

Dear Colleagues,

I'm holding a series of town halls this week so we can discuss UCSF Health's current financial challenges and what all of us, working together, must do to strengthen our health system.

Since I arrived ten months ago, I have been in awe of the professionalism and talent you bring to our organization every day. As I've said many times, our most important priorities at UCSF are our patients and the wonderful teams that take care of them. To ensure our ability to serve these priorities now and in the long term, we must take actions now to operate more efficiently and strengthen our financial position.

I want to give you an overview of our financial situation, how we are addressing it, and where I need your help.

### Significant Financial Challenges

UCSF Health is projected to miss its budget by \$200 million in fiscal year 2023. In short, our patient volumes and revenue aren't growing fast enough to keep up with our expenses. We're seeing fewer patients than expected in our hospitals, clinics and operating rooms, for example, and at the same time, our labor and supply costs continue to rise. The income we generate from patient care is important because it enables us to keep investing in patients and people.

We're not alone; all health systems are facing similar financial challenges coming out of the pandemic. Reports show 2022 as the most financially difficult year for health care since the beginning of the pandemic, and 2023 is not anticipated to be much better.

### Our Plan

The positive news is that unlike many other hospitals, patients continue to demand our services. However, we aren't filling our capacity to see them. This makes our situation more controllable than if we had financial losses *and* had to attract more patients, and the reason we are taking the following actions now.

We will maximize use of our resources by:

1. Optimizing clinic schedules
2. Improving operating room utilization
3. Increasing patient throughput and facilitating faster discharges

Additionally, we are actively trying to manage our expenses to match patient volumes.

4. We will scrutinize all requested new hires to ensure we have adequate volume.
5. We will reduce the use of agency and contract staff and resources.
6. We will deploy staff where patient needs are greatest and expand the float pool.

### Our Path Forward

We will not waver from our mission and values. Delivering high-quality, safe patient care for all patients, and - especially those needing specialty care that only we can provide - remains our top priority.

I'm asking all of you to continue delivering the high-quality care for which we are known. Do your part in helping us meet our volume targets and manage expenses and share ideas with your managers about how we can achieve these goals. Work across department and unit lines to help make us a stronger, more efficient organization.

As we emerge from the pandemic, we have an opportunity to transform how we run our business, in ways that serve our patients and people more efficiently while creating a better care and work environment. If there is any place that can do this successfully, it's UCSF Health.

Volume and budget challenges are part of the business cycle. We are in this together, and I will continue to share updates on our progress with all of you as we face these challenges and achieve new levels of success.

Thank you for all that you do for our patients and one another.

Suresh Gunasekaran

President and CEO

UCSF Health