

Over the course of the past couple of months, the Lee County Board of Supervisors has refused on several occasions to put KAH's request for \$111,581.29 of funding necessary to secure federal matching dollars on their agenda for a vote.

These County dollars are necessary for the Hospital to participate in the Federal Rural Hospital Disproportionate Share Pool Program. The Hospital qualifies for participation in this Program for the third consecutive year and this program has the potential to provide almost \$500,000 of additional funds to the hospital. This is just one of several Federal programs that the hospital participates in as a component of our overall reimbursement structure.

We are very grateful to the City of Keokuk for approving their one-half of the required local tax revenue contribution and therefore the hospital will receive \$250,000 under the terms of this Program.

The other \$250,000 will go unclaimed due to the Lee County Board of Supervisors lack of action. This is a very unfortunate outcome for the hospital and for the County.

Although these dollars are very important to the hospital, they hardly represent the difference between staying open and closing. County resources for this program do not represent a "bailout" of the hospital or anything of the sort. ***For perspective, the amount requested from the County represents approximately one-half of one percent of the overall Keokuk Health Systems budget.***

For any Rural Hospital in the United States, it is imperative to secure all available reimbursement in an effort to continue to serve the healthcare needs of your community. This is simply what we have been attempting to do.

The County's lack of foresight to secure these available Federal dollars will however require the hospital to reduce its operating expenses by an additional \$250,000 annually. ***This is an absolute travesty and completely avoidable as the dollars to fund the impacted services are readily available***

Federal matching programs are nothing new to Lee County. Bridges, roads, the Keokuk Main Street redevelopment project, the Roquette America flood wall, and other important initiatives throughout the County have been funded through a variety of Federal, State, County, City, and private dollars. Participation in these programs has been very important to provide an enhanced infrastructure for Lee County.

Keokuk Health System is a strong economic contributor to Lee County. According to reports issued by the Iowa Health Association, KHS provides approximately \$20 million dollars of annual economic impact, primarily to Lee County. We are clearly an economic engine to the City of Keokuk. We employ approximately 350 people, the vast majority of them in Lee County. ***There is simply no way to replace the economic contribution that the hospital provides.***

How much economic incentive money would the County be willing to provide to an organization that could deliver the economic benefit that the hospital already does?

In addition to the \$20 million of economic impact described above, Keokuk Health Systems provides over \$5 million of annual community benefit in the form of unreimbursed healthcare services and community education programs. The residents and patients of Lee County are the primary beneficiaries of these community benefit programs and therefore a request to the County for \$111,000 to secure federal matching dollars seems like a nominal contribution. *The hospital provides much more to the County than it receives from the County.*

More important than our vast economic contribution to Lee County, Keokuk Area Hospital saves lives. This is undisputable and we have countless examples of this every year. According to various reports, 60% of trauma deaths occur in rural areas where only 15% of the population lives. Health care professionals are acutely aware of the “golden hour” concept which describes that significant intervention necessary within the first hour of a traumatic event in order to potentially avoid an extremely bad outcome. *Our highly trained physicians and staff that serve our 24/7/365 Emergency Room fills this need for Keokuk and the surrounding communities and no other facility can provide this service.*

As a by-product of the Board of Supervisors refusal to vote upon our request, a citizen committee led by Rodger Whitaker has been developed to examine the impact to the community if the hospital is closed. Although well intentioned, the very existence of a public conversation around the closure of the hospital has the potential to do great harm. *The hospital is not closing so there is no need to create a hypothetical around it.*

Our Board of Directors, Medical Staff, Employees, Foundation, Volunteers, and the Keokuk Community have all been working diligently on a turnaround effort at Keokuk Area Hospital since January, 2013. *The financial profile of the hospital is much better now that it has been in a long time.* The community support and utilization of our Emergency Room, Primary Care and Prompt Care facility, as well as our inpatient and surgery programs has been exceptional. Our patient satisfaction and service scores have been extremely high. Our clinical integration relationships with the University of Iowa, Great River Health System, and others are at their highest points. Our support with the Federal Government as well as the State of Iowa is very strong.

Our support within the community has been exceptional and much appreciated. *Just last week, hundreds of community members supported our Kardiac Kapers fund raising program resulting in record results.*

Unfortunately, it does not take a community led task force to understand what happens to a community when their hospital closes. Since 2010, 71 communities in the United States have lost their rural hospitals. These communities experience substantial financial hardship as the local hospital is generally an economic engine to the community. *They also experience an elimination of access to health care services, primarily to the underserved and the elderly who oftentimes have challenges with transportation. Residents of these communities are much more likely to die in the event of heart attacks, strokes, and accidents as the “golden hour” parameters cannot be met.*

These communities are no longer able to attract industry as new employers seek local healthcare options for their prospective employees. Housing values begin to decline and the real estate tax base also decreases as residents begin to leave the community and no new employers come in resulting in fewer potential home buyers. *In short, the results are devastating.*

Hospitals are a key component of the overall ecosystem of a community. *One cannot simply redirect ambulance traffic to a neighboring hospital and think that the problem has been addressed.* The cascading effect of a hospital closure compounds in a material way impacting the health of the community, the economic stability of the community, and the overall desirability of the community. It is a very complex area of study.

As stated, there are no plans to close Keokuk Area Hospital. Although fragile like many rural hospitals, we have made great strides in our turnaround journey and all of our efforts moving forward will be focused exclusively on positioning the hospital to meet the needs of Keokuk and the surrounding communities for years to come. *We have not spent one minute discussing closing the hospital and there is no reason to begin that conversation now.*

Sincerely,

The Keokuk Health Systems Board of Directors.