



## Board Informational Report

**By: Harry Weis**  
President and CEO

**DATE: 10/17/22**

---

Tahoe Forest Health System continues to illustrate lower overall patient volumes this fiscal year versus last fiscal year. Right now, we estimate we are approximately 3% below prior fiscal year performance in overall volume changes after the first three months of our new fiscal year.

Our health system is illustrating relatively flat YTD year over year collectable revenues and a material inflation impact in the growth of expenses to run the health system year over year. The local, regional and national inflation trends and news topics are touching us vigorously in labor and in non-labor expense areas.

Our country does have its first two quarters of negative gross domestic product growth this calendar year, meaning its declining. We will see what the third quarter looks like in a few weeks. In addition, we have a serious inverted yield curve in short term interest rates versus longer-term interest rates and this suggests a longer-term downturn in the economy.

We continue to perform after three months at about 550 fewer provider office visits than we delivered during the same period last fiscal year. Improving patient access continues to be a huge priority for our health system.

Relating to the above volume and high-level financial comments, we estimate we are about 4.6 M below budget fiscal year YTD after just three months.

It is interesting that several area businesses are reporting large double-digit health insurance premium increases when our fees only grew a maximum of 5% year over year.

It appears approximately 75% of the health systems around us are losing money today based on market and regulatory variables. Therefore, we have much to be thankful for but we are being seriously impacted as well.

We have and continue to make many proactive team member changes as to how we care for patients including, new tools, space, increased staffing, increased training of staff, etc. We have also added market sensitive pay and benefit changes each year to greatly assist in this being the best health system to work.

As reported last month, we are continuing to add each year for the past seven years, several new team member services to improve team member resiliency, tracking improvements that need to be made and increased shared governance. By contrast, the focus of many of our area health systems is simply on stopping health system losses.

Our team member turnover remains low versus other area or regional health systems, but it still affects us.

The pandemic does continue and we are grateful that it is still trending downward. The flu season is also upon us as well.

The new daily cases in the US appear to be at the early June 2020 levels when the pandemic was first starting. In California, it appears new daily cases have fallen more to the May 2020 early levels of the pandemic. We are hopeful these trends continue.

Our Master Plan for the next 10 years and beyond continues to be one of the top three concerns of our health system. We do not create the increasing and ever changing demand for healthcare services in our five county region we serve. We must respond to the ever-increasing demand. Just as communities, counties, and special districts respond to water, power, sewer, schools and other growth that occurs, so must our health system respond to growth.

It is probable that 430 out of 1500 critical access hospitals in the US will face major sustainability issues over the next 5+ years so it should surprise no one when patients in rural areas are having to travel greater distances to access healthcare.

It is critical to review the state and federal law and election changes in November as this will be a guide on which laws will retain or lose support and what is the likely regulatory direction we will need to be prepared to face.