

# Rockdale Citizen

## New RMC head is optimistic

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CONYERS - The newly appointed CEO of Rockdale Medical Center offered an optimistic view of the hospital's future despite the recent uncertainty concerning the sale of the facility to Signature Hospital Corp.

Mike Potter's arrival comes at a time when Signature's bid to purchase RMC has been put on hold by the company's primary lender, CapitalSource, due to volatility in the nation's credit markets.

Signature officials said they are waiting for the credit situation to improve and look to complete the \$87.7 million transaction within the next 60 to 90 days.

Potter, who is on loan to RMC from Signature, said his primary job is to make the hospital's operations as accurate and efficient as possible.

"I'm here for the long haul," he said. "I have to view it that way. Otherwise, the hospital stays in a situation where they aren't sure what's going to happen from a day-to-day perspective, and I want to do what I can to eliminate that. My approach is that we are going to be here for the long term."

Potter's optimism is due to several reasons, he said, including the dedicated group of physicians and staff already in place, along with the senior administration that he credits with managing the hospital well during a difficult time.

During public hearings surrounding the pending sale to Signature, RMC officials said the hospital's debt obligations continue to be a major concern. The hospital just barely met the bond covenants last year.

RMC continues to operate at a loss even though administrators report the hospital's cash flow and revenue continue to improve. Auditors reported RMC operated in the red by \$7 million in 2007 - a significant improvement from the \$13 million in losses reported in 2005.

RMC Chief Financial Officer Sandy Albrecht said the hospital had the highest collections month in January in its history with \$9.1 million. Albrecht also said she expected \$40,000 in savings this month in interest on RMC's debt thanks to recent actions by the Federal Reserve to cut its interest rates to banks.

However, the challenge remains RMC's debt ratio covenant, which requires the hospital to be able to cover the total \$85.7 million bond debt at a rate of 1.2 times at any given time.

Later this year, RMC will be required to meet an incremental increase in its annual bond debt payment. The next payment is due Oct. 1 in the amount of \$2.49 million, following a payment made in October 2007 of \$2.36 million.

Other challenges facing RMC are pending changes in how Medicare pays for services in the coming year. Potter explained Medicare's existing payment system on diagnosis-related groups,

or DRGs, will be revised to include additional levels of severity for various illnesses and diseases the federal benefits program covers.

In other words, he said, Medicare is tightening the way it pays for services provided in an effort to save money by making sure the highest payments go to those patients with the most dramatic complications from illnesses. Medicare soon will require more documentation from hospitals to justify payment for services, Potter said.

"The challenge for the hospitals then is to make sure that we accurately document all the complications and co-morbidity rates," Potter said. "We want to make sure we are documenting the actual care we are giving the patients so when they calculate which DRG it falls into, we got everything we did for the patient in that documentation to make sure we're in the appropriate payment category."

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