

Sturgis Hospital Restructuring Plan: Frequently Asked Questions

Below are frequently asked questions about the Sturgis Hospital restructuring plan announced on November 29, 2018. If you have a question that is not answered below or if you want even more information about the restructuring plan, please contact Rob LaBarge, President and CEO, rlabarge@sturgishospital.com, and he will do his best to respond.

What is the Sturgis Hospital restructuring plan?

It is a difficult and painful plan to reorganize the hospital's operations to protect about 225 hospital jobs and to design a healthcare system that is based on the services that we know will be most needed by the community in the future. The plan includes significant job reductions and ending or reducing some important medical services long offered at the hospital.

Why is the restructuring plan needed?

This question requires a thorough answer.

All companies need steady finances to support operations and keep the doors open. Hospitals are no different, and rural hospitals across the United States are facing especially tough financial times.

Years of Medicaid and Medicare cuts, inadequate reimbursements, rising labor and other costs, and declining inpatient volumes are stressing the finances of rural hospitals. In Michigan and many other states, hospitals are eliminating services, closing entire departments, or closing entirely.

In its June report to Congress, the Medicare Payment Advisory Commission noted that 67 rural hospitals in various states including Michigan had closed since 2013, and a 2016 study by iVantage Health Analytics identified another 673 hospitals that were "vulnerable or at risk for closure."

By one estimate, in the past 30 years nearly one of every four rural hospitals – a total of 800 rural hospitals – have closed in the United States.

In recent years, Sturgis Hospital has taken steps to shore up its finances, reducing and eliminating services that are unprofitable, including the wound clinic, home health, pain clinic, and an urgent care center in Constantine. Still, our patient volumes have changed as more care is delivered on an out-patient basis and as more area residents have chosen to seek care at other hospitals outside of the community. Today 80%-85% of our business is outpatient services – the most in-demand services remain (Doctors, Diagnostic Services, Urgent Care Services). While higher patient volumes might have made it possible to continue some services that are ending, the restructuring preserves a core offering of healthcare services that protects the future of the hospital.

So Sturgis Hospital is at a financial crossroads. One path forward – restructuring our operations – protects 225 jobs and the future of the hospital with stronger finances. The other path-continuing services as they are- means uncertainty and most likely no future for the hospital.

Does the hospital Board and executives understand that this restructuring plan is painful to the community and to the hospital workers who will lose their jobs?

The hospital's administrators and Board are well aware that the restructuring plan is painful for associates and their families, and will cause difficulties for some patients. Sturgis is a small town so we all know a friend, neighbor or family member who has been affected. The Board and the Administration conducted a thorough analysis before making these difficult and painful decisions. We are saddened by the fact that these actions will cause pain to the associates whose compassionate care and hard work over the years has been a source of pride for the hospital and the entire community. The hospital Board and executives truly hurt for those of you who have been affected.

How many hospital employees will lose their jobs?

The service reductions will affect the equivalent of about 60 full-time positions. The actual number of people laid-off may be smaller as affected associates assume necessary, yet vacant, positions at the hospital. Sadly, layoffs are necessary when healthcare services are reduced because wages and benefits account for more than 50% of the total cost of our operations.

What medical services will be eliminated or reduced at Sturgis Hospital under the restructuring plan?

The plan includes the following service cuts or reductions:

- Closing Hospice Services (other hospice providers are available in the Sturgis area)
- Reducing Inpatient Medical/Surgical Services (four staffed inpatient beds will remain)
- Closing Obstetric Services (three hospitals that deliver babies/have OB units are located within 30 minutes of Sturgis)
- Closing the Oncology Treatment Center (patients may seek care at the West Michigan Cancer Center or another facility of their choice)

What medical services will continue at Sturgis Hospital under the restructuring plan?

Outpatient Services that will remain available at the onset of the restructuring plan include:

- Emergency Department
- Family Doctors, Internal Medicine Physicians, and Surgeons
- Outpatient Surgery
- Diagnostic Radiology (X-Ray, MRI, CT)
- Laboratory Services
- Urgent Care (AM & PMcare)
- Rehab Services (Physical Therapy, Occupational Therapy and Speech Therapy)
- Sleep Medicine Center
- Cardiac Rehabilitation
- Specialty Clinics (Cardiology, Nephrology, Neurosurgery, etc)

When does the restructuring plan take effect?

Implementation of the plan began on December 3, 2018 and will be completed over 30-45 days. Departments closing will assist in transitioning patients to new providers. Accommodations for post-partum follow-up visits after December 31 will be made for patients of the Birthing Center.

Why didn't the hospital alert the community about the need for the restructuring plan until Nov. 29, less than one week before it was implemented?

As we review the steps we have taken over the past few months to develop our restructuring plan, the Board of Directors and senior executives of Sturgis Hospital regret that we did not do a better job of informing the community about the restructuring and why it's needed. Approving the plan, announcing it and then implementing it all in less than a week took our employees, our patients, and the community by surprise, and it was a bad surprise. We should have handled the communications better. Having said that, the restructuring plan is difficult, painful and necessary. It protects jobs, steadies the hospital's finances, and ensures that we can continue serving the community for years to come.