



## Board Informational Report

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CEO

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It appears the State of California is making a valiant effort to achieve the last 50% of its average annual precipitation in the month of March, for which we are very grateful relative to the tremendous water needs across our entire state.

As we have shared in several prior months we are experiencing below budget volumes this fiscal year to date in several areas of the hospital including our ER. Overall inpatient and outpatient revenues are below budget this fiscal year to date and our payor mix has rotated slightly to lower quality levels of payors as well. A weak snowfall during the months of December through February also contributed to lower healthcare volumes. We are looking for ways to clearly and easily show in understandable ways the reduction in “acute” healthcare services our patients who actively participate in our care coordination programs are experiencing. This lessening need for acute healthcare services is at the very heart of our wellness commitment for all residents in our region and is the best way to show our value proposition to our region.

All of this being said, we are grateful to be in the black relative to our Net Income at the 7 month fiscal year to date interval. We are hopeful we will see more improvement in our bottom line through February. We do have a special board meeting to review our financial performance through the first 8 months of this fiscal year on Tuesday, March 20, 2018.

I remain hopeful we can achieve our \$2,200,000 budgeted net income for this fiscal year even with the tremendous investments we have been making for our long term future.

I am pleased with the hard work and progress our team is making in the huge, very impactful electronic health record IT conversion along with several important business software applications which allow us to have financial management information, budgeting and cost accounting. Again, this is the most impactful single strategy any individual or multi-hospital system ever takes on.

The positive patient impact stories are starting to climb as a direct result of our “go live” with the EPIC electronic health record. These positive impacts are one of many reasons why we pursued the very best electronic health record for all residents of this region.

On the physician strategy area, we have created a strong physician and midlevel team at Incline Village Community Hospital (IVCH). This result has taken years to complete. We have more primary care physicians joining us during the summer and we are excited to have a strong female GI specialist whose contract will be brought to the Board for approval.

We are also actively speaking with other health systems in the region for opportunities to collaborate, build friendships and fill specialty gaps such as neurology that we need to fill soon. We believe these relationships with other health systems will yield dividends as we look to solve similar challenges we each face.

Also in the physician arena, we are hopeful to have a urologist join us in the late summer. We are happy to have Dr. Watson working with us as a new locums ENT physician and we remain hopeful he will consider joining us full time for the longer term.

We are seeing market force changes around us as various stakeholder groups are seeking ways to improve the quality and speed of healthcare that is being delivered. We believe we can be a key continuing player in these market force changes.

We want to pause and say a special thank you to all of the physicians in our health system and physicians all around the world for their healing hands and dedicated service. In America, National Doctors Day is March 30 and we want to say thank you for all of the lives saved due to their dedicated efforts!

Our employees are a tremendously important asset to our health system as well, and we have been spending time focusing on critical topics important to our employees. We have been holding employee focus groups, holding daily administrative huddles and performing other rounding throughout the health system. Our Town Hall forums will be scheduled for May and June and will focus in several more specific ways on our employees as well.

As we approach late spring, we hope to be actively involved in construction of the 2<sup>nd</sup> floor of our Cancer Center for physician services and on our 3<sup>rd</sup> floor of our 3 story medical office building. We also have minor construction planned for the Gateway Medical Office building to optimize the number of providers we can place there.

Achieving Rural Health Clinic (RHC) approved status continues to be a critical top strategy for us as we hope to have at least four RHCs in our health system within 3 to 4 years.

We continue to be very thorough on monitoring and taking action where applicable on all federal and state legislation or policy improvement opportunities.