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Deckerville Community Hospital employees help with hospital cash flow issue

January 28, 2009 - Today, Deckerville Community Hospital announced that its employees will be taking their choice of either a 15% pay reduction or a 20% reduction in their work week, for the duration of the month of February, 2009. The hospital also announced it will be closing its Deckerville Healthcare Services Walk-In Clinic in Lexington for the month of February.

The announcement comes after hospital administration released a memo dated January 9 to all employees, in which details of a cash flow issue were provided. Staff was given the option of taking either a temporary reduction in their work hours or a pay reduction for the month of February. The hospital's biweekly payroll is nearly \$100,000. While difficult, this one month reduction will allow adjustments without the need to reduce staffing or expenses on a long term basis.

Hospital administration attributes the current cash flow issues to several causes, including seasonal reduced revenue, an increase in bad debts, increased payment demands from vendors, and the implementation of a new financial system, which has caused a transitory interruption in the flow of incoming revenue. It is expected that seasonal patient volume will increase in March with the return of the snowbirds, and with that will come an increase in cash flow.

The pay reduction will affect all staff, across the board. "Since the administration is asking employees to make this personal financial sacrifice, it's only fair that we all make the same sacrifice," says CEO Ed Gamache.

Chief Financial Officer Caren Puvalowski states, "The national economic downturn is hitting all businesses hard – and our hospital is not excluded. There are so many difficult conditions in the healthcare market right now, such as a low reimbursement rate from insurances like Medicaid. These short term payroll reductions will be very helpful in addressing our hospital's current cash flow concerns."

Brad Apsey, President of the Hospital Board of Directors, notes that the Board members are very impressed by the employees' reaction to the short term solution. "When presented with the difficult choices put before them, they immediately identified their preference, and committed themselves to help find a way to continue operation of the hospital."

Department supervisors are working to create flexible schedules to accommodate those employees who choose to reduce their work hours. One employee states that the proposed solutions are "better than layoffs or a reduction in staff. If a temporary pay cut avoids more drastic solutions, I'm in favor of it."

Pay cuts will become effective January 28, and there is no anticipation they will continue past February 25, 2009. Accrual of benefits for employees during the pay reduction time period will not be affected by the temporary reductions. All hospital employees will be returned to their current employment status beginning March 1.