



## SOUTHEAST GEORGIA HEALTH SYSTEM

May 1, 2019

Dear Members of the Glynn-Brunswick Memorial Hospital Authority  
and Southeast Georgia Health System, Inc. Board of Directors:

We are pleased to present the 2019 - 2022 Business Plan for Southeast Georgia Health System, Inc.

After facing major challenges in fiscal year 2017 which carried into the 2018 fiscal year, the Health System has been able to effect operational changes which have allowed us to achieve substantial improvement in the operating results for the 2019 fiscal year. Through the concerted efforts of our Health System Leadership and Team Members, we expect to post an operating gain that approximates the budgeted gain for the 2019 fiscal year. We are grateful to our Team Members and medical staffs who together helped us to respond to the demands of growing patient utilization, particularly on the Brunswick Campus, which has been affected by the inconveniences brought about by the Master Facility Plan construction and renovations.

A great deal of progress was made over the past year with respect to our reliance on contract agency staff, particularly in the area of nursing, but we expect that the tight labor market will have a bearing on our operations. Shortages have also surfaced in the area of pharmaceuticals and intra-venous therapies, and our medical staff and pharmacy professionals have helped us deal with the impact of these challenges from both a patient care and cost perspective, but developments in this area have added to our cost structure. New technologies - such as teleneurology - allow for certain types of medical care to remain local and allow us to provide excellent, timely care to our patients, but those cases add an additional element of cost as well. Given all of these considerations, we are pleased by the degree to which our entire team has been able to manage the Health System's cost structure, benefitting both the past year as well as the upcoming fiscal year.

Over the past few years, our Health System benefited from a decline of uninsured patients due to the implementation of Affordable Care Act (ACA). Currently, there is only one exchange option available in our region of the state and we expect that the benefits of the ACA going forward will be somewhat muted. The Health System also is concentrating its collection efforts on the growing level of copayments and deductibles under individual and employer-sponsored insurance programs, which can strain the financial relationship between us and the patients for whom we care. Finally, the ongoing aggressive position taken by commercial insurance carriers which results in denials of coverage for care that our Health System has provided in good faith has, and will continue to have, an impact on our operations.

Nonetheless, we remain committed to fulfilling the Mission of Southeast Georgia Health System - to "provide safe, quality, accessible, and cost-effective care to meet the health needs of the people and communities which it serves". Patient safety, quality of care and timely accessibility to services remain a priority. As the sole community hospital providers in Glynn and Camden Counties, we recognize the importance of meeting the expectations of our patients with regard to these aspects of service and we strive to bring about positive changes in each of these areas.

In short, through the efforts of many, we expect to achieve further improvements in our operating results in the upcoming 2020 fiscal year. We thank the Southeast Georgia Health System, Inc. Board of Directors, the Glynn-Brunswick Memorial Hospital Authority, the Camden Campus Advisory Committee, our medical staffs, volunteers and most importantly, all of our Team Members for the support that they have provided during these challenging times within the State of Georgia and throughout the nation. We are especially grateful for the teamwork this group has demonstrated and are confident that through their continued diligent efforts, we will further enhance the safety, quality and health outcomes for those that we serve.

Sincerely,

Michael D. Scherneck  
President & Chief Executive Officer