

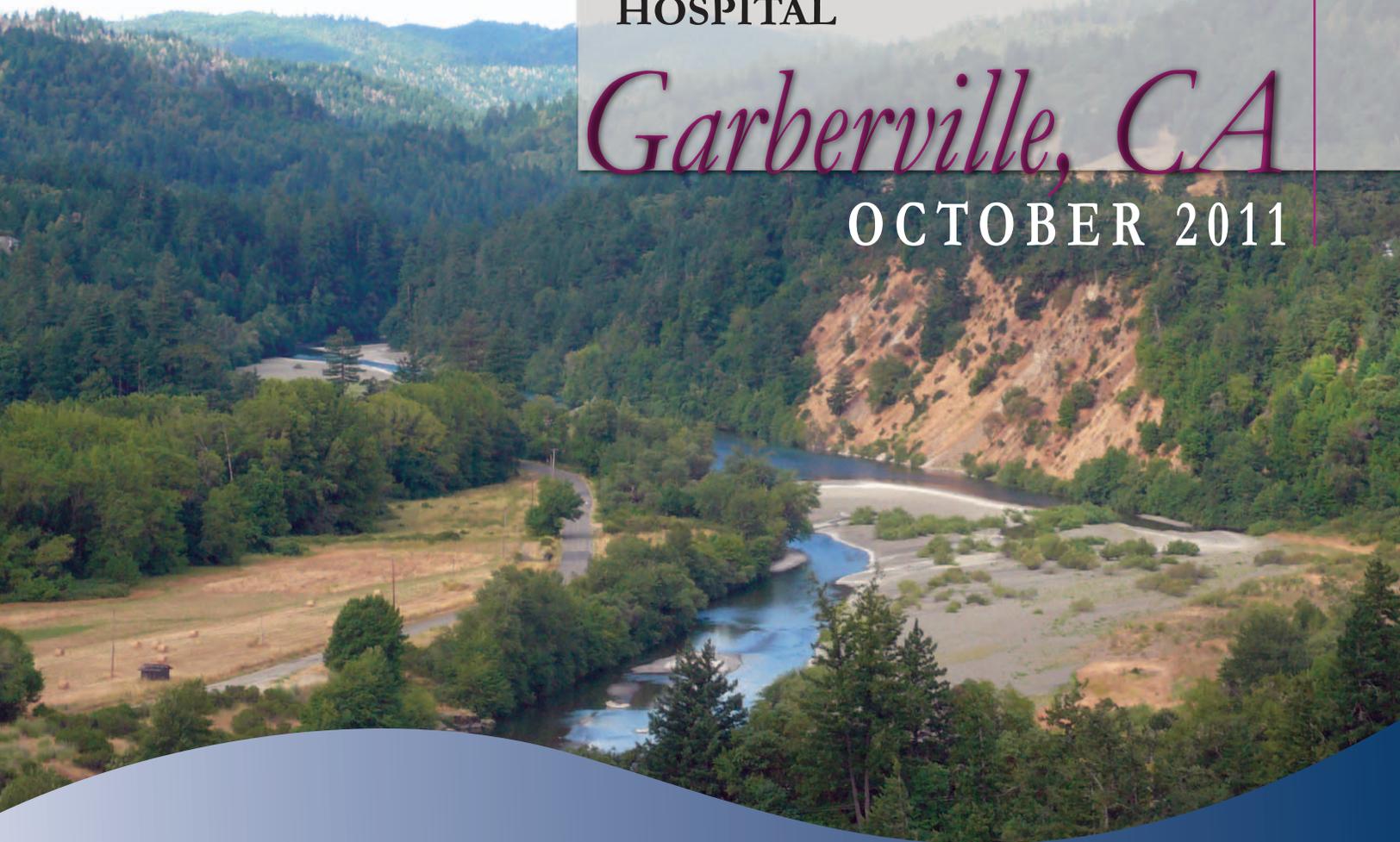


Critical Access  
Hospital Case Study

JEROLD PHELPS  
COMMUNITY  
HOSPITAL

*Garberville, CA*

OCTOBER 2011



Is the Medicare Rural Hospital Flexibility (Flex) Program and small rural hospitals' conversion to Critical Access Hospital (CAH) status improving the quality of care and performance while enhancing local emergency medical services? A case study highlighting Jerold Phelps Community Hospital, Garberville, California, was conducted as part of California's Medicare Rural Hospital Flexibility (Flex) Program in order to examine and report on these questions.

## CASE STUDY OBJECTIVES AND METHODS

The Jerold Phelps Community Hospital case study was completed to identify changes to the community, hospital, and other aspects of health care, that have occurred due to the hospital's conversion to Critical Access Hospital (CAH) status and its involvement in the Flex Program. The study also aims to identify needs and issues for Flex Program planning purposes. To accomplish this, the following occurred:

- Local health services and community background information was collected from May - June 2011 on Garberville, California.
- Interviews of hospital staff, hospital board members, and local emergency medical services (EMS) personnel were conducted in Garberville July 11 & 12, 2011.
- A survey of health care providers (e.g, physicians, physician assistants, and nurse practitioners) working at Jerold Phelps Community Hospital was conducted June – July 2011. The survey response rate was 38 percent.<sup>1</sup>
- A community focus group was conducted in Garberville on July 12, 2011.

Twenty-two individuals from the hospital service area were included in the case study process.

The California Department of Health Services, State Office of Rural Health, administers the Flex Program in California and was the sponsor of the case study. Rural Health Solutions, Woodbury, Minnesota conducted the case study and prepared this report.

<sup>1</sup> Health care providers working less than 2 days per month at Jerold Phelps Community Hospital were not included in the survey.

## GARBERVILLE, CALIFORNIA AND THE SURROUNDING AREA



Drive about 4 hours north of San Francisco along US Route 101, and you'll find the small town of Garberville, California. Originally named, "Dogtown", the name was later changed to Garberville, after Jacob C. Garber, the town's postmaster. Garberville is unincorporated and is part of Humboldt County; nearby towns include Redway and Benbow. There is a small municipal Garberville Airport.

Garberville resides in the shadow of King's Peak (elevation 4,087 ft.) and is surrounded by a great deal of natural beauty. It's a short drive from Avenue of the Giants redwood forest, the Lost Coast, the King Range National Conservation Area and Sinkyone Wilderness. The Eel and Mattole Rivers also wind through the area. Summer festivals and craft fairs, the only theater for miles, outdoor recreation opportunities, and access to the Pacific Ocean add to its rural appeal. The climate is mild, with summers in the 80s and winters in the low 40s with rain and the occasional snow. The closest urban area to Garberville is Santa Rosa, California, 150 miles to the south and almost three hours by road.

“It's the most beautiful,  
perfect environment.”

*Case Study Participant*



“The people who choose to  
live here respect each other  
and are very accepting.”

*Case Study Participant*

Tourism is the largest source of (legitimate) revenue in Humboldt County, "Accommodation and Food Services" being the largest sector, according to a 2008 census report.<sup>2</sup> Its location near the Avenue of the Giants redwood forest, Pacific Ocean, and state and national parks, makes it a draw for tourism. While tourism is its largest industry, it is far from booming and the town suffers from a lack of robust services and a weak economy.

One could say that the other "largest employer" is the marijuana industry. The rough, hilly terrain of the area makes for inaccessible, sparsely populated swaths of land that farmers find perfect for growing and hiding their crops from law enforcement and from thieves. According to a 2002 article in 3AM Magazine, "Humboldt County, California, is known for two things: the Redwood Forest and marijuana," and notes that, "If, for some reason, you decide to randomly explore back roads between August and October — harvest season — you take your life in your hands."<sup>3</sup> An article at [cnbc.com](http://cnbc.com) calls Garberville the "ground zero" of domestic pot cultivation.<sup>4</sup>

<sup>2</sup> [www.census.gov](http://www.census.gov)

<sup>3</sup> "Life in a Pot Growing County", by Mr. Greg, 3AM Magazine, 2002.

<sup>4</sup> "Marijuana, Inc: Inside America's Pot Industry", [http://www.cnbc.com/id/28675227/Inside\\_America\\_s\\_Pot\\_Industry\\_Slideshow?slide=1](http://www.cnbc.com/id/28675227/Inside_America_s_Pot_Industry_Slideshow?slide=1)



Garberville is located in the southern section of Humboldt County and has a population of approximately 2,413.<sup>4</sup> It serves as the shopping and services hub for over 10,000 people residing in a remote, rural area nearly half the size of Rhode Island (approximately 800 square miles) in which there are no incorporated towns and no traffic lights. Humboldt County has a population of 134,623 in its 3,572 square miles of land with the majority of the county's population residing near Eureka, 67 miles to the north. When compared to the state of California, Humboldt County's population is more likely to be white (81.7% compared to 57.6%), have a high school diploma (89.9% vs. 80.5%), be 65 years and older (13% vs. 11.2%), be a veteran (8% vs. 5%), live in poverty (19% vs. 14.2%), and have a lower median household income (\$35,985 vs. \$58,925). Additionally, the population of Humboldt County is less likely to be Hispanic, have a bachelors degree, and be 18 years and younger when compared to the state of California.

“Marijuana is part of the fabric of the community.”

*Case Study Participant*

When asked, “*What makes Garberville a healthy place to live?*”, case study participants report: clean air, healthy ecosystems, ocean and rivers, redwood forests, climate, community engagement, a large population that grows its own food, a low rate of crime, high level of volunteerism, access to alternative health services, slow pace, outdoor recreational opportunities, less driving, and a diverse and intellectual population.

When asked, “*What makes Garberville an unhealthy place to live?*”, case study participants report: homelessness, substance abuse, lack of access to mental, oral, and home health services, isolation, lack of privacy, lack of law enforcement presence, an underground economy, generations of people that have never worked for a living, population with limited skills/training, lack of insurance/underinsurance, lack of health education, limited access to specialty care services and specialists, high rate of Lyme Disease, high cost of living, limited employment opportunities, limited resources to address those in need, domestic violence, and lack of internet coverage.

<sup>4</sup> No U.S. Census data are available for Garberville. Source: <http://www.bestplaces.net/people/zip-code/california/garberville/95542>

**Jerold Phelps Community Hospital****Vision:**

“To become the healthiest community possible.”

**Jerold Phelps Community Hospital Mission Statement:**

“To provide optimal patient care, operational efficiency, and financial stability.”

## JEROLD PHELPS COMMUNITY HOSPITAL

Jerold Phelps Community Hospital (aka Southern Humboldt Community Healthcare District) was formed in 1960; however, health services have been available at the current location since 1949.<sup>5</sup> The hospital is a 9-bed CAH (16 total licensed beds) with an attached nursing home (8 beds) and Rural Health Clinic (Southern Humboldt Community Clinic). Jerold Phelps Community Hospital converted to CAH status March 1, 2002, making it the 9th hospital in California to convert, and the 558th in the U.S.<sup>6</sup>

The hospital is part of a healthcare district and offers emergency care and inpatient and outpatient services. It also has an attached long-term care facility and attached rural health clinic. The Chief Executive Officer has been working in the hospital for 2.5 years, the Director of Operations has been there 14 years, and the Director of Nursing/Quality Improvement Coordinator, 5 years. The hospital employs 75 people (52 full-time equivalent – FTE - employees). In addition, there are 5 emergency room physicians that work in the clinic, one part-time physician, 1 physician assistant, and 2 nurse practitioners (all part time). Health care providers surveyed report they have worked an average of 13 years at the hospital.

“A full health system under one roof [referring to Jerold Phelps Community Hospital].”

*Case Study Participant*



<sup>5</sup> Source: [http://www.shchd.org/Home\\_Page.html](http://www.shchd.org/Home_Page.html)

<sup>6</sup> As of March 2011 there are 31 CAHs in California and 1327 in the U.S. Source: Flex Program Monitoring Team. [www.flexmonitoring.org](http://www.flexmonitoring.org)

Jerold Phelps Community Hospital's (as part of Southern Humboldt Community Healthcare District) service area includes the communities of Garberville, Shelter Cove, Whitethorn, Briceland, Redway, Benbow, Phillipsville, Harris and Alderpoint. This service area has a population of over 10,000 full-time residents. The hospital's 2010 average daily census for acute inpatients was 0.4 patients, 1.77 for swing bed patients, and 8.0 for long term care residents. The hospital had approximately 2,699 emergency room (ER) visits and 13,728 total outpatient visits (excluding ER) that same year.<sup>7</sup> The nearest hospital to Jerold Phelps Community Hospital is Redwood Memorial Hospital (also a CAH) in Fortuna, California, 51 miles north of Garberville. The nearest tertiary center is located 67 miles north of Garberville in Eureka, California.



While Jerold Phelps Community Hospital patients are referred and transferred to a number of tertiary centers in the region, most are transferred to St. Joseph's Hospital, Eureka, California or Howard Memorial Hospital (also a CAH), Willits, California (68 miles southeast of Garberville). There are no trauma centers within 100 miles of Garberville.

Ambulance services for the area are provided by City Ambulance, Eureka, California. City Ambulance is a private, non-profit, fully-paid service with no volunteers. Its service area includes all of Humboldt County. City Ambulance is operated with teams of paramedics and Emergency Medical Technicians (EMTs) that work out of three community sites: Garberville, Fortuna, and Eureka. Two ambulances are stationed in Garberville, back-up is provided out of Fortuna (where the next closest ambulances are stationed). For the past several years, City Ambulance's Garberville squad has had approximately 300 ambulance calls and 250 transports per year. Ambulance employees report that they see annual trends related to patient demand for services. For example, summer months include a significant increase in accidents (auto, swimming, and all-terrain vehicles), winter is primarily respiratory illnesses, and spring and fall have few runs (approximately 1 call every five days).

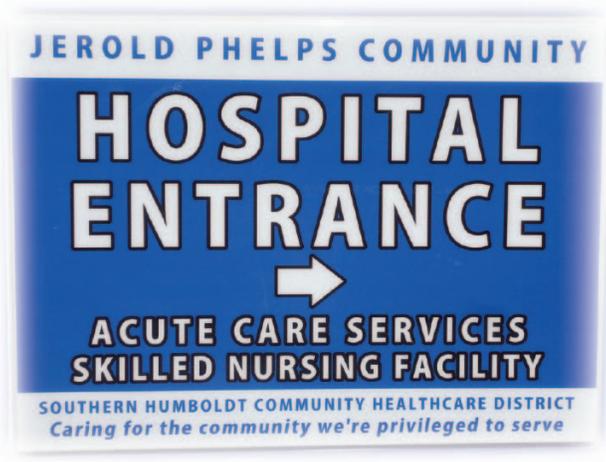


<sup>7</sup> Data reflects June 2010 through May 2011.

## IMPACT OF THE FLEX PROGRAM

The national Medicare Rural Hospital Flexibility Program was created as part of the federal Balanced Budget Act of 1997. Its goals are to:

- 1) Convert small rural hospitals to CAH status
- 2) Improve CAH performance
- 3) Improve the quality of patient care in CAHs
- 4) Develop local systems of care through EMS integration and community engagement.



Jerold Phelps Community Hospital was selected for an impact analysis using a case study approach to examine Flex Program outcomes and the impact that CAH conversion has had on the hospital and the community it serves. Data were obtained from the California Department of Health Services, State Office of Rural Health and the national Flex Monitoring Team, as well as case study participants. Case study participants were asked questions related to each of the Flex Program goals, focusing on outcomes, accomplishments, needs, and challenges. Following is a report for each goal, including: goal status, indicators for success, and indicators of ongoing needs and challenges. Although many of the indicators cannot be directly and/or purely attributed to the activities of the California Flex Program, case study participants familiar with the Flex Program report that without it, many accomplishments would have been difficult, delayed, and/or not pursued.

Goal: CONVERT HOSPITALS TO CAH STATUS

Status: ACCOMPLISHED

## INDICATORS OF OUTCOMES ACHIEVED:

- Jerold Phelps Community Hospital was designated a CAH on March 1, 2002.
- It took the hospital approximately 18 months to explore the CAH conversion option, complete a financial feasibility study, work with the Flex Program to prepare for and complete the CAH application process, and be surveyed and licensed as a CAH.
- Hospital staff report they received CAH conversion assistance from the California Hospital Association and California Flex Program staff.
- All hospital staff interviewed report they support the hospital's conversion to CAH status.
- Hospital staff report conversion to CAH status was a "good" decision as it has improved the hospital's reimbursement and provided them with operational assistance and grants through the Flex Program.
- All health care providers report they are aware the hospital is a CAH and report it has had an impact on the hospital's long term viability.
- Case Study participants agree that the CAH status and the Flex Program have helped the hospital stay open and maintain and improve access to health services.

“We all agreed it [CAH conversion] would be good for the hospital so it wasn't a tough decision.”

*Case Study Participant*

“10 years ago we all thought the hospital would close.”

*Case Study Participant*

“We were one day from closing our doors.”

*Case Study Participant*



Goal: PERFORMANCE IMPROVEMENT

Status: OUTCOMES ACHIEVED/ON-GOING NEEDS

## INDICATORS OF OUTCOMES ACHIEVED:

- The hospital filed for bankruptcy in 1999/2000, spent some years as a stagnant organization, and has since made significant operational changes resulting in a decrease in the number of FTEs, an increase in employee morale, and improved financial indicators.
- The hospital used Flex Program funding to support organizational changes, strategic planning, training (e.g., lean), and the purchase of equipment.
- Case study participants (non-health care providers) were asked to report the greatest accomplishments of the hospital over the past five years, they report: remaining open, new management, increased staff skill level in key positions, and improved working relations.
- The hospital's financial status has improved as evidenced by:
  - No cash reserves to \$1.5 million in reserves
  - 144 days in accounts receivable to 79 days
  - Average of 30 returned billing statements per week to 4 per week
- The hospital completed a strategic planning process, developing goals and outcome measures that are tracked and reported.

“It was hard to address our [hospital's] issues because the hospital didn't have the right staff skill sets needed in all jobs.”

*Case Study Participant*

“We ran in the red for years and years and we didn't get paid for the services we were providing. Now we have money in the bank.”

*Case Study Participant*

“You can't just focus on patient care, you also need to focus on finances.”

*Case Study Participant*



## PERFORMANCE IMPROVEMENT ACHIEVEMENTS CONTINUED...

- The hospital has decreased its number of staff, increased wages, and increased its staff skill level.
- The hospital has upgraded/enhanced its technology in the lab and other departments, including adding computerized radiography.
- The hospital has been able to recruit staff with needed job skills.
- The hospital renovated and expanded its attached rural health clinic.
- The hospital is an active member of the California Critical Access Hospital Network (CAAHN) which provides access to training, sharing of best practices, and other performance improvement opportunities.
- Health care providers report their overall view of the hospital is either “good” or “very good”.
- Health care providers report the greatest accomplishments of the hospital over the past five years as: financial stability, stable emergency room provider group, digital x-ray, and maintaining access to quality clinical care.
- The hospital completed a \$900,000 seismic retrofit and hospital renovation.
- Community support for the hospital is evidenced by successful bond measures and an active hospital board.
- Case study participants report they have attended the Flex Program funded Rural Health Symposium and found it educational and that it fostered networking between hospitals.
- The hospital is launching an employee satisfaction survey that will measure trust, teamwork, communications, ability to raise concerns, benefits, and recognition.
- Comments by case study participants related to performance improvement successes include:
  - “Our finances have totally flip-flopped.”
  - “Our hospital is a much happier place.”



# big bang!

Southern Humboldt Community Healthcare District has improved many aspects of Jerold Phelps Community Hospital since CAH conversion; however, its Big Bang has been changes in hospital operations. These changes focus on strategic planning and performance management:

## STRATEGIC PLANNING

The hospital engaged in a multi-phased strategic planning process that established its organizational goals as:

- Improve community confidence and awareness
- Develop a workplace that promotes patient and employee satisfaction
- Build and occupy a new hospital by April 2025
- Improve utilization of technology

The hospital uses “Focus and Execute” to monitor and track its progress towards meeting these goals. Staff members have performance measured related to the four goals.

## PERFORMANCE MANAGEMENT

The hospital addressed performance management needs by:

- Implementing an organizational chart
- Defining roles and responsibilities; developing job descriptions
- Creating a culture of accountability
  - No blame or gossiping
  - Performance measures
- Focusing on measures and results
- Decreasing the workforce
- Revenue cycle management
- Expert cost accounting

Three areas the hospital focused on to change the hospital's financial status:

*maximizing cost-based  
reimbursement*

*charge capture*

*contract management*

## INDICATORS OF ON-GOING PERFORMANCE IMPROVEMENT NEEDS/CHALLENGES:

“Every manager should have to go somewhere else [another hospital] for a week.”

*Case Study Participant*

“Our lack of a full time resident doctor is THE most frequent and heartfelt healthcare concern expressed to me by the community, and recruiting one is a very high priority in the eyes of the people we serve.”

*Case Study Participant*

“We still need to develop the connection [communication] from the users to the [hospital] decision makers.”

*Case Study Participant*

- The hospital has no electronic health record and no dedicated information technology staff.
- Hospital staff report concern regarding staff retention, in particular key management staff.
- Hospital staff report a need for additional time to focus on documentation; policies and procedures development, revision, and staff training; and cross-departmental training.
- Hospital staff would like to develop a performance improvement plan for the clinic.
- Case study participants report health care provider recruitment as hospital's greatest concern.
- The hospital does not offer CT services. (This is being explored).<sup>8</sup>
- Although communications have improved, case study participants report an on-going need to improve internal and external communications.
- Case study participants would like to see the hospital network more with other CAHs, in particular opportunities for departmental staff (e.g., billing, coding, accounting, health information management) to network.
- Lack of coordination of care with referral hospitals.
- When asked how the hospital should spend \$25,000 in grant funds, case study participants (non-physicians) report: staff education, implementing an electronic health record, purchasing a CT, supporting access to specialty services through telemedicine.
- When asked how the hospital should spend \$40,000 in grant funds, health care providers report: upgrades to equipment (including exam tables, stools, and ER ultrasound), bringing telemedicine to the community, ER surveys, and electronic health record implementation.
- Community members report concern about the hospital's limited capabilities and the lack of specialty care services.
- Comments by case study participants related to performance improvement needs/challenges include:
  - “Once patients get referred out, they don't come back.”
  - “I wish I could go to a facility that is similar to ours (Jerold Phelps Community Hospital) and get some hands on training.”
  - “There are people in key roles that need education because they still don't know what they are doing.”
  - “The economy has created an opportunity for us so we need to be recruiting staff now.”

<sup>8</sup> CT is computerized tomography.

**Goal:** IMPROVE THE QUALITY OF PATIENT CARE

**Status:** **OUTCOMES ACHIEVED/ON-GOING NEEDS**

## INDICATORS OF OUTCOMES ACHIEVED:

- Case study participants report the hospital has increased its focus on improving the quality of patient care.
- Hospital board members receive quality improvement related reports during board meetings.
- The hospital is part of a county-wide primary care renewal project to “improve and maintain excellent primary care for patients”.
- The hospital has/is participating in the 100,000 Lives Campaign, 5 Million Lives Campaign, the Partnership for Performance, and Robert Wood Johnson Hospital Quality Network (HQN).
- The hospital is participating in the Flex Program funded Lean Collaborative to improve its clinic patient flow.
- The hospital has improved quality through:
  - Patient follow-up after an ER visit (0% at baseline, 85% current)
  - Complete ER record by end of shift (approximately 20% at baseline, 88% current)
  - Preprinting orders/standards of care for congestive heart failure and pneumonia
- The hospital has added mammography services, a swing bed program, and enhanced its lab services since conversion to CAH status.

“There are people that have a higher quality of life because this hospital is here and met their needs.”

*Case Study Participant*



QUALITY OF CARE IMPROVEMENTS CONTINUED...



- County health status data indicate Humboldt County as having improved its ratings for deaths associated with<sup>9</sup>:
  - All cancers
  - Prostate cancer
  - Diabetes
  - Alzheimer’s Disease
  - Coronary heart disease
  - Stroke
  - Influenza/Pneumonia
  
- Comments/information by case study participants related to improving quality of care include:
  - “No one is afraid of a state surveyor anymore because we are improving every single day”.
  - “Everyone in the hospital is thinking about quality improvement.”
  - “Using a lean approach to quality and performance improvement is important for our hospital.”

“Our [hospital’s] greatest quality achievement has been changing the culture and weeding out negativity.”

*Case Study Participant*

<sup>9</sup> Source: <http://www.cdph.ca.gov/pubsforms/Pubs/OHIRProfiles2011.pdf>

## INDICATORS OF ON-GOING QUALITY IMPROVE- MENT NEEDS/ OPPORTUNITIES:

- The hospital has not implemented an electronic health record and staff need computer training in preparation for an electronic health record.
- The hospital does not participate in Hospital Compare.<sup>10</sup>
- Case study participants report the hospital's quality of care would improve if it had an ultrasound, CT, and improved access to specialty care services.
- Health care providers report alcoholism, drug abuse, and access to specialty care services are the greatest issues affecting the community.
- The hospital does not have a dedicated quality improvement coordinator.
- The hospital is part of the Flex Program's Quality Health Indicators (QHi) project but has never entered data into the system.
- Health care providers report a need for education and training for medical and nursing staff.
- Health care providers report a need for additional diagnostic equipment, access to those skilled in reading and evaluating tests, and a local medical director.
- Hospital staff report a need for education and training (e.g., computer, leadership, central lines, trauma).
- Case study participants report a need for a community needs assessment, patient satisfaction data collection, enhanced lab and x-ray capabilities, and improved access to some specialty services (e.g., oncology, orthopedics, neurology, psychiatry/psychology, dermatology, and ER back-up).
- Community members report the community has no access to home health services.
- Some case study participants report there is little to no coordination between referral hospitals.
- Case study participants report they have limited access to internet service.
- Case study participants report the current facility limits the staffs' ability to ensure patient privacy.
- County health status data indicate Humboldt County as having<sup>11</sup>;
  - Highest death rate in the state
  - 3<sup>rd</sup> highest cancer death rate
  - Highest female breast cancer death rate
  - Highest death rate due to stroke
  - 2<sup>nd</sup> highest death rate due to unintentional injuries
  - 2<sup>nd</sup> highest drug-induced death rate



**Goal:** EMS INTEGRATION/COMMUNITY ENGAGEMENT

**Status:** OUTCOMES ACHIEVED/ON-GOING NEEDS

### INDICATORS OF OUTCOMES ACHIEVED:

- Most case study participants report local EMS provides high quality services.
- EMS reports its staff are a fully-paid squad with no volunteers.
- Case study participants report the core group of EMS providers provide “high quality”, “excellent”, and “great” care and are very dedicated to those they serve.
- Community, health and public safety organizations have conducted multi-casualty exercises which have improved coordination and communications.
- EMS staff report they have integrated the Flex Program funded EMS performance improvement training (conducted through NorthCoast EMS) into City Ambulance’s operations.



## INDICATORS OF ON-GOING EMS/ COMMUNITY ENGAGEMENT NEEDS/ OPPORTUNITIES:

“EMS has been a missed opportunity because we [hospital and EMS] don't work together.”

*Case Study Participant*

- Case study participants report issues with transferring patients that need a higher level of care. More specifically, hospitals with the services that meet patients' needs are most often on diversion.
- No area hospital is designated as a trauma center.
- City Ambulance staff do not record time-to-scene when on an ambulance run out of Garberville because time-to-scene can be two hours.
- Case study participants report a need for additional trauma training.
- Case study participants report local EMS is often a “stepping-stone” for EMTs and paramedics which results in high turnover and ultimately a higher number of entry-level staff.
- Case study participants report concern that EMS may bypasses Jerold Phelps Community Hospital in cases where it's not necessary.
- Some case study participants do not know if local EMS is providing high quality of services/they have not seen any outcomes data reflecting quality of care.

## conclusions

This case study highlights the unique characteristics and geographic isolation of Jerold Phelps Community Hospital, as well as many of the hospital's successes and challenges. Successes can be seen through the hospital's conversion to CAH status, financial turn-around, improved performance measures, and emerging focus on quality improvement. Meanwhile, challenges center on health care provider recruitment, addressing the hospital's physical plant needs, planning for and implementing an electronic health record, internal and external communication, and improving access to specialty care services. Although Jerold Phelps Community Hospital has made significant strides since converting to CAH status, opportunities for additional improvement persist. Examples of this include:

**1) offering CT services; 2) bringing vital specialty services to the area via telemedicine; 3) partnering with local health organizations (e.g., Redwoods Rural Health Center, City Ambulance, and public health) to improve care coordination; 4) supporting population health improvement; 5) improving communications; 6) improving the patient transfer process and patients' access to trauma services; 7) increasing staff skills through on and off-site training opportunities and networking with other CAHs; 8) working more closely with local EMS; and 9) exploring new EMS models (e.g., Community Paramedic) that may address a number of local challenges.**

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