



Rural Hospital Model of Success: Yoakum Community Hospital, Yoakum, TX

THE SITUATION

Over the past several years, small community hospitals in rural areas across the United States have been struggling to stay afloat. Yoakum Community Hospital was no different. Declining reimbursements, an unfavorable payer mix and sagging hospital operations had together created a negative bottom line for the hospital.

BACKGROUND

Yoakum Community Hospital is a 25-bed, critical access hospital located in the heart of the Texas Hill Country in Yoakum, Texas. The town is 80 miles from Austin, 130 miles from Houston, and 40 miles from Victoria, the closest sizeable community with a population of 62,000.

In 1998, Community Hospital Corporation (CHC) worked with Yoakum Community Hospital to set up a private 501(c)3 organization that leased the hospital assets from the local hospital authority. This arrangement allowed the hospital to remain as a not-for-profit organization that could continue to serve the health needs of the community. CHC also began providing resources, support and guidance to the hospital leadership. CHC's primary focus was to help identify areas needing improvement and establish methods of planning and implementing changes needed for success.

"Before CHC came on board, we didn't have the infrastructure or insight we needed to improve the hospital's performance," said Karen Barber, Yoakum Community Hospital CEO. "Today, there is such a tremendous energy around here."

THE PLAN

In 2004, Yoakum Community Hospital was converted to Critical Access Status under the Medicare Rural Hospital Flexibility Program. This change allowed Yoakum Community Hospital to collect 101 percent reimbursement on Medicare and 100 percent on Medicaid patients, which together make up almost 70 percent of the facility's payer mix.

Created by Congress in 1997, Critical Access Status allows small hospitals to receive cost-based Medicare reimbursements. To qualify, a hospital must have 25 or fewer acute-care beds, keep patients no longer than 96 hours and be more than 35 miles from another hospital. Hospitals also must be state-certified as necessary to residents. Critical access facilities also qualify for Flex Program grant money.

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Karen Barber
CEO, Yoakum Community Hospital





Although the conversion to Critical Access Status made some inroads to improving the financial performance of the hospital, there were still other problems to tackle. Yoakum Community Hospital continued to struggle with collections and physician relations.

At this point, Karen Barber was promoted to the position of CEO from her previous role as Chief Nursing Officer. She has been at the hospital for 15 years and had previously served as interim CEO for the hospital. Along with her leadership team, Barber worked with CHC on several key areas:

- Improving operational accountability
- Strengthening physician relations
- Developing new revenue-generating programs
- Consolidating Yoakum Community Hospital's business office with the Central Business Office at Baptist Beaumont Hospital, which is also a CHC facility.

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John Olivares
CFO, Yoakum Community Hospital

"Most of the changes are things I consider blocking and tackling. We focused on the basics that needed improvement," said John Olivares, CFO of Yoakum Community Hospital. For example, the leadership team began working to qualify the payer status of patients prior to admission. The process involves checking to see if self-pay patients can qualify for Medicaid or another reimbursement source. The process also includes asking self-pay patients to pay before services are provided if they can. Those who cannot pay are categorized as charity care up front, which has helped the hospital qualify for the Upper Payment Limit and Disproportionate Share programs. "It goes back to 2004. We were losing big time money," continued Olivares. "With CHC resources and support, we've really turned the hospital around."

RESULTS

The financial picture at Yoakum Community Hospital has drastically improved since 2004. The bullets below highlight some of the financial improvements.

- EBIDA went from (\$182,000) in FY 2004 to \$2.7 million in FY 2017
- Days cash on hand went from 10 in FY 2004 to 66 in FY 2017
- Days in accounts receivable went from 59 in FY 2005 to 36 in FY 2017

"You could feel the difference at our board meetings. When I came on the board, things were bleak in terms of profitability," said Elorine Sitka, Board Chair for Yoakum Community Hospital. "Today we have a strong board and dependable, trustworthy leadership all working for a common purpose."

About Community Hospital Corporation

Community Hospital Corporation owns, manages and consults with hospitals through three distinct organizations – CHC Hospitals, CHC Consulting and CHC ContinueCARE, which share a common purpose to guide, support and enhance the mission of community hospitals and healthcare providers. Based in Plano, Texas, CHC provides the resources and experience community hospitals need to improve quality outcomes, patient satisfaction and financial performance. For more information about CHC, please visit www.communityhospitalcorp.com.

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