



Hazel Hawkins
MEMORIAL HOSPITAL

PRESS RELEASE

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HAZEL HAWKINS INITIATES COST-CUTTING AND SAVINGS MEASURES

Hospital continues to seek funding and partnerships to secure healthcare county-wide

HOLLISTER, Calif.–December 16, 2022: Hazel Hawkins Memorial Hospital (HHMH) is taking significant steps to cut costs to remain operational and as it continues to search for bridge funding and partners willing to facilitate a long-term restructuring plan. The cost-cutting measures do not affect the quality of patient care being delivered, including emergency services.

Meetings with the San Benito County Board of Supervisors this week resulted in the Board agreeing to advance an early payment of approximately \$1,100,000 of property taxes the County is projected to owe HHMH in April 2023. This is in addition to the \$1,100,000 the hospital is scheduled to receive for their December property tax disbursement. However, the Board voted against HHMH's request for \$10 million in bridge funding from the County's "rainy day fund" that would have given HHMH sufficient time to implement a restructuring plan in lieu of bankruptcy or reduction in services.

"We are thankful that the County decided to advance property tax funds, and we hope they will reconsider bridge funding for the health and safety of our community," said interim CEO Mary Casillas.

HHMH remains focused on an aggressive cost savings plan and will look to private sources of funding, pursuing continued conversations with other state and local leaders.

First, HHMH is working internally with advisors to establish a long-term cash management policy. Initial steps include a hiring freeze and strategic review of staff positions, gauging positions against business needs. Some staff are taking a temporary reduction in wages on a voluntary basis. The wage reductions are a collaborative idea put forth from staff who want to help the hospital. HHMH is also reviewing periodic automatic replenishment (PAR) levels to find more cost-efficient supplies and conducting audits in the billing department to maximize collections. While these changes extend HHMH's ability to operate in the short term, fully exploring strategic alternatives will require funding.



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Casillas will next be meeting with Hollister Mayor Elect Mia Casey to discuss the distress of the hospital and how HHMH can work with the city. Through these local and regional efforts, the hospital's main goal is ensuring vital healthcare services throughout the community continue without interruption.

At the state level, HHMH requested a \$3 million bridge loan from California State Treasurer's California Health Facilities Financing Authority (CHFFA) program. HHMH has also met with State Assembly Member Rivas' office and State Senator Caballero's office and held advocacy meetings with the Association of California Healthcare Districts and California Hospital Association. At the federal level, HHMH negotiated an extension of its one-year Medicare overpayment repayment plan to five years. HHMH is also making headway with major payors to improve reimbursements.

"This is a new day at Hazel Hawkins, and we are looking at everything," said Casillas. "We are making process improvements and improving efficiency throughout the hospital, but we also need community support to save the hospital."

According to Casillas, although HHMH has been focused on addressing its immediate cash-flow needs, the most likely source of long-term stabilization for HHMH will be a strategic partnership. HHMH cannot continue as a stand-alone service provider and successfully compete with larger, regional healthcare providers.

To date, the hospital remains open, delivering high-quality patient care at all of its locations. To find a doctor or health clinic, visit www.hazelhawkins.com.

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About Hazel Hawkins Memorial Hospital

Hazel Hawkins Memorial Hospital is a full-service, public agency hospital delivering modern medicine and compassionate care to the growing San Benito County community. HHMH offers hundreds of health services across multiple locations, including top-tier specialists, a modern Emergency Department, and a state-of-the-art Women's Center. To learn more about Hazel Hawkins Memorial Hospital and the Hazel Hawkins Hospital Foundation, please visit www.hazelhawkins.com.