



Board Informational Report

By: Harry Weis
CEO

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Our first quarter volumes have been really strong overall with life-time record breaking volumes in some areas. In the month of September, I estimate our overall volumes are 20% higher than budget. Also, year to date after the first quarter, I estimate our volumes are more than 10% higher than budget year to date.

We are grateful for the privilege of serving an ever growing number of patients in this region each year. Our patients come first and are the focus of everyone on our team!

Our financial performance continues to be strong and well above budget for the first three months of this fiscal year. Please see the financial report included in the board packet for additional details.

Our external auditors will present the audited financial report for the Health System this month for your review and approval. The last 3 fiscal years represent an amazing team effort providing very strong growth in both total assets and in the growth of the net worth or equity of this 69-year-old health system. These team results have and will allow us to make critical investments to more completely fulfill the Mission of this Health System than was thought possible in many earlier decades.

We will be working with the Board of Directors for a possible board retreat early next calendar year to discuss a variety of important matters including possible revisions to the View of 2021 Statement in our new Strategic Plan, new ways to engage more efficiently with consumers of healthcare and other possible positive changes in our healthcare system to be able to retain and recruit talent across the team!

Our team continues to focus on improving all aspects of our revenue cycle along with a very strong focus on reducing the growth in our Accounts Receivable since our go live on EPIC. Additionally, we are working on a rapid go live of a customer service team to help all patients navigate our health system and to have their questions answered regarding any financial "out of pocket" costs.

The overall competitiveness of our pricing continues to improve over two years ago. Now on an inpatient basis, our average inpatient total charges per discharge are 52% below the California statewide average, where two years ago they were 49% below the CA statewide average. Further our outpatient average total charges per outpatient visit were 62% below the statewide average two years ago and now they are 65% below the statewide average. This is the lowest total charge pricing structure I have seen in California versus the statewide average for a profitable health system since I arrived in California in 1980.

We share this information to honor all residents and guests of our region. We recognize healthcare in America is not inexpensive. As we have shared in past CEO and other reports, our goal is to keep our residents and guests healthy and out of our inpatient nursing units and out of our Emergency Department to the maximum degree possible for illness challenges. This focus provides material additional savings for all residents and guests in our region.

Our provider office visits continue to grow strongly on annualized basis in fiscal year 2019 against fiscal year 2018.

In the last two weeks, for the first time in the health system's history, we began to directly provide primary care physicians who serve our community 7 days a week. These services are located in our Internal Medicine/Cardiology offices in the Gateway Center at 10978 Donner Pass Road.

Our previous Administration building on Pine Avenue has been totally demolished and was used by local fire agencies for special practice drills. This will enable a larger footprint for critical parking which will be a growing challenge for several years into the future.

We are also about to commence the construction work on the second floor of the Cancer Center and on the third floor of the medical office building.

We are also actively working on the go live of several rural health clinics in our health system.

Our team is focused on the Strategic Plan that was recently approved by the Board.

We have been and remain very active on critical state level legislation with many team successes in our industry to protect and improve healthcare in our region.

Keeping you informed.

Harry