

June 4, 2020

LEADERSHIP VISION



Hi Team –

At TriHealth, we have made a commitment to provide open, honest communications at all times, including and especially during tough times. And we have never faced a tougher time than now, as together, we bravely fight the ever-evolving challenges and uncertainties created by the COVID-19 crisis. This Weekly Update and yesterday's Town Hall (available for viewing on [Bridge](#)) are intended to provide you with honest and direct

information on our current reality and challenges, and what will be required of us in the coming weeks and months to prepare for what we now believe will be a long and difficult journey ahead. I want to emphasize that the information being shared this week is *what we know today* regarding the rapidly evolving post-COVID-19 surge challenges – ranging from resumption of full clinical operations to the secondary economic crisis caused by this pandemic to how we must proactively respond. So, many details and answers to your understandable questions are not yet known at this time. However, we felt it was important to be as timely and transparent as possible with what we know today to help you first understand the challenges and the “why” for the difficult road to recovery ahead. We will share more specific details, including what this will mean to you and your department, as soon as those details are finalized and available, starting next week and throughout the month of June.

Back to Business Progress Reveals Challenges Ahead and Tough New Realities. Now more than four full weeks into our phased reopening of elective services, or what we call our “back to business” agenda, it’s become clear that the U.S. health system, including TriHealth, will not return to pre-pandemic volumes or revenues anytime soon. Given the real risk of another surge and lingering consumer fears, most analysts and healthcare experts –and your leadership team – now believe our industry will experience only a partial recovery of pre-pandemic volume and revenue in the short run. And it could take a year or more, at best, to return to previous volumes. This new reality is compounded by unemployment levels unlike any we have ever seen as a nation, with reports just last week that 25% of the American workforce – *that’s one out of every four* – has filed for unemployment benefits.

As I have shared in weekly Town Hall Meetings and Weekly Updates, the shutdown of high-volume, high-income elective services during the surge, coupled with an almost certain slow U.S. economic recovery, have created a secondary crisis for the healthcare industry – *a financial crisis!* At TriHealth, we have incurred more than \$70 million in losses for the months of March and April alone, with additional significant losses expected in May. And while we are experiencing a rebound in rescheduled appointments and procedures, we are also seeing a comparatively high percentage of patients who do not want to return until much later in the year due to fear of potential exposure to COVID-19. As examples, our physician practices (TPP), which were never required to “shut down,” are only at 80% of pre-pandemic levels – and the volume in our six Emergency Departments is down more than 30%, similar to other systems in the city. The Health Collaborative recently reported that city-wide ED volumes are down as much as 46%, and acute care demand is not expected to rebound as quickly as other healthcare sectors.

Difficult, but Necessary, Cost Reductions Now Required to Remain Strong in Service to Our Community. As the nation braces for a long and difficult period of recovery from the public health and economic crises, so too, must TriHealth. And while neither of these crises are of our own doing, we must, nonetheless, respond to this tough, new reality with deliberate and decisive action in order to prevail. That’s what great organizations do, and TriHealth is a great organization! As best expressed by Admiral James Stockdale, the highest-ranking officer held as a prisoner during the Vietnam War...

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"You must never confuse faith that you will prevail in the end...with the discipline to confront the most brutal facts of your current reality."

The brutal fact for TriHealth is that even if we return to 95% of previous volume and revenue – which is perhaps the very best possible scenario – *we will still lose \$100 million over the next year* – and that is simply not sustainable for TriHealth or any organization. So, like virtually every other hospital and health system in the country, we must act now to close the large financial gap created by this pandemic – the magnitude of which is still not fully defined. The process for doing so is not unlike managing our own household budgets. When we are spending more than we are earning, we must "tighten our belt" and reduce spending to maintain financial stability. To determine how best to do so here at TriHealth, we have been working with our nursing, physician, and other system leaders in recent weeks to identify ways in which we can reduce our costs, while continuing to deliver exceptional care to our patients and community. This input is being used to help finalize our Fiscal Year 2021 budget and cost reduction plans, which we will share with you in more detail starting next week and throughout the month of June – just as soon as those details are finalized and available.

Grounded in Our Mission, Guided by Our Values. While this work is absolutely necessary, it is especially difficult because it requires us to make tough decisions, some of which will impact people. And many of these decisions will require shared sacrifice today – doing things differently, discontinuing those things which may not be essential or any longer affordable, and reimagining better ways – so we can continue to fulfill our shared vision to care for and serve our community and our families tomorrow, and long into the future. Please know, during this extraordinary time, we remain unwavering in our commitment to make the right decisions in the right ways and always support team members who will be impacted by these necessary, but difficult decisions – just as we have worked hard to do throughout this pandemic. Every decision we make will be grounded in our mission of service to the community and guided by our values.

We Can and Will Prevail Together. As the fourth largest employer in Cincinnati, our impact in the region is far reaching, with thousands of team members, patients, community organizations, and businesses relying on us each day to contribute to their health and wellbeing. Now, more than ever, we must come together *and work together* to make the tough, yet necessary, decisions required to overcome these externally imposed financial challenges. This is essential to enable TriHealth to fulfill our mission to improve health for many decades to come. As importantly, it will allow us to continue to serve as an economic engine and stable employer for our community and for YOU! Thank you, in advance, for your understanding and willingness to do what it takes to ensure we remain **TriHealth Strong – One Team. One Sacred Mission. One Great Health System.**

Weekly COVID-19 Communications Calendar

- Monday, June 1 – Friday, June 5: **M-W-F Dr. Joseph video updates** available on [Bridge](#)
- Wednesday, June 3: **Team Member/Physician Town Hall** –archived on [Bridge](#).
- Thursday, June 4: **CEO Weekly Update**
- Friday, June 5: **Weekly COVID Update email**