



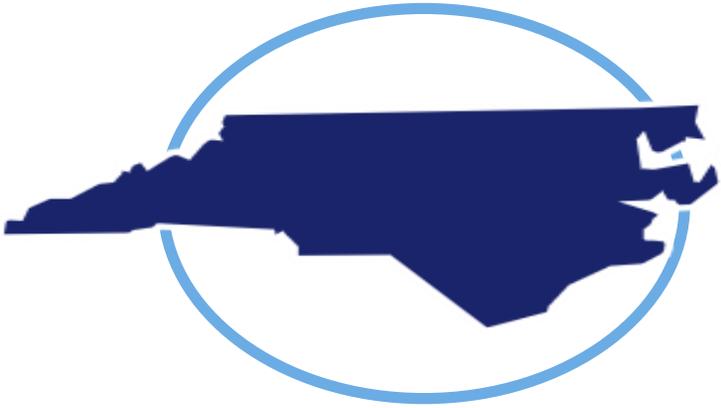
# Randolph County Commissioner's Meeting

Angela Orth  
Chief Executive Officer  
November 21, 2019

Community Connected Care.

## REQUEST FROM RANDOLPH HEALTH BOARD OF DIRECTORS

- The Board of Directors of Randolph Health is requesting that Randolph County submit an application under NCGS 131A-33 for a loan under the Rural Health Stabilization Program in order to preserve access to critical health care services in Randolph County.
- Funding from the loan will be used to transition the current health care system to an innovative, financially sustainable health care model with modern, right-sized facilities.
- Randolph County meets the eligibility requirements for the Program as a Tier 2 county as designated by the NC Department of Commerce.
- The Randolph Health Board of Directors is requesting that Randolph County apply for all funds available under the Rural Health Stabilization Program to support the transition from a traditional hospital-centric health care delivery model to a financially sustainable, community-based model of care with modern, right-sized facilities.



**POTENTIAL PUBLIC HEALTH CRISIS**

**Threat to local health care access in  
Randolph County**



# RANDOLPH HEALTH

## Key Facts

- 116.5MM Net Annual Revenue
  - 145 licensed bed, not-for-profit health system
  - 45-65 patients in the hospital every day
  - 24 locations in Asheboro, Liberty and Seagrove
    - Primary Care Practices
    - Orthopedics and Sports Medicine
    - ENT
    - Urology
    - Gastroenterology
    - Physical Therapy
  - Managed by Cone Health
  - Joint Ventures with Cone Health - StayWell and Randolph Cancer Center
  - Randolph MRI
  - Randolph Surgery Center - not operating at this location
  - Serve 140,000 residents in Randolph County
- 



## RANDOLPH HEALTH

# Economic Driver for Community

- 1,150 Employees, 4th largest employer in Randolph County
  - 55MM in annual payroll
  - 800+ Employees live in Randolph County
  - High wages with average salary estimated at 45K
  - 38,000 Emergency Department visits
  - 4,000 Surgical procedures
  - 10,000 Cancer treatments each year
  - 700 Newborns are delivered each year
  - 700+ Mental Health evaluations provided each year
  - 8,000 EMS transports to the ED per year
- 



## WHY IS LOCAL HEALTH CARE AT RISK?

- Randolph Health has not been able to secure a buyer due to existing capital debt and an aging, oversized plant.
    - Process to identify a partner was initiated in 2015 and continues today
    - Debt service has been extended **one final time** to Feb. 2020
  - Industry headwinds such as downward pressure on reimbursement rates and rising cost of drugs and labor prevent Randolph Health from remaining at breakeven from operations.
  - Randolph Health does not have access to capital.
- 

# RANDOLPH HEALTH'S FINANCIAL POSITION

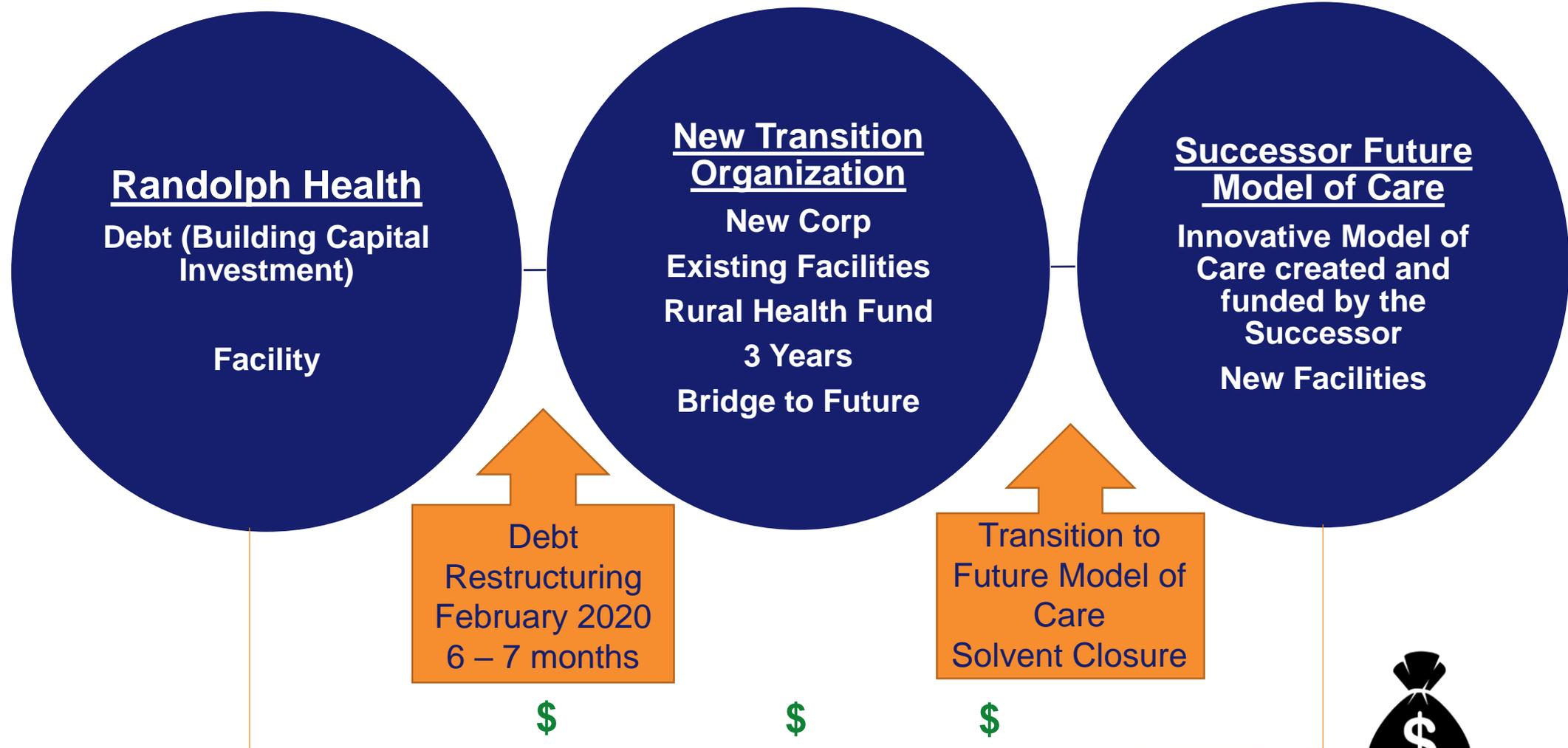
FY 2019 Margin Improvement **9MM**

FY 2019 Operating Margin **3K**  
excluding non-reoccurring expenses

FY 2019 EBITDA **6MM** FY 2019 before debt service/capex/interest  
(earnings before interest, taxes, depreciation and amortization- measure of profitability of a business)

**Despite a robust financial turnaround, Randolph Health is not solvent and a new model of care is required to preserve local health care for years to come.**

# SUSTAINABLE HEALTH PLAN



***Transition from Current State to Future State***





## RURAL HEALTH STABILIZATION FUND

**Rural Health Care Stabilization Program provides low interest loans to financially distressed NC hospitals for the purpose of financing new construction or operations during a time of transition to financial stability.**

- Hospital must be within 3 years of closure
  - Funds may be used to support the transition of the Hospital to a new model of care
  - Hospital must have identified a suitable borrower of the funds
  - Applicant must have a plan for transitioning health care to a financially sustainable model
  - Funds are in the form of a loan with below market rates paid back over 20 years
- 

## What will happen if Randolph County does not apply for funds through the Rural Health Stabilization Program?

- The Stabilization Program is the option to preserve local health care in Randolph County. There is no other plan.
- Funding from the Rural Health Stabilization Program is required to implement the Stabilization Plan.
- Absent funding, Randolph Health will most likely close in 2020.



## REQUEST FROM RANDOLPH HEALTH BOARD OF DIRECTORS

**The Randolph Health Board of Directors is requesting that Randolph County apply for all funds available under the Rural Health Stabilization Program to support the transition from a traditional hospital-centric health care delivery model to a financially sustainable, community-based model of care with modern, right-sized facilities.**

### **Steps to Obtain Funding:**

1. Randolph County votes on a request to apply for funds.
2. Randolph County in collaboration with Randolph Health submits an application for the funds.
3. Randolph Health requests Randolph County borrow funds from the Rural Health Stabilization Program, assuming application is approved.



# QUESTIONS





# Appendix

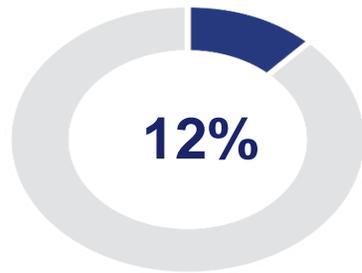
## Supporting Documentation

Community Connected Care.

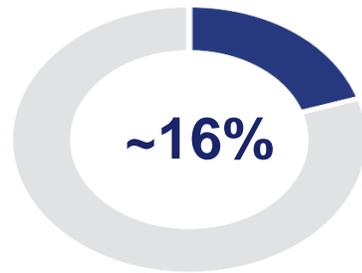
## THE NEED: STRONG LOCAL ACCESS

# Strong local health care is critical to Randolph residents

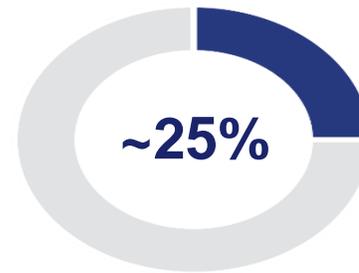
Vulnerable population: poorer and less healthy than the state as a whole



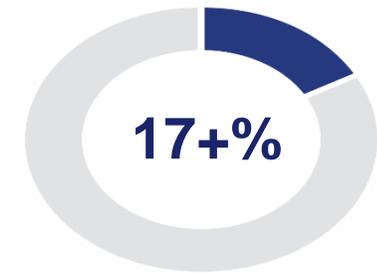
*Below the state's average for median income*



*Uninsured  
(NC: 15.1%)*



*Enrolled in Medicaid or  
CHIP (NC: 21.2%)*



*65 years and older  
(NC: 15.9%)*

## THE NEED: STRONG LOCAL ACCESS

# Rates of chronic disease: higher than state averages

	Randolph County	North Carolina
Diabetes	12%	9.6%
Cancer (per 100,000)	532.5	481.4
Heart Disease (per 100,000)	185.7	161.3
Overdose Deaths (per 100,000)	17.7	13.2
Opiate Poisoning Deaths (per 100,000)	15.1	10.3
Mental Health ER Visits (per 100,000)	1778.4	1697.8
Teen Birth Rates (per 1,000 females age 15-19)	34.6	26.2

## THE HEART OF NORTH CAROLINA

# Sizable geographic area and population



- Home to nearly **150,000**
- **19<sup>th</sup>** most populous county in the state
- Ranked **11<sup>th</sup>** in square miles
- **50+ percent** of population considered rural (U.S. Census Bureau)
- Population density about 1/5 of Guilford and Forsyth counties





## THE NEED: STRONG LOCAL ACCESS

# Quality, local health care key driver of County's economic viability

- **Greensboro-Randolph Megasite:** one of the nation's most attractive megasites
    - **Significant investment** by the State of North Carolina, Randolph County, North Carolina Railroad, City of Greensboro, Duke Energy, Piedmont Natural Gas, others
  - **NC Zoo investment:** \$25 million state commitment through Connect NC Bond
    - 1 million+ visitors expected with the addition of Asia
  - **Health system job impact:** ~1,200 direct and ~1,450 indirect family-wage jobs
    - 4<sup>th</sup> largest employer in Randolph County
    - \$55 million annual payroll, \$70 million including benefits
- 