

NEWS RELEASE

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**DAY KIMBALL HEALTHCARE TAKES STEPS
TO MITIGATE EFFECT OF STATE BUDGET CUTS**

The integrated health care system projects a loss of \$5.6 million in state funding during fiscal-year 2016

PUTNAM, CONN. – Determined to continue the fight to provide high-quality health care to the people of Northeast Connecticut, Day Kimball Healthcare (DKH) today announced a series of cost-cutting measures designed to help offset the recent dramatic reductions in state Medicaid.

“Once again, our organization has been dealt a severe financial blow from the state that has far-reaching repercussions,” said Robert Smanik, FACHE, DKH president and chief executive officer. “We have no choice but to be proactive in cutting costs, and are doing so in a way that is measured, thoughtful, sensitive and focused on maintaining the delivery of high-quality care.”

Smanik said that the DKH board of directors approved a plan that is projected to reduce annual operating expenses by approximately \$7 million. Components of the plan include:

- Adjustments to employee benefits and compensation, including:
 - Bringing compensation, paid time off benefits and shift differential policies in line with the current health care marketplace
 - A freeze on wage increases during the current fiscal year

- Reduction of the equivalent of 23 full-time positions, or about two percent of the DKH workforce. These reductions include:
 - 9 currently vacant positions that will not be filled
 - 16 layoffs, including 11 administrative and operations positions and five non-clinical care positions

- Attrition of positions including senior management; as positions open in the future, the need to fill them will be reviewed on a case-by-case basis
- Improvement in materials management efficiencies, such as purchasing
- Potential sale of physical property and/or certain operations
 - Exploration of the sale of the Day Kimball Healthcare Center buildings in Plainfield, CT; DKH will continue to offer the services currently located in the Plainfield location
 - Exploration of the sale of Day Kimball HomeCare to an entity that will continue to offer these services within the Northeast Connecticut community

“Since the state’s announcement a few weeks ago, we have diligently reviewed our operating expenses in anticipation of the need to make adjustments,” explained Smanik. “We knew that our organization had to take control of its own destiny and not depend on assistance from others. These measures will allow us to stabilize Day Kimball financially while preserving as many jobs as possible so that we can ensure the continued delivery of high quality health care to Northeast Connecticut.”

Included in the attrition of senior management positions is the elimination of DKH’s Chief Operating Officer position due to the upcoming retirement of current Sr. VP, COO Donald St. Onge in December 2015. “Given its ongoing financial pressures, DKH has a great need to reduce expenses at all levels of the organization. I also have a personal need to focus on my health,” said St. Onge. “It is just the right time and the right thing to do for my family and for DKH.”

“Don has worked tirelessly on behalf of Day Kimball, our patients and our community and we thank him for his many years of service,” said Smanik. “First and foremost, Don’s health is of utmost importance to us all. His offer to step down now is a noble gesture given our organization’s financial challenges, and one that attests to Don’s commitment to Day Kimball and Northeast Connecticut. Of course, we wish him well.”

The position of Vice President for Marketing and Communications has also been eliminated, after being vacated last June.

“The strength of the Day Kimball organization always has been its ability to band together to devise creative responses to adverse situations,” concluded Smanik. “We are doing everything in our power to maintain the delivery of high-quality health care in our community. However, we must strongly implore state officials to reconsider these devastating budget cuts in light of the negative impact they will have on the ability of all Connecticut health care organizations to meet the needs of patients.”