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Day Kimball Healthcare Releases Fiscal-Year 2013 Financial Results

PUTNAM, CONN. – Citing dramatic reductions in unbudgeted cuts in state and federal reimbursements, lower reimbursement levels as well as low patient volume, and higher expenses than budgeted, Day Kimball Healthcare (DKH), the integrated health system headquartered in Putnam, today reported an operating loss for the year ending September 30, 2013.

“At our annual meeting back in January of this year, I cautioned that 2013 was going to be a challenge financially due to the unprecedented cuts in state reimbursements to hospitals,” said Robert E. Smanik, FACHE, DKH president and CEO. “Unfortunately, these cuts hit Day Kimball disproportionately hard.”

DKH total net revenue plus non-operating gains were \$135.4 million during fiscal-year 2013 compared to \$130.6 million in 2012. However, total expenses for 2013 were \$143.9 million, resulting in a \$8.5 million loss. Smanik explained that the loss was due primarily to the following:

- As a result of the Connecticut state budget cuts, DKH lost \$3.8 million in reimbursements after its new fiscal year had begun, and also lost approximately \$500,000 due to federal sequestration.
- Reimbursement levels were lower than expected due to a greater volume of government-insured patients, which results in lower reimbursement rates to DKH.
- Patient volume in the healthcare system’s inpatient, outpatient and physician services was lower than planned.
- DKH experienced higher-than-budgeted expenses related to personnel costs, including health insurance.

“Despite the implementation of an aggressive mitigation plan to cut costs, there wasn’t sufficient time left in the year to experience the level of savings to offset the unprecedented drop in income,” said Smanik. “However, it is important to note that Day Kimball is in a solid cash position and our emergency department renovation project is continuing as planned.”

The DKH mitigation plan, which is ongoing, includes:

- reducing departmental expenses;
- restricting hiring of all non-essential positions and changing responsibilities of certain employees;

- reviewing business practices and engagements for greater efficiencies;
- reorganizing some billing and collection efforts;
- restructuring the DKH employee benefit plan; and
- expanding patient access to care.

The organization also implemented “furlough” days during the previous fiscal year for middle and senior management.

“I’m very proud of our employees for their efforts to cut costs while maintaining our high quality of care,” added Smanik. “Nothing will ever stand in the way of Day Kimball’s delivery of high-quality care.”

Looking forward, Smanik said that fiscal-year 2014, which began October 1, is off to a good start and that preliminary projections indicate a turnaround for the new year. “However, we’ve learned first-hand that circumstances arise beyond our control that can have a negative impact on our plan. So, we will continue to work hard to try to insulate our organization from unforeseen market conditions, protect jobs during this unstable economy, and respond to the health needs of the people of Northeast Connecticut.”

Day Kimball Healthcare is a non-profit, integrated medical services provider comprised of Day Kimball Hospital, Day Kimball Medical Group, healthcare centers in Danielson, Dayville, Plainfield and Putnam, Day Kimball HomeCare, Hospice & Palliative Care of Northeastern CT and Day Kimball HomeMakers.

Its service area includes Northeast Connecticut as well as nearby Massachusetts and Rhode Island communities. Day Kimball Healthcare’s comprehensive network offers more than 1,400 employees as well as nearly 300 associated, highly-skilled physicians, surgeons and specialists. Its website is daykimball.org.

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Best,

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