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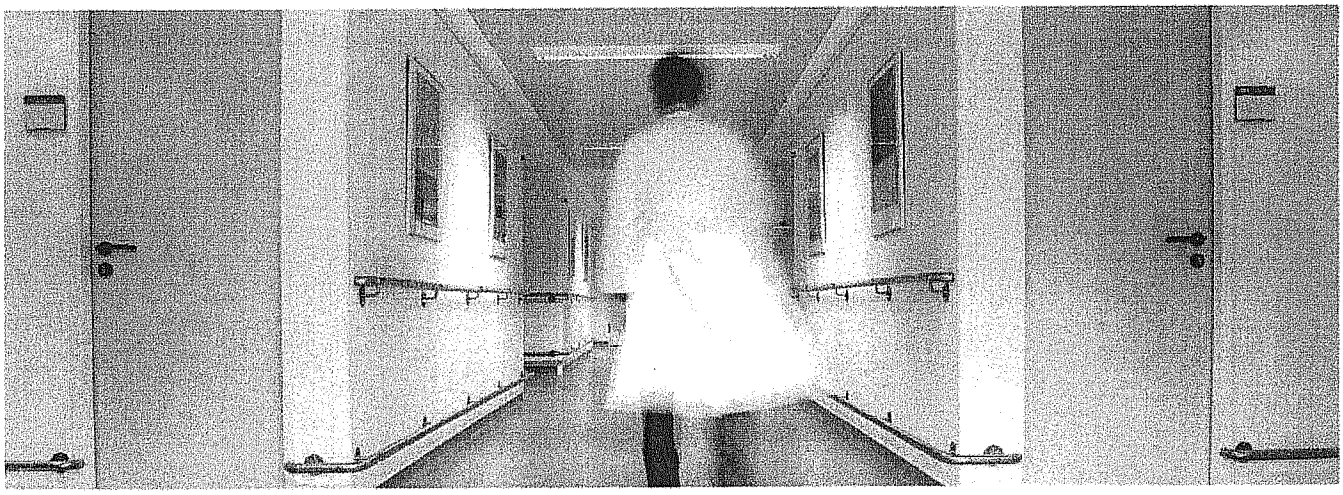
CPAs & Business Advisors

Greenwood Leflore Hospital
Section 41-13-15(8) Review of Operations
July 2012



HORNE LLP
1020 Highland Colony Parkway
Suite 400
Ridgeland, MS 39157
601.326.1000

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EXECUTIVE SUMMARY

We were engaged to review the current operations of Greenwood Leflore Hospital ("the Hospital"), specifically in the context of SECTION 41-13-15(8) of the Mississippi code regarding the potential sale or lease of the Hospital.

Our analysis included reviewing financial information, competitive analysis including relative strengths and weaknesses, interviewing medical staff, assessing the physical plant, and providing a review of community support and involvement.

Based upon our review we found the following:

- The Hospital has experienced moderate profitability in the last five years.
- The Hospital has experienced a slight decline in utilization over the last five years in line with the industry.
- The Hospital has generated positive cash from operations, but the amount of DSH/UPL funds have provided a portion of this positive position.
- The Hospital has a strong balance sheet and has generated significant capital for future capital expenditures.

The results of our review indicate that the financial condition of the Hospital has been on a track similar with many in the industry. The analysis of the financial information, historical trends and projections lead to the conclusion that financial stability will continue and could potentially strengthen.

In conclusion, we recommend the Hospital consider one of the following options:

- **Change Composition of the Board**

  Under this scenario, the number of trustees should be increased to up to 7 members as allowed by Section 41-13-29 of the Code. Having an even number of Board members would eliminate the current situation of the "middle member" of the Board frequently being the "swing" vote. Currently, that Board member is routinely placed in the awkward position of being the deciding vote. Occasionally, this board member is subject to influence by other Board members.

  Rapport and confidence from the medical staff could be strengthened by allowing the Medical Staff to have a voting member on the Board. Currently, the Chief of the Medical Staff represents the Medical Staff on the Board but does not have a vote. A physician, such as the Chief of Staff, could be appointed to the Board, if allowed under Mississippi's constitutional and statutory conflicts of interest restrictions applicable to governmental board members.*

  *We have been advised by legal counsel that no appointed hospital board members for governmental community hospitals in Mississippi can have any direct or indirect financial interest in any contract authorized by the hospital board on which he/she sits or within one year after his/her service term on such hospital board ends. This legal restriction will prevent any physician who is employed or under a medical direction or other service contract with the hospital or who sells or rents equipment or space to the hospital from serving as an appointed, voting hospital board member.

- **Seek those in the community to participate in forming a community-based non-profit corporation to operate similar to North Mississippi Medical Center**

  With the Hospital already capturing efficiency, maintaining a stable cash position, and continuing profitability, this option would help strengthen the facility. The Hospital would continue as a "Community Hospital" but without the political constraints of being directed by civic governance. The Hospital would have the opportunity to maintain its return on investment while continually investing wisely. This structure would allow for local leadership to help protect the Hospital's mission and provide direction to the organization. The Hospital's main goal would be to continue to provide the best healthcare possible to the citizens of Leflore County. The not-for-profit organization would reinvest its excess revenue over expenses in facilities and programs which would improve the health and well-being of the residents of Leflore County. Under this option if the proposal of the community corporation is the highest and best, a community-based non-profit corporation would need to be formed to bid on a sale or lease of the hospital in accordance with Section 41-13-15 and the resulting hospital would no longer be a governmental "community" hospital.

- **Long-term Lease/Sale of the Hospital as part of an Affiliation with a larger Referral Center**

  This alternative (to be evaluated in light of proposals recommended to be received in response to a request for proposals that will retain the right of the County and City to reject any or all proposals not deemed fully satisfactory) would afford the Hospital the potential capital resources and management needed to meet the future market requirements of the community health care providers. In addition, such an affiliation should promote some cost savings for the Hospital by providing an opportunity to share overhead cost with the affiliated hospital system.

  Any long-term lease or sale of the Hospital should provide capital to address debt reduction, plant renovation, and improvements. The management should provide strong direction and leadership coupled with accountability, fostering relationships with the medical staff, and being involved in the community.

BEST AND WORST CASE SCENARIOS

The analysis of future performance is based on numerous factors that may change as a result of regulatory, political and economic directions. The owners should consider what is in the best interest for the health of the community. Not only should the short-term needs be evaluated but consideration should also be given to the changing demographics and delivery model changes as a result of health reform.

Unfortunately, there is no crystal ball which can predict the future of health care in America. Even our national policy makers are unsure of the best direction in which to guide our country as we try to provide quality health care both for the insured and the uninsured.

This report acknowledges that the Hospital is currently well managed, provides quality patient care and is financially stable. Because of various legislation which can dramatically impact reimbursement and the uncertainty of our country's volatile economy, it is impossible to predict the Hospital's level of success over the next decade. However, the trend of decline of population in the Mississippi delta region would indicate that strong likelihood of decline in the Hospital's in-patient census.

Because of these uncertainties, we have suggested two possible outcomes and the factors necessary to be present if either is to occur.

Best Case

If the Hospital remains as a public community hospital, it could operate successfully and serve the health care needs of the County if:

The current administration adds appropriate talent to offer support to the administrative team, especially a Chief Operations Officer;

A successful physician recruitment campaign is under taken to create new specialty services and support existing ones by marketing sovereign immunity to employed physicians in addition to productivity-based salaries;

The patient care areas within the facility are upgraded to meet or exceed those comfort levels of the competition;

A branding effort is established to reaffirm that Greenwood Leflore is the community's hospital of choice;

The vision and strategic direction of the hospital becomes less entangled in politics;

The major elements of the Hospitals strategic plan are implemented;

The nearby similar healthcare facilities, including without limitation those in Grenada, do not become exceptional referral centers, which would compete for the same market share; and the economy continues its recovery and those afforded access to healthcare coverage continues to grow. The reimbursement system from payers remains consistent and the expansion of Medicaid due to the Affordable Care Act is implemented in some fashion.

Presently the Hospital receives, on average, approximately $7 million annually from Medicaid for uncompensated care. The Affordable Care Act provides for additional coverage of individuals which could increase payments by approximately $5 million annually.

Financial stability under these "best-case" assumptions is possible for the Hospital by implementing cost and efficiency measures that are integrated with a clinical delivery model emphasizing quality outcomes rather than utilization. Some professionals estimate that roughly 20 percent of costs in organizations represent poor quality. This would provide the Hospital approximately $15 million in additional cash flow annually if those efficiencies were captured and factual assumptions realized.

Worst Case

A risk associated with the Hospital would be the in-effective implementation of its proposed strategic initiatives and the increase in outmigration of patients due to aggressive competition from the major metropolitan areas or from other regional providers that may become more aggressive in seeking patients from Leflore County as a result of the same pressures now facing the Hospital. Another potential risk surrounds the uncertainty of reimbursement changes that may be reduced as a result of tightening state budgets and opposition within the current State leadership to expanding Medicaid as originally would have been mandated by the Affordable Care Act.

If the expansion of the current Affordable Care Act is not fully implemented, the Hospital could lose $5 million annually of additional revenue. Likewise, with current measures to reduce Medicare DSH payments, the Hospital could see a reduction of approximately $3 million annually. These two factors would have a negative impact on cash flow and profitability of the Hospital. These estimates are calculations derived from impacts as a result of the Affordable Care Act provisions. The total impact is shown under Hospital weaknesses on page 21.

The Hospital even without loss of federal and state reimbursement could face reduced patient census as a result of decline in population within the County that could lead to lower quality of care and financial struggles including operating at a deficit;

A decline in census and revenue would make it difficult to provide significant resources to continue to upgrade the Hospital's infrastructure, facilities and equipment and to compensate specialists on a level necessary to induce them to relocate to and remain in Greenwood;

Even if the current management team stays committed to the vision and mission of the Hospital, the realization of all or some of the above "worst-case" facts could likely result in financial struggles making it difficult for the Hospital to attract specialty physicians to practice at the Hospital and resulting in patients needing such care travelling to competitive facilities.

If the above situations occurred the perception of the hospital would diminish and the support from the community would decline. Traveling to other cities for quality healthcare would become the norm and the local Hospital would decline in quality and services, with resulting predicted negative impacts on the County and City.

Foretelling the Future

As mentioned earlier in the report, there is no crystal ball which allows one to predict the future of health care or the success of the Hospital. Based on the current status of the Hospital, those responsible for making decisions about the health and well-being of the citizens of Leflore County must understand the information provided and evaluate the various options, then make a carefully considered decision regarding the future of their Hospital.

SECTION 41-13-15(8) REVIEW OF OPERATIONS

The details of this review are as follows:

We have been engaged to complete a review of the current operating condition of Greenwood Leflore Hospital (the "Hospital") in accordance with Section 41-13-15(8) of the Mississippi Code. We are hereby enclosing the written report for our assessment of the Hospital. This report concludes our engagement and contains a summary of the issues analyzed and our findings regarding the Hospital.

Based upon the requirements under Mississippi Code Section 41-13-15(8), we performed an assessment of the Hospital in order to assist the Board in identifying the key issues to consider and to assist the Board in determining what options are available to them concerning a possible lease/sell of the Hospital.

The Hospital is a governmental entity consisting of a 248-bed acute-care hospital and related psychiatric, rehabilitation, long term care acute (subleased), outpatient care facilities and physician clinics principally located in Greenwood, Mississippi. The Hospital is a governmental component unit of Leflore County Mississippi (including the City of Greenwood), principally due to the Hospital's financial accountability as defined in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, as amended. The Hospital is governed by a five member Board of Hospital Commissioners, two of whom are appointed by the Mayor and Board of Commissioners of the City of Greenwood. The Hospital is an independent enterprise held and operated separate and apart from all other assets and activities of the city or the county. The Hospital is not a taxable entity and does not file income tax returns.

Hospital providers in today's health care marketplace face many challenging issues, including the activities of competitors, regulators, state and federal governments, insurance companies and other payors, physicians and employees. Hospital and other health care providers in all markets are responding to these challenges by implementing strategic plans to position their institutions for survival in the marketplace of the future.

A. Assessment of the Community's Inpatient Facility Needs

To assess the community's need for inpatient hospital services, we obtained from the State Department of Health various patient origin studies for Leflore County. We have utilized the latest data available from the State Department of Health 2011 (Mississippi State Department of Health - Office of Health Informatics, 2012) data base and the American Hospital Directory (American Hospital Directory Incorporated, 2012), which is the period from October 1, 2010 through September 30, 2011. We have utilized these reports to estimate the total discharges for Leflore County and to review discharge trends of the Hospital.

From these Patient Origin Studies, we have analyzed the total number of a specified County's residents discharged from any acute medical-surgical hospital in the State. The following is a summary of the Patient Origin Studies.

Patient Origin Study Summaries for the year September 30, 2011

Facility	Leflore County Residents Acute Care Discharges	Percent
Greenwood Leflore Hospital	4,205	79.82%
Others	1,063	20.18%

These Patient Origin Studies indicate that approximately 80 percent of the total number of Leflore County residents discharged from any acute medical-surgical hospital in the State is discharged from Greenwood Leflore Hospital.

From these Patient Origin Studies, we have also analyzed the total number of discharges from a specified acute medical-surgical hospital, and the County of residence of the discharge. The following is a summary of the Patient Origin Studies for the period October 1, 2010 through September 30, 2011.

Patient Origin Study Summaries for the year ended September 30, 2011

County	Greenwood Leflore Hospital Total Discharges	Percent
Leflore	5,268	70.6%
Hinds	669	9.0%
Rankin	63	.8%
Other	1,462	19.6%

These Patient Origin Studies indicate that approximately 71 percent of the Hospital's discharges are residents of Leflore County.

The following is a summary of the yearly discharges for the Hospital.

	Period Ended 03/31/12	FYE 09/30/11	FYE 09/30/10	FYE 9/30/09	FYE 09/30/08	FYE 09/30/07
Acute Care	3,706	6,977	6,992	7,544	8,208	8,493
Psychiatric	110	251	254	276	277	294
Rehabilitation	149	319	248	223	243	286
Skilled Nursing	158	293	306	311	319	346
Total	4,123	7,840	7,800	8,354	9,047	9,419

	Yearly Average
Acute Care	7,643
Psychiatric	270
Rehabilitation	264
Skilled Nursing	315

According to the estimates of the population of Leflore County, per the U. S. Census Bureau (United State Census Bureau, 2011), the population has decreased from 37,947 in 2000 to 32,317 in 2010, or a decrease of 14.8 percent. The population growth for the State of Mississippi was 4.3% percent for this same period. According to the U. S. Census Bureau, the most populated city in Leflore County and their respective growth rates are as follows:

	Population		Growth Rate
	2010	*2000*	
Greenwood	15,205	18,425	-17.5%
Other	17,112	19,522	-12.3%
Total	32,317	37,947	-14.8%

Per the latest information available from the U. S. Census Bureau, Leflore County had 13,199 households in 2010 with a median household income of $25,445. The age breakdown of the County population in 2010 was zero to 4 (8 percent), 5 to 17 (19.1 percent), 18 to 64 (61 percent), and 65 and over (11.9 percent). Median age for Greenwood residents is 34.3 years. The State of Mississippi's population 65 and over was approximately 12.8 percent based on 2010 population figures. These statistics are important from a health-planning viewpoint as Medicare recipients typically utilize acute level services at a higher rate than those ages 64 and younger.

Since the Patient Origin Studies indicate that the majority of the Hospital's discharges are from Leflore County, it is necessary to analyze the population growth projections for Leflore County. When consideration is given to the historical and projected growth in population for Leflore County, the future inpatient needs of Leflore County should remain relatively constant from the Hospital's historical results of approximately 8,500 discharges per year. Consideration must also be given to the unemployment rates in the service area. Unemployment rates have a direct impact on the utilization of the Hospital by Medicaid patients, indigent patients and patients who are not covered by insurance. Higher rates of unemployment lead to an increase in utilization by patients who are unable to pay or who are covered by Medicaid, which pays less than full rates. The unemployment rate for Leflore County was approximately 19.5 percent as of February 2012 as compared to 9.5 percent for the State of Mississippi. (U.S. Bureau of Labor Statistics, 2012) Beginning in 2014, the Affordable Care Act will include those patients not previously covered. Our study included a reimbursement analysis of including these patients.

There is a well-rounded and competent medical staff that is focused on primary care. Medical specialties are limited and it is frequently the referral pattern to send patients out of the County for specialty and sub-specialty care. The most frequent area for referral is to the metropolitan areas of Jackson, MS and Memphis, TN. A small number of referrals are seeking care in Oxford and Grenada.

The Hospital's prior utilization for inpatient hospital services, the skilled nursing services, the rehabilitation unit, and the geriatric psychiatric unit, is shown in the chart below. The chart shows the average daily census for the past five years.

Greenwood Leflore Hospital Average Daily Census

Period Ended 03/31/12	FYE 09/30/11	FYE 09/30/10	FYE 9/30/09	FYE 09/30/08	FYE 09/30/07
102	105	104	115	124	130

The Hospital's average daily census has fallen from 130 ADC in 2007 to 105 in 2011. This trend is comparable to other facilities of similar size. Perceptions as noted in this report indicated that support by the medical staff is not as strong as it could be and may impact the continued downward trend. The Hospital will also be impacted as population trends are downward for Leflore County according to the U.S. Census Bureau.

B. Competitive Market for Services

The primary service area of a hospital is defined as a geographical area where the majority of its inpatients reside. This geographical area is normally defined by County boundaries. From our review of the Patient Origin Studies, approximately 71 percent of the Hospital's inpatient discharges reside in Leflore County. Therefore, the Hospital's defined service area would be Leflore County.

As an acute care hospital, the Hospital provides medical and surgical care services for its patients including a fully staffed emergency room providing twenty-four hour emergency care services. As a provider based skilled nursing facility, the Hospital has the flexibility to utilize its 20 inpatient beds for SNF-level care for patients needing continued care beyond a hospital stay. The Hospital offers care to patients with mental health issues through its geriatric psych program. Since the Hospital provides these services, the competition will correspond with similar operations. Even though the Hospital currently loses local patients who opt to obtain care through the larger health care systems offering tertiary and specialty services, options for sale or long-term lease present the Hospital with an opportunity to effectively coexist with such larger health care systems through affiliation or other arrangements. Any request for proposal could specify how the County and City would desire for such affiliation to function in terms of services required to remain in the local community. Affiliations could also be considered by the existing or a re-structured Hospital Board without a sale or lease through a support service or management contract. For example, we have been advised that the Hospital has entered into past affiliation agreements with both of the smaller hospitals in neighboring Montgomery County, and contractual affiliations could also be pursued by the Hospital Board with hospitals in Jackson or Memphis.

The Hospital's primary service is short-term acute care services. As shown above in the Patient Origin Studies, approximately 20 percent of the County's residents discharged from any acute medical-surgical hospital in the State are discharged from facilities other than the Hospital. However, it should be noted that a portion of those who go outside the County for services are doing so for services that are not offered at the Hospital.

Emergency services are offered by the hospital. The Emergency Department ("ED") was renovated and expanded in 1996. It has a covered drive-thru for ease of patient drop-off and pick-up. The ED is staffed, through a contractual arrangement, by 7 full time physicians and 2 part-time physicians. In addition, for urgent medical care, the hospital also provides an After

Hours Clinic and a Walk-In Clinic. Providing these additional clinics has helped reduce wait times in the ED. Wait time has been one of the main areas of dissatisfaction.

As Medicare and Medicaid continue to aggressively manage health care costs, the Hospital is at risk to realize declines in facility utilization. As a community-based provider, it may be more difficult for the Hospital to realize economies of scale that are inherent among larger integrated health care delivery systems.

A summary of the inpatient utilization of the Hospital for the past five years is as follows:

	Period Ended 03/31/12	FYE 09/30/11	FYE 09/30/10	FYE 9/30/09	FYE 09/30/08	FYE 09/30/07
Acute Care Beds	173	173	173	173	173	173
Patient Days excl. Nursery	13,606	28,526	27,929	31,980	34,567	36,437
Patient Days Nursery	822	1,799	1,889	2,040	2,183	2,286
Occupancy Rate excl. Nursery	43.0%	45.2%	44.2%	50.6%	54.6%	57.7%
Psychiatric Beds	15	15	15	15	15	15
Psychiatric Patient Days	1,242	2,982	3,029	3,315	3,513	3,318
Occupancy Rate	45.2%	54.5%	55.3%	60.5%	64.0%	60.6%
Rehabilitation Beds	20	20	20	20	20	20
Rehabilitation Patient Days	1,566	3,091	3,098	2,841	2,972	2,984
Occupancy Rate	42.8%	42.3%	42.4%	38.9%	40.6%	40.9%
Skilled Nursing Unit Beds	20	20	20	20	20	20
Patient Days	1,985	3,802	4,079	3,919	4,156	4,729
Occupancy Rate	54.2%	52.1%	55.9%	53.7%	56.8%	64.8%

Based upon discussion with the Hospital management, the Hospital is currently staffing and utilizing 173 of its 173 acute care beds and all of its 15 Geri-psych beds, 20 Rehabilitation beds, and 20 Skilled Nursing Unit beds. Also, the Hospital leases out 20 beds to a management group for long-term acute care. From the 2009 Report on Hospitals issued by Mississippi State Department of Health (Winborne, 2010), 10,376 beds (or 91 percent) out of the 11,413 licensed acute care beds were set up and staffed in Mississippi. This report also indicates that acute care hospitals with beds 101-200 experienced an occupancy rate of 41.1 percent When comparing the occupancy rates of the Hospital with occupancy rates for the State of Mississippi, the Hospital is at or above the 50th percentile.

Based upon discussions with "stakeholders", especially physicians and community leaders, overall market perception of the Hospital is unanimous in feeling that the health care services are adequate for primary care, but specialty care is limited and certain segments of the population are likely to travel to Memphis or Jackson for medical specialists. Those interviewed feel that the Hospital is more than adequate and most are confident with the quality of medical care they receive at GLH. The aesthetics and comfort of the patient rooms were mentioned frequently as needing attention. We believe that it is vitally important to the long-term future of the city of Greenwood and Leflore County to ensure the long-term survival the Hospital. The Hospital has a significant community impact as it employs (not including contractual agreements) almost 1000 full time equivalents (FTEs). The Hospital could also significantly influence the growth of businesses in the community and assist in the recruitment of industry to the area. Access to adequate health care is a vital part of any economic development plan.

C. The Hospital Strengths/Weaknesses Relative to the Competition

Competitor Strengths and Weaknesses			
Competitor	**Strengths**	**Weaknesses**	**Likely Strategy**
Metropolitan Hospitals in Memphis and Jackson	• Population and patient demographics similar to Leflore County • Large referral base from surrounding community hospitals • Affiliated with large Memphis & Jackson-based health care systems • Has a variety of specialty and sub-specialty physician services • Perception of being better due to size of area • Multiple facilities to choose	• Older population reluctant to travel to metropolitan areas for services • Lack of continuity of care with physicians in Greenwood • Lacks the home-town feel of Greenwood's community hospital	• Continue to create physician relationships in Greenwood and surrounding counties • Programs will target expansion of market share by enhancing scope of services through offering in Greenwood • Enhancement of scope by growing specialty services • Maintenance and enhancement of scope by emphasis on reduction in variation of care costs through delivery model offerings

Additional hospitals located within an hour of Greenwood include Tyler Holmes Hospital in Winona, Delta Regional Medical Center in Greenville, South Sunflower County Hospital Indianola, North Sunflower in Ruleville, Grenada Lake Medical Center in Grenada and Lexington UMC. Although they are in a short driving distance of Greenwood, they do not pose a significant threat to the Hospital's market share due to out-migration. It should be noted that Grenada Lake is currently undergoing a similar review of its operations under MS code Section 41-13-15. As noted above, Grenada is not a major source of outmigration and due to the preliminary stages of the process any projected impact on Greenwood Leflore is presently undeterminable.

Greenwood Leflore Hospital

STRENGTHS	WEAKNESSES
▪ Only hospital in the county	▪ Community support is not as strong as it could be
▪ Visible and easily accessible from major thoroughfares	▪ Medical staff does not have depth in specialty medicine
▪ Financial stability	▪ Public perception of healthcare in Memphis and Jackson is better
▪ Physical plant in good condition	▪ Local politics impede progress
▪ Solid and well-respected administration	▪ Hospital Board is frequently divided, racially and politically
▪ Good medical staff for primary care	
▪ Medical staff is supportive of Administration	
▪ Facility is well equipped with medical technology	
▪ Dedicated employees	

Financial Review

In order to review the strengths and weaknesses of Greenwood Leflore Hospital, a summary of selected Balance Sheet, Statement of Operations and Cash Flow information is presented for the past five years. See Exhibits 1, 2 and 3 for the Historical Balance Sheets, Historical Statements of Operations and Historical Statements of Cash Flows, respectively.

	Unaudited Financial Statements		----Audited Financial Statements----			
	Period Ended	FYE	FYE	FYE	FYE	FYE
	03/31/12	09/30/11	09/30/10	09/30/09	09/30/08	09/30/07
Total Revenues	63,604,232	129,546,815	129,408,402	125,977,703	126,312,069	120,159,792
Excess (Deficiency) Revenues Over Expenditures	627,053	3,325,966	3,848,208	2,316,172	3,054,801	5,716,499
Fund Balance	112,593,106	111,973,063	108,647,097	104,798,889	102,482,717	99,427,916
Cash Provided by Operations	(592,705)	15,162,366	14,908,388	1,416,275	9,013,170	9,340,916
DSH / UPL Payments	2,359,654	7,070,778	11,939,621	7,692,091	4,535,000	4,523,000

The Hospital is a 248 bed facility located in Leflore County, Mississippi. In reviewing the information relating to the community's need of these beds, the following factors must be considered:

1. The financial condition of the Hospital has been producing moderate excess of revenue over expenditures in the last five years. Three primary factors have impacted operations: 1) DSH/UPL funding has basically represented the profit for each of the years with profit; 2) utilization has continued to impact operations and volumes have gradually decreased for inpatient acute services; 3) the retirement benefits have escalated due to the Hospital's participation in a defined benefit plan.

2. The acute care occupancy rate of the Hospital has been from a high of 57 percent to a low of 43 percent of the total licensed beds. The psych, rehab, and skilled nursing units all have experienced occupancy ranges from 40 to 65 percent.

3. The Patient Origin Studies indicate that approximately 80 percent of the acute care inpatient discharges of Leflore County residents go to the Hospital. The population trends indicate that the growth of Leflore County is lower than the growth rate of the State of Mississippi. With a shrinking population and such a large outmigration, the potential for increasing volume in minimal.

4. As of March 31, 2012, Greenwood Leflore Hospital decided to freeze its pension plan benefits. Minimum funding in 2011 for the plan totaled $1,898,954. Compared to other hospitals nationwide with an average contribution rate of 3.5 percent, the hospital currently contributes in excess of $1,000,000 above the normal rate. A portion of the funding level, about $870,000, related to accrual of benefits through March 31, 2012 will be zero next year.

5. While Medicaid DSH/UPL amounts have primarily represented the profit, cash provided from operations and EBIDTA have exceeded overall amounts of DSH and UPL funding received.

For purposes of determining the Hospital's strengths and weaknesses in relation to industry financial measures available from non-public company sources, we reviewed the 2012-2011 A*nnual Statement Studies*, published by The Risk Management Association ("RMA"). RMA compiled average percentage income statement and balance sheets and key financial ratios of Health Care - General Medical & Surgical Hospitals (Non-Profit), classified under North American Industrial Classification System (NAICS) #622110. The selected RMA group includes the median ratio. We believe the RMA data provides limited comparative perspective and strict comparisons should be made with caution. The following comparison of certain financial ratios for the past five years is presented:

Liquidity

Liquidity, or solvency, measurements are significant in evaluating the Hospital's ability to meet short-term and long-term obligations.

The **current ratio** (current assets/current liabilities) is used as an indicator of the Hospital's ability to service its current debts. Generally, the higher the current ratio, the greater the positive spread between current obligations and a business's ability to pay them. The composition and quality of current assets is a critical factor in the analysis of an individual facility's liquidity.

		2011	2010	2009	2008	2007
Ratio	GLH	3.4	2.5	2.6	2.3	2.4
	RMA Group	1.8	1.9	1.8	1.8	1.9
	Quartile	Upper	Upper	Upper	Upper	Upper

The Hospital is in the upper quartile for each year presented. This is a positive indication that the Hospital is meeting its current obligations. Peers are well below the Hospital's indicators, which indicate the Hospital is providing strong cash from its operations.

The **quick ratio** (cash plus accounts receivable divided by current liabilities) measures the degree to which the Hospital's current liabilities are covered by its most liquid assets. This ratio is a more conservative measure of liquidity because it excludes the inventory figure.

		2011	2010	2009	2008	2007
Ratio	GLH	3.1	2.1	2.3	2.0	2.2
	RMA Group	1.5	1.6	1.5	1.5	1.6
	Quartile	Upper	Upper	Upper	Upper	Upper

The Hospital is in the upper quartile when compared to its peers in liquidity. This is a good indicator of a hospital that is meeting its current obligations and not building short term debt., The Hospital has seen a gradual increase over the period.

Efficiency

Efficiency ratios indicate how effectively the Hospital uses and controls its assets. This is important for evaluating how the Hospital is managed.

The **days' revenues in receivables** (receivables divided by daily revenues) expresses the average time in days that receivables are outstanding. Generally, the greater the number of days outstanding, the greater the probability of delinquencies in accounts receivable. A comparison of the Hospital's daily receivables may indicate the extent of the Hospital's control over credit and collections.

		2011	2010	2009	2008	2007
Ratio	GLH	72.7	74.6	83.5	86.4	88.4
	RMA Group	44	45	48	48	49
	Quartile	Lower	Lower	Lower	Lower	Lower

During the period from 2007-2011, the Hospital's receivables turnover and day's revenues in receivables ratio fell between the median and lower quartiles when compared to the industry. The ratios indicate that the Hospital is turning over its receivables at a slower rate than its industry peers. If this trend continues, there is a greater likelihood of delinquencies in accounts receivable. The impact of the economy and continued sluggish recovery are contributing factors to the decreased collections.

The **working capital turnover** (net revenues divided by working capital) measures how efficiently working capital is employed. Working capital is a measure of the margin of protection for the Hospital. It reflects the ability to finance current operations. A low ratio may indicate an inefficient use of working capital, while a very high ratio may indicate a shortage of working capital and create a vulnerable position for the Hospital.

		2011	2010	2009	2008	2007
Ratio	GLH	3.27	5.32	4.56	4.48	4.53
	RMA Group	9.5	8.6	9.4	9.3	8.3
	Quartile	Upper	Upper	Upper	Upper	Upper

The Hospital's working capital turnover rate has remained in the upper quartile since 2007. During this same period, the working capital of the Hospital has actually been lower the upper quartile, which could indicate using working capital to fund operations with little amounts available for reserves. This ratio indicates that the Hospital has less working capital than its peers and with the consistent decrease in working capital; this ratio will continue to deteriorate if the current trends do not improve.

Leverage

Highly leveraged hospitals are more vulnerable to business downturns than those with lower debt to worth positions. While leverage ratios help to measure this vulnerability, it must be remembered that they vary greatly, depending on the requirements of specific industry groups.

The **debt/equity** (total liabilities divided by equity) expresses the relationship between capital contributed by creditors and that contributed by owners. The higher the ratio indicates the greater the capital being contributed by creditors. A lower ratio generally indicates greater long-term financial stability. A hospital with a low debt/equity ratio usually has greater flexibility to borrow in the future. A more highly leveraged hospital has a more limited debt capacity.

		2011	2010	2009	2008	2007
Ratio	GLH	0.09	0.07	0.09	0.11	0.12
	RMA Group	1.1	1.1	1.1	1.0	1.0
		Upper	Upper	Upper	Upper	Upper

For the last five years, the Hospital has performed at a level that is in the upper quartile of the industry in terms of its debt-to-equity ratio. Since 2007 this ratio for the Hospital has continued to improve as the tangible net worth of the Hospital has increased. The results of the debt-to-equity ratio analysis indicate that the Hospital's capital structure contains a lower percentage of debt than its industry peers. This ratio is offset by the average age of the plant since no material capital expenditures have been made in several years. The average age of plant for the most recent year end 2011 is 11.5 years.

In summary, the Hospital ratios indicate that the Hospital is currently operating at or above the median quartile with medical indicators in the upper quartile. Most of the trends have remained constant with little indication of material changes.

As a means of determining the Hospital's strengths and weaknesses in relation to the competition, the following comparison of certain financial ratios for the State of Mississippi, as compared to the Hospital for the past two years, is presented:

	The Sourcebook (1)			Greenwood Leflore Hospital	
	75th Percentile	50th Percentile	25th Percentile	2011	2010
Beds in Service, Acute Care	250	138	60	173	173
Total Discharges, Acute Care	8,315	4,354	1,870	6,977	6,992
Occupancy Rate	52.12%	40.98%	31.10%	45.2%	44.2%
Current Ratio	4.15	3.39	1.96	3.4	2.5
Days' Receivable	68.27	55.79	50.42	72.7	74.6
Total Profit Margin	9.42%	3.97%	0.65%	2.6%	3.0%
Average Age of Plant	13.72	10.95	7.74	11.5	10.0

(1) Source: The Comparative Performance of U. S. Hospitals (2010): The Sourcebook, Percentile Values for Performance Measures, Mississippi.

In comparison with The Sourcebook information, the Hospital is at or above the 50th percentile of hospitals in the State of Mississippi in most of the categories compared above. The Hospital's plant is in fact somewhat older and will require significant improvement in the future. (See the attachment, Facility Assessment).

Consideration of the Hospital's strengths relative to the competition and its capacity to compete in light of projected trends was considered in completing this study and are as follows:

1. An important strength of the Hospitals is its offering of skilled nursing services. As a skilled nursing provider, the Hospital has the ability to increase the utilization of its acute care beds by providing skilled nursing care to its acute care patients, as well as skilled nursing care patients unable to be accommodated by other local facilities. This affords the Hospital with the opportunity to take advantage of a lower cost setting for patients needing additional care without being in an acute care environment.

2. The Hospital offers geriatric psychiatric services and outpatient rehabilitation. These services offered locally afford the patients the ability to receive care without the additional expense of traveling to larger facilities in outlying areas.

3. The community is somewhat supportive of the Hospital and realizes the importance of having an acute care facility. Its location is easily accessible.

4. The Hospital has a committed source of primary care physicians.

5. One of the most important strengths relative to the Mississippi Delta regional competition is the capacity, condition, medical equipment/technology and location/accessibility of the Hospital.

The weaknesses of the Hospital that are noted from the information presented above are as follows:

1. The Hospital has experienced consistent profitability but continues to experience current trends where the DSH/UPL represents a good portion of the profitability. One specific concern for the Hospital is the amount of DSH funds that will be eliminated under the Affordable Care Act in 2014. The impact of reform is estimated in the following table:

	2014	2015	2016	2017	2018	2019
Estimated Impact	1,669,713	(650,929)	(436,392)	(2,649,255)	(5,532,697)	(7,121,536)

   This impact is dependent upon many factors that include potential expansion of the current Medicaid system. The Hospital should evaluate its service complement and introduce efficient and effective delivery methods to meet reductions in reimbursement.

2. Cash flows from operations for the most recent years ended September 30, 2011 and September 30, 2010 are 15,162,366 and 14,908,388, respectively. Medicaid DSH and UPL may negatively impact the amounts to cash provided from operations.

3. In regards to the comparisons of the Hospital with the State of Mississippi and the RMA Studies, a key liquidity ratio, that being the current ratio, is somewhat above its peers for current ratios for the State of Mississippi and the RMA Studies.

4. The average age of the Hospital greatly exceeds the favorable values. Significant improvements need to be made to the Hospital in the future and to its equipment in order to compete with its peers.

D. Analysis of the Hospital's Options Including, Service Mix and Pricing Strategies

In relation to the Hospital's service mix and pricing strategies, from our review of the Hospital's last three fiscal years, the Hospital experienced a utilization averaging 67 percent of Medicare and Medicaid patients. Since Medicare and Medicaid have regulatory pre-determined pricing, there is little flexibility in the pricing strategy.

In analyzing the Hospital's financial position, it is important to understand the source of payment for the services the Hospital provides. Below is a three-year summary of the mix of the Hospital's charges for each fiscal year.

	09/30/11	09/30/10	09/30/09	Three Year Average
Medicare	45%	45%	44%	45%
Medicaid	21%	23%	22%	22%
Commercial	11%	11%	8%	10%
Other, primarily uninsured	23%	21%	26%	23%
	100%	100%	100%	100%

Per capita income for the service area is important from a health-planning viewpoint because of the impact of Medicare, Medicaid, patient self-pay, and uncompensated health care services provided by the Hospital. The median household income for Leflore County residents based on the 2010 Census Bureau (United States Census Bureau, 2011) is $24,821 and the poverty percent of the population is 40.4 percent. Historically 45 percent of the Hospital's charges are due from

Medicaid or patient self-pay accounts. While the Affordable Care Act has been enacted to address greater access to care for this patient population, the estimated additional revenue anticipated as a result of reform is an overall loss of revenue for the Hospital. Further explanation of this impact is described on page 21 of the report under the weaknesses of the hospital. Therefore, additional revenue is not anticipated based on the current demographics.

Options Available

We believe that there are three viable options available for the Leflore County Board of Supervisors and City of Greenwood to consider for the Hospital. Each option will have some potential positive and negative features, but some potential negative risks of the sale or lease option can be minimized through a tailored request for proposals that will condition minimum proposals to address concerns identified in this report as well as additional public concerns that may be raised in public meetings to be scheduled on this issue of the future course for operations of the Hospital. Viable options for consideration by the County and City are as follows:

- Change composition of the Board;
- Seek those in the community to participate in forming and capitalizing a community-based non-profit corporation to purchase or lease the hospital and to thereafter operate on a non-profit basis similar to North Mississippi Medical Center;
- Long-Term Lease or Sale of the Hospital as part of an affiliation strategy with a larger health system.

We are of the opinion that the hospital should consider each of the following options. The Board's options and issues to consider are discussed separately in the following paragraphs:

Change Composition of the Board

Under this scenario, the number of trustees should be increased by up to a total of 7 members as allowed by Section 41-13-29 of the Code. Having an even number of Board members would eliminate the current situation of the "middle member" of the Board frequently being the "swing" vote. Currently, that Board member is routinely placed in the awkward position of being the deciding vote. Occasionally, this board member is perceived as being subject to influence by other Board members.

Rapport and confidence from the medical staff could be strengthened by allowing the Medical Staff to have a voting member on the Board. Currently, the Chief of the Medical Staff represents the Medical Staff on the Board but does not have a vote. Even without any increase to the number of Hospital board members, a physician could be appointed to the official Board as a voting, rather than advisory member, as long as statutory and constitutional restrictions are observed.*

* As noted previously, we have been advised by legal counsel that no appointed hospital board members for governmental community hospitals in Mississippi can have any direct or indirect financial interest in any contract authorized by the hospital board on which he/she sits or within one year after his/her service term on such hospital board ends. This legal restriction will prevent any physician who is employed or under a medical direction or other service contract with the hospital or who sells or rents equipment or space to the hospital from serving as an appointed, voting hospital board member

Seek those in the community to participate in forming a community-based non-profit corporation to operate similar to North Mississippi Medical Center

If citizens in Leflore County with sufficient capital are willing to form and capitalize a new non-profit corporation to bid to purchase or lease the Hospital, this option could retain local control of future Hospital operations but remove the Hospital from public bid laws, constitutional ethics restrictions on who can sit on the Hospital Board and other governmental restrictions currently applicable to the Hospital. With the Hospital already capturing efficiency, maintaining a stable cash position, and continuing profitability, this option could help strengthen the facility by removing restrictions on efficient operations perceived as being imposed on governmental hospitals by state law. The Hospital would continue as a "Community-based Hospital" but without the political constraints of being a governmental hospital with a governing board appointed by the County and City. The Hospital Corporation would have the opportunity to maintain its return on investment while continually investing wisely. This structure would allow for local leadership to help protect the Hospital's mission and provide direction to the organization. The Hospital's main goal would be to continue to provide the best healthcare possible to the citizens of Leflore County. The not-for-profit organization would reinvest its excess revenue over expenses in facilities and programs which would improve the health and well-being of the residents of Leflore County. This option cannot be realized unless the proposal of the community corporation is the highest and best in response to a request for proposal issued by the County and City. We have been advised that this option and the third option of sale or lease would also result in loss of statutory sovereign immunity currently provided to the employees of the Hospital and increased liability insurance costs of the Hospital resulting from the loss of the Hospital's current partial sovereign immunity to malpractice and other tort claims.

Long-Term Lease or Sale of the Hospital as part of an Affiliation with a Larger Health System

This alternative would afford the Hospital the potential capital resources and management needed to meet the future market requirements of the community health care providers. In addition, such an affiliation should promote some cost savings for the Hospital by providing an opportunity to share overhead cost with the affiliated hospital system.

Any long term lease or sale of the Hospital should be required to provide capital to address debt reduction, plant renovation, and improvements. The management of the successful bidder should be required by the request for proposal and resulting contract to provide strong direction and leadership coupled with accountability, foster relationships with the medical staff, and be involved in the community. A request for proposal can also require minimum amounts of continuing charity care to be provided by the successful bidder, regardless of whether the bidders are for-profit or non-profit organizations.

There are several valuation methods commonly used to value hospital acquisitions. Most industry participants consider a valuation method that is based on a price/normalized EBITDA (earnings before interest, taxes, depreciation and amortization) multiple as the most important for valuing an acquisition. Another commonly used method is the price/normalized revenues multiple. The market multiples are then applied to the subject facility's EBITDA to obtain a value for the hospital. In our opinion, the most valid method of valuation for the Hospital is to compare it to comparable hospitals sold in the health care industry in recent periods. We have reviewed The Health Care Acquisition Report, Eighteenth Edition, 2012 for recent transactions involving hospitals.

The following table summarizes various multiples for the years 2007 to 2011 from this publication. (Irving Levin Associates, Inc., 2012)

	2011	2010	2009	2008	2007
Number of Deals	90	72	52	60	58
Number of Beds	24,291	15,864	10,604	5,282	22,411
Number of Hospitals	156	125	80	78	149
Revenue per Deal - Median	145,500,000	94,100,000	106,150,000	66,800,000	90,000,000
Price/Revenue - Median	.80x	.65x	.77x	.70x	.60x
Price/EBITDA - Median	8.8x	7.4x	8.6x	6.4x	8.9x
Price/Bed - Median	398,700	412,600	382,917	165,500	237,000
Greenwood Leflore Hospital EBITDA	11,929,884	12,915,311	10,562,246	10,635,021	11,500,179

We do not consider the most commonly used methods by industry participants to be valid methods for valuing the Hospital for the following reasons:

- The Hospital's EBITDA the last five fiscal years has been impacted by the fluctuating Medicaid DSH/UPL funding amounts;
- Any valuation method that uses normalized EBITDA without Medicaid DSH/UPL would either yield a very low or negative result and would not return a fair value for the Hospital;
- In reviewing the details of the transactions included in the table above for 2011, it is our opinion that these transactions do not provide detail terms and information to make a comparison with the Hospital.

The market value for the Hospital under either a sale or a long-term lease will have to be determined by a competitive bidding process, which is accomplished through a very specific request for proposal to interested parties that will identify the minimum conditions to be imposed by the County and City on future operations by a successful bidder. The number and quality of operating conditions may affect the number of interested bidders as well as the amounts offered as a sale or lease price. Thus, gathering of minimum conditions from all stakeholders to include within a published request for proposal is viewed as a necessary step for the County and City to be able to review actual proposals and then determine whether a sale or lease will best benefit the long-term viability of the Hospital and the citizens that it serves.

We trust that this information will assist you in making your decision. If you need any additional information or have any questions in relation to this report, please let us know.

HORNE LLP

Horne LLP

FACILITY ASSESSMENT

The Hospital Land and Facilities

The main campus is comprised of almost 16 acres. The current site at 1401 River Road was acquired in 1949 and the new facility at this location opened in 1952. Today the five story, 208 bed structure includes 373,527 square feet. There have been six major additions to the original structure. They were:

1. 1967 Kitchen, East tower and Addition to central plant
2. 1972 ER, Radiology area, and ICCU
3. 1977 HR area, Material Control, OR, Labor and Delivery
4. 1980 Built West Tower 3rd, 4th and 5th floors
5. 1996 Addition to and Renovation of ER
6. 2000 Expansion and addition of 3 floors on the West end of the facility

In addition to the main campus, Greenwood Leflore Hospital maintains a variety of clinic and ancillary buildings in Greenwood and surrounding communities. They are:

	(sq. footage)
After Hours Clinic	2089
Delta Surgical Clinic	2982
Orthopedic Clinic, Womens Clinic & GWD Gastro Clinic	14287
Magnolia Medical Clinic	2400
Dr. Carter (ENT Clinic)	3000
Early Years Clinic	2700
Children's Clinic	4500
Old Hospital (Storage)	6000
Clinic Administration and Patient Accounts (WABG)	7266
OBGYN Clinic	6343
Learning Center	327
Lucas Clinic	4032
Pain Clinic	3000
Wellness Center	3936
Outpatient Rehab Center	6344
Neurology Clinic	3405
Itta Bena	5000
Sumner	5000
Lexington	4500
Leflore Specialty	5145
North Central Mississippi Neurological Surgery Clinic	3614
Greenwood Foot Center	2193
1311 River Road Property Not Yet In Service	3700
Inspirations	2250
TOTAL CLINIC SQUARE FOOTAGE	**104,013**

Overall, the hospital facility has the physical aspects of a well-planned operation in place. The front is attractive and welcoming. There are cosmetic needs in several of the public areas, but the greatest need for the cosmetic and comfort updates are in the patient rooms. Administration is aware of the need to update these areas with new finishes (paint, wallpaper, floor coverings) and furnishings. The delay in doing so is budget driven. Additional parking is needed to better accommodate guests and visitors

There is currently an approximately 10.5 million dollar replacement project underway to update the HVAC and mechanical areas, including bringing the physical facility that houses these utility components, up to date.

The medical and clinical equipment is well above average for a community hospital of this size. Equipment acquisitions from 2007 to 2012 total: $11,850,834.

Building improvements completed from 2007 to present, total: $3,461,564.

Land improvements (hospital parking), total: $182,674.

In addition to the above mentioned improvements, the electronic and data infrastructure throughout the facility has been updated with hardware and software, including critical areas such as pharmacy, surgery, radiology and medical records. The cost of the project over a five year period was: $7,819,042.

PERCEPTIONS

Hospital Board Members

All members of the Board were interviewed. Each expressed great pride in the facility and sees the benefit of a community hospital. One member felt that GLH was a "Jewel" for the size town Greenwood is and certainly perceived as the "Shining Star" of healthcare in the Delta. They are aware that the community perception is not as positive as it should be in some segments of the population. Board members are frequently exposed to comparisons from community citizens of level and quality of healthcare in Memphis and Jackson.

The Board exhibits confidence in the administration of the hospital and feels the hospital is appropriately managed. Mr. Jackson was applauded for his role since he has become the administrator. It was pointed out by several members of the Board that the relationship between Administration and the Board, since Mr. Jackson became the Administrator, is better than it has been in many years. It was noted by several members that he is working with the disadvantage of not having a strong "second in command" or Chief Operating Officer. The hospital is commended for being a good steward of its financial resources.

It is a concern of the Board that the Medical Staff is composed of aging physicians. Consequently, in the near future, there will be a need to recruit several new physicians. It was also expressed that the staff composition would benefit from additional primary care physicians and several specified specialists. The Board is, in general, pleased with the caliber of the medical staff and its commitment to the hospital.

The Board is perceived to, at times, be influenced by local politics. It was mentioned in multiple interviews that the politics of the county and the city are racially motivated. This racial and political divisiveness has existed for over fifty years and is not only detrimental to the hospital but the entire community's economic development. It was suggested by several Board members that the discussion to sell or lease the hospital is motivated by racial politics. To move beyond this historical burden would be extremely helpful in fostering progress for the city, county and the hospital.

If the hospital should remain a city/county healthcare facility, a restructuring of the Board composition should be considered. Diversity of age, gender, race and talent should be carefully evaluated when selecting members. The talent and expertise of the members should be a priority in this selection. Passion for the mission of the hospital should also be a consideration.

Term limits and rotating classes of members prove to be a beneficial structure of such volunteer boards. For example, having one third of your membership rotate off every few years allows new energy and talent to come on the Board. Members who have rotated off the Board are eligible for reappointment after one year. This observation does not conflict with the current statutory language governing community hospitals in Mississippi.

Another suggestion made was to ensure stronger and more frequent communication among the Hospital Board, Administration, the City, and the County Board of Supervisors.

Hospital Administration

Across the board, the senior management level employees interviewed feel a commitment to the Hospital and the community it serves. They are confident with the facility, its medical equipment and the quality of care provided. The economy has definitely had an impact on the ability to grow various programs or expand staff. Even with these restrictions, the overall attitude of the employees is positive and supportive of the mission of the hospital.

With almost 1000 FTEs (Full Time Equivalents) Greenwood Leflore Hospital is one of the top two employers in the county. The employees are committed to the hospital and are proud to be part of an important service to their community. The overall positive attitude of the employees is in part due to frequent and positive communication from administration and trust in the hospital's leadership.

The Administrative Team appears to be very cohesive in their efforts and aware of the challenges ahead in the changing healthcare environment. There is a strategy being developed to move the hospital toward becoming a referral center for healthcare in the Delta.

The consensus of this leadership group is that the hospital is an exceptional hospital for its size and its service area. Although the facility does need cosmetic upgrades in the patient care areas, the building adequately serves the patients' needs. Currently the facility is in the midst of 10.5 million dollar infrastructure update which will replace much of the HVAC, and utility feeds to the hospital. Much of which is being replaced is equipment original to the first hospital plant structure.

The nursing care is rated "good" by the leadership group and is perceived as being attentive and compassionate. The medical staff is considered well qualified but concerns are that the average age is creating a situation where soon many long term physicians will be approaching retirement. There are still voids or deficiencies of several specialties that are important to the medical staff compliment. The hospitalist program is working well and contributes nicely to the quality of care. However, the concept of the hospitalists program and how they are part of the care team needs to be better communicated to the community at large.

Administration is aware that there needs to be continued efforts made in repairing the damage that occurred in the past due to lack of communication and trust among the Board, Medical Staff and Administration. It is important to this Administration to concentrate energy in this healing process and to learn valuable lessons from the history of earlier relationships. The comments received from all those involved in this issue, indicate that much improvement has been made and they are aware of the efforts of the current Administration to strengthen the rapport among the groups.

Medical Staff

Physicians interviewed considered the quality of care at the GLH to be excellent. They also felt that the nurse to patient ratio was better than that of surrounding hospitals. Nursing administration was characterized as responsive and approachable. According to the physician interviews, the quality of nursing care does vary from unit to unit and that is attributed to the leadership style and skills of the head nurse for the unit.

All physicians interviewed were emphatic about the need to recruit more specialty physicians. A Community Health Needs assessment should be performed to assist in determining what medical specialties are needed to meet the treatment/care needs of the patients in the immediate service area. Endocrinology was a specialty that was mentioned in several interviews. Specialty coverage is also an issue for the existing medical staff. In some specialties there is not enough depth to offer around the clock coverage. This is especially true when a physician is on vacation or ill.

There are 70 members of the medical staff plus 10.5 hospitalists. More than 50% of the medical staff is employed physicians. An aging medical staff is an issue that needs addressing. The average age of the staff is 53.77 years of age. The average for some specialties is as high as 66.

Recruiting new physicians to the GLH is a challenge. On the most part, the physician is impressed with the quality of the medical staff and the condition of the facility and medical equipment available. The more complex sell is to the spouses. The Delta has a reputation for being a difficult place to become accepted socially. There is still a 1950s – 1960s perception about life in this agricultural region of Mississippi.

The medical staff is extremely supportive of Mr. Jackson. They feel he is leading a qualified and committed team of managers. They do sense, however, he could be even more effective if he had another senior leadership person on board - someone overseeing daily operations. Currently, much of Mr. Jackson's time is spent in directing and resolving operational issues. He has demonstrated that he has exceptional skills in team building among the staff and the medical staff. Plus, he is a strategic thinker. His time could be better spent guiding the hospital toward an even more successful future.

Mr. Jackson is credited with "mended fences" between the Board of Trustees and the Medical Staff. The physicians appreciate having representation on the Board through the attendance of the Chief of Medical Staff. However, they do feel that the Medical Staff representative should be a voting member. They also feel that the hospital would benefit from having an employed Chief Medical Officer to act as the administrative voice when dealing with physician issue.

Another concern expressed by physicians relates to the migration of patients to outlying bigger city hospitals, such as medical centers in Memphis and Jackson.

Community and Business Leaders

There is a consensus that Greenwood needs a community hospital. Some feel that the confidence level in the hospital is currently suffering. It is felt by a few of those interviewed, that related to the perception of the hospital, there are definitely two different segments of the population. The opinion of the more affluent is that the hospital is a place to go for people with no other healthcare options due to income, age, or lack of transportation. It is the hospital of choice for the working middle class and the poor and uninsured. During the discussions it was revealed that this is probably a quality perception issue and not a reality. A marketing and branding campaign was suggested to address the lack of total community

support. It was also suggested that to publicize the hospital's planned strategic direction of becoming a referral center would benefit its negative perception issue. Through frequent communication to the various publics, the strengths and successes of GLH could be shared with the various communities served.

The community leaders and past patients interviewed were personally supportive of the hospital and felt that the quality of care was excellent. They also have confidence in the medical staff but recognize the need for additional specialties. It was noted that it is easier to recruit physicians who have roots in the Delta than physicians from outside the area. This is because non local physicians can not readily see the advantages of practicing medicine in the economically challenged Mississippi Delta. There are considerations for quality of life, schools, neighborhoods, shopping, and cultural/social activities. Jointly addressing these issues with the Chamber of Commerce, city and county officials, along with economic development forces, would not only be a benefit to the hospital in physician recruitment but would have a positive impact on the community at large. Leaders in business and industry reiterated the importance of a strong hospital and well respected medical community as a recruitment tool in bringing needed talent to the community for their businesses.

This group applauded Mr. Jackson for his leadership and felt he was a positive force for the hospital and the community. Much of the recent success of the hospital was attributed to his leadership style. He is continuing to bring together the medical staff and improve the relations with the Board of Trustees.

"Politics" is cited as one of the major hurdles to success for the hospital. There is too much pressure placed on the hospital by the various groups charged with the oversight of the hospital - the county Board of Supervisors, the City and the Board of Trustees. It is felt that these entities are too involved with the daily operations of the hospital as opposed to reviewing the financial stability, adherence to the hospital mission, the health in general of the county, and the strategic direction of the hospital. It is felt that these entities do not work well together and are sometimes, also, in conflict with the medical staff of the hospital. The political environment impedes daily operations and future success of the hospital.

Elected Officials

There is a strong feeling among this group that "red tape" and politics impede progress at the hospital. Nepotism and the "good ole boy" network are damaging the quality of care and the morale of the hospital's management team and the employees.

The perception is that the quality of care is good and the facilities are adequate but need updating and parking is not sufficient. This group believes that the older population, because of the hospital's previous reputation, would prefer to go to Jackson or Memphis if they have that option.

The image problem has diminished some recently but the local discussion about the possibility of selling the hospital has created additional questions in the community. More communication to the community was recommended. It was suggested that an ongoing process of keeping elected officials informed would be beneficial to both parties.

As with the other groups, Mr. Jackson is given credit for many of the positive changes that have occurred in the past few years at the hospital. In particular, he is credited with improving communications and strengthening the rapport between the Board of Trustees and the Medical Staff.

When discussing a change in ownership with this group of individuals the majority ask, "Why?" The consensus is that Greenwood is fortunate to have a good community hospital which has the potential to be even better. A change should only be considered if it would ensure a better hospital that serves the entire

community and if it would continue to have a positive economic impact on the community. Concerns were expressed about the use of any monies gained by the county and city from the sale/lease of the hospital. Such use should create a long term economic strategy for the entire county and also help improve the health and wellbeing of the citizens of Leflore County.

Stakeholders Interviewed

Board of Trustees	
Alex Malouf	President
Brian Waldrop	Vice President
Gladys Flaggs	
Sammy Foster	
Walter Parker	
Elected Officials	
Carolyn McAdams	Mayor
Ronnie Stevenson	City Councilman
Sam Abraham	County Administrator, Chancery Clerk
Robert Collins	County Supervisor
Wayne Self	County Supervisor
Phil Wolfe	County Supervisor
David Jordan	State Senator*
Willie Perkins	State Representative
Linda Whittington	State Representative
Community and Business Leaders	
Greg Bennett	
Suresh Chawla	
Margaret Hicks	
George Jarmin	
Anthony Ola	
Medical Staff	
John Lucas, III, M.D.	
Henry Flautt, Jr., M.D.	
Raymond Girnys, M.D.	
Administrative Staff	
Jim Jackson	CEO
Dawn Holmes	CFO
Lea Denton	Director of Physician Recruitment
Rebecca Edwards	CNO
Lynn Wessman	Director of Medical Staff Development

*Interview incomplete

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