



SOUTHEAST GEORGIA HEALTH SYSTEM

May 2, 2017

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

We are pleased to present the 2017 - 2020 Business Plan for Southeast Georgia Health System, Inc.

Looking back over the past year, we faced our share of challenges not the least of which was Hurricane Matthew which affected our area in early October. The effects on our Community were pervasive and the natural disaster certainly impacted the operations of the Health System, but we couldn't be prouder of the way in which our team members and medical staffs responded to the challenges it presented.

In addition to Hurricane Matthew, we were faced with Tropical Storm Hermine which was less impactful, but significant nonetheless. But our challenges were not limited to just the natural forces. The tightening labor market combined with the growing demand for inpatient services resulted in a significant rise in the need for contract agency staff, particularly in the area of nursing.

Safety, quality and accessibility remain at the forefront of our service commitment. A special level of leadership is required from all of our Team Members to enable us to meet the expectations that our patients and our Leadership Team have with regard to these aspects of our operation, and for that I am deeply grateful. This was especially apparent this year!

Our Health System Leadership and Team Members reacted admirably and helped to overcome a significant portion of those challenges. While it is expected that the Health System will fall short of our budget for the 2017 fiscal year, we are on track to achieve an operating margin of approximately 2.5%, only slightly less than 3.1% budgeted for the year. The financial stability that we have been able to demonstrate, particularly in the face of adversity, allows us to fulfill 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". That Mission is at the heart of all that we do.

As we enter the 2018 fiscal year, we recognize that staffing issues will remain and we need to focus on Team Member retention as much as we do recruitment. The long-term medical staff needs of our community are equally as important, and to this end, we remain committed to actively recruit physicians and other practitioners to our region in those specialties where a particular need exists. But the largest uncertainty we face revolves around the national health care debate. While we have benefitted from a decline in the numbers of uninsured patients with the advent of the Affordable Care Act, the ongoing discussions regarding a replacement plan could impact the progress we have realized. This is especially important given the master facility plan that is being contemplated.

While these issues weigh heavily on the Health System, I am confident that the resilience we have demonstrated in dealing with issues in the past will continue to propel us into the future.

In closing, it is not possible for us to have achieved the things that we have without the support of the Southeast Georgia Health System, Inc. Board of Directors, the Hospital Authority, the Camden Campus Advisory Board, our medical staff, volunteers and most importantly, all of our Team Members. I remain grateful for the teamwork this group has demonstrated and am confident that through their continued diligent efforts, we will further enhance the safety, quality and health outcomes for those that we serve.

We thank you for your support as we look to the future.

Sincerely,

Michael D. Scherneck
President & Chief Executive Officer