

Deckerville Community Hospital announces success with cash flow solution

(February 25, 2009): Deckerville Community Hospital announced that the short term solution laid out at the beginning of February, in which all hospital employees were given the choice between a 15% pay reduction or a 20% reduction in their work week to achieve a cost savings, shows signs of success.

In an all-staff meeting held February 12 to update employees on the Cash Flow Plan, Chief Financial Officer Caren Puvalowski informed employees of the program's progress. "We aimed to reach an \$18,000 savings during the first pay period, and we have already reached that goal. There's every indication that we will reach our monthly goal of \$35,000, and may exceed that amount."

Puvalowski states the Administration and Hospital Board are very pleased with the results. "When we came up with this plan to solve the cash flow issues we experienced, we were careful to set a definite time frame. We set a limit of four weeks, to cover the two pay periods in February. We knew that the payroll decrease would give us some breathing room, but we didn't expect the situation to stabilize so quickly."

One factor cited by Administration that may have contributed to the cash flow crisis is the seasonal reduced revenue. Puvalowski noted that this factor may be somewhat less than anticipated. "Normally, we expect a low volume of patients in February – the 'snow birds' haven't yet returned to Michigan. But we haven't experienced the drop in patient volume we typically experience at this time of year."

CEO Ed Gamache states, "The short term payroll reductions were not easy, and we knew that when we implemented the program. But we didn't have to reduce staff, and our expense reductions were minimal. The apparent success of this program is a reflection on our employees and the dedication they show our hospital. It's something that may only have been possible in a small rural community like ours."

Gamache reiterated the fact that all hospital employees will be returned to their former employment status beginning March 1 and no pay cuts will continue past February 25, 2009.

The hospital has not identified a date for re-opening of its Lexington Walk In Clinic.