



## Board Informational Report

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President and CEO

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It is a bit early to evaluate year over year overall health system growth, so we will wait and report on growth or lack thereof in the future. The month of July was strong and exceeded our budget expectations.

It is great to see that our continual focus on patient access is showing some improvements as we have grown from 117,000 provider clinic visits in Fiscal Year 2022 to over 129,000 provider clinic visits in Fiscal Year 2023. Significant opportunities still exist to improve timely access.

Our 7-day a week urgent care program is showing strong daily visits and the Emergency Room seems to be showing strong visit levels as well.

As we talk to health systems, all health systems are reporting growing patient access challenges these days.

We will be looking at all patient care site options for patient access improvements in the communities within our healthcare district.

It is absolutely vital that we find a path to success for a large parking garage to restore function and order for the massive number of patients who seek our services daily.

We are excited to take a deep look at all health system processes as we have grown possibly more than any other health system over the last eight years and we need to remove all unnecessary steps for patient care and in the work our team provides. Our LEAN management improvement efforts are vital for us to move forward to be more sustainable.

We believe the only surviving health systems of the future will have to strongly demonstrate top quartile patient experience, quality of care and business efficiency/productivity.

It is also vital as we move forward that we operate as a “true team of one” across all functions in our health system. Healthcare was delivered over many years in the past in a more fractured, non-standardized model. Now, it has to be truly delivered via a very tight knit team offering standardized clinical approaches that are best practice in all possible functional areas.

We are offering important team engagement sessions with our managers, directors and board within the next month or so on the important longer-term outlook on healthcare and our critical next two years for improvement actions.

With many upcoming evolving state policies or laws, it is critical everyone in our system maximize the next two years to standardize and improve all patient functions to have a strong viability path available to our health system for the longer term.

SB 525 and the California Office of Healthcare Affordability's future actions pose major risks to us and the survival of many California hospitals. We must never take these very serious challenges for granted.

We have been active talking to our State Senator and even the California Governor recently on the present and future challenges that California hospitals face.

The health insurance plans being commonly sold today with very large patient and family deductibles and very high monthly premiums, coupled with record quarterly and annual profits by the health insurance companies only add to family budget problems and to the survival problems of hospitals.

There cannot be a "sacred circle of no action" drawn around the very high annual price increases for medical supplies, equipment and drug prices hospitals, consumers and businesses pay, and the very high annual health insurance premium increases with no actions in this "sacred circle" by regulators with the only regulatory attack being on physician and hospital operations and pricing, as this simply will not work and makes no sense.

We continue to monitor the complete disenrollment of all Medicaid enrollees in the US and in our area and their reenrollment success or challenges. It will take more time to comment on this nationwide change that is likely to really elevate bad debt or charity care for us and many health systems.

We will be tracking as a few more months unfold the year over year inflation in Fiscal Year 2024 versus the very high inflation levels experienced in Fiscal Year 2023. We hope to see inflation lessen year over year.

We actively use Artificial Intelligence (AI) to assist radiologists in our Mammography service line. AI will continue to be a large and growing topic for the future of healthcare.

We will continue to watch and monitor virtual healthcare patient and provider interactions and the use of equipment to monitor the health status of patients from home to observe viable and non-viable trends for rural health systems.

We have enjoyed several large community engagement events in the last month with our various communities and we value the comments that have been shared with us.