

Fayette Civic Center  
Fayette, Alabama  
June 10, 2014

A regular meeting of the City Council of the City of Fayette met at 6:00 o'clock, p.m. on June 10, 2014, at the Fayette Civic Center.

Upon roll call the following were found to be present: Mayor Ray Nelson, Council members Linda McCraw, Mike Hardin, Jason Cowart, Cedric Wilson and David Brand. Also present were City Clerk Dawn Clapp and City Attorney Dale Lawrence.

The opening prayer was given by Bro. Robert Parrish of Southside Baptist Church.

Mayor Nelson announced that a quorum was present and that the meeting was open for the transaction of business.

Members of the Fayette County Commission, Berry Mayor Jimmy Madison along with members of the Berry Town Council, Glen Allen Mayor Allen Dunavant along with members of the Glen Allen Town Council, Sheriff Rodney Ingle, Probate Judge William Oswalt and District Judge Jerry Clary all were in attendance.

#### OPENING REMARKS OF BARRY COCHRAN

Fayette Medical Center Administrator Barry Cochran addressed the meeting. He has served at Fayette Medical Center for seven years.

#### OPENING REMARKS OF MAYOR RAY NELSON

Mayor Ray Nelson stated that the purpose of this meeting was to discuss the needs of the Fayette Medical Center and develop a plan to keep it viable in the coming years. He stated the hospital was a gold mine and pointed out the different specialty clinics that are offered there. He stated that the City Council will be looking at ways on how the City can help the hospital.

#### PRESENTATION OF JEFF HUFF

Mr. Jeff Huff, Chief Financial Officer of Fayette Medical Center, gave a slide presentation concerning Fayette Medical Center. Mr. Huff stated the hospital is not closing and is in decent shape financially. He discussed the hospital's relationship with DCH and its impact on the community.

DCH leased the hospital beginning in 1984 and the lease has now been extended to run through 2027. He stated the hospital currently employs 304 full and part-time employees. The 2013 payroll including benefits was over \$14,000,000.00. The nursing home is a 122 bed facility and makes a profit and helps the sustainability for the hospital. The nursing home made approximately \$500,000.00 last year.

He stated that the hospital lost \$719,000.00 last year and is projected to lose \$725,000.00 this year. In 2013, Fayette Medical Center provided \$8,000,000.00 in free care.

Mr. Huff said the challenges facing the Fayette Medical Center are the significant reductions in Medicare and Medicaid payments, a continued uncertainty about healthcare reform, a growing uninsured population, rising operating cost, an aging facility and physician recruitment.

He stated that 90% of the business comes from the following: Medicare - 50%, Medicaid - 30% and the uninsured - 10%. The current strategies from the hospital side are to investigate new services and reduce operating costs. From the community side, the community needs to be involved and financially support the hospital.

Mr. Huff stated the challenges for rural hospitals are real and are not going away. Community involvement and support is critical to insure long-term financial viability.

REMARKS OF FAYETTE COUNTY HOSPITAL BOARD  
CHAIRMAN MIKE FREEMAN

Fayette County Hospital Board Chairman Mike Freeman stated that the Fayette County Hospital Board is a nine member board appointed by the Fayette County Commission. He stated that the Board's vision is to insure that Fayette County residents have access to an appropriate level of medical care.

Mr. Freeman spoke about what the community could do to help the Fayette Medical Center which included: (1) using the healthcare resources within our community; and, (2) establishing annual financial support for the hospital. He stated that it was imperative that local funding be established for the hospital.

QUESTION AND ANSWER SESSION

A question and answer period was held with the Council. Some of the questions and comments during this time were as follows:

What costs saving measures have been taken to help improve Fayette Medical Center's financial status? Mr. Jeff Huff said the following costs saving measures have been taken by the Fayette Medical Center: (a) consolidated the local Cancer Center with the Tuscaloosa Cancer Center and this helped lower the cost of medicine; (b) established an inpatient swing bed program; (c) consolidated support services; and, (d) managed personnel costs.

Would a redistribution of the County's current Health Tax be enough to save the hospital? Mr. Mike Freeman responded that the local healthcare tax was enacted in the 1950's. After the hospital was leased, the healthcare tax funds were no longer given to the hospital and were used for other purposes. He stated three to four years ago, the Fayette County Commission started giving \$50,000.00 per year to the Fayette Medical Center. The County collects \$450,000.00 from the healthcare tax annually.

How much money is needed to fill the gap? Mr. Mike Freeman stated the Fayette County Hospital Board had established goal for the community of \$1,000,000.00. He said this is a community issue and should not be "laid at the feet" of any one group. He stated the Fayette County Hospital Board has allocated \$150,000.00 for the hospital each year.

STATEMENT FROM FAYETTE COUNTY COMMISSION

Mayor Nelson read a statement from Mr. Nicky Whitehead, Chairman of the Fayette County Commission. The statement was as follows:

*"The Fayette County Commission has met with the Fayette Medical Center Board and Hospital Administration in recent weeks and months. We are very much aware of the financial challenges facing our hospital, We, too, are facing some very difficult financial challenges in the very near future with the loss of approximately \$500,000.00 in General Fund revenue due to the closing of the Jim Walter Mines in Berry.*

*However, we understand the significant catastrophic impact if we were to lose our hospital. This is why we are committed to working with ALL entities in our County to develop a plan of action to do everything possible to convince the DCH Board to keep the hospital in Fayette open. We are all serving the county because we want what is best for the county, and we certainly do not want to lose our hospital. We have many difficult challenges that lie before us. We stand ready to work with the City of Fayette, the Hospital Board, and ALL other entities in Fayette County in the development of a positive plan for all of us."*

REMARKS OF COUNCILMEMBER JASON COWART

Councilmember Cowart said he wasn't a fan of the Affordable Care Act but there's no choice but to currently apply the act. He stated that Alabama Governor Robert Bentley's decision to not expand the Medicaid program has put people like the citizens of Fayette County into a bind. Councilmember Cowart further stated:

"While I admire his stand against the one part of the Affordable Care Act that he can stand against, the decision that has been made is now placing hospitals like Fayette Medical Center in the proverbial financial crosshairs."

"The reality is this decision is not only going to cost our state thousands of jobs but more importantly it's going to affect our quality of life in rural Alabama as many rural hospitals begin, as some already have, to close their doors. We, therefore, have a couple of options. Number one, various entities in our county can sit down and come up with a financial solution to fill the fiscal gap to keep our hospital financially viable in the near future. Two, no one does anything and let the chips fall where they may and the unthinkable occurs, or third, we can only call on our governor to embrace insurance expansion in our state that would allow many more people to become insured which in turn would allow our hospital to be reimbursed for health services and keep our hospital financially sound. Governor, if you can hear us over here in places like Fayette, Lamar and Pickens counties, where some of your most loyal support in this state lie, we stand with you in our positions on the Affordable Care Act but the sad reality is the Affordable Care Act isn't going anywhere and if we continue to stand defiant, we stand to lose our hospital. There comes a time where the political fight must pivot and we do what is necessary to ensure our citizens statewide have access to care and our decisions do not compromise the quality of life our citizens have come to enjoy."

Councilmember Cowart concluded his remarks by quoting former Mayor Guthrie who stated:

*"My town is the place where my house is found. Where my business is located and where my vote is cast.*

*It is where my children are educated, where my neighbors dwell, and where my life is chiefly lived.*

*It is the home spot for me.*

*My town has a right to my civic loyalty. It supports me and I should support it.*

*My town wants my citizenship, not my partisanship; my friendliness, not my dissension; my sympathy not my criticism; my intelligence, not my indifference.*

*My town supplies me with protection, trade, friends, recreation, education, schools, churches, and the right to free, moral citizenship.*

*It has some things better than others. The best things I should seek to make better; the worst things I should help to suppress.*

*Taken all in all, it is my town and it is entitled to the best there is in me."*

[From the speech given by Mayor Guthrie Smith at the Opening Session of the 1992 League of Municipalities Annual Convention.]

#### REMARKS OF COUNCILMEMBER MIKE HARDIN

Councilmember Hardin praised the hospital for the care he received there when he was seriously ill eight years ago.

#### ADJOURNMENT

There being no further business to come before the Council, upon the motion to adjourn being made by Councilmember Cowart and seconded by Councilmember McCraw, the same was unanimously approved.

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Mayor

Attest:

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City Clerk