



NEWS RELEASE

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“We are in the best of times and the worst of times”

Day Kimball Healthcare’s Annual Corporators Meeting Reported Both Accolades and Financial Losses for Fiscal Year 2014

PUTNAM, CONN. – In the midst of change, unknowns and financial stress, what does President and CEO Robert Smanik of Day Kimball Healthcare (DKH) ask attendees at their Annual Corporators Meeting hosted at Thompson International Raceway Restaurant last evening? He asked the guests “to be visionaries on behalf of Northeast Connecticut – not despite the changes we are experiencing in health care, but because of it. This is our calling; this is our quest.”

Smanik announced to almost 200 people from the community that DKH’s audited financials for the 2014 fiscal year reported at \$5.3 million loss. This despite cutting expenses by more than \$2 million dollars through the course of the year with reductions in pharmaceuticals, advertising and public relations, and employee

benefits costs as well as restructuring and downsizing of departments without affecting the quality of patient care.

The most significant impact on the loss, however, was the result of adopting more conservative financial reporting practices in anticipation of financial obligations driven by government audits for Medicare and Medicaid payments. These accruals accounted for almost \$4 million.

Smanik said, “The federal Affordable Care Act is forcing change at unprecedented rates for the health care industry. Our purpose – what keeps us going every day – is to be sure there are health services close to home for Northeast Connecticut. In today’s climate, that does not allow us to remain the same. Change is an imperative, not an option. We are fighting the good fight.”

In 2013, DKH reported an \$8.5 million loss, which was the initial year the organization was impacted by the state’s cuts in Medicaid reimbursements. Corrective plans were implemented but there was not sufficient time to react without significantly affecting patient services.

The 2014 fiscal results reflect a reduction in expense from the previous year by \$2.3 million, with revenue increasing by \$1.3 million. Some services experienced an increase in volume such as Day Kimball HomeMakers that reported an increase of 20,000 service hours and the Day Kimball Medical Group which reported an additional 16,000 patient visits compared to last fiscal period. Most services were relatively flat in their volume year to year.

Despite this two-year loss, Day Kimball remains financially secure. However, more immediate corrective action was required to retain this strength in light of the 2014 results. Thus last week, DKH implemented another \$1.2 million in expense reduction which required implementation of additional staffing efficiencies throughout the organization and the senior management team voluntarily accepted a 10 percent salary reduction. Additionally,

Day Kimball HomeCare and Hospice & Palliative Care of Northeastern Connecticut are engaged in a comprehensive review of operations and will incrementally implement efficiency measures to improve financial performance of these business units.

“Day Kimball has committed its leadership team to continue its deep investigation of operations in all areas of the organization,” said Chief Operating Officer and Chief Nursing Officer Donald St. Onge, RN. He added, “We must be innovative and think outside the box, however, we will not make decisions that impact our proven ability to provide safe, high quality medical care for our patients.”

During this period of changes and expense reductions, DKH received quality accolades from nationally-recognized third-parties. Smanik shared some of the accomplishments received in 2014:

- Triennial accreditation by nationally-recognized The Joint Commission for hospital and homecare services
- Triennial accreditation by College of American Pathologists for laboratory services
- High quality ratings from Medicare for hospital acquired conditions, ranking number two in the state out of 30 hospitals
- Lowest readmission rates in Connecticut as reviewed by Qualidigm, beating state benchmarks in six out of seven categories

Smanik reflected, “Unfortunately, in the words of Charles Dickens, we find ourselves in the best of times, and in the worst of times. What we are facing and responding to are the impacts of the Affordable Care Act and the national transformation of the health care industry, which candidly, is not clearly defined. This means in many cases we are responsive rather than proactive. And despite these pressures and distractions, the employees continue to rise above, perform exceptionally well as indicated by

industry experts, and more importantly, connect in personal ways with our patients. I am very impressed with the Day Kimball team.”

As testament to the dedication of Day Kimball’s team, outgoing Chairman of the Board Jack Burke announced Employee of the Year Barbara Chubbuck. She was Employee of the Month in June.

All 12 of the Employees of the Month were recognized at the meeting. They are in order from January to December: Marie Haggerty, Patient Accounts; Liza Greene, Housekeeping; Mary Ann Skarani, Behavioral Health; Jamie Vega, Patient Access; Linda Gervasio, Ambulatory Care Unit; Barbara Chubbuck, Human Resources; Rick Cyr, Facilities Management; Nicole Missino, Development; Melissa Greene, Patient Access; Robert Beaudry, Security; Lisa Briere, Oncology and Laurie Zisiades, Perioperative Services.

Other business conducted at the meeting included approving the election of new Board member Kevin P. Johnston and the renewal of Board members Joseph Alessandro, DO, Joseph Botta, MD, Hadi Bozorgmanesh, Jack Burke, William St. Onge, ESQ, and Janice Thurlow.

The Corporators also approved the slate of officers: Chairman Joseph Adiletta, Vice Chairman William St. Onge, ESQ, Secretary Karen Cole, Treasurer Janice Thurlow, Assistant Secretary and Assistant Treasurer Joseph Botta, MD.

In Adiletta’s comments as the incoming Chairman of the Board, he reminded guests of DKH’s deep connection to the region, highlighting:

- Provision of care to 75,000 of the 93,000 residents of their 13-town, 450 square mile service area with inpatient, outpatient, and in-home care services, of which 35,000 are registered patients in Day Kimball Medical Group

- Employment of 1400 people of which 80 percent live in Northeast Connecticut and another five percent live in Connecticut
- Economic impact of \$227 million annually
- Shared commitment with the community to sustaining DKH as demonstrated by close to \$1 million raised annually through fundraising events and direct donations to services

Recognition was given to Burke as outgoing Chairman of the Board and to John Graham, MD for serving his maximum term of nine years on the Board. Graham was appointed DKH Chief Medical Officer, Vice President Quality & Risk Management in January of 2014.

Day Kimball Healthcare is a non-profit, integrated medical services provider comprised of Day Kimball Hospital, healthcare centers in Danielson, Dayville, Plainfield and Putnam, Day Kimball HomeCare, Hospice & Palliative Care of Northeastern CT, Day Kimball HomeMakers, and Day Kimball Medical Group. 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 including nearly 300 associated, highly-skilled physicians, surgeons and specialists. Its website is daykimball.org.

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Best,

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