

From the Chief Executive Officer

Growth: It's a GO in S.L.O.! The Santa Barbara Regional Health Authority as CenCal Health will be expanding its service area to San Luis Obispo County adding approximately 25,000 members effective March 1, 2008. With all regulatory and Board approvals complete, the support of the health care community, and local government and business community, we are excited to serve the population of this contiguous county. With this expanded service area, it was deemed appropriate by the Board of Directors to embrace a new name for our agency. After much thoughtful consideration, the Santa Barbara Regional Health Authority shall be known as CenCal Health effective January 1, 2008.

Organizational: The organization has streamlined its committee structure and has improved its reporting and accountability using benchmarks and dashboard reporting of our key business indicators.

Fiscal Soundness: The State's commitment to sound underwriting principles has resulted in stabilizing our fiscal picture. The fiscal year of 2006/2007 closed with a favorable margin. This improvement over the prior year loss of \$6.1 million was also assisted by continuing efforts in sound medical management principles to curb unnecessary medical expenses. We anticipate our 2007/2008 fiscal performance to remain stable.



Improve: The organization has embarked on the Malcolm Baldrige Quality Program for Healthcare to enhance our organizational discipline. We have seen many positive changes through our day-to-day efforts towards quality improvement and employees have done an exceptional job in completing our initial Organizational Profile. As we move towards the launch of our new branding efforts for CenCal Health, we will be simultaneously taking our Baldrige efforts to the next level.

Community Focus: The employees of our agency have proactively engaged in community service and outreach with other leading businesses demonstrating the willingness and compassion to serve the people of Santa Barbara County.

The successes of the organization for this past fiscal year are directly attributable to the very competent and committed employees that support our mission, vision and values each day they come to work.

The opportunity to achieve these successes are made possible with the support and direction of our Board of Directors and our provider partners that share the commitment to serve our public.

A handwritten signature in black ink, appearing to read "R. G. L.", written in a cursive style.