



**Hansen Family**  
HOSPITAL

## “State of the Union”

Fiscal Years 2019-2023

**What Are Our Goals?  
Where Are We Now?  
How Do We Get to Our Goals?**



# Hansen Family Hospital - Impact on Hardin County 2017

## Life's Moments

Birth – Life - Death

## Economic Impact

- 231 Employees
- Payroll & Proprietor Income Impact: \$22 Million

## Education

- Trained 194 healthcare students (nursing, therapies, technologists)

## Psychology and Well-Being

- Senior Life Solutions
- TeleHealth

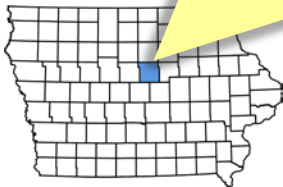
## Emergency Visits

6,334 Annual Visits



## County Pride

- Recruitment
- Quality of Life



# The “Ask” – Action Requested

- HFH Board approval of a 5-Year Financial Plan.
- Begin a county-wide conversation.

# The Big Questions



- What Are Our Goals?
- Where Are We Now?
- How Do We Get To Our Goals?

# What Are Our Goals?

1. Services Match Community Needs
2. Attract and Retain Talent To Serve More Patients
3. Earn enough money to repay debt and reinvest in services



# Where Are We Now? *Services Match Community Need*

## A Critical Access Hospital...

- Must have beds to stay overnight and 24/7 emergency services.
- Cost-based reimbursement – Medicare – no margin for future
- Applies to just half of our business

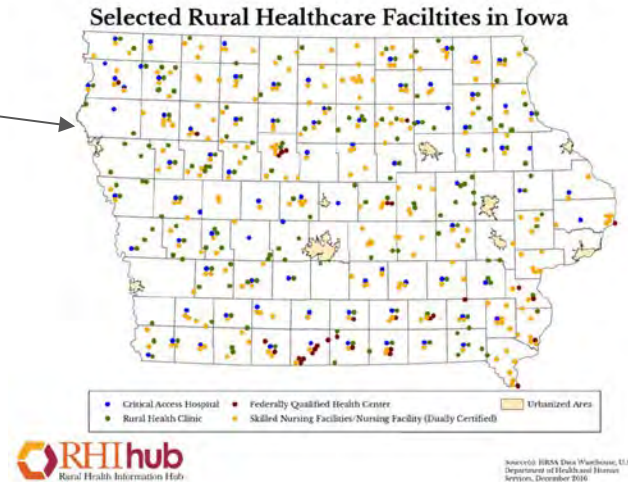
Pop Quiz! How many critical access hospitals in America? Iowa?

# Where Are We Now? *Services Match Community Need*

## Number of Critical Access Hospitals



1,346 CAH's in the U.S.

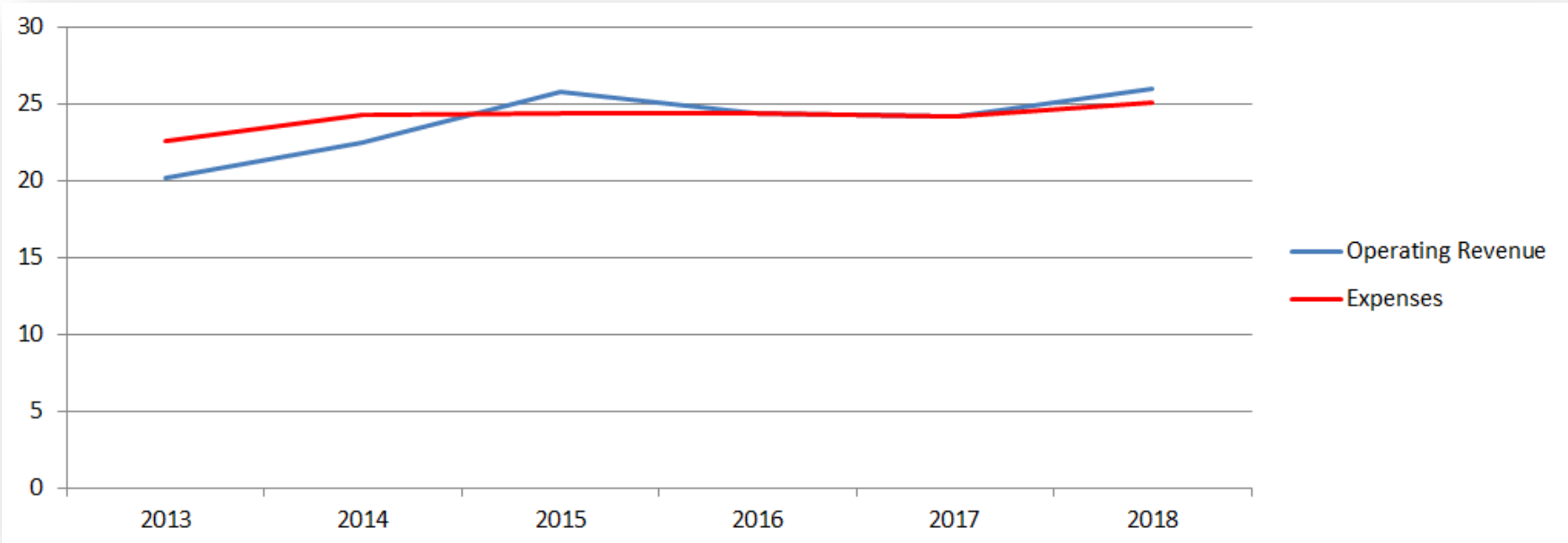


83 CAH's Iowa



# Where Are We Now: *Earn Enough Money*

## HFH About “Breaking-Even” the Past 5 Years



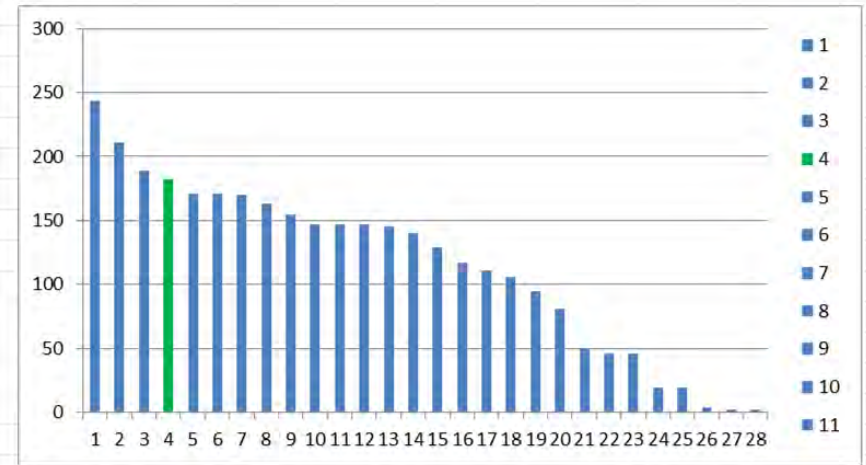
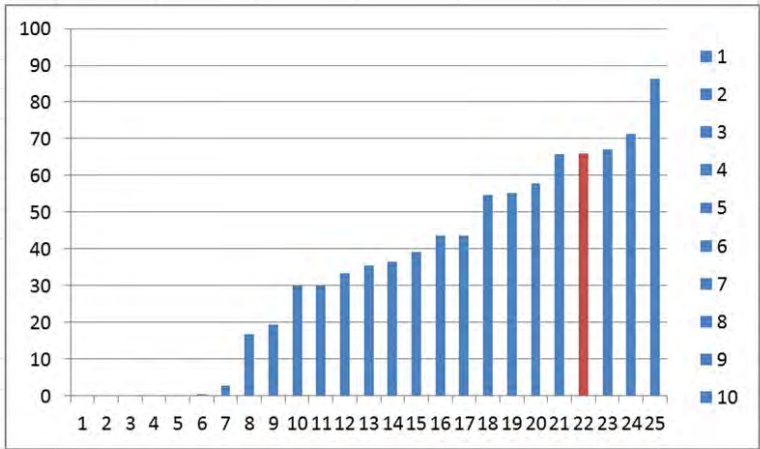
Source: Fiscal Year Audit Reports

# Where Are We Now: *Earn Enough Money*

## Plenty of Debt but We Have Cash for Now

For debt, HFH is 4th highest among 25 peer rural hospitals in Iowa.

For cash, HFH is 4th highest among 25 peer rural hospitals in Iowa.



Source: 25 Peer Mercy Health Network Rural Hospitals

# Where Are We Now: *Earn Enough Money* Not Financial “Distress” or Even “Duress”

2005-17 rural hospital closures:  
Where were they?



**80 rural hospitals have closed since January 2010**  
**122 rural hospitals have closed since January 2005**

# Where Are We Now: *Earn Enough Money*



Measure progress over the year(s), not month-to-month

# Where Are We Now? *Our Culture*

Adapting. Achievement. Compassion. Working together.



# Audience Participation!

- “The One-Sentence Summary”

“Stable, but facing headwinds”

# Where Are We Now: *Our Environment*



What headwinds impact  
Hansen Family Hospital the most?



# Where Are We Now: *Our Environment*

## Environmental Challenges

Shift from Inpatient to  
Outpatient Services

Difficulty  
Retaining and  
Recruiting Providers

New/Non-traditional  
competitors

Consumer  
Expectations  
Changing

Declining  
Reimbursement-  
Same Cost Structure

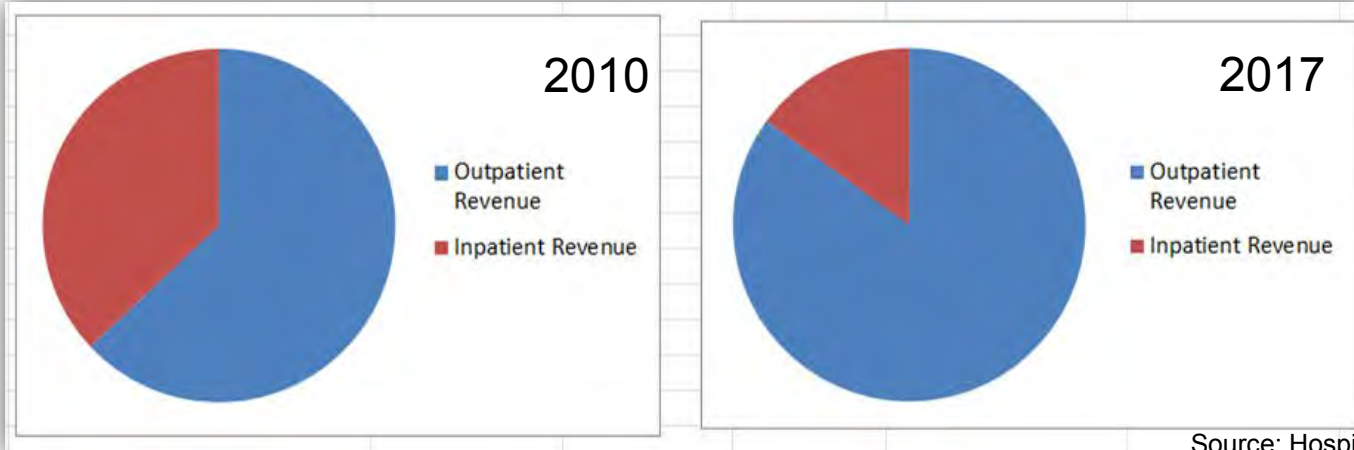


# Where Are We Now: *Our Environment*

## Environmental Challenge 1:

Shift from Inpatient to  
Outpatient Services

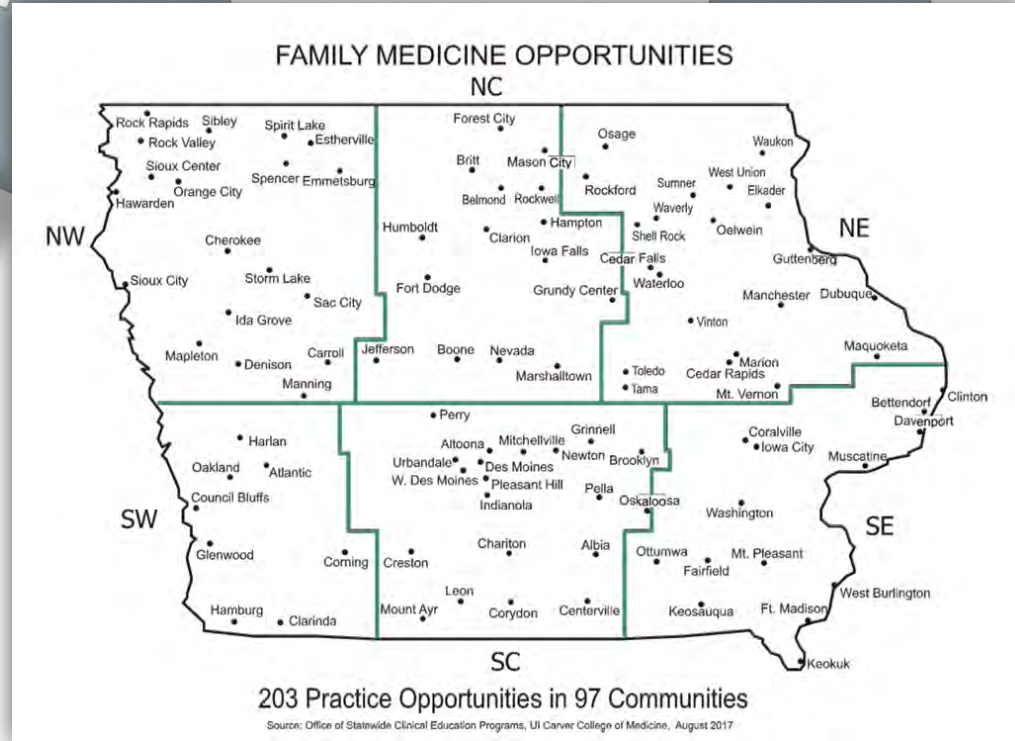
Hansen Family Hospital (still have inpatient cost structure):



# Where Are We Now: *Our Environment*

## Environmental Challenge 2:

Difficulty  
Retaining and  
Recruiting Providers



# Where Are We Now: *Our Environment*


## Environmental Challenges 3:

New/Non-traditional competitors



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**MANAGEMENT**

### Will Amazon, Berkshire Hathaway and JPMorgan Reinvent Health Care?

2018 North America Business Radio, Health





# Where Are We Now: *Our Environment*

## Environmental Challenge 4:

Consumer  
Expectations  
Changing



# Where Are We Now: *Our Environment*

## Environmental Challenge 5:



*Reimbursement*



“Contractual Allowances” (difference between \$ charged and \$ received)

- 2012: charges reduced by 46%.
- 2018: charges reduced by 49%.

*HFH Costs:*



- Alliant Energy proposed rate hike 5%+
- Supply costs increase 3%+
- 3D mammo machines up 15% from last year
- Information Technology costs 10%+ each year
- CPI around 2.1%

Declining  
Reimbursement-  
Same Cost Structure

# Where Are We Now: *Our Environment*

## Current Headlines Are No Surprise

### 41% of Rural Hospitals Operating with Negative Margins

Researchers suggest that the rural hospital safety net may be unraveling as declining operating margins force some facilities to close.



### Operating margins at local hospitals are thin

Hospitals' finances tenuous in today's health care environment

By Claire Hughes Updated 12:10 am, Sunday, January 28, 2018

JUNE 29, 2018

### Thin Profit Margins Make Rural Hospitals Vulnerable to Closure

A discussion with UA Center for Rural Health Director Daniel Derksen.

MANAGEMENT

### Will Amazon, Berkshire Hathaway and JPMorgan Reinvent Health Care?

# Remember our Goals?

1. Services Match Community Needs
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**forward**

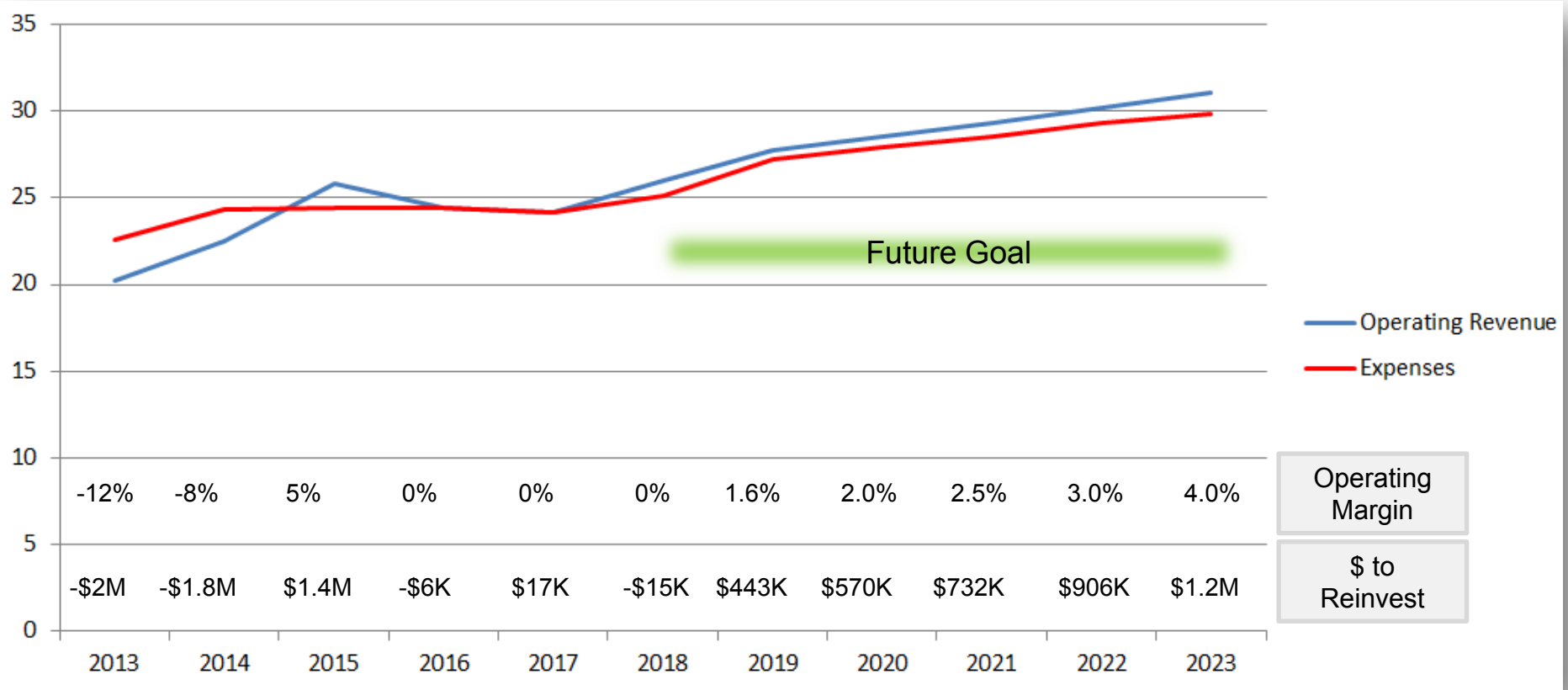
# How Do We Move Forward?



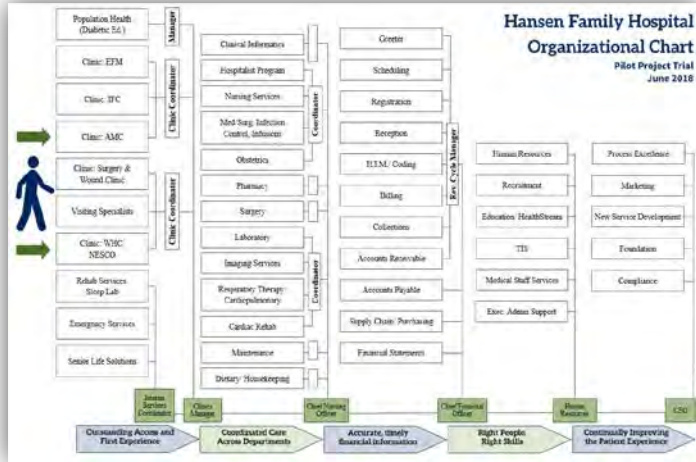
Step 1: Five-Year Financial Plan

Step 2: Re-Position for the Future

# Investing in the Future - 5-Year Financial Plan



# Step 2: Readiness



Design Structure Around the Customer

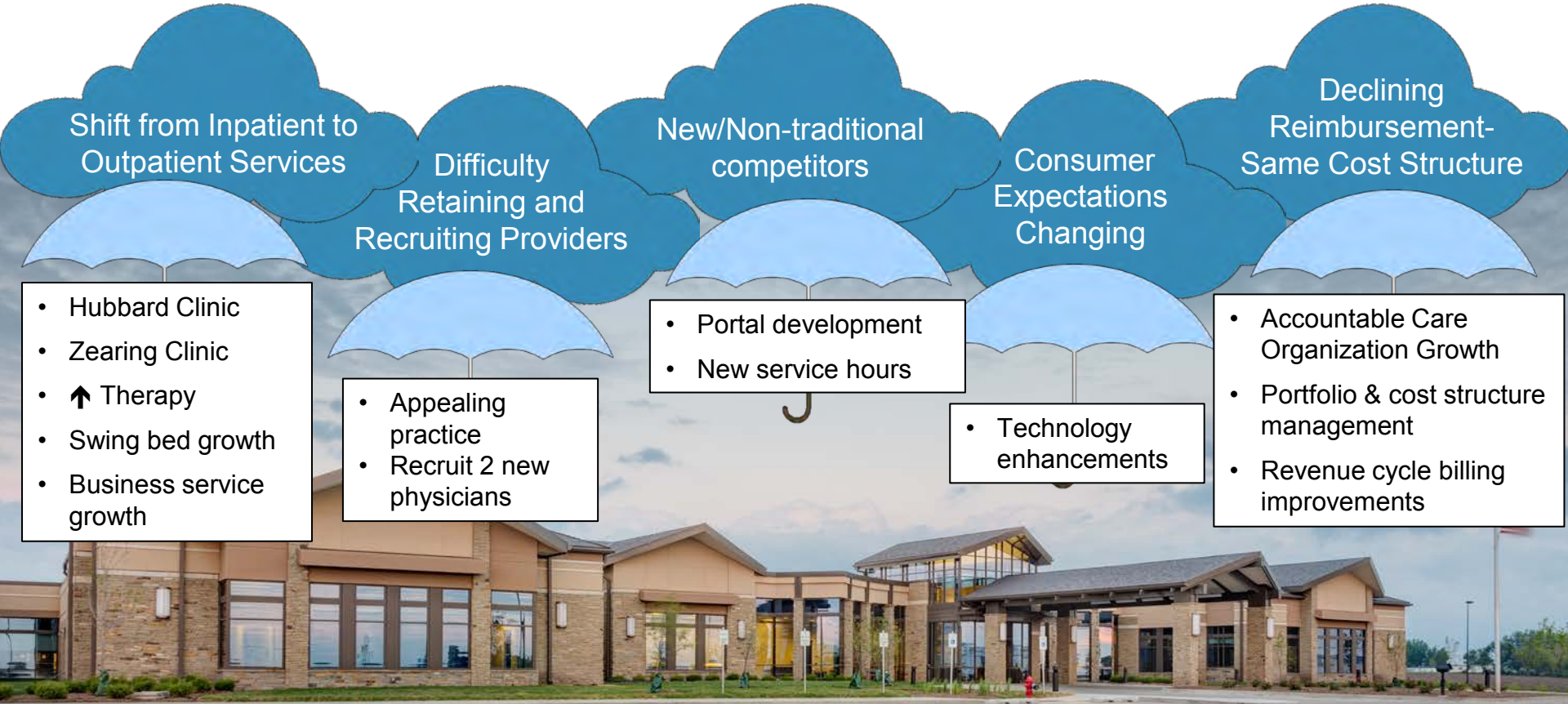


To Customers Like Never Before



Develop Tech Skills and Knowledge to Meet Customer Demands

# Re-position FY 2019: Actions to Meet Community Need



**GOALS:** Services Match Community Needs • Attract & Retain Talent • Earn Enough Money to Reinvest

# Shoulder Partner!

- Insight and adding to...





# The “Ask” - Next Steps from Here

1. Board approve the proposed 5-year Financial Plan. (FY19 budget under development. To be presented at regular August 22 HFH Board meeting)
2. Continue community/county conversations.

