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Deaconess Announces Plan to Address Economic Pressures

Deaconess Medical Center today announced a comprehensive, hospital-wide strategic initiative designed to position the hospital for future success and growth.

In recent years, Deaconess Medical Center has struggled to maintain the financial and operational performance necessary to sustain long-term viability. Since an ownership change in October of 2008, the hospital's leadership team has thoroughly examined processes, expenses and staffing levels to identify ways to operate more efficiently, build on the hospital's clinical strengths and enhance the healthcare services provided for the local community.

At the same time, the national and state economic crisis has created additional challenges for hospitals. More patients are uninsured and do not have the resources to pay for hospital services and more people are postponing elective procedures, which affects hospital volumes.

The strategic initiative announced today is designed to address these economic pressures and position Deaconess for future success. Major components of this plan include:

- Capital investments of over \$10 million for new medical equipment and advanced technology to enhance the quality of care provided for patients, which is over and above approximately \$10 million spent following the acquisition of the hospital during the last quarter in 2008.

- Physician recruitment efforts to bring much needed medical specialists to our community;
- Enhancement of key services, including emergency medicine, cardiology, cancer care and women's services;
- Expense control in areas unrelated to direct patient care, including marketing, travel, some supply costs and other administrative expenditures;
- Increasing productivity and overall efficiency through improved staff assignments.

In order to achieve these strategic goals and to strengthen Deaconess for the future, the hospital also will implement a staffing reduction. This reduction affects approximately 90 positions in a workforce of over 1800 employees. Approximately 85% of the affected positions are non-clinical.

“Any decision that affects jobs is extremely difficult. We have worked to minimize the number of people affected and to ensure that these changes will not impact the quality of care that the hospital provides. We eliminated as many positions as possible through attrition and we reassigned employees to other open positions whenever we could,” said Tim Hingtgen, interim chief executive officer of Deaconess Medical Center.

These job eliminations are spread across the organization and are based on the needs of the hospital and its patients. The majority of these positions are non-clinical support positions. Affected employees will be provided with severance packages as provided by policy or negotiated contracts based on years of service and additional resources to help them identify new job opportunities and to apply for unemployment benefits and the continuation of health insurance through COBRA.

Deaconess Medical Center will continue to deliver the high-quality, compassionate healthcare services that patients have always expected and experienced at the hospital. The hospital also plans to add programs to further enhance quality of care, customer service and community outreach. Details about those programs will be announced in the coming months.

“We have an outstanding team of employees who are devoted to their patients and committed to this hospital,” said Hingtgen. “We believe we are taking the necessary steps to secure our hospital's future success so that we will remain a trusted provider of healthcare services, a major employer and a vital part of this community.”

Deaconess Medical Center is an acute care hospital located in downtown Spokane, Washington. Fully accredited by the Joint Commission (JCAHO), Deaconess is a level II trauma center with 388-licensed beds.