



Board Informational Report

By: Harry Weis
CEO

DATE: 7/20/16

Our team continues to work on our 6 critical strategies and to receive input from all stakeholders as well.

During the month of June, we were privileged to interact with the very caring community of Incline Village regarding the philanthropic needs of Incline Village Community Hospital. We really value the local communities there and their strong engagement and support for this very important healthcare resource in that region.

Also this past weekend we really enjoyed connecting with our communities, visitors and many retired and active professional athletes who came here to honor the life of Gene Upshaw via our Foundation and the Gene Upshaw Memorial Golf event that was held on Sunday and Monday.

We are pleased to share Karen Gancitano has been named our Chief Nursing Officer for the Health System during this past month after we completed the naming of our Chief Operating Officer the previous month.

We are continuing a strong search for a permanent Executive Director of Physician Services with a self-imposed deadline to complete this search by 10/1/16 as we have many critical short and long term improvement efforts we need to make progress on.

Master Planning, a focus on our Physician Services and our Electronic Health Record change are probably the three busiest critical Strategies we are working on right now.

We are going to use a strong Project Management process to really track our Physician Services strategic journey and all of its related components. I believe our Project Management team is presently working on approximately 33 important improvement projects and the list seems to grow regularly as we seek to improve the care we provide and to minimize healthcare need gaps in our region.

We will be starting, very shortly, a monthly communications tool to all of our medical staff on the list of activities we are working on together to really create alignment and much improved efficiencies.

We have been interviewing many physicians and hospital staff in recent weeks regarding present and future needs relative to space or other needs so these services can continue and grow as needed with the many changes each year in our region. All of this input will really drive a critical new Master Plan which we are targeting to be complete by 12/31/16. Then the

change activities can take 1 to 10 years to complete as the change needs are great, complex and in many cases involve outside parties. We will consider interim positive change measures if a long term change in a particular need area is further down the road.

We do have a critical revised Fiscal Policy that is moving through Finance Committee and then to the full Board of Directors to promote a pragmatic and principled approach to financial performance such that we are first able to more fully execute our Mission, second that we are much more sustainable long term and third we are generating the net cash flow to deal with the innovations needed to adjust to how the practice of medicine is changing and to be able to fund critical capital needs in all future years as our capital expenditure needs are very large as illustrated in just the next 2 years in our budget as presented last month.

We will be responding in an appropriate forum to our in-migration and outmigration market research findings that the Board has requested in the near future.

Since our last Board meeting, we have begun the startup process of "Newco" which is named Tahoe Forest Health Care Services by working our General Counsel to file for this new corporation which will serve as a critical management services organization. We will have more to report on this activity in future months.

In order to provide factual data regarding how our patients respond to our financial counselors and cost estimates we have begun tracking how many patients decline services here after being provided a cost estimate. During the months of April, May, and June our financial counselors have had 165 patient encounters where the patient was given a cost estimate. Out of 165 encounters, only 7 patients chose to decline our services and seek care elsewhere. 7 patients out of 165 patients is a 4.2% decline rate. This is one of the lowest decline rates I have seen over many years.

Again, whether we compare hospital to hospital, our Inpatient Revenues per Discharge, Outpatient Revenues per outpatient visit or our individual retail prices for healthcare, Tahoe Forest is generally the lowest priced hospital in the region and significantly below the CA Statewide averages. Tahoe Forest is also below the Reno market which has a cost of living index which is 47 percentage points lower versus the cost of living index for Truckee. It is important to share that we must stay focused on comparing ourselves to other hospitals for clinical and financial excellence.

How Does Tahoe Forest Hospital Compare to Several Other Local Hospitals and the Statewide Average?

Description	CA Statewide Average	Tahoe Forest Hospital	Barton Memorial Hospital	Sierra Nevada Memorial Hospital	Sutter Auburn Faith Hospital	Marshall Medical Center	Sutter Roseville Medical Center	Southern Mono Healthcare	Renown Regional Medical Center	St. Mary's Regional Medical Center	Carson Tahoe Regional Med Ctr
Average IP Gross Revenue Per Discharge	73,875	37,668	61,204	61,011	47,944	97,581	63,275	53,331	54,672	47,541	44,977
Average OP Gross Revenue Per Visit	2,594	923	2,429	1,434	5,146	1,508	6,773	1,427	3,040	5,939	2,202
Average Gross Revenue Per ER Visit	n/a	3,780	6,852	5,236	5,117	9,121	5,982	3,082	7,502	2,872	3,436
Average Gross Revenue Per OP Surgery	n/a	6,833	9,131	10,801	12,434	7,793	11,404	15,433	20,371	23,373	10,642

Note: The CA Statewide average data comes from a 9/15/15 data extract from OSHPD Hospital Annual Disclosure Data Website: <http://oshpd.ca.gov/HID/Hospital-Financial.asp#Profile>. The Data for Tahoe Forest Hospital IP and OP Gross Revenue per Discharge or Per OP Visit comes from this just mentioned OSHPD source. Other CA or NV hospital data and other Tahoe Forest data comes from a data company in S. CA who can provide information if any person purchases work from their company. This source can be provided if a person seeks to purchase their own independent research.