



Board Informational Report

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President and CEO

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It is too early in the month of November to have our final volume and financial performance for the month and YTD as of October 31, 2022.

October appeared to be a weaker month for us and for many California hospitals based on what we are hearing from other healthcare leaders.

November appears to be a bit stronger but we are early in November.

We appear to be close to the volumes of Fiscal Year 2022 which was our overall record year from many angles in our 73-year history.

We are experiencing massive expense side inflation this fiscal year just as many other hospitals and businesses in other industries are experiencing. Labor and supply costs are showing very strong inflation numbers this fiscal year.

Our price increase was only 5% in contrast with the just mentioned large expense side inflation. We continue to be disappointed with the very large double digit health insurance price increases to businesses in our region when our price increase was just 5%.

The national news is illustrating some very concerning news where in the past about 400 rural hospitals were at risk for closing in the next few years and now that number has increased to over 600 rural hospitals across the US are at risk for closing in the next few years.

We are very concerned about retaining local healthcare access in rural communities across America and we are grateful for our Board leadership and our team's great efforts to keep us strong even during a very tough 3-year pandemic.

We continue to see a falloff in the number of COVID-19 activities in our region and we hope this continues as other illnesses are rising.

We are pleased to have Dr. Gary Gray as our Interim full time Chief Medical Officer (CMO) for about 6 months. His new strategies which are underway will have long term positive impacts on how we deliver healthcare and on new ways to assist and support our team in making great progress in many clinical areas.

We are also thrilled that Dr. Brian Evans, MD, MBA has agreed to come and be our full time CMO effective December 5, 2022. He has lived in Nevada County, CA for over 22 years so he knows our region quite well. He has great experience as an ER physician, Urgent Care

physician, CMO and healthcare CEO. He also has been active in medical staff development activities for a large multi-hospital health system in the US.

So we are really excited as turnover in leadership has been very low over many years, and that we have now filled all our key leadership positions which will allow us to further accelerate our needed progress to serve all residents and guests in our region much better in the future.

We have a new shared governance committee in our surgery area including physicians and leadership. The Optum consulting company review of all surgery areas continues and we expect many improvements to be recommended and acted on in this large area.

Having a full time CMO will also allow us to really impact in a positive way all of our specialties in our various clinics to improve patient experience and team function. We have a lot of work to do in our clinic settings to really create an optimal patient experience and to make this a best place to work for our team.

November is a month where we really honor a very large portion of our team for their hard work in the previous year. We are excited about this.

November is also a great month because the second floor of our 3 story medical office building will be complete for greatly expanded primary care and to also include several new clinic spaces for our rapidly growing mental needs by residents of our region.

Our mental health program has grown from zero to about 19 team members in just the last 3 years or so. We have a wide variety of skilled clinicians serving mental health and drug dependency challenges. We have two new child mental health specialists who are arriving in our community as well.

We require all of our clinical providers to see all patients, even those without insurance or those with MediCal or Medicare or other insurance. These are principles we require for all of our medical staff.

Inpatient mental healthcare or alcohol and drug dependency treatment is a regional resource that we don't provide.

Again, this is very likely the most unusual and special critical access health system in the US with over 170 active and courtesy medical staff members offering the long list of specialties available here. It might be impossible to find another critical access hospital system in the US with 170 medical staff members.

As today is election day, votes do have large impacts on policies that touch healthcare, all industries and every person. So we are watching all elections and voter topics and will work to estimate all impacts from these elections as we continue to focus on serving the critical healthcare needs in our region!