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SECTION 1: OVERVIEW OF PUBLIC FUNDING NEEDS AND CURRENT FINANCIAL POSITION

As part of Gove County Medical Center's (GCMC) ongoing efforts to inform Gove County Voters of the significance of the sales tax and other public funding sources on the long-term sustainability of operating GCMC, we would like to provide our community with information that not only provides supporting facts for the ongoing need of the funds but also provides an explanation of our current financial standing and the primary efforts that GCMC has made over the past two years to improve our financial standing and be responsible with our public funds.

There are four sections to this document. This section (Section 1) is the high-level overview containing answers to frequently asked questions. Sections 2 and 3 are a detailed timeline of when financial results from the changes made over the past two years will be visible (Section 3) and why the federal subsidy process is causing delays in realizing the financial gains from these changes (Section 2). Section 4 is a brief overview of the positive financial impact resulting from decisions GCMC has made to optimize its workforce over the past two years. Workforce is our number one expense, as it is for the vast majority of healthcare organizations. Healthcare employment costs have skyrocketed across the country over the past five years. We feel it is important for the community to understand what has been done to manage costs while ensuring competitive wages to our remarkable employees.

GCMC wants to thank our community members for taking the time to respectfully ask questions. Please know that we have done our best to effectively communicate complex healthcare issues. We value our community and our staff and ask that as questions arise and conversations are held in the community that care is given to respect those that have chosen to pursue their careers with GCMC. We hope that this document provides you with the answers that you need to make an informed vote on the 1-cent sales tax this upcoming November.

After all of the changes over the past year, why does GCMC still rely on the sales tax and mill levy?

Our ultimate financial goal is to continue making the necessary business decisions that improve our financial stability, allowing us to potentially reduce future reliance on public funding and continue to provide healthcare services in our county. As you will see in the information below, the decisions we have made over the last two years have only been partially recognized in the current financials. As a result, we continue to operate at a financial loss even with the public funding we receive from the sales tax and the mill levy. Until we achieve a strong financial standing, public funding reliance will remain critical to keeping our hospital open.

For county residents, why is the sales tax a good source of public funding for GCMC?

The sales tax is in part subsidized by interstate travelers. Conversely, the mill levy is fully funded by property owners in Gove County. Because the sales tax secures funding for three year periods and is not solely subsidized by residents in our county, the sales tax provides GCMC with flexibility in how we utilize the mill levy in future years as our other source of public funding.

What impact could the sales tax vote have on the future distribution of public funding sources to GCMC?

The mill levy has been evaluated annually since 2016. Each year at the time in which the mill levy is approved, the amount of funding requested is based on (1) how GCMC has performed up to that point in the year, (2) where GCMC projects our financial margins to be at the end of the year, and (3) how we are projecting GCMC to perform in the following year. The reason that the mill levy has not been reduced since it was first approved in 2016 to be capped at 16.5 mills is because the organization has not been in a financial position to do so. This is the situation that the hospital continues to find itself in today. The hospital simply cannot afford to reduce the mill levy or any public funding including the sales tax at this point in time.

GCMC's financial performance is greatly improved by the contribution of the sales tax dollars that we receive. Without the sales tax, efforts toward reducing the mill levy in future years will be far more challenging for GCMC to achieve. While continuing to receive the sales tax revenue does not guarantee that the mill levy will be reduced in 2025 or in the coming years, it does have a significant impact on the decision making process.

Why does GCMC still need both the sales tax and the mill levy?

The decision to remove any public funding to the hospital has to be made with very careful consideration to the timing of such decisions relative to the financial strength of GCMC at that time. If public funding is pulled or reduced before the hospital's recent business decisions and any future business decisions come to fruition, the future of the hospital will be put at risk. GCMC will not have a full understanding of the financial impact of all the recent changes until we have at least one additional years' worth of financial data (estimated to be August 2025). As you will see in the table below, we are not yet financially sustainable and therefore it is too early to safely reduce or eliminate any source of GCMC's public funding without significant risk to the longevity of our community healthcare facility.

How does public funding assist with the costs of charity care and bad debt write-offs?

As a community hospital, GCMC provides a certain amount of uncompensated care each year. Sometimes this uncompensated care is a result of charity care, which is a mechanism that is in place to help low-income households afford healthcare when they do not otherwise qualify for Medicaid (i.e. the gap that Medicaid expansion would otherwise fill). As a result, GCMC ends up writing off the cost of care for those that meet the thresholds required to qualify for charity care, meaning we do not get paid for all or a portion of these services. Charity care is a mechanism that helps GCMC provide healthcare to those in our community that desperately need it but may not have the financial means to afford it.

Bad debt is the other form of uncompensated care that GCMC incurs. Unfortunately, this is the result of patients that are deemed to have the financial means to pay for their healthcare services but do not pay GCMC when they receive their statements. These unpaid statements are then sent on to our collection agency with the hopes, but not the guarantee, that we will recoup the amount owed.

For both charity care and bad debt, GCMC receives zero funding for the services provided but still incurs 100% of the cost to provide those services. In 2024 alone, GCMC provided $460,000 dollars in uncompensated care to people that receive healthcare services at GCMC, the majority of which are those that reside in our county. Sales tax revenue assists GCMC in absorbing this uncompensated care so that those who need services but cannot afford them and do not qualify for insurance coverage can receive needed services (which is done through charity), and assist in limiting the devastating impact of not being paid for services by those whom do not qualify for charity care but still do not pay us for the services they receive. By the end of 2024, the revenue brought in by the sales tax is estimated to be nearly completely washed out by the cost of uncompensated care. While we take pride in taking care of our entire community and will continue to do so, it would be very difficult if not impossible for GCMC to take on the full financial impact of uncompensated care without the assistance of the sales tax.

What is GCMC's current financial position through the first 6 months of 2024 with and without public funding sources compared to this time last year?

GCMC Financial Summary	6/30/2023 YTD	6/30/2024 YTD
Net Inc (Loss) From Operating	**(2,948,754)**	**(2,218,938)**
Sales Tax Revenue	699,746*	399,882*
Property Tax Mill Levy	575,000**	665,059**
Interest Income	120,818	96,806
Interest (Expense)	(15,238)	(10,706)
Contributions (Donations)	12,152	5,400
Grants	3,444	2,470
Net Income (Loss)	**(1,552,832)**	**(1,060,027)**

*On average, the sales tax brings in roughly $600,000 to $700,000 per year. The reason that 2023 is so much higher than 2024 is the result of delayed payments from the year prior (2022).

**The 16.5 mill levy has been in place since March of 2016. Each year, the hospital has requested and received the full 16.5 mills. On average, the mill levy revenue to GCMC for a full calendar year ranges between $1,100,000 and $1,350,000.

We recognize that with the significant amount of public funding that GCMC secures, we must find ways to improve our financial performance. This is why GCMC has been making such large and impactful changes over the last two years and why we strive to continue to improve our financial position moving forward. Despite the amount of funding we have received in years past, we are not yet financially viable, with or without public funding. The public funding we receive plays a critical role in bridging this gap for GCMC as we continue to improve our financial performance and begin to recognize all of the financial benefits from the changes we have made over the last two years. Our Board of Trustees, administration and staff are dedicated to improving the financial performance of GCMC. For those interested in

knowing what GCMC has done over the past two years to curb the rising cost of employment, please refer to section 4. Healthcare finances are extremely complicated for Critical Access Hospitals and are not a straightforward, month-by-month profit/loss running balance. We sincerely hope that the information in this section has answered many of the questions surrounding our hospital, our current financial position, and the continued need for public funding.

SECTION 2: COST REPORT IMPLICATIONS ON CURRENT FINANCIAL POSITION

Please explain why GCMC has not yet recognized all of the financial benefits from the closure of the Long Term Care (LTC) and the purchase of Bluestem Clinic?

To understand how and when the full financial impact of the LTC closure and the purchase of GCMC Bluestem Clinic will take place, please see the frequently asked questions below.

How is GCMC subsidized by the federal government (i.e. Medicare)?

GCMC is designated as a Critical Access Hospital by the federal government. Because the government understands that expenses of providing rural health care greatly outpace the revenues generated, Critical Access Hospitals' expenses are subsidized by the federal government to provide healthcare services in rural communities. The way we are subsidized for our expenses by the federal government is based on three factors:

(1) What percentage of our patients are covered by Medicare?

(2) How much does GCMC spend each year to provide health care services (i.e. total expenses)?

(3) Out of our total expenses, how much is considered reimbursable, and how much is non-reimbursable?

To determine how much GCMC spends each year and whether or not the expenses are attributed to reimbursable or non-reimbursable departments, the government requires that we complete a cost report at the end of each calendar year.

The government takes the percentage of Medicare patients served by GCMC and multiplies it by GCMC's total reimbursable expenses to get the total amount of GCMC's operating expenses that Medicare expects to subsidize the hospital for over the course of the next year (i.e. the federal subsidy). This federal subsidy is then paid out to GCMC at 99% of the total calculated subsidized costs.

Can GCMC provide examples of how Medicare subsidizes GCMC based on the percentage of Medicare patients that a department provides services to?

Medicare Cost Report: Medicare will reimburse 99% (101% minus 2% Sequestration) of allowable cost to provide services to Medicare patients. The cost report is where GCMC provides

the allowable cost to provide the services to Medicare patients and Medicare pays us (or we pay them) the difference in what we were paid and what we should of been paid based on the cost. We will provide an explanation of reimbursable vs. non-reimbursable expenses later in this section.

Department with 100% Medicare Patients (Simplified): Department Direct Expenses ($10,000) plus allowable Administration and General Expense ($5,000) for a total of $15,000 to run that department. That means Medicare will pay $14,850 ($15,000*.99 = $14,850). If we have only been paid $9,000 (Billed to Medicare), Medicare will write us a check for the difference ($5,850).

Department with 50% Medicare Patients (Simplified): Department Direct Expense ($10,000) plus allowable Administration and General Expense ($5,000) for a total of $15,000 to run that department. The allowable cost will be $7,500 (50% Medicare $15,000*.50 =$7,500). That means Medicare will pay $7,425 ($7,500*.99 = $7,125). If we have already been paid $9,000 (Billed to Medicare), Medicare will request a check for the difference at the end of the year ($9,000 - $7,425= $1,575 Due to Medicare). If we have not been paid $7,425, Medicare will cut us a check at the end of the year to catch us up.

Department with 0% Medicare Patients (Simplified LTC example): Long Term Care Direct Expense ($2,200,000) plus allowable Administration and General ($2,400,000) for a total of $4,600,000 to run the Long Term Care. The allowable cost on the Long Term Care is 0% as Medicare does not allow long-term care costs. That means that in addition to not being subsidized on the $2,200,000 of direct LTC expenses, GCMC also loses the $2,400,000 of Admin and General Expense that could of been allocated to other departments that Medicare will allow for reimbursement.

Why do reimbursable and non-reimbursable expenses matter to GCMC and how do they impact our financial wellbeing?

As mentioned, the federal government does not simply set their subsidy based on our total expenses – they set it on total reimbursable expenses and remove the non-reimbursable expenses from the equation, which requires Critical Access Hospitals to carefully consider which services they can afford to keep due to financial constraints. Certain departments are deemed reimbursable by the federal government (such as Nursing, Clinic, Radiology), while others are not (such as the LTC and Independent Living).

The greater number of reimbursable services we provide during a given year, the more our reimbursable costs go up and the more the federal government expects to subsidize us on our expenses. As a result, they pay us higher reimbursement rates for the following year. As an example, it does not matter if GCMC's total expenses for 2023 are $20 million, $17 million or $16 million, if our reimbursable expenses are $15 million in 2023, then the federal government provides us a subsidy to our Medicare payment rates in 2024 as a percentage of $15 million.

The greater number of non-reimbursable services we provide (such as LTC and Independent Living), the more our reimbursable costs go down and the less the federal government expects to subsidize us the next year so they pay us at lower rates for the following year. So, if our reimbursable expenses for 2023

are only $12 million as opposed to $15 million in the previous example (regardless of total expenses), then the federal government will only provide us a subsidy to our Medicare payment rates in 2024 as a percentage of the $12 million.

Each department has their separate direct operating expenses that are attributed to them on the cost report, but the cost report also requires that we allocate overhead expenses to each department. These allocated overhead expenses are costs that are necessary for operating GCMC as a whole and therefore these expenses cannot be dedicated to just one department. When these overhead expenses are allocated to reimbursable departments, the federal subsidy will cover a portion of them. When they are allocated to non-reimbursable departments, the federal subsidy will not cover them. So, when a non-reimbursable department is closed (such as the LTC), the non-reimbursed costs are redistributed across the organization into other departments, including reimbursable departments (such as Nursing, Clinic and Radiology), and are then considered to be reimbursable and subsequently subsidized by the federal government. As a result, the fewer non-reimbursable departments that GCMC operates, the greater the amount of federal subsidy we receive.

This not only highlights how financially difficult it is to provide non-reimbursable services at GCMC, but it also serves to demonstrate why the timing of the cost report has resulted in GCMC not yet realizing the full financial impact of the decisions made over the last two years.

How does Medicare pay out the subsidy to GCMC and how long does it take?

Medicare uses our cost report from the prior year to forecast an expected subsidy amount for the next year. It is not a perfect calculation from Medicare as forecasting expenses for an entire year is an imperfect science. As a result, they may project the subsidy to be too high or too low. Regardless, the expected subsidy amount from Medicare for the upcoming year is not paid out to us in one lump sum at the beginning of the year or at the end of the year. Instead, Medicare simply adjusts how much they will pay us when we bill them for each service provided to Medicare patients throughout the course of the next 12 months. In other words, they pay us our subsidy through a rate adjustment so that it is spread out through the course of the year instead of paying it all at one time.

When setting the subsidized amount (i.e. the rate adjustment) based on our previous years cost report (i.e. the cost report year), they do so based on the cost report year's reimbursable expenses. If in that cost report year they had set the expected subsidy too low and therefore underpaid us for services provided through that year, they will write us a check approximately 6-9 months after the end of that cost report year and subsequently increase our rates moving forward until the next filed cost report starts the cycle over. If in that cost report year they overpaid GCMC because they projected a higher subsidy than was required and therefore overpaid us for services provided throughout that year, GCMC will write the government a check and Medicare will subsequently reduce our payment rates for the next year until the cycle starts over. It truly is a giant game of playing catch up for both GCMC and the federal government, but that game does have financial consequences on hospitals like ours.

In summary, why has the cost reporting process and federal subsidy structure resulted in not yet recognizing all of the financial benefits from the closure of the LTC and the purchase of GCMC Bluestem Clinic?

This method of subsidy payment from the federal government means that we are always 12 months behind in being paid our correct amount from Medicare. When we are being underpaid, this creates a hardship on our cash flow and decreases our profitability on our income statement. Eventually, we do catch up when Medicare finally makes the appropriate adjustments, but it lags behind significantly (12-23 months depending on the timing of the cost report filing and the finalized rates being set by Medicare). This is the same process that causes such a significant delay in GCMC recognizing the financial benefits of removing non-reimbursable costs from our operations (such as closing the LTC) or from increasing reimbursable costs from changes in our operations (such as adding the GCMC Bluestem Clinic).

Hopefully, this explanation helps improve the understanding of the complexities of our financial situation and why the changes we make are not reflected fully for a very long period of time. To see a timeline of the core changes made over the past two years and when we expect to see the financial changes, please continue on to Section 3.

SECTION 3: TIMELINE OF MAJOR CHANGES AND EXPECTED TIMING OF FINANCIAL IMPACT

June 2023: Closure of Long Term Care

Direct LTC Operating Expenses in 2023 (January – June 2023): $1,130,000. While every department has operating expenses (and revenues), the LTC operating expenses are considered non-reimbursable unlike the majority of other departments in the hospital, earning GCMC $0 on these expenses, making it extremely difficult to continue to operate the LTC.

Indirect Operating Impact: There is $1,240,000 that was allocated to the LTC from other departments still remaining on the 2023 cost report. These dollars are still non-reimbursable at $0 today and therefore continue to negatively affect our reimbursement from Medicare. When the 2024 interim cost report is final, the $1,240,000 will then be reallocated and reimbursable. The actual financial impact cannot begin to be recognized until that time.

August 2023: County Mill Levy Budget for 2024 Submitted

The mill levy budget was submitted in August 2023 for the year 2024. The requested amount was based on a combination of current financial needs at that time and future financial projections.

December 2023: Acquisition of Bluestem Clinic

The monthly average expenses have totaled roughly $250,000, which have not yet been recognized on the Medicare Cost Report as reimbursable. As of now, these expenses (approximately $1,500,000 through the first six months of 2024) are non-reimbursable at $0 until the 2024 interim cost report is submitted in August 2024 and subsequently finalized.

In addition, and similar to the LTC, prior to purchasing the clinic, the physical clinic space itself was considered a non-reimbursable department because it was being leased. All of the costs allocated to it while it was leased were reimbursed at $0 every year that the space was leased to Bluestem Medical. Once the 2024 interim cost report is final, these allocated costs will become reimbursable because we now own and operate the GCMC Bluestem Clinic.

December 2023: Ownership of Independent Living (ILA) Transferred to Gove County

Identical to the LTC, the ILA reimburses 0% of any overhead expenses that are required to be allocated to it when owned and operated or leased out by GCMC, which is why GCMC transferred ownership of the physical building and the operations to Gove County as opposed to leasing it. In this case, $251,000 was allocated in 2023 and will continue to be on our cost report until the 2024 interim cost report is submitted in August and subsequently finalized thereafter. Following that, the $251,000 will be shifted to reimbursable departments and we will receive reimbursement as a percentage of these dollars.

April 2024: 340B Program Starts

The 340B program is a source of revenue that is only possible as a result of the purchase of the Bluestem Clinic. These dollars are dedicated to providing the financial support necessary for keeping rural health care available in Gove County. The federal government sets parameters around how soon an organization can start their 340B program following an action that qualifies the organization to participate (in this case, the purchase of GCMC Bluestem Clinic in December 2023). For us, the earliest we could start the program was April of 2024, leaving January through March out of our current year-to-date financials. Based on financial results of the program in April-June, our 340B program should generate approximately $420,000 each year for GCMC, or $35,000 per month. 2024 will only see $325,000 of 340B dollars due to the start date being in April. GCMC has only recognized $105,000 of that $325,000 with the remaining $220,000 receivable expected to be realized in the second half of 2024.

May 2024: Cost Report of 2023 Submitted

GCMC has submitted and finalized the 2023 cost report. The 2023 cost report contains direct operating expenses for each department and indirect allocated expenses of each department for operations throughout the 2023 fiscal year.

The following areas will remain on our cost report until the 2024 interim cost report is finalized and therefore will continue to decrease our payments from Medicare until that point in time.

(1) Allocated overhead expenses into non-reimbursable departments that will be re-allocated across other reimbursable departments once the 2024 interim cost report is complete:

    LTC: $1,240,000

ILA: $251,000

Leased Clinic Space: $110,000

(2) Operating expenses in non-reimbursable departments that will be removed completely once the 2024 interim cost report is complete:

LTC: $1,130,000

August 2024: County Mill Levy Budget for 2025 Submitted

The mill levy budget is submitted in August 2024 for the year 2025 (January – December 2025). Please note that while the 2024 interim cost report is expected to have a significant financial impact for GCMC, the extent of that impact is still to be determined and will not be known or realized for several more months. As a result, the financial impact will not be known at the time of the mill levy approval.

August 2024: 2024 Interim Cost Report

The 2024 interim cost report will be submitted at the end of August, but will not be settled for several months. This is the most important item in the timeline for beginning to recognize the full financial impact of all the changes made over the last two years. This cost report will take the first six months of 2024 and annualize for 12 months, effectively resulting in the following: (1) removing all remaining operating expenses from departments that no longer exist (such as LTC); (2) re-allocating overhead expenses from non-reimbursable departments and physical space that no longer exist (such as LTC and ILA, respectively); (3) begin to reimburse GCMC for operating and allocated expenses generated in 2024 by new services whose expenses are not currently being reimbursed because they were not on the 2023 annual cost report (such as the GCMC Bluestem Clinic).

These three changes will result in Medicare reimbursing us a one-time lump sum payment to make up the amount they underpaid GCMC and they will adjust our rates to pay us more over the course of the next year so that they don't fall behind on payments, thereby increasing our monthly revenue and improving our financial performance.

After the 2024 interim cost report is finalized, the following expenses will become reimbursable because the previously allocated costs to these non-reimbursable departments and space will now be redistributed to other areas that are reimbursable:

Overhead previously allocated to LTC: $1,240,000

Overhead previously allocated to ILA: $251,000

Overhead previously allocated to Leased Clinic Space: $110,000

The following non-reimbursable expenses (i.e. generates $0 of reimbursable expenses) will be removed from the interim cost report:

LTC direct operating costs: $1,130,000

The following expenses are current 2024 expenses that are not actively reimbursed but will be reimbursed following the completion of the interim cost report:

GCMC Bluestem Clinic operating expenses: $1,500,000

Summary: While GCMC has made a lot of progress in reducing our financial losses, the full impact of closing the LTC and purchasing of Bluestem Medical will not reflect in the financials until sometime after August of 2024. We are required to submit a finalized budget for the mill levy in August of 2024. While GCMC would like to reduce our tax burden on the county, that will have to be evaluated for the 2026 budget. Losing the sales tax (paid in part by out of county residents) would be extremely detrimental to any effort to lower the mill levy (paid only by county residents) for the 2026 budget.

SECTION 4: GCMC EXPENSE MANAGEMENT QUESTIONS

As it relates to the renewal of the sales tax, we believe it is important that any information provided to the general public is released with a description and explanation so that there is no confusion that could potentially lead to the belief that GCMC is being irresponsible in our expenditures and use of public funding. We hope that the answers to the questions below will be helpful.

How does GCMC set its employee wages?

First and foremost, we are grateful to employ such amazing caregivers. The work they do and the miracles they perform day-in and day-out is nothing short of remarkable and we are honored to be able to pay them competitive wages. We are grateful to those that dedicate their time to providing amazing healthcare services at GCMC. At the same time, GCMC is very careful not to exceed market wages for our positions. Each year, the Kansas Hospital Association (KHA) releases percentiles and wage/salary scales for healthcare positions across the state of Kansas. KHA provides separate percentile rankings depending on type of hospital, including designated Critical Access Hospital percentiles. GCMC is a Critical Access Hospital and therefore we do use these percentiles to set our wages because they best reflect our rural market and other similarly sized facilities across the state. GCMC uses this data to make informed decisions about our pay scales for every position in the organization. We feel this is the most objective way for GCMC to set their wages.

It is important to know that not every hospital is created equal. We all provide different services, care for different populations and care for a varying numbers of patients and we all have different needs. A higher or lower dollar amount attributed to employee salaries and benefits doesn't necessarily signify unwarranted pay or excessive spending. All hospitals have different staffing needs to care for the people they serve and the services they provide in order to conduct business in an efficient manner. Our dollars attributed to salaries and benefits means one thing: these are the dollars required to pay the people we need in order to provide the healthcare services that our patients need.

Does GCMC spend an excessive amount on Administration wages and expenses?

No, but as a whole, all employee salaries and benefits combined make up the single highest expense category at GCMC (as is the case at nearly all healthcare organizations). As mentioned previously, every position at GCMC uses the most current KHA market data to set our wage scales and there are no exceptions to this, administration or otherwise. Without understanding the different employee groupings that GCMC categorizes under "Admin Salaries," it is understandable why there has been some confusion. The first thing to know is that "Admin Salaries" is actually titled "Admin and General Salaries." It is a very large grouping of employees. The category of "Admin and General Salaries" consists of wages paid out to (but not limited to) a variety of: non-clinical administrative assistants, managers, directors and executives, human resources, marketing and other non-clinical support positions, all clinic and hospital business office, registration, billing and health information positions, among others. These positions make up a large portion of our workforce and contribute to a large part of GCMCs total wages and salaries.

The second thing to note is that every hospital has flexibility in how they recognize different positions across different salary categories on the cost report. GCMC chooses to put quite a few positions in this category where other hospitals may not. While we report these salaries in this manner on our cost report, we cannot speak to whether or not these categories are reported exactly the same by our competitors. The same can be said about how organizations may choose to report or not report their nursing admin salaries as well. At GCMC, we report each non-direct patient care nursing position in the category of "Nursing Admin Salaries" as opposed to separating them into other nursing categories or departments. This category is inclusive of many non-direct patient care nursing positions required to operate our hospital, including but not limited to: all nursing manager, director and executive positions, quality, infection control, pharmacy, utilization review and discharge planning, among others. Other organizations may choose to report many of these positions in other salary categories where GCMC has chosen to group them into this category.

There is a category on our cost report that is listed as "Admin & General Other", which is solely dedicated to business and supply expenses i.e. insurance, malpractice, internet services, business office equipment, etc. This category is not tied to salaries, wages or benefits.

GCMC provides a wide variety of healthcare services. These services require that we staff our departments with the appropriate number of qualified personnel. Understaffing often results in decreased quality of care and increased patient safety concerns. GCMC has evaluated our staffing models and has determined that our departments are currently staffed appropriately for the services we provide and the patient volumes that we see. The next question, supports the statement that current GCMC administration has been very diligent over the last three years in determining areas that may be overstaffed and made many necessary changes in order to be responsible stewards of our operating and public funding.

With wages and benefits being GCMC's largest operating expense, what measures have been taken to ensure that GCMC is competitive yet financially responsible in this area?

Over the last three years, GCMC has chosen to consolidate many positions as we have evaluated the true staffing needs of each department. We have adjusted many department staffing models and have been able to reduce our wages and benefits by an annual reoccurring amount of $847,175. Please keep in mind that this reduction in salaries and benefits is a year-over-year savings. You can see the breakout of these savings by department in the table below:

Expenses Saved		
Position	***Total reduction in staffed positions (full time and part time)***	***Total Annual Savings***
Dietary	**3.00**	**$ 166,697.62**
Housekeeping	**4.00**	**$ 148,599.36**
Transportation Van	**0.25**	**$ 21,607.56**
Accounts Representative	**1.00**	**$ 43,788.65**
Accounts Payable	**1.00**	**$ 44,310.24**
Risk/Quality Manager	**1.00**	**$ 95,752.80**
IT - Facilities Director	**1.00**	**$ 24,063.16**
Human Resources Department	**1.00**	**$ 113,022.00**
Administrative Assistant	**1.00**	**$ 57,564.00**
Laboratory Department	**1.05**	**$ 18,753.12**
Respiratory Department	**1.75**	**$ 113,017.25**
TOTAL	**16.05**	**$ 847,175.76**

Does GCMC use an excessive amount of Consultants?

It is important to understand the difference between consultants and contract fees. Consultants are routinely advisory in nature. Contract fees include companies and individuals that provide services to GCMC for patient care and revenue generating services. In 2023, we categorized $513,000 in consultant fees. Only $8000 of that amount was for true consultant fees, the remaining amount was for contract fees.

In closing, we want to reassure the residents of Gove County that GCMC is committed to spend responsibly and be good stewards of the dollars we earn through operations and the dollars provided to us by tax payers. We are hopeful that we have been able to successfully demonstrate how complex our environment is and that we have made amazing strides in the areas of revenue and expenses. We hope that we have answered the majority of questions surrounding our current financial position and as to why the sales tax is still so vital to our financial security for the time being. We want to sincerely thank

you for all of your support and look forward to continue providing the right care, at the right time, in the right setting – close to home.