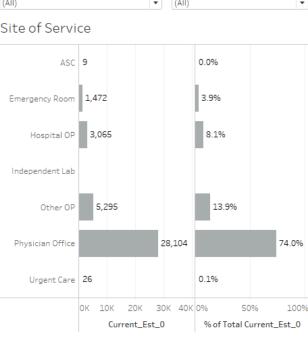
5 Year Change (#)

Psychiatric service utilization is projected to grow from 37,972 to 55,774 (46.9%) in Elmore County over the next five years.

Adjusted_Est_5

Current Est 0

• Visits are taking place in a physician office 74.0% of the time, 13.9% in another outpatient setting, 8.1% in a hospital outpatient department and 3.9% in an emergency room department.



5 Year Change (%)

Psychiatric and Mental Health Services



Current need for psychiatric services in Elmore County was reiterated by interview respondents and current unmet service demand will only continue to grow over the coming years.

In addition to demand outstripping supply for psych and mental health services, respondents also specifically mentioned quality of psych services provided was subpar to those located outside Elmore County and this could be resulting in low market share capture.

Provider supply and demand needs assessment shows Elmore County has a significant shortage of psychiatry providers at 8.9 FTEs.

Elmore County Psychiatric Service Market Share

- Elmore Community Hospital 12.8%
- Community Hospital in Tallassee 0.5%
- Baptist South's Crossbridge Behavioral Health facility 44.7%
- East Alabama Medical Center 5.5%
 - Combined, both Elmore County hospitals capture just 13.3% of psychiatric service market share originating in Elmore County.

Psychiatric and Mental Health Services

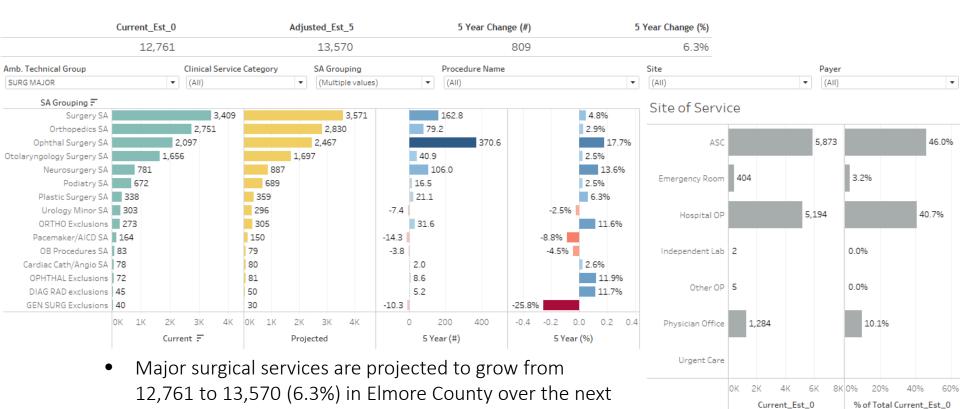


PSYCHIATRIC AND MENTAL HEALTH SERVICES CONCLUSIONS

- Psychiatric and mental health needs are significant and will continue to grow rapidly in coming years (46.9%)
- Small market share capture within Elmore County (13.3%) can be attributed to lack of providers, available services and overall low-quality services
- Both Elmore County hospitals and healthcare facilities could partner with the Montgomery Area Mental Health Authority to expand services in Elmore County to include mental health and substance abuse offerings, residential beds, group home beds, crisis services, adolescent and adult outpatient mental health services
 - Improved access to mental health providers such as psychiatrists and counselors would remedy the large provider shortage and greatly improve access and service quality

five years.





• Procedures are taking place in an ASC 46.0% of the time, a hospital outpatient department 40.7% of the time, a physician office 10.1% of the time, and 3.2% in an emergency room department.



Surgical needs were among the most prevalent cited by interview respondents.

The provider supply and demand needs assessment shows surgical provider shortfalls of 7.3 FTEs for general surgery and 5.7 FTEs for orthopedic surgery.

Growth Projections - Next Five Years:

- General surgeries will grow from 3,409 to 3,571 (4.8%).
- Orthopedic surgeries will grow from 2,751 to 2,830 (2.9%).
- Ophthalmology surgeries will grow from 2,097 to 2,467 (17.7%).
- Otolaryngology surgeries will grow from 1,656 to 1,697 (2.5%).

Elmore County General Surgery Service Market Share

- Elmore Community Hospital 0.5%
- Community Hospital in Tallassee 5.0%
- Jackson Hospital and Clinic 24.9%
- Baptist Medical Center East 18.3%
- Baptist Medical Center South 16.8%
- University of Alabama Hospital 12.6%
 - Combined, both Elmore County hospitals capture just 5.5% of all general surgical volume originating in Elmore County while several competitors combine for over 75% of general surgery delivery to Elmore County residents.



Elmore County Orthopedics Service Market Share

- Elmore Community Hospital 0.3%
- Community Hospital in Tallassee 0.8%
- Baptist Medical Center South 40.7%
- Jackson Hospital and Clinic 26.9%
 - Combined, both Elmore County hospitals capture just 1.1% of all orthopedic surgical volume originating in Elmore County while two main competitors combine for over 75% and dominate orthopedic surgery delivery to residents

SURGICAL SERVICES CONCLUSIONS

- Given the growing demand for surgical services and current small percentage of surgical volume capture locally, Elmore County hospitals and healthcare facilities must expand surgical services by:
 - Developing relationships with area surgeons to perform surgeries locally.
 - Providing adequate operating and clinical space along with other resources to induce surgeons to perform surgical procedures locally rather than referring patients to Montgomery or Birmingham for surgical services and follow up appointments

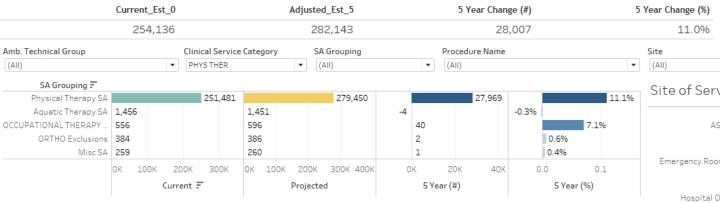


SURGICAL SERVICES CONCLUSIONS (CONTINUED)

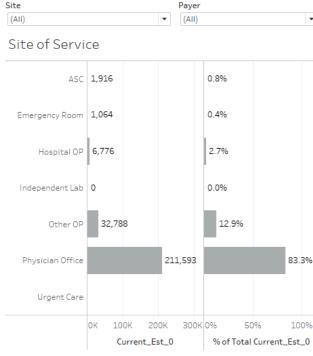
- Current demand for major general and orthopedic surgeries is 6,160 combined procedures originating in Elmore County with anticipated growth of 3.9% in the next five years
 - Organic surgical growth over the next five years within Elmore County of 163 general surgery cases and 79 orthopedic cases would allow for service growth among Elmore County hospitals of 87.1% and 263.3% for each respective service, based on current market share capture, without affecting current volumes of established competitors
 - As the population of Elmore County ages and if the region continues to attracts retirees, surgical volumes, particularly orthopedic volumes, could exceed current projection estimates for the age 65+ cohort
- Most surgical cases originating locally currently taking place in an ASC setting (45.9%). A
 4-room surgery center would need approximately 4,500 surgical cases in order to operate
 successfully. This would require over 75% of all the surgical volume currently provided in
 an ASC or 85.6% of volume provided in a hospital outpatient department to be provided
 in the new ASC
 - The likelihood of capturing 32.9% of all surgical cases to ensure a successful 4-OR surgery center is unlikely
 - The County should also be careful regarding investment in an ASC that competes with the hospital. A possible alternative would be the development of outpatient dedicated ORs in a replacement hospital that could be priced at ASC rates

OP Physical Therapy



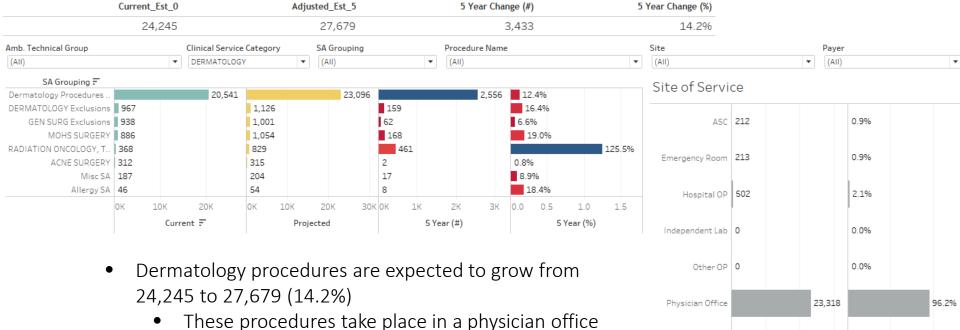


- Physical Therapy utilization is projected to grow from 254,136 to 282,143 (11.0%) in Elmore County over the next five years.
 - Visits are taking place in a physician office 83.3% of the time, 12.9% in another outpatient setting and 2.7% in a hospital outpatient department.
 - A growing age 65+ population that requires orthopedic surgical procedures, such as knee and hip replacements, will also need post-operative rehabilitation and lead to significant growth of physical therapy service utilization.



Dermatology





96.2% of the time, in a hospital outpatient

sites of service

department 2.1% of the time and minimally in other

50%

% of Total Current_Est_0

100%

30K 0%

Current_Est_0

Urgent Care

Dermatology



Dermatology is a fast-growing service in Elmore County and access limitations as evidenced by the 2.5 FTE deficit of dermatologists according to the provider supply and demand needs assessment.

Dermatology was one of the most requested services to be offered locally by interview respondents.

Elmore County Dermatology Market Share

- Community Hospital in Tallassee 14.8%
- Elmore Community Hospital 10.9%
- Jackson Hospital and Clinic 24.0%
- Prattville Baptist Hospital 18.6%
- Baptist Medical Center South 10.9%
- Baptist Medical Center East 10.4%
 - Both Elmore hospitals combine for just over 25% market share of dermatology services originating in Elmore County.
 - Outside of the county, the next closest hospitals, Jackson and Prattville Baptist combine for nearly 43% while Baptist South and Baptist East combine for just over 20%, which indicates residents travel for dermatology services because adequate services are not offered locally and would likely seek services closer to home if available.

Service Expansion Opportunities



DERMATOLOGY SERVICE CONCLUSIONS

- Healthcare facilities in Elmore County must make improved efforts to provide local access to quality dermatology services in order to better meet current demand and increase market share, while keeping residents from seeking dermatology services outside of the county
- Both the interview respondents and the data suggest that Elmore County residents would seek dermatology services locally if adequate services existed.
 - Based on the provider supply and demand needs assessment, Elmore County has a deficit of 2.5 FTE dermatologists
 - Hospitals and healthcare facilities outside Elmore County capture just under 75% of the local dermatology services market
- Demand for dermatology services is projected to increase significantly in the next five years (14.2%)
 - Organic service demand growth of 3,433 dermatology procedures would lead Elmore County hospitals to grow service volumes from current levels by 55.1% if local patients stayed within Elmore County for dermatology procedures and clinical visits
 - Service growth does not include recapturing any market share currently leaving Elmore County

RECOMMENDATIONS

Funding Healthcare Initiatives



- Elmore County has access to a mill tax that has been in place since 1954 that **must** be used in support of healthcare services.
- Specifically, the tax may be used for:
 - Acquiring, constructing, operating, equipping or maintaining:
 - County Hospitals
 - Other public hospitals
 - Non-profit hospitals, and
 - Public Health Facilities
- Based on the Alabama definition (Amendment 76) of public health facilities, this includes free-standing ambulatory developments such as public clinics, health centers, nursing homes, training facilities, and "related public health facilities of any kind".
- Each of the recommendations outlined fit within the legal requirements of the tax.
- This creates significant flexibility for Elmore County as it considers which
 options are most appropriate for the community and is consistent with
 the benefits that rural communities must take advantage of in order to
 secure long-term sustainable healthcare services locally.

Recommendations: Strategic Partnership Opportunities



Service Expansion Through Physician Relationships

- Seek out clinical partnerships with specialists in order to expand service offerings and improve access to specialty services including:
 - Women's services
 - Nephrology
 - Urology
 - Cardiology
 - Psychiatry
 - General and Orthopedic surgery
 - Dermatology
- Utilizing Jackson Hospital specialists to come into Elmore County to perform procedures and see patients for follow-up visits could make sense given Jackson's independent affiliation status and wide range of specialty services.
- Develop relationships with Baptist Medical Center East for OB-GYN services given its significant market share and provider infrastructure; focus should be on providing convenient office visits and imaging.

Recommendations: Facility Opportunities in Elmore County



• Elmore County has multiple facility opportunities that comprise both inpatient and outpatient options. Stroudwater recommends reviewing each of these opportunities, and based on feedback from the report presentation, recommends prioritizing the further evaluation of 1 to 2 of the options.

Replacement Hospital in Wetumpka

- Explore feasibility of a replacement hospital that is right-sized for the needs of the surrounding communities.
 - Many interview respondents mentioned either the outdated physical condition of Elmore Community hospital and/or how a new replacement hospital would be welcomed and heavily utilized especially if able to accommodate additional services due to logistical and spatial efficiencies and improvements.
 - Should a replacement hospital be further explored, it is necessary that the Elmore County Economic Development Authority and Elmore County Healthcare Authority work together with a hospital partner to appropriately determine the feasibility of a new hospital, where it should be located, which services will be provided, and how current county tax appropriations will affect what is able to be constructed.
 - A next step would be moving forward with a feasibility study to perform a detailed demand study and facility design with financial feasibility. This examination should help determine financing needs and construction loan arrangements of constructing the master facility plan.
 - A replacement facility must be right-sized to account for long-term bed need and reasonable market share capture. With the trend toward outpatient and already established outmigration, a replacement hospital will likely be between 20-25 beds.

Recommendations: Facility Opportunities in Elmore County (continued)



Repurpose Elmore Community Hospital Facility

- If the county decides to pursue a replacement hospital or to eliminate the Elmore Community Hospital, a decision on how to repurpose the existing Elmore Community Hospital facility must also be made.
- Potential uses of the current hospital facility include:
 - Convert to a facility for mental health and substance abuse offering residential beds, group home beds, crisis services, and adolescent and adult outpatient mental health services.
 - Pursuing this decision will also achieve expansion and access goals for mental health services that are currently unmet and projected to grow significantly in coming years.
 - Convert to a comprehensive outpatient and imaging services facility
 - Convert to apartments for low-income housing to support Elmore County residents in need of an affordable place to live.
- Convert to commercial space for business usage to support small business growth in Elmore County and provide rental income to Elmore County.
- Utilizing the space for healthcare services will require less capital investment to renovate and change certain areas for use as compared to utilizing the space for some other purpose such as apartments or commercial space for business usage.

Recommendations: Facility Opportunities in Elmore County (continued)



Master Facility Planning for Community Hospital of Tallassee

- While the hospital has the right number of beds based on its current market share and discharge projections, the facility has not recently been reviewed for long term strategic planning.
- Reviewing Community Hospital of Tallassee's facility in the context of its current and future operations may reveal potential opportunities for improved efficiencies in layout.
- A financial and operational review of the facility can help determine its role in the delivery of healthcare services going forward.
- Potential ambulatory development for Elmore County must take into consideration the best location for the services, including partnerships that are anchored in Tallassee.

Recommendations: Facility Opportunities in Elmore County (continued)



 Separate from a replacement hospital, the county has outpatient only options that may be feasible given the current unmet demand and projected service growth.
 Freestanding outpatient options include the following:

Outpatient Ambulatory Surgery Center

- Construction of an ASC is an option to provide high quality, low cost, and convenient same-day outpatient surgery procedures to Elmore County.
 - Currently, significant market share for surgical services is lost to hospitals and facilities outside of Elmore County.
 - By partnering with surgeons to utilize a new, state of the art ASC to perform surgeries for Elmore County patients would bring surgical service market share back to Elmore County and keep patients local.
 - Demand for surgical services is expected to grow in the coming years, particularly for the age 65+ patient cohort.
 - Ownership and development of a surgery center must be closely examined to account for competing interests with a hospital.

Comprehensive Imaging Center

- Current imaging service offerings and access to those offerings in Elmore County are unmet due to the recurrence of similar responses during the interview process.
- Additionally, updating imaging equipment and adding modalities, such as an open MRI, were frequent responses.
- Given that nearly 200,000 imaging procedures originate in Elmore County annually, with expected growth in coming years, an imaging center offering a vast array of imaging modalities would be a sound investment.
- If Elmore County had a one-stop-shop for all imaging services that were in a new, updated space with upgraded equipment, residents could quickly and conveniently utilize this facility for imaging services without either having to wait for an appointment or travel outside of Elmore County for these services.

Recommendations: Revenue Enhancement

Opportunities



340B Drug Pricing Program

- The 340B Drug Pricing Program allows qualifying hospitals to benefit from reduced drug costs and profit from contracted retail pharmacy program revenues.
- The 340B contract retail pharmacy program will also benefit local retail pharmacies who engage with a 340B eligible entity.
 - Community Hospital in Tallassee reported an allowable DSH percentage of 7.00% in FY19, below the 11.75% required, and does not qualify the hospital for participation in the 340B program.
 - Elmore Community Hospital reported an allowable DSH percentage of 12.00% in FY19, meeting the 11.75% required, and qualifies the hospital for participation in the 340B program.
 - If Elmore Community Hospital is not participating in the 340B program currently, it could be missing an important opportunity to generate significant 340B revenue.

Recommendations: Revenue Enhancement

Opportunities



- 340B Drug Pricing Program (continued)
 - The table below shows the analysis of the potential 340B program benefit to Elmore Community Hospital if it participated in and optimized the 340B program.
 - The analysis is based on Stroudwater's experience with the program; however, 340B revenue forecasting is complex, so use the estimate as a guideline only.

ECH Clinic Visits	ECH Medicare and 3 rd Party Payer %	ECH 340B Eligible Visits	Avg. RX per Visit	Total 340B RXs	Avg. per Rx 340B Increase	340B Incrementa Benefit	il
24,244	75%	20,607	1.5	30,911	\$25.00	\$ 772,77	78

 The hospital has the potential to generate over \$750K in supplemental income from the 340B program based on the estimated payor mix of over 20,000 eligible Medicare and 3rd Party visits occurring in its three rural health clinics.

Recommendations



Service expansion opportunities through provider recruitment and partnership

- OB-GYN and women's services
- Elderly and geriatric services
- Cardiology services
- Imaging services
- Psychiatric and mental health services
- Physical therapy services
- Surgical services
- Dermatological services

Evaluate further service delivery options

- Options include:
 - Ambulatory Service Center
 - Diagnostic Imaging Center
 - Replacement "rightsized" hospital in Wetumpka
 - Repurpose Elmore Community Hospital facility
 - Master facility planning for Tallassee Hospital

Evaluate potential partnerships for both

- Sizing and cost estimates for delivery alternative options
- Develop plans of finance for options under consideration
- Partner evaluation for delivery options
- Negotiation of key terms

Recommended Next Steps



Evaluate facility options

- Elmore County should narrow its options from the five presented to perform a deeper review of two facility options that should include the full scope of services to be offered, potential site locations, capital needs, and partnership opportunities.
 - If an ambulatory-only option is explored, the full scope of services will need to be studied including sizing options, the potential for multiple sites, and synergies with current offerings throughout Elmore County.
 - If replacement hospital is a priority, perform Critical Access Feasibility study combined with a detailed master facility assessment to outline full scope of services (bed need, ED needs, square footage and capital requirements).

Partnership opportunities

- Use report to solicit proposals from prospective partners to determine what partners are willing to do.
- Assess which partners are the best fit based on the following criteria:
 - Capabilities/resources
 - Strategic alignment/fit
 - Track record
 - Proposed investment
- Determine what County Stakeholders are willing to do.
 - Tax levy to fund indigent care
 - Borrowing to finance public health facilities with operator lease payments as a partial or complete offset
 - Partner borrows the funds directly

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