PARK HOSPITAL DISTRICT

EXECUTIVE SUMMARY OF RESOLUTION 2020-11: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PARK HOSPITAL DISTRICT TO CLOSE THE ESTES PARK HEALTH LIVING CENTER

After 4½ months of discussing and evaluating multiple alternatives for the Estes Park Health Living Center with the Estes Park community, the Estes Park Health Board of Directors and Senior Leadership Team have determined that the Estes Park Health Living Center is not a sustainable operation and will be closed.

The Estes Park Health (EPH) Board of Directors and Senior Leadership Team acknowledge that this is a very important decision for the residents of the Estes Park Health Living Center (EPHLC), the Estes Park Health organization, and for members of the Estes Park community because of the highly valued services EPHLC has provided since it opened in 1984. To foster community understanding of the financial and operational challenges faced by EPHLC, the EPH Board and Senior Leadership Team held multiple public meetings, answered many questions, and worked with a community taskforce to see if a viable alternative to closing could be found.

EPHLC has operated at a financial loss for at least the last 15 years and has had increasingly significant financial losses in more recent years, made worse by the current Covid-19 pandemic.

All of the experts consulted by the EPH Board of Directors and Senior Leadership Team consistently concluded that the Estes Park Health Living Center operation is not financially viable because:

- EPHLC's 38 bed capacity is too small to be financially viable in the current reimbursement and competitive nursing home environment 36 years after its opening in 1984.
- The number of EPHLC residents has been declining, resulting in decreasing revenues.
- A high percentage of EPHLC resident care is paid for by Medicaid which generally pays only 70% of the costs of providing services.
- There are ongoing staffing challenges that require the use of more expensive contract labor to satisfy staffing requirements, and this trend is projected to continue.
- There are increased costs associated with escalating regulatory compliance requirements.
- There are increased costs associated with actions to reduce the effects of the Covid-19 pandemic (PPE, etc.).

The evaluation of EPHLC's viability was triggered in part by the Covid-19 pandemic which produced multimillion dollar financial losses for EPH in 2020, with the financial losses expected to continue through 2021. While Federal Government Covid-19 pandemic financial relief programs have provided the promise of some temporary financial relief, EPH initiated urgent and thorough evaluations of all services and personnel to identify and implement significant cost reduction actions so that EPH could continue to operate through and beyond year 2021.

EPH has implemented Phase One and Phase Two cost cutting measures that included employee wage reductions, loss of paid time off, reductions in labor force, renegotiated contracts, and cutting discretionary expenses, but these actions are not sufficient to enable EPH to continue to operate through and beyond year 2021. Additional cost cutting measures were required.

Over the last three months, the EPH Board and Senior Leadership Team have worked with the EPHLC Alternatives Evaluation Taskforce to assess the viability of a third-party operator alternative. A comprehensive business plan for the third-party operator alternative with high likelihood of sustainable success and the capacity to provide safe and effective care to the residents was not developed. As a result, this option was determined to be not viable.

The EPH Board of Directors and Senior Leadership Team acknowledge the efforts of the EPHLC Alternatives Evaluation Taskforce in evaluating the third-party alternative.

Additional details on the history and outcomes of the EPHLC evaluation are available in the Resolution.