



Board Informational Report

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President and CEO

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Now after our first three months of the new fiscal year, we are illustrating approximately 10% overall growth in the Health System vs the same three months last year. Last month, I had reported our growth estimate was 13% year over year, so with the inclusion of a weaker September, it reduced our year over year growth.

Our provider clinic visits weakened in September causing our annualized clinic visit total for Fiscal Year 2024 to drop from an estimate of 139,000 to 137,000 now based on three months of actual performance. As a point of context in Fiscal Year 2023, we achieved approximately 129,000 provider clinic visits.

As we focus on our Strategic Plan, we are bringing forward a new updated sheet to be framed around the Health System that illustrates our Mission, Vision, Values and our 5-Year Aspirational Goals for Board consideration and approval at our October board meeting.

We are also thrilled to share at the October board meeting a partial list of the many team accomplishments over the past fiscal year that are all focused on our patients. We are proud of our team!

We were thrilled to hold four Town Hall meetings in early October to reach “in person” as many team members as possible. We were able to talk about the large external factors that are impacting the present and future of rural and urban healthcare across America, share the very serious challenges we face in our 10-year Financial Forecast, provide an update on our Master Plan and share our Management Systems investment processes and strategies to engage our front line staff on vital changes which are necessary to be sustainable for the longer term.

Choosing to keep the status quo for any health system is in nearly all cases a dangerous unsustainable strategy.

The State of California requires that we notify many key stakeholders on where we are as to being fully complete on the 2030 CA Seismic laws, which covers more than just seismic structural improvements. So our team will share with the Board in October and with other stakeholders where we presently are in this very difficult and costly journey. This seismic law is one of many examples of a very large unfunded mandate by the state.

Again, California requires, that hospitals have certain levels of structural and nonstructural strength levels or building code levels of performance and the State also requires that each licensed hospital operate as an “independent city” should electrical, natural gas, water and

sewage services be disrupted. So we are required to use very specific “highly reliable” sources in each of these domains.

Parking continues to be a big challenge for our patients and even obtaining remodel permits for the Old Gateway Center on Donner Pass Road are proving to be a real challenge as we are being requested to lower the number of parking spots we have used for decades that serve our patients at the Old Gateway Center.

California did pass a new minimum wage law for healthcare in urban, rural, large and small health systems across State that begins to go into effect next year. This new law is a large unfunded mandate by the State, which will drive up the annual increases in the cost of healthcare for the future.

We are grateful to be operating in the “black” when many communities such as Reno, Carson City, Bishop, Ridgecrest, South Lake Tahoe, Hollister, Watsonville, Madera, Montebello, Visalia, and many more communities in Nevada and California are really struggling or have closed their healthcare facilities.

We just hosted a meeting of several hospitals in Northern CA with their CEOs to learn of the successes and challenges our neighboring hospitals are facing.

After listening to many other Northern CA healthcare CEOs, it does appear that we have been able to recruit and retain, key medical staff and other healthcare staff with much greater success than we heard on October 17th from many of our area CEOs.