



## Board Informational Report

**By: Harry Weis**  
CEO

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As we have shared earlier, we experienced very strong patient volumes during the first six months of this fiscal year. A few of the months had patient volumes 20% higher than budget. Our budget did forecast growth over the prior fiscal year.

We have very strong financial performance through the first six months versus budget. Please see the financial reports in the board packet for more details on this topic. This higher, steady level of financial performance is important for our Health System to be able to make critical investments, which are past due, to serve our primary service areas better and to properly plan for high quality, sustainable healthcare 10, 20 or 30 years into the future.

We are focused on a thoughtful assimilation of new provider team members into our health system. There are many details that have to be completed over time for full optimization.

We continue to look for critical gaps in how we can serve our year round population better relative to high quality, local healthcare. In the coming months, the Health System will announce the addition of another specialty practice; one our health system has never had and that it is important to our region.

Our administrative team is very energized on making sure we stay focused on a long list of critical improvement items for our Health System that need to be completed during calendar year 2019. A few of these major improvement topics include:

- a) bringing our accounts receivables to a normal level by 6/30/19;
- b) completing construction on the 2<sup>nd</sup> floor of the Cancer Center and on the 3<sup>rd</sup> floor of the Medical Office Building by the fall of 2019;
- c) completing the EPIC install for our Cancer Center and installing the EPIC physician billing module by the end of this calendar year;
- d) bringing to life many critical new management reports covering labor productivity, statistics, and various important financial reports critical to health systems;
- e) completion of the RHC status for Peds, IM/Cardiology, and Incline Village asap this calendar year, and many more important projects.

We have a strong interest in the growing “consumerism” that is permeating healthcare. We have greatly increased our face time with our patients during the last three plus years with case management, care coordination, patient navigation, access center and our new financial customer service team. We will continue to be very focused on the desire by many residents to self-select how they touch our health system or any health system for that matter.

As we have shared in the past we are staying very focused over the next few years on building a model of a health system that can be nimble and easily withstand a continuation of the status

quo, single payor, capitation, block payments or other changes that might illustrate new ways healthcare systems are paid for healthcare.

As we continue to focus on keeping residents healthy and out of our Emergency Department and Inpatient Units to the maximum degree possible, we strongly believe we will continue to see modest to strong volume growth in the outpatient sectors of our health system over each of the next 10 years.

California's new Governor is poised to attempt major changes in healthcare coverage available for all Californians and how that new payment model might work. No one can predict when this state strategy might occur, but it is very probable that major change will occur by 2025. National healthcare costs are expected to total 4 trillion dollars in 2019 and reach 5 trillion by 2023, so this single topic will be at least one of the driving forces creating change by 2025.

Keeping you informed.

Harry