

**MMH Weathering a Bump in the Road**  
**Hospital Happenings**  
**December 2007**

The year 2007 has been a financially challenging year at Montrose Memorial Hospital. Over the past months, we have seen a volume driven financial downturn that has resulted in the hospital projecting an unaudited loss of close to \$288,922. In response to our changing healthcare market and an increase in local competition, we were forced to take actions to adjust our staffing levels. These actions impacted less than 2% of the hospital's workforce of 550 employees.

Our current financial challenges are significant, but not unique to MMH. The hospital is financially solvent and in a strong financial position; however, as any prudent person would do during difficult times, we have tightened our belt until our bottom line improves. We are confident the downturn is a temporary and short-term situation.

I would like to take this opportunity to explain who owns and manages Montrose Memorial Hospital. MMH is a not-for-profit, county owned facility, which is self-funded. Our annual budget is not part of the county's budget and we don't share any revenue or expenses with them. We do receive, and are grateful for, a subsidy from the County to help offset the losses associated with running our regional clinics. The hospital is projecting a loss of \$684,631 for our outlying clinics and the county has increased our stipend from \$100,000 to \$400,000 to help cover this loss. As a county facility, it is our mission to care for anyone who comes to us for care, regardless of their ability to pay. Out of our total gross revenue for January - November 2007 we have written off \$7,910,238. \$3,325,838 of that amount is for charity care and \$4,584,400 has been written off for bad debt.

The County Commissioners appoint a Board of Trustees who agree to serve a five-year term. These board members are local volunteers, who are concerned about local healthcare issues and work hard to oversee the hospital functions. MMH has contracted with a management company called QHR (Quorum Health Resources) to assist in overseeing the day to day activities at MMH. QHR's annual fee is a flat rate and not a percentage of the hospital's profit. The management fee includes a group

purchasing agreement which helps our MMH participate in large group purchasing contracts to receive better prices on supplies and equipment. The staff and physicians also have access to many consultants and educational opportunities that help up stay current with the always changing world of healthcare. The cost of these services on the open market far exceeds the flat rate of the QHR contract each year.

In addition to tightening our belts, we are looking at ways to grow our services and enhance our revenue. We are proud of our new Acute Rehabilitation Unit (ARU) which is a ten bed unit that caters to people who need extensive inpatient rehabilitation. People who have had strokes, extensive joint replacement surgery, head and spinal cord injuries or major multiple trauma, may be candidates for this service. We have received our certification for this unit and know it will fill a vital need in our region. If you would like to learn more, give us a call.

The hospital is also aggressively recruiting new physicians to help serve our region. A pulmonologist has signed a letter of intent to come to Montrose and plans to open his practice in March '08. We're also working closely with a medical oncologist, a dermatologist, an internist and a new emergency physician. Additional medical specialties on the recruitment list for 2008 include pediatrics, orthopedic surgery and cardiology.

If you have any further questions about the steps MMH is taking to ensure our long-term future, please don't hesitate to call us. We are doing everything possible to ensure that MMH patients will continue to receive the exceptional care for which the hospital is well known in the region. Our actions will allow us to continue to provide truly remarkable care, both now and in the future. We are taking prudent, although admittedly painful, steps to ensure a bright future for the provision of state-of-the art healthcare to our region for decades to come.