



## Financial Stability Plan for 2012 – Executive Summary

### January 2012

OMC faces significant and unprecedented financial challenges in 2012 and beyond. These challenges include reduced Medicare reimbursement, reduced reimbursement from Washington State programs such as Medicaid, Basic Health and Disability Lifeline, increased uncompensated care costs and higher costs of operations (pharmaceuticals, electricity, medical benefits, wages, etc.). The following actions are necessary to keep OMC financially stable and position our organization to survive in the changing health care environment:

1. Delay the Emergency Department (ED) expansion by one year.
  - a. Open a Sequim Urgent Care Clinic in 2012 to help with ED overcrowding.
  - b. Hospital ED will expand to use the three exam rooms on the first floor of the hospital previously used by orthopaedics.

**Result: Reduces 2012 Capital Budget by \$4.5 million.**

2. Cut planned 2012 capital spending by an additional \$1 million.

**Result: Reduces 2012 Capital Budget by an additional \$1 million.**

3. Significant focus on advocacy as the federal and state governments make major funding decisions.

**Result: To be determined.**

4. Grow services.

- a. Meet health care needs locally in areas such as neurology, cardiology, sleep medicine, orthopaedics, cancer care, primary care and other services.
- b. Continue focus on maintaining and improving clinical quality and patient service.

**Result: Goal to add \$1 million of additional 2012 revenues.**

5. Control expenses.

- a. Focus on reducing hiring, limiting wage increases, cutting non-labor expenses, reducing overtime, limiting travel/education costs, and reducing program costs.
- b. Improve departmental efficiencies using Lean Process Improvement.
- c. Pay off 2005 and 2006 Bonds in 2012 to save interest expense.

**Result: Goal to reduce expenses by at least \$1.5 million from budgeted 2012 amounts.**

6. Focus on our Swedish Medical Center affiliation.

- a. Complete the buying group implementation.
- b. Install Epic electronic medical records in 2013.
- c. Expand local clinical services.

**Result: Savings and revenues included in items 4 and 5 above.**

7. Complete adjusting hospital employee benefits to market.

**Result: By aligning OMC's above-market benefit structure with the health care market, we address a benefit cost structure that is no longer sustainable.**

What the Plan does not include is program or service reductions that would affect our patients and community. The Plan also does not include laying-off employees or outsourcing our valued employees. This Plan may have to be modified as the federal and state governments make program and reimbursement reductions in 2012.