



Hospital Feasibility Project  
*Market Review – Executive Summary*  
June 2021

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*Big Bend Regional Hospital District*  
*Presidio, TX*

## Study Objectives

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- The Big Bend Regional Hospital District (BBRHD) is charged to “periodically review the feasibility and desirability of operating a hospital in Presidio County.”
- The primary objectives of a study to explore these needs would include:
  1. **Complete a high-level evaluation of the feasibility of a hospital for Presidio County**
    - a) **Volume potential**
    - b) **Facilities required to support the volume**
    - c) **Directional capital estimates**
  2. Outline potential healthcare delivery options for Presidio County based on the above finding:
    - a) Develop a business plan for development of a new hospital
    - b) Consider alternative healthcare delivery model options should volumes not support development of an acute care hospital
- The following report explores Objective #1 above

## Interview Summaries

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### Strengths:

- **Strong community support** for the presence of appropriate additional healthcare services in Presidio
- Existing FQHC is supportive of increasing access to healthcare
- Limited competition due to the geographic isolation of Presidio
- **Expected increase in employment and population** due to several current initiatives including the International Rail Bridge/Port
- Strong and generally positive relationship with Ojinaga
- Existing infrastructure in place to support hospital development (BBRHD)

### Weaknesses:

- **Low and declining population base** – projections continue this decline
- **Physician recruitment may prove challenging** due to Presidio's rural isolated location
  - The majority of Presidio's population is Spanish-speaking - present additional hurdle for recruiting/retaining providers
- **Tax base may not be able to support development** of a hospital
- **Weak payor mix** in the Presidio market
- Continuing need to transport high acuity care to other hospitals

## Interview Summaries

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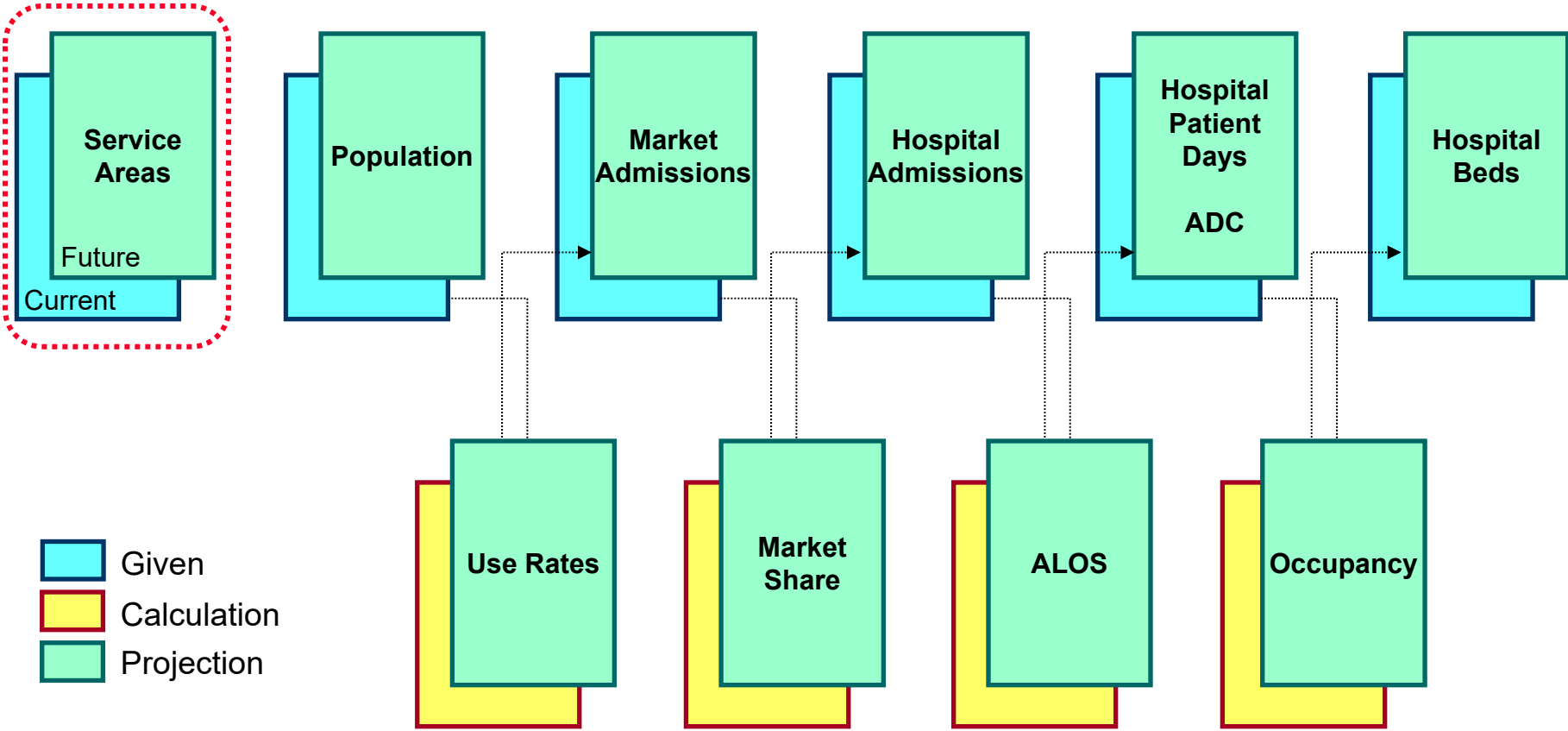
### Opportunities:

- **Partnerships with the existing FQHC** in the market (Preventative Care Health Services) and Big Bend Regional Medical Center
- Enhancing / expanding virtual health options
- **Partnering with Ojinanga** / Hospital Integral de Ojinaga
  - Vehicle for partnership may already exist - The Presidio/Ojinanga Binational Health Council is one of eight Binational Health Councils along the Texas-Mexico border
- Reduce need for / the cost of life flight and ambulance transports

### Threats:

- **Cost of new hospital construction** is currently at an all time high likely exceeds the market's ability to support it
- There is an inverse relationship between Presidio's population and the oil market – when oil is doing well, people leave Presidio to find oil jobs
- Current bill proposing disbanding the hospital district
- **Ojinanga would potentially compete with a Presidio facility** for low-cost ambulatory (i.e. dental and clinic) and pharmaceutical services

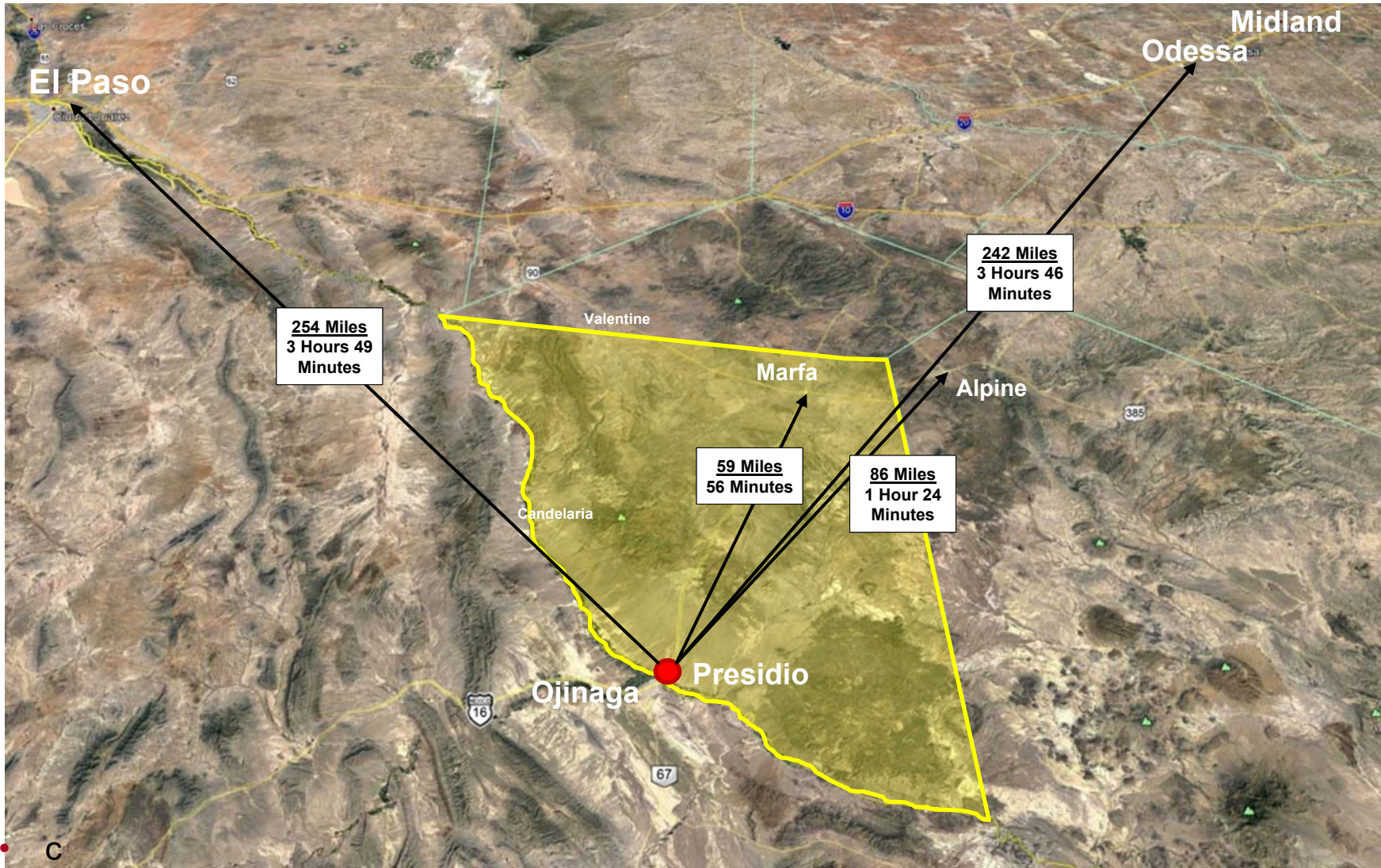
# I. Market Assessment – Service Area *Planning Process*



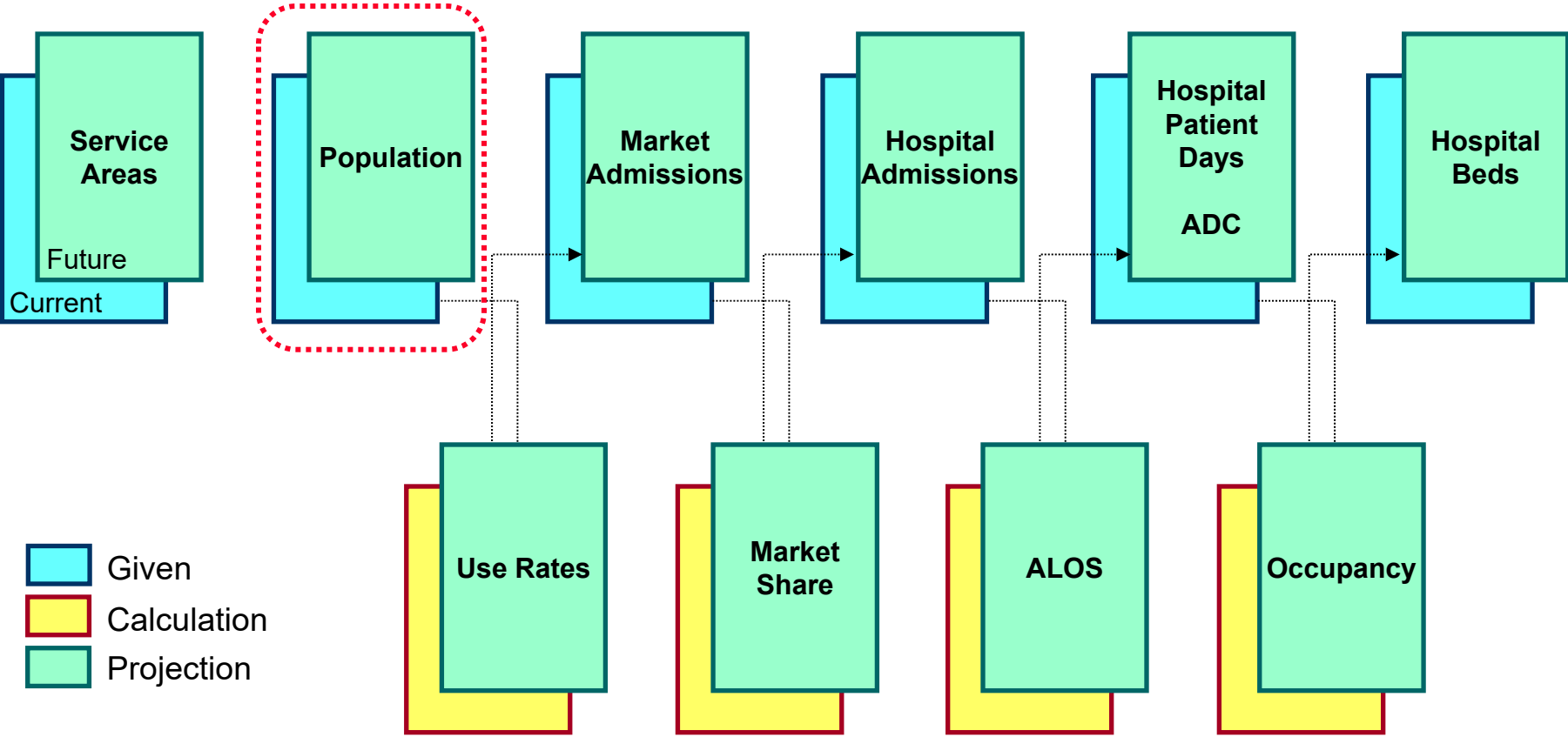


# I. Market Assessment – Service Area

*Presidio County is a sparsely populated county with two main population centers in Marfa and Presidio bordering on Mexico and the town of Ojinaga*

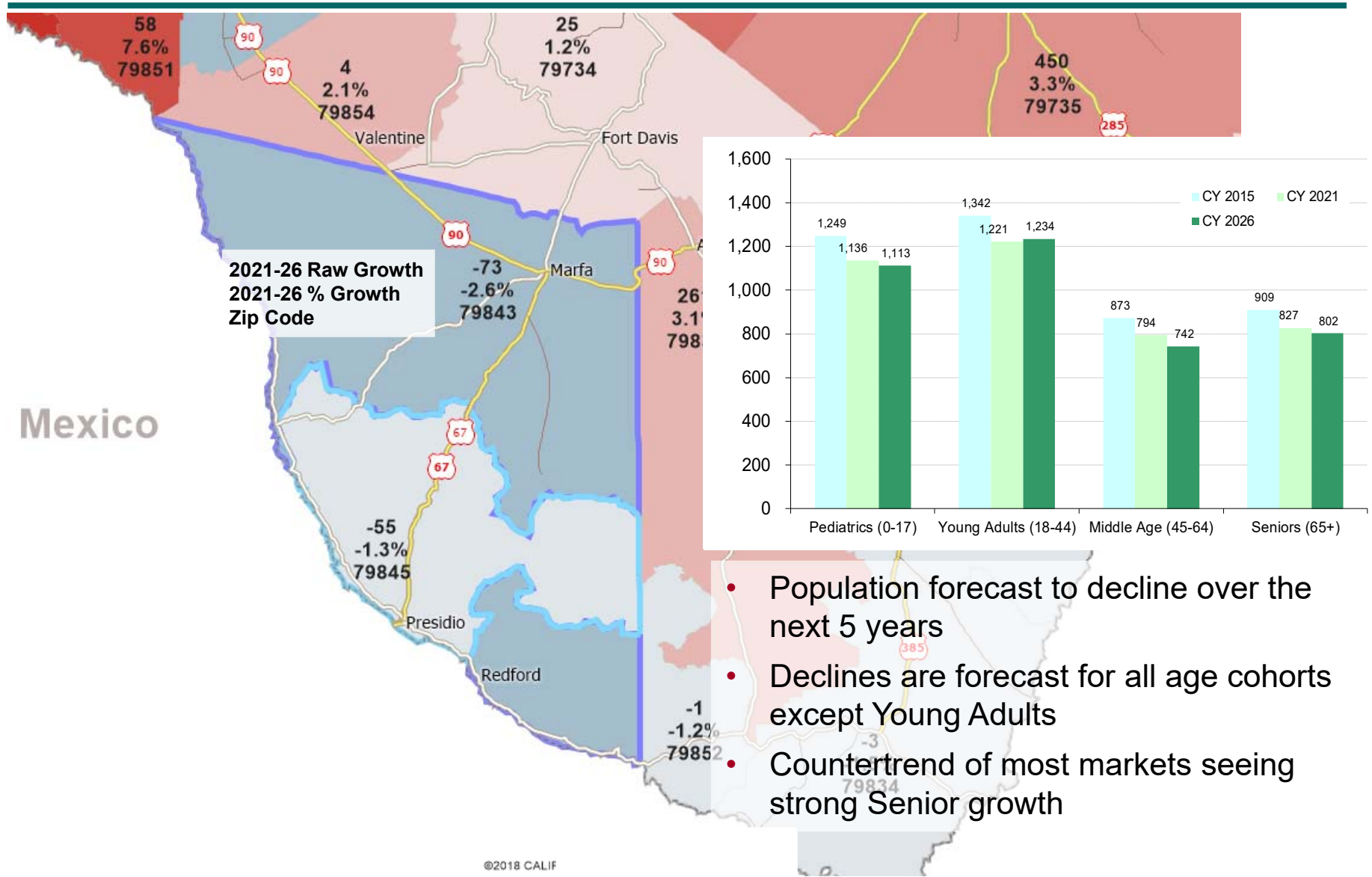


# II. Market Assessment - Demographics *Planning Process*



## II. Market Assessment - Demographics

### *Estimated Population Growth – Population Change 2021-2026\**



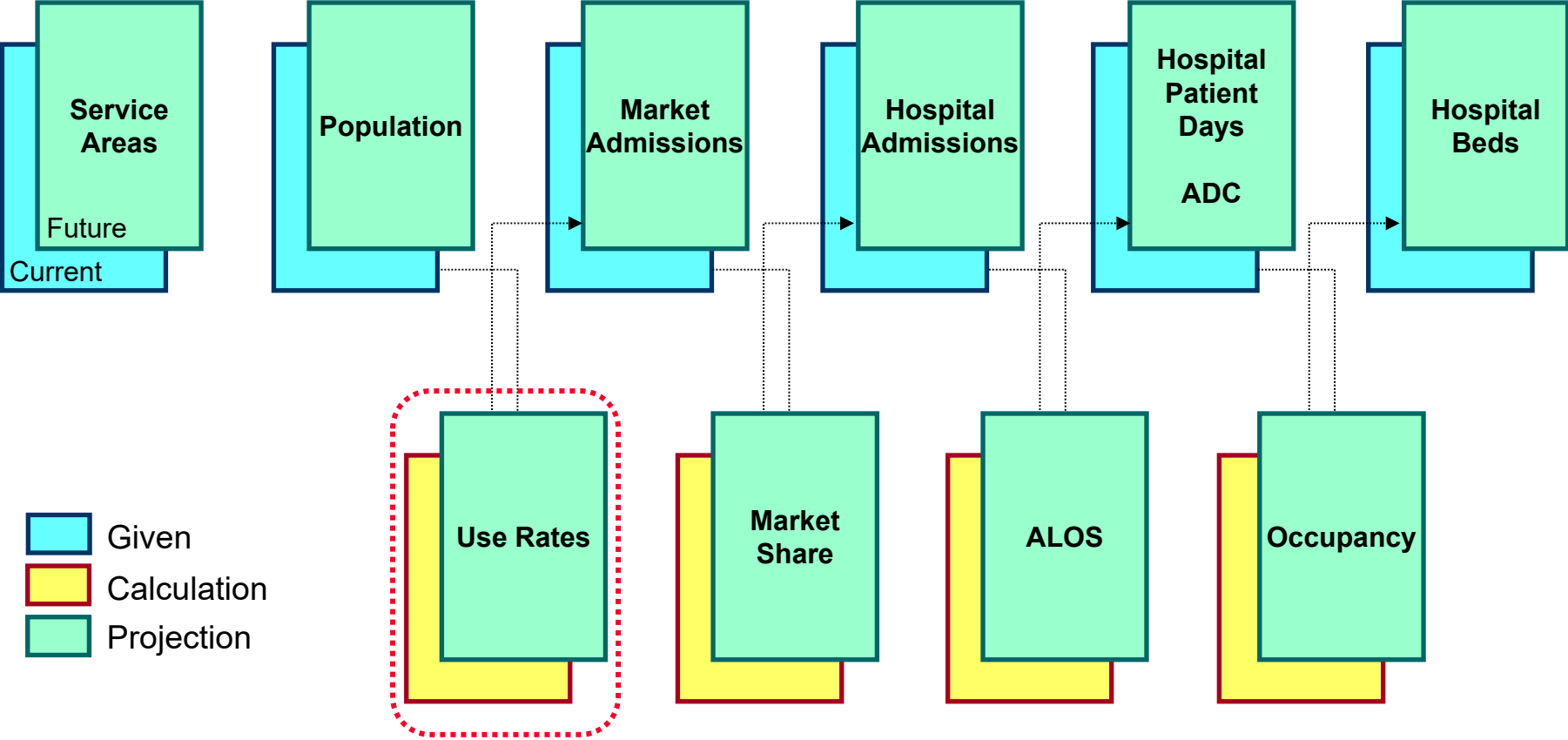
- Population forecast to decline over the next 5 years
- Declines are forecast for all age cohorts except Young Adults
- Countertrend of most markets seeing strong Senior growth

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\*Source: Claritas. 2021 Base year

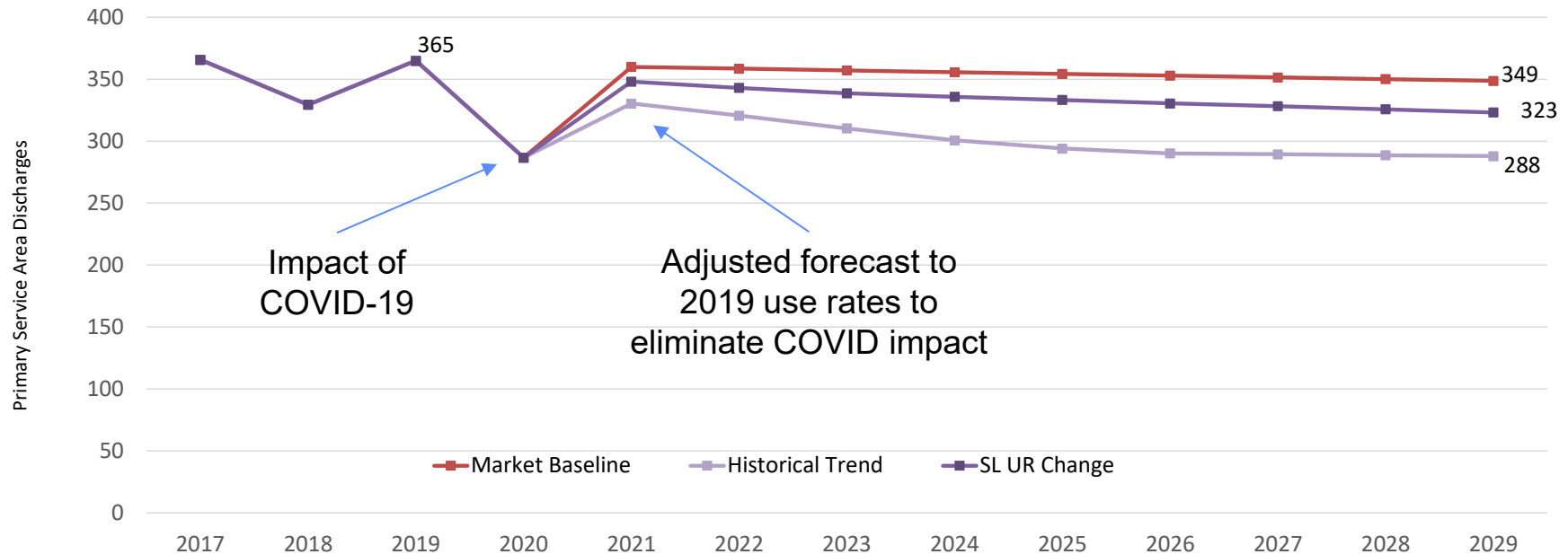


# III. Market Assessment – Use Rates *Planning Process*



### III. Market Assessment – Use Rates

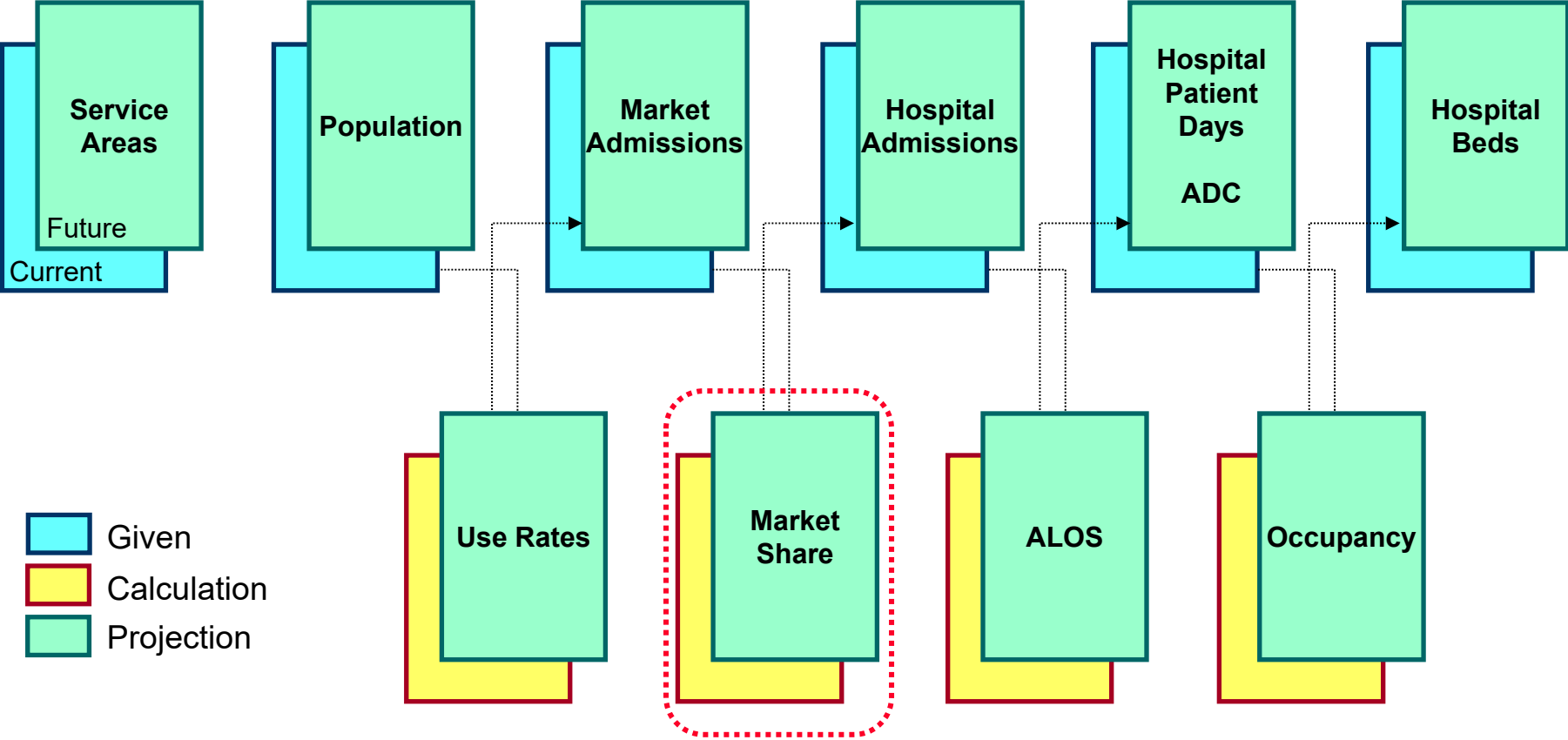
#### *Utilization Rates for Acute Care Services*



- For projections we have employed use rates from 2019 as our base year to filter out the impact of COVID-19
- Applying population growth<sup>1</sup> alone to the current base of discharges would drive an overall decline of 16 discharges across the PSA by 2029.
- Following historical trends of the past few years would see discharges fall significantly
- Building in the impact of forecasted service line changes<sup>2</sup> projects continued declines in inpatient discharges

Source: 1 - Nielsen Claritas. 2020 Base year, THCIC 2020 Data  
2 - Sg2 Impact of Change, 2021

# IV. Market Assessment – Market Share *Planning Process*



## V. Market Planning Baseline

### *Baseline Assumptions*

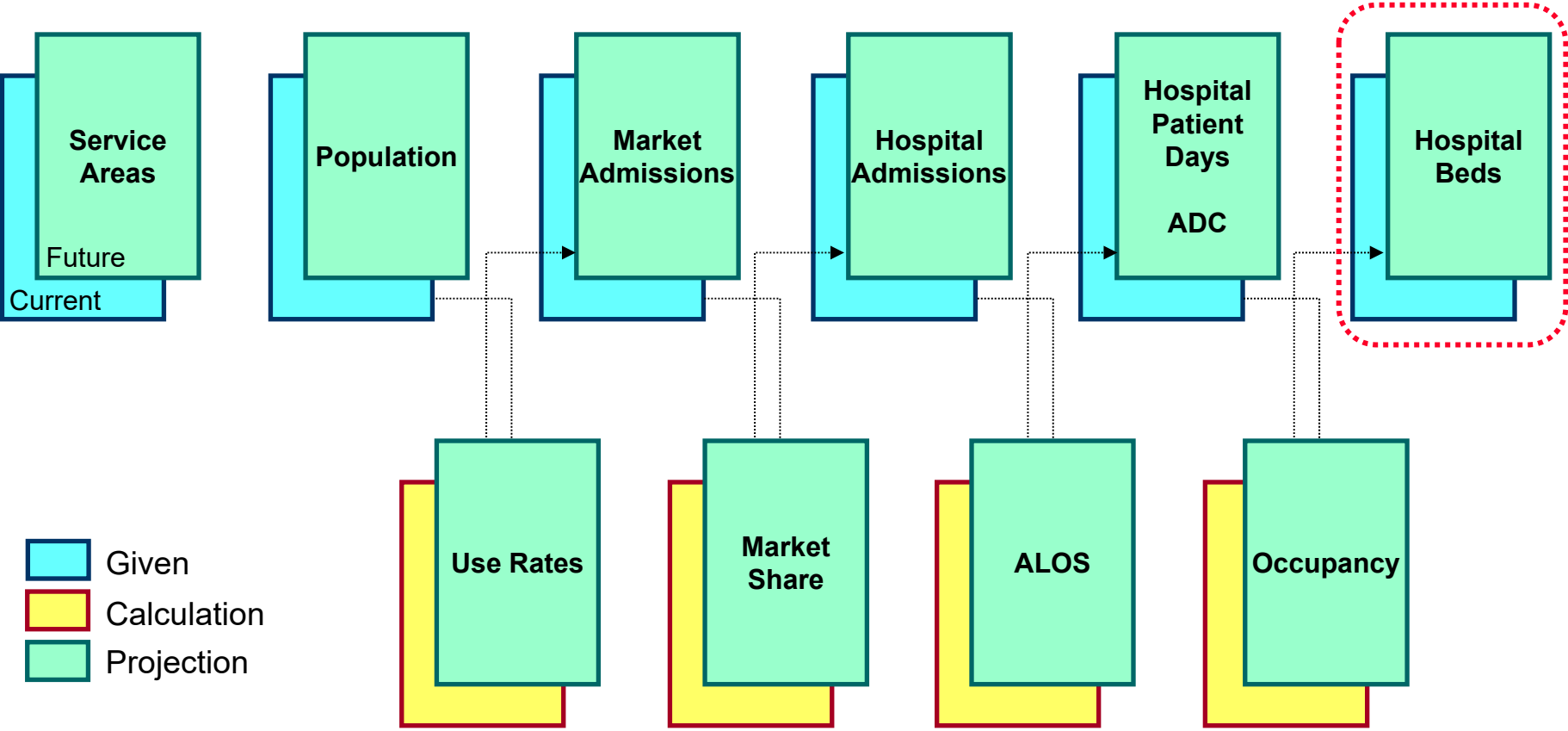
#### *Estimated Target Market Share - Eligible Discharges*

Service Line	PSA	SSA	Presidio County	OOA	2019 Market Total
Cardiology	40.0%	2.0%	28.1%		
Gastroenterology	50.0%	2.5%	30.7%		
Medicine	66.0%	2.5%	40.3%		
Neonatology	50.0%	2.0%	30.8%		
Neurology	33.0%	1.0%	19.5%		
OB/GYN	75.0%	5.0%	63.3%		
Orthopedics	50.0%	1.0%	18.6%		
Urology	25.0%	1.0%	13.7%		
<b>2019 Share</b>	<b>61.3%</b>	<b>2.4%</b>	<b>40.6%</b>	-	

Service Line	PSA	SSA	Presidio County	OOA	2019 Market Total
Cardiology	8	0	8	0	9
Gastroenterology	9	0	10	0	10
Medicine	64	2	66	2	68
Neonatology	7	0	7	0	7
Neurology	9	0	9	0	9
OB/GYN	82	1	83	2	85
Orthopedics	5	0	6	0	6
Urology	2	0	2	0	2
<b>2019 Discharges</b>	<b>186</b>	<b>4</b>	<b>190</b>	<b>5</b>	<b>195</b>

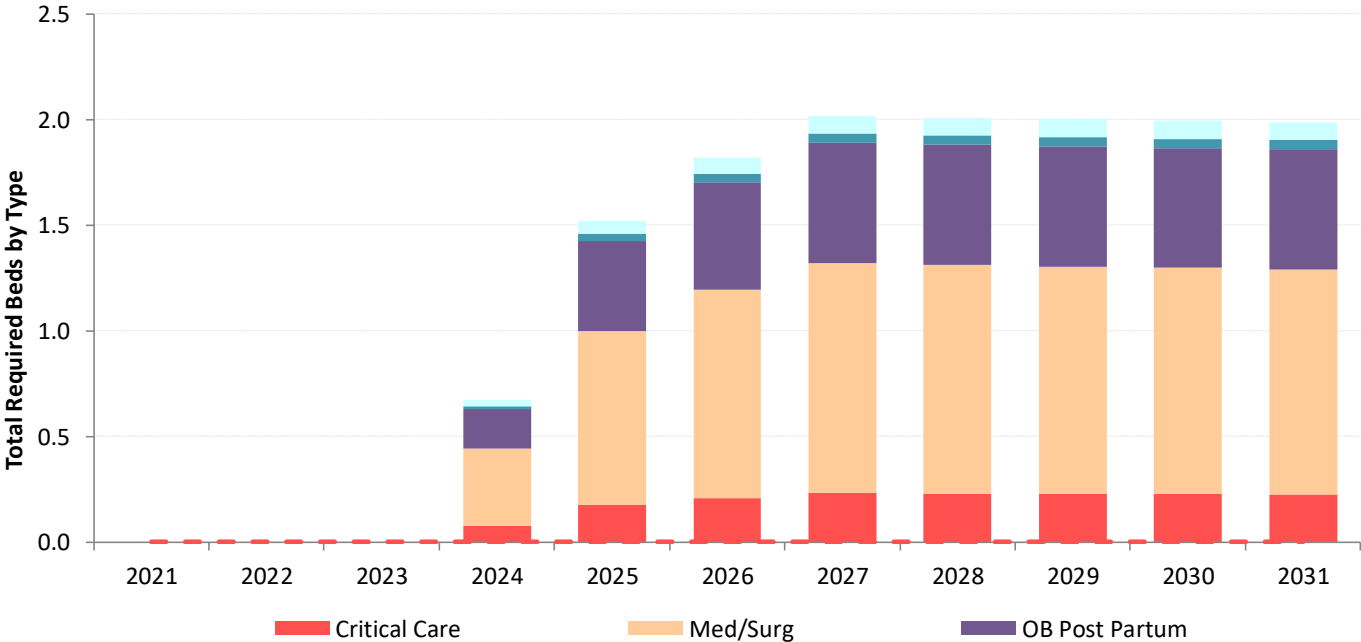
\*Source: THCIC IP Data; 2019 Base Year

# VI. Facility Demand Planning Process



# VI. Facility Demand

## Presidio Hospital Bed Demand *Baseline*



Bed Need	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Critical Care	0.0	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Med/Surg	0.0	0.0	0.0	0.4	0.8	1.0	1.1	1.1	1.1	1.1	1.1
OB Post Partum	0.0	0.0	0.0	0.2	0.4	0.5	0.6	0.6	0.6	0.6	0.6
Special Care Nursery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Acute Care Beds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>1.5</b>	<b>1.7</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>
Observation	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total Required Beds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>	<b>1.5</b>	<b>1.8</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>

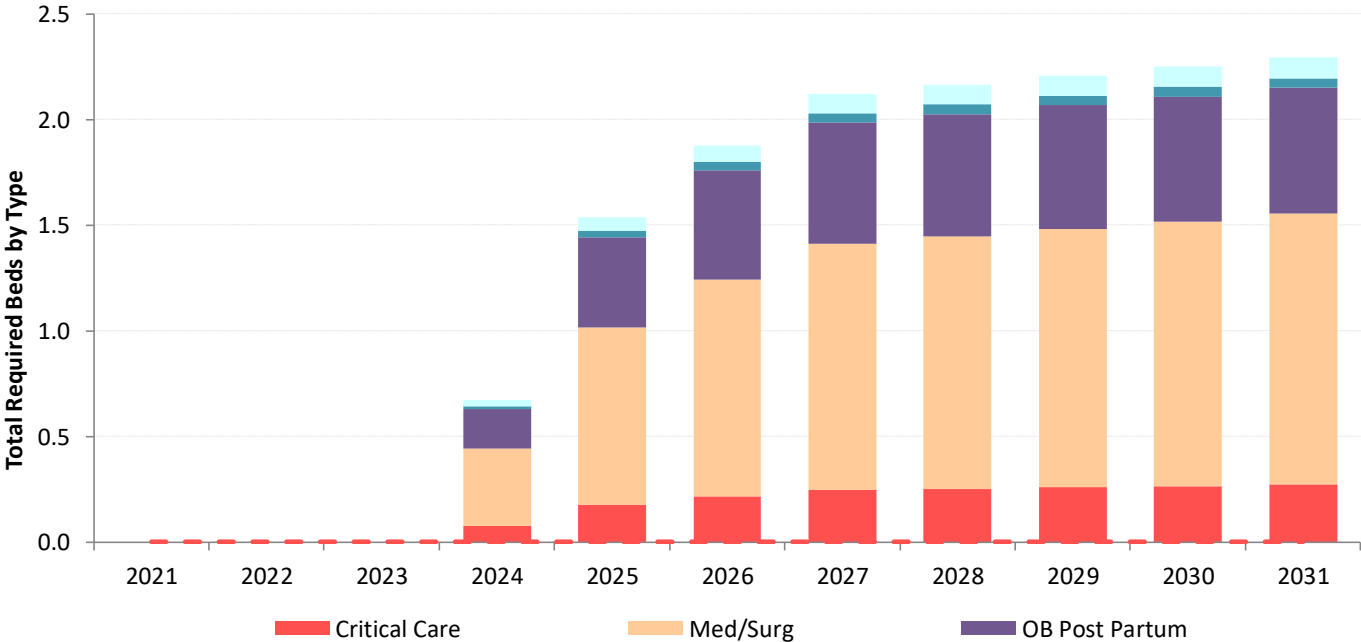
- Baseline bed demand for Presidio would total just 1.9 acute care beds (plus 0.1 beds for observation)

Source: THCIC Inpatient Database 2017-2020, Claritas 2021-2026



# VI. Facility Demand

## Presidio Hospital Bed Demand under High Population Growth



Bed Need	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Critical Care	0.0	0.0	0.0	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Med/Surg	0.0	0.0	0.0	0.4	0.8	1.0	1.2	1.2	1.2	1.3	1.3
OB Post Partum	0.0	0.0	0.0	0.2	0.4	0.5	0.6	0.6	0.6	0.6	0.6
Special Care Nursery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Acute Care Beds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>1.5</b>	<b>1.8</b>	<b>2.0</b>	<b>2.1</b>	<b>2.1</b>	<b>2.2</b>	<b>2.2</b>
Observation	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total Required Beds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>	<b>1.5</b>	<b>1.9</b>	<b>2.1</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.3</b>

- If Presidio’s population were to grow over the next 5-10 years at a rate equivalent to the state of Texas incremental bed demand would increase by 0.3

Source: THCIC Inpatient Database 2017-2020, Claritas 2021-2026

## VII. Conclusions

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- **An acute care hospital in the Presidio market would support approximately 2 inpatient beds** based on an average daily census of 1.5
  - The likely total number of beds that should be developed would be 3-4 medical surgical beds to accommodate season and peak load fluctuations
    - No critical care would be developed as a separate bed unit/type at this volume
    - Very unlikely an “obstetrics unit” should be developed at this volume
  - Emergency Service requirements are similarly limited
- ***It is unlikely that a facility at these volume levels would be accepted by the Centers for Medicare & Medicaid Services as a Medicare approved hospital***
- **Capital Cost for a new hospital are estimated at ~\$15,000,000** but could exceed that figure significantly
  - Capital costs are estimated at a strategic planning level at this time
  - Does not include costs of land acquisition
  - Does not include financing costs

## VII. Conclusions

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- **It is unlikely that a financial case could be made to support hospital development** in Presidio at these volume levels
  - Critical Access Hospitals exist that operate at similar volume but generally operate at a significant loss that must be offset by government subsidies
  - The current cost of construction and equipment is very different than the cost of developing CAH facilities in the past
- BBRHD and Presidio County should likely review options to develop enhanced ambulatory services rather than an acute care hospital at this time
- Alternatives that make sense for further exploration could include:
  - Freestanding Emergency Department
  - Urgent Care Center
  - Enhanced FQHC services