



Board Informational Report

By: Harry Weis
President and CEO

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Our health system overall on inpatient and outpatient services, after six months of our new fiscal year, appears to be about 8% higher in overall volume versus the same six months last year. All of this volume increase is in outpatient areas as our inpatient service areas are materially underperforming versus budget and the same six months last year.

Inpatient services are down roughly 23% fiscal year to date versus the prior year and outpatient services are up approximately 16% fiscal year to date in terms of overall volume adjusted for our nominal annual price increase.

Back in fiscal year 2015, we were roughly 67% Outpatient Gross Revenues as a percent of Total Gross Revenues. Last year we were around 82% and now this new fiscal year we are over 85% Total Outpatient Gross Revenues. Very few hospitals run this percentage of Total Gross Outpatient Revenues to Total Gross Revenues. Many health systems are trying to move in our direction as they believe this is the better model of hospitals for the future.

Improving patient clinic visit access is very important to all of us. We doubt any rural health system in the country could have found the space, hired the providers and the adjoining staff increase clinic visits from 47K in 2015 to 120K in just 7 years.

As we focus on provider clinic visits to improve very important patient access, we finished last fiscal year with approximately 116,800 clinic visits and we appear to be on course to perform approximately 120,000 clinic visits this new fiscal year. We are hopeful based on many more actions we are taking this fiscal year; we can end the fiscal year with more than 120,000 clinic visits. We believe we are speeding up the number of days to the “third next appointment”, a common metric in clinic visit management.

We now have approximately 38,000 clinic visits from patients who travel from many distant urban and rural areas who value very highly the healthcare our team provides more than the care that is available at the community of their residence. 38K clinic visits from distant patients represents 80% of the total clinic visits we provided back in 2015. At least 73K round trips to distant cities for provider clinic visits are being avoided now as they can occur here locally at our health system clinic sites when we compare the number of patients we are seeing in in 2023 versus 2015.

The quality of care we provide is super important, as our patients are truly the central focus of all we do. We are pleased with the early leadership of Dr. Brian Evans, our Chief Medical Officer, that we are rapidly developing new and forward looking highly focused management of

all key variables, which will continue to improve quality and patient safety for all patients we see.

We have raised our hospital prices no more than 5% each year for the last five years. How much has eggs, groceries, gasoline, new and used car and truck prices increased over the last 7 years? Way more than 35%, right? How much has land and home prices increased over the last 7 years? Way more than 35% right? Our total operating expenses have increased 18% this fiscal year versus last fiscal year and yet we only raised our prices 5%. Our supply expenses have increased 24% year over year as well.

Health insurance premiums have increased well in excess of 70% over the last 7 years.

According to "areavibes.com", a cost of living index source for every community in America, Truckee has a 104% percent score for healthcare cost versus 100% as the percent for all of America. This is amazing that healthcare can be so low in the presence of very high inflation variables for most of the key cost variables for living here. Their cost of living index for Truckee is 140% versus 100% for all of America. Housing has a 232% level in Truckee vs 100% for all of America.

We are profitable as a company, which is becoming rare in the hospital industry, but our net income is down approximately 43% year over year versus the same period last fiscal year.

As we are performing below budget from a bottom line perspective and cash flow perspective, we have reduced our capital spending downward from roughly 47M to about 29M this fiscal year, as we must preserve the long-term strength of our Balance Sheet. We have spent on average 15M per year on capital for the last 7 years.

We are six months into our new three-year Strategic Plan and we will provide a brief update on several important areas of this new Plan.

Our Master Plan, which deals with land, parking, building and equipment needs over the next 10 to 30 years in our various communities, remains one of our top priorities, as we must make sure that our patients have the parking and care sites they need to protect their health and safety.

We continue to actively monitor and engage on all federal and state matters as applicable to attempt to make sure that healthcare improves and becomes more nimble and efficient if possible.