

## **Jacobson Memorial Hospital Care Center Bridge Loan Bill**

JMHCC, established in 1977, a critical access hospital and clinics serving Grant, Morton, Sioux, Hettinger, and Adams. JMHCC requires a bridge loan of \$5 mil to right-size for future financial sustainability and to continue providing high quality healthcare to SW ND.

### **JMHCC Economic Impact:**

- \$11.2 mil in Direct and Indirect economic impact to the community.
- Largest employer in Grant County (130)
  - 5% of the county population is employed by JMHCC
- (20) Non-JMHCC jobs and (6) other businesses rely on JMHCC for revenue.
- JMHCC employees are the “highest earning” community members equating to property tax revenue of \$200,000+ annually.
- (93) students in surrounding communities have a parent employed at JMHCC.
  - (27) enrolled in Elgin, equating to 10% of the District’s total budget.

### **Capabilities:**

- (30) Bed hospital with clinics in Elgin, Richardton, Glen Ullin.
- (240) Longterm care patients, 5,000 clinic appoints, 800 ER visits annually.
- (2) Advanced Life Support Ambulances (170 annual runs over 900 sq mile coverage).

### **Contributing Factors to Fiscal Strain:**

- Reimbursement rates not meeting operational costs.
- 2022-2024 ineffective rollout and cost (\$750K) of system conversions (EPIC) to modernize billing, patient care, and revenue cycle.
- CEO and CFO departed prior to system conversions being fully implemented.
- Business office personnel shortfalls forced the hire of contractors and consultants for revenue cycle operations which turned out to be ineffective.
- Lack of expertise and training to effectively generate revenue from federal programs such as the 340B program. (340B is now generating \$1 mil+ per year)

### **Changes Implemented:**

- Nov 2025: New Administrator, Kristin Heid appointed to lead JMHCC.
- Nov 2025: Initiated Independent Financial Assessment and Advisement Team
  - Kurt Waldbillig (Sakakawea Medical Center, CEO)
  - Darrold Bertsch (Retired CEO/CFO)
- Dec 2025: New Strategic Plan focused on rightsizing for future financial sustainability while maintaining current capabilities.

- Jan 2026: Phase 1, \$847K in cost saving measures implemented, focused on administrative labor and contracts. Cut CEO position -\$167K, cut consultants - \$190K, -\$116K cut assistant DON, -\$367K revenue cycle restructure savings, limit outsourcing.)
- May-Dec 2026: Phase 2, additional \$511K in rightsizing measures. (Radiology Tech department restructure to permanent personnel, Provider shift adjustments)

#### Financials:

- JMHCC current operating payroll to payroll bridge loan needed by April 2026.
- Current operating expenses \$12.9 mil vs \$12.1 mil in revenue.
- Bridge Loan will enable rightsizing measures and get JMHCC to cashflow by Dec 2026 (projections: \$11.9 mil operating exp/\$12.1 mil revenue).
- Bridge Loan Request: \$5 mil over 11 years @ 2%
  - Pay off \$2.8mil to Vendors (@7-15%) and \$1.15 mil to First (@7%)=\$3.95 mil
  - Maintain 30 Days Cash on Hand (including 2 payrolls)= \$1.1mil
  - Annual Bridge Loan Payment \$522,000