

SONOMA VALLEY HOSPITAL

Community Report 2019



A Decade of Progress
Serving Sonoma Valley

Ready For The Next Decade

Our hospital is in the best shape it has experienced in more than a decade. During that time, we have made much needed investments and changes in order to confront the reality facing all hospitals, particularly those serving small local communities. In today's healthcare marketplace, a community hospital must focus on the services that are most important to the community, in our case that's our Emergency Department and providing access to a wide array of physicians and specialties. Hospitals like ours can no longer survive by providing everything they had historically offered.

Hospital Leadership and the Sonoma Valley Health Care District Board of Directors realized during fiscal year 2018 that some difficult decisions were needed to ensure the hospital will continue to be here for our community. After our exciting affiliation with UCSF Health, it was also clear that reinventing the hospital with strong partners would set us up well for the future. This past year we collaborated with Hospice by the Bay to continue to offer skilled home healthcare in our community. And we are now working with The Ensign Group to continue to offer services in our Skilled Nursing Facility.

"We have a hospital where healthcare is convenient and provided in a welcoming environment by trusted staff who give excellent, compassionate care."

What has not changed and will not change is the healing culture and quality of care that makes our hospital uniquely "Sonoma Valley." We have a hospital where healthcare is convenient and provided in a welcoming environment by trusted staff who give excellent, compassionate care. Since the new Emergency and Surgery wing opened in 2014, we increasingly hear great feedback about our facility and receive letters of gratitude for the hospital team and how well they serve our community.

We start this next decade with a strong partner, UCSF Health, arguably the finest hospital in Northern California. This collaboration has already added over a half-million dollars to our bottom line and increased access to specialists and an improved health information exchange to maintain excellent physicians. When the new Outpatient Diagnostic Center opens, UCSF plans to use our hospital as its outpatient center in the North Bay. This will allow patients who live in the region to more easily access UCSF-supported care closer to home. This new center will offer the highest level of diagnostic technology available in the North Bay.

Looking forward, while serving as the emergency resource this community needs, outpatient services will continue to grow and be a focus as we provide the healthcare services most used by our community. Surgery, Special Procedures, Rehabilitation Support and Diagnostic services are all expected to continue to thrive. With Inpatient Services consolidated, we will continue to exceed the expectations of our patients. Finally, collaborations with exceptional partners continue to present new ways of providing access to excellent care here at home.

The past decade has been exciting and challenging, and because of the staff, physicians, leadership and support from the community, we've never been more optimistic about our future.

Joshua Rymer
Board Chair
Sonoma Valley Health Care District

Kelly Mather
President and Chief Executive Officer
Sonoma Valley Hospital

Year In Review



ER Is Acute Stroke Ready

This year, SVH received Acute Stroke Ready certification from the Center for Improvement in Healthcare Quality (CIHQ). Certification is given to hospitals that meet high standards of care for the initial treatment of stroke patients when quick action and proper medication can save lives and limit the long-term disabling effects of a stroke.



Outpatient Diagnostic Center Underway

The hospital is moving ahead with phase one construction of the new Outpatient Diagnostic Center, which includes the new CT scanner suite. The SVH Foundation has secured commitments for most of the \$21 million needed for the new center which will bring 21st century diagnostic services to Sonoma Valley and will serve both UCSF patients and all patients in the North Bay. A state-of-the-art MRI unit housed within the hospital is included in the next phase of construction.

“Our new vision emphasizes partnership with larger providers, continued emphasis on quality services, and diversification in out-patient services, while maintaining a focus on providing excellent emergency services.”

SVH 2020-2022 Strategic Plan

The strategic plan is available at [sonomavalleyhospital.org/Health Care District](https://sonomavalleyhospital.org/Health_Care_District)

South Lot Sale Finalized

The District Board approved sale of the South Lot to housing developer DeNova Homes this year, a move benefitting both the community and the hospital. The sale included nearly three of the lot's four acres (the hospital retains the employee parking lot), allowing DeNova to build 22 units, including four affordable homes. In addition, 18 homes will have auxiliary dwelling units that can be rented. After repaying the loan, SVH received \$1 million that was used to pay down the hospital's line of credit.

SVH Enjoys High Patient Satisfaction



Our Emergency Department is rated highly by patients, achieving an average score of 4.68 out of a possible 5.0 in surveys this past year. The ED saw 10,181 patient visits last year and 70 percent were seen within 15 minutes.

Overall, the more than 6,000 patients who responded to the patient satisfaction survey this year rated SVH services highly, with an average score of 4.73. Other department scores included:

Cardiopulmonary	4.84	Medical Imaging	4.82
Hand & Physical Therapy	4.77	Outpatient Surgery	4.76

SVH Welcomes Growing Number of Physician Specialists

The hospital continues to attract new physicians to practice in Sonoma Valley, increasing the number of specialists serving our community. Among the new physicians opening practices in Sonoma this year were specialists in Urology, Pain Management and Vascular Surgery. Information on all physicians associated with the hospital is available on the hospital website, sonoma-valleyhospital.org, under "Find A Doctor."

Home Care and SNF Continue to Serve

This year, SVH found ways to keep two popular but financially challenged services in our community. Healing At Home, our home care agency, was transitioned to Hospice by the Bay, a respected local agency which now operates it.

The hospital also transitioned management of the Skilled Nursing Facility operations to The Ensign Group this summer, which now operates it as Valley of the Moon Post Acute. The Ensign Group is a respected national operator of skilled nursing and rehabilitative care services. The SNF remains under the hospital's license with administration and board oversight. A third service, Obstetrics, was closed because it did not have the patient volume to support it.



Committed to Community Health

SVH worked to improve the health of our community by sponsoring or supporting 14 health events during the year that reached 2,000 community members. In addition, hospital staff volunteered 1,222 hours to health events and support for local nonprofits.



Surgery Growth Continues

SVH saw an 8% increase in surgeries this year, conducting 2,950 inpatient and outpatient surgeries and procedures. The number of surgeries performed annually has grown by 34% since 2016.

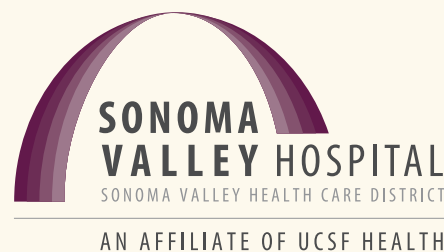


SVH Continues 4-Star Rating

SVH maintained its 4-Star rating from Medicare in 2019, representing the high level of quality and safety provided our patients. 4-Stars places SVH among the top third of hospitals nationally for quality of care. The hospital is implementing plans to achieve a 5-Star rating in the future.

UCSF Affiliation Continues to Grow

SVH's relationship with UCSF continues to grow. This year, UCSF helped appoint a new chief medical director for SVH, Dr. Sabrina Kidd. Dr. Kidd has since aligned SVH's quality metrics with those of UCSF Health, so we share the same high standards of care. Also, UCSF's Neurology Department now provides telemedicine support to help our ER physicians assess complex neurological problems, including stroke patients.



Financial Report

Fiscal year 2019 was a challenging time for SVH and required making some difficult choices, but by the end of the fiscal year the hospital could already see the benefits in improved financial performance. The hospital is now financially stronger than it has been in a decade and we expect to see this positive trend continue into 2020.

Looking back over the last ten years, much has been accomplished. This includes building a new Emergency and Surgery wing, updating the facilities and equipment, and implementing an Electronic Health Record. These investments were necessary, but they increased hospital debt during the period 2011 to 2015. Starting in 2016, a focused effort was made on reducing the debt which led to decreasing it by 20 percent in 2019. In addition, funds from the sale of the South Lot reduced debt by another 30 percent in July 2019.

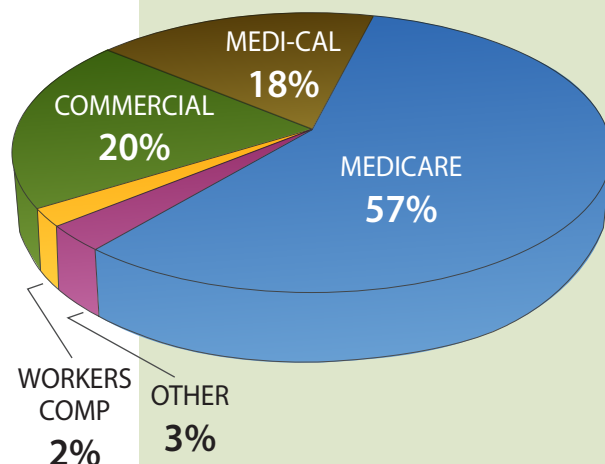
Over the past eight years, the hospital has increased revenues by an average of three percent per year while keeping expense increases to two percent annually. The result is that operating margins have improved by almost six percent in that time. We've also seen increased efficiency, which is of the utmost importance in order to maintain hospital services.

Because SVH depends on Government payers (Medicare and Medi-Cal), which represent 75 percent of gross revenues, and with a lower volume of Commercial payers than most hospitals, cash on hand was not as high as expected until this past year. Our cash on hand at the end of 2019 and the first months of fiscal year 2020 was higher than at any time in the last 10 years.

It is challenging to operate a small hospital in this period of healthcare. While we will continue to work to increase revenues and keep a tight rein on expenses, we also will continue to depend on the parcel tax to fund emergency services for our community.

PAYER MIX

Fiscal Year 2019
(% Gross Revenues)



FISCAL YEAR COMPARISONS	2019	2014	2009
Operating Revenues	\$58,309,491	\$50,575,675	\$41,115,347
Operating Expenses	\$61,144,918	\$54,611,766	\$42,644,550
Operating Margin	\$ (2,835,427)	\$ (4,036,091)	\$ (1,529,203)
Net Non-Operating Revenues and Expenses	\$ 5,078,660	\$ 3,263,456	\$ 2,454,616
Capital Campaign Restricted Contributions	\$ 1,995,220	\$ 3,757,072	\$ 219,256
Increase in Net Assets	\$ 4,238,453	\$ 2,984,437	\$ 954,669

Sonoma Valley Health Care District

The Sonoma Valley Health Care District was formed in 1946 to provide healthcare services to Sonoma Valley residents. The Hospital is governed under the bylaws of the District with oversight by a publicly elected Board of Directors. Directors serve four-year terms, with elections taking place during general elections for local, state or national offices. Monthly board meetings are open and public comment is welcomed. Meeting Information is available at [sonomavalleyhospital.org/Health Care District](http://sonomavalleyhospital.org/Health%20Care%20District).

The District's mission is to maintain, improve and restore the health of everyone in the District, which encompasses the entire Sonoma Valley except for Kenwood. The Hospital is supported primarily by revenues from services, augmented by taxpayer support in the form of a parcel tax, and by charitable bequests and donations. The Sonoma Valley Hospital Foundation plays an integral role in Hospital fundraising efforts.

2019 Board of Directors

Joshua Rymer
Chair

Jane Hirsch
First Vice Chair

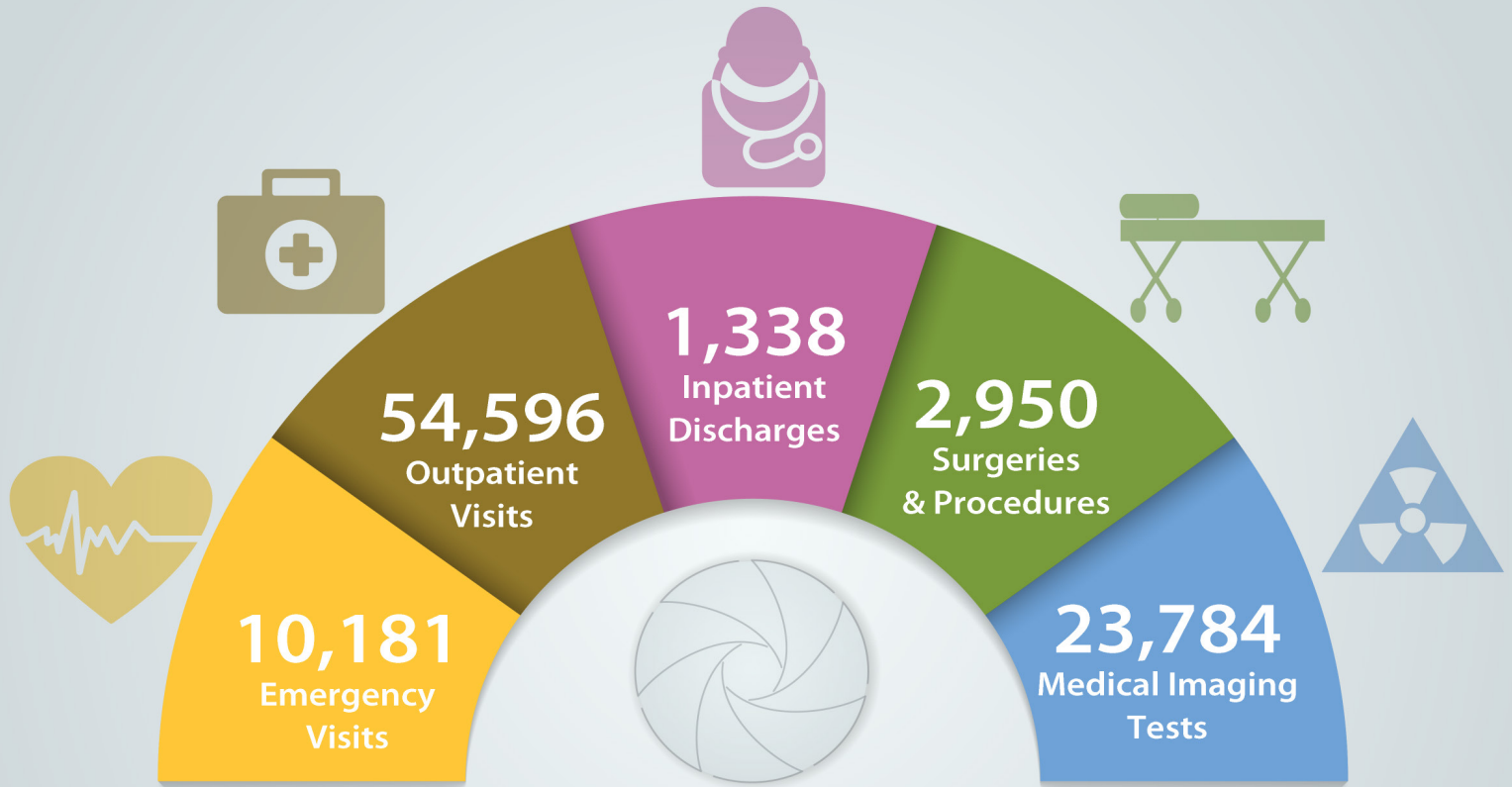
Michael Mainardi
Second Vice Chair

Sharon Nevins
Treasurer

Bill Boerum
Secretary

Sonoma Valley Hospital Snapshot 2019

July 1, 2018 – June 30, 2019



SERVICES

146,121
Lab Tests
3,308
Wound Care Visits
3,044
Cardiopulmonary Tests
29,658
PT Treatments
(Outpatient)

7,641
Occupational
Health Treatments
2,652
Mammograms
4,492
CT Scans
1,428
MRIs

HOSPITAL

360
Employees
98
Registered Nurses
\$27.7M
Annual Payroll
39
Volunteers