

The Neshoba Hospital Modernization Project Update

Aging hospital facilities throughout the United States are undergoing major modernizations. Our project here in Mississippi has faced many challenges; however, we believe these challenges have helped us emerge stronger as an organization and more determined than ever. We are committed to building a state-of-the-art medical campus that is both fiscally prudent and practical and carefully designed to meet the needs of all members of our community.

Q: When will the project start and how long will it take to complete?

A: The project is underway and we are now working with a Federal financing agency to secure our FHA 242 loan. We have completed critical steps to get us to this point, and in doing so, we are confident that we can secure the required financing to begin site preparation. From this point, we hope to begin construction during mid-year 2010. Projects of this scope and size are typically completed within 18-24 months.

Q: What will happen to the current hospital and nursing home?

A: The Neshoba County Nursing Home will remain as is and will continue to provide unparalleled care to its residents and their families. Several members of our leadership team are currently discussing utilization of the vacated areas of the hospital. As the project progresses, details will be provided.

Q: What impact does the hospital have on our community's economy?

A: In a 2007 Economic Impact Study, it reported that Neshoba County General Hospital-Nursing Home provided jobs for 580 people and the breakdown of the direct and indirect financial impact was as follows:

| | |
|---------------------|---------------------|
| - Payroll | \$24,520,000 |
| - Supply Purchases | \$23,995,000 |
| - Capital Spending | \$ 1,507,000 |
| Total Impact | \$50,022,000 |

During this same reporting period, the hospital spent approximately \$14,803,000 per year on the goods and services it needed to provide healthcare and generated approximately \$23,995,000 for the local economy. We are in the process of completing a 2009 Economic Impact Analysis and this report will include information about the positive impact this major construction project will have on our community, including the amount of new jobs created.

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Following are some of the initial questions associated with this new phase of the Neshoba County General Hospital Modernization Project as well as details on the many existing and new healthcare services available to you, *close to home*.

Q: Why do we need a new hospital?

A: Healthcare, like many other aspects of our lives has changed dramatically over the years. Our nearly 50 year old facility cannot accommodate growth or the type of innovative technology needed to advance care in our community and meet today's highest standards for patient privacy and quality outcomes. With a modern facility here in Neshoba County, we can continue to provide comprehensive medical services while keeping local dollars in our community and sparing many families the exorbitant costs associated with commuting for their medical care.

A strong hometown healthcare system plays an important role in a rural economy. A viable healthcare system in Philadelphia and Neshoba County will attract new physicians and allied health professionals, as well as external dollars through tourism, new residents and businesses.

Q: Where will the new hospital be built?

A: We have identified a seven-acre parcel of land located on the southeast corner of our current campus, behind the new EMS building. The new location allows us to remain close to the nursing home and adjacent office building, fulfilling the vision to create a truly comprehensive medical and community healthcare campus.

Q: Will the hospital have the same amount of inpatient beds?

A: Over the years, there has been a tremendous shift in healthcare from inpatient care to a higher demand for outpatient services. While our current facility is licensed for 82 beds, the hospital modernization plan includes fewer beds in contemporary, private patient suites which will be better suited for the level of care patients and their families deserve. Our comprehensive plan allows us to build a facility that will accommodate future expansion based on needs and innovation in medicine. Additionally, the plan includes a provision to continue utilizing the current facility to provide care for those patients served through our geriatric psych program.

Q: Will you be adding new services and physicians?

A: Over the past several months, we have been extremely fortunate to welcome Airpark Family Medicine Clinic, the Neshoba Foot and Ankle Clinic and an Urgent Care Center that will help alleviate long-wait times for those who have an urgent but non-emergency medical need. We know that a modern healthcare facility is

vitaly important as we continue recruiting physicians and allied health providers to our community.

As part of our meticulous planning, we have completed a comprehensive market demand study that has helped us determine what new services will be economically feasible and aligned with our mission to remain dedicated to healthcare excellence.

Q: How much will the new hospital cost?

A: It is important that our community understand that a great deal of time and attention has been invested to plan a project that is both affordable and sustainable based on our current assets and patient volumes, as well as our projected growth and revenue. The approved plan will support a \$45 million and approximately 100,000 square foot facility. Key to the success of this modernization project is that we remain focused on building a healthcare campus that will meet the community's needs today and in the future. We are building what we know is needed today and remain committed to identifying new resources such as stimulus or grant dollars that will allow us to expand the project over time.

Q: Is borrowing money to build a new hospital the best option?

A: Yes! After thorough evaluation of all options, we have determined that pursuing an FHA 242 loan from the Federal government is the best course to follow. We are fortunate to be eligible for this loan which will provide the hospital guaranteed fixed rates with the assurance that the tax payers will not be asked to pay any taxes to support the loan.

It is important to note that there are many different models of hospital ownership and governance. And, while some neighboring communities have made the decision to give up local control of their hospital to outside firms promising to lease land and build a hospital in their towns, we are confident in our decision to maintain control of our hospital and for many important reasons. One such reason – during the past few years the hospital has received over \$25 million in government payments for healthcare services provided that had yet to be compensated. Had we given up control of the hospital, we would have not been eligible for these payments.