



Leadership Update

A Message from the President & CEO COVID-19 preparations and its impact on YKHC



April 8, 2020

Dear Team,

I'd like to offer an update on our COVID-19 preparations and how the COVID-19 pandemic is negatively affecting the company.

YKHC's COVID-19 PREPARATIONS ARE LARGELY COMPLETE

With the exceptions of not having enough personal protective equipment (PPE) and no widespread, rapid testing available, our COVID-19 preparations are largely complete. Due to global shortages of PPE and continued rationing by manufacturers, we will continue to have a large number of staff make PPE masks for the foreseeable future. Although we recently received some test analyzers, we are far short on the actual test cartridges themselves. We are ordering more, improving capabilities in our own lab and continue to use the State lab, when appropriate. To date, we have tested well over 150 people for COVID-19, with one positive case who is isolating, along with all known close contacts.

We communicated to you on a weekly, and sometimes daily, basis on our preparation efforts throughout the month of March. Early in March we implemented numerous protective measures for our vulnerable customer population at our Elder Home. We increased hospital inpatient beds from 26 to 45. We also increased higher acuity beds from 0 to 8. In mid-March, we mandated social distancing, employee and customer health screenings, separated respiratory patients from others, implemented telecommuting when feasible, ended business

travel and mandated all workers traveling from outside the YK Delta to isolate for 14 days. This is considerably stricter than the Governor's health mandate requiring all nonessential workers from outside of Alaska to isolate for 14 days. We also worked with partners like the Lower Kuskokwim School District to reserve additional space for COVID-19 patients, if needed. Lastly, we have worked hard to communicate these efforts to you, your families, customers, tribes and partners in a variety of ways.

We have had hundreds of employees participate in our COVID-19 preparations, which began in February, and for that I thank each and every one of you. Of course, if we experience a surge of COVID-19 patients, we will have much more work to do and it will be an all hands on deck approach.

THE COVID-19 PANDEMIC IS NEGATIVELY AFFECTING YKHC OPERATIONS

With RAVN Air going out of business, and this week Yute Air suspending passenger operations, we have experienced massive disruption to our inter-village customer travel to sub-regional clinics and the Bethel hospital. In high need circumstances, YKHC has chartered flights to move patients and/or supplies, but it is cost prohibitive and not a long-term solution. As a result of the COVID-19 pandemic, and its resulting decrease to patient travel, YKHC has experienced over a 70% decline in daily census visits at the hospital. This includes a 60% decrease in outpatient visits, a 70% decrease in Emergency Department visits, the elimination of elective procedures, dental and optometry visits. Compounding this situation was the State of Alaska's cancellation of essential Medicaid travel from 50 villages to the Bethel hospital. Medicaid collections are almost 60% of YKHC's revenues.

YKHC began telehealth services last week in hopes of providing necessary services to customers. But with most of our COVID-19 preparations nearly complete and low usage of this new telehealth service, YKHC has a couple hundred employees (out of 1,400+) waiting for customers to serve. Although we recently received several weeks' worth of Cares Act funds designated for the Indian Health Service and community health center facilities, the COVID-19 pandemic is devastating our financials. If customer census does not substantially increase over the next couple of weeks, YKHC will be forced to reduce our expenses significantly - which means a furlough and/or a reduction in force. I know that is devastating news, but I want to be transparent about the difficult decisions we may need to make in the coming weeks.

Nevertheless, we are thankful for the Governor's ban on non-essential travel throughout Alaska. Although this is negatively impacting our economy, including YKHC's operations, without a vaccine or widespread, rapid testing, the ban is necessary and even more important with no roads in rural Alaska. With 50 villages having no road access to our regional hospital, if a large COVID-19 surge happens simultaneously in numerous villages, our health system will be overwhelmed. Moreover, under a worst case scenario, even with National Guard support, there will likely not be timely medevacs for all patients.

I realize this is a lot of information to digest. But I want to ensure each of you have the facts of our current business situation. Although much of this report is bad news, I am most pleased with how our team has come together to prepare and respond to the COVID-19 pandemic. All of us, including our customers and communities, will benefit from our efforts.

My best,
Dan Winkelman



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