



Board Informational Report

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CEO

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As we have shared earlier this fiscal year, we continue to experience strong overall diversified volume increases year over year and in excess of the budget forecast for this year.

Our gross revenues are at least 35% over budget due to high patient volumes in January. As we look at key statistic volumes going back to 2009, the oldest data we actively track, we are showing record numbers in admits, patient days, ED visits, provider office visits and in many ancillary department statistics. Please see the financial statements included in the board packet.

Our core focus as a Health System is to rapidly serve a much larger portion of the year round population in our primary service areas in a continued high quality manner. This core strategy is also key in growing our annual patient volumes. The fluctuating seasonal patient volumes based on tourism will then be incremental to the larger and more diversified footprint of prompt healthcare services we strive to provide.

We are actively working through challenges with some commercial payors. We have a very focused effort of rapidly improving all aspects of our revenue cycle management with the goal of achieving normalization no later than June 30, 2019. We may face some new revenue cycle changes in the first part of 2020 after we go live with several new EPIC software products as major work processes will have changed again.

This year's snowfall to date appears to be very strong versus many earlier years. For example, Squaw Valley is reporting its largest snowfall in a single month in its history for February and the month is not over yet. I am sure our snow removal costs will be a very interesting total when this winter is over.

I really appreciate the very high dedication of our providers and staff here in Tahoe Forest Health System that cover all care sites and our Incline and Truckee hospital sites during these significant storms. We offer our deepest thanks!!!

Our entire team continues to be active on all aspects of timely execution of our Strategic Plan and Master Plan. We have at least 12 current construction or remodel projects underway by my estimate.

Our team is busy putting all of the forward-looking "building blocks" in place for long-term stability and for a very nimble health system that can be sustainable for the long term! This forward-looking health system model will allow us to succeed during periods of economic expansion or contraction in the future.

We have revived the system wide Annual Team Member Giving Campaign, an extremely positive part of our great team culture. It is our goal to achieve 100% participation across our team.

We continue to rapidly put the details in place for physician employment including pay mechanisms, benefits and retirement products. We are hopeful we will be able to have a house wide vote on physician employment amongst the active medical staff during the month of March with our first employment of providers prior to June 30, 2019. We would like to have all of this important strategy completed within 16 months at the very latest.

Our providers are critical and important team members in our health system and our goal is to ever improve how we relate and engage from a patient focus, as a team and from a financial perspective.

It is important that we monitor the new interests and strategic directions being proposed by Governor Newsom for California. It is very likely that much change could occur over the next 6 years or so.

Keeping you informed!

Harry