



# ENLOE'S MESSAGE

Hear from the CEO

## Episode 30: Caregivers Week Fun & the Fiscal Year

**JF:** Enloe's Senior Team message is presented in this caregiver-centric podcast providing an update on what's new and exciting across the campuses of Enloe Health. Hello, everyone. I'm Jolene Francis, vice president of Philanthropy and Communications. Welcome to the July 2024 episode of Enloe's Message. Today, we welcome back our President and CEO, Mike Wiltermood, to give us an update about what's going on around our campuses.

Greetings, Mike. Thanks for joining us.

**MW:** Thanks, Jolene. It's great to be here.

**JF:** Well, I'm glad you're here. So we celebrated another event-filled Caregivers Week in June. Lots of fun and recognition was shared with all of our caregivers. So I'm curious, what stood out to you as a highlight of the week?

**MW:** Getting the opportunity to see everyone in a in a different setting, maybe like a non-work setting, is always great. Donna Larson and I really enjoyed serving breakfast to the noc shift. And we're really grateful for Thomas Cuisine for all the help they gave us with some of the food items. But I think the highlight for me was the Enloe Health Foundation Scholarship Awards.

I mean, I was so impressed with the recipients with the effort that the foundation put in and the committee put into awarding those scholarships. I know that's not easy, but just seeing those folks and hearing their stories and watching those people advance through the scholarships was really a highlight for me.

**JF:** Yeah, I love that program as well. And, you know, we give away almost \$50,000 worth of scholarships this year, which is a record. And we also had a record number of applicants. We had like 115 or 120 applications. It's a very rewarding program and we're really glad you were there. It means a lot to everybody to to have you there when they receive those awards.

And some folks brought their families, which I love. I love that. And I love when the donors come as well and congratulate those folks that get the scholarship that they funded. A lot of fun.



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Mike, at our last department leadership meeting, we discussed our financial projections for next year. And while I have our CFO scheduled to visit the podcast next month to give an overview of our actual fiscal year 2024 results and to go over in detail the coming year projections, I just wanted to ask you, at this point, how you were feeling overall about the outlook for next year.

So, what do you think we should be paying attention to, particularly as we enter fiscal year 2025?

**MW:** From a financial standpoint and operating standpoint, we always have to be mindful of the fact that we provide service to an area that is really one of the most impoverished in the state. And as a result, we're very dependent on government insurances like Medicare and Medicaid or Medi-Cal in California. The Medicare program tends to break even for us.

Medi-Cal pays about 60% of costs. And so it's important that we figure out a way to offset those losses on the Medi-Cal program. But, you know, I think for everyone to know that we can be optimally efficient and still fall short because of the insurances that that we have that dominate the area, we try to make up for this with commercial insurances.

You know, many of our insurances pay pretty well. Anthem Blue Cross has been kind of a tough negotiation, but when you look at what's coming down the pike, the government insurers like Medicare and Medicaid – they don't pay very much. This coming year Medicare, which is about 50% of our business, effectively is giving us zero increase at a time of some pretty significant inflation.

And the commercial insurances are trying to save money for their constituents, their customers. For us to get a 3 or 4% increase is sometimes pretty good – something that we have to accept if we're going to provide services for the commercially insured population. So that's the real challenge is how you make that work. This year, we did pretty well.

We did get a bump from the Medicare program. We were one of only a handful of hospitals nationwide that got an increase this year due to our rural status. And, you know, there's a little bit of an explanation there. But basically, they gave us a raise in recognition of the costs that rural organizations have to incur. But that's – you know, that's a one-time raise.

I think we're going to be fine through next year. Operationally, it's OK to break even. But the thing that we have to continually worry about is the recapitalization of our organization, particularly since the Camp Fire. You know, we're still dealing with the losses of the various



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health care infrastructure and some of the businesses that didn't make it either through the fire or through COVID.

And so there's a lot of organizational energy being spent on trying to fill those gaps and it's been very challenging. You know, it's something that – you know, if you had all the money in the world, it'd still be hard, given that we have some tough choices to make the next couple of years in our facility planning and our capitalization. That's going to take quite a bit of work.

**JF:** That's actually a good segue into my next question. I understand that we are currently studying the potential for our next large project to put the remainder of the money that we borrowed for facility construction to work. So, what can you tell us about what we're currently studying as a feasible and necessary project in the future?

**MW:** Some of the considerations that we make on the services that we capitalize in the short run are really what provides additional margin to the mission. What are some of the community needs that are dire that we need to address? And there's plenty of them. Many folks are familiar with some of the shortages that we just have in the general community with, say, rheumatology, endocrinology, psychiatric services – things like that.

But our priority has to be those services that help fund those other ones that require subsidies, and the best bang for our capital investment right now, after the cancer center, looks to be cardiology and our imaging services. Many people know that we wound up taking over Open Systems Imaging on Springfield simply because we didn't have the capacity to provide those additional imaging services, if Open Systems went out of business, which it did.

But there's some interesting potential there to get additional revenue from the Medicare program, if we relocate our imaging services adjacent to either the main hospital on The Esplanade or the inpatient rehab facility on West East Avenue. And that has to do with what we call "hospital outpatient department" rates. Hospitals, because of all the things that we have to do and all the requirements that that we need to tend to, get higher Medicare reimbursement than freestanding health care services like Open Systems Imaging.

In fact, the increase can be significant if we're looking at a \$35 X-ray as a freestanding facility, which is how we are currently operating in our Springfield location. If we were to relocate that service adjacent to the hospital, it could triple the reimbursement that we get from Medicare. So that's part of the game plan. The same thing is true for our cardiology program, which tends to



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have a lot of, you know, services like EKGs and stress tests and nuclear medicine scans – things like that – that Medicare pays hospitals more for.

So the advantage of co-locating those services in a place that's eligible for that higher Medicare reimbursement gets into the millions and millions of dollars. And so to that end, we purchased additional property adjacent to inpatient rehab some years ago, and we think that would be the best location for these services to be consolidated.

**JF:** Yeah. And as you've mentioned a number of times before, just co-locating services that we have spread out across multiple campuses gives us some economies of scale as well. You know, we can do a more efficient job when we're all in one location. And so, it's an easier patient experience. We don't have to explain which site the patients need to go to.

They're going to know it's all in one center. So that makes a lot of sense.

**MW:** I was going to say, I think it's important to mention the other advantages that we're trying to achieve. I mean, one very important thing is to try and take some of the pressure off our Esplanade campus and increase the ability to park, get some of that walk-in traffic to another location where there's easier access – things like that.

And like you mentioned, co-locating services where we can achieve operational economies of scale, maybe divest ourselves of some of these rental properties that that we've had to get into. So there's a lot of different boxes that we're trying to check with these projects.

**JF:** Right. And it's also a great opportunity for us to ensure that we have a consistent patient experience when we're in one location versus multiple locations. Just easier to make sure that that's happening across the organization.

Anything else you want to share today, Mike?

**MW:** Well, again, you know, the fact that we're spread out makes it very difficult to create a common culture, as you mentioned. But I was really impressed with Caregivers Week and all the people that participated, and I – I think by and large, we've been very successful creating a good, patient-centered or person-centered culture. Our board chair, Walt Shafer, happened to attend our picnic, which was very well-attended, and I guess he got a little frustrated with the size of the line at the food, but took time to talk to some of the staff there.



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And I got to tell you, the folks that he talked to really made an impression. Some people may know that Walt work for Enloe years ago and was instrumental in developing our Cardiopulmonary Rehab program. So he knows quite a bit about the organization. But, you know, just seeing all those people out there with their families, their kids enjoying some of the games and the camaraderie of their, you know, their fellow employees at Enloe Health, I think it really made an impression and it was really great to be there.

**JF:** Yeah, it was a great night. I mean, it was really warm out. But with our partners at Thomas Cuisine, we were able to serve 1,600 meals that night, which was the biggest number, I think, I remember in my time here at Enloe Health. And then, of course, we served the night shift folks here at the Esplanade campus, and also some folks that were working the evening and the night shift at some of our other campuses as well.

So altogether, it was almost 2,000 meals that were served that night. And they were good. I mean, people were really enjoying the food. And at the picnic, they enjoyed all the fun stuff, the cotton candy and the snow cones and the games. And kids were having a great time at the cornhole tournament. That's always a big draw, too.

So a lot of fun that night. Glad you were there. Thanks for helping out. I saw you working on the line for quite a while. You and Kelly both were out there working on the line.

**MW:** So, yeah, she even roped one of our friends into helping, too. They've been friends, I think, since first grade, so ...

**JF:** Oh, my gosh.

**MW:** Fifty years or something like that. She had a blast.

**JF:** Leave it to Kelly to bring the cavalry with her and make sure we're fully staffed. Thanks a lot. Well, that's about all the time we have for today. Thank you, Mike, for sharing time with us behind the Enloe Health microphone. And a special thanks to all of our caregivers for spending time with us and sharing this program with your colleagues and friends.



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We'll talk again in August when we're joined by another member of our senior team to discuss what's new and exciting around our campuses. Thank you all for your hard work and for choosing to be part of the Enloe Health team. Take care, everyone.