

St. Charles system in the red

By SUZANNE ROIG
The Bulletin

BEND — The first three months of the year has left St. Charles Health System with a \$17.2 million operating loss, the hospital reported in an email to its employees.

The cause is a confluence of events that have taken two years to brew, said Matt Swafford, St. Charles Health System chief financial officer. Since the start of the pandemic, St. Charles has operated at, or above, full capacity, at times paying wages that were three times higher than pre-pandemic rates and, until recently, delayed the return of the profitable private-pay surgeries that were put on hold to keep hospital beds and staff free for COVID-19 patients.

If the four-hospital system can't address the financial problem, it could mean a partnering with another hospital or an elimination of services, Swafford said.

But those actions would be the last resort, Swafford said.

"We are not focused on that right now because we feel the most important thing we can do now is keep St. Charles a local, region-focused system," Swafford said. "We're making less money and losing money."

St. Charles is not the only hospital in Oregon to find its balance sheet in the red. The majority of the state's 62 hospitals are struggling financially, making decisions to boost revenues and cut expenses, said Becky Hultberg, Oregon Association of Hospitals and Health Systems president and CEO.

A recent study of finances at Oregon's hospitals revealed 42% of them ended the first quarter losing money, Hultberg said.

"Central and Southern Oregon were disproportionately hit hard because of a smaller labor pool and they had to cancel surgeries," Hultberg said. "It's happening here and elsewhere. The challenge is that costs have increased significantly and revenues have not."

"It's been a difficult two years. The pandemic has significantly impacted hospitals' finances to the point that we might see reduction in services," she said.

In Oregon, the cost of hospital labor rose 13% this year over 2019, which increased operating expenses 11%, Hultberg said.

In fact, Oregon hospitals have experienced five consecutive quarters where expenses outpaced revenues, she said. Fortunately no hospitals have



Submitted Photo
Front entrance of St. Charles Bend, one of four hospitals in Central Oregon operated by St. Charles Health System.

failed, Hultberg said.

But given the current climate, that is not outside the realm of possibility.

"It's incredibly important for hospitals to be solvent," she said. "The state needs to do more to help with nursing licensure to ease the workforce front. We need that now. And we need to reduce the administrative burden because hospital financial stability is critical to a community's health."

In an email to its staff, St. Charles reported that its efforts have trimmed \$8.8 million from forecast spending, and while surgical volumes have increased, they are still below the 1,500 surgeries a month pre-pandemic.

St. Charles ended 2020, the year financial data are most current, with \$863.6 million in

operating revenues and \$862.3 million in operating expenses. In the year ending 2021, the operating revenue totaled \$973.4 million, and operating expenses totaled \$989.8 million, according to the health system's consolidated statements.

Swafford said the losses would have been more pronounced had the hospital system not received advanced payments and grants, Swafford said.

"You can only run at 107% capacity for a period of time," Swafford said. "We make money off of surgeries and we've had two years where we haven't had a full day of scheduled surgeries."

And while the hospital has acquired healthy reserves, like any household budget, it's not wise to continue to tap into savings, he said. Those reserves are

not only for future expansion, but equipment replacement and growth, he said.

"It's been a couple of years of digging deep and re-examining how we do things around the system," Swafford said. "We don't make money on a lot of the services we provide. Seventy-five percent of the revenue comes from Medicare and Medicaid patients. Those two pay a fraction of the cost of what it requires to operate."

"The pandemic has revealed how fragile that is across the country."

The Oregon Nurses Association said it is unfair for the hospital to place the blame of financial loss on the fact that nursing costs have risen, said Scott Palmer, association director of communications. The hospital has reserves and has an investment portfolio that generated \$47 million in earnings, Palmer said.

"To hear St. Charles put the blame on the backs of nurses and other frontline health care workers who have been working tirelessly to provide essential care for our community during the pandemic, is shameful," Palmer said. "Nurses are asking if St. Charles is considering reducing executive pay, lowering executive sal-

aries, eliminating executive positions."

According to federal income forms filed, Joe Sluka, St. Charles Health System president and CEO, was paid \$1.2 million in reportable compensation in 2020, the most current year data are available.

To find places to trim costs, the health system has:

- Reviewed any open positions and eliminated those that can go unfilled, unless it can replace a worker who is being paid at higher traveling rates.
 - Reviewed leadership structures.
 - Created efficiencies between St. Charles Medical Group and the hospital to streamline processes.
 - Reduced the need for traveling workers.
 - Limited incentive pay programs and providing those to services that support long-term viability.
- "Those are exactly the wrong choices to make," Palmer said. "Fewer staff members and fewer nurses means more stress and strain on the staff who remain. That means it becomes harder to recruit good staff and incredibly difficult to keep the nurses who are already here."

Close races could drag into June

By GARY A. WARNER
Oregon Capital Bureau

SALEM — Gov. Kate Brown's political career began in earnest when she won the Democratic primary for a House seat by seven votes.

That's a landslide compared to Rep. Jack Zika, R-Redmond. He won his 2018 GOP primary by just two votes.

Closed 2022 primaries exclude more than 1 million non-affiliated voters from choosing the Democratic and Republican nominees for governor, U.S. Senate, congress and the Legislature.

Several races feature large fields of candidates — 34 total in the race for governor alone.

Put together, the possibility of election squeakers is high.

Add in a new twist for 2022: The May 17 election night doesn't end at 8 p.m. as per usual. A change approved by the Legislature last year requires any ballot with a postmark of May 17 or before to be counted through May 24.

The potential for some seeing returns and delayed final results is high.

"The nightmare scenario is any race that is closer than 1.5% to 2% on election night," said Jim Moore, outreach director for Tom McCall Center for Civic Engagement at Pacific University.

With potential recounts, the final results could be delayed for a month or more. Final recount demands must be filed with the Secretary of State by June 21 and an Election Day Report is due from the office on July 15.

Moore said studies of Washington state's postmark law show relatively little wobble between the primary day and the postmark deadline.

But the 2022 primary is Oregon's first experience with a system that will mean a more drawn-out official end to the election.

Adding to worries is the balloting comes as former President Donald Trump uses the 2022

election campaigns to repeat his debunked claim that the 2020 presidential election was stolen by President Joe Biden. Any snag will be cast in harsh light.

"We know this is big with Republicans," Moore said. "We'll see if there are complaints in their primary. Maybe the Republicans will say 'wait for everything to come in.' But if a candidate says 'this looks like it could be stolen' and wants an independent audit, then it could get interesting."

Secretary of State Shemia Fagan has mounted a major public information campaign of television, radio and digital ads to explain the rule changes to Oregon voters in hopes of heading off complaints and misunderstandings.

"The new law could mean that very close contests will not be decided on election night," Fagan said in a statement last week. "Even if the results come in a little slower, they will be accurate."

The Secretary of State's tally of ballots on Tuesday showed 288,337 have been returned out of 2,952,330 mailed to voters.

That is 9.2% of all ballots sent to Oregon voters. The lowest return percentage of Oregon's 36 counties is Deschutes County at 7.7%. Multnomah County, which includes Portland, has returned just 8.8% of the 557,702 ballots sent to residents.

Several less populated counties have returned twice that number, with Grant County leading the count at 20.3% of ballots returned.

But the percentage of total ballots returned is misleading. The voting is likely much farther along than the Secretary of State's numbers suggest.

Non-presidential primary elections have low turnout — 33.91% in 2018. Adjusted for an increase in voters in 2022, the same turnout would put ballot returns at just under 28.8%.

The final voting tally could rise or fall on a number of factors, driving higher numbers

of ballots but also a more fragmented tally.

An open governor's office, redistricting and a new congressional seat has uncorked a torrent of suppressed political ambition.

With Gov. Kate Brown unable to seek re-election because of term limits, there is no incumbent on the ballot for the first time since 2010. Even that year, former Gov. John Kitzhaber was seeking (and would eventually win) a return to office. The last ballot without an incumbent — or Kitzhaber — was in 2002.

This year the race for governor has drawn 19 Republicans and 15 Democrats.

One each will remain after the primary.

Former Sen. Betsy Johnson, D-Scappoose, is mounting a well-financed "unaffiliated" bid that would require submitting about 24,000 valid signatures to the Secretary of State by the end of August to be placed on the November ballot.

Redistricting approved last year for the 2022 election has moved congressional and legislative district lines. A high-speed game of political musical chairs played out since September involving retirements, candidates changing races, and head-on collisions between officeholders seeking new jobs.

The races for Congress

have attracted a bumper crop of candidates.

Voters will cast ballots for six congressional seats, one more than the last election, awarded to Oregon due to its rapid population growth over the previous decade.

There are two exceedingly rare open seats in the U.S. House.

The new 6th Congressional District seat centered around Salem has attracted nine Democrats and seven Republicans.

The 4th Congressional District seat is open due to the retirement of U.S. Rep. Peter DeFazio, D-Springfield. After DeFazio announced late last year that he wouldn't seek another term, he endorsed Labor Commissioner Val Hoyle, who dropped her bid for re-election to run for the seat. But seven other Democrats filed to run. Alex Skarlatos of Roseburg is the only Republican in the race.

U.S. Rep. Kurt Schrader, D-Canby, is running in a largely redrawn district that now stretches from Portland, over the Cascades, to Bend and parts of Deschutes County.

Schrader is being challenged in the Democratic primary by attorney Jamie McLeod-Skinners of Crooked River Ranch. The race has drawn multiple Republican candidates as well.

Storms transform NE Oregon snowpack

By JAYSON JACOBY
Baker City Herald

BAKER CITY — April showers couldn't completely make up for a meager winter snowpack in the mountains of Northeastern Oregon.

But the month put on a pretty fair rally.

And so far May has maintained the momentum, with snow falling not only in the mountains but also, most recently on Sunday, May 8, and Monday, May 9, in the valleys.

A persistent weather pattern over the past month that has pushed cool storms through the region regularly, laden with Pacific moisture, has transformed a paltry snowpack into one that, in some places, has soared well above average. Statistics illustrate how stark the reversal has been.

During March, which in many years is the snowiest month at higher elevations, the water content in the snow — the statistic that best predicts summer water supplies — dropped at 13 of 17 measuring sites around the region. The water content was below average at all of those places by

the end of March. But the storms of April had a profound effect.

At High Ridge, for instance, in the northern Blue Mountains near Tollgate, the water content at the start of April was 17.8 inches — 74% of average.

By month's end the water content had risen to 21.6 inches. More notably, that figure was 177% of average.

A similar trend prevailed at some other sites:

- Moss Springs above Cove — 76% of average at the start of April, 117% at the end.
- Bald Mountain, near Moss Springs — 59% to 109%.
- Mount Howard, near Wallowa Lake — 84% to 106%.
- Aneroid Lake, Eagle Cap Wilderness south of Wallowa Lake — 61% to 74%.

Jason Yencopal, Baker County emergency management director who also does snow surveys, plodded through the drifts to a meadow just east of Anthony Lake on the first day of May.

He measured 64 inches of snow — up from 49 inches at the end of March.

The water content rose during April from 19.5 inches — 61% of average — to 25.5 inches, 91% of average.

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