

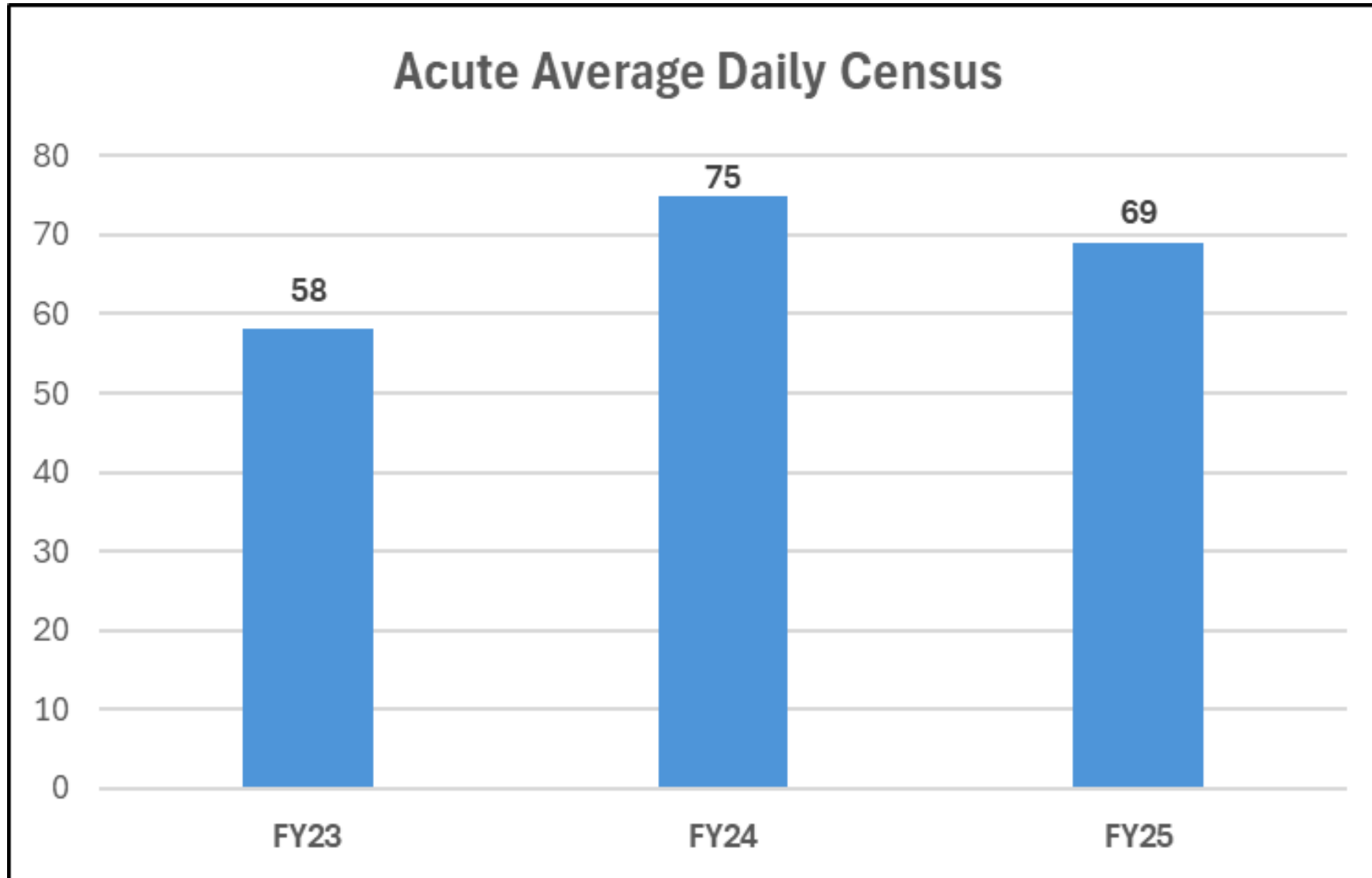


**Bay Area
Hospital**

Board Presentation – September 9, 2025

FOCUS: FINANCIAL SUSTAINABILITY

AVERAGE DAILY CENSUS



BED UTILIZATION BY UNIT

Patient Care Unit	Licensed			
	Available Beds	FY23	FY24	FY25
Intensive Care Unit	12	4.6	5.9	6.6
Intermediate Care Unit	26	16.4	20.2	20.4
Medical Care Unit	30	18.1	19.2	18.0
Post Surgical Unit	30	10.1	20.0	18.3
Acute Psychiatric Unit	13	5.0	6.0	7.5
Family Birth Center	21	3.5	3.5	3.4
	132	57.7	74.8	69.2

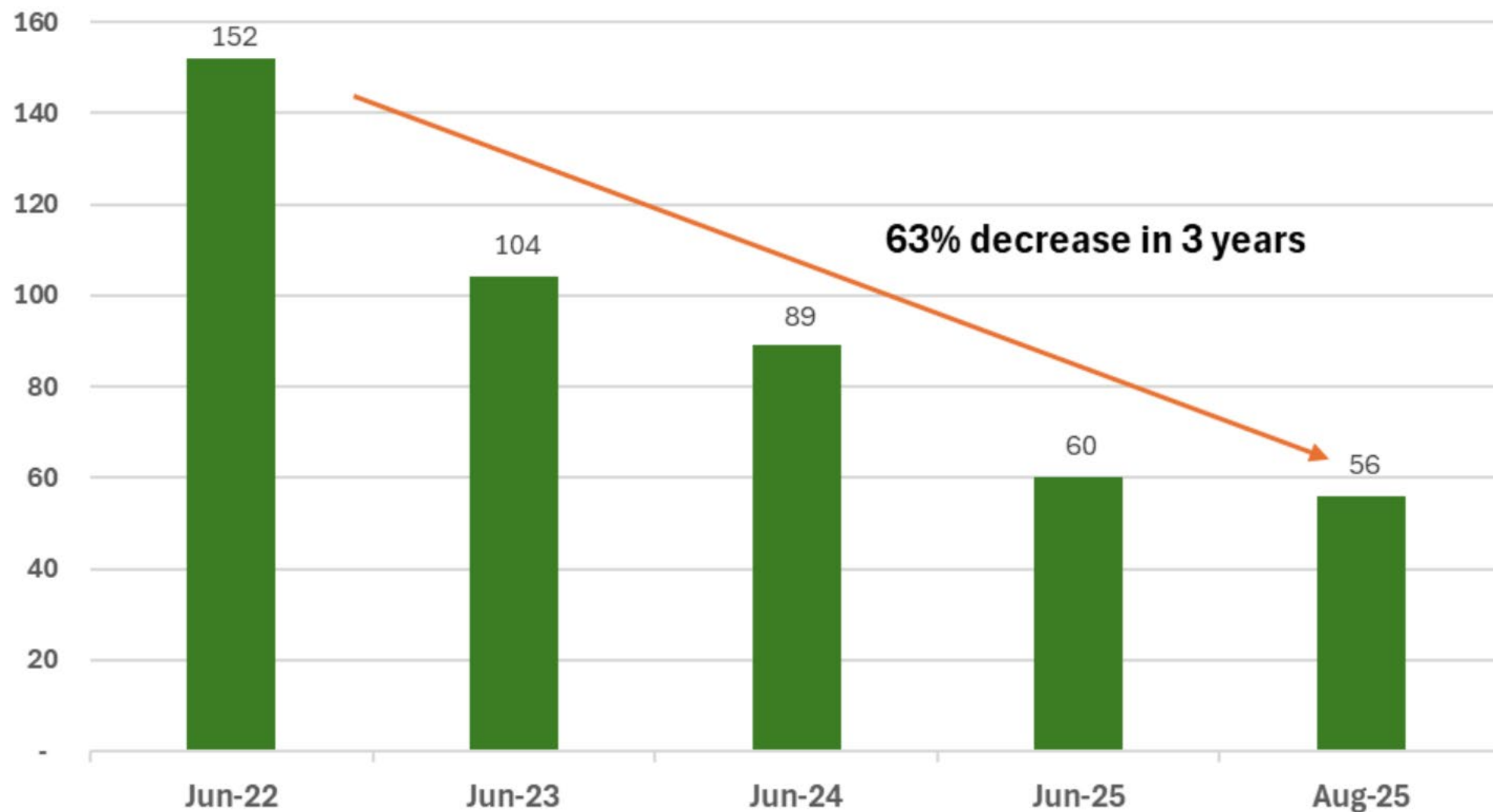
FINANCIAL OPERATING PERFORMANCE

	FY 2023		FY 2024		FY 2025	
Net Revenue	\$	207,613,221	\$	244,000,119	\$	240,176,004
<u>Expenses</u>						
Salaries and Wages	\$	82,568,363	\$	87,043,162	\$	97,627,589
Employee Benefits	\$	25,676,276	\$	26,834,637	\$	27,144,884
Contract Labor	\$	27,106,662	\$	23,794,604	\$	20,880,212
Physician Pro Fees	\$	14,777,519	\$	16,764,889	\$	17,101,791
Other Pro Fees	\$	3,936,094	\$	2,599,210	\$	1,674,486
Purchased Services	\$	13,274,021	\$	15,743,329	\$	23,528,684
Supplies	\$	41,070,423	\$	44,758,548	\$	44,435,782
Repairs & Maintenance	\$	3,729,157	\$	3,296,574	\$	3,259,457
Utilities	\$	2,174,210	\$	2,232,614	\$	2,345,820
Rent/Lease	\$	229,365	\$	186,175	\$	218,157
Insurance	\$	1,029,524	\$	996,023	\$	1,156,117
Depreciation & Amortizat	\$	12,062,286	\$	11,683,412	\$	10,199,789
Other Operating Expenses	\$	12,790,819	\$	14,794,354	\$	14,684,848
Total Oper. Exp	\$	240,424,719	\$	250,727,531	\$	264,257,616
Loss From Operations	\$	(32,811,498)	\$	(6,727,412)	\$	(24,081,612)

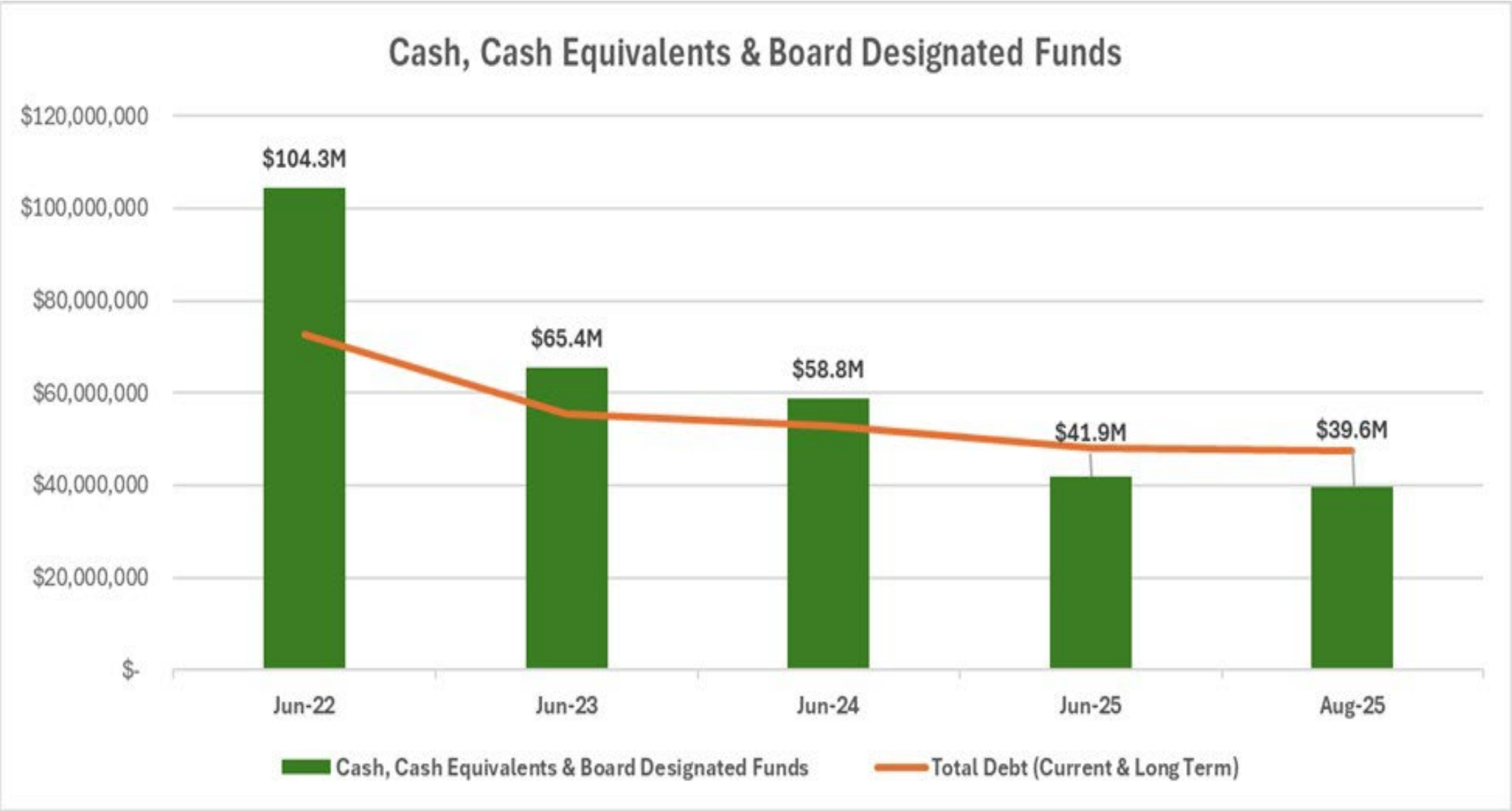
**OPERATING
INCOME
/(LOSS)
LAST 13
MONTHS**

<u>Month</u>	<u>Net Operating Income</u>
Jul-24	\$ (1,092,062)
Aug-24	\$ (574,740)
Sep-24	\$ (2,525,277)
Oct-24	\$ (2,489,756)
Nov-24	\$ (2,142,578)
Dec-24	\$ (1,699,298)
Jan-25	\$ (1,369,684)
Feb-25	\$ (1,138,160)
Mar-25	\$ (2,580,868)
Apr-25	\$ (1,412,713)
May-25	\$ (3,948,679)
Jun-25	\$ (3,314,319)
Jul-25	\$ (2,341,013)

DAYS CASH ON HAND



CASH VS DEBT





BANK OF MONTREAL

- **\$45M** outstanding on loan
- We are **not in compliance** with certain contractual requirements, placing us in default – Cash Flow and Operating Margin
- 7% interest rate - **\$1.2M** annual cost
- Balloon Payment due December 2030 for **\$35.3M**

EPIC SYSTEM – WHERE WE STAND



**Electronic
Health Record**

- Current partnership license with St. Charles expires February 2027 and will be extended
- St. Charles prefers to have Bay Area Hospital migrate off Community Connect by end of 2027
- Minimum build and install time for a new system is 18 months
- Need new Community Connect Partner or stand-alone Epic Electronic Health Record (EHR)
- Expense **\$22.3M** (preliminary) estimated for Epic Hosting

CAPITAL NEEDS

Overall Capital Needs **\$61,276,000**

Selected High Ticket Items Needed:

CT Scanner - Replacement	\$1,800,000
CT Scanner - Additional	\$2,100,000
MRI	\$3,000,000
Cath Lab - Replacement	\$3,000,000
Cath Lab - New	\$5,000,000
PACS	\$ 700,000
Second Tower Generator	\$1,250,000
Linear Accelerator	\$4,800,000

NOTE: Currently on capital break – fix mode

FINANCIAL SUSTAINABILITY PLAN

EXPENSE REDUCTION - ANNUALIZED

Salaries | Wages | Contract Labor

\$ 10,230,205

Reduction In Force

- Attrition
- Core Schedule
- Layoff
- Projected FTE Reduction 83.8

Note: Work In Progress

- Continue Hiring Freeze
- Continue to eliminate travelers
- Staffing will continuously be reviewed

Professional and Physician Fees

\$ 3,558,071

- Physician Contracts
- Locums

Note: Negotiations in progress

Supplies

\$ 989,939

FINANCIAL SUSTAINABILITY PLAN

EXPENSE REDUCTION – ANNUALIZED CONT.

Purchased Services	\$ 3,392,102
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Includes:

- Contracts
- Legal
- Consulting
- Negotiations in progress

Other Operating Expenses	\$ 1,754,894
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Annualized Expense Reduction	\$19,925,211
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Note: Implementation Immediate to 6 months or more

FINANCIAL SUSTAINABILITY PLAN

REVENUE ENHANCEMENT

Negotiate Third Party Payor Contracts

- Regence
- Moda
- United
- Aetna
- Pacific Source
- Providence
- Cigna
- Advanced Health

Estimated Impact TBD

FINANCIAL SUSTAINABILITY PLAN

REVENUE ENHANCEMENT

Revenue Cycles:

- Billing | Collection – Hospital - Coordinate with Savista
- Billing | Collection – Professional Billing – Coordinate with Savista and Coronis

Hospital | Provider Engagement for Improvements:

- Pre-authorizations
- Denials
- Clinical Documentation
- Appropriate Admission
- Timely Filing

Estimated Revenue Cycle Improvements TBD

Total Estimated Annualized Revenue Cycle \$6,000,000

**NOTE timing is 6 to 12 months for full implementation*

FINANCIAL SUSTAINABILITY PLAN

Expected Improvement for Fiscal Year 2026 \$19,925,211

Achieve 80% of Expense Reduction \$15,940,168

70% realized current fiscal year \$11,158,118

Expected Revenue Enhancement

Achieve 2.5% of Net Revenue

\$ 6,000,000

25% realized current fiscal year \$ 1,500,000

Realized this fiscal year \$12,658,118

Total Annualized \$21,940,168

A leader in government relations, lobbying, strategic communications and campaign management at the federal, state and local levels.



PAC/WEST LOBBY
G R O U P

Current work on behalf of hospital:

- Emergency Board request to engage with OHA Director
- Cash infusion
- BMO Bank loan refinancing
- Lottery Bond strategy
- Medicaid rate legislation



GROWTH OPPORTUNITIES

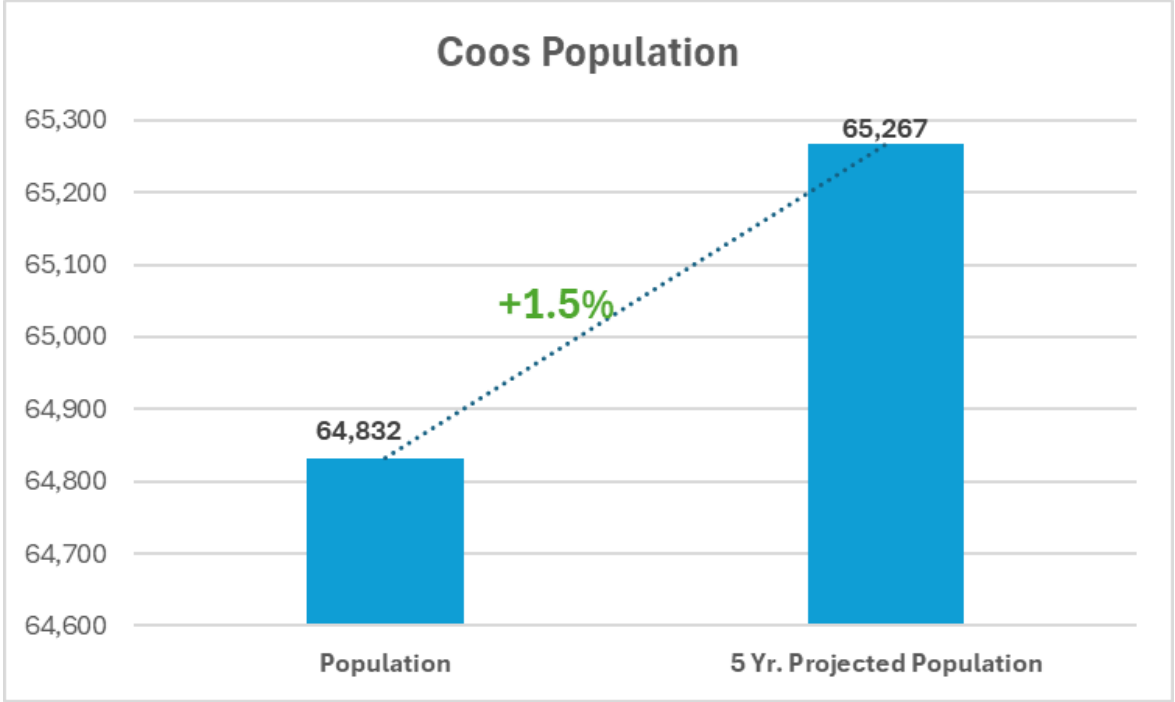
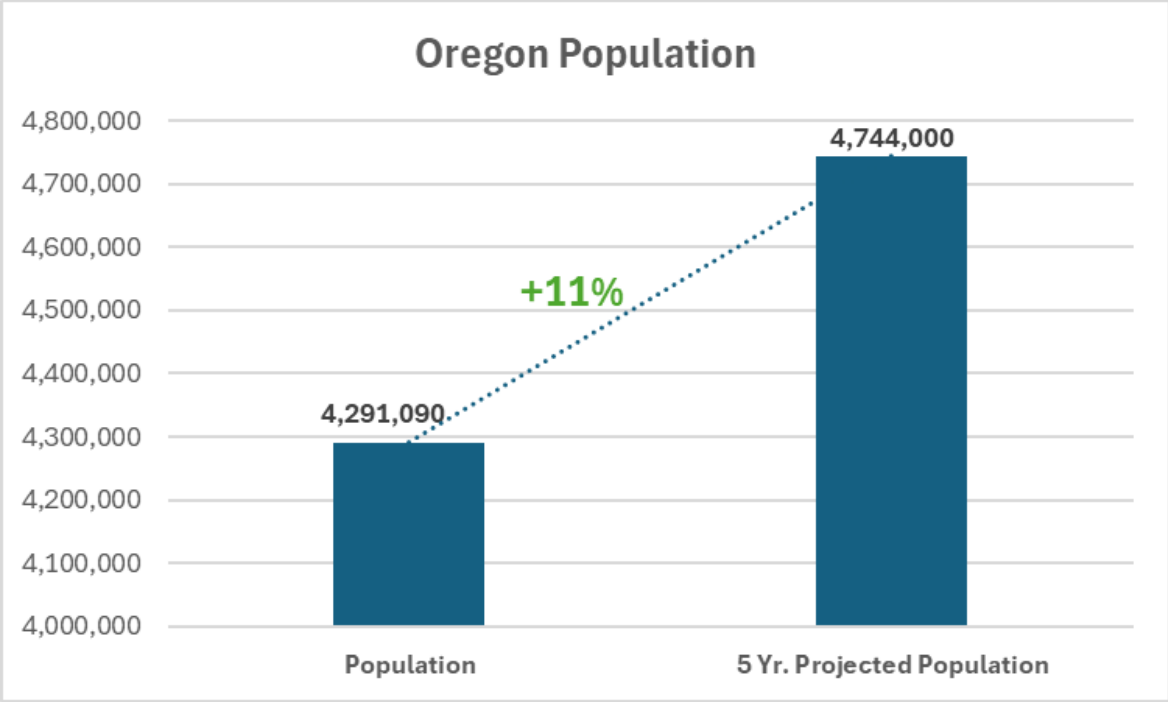


PARTNERSHIPS

Local Health System	In discussions
Others	

SOCIO-ECONOMICS – POPULATION GROWTH

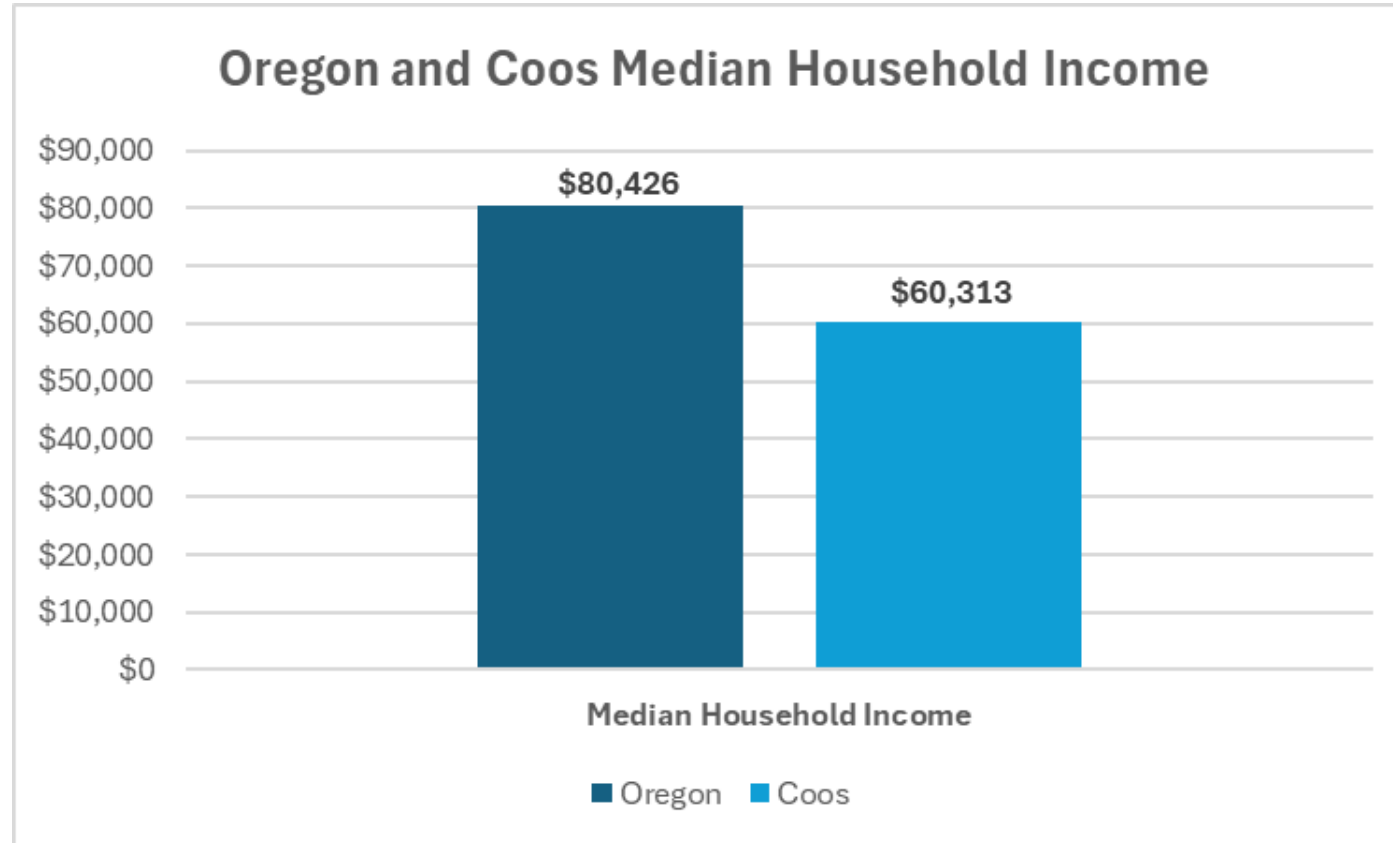
	Oregon		Coos	
Population	4,291,090		64,832	
5 yr. Projected population	4,744,000	11%↑	65,267	1.5%↑



SOCIO-ECONOMICS

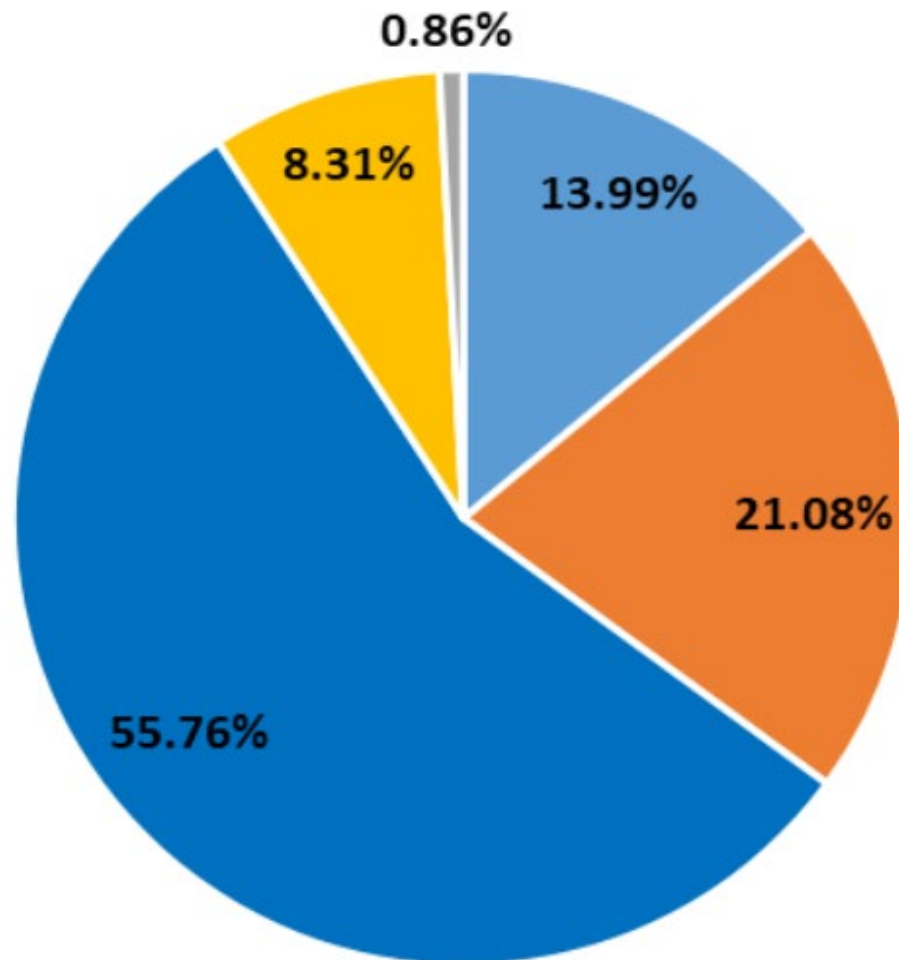
MEDIAN HOUSEHOLD INCOME

	Oregon	Coos	
Median Household Income	\$80,426	\$60,313	<33.3%>



PAYOR CLASS

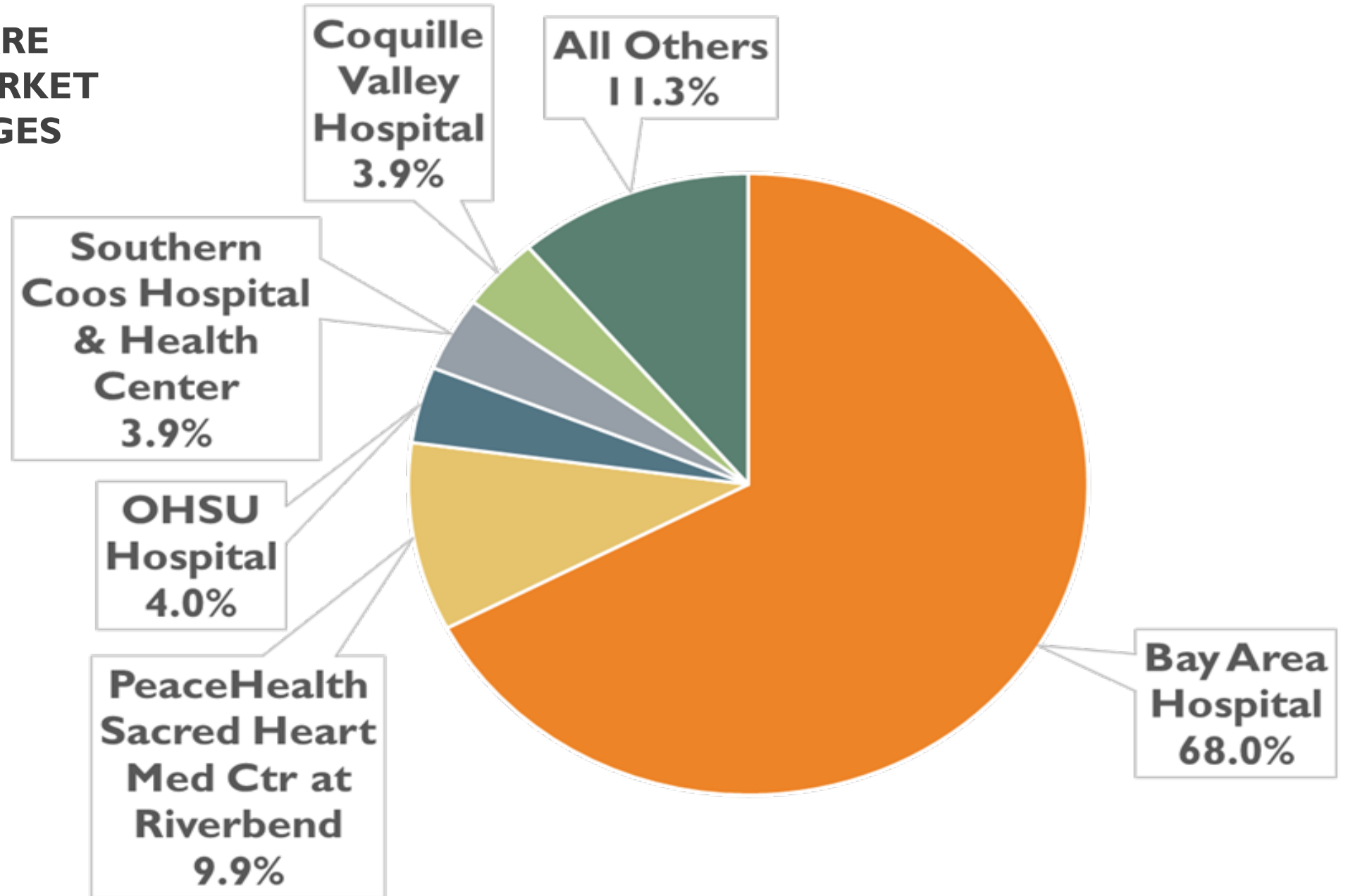
By Gross
Revenue



Total Payor Mix
FY25

- Commercial
- Medicaid
- Medicare
- Other Payers
- Self Pay

**MARKET SHARE
OVERALL MARKET
BY DISCHARGES
CY 2024**



MARKET SHARE OVERALL BY CHARGES | PAYOR CLASS

CY 2024

	% Market Charges	Primary Service Area		
		Commercial	Medicare	Medicaid
Bay Area	49.3	9.4	60.1	22.6
PeaceHealth	19.8	9.6	57.5	21.4
OHSU	10.6	20.8	45.4	29.4
McKenzie-Willamette	5.7	17.1	65.3	8
Southern Coos	2.1	12.1	74	7.9
Asante-Rogue	1.9	17.8	65.4	12.7
Coquille	1.6	6.1	68.5	16.7
Total Market		11.5	58.4	21.9
Total Market Charges	\$470M			

MARKET SHARE BY SPECIALTY CY 2024

CARDIOLOGY	%	Total Cases 1,255
Bay Area	73.2	919
PeaceHealth	8	100
So. Coos	3.7	47
McKenzie-Willamette	32	40

% Commercial: BAH 6.6% PSA: 7.5%

ORTHOPEDICS	%	Total Cases 644
Bay Area	50.6	326
PeaceHealth	20.8	134
McKenzie-Willamette	12.3	79
Coquille	3.1	20

% Commercial: 5.6% PSA: 12.5%

NEUROSCIENCES	%	Total Cases 563
Bay Area	55.2	311
PeaceHealth	21.8	123
OHSU	6.7	38
So. Coos	3.9	22

% Commercial: 8.9% PSA: 10.2%

MEDICINE/INFECTION DISEASE	%	Total Cases 2,162
Bay Area	70.2	1517
So. Coos	8.9	193
Coquille	6.65	143
PeaceHealth	3.7	81

% Commercial: BAH 8.4% PSA: 8.0%

ONCOLOGY/HEMA	%	Total Cases 275
Bay Area	52.7	145
OHSU	20	55
PeaceHealth	14.2	39

% Commercial: BAH 13.6% PSA: 28.7%

GI-INTERNAL MED	%	Total Cases 1,113
Bay Area	68.5	762
PeaceHealth	6.6	74
So. Coos	4	45
Coquille	3.5	39

% Commercial: BAH 10.6% PSA: 13.4%

PULMONOLOGY	%	Total Cases 408
Bay Area	74.5	304
PeaceHealth	10.5	43
OHSU	4.4	18
Lower Umpqua	3.9	16

% Commercial: BAH 4.1% PSA: 5.4%

GENERAL SURGERY	%	Total Cases 248
Bay Area	65.7	163
PeaceHealth	12.9	32
OHSU	6.4	16

% Commercial: BAH 15.6% PSA: 18.7%

UROLOGY	%	Total Cases 118
Bay Area	63.6	75
PeaceHealth	11.8	14

% Commercial: BAH 7.5% PSA: 8.4%

PHYSICIAN RECRUITMENT NEEDS

Orthopedic Surgery	4
Pediatric Hospitalist	2
Medical Oncology	2
Cardiology – General	1
Cardiology – Interventional	1
Anesthesia	1
Interventional Radiology	1
General Surgery	2
OB GYN	2
Urology	1
Gastroenterology	2
Nephrology	2
Neurology	2
Pulmonology	3
Primary Care	13
Total Physician Need	39

Bay Area Hospital options for recruitment of physicians and other providers.

Form a new Corporation

- To employee physicians and develop a multi-specialty clinic

OR

Partner with NBMC & Bay Clinic

- To expand the respective clinics

OREGON HOSPITAL DESIGNATIONS

DRG (Diagnosis-related group)

TYPE A (<50 beds; + 30 miles)

TYPE B (<50 beds; within 30 miles)

TYPE C (>50 beds and not a referral center)

HEALTH DISTRICT

Bay Area Hospital....

..... Only DRG hospital that **IS** a Health District

..... All other Health Districts **are** Critical Access Hospitals

..... One of two DRG Hospitals that is **NOT** affiliated with a system

..... Only standalone DRG Hospital that does **NOT** receive enhanced payment for Medicare wage index

..... Does **NOT** receive tax dollars from the District

..... Only DRG hospital that has not one, not two, but **three** Critical Access Hospitals within a 27-mile radius

PLAN B

Financial Performance continues to deteriorate

We do NOT receive any help from State of Oregon

- Refinancing the \$45M debt
- Cash Infusion
- Issuance of Lottery Bonds
- Redetermine Medicaid payments

Bank of Montreal calls note

St. Charles elects to terminate Epic Community Connect

Epic migration expense becomes a reality

Immediate need for high-cost capital needs

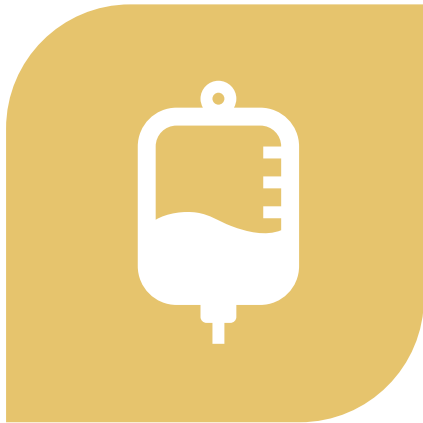
Not successful in recruiting physicians

Plan B may entail.....

- Downsizing to Type B Hospital
- 50 Licensed Beds
- All Service Lines would be at risk of closure or a reduction of service, including:
 - Adult Psychiatric Unit
 - ICU
 - Cardiology
 - Obstetrics

THE 3 GOALS

1



SAVE THE HOSPITAL

2



**FIND A LOCAL
SOLUTION,
IF POSSIBLE**

3



**FINANCIAL
SUSTAINABILITY**



THANK YOU