

# Hospital Report

## Update on Recovery Plan for Ellenville Regional Hospital

by Steven L. Kelley, *Ellenville Regional Hospital President and Chief Executive Officer*

I wanted to take this opportunity to update you on the status of *Ellenville Regional Hospital's* recovery plan. The last few weeks have seen rapid developments. We are implementing a complex plan that involves the Village of Ellenville, the Town of Wawarsing, Ulster County, Westchester Medical Center, Kingston Regional Health Care System, Federal bankruptcy court, *Mid-Hudson Family Practice Institute*, significant changes at *Ellenville Regional Hospital*, and, of course, all of our patients and potential patients.

The end result that we are striving to achieve is for *Ellenville Regional Hospital* to become under the control of Ulster County, with the business operated by a local hospital. The ideal solution will be one that permits *ERH* to emerge from bankruptcy in a form that can operate in a self-sustaining basis.

The basic elements of the plan are:

1. A transaction where Ulster County takes ownership of the land and hospital building and campus from Westchester for one dollar; Westchester agrees to a board composed entirely of Ulster County leaders; and it agrees to support a plan to emerge from bankruptcy that transfers the ownership of the hospital operating business to a local operator.

In this plan, Ulster County will leverage the property to provide \$600,000 in funding for *ERH*. Ulster County has advised it will only support the plan if it has the support of the Ellenville/Wawarsing community. We are pleased to announce the Village of Ellenville has pledged \$50,000 and the Town of Wawarsing \$100,000 as local commitment. Westchester's Board has voted on the land transaction, all current board members are now local leaders, and Westchester administration has agreed in principle to operational transfer. The ducks are getting lined up in a row!

2. Kingston Regional Health Care System has a 3-year contract to operate *Ellenville Regional Hospital*. Management is stable.

3. The Bankruptcy Court has been very supportive – even to the point of ensuring that any monies obtained by political leaders for *ERH* will *only* be used at *ERH*, and not be used for any other purpose.

4. *Ellenville Regional Hospital* has taken several expense reduction and management actions, including a \$900,000 reduction to the budget for 2004. On-going expense management includes approval by me of all purchase orders and more elastic staffing models to reflect business activity.

5. *Ellenville Regional Hospital* has initiated several bold revenue-enhancement programs. These include: renegotiation of insurance contracts; purchases of new equipment with grant monies secured by Senator Bonacic and Congressman Hinchey, that will generate new revenues; and steps toward converting the hospital to Critical Access Hospital status. Critical Access Hospital status is a Federal designation that will provide for more reimbursement from Medicare and Medicaid while maintaining the critical services necessary for our community.

These revenue initiatives, combined with the expense reduction and management, will help the hospital to become self-sustaining. In an effort to have an unbiased opinion of the plan, including a detailed market assessment, *ERH* has engaged HF John Group of Albany – a health care consulting company that specializes in rural hospitals in New York – to conduct a study. The consultant's report will help us refine the plan, including targeting physician recruitment efforts and service offerings. We see a major role for the *Mid-Hudson Family Practice Institute* in this effort.

The next few weeks will be critical to securing the support of Ulster County to start the progression leading to our final goal.

(Let me digress for a moment to discuss the "water" issue. *ERH* is a victim of a water system boondoggle of epic proportions, just like others in the Napanoch water district. We believe a fair and equitable solution can, and will, be worked out. One more time... *ERH* is a victim of the water district boondoggle.)

Finally, on behalf of everyone associated with *Ellenville Regional Hospital*, we very much appreciate the massive outpouring of support from the community. It is gratifying to see such interest and passion for ensuring the hospital's survival and prosperity. While the hospital is not out of the woods, we are on the right path. Thank you, and please use the hospital for your health care needs. 🌟

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