



Hazel Hawkins
MEMORIAL HOSPITAL

FOR IMMEDIATE RELEASE

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SAN BENITO HEALTH CARE DISTRICT LOOKS TO CHAPTER 9 FOR LONG-TERM STABILITY

May 19, 2023, Hollister, Calif. – As the San Benito Health Care District (District) weighs whether to file for Chapter 9 Debt Adjustment during its board meeting on Monday, May 22, it will be laying the foundation for its continued viability as a healthcare provider for the community it serves.

In November of 2022, the District was projected to run out of cash in December. Since the decision to declare a fiscal emergency, the option to take this step has remained on the table despite the herculean efforts by the District and Hazel Hawkins leadership to cut expenses, sell property, renegotiate contracts, receive loans and advance payments to better its cash position. Those efforts have proven effective – nearly six months later, the District has remained in full operation. It is now time to implement solutions to long standing issues. Chapter 9 Debt Adjustment goes much further and will allow the District to make significant changes to its financial position for longer term sustainability. It also means the Hospital and its other operations can remain open to serve the community for the foreseeable future while engaging in the process to negotiate a deal with a partner.

The Chapter 9 Debt Adjustment will allow the District to do several key things right away. First, it will be able to resolve contract agreements that are adversely impacting Hazel Hawkins including its current self-insured status for employee healthcare benefits – which is costing the District \$15 million a year in premiums and payouts. While it means a change in the insurance plans for our employees, it aligns their benefits packages with other, similar health care districts.

Second, this move allows Hazel Hawkins to remain open to care for the community just like it is today. One of the primary objectives of the leadership team has been to remain open and able to deliver care for the residents of San Benito County. This effort allows for that. Not filing now means that as early as November of this year, service line cuts would likely happen in order to keep critical access services viable.

Third, this effort will help accelerate the strategic partnership or sale process as the District's finances will be in better shape as a result of the filing.

Fourth, the court may appoint an ombudsman to ensure that quality patient care continues during the process.

So as the Board considers these options, the best path forward is likely filing for Chapter 9. It allows the District to make the decisions it needs to for longer term stability, provides a better, financially healthier

operation for potential buyers or partners to engage, and allows the hospital to continue to operate at its current level of service for the foreseeable future.

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About Hazel Hawkins Memorial Hospital

Hazel Hawkins Memorial Hospital is a full-service, public agency hospital delivering modern medicine and compassionate care to the growing San Benito County community. HHMH offers hundreds of health services across multiple locations, including top-tier specialists, a modern Emergency Department, and a state-of-the-art Women's Center. To learn more about Hazel Hawkins Memorial Hospital and the Hazel Hawkins Hospital Foundation, please visit www.hazelhawkins.com.