

*Morrow County Sentinel*

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By Alberta Stojkovic - The Sentinel

### **Avita makes proposal to purchase hospital**

MOUNT GILEAD — There was standing room only when 100 residents filled the Community Services meeting room Monday, Sept. 23 to hear the proposal of Avita CEO Jerry Morasko to purchase/lease, or purchase outright the Morrow County Hospital.

Past Board Chair Charles Walker gave a summary of the Avita Health System history and Morasko followed with information concerning Avita's present financial status. Avita was created in 2011 when Bucyrus Community Hospital, which was on the brink of bankruptcy, joined Galion Community Hospital.

Avita Ontario Hospital opened in 2017 and employees of the group increased from 450 to 1,900 at present. Avita is an independent, local health system.

### **Revenue changes**

Its operating revenue has grown, with a downturn in 2017 and net revenue growing from \$90 million in 2010 to \$179 million in 2018 at the two Crawford County hospitals.

Morasko showed there was a large dip in the operating margin in 2017 and 2018. He explained the negative margin of those years as being due to several factors. The biggest factor was the investment of starting up the Avita Hospital in the Richland Mall to bring in supportive specialist services to Bucyrus and Galion Hospitals.

Other investments were made in the purchase of technology and buildings in both Bucyrus and Galion. Their balance sheet also "took a hit" when they opened Avita Hospital because they needed to hire and were required to offer free care to both Medicare and Medicaid patients for three months.

Their cash on-hand also showed a dip in 2017 and 2018 because of major investments in a new IT system, investment in specialties and the new hospital.

### **Loans secured**

Cardington Mayor Susie Peyton asked how they were able to get funds for these investments. Morasko said in addition to hospital income, they had secured a loan and consolidated loans in a USDA loan with 2.34 percent interest over 40 years.

MCH board member Dr. D. Vincent Trago asked about the latest loan request for Avita that was turned down. Morasko answered that it was close to the time they were down in their finances after Avita Ontario Hospital was built and other investments were made in their system.

Trago then asked to see the 2018 audit for Avita. Morasko said it will be available to them and the 2019 audit will be "very impressive." Trago said if the hospital is doing well, why the 2018 audit isn't readily available and he repeated that it was important to see that audit.

### **Lists success**

Avita stressed the growth of services, physicians and medical staff came as it took over the nearly bankrupt Bucyrus Hospital in 2011 and formed the Avita Health System. Board members at the meeting believe the turnaround for both hospitals points to a proven record of developing and growth for this area.

"We are a home-grown community hospital to serve the area so people don't have to always go to Columbus or Cleveland for services," Avita board member Kym Covert Fox said.

"You can't cut your way to profitability," Morasko said as he listed investments totaling \$115 million in the operations of their three hospitals, clinic facilities and technology.

### **Questions posed**

There were questions after the presentation and discussion after the meeting.

"What do we have to lose?" asked Pleiades Farm owner Eddie Lou Meimer who regrets the loss of the cardiac rehab at MCH. "They (Avita) have a plan for growth and we could have a full-service hospital again."

Meimer's husband John has had a doctor at Galion Hospital, had surgery there and is satisfied with their service. He also sees two doctors at Med Central in Mansfield, which is an OhioHealth hospital.

One resident at the meeting said he would like to go to St. Ann's if he had a serious emergency. Morasko said that Avita refers to all the health systems, including OSU Hospital, Cleveland Clinic and OhioHealth.

"Avita as an independent hospital can refer to the best place for the patient," Morasko said.

MCH radiology employee Carla Hoyng asked how Morrow County Hospital would be treated. She hoped that the hospital would be on equal footing with the other hospitals and not looked down upon as the new addition to the system.

One employee had questions about retirement and how it will be handled in transitioning from OPERS. Several commented that Dr. Trago had an important question and would like to see more information about Avita's financial status to know it is stable.

Morasko said some of the points in their proposal for the hospital are negotiable and others are not. He added that it has a proven record of growing services and developing a medical staff in a market similar to Morrow County.

"We want to keep health care personal, local and high quality," Avita board member Linda Smith said.