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## Bankrupt Charlestown hospital works toward financial viability

Gary Popp, News and Tribune

CHARLESTOWN — The bankruptcy of Charlestown's [Saint Catherine Regional Hospital](#) could result in its patients receiving high-tech health care, as hospital officials work with an outside company to improve the financial health of the community hospital.

Christopher Alise, a consultant with [People's Choice Hospital](#), a firm based in Chicago, said he has high hopes that PCH will not only bring Saint Catherine out of bankruptcy, but allow it to better serve the Clark County community with expanded and more efficient services.

Alise says improvements in the hospital's services and financial viability could be realized as soon as the next two years, and expects that growth would continue into the future.

"We see a robust technology infrastructure, beyond what it is now," Alise said of the hospital's projection. "We would like to see [Saint Catherine] as a prototype for what a struggling hospital in a small town could become, given the right strategy and right technology tools."

Alise and others PCH recently visited Charlestown to conduct an assessment of Saint Catherine, and said he saw strong signs of promise in the struggling facility.

"As a bankrupt hospital goes, this one is the best, operationally, that we have seen," he said. "The CEO [Merlyn Knapp] that they brought in is very astute, and he has done a very impressive job."

Knapp said he hopes the partnership with PCH will bring Saint Catherine out of bankruptcy and bring its services into the future.

"They have the ability to help us develop those inpatient and outpatient programs further than we have already, and that is important because the area around Charlestown is getting to be much bigger," Knapp said.

Saint Catherine filed for bankruptcy in 2012, the year Knapp was named CEO of the facility. It was reported at the time that the hospital had more than \$8.3 million in unpaid debts.

Knapp said last week that the hospital has made huge strides in the last two years, and it is now making a "small profit" each month, and he's hopeful new initiatives will continue

needed progress.

"We are not where we need to be. We are not where we want to be," he said. "But, we are getting there. We are working together as a team. We are very aggressive at working toward the future of the hospital and being profitable."

Alise said PCH is close to finalizing details that will create a partnership with Saint Catherine and moving forward to alleviate the facility's financial woes.

And, he said, that remedy is found by implementing "a combination of technologies."

PCH intends to support Saint Catherine by providing it with resources that would allow its patients to use "telemedicine" to interact with specialized physicians located across the country. Alise said the technology offers video conferencing between a patient and nurse or general physician at Saint Catherine and a specialist located in possibly Chicago, Louisville, California or overseas.

"Not only can you get that specialized access, but it creates a new level of interaction with the patient and the physician," Alise said. "So, while it is all done remotely, we are able to really improve the communication between the patient and physicians, and we can follow up [via phone calls and text messaging] in real time."



While some may think receiving care from a doctor hundreds or thousands of miles away may be less than desirable, Alise said for those is Charlestown, the high-tech exchange could be just the cure.

"Many of the [patients] are so pleasantly surprised, that 'Wow, this doctor is following up with me to make sure I'm doing well,' and it really solidifies their faith in the technology and the platform and creates a new dialogue," he said. "We are excited. This is sort of a 21st century approach to solving some 20th century problems of access."

He said those prospective patients who are dubious of the cutting-edge program can be comforted to know that they will still meet in a familiar environment at Saint Catherine, and possibly with a physician or nurse with whom they already have a relationship. He added that those patients will receive care from someone more knowledgeable of their conditions and how they should be treated.

"[The satellite physicians] are providing care to someone that would not get that level of specialty, otherwise, but it is also an entrepreneurial opportunity for [the specialists] to expand their patient base," Alise said. "It works well for the patient and for the physician."

## **NOT ALONE**

The financial hardship faced by Saint Catherine is not unique compared to similar hospitals throughout the country, Alise said.

"Our focus is identifying distressed hospitals," he said. "Many of those are in rural locations or adjacent to urban areas."

Alise said there is a national trend of hospitals like Saint Catherine struggling financially.

"We have seen almost two thirds of the market breaking even or distressed," Alise said. "The top third is doing well. They are a lot of the larger medical centers."

Despite the ongoing downward trend, Alise said community hospitals often play a vital role to area residents.

"In terms of providing medical care to the smaller communities, that community hospital is crucial. Often it is one of the top employers in the town, and it is just a main part of the fabric of the community," he said.

At the end of 2013, Saint Catherine employed about 150, down about 30 workers from prebankruptcy, and has an annual payroll of about \$6.5 million.

Alise said Saint Catherine and other community hospitals are facing financial difficulties for a variety of causes.

"One of the main reasons that they are in that position is that it is difficult to provide a broad range of service to a smaller community," he said, adding that telemedicine would help bridge that gap.

Alise said by helping the hospitals survive, it allows those who live in the communities to get medical attention without having to travel to other areas to receive medical care.

"People [will not] be forced to go 20 miles, 30 miles or more to get the care they need for themselves or a loved one because having to do that can erode their financial productivity in terms of work," he said. "We can restore services and solidify the hospitals in the communities."

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**Editor, John C. DePrez Jr.; Executive Editor, Carol Rogers; Publishers: IBRC and IAR**

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