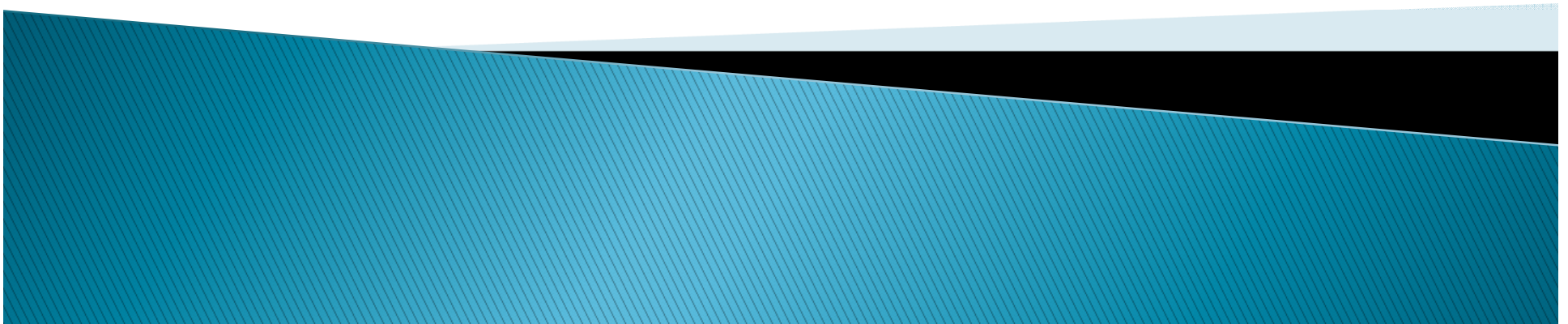


# The Future of the Hospital & Long term Care

All Staff Meeting  
January 3, 2012



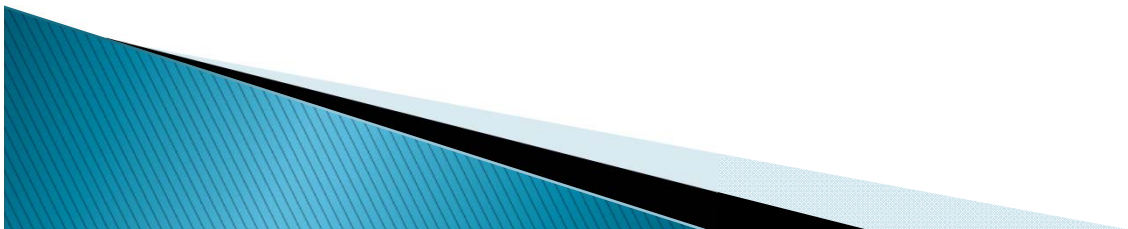
# Swing Bed Transition

- ▶ Current census 27
- ▶ Goal 25 by end of January
- ▶ Waiting DOH approval on Bed Banking
- ▶ Currently have a waiting list
- ▶ Concerned about not having availability for community members
- ▶ Bigger goal is to stay open
- ▶ Changes contributing to short term cash flow issues



# Cash Flow is a Big Concern

- ▶ Experiencing a disruption in cash flow as a result of the changes
- ▶ Need a plan to deal with this on a short term basis
- ▶ It may take up to a year or longer for our Medicare rates to stabilize
- ▶ This cash flow squeeze happened sooner & was much more dramatic than we anticipated



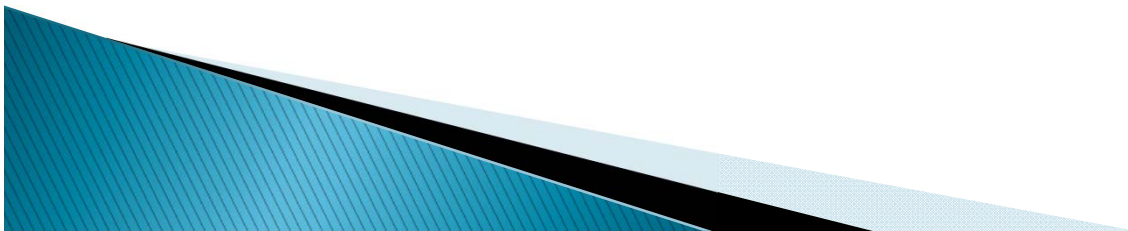
# Commissioners Pass Levy Resolution

- ▶ Need a levy to bridge the gap until Medicare reimbursement stabilizes
- ▶ 1 year \$750,000 special levy
- ▶ \$2.32 per \$1,000 of assessed property value
- ▶ District would then secure tax anticipation financing
- ▶ Positive impact from windmills on tax capacity of the community



# Cost Based Reimbursement Difficult

- ▶ Cost based reimbursement is difficult for consumers to understand
- ▶ Hard to explain swings in financial position
- ▶ Other Hospitals have had similar experiences and we need to learn from them
- ▶ Avoid making any reductions that harm our long term reimbursement



# Will Take Time for Cash Flow to Stabilize

- ▶ Need to close \$70,000 per month cash flow gap
- ▶ We are on budget it is just our cash flow that is the issue
- ▶ Revenue and expenses are on budget
- ▶ Medicare contractual adjustments are eating away at our available cash



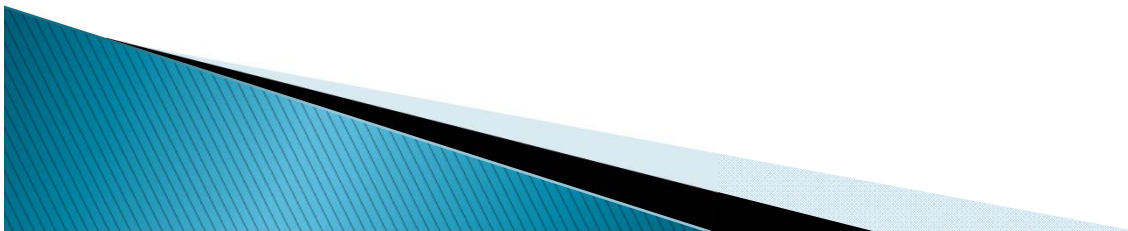
# Difficult but Necessary

- ▶ Need to implement a temporary reduction in force
- ▶ Non-direct Care positions
- ▶ Necessary to prevent us from running out of cash
- ▶ Every position is important in the organization
- ▶ Still the goal to prevent any permanent lay-off
- ▶ Could not get there with voluntary reductions



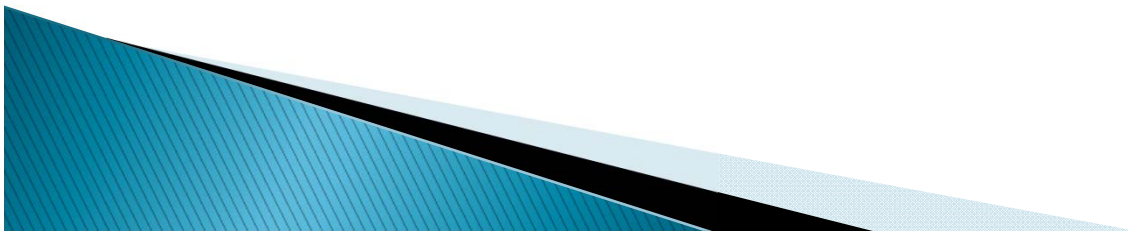
# Difficult but Necessary

- ▶ Sharing the burden of these reductions, as evenly as possible
- ▶ Save jobs
- ▶ Preserve extraordinary talent
- ▶ Sustain high quality of care for our community
- ▶ Still reduce costs.



# Difficult but Necessary

A temporary reduction in non-direct care staff is the best alternative because it tries to preserve every position in the organization, allows us to add back resources as cash flow allows, and avoids long term negative effects to cost based reimbursement.



# Priorities – Mission Critical

- ▶ Our mission has not changed
  - ▶ Care and safety is always our top priority
  - ▶ Two other priorities
    - Revenue Generation
    - Cost Reduction
  - ▶ Bottom line: Outside of care, anything that affects cash flow is a top priority
- Care – Cash Creation – Cost Reduction



# Impact on Work Flow

- ▶ Direct care staff has already been adjusting their workloads
- ▶ Biggest impact of this will be non-direct care staff
- ▶ Business office will be closed Fridays
- ▶ Clinic will be closed Friday afternoons
- ▶ Meeting schedules will be revised
- ▶ Please be patient with each other



# What Next

- ▶ Not certain how long this will last
- ▶ Special Levy vote February 14, 2012
- ▶ Stay plugged-in

