

Step 1

Discussion/Direction/Decision of the FY2019 Sitka Community Hospital budget.

Step 2

After discussion, a possible motion is:

I MOVE TO affirm the proposed operating, debt service, and capital expenditure appropriations in Sitka Community Hospital's FY2019 draft budget for inclusion in the adopting ordinance without change.*

*This motion is OPTIONAL and is to only affirm that the Assembly does not want to make any changes to the proposed budget after review. The Assembly does not need to make this motion, as the budget will proceed to ordinance as is, unless the Assembly changes it. This motion has, however, been made in the past in order to help the Assembly keep track of what it has reviewed and approved to go forward to ordinance. THE BUDGET ADOPTION ORDINANCE AND CAPITAL EXPENDITURE ADOPTION RESOLUTION ARE THE OFFICIAL ACTIONS THE ASSEMBLY TAKES TO APPROVE THE BUDGET.



Sitka Community Hospital

FY19 Budget

Assembly Presentation

April 5, 2018



Our Mission

Restore, maintain, and improve the health of those in our community through competent and compassionate delivery of care.

Sitka Community Hospital – FY19 Budget

Who We Are

Sitka Community Hospital (“the Hospital”) is a municipal general hospital governed by a Board of Directors appointed by the Assembly of the City and Borough of Sitka. The Hospital provides acute inpatient and outpatient, long-term care and other community healthcare services. The Hospital is licensed for 12 acute care beds which includes one nursery bed and 15 long-term care beds.

The Hospital is considered to be a component unit of the City and Borough and is designated by Medicare as a Critical Access Hospital (“CAH”) which provides for cost based reimbursement from Medicare – a favorable reimbursement methodology that was part of the 1997 Balanced Budget Act to stem the closure of small, rural hospitals that were suffering under the prospective payment system that had been introduced by Medicare.

As is the case with most CAH’s, more than half of the Hospital’s revenue is generated by outpatient services. In fact, Outpatient Revenue is 67% of Gross Patient Revenue in the FY19 budget. Historically, the balance of Gross Patient Revenue was split fairly evenly between Long-term Care and Inpatient. However with increased volumes in long-term care, it now contributes 19% to gross revenue followed by inpatient at 14%.

The hospital’s two largest payors are Medicare and Medicaid. In FY18, 59.1% of the Hospital’s gross revenue has been from Medicare and Medicaid beneficiaries, followed by Blue Cross with 19.3%, all other insurances combined at 18.9% and Self Pay at 2.7%.

The Hospital has been developing and implementing strategic and operating improvement plans. Such efforts are driving efficiencies and effectiveness into the organization which will ultimately increase revenues, decrease costs, and increase satisfaction for patients and customers alike. It’s the perfect embodiment of the Hospital’s mission to:

Restore, maintain, and improve the health of those in our community through competent and compassionate delivery of care.

Sitka Community Hospital – FY19 Budget

The Budget Process – Our Approach

The budget we are presenting for approval came to fruition through the collective efforts of many within the organization and across all levels. This was the second year during which we constructed the budget using a zero-based budgeting approach that included training for department managers, budget review meetings, intensive senior leadership involvement and Finance Committee review. This process generated a detailed, complete and well documented budget to successfully guide the hospital through the upcoming year.



Sitka Community Hospital – FY19 Budget

The Budget at a Glance – Helpful Hints

Please consider the following helpful hints in reviewing the accompanying financial information:

- For the sake of cross year comparisons and to more clearly reflect true operating results, historical and current amounts for the following accounting transactions have been removed from the financial presentation:
 - GASB68 (new in FY16 – accounting pronouncement for pensions)
 - PERS In-kind (The State’s PERS contribution on behalf of employees)
 - USAC In-kind (Federal funding of rural internet services)
- The FY18 Baseline is included for analytical review purposes. For net revenue, the baseline is February 28, 2018 year to date actual plus the remaining budget for March – June. In other words, it assumes making budget for volumes through the remainder of the year. Expenses, which are generally fixed, assume the year to date trend through June 30, 2018 with the exception of Labor and Delivery as those expenses would not continue through the end of the year.
- “Variances” compare the FY19 Budget to the FY18 Baseline. Negative variances indicate that revenues are budgeted to decrease or expenses are budgeted to increase. Positive variances indicate that revenues are budgeted to increase or expenses are budgeted to decrease.

Sitka Community Hospital – FY19 Budget

The Budget at a Glance – The Highlights

- Positive Bottom Line of \$1,050,000
- Positive Cash Flow of \$1,845,000
- Debt repayment to the City of \$421,000 which nearly pays off the line of credit by June 30, 2019
- Capital investment in EHR of \$1,100,000 with a go-live on May 1, 2019. Operating expense of \$549,000 for Software as a Service (SaaS) agreement with Cerner and \$165,000 of related operating expense contingency.
- Capital investment in building and equipment of \$201,000
- Pension plan funding of \$2,200,000 - a significant portion of which reduces the unfunded liability (annually)

Sitka Community Hospital – FY19 Budget

The Budget at a Glance – Summary Financials

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Baseline	FY19 Budget	\$ Variance	% Variance
1. Total Operating Revenue	\$ 23,569,316	\$ 27,183,191	\$ 26,926,376	\$ 25,919,517	\$ 25,969,056	\$ 49,539	0.2%
2. Total Expenses	24,605,888	26,955,521	27,479,489	28,160,344	25,923,699	2,236,645	7.9%
3. Income (loss) from Operations	(1,036,572)	227,670	(553,113)	(2,240,827)	45,357	2,286,184	102.0%
4. Non-operating gains (losses)	84,292	57,208	89,384	58,338	22,542	(35,796)	-61.4%
5. Income (loss) before transfers	(952,280)	284,878	(463,729)	(2,182,489)	67,899	2,250,388	103.1%
6. Transfers in - City Capital	131,972	265,621	150,671	150,671	150,671	0	0.0%
7. Transfers in - Tobacco Tax	490,365	879,156	679,995	846,766	831,500	(15,266)	-1.8%
8. Total income (loss) after transfers	(329,943)	1,429,655	366,937	(1,185,052)	1,050,070	2,235,122	188.6%

The improved performance for FY19 is largely driven by a decrease in expenses as outlined on the following slide.



Sitka Community Hospital – FY19 Budget

The Budget at a Glance – Summary of Expense Reductions/Additions

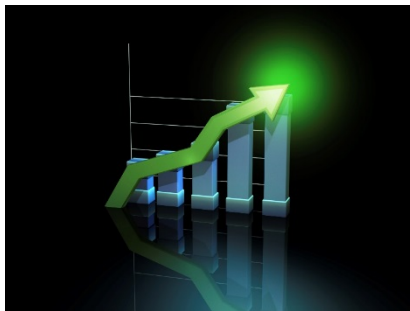
	<u>Expense Reductions</u>	<u>Explanation</u>	<u>Amount</u>
1.	Salaries & Benefits	Staffing Review	755,000
2.	Labor & Delivery	Discontinue Program	506,665
3.	Surgical Services	Change to Weekday Schedule - 3 weeks/mo	436,000
4.	Supplies	340b Program (300k) & FY18 high acuity patient	350,000
5.	Administration	Purchased Services, Legal & Other	170,000
6.	Fiscal Services	Financial Management Services	157,000
7.	Healthland	Maintenance Agreement	132,000
8.	Repairs & Maintenance	FY18 Survey Projects not repeating	100,000
9.	Salaries & Benefits	Discontinue Premium Pay for PRN Call In	65,000
10.	Salaries & Benefits	Reduce Other Premium Pay	52,000
11.	Minor Equipment	Reduced need due to Cerner Capital	51,000
12.	Patient Financial Services	Purchased Services	50,000
13.	Travel	Budgeted Only Required/Essential	45,000
14.	Salaries & Benefits	Changed Employee Share of Health Premium 1%	33,000
15.	Various	Net Increases/Decreases	207,980
16.	Total Expense Reductions		<u>3,110,645</u>
	<u>Expense Additions</u>		
17.	Cerner	Software as a Service	549,000
18.	Cerner	Implementation Contingency from Capital	165,000
19.	Health Insurance	Premium Increase of 6%	160,000
20.	Total Expense Additions		<u>874,000</u>
21.	Net Reduction to Expenses		<u><u>2,236,645</u></u>

Sitka Community Hospital – FY19 Budget

Cash Flow

The FY19 budgeted cash flow is sufficient to cover operations, fund the Cerner implementation and \$200k of other capital while continuing to pay down debt to the City. Thus the current cash position of \$3,000,000 is expected to hold pending a favorable Medicare audit.

Days cash on hand at 06/30/19 is estimated to be at 44 days.



1. FY19 Total Income (loss) from Operations	45,357
2. Add Back: Depreciation	<u>794,687</u>
3. Cash Flow from Operations	840,044
4. Cash from Non Operating Revenue	<u>22,542</u>
5. Total Cash Flow before City Transfers	862,586
6. City Capital	150,671
7. Tobacco Tax	<u>831,500</u>
8. Total Cash Generated - FY19	1,844,757
9. Cash required for Capital and Debt	
10. Cerner - Implementation Costs	1,089,041
11. Due to City - Line of Credit	340,000
12. Due to City - Long-term Debt	81,088
13. Capital - City Funded	150,671
14. Capital - SCH Funded	50,000
15. Due to Medicaid	<u>100,000</u>
16. Total Cash Required for Capital & Debt	<u>1,810,800</u>
16. Cash Generated in Excess of Requirements	<u><u>33,957</u></u>

Sitka Community Hospital – FY19 Budget

Summary of Budget Request – Authorization to Spend

	Source	Amount
Operating		
Total Expenses	Page 19, Line 32	25,923,699
Less: Depreciation - Non Cash Expense	Page 19, Line 20	(794,687)
Plus: Due to Medicaid	Page 8, Line 15	100,000
Total Operating Request		<u>25,229,012</u>
 Capital **		
Capital - City Funded	Page 8, Line 13	150,671
Capital - SCH Funded	Page 8, Line 14	50,000
Total Capital		<u>200,671</u>
 Debt Service		
Due to City - Line of Credit	Page 8, Line 11	340,000
Due to City - Long-term Debt	Page 8, Line 12	81,088
Interest on City Debt	Page 20, Line 38	7,572
Total Debt Service		<u>428,660</u>
 Total Request - Authorziation to Spend		<u><u>25,858,343</u></u>

** Cerner Implementation listed on page 8, line 10 was previously approved and appropriated by CBS and, therefore, is not included in the FY19 request for authorization to spend.

Sitka Community Hospital – FY19 Budget

Budget Assumptions – Programmatic Changes/Assumptions - Surgery

Surgical Services

- The FY19 Budget assumes that surgical services will be provided Monday through Friday for three weeks of each month. We have secured the commitment of two surgeons currently participating in the surgery rotation to cover those three weeks (one of them for two consecutive weeks) and a tentative commitment for a third to round out the rotating team. This model provides a stabilization in the surgical coverage at a significantly reduced cost to the hospital. Volume is expected to increase slightly given the continuity of the surgeon coverage and our ability to schedule procedures. We have seen an increase in the surgery volume over the last three months as December through February averaged 20 surgeries per month. The FY19 budget assumes 200 surgeries which is just over 16 per month or slightly more than one per surgical day.

This model assumes that trauma cases would be referred to SEARHC, that we would maintain 24x7 anesthesia coverage for ER purposes and focus primarily on outpatient surgeries.

SCH has secured lower per day professional fees with the surgeons and identified other savings such as low to no “on call” salaries for the OR nursing team. ***These two items alone translate into savings of approximately \$450,000 annually with no anticipated downside to volume.***

As a result, this model provides an opportunity to continue a valuable service to the community in a much more cost effective manner. It also provides a solid stepping stone to a more permanent solution pending outcome of the RFP process and post Cerner implementation.

Sitka Community Hospital – FY19 Budget

Budget Assumptions – Programmatic Changes/Assumptions – OB Services

OB Services

In January, 2018, Sitka Community Hospital discontinued the Labor and Delivery program. In order to provide a smooth transition for existing patients, SCH agreed to provide two physicians for the OB call rotation at SEARHC and planned to evaluate the impact of doing so after a reasonable length of time.

A recent review of the anticipated costs of continuing to participate in the OB call rotation at SEARHC indicates that the net financial impact is approximately \$90,000 per year. As a result, we anticipate discontinuing our participation in the call rotation effective July 1, 2018 and have excluded this net cost from the FY19 budget.

SCH # of Days of Call per Year	103
Est. Deliveries During SCH Rotation	24
Revenues Received from Deliveries	96,000
Lost Clinic net Revenue for 2 hours of AM rounding	(78,280)
OB Call Pay	(74,400)
C-Section Call Expense paid to SEARHC	<u>(31,200)</u>
Total Call Cost	(105,600)
Net Revenue(Loss)	<u><u>(87,880)</u></u>

Budget Assumptions – Programmatic Changes/Assumptions – USAC Funding

The Hospital participates in the Rural Health Care Program (RHC) of the Universal Service Fund (USF), which is administered by the Universal Service Administrative Company (USAC). RHC is a support program authorized by Congress and designed by the Federal Communications Commission (FCC) to provide reduced rates to rural health care providers for telecommunications services and internet access charges related to the use of telemedicine and tele-health. RHC is intended to ensure that rural health care providers pay no more for telecommunication in the provision of health care services than their urban counterparts. Payments under RHC are made directly by USF to the Corporation's telecommunications provider upon submission by the Corporation of the required FCC forms. The Hospital's contribution benefit under the program, which meets the definition of contributed services under generally accepted accounting principles, has been approximately \$1M per year for the last several years. This amount is recorded in revenue and expense and thus has no impact to the bottom line nor has been included in the budget in prior years. **(FY17 Audit Report Footnote)**

Though there has historically been no bottom line impact, we learned at the end of last year's budget process, that federal funding may decrease. The impact, if any, for FY18 remains unknown today and we are also uncertain if there will be any impact for FY19. It appears that our exposure could be anywhere from "zero" to several hundred thousand dollars. We have received verbal assurance from our internet provider that they do not anticipate passing any negative impact on to their customers. The FY19 budget does not include an amount for reduced USAC funding. It introduces some element of risk but we are unable to assign any level of probability of impact based on information currently available.

Sitka Community Hospital – FY19 Budget

Budget Assumptions – Revenues

All Patient Revenue Categories

- Overall price increase of 3% was included in the budget. Prior year price increases were as follows:

FY16 10%

FY17 6%

FY18 10%

Inpatient Revenue

- Inpatient revenue is budgeted for \$4,759,000 in FY19 which is a \$946,000 or 17% decrease from the FY18 baseline. The patient day volumes for acute care and swing bed were developed assuming an average daily census of 1.9 and 1.8, respectively which is reflective of the decreased volumes experienced in the first six months of the fiscal year. We believe that the swing bed assumption is conversative as we have seen an uptick in volume in the last two months – more closely matching prior year volumes. In addition to the impact of the swing bed volumes, inpatient revenue is decreasing from the baseline due to the discontinued OB services in FY19 and the assumption that the surgeries in FY19 will primarily be outpatient. A breakdown of the \$946,000 variance follows:

Swing Bed	(239,000)
OB	(300,000)
Surgical Services	(305,000)
Other	<u>(102,000)</u>
Change from Baseline	<u><u>(946,000)</u></u>

Sitka Community Hospital – FY19 Budget

Budget Assumptions – Revenues

Outpatient Revenue

- Total Outpatient Revenue is budgeted for \$21,880,000 which is 8.2% or \$1,667,000 higher than the baseline.
- Clinic volumes are projected to increase 8.7% over FY18 February year to date annualized or 14% over the baseline.
- Rehab services are budgeted to increase 34% due to the filling of the Speech Therapist position which was vacant for a majority of FY18 and the return of a previously established Physical Therapist.
- Outpatient surgery revenue is expected to increase due to the change in surgical services (see decrease for inpatient on previous slide)
- A breakdown of the positive variance follows:

Rehab	753,000
Clinic	280,000
Surgery	370,000
Radiology/CT	133,000
Lab	129,000
Other	<u>2,000</u>
Change from Baseline	<u><u>1,667,000</u></u>

Long-term Care

- Long-term Care Revenue is budgeted for \$6,097,000 which approximates the FY18 baseline. An anticipated decrease in revenue due to a drop in census from the FY18 baseline is offset by the 3% price increase. FY19 budget assumes 13 residents.

Other and Non-operating Revenue

- Zero-based or FY18 baseline where appropriate. Decrease due to loss of school contract and change in mix of rehab contracts.

Sitka Community Hospital – FY19 Budget

Budget Assumptions – Deductions from Revenue – Contractual Adjustments

Deductions from Revenue represent the amount of gross revenue that we do not collect from insurance companies and patients.

Contractual Adjustments

Contractual adjustments are the amounts that we charge for services that are not reimbursed by insurance companies or other payors such as Medicare or Medicaid.

For FY19, contractual adjustments have been budgeted at \$5,625,000 or 17.1% of Gross Patient Revenue.

- Using our own historical experience, we determined a % for each major category of payors and adjusted for the impact of our price increases, known changes to payment rates from our third party payors such as Medicare/Medicaid and estimated impact of reduced expenses.
- These percentages were applied to the FY18 gross revenue budget assuming the same payor mix in FY19 as we have trended in FY18.

Sitka Community Hospital – FY19 Budget

Budget Assumptions – Deductions from Revenue – Bad Debt & Charity

Bad Debt

Bad debt represents the amounts that we write-off because a patient has not responded to collection efforts by paying the balance in full, establishing a payment plan or completing a charity application. For SCH, the Bad Debt line item also includes other types of account adjustments which could be (and will be on the new financial system) more appropriately classified as “Other Deductions from Revenue” – such as Administrative Adjustments and Employee Discounts.

Bad Debt Expense is budgeted at \$1,440,000 in FY19 which is 4.4% of Gross Revenue. While this percentage is equal to the FY18 percentage, expense is increasing \$32,000 in FY19 due to the increase in Gross Revenue. When considering true “Bad Debt Expense” only, the percent of Gross Patient Revenue is 3.23%. The national average for Bad Debt Expense for Critical Access Hospitals published in a 2017 article in the Healthcare Financial Management Journal was 3.44%.

Charity and Other

Charity care represents the amounts that we write-off for services rendered to patients who meet our charity care guidelines and demonstrate that through an application and approval process.

Charity care has been budgeted at \$8,800 which approximates the FY18 baseline. Charity care has decreased considerably over the last two calendar years due largely to Medicaid expansion. For example, after removing the impact of one large, outlier charity case in FY17, the annual expense would have been approximately \$10,000 which is consistent with level of charity we have experienced for the last 24 months.

***Total Deductions from Revenue are budgeted at 21.6% of Gross Revenue in FY19.
This means that, on average, we write off \$21.60 of every \$100.00 we charge.***

Sitka Community Hospital – FY19 Budget

Budget Assumptions – Expenses

Salaries and Benefits

Salaries and Benefits represent 67.8% of total expenses. When combined with traveler and contracted physician expense, total compensation as a percent of total expenses increases to 76.4%

As a result and in order to achieve the necessary financial performance for FY19 to fund ongoing operations, the Cerner EHR and to position Sitka Community Hospital for the future, it was necessary to explore cost savings opportunities in staffing and benefits. The schedule below represents adjustments made through specific cost reduction review and analysis and does not include the impact of discontinuing OB and changing the model for surgical services:

Staffing Review	755,000
Discontinue Premium Pay for PRN Call In	65,000
Reduce Other Premium Pay	52,000
Changed Employee Share of Health Premium 1%	33,000
Health Insurance Premium of 6%	(160,000)
	<u>745,000</u>

It is anticipated that the staffing review savings will be achieved through a variety of methodologies including known, upcoming vacancies that will not be filled, changes to staff scheduling, restructuring of departments and tighter controls on the use of premium pay such as overtime. It is unlikely that the entire savings will be achieved without the need to eliminate positions other than through attrition – though the goal is to implement the new staffing plan to achieve the savings with the least amount of disruption to the organization and our employees.

Sitka Community Hospital – FY19 Budget

Budget Assumptions – Expenses

Salaries and Benefits

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Baseline	FY19 Budget	\$ Variance	% Variance
Salaries & Benefits							
1. Salaries	11,327,132	12,528,548	12,061,640	12,532,767	11,810,139	722,628	5.8%
2. Benefits	5,391,659	6,048,282	6,416,861	6,076,072	5,767,373	308,699	5.1%
3. Total Salaries & Benefits	16,718,791	18,576,830	18,478,501	18,608,839	17,577,512	1,031,327	5.5%
Salaries/Benefits as % of Total							
4. Expenses	67.9%	68.9%	67.2%	66.1%	67.8%	-1.7%	-2.6%
5. Regular FTE's	154.6	159.6	164.5	166.5	161.0	5.5	3.3%
6. Salaries per FTE	73,267	78,500	73,319	75,276	73,355	1,921	2.6%
7. Salaries & Benefits per FTE	108,142	116,396	112,324	111,772	109,177	2,594	2.3%
8. Employee Benefits as a % of Salaries	47.6%	48.3%	53.2%	48.5%	48.8%	-0.4%	-0.7%
Total Staffing Costs							
9. Salaries and Benefits	16,718,791	18,576,830	18,478,501	18,608,839	17,577,512	1,031,327	5.5%
10. Traveler Costs	652,856	888,947	1,158,648	1,440,142	1,309,766	130,376	9.1%
11. Professional Fees	1,331,543	1,535,132	1,412,913	1,760,280	922,801	837,479	47.6%
12. Total Staffing Costs	18,703,190	21,000,909	21,050,062	21,809,261	19,810,079	1,999,182	9.2%
13. Total Expenses	24,605,888	26,955,521	27,479,489	28,160,344	25,923,699	2,236,645	7.9%
14. Total Staffing Costs as % of Total Expenses	76.0%	77.9%	76.6%	77.4%	76.4%	1.0%	1.3%

Sitka Community Hospital – FY19 Budget

Budget Assumptions – Expenses

Supplies

- Various inflation and department specific increases applied

Depreciation and Amortization

- Projection based on current assets with assumption for capital additions the largest of which is Cerner – estimated to be placed into service on May 1, 2019. Healthland will be fully depreciated on June 30, 2019.

Utilities

- Water expense included a 20% increase while sewer and rubbish were each budgeted for a 6% increase.

Business Insurance

- Insurance is showing a 10% increase over the FY18 baseline but is budgeted to approximate prior year levels.

Purchased Services

- Zero base budgeted and includes approximately \$380,000 of decreased expenses as consulting fees for ECG, Stroudwater and EHR legal fees will no recur in FY19. This reduction includes \$157,000 for financial management services as part of the planned transition and a lower utilization of HRG.

Professional Fees

- ER Physicians and Surgeons. Significant decrease due to surgery schedule. See prior slide.
- Anesthesia

All Other Expenses

- Zero-based or FY18 projection where appropriate

Income (Loss) from Operations

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Baseline	FY19 Budget	\$ Variance	% Variance
<i>Gross Patient Revenue:</i>							
1. Inpatient revenue	\$4,174,013	\$5,787,740	\$5,856,178	\$5,705,102	\$4,759,138	(\$945,964)	-16.6%
2. Outpatient revenue	16,754,297	17,870,761	20,921,977	20,213,758	21,880,347	1,666,589	8.2%
3. Longterm care revenue	4,142,181	5,162,946	6,256,765	6,075,932	6,096,512	20,580	0.3%
4. Total gross patient revenue	25,070,491	28,821,447	33,034,920	31,994,792	32,735,997	741,205	2.3%
<i>Deductions from Revenue:</i>							
5. Contractual adjustments	1,427,271	2,228,019	4,738,089	5,119,167	5,625,111	(505,944)	-9.9%
6. Prior year settlements	0	(1,388,204)	0	0	0	0	n/a
7. Bad debt expense	399,365	1,064,095	1,736,101	1,407,771	1,439,959	(32,188)	-2.3%
8. Charity and other deductions	59,280	121,146	66,071	8,753	8,836	(83)	-0.9%
9. Total deductions from revenue	1,885,916	2,025,056	6,540,261	6,535,691	7,073,906	(538,215)	-8.2%
10. Net patient revenue	23,184,575	26,796,391	26,494,659	25,459,101	25,662,091	202,990	0.8%
<i>Other Revenue</i>							
11. Inkind Service - PERS/USAC	0	0	0	0	0	0	n/a
12. Other revenue	384,741	386,800	431,717	460,416	306,965	(153,451)	-33.3%
13. Total other operating revenue	384,741	386,800	431,717	460,416	306,965	(153,451)	-33.3%
14. Total operating revenue	23,569,316	27,183,191	26,926,376	25,919,517	25,969,056	49,539	0.2%
<i>Expenses:</i>							
15. Salaries and wages	11,327,132	12,528,548	12,061,640	12,532,767	11,810,139	722,628	5.8%
16. Employee benefits	5,391,659	6,048,282	6,416,861	6,076,072	5,767,373	308,699	5.1%
17. Supplies	1,632,454	1,529,017	1,712,901	1,897,728	1,570,075	327,653	17.3%
18. Purchased services	1,505,216	1,687,002	1,509,314	1,545,978	1,884,560	(338,582)	-21.9%
19. Professional services	1,331,543	1,535,132	1,412,913	1,760,280	922,801	837,479	47.6%
20. Depreciation and amortization	910,584	732,864	765,000	740,492	794,687	(54,195)	-7.3%
21. Utilities	373,631	437,437	652,733	461,462	525,345	(63,883)	-13.8%
22. Repairs and maintenance	602,234	644,806	626,696	701,173	479,130	222,043	31.7%
23. Insurance	180,773	147,047	147,072	129,380	143,300	(13,920)	-10.8%
24. Rentals and leases	173,645	157,438	218,901	143,830	148,156	(4,326)	-3.0%
25. Traveler service	652,856	888,947	1,158,648	1,440,142	1,309,766	130,376	9.1%
26. Other expense	122,604	143,333	223,335	262,504	196,075	66,429	25.3%
27. Minor equipment	119,959	157,709	166,337	142,564	91,634	50,930	35.7%
28. Training and education	106,813	120,371	190,682	109,550	72,658	36,892	33.7%
29. Collection fees	57,276	80,993	72,480	81,782	80,000	1,782	2.2%
30. Advertising	59,989	77,918	88,320	76,124	70,000	6,124	8.0%
31. Recruitment and relocation	57,520	38,677	55,656	58,516	58,000	516	0.9%
32. Total expenses	24,605,888	26,955,521	27,479,489	28,160,344	25,923,699	2,236,645	7.9%
33. Income (loss) from operations	(1,036,572)	227,670	(553,113)	(2,240,827)	45,357	2,286,184	102.0%

Nonoperating Gains (losses)

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Baseline	FY19 Budget	\$ Variance	% Variance
<i>Nonoperating Gains(Losses):</i>							
34. Donations	14,892	17,972	20,000	31,793	20,000	(11,793)	-37.1%
35. Grant revenue	80,185	44,681	75,000	54,600	6,900	(47,700)	-87.4%
36. Gain (loss) on disposal of assets	(192)	(2,463)	0	(820)	0	820	100.0%
37. Interest revenue	5,609	10,863	6,384	3,215	3,214	(1)	0.0%
38. Interest expense	(16,202)	(13,845)	(12,000)	(30,450)	(7,572)	22,878	75.1%
39. Net nonoperating gains (losses)	84,292	57,208	89,384	58,338	22,542	(35,796)	-61.4%
40. Income (loss) before transfers	(952,280)	284,878	(463,729)	(2,182,489)	67,899	2,250,388	103.1%
<i>Transfers In:</i>							
41. City Support - Capital	131,972	265,621	150,671	150,671	150,671	0	0.0%
42. City Support - Tobacco Tax	490,365	879,156	679,995	846,766	831,500	(15,266)	-1.8%
43. Total transfers in	622,337	1,144,777	830,666	997,437	982,171	(15,266)	-1.5%
44. Total income (loss) after transfers	(\$329,943)	\$1,429,655	\$366,937	(\$1,185,052)	\$1,050,070	\$2,235,122	188.6%

Volumes

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Baseline	FY19 Budget	\$ Variance	% Variance
Hospital Inpatient							
1. Patient Days - Acute	574	725	702	666	702	36	5.4%
2. Patient Days - Swing Bed	712	920	1,098	908	670	(238)	-26.2%
3. Patient Days - Total	1,286	1,645	1,800	1,574	1,372	(202)	-12.8%
4. Average Daily Census - Acute	1.6	2.0	1.9	1.8	1.9	0.1	5.4%
5. Average Daily Census - Swing	1.9	2.5	3.0	2.5	1.8	(0.7)	-26.2%
6. Average Daily Census - Total	3.5	4.5	4.9	4.3	3.8	(0.6)	-12.8%
7. Percentage of Occupancy - Total	29.3%	37.6%	41.1%	35.9%	31.3%	-4.6%	-12.8%
Newborn							
8. Patient Days	35	70	30	28	-	(28)	-100.0%
9. Deliveries	25	37	15	21	-	(21)	-100.0%
Long Term Care							
10. Resident Days	3,637	4,597	5,110	4,888	4,745	(143)	-2.9%
11. Average Daily Census	9.9	12.6	14.0	13.4	13.0	(0.4)	-2.9%
12. Percentage of Occupancy	66.2%	84.0%	93.3%	89.3%	86.7%	-2.6%	-2.9%
Surgical Services							
13. Inpatient	25	46	20	25	-	(25)	-100%
14. Outpatient	307	218	200	181	200	19	10%
15. Total	332	264	220	206	200	(6)	-3%
16. Emergency Room Visits	2,127	1,822	1,800	1,902	2,000	98	5.2%
17. Outpatient Visits	28,968	29,202	30,969	28,885	32,367	3,482	12.1%
18. Total	31,095	31,024	32,769	30,787	35,367	3,580	11.6%
19. Pharmacy - IP - All Acute Days	1,286	1,645	1,800	1,574	1,372	(202)	-12.8%
20. Pharmacy - OP - ER & Infusion Visits	2,335	2,063	2,100	2,249	2,350	101	4.5%
21. Radiology Procedures	4,567	4,125	4,408	4,072	3,795	(277)	-6.8%
22. Lab Tests	23,360	24,058	23,813	25,081	25,370	289	1.2%
23. Rehab Services Units	23,466	24,542	25,595	24,434	29,356	4,922	20.1%
24. Infusion Services	208	241	300	347	350	3	0.9%
25. Home Health Visits	1,000	2,845	3,000	3,322	3,000	(322)	-9.7%
26. Clinic Visits	9,492	10,750	12,748	11,041	12,534	1,493	13.5%

Financial Indicators

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Baseline	FY19 Budget	\$ Variance	% Variance
1.Contractual Adj. as a % of Gross Revenue	5.7%	7.7%	14.3%	16.0%	17.2%	-1.2%	-7.4%
3.Bad Debt as a % of Gross Revenue	1.6%	3.7%	5.3%	4.4%	4.4%	0.0%	0.0%
2.Charity/Other Ded. as a % of Gross Revenue	0.2%	0.4%	0.2%	0.0%	0.0%	0.0%	1.3%
4.Total Deductions as a % of Gross Revenue	7.5%	7.0%	19.8%	20.4%	21.6%	-1.2%	-5.8%
5.Operating Margin	-4.4%	0.8%	-2.1%	-8.6%	0.2%	8.8%	102.0%
6.Total Margin before Transfers	-4.0%	1.0%	-1.7%	-8.4%	0.3%	8.7%	103.1%

Capital – FY17 and FY18 Status

Dept #	Dept Name	Description	(1) Approved Budget	(2) Substitutions	(3) Revised Budget	(4) Committed	(5) Paid	(6) Total Paid/Committed	(7) Budget Remaining
8203	Operations	Med Gas Upgrades	48,000.00		48,000.00		14,199.45	14,199.45	33,800.55
8203	Operations	ER Parking Lot Paving		60,171.00	60,171.00		16,625.00	16,625.00	43,546.00
		Contingency	1,726.00	35,750.49	37,476.49		-	-	37,476.49
		Total - FY17	49,726.00	95,921.49	145,647.49	-	30,824.45	30,824.45	114,823.04
6001	Acute Care	Servo I Universal Ventilator	29,000.00		29,000.00			-	29,000.00
6001	Acute Care	Portable Bladder Scanner	8,000.00		8,000.00			-	8,000.00
6401	Birthing/Del	Transcutaneous Bilimeter	7,214.00		7,214.00			-	7,214.00
6501	Nursing Admin	Omnicell Medication Dispensing System	27,000.00	(27,000.00)	-			-	-
6601	Surgery	Arthroscopy Shaver Units	26,500.00		26,500.00			-	26,500.00
6601	Surgery	Arthroscopy Graspers (2nd set)	24,000.00		24,000.00			-	24,000.00
6601	Surgery	Olympus Bronchoscope	27,500.00		27,500.00			-	27,500.00
8203	Operations	Long Term Care Dining Room	30,000.00	-	30,000.00			-	30,000.00
8203	Operations	Sterile Central Services Remodel	85,000.00		85,000.00			-	85,000.00
8203	Operations	Reorient loading bay and rear entrance	20,000.00		20,000.00			-	20,000.00
8203	Operations	Air rebalance	25,000.00		25,000.00			-	25,000.00
8203	Operations	Used Vehicle - Snow Removal	12,000.00		12,000.00			-	12,000.00
8303	Biomed	EQ2 Medical Equip Management System	7,800.00	(7,800.00)	-			-	-
8303	Biomed	INCU II-BT, Incubator Analyzer	8,500.00	(8,500.00)	-			-	-
8604	IS	Proximity Card Single Sign on Network Security	65,000.00		65,000.00			-	65,000.00
8855	Clinic	Modular Building		400,000.00	400,000.00		1,678.50	1,678.50	398,321.50
		Contingency	212,538.00	43,300.00	255,838.00		-	-	255,838.00
		Total - FY18	615,052.00	400,000.00	1,015,052.00	-	1,678.50	1,678.50	1,013,373.50
		Funding Sources - FY18							
		City	150,671.00	-	150,671.00				
		SCH Line of Credit Deferral	400,000.00	-	400,000.00				
		SCH Operations	464,881.00	-	464,881.00				
		Total	1,015,552.00	-	1,015,552.00				

Capital – FY19 Requested by Departments – Under Review

Dept #	Dept Name	Description	(1) Approved Budget	(2) Substitutions	(3) Revised Budget	(4) Committed	(5) Paid	(6) Total Paid/Committed	(7) Budget Remaining
<u>FY19 Capital Budget Analysis</u>									
6001	ACUTE CARE	Servo I Universal Ventilator	32,000.00		32,000.00			-	32,000.00
6001	ACUTE CARE	Bariatric Bed	35,000.00		35,000.00			-	35,000.00
6001	ACUTE CARE	12-Lead EKG Machine	6,000.00		6,000.00			-	6,000.00
7062	CT	CT 64 slice Revolution Scanner	569,953.00		569,953.00			-	569,953.00
8003	FOOD SERVICES	Steamer	6,695.00		6,695.00			-	6,695.00
8003	FOOD SERVICES	Refrigerator - Reach in	5,982.00		5,982.00			-	5,982.00
7052	IMAGING	DR GE Portable and Upgrade	430,520.00		430,520.00			-	430,520.00
7052	IMAGING	Philips Epiq US	155,210.00		155,210.00			-	155,210.00
6551	LTC	Mechanical Lifts - 2	12,000.00		12,000.00			-	12,000.00
8203	PLANT OPS	Boiler Piping - DA Tanks	9,000.00		9,000.00			-	9,000.00
8203	PLANT OPS	Grease Interceptor - Kitchen R&M	9,000.00		9,000.00			-	9,000.00
8203	PLANT OPS	Vacuum Pump	4,500.00		4,500.00			-	4,500.00
8203	PLANT OPS	Air Compressor	5,000.00		5,000.00			-	5,000.00
8203	PLANT OPS	Air Handler	20,000.00		20,000.00			-	20,000.00
8203	PLANT OPS	New Vehicle/Truck	35,000.00		35,000.00			-	35,000.00
8303	PLANT OPS	Honeywell - Building controls update	25,000.00		25,000.00			-	25,000.00
8303	PLANT OPS	Exterior Doors - outside Kitchen	8,000.00		8,000.00			-	8,000.00
8604	PLANT OPS	Chemical Feed	9,000.00		9,000.00			-	9,000.00
6601	SURGERY	Surgical Bed with attachments	60,000.00		60,000.00			-	60,000.00
6601	SURGERY	Fluid/Blanket Warmer	15,000.00		15,000.00			-	15,000.00
6601	SURGERY	Electrosurgical Generator	27,000.00		27,000.00			-	27,000.00
6601	SURGERY	Olympus tower with accessories	175,994.82		175,994.82			-	175,994.82
6601	SURGERY	Chemical Sterilizer	43,000.00		43,000.00			-	43,000.00
6601	SURGERY	Central Services Remodel	85,000.00		85,000.00			-	85,000.00
6601	SURGERY	C02 Endoscope	5,431.00		5,431.00			-	5,431.00
7002	LAB	Refrigerator	7,000.00		7,000.00			-	7,000.00
		Contingency							
Total - FY19			1,796,285.82	-	1,796,285.82	-	-	-	1,796,285.82

Thank you!

