

Straight Talk

A weekly update from management on the issues that matter most

July 31, 2008

Dear Friends and Colleagues,

This week, I'd like to share the highlights of Wednesday's meeting of the NCH Board and the discussions of its Finance, Strategic Planning and Quality Committees about recent events and implications for our future.

The good news is that NCH is in better shape now than it was two years ago. Financially, we have a stronger balance sheet that equates to money in the bank. We need this financial cushion to sustain us as we navigate through a difficult economy. Quality continues to improve, and we have now been recognized by HealthGrades as among the top 5% for Maternity Care and Adult Women's Care. Beyond these headlines, here's a summary of what was discussed at this week's meetings.

- **Finance** focused on continued losses from hospital operations. For the first nine months of the fiscal year, our two hospitals suffered significant losses. Fortunately, this was offset by other business dealings and philanthropy. Of obvious concern is the sagging economy that both lowers volumes and worsens the payer mix. In plain English, we are seeing a drop-off in paying patients, because of people losing jobs and moving out of town. This is the situation that all of us will continue to address for the foreseeable future.
- **Strategic Planning**, in a related sense, reviewed the demographics of southwest Florida and found that, sadly, the number of housing starts stands at an all-time low, while the number of home foreclosures is at an all-time high. We fully expect that many Americans up north will continue to move south when they eventually sell their homes. So this, too, will pass. The problem is no one knows precisely when. In any event, we intend to be ready, willing and able to care for this new growth in the coming years.
- **Quality** reviewed a number of items, including the personal story of one of the 1.8% of patients who develop pressure sores in the hospital. Although our rate of such debilitating ulcers is quite low, compared to the national average of 6.2 %, we want to improve further as such sores carry serious morbidity and mortality. The Quality Committee also heard from the Save-A-Heart and the ER Patient Throughput teams, which presented their successes and plans for better patient care. Finally, we believe we may have early positive reports from Hourly Rounding, which started about a month ago.

Also at the general **Board Meeting**, our new CNO, Linda Gipson, was formally introduced. Dr. Jeff McCartney shared the recent Physicians' Satisfaction survey. COO Phil Dutcher presented the process underlying of our Master Facility Planning study, and the Board reviewed a comprehensive disaster planning update.

The commitment of all 28 members of the NCH Board is evident. Our discussions, as I hope you can tell from this summary, are candid and straightforward. And even in this challenging economic environment, all of us have great faith that we will emerge from this rough patch and become an even stronger and more formidable institution.

Respectfully,



Allen S. Weiss, M.D.