



**SVHCD JOINT FINANCE COMMITTEE-
 BOARD OF DIRECTORS
 BUDGET STUDY SESSION
 AGENDA**

**Tuesday, June 5, 2018
 5:00 p.m.**

**Location: Schantz Conference Room
 Sonoma Valley Hospital, 347 Andrieux St., Sonoma CA 95476**

AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Nevins</i>	
2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i>	<i>Nevins</i>	
3. FY 2019 THREE-MONTH OPERATING BUDGET	<i>Jensen</i>	Inform/Action
4. ADJOURN	<i>Nevins</i>	



To: Sonoma Valley Health Care District Board Members
From: Sonoma Valley Hospital Administration
Date: June 5, 2018
Subject: Proposed FY 2019 Budget for the 3-Months of July, August, and September 2018

During FY 2018 the hospital's inpatient volume continued to drop from previous fiscal years prompting the hospital's administration to review the current operating structure. To give the administration team time to adequately formulate a new hospital structure we are presenting the first three months of the FY 2019 budget with the remaining nine months of the budget to be presented at a later date.

The FY 2019 three-month budget for July, August, and September 2018 began with the base budget derived from July, August, and September of 2017 and was adjusted for current volumes and the current cost savings plan that was set forth in January 2018. The three-month budget also takes into account additional cost savings that will be initiated as of July 1, 2018 (see attachment B), and is projected to have a three-month savings of \$252,788.

The budgeted operating loss for the three months ending September 30, 2018, is (\$1,429,117) with a net income of \$25,776 and an EBIDA of 2.4%. The three-month budget assumes the same payer mix as July to September of FY 2018 and is consistent with the current payer mix (see attachment C). The three-month budget assumes cash at September 30, 2018, will be \$1,417,392 (see attachment D).

ATTACHMENTS:

- Attachment A – FY 2019 Three-Month Budget for July, August, & September 2018
- Attachment B – FY 2019 Budget Preliminary Cost Savings for July, August, & September 2018
- Attachment C – FY 2019 Budget Payer Mix for July, August, & September 2018
- Attachment D – FY 2019 Budget – Cash Flow for July, August, & September 2018

Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
FY 2019 Budget - 3 Months
July 2018, August 2018, and September 2018

Schedule A

	<u>July 31, 2018</u>	<u>August 31, 2018</u>	<u>September 30, 2018</u>	<u>FY 2019 Budget - 3 Months</u>
Volume Information				
Acute Discharges	93	91	91	275
Patient Days	324	317	316	957
SNF Days	528	500	479	1,507
Emergency Room Visits	920	894	921	2,735
Surgeries - Inpatient	30	21	29	81
Surgeries - Outpatient	133	142	154	429
Special Procedures	52	77	75	204
Home Care Visits	803	724	801	2,328
Gross O/P Revenue (000's)	\$ 14,282	\$ 14,922	\$ 14,072	\$ 43,276
Financial Results				
Gross Patient Revenue				
Inpatient	\$ 5,959,378	\$ 5,598,200	\$ 6,010,199	\$ 17,567,777
Outpatient	7,659,897	8,582,690	7,720,462	23,963,049
Emergency	6,338,348	6,082,430	6,068,637	18,489,415
SNF	1,870,791	1,988,548	1,789,202	5,648,541
Home Care	283,762	256,586	283,075	823,423
Total Gross Patient Revenue	\$ 22,112,176	\$ 22,508,454	\$ 21,871,575	\$ 66,492,205
Deductions from Revenue				
Contractual Discounts	\$ (17,722,494)	\$ (18,094,029)	\$ (17,533,340)	\$ (53,349,863)
Bad Debt	(100,000)	(100,000)	(100,000)	(300,000)
Charity Care Provision	(24,730)	(24,730)	(24,730)	(74,190)
Prior Period Adj/Government Program Revenue	352,555	352,555	352,555	1,057,665
Total Deductions from Revenue	\$ (17,494,669)	\$ (17,866,204)	\$ (17,305,515)	\$ (52,666,388)
Net Patient Service Revenue	\$ 4,617,507	\$ 4,642,250	\$ 4,566,060	\$ 13,825,817
Risk contract revenue	\$ 125,798	\$ 125,798	\$ 125,798	\$ 377,394
Net Hospital Revenue	\$ 4,743,305	\$ 4,768,048	\$ 4,691,858	\$ 14,203,211
Other Op Rev & Electronic Health Records	\$ 13,968	\$ 13,968	\$ 13,968	\$ 41,904
Total Operating Revenue	\$ 4,757,273	\$ 4,782,016	\$ 4,705,826	\$ 14,245,115
Operating Expenses				
Salary and Wages and Agency Fees	\$ 2,239,729	\$ 2,273,563	\$ 2,196,490	\$ 6,709,782
Employee Benefits	856,632	863,685	851,075	2,571,392
Total People Cost	\$ 3,096,361	\$ 3,137,248	\$ 3,047,565	\$ 9,281,174
Med and Prof Fees (excl Agency)	\$ 503,741	\$ 503,741	\$ 503,334	\$ 1,510,816
Supplies	596,968	509,614	550,697	1,657,279
Purchased Services	370,803	372,398	370,487	1,113,688
Depreciation	285,255	285,255	285,255	855,765
Utilities	119,631	120,931	120,931	361,493
Insurance	33,429	33,429	33,429	100,287
Interest	49,872	49,872	49,598	149,342
Other	126,483	126,219	126,477	379,179
Matching Fees (Government Programs)	88,403	88,403	88,403	265,209
Operating expenses	\$ 5,270,946	\$ 5,227,110	\$ 5,176,176	\$ 15,674,232
Operating Margin	\$ (513,673)	\$ (445,094)	\$ (470,350)	\$ (1,429,117)
Non Operating Rev and Expense				
Miscellaneous Revenue/(Expenses)	\$ (5,133)	\$ (5,133)	\$ (4,836)	\$ (15,102)
Donations	2,672	2,672	2,672	8,016
Physician Practice Support-Prima	(56,766)	(56,766)	(56,766)	(170,298)
Parcel Tax Assessment Rev	316,667	316,667	316,667	950,001
Total Non-Operating Rev/Exp	\$ 257,440	\$ 257,440	\$ 257,737	\$ 772,617
Net Income / (Loss) prior to Restricted Contributions	\$ (256,233)	\$ (187,654)	\$ (212,613)	\$ (656,500)

Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
FY 2019 Budget - 3 Months
July 2018, August 2018, and September 2018

Schedule A

	<u>July 31, 2018</u>	<u>August 31, 2018</u>	<u>September 30, 2018</u>	<u>FY 2019 Budget - 3 Months</u>
Capital Campaign Contribution	\$ 20,949	\$ 20,949	\$ 20,949	\$ 62,847
Restricted Foundation Contributions	\$ 55,003	\$ 55,003	\$ 55,003	\$ 165,009
Net Income / (Loss) w/ Restricted Contributions	\$ (180,281)	\$ (111,702)	\$ (136,661)	\$ (428,644)
GO Bond Tax Assessment Rev	253,911	253,911	253,911	761,733
GO Bond Interest	(105,777)	(100,768)	(100,768)	(307,313)
Net Income/(Loss) w GO Bond Activity	\$ (32,147)	\$ 41,441	\$ 16,482	\$ 25,776
EBIDA - Not including Restricted Contributions	\$ 78,894 1.7%	\$ 147,473 3.1%	\$ 122,240 2.6%	\$ 348,607 2.4%
EBDA - Not including Restricted Contributions	\$ 29,022 0.6%	\$ 97,601 2.0%	\$ 72,642 1.5%	\$ 199,265 1.4%

**Sonoma Valley Health Care District
 FY 2019 Budget - 3 Months
 Schedule of Preliminary Cost Savings
 July 2018, August 2018, and September 2018**

Schedule B

	<u>July 31, 2018</u>	<u>August 31, 2018</u>	<u>September 30, 2018</u>	<u>FY 2019 Budget - 3 Months</u>
Preliminary Cost Savings:				
1. Partnership Healthcare - Increase in Contract	\$ 54,167	\$ 54,167	\$ 54,167	\$ 162,501
2. Bariatric surgeries - Additional 8 cases annually				
Direct Margin - \$144,000 annually = \$12,000/Monthly	12,000	12,000	12,000	36,000
3. Reduction in Pharmacy Tech - 1.0	5,727	5,987	5,467	17,181
4. Reduction in Dietary - 5% of total department	5,596	5,596	5,416	16,608
5. Reduction in Administration - Salaries & Contracted labor	5,701	5,879	5,522	17,102
6. Reduction in Finance Overhead Departments - Salaries	1,132	1,183	1,080	3,396
Total Preliminary Cost Savings	<u>84,323</u>	<u>84,813</u>	<u>83,652</u>	<u>252,788</u>

Sonoma Valley Health Care District
Payer Mix - FY 2019 Budget - 3 Months
July 2018, August 2018, and September 2018

Schedule C

	FY 2019 Budget - 3 Months	Fiscal YTD at 4/30/2018	Variance
Medicare	43.1%	44.6%	1.5%
Medicare Managed Care	12.6%	13.0%	0.4%
Medi-Cal	17.8%	17.9%	0.1%
Self Pay	1.3%	1.1%	-0.2%
Commercial	20.8%	19.2%	-1.6%
Worker's Comp.	2.4%	2.1%	-0.3%
Capitated	2.0%	2.1%	0.1%
	100.0%	100.0%	

**Sonoma Valley Health Care District
Cash Forecast - FY 2019 Budget - 3 Months**

Schedule D

		FY 2019 Budget - 3 Months			
		July	Aug	Sept	TOTAL
Hospital Operating Sources					
1	Patient Payments Collected	4,318,490	4,343,233	4,267,043	12,928,766
2	Capitation Revenue	125,798	125,798	125,798	377,394
3	Napa State	11,962	11,962	11,962	35,886
4	Other Operating Revenue	13,968	13,968	13,968	41,904
5	Other Non-Operating Revenue	26,673	26,673	26,673	80,019
6	Unrestricted Contributions	2,672	2,672	2,672	8,016
7	Line of Credit				-
Sub-Total Hospital Sources		4,499,563	4,524,306	4,448,116	13,471,985
Hospital Uses of Cash					
8	Operating Expenses	4,988,860	4,945,024	4,893,793	14,827,677
10	Add Capital Lease Payments				-
11	Additional Liabilities				-
12	Capital Expenditures	75,952	75,952	75,952	227,856
Total Hospital Uses		5,064,812	5,020,976	4,969,745	15,055,533
Net Hospital Sources/Uses of Cash		(565,249)	(496,670)	(521,629)	(1,583,548)
Non-Hospital Sources					
13	Restricted Cash/Capital Donations	75,952	75,952	75,952	227,856
14	Parcel Tax Revenue	316,667	316,667	316,667	950,001
15	Payment - South Lot				-
16	Other:				-
17	IGT	290,055	290,055	290,055	870,165
18	IGT - AB915 (Net)				-
19	PRIME				-
Sub-Total Non-Hospital Sources		682,674	682,674	682,674	2,048,022
Non-Hospital Uses of Cash					
20	Matching Fees	88,403	88,403	88,403	265,209
Sub-Total Non-Hospital Uses of Cash		88,403	88,403	88,403	265,209
Net Non-Hospital Sources/Uses of Cash		594,271	594,271	594,271	1,782,813
Net Sources/Uses		29,022	97,601	72,642	
Cash and Equivalents at beginning of period		1,218,127	1,247,149	1,344,750	
Cash and Equivalents at end of period		1,247,149	1,344,750	1,417,392	