



STATE OF ARKANSAS
**Department of Finance
and Administration**

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September 15, 2022

Senator Jonathan Dismang, Co-Chair
Representative Michelle Gray, Co-Chair
Performance Evaluation & Expenditure Review Committee
Arkansas Legislative Council
State Capitol Building
Little Rock, AR 72201

RE: FY 23 American Rescue Plan Act Request

Dear Co-Chairs:

Pursuant to Section 37 (02) of Act 199 of 2022, I am forwarding the attached American Rescue Plan Act request(s) that have received my approval as Chief Fiscal Officer of the State.

- Ouachita County Medical Center \$6,077,852.65
- North Arkansas Regional Medical Center \$10,000,000.00

Sincerely,

A handwritten signature in black ink that reads "Larry W. Walther".

Larry W. Walther
Cabinet Secretary

cc: Senator Terry Rice, Co-Chair, Arkansas Legislative Council
Representative Jeff Wardlaw, Co-Chair, Arkansas Legislative Council

OUACHITA COUNTY MEDICAL CENTER

PEGGY L. ABBOTT
CEO & PRESIDENT

P. O. BOX 797
CAMDEN, ARKANSAS 71711-0797

TELEPHONE (870) 838-1000

September 15, 2022

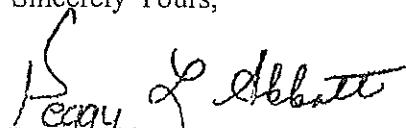
TO: Arkansas Department of Health and Human Services
Arkansas ARPA Steering Committee

FROM: Peggy Abbott, CEO/President

I, Peggy Abbott, President and CEO of Ouachita County Medical Center in Camden, Arkansas hereby submit our ARPA funding request. Please find the enclosed following items:

- 1) Funding Request and Attestation Form
- 2) Copy of State of Arkansas Department of Health Licensure
- 3) Ouachita County Medical Center Quick Ratio Tabulation Spreadsheet
- 4) Ouachita County Medical Center Comparative Balance Sheet for May 31, 2022 and June 30, 2022
- 5) ARPA Supplement – Sustainability Plan
- 6) 3-month payroll expenses

Sincerely Yours,


Peggy Abbott, CEO/President

FUNDING REQUEST AND ATTESTATION FROM AR ARPA STEERING COMMITTEE

This form should only be completed by the Chief Executive Officer (CEO) or Chief Financial Officer (CFO) of the applicant hospital. Language in [brackets] is for informational purposes and should be replaced with appropriate details. The CEO/CFO completing the form should hand-write their initials in the blank fields adjacent to bracketed fields that indicate "CEO/CFO initials." The CEO/CFO completing the form should also include a hand-written signature in the appropriate field at the end of the form.

I, PEGGY L. ABBOTT, PRESIDENT & CEO, on behalf of OUACHITA COUNTY MEDICAL CENTER (hereinafter "Hospital") hereby request \$6,077,852.65 in funding from the Arkansas American Rescue Plan Act Steering Committee.

I, PEGGY L. ABBOTT, PRESIDENT & CEO on behalf of the Hospital, hereby attest to the following:

SECTION 1. ELIGIBILITY

The Hospital meets the following conditions:

- The Hospital is licensed by the Arkansas Department of Health as a general hospital, with license number ADH License No. AR2653.
- The Hospital is currently enrolled with the Arkansas Medicaid program, with AR Medicaid ID: AR Medicaid ID No. 103629105.
- The Hospital has insufficient assets to cover liabilities, as indicated by the Hospital's quick-ratio of less than one (1), and as shown by the most recent month-end financial statements attached hereto. The hospital's quick ratio is .63.
- The Hospital has less than 90 days' cash on hand or is operating on a margin of less than -10% in Quarter 1 or Quarter 2 of Calendar Year 2022, as shown by the most recent month-end financial statements attached.

PA

[CEO initials]

SECTION 2. REQUIREMENTS AND RESTRICTIONS

The Hospital acknowledges and attests to the following:

- The requested amount above does not exceed three (3) months' payroll expenses and contract labor and expense documentation is attached hereto showing the Hospital's payroll expenses for the previous three (3) months preceding the date of this application.
- These funds are necessary to cover expenses incurred between July 1, 2022 – June 30, 2023, to mitigate and prevent the spread of COVID-19, and to address extraordinary costs related to the Public Health Emergency due to COVID-19, including but not limited to closing critical gaps in infrastructure, capacity, sustainability, and strategic planning.
- The Hospital has attached its plan for achieving sustainability. Within 90 days of approval of this application, the Hospital will provide the Arkansas Department of Human Services (DHS) with progress made on the sustainability plan. Hospital's failure to timely submit progress statements or to make adequate progress will be grounds for DHS to recover the total amount of payment.
- All requested funding will be expended during the period of July 1, 2022—December 31, 2022, and only for expenses incurred during that period.
- For expenses incurred prior to receipt of funds from DHS, the Hospital will submit documentation of the expenses within 60 days of receipt of funds.

FUNDING REQUEST AND ATTESTATION FROM AN ARPA STEERING COMMITTEE

- For expenses incurred after the date of receipt of funds from DHS, the Hospital will submit documentation of the expenses within 90 days after the expenses are incurred.
- The Hospital acknowledges that these funds may be used for the following reasons:
 - To recruit or retain healthcare staff;
 - For healthcare staff payroll and labor expenses generally; and
 - Funds may also be used for Hospital's drug and supply costs.
- None of these funds will be used to pay any increase in management fees to administrative personnel.
- None of these funds will be used to duplicate or supplant funding from any other federal or state program.
- To the extent that expenses are subsequently reimbursed under any other federal or state program, the Hospital will notify DHS immediately of such fact and will fully comply with DHS in reconciling and recovering such funds.
- Payments or other reimbursement for direct patient care is not included as funding from a federal or state program.
- The Hospital will retain records sufficient to support each expenditure related to this funding, for so long as may be deemed necessary, but in no case less than seven (7) years.
- The Hospital will make records of its expenses available to DHS and/or any other lawful authority, upon request.
- DHS will audit Hospital to ensure these funds are used only for appropriate purposes and, if it is determined that Hospital used funds inappropriately or failed to expend the entirety of the awarded funds, DHS may recoup questioned costs, up to the full amount requested above.
- In the event any amount is denied as the result of an audit by state or federal authorities, the Hospital will repay DHS such denied amount, together with any associated penalty or cost imposed as a result of the audit.

PA [CEO initials]

SECTION 3. COMPLIANCE STATEMENTS

The Hospital attests that the following statements are true and correct:

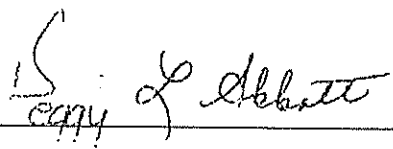
- The Hospital complies with all legal requirements related to COVID-19 vaccination, including without limitation Arkansas state laws, EEOC requirements, and Medicare Conditions of Participation.
- The Hospital allows religious, antibody, and testing exceptions in lieu of getting the COVID-19 vaccine, as required by law.

PA [CEO initials]

Signed and Agreed:

Printed Name	PEGGY L. ABBOTT
Email Address	PABBOTT@OUACHITAMEDCENTER.COM
Telephone No.	870-836-1200

FUNDING REQUEST AND ATTESTATION FROM AR ARPA STEERING COMMITTEE

Signature	
Date	09/15/2022

STATE OF ARKANSAS
DEPARTMENT OF HEALTH

This is to certify that
Ouachita County Medical Center
is duly licensed as a

General Hospital
for 98 beds. This Certificate is effective
January 1, 2022 and expires December 31, 2022.

Paula Day

Paula Day, Section Chief
Health Facility Services

CERTIFICATE NO. AR2653

Jose R. Romero, MD

Jose' R. Romero, MD
Secretary of Health

CARD NO. 36469

OUACHITA COUNTY MEDICAL CENTER QUICK RATIO TABULATION	
DATE:	9/15/2022
HOSPITAL:	OUACHITA COUNTY MEDICAL CENTER
ADDRESS:	638 CALIFORNIA AVENUE SW, CAMDEN, AR 71701
FORMULA:	QUICK RATIO = (CASH & EQUIVALENTS + ACCOUNTS RECEIVABLE)/CURRENT LIABILITIES
DATA SOURCE:	OUACHITA COUNTY MEDICAL CENTER COMPARATIVE BALANCE SHEET FOR PERIODS ENDING JUNE 30, 2022 & MAY 31, 2022
FIGURES:	TOTAL CASH IN BANK \$ 159,835.00 TOTAL RECEIVABLES \$ 3,952,745.00 CURRENT LIABILITIES [AVERAGE 3 MONTHS * 12 MONTHS (1 YR)] \$ 6,489,828.00
TABULATION:	(\$159,835+\$3,952,745)/\$6,489,828
QUICK RATIO:	0.633696301
DATA BELOW USED FOR OBTAINING CURRENT LIABILITIES ABOVE	
3 MONTHS HISTORY NOTES PAYABLE	
Jun-22	\$356,194.00
May-22	\$462,133.00
Apr-22	\$804,130.00
3 MONTHS AVERAGE x 12 MONTHS	\$540,819.00 \$6,489,828.00

OUACHITA COUNTY MEDICAL CENTER
COMPARATIVE BALANCE SHEET
FOR THE PERIODS ENDING JUNE 30, 2022 & MAY 31, 2022

	JUNE 2022	MAY 2022	CHANGE
ASSETS			
Operating Funds	(244,477)	42,713	(287,190)
Certificates of Deposit	350,000	350,000	-
Savings Accounts	48,466	824,950	(776,484)
Restricted Funds	5,846	5,625	221
TOTAL CASH IN BANK	<u>159,835</u>	<u>1,223,288</u>	<u>(1,063,453)</u>
Accounts Receivable General	29,913,631	28,894,792	1,018,839
Allow for Contractual Adjustments	(8,749,933)	(7,952,346)	(797,587)
Allow for Bad Debts/Charity	(17,511,908)	(17,459,770)	(52,138)
NET PATIENT ACCOUNTS RECEIVABLE	<u>3,651,790</u>	<u>3,482,676</u>	<u>169,114</u>
Cost Reimbursement Medicare	(544,943)	(544,943)	0
Accounts Receivable - Other	845,898	919,068	(73,170)
Accounts Receivable - Sales Tax Revenue	-	-	-
TOTAL RECEIVABLES	<u>3,952,745</u>	<u>3,856,801</u>	<u>95,944</u>
INVENTORY	786,172	796,674	(10,502)
PREPAID EXPENSES	736,256	736,256	(0)
Property & Equipment	47,478,008	47,465,986	12,022
Less Accum. Depr. Amor.	(31,515,659)	(31,427,996)	(87,663)
Capitalized Bond Income/Expenses	-	-	-
TOTAL NET PROPERTY & EQUIPMENT	<u>15,962,349</u>	<u>16,037,990</u>	<u>(75,641)</u>
TRANSFERS TO AFFILIATES	5,807,982	5,822,681	(14,699)
TOTAL ASSETS	<u>27,405,340</u>	<u>28,473,690</u>	<u>(1,068,351)</u>
LIABILITIES			
Accounts Payable-General ✓	809,089	14,232	794,857
Salaries & Wages Payable ✓	720,764	613,665	107,099
Employee Benefits and Taxes Payable ✓	1,140,692	1,181,328	(40,636)
Asset Retirement Obligation x	1,018,451	1,018,451	-
Notes Payable	9,458,811	9,815,005	(356,194) ✓
Unrealized Gain/Loss Retirement Fund x	(53,333)	(52,678)	(655.00)
Bonds Payable x	-	-	-
TOTAL LIABILITIES	<u>13,094,474</u>	<u>12,590,003</u>	<u>504,471</u>
TOTAL CAPITAL	<u>14,310,866</u>	<u>15,883,687</u>	<u>(1,572,822)</u>
TOTAL LIABILITIES AND CAPITAL	<u>27,405,340</u>	<u>28,473,690</u>	<u>(1,068,351)</u>

* Excludes \$350,000 deposited in Ouachita County Medical Services

09/15/2022

**OUACHITA COUNTY MEDICAL CENTER
ARPA SUPPLEMENT – SUSTAINABILITY PLAN**

1.0 INTRODUCTION

Ouachita County Medical Center is a 501(c)3 not-for-profit hospital located in Camden, Arkansas. Our hospital is licensed for 98 beds and are now in our 70th year of operation. The criticality of our operations is that we are adjacent to the aerospace and defense plants of Lockheed Martin, Aerojet Rocketdyne, Raytheon, General Dynamics, Spectra, and many other related industries in the Highland Industrial Park of East Camden, Arkansas. Ouachita County Medical Center serves the defense plants at Highland Industrial Park by contractually providing 24/7 on-site ambulance services while these plants are in operation.

In addition to this service, we offer multiple service lines to the community of Camden, Ouachita County and the surrounding counties such as a 24/7 ER, an eight (8) bed ICU, General Surgery, Obstetrics & Gynecology, an urgent care clinic, a family practice clinic, hospice, home health, a drug treatment program, orthopedics, physical therapy, meals on wheels, etc. Additionally, during the height of the Public Health Crisis we were there in full-force, and still are, for the community. This was evident in that we offered COVID-19 vaccine clinics at local events, churches, businesses, schools, etc. To date, we are proud to state that we continue to hold weekly vaccine clinics at our hospital for the general public and helped fill the void for the past several years by being the true focal point for the COVID-19 vaccine administration / distribution in Ouachita County and the surrounding counties.

As with most hospitals in Arkansas and the USA, we treated many patients and continue to do so. Early on, many patients did not survive. We did not waiver – the community recognizes us as their safety net and that is what we did. We supported the community by taking in patients,

treating them, and most times, releasing them in better health. And, we are honored to serve and to fill this role as it aids our organization in meeting its mission.

1.1 HOSPITAL REQUEST FOR AR ARPA FUNDING

Ouachita County Medical Center seeks favor with this AR ARPA Funding request. As stated in our Funding Request and Attestation Form AR ARPA Steering Committee form, we have a quick ratio of .63. Further, we are requesting funds in the amount of \$6,077,852.65, which is our figure for the past three (3) months of payroll for employees, physicians, contract labor and the likes.

If at any point in our application any clarity is required by the Steering Committee, please offer us the opportunity to explain or provide proof thereof as we urgently need funding.

2.0 BACKGROUND

Ouachita County Medical Center falls into multiple categories for requesting ARPA funding via Arkansas Department of Human Services as listed by the US Treasury. This is because during the COVID-19 pandemic and even to date as follows: a) we are supporting our community in this Public Health response, b) we are paying payroll and benefits for public health and healthcare in the COVID-19 response, c) we are addressing the negative economic impacts caused by COVID-19 and serving the hardest hit communities and families in our city/service area, d) we are replacing lost public sector revenue, and we provided premium pay to essential workers during the pandemic.

To date, Ouachita County Medical Center has communicated our urgent financial needs in various forms. Initially, many members of our organization wrote letters to our elected officials.

All of which were kind and eager to hear of our organization's financial plight. One great outcome of that was when we were invited on a telephone call with Arkansas Governor Asa Hutchinson and Arkansas Representative David Fielding; this occurred on August 5, 2022. At the request of Governor Hutchinson, Ouachita County Medical Center submitted preliminary documentation to the ARPA Steering Committee on August 8, 2022 and receipt was confirmed by Lisa Wilkerson of Arkansas Department of Finance and Administration.

Further, and another outcome of our employee's writing letters to elected officials, on August 9, 2022 we had the honor of hosting United States Representative Bruce Westerman at our hospital to discuss our financial challenges. Congressman Westerman discussed with our hospital about reimbursement levels being low, the fact that health care has more of an urban focus and thus rural hospitals are suffering, and the H.R.8588 - Fair Care Act of 2022.

Other major impacts since the start of the COVID-19 Pandemic that have impacted ours (and all hospitals) are the required repayment of Medicare Accelerated Payment, staff agency fees (traveling providers, nurses, etc.) during the Pandemic, increased cost of supplies, the premium payments to front-line staff during parts of the pandemic, et al.

To date, Ouachita County Medical Center's financial situation still remains dim and we are completing this document to support Ouachita County Medical Center's Funding Request and Attestation Form AR ARPA Steering Committee, dated September 15, 2022.

3.0 STEPS TAKEN SINCE 2020 TO IMPROVE OCMC'S FINANCIAL SITUATION

Ouachita County Medical Center is a 501(c)3 not-for-profit hospital and we are independent and thus without the safety net of a larger network of hospitals. Our organization has always operated on a very thin margin and with a lean staff. During the start of the Public Health Emergency, we faced an uncertain future. Luckily, at the time, CMS expanded the COVID-19 Accelerated and Advanced Payments Program and this aided, for the past few years, hospitals. We have now been paying those funds back and the impact has proven detrimental to our operations.

4.0 STEPS PLANNED FOR IMPLEMENTATION IN NEXT SEVERAL MONTHS

In late June to early July, our hospital felt the brunt of all the financial pressures. Our immediate plan from that date was to pay off all Medicare Accelerated Payments and all financial energies of our organization since this time have been on repaying that. This resulted in all other areas being placed on level of lesser importance – thus the financial strain on our hospital. We anticipate those monies being paid back in full in the near future. Nevertheless, the burden this requirement has placed on our hospital and all hospitals are nearly inexplicable in words.

We immediately convened our department managers and created a strategic planning committee. The task at hand was to reduce costs on all levels, in the form of reduced supplies, eliminating all over-time pay that could possibly be ceased without risking patient safety, and taking voluntary salary reductions. Further, due to the immediate dire nature of our situation, we placed a hiring freeze on all hires unless absolutely critical for patient care and safety. Also, we implemented an immediate freeze on any wage increases across our organization.

This committee will meet every two weeks for the remainder of the year with the goal of further reduce costs on all service lines that we offer and to analyze each department's expenses.

4.1 CHANGES IN SERVICE LINES OR PROGRAMS

After our initial strategic planning committee met, it was determined that we would close our Rural Health Clinic in Stephens, Arkansas (Stephens' Community Clinic). While it broke our hearts to do so as we operated this clinic for many years for the community of Stephens, it was known that the clinic had not been profitable for some time. That was an immediate change to a program.

Additionally, our strategic planning committee met and it was determined to formulate a manner in which could become less reliant on contract labor, i.e. nursing, and become more reliant upon employed staff. This is cumbersome and the result is that we lost some of our staff members. Our overreaching goal is to be more reliant upon our employed staff members, albeit, at times we must rely on contracted nursing staff to ensure quality of patient care.

Unanticipated and unpreventable changes to our service lines became evident when we had one general surgeon retire in early August 2022 due to health purposes; that is a loss of a revenue stream. Unfortunately, we experienced our second and only general surgeon leave our organization at the end of August for a higher salary in a nearby rural hospital for a lot more money than we could afford. The departure of the two general surgeons is going to impact our operations as surgical procedures count for a large revenue stream in any healthcare system. We have spent the first two quarters of the year recruiting general surgeons to back-fill these two that are have departed. We successfully recruited one general surgeon and he will join us in October 2022. We hoped for an additional surgeon but we shut down that search as we cannot afford it. To put this

in perspective, in 2016 we had four (4) general surgeons providing services in the Ouachita County Medical Center service area. Our goal is to finally on-board a second general surgeon in the near future to help us stabilize this revenue stream and to provide the services that our community requires and needs.

Further, our hospital had an OB/GYN who completed her five-year rural health contract here with us and she departed in early August 2022 to become a locum tenens physician. We have back-filled her position by recruiting an OB/GYN from Texas and he was licensed to practice medicine in the State of Arkansas on August 5, 2022 and he immediately began seeing patients.

We mention the above fluid nature of several physicians as we are burdened with the absorbent fees associated with losing doctors and recruiting new ones. Nevertheless, our organization desires to remain a pillar of healthcare for the residents of Ouachita County and the surrounding counties. Our desire is to continue to grow services where needed.

4.2 STRATEGIC PLANNING, REORGANIZATION, OR INVESTMENTS IN EFFICIENCIES

As mentioned previously, Ouachita County Medical Center's Strategic Planning Committee is currently meeting every two weeks. Our primary goal is to complete the repayment of the Medicare Advanced Payment. Also mentioned earlier in this sustainability plan is the fact that we have lost several physicians and we have gained a few. By keeping those healthcare service lines going, we are investing in our efficiencies. We further analyze labor, both employees and contract, on a bi-monthly basis to ensure what is required for adequate patient safety. We have ceased operations in Stephens, Arkansas by the closure of a rural health clinic and we are further scrutinizing all of our operations.

One major focus of this is where we take our wRVU (Work Relative Value Units) reports for each clinic operation and work with our physician to demonstrate a) his/her productively as compared to the national average, b) show him/her areas where improvement could be achieved, and c) to establish goals to make the clinic operations profitable entities.

Like all other industries, the costs associated with procuring goods and services have been impacted during the pandemic. This has impacted our bottom line as well – it costs a whole lot more to do business than it did several years ago. Our procurement department works diligently with contracts and other vendors in an attempt to obtain the cheapest and most economical costs of goods and services. And, a long-term goal is to continue to obtain the cheapest rates for supplies going forward.

Further impacts along this line are the fact that reimbursement rates from Medicare, Medicaid and other commercial payors have not increased. In the 1980s we operated on the assumption of earning 30 cents on every dollar billed. That is no longer the case. While this estimate is rough, we earn about 19.7 cents on every dollar billed. A decline in the level of reimbursements from all payor types is hitting us, and all hospitals, very hard. A related strategy that is massive and will require state and federal level action on behalf of all hospitals will be to increase the rates of reimbursement for services.

4.3 MARKETING AND COMMUNICATION INITIATIVES

In July and August many staff members at Ouachita County Medical Center wrote letters to elected officials who represent the State of Arkansas. Their request for government officials to aid in obtaining higher levels of reimbursement for hospitals, to focus on rural hospitals and to aid in helping sustain our hospital in Camden, Arkansas.

Further, Peggy L. Abbott, President and CEO of Ouachita County Medical Center, has interacted with officials from the Governor’s Office, the Arkansas Hospital Association, the Rural Health Partnership and also served as a guest on Talk Business and Politics with Roby Brock, which aired on August 21, 2022; see segment here: <https://talkbusiness.net/2022/08/hospital-executives-say-financial-conditions-dire-closures-imminent-if-no-action/> .

On a local level, we have marketed the services of our new OB/GYN physician; recall he commenced seeing patients in early August. We have also advertised our continued COVID-19 vaccine campaign to our community; once the Booster’ Bivalent COVID-19 Booster Vaccine (‘Omicron Booster’) was available in the State, we immediately made that available to our public. Long story short, we do not sit idle – we make the community aware of our services that are readily available to them.

4.4 SECURING LOANS/CREDIT LINES/ACCELERATED PAYMENTS

After learning of our financial situation, our local lender in Camden, Arkansas suspended principle payments for a period of three months.

4.5 REIMBURSEMENT ADVOCACY TO PAYERS

Arkansas Blue Cross Blue Shield have been in talks with our organization in the recent month concerning reimbursement levels and manners in which we can obtain a higher level of reimbursement. The contract officer from AR BCBS is due to be in Camden in the next few weeks to sit down and further delve into the above-mentioned topics with us. Additional topics with this payer include potential adjustments to our chargemaster.

OUACHITA COUNTY MEDICAL CENTER 3 MONTHS PAYROLL EXPENSES	
DATE:	9/15/2022
HOSPITAL:	OUACHITA COUNTY MEDICAL CENTER
ADDRESS:	638 CALIFORNIA AVENUE SW, CAMDEN, AR 71701
DATA:	3 MONTHS PAYROLL EXPENSES - June, July, & August 2022
Contract Labor	\$ 1,666,798.24
Payroll	\$ 4,130,491.17
FICA	\$ 280,563.24
TOTAL	\$ 6,077,852.65