



## Observer-Reporter (Washington, PA)

February 28, 2005

### **Sale should help hospital survive**

Page: A4

Index Terms:

Loc EDITORIALS

Estimated printed pages: 2

Article Text:

It was announced last week that officials of Greene County Memorial Hospital are currently negotiating the sale of the hospital to a Nashville, Tenn.-based company that now owns five other community hospitals in four states.

Essent Healthcare was unanimously selected by the hospital's board of trustees as the potential buyer of the 67-bed hospital, and the sale, pending approval of state officials, could be completed by July 1.

While we would have preferred that the hospital retain its autonomy, we realize such a move was necessary for Greene County Memorial to survive in these times when reimbursements paid by Medicare and Medicaid often fail to cover the hospital's cost of providing services to its primary patients - the elderly and those with low income.

In recent years, the hospital has suffered financial difficulties as it has been besieged by sharply increasing costs, especially for the latest health-care technology.

Founded in 1907, Greene County Memorial has an annual budget of about \$25 million. During the last two to three years it has operated with an annual deficit of about \$1 million.

It also has been at a disadvantage because it does not have a large endowment. Neither does it have easy access to capital, which is necessary to secure the new technologies that are essential to providing care in today's health-care environment.

The hope among hospital officials is that Essent's financial resources will help the hospital expand its services, increase technology purchases as well as recruit new doctors. That is our hope, too.

Perhaps selling to this for-profit company is the best way to go because it means the hospital will be able to continue to serve Greene County residents.

Also encouraging is that the sale is not expected to affect current staff. That is important because, as we have said before, the hospital is fortunate to have Raoul Walsh ! as its chief executive officer.

The founder of Essent said he saw a great potential in Greene County Memorial and is confident it will prosper with the "resources we can bring to it."  
The company, formed in 1999, has been successful because it brings to the table extensive experience in hospital administration and necessary capital.

Access to capital is essential to a hospital. It permits a hospital not only to invest in itself and its facilities but also in new health-care technologies. This helps attract new doctors and in turn, new patients.

And only time will tell whether this infusion of new capital will keep Greene County Memorial a viable health-care provider in the community, or just increase the profit margin of Essent.

We hope the leadership at both institutions know the difference.

Copyright, 2005, Observer Publishing Company of Washington, Pa.  
Record Number: 1088C0D3D4064CF4