



## Leadership Update

### A Message from the President & CEO Furlough & Lay Off Announcement

April 24, 2020



Dear Team,

Earlier this month, I reported our low customer census due to the COVID-19 pandemic. YKHC experienced over a 70% decline in daily census at the hospital for the first week of April. This includes a 60% decrease in outpatient visits and a 70% decrease in Emergency Department visits. Compounding this situation was the State of Alaska's cancellation of non-urgent Medicaid travel from our 50 villages to the sub-regional clinics or the Bethel hospital. Also, the region's largest airline, Ravn, went out of business and may or may not restructure.

Although we recently received several weeks' worth of CARES Act funds designated for the Indian Health Service and community health center facilities, those funds are strictly for COVID-19 expenses and we are unable to use them for anything else. We also expect to receive additional CARES Act funds. While we expect Governor Mike Dunleavy to announce that non-urgent Medicaid travel will resume next week, we do not expect customer census to return to what it was before COVID-19 until a vaccine is available. The COVID-19 pandemic is devastating our monthly financials.

We have recently experienced a slight increase in our outpatient customer census, but our hospital daily census is still down approximately 50% and our village visits are also down 20%. This is approximately a \$5-8 million loss per month to YKHC. Compared to other rural health systems with over a \$200 million annual budget, YKHC is in a strong financial position, but we

cannot sustain large monthly losses over a long period of time. YKHC is similar to many other businesses: we are dependent on having customers to serve.

I am disappointed to announce, based on our low customer census and financial projections, that YKHC will be forced to furlough and reduce our workforce by 300 employees. Notifications of affected employees will begin on Wednesday, April 29, and be completed by Friday, May 8. This will largely affect non-providers because we need to maintain a strong provider workforce in the event we encounter a surge of COVID-19 cases. This furlough will be in effect for four weeks. If our customer census increases during that time, we may be able to bring some furloughed employees back into active employment but the remainder will be laid off after four weeks. We will continue to monitor our customer census over the next several months, and if our census continues to remain low, we will have additional layoffs.

I know this is devastating news, but I want to be transparent about the difficult decisions we have made and will be making in the coming weeks. Many other Alaska hospitals and clinics are experiencing the same financial difficulties due to COVID-19, and several have already furloughed and reduced staff for the same reasons. According to this week's Becker's Hospital Review, 191 hospitals across the nation have announced major furloughs and layoffs in the last couple of months.

More information and guidance will be provided this afternoon from Human Resources.

Quyana for your hard work and tireless service. I am proud of the team we have become. I assure you that YKHC will get through this difficult time and we will rebuild again in the future.

Sincerely,  
Dan Winkelman



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