



FINANCE COMMITTEE REGULAR SESSION

AGENDA

Tuesday, May 23, 2017

5:00 p.m.

Location: Schantz Conference Room

**Sonoma Valley Hospital, 347 Andrieux Street
Sonoma CA 95476**

<p>In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a Finance Committee meeting, please contact District Clerk Stacey Finn at (707) 935.5004 at least 48 hours prior to the meeting.</p>	RECOMMENDATION	
AGENDA ITEM		
<p>MISSION STATEMENT The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</p>		
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Nevins</i>	
2. PUBLIC COMMENT SECTION	<i>Nevins</i>	
<p>3. CONSENT CALENDAR • FC Minutes 04.25.17</p>	<i>Nevins</i>	Action
4. ADMINISTRATIVE REPORT	<i>Mather</i>	Inform
5. FINANCIAL REPORT FOR MONTH ENDING APRIL 30, 2017	<i>Jensen</i>	Inform/ Action
6. CAPITAL CASH REQUIREMENTS	<i>Jensen</i>	Inform
7. REVIEW OF CURRENT DEBT	<i>Jensen</i>	Inform
8. BUDGET REVIEW 2017/2018	<i>Jensen</i>	Inform/Action
9. ADJOURN	<i>Nevins</i>	

3.

CONSENT CALENDAR



SVHCD
FINANCE COMMITTEE MEETING
MINUTES
TUESDAY, APRIL 25, 2017
Schantz Conference Room

Present	Excused	Staff	Public
Sharon Nevins Stephen Berezin Peter Hohorst Susan Porth John Perez	Subhash Mishra, MD Keith Chamberlain, MD	Ken Jensen Jeannette Tarver Kelly Mather Michelle Donaldson	Sam McCandless

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>			
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Nevins</i>		
	5:01pm		
2. PUBLIC COMMENT SECTION	<i>Nevins</i>		
	No public comments		
3. CONSENT CALENDAR FC Minutes 03.28.17	<i>Nevins</i>	Action	
		MOTION by Hohorst to approve, 2 nd by Berezin. All in favor	
4. JOHN PEREZ NEW COMMITTEE MEMBER	<i>Nevins</i>	Inform/Action	
	Ms. Nevins discussed Mr. Perez' background and qualifications for membership on the Finance Committee.	MOTION by Hohorst to recommend confirmation to the Board of Directors, 2 nd by Porth. All in favor	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
5. ADMINISTRATIVE REPORT	<i>Mather</i>		
	<p>Ms. Mather reported on a new outpatient text-based follow-up system called Rate My Hospital.</p> <p>The Hospital's current Leap Frog grade was reviewed and discussed. Ms. Mather expects the grade to go up next year.</p> <p>The current Medicare rating is four out of five stars and SVH passed its recent CIHQ credentialing survey.</p> <p>Ms. Mather said that while not currently an active campaign, the Foundation is exploring funding for a new outpatient diagnostic center. We hope to raise \$15 million for this project.</p>		
5. FINANCIAL REPORT FOR MONTH ENDING MARCH 31, 2017	<i>Jensen</i>	Inform	
	<p>Mr. Jensen presented the financial report for March. Gross patient revenue for March was \$1,231,397 better than expected. Total operating revenue was favorable to budget by \$156,513. Salaries and wages were under budget with employee benefits being over budget. Supplies were over budget in March due to the cost of surgical implants being over budgeted expectations and the cost of an anti-venom drug. After accounting for all other activity, the March net income was \$304,415 vs. the budgeted net income of \$229,642 with a monthly EBIDA of 9.0% vs. a budgeted 7.8%.</p> <p>Mr. Jensen said he would expand the footnote to show revenue offsetting expense for high dollar items going forward.</p>		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	<p>Ms. Nevins asked, with regard to last month's year-to-date operating margin being out of sync with budget by \$272,000, whether there were any other plans to bring that back to zero.</p> <p>Ms. Mather said that the 340B pharmacy program, unfulfilled positions, and previous expense cuts will help with that. The revenue is not exactly where we want it but surgery and special procedures are way up in April due to pain management, as well as a new ophthalmologist scheduling cases.</p> <p>Mr. Berezin asked about the IGT moving forward. Ms. Mather said an upcoming conference call was scheduled with the DHLF and CHA to discuss issues with district hospitals. Should something happen with IGT funds, we would try to get back into the provider fees like the nonprofit hospitals. Mr. Berezin asked if we could apply for the provider funds applying for the IGT? Ms. Mather said she would ask if we may apply for both.</p>		
6. CAPITAL CASH REQUIREMENTS	<i>Jensen</i>	Inform	
	<p>Mr. Jensen reviewed and discussed capital requirements for the next budget year. It is noted that the reviewed capital requests are from FY16 and FY17. Ms. Mather requested that the final capital plan be reissued with discussed formatting updates at next month's meeting.</p>		
6. CURRENT DEBT	<i>Jensen</i>		
	<p>Mr. Jensen presented current debt at the request of the Committee. Ms. Nevins would like five items remain in balance: accounts payable at 45 days, accounts receivable at 45 days, cash at 20 days, and a reduction in the line of credit. Mr. Jensen suggested reducing the line of credit once</p>		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	the budget is complete. A decision regarding capital spending will wait until next meeting.		
7. AUDITORS' REVIEW OF RESERVE	<i>Jensen</i>		
.	After the review it was decided that our payments were adequate. Mr. Jensen thought there may be a year-end adjustment due to overestimated collections. He reported we are trying to keep our prices within the 75 th percentile of surrounding hospitals.		.
8. ADJOURN	<i>Nevins</i>		
	Meeting adjourned at 6:09 pm		

5.

FINANCIAL REPORT
MONTH ENDING
APRIL 30, 2017



To: SVH Finance Committee
From: Ken Jensen, CFO
Date: May 25, 2017
Subject: Financial Report for the Month Ending April 30, 2017

The actual loss of (\$372,639) from operations for April was \$7,271 favorable to the budgeted loss of (\$379,910). The year-to date actual loss from operations is (\$3,987,581) compared to the expected loss of (\$3,745,823). After accounting for all other activity, the April net loss was (\$24,385) vs. the budgeted net loss of (\$31,262) with a monthly EBIDA of 3.7% vs. a budgeted 3.0%. Year-to-date the total net income is \$538,529 favorable to budget with a year to date EBIDA of 3.0% vs. the budgeted 3.3%.

Gross patient revenue for April was \$21,784,490, \$861,641 better than expected. Inpatient gross revenue was over budget by \$702,890. Inpatient days were under budget by (14) days but inpatient surgeries were over budgeted expectations by 6 cases and there was a higher than average case mix for April. Outpatient revenue was under budget by (\$1,085,406). Outpatient visits were under budgeted expectations by (701) visits and outpatient surgeries were under budget by (2) cases. The Emergency Room gross revenue is over budget by \$1,087,613; ER visits are over budget by 19 visits and had higher charges per patient due to higher acuity. SNF gross charges were over budgeted expectations by \$195,604 and SNF patient days were over budget at 25 days. Home Health was under budget by (\$39,060) with visits under budget by (144) visits.

Deductions from revenue were unfavorable to budgeted expectations by (502,533). The unfavorable variance is due to the favorable variance in inpatient and emergency gross charges. The revenue deductions were offset by the accrual of the Prime grant of \$125,000. Without the accrual of the Prime grant the revenue deductions would be unfavorable to budget by (\$627,533).

After accounting for all other operating revenue, the **total operating revenue** was favorable to budget by \$319,985.



Operating Expenses of \$5,307,856 were unfavorable to budget by (\$312,714). (\$75,000) of the variance is due to the matching fee for the Prime Grant in which the hospital will receive \$150,000 in May. Without the matching fee of \$75,000, the unfavorable expense variable would be (\$237,714).

Salaries and wages are over budget by (\$17,708) and employee benefits are over budget by (\$91,037) due to PTO being over budget by (\$54,260) and employee health benefits being over budgeted expectations by (\$36,777). The PTO variance for April reflects the adjustment to the PTO liability due to the increase in nursing staff wages that went into effect in April. Physician and professional fees are over budget by (\$21,148); physician fees are over budgeted expectations by (\$9,693) and professional fees are over by (\$11,455). The variance in Professional fees is due to the unbudgeted cost of a consultant for the specialty clinic. Supplies are over budget in April primarily in surgery (\$55,878) due to the positive variance of inpatient surgery cases. Purchased services are over budget by (\$61,800) primarily due to the invoice received from the county for the election costs (\$43,559), this cost was budgeted at \$50,000 but spread evenly over 12 months. In addition, we are accruing for the county invoice expected for June's election, (\$11,667 monthly through June). Interest expense is over budget in April due to the unbudgeted interest expense related to the south lot loan and the fluoroscopy project.

Year-to-date operating expenses are (\$583,395) over budgeted expectations. However, the Inter Governmental Transfer (IGT) and Prime Grant program fees of \$822,361 were not budgeted in FY 2017. Without the matching fees, year-to-date expenses are better than budget by \$238,966.

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for April was (\$161,195) vs. a budgeted net loss of (\$188,603). The total net loss for April after all activity was (\$24,385) vs. a budgeted net loss of (\$31,262).

EBIDA for the month of April was 3.7% vs. the budgeted 3.0%.

Patient Volumes – April

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	89	95	-6	97
Newborn Discharges	11	6	5	17
Acute Patient Days	368	382	-14	409
SNF Patient Days	512	487	25	578
Home Care Visits	934	1,078	-144	999
OP/ER/HHA Gross Rev.	\$13,168	\$13,220	(\$52)	\$12,542
Surgical Cases	171	167	4	118

Gross Revenue Overall Payer Mix – April

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	41.5%	46.8%	-5.3%	44.7%	47.1%	-2.4%
Medicare Mgd Care	13.9%	7.1%	6.8%	11.3%	7.2%	4.1%
Medi-Cal	20.0%	18.7%	1.3%	17.6%	19.0%	-1.4%
Self Pay	0.5%	1.2%	-0.7%	1.4%	1.2%	0.2%
Commercial	20.7%	20.3%	0.4%	20.4%	20.0%	0.4%
Workers Comp	2.1%	3.1%	-1.0%	2.6%	2.8%	-0.2%
Capitated	1.3%	2.8%	-1.5%	2.0%	2.7%	-0.7%
Total	100.0%	100.0%		100.0%	100.0%	

Cash Activity for April:

For the month of April the cash collection goal was \$3,329,359 and the Hospital collected \$3,441,383 or over the goal by \$112,024. The year-to-date cash collection goal was \$34,829,495 and the hospital has collected \$37,266,206, or over goal by \$2,436,711. Days of cash on hand are 10.7 days at April 30, 2017. The hospital was expecting to receive the parcel tax disbursement by the end of April but due to an error on the county's part the hospital received the funds in May. Accounts Receivable increased from March, from 44.2 days to 46.9 days in April. Accounts Payable increased by \$166,288 from March and Accounts Payable days are at 38.2.

ATTACHMENTS:

- Attachment A is the Payer Mix Analysis which includes the projected collection percentage by payer.
- Attachment B is the Operating Indicators Report
- Attachment C is the Balance Sheet
- Attachment D (two pages) is the Statement of Revenue and Expense. The first page breaks out the hospital operations and page two includes all other activity.
- Attachment E is the Variance Analysis. The line number tie to the Statement of Revenue and Expense line numbers and explains any significant variances.
- Attachment F are the graphs for Revenue and Accounts Payable.
- Attachment G is the Statistical Analysis
- Attachment H (2 pages) is the Cash Forecast



Sonoma Valley Hospital
Payer Mix for the month of April, 2017

ATTACHMENT A

April-17

YTD

Gross Revenue:	Actual	Budget	Variance	% Variance
Medicare	9,019,571	9,778,307	-758,736	-7.8%
Medicare Managed Care	3,020,062	1,473,666	1,546,396	104.9%
Medi-Cal	4,358,618	3,904,759	453,859	11.6%
Self Pay	114,965	241,678	-126,713	-52.4%
Commercial & Other Government	4,522,019	4,286,471	235,548	5.5%
Worker's Comp.	466,651	655,642	-188,991	-28.8%
Capitated	282,604	582,326	-299,722	-51.5%
Total	21,784,490	20,922,849	861,641	

Actual	Budget	Variance	% Variance
97,497,901	99,142,047	-1,644,146	-1.7%
24,660,709	15,139,276	9,521,433	62.9%
38,173,822	39,904,457	-1,730,635	-4.3%
3,075,640	2,447,848	627,792	25.6%
44,836,048	42,534,452	2,301,596	5.4%
5,774,167	5,960,207	-186,040	-3.1%
4,271,520	5,633,382	-1,361,862	-24.2%
218,289,807	210,761,669	7,528,138	

Net Revenue:	Actual	Budget	Variance	% Variance
Medicare	1,470,976	1,631,046	-160,070	-9.8%
Medicare Managed Care	474,989	239,197	235,792	98.6%
Medi-Cal	648,282	556,753	91,529	16.4%
Self Pay	46,250	108,710	-62,460	-57.5%
Commercial & Other Government	1,898,042	1,725,549	172,493	10.0%
Worker's Comp.	118,923	154,973	-36,050	-23.3%
Capitated	11,756	18,882	-7,126	-37.7%
Prior Period Adj/IGT	125,000	-	125,000	*
Total	4,794,218	4,435,110	359,108	8.1%

Actual	Budget	Variance	% Variance
15,518,718	16,909,131	-1,390,413	-8.2%
3,495,004	2,305,087	1,189,917	51.6%
5,338,355	5,932,782	-594,427	-10.0%
1,243,704	986,665	257,039	26.1%
15,801,098	16,973,984	-1,172,886	-6.9%
1,322,756	1,359,724	-36,968	-2.7%
135,526	194,624	-59,098	-30.4%
2,344,626	-	2,344,626	*
45,199,787	44,661,997	537,790	1.2%

Percent of Net Revenue:	Actual	Budget	Variance	% Variance
Medicare	30.7%	36.8%	-6.1%	-16.6%
Medicare Managed Care	9.9%	5.4%	4.5%	83.3%
Medi-Cal	13.5%	12.5%	1.0%	8.0%
Self Pay	1.0%	2.5%	-1.5%	-60.0%
Commercial & Other Government	39.6%	38.9%	0.7%	1.8%
Worker's Comp.	2.5%	3.5%	-1.0%	-28.6%
Capitated	0.2%	0.4%	-0.2%	-50.0%
Prior Period Adj/IGT	2.6%	0.0%	2.6%	*
Total	100.0%	100.0%	0.0%	0.0%

Actual	Budget	Variance	% Variance
34.3%	37.9%	-3.7%	-9.8%
7.7%	5.2%	2.5%	48.1%
11.8%	13.3%	-1.5%	-11.3%
2.8%	2.2%	0.6%	27.3%
35.0%	38.0%	-3.0%	-7.9%
2.9%	3.0%	-0.1%	-3.3%
0.3%	0.4%	-0.1%	-25.0%
5.2%	0.0%	5.3%	*
100.0%	100.0%	0.0%	0.0%

Projected Collection Percentage:	Actual	Budget	Variance	% Variance
Medicare	16.3%	16.7%	-0.4%	-2.4%
Medicare Managed Care	15.7%	16.2%	-0.5%	-3.1%
Medi-Cal	14.9%	14.3%	0.6%	4.2%
Self Pay	40.2%	45.0%	-4.8%	-10.7%
Commercial & Other Government	42.0%	40.3%	1.7%	4.2%
Worker's Comp.	25.5%	23.6%	1.9%	8.1%
Capitated	4.2%	3.2%	1.0%	31.3%
Prior Period Adj/IGT	0.6%	0.0%	0.6%	*

Actual	Budget	Variance	% Variance
15.9%	17.1%	-1.2%	-7.0%
14.2%	15.2%	-1.0%	-6.6%
14.0%	14.9%	-0.9%	-6.0%
40.4%	40.3%	0.1%	0.2%
35.2%	39.9%	-4.7%	-11.8%
22.9%	22.8%	0.1%	0.4%
3.2%	3.5%	-0.3%	-8.6%
1.1%	0.0%	1.1%	*

**SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended April 30, 2017**

ATTACHMENT B

CURRENT MONTH					YEAR-TO-DATE			YTD
	Actual 04/30/17	Budget 04/30/17	Favorable (Unfavorable) Variance		Actual 04/30/17	Budget 04/30/17	Favorable (Unfavorable) Variance	Prior Year 04/30/16
Inpatient Utilization								
Discharges								
1	79	82	(3)	Acute	910	842	68	842
2	10	13	(3)	ICU	111	155	(44)	146
3	89	95	(6)	Total Discharges	1,021	997	24	988
4	11	6	5	Newborn	116	136	(20)	146
5	100	101	(1)	Total Discharges inc. Newborns	1,137	1,133	4	1,134
Patient Days:								
6	276	273	3	Acute	3,064	2,639	425	2,725
7	92	109	(17)	ICU	982	962	20	948
8	368	382	(14)	Total Patient Days	4,046	3,601	445	3,673
9	23	16	7	Newborn	219	275	(56)	300
10	391	398	(7)	Total Patient Days inc. Newborns	4,265	3,876	389	3,973
Average Length of Stay:								
11	3.5	3.3	0.2	Acute	3.4	3.1	0.2	3.2
12	9.2	8.4	0.8	ICU	8.8	6.2	2.6	6.5
13	4.1	4.0	0.1	Avg. Length of Stay	4.0	3.6	0.4	3.7
14	2.1	2.7	(0.6)	Newborn ALOS	1.9	2.0	0.1	2.1
Average Daily Census:								
15	9.2	9.1	0.1	Acute	10.1	8.7	1.4	9.0
16	3.1	3.6	(0.6)	ICU	3.2	3.2	0.1	3.1
17	12.3	12.7	(0.5)	Avg. Daily Census	13.3	11.8	1.5	12.1
18	0.8	0.5	0.2	Newborn	0.72	0.90	(0.2)	0.99
Long Term Care:								
19	512	487	25	SNF Patient Days	5,536	6,191	(655)	6,257
20	24	27	(3)	SNF Discharges	293	277	16	269
21	17.1	16.2	0.8	Average Daily Census	18.2	20.4	(2.2)	20.6
Other Utilization Statistics								
Emergency Room Statistics								
22	921	902	19	Total ER Visits	9,112	8,763	349	8,801
Outpatient Statistics:								
23	4,474	5,175	(701)	Total Outpatients Visits	44,928	48,118	(3,190)	47,689
24	47	41	6	IP Surgeries	378	384	(6)	300
25	124	126	(2)	OP Surgeries	1,028	1,120	(92)	965
26	44	45	(1)	Special Procedures	419	326	93	337
27	934	1,078	(144)	Home Health Visits	9,211	9,553	(342)	9,497
28	286	331	(45)	Adjusted Discharges	3,367	3,319	49	3,354
29	2,227	2,360	(133)	Adjusted Patient Days (Inc. SNF)	24,521	25,528	(1,007)	26,506
30	74.2	78.7	(4.4)	Adj. Avg. Daily Census (Inc. SNF)	80.7	84.0	(3.3)	87.2
31	1.6426	1.4000	0.243	Case Mix Index -Medicare	1.6439	1.4000	0.244	1.5073
32	1.5933	1.4000	0.193	Case Mix Index - All payers	1.5618	1.4000	0.162	1.4065
Labor Statistics								
33	285	284	(1.9)	FTE's - Worked	282	287	5.0	285
34	313	317	3.4	FTE's - Paid	318	320	2.4	319
35	42.90	42.12	(0.78)	Average Hourly Rate	40.64	41.08	0.44	40.13
36	24.0	22.9	(1.1)	Manhours / Adj. Pat Day	22.5	21.7	(0.7)	20.9
37	187.2	163.3	(23.9)	Manhours / Adj. Discharge	163.5	167.1	3.6	165.0
38	23.5%	22.4%	-1.1%	Benefits % of Salaries	23.1%	22.3%	-0.8%	22.7%
Non-Labor Statistics								
39	11.9%	11.5%	-0.4%	Supply Expense % Net Revenue	12.5%	11.5%	-1.0%	11.4%
40	2,053	1,596	(457)	Supply Exp. / Adj. Discharge	1,723	1,603	(120)	1,535
41	19,076	15,520	(3,556)	Total Expense / Adj. Discharge	15,527	15,579	53	15,055
Other Indicators								
42	10.7			Days Cash - Operating Funds				
43	46.9	50.0	(3.1)	Days in Net AR	49.6	50.0	(0.5)	51.6
44	103%			Collections % of Net Revenue	107%			102.9%
45	38.2	55.0	(16.8)	Days in Accounts Payable	38.2	55.0	(16.8)	24.3
46	22.6%	21.9%	0.7%	% Net revenue to Gross revenue	21.3%	21.9%	-0.6%	22.4%
47	23.3%			% Net AR to Gross AR	23.3%			25.1%

Sonoma Valley Health Care District
Balance Sheet
As of April 30, 2017

ATTACHMENT C

		<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets				
Current Assets:				
1	Cash	\$ 1,740,420	\$ 2,559,444	\$ 1,983,203
2	Trustee Funds	2,700,895	2,700,058	3,419,803
3	Net Patient Receivables	8,908,441	8,113,757	8,194,105
4	Allow Uncollect Accts	(1,277,292)	(1,149,938)	(623,894)
5	Net A/R	7,631,149	6,963,819	7,570,211
6	Other Accts/Notes Rec	2,436,706	2,438,762	1,628,167
7	3rd Party Receivables, Net	1,088,987	900,158	872,289
8	Inventory	816,225	822,961	818,199
9	Prepaid Expenses	838,596	872,662	792,314
10	Total Current Assets	\$ 17,252,978	\$ 17,257,864	\$ 17,084,186
12	Property, Plant & Equip, Net	\$ 53,480,478	\$ 53,695,461	\$ 52,684,341
13	Specific Funds	698,847	479,089	382,893
14	Other Assets	-	-	144,203
15	Total Assets	\$ 71,432,303	\$ 71,432,414	\$ 70,295,623
Liabilities & Fund Balances				
Current Liabilities:				
16	Accounts Payable	\$ 2,859,973	\$ 2,693,685	\$ 3,640,960
17	Accrued Compensation	3,989,727	3,782,670	4,103,607
18	Interest Payable	330,797	220,532	342,768
19	Accrued Expenses	1,426,019	1,334,021	1,117,266
20	Advances From 3rd Parties	126,800	119,128	214,931
21	Deferred Tax Revenue	993,817	1,490,726	985,555
22	Current Maturities-LTD	1,291,901	1,286,950	1,604,735
23	Line of Credit - Union Bank	6,973,734	6,973,734	5,923,734
24	Other Liabilities	1,386	1,386	9,966
25	Total Current Liabilities	\$ 17,994,154	\$ 17,902,832	\$ 17,943,522
26	Long Term Debt, net current portion	\$ 37,477,881	\$ 37,544,929	\$ 36,772,079
27	Fund Balances:			
28	Unrestricted	\$ 12,157,774	\$ 12,182,326	\$ 12,467,196
29	Restricted	3,802,495	3,802,328	3,112,826
30	Total Fund Balances	\$ 15,960,268	\$ 15,984,653	\$ 15,580,022
31	Total Liabilities & Fund Balances	\$ 71,432,303	\$ 71,432,414	\$ 70,295,623

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended April 30, 2017**

ATTACHMENT D

Month					Year-To- Date					YTD
This Year		Variance			This Year		Variance			
Actual	Budget	\$	%		Actual	Budget	\$	%	Prior Year	
					Volume Information					
1	89	95	(6)	-6%	Acute Discharges	1,021	997	24	2%	988
2	512	487	25	5%	SNF Days	5,536	6,191	(655)	-11%	6,257
3	934	1,078	(144)	-13%	Home Care Visits	9,211	9,553	(342)	-4%	9,497
4	13,168	13,220	(52)	0%	Gross O/P Revenue (000's)	\$ 132,837	\$ 129,905	2,932	2%	\$ 126,543
					Financial Results					
					Gross Patient Revenue					
5	\$ 6,808,525	\$ 6,105,635	702,890	12%	Inpatient	\$ 65,939,999	\$ 59,487,559	6,452,440	11%	\$ 54,426,927
6	6,971,113	8,056,519	(1,085,406)	-13%	Outpatient	69,629,521	76,069,141	(6,439,620)	-8%	71,569,442
7	5,885,500	4,797,887	1,087,613	23%	Emergency	60,210,705	50,589,284	9,621,421	19%	52,100,852
8	1,792,998	1,597,394	195,604	12%	SNF	19,283,627	21,368,777	(2,085,150)	-10%	21,421,045
9	326,354	365,414	(39,060)	-11%	Home Care	3,225,955	3,246,908	(20,953)	-1%	3,123,067
10	\$ 21,784,490	\$ 20,922,849	861,641	4%	Total Gross Patient Revenue	\$ 218,289,807	\$ 210,761,669	7,528,138	4%	\$ 202,641,333
					Deductions from Revenue					
11	\$ (16,800,272)	\$ (16,385,520)	(414,752)	-3%	Contractual Discounts	\$ (173,803,894)	\$ (165,077,482)	(8,726,412)	-5%	\$ (159,655,229)
12	(250,000)	(66,250)	(183,750)	-277%	Bad Debt	(1,315,000)	(662,500)	(652,500)	-98%	(840,000)
13	(65,000)	(35,969)	(29,031)	-81%	Charity Care Provision	(323,293)	(359,690)	36,397	10%	(261,666)
14	125,000	-	125,000	*	Prior Period Adj/Government Program Revenue	2,352,167	-	2,352,167	*	2,038,468
15	\$ (16,990,272)	\$ (16,487,739)	(502,533)	3%	Total Deductions from Revenue	\$ (173,090,020)	\$ (166,099,672)	(6,990,348)	4%	\$ (158,718,427)
					Net Patient Service Revenue					
16	\$ 4,794,218	\$ 4,435,110	359,108	8%		\$ 45,199,787	\$ 44,661,997	537,790	1%	\$ 43,922,906
					Risk contract revenue					
17	\$ 130,272	\$ 155,771	(25,499)	-16%		\$ 1,299,232	\$ 1,557,710	(258,478)	-17%	\$ 1,424,765
18	\$ 4,924,490	\$ 4,590,881	333,609	7%	Net Hospital Revenue	\$ 46,499,019	\$ 46,219,707	279,312	1%	\$ 45,347,671
					Other Op Rev & Electronic Health Records					
19	\$ 10,727	\$ 24,351	(13,624)	-56%		\$ 305,835	\$ 243,510	62,325	26%	\$ 515,582
20	\$ 4,935,217	\$ 4,615,232	319,985	7%	Total Operating Revenue	\$ 46,804,854	\$ 46,463,217	341,637	1%	\$ 45,863,253
					Operating Expenses					
21	\$ 2,296,955	\$ 2,279,247	(17,708)	-1%	Salary and Wages and Agency Fees	\$ 22,372,407	\$ 22,784,824	412,417	2%	\$ 22,205,670
22	918,296	\$ 827,259	(91,037)	-11%	Employee Benefits	8,835,776	8,476,463	(359,313)	-4%	8,493,824
23	\$ 3,215,251	\$ 3,106,506	(108,745)	-4%	Total People Cost	\$ 31,208,183	\$ 31,261,287	53,104	0%	\$ 30,699,494
24	\$ 417,905	\$ 396,757	(21,148)	-5%	Med and Prof Fees (excl Agency)	\$ 3,898,404	\$ 3,930,577	32,173	1%	\$ 3,622,872
25	587,171	528,838	(58,333)	-11%	Supplies	5,803,059	5,319,810	(483,249)	-9%	5,148,418
26	412,730	350,930	(61,800)	-18%	Purchased Services	3,174,558	3,457,124	282,566	8%	2,809,325
27	285,653	293,214	7,561	3%	Depreciation	2,815,945	2,932,140	116,195	4%	2,890,327
28	78,805	100,684	21,879	22%	Utilities	970,771	999,859	29,088	3%	930,838
29	29,292	33,417	4,125	12%	Insurance	295,863	333,917	38,054	11%	252,538
30	57,497	33,912	(23,585)	-70%	Interest	436,504	347,498	(89,006)	-26%	554,100
31	148,552	150,884	2,332	2%	Other	1,366,787	1,626,828	260,041	16%	1,690,547
32	75,000	-	(75,000)	*	Matching Fees (Government Programs)	822,361	-	(822,361)	*	368,026
33	\$ 5,307,856	\$ 4,995,142	(312,714)	-6%	Operating expenses	\$ 50,792,435	\$ 50,209,040	(583,395)	-1%	\$ 48,966,485
					Operating Margin					
34	\$ (372,639)	\$ (379,910)	7,271	2%		\$ (3,987,581)	\$ (3,745,823)	(241,758)	-6%	\$ (3,103,232)

ATTACHMENT D

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended April 30, 2017**

	Month				
	This Year		Variance		
	Actual	Budget	\$		%
35	\$ (3,963)	\$ (21,193)	17,230		-81%
36	2,907	-	2,907		0%
37	(37,500)	(37,500)	-		0%
38	250,000	250,000	-		0%
39	\$ 211,444	\$ 191,307	20,137		11%
40	\$ (161,195)	\$ (188,603)	27,408		-15%
41	\$ 167	\$ 20,698	(20,531)		-99%
42	\$ -	\$ -	-		0%
43	\$ (161,028)	\$ (167,905)	6,877		-4%
44	246,909	246,909	-		0%
45	(110,266)	(110,266)	-		0%
46	\$ (24,385)	\$ (31,262)	6,877		-22%
	\$ 181,955	\$ 138,523			
	3.7%	3.0%			
	\$ 124,458	\$ 104,611			
	2.5%	2.3%			

Non Operating Rev and Expense
 Miscellaneous Revenue/(Expenses)
 Donations
 Physician Practice Support-Prima
 Parcel Tax Assessment Rev
Total Non-Operating Rev/Exp

Net Income / (Loss) prior to Restricted Contributions

Capital Campaign Contribution
 Restricted Foundation Contributions
Net Income / (Loss) w/ Restricted Contributions

GO Bond Tax Assessment Rev
 GO Bond Interest

Net Income/(Loss) w GO Bond Activity

EBIDA - Not including Restricted Contributions

EBDA - Not including Restricted Contributions

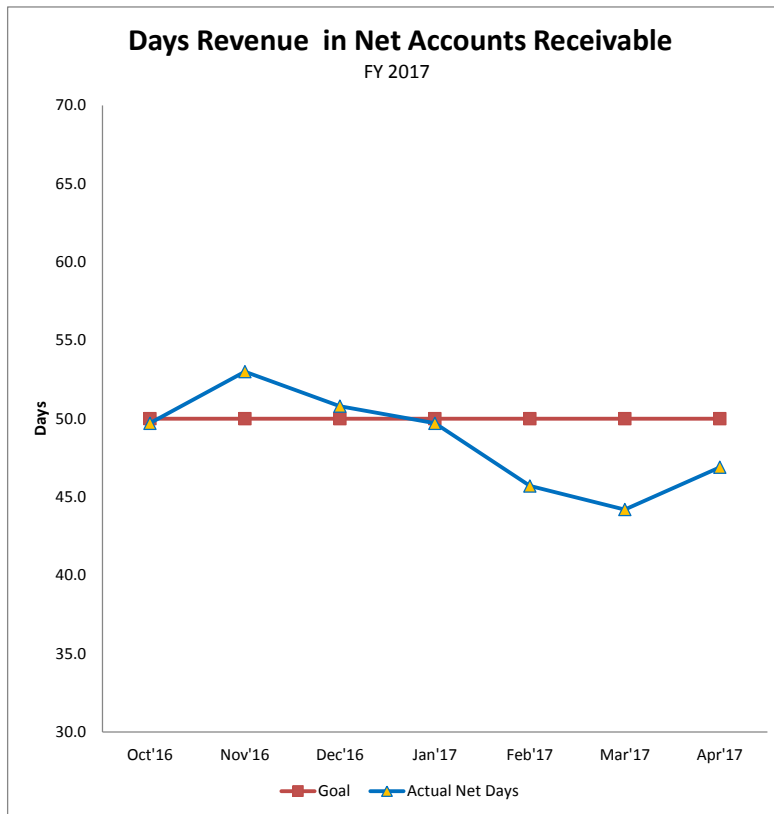
	Year-To-Date					YTD
	This Year		Variance			Prior Year
	Actual	Budget	\$		%	
	\$ (93,192)	\$ (193,508)	100,316		*	\$ (81,377)
	98,916	-	98,916		0%	11,584
	(375,000)	(375,000)	-		0%	(375,000)
	2,500,378	2,500,000	378		0%	2,501,954
	\$ 2,131,102	\$ 1,931,492	199,610		10%	\$ 2,057,161
	\$ (1,856,479)	\$ (1,814,331)	(42,148)		2%	\$ (1,046,071)
	\$ 204,733	\$ 206,980	(2,247)		-1%	\$ 612,451
	\$ 582,924	\$ -	582,924		100%	\$ -
	\$ (1,068,823)	\$ (1,607,351)	538,528		-34%	\$ (433,620)
	2,469,090	2,469,090	-		0%	2,427,770
	(1,118,303)	(1,118,304)	1		0%	(1,146,233)
	\$ 281,964	\$ (256,565)	538,529		-210%	\$ 847,917
	\$ 1,395,970	\$ 1,465,307				\$ 2,398,356
	3.0%	3.3%				5.2%
	\$ 959,466	\$ 1,117,809				
	2.0%	2.4%				

Sonoma Valley Health Care District
Statement of Revenue and Expenses Variance Analysis
For the Period Ended April 30, 2017

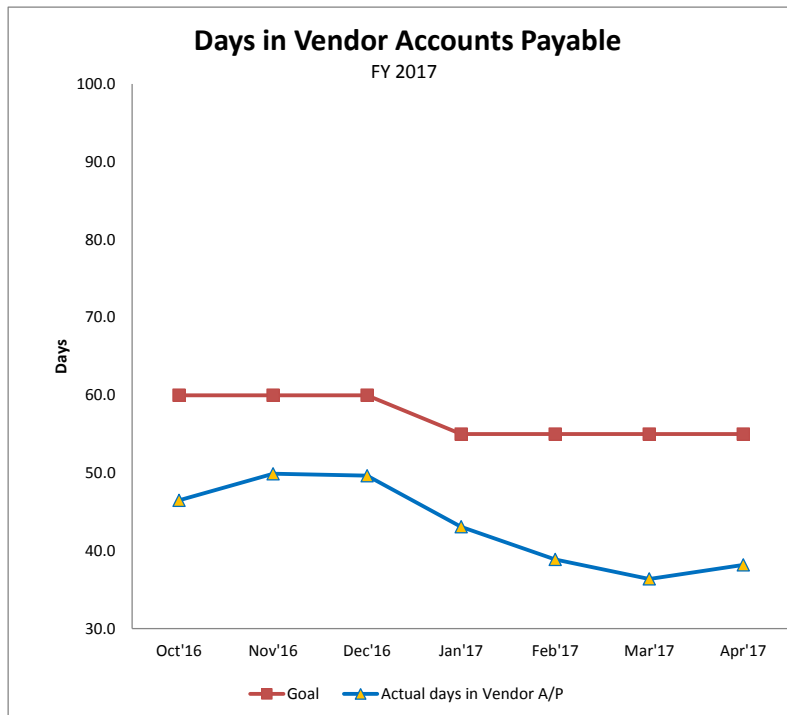
	YTD	MONTH	
Description	Variance	Variance	
Volume Information			
1 Acute Discharges	24	(6)	
2 SNF Days	(655)	25	
3 Home Care Visits	(342)	(144)	
4 Gross O/P Revenue (000's)	2,932	(52)	
Financial Results			
Gross Patient Revenue			
5 Inpatient	6,452,440	702,890	Inpatient days were below budgeted expectations by (14) days and inpatient surgeries were over budgeted expectations by 6 cases and there was a higher IP case mix for April.
6 Outpatient	(6,439,620)	(1,085,406)	Outpatient visits are 4,474 vs. budgeted expectations of 5,175 visits and outpatient surgeries are 124 vs. budgeted expectations 126.
7 Emergency	9,621,421	1,087,613	ER visits are 921 vs. budgeted visits of 902 and the ER visits in April had a higher acuity than average.
8 SNF	(2,085,150)	195,604	SNF patient days are 512 vs. budgeted expected days of 487.
9 Home Care	(20,953)	(39,060)	HHA visits are 934 vs. budgeted expectations of 1,078.
10 Total Gross Patient Revenue	7,528,138	861,641	
Deductions from Revenue			
11 Contractual Discounts	(8,726,412)	(414,752)	
12 Bad Debt	(652,500)	(183,750)	
13 Charity Care Provision	36,397	(29,031)	
14 Prior Period Adj/Government Program Revenue	2,352,167	125,000	Prime grant accrual for April.
15 Total Deductions from Revenue	(6,990,348)	(502,533)	
16 Net Patient Service Revenue	537,790	359,108	
17 Risk contract revenue	(258,478)	(25,499)	Blue Shield capitation received was under budget.
18 Net Hospital Revenue	279,312	333,609	
19 Other Op Rev & Electronic Health Records	62,325	(13,624)	
20 Total Operating Revenue	341,637	319,985	
Operating Expenses			
21 Salary and Wages and Agency Fees	412,417	(17,708)	Salaries and Wages are under budget by \$14,477 and the Agency fees are over budget by (\$32,185).
22 Employee Benefits	(359,313)	(91,037)	Employee benefits are over budgeted expectations due to PTO (\$54,260) and employee benefit costs (\$36,777) . The PTO variance from budget is due to the adjustment of the PTO liability due to the wage increases to the nursing staff.
23 Total People Cost	53,104	(108,745)	
24 Med and Prof Fees (excl Agency)	32,173	(21,148)	Physician fees are over budget by (\$9,693) and other professional fees are over budget by (\$11,455).
25 Supplies	(483,249)	(58,333)	Supplies are over budget in the Surgery department by (\$55,878) due to surgical implants (\$29,391) and Medical supplies (\$26,533).
26 Purchased Services	282,566	(61,800)	Purchased services are over budgeted expectation primarily due to the posting of the election invoice received from the county (\$43,559), this was budgeted and spread over 12 months. In addition, we are accruing for the county invoice expected for June's election.
27 Depreciation	116,195	7,561	
28 Utilities	29,088	21,879	
29 Insurance	38,054	4,125	
30 Interest	(89,006)	(23,585)	Interest on the South lot loan and the flouroscopy project were not budgeted for FY 2017.
31 Other	260,041	2,332	Budgeted other costs not used in March.
32 Matching Fees (Government Programs)	(822,361)	(75,000)	Prime Grant matching fee
33 Operating expenses	(583,395)	(312,714)	
34 Operating Margin	(241,758)	7,271	
Non Operating Rev and Expense			
35 Miscellaneous Revenue	100,316	17,230	
36 Donations	98,916	2,907	Foundation grants received for employee education.
37 Physician Practice Support-Prima	-	-	
38 Parcel Tax Assessment Rev	378	-	
39 Total Non-Operating Rev/Exp	199,610	20,137	

Sonoma Valley Health Care District
Statement of Revenue and Expenses Variance Analysis
For the Period Ended April 30, 2017

	YTD	MONTH	
Description	Variance	Variance	
		-	
40 Net Income / (Loss) prior to Restricted Contributions	(42,148)	27,408	
		-	
41 Capital Campaign Contribution	(2,247)	(20,531)	Capital campaign donations received from the Foundation are under budgeted expectations for April.
42 Restricted Foundation Contributions	582,924	-	
43 Net Income / (Loss) w/ Restricted Contributions	538,528	6,877	
44 GO Bond Tax Assessment Rev	-	-	
45 GO Bond Interest	1	-	
46 Net Income/(Loss) w GO Bond Activity	538,529	6,877	



Days in A/R	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17	Apr'17
Actual days in A/R	49.7	53.0	50.8	49.7	45.7	44.2	46.9
Goal	50.0	50.0	50.0	50.0	50.0	50.0	50.0



Days in A/P	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17	Apr'17
Actual days in Vendor A/P	46.5	49.9	49.7	43.1	38.9	36.4	38.2
Goal	60.0	60.0	60.0	55.0	55.0	55.0	55.0

Sonoma Valley Hospital
Statistical Analysis
FY 2017


ATTACHMENT G

	ACTUAL	BUDGET
	Apr-17	Apr-17
Statistics		
Acute		
Acute Patient Days	368	382
Acute Discharges (w/o Newborns)	89	95
SNF Days	512	487
HHA Visits	934	1,078
Emergency Room Visits	921	902
Gross Outpatient Revenue (000's)	\$13,168	\$13,220
Equivalent Patient Days	2,227	2,354
Births	11	6
Surgical Cases - Inpatient	47	41
Surgical Cases - Outpatient	124	126
Total Surgical Cases	171	167
Total Special Procedures	44	45
Medicare Case Mix Index	1.64	1.40
Income Statement		
Net Revenue (000's)	\$4,924	\$4,591
Operating Expenses (000's)	\$5,308	\$4,995
Net Income (000's)	(\$24)	(\$31)
Productivity		
Total Operating Expense Per Equivalent Patient Day	\$2,383	\$2,122
Productive FTEs	285	284
Non-Productive FTE's	28	33
Total FTEs	313	317
FTEs per Adjusted Occupied Bed	4.22	4.03
Balance Sheet		
Days of Expense In General Operating Cash	11	
Net Days of Revenue in AR	47	50

ACTUAL												
Mar-17	Feb-17	Jan-17	Dec-16	Nov-16	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16	May-16	Apr-16	Mar-16
415	415	465	355	396	402	407	437	386	334	386	409	426
119	97	119	100	95	99	95	105	103	95	85	97	99
572	607	592	500	446	512	624	608	563	526	529	578	580
849	922	877	919	938	880	1,042	890	960	942	844	999	879
941	851	1,000	942	850	852	897	918	940	907	940	912	945
\$15,098	\$12,189	\$13,500	\$12,935	\$13,147	\$13,347	\$13,512	\$13,336	\$12,605	\$13,465	\$13,827	\$12,542	\$14,266
2,537	2,553	2,618	2,382	2,202	2,380	2,707	2,581	2,322	2,381	2,545	2,636	2,886
12	12	11	9	8	9	14	17	14	14	13	17	17
40	26	38	28	38	42	37	39	43	31	36	26	31
149	101	110	98	123	84	81	85	73	93	87	92	110
189	127	148	126	161	126	118	124	116	124	123	118	141
36	41	28	40	32	29	49	63	57	61	30	42	36
1.45	1.52	1.47	1.59	1.79	1.59	1.97	1.58	1.84	1.64	1.73	1.47	1.48
5,283	4,266	\$4,528	\$3,588	\$4,452	\$4,727	\$4,406	\$4,919	\$5,172	\$4,980	\$4,610	\$4,481	\$4,484
\$5,395	\$4,803	\$5,026	\$4,713	\$5,047	\$4,912	\$4,807	\$5,310	\$5,472	\$5,450	\$5,267	\$5,143	\$4,968
304	308	(\$108)	(\$600)	(\$65)	\$337	(\$6)	(\$23)	\$59	(\$133)	(\$403)	(\$99)	(\$132)
\$2,127	\$1,881	\$1,920	\$1,979	\$2,292	\$2,064	\$1,776	\$2,057	\$2,356	\$2,289	\$2,069	\$1,951	\$1,721
294	294	280	253	289	280	283	286	278	287	300	292	293
28	28	36	56	30	36	36	35	42	37	32	32	33
322	322	316	309	319	316	319	321	320	324	332	324	326
3.93	3.54	3.74	4.03	4.35	4.11	3.54	3.86	4.28	4.08	4.16	3.70	3.50
16	27	20	25	10	11	6	15	11	9	9	13	10
44	46	50	51	53	50	50	50	55	57	55	50	50

Sonoma Valley Hospital
Cash Forecast
FY 2017

ATTACHMENT H

													Budgeted Sources 		Forecast TOTAL
													Forecast May	Forecast Jun	
Hospital Operating Sources															
1	Patient Payments Collected	4,375,192	4,731,348	3,928,129	4,155,005	3,905,768	4,342,807	4,110,672	4,603,390	4,630,430	3,918,173	4,331,158	4,290,879		51,322,951
2	Capitation Revenue	127,594	124,410	126,315	133,982	132,267	134,940	131,281	128,777	129,394	130,272	125,000	125,000		1,549,232
3	Napa State	2,326	49,264	12,455	-	78,395	11,460	84		64,824	41,351				260,159
4	Other Operating Revenue	39,800	21,422	28,846	30,148	24,397	20,356	77,478	46,006	82,316	48,433	24,351	24,351		467,905
5	Other Non-Operating Revenue	20,788	46,700	32,026	71,410	72,181	77,749	55,550	48,045	57,015	10,687	19,609	19,617		531,378
6	Unrestricted Contributions	1,549	11,560	13,093	39,995	799		16,968	5,312	19,842	2,907				112,025
7	Line of Credit	190,000	(190,000)		812,500	287,300		(851,142)							248,658
Sub-Total Hospital Sources		4,757,249	4,794,704	4,140,864	5,243,040	4,501,108	4,587,312	3,540,891	4,831,530	4,983,821	4,151,823	4,500,118	4,459,847		54,492,308
Hospital Uses of Cash															
8	Operating Expenses	4,578,560	4,139,921	5,611,993	4,675,722	4,283,113	4,524,239	4,696,532	4,846,020	6,578,663	4,765,207	4,835,696	4,656,580		58,192,246
9	Less Depreciation											(293,214)	(293,217)		(586,431)
10	Add Capital Lease Payments	49,245	173,774	36,968	40,319	172,462	34,339	38,355	173,920	63,444	62,097				844,923
11	Additional Liabilities		400,000				350,000	700,000				500,000	500,000		2,450,000
12	Capital - Board Approved Spending	60,776	43,811	62,997	155,782	7,836	25,626	151,646	89,244	139,796	70,670				808,184
13	Napa State														-
Total Hospital Uses		4,688,581	4,757,506	5,711,958	4,871,823	4,463,411	4,934,204	5,586,533	5,109,184	6,781,903	4,897,974	5,042,482	4,863,363		61,708,922
Net Hospital Sources/Uses of Cash		68,668	37,198	(1,571,094)	371,217	37,697	(346,892)	(2,045,642)	(277,654)	(1,798,082)	(746,151)	(542,364)	(403,516)		(7,216,614)
Non-Hospital Sources															
14	Restricted Cash/Capital Donations	3,167	141,475	42,379	118,737	69,984	167	1,029,121	481,238	26,470	167				1,912,905
15	Electronic Health Records						43,689				1,960				45,649
16	Parcel Tax Revenue	179,365					1,626,181					1,170,694			2,976,240
17	Advancement - Foundation		400,000				(400,000)								-
18	Advancement - South Lot		263,453												263,453
19	Other:														-
20	IGT				343,950		1,506,344	205,630					598,717		2,654,641
21	IGT - AB915 (Net)								903,363						903,363
22	PRIME	375,000			1,125,000							150,000			1,650,000
Sub-Total Non-Hospital Sources		557,532	804,928	42,379	1,587,687	69,984	2,776,381	1,234,751	1,384,601	26,470	2,127	1,320,694	598,717		10,406,251
Non-Hospital Uses of Cash															
23	Matching Fees	187,575	188,984		1,120,982	287,323					75,000	216,448			2,076,312
Sub-Total Non-Hospital Uses of Cash		187,575	188,984	-	1,120,982	287,323	-	-	-	-	75,000	216,448	-		2,076,312
Net Non-Hospital Sources/Uses of Cash		369,957	615,944	42,379	466,705	(217,339)	2,776,381	1,234,751	1,384,601	26,470	(72,873)	1,104,246	598,717		8,329,939
Net Sources/Uses		438,625	653,142	(1,528,715)	837,922	(179,642)	2,429,489	(810,891)	1,106,947	(1,771,612)	(819,024)	561,882	195,201		
Cash and Equivalents at beginning of period		1,384,178	1,822,803	2,475,945	947,230	1,785,152	1,605,510	4,034,999	3,224,109	4,331,056	2,559,444	1,740,420	2,302,302		
Cash and Equivalents at end of period		1,822,803	2,475,945	947,230	1,785,152	1,605,510	4,034,999	3,224,109	4,331,056	2,559,444	1,740,420	2,302,302	2,497,503		

(a) Net IGT is \$431,347

**Sonoma Valley Hospital
Cash Forecast
FY 2017**

ATTACHMENT H

		Actual					Budgeted Sources Forecast		Forecast	Forecast
		July - Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL	
Hospital Operating Sources										
1	Patient Payments Collected	25,438,249	4,110,672	4,603,390	4,630,430	3,918,173	4,331,158	4,290,879	51,322,951	
2	Capitation Revenue	779,508	131,281	128,777	129,394	130,272	125,000	125,000	1,549,232	
3	Napa State	153,900	84		64,824	41,351			260,159	
4	Other Operating Revenue	164,969	77,478	46,006	82,316	48,433	24,351	24,351	467,905	
5	Other Non-Operating Revenue	320,855	55,550	48,045	57,015	10,687	19,609	19,617	531,378	
6	Unrestricted Contributions	66,996	16,968	5,312	19,842	2,907			112,025	
7	Line of Credit	1,099,800	(851,142)						248,658	
Sub-Total Hospital Sources		28,024,277	3,540,891	4,831,530	4,983,821	4,151,823	4,500,118	4,459,847	54,492,308	
Hospital Uses of Cash										
8	Operating Expenses	27,813,548	4,696,532	4,846,020	6,578,663	4,765,207	4,835,696	4,656,580	58,192,246	
9	Less Depreciation	-					(293,214)	(293,217)	(586,431)	
10	Add Capital Lease Payments	507,107	38,355	173,920	63,444	62,097			844,923	
11	Additional Liabilities	750,000	700,000				500,000	500,000	2,450,000	
12	Capital - Board Approved Spending	356,828	151,646	89,244	139,796	70,670			808,184	
13	Napa State	-							-	
Total Hospital Uses		29,427,483	5,586,533	5,109,184	6,781,903	4,897,974	5,042,482	4,863,363	61,708,922	
Net Hospital Sources/Uses of Cash		(1,403,206)	(2,045,642)	(277,654)	(1,798,082)	(746,151)	(542,364)	(403,516)	(7,216,614)	
Non-Hospital Sources										
14	Restricted Cash/Capital Donations	375,909	1,029,121	481,238	26,470	167			1,912,905	
15	Electronic Health Records	43,689				1,960			45,649	
16	Parcel Tax Revenue	1,805,546					1,170,694		2,976,240	
17	Advancement - Foundation	-							-	
18	Advancement - South Lot	263,453							263,453	
19	Other:	-							-	
20	IGT	1,850,294	205,630		-			598,717	2,654,641	
21	IGT - AB915 (Net)	-		903,363					903,363	
22	PRIME	1,500,000					150,000		1,650,000	
Sub-Total Non-Hospital Sources		5,838,891	1,234,751	1,384,601	26,470	2,127	1,320,694	598,717	10,406,251	
Non-Hospital Uses of Cash										
23	Matching Fees	1,784,864				75,000	216,448	-	2,076,312	
Sub-Total Non-Hospital Uses of Cash		1,784,864	-	-	-	75,000	216,448	-	2,076,312	
Net Non-Hospital Sources/Uses of Cash		4,054,027	1,234,751	1,384,601	26,470	(72,873)	1,104,246	598,717	8,329,939	
Net Sources/Uses		2,650,821	(810,891)	1,106,947	(1,771,612)	(819,024)	561,882	195,201		
Cash and Equivalents at beginning of period		1,384,178	4,034,999	3,224,109	4,331,056	2,559,444	1,740,420	2,302,302		
Cash and Equivalents at end of period		4,034,999	3,224,109	4,331,056	2,559,444	1,740,420	2,302,302	2,497,503		

8.

PROPOSED FISCAL
YEAR 2017-2018
BUDGET

Sonoma Valley Hospital-Fiscal Year 2017-2018 Budget

This proposed budget maintains the current level of services provided by the Hospital with added volume for surgical cases and the 1206b clinic. The payer mix is assumed to be the same as the base period that was the 12 months ending in February 2017.

Net Revenue:

The budget assumes net revenue will increase by \$3,572k due to a 6% strategic price increase, an increase in surgery cases and clinic volume, a decrease in the prompt pay discount from 40% to 30%, an increase in Home Health Care contracted revenue, a decrease in bad debt revenue as we believe that there has been an over reserve for some and an increase in inpatient commercial contract rates. It should be noted that IGT revenue was included and is and offset contractual reserve expenses.

Salaries:

This budget has taken into account \$1,857k in increased salary costs due to annualizing the January increases, the additional adjustment given to the nursing staff in April, the parity adjustments given in January and the anticipated January 2018 general increases of 3%. There were two positions added. One position is for a Director of Quality and the second is for an IT Security Analyst. A Medical Staff Coordinator position was eliminated. With the increase in salary costs expenses for taxes and PTO had to be increased.

Other Expenses:

Physician costs were increased by \$360k with \$186k of this cost attributable to the 1206b Clinic. Supply expenses were reduced by \$268k due to supply and pharmacy reductions. Purchased Services

were increased by \$763k with almost all of the increase attributable to IT. Expenses include matching funds for IGT payments.

Net Operating Loss:

After accounting for the above, the Gross Operating Loss is proposed at (\$4,666k) which is \$806k better than the base used to develop the budget.

Other Revenues:

This category included the assumption that the new parcel tax will be approved. The net increase in the parcel tax is assumed to be \$800k.

Net Income:

After accounting for all other non operating activity the net income for the proposed budget is \$255k. This results in a 3.80% EBIDA.

Schedules:

- Schedule A includes the Original Budget Assumptions
- Schedule B reflects the payer mix assumed in the budget
- Schedule C compares the FY 2018 Budget Request to the Baseline used in developing the budget
- Schedule D details the specifics of the changes to the Baseline used in developing the budget
- Schedule E is an annualized Cash Forecast
- Schedule F is the proposed Capital Plan

Staff is comfortable with the proposed expenses. The area of risk in this budget has to do with the increased revenue assumptions.

Although they are probable, there is always the risk of the government programs changing how they will reimburse healthcare providers.

SCHEDULE A

Budget Assumptions FY 2017/2018:

The budget for the new fiscal year will be based upon the actual experience for the 12 month period ending January 2017. Due to the fact that the information is relatively current, minimal inflation will be assumed except where noted.

Revenue:

- The assumption is that the Parcel Tax will pass and the income will be \$3.8m
- Will include anticipated new volume
- The payer mix will be assumed as was in the 12 month period. However, attention will have to be paid to what happens with Obama care. If repealed, bad debt will go up and there will be the elimination of the three new MediCal aide codes.
- Will anticipate a 6% price increase.
- Will need to decide on what to include for supplemental income. PRIME will be included for both the match and payment back. Need to decide to include or not to include other IGT type money.
- Will separate time share income/expense from the 1206b clinic.

Expenses:

- Salaries will include the \$400k for additional nursing compensation to be given 4/17.
- 3% salary increases assumed 01/18.
- Individual salary increases will be considered by employee NOT job code. This will make the PTO assumption more accurate by department. PTO value will be increased by salary increases.
- Benefits will be calculated based upon current contracts.
- Med & Pro Fees will be based upon contracts
- Supplies based upon 12 month actual. Will adjust for the 340b drug program.
- Purchased services will be based upon both actual experience and contracts.
- Depreciation will be calculated after certain CIPs are closed.
- Interest actual and will include South Lot interest.
- Insurance; will get estimate from the broker.
- Matching fees; at least PRIME but will decide on others.
- Travel and education based upon 12 months.

SCHEDULE B

Sonoma Valley Hospital

Payer Mix - Budget FY 2018

	Base Budget	Budget FY 2018	Variance
Medicare	45.7%	45.6%	-0.1%
Medicare Managed Care	10.0%	10.0%	0.0%
Medi-Cal	17.9%	17.8%	-0.1%
Self Pay	1.3%	1.2%	-0.1%
Commercial	20.2%	20.4%	0.2%
Worker's Comp.	2.9%	3.0%	0.1%
Capitated	2.0%	2.0%	0.0%
	100.0%	100.0%	

SCHEDULE C

Sonoma Valley Hospital

Budget - FY 2018

	FY 2018		
	Baseline	FY 2018 Budget	Variance
Total Operating Revenue	\$ 55,477,815	\$ 59,050,326	\$ 3,572,511
Operating Expenses			
Salary and Wages and Agency Fees	27,151,094	29,008,232	1,857,138
Employee Benefits	10,593,990	10,805,709	211,719
Total People Cost	37,745,084	39,813,941	2,068,857
Med and Prof Fees (excl Agency)	4,551,538	4,911,769	360,231
Supplies	6,594,518	6,326,247	(268,271)
Purchased Services	3,752,403	4,516,306	763,903
Depreciation	3,386,080	3,387,733	1,653
Utilities	1,146,517	1,219,470	72,953
Insurance	331,372	331,372	-
Interest	584,985	533,475	(51,510)
Other	1,820,876	1,639,513	(181,363)
Matching Fees (Government Programs)	1,037,191	1,037,191	-
Operating expenses	\$ 60,950,564	\$ 63,717,017	\$ 2,766,453
			-
Gross Operating Margin	\$ (5,472,749)	\$ (4,666,691)	\$ 806,058
			-
Non Operating Rev and Expense			-
Miscellaneous Revenue/(Expenses)	(205,749)	(155,884)	49,865
Donations	98,916	-	(98,916)
Physician Practice Support-Prima	(612,591)	(656,196)	(43,605)
Parcel Tax Assessment Rev	2,965,941	3,800,000	834,059
Total Non-Operating Rev/Exp	\$ 2,246,517	\$ 2,987,920	\$ 741,403
			-
Net Income / (Loss) prior to Restricted Contributions	\$ (3,226,232)	\$ (1,678,771)	\$ 1,547,461
Capital Campaign Contribution	251,462	199,469	(51,993)
Restricted Foundation Contributions	345,308	-	(345,308)
Net Income / (Loss) w/ Restricted Contributions	\$ 596,770	\$ 199,469	\$ (397,301)
GO Bond Tax Assessment Rev	2,942,248	3,008,200	65,952
GO Bond Interest	(1,347,132)	(1,273,814)	73,318
Net Income/(Loss) w GO Bond Activity	\$ (1,034,346)	\$ 255,084	\$ 1,289,430
EBIDA - Not including Restricted Contributions	744,833	2,242,437	
	1.34%	3.80%	

SCHEDULE D

Sonoma Valley Hospital FY 2018 Budget Variances

Net Income from rolling 12 months: \$ 55,477,815

6% price increase	857,306	
Increase in Surgery cases	850,975	
Increased Revenue from Clinic	376,290	
Decrease in prompt pay discount to 30%	337,940	
Increase in Kaiser HHC	400,000	
Decrease in Bad Debt	300,000	
Increase in IP commercial	450,000	
Total	\$ 3,572,511	
Adjusted Revenue		\$ 59,050,326

Total Expenses from rolling 12 months: \$ 60,950,564

Salaries:

Salary increase for nursing	400,000	
January 2018 pay increase	407,000	
Director of Quality	150,000	
Security Analyst (Jan 2018)	52,000	
January 2017 pay increase	625,000	
January 2017 parity	458,000	
Medical Staff Coordinator	(58,002)	
Other department variances	(176,860)	
Total Salary increase	\$ 1,857,138	

Employee Benefits:

FICA	129,951	
PTO	125,000	
Other department variances	(43,232)	
Total Employee Benefit increase	\$ 211,719	

Physician Fees:

Dr. Amara	35,000	
adjust to contract	44,454	
Clinic full year cost	186,473	
Anesthesiology contract increase	94,304	
Total Physician Increase	\$ 360,231	

Supplies:

10% supply reduction	(174,376)	
Pharmacy Reduction	(93,895)	
Total Supply decrease	\$ (268,271)	

Purchased Services:

McKesson	576,000	
Outpatient Electronic Records	102,624	
Marketing	41,000	
Signal sign on	30,000	
Other department variances	14,279	
Total Purchase Services increase	\$ 763,903	

Depreciation: \$ 1,653

Utilities: \$ 72,953

Interest: \$ (51,510)

Other Expenses:

South Lot	(108,563)	
Other department variances	(72,800)	
Total Other Expenses decrease	\$ (181,363)	

Budgeted Total Expenses: \$ 63,717,017
Neto Operating Loss \$ (4,666,691)

Non Operating Rev & Exps from rolling 12 months: \$ 2,246,517

Parcel Tax	800,000	
Non budgeted donations	(14,992)	
Prima (due to Prima YE true up)	(43,605)	
Total non operating revenue	\$ 741,403	
<i>Budgeted Non Operating Inc/Exp:</i>		<i>\$ 2,987,920</i>
Net Income / (Loss) prior to Restricted Contributions		<i>\$ (1,678,771)</i>

Restricted Donations & GO Bond from rolling 12 months: \$ 2,191,886

Non budgeted donations	(397,301)	
Variance in GO Bond yearly payments	139,270	
Total restricted/GO Bond activity	(258,031)	
<i>Budgeted Restricted Donations/GO Bond Activity</i>		<i>\$ 1,933,855</i>
Net Income/(Loss) w GO Bond Activity		<i>\$ 255,084</i>

SCHEDULE E

Sonoma Valley Hospital FY 2018 Cash Projections

Projected cash at 6/30/17 \$ 2,497,503

Sources:

Cash from Patient Revenue \$ 56,240,983

Prime and IGT Funds 2,809,343

Other operating revenue 45,000

Donations (unrestricted) -

Parcel Tax 3,800,000

Capital Campaign 199,469

Restricted contributions -

Total Source \$ 63,094,795

Total Cash Available \$ 65,592,298

Uses:

Salaries & Benefits \$ 39,813,941

Operating Expenses 20,987,624

Matching Fees 1,037,191

Other support 857,080

Total Uses \$ 62,695,836

Cash at 6/30/18 (excluding capital) \$ 2,896,462