

**Statement of
CHARLES COLE MEMORIAL HOSPITAL
Before the
Commonwealth of Pennsylvania
Senate Public Health and Welfare Committee**

April 9, 2008

**Presented by
Ed Pitchford
President and Chief Executive Officer**

Good morning. My name is Ed Pitchford and I serve as the President and Chief Executive Officer of Charles Cole Memorial Hospital. I come before you this morning to provide you with a perspective of a small health system who sees as its mission, the provision of the highest quality of care possible to the residents of rural, north central Pennsylvania consistent with the resources available to us and consistent with sound public policy. We believe we are charged with the responsibility to appropriately make available to the citizens of our region—the right care at the right place and at the right time. Certainly as a small rural hospital with very limited resources, our focus is on primary health care services including physician and midlevel services in ambulatory clinics.

Charles Cole Memorial Hospital is located in Coudersport, Potter County, but we also serve portions of Cameron, McKean, and Tioga Counties. We estimate that our primary and secondary service area population is approximately 44,000 residents. As of August 1, 2007, due to unsustainable financial results, our hospital was classified by Medicare, at our request, as a Critical Access Hospital which essentially means that we are small, remote, vital to the communities that we serve, and in need of a different government payment system that recognizes the unique aspects

of operating smaller hospital systems. As a CAH, we are paid 101% of our reasonable costs to care for Medicare enrollees as opposed to fixed fees-for-services provided.

Our region was once growing and dynamic as Adelphia Communications continued to evolve and spin off other telecommunication-related ventures. That economic engine was abruptly taken away and with it a significant number of working people and their families. Consequently, our system today serves proportionately more government-sponsored patients, and having the financial benefits of the Critical Access Hospital and program-and provider-based rural health clinics has helped to stabilize our health system after several very difficult financial years.

A large portion of our service area is mountainous, forested, or farmland and served only by secondary roads. There are no multilane highways of any sort in this area. The nearest hospital to Charles Cole in any direction is one hour away and the nearest tertiary service hospital—one that provides more high end services such as cardiac surgery, neurosurgery, neonatal services etc. is two hours away. Because of our remoteness, no other health care system is present with the exception of the Keystone Rural Health Consortium (an “FQHC”). We are, in our opinion, the most remote rural area of Pennsylvania and for the citizens who live in proximity to us, we are their health care system.

In order to provide basic primary health care professional services as close to home as possible for the residents of this region, our health care system has operated at times up to ten rural health clinics (RHC) with Medicare and Medicaid recipients constituting in excess of 50% of all patients. We currently operate nine clinics. It is the goal of these RHC's to make health care more accessible

close to home and to decentralize the delivery of primary care from the hospital setting, such as the Emergency Department, to a more convenient and cost effective location. I am proud to report that our health care system opened the first so called “provider-based” RHC certified by Medicare in the United States located in Emporium, Cameron County—a county without a hospital. This clinic remains open today. This year, we expect to have over 53,000 office visits in our clinics.

These remote clinics, which span 65 miles from one end of our service region to the other, are our health care anchors in these very small communities from which we are able to provide a variety of primary care services including physician services, home health, x-ray, laboratory, physical therapy, mental health, fitness centers, and traveling specialists. Unfortunately we are not able to provide all of these services at all of our sites, nor are we able to constantly sustain these services due to the lack of resources, most notably physicians.

We have, using the RHC model, constructed a health system which provides an excellent standard of primary care with a high level of access. Simply stated, this is a system which works. Its most obvious flaw is that it was created in furtherance of a specific governmental objective, to provide access to care to the elderly and impoverished population of rural America, and its continued existence is completely dependent upon the continuation of public policy, adequate funding, and the federally and state-administered systems of reimbursement upon which it was built.

I understand this Committee has an interest in the use of hospital emergency departments. Because our clinics have at most one physician, it is difficult to provide extended hours in the evenings or

weekends and to maintain service during vacations and holidays. To help address this issue, we have launched a Physician Assistant staffed evening service at our RHC in Coudersport which we refer to as Charles Cole Express Care. Instead of using the Emergency Department, waiting until they can get an appointment, [which may or may not be the next day] or going without care, patients can access primary care at this walk in clinic without an appointment. Indications are that patients and their families are very satisfied with this service – but this clinic is not designed or intended to take the place of the primary care provider or what we refer to as the patient’s medical home. And, while this clinic serves an average of 12 patients over a 4 hour period Monday through Friday, it does not eliminate the need for our ED to provide backup physician services for our RHCs. Consequently, our primary care network relies on our RHCs, Express Care, and the hospital ED to sustain a reliable system of primary care.

We are at an important moment in the history of our hospital and health system. It is a time when the hospital's ability to sustain the breadth and depth of its services including these clinics is at its greatest peril and uncertainty. Beyond our financial shortcomings and realities, the greatest threat to continuing our RHCs is our inability to recruit and retain physicians—there simply are very few candidates available and willing to locate in rural Pennsylvania and we have never found ourselves in this situation. Consequently we are adapting out of necessity by becoming increasingly more reliant on Physician Assistants and Certified Registered Nurse Practitioners to staff our primary care clinics with only the part-time presence of a supervising physician. It’s unclear as to whether this adaptation will be fully accepted by the residents in this area and successful over time. In addition to the lack of physicians, we always feel uneasy by the potential threat of changes in

public policy and continuing public funding decisions affecting the hospital or these rural health clinics.

I am proud that our small regional health system over 15 years ago created, and is sustaining today, a vibrant working system of primary care RHCs in northern Pennsylvania. The system is fragile and, as in other older and poorer rural communities, it cannot be sustained through other resources because they simply are insufficient or do not exist. Commercial insurers are not easily persuaded to recognize RHCs and instead insist on using traditional volume driven payment systems as though these clinics existed in more urban, higher volume areas.

Small rural hospitals play a unique and vital role in the well-being of the counties of northern Pennsylvania. Rural hospitals serve as one of the cornerstones of small towns in sparsely populated places such as Potter County. The same is true in many rural counties. These are institutions which the citizenry and potential employers look to as a measure of their community's strength and stability. Therefore, I submit to you that it is sound public policy to sustain these institutions through carefully constructed and maintained government-supported programs such as critical access hospitals, RHCs, FQHCs, loan forgiveness programs, and other incentive programs for healthcare providers to locate and remain in rural Pennsylvania.