

From: **Marlatt, Kim** <[Kim.Marlatt@nmhs.net](mailto:Kim.Marlatt@nmhs.net)>  
Date: Tue, Jul 18, 2023 at 9:52 AM  
Subject: FW: Reporter inquiry  
To: [heather@mississippifreepress.org](mailto:heather@mississippifreepress.org)

*Hello, Heather.*

*Thank you for your inquiry. The following message was sent July 12 to all NMHS employees and affiliated providers. We have no further comment. The message provides context around the state of health care nationally and locally as well as an overview of actions being taken and reasons for those actions.*

### **Shared on Behalf of Shane Spees, President/CEO, North Mississippi Health Services**

A dramatic shift is occurring within health care, which was accelerated by the COVID-19 pandemic and has led to many financial challenges within the health care industry. Across the country, hospitals and health systems have suffered financial losses due to rapidly increasing costs in labor, supplies and drugs. At the same time, what health care systems are paid to care for patients is not increasing as quickly as more and more patient care is being provided in the outpatient setting rather than within a hospital.

North Mississippi Health Services is experiencing the same dramatic shift (see graph above). Fortunately, we have a strong balance sheet (like a savings account) that can serve as a “rainy day fund” as needed, and our debt rating agencies have given us “A” grades for managing through these financially challenging times. As we have shared through leadership, we have experienced financial losses over the past year and expect those losses to continue unless corrected. Financial losses limit the funds available to staff beds, maintain technology and grow services. To fulfill our mission – our responsibility to the community to continuously improve their health – we must make our own dramatic shift at NMHS. This requires us to make difficult decisions and bold changes.

We have experienced growth and improvements over the past year, but they have occurred on a small scale compared to cost inflation, which has continued to increase faster than our patient care payments (see graph above). We are implementing other cost savings tactics and have evaluated various options in hope that we could avoid “people” changes. However, these other tactics and options unfortunately cannot produce the amount of cost savings necessary to dramatically improve our financial performance.

As a result, we will soon implement the following difficult decisions and changes throughout our system:

- Ask some team members to consider reassignment to a different job
- Eliminate some jobs
- Reduce hours in some jobs
- Redesign “how” we accomplish “the work” of health care to be cost-effective while supporting growth in key services

Leadership, in coordination with Human Resources, will communicate and implement these changes beginning July 12th. We will use the following two weeks to complete the process.

These decisions are difficult because those impacted are real people -- our teammates and friends. Our leadership and Human Resources teams will work closely to support those affected.

Despite these necessary changes, NMHS will “stay the course” with many initiatives that are mission critical. We will continue to innovate through solutions that support clinical care (e.g., virtual nursing, virtual sitters, staff self-scheduling mobile app). We will continue to apply SASSs principles to remove “hassle factors” from “how” you do your work. We will continue to invest in technology, such as Epic and artificial intelligence, that can automate mundane tasks allowing you to perform more meaningful and fulfilling work. And, we will continue to create new business partnerships and focus on outpatient growth in new markets to provide new revenue sources for NMHS.

Just as we did throughout the COVID-19 pandemic, we will remain patient- and family-centered throughout these financial challenges and the shifting model within our industry.

**KIM L MARLATT**

Vice President, Marketing  
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