

Federal Report Threatens 26 Rural Hospitals In S.D.

BY CHET BROKAW
Associated Press

PIERRE — Twenty-six rural hospitals in South Dakota are threatened by a federal agency's proposal that could take away the extra payments they get for service to Medicare patients, a move that might even force some hospitals to close, a state official said.

State Health Secretary Doneen Hollingsworth said the proposal is a long way from being approved, but state officials plan to fight the proposed change in the way rural facilities designated as critical access hospitals are reimbursed for care provided to Medicare patients.

"There would be a big hole, a big gap, if some of these facilities weren't able to stay open because of reimbursement policy," Hollingsworth said.

Critical access hospitals generally have to be 35 miles away from the nearest other hospital, but South Dakota and other states previously were allowed to designate other facilities that did not meet that distance requirement as critical access hospitals.

The Office of Inspector General in the U.S. Department of Health and Human Services recently recommended that Congress be asked to let federal officials re-examine hospitals within 35 miles of their closest neighbors, keeping critical access status and the higher payments only for those that serve patients who otherwise would not have reasonable access to hospital services.

The report said nearly two-thirds of the nation's 1,329 critical access hospitals would not meet the 35-mile distance requirement, and Medicare would save substantially if eligibility requirements were changed.

Critical access hospitals are reimbursed for 101 percent of their costs of treating Medicare patients, a much higher rate than other hospitals receive. The difference in 2011 was about \$860,000 per rural hospital, according to the inspector general's report.

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DONEEN HOLLINGSWORTH

In a response, the federal Centers for Medicare and Medicaid Services generally supported the recommendation, but said it specifically supports President Barack Obama's more limited proposal to eliminate critical access status only for hospitals less than 10 miles from another hospital and to cut the reimbursement to 100 percent of reasonable costs.

Hollingsworth said she interprets the inspector general's report to threaten the 26 South Dakota hospitals the state designated as critical access hospitals even though they are less than 35 miles from other hospitals. Another 12 rural South Dakota critical access hospitals are not threatened because they are more than 35 miles from their closest neighbor.

The rural hospitals need the higher Medicare payments because they cannot make ends meet at the lower rate paid to larger hospitals, Hollingsworth said. Those smaller hospitals don't have enough other patients to subsidize losses on Medicare, she said.

Hollingsworth said she doubts Congress will accept the proposed change, but state officials will work with South Dakota's congressional delegation and others to fight the proposal.

"Believe me, we'd be weighing in loud and clear," she said.

Mark Thompson, chief financial officer of Regional Health, said he doesn't know if the proposed change would lead to the closure of the system's hospital in Deadwood. But the loss of critical access status would cost the Lead-Deadwood Regional Hospital about \$500,000 to \$750,000 a year because Medicare reimbursements outside the program are about 70 percent

of what critical access hospitals get, he said.

Reimbursements to critical access hospitals already have reduced from 101 percent of costs to 99 percent because of the automatic federal budget cuts, Thompson said.

"If you're going to further reduce the hospital reimbursement, it would make it difficult to provide the same level of service in these communities, if not impossible," Thompson said.

Mike Burket, CEO of the Platte Health Center, located about 29 miles from the nearest other hospital, said his facility's existence would be threatened if it lost the higher Medicare reimbursement. Not only Medicare patients, but also others would have to travel farther for care if the hospital closed, he said.

"It would have catastrophic effects for health care," Burket said.

In nearby Parkston, Avera St. Benedict Health Center CEO Gale Walker said his hospital might survive the proposed change because it also operates a nursing home, assisted living center, a medical clinic and other facilities. But he said the hospital would have to cut back on community services like health screenings and education and might look at staff cuts.

Dave Hewett, president of the South Dakota Association of Health Care Organizations, said he doubts the proposed change will get approved, but he's worried it could lead to a compromise that that would still cut funding to rural hospitals.

"There's no middle ground on this, and we will basically defend our critical access hospitals as long as we have to," Hewett said.

Cattle Ranchers Hope South Dakota Beef Plant Will Reopen

BY DIRK LAMMERS
Associated Press

SIoux FALLS — North Dakota feedlot operator Jeff Kvamme finishes loading cattle onto a truck and bemoans the animals' 450-mile one-way commute to Dakota City in Nebraska.

If the long-troubled Northern Beef Packers beef processing plant had achieved its grand plans of processing 1,500 head a day, the trip would be a 150-mile jaunt down to the South Dakota city of Aberdeen.

"It'd be nice to see it reopen under someone else so we still have that option of sending cattle there," Kvamme said.

Northern Beef Packers opened its \$109 million state-of-the-art facility on a limited basis in 2012 after years of delays. But its owners filed for bankruptcy protection less than a year later saying they didn't have enough money to buy cattle to slaughter.

Now, as creditors grapple with who will get paid in the case, which could be headed to liquidation, the region's feedlot operators are hoping someone can buy and reopen the plant.

The tight economic times make it even more important to have a closer facility, said Todd Wilkinson, vice president of the South Dakota Cattlemen's Association and owner of a feedlot west of DeSmet.

"Our biggest concern, however this whole thing plays out, is to have an operating facility in Aberdeen, South Dakota, that can process our cattle," Wilkinson said. "There's a huge need."

Land for the Aberdeen plant was first secured in 2006, but the company wasn't able to slaughter its first animal until late in 2012. Since then, it has struggled to reach anywhere near its production target of 1,500 head per day from the Dakotas, Nebraska, Iowa and Minnesota.

With \$138.8 million in liabilities and just \$79.3 million in assets, according to court documents, the plant has laid off most of its employees and

halted production.

Still, the shutdown shouldn't have a significant influence on an industry already dealing with a cattle shortage and production overcapacity, said Duane Lenz, analyst and general manager with CattleFax, which tracks the industry. "They never did get much slaughter going," he said. "If they had been in there killing 1,500 a day then it'd sure have more impact."

But the idled plant has value, Lenz noted. He said a buyer could step in and revive it like one did for Future Beef Operations in Arkansas City, Kan.

That plant opened in August 2001 as a pioneer in the industry for using modern technology, a more humane method of slaughtering cows and innovations in food safety. But it filed for bankruptcy just seven months later and lost more than \$200 million before closing in 2002. The company was more than \$160 million indebted to a Canadian Bank, which bought the plant for only \$28.7 million and turned over operations to Creekstone Farms.

"It's been humming ever since," Lenz said.

Northern Beef Packers was initially locally owned, but Korean businessman Oshik Song now owns 41 percent of the company with the rest divided among 69 other Korean investors under a federal program that encourages foreign investment. Messages left for company officials Thursday by The Associated Press weren't immediately returned.

The plant was pitched in 2006 in response to then-Gov. Mike Rounds' South Dakota Certified Beef initiative. Rounds hoped to get the state's ranchers premium prices by allowing consumers to track animals from birth, through a feedlot and to a meatpacking plant.

For that program to move forward, Wilkinson said, an operating processing plant in Aberdeen is crucial.

"It's been a long struggle with this facility but we'd sure love to see it open," he said.

60-Year-Old Daugaard Makes 1st Skydive

MADISON (AP) — South Dakota Gov. Dennis Daugaard says his first skydive was an "absolutely incredible" experience and he likely will do it again.

The 60-year-old governor jumped from a plane over Madison on Wednesday night in tandem with an instructor, plunging 10,000 feet before landing safely in a field. He did it to fulfill a pledge to help raise money for Children's Miracle Network Hospitals.

"I'm a little bit nervous but not much," he said before the jump, according to KDLT-TV. "I'm mostly excited."

Daugaard had pledged to jump with Madison Dairy Queen owner DeLon Mork if the restaurant sold more than 32,000 Blizzard treats during a recent nationwide fundraiser. The restaurant sold more than 38,000. The jump had been planned for Aug. 15 but low clouds derailed that attempt.

First lady Linda Daugaard joked that she initially said "no do-overs" after the first jump was canceled but that she was proud of her husband.

"I've skydived before, and I wanted him to experience that as well," she told the *Argus Leader* newspaper.



Daugaard

Gov. Daugaard, who said "second time's the charm," indulged in some gal-lows humor as his plane

pulled away from the crowd to take off.

"Take care of my daughter!" he yelled to his senior adviser, Tony Venhuizen, who is married to Daugaard's daughter Sara.

Under canopy, Daugaard said, his tandem instructor yelled a question.

"He said, 'You want it mild or wild?'" Daugaard said. "I said, 'Well, let's make it interesting.'"

The instructor then pulled on a cord, sending the pair swooping off through the air on a spiraling descent. Daugaard whooped with joy as he came to the ground.

"Oh what a thrill," he said. "The first 5,000 feet flying down was just incredible, just absolutely incredible. And then the parachute jerks, and then suddenly you're floating and it's perfectly quiet."

More than 100 people showed up at the Madison airport to witness the jump.

S.D. Political Activist Found Guilty

MADISON (AP) — A jury took slightly more than an hour late Thursday to convict a Republican political activist of breaking state election law by engineering illegal automated political calls before the 2012 election.

Daniel Willard, 32, was found guilty Thursday of four misdemeanor counts, the *Argus Leader* and KELO-TV reported. Each count carries a maximum penalty of a year in jail.

He was sentenced to 30 days in jail for each count, but the time was suspended, Attorney General Marty Jackley said in a news release.

Authorities accused him of setting up the robocalls targeting GOP legislative leaders he and another man believed failed to support veterans — without filing the required disclaimers identifying the sender.

Prosecutors argued that Willard, who has clashed with leaders in his own party, used his personal credit card to buy a cellphone that was used to make the calls.

His lawyer, Shawn Tornow, argued that his client was targeted for prosecution for political reasons, that a co-conspirator in the robocalls was an unreliable witness and that the law hadn't been broken because Willard's political organization wasn't clearly required by law to register with the Secretary of State before engaging in political communication.

But Assistant Attorney General Brent Kempema countered that Willard's involvement in the placement of political calls ensured they couldn't be traced to the organization behind it. The calls were attributed to the group "Veterans Against Unethical Politicians," a group that wasn't registered with the Secretary of State in South Dakota or with the federal government.

Gary Dykstra, who's accused of helping Willard, testified Wednesday and was given immunity from prosecution for doing so.

DWU Dedicates Health Sciences Center

MITCHELL (AP) — Dakota Wesleyan University has dedicated its new \$11.5 million Glenda K. Corrigan Health Sciences Center.

The four-story, 48,000-square-foot building features chemistry, biology, research and nursing simulation labs, as well as classrooms for nursing, athletic training, sciences and mathematics.

The event featured a formal dedication at the Sherman Center. Guests were then led through Jackson Plaza to the science center, where a band and choir performed.

A formal ribbon cutting was followed by a picnic-style meal in the east main dining room, moved from outside because of the expected hot temperatures.

Man Gets Prison For Church Burglaries

SCOTTSDLUFF, Neb. (AP) — A Scottsbluff man will serve at least eight years in prison for stealing from two churches in the Nebraska Panhandle this spring.

KNEB reports 29-year-old Thomas Wright, Jr. was sentenced to 16 to 20 years in prison, but he will be eligible for parole in eight years.

Wright has admitted to breaking into Immanuel Lutheran Church in Alliance and stealing more than \$1,500. He also says he took a money bag from St. Matthew's Episcopal Church in Alliance.

In exchange for his guilty pleas, the state did not pursue charging Wright as a habitual criminal.

School District: Crop Duster Sprayed Bus

BELMOND, Iowa (AP) — Students in a northern Iowa school district were treated at a hospital Thursday after a crop duster accidentally flew over and sprayed their bus, according to officials investigating the incident.

The students from the Belmont-Klemme Community School District were traveling to an elementary school and combined junior and senior high school in Hancock County when the incident happened, Superintendent Kirk Nelson said.

Nelson said at least seven students were in the bus when the crop duster flew over and sprayed what he believes was insecticide. About 25 additional students were then picked up.

The district later contacted parents and guardians, and the students were taken to a local hospital as a precaution. None of the students has reported feeling ill, Nelson said. A note about the incident was posted to the district's website, and it suggests that caregivers also take the students to their family physician.

Nelson said the ages of the students are unclear because multiple district buses take students to different schools.

It's unclear what company owns the crop duster. The Hancock County sheriff's office has not released additional information.



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