

Jackson County Regional Health Center  
01/10/2018 Q&A

1. From my laypersons' observations, I have thought that including an acute care clinic in the new hospital would be beneficial for the community. Is this being considered? Is there an assessment at this point regarding the feasibility of including this service?
  - *No active evaluation of this yet but is possible if Board believes this is a community need worth exploring*
  - *Many factors to consider, clinical, financial and personnel. Does this make strategic sense with our need to also support primary care.*
  
2. Is there any concern about building off site regarding ambulance response times if we would build in another location that may not be as centrally located to highways 62 and 64.
  - *Site evaluations have taken place with our architects with focus on patient and ambulance access, size, location, visibility etc. This process is not complete but will be part of the process for the BOT to come to final site decision. We've had to keep this confidential as part of our negotiations for land.*
  
3. JCRHC Administration and the Board keep saying that it will cost 1.5 million more to build onsite? Is this an accurate depiction of cost comparison? As there are so many "unknowns" for a greenfield site like bringing in utilities, negotiations wait times, (we are spending/losing \$75,000 a month) additional land surveys, when we could have started building on site with land that we already own? The answer has been if we build here then we would sacrifice square footage on the building itself? Isn't that true of the unknown costs for greenfield as well?
  - *The cost differential was provided by our consultants based on known conditions and some assumptions at this point. Part of our land negotiations includes contingencies for testing and survey to determine if there are additional conditions and costs not yet known. When this is complete we will have a clearer picture of what, if any, conditions would present a significant variance to our current cost estimate.*
  - *We are working on this as quickly as we can so as not to experience any more inflation than possible. However at approximately \$75,000 per month it would take many months delay to equate to \$1.4 million cost differential.*
  
4. How much will Genesis be involved in the planning and decision making for the new facility? Will JCRHC be paying extra for those additional services that are not included in the original Management agreement? And are these services in addition to the ones included in the contract with the CM firm?

- *Genesis personnel will generally not be involved in these processes unless requested by the Board or Administration. Mike Sharp of Sharp Consulting (formerly of Genesis) is currently assisting with the project planning most likely up to bid letting and contracting. He will act as the owners agent and assist with duties that fall outside of the Architect and CM agreements. This is a project expense for JCRHC.*
5. Why will it take 8 months longer to build on site then on greenfield?
- *Some of this is related to temporary conditions needed to protect the current building while building immediately adjacent to it. These must be phased to allow for operations to continue while construction occurs. Examples—temporary walkways, roads, parking lots, etc that must be built then rebuilt. These types of conditions and additional phasing generally does not occur on a greenfield site. We also have to factor in the time for demolition of the current structure and building of new parking lots and driveways.*
  - *CM and Architect can explain other factors in more detail.*
6. JCRHC BOT and President have included being “good stewards” of the tax dollars as a part of the vision for building a new facility? Is this the same BOT and President that built multimillion dollar additions to our present facility (LTC that we no longer provide and dialysis) that literally landlocked the site for future renovation or new build?
- *The vision for healthcare was different in 2001 than it is today. Expanding the facility was the focus at that time. However, with changes in the economy, federal and state budgets, reimbursement for services, our medical staffs desire to be on campus all that changed. The BOT responded to what they knew at the time as did the Boards and administration of previous decades. We are doing the same today. Note to Board members: the tone of this question is more criticism than question. To that end I don't believe it would be productive to get into a lengthy answer or debate on the topic.*
7. If JCRHC builds a new facility and then decides to deeper affiliation with Genesis through a lease agreement, is it true that Jackson County citizens will still be taxed? If so how much and what will this money be used for if Genesis is running the hospital and all employees are Genesis employees?
- *The hospital has explored such a lease arrangement preliminarily to get an idea if it is even feasible or possible. It is unclear if a tax levy would remain under this scenario. However, under this type of arrangement the JC BOT would serve as an owner and landlord of the building. As such lease payments and others sources of revenue may be needed to maintain an up to date facility.*

8. Is there an established budget for land purchase that the BOT has agreed upon for the greenfield site? Will JCRHC BOT and President go over that budget that might affect the square footage of the new hospital then?
- *The current cost estimate uses a \$500,000 ball park figure for land acquisition. The actual cost would be the subject of final negotiation. It is generally the goal to keep the total cost of construction down so we can minimize the need to reduce square footage to stay within budget. Budget is based on the lowest cost option which is the greenfield site. Given this, the hospital is at much greater risk of having to reduce our space program by building on-site vs. building on a greenfield site.*
9. Exactly how much will the new hospital cost?  
Estimates of October 2017:
- *Greenfield option: \$36,900,000*
  - *On-site option: \$38,300,000*
10. How much money are you planning on spending to buy an off-site location?
- *Our preliminary budget estimate is a general ball park of \$500,000 but could vary depending on negotiations for land.*
11. One contractor said that the hospital would lose money each month they got behind schedule; is the hospital construction plan on schedule?
- *Findorff Construction estimated that each month of delay is estimated to result in \$75,000 in inflation costs. The Board is working to finalize the site decision as soon as possible so design can move forward. We are not on track with our original plan to start design in October of 2017 but will work to make up time during the design phase.*
12. Could you explain one more time how the \$18 million dollars was saved while still covering the costs of employee salaries, construction updates, equipment purchases and bad debt patients? Is it true that declaring depreciation costs on taxes also brought in profits?
- *JCRHC generates cash through two primary sources: patient care revenue (more than 90% of our total revenue) and tax levy (approximately 6.5% of our total). After expenses are paid we fund our depreciation of approximately \$1.3 million per year and fund the total margin (profit) needed to reinvest in facilities, technology etc. Through managing efficient operations and the tax levy we were able to accumulate the \$18 million over 23 years.*

- *Depreciation expenses are not a qualifying expense for the tax levy but are partially reimbursed by Medicare.*
13. One trustee said it would cost millions of dollars to keep the hospital functioning in its present condition. It would be pouring money down the drain. Could you elaborate?
- *The approximate cost to bring the current aged infrastructure up to current day standards was estimated by architects, engineers and construction managers to be \$16 million. This does not include the functional improvements such as new layout and department re-organization needed to function effectively as a modern critical access hospital. Spending this amount of money in the existing structure would mean that the hospital would have to spend another \$30 Million to achieve the functional improvements later. The total cost would far exceed simply starting over with a new smaller facility.*
14. It is understood that the trustees are concentrating on building a new hospital right now. They are not discussing Genesis leasing the hospital. However, many people are concerned about what will happen to employees whose jobs could be eliminated if a lease agreement is planned for the future. Could you offer these employees some reassurances?
- *The JC Board is not currently evaluating affiliation options at this point so there are no specifics we can share however when the time comes we will carefully evaluate how changes to our affiliation impact our employees.*
  - *The reassurance we can make to our employees include; realistic discussions with them about future challenges and our vision, how changes might affect them directly and to assist with transition to whatever their role is under a new affiliation.*
15. At one time it stated in the newspaper that the hospital does not make any money from Medicare reimbursements; Medicare just covers the medical expenses and it doesn't cover any extra costs. Does that mean other insurance claims are charged for the medical expenses and "extras" allowing the hospital to make money from them? Also, if 50% of hospital revenues come from Medicare; how will that keep the hospital profitable in the future if the can only charge for direct Medicare expenses and no extra charges?
- *As a Critical Access Hospital, most services related to Medicare beneficiaries are paid based on a cost reimbursement methodology (i.e., Medicare reimburses JCRHC for the cost of the services provided to the Medicare beneficiaries). Beginning April 1, 2016, Iowa Medicaid transitioned to managed care organizations (MCOs), and JCRHC negotiates the Medicaid rates with these MCOs. JCRHC also negotiates rates with commercial insurance carriers, which can include discounts*

*from our established charges and prospectively determined rates. JCRHC strives to manage costs and negotiates reimbursement rates that together allow for an excess of revenues over expenses (i.e., a profit).*

16. At a board meeting it was stated that the hospital had \$15 million dollars in revenue last year but the expenses were \$25 million dollars. Could you explain the \$10 million dollar difference?
- *Gross patient service revenues for FY17 were approx. \$25.9M, while our net patient service revenue was \$14.7M. The \$11.2M difference was our deductions from revenue for charity and uncompensated care (\$.3M), governmental allowances (\$7.1M), non-governmental allowances (\$3M), and bad debts (\$.8M). Expenses were approx. \$15.2M.*
17. What are the revenue sources that the hospital has besides ambulance services, emergency room, radiology, lab, surgery and physical therapy?
- *In addition to the services listed above, JCRHC also provides the following patient care services: pharmacy, inpatient care (medical/surgical and swing bed services), cardiopulmonary, cardiac rehab, anesthesia, sleep studies, speech and occupational therapy, pain management, drug screens, medical supplies, and specialty clinics.*
18. If I require routine surgery at Jackson County Regional Health Center will the hospital have access to all of the specialized staff and medical equipment larger hospitals have if something would go wrong in surgery? *JCRHC is equipped with the technology and trained staff to perform routine Same Day Surgeries appropriate for the Critical Access Hospital setting. If complications arise, specific protocols are in place to ensure the safety of the patient.*
19. If Genesis leases the hospital and my doctor is not a Genesis doctor, and all of my medical records are with another hospital, will I still be admitted to the hospital if an emergency occurs? Will I be obligated to be transferred to a Genesis specialist if I need extra care?

*The affiliation/ownership status of the hospital does not and would not dictate where patients receive care. This is determined by the doctor and the patient. It is influenced by insurance coverages which vary from company to company.*

20. Rural areas in Iowa have limited access to obstetric care. Expectant parents have to drive 30 to 40 miles to have a baby delivered. The concern is for mom and baby if the baby should arrive in route to the hospital. Serious problems could require an immediate C-section or transfusions. How would you improve the problem?

*JCRHC Emergency Department and Paramedic staff are trained to address unexpected deliveries. Specific protocols are followed. JCRHC has immediate access to blood bank for transfusion services. If needed, transfer of the patient from the scene or ED can be expedited through the nearby Air Ambulance services located in Dubuque, Cedar Rapids, Quad Cities, and Iowa City.*

21. What steps are being taken to be conservative? There appears to be a history of lack of sense. Spending \$100,000 to change the name of the hospital. Building new vs. remodeling when hospital offers limited services. OR, why not build on the same site: You have the land, utilities, i.e. water, sewer, electricity, gas, landing pad already established. Also, reuse beds, equipment, phones, computers, filing cabinets, lighting, office, chairs, waiting room furniture, etc. Please keep in mind, many of us live on a fixed income, with many only earning minimum wage.

*This question was already addressed in other responses. Note: the hospital did not spend \$100,000 on the name change.*

22. It is said the current location does not have enough property to build on site. Is anyone concerned that the current administrator and one or more of the current trustees were part of the decision to demolish the 1949 section, build a beautiful nursing home area, only to close after a couple years, invest yet more money to renovate for rehab and apparently has also rendered us land-locked. Why has this not been mentioned and/or addressed?

*Already addressed.*

23. COMMENT: The one major requirement we had when looking for a place to live in retirement was that it had a hospital and Maquoketa fulfilled this requirement. We have had extensive use of the facility – the ER, physical therapy, professional clinics and independent testing capabilities. We think that its existence is an important resource for the city that needs to be kept because it draws new families and keeps the existing ones.

Since having a hospital in town is an important reason many families have chosen to live in Maquoketa, has the hospital board had any contact with

the City of Maquoketa about keeping it here and possibly helping with the financing needed to improve the current facility or build a new one?

*Board members to address*

24. COMMENT: It appears that only a portion of the county actively uses the facility and that those who don't, do not want to be taxed. Personally we view the current taxation as an inexpensive insurance policy against catastrophic medical emergencies and a small price to pay to have medical professionals see us here in Maquoketa.

Has the hospital board given any consideration to working with the county to evaluate the possibility of adjusting the tax levy on a township by township basis with those using the facility paying a greater portion?

*Board members to address*

25. Ms. Jorgensen has stated on multiple occasions, when she was first on the board, bills were barely able to be paid, but with many significant changes, this problem has been corrected. What was the bank account when the current administrator was hired? AND, how much has been spent on multiple architect plans and renovations under his direction?

- *These are the bank balances at various times of administrator changes:*

	<u>6/30/1994</u>	<u>6/30/1999</u>	<u>6/30/2017</u>
Cash	\$ 894	\$ 36,804	\$ 5,453,179
Assets whose use is limited and donor-restricted (current and non-current)	<u>1,803,759</u>	<u>5,092,650</u>	<u>13,659,460</u>
Total	<u>\$1,804,653</u>	<u>\$5,129,454</u>	<u>\$19,112,639</u>

*The money that we've paid to architects for master site planning (MSP) since 2011 is as follows: \$24,218 in June 2011, \$7,800 in November 2014, and \$13,500 in April 2015, all to Invision Architects (a total of \$45,518). We also spent a total of \$42,836 from October 2011 to January 2014 with Shive Hattery, which is actually an engineering firm, though this was also related to the MSP. More recently we've spent \$124,016 with BWBR (architects) since August 2016 and \$10,000 with Findorff (construction manager) in FY17. Please keep in mind that there have been other costs related to the MSP, such as Denman's work, legal fees, etc., though the question asked specifically about architects so this response focuses on those dollars.*

26. Is it true that the hospital has allowed Genesis to take over the IT for the facility? Including switching to a lower grade e-mail service? Have funds been reserved to rebuild an independent IT system if the decision is made to not affiliate with Genesis? I am concerned if most of cash reserves are spent

on the building project, the affiliation will be a forced decision due to lack funds for IT.

- *JCRHC contracts for remote hosting of its electronic medical records system clinical applications (Cerner and related products) as well as hardware support.*
- *At this time building an “independent IT system” is not a hospital strategy. Integration strategies instead are pursued to promote clinical integration, expanded use of technology and maintain a low IT cost structure. This is a critical element of our future success.*

27. COMMENT: I believe the hospital should stay where it is. County residents are familiar with it, has a good location off of Hwy 61 and you already own the land.

Will local contractors be involved in the rebuild/new build? They should be given priority.

- *As a public entity JCRHC must follow the public bidding procedures so preference cannot be given. However, qualified local contractors will be encouraged to bid on the project at such time as it is published.*

Can we use/reuse newer existing parts of the hospital? See response #

Who has control and will be in charge of this project?

*JCRHC Board of Trustees will hold all contracts with contractors and make all final decisions. BWBR will serve as architects and Findorff Construction will be the construction manager.*

What is the mission statement for the hospital in the future? *There are no plans to change the hospital mission statement at this time.*

28. Why are the trustees, administrators and architects so opposed to build on present site? The community presentation stated 93% of JCRHC profits is generated from the ED, Lab, X-ray and operating areas; why not build those services a new building on site, and just remodel the support service areas?

- *This option was studied and the results showed that remodeling a portion of the hospital in place and building part new would require additional phasing of infrastructure, site and traffic flow, and demolition phasing. All of which add time and cost. Remodeling the hospital in place would be more expensive and time consuming than starting over.*

29. Why do Jackson County Hospital employees have “genesis health” email addresses? If the hospital is not currently affiliated with Genesis, why do they present as they are?

- *JCRHC is affiliated with Genesis through a management agreement. As such we adopted their email system to reduce our cost of software and promote better flow of communication between JCRHC and others within Genesis.*

30. I have always maintained an active interest in our hospital and the services; and had believed I was a well-informed citizen. While watching the meeting with the Supervisors, I watched Gloria Jorgensen become very defensive and stated the experience with Finley was horrible and Genesis has been wonderful. I am not sure the community is/was aware of the details; as I remember, it had been presented to the public this was a mutual decision, now I and many of my friends are questioning the truth of this business decision. Can this be summarized? I would have concern that this could happen with Genesis.

- *The Board of Trustees ended their management services agreement on a mutual basis with Finley when it was determined that the priorities that the Board of Trustees established for JCRHC were not consistent with or supported by Finley.*

31. Is there an actual JCPH representative at the table when there are discussions with the architect and construction managers? Would it be possible for a board member to be part of these initial discussions?

- *The JCRHC Board initiated the Master Site and Facility Plan, and participated in the task force which made recommendations to the whole Board. Once the project is authorized, the Board of Trustees will establish the appropriate oversight structure to carry out the project.*

32. 57 counties in the state of Iowa do not assess their tax payers to support a hospital. Why does Jackson County need to assess their residents when 57 counties do not?

- *The citizens of Jackson County established a county hospital in 1950 with the foresight to understand that the levy may be a critical component of maintaining services to people in the county. This is an advantage that non-governmental hospitals do not enjoy. More than 40 other hospitals in the state do levy a tax in support of services.*

33. Looking at Anamosa/Jones County as a possible comparable scenario to Maquoketa/Jackson County. Has the Jackson County Hospital Board researched how the hospital in Anamosa was built and how it has shown success? If not why? If yes what is different from Maquoketa and Anamosa?

- *The JCRHC Board and members of Administration have toured and met with officials from Jones Regional Medical Center in the past and will likely do so again. We've learned from their successes and failures. We will also compare to other new small hospitals to capitalize on their*

*experience as well. All of this will be utilized in the design and construction of the new facility.*

34. What other affiliates has the hospital Board looked at other than Genesis? If none why not? What about the former affiliation with Finley? What was the reason for the change?
- *The Board of Trustees has put affiliation evaluation on hold for now. It is not known whether or not the other affiliations will be evaluated.*
35. What studies have been done to determine the market potential of a new hospital?
- *A market assessment was completed as part of the Master Site and Facility Plan. It assessed both inpatient and outpatient market share, patient volumes and physician to population needs analysis. This was the basis for determining the size facility needed to support the services of today with some ability to grow.*
36. Is there a way to remain a county hospital with an affiliation with whoever and not be tax supported in order to maintain local control?
- *It is becoming increasingly difficult to maintain a rural hospital financially and remain independent. Reimbursement pressures reduce revenues while costs continue to increase. The likely scenarios to survive the future that are commonly contemplated by small hospitals is deeper affiliations to gain economies of scale or to increase taxes (for governmental entities).*
37. What other counties close to Jackson County in Eastern Iowa tax their residents for a county hospital?
- *Regional Medical Center-Manchester*
  - *Buchanan Health Center-Independence*
  - *Jefferson County*
  - *Washington County*
  - *Keokuk County*
  - *Van Buren County*
38. What is the best fit for a hospital affiliation and the residents of Jackson County?
- *This would be determined if and when the hospital Board of Trustees resumes an evaluation of further affiliation models. Generally, an affiliation that best supports the mission and our strategic priorities would be the focus.*
39. What is the opinion of the doctors of Maquoketa to a new hospital and or affiliation? Is there a cooperative relationship with the hospital

administrator and the local physicians to collaborate on the direction of healthcare in our community?

- *The local Family Practice Clinics participated in the JCRHC Master Plan Steering Committee to help craft recommendations regarding future facility needs. There is a cooperative relationship between the hospital and local clinics. We've also worked with the local clinics to establish a direction on how the hospital and doctors need to be better aligned to better serve patients in the future especially given the changing reimbursement landscape for both hospitals and physicians.*

40. If a hospital is built. Can the Board then increase the tax asking if additional revenues are needed?

- *Yes. However, that can currently be done today. The Board of Trustees intends to construct a building that does not require an increase in taxes or prices to support it. This was confirmed with the feasibility analysis the Board commissioned in March, April and May of 2017.*

41. How many people will die if we do nothing and do not maintain healthcare in our community?  
?????

42. Does the \$35,000 to \$36,500 for a “new building” include all new furnishings/equipment? Why? What happens to the existing?

- *The total project cost, currently \$36,900,000 for a greenfield site, includes funds for furniture, fixtures and equipment. We fully intend to use any existing equipment that is within its useful life and appropriate for a new facility. This will help keep costs within the allotted budget.*

43. What happened to the millions in incentive payments from Obama care to install EMR EHR and the rest of the alphabet requirements? Did it go to Genesis or is it part of the “\$18,000,000?”

- *The Meaningful Use Stimulus funds were used to offset the expense of acquiring the Cerner EMR. JCRHC bore this expense but qualified for the MU with the assistance of Genesis IT staff.*

44. There is the allegation around town that the existing property is “land bound” and cannot be built on. What is the source? The consultants?

- *The existing land is able to be built on but has a number of constraints to do so. The most significant is the current hospital itself which must remain operational during construction regardless of which option is chosen.*

45. We would like to know why we are considering a hospital at all. We don't believe many people from Bellevue use the existing hospital now as we are only 20 minutes from Dubuque. Maquoketa residents are about the same distance and only 30 minutes from Davenport. Both places have excellent hospitals. As one of the supervisors suggested, we think we would be better off spending money to staff an acute care center at both Bellevue and Maquoketa and leaving the physical care facility and doctors' offices in both towns. Thanks you for your time and attention.

- *People from all over Jackson County and parts of surrounding counties do use the hospital (including Bellevue).*
- *The Board of Trustees over the decades since its inception in 1950 have been dedicated to maintaining a hospital for needed services. With the community's input they confirmed that this is still the case.*

46. What is the current levee/thousand?

What is the maximum the levee can go to per thousand with the revenue bond going through?

What does the Board think the levee rate will do if the hospital project happens? Could you put this in dollars on a house valued at \$100,000. COMMENT: If this build does not affect property taxes going up, why not have an efficient new facility in Jackson County.

- *The current levee per \$1,000 is \$1.029. This means that the property taxes for the hospital on a \$100,000 house are \$102.90/year. This levee rate of \$1.029 is 13.4% lower than what it was just five years ago.*
- *The rate would even be lower (i.e., it would be \$1.002) if we did not increase our tax asking by \$27,000 to help support the County EMS Coordinator position. Without this additional \$27,000, the rate would have decreased by 15.7% compared to five years ago.*
- *The maximum levee that JCRHC could have requested for FY18 was \$1,648,963. This would have equated to a levee rate of \$1.622, or \$162.20 for a \$100,000 house. JCRHC's actual tax asking of \$1,045,722 is \$603,241, or 36.6%, less than the maximum allowed. JCRHC has consistently asked for significantly less tax levy than the maximum that Iowa law would allow.*