

April 8, 2009

Dear Fellow McLeod Employee,

At McLeod Health, our team of professionals work very hard to meet the needs of the patients we serve. I am extremely proud of those faithful and dedicated efforts made on a daily basis to ensure quality and safety in the delivery of medical care.

As we continue to plan for the future, all of us at McLeod must also share in the responsibility to maintain our financial stability during this time of economic uncertainty, which is affecting our nation, state and community. The financial situation we face now demands the critical attention of all of us from a personal level to an organizational level.

You are all aware that we are currently looking at reductions in the length of stay, waiting times, removing waste in processes, improving flow of patient services and working together to conserve supplies. We are also utilizing staff and energy wisely by matching our people with patient schedules. Teams of physicians and staff are collaborating on these opportunities for improvement.

During the past three months, we have been accepting ideas from our staff during weekly "town hall meetings" following annual training. We will continue to receive your suggestions to reduce costs and grow.

Cost savings is essential and must be even more pronounced throughout our healthcare organization in the coming months. This will be necessary to offset federal and state budget cuts and low census, which are a result of reactions to tough economic conditions.

I am asking for each one of us to be diligent in this effort. We must look for opportunities to reduce costs, hold on filling current vacant positions and focus on stewardship through management of supplies, utilities and staffing.

Additionally, we did not meet our patient day targets from October to March. We experienced cuts from Medicaid programs. We expect the same with a lighter census from April to September.

Based on patient volumes forecast for the third quarter of our business year, we now need for all full time staff to take 3 days of furlough and part time staff to take 1.5 days of furlough between April and June 30. (A day of furlough is a day off without pay or PTO.) We will exempt those team members below the \$11.00 an hour pay rate, a decision guided by both social and business principles. The McLeod Health Senior Leadership team will be taking an additional day of furlough (4 days). These furlough days may be taken once a month or as appropriate for staffing through June 30.

While this is an unusual financial sacrifice, it will help us protect job security and eliminate the need for reductions in our work force, now faced by other local industries. I understand very well that many of our people live within tight budgets and have a great deal of financial commitments. For this reason, I am asking that we all work together to strengthen our ability to preserve jobs and services.

This furlough will translate into saving 35 jobs and more than \$2 million to offset budget shortfalls resulting from this difficult economic time and in the months ahead. I am asking staff to take this furlough, during a time when census is typically low.

Upholding quality and working together to identify savings and improvements is a call to action and challenge for all our people at McLeod. This personal sacrifice of furlough is one step further in protecting our work force and our mission.

I am inspired daily by your compassion and dedication to our patients and each other. It reflects your very personal response to the high calling of healthcare. I appreciate your contribution and continued commitment to providing medical excellence to our community. Many people, also facing a difficult and complicated economic time, continue to entrust us with their lives and wellbeing.

Thank you for your willingness to serve with your hands and heart. As we move forward, we will share, grow and learn from this experience. Again, thanks so very much for doing your part.

Rob Colones,
President
McLeod Health