



Board Informational Report

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President and CEO

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Our health system reports one of the lowest year over year “overall volume” growth rates of roughly 5.4% in Fiscal Year 2023 versus Fiscal Year 2022, which is more manageable than the high year over year growth rates we have seen in most of the last eight years.

When I arrived back in 2015, approximately 66% of our revenues came from outpatient activities. Last fiscal year it was 81.4% and this year our OP activities have grown materially to 85.2% of our total revenues. So inpatient services now represent 14.8% of our business when they represented 34% of our business back in 2015. This is a major material shift!

This year we are 22M below budget YTD on inpatient revenues and 10.5M below the level of inpatient revenues generated last fiscal year.

Improving patient access and experience is one of our most important Strategic Plan goals. We have grown from 47,000 provider clinic visits in 2015 to 117,000 provider clinic visits in Fiscal Year 2022, to an estimated 128,000 provider clinic visits in Fiscal Year 2023. Provider clinic visits are growing over 9% in Fiscal Year 2023.

Patients are requesting material additional clinic visits per year beyond what we have reported above so we have engaged a high quality national “LEAN” company to help us “tune up,” review and assist us in making all changes necessary to speed up our processes and improve patient and team experience.

We are really proud of our Incline Village team as their activities continue to pick up year over year and they are outperforming budget and prior year actual performance.

Our team has been examining all of the latest volume and budget elements to prepare a new Capital and Operating Budget for Fiscal Year 2024 as well as the new 10-year Income Statement, Balance Sheet and Capital Plan. We expect to present this to the Board for review and approval on June 27.

We continue to see a growing number of California hospitals, health systems and US hospitals who are losing material amounts of money, filing bankruptcy or closing. The size of the losses of some of the regional provider(s) in our area are growing as well.

Healthcare is dealing with very high inflation in pharmaceuticals, general supplies and labor costs without proportionate increases in revenue to cover this very high, year over year costs levels that are ranging in the 18% increase level year over year.

The Feds have mandated new programs, which have greatly increased the administrative cost of healthcare in the last two years. The states have many planned changes, which will additionally cause huge expense increases with no revenue increases. When the state creates a new office of healthcare affordability, experienced observers know it means the opposite.

Our team and our Board continue to work with the Town on our very important Master Plan, which is an estimate of our patients' healthcare space needs over the next 30 years.

Our team remains very committed to ever improving the highest quality patient care and patient experience plus maintaining a strong focus on being highly sustainable over the long term.