



THE HEALTHCARE LANDSCAPE IS CHANGING. PENN HIGHLANDS DUBOIS IS ALSO CHANGING.

Nationally:

- The American Hospital Association is projecting that the next five years alone will bring more change to the healthcare industry than we've seen in the past 75 years combined.
- Inpatient stays are dropping while outpatient visits are on the rise thanks to medical advances and new reimbursement rules and payment models.
- To thrive amidst all this change, providers must move away from the outdated, hospital-centered care model and evolve into integrated healthcare networks.
- The impact of Obamacare, coupled with reduced reimbursement from government and private insurers, has significantly lowered hospital revenues, resulting in over 400 mergers and acquisitions and the need for hospitals and health systems to fundamentally change the way they do business.

Statewide:

- In Pennsylvania alone, admissions to hospitals are **down by 7%** and surgeries are **down by 6%**.
- Free care has increased by 54% in the past six years, placing a tremendous financial burden on hospitals.

Locally:

- Over the last 5 years, inpatient admissions at PH Brookville are **down by 48%**.
- Inpatient surgeries are **down by 76%** over the same period at PH Brookville.
- The 2013 federal budget sequestration resulted in a **2% reduction** in Medicare reimbursement to hospitals. This cut alone represents a reduction in payment to PH Brookville of \$245,000 and a reduction in payment to PH DuBois of \$1.8 million annually.
- The lingering effects of the recent recession, and the imposition of higher deductible health insurance plans by employers, have also contributed to revenue drops over the past few years at both hospitals.
- As a result of decreased inpatient volumes, reduced reimbursement from insurers, increases in uncompensated care, and other factors, PH DuBois has experienced operating losses in 3 of the last 5 fiscal years totaling \$8 million. PH Brookville has experienced operating losses in 2 of the last 5 years totaling \$1.2 million.

To Adapt To These Changes:

Penn Highlands hospitals, as well as hospitals across the country, will be facing the rapid transformation of the traditional fee-for-service reimbursement model to a new risk sharing model of accountable care organizations. This reimbursement model will reward providers for reducing inpatient admissions, improving

quality outcomes and ultimately shifting care away from the traditional hospital setting and focusing on prevention and outpatient services as a way to reduce overall health care costs.

Penn Highlands Healthcare is embarking on a system-wide restructuring initiative intended to stem financial losses and right-size its facilities. As part of this plan, a workforce adjustment is taking place at PH Brookville and PH DuBois. Similar adjustments have already been made at Penn Highlands Clearfield and Penn Highlands Elk.

While these decisions are difficult and will present hardships for the affected employees and their families, they are necessary to preserve the financial integrity of the hospitals.

No one likes change, but to ignore the devastating effects of all these external forces would be irresponsible and would represent a real threat to the continuation of healthcare services in the region.

However, make no mistake – Penn Highlands Healthcare remains committed to using its strategic plan to strengthen all of its hospitals and affiliates.

Our Vision For The Future:

In the coming months, Penn Highlands Healthcare plans to launch several initiatives that will help redefine the hospitals' mission, improve customer service, enhance quality and increase access to care. These plans include:

- Develop a Quality Improvement Committee and a system-wide Performance Improvement Plan in an effort to demonstrate performance that exceeds benchmarks in quality and patient safety.
- Recruit additional physicians and advanced practice providers through an aggressive recruitment effort to expand access to both primary care and specialty providers throughout the eight-county region.
- Work to reconfigure service lines to ensure convenient access to primary, community-based health care. The system plans to add six new primary care clinics/QC urgent care centers including ones currently under construction in DuBois and Philipsburg.
- Develop strategies to stabilize providers and improve the patient experience and timely throughput in the four hospital emergency departments.
- Develop a Graduate Medical Education program and expand educational opportunities for regional medical schools and advanced practice provider programs.
- Create system-wide plans for certain service lines such as OB-GYN, general surgery, orthopedic surgery, urology, behavioral health, etc.
- Create a system-wide information systems plan.

In summary, although the hospitals of Penn Highlands Healthcare are changing, one thing remains the same – our strong commitment to providing the best possible care to all patients. Our hospitals have served their communities for more than 100 years, and we plan to continue doing so for many years to come.

