

After extensive and thorough consideration for the last 2 years, Appling HealthCare System (AHCS) will no longer be delivering babies as of midnight, October 10th, 2014.

“It was a very heartbreaking decision to make, the Appling birthing unit provides quality services with an outstanding and dedicated physician and staff” said Andy Smith, CEO.

These are challenging times, and we at Appling are not alone in having to make such difficult decisions. More than 40 hospitals in rural areas in Georgia have given up deliveries, according to HomeTown Health.

“It was not a rushed decision, nor one that was taken lightly; we’ve been discussing this for at least the last two and a half years. This decision was thought out and discussed with passion and heartfelt sincerity for our patients, our physicians, and our staff”, stated Chairman Peggy C. Miles.

Jimmy Lewis, CEO of Hometown Health, an advocacy association for 56 small hospitals in Georgia, stated in a recent article that on average, in the state of Georgia, there are about 14 deliveries per 1,000 population, thus Appling County, with a population of 18,440, would expect to only yield about 258 deliveries, with at least 50% of those deliveries choosing to go to a different facility up to 40 miles away. This would result in anticipated total local deliveries of 129. Mr. Lewis also indicates that it requires a minimum of 325 to 350 deliveries to break even on the service line. As it stands today, AHCS would need 230 more deliveries to break even for the year. This is why most rural counties have given up birthing services due to insufficient number of deliveries in the service area. Mr. Lewis also stated that rural Georgia is quickly evolving into a state with only a few rural birthing centers.

Andy Smith, CEO explains that in the 12 months ending August of 2014, the Healthcare System estimates that losses in birthing services will exceed \$700,000. Smith also added that deliveries at AHCS for calendar year 2013 totaled 136 and only 120 deliveries are projected for calendar year 2014. There have been several key factors that have impacted the number of deliveries at Appling HealthCare System. One factor to the decline of deliveries is the loss associated with people going to other facilities to deliver.

In addition to the loss associated with people going to other facilities to deliver, there has also been a steady decrease in the number of births by Appling County residents. The total deliveries of Appling County residents in 2008 was 283, and in 2013 the total number of deliveries of an Appling County resident decreased by 30 deliveries to 253. Based upon historical data, we project deliveries to decrease by another 25 for 2014, down to 228.

Over the last two and half years AHCS has been able to subsidize the loss associated with birthing services from revenue generated by other service lines within the hospital. However, in the last two years, the entire system has had an increase in self-pay from 8.68% to 12.2% for an

increase of 3.52% in self-pay patients. This equals \$2.3 million in increases to bad debt, charity and indigent care, resulting in AHCS not being able to subsidize the loss any longer.

Also, other factors that are negatively impacting the system in 2014 are a \$590,000 decrease in our Medicaid disproportionate share money or (DSH). Due to the Affordable Care Act, AHCS is anticipating an additional cut in DSH payment of approximately \$130,000. In addition to these reductions, we expect to lose an additional \$134,000 in the 12 months ending August 2014, which is related to sequestration. The State Employee benefits program that is designed to save the state between \$200 million and \$500 million has resulted in an additional reduction in reimbursement of \$600,000.

Closing birthing services at AHCS will affect about 11 full and part time employees. All affected employees will be offered a position within the system. CEO Smith added "The system intentionally held positions open for months, to allow a smooth transition of these employees."

The Administrative team at AHCS is actively working with Dr. Crane to continue to provide Obstetric and Gynecological services within Appling County. Additionally, we are working with surrounding birthing facilities to provide a smooth transition for birthing services. It could potentially allow prenatal care to be given here in Appling County while all deliveries will be sent to a partnering hospital. Until further notice, as of midnight Oct. 10th, AHCS will no long be delivering babies.

"It saddens all of the board and staff at AHCS to see birthing services discontinued. Although there are a relatively small number of affected patients, we understand that these changes may create concern for those who had planned to deliver at AHCS," Smith said. "We are making every effort to ensure this transition is as comfortable and convenient as possible." "

Smith also added "We will continue to provide all hospital related prenatal care services such as ultrasounds, lab work, etc. And, our pediatric offices will continue to accept new patients regardless of where the birth is performed. I've been asked if this means that the hospital was closing. I can say without a doubt, **the hospital is not closing.** We are positioning the healthcare system for future growth, financial stability and the continued delivery of high quality healthcare to the citizens of Appling County."