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Community bank provides local hospital critical access to PPP funding

By Matt Doffing

COVID-19 could not have struck at a worse time for Mercy Hospital and its CEO Mike Youso. Months into merger talks with Essentia Health in March, the rise in coronavirus cases in Minnesota sent revenues reeling for the Moose Lake-based, critical-access hospital.

“When COVID-19 hit, we largely shut down all outpatient services — a large portion of our patient activity. We also saw the emergency room and inpatient activity drop off dramatically,” said Youso. “That translated to an almost-instantaneous, 50-percent reduction in revenue.”

While Mercy Hospital was a testing site for coronavirus, it sent COVID-19 patients to Duluth for treatment. Furloughs, which began in late March, were unavoidable for most employees. “It was nearly disastrous,” said Youso. “People avoided the hospital just out of fear of getting the virus.”

Furloughs, though, did not resolve the revenue-expense mismatch. Its emergency room remained open, and it needed staff to stay operational, even at the low activity levels allowed by Minnesota’s executive orders. Mercy Hospital needed a Paycheck Protection Program loan.

As Youso prepared to choose a lender, he consulted peers at hospitals in the Twin Cities. They already had gone through the process and highly recommended using a community bank for Mercy’s PPP loan. “One of my colleagues tried to get a PPP loan through a big bank, and

they had so many struggles,” Youso said. “They went to a community bank and it got done.”

He decided to go to a community bank first. He chose First National Bank of Moose Lake. “It was the smoothest process I have ever experienced in banking,” said Youso, who was CFO of Fairview Hospital for 28 years and oversaw that system’s banking relationships. “It was so smooth and easy; I was honestly kind of shocked.”

Mercy Hospital chose the community bank’s experience when it chose its lender. “We are a locally-owned, employee-owned community bank; our only locations are in Moose Lake,” said Larry Peterson, president of First National Bank of Moose Lake. “We are deeply vested in the community and its success.”

“When COVID-19 hit and businesses were impacted by huge revenue declines, we knew we had to be there for them immediately,” Peterson continued. “Our loan staff worked long hours, seven days a week, to understand the ever-changing PPP loan process, and to contact customers and offer assistance in getting applications submitted. I could not be prouder of our staff and the number of loans we submitted to help keep our community strong.”

Timely access to emergency funding allowed Youso to refocus on finalizing merger talks. “It was one less thing to worry about while we were trying to work through this merger,” he said. “We just closed the deal on August 1.” ■