TAHOE FOREST HOSPITAL DISTRICT

Board Informational Report

By: Harry Weis
CEO

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As this has been my second winter here, it has been insightful to hear from many area residents who have lived here for more than 25 years as to just how unique our latest winter has been. One key question is are we on a trend of ever toughening winters for a few more years?

As a health system, we'll have some special work to do during the summer to better prepare for future outages, make general repairs and to also prepare for next winter.

We are very happy to share we have received the Temporary Occupancy Permit from the state for our Joseph Family Center for Women and Newborn Care. We still have to prepare for an additional inspection from the state before the new patient care site is fully approved. It has taken much longer than anticipated for all state approvals to date.

Our Administrative Council team met for 2 days last week to really examine and discuss all aspects of our operations, strategies, and external impact factors to clarify next steps and to improve team function and results going forward. Devoting time each year in the future for the team getting together in this manner will continue to be a high priority!

We are continuing to multi-task at a very high level across our organization with probably the largest number of important clinical and operational improvement projects underway versus anytime in our past. I want to thank our team for their willingness to work on this volume of improvements which will prove extremely helpful to our health system for many years to come.

We are continuing to change and strengthen our physician recruiting efforts as it is very clear that physician recruitment to Truckee and Incline Village is a significant challenge. We are engaging additional recruiting resources and new techniques to hopefully speed up successful recruiting. We are actively recruiting in Family Practice, Internal Medicine, GI, Neurology and General Surgery. National literature suggests there will be a physician shortage of up to 90,000 physicians in America by 2025. All physicians we visit with in recent months have multiple offers they are considering.

We continue to be in active discussions regarding possible win-win affiliations with two medical groups in our region as we focus on improving access to healthcare for all residents in our region and work on improving sustainability of physician and hospitals services for the long term.

It is very important to our entire team that all patients experience a "second to none positive experience" when visiting this health system. We know we have many opportunities to

improve. We really value all feedback both positive and negative as this patient input really helps us more rapidly improve in all we do. We continue to have opportunities for patients to volunteer in service with us in our Patient Family Advisory Council.

We are continuing to work on and develop more communication connections within our region, so please watch for more information on this important ongoing effort.

For all of our elective hip and knee surgery patients, the District now has a Patient Education Guide which assists in providing great information for before, during and after hip or knee surgery. Watch for more information as we are working to more proactively share and communicate key service lines of the health system.

It is important to share in our Orthopedic service line, based on the latest external information available we could obtain last year, Tahoe Forest Health System had 46% of its elective hip and knee surgeries “in-migrate” or come from zip codes outside of the District.

Further, looking at our Cancer service line, based on the latest external information we could obtain last year, Tahoe Forest Health System had 33% of its cancer patients “in-migrate” or come from zip codes outside the District.

We are humbled and honored that many patients who reside outside the District find value in coming to Tahoe Forest for healthcare services!

Individuals on my team and I are spending an increasing amount of time engaging at the state and federal level on the myriad of possible changes to healthcare the public is reading and seeing often in the media. Our goal is to talk honestly about what works and does not work in healthcare even if it steps on our toes a little and to share some real opportunities which do exist for improving quality and lowering the cost of care in the US. Again, as we are licensed by state and federal agencies, we need their support and approval for making state or federal productive healthcare improvements as we have to operate by their guidelines.

We look forward to the Board Retreat in April where we focus together on a list of important topics and strategies to keep our health system strong, relevant and sustainable for the future.

20 Health Conditions People Spent Most on in 2013 – and What the Bulk of Their Money Went Toward

By Molly Gamble

Of 155 medical conditions, people personally spent $1.2 trillion on the top 20 alone in 2013, according to a new analysis published in *JAMA*.

In their investigation "US Spending on Personal Health Care and Public Health 1996-2013," study authors collected and combined 183 sources of data to estimate spending for 155 conditions. They found the top 20 conditions accounted for an estimated 57.6 percent of personal healthcare spending in 2013.

Below is a ranking of the 20 top conditions, with spending amounts reflecting 2015 dollars. Each entry also contains where the majority of those dollars went — authors broke down the portion spent on ambulatory care, inpatient care, pharmaceuticals, emergency care or nursing facility care. Because cancer was disaggregated into 29 separate conditions, none were among the top 20 with the highest spending.

1. Diabetes — $101.4 billion; majority of spending on pharmaceuticals (57.6 percent)

2. Ischemic heart disease — $88.1 billion; majority of spending on inpatient care (56.5 percent)

3. Lower back and neck pain — $87.6 billion; majority of spending on ambulatory care (60.5 percent)

4. Hypertension treatment — $83.9 billion; majority of spending on ambulatory care (45.8 percent)

5. Falls — $76.3 billion; majority of spending on inpatient care (34.3 percent)

6. Depressive disorders — $71.1 billion; majority of spending on ambulatory care (53.1 percent)

7. Oral disorders (oral surgeries and procedures including crowns, extractions and dentures) — $66.4 billion (minor portion of spending goes to prescriptions or ambulatory, inpatient, emergency or nursing facility settings)

8. Sense organ diseases (cataracts, vision correction, adult hearing loss and macular degeneration) — $59 billion; majority of spending on ambulatory care (85.4 percent)

9. Skin and subcutaneous diseases (cellulitis, sebaceous cysts, acne and eczema) — $55.7 billion; majority of spending on ambulatory care (52 percent)

10. Pregnancy and postpartum care (normal pregnancy, including cesarean delivery) — $55.6 billion; majority of spending on inpatient care (50.5 percent)

11. Urinary diseases and male infertility (urinary tract infections and kidney cysts) — $54.9 billion; majority of spending on ambulatory care (37 percent)

12. Chronic obstructive pulmonary disease — $53.8 billion; majority of spending on inpatient care (34.8 percent)

13. Hyperlipidemia treatment — $51.8 billion; majority of spending on pharmaceuticals (78.5 percent)

14. Dental well care (general exams, cleanings, orthodontia and X-rays) — $48.7 billion; majority of spending N/A

15. Osteoarthritis — $47.9 billion; majority of spending on inpatient care (63.8 percent)

16. Other musculoskeletal disorders (joint, muscular and connective tissue disorders) — $44.9 billion; majority of spending on ambulatory care (49.4 percent)

17. Cerebrovascular disease — $43.8 billion; majority of spending on inpatient care (54 percent)

18. Other neurological disorders (pain syndromes and muscular dystrophy) — $43.7 billion; majority of spending on ambulatory care (50.9 percent)

19. Other digestive diseases (esophagus conditions and diverticulitis of the colon) — $38.8 billion; majority of spending on ambulatory care (39 percent)

20. Lower respiratory tract infections — $37.1 billion; majority of spending on inpatient care (48.6 percent) ■

UMass Memorial Points to Epic Implementation for Drop in Operating Income

By Ayla Ellison

Worchester, Mass.-based UMass Memorial Health Care saw revenue increase in fiscal year 2016, but the system said costs associated with implementing an Epic EHR system dragged down operating income.

UMass Memorial recorded revenue of $2.4 billion in FY 2016, up 5.8 percent from the year prior. The financial boost was largely attributable to a 6 percent year-over-year increase in patient service revenue, which grew to $2.3 billion in FY 2016, according to recently released bondholder documents.

The system ended the most recent fiscal year with operating income of $40.7 million, down from $72.2 million in FY 2015. The decline was largely attributable to $25 million in training and implementation costs associated with its new Epic EHR platform.

UMass Memorial officials announced plans to adopt Epic's EHR system in 2015. The project is expected to cost $700 million over a 10-year period.

UMass Memorial CFO Sergio Melgar told the *Boston Business Journal* the system expects Epic training costs to be about $50 million in FY 2017, but "most of the impact will be in fiscal 2018 in the beginning [of the year]." UMass Memorial plans to go live on the new system in October 2017, according to the report. ■

A State-by-State Breakdown of 80 Rural Hospital Closures

By Ayla Ellison

Of the 25 states that have seen at least one rural hospital close since 2010, those with the most closures are located in the South, according to research from the North Carolina Rural Health Research Program.

Thirteen hospitals in Texas have closed since 2010, the most of any state. Tennessee has seen the second-most closures, with eight hospitals closing since 2010. In third place is Georgia with six closures followed by Alabama and Mississippi, which have each seen five hospitals close over the past six years.

Listed below are the 80 rural hospitals that closed between January 2010 and November 2016, as tracked by the NCRHRP. For the purposes of its analysis, the NCRHRP defined a hospital closure as the cessation in the provision of inpatient services. As of November, all of the facilities listed below no longer provided inpatient care. However, many of them still offered other services, including outpatient care, imaging, emergency care, urgent care, primary care or skilled nursing and rehabilitation services.

Alabama
Chilton Medical Center (Clanton)
Elba General Hospital
Florala Memorial Hospital
Randolph Medical Center (Roanoke)
South West Alabama Medical Center (Thomasville)

Arizona
Cochise Regional Hospital (Douglas)
Florence Community Healthcare
Hualapai Mountain Medical Center (Kingman)

California
Colusa Regional Medical Center
Corcoran District Hospital
Kingsburg Medical Center

Georgia
Calhoun Memorial Hospital (Arlington)
Charlton Memorial Hospital (Folkston)
Hart County Hospital (Hartwell)
Lower Oconee Community Hospital (Glenwood)
North Georgia Medical Center (Ellijay)
Stewart-Webster Hospital (Richland)

Illinois
St. Mary's Hospital (Streator)

Kansas
Central Kansas Medical Center (Great Bend)
Mercy Hospital Independence

Kentucky
New Horizons Medical Center (Owenton)
Nicholas County Hospital (Carlisle)
Parkway Regional Hospital (Fulton)
Westlake Regional Hospital (Columbia)

Maine
Parkview Adventist Medical Center (Brunswick)
Southern Maine Health Care – Sanford Medical Center
St. Andrews Hospital (Boothbay Harbor)

Massachusetts
North Adams Regional Hospital

Michigan
Cheboygan Memorial Hospital

Minnesota
Albany Area Hospital
Lakeside Medical Center (Pine City)

Mississippi
Kilmichael Hospital
Merit Health Natchez – Community Campus
Patient's Choice Medical Center of Humphreys County (Belzoni)
Pioneer Community Hospital of Newton
Quitman County Hospital (Marks)

Missouri
Parkland Health Center – Weber Road (Farmington)
Sac-Osage Hospital (Osceola)
SoutheastHEALTH Center of Reynolds County (Ellington)

Nebraska
Tilden Community Hospital

Nevada
Nye Regional Medical Center (Tonopah)

North Carolina
Blowing Rock Hospital
Vidant Pungo Hospital (Belhaven)
Yadkin Valley Community Hospital (Yadkinville)

Ohio
Doctors Hospital of Nelsonville
Physicians Choice Hospital-Fremont

Oklahoma
Epic Medical Center (Eufaula)
Memorial Hospital & Physician Group (Frederick)
Muskogee Community Hospital
Sayre Memorial Hospital

Pennsylvania
Mid-Valley Hospital (Peckville)
Saint Catherine Medical Center Fountain Springs (Ashland)

South Carolina
Bamberg County Memorial Hospital
Marlboro Park Hospital (Bennettsville)
Southern Palmetto Hospital (Barnwell)
Williamsburg Regional Hospital (Kingstree)

South Dakota
Holy Infant Hospital (Hoven)

Tennessee
Gibson General Hospital (Trenton)
Haywood Park Community Hospital (Brownsville)
Humboldt General Hospital
McNairy Regional Hospital (Selmer)
Parkridge West Hospital (Jasper)
Pioneer Community Hospital of Scott (Oneida)
Starr Regional Medical Center-Etowah
United Regional Medical Center (Manchester)

Texas
Bowie Memorial
East Texas Medical Center-Clarksville
East Texas Medical Center-Gilmer
East Texas Medical Center-Mount Vernon
Good Shepherd Medical Center (Linden)
Gulf Coast Medical Center (Wharton)
Hunt Regional Hospital of Commerce
Lake Whitney Medical Center (Whitney)
Nix Community General Hospital (Dilley)
Renaissance Hospital Terrell
Shelby Regional Medical Center (Center)
Weimar Medical Center
Wise Regional Health System-Bridgeport

Virginia
Lee Regional Medical Center (Pennington Gap)

Wisconsin
Franciscan Skemp Medical Center (Arcadia) ■