

Area Health Care Providers Eliminate Positions, Trim Costs

Lincoln County Healthcare (LCH), the parent company of Miles Memorial Hospital in Damariscotta, and St. Andrews Hospital and Healthcare Center in Boothbay Harbor, has initiated several cost-cutting measures, including reductions in staffing, in response to ongoing weakness in the economy, LCH officials said Wednesday.

While Miles and St. Andrews have made significant progress in consolidating administrative expenses over the past three years, a sustained drop in the number patients seeking health care services and an increase in the number of patients who need charity care has forced LCH to take immediate steps to maintain its continuing financial health.

“We’ve worked very hard to maximize the quality of our care and our efficiency,” said LCH President Jim Donovan, “but we’re not immune to the economic realities hospitals are facing throughout Maine.”

Over the past year, nearly every Maine hospital has been forced to reduce expenses by freezing wages, reducing benefits or laying off employees. In Lincoln County, a 9.5% reduction in patient admissions, a 4.4% reduction in outpatient visits, and a 98% increase in charity care has contributed to a \$1.9 million shortfall in the first six months of this fiscal year.

“Our current shortfall, along with expected cuts in Medicare and MaineCare reimbursement next year, require us to take a series of steps to balance our budget over the short and long-term,” Donovan said. “A mid-year correction to increase revenue and lower expenses will be combined with a longer term budgeting process that takes into account the serious financial challenges we face when our next fiscal year starts in October.”

Immediate cost-cutting measures will include the elimination of 11 full-time equivalent positions, a wage-freeze for this fiscal year, a one-time reduction in vacation time for all employees, and the suspension of base contributions to the employee 403b pension fund for the remainder of this fiscal year. “Our focus has been to minimize the number of layoffs and evenly distribute the burden of these cuts throughout our staff, including managers, physicians and hourly employees.”

Eight of the 11 eliminated jobs were unfilled positions. The remaining full-time equivalent jobs are management positions. “There is nothing more difficult than reducing benefits or eliminating jobs, especially when your employees care so much about the quality of their work and the communities they serve. We hope to find suitable jobs within our organization for those who will be displaced by these cuts.”

With challenges such as reduced reimbursements, fewer patients, and the need for more charity care in mind, LCH administration and management will begin building next year’s budget in June and July.

“It’s going to be a challenge, but I have every confidence that we will continue to provide high quality, accessible health care to the communities we serve. Most of all, I have confidence in our excellent clinical staff, our employees, and the support of our communities, especially during these difficult times,” Donovan said.