SONOMA VALLEY HEALTH CARE DISTRICT

BOARD OF DIRECTORS
AGENDA
DECEMBER 5, 2019

CLOSED SESSION 5:00 P.M.

REGULAR SESSION 6:00 P.M.
COMMUNITY MEETING ROOM
177 FIRST ST WEST
SONOMA, CA 95476

In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact District Clerk Vivian Woodall at vwoodall@sonomavalleyhospital.org (707) 935.5005 at least 48 hours prior to the meeting.	**RECOMMENDATION**		
AGENDA ITEM			
MISSION STATEMENT *The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.*			
1. CALL TO ORDER	*Rymer*		
2. PUBLIC COMMENT ON CLOSED SESSION	*Rymer*		
3. CLOSED SESSION Calif. Government Code & Health and Safety Code§ 54947: Performance Evaluation Regarding Chief Executive Officer	*Board*		
4. REPORT ON CLOSED SESSION	*Rymer*		
5. PUBLIC COMMENT *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 Board 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 Board consideration. At all times please use the microphone.*	*Rymer*		
6. BOARD COMMENTS	*Rymer*		
7. CONSENT CALENDAR 1. Board Minutes 11.07.19 2. Finance Committee Minutes 11.19.19 3. Quality Committee Minutes 11.20.19 4. Policies and Procedures 5. Medical Staff Credentialing	*Rymer*	Action	 Pages 3-5 Pages 6-7 Pages 8-9 Pages 10-11
8. SVH INDEPENDENT OBSERVATIONS REPORT	*Pease, Edwards & Nelson*	Inform	Pages 12-89
9. BOARD WORK PLAN AND CALENDAR FOR FY 2020	*Rymer*	Action	Pages 90-91
10. CEO PERFORMANCE INCENTIVE COMPENSATION FOR FY 2018-2019	*Rymer/Hirsch*	Action	Pages 92-95

11. CEO SALARY ADJUSTMENT	*Rymer/Hirsch*	Action	
12. CMO REPORT	*Kidd*	Inform	Page 96
13. ADMINISTRATIVE REPORT FOR DECEMBER	*Mather*	Inform	Pages 97-99
14. FINANCIALS FOR THE MONTH ENDED OCTOBER 31, 2019	*Jensen*	Inform	Pages 100-109
15. COMMITTEE REPORT • Line of Credit Recommendation	*Rymer* *Nevins*	Inform	
16. ADJOURN	*Rymer*		

Note: To view this meeting you may visit http://sonomatv.org/ or YouTube.com.

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS' MEETING
MINUTES
THURSDAY, NOVEMBER 7, 2019
COMMUNITY MEETING ROOM
177 FIRST ST WEST SONOMA CA 95476

	RECOMMENDATION	
MISSION STATEMENT *The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.*		
1. CALL TO ORDER	*Rymer*	
6:04 p.m.		
2. REPORT ON CLOSED SESSION	*Rymer*	
The Board discussed a pending legal matter.		
3. PUBLIC COMMENT	*Rymer*	
Larry Deutsch said that he met last year with Mr. Rymer and Ms. Mather after the OB unit closed. At that time it appeared that Skilled Nursing was heading that way as well. He offered his opinions and advice to address the Hospital's downturn based on his extensive business experience.		
4. BOARD COMMENTS	*Rymer*	
None		
5. CONSENT CALENDAR A. Board Minutes 10.03.19 B. Board Minutes 10.17.19 C. Quality Committee Minutes 10.23.19 D. Finance Committee Minutes 10.22.19 E. Finance Committee Charter F. Governance Committee Charter G. Board Policies H. Policies and Procedures I. Medical Staff Credentialing Report	*Rymer*	Action
		MOTION: by Boerum to approve, 2nd by Nevins. All in favor
6. OUTPATIENT DIAGNOSTIC CENTER UPDATE	*Peluso/Mather*	Action
Mr. Peluso reviewed the project to date. Mr. Boerum asked whether all of the equipment would be state-of-the-art. Ms. Mather said the MRI had not been purchased yet, but that the latest model would be purchased. Mr. Peluso said emergency backup power was added for the new CT; the MRI was not planned for emergency power since it would require additional work. He then reviewed the budget, timeline, and recommended actions, and next steps. Ms. Mather indicated funds for the ODC Project were available through June 2020 at this time.		**MOTION:** by Boerum to approve authorizing Notice to Proceed to start CT construction, 2nd by Nevins. All in favor. **MOTION:** by Boerum to approve additional $500,000 for MRI

		project, 2nd by Nevins. All in favor.
t7. SVHCD ANNUAL REPORT TO THE COMMUNITY	*Mather*	Inform
Ms. Mather said the 2019 Annual Report was complete and would be distributed to 7000 community members the first week of December as a newspaper insert. The Hospital report was separated from the Foundation report this year. Mr. Boerum suggested sending the SVH Annual Report out to donors separately.		
8. SVHF ANNUAL UPDATE	*D. Pier*	Inform
Mr. Pier gave an update on the Foundation goals and national and Valley fundraising trends. The Foundation and donors were excited about the start of construction in December. A general appeal had just gone out to the community. He explained the Foundation supported the Hospital primarily with capital requests (equipment) and projects, such as funding the recent community survey. The current focus is on completion of the Outpatient Diagnostic Center campaign.		
9. APPROVAL OF THE FISAL YEAR 2019 AUDIT	*Nevins*	Action
Ms. Nevins reported that the Board had not received changes to the audit report discussed at Finance Committee (which were minor wording changes in the management discussion portion). She asked that the audit be brought back as a consent calendar item in December since it was reviewed and recommended by both the Audit Committee and Finance Committee. There were no significant audit findings and no Management Letter for the fourth consecutive year.		No action
10. CEO ADMINISTRATIVE REPORT OCTOBER	*Mather*	Inform
Ms. Mather discussed the recent PG&E power outages. PGE was now aware there is a hospital in Sonoma and they are more careful of areas where they shut down power. SVH did not receive any patients from the three hospitals evacuated due to the Kincade fire. She reviewed progress on strategic priorities and reported the inpatient team on the third floor was really working well. An opportunity still exists in patient experience toward the goal of becoming a 5 star hospital,		
11. CMO REPORT	*S. Kidd*	Inform
Dr. Kidd reported that SVH's land lines were impacted during one of the extended power outages. Two patients needing urgent surgery were transferred; performing surgeries under generator power is risky. SVH may look at generator purchases for cooling towers and the power plant since there is no air conditioning when power is down. The new Benchmark Hospitalists program was doing well. SVH was exploring areas for collaboration with UCSF, including bariatrics.		
12. FINANCIAL REPORT MONTH END SEPTEMBER 30, 2019	*Jensen*	Inform
Ms. Dungan reviewed the financials. September cash collection was under goal by ($116,170); however, October's cash collection was over goal. A/R days increased to 44, A/P increased to 41.3 days, and cash on hand dropped to 28 days. Gross patient revenue for September was $2 million over budget, with total operating revenue favorable to budget by $202,839. Salaries were over budget due to higher volumes. The Hospital ended September with $2.4 million in cash on the balance sheet and $1 million in the money market account.		

13. COMMITTEE REPORT • Line of Credit Recommendation	*Board*	Inform
Ms. Nevins said the Finance Committee worked on the budget and then later received information that timing of IGT funds would be slightly delayed. She proposed making the $625,000 line of credit payment in late December, which would bring SVH into alignment with bank requirements for April. The recommendation of the Finance Committee was to wait until the parcel tax was actually received before disbursing funds to the bank. There was no need for Board action since the Board had already approved the pay-down to the bank.		
14. ADJOURN	*Rymer*	
Adjourned 7:20 p.m.		

SVHCD
FINANCE COMMITTEE MEETING
MINUTES
TUESDAY, NOVEMBER 19, 2019
Schantz Conference Room

Present	Excused	Staff	Public
Sharon Nevins Susan Porth Peter Hohorst Dr. Subhash Mishra via telephone Joshua Rymer via telephone	Art Grandy	Ken Jensen, CFO Sarah Dungan, Controller Dawn Kuwahara	Bruce Flynn Susan Idell

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT *The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.*			
1. CALL TO ORDER/ANNOUNCEMENTS	*Nevins*		
	Called to order at 5:01 pm		
2. PUBLIC COMMENT SECTION	*Nevins*		
	None		
3. CONSENT CALENDAR	*Nevins*		
	Minutes from the 10.22.19 meeting were reviewed.	**MOTION**: by Hohorst to approve, 2nd by Porth. All in favor.	
4. OUTPATIENT DIAGNOSTIC CENTER UPDATE	*Mather*		
	There was no verbal update this month.		
5. ADMINISTRATIVE REPORT	*Mather*		
	There was no verbal report this month.		
6. FINANCIAL REPORT MONTH END OCTOBER 31, 2019	*Jensen*		
	Mr. Jensen reviewed the payer mix for October, including 54.5% Medicare and 17.2% Medi-Cal, with commercial at 22% year to date. The cash		Add risk mgmt. presentation in 2020.

	collection was on goal for the month, with days' cash at 22.5, AR at 46.2 days, AP over $3 million at 45.4 days. Inpatient revenue was down, both outpatient and emergency revenue were up, and patient acuity was up. Bad debt was averaging ($250,000) per month. After all activity, net income was ($76,611) on a budget of $50,243, for a ($126,854) loss. The cash forecast was discussed, with Prime grant funds likely to be less than expected. The $625,000 payment on the line of credit will be made in December after parcel tax funds are received.		Add a review of the pension plan. Mr. Rymer asked for an overview of handling bad debt, and then a presentation on how rates are negotiated.
8. ADJOURN	*Nevins*		
	5:27 pm		

SONOMA VALLEY HEALTH CARE DISTRICT
QUALITY COMMITTEE
November 20, 2019 5:00 PM
MINUTES
Schantz Conference Room

Members Present	Members Present cont.	Excused	Public/Staff
Jane Hirsch Susan Idell Michael Mainardi, MD Ingrid Sheets Cathy Webber Carol Snyder		Howard Eisenstark, MD	Sabrina Kidd, MD, CMO Danielle Jones, RN, Chief Quality Officer Mark Kobe, RN, CNO

AGENDA ITEM	DISCUSSION	ACTION
1. CALL TO ORDER/ANNOUNCEMENTS	*Hirsch*	
	5:00 pm	
2. PUBLIC COMMENT	*Hirsch*	
	None	
3. CONSENT CALENDAR		Action
• QC Minutes, 10.23.19	The minutes should reflect Danielle Jones as excused.	**MOTION:** by Mainardi to approve with correction, 2nd by Sheets. All in favor.
4. 2018 ANNUAL CULTURE OF SAFETY REPORT	*Jones*	
	Ms. Jones reviewed the Annual Culture of Safety Report from AHRQ. The report measured number of events reported and overall patient safety grade across 12 dimensions.	
5. CMS STAR RATING	*Jones*	
	Ms. Jones explained the CMS 5 star rating based on seven measure groups, keeping in mind that this data is two years old. SVH outperformed other hospitals in safety of care and readmissions, which together account for 44% of SVH's 4 star rating. Becoming a 5 star hospital is a goal of SVH's strategic plan.	

AGENDA ITEM	DISCUSSION	ACTION
6. QUALITY AND SAFETY ACCOUNTABILITY REPORTING	*Jones*	
	Ms. Jones shared the quality and safety reporting flow. A key committee is Performance Improvement staffed by clinicians and reporting to the Medical Executive Committee, since physicians are responsible for patient safety.	
7. HQI QUALITY DASHBOARD	*Jones*	
	The HQI dashboard is real time data. Again, SVH outperformed other State and national hospitals in most areas.	
8. BOARD QUALITY RESTRUCTURE	*Jones*	Inform/Action
	A brief discussion was held, and the topic was put over to the December meeting. Committee member requests included: viewing a sample standardized agenda (including core measures, risk events, harm events, and other indicators); seeing current data around clinical indicators, including any fallouts and why, what is being done to resolve the issue; and review of the prior Jaffe presentation categories.	
9. CLOSED SESSION	*Hirsch*	
a. Calif. Health & Safety Code § 32155 Medical Staff Credentialing & Peer Review Report	Called to order at 6:07 pm	
10. REPORT OF CLOSED SESSION	*Hirsch*	
	Medical Staff credentialing was reviewed.	**MOTION:** by Mainardi to approve credentialing, 2nd by Sheets. All in favor.
11. ADJOURN	*Hirsch*	
	6:11 pm	

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

Policy and Procedures – Summary of Changes
Board of Directors, December 5th, 2019

Review and Approval Requirements

The SVH departmental/organizational policies and/or procedures on the attached list have been reviewed and approved by the following organizational leaders for meeting all of the following criteria. All of these policies and procedures are:

- Consistent with the Mission, Vision and Values of the Sonoma Valley Health Care District
- Consistent with all Board Policy, Hospital Policy and Hospital Procedures
- Meet all applicable law, regulation, and related accreditation standards
- Consistent with prevailing standards of care
- Consistent with evidence-based practice

We recommend their acceptance by the Sonoma Valley Health Care District Board.

ORGANIZATIONAL

REVISIONS:

Compounding Drug Products MM8610-137
Updated section on beyond use dates to match current requirements of USP 795. USP 795 is enforceable and has been updated, requiring the policy to be updated to match.

Compounding Policies, Annual Review of MM8610-160
Changed the methodology for documenting annual review of policies and documentation of staff acknowledgement of revisions. Previous methods were difficult to maintain. New method involves central document updated on an annual basis instead of signing each policy separately.

IV Compounding Outside of the Pharmacy MM8610-118
Updated the section on beyond use dating that has change from 1 hour to 4 hours. Added a section describing immediate use compounding from the updated version of USP 797. USP 797 has undergone extensive revisions and is enforceable in December 2019.

Lipid Rescue for Local Anesthetic Toxicity MM8610-104
Added line stating that pharmacy department is responsible for restocking and maintaining the kit. This is a regulatory requirement to be in the policy.

Malignant Hyperthermia Management of Patient with MM8610-105
Added language stated what personnel is responsible for maintaining and restocking the components of the MH cart. Pharmacy manages the medication and nursing manages the supplies. This is a requirement of title 22 and in response to a finding during GACH survey by CDPH.

Multi-Dose and Single-Dose Vials MM8610-127
Updated the storage beyond use date and handling instructions for single use vials. USP 797 has undergone extensive revision and is enforceable in December 2019. Policies require updating to ensure compliance.

Self Administration of Medications MM8610-115
Removed reference to Skilled Nursing Facility requirements. SNF is no longer managed by the hospital.

Sterile Compounding MM8610-117
Significant revisions made to majority of document. Includes changes to beyond use dating, risk level categories, immediate use definition, environmental sampling procedures, personnel competency procedures, action levels for QA, removal of procedures for tasks not done at SVH, consolidating repetitive or duplicate verbiage. A significant revision to USP 797 was released in 2019 which becomes enforceable in December 2019. Policy updated to account for changes in this revision.

RETIRE:

Drug Regimen Review for Skilled Nursing Facility MM8610-107
SVH pharmacy is no longer participating in multidisciplinary rounds as Ensign now oversees Valley of the Moon Skilled Nursing Facility.

Pharmaceutical Care Consulting for Skilled Care Facility MM8610-109
No longer necessary with the transfer of SNF

REVIEWED/NO CHANGES:

Fentanyl Patch MM8610-130
Pharmaceutical Waste Management MM8610-155

DEPARTMENTAL

PHARMACY DEPARTMENT
REVISIONS:

Updated to current protocol:
Antimicrobial Stewardship Monitoring Procedure 8390-01
QAPI Procedures Sampling Plan-IV Room 8390-02
Sterile Compounding Procedures 8390-03
Fentanyl Patch Pharmacist Verification 8390-13

Reviewed, No changes:
C-II Controlled Substance Wholesaler Invoice Management Procedure 8390-04
Body Fluid Exposure Prophylaxis Kit Preparation 8390-06
Clozapine REMS Procedure 8390-08
Pharmacy Staff Competency Assessment 8390-09
Maintenance of Pharmacy Equipment 8390-10
Pharmacist Patient Discharge Medication Counseling 8390-11
Medication History Review Standard Work 8390-12

Sonoma Valley Hospital – Observations

Steve Pease
Former Co-Chair, Sonoma Valley Healthcare Coalition

Gary Nelson
Former Board Member, Sonoma Valley Hospital, and
Former Board Member, Sonoma Valley Healthcare Coalition

Bob Edwards
Former Co-Chair, Sonoma Valley Healthcare Coalition

Executive Summary

- To keep Sonoma Valley Hospital (SVH) and its Emergency Department open for all of us, real estate parcel taxes - now $250 per year - are critical. Barring major improvements in Medicare and Medi-Cal reimbursements, that will continue to be true.

- Nationally, rural hospitals are struggling to stay open. In part this is because Medicare and Medi-Cal fail to pay the full cost to serve those patients. Fewer than half of California's 78 Healthcare Districts still operate hospitals. Twelve of the remaining 35 are SVH peers in terms of size and services, but only SVH is not classified as a "Rural, Critical Access Hospital." The others are reimbursed for actual costs. Sonoma Valley Hospital is not and does not qualify for that benefit. The effect is large continuing losses.

- About 61 percent of Sonoma Valley Hospital revenues come from serving Medicare and Medi-Cal patients. Over the last three years SVH Medicare and Medical losses averaged $11.2 million per year.

- Moreover, half or more of the District's population are Kaiser members. They use the Hospital's Emergency Department, but nearly all of their other medical needs are handled at Kaiser facilities.

- By law, Emergency Departments must be part of a hospital and, as a practical matter, having a hospital is critical to attract and retain doctors that practice in Sonoma Valley.

- We live in an earthquake zone threatened by wildfires. We are served only by, often congested, two lane roads in all directions. During the 2017 wildfires, only Route 116 was available for evacuation. It barely moved. Individual medical emergencies such as heart attacks, strokes, severe accidents and other ailments require the immediate professional attention that only a fully licensed emergency room can provide. Travel times to the nearest hospitals outside of Sonoma can be an hour or more.

- Urgent care centers lack diagnostic imaging, on-site doctors, surgery facilities, laboratories and other critical resources. Most are open only limited hours. Emergency ambulances can only deliver patients to a licensed Emergency Department – not to an urgent care center.

- Over the last couple of years, our Hospital has made major progress.
    - Since August 2016, the Centers for Medicare and Medicaid has ranked SVH in the top quartile of hospitals nationwide (4 of 5 stars) for the quality of its care.
    - SVH's 2019 financial results were the best in years – net income of $198,477 after including parcel tax revenues and SVH Foundation donations. This was $3.6 million better than 2018 results.
    - To accomplish that turnaround, SHV shut one money-losing operation (Obstetrics) and transferred Skilled Nursing and Home Care to experienced providers. Those changes cut 2019 labor costs by roughly $3 million versus 2018. Employee transfers to the new operators, reduced headcount by about 90 full time equivalent employees but only six employees were actually let go in 2019.
    - In Feb. 2018, SVH affiliated with UCSF, one of America's best hospitals. That move is already bearing fruit in SVH's "Stroke Ready accreditation" and reduction of annual SVH physician support cost of $500,000 or more. Accreditation allows stroke victims to be brought by ambulance to SVH and immediately connect with UCSF neurologists to evaluate, treat and/or transfer those patients.
    - Great strides have also been made in philanthropy. Annual donations are now $1 to $2 million per year. Another $18.5 million has been pledged to build a new Diagnostic Center.

Sonoma Valley Hospital - Observations

Table of Contents

Sonoma Valley Hospital – Observations

1. The Board of Directors[1]

- Sonoma Valley Healthcare District directors are elected by the 42,000 voters living in the District. Directors serve without pay and devote significant amounts of volunteer time beyond the Board meetings in carrying out their responsibilities. In terms of healthcare and hospital expertise, Sonoma Valley Hospital (SVH) has its most capable Board in many years.

    - Dr. Michael Mainardi, is a retired physician who specialized in internal medicine and gastroenterology for 39 years. He was Medical Director of an ambulatory surgery center, President of a specialty physician group, a 25-year member of the clinical faculty of UCSF, and he retired as an Associate Clinical Professor of Medicine at UCSF. In recent years, he has been Chairman of the Sonoma Valley Community Health Center while also serving as a member of the SVH Quality Committee.

    - Sharon Nevins, has been Chief Financial Officer of the Department of Health for the City and County of San Francisco and Acting Chief Financial Officer of Laguna Honda Hospital. She has also consulted for not for profit hospitals, teaching and research hospitals, and Federal and state governments. She has a BA from the University of Missouri, an MA from the Stanford School of Medicine and an MBA from the Stanford Graduate School of Business. She also Chairs the SVH Finance Committee.

    - Jane Hirsch, RN, MS, is Clinical Professor Emeritus in the UCSF School of Nursing and a former Director of the Nursing & Health Systems Leadership Graduate Program at UCSF. She was Chief Nursing Officer for nine years at the UCSF Medical Center and she received her graduate degree from the UCSF School of Nursing. She is an editor of *Clinical Nursing,* a widely used nursing resource book and she serves as Chair of the Health Care District's Quality Committee.

    - Bill Boerum is serving his third four-year term on the Board plus two years after he was first appointed. He is Chair of the Northern California Health Care Authority - a consortium of five hospital districts - and was Vice Chair and a member of the Executive Committee of the Association of California Healthcare Districts. He is also Chairman Emeritus of Sister Cities International and President of the Sonoma Sister Cities Association.

    - Chairman of the Board, Joshua Rymer, has been a Vice President and Partner at the Boston Consulting Group in London, New York and San Francisco and he headed up the Firm's West Coast Financial Services Practice. He was a Vice President for Strategy at Charles Schwab & Co., and later, President and CEO of Terradatum, a real estate software company headquartered in Sonoma. He has a BA and a BS degree from the University of Pennsylvania and an MBA from Stanford. He has been a SVH director for five years, was

[1]Though commonly thought of as the Directors of the Sonoma Valley Hospital, they are publicly elected to serve on the Board of Directors of the Sonoma Valley Healthcare District which, under its Bylaws, governs Sonoma Valley Hospital.

formerly President of the Sonoma Valley Fund, and served on the Board of Community Foundation, Sonoma County.

2. Today's Difficult Healthcare Environment for Sonoma's Hospital

- An April 21, 2019 *New York Times* story titled, "Hospitals Stand to Lose Billions Under Medicare for All." It also said, "On average, the government program (Medicare) pays hospitals about 87 cents for every dollar of their costs." "Some hospitals, especially struggling rural centers, would close virtually overnight according to policy experts." Dr. Kevin Schulman, a Stanford professor of medicine, is quoted saying, "Hospitals could lose as much as $151 billion in annual revenues – a 16 percent decline - under Medicare for all."

    - A February 7, 2018 *NBC News* story corroborates the *New York Times* piece. It quoted Gerard Anderson a professor of health policy at Johns Hopkins in saying "In general, hospitals lose money on Medicare and Medicaid patients. . ." and "If you have a small rural hospital that is Medicare dependent . . . they're losing money. That is why rural hospitals are in trouble right now."

- Small hospitals, particularly small rural hospitals, are at risk all over the United States and yet their services are critically important to their communities. When such hospitals close, the extra time and cost to transport patients to alternative emergency rooms and hospitals can be catastrophic - particularly for medical events such as heart attacks, strokes, and major accidents which are all critically time sensitive.

- California's District Hospitals, including SVH, have had significant financial problems in recent years.

    - Of the 78 hospital Districts shown on the Association of California District Hospitals' Web site, only 35 (fewer than half) currently operate hospitals. Of those 36, only 16 (again, fewer than half) reported profits in 2018.

    - Those that had profits were typically large (with net revenues of more than $200 million per year), had significantly smaller discounts from Gross Revenues to Net Revenue than average, or were designated "Rural Hospitals"

    - Of the 12 District hospitals in the SVH peer group, only SVH is not designated as a "Rural Hospital." That qualifies them for Medicare reimbursement of actual costs. SVH recovered only 71 percent of its actual costs for serving Medicare patients in FY '19 and 91 percent of actual costs for serving Medi-Cal patients. Thus, If SVH served only Medicare and Medi-Cal patients, ultimately, it would likely have to close because of the losses and negative cash flows.

    - Profitable District hospitals also have a smaller proportion of Medicare and Medicaid patients than SVH and a much larger proportion of commercially insured patients that are profitable to serve.

    - In FY '18, Medicare gross revenues averaged 44 percent of total revenues for all District hospitals. For SVH, that figure was 62 percent, the second highest for all District hospitals. That same year, total Medicare and Medi-Cal were 60 percent of SVH net revenues and by 2019, it was 61 percent.

- Exhibit 1 analyzes net revenues, direct costs, and indirect costs (overhead) from Medicare, Medi-Cal, and all Other payers in fiscal 2017, 2018 and 2019. It shows SVH had direct margin of only $1.9 million in FY '17, $2.7 million in FY '18, and $3.0 million in FY '19 serving Medicare and Medi-Cal patients. That calculation includes only costs directly tied to the provision of those services. It does not include overhead. When overhead is included, Medicare and Medi-Cal losses were (- $11.2 million) in FY '17, (- $12.7 million) in FY '18, and (- $9.8 million) in FY '19. These are astonishing numbers. The U.S. Government's Medicare and California's Medi-Cal reimbursements are dramatically lower than the costs of actually providing the services.

- Said differently, but perhaps more clearly for some, in FY 2019, Sonoma Valley Hospital had net revenues of $57 million. It spent $44 million in direct costs to serve its patients. That left $17 million in overhead costs to operate the Hospital. Medicare and Medicaid, despite representing 63 percent of the patients, only contributed $3 million to cover the overhead while insurers for the other 37 percent of the patients covered $11.2 million. The result was a $3 million loss before adding back the parcel taxes that sustained the Hospital.

- In short, without a parcel tax, General Obligation Bonds (GO Bonds), and philanthropy, Sonoma Valley Hospital could not exist.

- SVH, like all public and private hospitals, must take everyone who walks through the door. it does not have the option to refuse service for non-payment or underpayment.

- Sonoma has a significant number of hardship cases averaging about $300,000 per year over the last three years. In addition, bad debt losses have averaged nearly $2 million a year over that same period. Nonetheless, the biggest single cause of the losses is Federal and State underpayment for the medical services they offer and the Hospital must provide at a loss.

3. <u>Kaiser</u>

- Also adversely impacting SVH viability is Kaiser's large market share in Sonoma Valley.

- In 2017, Kaiser's share of Sonoma County's insured individuals and households was ~42%. (See Exhibit 2.) Further, reports from knowledgeable sources indicated Kaiser's market share in Sonoma Valley was even higher. By some estimates as high as 64 percent. To be conservative, Kaiser's market share of the Sonoma Valley Health Care District is likely 50 percent or more.

- That means most of the medical needs for Kaiser member's outpatient diagnostics and procedures - half or more of our population - will not be done at our Hospital. Instead, Kaiser facilities and doctors outside the Valley, most likely in Petaluma or Santa Rosa, will do them. Further, the physicians serving Kaiser members will not be Sonoma doctors. Most will be doctors who live and practice in other towns.

- Nonetheless, Kaiser patients are regular users of the SVH Emergency Department. Thus, SVH provides important emergency care to Kaiser patients but has no opportunity to provide other, services to them.

- When asked some years ago whether Kaiser would build or operate a facility in Sonoma Valley, the response (to paraphrase) was, 'We need a market of more than 100,000 people to support one of our facilities'.

4. The Importance of Sonoma Valley Hospital's Emergency Department

- It is critically important for the 42,000 people living in and visiting the Sonoma Valley Healthcare District to have access to a licensed Emergency Department (ED) - sometimes also called an Emergency Room (or ER). The ED must be capable of responding to a broad range of medical emergencies while operating 24 hours a day, seven days a week.

- Our Emergency Department currently treats about 10,000 patients each year and by law must accept patients whether they can afford to pay for their treatment or not.

- California law requires that a licensed Emergency Department be attached to a hospital capable of treating life-threatening medical emergencies. To be licensed for Standby[2], Basic, or Comprehensive emergency medical services, a facility must provide the following onsite: Intensive care service with adequate monitoring and therapeutic equipment; Laboratory service; Radiology service; Surgical services that are immediately available for life-threatening situations (Basic and Comprehensive); post-anesthesia recovery; dietary services; and, a blood bank. In addition, California Health and Safety Code Section 128700 (c) states that "emergency department" is defined as being located "in a hospital licensed to provide emergency medical services, the location in which those services are provided". Exhibit 3 provides more detail on the requirements of Emergency Departments in California and provides data on the use of the SVH Emergency Department.

- Sonoma Valley Fire and Rescue Service (SVFRS), which operates Emergency Medical Service (EMS) ambulances serving our Valley can only take patients to licensed Emergency Departments. They cannot take patients to urgent care centers.

- Most urgent care facilities operate without on-site physicians, lack sophisticated diagnostic and laboratory capability, and are open only for limited hours. They are capable of treating urgent care issues such as flu, colds, or broken bones, but not life-threatening emergencies.

- Those life threating medical emergencies, such as heart attacks, strokes, and severe accidents, require immediate attention. Minutes matter when delays can result in permanent damage - or worse – that might have been averted with more timely care

- Sonoma Valley is prone to wildfires and earthquakes both of which can produce large numbers of medical casualties.

- Our Valley is accessible only by frequently congested two-lane roads in all directions. Mass evacuation of the injured to distant out-of-Valley hospitals could quickly become impossible, or nearly so. During the 2017 wildfires, three of the four routes out of Sonoma Valley were closed. Only Route 116 to Petaluma was open, but the streets to access it were so congested that, for many residents, just getting to 116 took hours. When it was finally reached, Route 116 traffic moved at a crawl. Moreover, the limited number of ambulances available could not have begun to

[2] Standby EDs are an exception granted only four times for rural communities located at great distance from a hospital. They serve to receive emergency cases via ambulances, stabilize them, and, if needed, have them transported on to a Hospital with a Basic or Comprehensive Emergency Department as quickly as possible.

handle the crises if they had to move a large number of people from Sonoma to Emergency facilities in Petaluma, Napa, or Santa Rosa.

5. Parcel Taxes

- As suggested above, given the Medicare and Medi-Cal losses, the write offs from provision of charity care, the bad debts arising those who do not pay their bills, and the absence of any opportunity to provide anything more than Emergency services to half or more of Sonoma Valley's residents (the Kaiser members), Sonoma Valley's residents – including the Kaiser-covered residents - will need to continue to vote for, and pay parcel taxes to keep the Hospital open.

- Also as pointed out above, the ironic truth is that Federal (Medicare) and State (Medi-Cal) health care programs do not reimburse full costs of hospital care for those covered by the programs - a deficit of roughly $11 million per year. And, because SVH must serve anyone, regardless of ability to pay, Sonoma Valley property owners must subsidize our Hospital if we are to keep SVH and its Emergency facilities open.

6. Community Survey

- SVH periodically conducts community perception surveys to gain an understanding of how Sonoma Valley residents feel about the hospital and how those feelings may have changed. The most recent survey was conducted in mid-2019 (see Exhibit 4). The prior survey was conducted in 2015.

- Most evaluations in the 2019 survey remained positive, although the survey showed a consistent decline in positive ratings and increase in negative ratings.

- While 83 percent of all respondents see SVH as important to the health of the community, that is a drop of 11 percentage points since the previous survey.

- The community continues to feel the Emergency Department is essential for the Valley (93 percent).

- Although 67 percent of respondents rate SVH as well-regarded, that is an 11 percent drop from 2015's 78 percent. Those with an unfavorable opinion of SVH followed the same pattern with 17percentt of respondents having an unfavorable opinion, up from 9 percent in the 2015 survey.

- For online survey respondents (people on an SVH email list that receive periodic news from the Hospital), overall satisfaction with SVH dropped from 65 percent to 55 percent and the percent unsatisfied increased from 8 percent to 14 percent.

- The percent of respondents likely to use SVH again dropped to 65 percent down from 78 percent in 2015.

- The reasons given for not using SVH in the future included:
    - SVH lack needed services (41 percent in 2019 – 9 percent in 2015)
    - Had a bad past experience (39 percent)
    - Insurance restrictions (32 percent)
- The percent of phone respondents (chosen randomly) who have heard mostly positive things about SVH fell from 49 percent in 2015 to 29 percent in 2019.
- Given the narrow margin of 1 to 2 percent by which the most recent parcel tax was passed, these results give cause for concern about its passage next time.

7. Financial Stability of Sonoma Valley Hospital

- **Operating Results**

  - SVH net revenues (after discounts) have been relatively stable over the last 10 years growing from $40 million in FY 2010 to $57 million in FY 2019[3]. (See Exhibit 5 In the Appendix.) There have been small ups and downs, but net revenues have exceeded $50 million in every year since FY 2014.

  - At the same time, the Hospital's "Operating Margin" (profits or losses from day-to-day operation of the Hospital) has shown losses every year over the past 10 years and those losses have been volatile from year to year. Those losses averaged ($4.9 million) a year ranging from a loss of ($7.5 million) in FY 2013 to the smallest Operating Margin loss of ($2.8 million) in FY 2019.[4], [5]

  - After adding and deducting non-operating revenues and expenses (such as parcel tax proceeds, physician practice support payments, and donations, the losses are cut roughly in half. By that measure (called "Net Income/(Loss) Before Restricted Contributions and Extraordinary Items"), losses averaged ($1.3 million) a year over the ten years but grew significantly to ($2.4 million) in FY '17 and ($3.4 million) in FY '18.

  - As mentioned previously, among the major reasons for the poor financial results were continuing large losses from serving Medicare and Medical patients and the dominant position of Kaiser. In addition, while, many in the community wanted the Obstetrics Department kept open, its FY '18 losses exceeded ($500,000). Skilled Nursing also posted losses of +/- ($300,000) and Home Health care lost ($150,000) to ($200,000) a year. The Hospital's CEO and Board tried very hard to accommodate Community wishes to keep all three service lines open. Ultimately, they decided to enter into a management agreement with Ensign Group to operate Skilled Nursing and transferred operation of Home Care to the UCSF affiliate, Hospice by the Bay. The continuing losses forced the closure of Obstetrics.

  - With those changes behind them, strong evidence began to emerge of a substantial financial turnaround in late FY 2019.

  - The Hospital's FY 2019 "people cost" (payroll) was cut by roughly $3 million a year to $35 million compared with $38 million in FY '18 and FY '17. "Full time equivalent" employee head count was reduced about 90 full time equivalents (about 28 percent of the Hospital staff). Understandably, these difficult decisions led to some level of employee dissatisfaction and public criticism by former employees. Less well known, however, was

[3] The Fiscal Year for Sonoma Valley Hospital runs from July 1 of each year to the following June 30th.

[4] Hospital Accounting is highly complex. Start with the enormous discounts received by payers such as Medicare, Medi-Cal and other payers, Add: uncertainties about the timing and amounts paid by Medi-Cal, and occasionally Medicare, the complexities of General Obligation Bonds and their effects on financial statements, similar vagaries of Government Accounting Standards such as requiring hospitals to "depreciate" assets not paid for by the Hospital. Then add the complexities of accounting for restricted donations, and the required accruals associated with Parcel Taxes and General Obligation Bonds. It can be daunting for a lay person to understand hospital financial statements. Subsequent footnotes explain some of those complexities. Suffice to say if one does not understand them it is easy to draw incorrect conclusions from the financial statements.

[5] The $2.8 million loss is from the Draft Audited Statements of Oct. 17, 2019.

the small number of employees who lost their jobs. Though SVH now has reduced the headcount by about 90 full time equivalents, most of those affected were transferred to Ensign Group and Hospice by the Bay. Others were offered transfers to other positions. In fact, only six employees were let go in 2019. At the same time, however, there are reports some of the employees transferred to Ensign have since left because of dissatisfaction with lower pay and increased workloads. There do not appear to have been similar voluntary quits at Hospice by the Bay.

- As described elsewhere in this report, SVH was also able to reduce annual Physician Support costs by $500,000 to $550,000 per year.

- Another positive development in FY '19 was the large ($9 million) positive "California Medi-Cal Adjustment" that was partially offset by "Matching Fees" of $3 million. "Matching Fees" are costs shared among participating hospitals for efforts to re-negotiate amounts paid by Medi-Cal. The resulting FY '19 net revenue gain was $6 million. Counterpart prior year net gains from "Prior Period Adjustments" less "Matching Fees" were $4 million in 2018 and $3 million in 2017. The improved FY 19 net revenue gain was not a fluke. Much of it arose from the first-time inclusion of three new groups of Affordable Care Act patients into Medi-Cal coverage. In addition, there may have been a reduction in the number of hospitals participating in the "Matching Fee" program thus increasing the amount allocated to SVH. In any case, it was positive news. SVH budgets a comparable net revenue gain of $4 million for FY '20

- With all the above changes behind them, FY 2019's "Net Income Before Restricted Contributions" went from the FY 18 loss of ($3.4 million) to Net Income of $198,477 in FY '19. This $3.6 million year-over-year improvement resulted in the Hospital's first profit since 2012.

- Even more revealing, when $2.3 million of "depreciation" from GO Bond and philanthropy funded assets is added back to more correctly measure financial results, SVH had FY '19 income/cash flow of more than $2.5 million[6] - roughly $ 3.6 million better than 2018's counterpart loss of ($1.1 million).

- **The Balance Sheet**

  - The Draft Audited June 30, 2019 Statements (Exhibit 6) show that at year end, Sonoma Valley Hospital had cash and cash equivalents of s $5.7 million. This is more than double the $2.3 million at the end of the prior year and $1.6 million more than FY '17.

[6] One not well understood aspect of the Hospital's operating statements is the unusual "treatment" of depreciation under Government Accounting Standards Board principles. Namely, in most businesses the actual cost to purchase an asset is depreciated over its useful life. In theory this amortizes those "out of pocket" costs, reflects the decline in the asset's value, and helps measure/reflect the future costs/cash needed to replace the asset at the end of its useful life. For SVH, assets financed by GO Bonds or philanthropy must be depreciated on the Hospital's financial statements even though the cost to acquire those assets arose from philanthropy or is being paid for by taxpayers. As a result, while "depreciation" may reflect the decline in value of the asset(s), it does not reflect the Hospital's actual costs. Moreover, assuming comparable future philanthropy or bond issuances, there would never be a need to generate cash to replace the depreciated asset(s). This "depreciation" is simply a bookkeeping entry, not a real expense for the Hospital. As a result, that "depreciation" can be "added back" to provide a more reliable estimate of income and cash flow

- At October 31, 2019, the Hospital had one of its strongest balance sheets in the last 10 years. (Exhibit 7.) That was not clear until the $3.3 million sale of a SVH land parcel, a few blocks from the Hospital, was closed in July.[7] It resulted in: a $2 million reduction of fixed assets (the land's cost); the pay-off of the $2 million Note incurred in its purchase; a profit of $2 million, and equal amounts in cash, and Hospital net worth (so called, "Fund Balances").

- After that sale SVH's net worth was more than $22 million for the first time versus $6 million in 2010 and $15.8 million in 2018. This improvement is largely because of the GO Bond financing[8] which, over the years since 2010, has had taxpayers pay down the debt that helped finance construction of the new Emergency Room and Surgery Center. In 2014, the Long Term Debt totaled $41 million. By October 31, 2019, it was down to $33 million. It will all be paid off by August 2031.

- Nonetheless, solvency remains an issue. In recent years, "Working Capital" (Current Assets less Current Liabilities) has been negative. At the end of FY '19 it was a negative ($2.9 million) – meaning if SVH had to pay all of its short-term obligations it's cash would be insufficient by $2.9 million to do that. But by October 31, 2019, that shortfall was cut to ($1.1 million). At the same time, Accounts Payable had been reduced by $1.1 million, the Union Bank Line of Credit paid down by $625,000, and Cash and Money Market Funds stood at $2.7 million.

- Further solvency improvement can help reduce the risk of cash problems that might arise if Medi-Cal or Medi-Cal reimbursements or Intergovernmental Transfer Payments (IGT) are delayed. Such events can – and have - stretched Hospital resources in the past making it difficult to meet accounts payable obligations. One recent report, however, of an employee having to use his or her credit card to pay a vendor appears to have been in error. The card was used in good faith by the employee to pay a cable service bill because the cable company was threatening to turn off phone service. The employee did not know, however, that the cable company was wrong - the bill had already been paid. Moreover, the Hospital also has a credit card that might have been used to pay the vendor if the bill had needed to be paid.

- It may be difficult, particularly since District Hospital real property (including General Obligation Bond financed real property[9]) cannot be used as collateral, but it would be very helpful if SVH could secure long term financing to further pay down the Union Bank line of credit. That would likely reduce interest expenses while enhancing solvency.

[7] SVH retained approximately 1/3rd of the parcel which continues to serve as a Hospital parking lot.

[8] A not well understood consequence of using General Obligation Bonds (GO Bonds) to fund recent major improvements - such as the new ER, the surgery center, and related equipment, - is that the "debt service" on those bonds (interest expense and principal repayments) is not paid by the Hospital, but by the District's property owners through taxes. Over time, that strengthens the Hospital's balance sheet by reducing its Go Bond Debt and increasing its net worth (Fund balance) by $1.1 million or more every year. It will pay off all the GO Bond debt by August of 2031.

[9] Yet another vagary of hospital financials is that GO Bond finances show up on the SVH Balance sheet. That is, all of the GO Bond tax collections from taxpayers and the payments to the bond holders to service the debt are handled by the County. SVH neither receives the tax proceeds nor pays those bills. Instead, the County receives the taxes and makes the payments. Nonetheless, like the parcel taxes, the SVH Balance sheet must record accruals for the tax payments to be received and the deferred tax revenue as a liability. This complicates any analysis of solvency by distorting the Hospital's current assets and current liabilities.

8. The Sonoma Valley Hospital Foundation and Philanthropy

- For nearly 40 years, the Sonoma Valley Foundation has stimulated philanthropic support for the Hospital's capital equipment needs and programs.

- In recent years, the scale of that support has dramatically increased. Where in the '80s, '90s, $100,000 to $250,000 of annual philanthropy might have been raised, those amounts increased significantly from 2006 through 2010 with roughly $1 million going to support the Women's health program. Further, between 2012 and 2015, more than $10 million was raised for the new Emergency Room and Surgery Center.

- Since then, Foundation philanthropy has continued to rise. In 2016, SVH received $1 million from the Foundation. In 2017, another $1 million. In 2018 $1.2 million and in 2019, $2 million. Those amounts do not include the $18.5 million pledged for the North Bay Diagnostic Center.

- Over the years, more than $30 million of philanthropic support has been donated or pledged to the Hospital. The Foundation is an important presence in our Community and a vitally important factor in SVH's viability.

- The numbers of donors have increased as well. More than 450 individuals and families donated to the Foundation in the last half of 2017 and first half of 2018. Of them, five families donated or pledged at least $12 million in total. Clearly, there is substantial philanthropic support behind keeping the Hospital and the Emergency facilities open and using the latest in equipment and capabilities.

- There have been comments that the Diagnostic Center is being built "by the wealthy for the wealthy." The hospital and emergency department obviously have value for wealthy donors who help make it possible. However, the predominant beneficiaries of that generosity are the Valley's 42,000 residents. No less than the parcel tax and General Obligation bonds, philanthropy has been critical to keeping Sonoma Valley Hospital, its Emergency facilities and its doctors available to serve everyone.

- Selected pages of the Foundation's 2019 Annual Report are included as Exhibit 8 of the Appendix.

9. Strategic Planning at Sonoma Valley Hospital

- A review of the SVH Strategic Plan, including recent updates, reveals a level of planning and detailed monitoring that goes beyond anything seen in earlier SVH Strategic plans. That does not mean the Plan will succeed, but the conception, delineation, and tracking of priorities are clear:

- In May of 2019, the Strategic Plan was summarized in a nine-page pdf: *Vision 2020 And Beyond* (attached to this Report as Exhibit 9). Key points include:

    - Retain our high-quality Emergency Department services including stroke care arising from UCSF's assistance in certification of SVH as a Stroke Ready hospital.
    - Develop high quality SVH North Bay Diagnostic Center, starting with recruitment of one or more leading UCSF specialists and adding more specialties over time.
    - Develop a comprehensive Bariatric Medicine Institute.
    - Develop a holistic acute and chronic pain management service line in collaboration with the Sonoma Valley Community Healthcare Center.

- Provide comprehensive health services for Sonoma Valley's women including a breast surgeon and 3D Mammography equipment.
- Pursue growth in orthopedics, cardiology, general surgery, endoscopy, vascular, ophthalmology, and surgery - including provision of offices for UCSF doctors to practice with local and other North Bay patients.

- Given the high cost to build and operate an Emergency Department, the Hospital cannot survive solely on revenues it generates, particularly since it must have all the facilities and capabilities of a hospital in order to treat everyone who comes through the front door whether or not they can afford to pay for the care they receive.

- SVH must generate additional revenues to help carry those costs since operating a 75 to 100 bed hospital is no longer feasible for a district serving only 42,000 people.

- Moreover, without access to all the facilities and services of a hospital, Sonoma would find it nearly impossible to attract and retain excellent physicians who need such facilities to help diagnose and properly treat their patients. In short: no hospital means substantially fewer high caliber physicians in the Valley.

- High quality out-patient diagnostic capabilities and procedures are one way to generate those additional revenues, particularly when augmented by an affiliate relationship with one of the Nation's foremost hospitals (UCSF). Its physicians can bring their expertise to bear on diagnosing and treating emergencies and complex cases. Moreover, some UCSF doctors may practice part time in the Valley.

- The cost to create the Center is an estimated $21 million. Of that, philanthropic support of $18.5 million support has already been pledged to the Sonoma Valley Hospital Foundation.

- Phase 1 is scheduled to break ground in December 2019 with replacement of the existing CT Scanner (near the end of its useful life) with a new, more powerful scanner. Phase 2 will commence when the remaining $2.5 million of Foundation support is in hand to replace the aging MRI and build out the rest of the facilities. SVH will then have state of the art CT Scanning and MRI equipment plus Mammography, Ultrasound, Radiology, Laboratory, and Cardiology equipment and services. It will also have offices for visiting physicians, including UCSF specialists.

10. <u>The SVH - UCSF Relationship</u>

- In February, 2018, SVH became the first small community hospital to affiliate with UCSF. Supported by several community members, the CEO actively pursued and negotiated the agreement in a matter of months. UCSF is ranked the 7th best hospital in the U.S. by US News and World Report. It is one of the top two hospitals in California.

- The UCSF arrangement initially focused on three areas of cooperation and both parties anticipated more areas would be added over time.
    - Sonoma Valley Hospital could publicize the affiliation in its communications with the public and the medical community and incorporate it into its signage, advertising, and marketing.
    - UCSF would oversee a Chief Medical Officer (at SVH's expense). That was to ensure the ongoing quality of care UCSF requires from any affiliate. Dr. Sabrina Kidd now fills that role and is on staff at UCSF.

- UCSF and SVH have formed a joint planning group tasked with exploring and evaluating opportunities for mutually beneficial collaboration.

- UCSF has no interest in managing, owning, or investing in community hospitals. Instead, their interest is to fulfill part of the original mission of University of California teaching hospitals; namely, to serve at the center of a regional network that draws on UCSF's unique expertise and capabilities for specialty care facilities and practices, particularly in handing complex and difficult cases. They insist, however, on high quality care from affiliates. One reason the affiliation agreement came together so quickly is that, from the start, SVH met the UCSF quality of care standards. In August 2016 the government's Centers for Medicare and Medicaid (CMS) gave Sonoma Valley Hospital an overall rating of four stars out of a possible five. That places the hospital among the top 25 percent in the nation in terms of the quality of its patients' outcomes.

- Though some in Sonoma have expressed the view that nothing much has come of the affiliation, it is clear the relationship is benefiting SVH in important ways.

  - In 2019, UCSF was instrumental in supporting certification of SVH as a "Stroke Ready" hospital. UCSF now provides a remote Neurologist to help SVH quickly determine if a stroke patient can be treated at SVH or needs to be immediately transferred. The Stroke Ready designation allows Emergency Management Services (EMS) to direct stroke victims to the SVH Emergency Department instead of directing them to other hospitals outside the Valley.
  - UCSF's relationship with Marin Health and Prima, the physician foundation that serves our community and Marin, has resulted in an annual reduction of $500,000 to $550,000 in SVH physician support costs. Those savings are expected to be ongoing.
  - In August 2019 UCSF completed the installation of their "EPIC" hospital operating platform in the Prima offices. This gives some SVH primary care physicians and community members an advantage when scheduling specialist appointments with UCSF physicians. In addition, patients can use EPIC's My Chart app to communicate with their doctor, schedule appointments, access their medical information and history, review recent and prior test and lab results, reorder prescriptions, be reminded of appointments, the need for immunizations such as flu shots, and more.
  - When SVH completes its state-of-the-art Diagnostic Center (including the new and more capable CT Scanner and MRI), UCSF's CEO has committed to making SVH their diagnostic center for the North Bay. That commitment is helping raise funds for the Outpatient Diagnostic Center (with $18.5 million in pledges to fund the expected $21 million cost).

- To pursue other future benefits, SVH's CEO and the Planning Group meet quarterly to discuss additional ways to cooperate and benefit both organizations. Among promising areas:

  - There are unutilized areas in the hospital, such as the old Emergency Department, that could serve as clinics for specialty physicians including those from UCSF. There, community members could access visiting doctors from UCSF and elsewhere. SVH might benefit from their diagnostic expertise and perhaps additional procedures would be done at SVH that otherwise would go elsewhere.
  - One or more prominent UCSF specialists may begin seeing North Bay patients in Sonoma in late 2019 or 2020. The specialist(s) may also see those patients for their initial, pre-op and post-op visits at the Prima offices.

- Once SVH has the new CT Scanner and MRI, UCSF physicians may also begin to refer other of their North Bay patients - in Sonoma, Napa. Mendocino, and Solano counties - to SVH for diagnostic testing, their initial meeting, as well as pre-op and post-op appointments. Patients would likely travel to UCSF for the procedure, but prefer the opportunity to reduce their trips to San Francisco by 75 percent. In addition, it might mean SVH could begin to capture some of the procedures as well.

11. The Reimbursement Environment for Diagnostic Imaging

- The reimbursement environment has changed since the Affordable Care Act became effective on January 1, 2014. Although we should anticipate continued pressure to reduce the cost of health care, frequently brought about through changes to Medicare reimbursement terms, we are not aware at this time of any pending or proposed regulations that may bring further significant changes to reimbursement policies.

- A former SVH employee, has expressed a belief that there are pending CMS reimbursement rules changes effective in 2021 that could substantially alter the reimbursement landscape and drive significant outpatient diagnostic testing away from SVH to independent, lower cost providers. However, our inquiries to CMS have been unable to confirm this concern and we have been unable to find documentation to support her contention.

- We believe, however, that SVH will continue to face Medicare/Medi-Cal and other third-party pressure for insureds to have outpatient diagnostic procedures performed in physician offices or other outpatient facilities. To date, this trend (leakage) has not been significant. The acquisition of current generation major diagnostic equipment, including a CT, MRI and 3-D Mammography, will also make it more difficult to convince physicians to send their patients to facilities with prior generation diagnostic equipment, even if it is lower cost.

- The fact remains that the existing diagnostic equipment has or is nearing the end of its useful life. It must be replaced in order to have the latest diagnostic capabilities to service inpatient, outpatient and Emergency Department diagnostic needs.

12. Destination Medicine

- The term “Destination Medicine” has a number of different meanings and the distinctions between them are worth understanding. For some, it means recruiting widely recognized physicians known for their expertise in a particular specialty. Their superb reputations draw patients who want the best possible care to the “destinations” where the doctors practice. The concept often involves specialties in which profits are thought to be high. The doctors earn big money as do the medical infrastructure that supports them. Examples might include plastic surgery, bariatric medicine, and other specialties. Another variation of “Destination Medicine” is low cost. Patients are drawn to doctors and facilities in other countries where costs for major procedures are significantly lower. Finally, the term also refers to medical institutions that offer superbly qualified specialists in many fields. Those institutions are known to coordinate excellent patient care in something of a “one stop shop” Such institutions include Mayo Clinic, Cleveland Clinic and others.

- Some express the view that the "Destination Medicine" opportunities, in which a particular specialist MD(s) are the draw is a strategy SVH should aggressively pursue. "Why not live and practice in the beautiful Wine Country?" In such cases, the physicians are the entrepreneurs who build their own practice and reputation. They can relocate nearly at will. That can be a risk. At the same time there are strong SVH supporters willing to provide financial and public support for such efforts. If successful, these would only add to the bottom line while enhancing the Hospital's reputation.

- UCSF involvement in the SVH Diagnostic Center may yield opportunities to draw on UCSF physicians whose expertise and regional or national reputation may well draw patients from the North Bay and beyond. Those doctors can collaborate with other UCSF specialists in complex cases. As such, the UCSF affiliation may evolve into the institutional form of "Destination Medicine." UCSF's world class reputation is the draw that attracts superb physicians and patients who greatly respect them. Namely, complete the Diagnostic Center, provide strong support to building the UCSF relationship. Draw ever more of its top physicians to focus their North Bay patient diagnostics in Sonoma, and perhaps some of their practice and their procedures in Sonoma as well. Over time attract ever greater numbers and ranges of specialists, and with that, generate more revenues and an ever-stronger reputation for SVH.

- Finally, a caution: A significant part of SVH's strategy is predicated on building and retaining the close affiliation with UCSF. All the work done to date is to be commended. The affiliation helps UCSF build its own flow of revenue generating patients in the North Bay and accomplishes that without the requirement for UCSF to build or necessarily invest in new facilities. It can also help UCSF match the counterpart expansion efforts of Stanford in the South Bay. Nurturing mutual benefits and commitments must remain a top SVH priority to keep the relationship strong and avert disappointments that might weaken the affiliation. Large institutions can sometimes quickly and seemingly arbitrarily change directions in ways that adversely affect those who depend on them.

13. Compensation of the Hospital's CEO

- Sonoma Valley Hospital CEO compensation has been a perennial topic of discussion over many years with some saying it is excessive. Hospital CEO compensation is often public and hospital associations publish annual surveys that break the data down by size of the hospitals in beds, total employees, annual gross revenues, operating expenses, and location. Equally relevant, by law, the total direct compensation for the five highest paid employees of California District Hospitals is made available to the public annually. The SVH Board has a Compensation Committee and it uses such data and compensation consultants with the intention of compensating the SVH CEO at a salary and bonus compensation in line with hospital CEOs at comparable facilities.

- Of the 35 California District Hospitals in operation today, 8are roughly comparable in size to SVH, operate with a CEO and reported compensation information to publicpay.ca.gov for 2018. CEO compensation for the eight hospitals with gross revenues of $110 to $353 million (SVH gross revenues for 2018 were $264 million) ranged from a low of $327,527 to a high of $635,794 with a median of $417,189. Total compensation for the SVH CEO that year was $377,017.

- CEO compensation as a percent of gross revenue is another measure of the appropriateness of compensation. SVH CEO compensation as a percent of gross revenue was 0.14 percent which compares with and is lower than the comparable District median of 0.18 percent. Total compensation for the five highest paid employees is also a relevant measure of appropriateness of executive compensation. Again, the SVH ratio of 0.44 percent is considerably lower than the 0.63 percent average. Exhibit 10 provides some of the comparisons between SVH and comparable District hospitals.

- Further, because of losses as the turnaround steps began, there was no salary increase in FY '18.

- Executive compensation is a function both of the size and complexity of the job. Running SVH with an Emergency Department and the lowest ratio of net patient revenue to gross patient revenue increases the complexity of running SVH. The limited opportunities to serve Kaiser members (roughly half of our population) is also a significant challenge as is the $11 million of annual losses resulting from Medicare and Medi-Cal reimbursements at significantly less than cost.

- Unpopular and difficult as some of her decisions may have been (e.g., closing Obstetrics and out-sourcing Skilled Nursing and Home Health functions), the CEO must be credited for the recent turnaround in the financial results of SVH. She also played a major role in (a) achieving the Centers for Medicare and Medi-Cal Services (CMS) Four Star rating in August 2016; (b) creating and developing the UCSF affiliation; and (c) being a dedicated and effective force in greatly expanding the levels of philanthropic support for SVH. These are all measures that have enhanced SVH's value and reputation as a health care provider, regionally and in the Valley.

14. **Seismic Code 2030 - Exposure and Issues**

- Following the 6.7 magnitude Northridge earthquake in 1994 that damaged 11 hospitals, Legislation was passed requiring California hospitals to upgrade facilities or replace them. The law created a two-step process, beginning, as of 2008, with a requirement that all buildings must be able remain standing after an earthquake. That deadline was ultimately extended to 2020, an extension of 12 years. The second step, with a deadline of 2030, was to require that all buildings would remain in operation after an earthquake. That deadline remains unchanged.

- At this point, only 23 of the state's 418 hospitals are in compliance with the 2030 code. A Rand study reported that retrofitting the remaining 395 hospitals will cost $47- 143 billion.

- Given the order of magnitude of the cost of compliance, the history of the first phase extension, and the reality that even compliance will not assure that hospitals are standing and operating, hospital industry associations and leaders believe that the 2030 code will not stand unchanged and let California's healthcare facilities close. SVH board and management share the prevailing industry view. At this time SVH plans no action with respect to the 2030 code.

- Exhibit 11, in the Appendix, provides the Seismic analysis of Peter Horhost, an engineer and former member of the Sonoma Valley Hospital Board.

15. Plan B – What Other Options Might Exist

- Over the years, Sonoma Valley citizens have asked, "Do we really need - or can we afford - a hospital that seems to require constant taxpayer and philanthropic support? What other alternatives might exist to the current Hospital and its Emergency Department that might meet the medical needs of our residents?

- Among the suggestions have been: 1: Sell the Hospital to a financially stronger hospital or hospital chain; 2) Bring in a professional hospital management organization to operate the Hospital; 3) Consider applying for Rural Critical Access status which would qualify SVH to receive a higher level of Medicare and Medi-Cal reimbursements 4) Attempt to obtain a license for a "Stand Alone Emergency Room;" or, 5) Develop a "souped up" urgent care facility nearly as good as an Emergency Department.

- All of those ideas were explored at one time or another over the last ten or fifteen years. None have been found to be workable.

    1) Sell SVH to a financially stronger hospital or hospital chain. Over the years a number of attempts were made to solicit the interest of larger hospitals and hospital chains. In particular, discussions were held with Memorial and Sutter Hospitals in Santa Rosa, and while both are pleased to have SVH feed acute care patients to them, neither wanted to buy or operate the Hospital. In 2000 Sutter Health was prepared to acquire SVH but quickly backed away because of its deteriorating financial results. Cirrus Health of Texas proposed building a Surgery Center in the Valley but possible siting of that facility became problematic and they backed away. Conversations have also been held with Kaiser, particularly because of the large number of Kaiser members in the Valley. The response was that our population is too small to support its own Kaiser facility, particularly if it drew members away from other Kaiser facilities, such as the ones in Petaluma and Santa Rosa. From Kaiser's standpoint, having access to the SVH Emergency Department provides what they need in Sonoma Valley and to date they have not been interested in helping subsidize its operation beyond fees for Kaiser Emergency Room visits. Nor is UCSF interested in owning more hospitals. Instead it wishes to pursue mutually beneficial affiliations with existing quality hospitals such as Marin General and Sonoma Valley Hospital.

    2) Engage a professional hospital management organization to run the hospital. Hospital management companies might be approached to take over the management of the Hospital, but none would subsidize any future SVH losses. e.g. for serving Medicare/Medi-Cal patients. Unlike publicly owned District hospitals, they are for-profit entities. Particularly given the small size of the Hospital, and its history of losses they would almost certainly demand a fee that ensures their profits from the agreement. Further, given State mandated staffing requirements, there is no evidence a different organization would be more efficient or make changes that would make the hospital more profitable or more highly rated for safety. The financially troubled Sebastopol Healthcare District brought in an outside operator as a last-ditch effort to save it. It failed with the operator accused of fraud and the Hospital was closed. Present ratings for quality care at SVH already place it in the top quartile of America's rated hospitals.

3) Consider applying for Rural Critical Access Hospital (CAH) status. Rural Critical Access hospitals were established in 1997 by Congress in response to large numbers of closures of rural hospitals. The Centers for Medicare and Medicaid Services (CMS) administers the designation. If it is received, payments to the hospitals are enhanced with the intention to cover their costs for Medicare and Medicaid patients. Though SVH has looked into the program several times, it is clear, SVH would not qualify. One key requirement is that the hospital must be more than 35 miles away from the nearest hospital. Queen of the Valley in Napa is 16 miles from the Sonoma Town Square, Petaluma Valley hospital is 14 miles, and Santa Rosa Memorial Hospital is 21 miles away. Moreover, it appears that it has become ever harder to receive the designation from CMS and the other bodies that authorize the designation. Finally, a recent effort, with help from a prominent politician was also unsuccessful.

4) Attempt to obtain a license for a "Stand Alone Emergency Room." This effort is highly unlikely to ever succeed. First, there are only four exceptions ever approved in California as "Freestanding Emergency Departments". They are: Western Sierra Medical Clinic in Downieville, Community Medical Center-Oakhurst, Redwood Coast Medical Services in Gualala, and Naval Hospital Lemoore in Lemoore. Though called Emergency facilities, these are essentially urgent care centers. They are licensed in the absence of hospitals in Rural areas and permitted to accept emergency and ambulance patients and provide basic urgent/emergency care pending transport to a hospital. None advertise themselves as "emergency centers" and none operate 24/7.

   Further, to be licensed in California for Standby, Basic, or Comprehensive emergency medical services, the facility must provide the following services onsite: Intensive care service with adequate monitoring and therapeutic equipment; Laboratory service; Radiology service; Surgical services that are immediately available for life-threatening situations (Basic and Comprehensive); Post-anesthesia recovery; dietary services, and a Blood bank. In addition, California Health and Safety Code Section 128700 (c) states that "emergency department" is defined by its being located "in a hospital licensed to provide emergency medical services, the location in which those services are provided[10].

   Finally, it is difficult to imagine the finances of a licensed stand-alone emergency room would result in smaller losses than the current operation of SVH. In fact, the losses would probably be much larger. That is, given the need to provide all of the required facilities, equipment, staffing, and services required of a hospital, it would have very large losses if it generated revenues only from Emergency patients. Better to continue pursuing outpatient surgery, developing a first-rate, philanthropy supported, Diagnostic Center, encourage UCSF not only to use the Diagnostic Center, but also have some of its doctors practice in Sonoma, and pursue other of the opportunities described in the SVH Strategic Plan.

5) Finally, develop a "souped up" urgent care facility as good, or nearly as good as an Emergency Department. Urgent care facilities are not the same as an Emergency Department. Most do not operate 24/7. Those available in Sonoma Valley, such as the one at Safeway, operates 7 days a week 9AM to 5PM and is closed from 12 to 1PM. Urgent care facilities have no direct access to an MRI, a CT Scanner, a full-scale medical laboratory, an on-site doctor to treat a medical emergency. Moreover, by law, an ambulance can only deliver a patient to an Emergency Department and not to an urgent care facility. A heart attack, stroke or severely injured

[10] (See Freestanding Emergency Departments: Do They Have a Role in California? Issued by the California Healthcare Foundation July, 2009. Pages 6-10)

Sonoma Valley resident would be left to wait for an ambulance and the ride to a distant hospital which would chew up precious minutes. This might also occur during a crowded commute hour, during inclement weather, or when an accident slows or stops traffic. Moreover, the urgent care facility would be completely inadequate to be of help in the event of severe wildfire, earthquake, Mass shooting or other community disaster event.

16. Additional Thoughts

- Operating in a difficult healthcare environment that has closed many small hospitals nationwide and in Sonoma County, the Sonoma Valley Hospital Board, CEO, hospital staff, and physicians who practice there deserve kudos for all they have accomplished over the last few years. Individually or collectively, they have:
    - Earned Four Star safety accreditation from the Centers for Medicare and Medicaid;
    - Achieved a major turnaround of SVH financial results in 2019;
    - Made and executed difficult but necessary decisions to close or restructure popular but financially unsustainable departments and operations, including Obstetrics, Skilled Nursing and Home Health Care.
    - Launched an affiliation with UCSF which is already strengthening the Hospital;
    - Developed a strategy for creating a superb new Diagnostic Center; and,
    - In alliance with the Sonoma Valley Hospital Foundation, greatly increased philanthropic support for critically needed facilities improvements;

- With assistance from a firm specializing in strategies to clearly communicate a business's key characteristics to those it serves, the Hospital is now developing a major program to increase community awareness of its expanded capabilities and vital role in the Valley's physical and economic health. Among the messages to be communicated should be a critical reminder that, absent significantly higher reimbursement by Medicare, Medi-Cal, and/or Kaiser – all of which are unlikely, it will be critically important to continue supporting parcel taxes and philanthropy. To that end it might be useful to:
    - Engage and significantly expand volunteer participation of community members and organizations in a variety of efforts to ensure all audiences in the district are aware of the vital role the hospital plays in the Valley,
    - In addition to hospital website and emails, explore the use of a weekly or monthly page or columns in local newspapers to publicize hospital developments, programs, issues, etc., similar to pages in the *Index Tribune* devotes to local schools and civic government.
    - Consider how to focus on and respond to the 2019 community survey results that showed declining favorable assessments and increasing unfavorable perspectives.
    - Expand in-person presentations and discussions on hospital/health subjects to local groups, like those offered at Vintage House. Topics might go beyond medicine and disease to ways to improve individual health and fitness.
    - Local doctors and nurses, as well as other hospital staff, board members and UCSF representatives might be recruited to present or participate in various outreach efforts, programs or presentations.

- It may be possible to enlist community leaders willing to participate in an aggressive effort to obtain Rural/Critical Access status for Sonoma Valley Hospital. While the odds of success may be low, the reward for succeeding is very high – in the form of millions of dollars of additional annual revenues and profits each year. A well-organized full-court press in Sacramento and Washington DC

might succeed and is warranted, given the potential financial benefit. A number of local residents have extensive experience and personal relationships that could be brought to bear

- With the UCSF relationship central in the hospital's future, it will be important for the public to support SVH's effort to explore more opportunities for mutually beneficial programs and ways to expand UCSF's presence and involvement in the Community. The Hospital might also consider exploring with UCSF, ways for local doctors - in addition to those at Prima - to acquire some form of USCF affiliation status, perhaps with access to its EPIC software. That could enhance their practices and the effort to bring it about could burnish the Hospital's reputation for actively supporting our local doctors.

- SVH may also wish to amplify its efforts to involve physicians in key issues and strategic decisions being made by the hospital, especially those that may directly or indirectly impact their practices and income.

- In financial statements, the Hospital might want to consider reporting net income adjusted for depreciation on fixed assets not purchased with SVH-generated funds. Perhaps this could be as simple as an additional line on the monthly and annual operating statements.

- The Hospital has done a good job of recruiting experts to serve on its committees and in other volunteer roles. Some have been encouraged to run for a Board seat. That effort should be continued and perhaps amplified. The incumbent Board represents the success of such work over many years. On-going recruitment effort must continue, with input and candidates from all segments of the community. Strong, highly qualified directors that work well together are critical if the hospital is to avoid the rancor and divisive atmosphere of ten to 15 years ago that can distract from its mission and endanger public support.

* * *

Definitions

1. General Obligation Bonds (GO Bonds) — A general obligation bond (GO) is a municipal bond backed by the credit and taxing power of the issuing jurisdiction (i.e., the Sonoma Valley Health Care District) rather than the revenue from its activities. General obligation bonds are issued with the belief that the District will be able to repay its debt obligation through taxation or revenue from its service. SVH bonds were passed with a parcel tax as the reimbursement mechanism.

2. SVH Foundation/Sonoma Valley Hospital Foundation - (a nonprofit 501 (c) 3 corporation with a mission of cultivating community support and raising funds for SVH.

3. FY (Fiscal Year) – The year from July 1 through June 30 of following year

4. SNF – Skilled Nursing Facility

5. UCSF – University of California San Francisco Health

6. Medi-Cal -- California's Medicaid health care program. This program pays for a variety of medical services for children and adults with limited income and resources. Medi-Cal is supported by federal and state taxes.

7. Medicare -- Medicare is the federal health insurance program for: People who are 65 or older, certain younger people with disabilities & people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD)

8. Kaiser -- Kaiser Permanente, an integrated managed care consortium based in Oakland, California, founded in 1945 by industrialist Henry J. Kaiser.

9. Critical Access Hospital Status - In general, hospitals that (a) have 25 or fewer acute care inpatient beds, (b) are located more than 35 miles from another hospital, (c) maintain an annual average length of stay of 96 hours or less for acute care patients, and (d) provide 24/7 emergency care services. Unlike Acute Care Hospitals, Medicare reimbursements to Critical Access Hospitals essentially cover all costs. For additional criteria, See: https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandComplianc/CAHs

10. Parcel Tax - A real estate levied in the same amount on all parcels. The current parcel tax levied to support SVH is $250/parcel/year.

11. Operating Margin - A measure of profitability, indicating how much of each dollar of revenue is left over after both direct costs of services rendered and operating expenses.

12. Non-operating revenues and expenses - Includes non-operating revenue such as interest income, gains from the sale of assets, lawsuit proceeds, and revenues from other sources not connected to operations.

13. Full time equivalent employee (FTE) – One or more employees working a standard work period. For example, if the standard work week is 40 hours, two workers each working 20 years equals one FTE and one worker working 40 hours equals one FTE.

14. California Medi-Cal Adjustments – Additional reimbursements from Medi-Cal that are calculated by an independent agency in the year following the year service was provided. The additional reimbursements

are typically received by SVH in the fourth fiscal quarter (April-June) following the year service was provided.

15. California Medi-Cal Adjustments Expense or Matching Fees – SVH share of the independent agency fees for calculating the California Medi-Cal Adjustments.

16. Depreciation – Allocation of the cost of a tangible asset over the useful life of the asset.

17. Draft Audited Statement -- A financial statement audit is the examination of an entity's financial statements and accompanying disclosures by an independent auditor. The result of this examination is a report by the auditor, attesting to the fairness of presentation of the financial statements and related disclosures. A draft audit statement is one that has not been finalized.

18. Total Fund Balance/Net Worth – Assets minus liabilities. In nonprofit entities such as SVH, this typically is called Total Fund Balance or Fund Balance. In for profit entities, it is called Net Worth.

19. Real property – Land and any improvements to the land, including buildings, plants and subterranean improvements.

20. Deferred tax revenues — For SVH, parcel tax revenues not yet received by the hospital.

21. Commercially insured -- Patients insured by commercial health insurance, i.e., any healthcare policy that is *not* administered or provided by a government program.

22. Overhead – Cost that is not associated with a business activity. In the case of SVH, costs that are not associated with any revenue-generating service.

The Appendix

Exhibit 1a


Sonoma Valley Hospital
Direct Margin & Operating Margin
By Payer
20000000
15000000
10000000
5000000
0
-5000000
-10000000
-15000000
Direct Margin
Opr Margin
Medicare
Direct Margin
Opr Margin
Medical
Direct Margin
Opr Margin
Toltal Medicare & Medical
Direct Margin
Opr Margin
Other
Direct
Opr Margin
Total
Dir Mar F 2017
Dir Mar F 2018
Dir Mar F 2019
Opr Mar F 2017
Opr Mar F 2018
Opr Mar F 2019

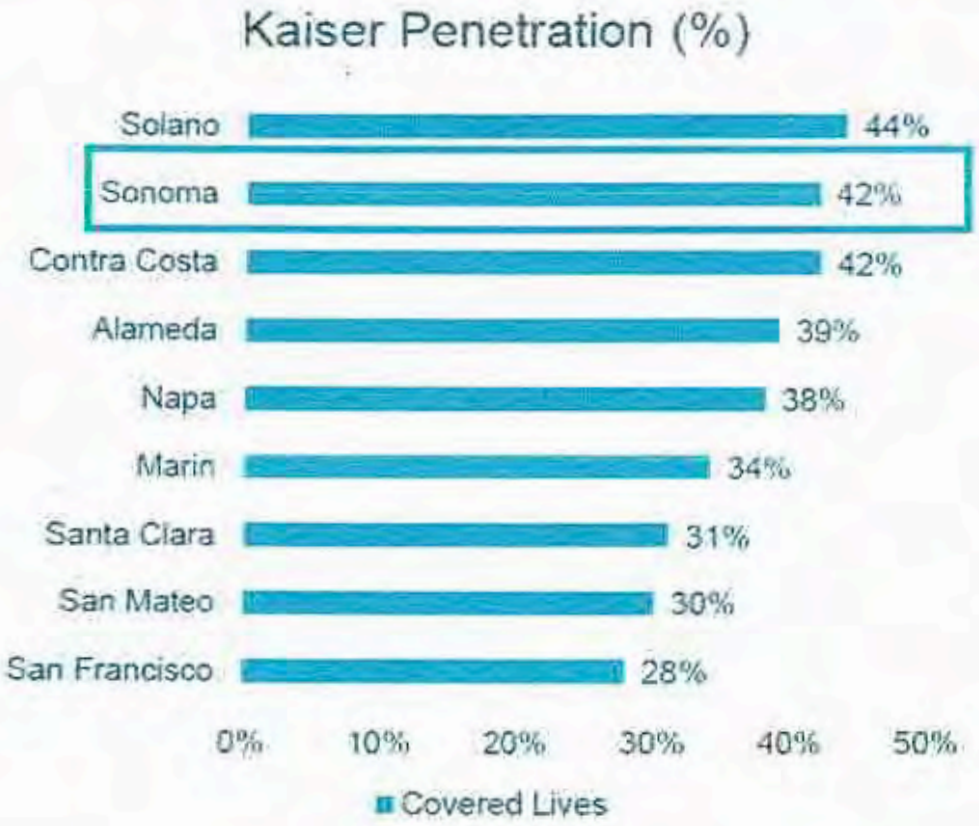
Exhibit 1b


Sonoma Valley Hospital
Direct Margin & Operating Margin
By Payer
20000000
15000000
10000000
5000000
0
-5000000
-10000000
-15000000
Direct Margin
Opr Margin
Medicare
Medical
Toltal Medicare & Medical
Other
Total
Dir Mar F 2017
Dir Mar F 2018
Dir Mar F 2019
Opr Mar F 2017
Opr Mar F 2018
Opr Mar F 2019

Exhibit 2
Kaiser Market Share

Managed Care Landscape

Kaiser is the #1 MCO in the bay area with approximately 2.8M covered lives or 36% of all covered lives in the Bay Area



- Kaiser largest managed care provider in all 9 bay area counties
- Wellpoint second or third largest provider in 8 of the 9 counties
- Kaiser has 79% of Bay area HMO Market, with Blue Shield second largest provider at 7%

SVH Community Perception Survey Overview

Sonoma Valley Health Care District

October 2019

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

About This Research

Objectives

Conduct opinion research with Sonoma Valley residents to:

- Determine how the community perceives Sonoma Valley Hospital
  - Perceived strengths and weaknesses
  - Issues affecting use and reputation
- Assess how opinions may have changed since the 2015 survey

About This Research

Methodology

- Surveyed 369 community members in August 2019 as a follow up to a study conducted in 2015
- Two approaches:
  - Telephone survey with random sample of Sonoma Valley residents (n=202)
  - Online survey with people on the hospital's mailing list (n=167)
- When there's no statistically significant difference (SSD) between survey groups, responses are aggregated. When there are differences, they are noted.
- Margin of Error is about 6% at 90% confidence interval
- Note: 2015 survey had smaller sample (n=317)
  - Random phone survey (n=150)
  - Online survey (n=167)

About This Research

Random Phone Participant Criteria

- Adults 18+
- Live in Health Care District
- Have health insurance or Medicare; include Kaiser members
- Have visited a doctor or hospital at least once in the past 3 years
- Mix of women and men as it naturally falls out; same with ethnicity and income

About This Research

All
(n=369)

GENDER	
Female	62%
Male	38%

No SSD between 2019 and 2015.

AGE	
Under 60	26%
60+	74%

18 - 29	1%	26%
30 - 39	5%	
40 - 49	5%	
50 - 59	14%	
60 - 69	22%	74%
70 - 79	33%	
80+	19%	

Age v. 2015

The Online sample was a little older in 2019 than in 2015.

	2019	2015
70+	64%	55%

Importance of SVH to the Community

Importance: 83% of all respondents see SVH as important to the health of the community; 73% see it as very important.

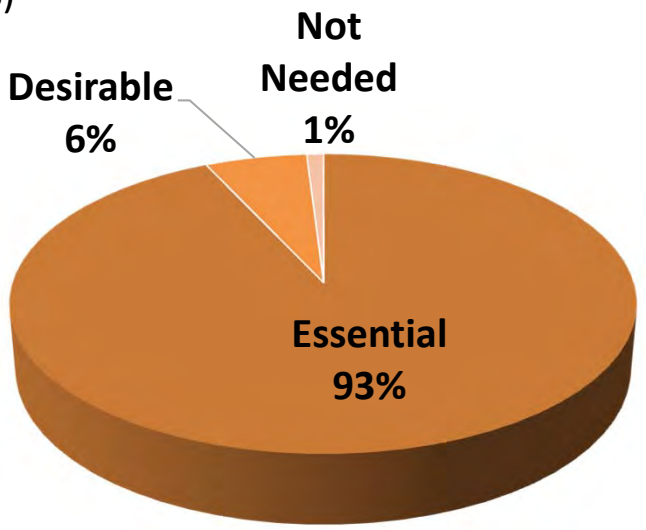
- The number has fallen since 2015 (from 94% to 83%).

Need for hospital: 84% feel that a hospital is essential to their community.

- No change from 2015.

Need for ER: Nearly everyone (93%) feels that an Emergency Department is essential to their community. (No real change from 2015 – 95%)

Which of the following three statements best reflects your thinking about the need for an EMERGENCY DEPARTMENT in your community?



Base: All Respondents (n=369)

Overall Favorability/Opinions About SVH

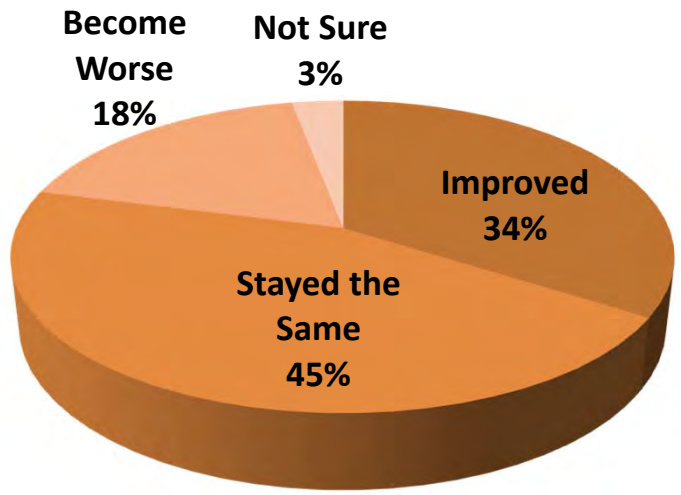
Favorability: SVH is well-regarded in the Sonoma Valley community (67% favorable, 17% unfavorable opinion of hospital).

- …but not as well regarded as in 2015 (78% favorable, 9% unfavorable).

Personal Opinion: Nearly twice as many people (34%) say their opinion of SVH has improved as say it has worsened (18%) over the past couple of years.

- Online respondents report a decline in perceived improvement and an increase in perceived worsening from 2015 to 2019.
- More Phone respondents in 2019 than in 2015 say things have worsened.

In past couple of years, has your opinion of SVH…



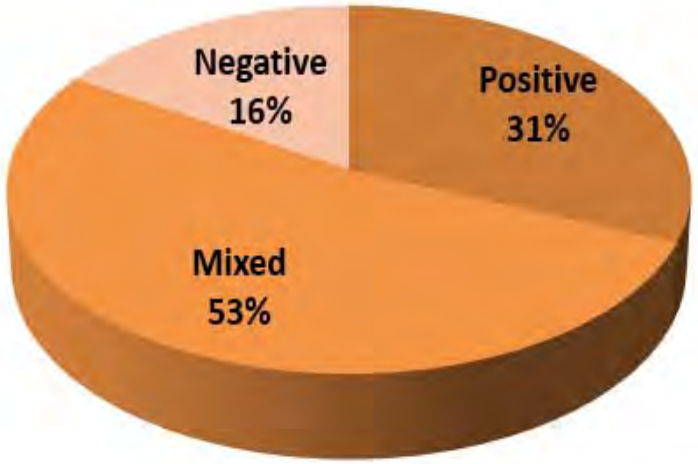
Base: All Respondents (n=369)

Overall Favorability/Opinions About SVH

What They Hear from Others: Nearly twice as many people (31%) say they hear mostly positive comments from others about SVH as hear mostly negative comments (16%).

- The percent of Phone respondents who have heard mostly positive things fell from 49% in 2015 to 29% in 2019.

Would you say that most of the comments (you hear) about SVH are…



Base: the 81% of respondents who have heard others talk about SVH (300n)

Opinions of Services

Positive Aspects: The majority of respondents report high marks for SVH services based on either their own experience or what they have heard from others.

- Ratings are down slightly from 2015 for Imaging, Rehab/PT, Inpatient and Surgery services.

Based on your own experience, or what you have heard about the hospital, please rate Sonoma Valley Hospital on the following services.

Mean = 1-5 scale
1 = Poor 5 = Excellent

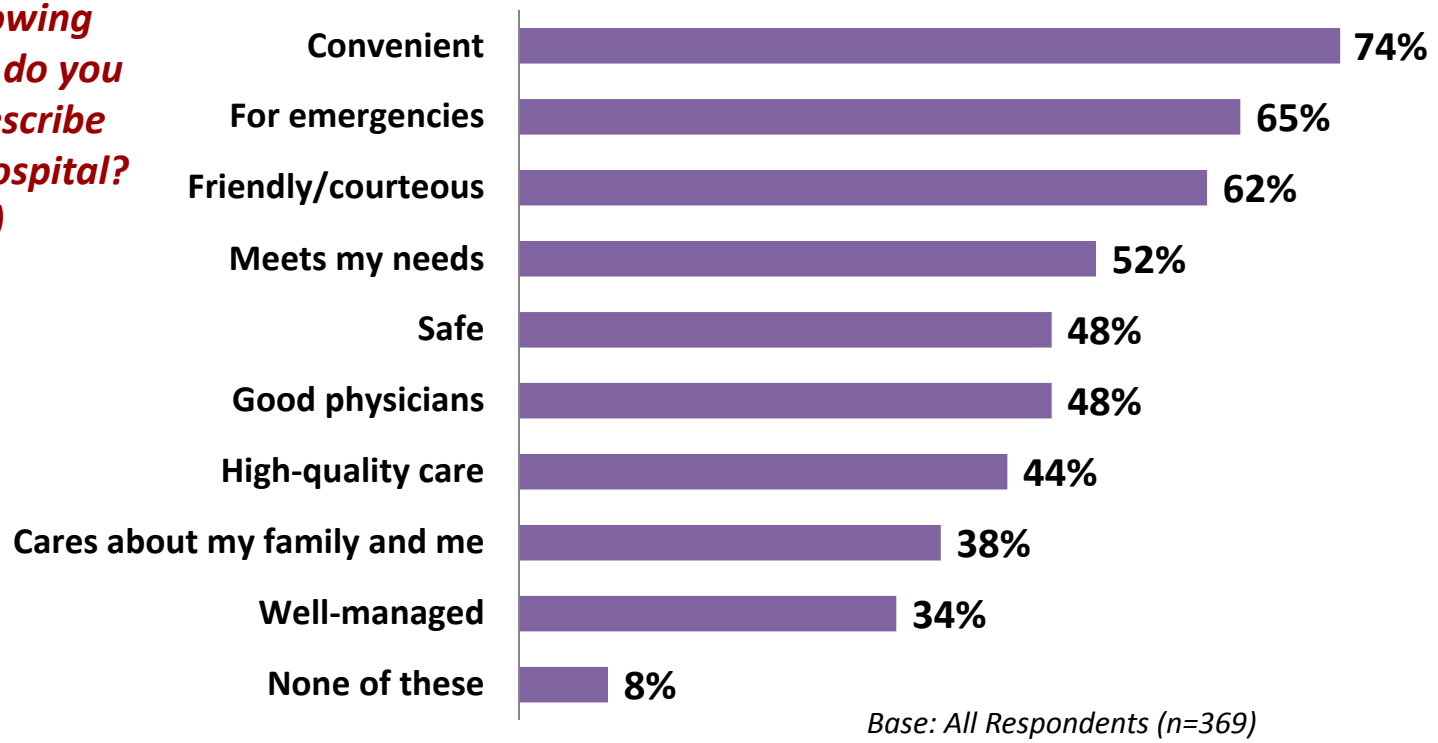
	Mean Score 2019	Mean Score 2015
Laboratory	4.5	4.5
Medical Imaging	4.3	4.5
Rehab/PT	4.1	4.4
Emergency Dept.	4.2	4.2
Inpatient	3.9	4.3
Surgery	3.9	4.3

Base: All Respondents (n=369)

Perceptions of SVH

Aided Descriptors. SVH is most often seen as convenient, a place to go for emergencies, and friendly/courteous.

Which of the following words or phrases do you feel accurately describe Sonoma Valley Hospital? (Aided responses)



Base: All Respondents (n=369)

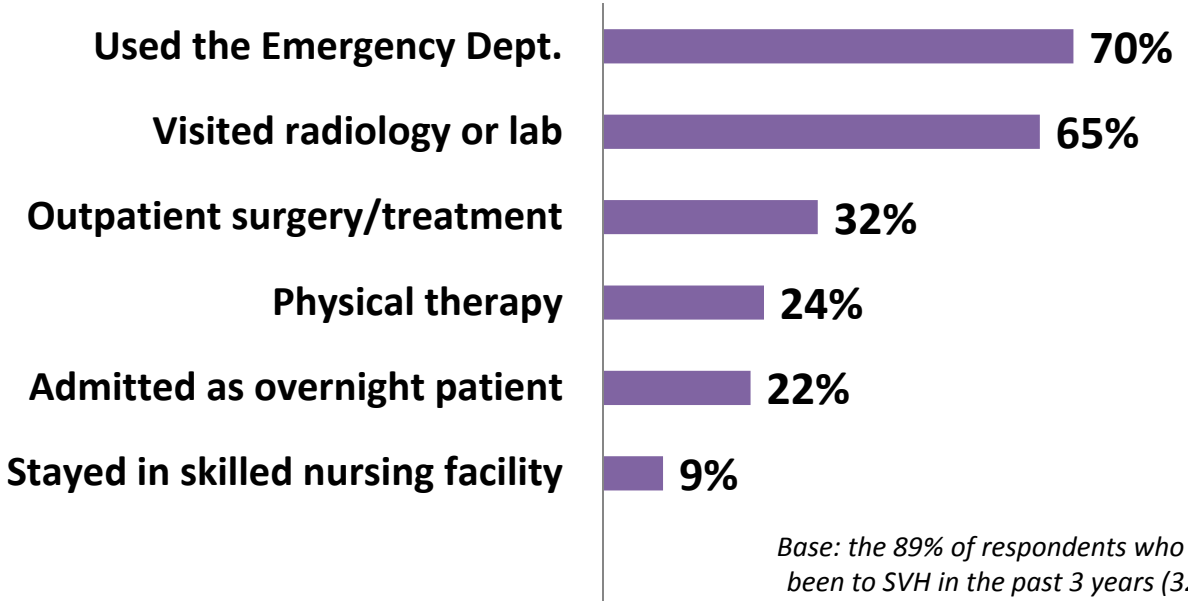
Use of SVH

Frequency: 89% of all respondents (or their families) visited SVH in the past 3 years, including 64% who averaged at least one visit per year.

- Phone respondents report more frequent usage of the hospital in 2019 than in 2015.

Purpose: The most common purposes for a visit were the ER or Radiology/Lab.

What were the purpose(s) of your visit(s) to SVH in the past 3 years (Multiple answers allowed)



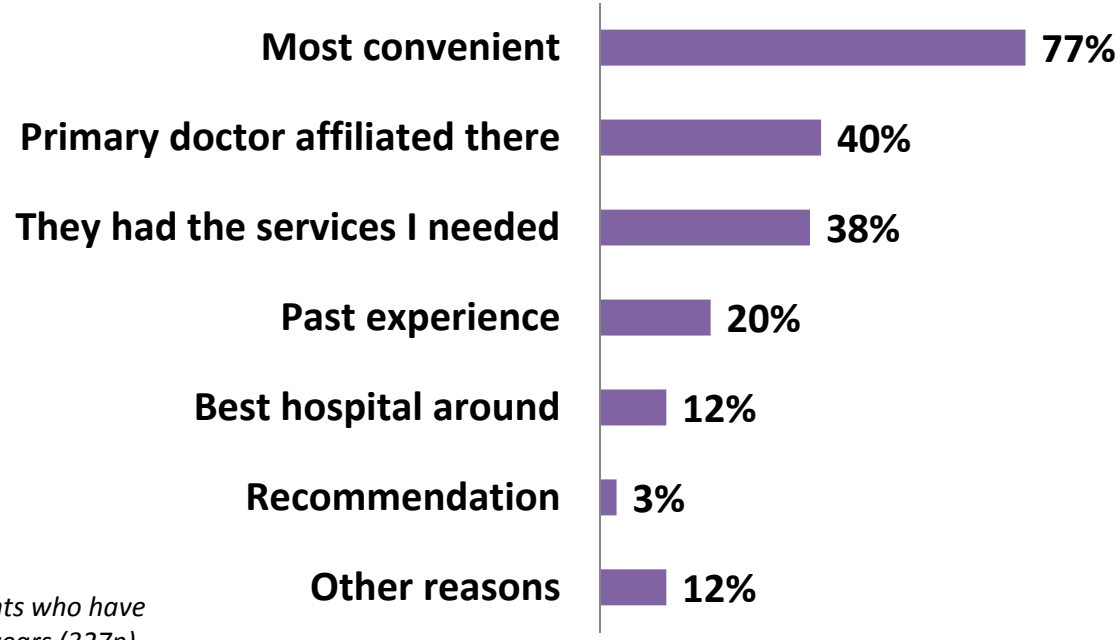
Base: the 89% of respondents who have been to SVH in the past 3 years (327n)

Choosing SVH

Reasons for Using: The main reason survey respondents report for choosing SVH is convenience (77%).

- Online respondents were more likely to choose SVH because their doctor is affiliated there and because it had the services they needed.

What are the main reasons you or your family chose to go to SVH rather than another hospital? (Multiple answers allowed)



Base: the 89% of respondents who have been to SVH in the past 3 years (327n)

Satisfaction With SVH Visit

Most Recent Visit(s): The majority (78%) of SVH visitors were satisfied with the care they received during their most recent visit.

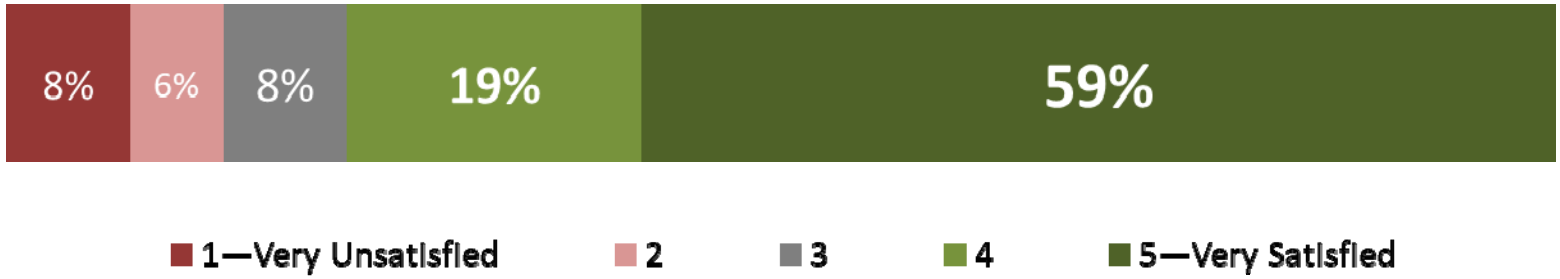
- Phone respondents had a higher level of satisfaction (82%) than did Online respondents (74%).

Compared to 2015:

- Satisfaction for Online respondents dropped in 2019 compared to 2015, with the percent Very Satisfied down 10 points (55% from 65%), and the percent Unsatisfied nearly doubled (14% from 8%).

How satisfied are you with the level of care you received (at your last visit)?

Base: the 89% of respondents who have been to SVH in the past 3 years (327n)

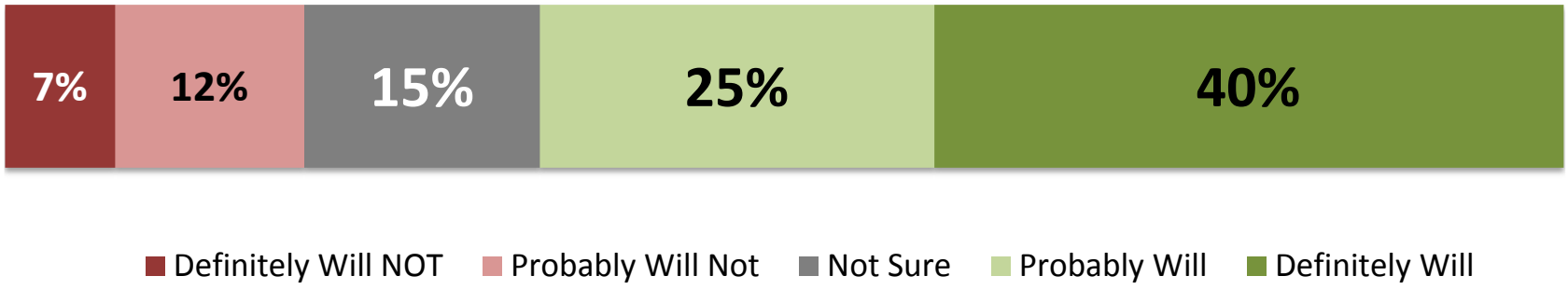


Future Use of SVH

Likelihood of Future Use: 65% of all respondents say they will likely use SVH again in the future.

- Down from 78% in 2015.

How likely are you to use Sonoma Valley Hospital the next time you or a loved one requires hospital care?



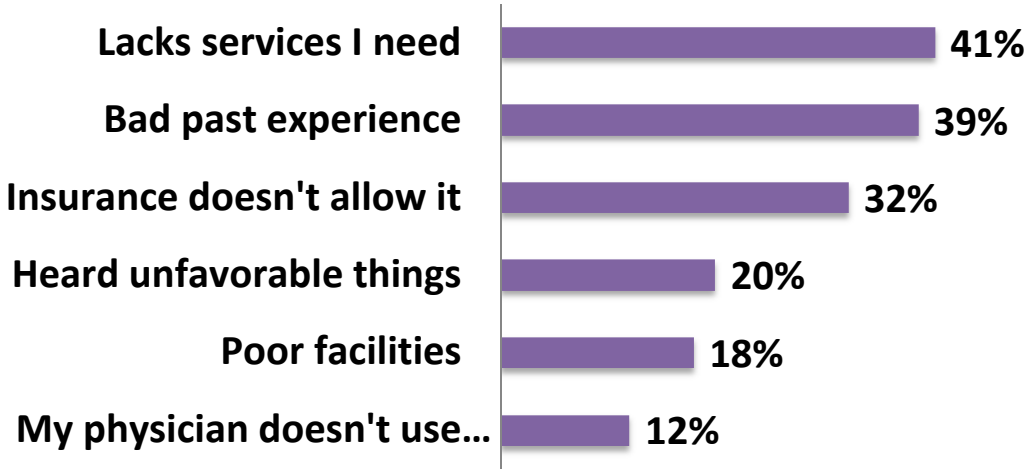
Base: the 89% of respondents who have been to SVH in the past 3 years (327n)

Reasons For Not Using SVH

Reasons for Not Using SVH in the Future: The main reasons people won't return to SVH are that it lacks the services needed (41%), a bad past experience (39%), and insurance restrictions (32%).

- More respondents in 2019 than in 2015 would not use SVH because it lacks the services they need (41% v. 9% in 2015).
- Physician not using SVH was less of a problem for Phone respondents in 2019 vs 2015.
- *Note small base (n=125)*

Why are you unlikely/uncertain to use SVH for future care? (Multiple answers allowed)



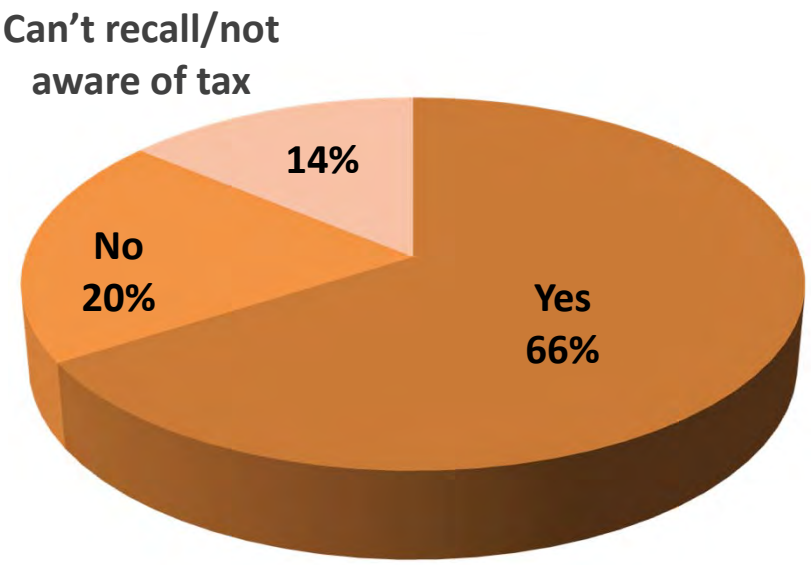
Base: The 34% of respondents who will not uses SVH in future (n=125)

The Parcel Tax

Support for the 2017 Parcel Tax: The majority of respondents (66%) voted for the parcel tax in 2017.

- This response in 2019 is higher than the 60% in the 2015 survey who said they were generally supportive of a parcel tax.

Did you vote for the parcel tax in 2017?



"Do you support Parcel Tax?"
2015 survey

Yes 60%
No 14%

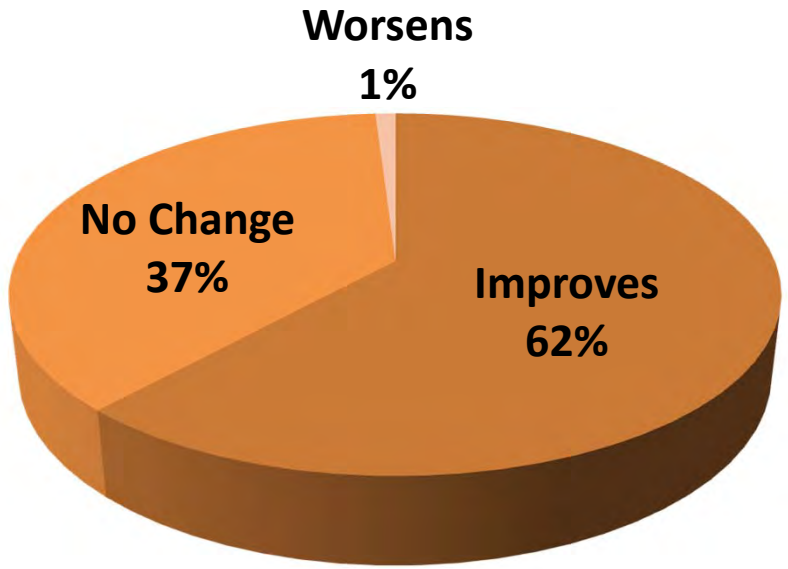
Base: All Respondents (n=369)

UCSF Affiliation

Awareness: The UCSF affiliation is seen as positive—it has enhanced the opinion of SVH for 62% of all respondents.

Survey Variances: Nearly all Online respondents (91%) and most Phone respondents (58%) were aware of the affiliation with UCSF Health.

How does the affiliation with UCSF affect your opinion of SVH?



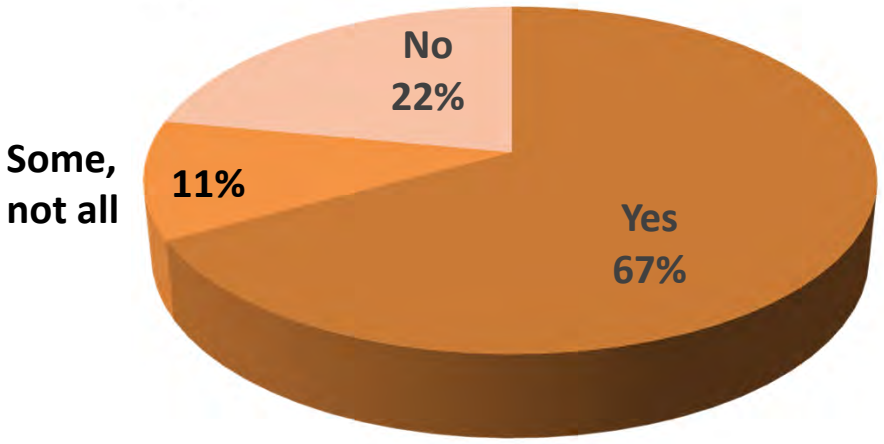
Base: All Respondents (n=369)

Changes in SVH Services

Awareness: In aggregate, 67% are aware of all changes in services and 11% are aware of some changes. Online respondents were much more aware than Phone respondents.

Survey Variances: Almost all Online respondents (95%) were aware of at least some of the recent changes in services, including 83% who were aware of all of the changes. While more than half of Phone respondents (53%) were aware of at least some of the changes, 37% were not aware of any.

The hospital made decisions affecting certain services in the past year because the services were losing money. These changes included closing Obstetrics, transitioning Home Care to a local organization, and bringing in an outside company to run the Skilled Nursing Facility. Are you aware of these changes?



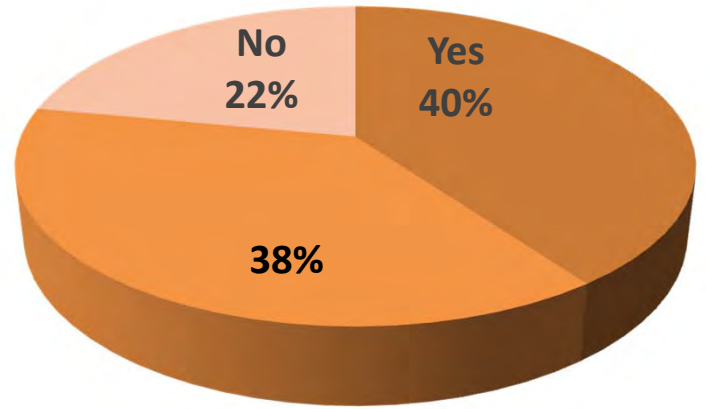
Base: All Respondents (n=369)

Changes in SVH Services

Opinion: **In total, 40% agreed with all changes and 38% agreed with some changes. Online respondents were much more likely to agree than Phone respondents.**

Survey Variances: **Most Online respondents agreed with at least some of the changes (49% agreed with all of them, 39% agreed with some), with only 13% saying the decisions were bad. By contrast, only 28% of Phone respondents thought all the changes were good, 37% felt that some were, and 35% did not think SVH made good decisions in making these changes.**

Do you think the hospital made good decisions in making these changes?



Base: All Respondents (n=369)

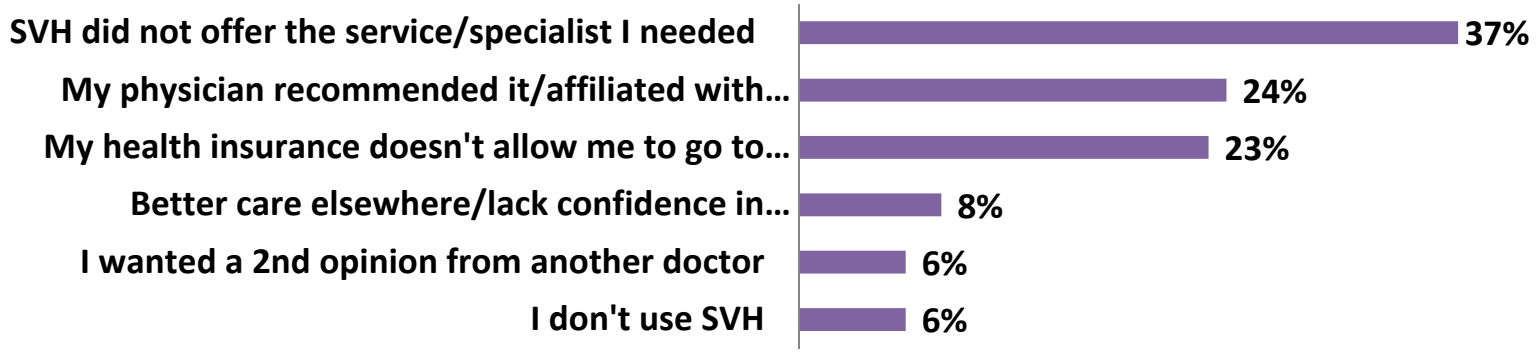
Use of Other Area Hospitals

Total Visitation: 59% of all respondents have visited a hospital other than SVH for services in the past 3 years.

Reasons for Visiting Another Hospital: The most common reason people went elsewhere was that SVH did not offer the service(s) they needed.

- More so for Online respondents (41%) than Phone respondents (24%).

What were the reason(s) you went to another hospital rather than SVH? (Multiple answers allowed)



Base: The 59% of respondents who have visited a hospital other than SVH in the past 3 years (n=219)

Kaiser Members View SVH Favorably

SVH Use: 20% of all respondents (75) are Kaiser members. 65% of Kaiser respondents/family used SVH at least once in the past 3 years

Opinions: Generally, Kaiser member opinions are similar to those of non-Kaiser respondents

- 70% believe it is essential to have a hospital in community
- 92% believe it is essential to have an ED in community
- 57% have favorable opinion of SVH; 20% unfavorable
- 57% voted for parcel tax in 2017

Of those who have used SVH services:

- 75% satisfied with level of care received
- 62% report positive experience with Emergency Department

Differences Between Survey Groups

While in most ways the two survey groups hold similar views of SVH, there are different factors shaping some opinions:

Phone (Random):

- Higher number of Kaiser members
- Use SVH less because insurance access is larger obstacle
- Younger average age; fewer Medicare users
- Not as well informed about SVH decisions, services changes

Online (Email)

- Older average age; more Medicare users
- Twice as many have made a financial donation (21% vs 42%)
- Generally better informed about SVH (i.e. UCSF affiliation; services changes)
- Online respondents show higher level of engagement with SVH, but this also tends to make them more critical of SVH in some ways.

Conclusions

Opinions about SVH are mostly positive, with most respondents offering favorable opinions about the hospital and its services.

- 8 out of 10 are satisfied with level of care received.
- 34% say their opinion of hospital has improved in recent years.
- 65% will use SVH again
- Nearly twice as many people (31%) say they hear mostly positive comments from others about SVH as hear mostly negative comments (16%).

Conclusions

However, positive opinions in some areas have dropped since 2015 as critical comments have increased… to the point that sometimes it seems like people in the community are talking about two different hospitals.

- Open-ended survey comments reinforced many positive comments, but also noted concerns about financial stability, the parcel tax and hospital services.

Conclusions

Positive opinions cover many areas, negative opinions tend to focus on fewer areas, but these receive considerable emphasis by some.

Positive opinions:

- Convenience of having SVH in community
- Need for ER in community
- Overall perception of SVH
- Level of care received
- Friendly staff
- Improved facilities
- UCSF affiliation

Negative opinions:

- Financial stability
- Not enough services offered
- Decisions to close/change existing services
- Need for parcel tax

Conclusions

This survey identifies areas of concern to many community members, especially those decisions/actions taken by the administration and board influencing financial sustainability and hospital services.

Going forward, it will be important to continue addressing these concerns through clear communications, including making efforts to reach those in the community who are less engaged with the hospital.

Exhibit 4

Sonoma Valley Hospital Statements of Revenues and Expenses (P&L)
Years Ended June 30

	2010	2011	2012	2013	2014	2015	2016	2017	2018	Unaudited 2019
Revenue										
Inpatient	$ 15,698,877	$ 18,173,838	$ 18,325,810	$ 61,939,766	$ 59,360,911	$ 63,018,325	$ 65,987,866	$ 78,991,841	$ 74,185,947	$ 73,559,599
Outpatient and Emergency	17,375,870	18,994,074	21,687,733	99,124,148	111,903,503	80,162,097	86,068,454	86,594,341	91,863,215	102,472,437
Emergenecy -- after 2014						49,445,264	64,328,182	73,595,308	71,169,484	76,095,407
Skilled Nursing Facility	4,233,505	5,408,263	4,385,010	25,104,020	28,164,374	24,585,733	25,233,883	22,997,175	24,062,441	19,207,783
HomeCare	2,190,377	2,264,696	2,328,388	3,499,514	3,488,560	4,160,036	3,731,909	3,896,178	3,421,722	762,447
(Before contract discounts were not shown in Statements)				$ 189,667,448	$ 202,917,347	$ 221,371,456	$ 245,350,294	$ 266,074,843	$ 264,702,809	**$ 272,097,673**
Deductions from revenue										
Contractual Discounts				$ (143,192,466)	$ (155,923,736)	$ (173,971,909)	$ (193,399,917)	$ (211,826,072)	$ (213,450,741)	$ (221,461,298)
Bad Debt Expense	$ (2,230,000)	$ (3,515,000)	$ (3,490,000)	(2,901,255)	(1,458,255)	(1,175,000)	(1,240,000)	(1,890,000)	(1,903,000)	(1,980,000)
Charity Care Provision	(134,200)	(359,740)	(478,860)	(2,040,452)	(269,250)	(310,100)	(298,356)	(365,867)	(191,666)	(299,536)
Prior Period Adjustments				(836,022)	807,929	2,358,879	2,919,501	3,058,326	5,286,886	9,205,478
Total Deductions from Revenue				$ (148,134,173)	$ (156,843,312)	$ (173,098,130)	$ (192,018,772)	$ (211,023,613)	$ (210,258,521)	**$ (214,535,356)**
Net Patient Service Revenue	$ 37,134,429	$ 40,966,130	$ 42,758,081	$ 40,697,253	$ 46,074,035	$ 48,273,326	$ 53,331,522	$ 55,051,230	$ 54,444,288	$ 57,562,317
Capitation Revenue	$ 2,573,773	$ 2,351,969								
Napa State Revenue		1,438,003								
Risk Contract Revenue	$ 2,573,773	$ 3,789,972	$ 3,396,375	$ 3,825,992	$ 3,398,449	$ 2,991,896	$ 1,681,630	$ 1,553,668	$ 1,358,417	$ 755,801
Net Hospital Revenue	$ 39,708,202	$ 44,756,102	$ 46,154,456	$ 45,359,267	$ 49,472,484	$ 51,265,222	$ 55,013,152	$ 56,604,898	$ 55,802,705	$ 58,318,118
Other Operating Revenue			167,000	$ 268,541	$ 1,369,858	$ 443,962	$ 560,254	$ 341,678	$ 186,371	$ 499,083
Total Operating Revenue	**$ 39,708,202**	**$ 44,756,102**	**$ 46,321,456**	**$ 45,627,808**	**$ 50,842,342**	**$ 51,709,184**	**$ 55,573,406**	**$ 56,946,576**	**$ 55,989,076**	**$ 58,817,201**
Operating Expenses										
Salary & Wage (& Medical Agency Fees after 2012)	$ 20,434,749	$ 21,922,333	$ 21,884,075	$ 23,757,873	$ 24,236,612	$ 24,618,986	$ 26,972,803	$ 27,029,808	$ 27,680,096	$ 25,542,835
Medical Agency Fees	348,307	961,503	738,584							
Employee Benefits	6,722,923	7,113,174	8,110,945	8,796,201	8,931,585	9,502,533	9,711,167	10,770,495	10,200,053	9,069,787
Total People Cost	$ 27,505,979	$ 29,997,011	$ 30,733,604	$ 32,554,074	$ 33,168,197	$ 34,121,519	$ 36,683,970	$ 37,800,303	$ 37,880,149	$ 34,612,622
Medical and Professional Fees (Excluding Agency)	$ 3,689,690	$ 5,044,153	$ 5,840,943	$ 4,581,763	$ 4,994,119	$ 4,480,306	$ 4,399,989	$ 4,689,272	$ 5,053,429	$ 5,669,261
Supplies	5,132,163	6,355,544	6,277,137	6,156,796	5,891,744	5,708,519	6,255,970	7,190,664	6,380,427	6,928,535
Purchased Services (Including Managed Care)	2,796,294	4,060,280	3,909,741	5,083,928	4,838,144	4,277,999	3,545,165	3,988,155	4,398,278	4,863,412
Depreciation	1,641,257	1,833,671	1,991,127	2,132,705	2,339,876	3,508,397	3,461,197	3,385,925	3,424,202	3,392,235
Utilities	779,375	833,239	855,782	899,734	961,882	1,077,820	1,118,495	1,189,500	1,189,992	1,172,034
Insurance	267,412	231,144	230,965	243,607	226,650	231,060	303,070	354,447	371,828	441,379
Interest	397,365	605,200	371,604	361,512	340,651	510,538	656,362	541,086	565,797	643,008
Other	1,119,739	1,300,279	1,951,018	1,112,839	2,161,079	1,772,838	2,039,331	1,736,535	1,428,617	1,296,235
Matching Fees (A)						916,592	657,826	957,445	1,695,736	2,796,223
Operating expenses	$ 43,329,274	$ 50,260,520	$ 52,161,921	$ 53,126,958	$ 54,922,342	$ 56,605,588	**$ 59,121,375**	**$ 61,833,332**	**$ 62,388,455**	**$ 61,814,944**
Other Operating Revenue	258,744	264,718								
Operating Margin	**$ (3,362,328)**	**$ (5,239,700)**	**$ (5,840,465)**	**$ (7,499,150)**	**$ (4,080,000)**	**$ (4,896,404)**	**$ (3,547,969)**	**$ (4,886,756)**	**$ (6,399,379)**	**$ (2,997,743)**
	-8.5%	-11.7%	-12.6%	-16.4%	-8.0%	-9.5%	-6.4%	-8.6%	-11.4%	-5.1%
Non Operating Revenue & Expense										
Revenue	$ 62,848	$ 84,969	$ 487,322	$ 1,717,163	$ (120,775)	$ 296,492	$ (89,083)	$ (119,792)	$ (88,735)	$ (151,534)
Donations	26,494	7,711	2,192,993	118,139	444,099	48,587	88,641	108,551	30,326	16,613
Physician Practice Support	(112,485)	(676,301)	(784,367)	(787,560)	(604,413)	(450,000)	(480,000)	(450,000)	(681,192)	(449,864)
Parcel Tax Assessment	3,685,017	2,928,000	2,914,779	2,967,986	2,963,353	2,928,263	2,967,517	2,949,529	3,791,551	3,781,005
Professional Center		(49,514)								
Extraordinary Items									(26,875)	
Go Bond Assessment		1,866,000	1,842,802	1,829,105						
Go Bond Interest			(360,130)	(360,132)						
Total Non-Operating Revenue	$ 3,661,874	$ 4,160,865	$ 6,293,399	$ 5,484,701	$ 2,682,264	$ 2,823,342	**$ 2,487,075**	**$ 2,488,288**	**$ 3,025,075**	**$ 3,196,220**
Net Income/(Loss) before Restricted Contributions & Ext Ord Item	**$ 299,547**	**$ (1,078,834)**	**$ 452,934**	**$ (2,014,449)**	**$ (1,397,736)**	**$ (2,073,062)**	**$ (1,060,894)**	**$ (2,398,468)**	**$ (3,374,304)**	**$ 198,477**
Capital Campaign Contribution (B)				$ 3,858,852	$ 3,331,307	$ 756,340	$ 472,035	$ 242,983	$ 143,998	$ 30,447
Restricted Foundation Contribution (B)				114,334		395,489	450,000	621,313	1,039,838	1,946,999
Net Income/(Loss) before GO Bond Activity after 2012				**$ 1,958,737**	**$ 1,933,571**	**$ (921,233)**	**$ (138,859)**	**$ (1,534,173)**	**$ (2,190,468)**	**$ 2,175,923**
GO Bond Tax Assessment	(see above for 2011 through 2013)				$ 1,975,604	$ 3,058,443	$ 2,913,324	$ 3,335,371	$ 3,164,434	$ 3,273,235
GO Bond Interest	(see above for 2011 through 2013)				(928,895)	(1,478,739)	(1,374,745)	(1,338,835)	(1,273,802)	(1,214,224)
Net Income/(Loss) after GO Bond Activity after 2012	**$ 299,547**	**$ (1,078,834)**	**$ (1,029,738)**	**$ (3,483,422)**	**$ 2,980,280**	**$ 658,472**	**$ 1,399,720**	**$ 462,363**	**$ (299,836)**	**$ 4,234,934**

Notes
(A) - Matching fees are a cost encurred related to securing Prior Period Adjustments revenue.
(B) - Capital Campaign and Restricted Donations are not included in statements before 2014.

Exhibit 5

Sonoma Valley Hospital

Balance Sheets as of June 30

	6/30/10	06/30/11	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	Unadited 10/31/19
Assets											
Current Assets:											
Cash	$ 2,964,506	$ 3,186,544	$ 1,790,849	$ 2,138,402	$ 1,626,337	$ 2,435,080	$ 1,384,178	$ 3,166,281	$ 1,671,423	$ 3,450,014	$ 1,674,525
Trustee Funds.Cash - Money Market	290,696	892,813	276,368	1,263,697	1,637,914	3,021,372	3,420,699	3,966,031	4,437,878	5,016,479	1,034,330
Net Patient Receivables	5,525,489	5,681,761	7,908,207	8,070,322	7,998,223	7,204,545	9,241,081	9,409,871	7,792,665	7,126,897	6,878,979
Allow Uncollect Accts	(1,660,000)	(1,687,893)	(1,976,621)	(1,471,800)	(965,414)	(535,554)	(925,573)	(1,441,052)	(1,210,340)	(1,185,346)	(1,335,923)
Net A/R	3,865,489	3,993,868	5,931,586	6,598,522	7,032,809	6,668,991	8,315,508	7,968,819	6,582,325	5,941,551	5,543,056
Other Accts/Notes Rec	5,297,868	4,112,323	6,344,008	7,714,711	7,427,688	8,154,791	7,315,041	7,137,441	6,903,494	7,051,556	7,037,964
3rd Party Receivables	1,326,659	726,567	1,555,719	307,054	1,672,553	797,780	1,347,856	1,043,030	1,545,325	1,171,358	1,339,408
Due Frm Restrict Funds											
Inventory	678,589	889,548	864,137	794,618	760,222	835,426	815,081	832,006	852,689	901,652	889,589
Prepaid Expenses	1,540,571	2,476,488	569,480	1,074,412	816,422	670,890	868,820	848,434	785,383	1,120,165	728,998
Total Current Assets	$ 15,964,377	$ 16,278,152	$ 17,332,147	$ 19,891,416	$ 20,973,945	$22,584,329	$23,467,183	$ 24,962,042	$ 22,778,517	$24,652,775	$ 18,247,870
Board Designated Assets	$ 251,557	$ 253,213	$ 185,909	$ 186,468							
Property,Plant & Equip, Net	7,742,071	7,623,889	11,273,989	10,674,452	$ 56,350,250	$54,857,278	$52,341,276	$ 53,261,936	$ 52,220,906	$50,868,938	$ 49,359,998
Hospital Renewal Program	3,133,333	7,824,677	13,942,317	31,801,877							
Unexpended Hospital Renewal Funds	4,782,777	23,629,061	18,963,901	4,024,454							
Investments	36,131	36,060	36,839								
Specific Funds	36,194	31,768	1,869,491	3,430,427	1,234,949	239,529	445,395	918,711	671,315	2,201,684	2,956,126
Total Other Assets	285,457	295,124	420,714	271,813	200,063	143,321	144,202				
Total Assets	$ 32,231,897	$ 55,971,944	$ 64,025,307	$ 70,280,907	$ 78,759,207	$77,824,457	$76,398,056	$ 79,142,689	$ 75,670,738	$77,723,397	$ 70,563,994
Liabilities & Fund Balances											
Current Liabilities:											
Accounts Payable	$ 1,945,679	$ 4,523,831	$ 5,364,279	$ 7,011,505	$ 5,893,464	$ 3,085,034	$ 3,790,283	$ 3,525,679	$ 3,814,340	$ 4,242,741	$ 3,070,966
Accrued Compensation	3,207,728	2,942,131	3,123,812	3,184,927	3,547,764	3,935,560	4,043,854	4,524,435	4,100,868	3,670,842	3,369,666
Interest Payable	320,719	716,849	714,262	714,262	520,286	589,645	571,281	551,329	528,873	503,825	286,277
Accrued Expenses	1,448,845	1,713,004	152,010	957,397	1,543,039	1,199,829	1,088,281	1,623,580	1,156,048	1,746,367	1,393,921
Deferred Revenue-HHA -Advances from 3rd Parties	119,860	108,288	950,254	1,689,354	317,105	1,702,194	135,883	510,274	124,882	297,936	119,469
Deferred Tax Revenue	4,794,000		4,769,308	4,825,602	5,849,985	5,913,329	5,962,904	6,808,200	6,853,235	6,904,781	4,603,185
Current Maturities-LTD	510,787	1,166,571	1,478,198	795,004	1,510,435	1,496,385	1,496,385	1,302,516	1,302,516	544,598	448,256
Line of Credit - Union Bank						5,923,734	6,723,734	6,973,734	6,973,734	6,723,734	
Other Liabilites			182,110	2,424,868	5,175,182	611,724	159,216	1,386	201,386	201,386	6,100,120
Total Current Liabilities	$ 12,347,619	$ 11,170,675	$ 16,734,233	$ 21,602,919	$ 24,357,261	$24,457,434	$23,971,821	$ 25,821,133	$ 25,055,882	$24,836,210	$ 19,391,860
Long Term Debt	$ 13,589,651	$ 39,236,258	$ 38,393,797	$ 37,820,460	$ 40,783,715	$39,087,923	$36,744,412	$ 37,180,889	$ 34,774,024	$32,811,420	$ 28,871,600
Fund Balances:											
Unrestricted	$ 6,264,255	$ 5,534,293	$ 8,866,559	$ 6,772,012	$ 12,442,444	$12,228,726	$12,709,414	$ 12,261,533	$ 10,777,862	$13,207,065	$ 14,886,762
Restricted	30,373	30,718	30,718	4,085,516	1,175,787	2,050,375	2,972,410	3,879,134	5,062,970	6,868,702	7,413,774
Total Fund Balances	$ 6,294,628	$ 5,565,011	$ 8,897,277	$ 10,857,528	$ 13,618,231	$14,279,101	$15,681,823	$ 16,140,667	$ 15,840,832	$20,075,767	$ 22,300,536
Total Liabilities & Fund Balances	$ 32,231,897	$ 55,971,944	$ 64,025,307	$ 70,280,907	$ 78,759,207	$77,824,458	$76,398,056	$ 79,142,689	$ 75,670,738	$77,723,397	$ 70,563,996

Sonoma Valley Health Care District
Statements of Net Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,651,697	$ 2,342,737
Patient accounts receivable, net of allowance for doubtful accounts of $1,185,345 and $1,210,338 in 2019 and 2018, respectively	5,856,145	6,464,621
Estimated third-party payor settlements	445,220	892,336
Property tax receivable	7,004,881	7,060,250
Other receivables	409,427	613,939
Pledge receivables	135,521	-
Inventories	901,652	852,688
Prepaid expenses and other current assets	1,116,921	785,383
Total current assets	21,521,464	19,011,954
Capital assets, net	50,868,937	52,220,907
Noncurrent investments		
Restricted for debt service	5,016,479	4,437,878
Total noncurrent investments	5,016,479	4,437,878
Total assets	$ 77,406,880	$ 75,670,739
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	$ 6,510,167	$ 5,628,545
Accrued payroll and related liabilities	3,150,043	3,634,422
Deferred tax revenue	6,904,781	6,853,235
Line of of credit	6,723,734	6,973,734
Bonds payable, current portion	1,631,000	1,529,000
Capital lease obligations, current portion	344,477	950,690
Notes payable, current portion	2,419,733	2,350,366
Total current liabilities	27,683,935	27,919,992
Long-term liabilities		
Accrued workers' compensation liability	650,000	663,000
Bonds payable, net of current portion	28,269,000	29,900,000
Capital lease obligations, net of current portion	279,128	611,726
Notes payable, net of current portion	445,532	735,189
Total long-term liabilities	29,643,660	31,909,915
Total liabilities	57,327,595	59,829,907
Net position		
Net investment in capital assets	10,756,333	9,170,202
Restricted		
For debt service	5,016,479	4,437,878
Expendable for capital assets	2,337,205	650,620
Total restricted	7,353,684	5,088,498
Unrestricted	1,969,268	1,582,132
Total net position	20,079,285	15,840,832
Total liabilities and net position	$ 77,406,880	$ 75,670,739

The accompanying notes are an integral part of these financial statements.

Sonoma Valley Health Care District
Statements of Revenues, Expenses and Change in Net Position
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues		
Net patient service revenue	$ 57,553,690	$ 54,439,085
Capitation revenue	755,801	1,358,418
Total operating revenues	58,309,491	55,797,503
Operating expenses		
Salaries and wages	26,834,013	29,992,860
Employee benefits	6,104,110	6,551,231
Purchased services	4,867,261	4,398,195
Professional fees, medical	6,669,310	5,809,116
Professional fees, non-medical	658,575	580,667
Supplies	6,898,410	6,356,090
Facilities and equipment	668,684	740,668
Utilities	1,171,603	1,189,990
Insurance	441,380	371,824
Depreciation and amortization	3,392,233	3,424,202
Other expenses	3,439,339	2,407,797
Total operating expenses	61,144,918	61,822,640
Loss from operations	(2,835,427)	(6,025,137)
Nonoperating income (expenses)		
General obligation bond tax assessment revenues	3,273,235	3,164,434
Parcel tax assessment revenues	3,781,005	3,791,051
General obligation bond interest	(1,217,171)	(1,275,052)
Interest expense	(657,499)	(564,546)
Contributions to Prima Medical Foundation	(452,439)	(681,200)
Investment income	99,989	71,390
Other income (expense), net	251,540	(8,066)
Total nonoperating income, net	5,078,660	4,498,011
Capital contributions	1,995,220	1,227,291
Change in net position	4,238,453	(299,835)
Net position, beginning of year	15,840,832	16,140,667
Net position, end of year	$ 20,079,285	$ 15,840,832

The accompanying notes are an integral part of these financial statements.

Sonoma Valley Health Care District
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Cash received from patients and third-parties	$ 59,548,957	$ 56,725,907
Cash payments to contractors, vendors and suppliers	(24,288,394)	(22,044,966)
Cash payments to employees and benefit programs	(33,435,502)	(36,951,240)
Net cash provided by (used in) operating activities	1,825,061	(2,270,299)
Cash flows from noncapital financing activities		
Noncapital grants, contributions and other	136,657	(66,673)
Contribution to Prima Medical Foundation	(452,439)	(681,200)
Other deferred revenue	-	200,000
District tax revenues	3,887,917	3,736,307
Net cash provided by noncapital financing activities	3,572,135	3,188,434
Cash flows from capital and related financing activities		
Net purchase of capital assets	(2,124,590)	(2,372,123)
Principal payments on note payable	(375,636)	(337,410)
Principal payments on capital lease obligations	(938,811)	(636,026)
Payment on line of credit	(250,000)	-
Principal payments on bond payable	(1,529,000)	(1,433,000)
Interest paid on long-term debt	(1,899,718)	(1,862,054)
Proceeds on note payable	155,346	-
Tax revenue related to general obligation bonds	3,273,238	3,164,438
Capital grants and gifts	1,995,220	1,227,291
Net cash used in capital financing activities	(1,693,951)	(2,248,884)
Cash flows from investing activities		
Purchases of investments	(578,601)	(471,847)
Proceeds from sales of capital assets	84,327	(11,049)
Interest received from investments	99,989	71,390
Net cash used in investing activities	(394,285)	(411,506)
Net increase (decrease) in cash and cash equivalents	3,308,960	(1,742,255)
Cash and cash equivalents, beginning of year	2,342,737	4,084,992
Cash and cash equivalents, end of year	$ 5,651,697	$ 2,342,737

The accompanying notes are an integral part of these financial statements.

Sonoma Valley Health Care District
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Reconciliation of loss from operations to net cash used in operating activities		
Loss from operations	$ (2,835,427)	$ (6,025,137)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities		
Depreciation and amortization	3,392,233	3,424,202
Allowance for doubtful accounts	1,980,000	1,900,000
Changes in operating assets and liabilities		
Patient accounts receivable, net	(1,187,650)	(563,331)
Estimated third-party payor settlements	447,116	(435,142)
Accounts payable and accrued expenses	409,291	(613,260)
Other assets and liabilities	(380,502)	42,369
Net cash provided by (used in) operating activities	1,825,061	(2,270,299)

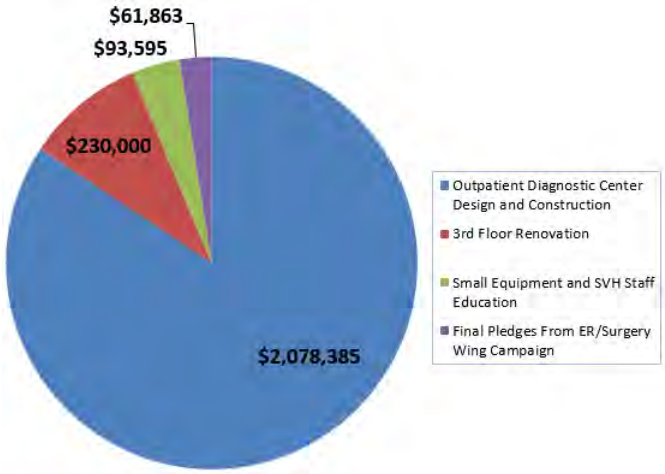
Supplemental schedule of noncash investing and financing activities

Acquisition of capital assets financed with long-term debt	$ -	$ 410,810

The accompanying notes are an integral part of these financial statements.

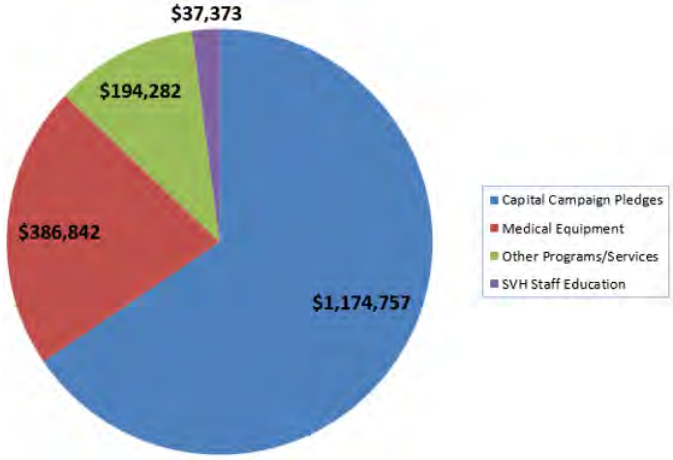
SONOMA VALLEY HOSPITAL FOUNDATION

2018 Distributions to Sonoma Valley Hospital
Total: $ 2,463,843

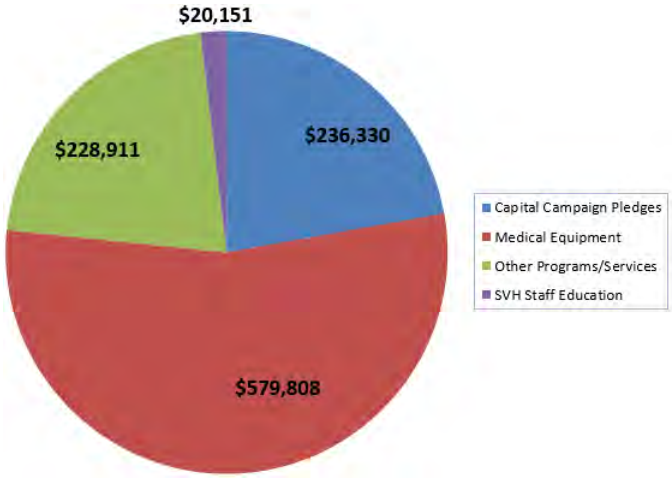


Note: These are calendar year numbers. They will not agree with SVH financial statements which are fiscal years ending June 30.

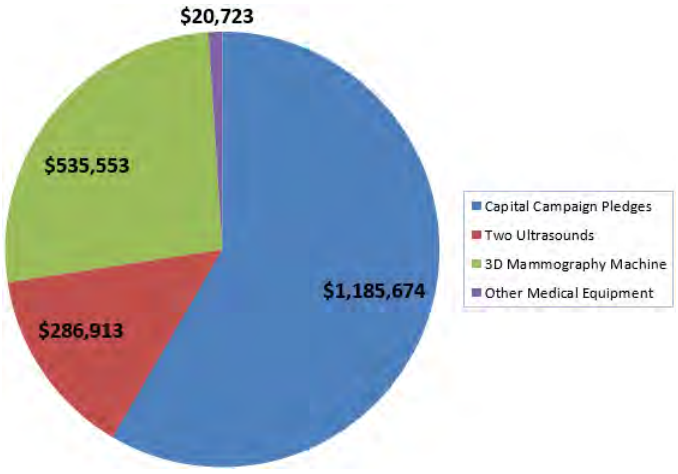
2017 Distributions to Sonoma Valley Hospital
Total: $ 1,793,254



2016 Distributions to Sonoma Valley Hospital
Total: $ 1,065,200



2015 Distributions to Sonoma Valley Hospital
Total: $ 2,028,863



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Supporting the hospital is an investment in our community, one that benefits everyone in the Sonoma Valley. Doing so helps ensure we all have prompt access both to emergency care and a range of needed healthcare services. We gratefully recognize the following donors for their gifts to the SVH Foundation.

Our **Champions and Benefactors** have given lifetime gifts that exceed $1 million and $500,000 respectively. We are immensely grateful for their belief in and support of the hospital, enabling significant positive impact on medical care in Sonoma Valley.

A successful Capital Campaign requires generous leadership gifts.

We are incredibly grateful to our philanthropic leaders who believe in the hospital and the importance of creating a state-of-the-art Diagnostic Center. They are showing the way for bringing the best healthcare to Sonoma.

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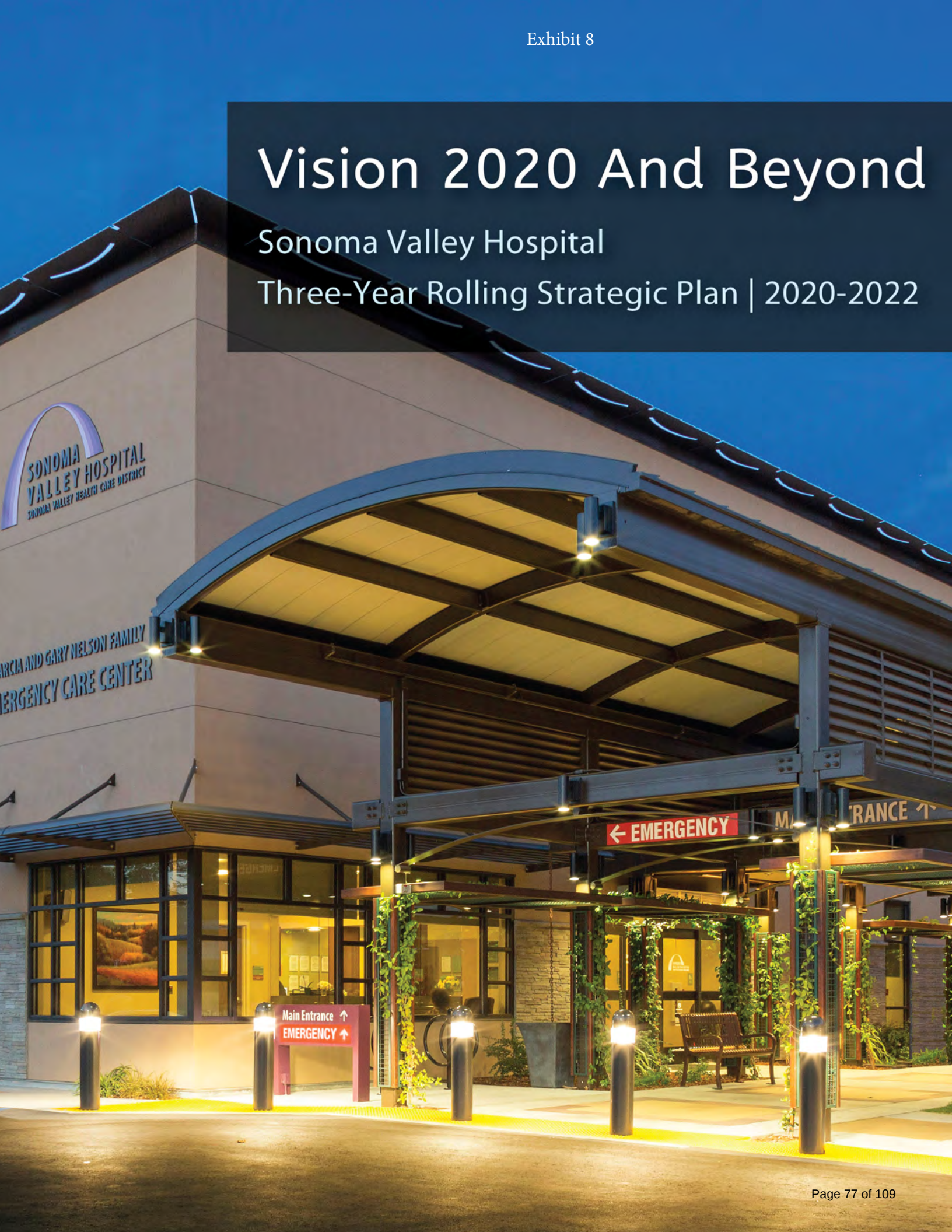
Vision 2020 And Beyond

Sonoma Valley Hospital

Three-Year Rolling Strategic Plan | 2020-2022



Introduction

Sonoma Valley Hospital is undergoing a period of reinvention, moving from a traditional small community hospital model toward a more sustainable role within a rapidly changing healthcare system. This is necessary to respond to the new realities in healthcare, one of which is that fewer and fewer patients will stay overnight in a hospital, and that most care today is being provided on an outpatient basis and will, in the future, increasingly be provided outside of a hospital

We have learned that you cannot simply revise the traditional hospital model through cost-cutting and greater efficiencies to maintain competitiveness. While these will help, they do not address the challenges posed by the fundamental shift now underway in how healthcare is delivered. What is required is rethinking the role of a small hospital and how it serves its community while maintaining the essential emergency services the community expects. This thinking is what drives this strategic plan.

Regional Healthcare Center Vision

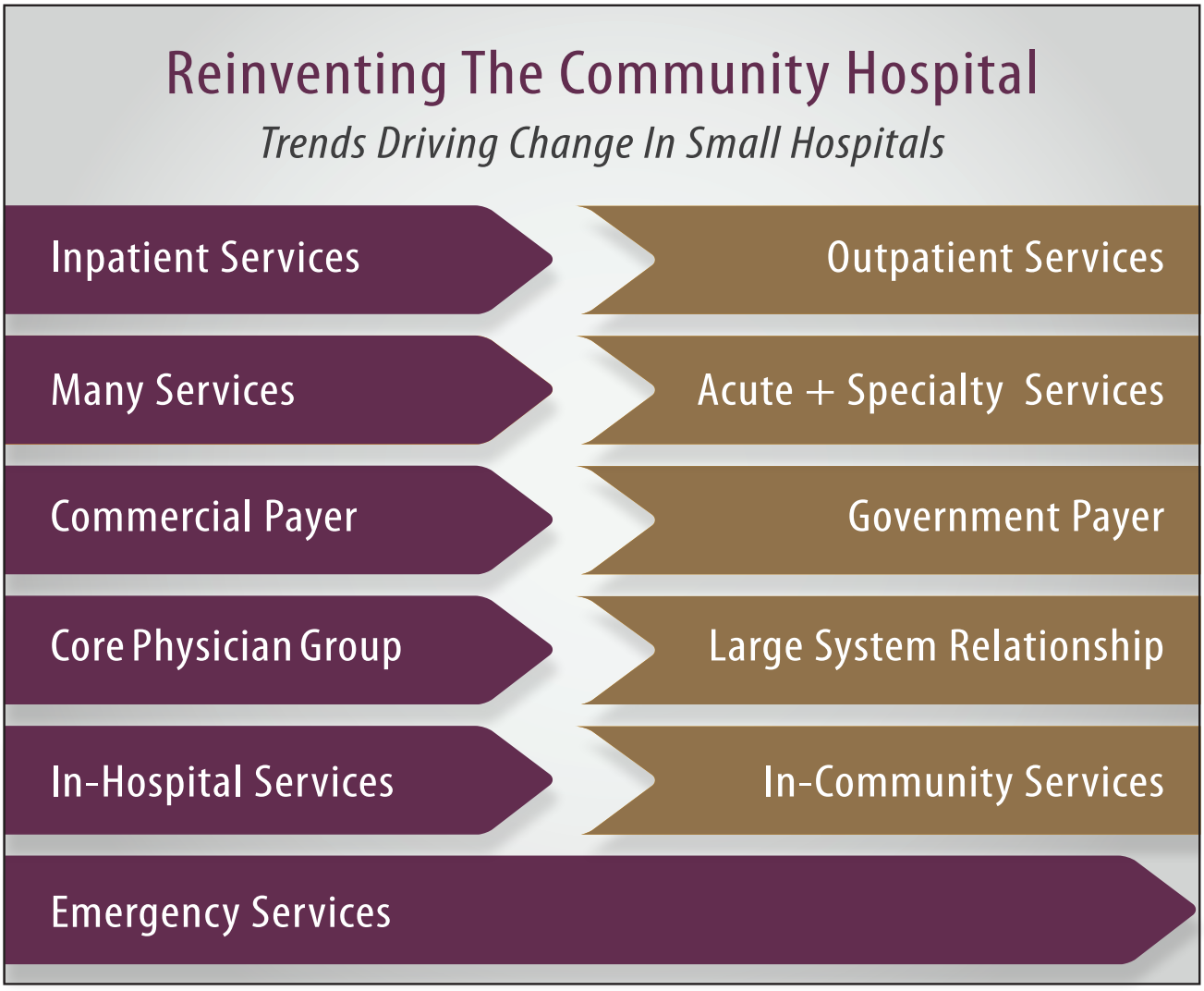
Our vision for 2020 and beyond is to become an Outstanding Regional Center for Healthcare. We must look beyond our immediate market to survive, first because the Sonoma Valley is a small market and, second, because competition in the form of large healthcare systems continues to gain market share in our service area. Our affiliation with UCSF Health and participation in Canopy Health are two steps we have taken recently to address these challenges.

This strategic plan calls for a broader vision, but it also requires imagination. We must envision a new role for our hospital if it is to be financially viable. Fortunately, some changes in healthcare that are disrupting the traditional hospital model also provide growth opportunities, especially for small, nimble and creative hospitals like ours. In responding quickly, we stay ahead of the rapid change.

Our new vision emphasizes partnership with larger providers, continued emphasis on quality service, and diversification in outpatient services, while maintaining a focus on providing excellent emergency services.

In developing this strategic plan, we gathered perspectives from internal and external interviews, including meetings with leaders at a number of larger hospitals in our region. The process was led by a steering committee that included two board members and the CEO of the hospital. We also studied industry-wide trends and those emerging in our immediate market.

This plan identifies the strategic initiatives that, over the next three years, will strengthen the hospital financially, improve us competitively, and enable us to better serve our community.



Situation Analysis

While there are many factors driving our thinking on how to best prepare SVH for the future, the following are some of the more influential we must address.

Emergency Care – Emergency Care remains the foundation of our community mission. Since opening the new Emergency Department in 2014, use has grown, although it has settled lately at around 10,000 visits per year. There are a number of reasons for this, including growing competition, the drop in covered patients and the rise of high deductibles. Patient satisfaction with our ED, according to surveys, is very high.

Community Served – Our immediate market area is small with a population of around 42,000. Of this, nearly 25 percent are age 65 and older, a group largely dependent on Medicare. We also serve a large and growing Latino population.

Payer Mix – We continue to experience a growing dependence on lower-paying Medicare and Medi-Cal payments. These two government payers now represent 76 percent of hospital gross revenue, up from 67 percent just five years ago. Learning to live on these levels of payment is essential to our survival.

SVH Changing Payer Mix*

Growing Dependence on Government Payments

2018		2013
58%	Medicare	53%
18%	Medi-Cal	14%
76%	**Government Total**	**67%**
19%	Commercial	26%
2%	Worker's Comp	3%
3%	Other	4%

**Percentage of gross revenues*

Services Realignment – Decreasing revenues from inpatient services have required us to review service lines and identify those that are not financially sustainable or widely used. This has led us to create initiatives to right-size services. We recently closed one service line (Obstetrics) because of low use and outsourced two others (Home Health Care and Skilled Nursing) so they remain available to our community. We also have responded to the dramatic decrease in inpatient care by developing new opportunities and capacities in outpatient care, such as surgery, imaging and wound care.

Competition – SVH is one of the smaller hospitals in our region and we face competition from several large and growing competitors. This includes Kaiser and several hospital systems, including Sutter Health and St. Joseph's/Providence. Kaiser is our biggest competition and controls nearly half of our marketplace. Kaiser patients can and do use the SVH Emergency Department, and Kaiser represents 46 percent of our ED revenue. Most Kaiser emergency patients needing acute care are treated and, if they require inpatient care, quickly transferred from SVH to a Kaiser facility. Other potential threats include free-standing urgent care or imaging centers and the many disrupters that are entering the healthcare market with retail and online services.

Quality and Patient Experience – There are several factors that create patient loyalty, but the most important is patient experience with the staff and physicians. SVH ranks above the national average in patient satisfaction and has set a goal of being in the top 25th percentile. Our differentiator is that we treat patients like family. As a 4 Star hospital, SVH provides excellent and efficient care that is increasingly recognized by our community. UCSF affiliation has elevated the awareness among local residents of the high quality healthcare options here at home that are more efficient, accessible and convenient.

Technology and Equipment Cost – SVH continues to invest in improved technology and equipment and yet has added very little debt over the years. The physical plant is well maintained and most of the infrastructure has been improved. The hospital has successfully relied on philanthropy for replacement of major equipment. We plan to replace the two largest pieces of imaging equipment and all the cardiology equipment by 2020. Information System costs continue to rise and it has been difficult for SVH to meet this never-ending need.

Financial Stability – Like most hospitals, SVH has seen a dramatic shift from inpatient to outpatient care and our outpatient volume has grown. The emphasis on outpatient care brings several challenges, such as increased competition and pressure on prices. There are several services that produce positive direct margins: Imaging, Surgery, Outpatient Rehabilitation, Cardiology, Wound Care and Special Procedures. SVH continues to respond to the financial challenges of running a small hospital. The major financial concern is cash on hand which results from a high proportion of payments from government programs and lack of leverage with commercial payers. The hospital relies on a parcel tax to maintain Emergency Services.

Physician Access – That so many physicians and specialists are available in this small market is largely due to the presence of the hospital. Many physicians who work in the community or at the hospital do not generate sufficient revenue to cover expenses. The hospital in recent years has brought in over 20 specialists and maintained our primary care base by financially supporting physician practices. We would not succeed without physician partners, but it is a major expense each year.

Consumerism – As patients become more knowledgeable in purchasing and using the services they receive, they expect healthcare to be more transparent, efficient and cost-effective. SVH continues to expand the cash-paying options and is a growing alternative to high-cost facilities. We are now working with organizations that send us patients directly because of our cost efficiency. As one of the very few hospitals in the Bay Area that can survive on Medicare payments, we are primed to be a leader in providing information, financial incentives and decision-making tools that appeal to the healthcare consumer.

Core Strategic Initiatives

SVH has identified four core strategic initiatives that will support our goal of achieving financial sustainability.

1. **Exceed Community Expectations in Emergency Services**
   Our Emergency Department is our core service to the community and we will continue to improve this service so it is viewed as vital and necessary for a healthy, prosperous community.

2. **Create UCSF Health Outpatient Center**
   We will use our accessibility and efficiency to create a seamless patient experience with our partner, UCSF Health, and be considered their outpatient center.

3. **Become a 5 Star Hospital**
   As a CMS 4 Star hospital, which places us among the top hospitals nationally for quality and safety, we are committed to continued improvements to earn the highest ranking and become a 5 Star hospital.

4. **Provide Access to Excellent Physicians**
   SVH will continue to ensure our community has access to physicians locally and continue to bring specialists to the community so residents can find the care they need close to home, including offering UCSF Health specialty services to the region.

Vision 2020 And Beyond – Becoming An Outstanding Regional Center For Healthcare

Following are initiatives either under way or in the planning stages that support the core strategic initiatives and will help us realize our vision of Becoming An Outstanding Regional Center For Healthcare.

Outpatient Diagnostic Center – This facility will bring 21st century diagnostic services to Sonoma Valley and serve as a diagnostic center for UCSF Health patients throughout the North Bay. It will create operational efficiencies, increase revenue and meet the needs of our community and region for years to come. In 2020, we will have the best diagnostic imaging technology in the North Bay at an accessible, convenient and desirable location.

Outpatient Diagnostic Center – CT Scan Room

UCSF Health Affiliation – This connection will continue to grow over the next few years as we jointly develop strategies that will offer easier, more efficient and lower cost access to healthcare for our patients. Several UCSF Health physicians will offer telemedicine or a satellite clinic in the hospital. We will be seen as an extension of UCSF Health and this will draw patients to Sonoma Valley from throughout the North Bay.

Emergency Services – We offer excellent, compassionate emergency services which we continue to improve, such as recently with Acute Stroke Ready Certification and access to UCSF Health physicians through telemedicine. We will continue to reduce wait times and improve the efficiency of the patient visit with access to state-of-the-art diagnostic technology. We will expand our commitment to emergency services by educating our community so they understand how vital the hospital is in saving lives and its preparations to help with natural disasters.

High Quality, Efficient Care – We continue to implement hospital-wide initiatives to improve quality and safety of care. Several new initiatives are under way within the hospital to position us to achieve 5 Star status with the Centers For Medicare and

Medicaid Services. The consolidation of Inpatient Services to the third floor and a new Hospitalist program will increase accountability and efficiency for an enhanced patient experience. We also will restructure and expand surgical services and special procedures, such as Wound Care, for greater efficiency and increased revenue.

Centralized Patient Access – We will create a centralized patient access center that will manage patients across the continuum of care using streamlined, cohesive, consistent technology and efficient workflow processes. This will lead to improved patient satisfaction, reduced wait times, improved collaboration with stakeholders and physicians, increased productivity and increased point-of-service collections.

Master Facility Planning – We have met the 2020 seismic standards for safety set by the California legislature which require that hospitals be able to remain standing in the event of a major earthquake, ensuring patient, employee and visitor safety, and our Emergency Department has met the 2030 requirements. We will continue to monitor the 2030 legislation and make decisions about the future of the facilities by 2022.

Community Engagement – While the community supports SVH, there is still a need for greater engagement and understanding of the importance of the hospital. We will continue efforts to increase community support and use of the hospital. Looking to the future, we will work to get the parcel tax approved again to help maintain emergency services.

Employee Engagement – Our core values create a healthy hospital. We will continue steps to recruit, competitively compensate and maintain excellent staff. The values of Compassion, Respect, Excellence, Accountability, Teamwork, Innovation, Nurturing and Guidance (CREATING) will be emphasized and embraced by all staff and leaders. As the hospital continues to experience significant change, we will honor and support our staff and ensure they are recognized for their service and commitment.

Physician Services – Our physicians are key to our future and success. We will continue to ensure we have enough primary care physicians for our community and, as community needs arise, such as for a geriatrician, we will lead the recruitment and help maintain these physicians in our community. We will continue to offer timeshare access to attract specialists. As digital care and telehealth gain in popularity, we will work with our physicians and the Sonoma Valley Community Health Center to improve access to care.

Canopy Health – We will expand our relationship with this dynamic Bay Area-wide health network which serves as an alternative for patients and employers to Kaiser and other large local healthcare systems. We are one of 18 hospitals in this system, which includes nearly 5,000 physicians.

Sonoma Valley Hospital

OUR MISSION:

To restore, maintain and improve the health of everyone in our community.

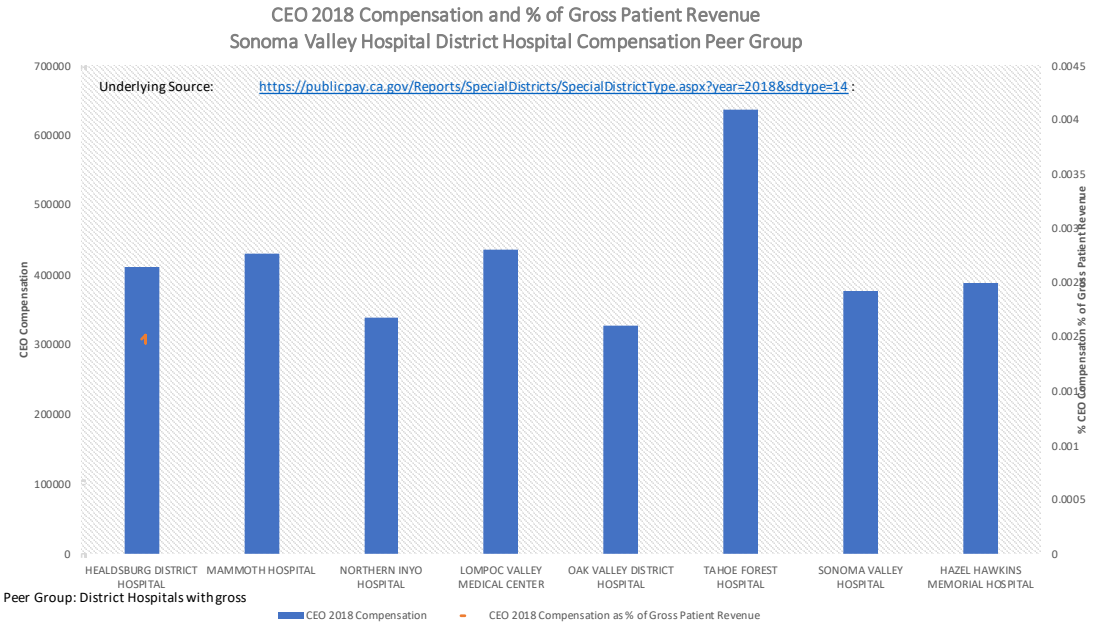
OUR VISION:

A trusted resource in providing exceptional, compassionate healthcare.

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
AN AFFILIATE OF UCSF HEALTH

SONOMA VALLEY HOSPITAL
347 ANDRIEUX STREET • SONOMA, CA 95476
WWW.SVH.COM • 707-935-5000

Exhibit 9


CEO 2018 Compensation and % of Gross Patient Revenue
Sonoma Valley Hospital District Hospital Compensation Peer Group
Underlying Source: https://publicpay.ca.gov/Reports/SpecialDdistricts/SpecialDistrictType.aspx?year=2018&sdtype=14 :
CEO Compensation
% CEO Compensation % of Gross Patient Revenue
HEALDSBURG DISTRICT HOSPITAL
MAMMOTH HOSPITAL
NORTHERN INYO HOSPITAL
LOMPOC VALLEY MEDICAL CENTER
OAK VALLEY DISTRICT HOSPITAL
TAHOE FOREST HOSPITAL
SONOMA VALLEY HOSPITAL
HAZEL HAWKINS MEMORIAL HOSPITAL
Peer Group: District Hospitals with gross
CEO 2018 Compensation
CEO 2018 Compensation as % of Gross Patient Revenue

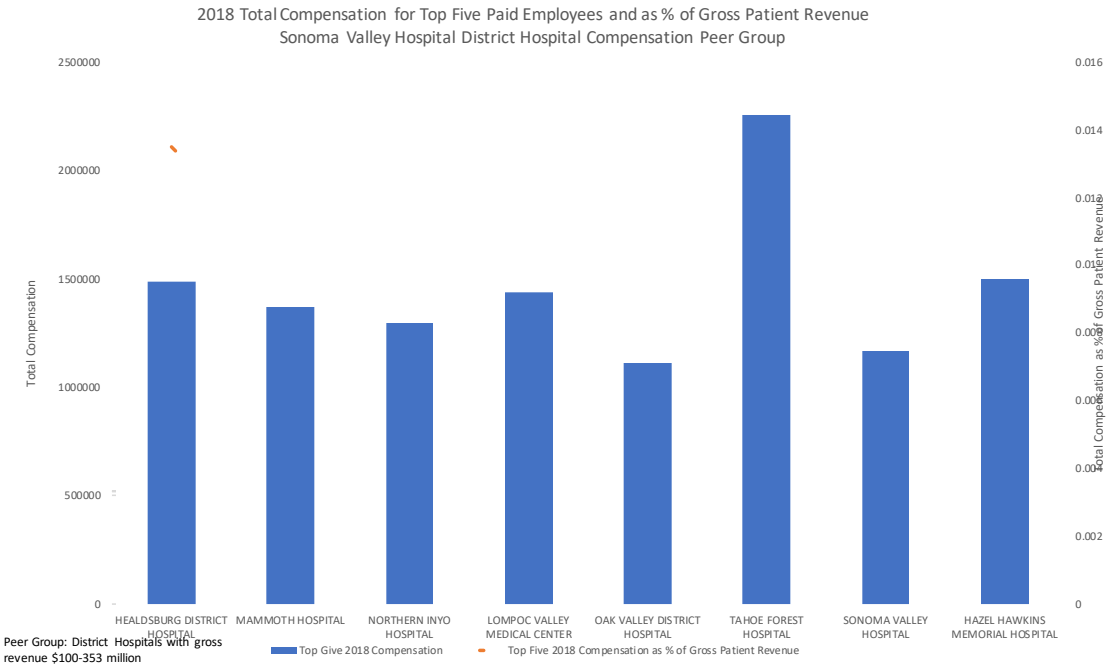

2018 Total Compensation for Top Five Paid Employees and as % of Gross Patient Revenue
Sonoma Valley Hospital District Hospital Compensation Peer Group
Total Compensation
Total Compensation as % of Gross Patient Revenue
HEALDSBURG DISTRICT HOSPITAL
MAMMOTH HOSPITAL
NORTHERN INYO HOSPITAL
LOMPOC VALLEY MEDICAL CENTER
OAK VALLEY DISTRICT HOSPITAL
TAHOE FOREST HOSPITAL
SONOMA VALLEY HOSPITAL
HAZEL HAWKINS MEMORIAL HOSPITAL
Peer Group: District Hospitals with gross revenue $100-353 million
Top Give 2018 Compensation
Top Five 2018 Compensation as % of Gross Patient Revenue

Exhibit 10
Seismic Report

PETER HOHORST

4636 Grove Street, Sonoma CA 95476, 707 938-4646

September 2, 2019

In 1994 after a magnitude 6.7 earthquake in Northridge (Los Angeles County) damaged 11 hospitals and forced eight to evacuate, state lawmakers passed legislation that required hospitals to either upgrade their existing buildings to with stand an earthquake or replace them. The general concept for the first phase of the code strengthening required all hospital buildings to remain "standing" after an earthquake, but not necessarily be able to continue operations. The original deadline for the code upgrade was 2008, but it was extended, first to 2013 and then to 2020 to provide hospitals sufficient time to obtain financing and then to complete the projects. All hospital buildings must meet this code in order to continue to be used.

The deadline for the second phase of the code strengthening, which requires the hospital buildings to not only remain "standing" but also to remain in operation, was set for 2030. Hence it is referred to as the 2030 code.

Following the successful passage of the GO Bond measure in 2008, the Sonoma Valley Hospital (SVH) successfully strengthened the three story West Wing and the single story East and Central Wings to meet the 2020 code. They are now "safe" and will not endanger patients and staff in the event of an earthquake.

In addition to retrofitting these buildings, a new two story Wing was built to house the Emergency Department and an Operating Suite. The new Wing was required, as the buildings that housed them could not be strengthened while they continued in operation. The new two story Wing was designed and constructed to meet the tougher 2030 code. It will not require additional modifications to be allowed to continue in use after 2030. The old Central Utility Plant equipment was replaced and relocated to structures that also meet the 2030 code.

Currently the Office of Statewide Hospital Planning and Development (OSHPD) reports that all but 160 of the 3000 hospital buildings in the state are in compliance with the 2020 code requirements or will be shortly.

Progress statewide for all hospitals to meet the 2030 code requirements is another story. The California Hospital Association (CHA), an industry group, reports that currently just 23 hospitals have met the 2030 standards, while 395 have not. A Rand Study commissioned by the CHA estimates that the total cost to retrofit the remaining hospitals is $47 Billion to $143 Billion. That's Billion with a B. The higher end of this estimate is equivalent of the entire budget surplus for the State for the next 10 years, assuming no recession. These cost numbers are at best daunting. The president of the CHA, Carmeia Coyle has stated "If we follow through with this standard (the 2030 code enforcement), we will likely close hospitals.

Note: not all existing hospital buildings are required to meet the 2030 code, only buildings that house essential inpatient and emergency functions.

The cost for SVH to meet the 2030 code is huge, $100 million if the existing three story building is retrofitted or $70 million if a small replacement wing is built. It is doubtful if a GO Bond measure could be passed to finance this project or if it would be a good investment for the community.

The reasoning for closing hospitals if they failed to meet the 2020 code was straightforward and sensible. Allowing the use of buildings that are unsafe for patients and staff is a poor public policy for the state and cannot be defended. The reasoning for closing hospitals if they fail to meet the 2030 code is less compelling. The code itself is admirable. A hospital building should be able to endure an earthquake and remain in full operation afterward. But closing a hospital arbitrarily on a specific date just to prevent an earthquake from closing it at some later date doesn't make sense. It violates the medical adage: Do no Harm.

It should also be noted that meeting the 2030 code requirements is not a guarantee that the building will be able to continue operations after the earthquake. There just is a higher probability of it doing so. A case in point is the experience of the Ridgecrest Regional Hospital, located about 150 miles northeast of Los Angeles, following a recent 2019 earthquake. Its new $72 million building, although designed to meet the 2030 code, sustained damage and had to shut down. Structurally, the building was OK. But some water pipes broke and flooded a room of mechanical and electrical equipment, and water also leaked into operating rooms and elevator shafts.

Although powerful, earthquakes are local events and the power of the quake diminishes as the distance from the epicenter increases. The likelihood that a single earthquake will close down all of the hospitals in a given area at the same time is zero. The 6.7 magnitude, Northridge earthquake forced the closure of eight hospitals, but others remained open. Medical services continued to be delivered in the Los Angeles area without interruption. They were just transferred to different locations. And this was at a time when the hospital building code was not a stringent as the 2020 code.

It is hard to justify the expense to upgrade all of the hospitals in the state to meet the 2030 code requirements. A more sensible allocation of resources for the state would be the establishment of a fund to enable earthquake damaged hospitals to quickly repair the damage and reopen. (Some OSHPD help might be necessary to achieve the quickly part.) New hospitals should certainly be designed to meet the 2030 code, but existing building should be allowed to continue in service.

All hospitals in the state have well documented procedures for transferring patients out to other hospitals when conditions warrant. The reasons can vary, but the procedures are well established. During the 2017 fire that swept through the Fountain Grove area of Santa Rosa, both the Kaiser and the Sutter Hospitals were in the direct path of the fire and were required to quickly shut down and transfer their patients to other hospitals. The transfers were handled smoothly and no patients were harmed. The Santa Rosa community did not suffer a

deterioration of medical service as a result of the shutdowns. In a subsequent fire in Paradise, the fire required the closure of the Paradise Hospital and the transfer of patients out of the area. Likewise the Ridgecrest Hospital, mentioned above, was able to transfer its patients out to other hospitals.

The best position for Sonoma Valley Hospital to take at this time is a wait and see approach. Based on the experience with the 2008 earthquake compliance code deadline, which was postponed a total of 12 years, the 2030 code compliance date probably be postponed as the date comes closer and the number of hospitals not in compliance remains high.

In the meantime Sonoma Valley Hospital is well prepared for an earthquake. Its Emergency Department and Operating Suite are in a self-contained building that was designed and built to meet the 2030 code. These two departments are likely to be the most critical to meet the medical needs in the aftermath of an earthquake.

Sonoma Valley District Board Calendar - 2020

January	February	March	April	May	June
• Elect District Officers • Board Member Committee Assignments • Information Services Annual Report • Valley of the Moon Post Acute Semi-Annual Report	• Quality Team Annual Report • Marketing and Strategy Update • UCSF Update	• Review FY 2021 Budget Assumptions • Surgery Efficiency Report • District Hospital Leadership Forum Presentation	• Recommend FY 2021 Strategic Plan • Chief of Staff Report • Nursing Annual Report • Branding Strategy Presentation	• Approve FY 2021 Rolling Strategic Plan • Hospital Council Presentation	• Approve FY 2021 Budget • Resolution for Board Election • Human Resources Annual Report
July	**August**	**September**	**October**	**November**	**December**
• Ancillary Services Annual Report • Valley of the Moon Post Acute Semi-Annual Report	• Approved CEO Annual Incentive Goals • Marketing & Strategy Update	• SVHF Annual Report • Resolution for GO Bond Tax rate	• Approve CEO Performance Evaluation & Compensation • Chief of Staff Report	• Approve FY 2020 Audit • SVHCD Annual Report to the Community	• Elect District Officers

Speakers, Education Opportunities, Briefings

Suggestions for 2020 Guest Speakers

January – Ensign Services – Mike Empey & Adam Willits

February – UCSF Update – Shelby DeCosta

March – District Hospital Leadership Forum – Sherreta Lane

April – Branding Strategy – Mission Minded

May – Hospital Council of Northern & Central California Update – T Abraham

June –

July – Ensign Services – Mike Empey & Adam Willits

August –

September –

October –

November –

December -

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

Meeting Date: December 5, 2019

Prepared by: Jane Hirsch and Michael Mainardi

Agenda Item Title: Award of CEO's Performance Incentive Payment

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Recommendation:
That the Board approve the CEO's 2019 Performance Incentive Payment

Background:
The contract offer made to Kelly Mather on July 2, 2010, included a provision for an incentive compensation program of up to 15% of base salary; in 2014 the Board approved an increase to 20% of base salary. This provision was incorporated into her official employment contract. Each year the Board in consultation with Kelly has approved specific objectives for the ensuing year and the criteria for translating the actual performance on these metrics into an incentive award.

At the December 6, 2018, Board meeting, the Board approved six CEO objectives for the 2019 fiscal year and the formula for calculating the amount of incentive that would be awarded. Four of the objectives related to quality metrics, one was for financial performance and one was for growth. Each objective stipulated 5 potential levels of incentive compensation.

> Levels 1 and 2 would not earn any incentive compensation.
> Level 3, the Base Goal, would earn 66.7% of the maximum incentive compensation for the objective.
> Level 4 would earn 86.7% of the maximum incentive compensation for the objective.
> Level 5 or higher would earn 100% of the maximum incentive compensation for the objective.

Based on actual performance for the year, the calculation of the incentive earned is as follows:

Service Excellence, High Inpatient Satisfaction, (maximum of 2% of base salary)
5 out of 10 HCAHPS questions above 60th percentile average for the year
Actual result: 2 of 10 HCAHPS scores above the 60th percentile average
No incentive earned.

Service Excellence, High Outpatient Department Satisfaction, (maximum of 2% of base salary)
Scores from Rate My Hospital for all Outpatient Departments
4.5 score in Rate My Hospital or higher for all Outpatient Departments measured per year
Actual result: 4.7 score for all Outpatient Departments
Incentive calculation: 2% of base salary ($7142) x 100%= $7142

Quality, Excellent Patient Outcomes, (maximum of 2% of base salary)
Above national average hospital star rating, or 3 star rating
Actual result: 4 (4 star rating)
Incentive calculation: 2% of base salary ($7142) x 86.7% = $6192

People, Highly Engaged and Satisfied Staff, (maximum of 2% of base salary)
75% of staff surveyed rate their satisfaction at 75% or higher
Actual result: 75% of staff surveyed rated their satisfaction at 75% or higher
Incentive calculation: 2% of base salary ($7142) x 66.7% = $4764

Finance, Financial Viability (maximum of 10% of base salary)
Achieve Earnings Before Depreciation and Amortization (EBDA) prior to restricted donations and GO Bond by year end (Base Goal at Level 3 or $600,000)
Actual result: 2019 EBDA at $3, 590, 712 or 6.1%
Incentive calculation: 10% of base salary ($35709) x 100% = $35, 709

Growth, Increased Outpatient Net Revenue for ER, Surgery, Diagnostics, Rehab and Special Procedures (maximum of 2% of base salary)
Achieve the Outpatient Net Revenue over the prior year based on the Service Unit Reimbursement on the CEO Dashboard (Base Goal at Level 3 or >$32m)
Actual result: $33,032,607 or Level 4
Incentive calculation: 2% of base salary ($7142) x 86.7% = $6192

Total Incentive Earned = $60,000

Consequences of Negative Action/Alternative Actions
Failure to approve the incentive award as calculated would be a breach of contract.

Attachments:
FY 2019 CEO Incentive Compensation Results
FY 2019 CEO Compensation Calculation

FY 2019 CEO GOALS

Levels 1 & 2: 0 Salary Incentive Compensation
Level 3: 66.7% Salary Incentive Compensation
Level 4: 86.7% Salary Incentive Compensation
Level 5: 100% Salary Incentive Compensation

PERFORMANCE GOAL	OBJECTIVE	METRIC	FY 2019 RESULT	GOAL LEVEL
Service Excellence* 2% of annual salary	High In-Patient Satisfaction	5 out of 10 HCAHPS questions above 60th percentile average for the year	2 of 10 HCAHPS questions above 60th percentile average for the year	> 7 = 5 > 6 = 4 > 5 = 3 < 5 = 2 <4 = 1
Service Excellence* 2% of annual salary	High Outpatient Department Satisfaction	4.5 score in Rate My Hospital or higher for all Outpatient departments measured per year	4.7 score in Rate My Hospital for all Outpatient Departments	>4.7 =5 >4.6=4 >4.5= 3 <4.5 = 2 < 4.4 = 1
Quality* 2% of annual salary	Excellent Patient Outcomes	Above national average hospital star rating	Hospital star rating is 4	5 = 5 4 =4 3 = 3 2 = 2 1= 1
People 2% of annual salary	Highly Engaged and Satisfied Staff	75% of staff surveyed rate their satisfaction at 75% or higher	75% of staff surveyed rated their satisfaction at 3.76	>80% = 5 >78%=4 >75%=3 <75%=2 <70% =1
Finance 10% of annual salary	Financial Viability	Achieve Earnings, Before Depreciation and Amortization (EBDA) prior to restricted donations and GO Bond by year end	2019 EBDA at $3,590,712 or 6.1%	> $950,000 = 5 > $800,000 = 4 > $600,000 = 3 (Budget) < $600,000 = 2 < $300,000 = 1
Growth 2% of annual salary	Increased Outpatient Net Revenue for ER, Surgery Diagnostics, Rehab, Special Procedures	Achieve the Outpatient Net Revenue over the prior year based on the Service Unit Reimbursement on the CEO Dashboard	Outpatient Net Revenue over prior year is $33,032,607	>$34m = 5 >$33m = 4 >$32m = 3 (Prior year) < $32m = 2 < $30m = 1

** "If the hospital achieves a CMS "5 Star" rating during this fiscal year, the achievement level will be considered a 5 for all three of these goals and the incentive payout would be made commensurate with that level"*

2019 CEO BONUS CALCULATIONS

Salary		$357,094
Bonus Payout Levels		% of Comp
	5	100%
	4	87%
	3	67%
	2	0%
	1	0%

Performance Goal	Maximum % of Salary	Maximum Compensation	Achieved Metric	Calculated Score	Bonus Calculation
Service Excellence	2.0%	$7,142	2 of 10	2	$0
Service Excellence/ER	2.0%	$7,142	4.7	5	$7,142
Quality	2.0%	$7,142	4	4	$6,192
People	2.0%	$7,142	75%	3	$4,764
Finance	10.0%	$35,709	$ 3,590,712	5	$35,709
Growth	2.0%	$7,142	$33,032,607	4	$6,192
Total	20.0%	$71,419			$ 59,999

Meeting Date: **December 5, 2019**

CMO Report: **Sabrina Kidd, MD**

We continue to collaborate with UCSF and have made progress on two new agreements. November was another busy inpatient month.

1. November Highlights included:
    a. Agreement reached with UCSF for Infectious Disease services beginning January 1, 2020.
    b. Transfer agreement with UCSF for higher level of care which includes bariatric patients if needed.
    c. A new general surgeon is interested in joining the general surgery call pool in early 2020.
    d. Scheduled a visit with the UCSF Surgery Department Chair in early 2020 to explore future opportunities for collaboration.
    e. Diversity training has been scheduled for early December for all ED and admitting staff.
    f. The "Journey" software has been implemented in patient rooms. This provides patient education and more through the inpatient televisions.

2. Quality Events:
    a. No sentinel events or new items of concern in the last month.
    b. The PI indicator now on the dashboard is the previously discussed wrong site incision which has undergone root cause analysis and a performance improvement plan has been implemented.

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

To: **SVHCD Board of Directors**
From: **Kelly Mather**
Date: **11/22/19**
Subject: **Administrative Report**

Summary
November was another busy month as we completed the staff forums and communications around the FY 2019 Annual Report. Feedback on "A Decade of Progress" pieces has been very positive and people have said it is nice to see a summary of all that has been accomplished and improved over the years.

Update from FY 2020 Strategic Plan:

Strategic Priorities	Update
Exceed Community Expectations in Emergency Services	➢ We held several meetings this week on the Marketing & Branding initiative. We should have some messaging in early 2020. We are now working on the brand promise and having the hospital as an asset to the community being top of mind. ➢ We continue the E.D. marketing campaign on social media. ➢ Many are excited about the Micro Market which will offer access to good food 24/7 in the old gift shop.
Create UCSF Health Outpatient Center	➢ We have raised $18.4 million towards the goal of $21 million to complete the new CT, MRI suites and upgrade the facilities in the new Outpatient Diagnostic Center (ODC). ➢ We plan to break ground on the first phase of the ODC this month. This project is on budget. There will be a party on December 4th to kick off the project before construction. ➢ We are looking at options for the UCSF physicians to offer clinics at SVH. ➢ UCSF will soon be doing Infectious Disease telemedicine for the hospital. ➢ Fe and I toured the Berkeley Outpatient Center to learn more about how John Muir and UCSF have collaborated together.
Become a 5 Star Hospital	➢ We have engaged the "Humanize Health" consultant to help us improve our patient experience. ➢ A presentation on the path to a 5 Star hospital was shared with the Quality Committee.
Provide Access to Excellent Physicians	➢ We will do another Primary Care Physicians recruitment this next year. ➢ There are several UCSF specialists that are interested in coming to Sonoma. ➢ The Cardiology area is getting a face lift and we have a receptionist and a waiting room for them now (with Wound Care). ➢ We are making good progress on the Bariatrics Accreditation and Dr. Perryman is doing a lunch & learn in December for physicians.
Healthy Hospital	➢ We continue to hardwire our "Values in Action" and have a video in development which will be shared at the Service & Excellence Awards. ➢ We are celebrating 75 years in 2020 and have created a work plan to celebrate this milestone in the spring. ➢ Holiday fun around the hospital will be had with pie in November and a Gingerbread House Decorating contest in December.

OCTOBER 2019

Patient Experience	Current Performance	FY 2020 Goal	National Benchmark
Would Recommend Hospital	63.6%	> 70 percent	50th percentile
Inpatient Overall Rating	60%	>70 percent	50th percentile
Outpatient Services	4.82	4.5	3.8
Emergency Department	4.4	4.5	3.8
Quality & Safety	**YTD Performance**	**FY 2020 Goal**	**Benchmark**
Central Line Infection	0	<1	<.51
Catheter Infection	0	<1	<1.04
Surgery Site Infection – Colon	0	<1	N/A
Surgery Site Infection – Joint	0	<1.5%	N/A
MRSA Bacteremia	0	<.13	<.13
C. Difficile	0	3.5	7.4/10,000 pt days
Patient Safety Indicator	1	<1	<1
Heart Failure Mortality Rate	12.5%	13%	17.3%
Pneumonia Mortality Rate	18.1%	20%	23.6%
Stroke Mortality Rate	14.7%	15%	19.7%
Sepsis Mortality Rate	7.6%	<18%	25%
30 Day All- Cause Readmissions	9.50%	< 10 %	< 18.5%
Serious Safety Events	1	0	0
Falls	1.5	< 2.3	2.3
Pressure Ulcers	0	<3.7	3.7
Injuries to Staff	9	< 10	17
Adverse Drug Events with Harm	0	0	0
Reportable HIPAA Privacy Events	0	0	0
Case Mix Index	1.51	1.4	1.3
Hospital Star Rating	4	4	3
Staff Satisfaction	**Performance**	**FY 2020 Goal**	**Benchmark**
Staff Pulse Survey	4.17 out of 5	>3.8	75%
Turnover	3.9%/11.7%	< 15%	< 20%
Financial Stability	**YTD Performance**	**FY 2020 Goal**	**Benchmark**
EBDA	13.7%	3%	3%
Paid FTE's	233	<235	n/a
Days Cash on Hand	22.5	20	30
Days in Accounts Receivable	46.2	45	50
Length of Stay	3.9	3.85	4.03
Funds raised by SVHF	$18.4 million	$21 million	$1 million
Strategic Growth	**YTD Performance**	**FY 2020 Goal**	**FY 2019**
Inpatient Discharges	309/927	900	984
Outpatient Visits	18,011/54,033	55,000	54,596
Emergency Visits	3719/11.157	10,000	10,181
Surgeries + Special Procedures	960/2880	3000	2950
Community Benefit Hours	448.5/1345	1000	1222

Note: Colors demonstrate comparison to National Benchmark

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

TRENDED MONTHLY RESULTS

MEASUREMENT	Goal FY 2020	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019
FY YTD Turnover	<15%	1.7	2.6	3.9	3.9	6.9	8.2	8.7	9.4	11.1	13.4	14.5	17.7
Leave of Absences	<12	14	13	8	11	9	8	10	9	8	8	10	12
EBDA	>3%	56.1	-.4	-1.1	-.3	-1.7	-2	.7	-6.9	3.9	6.8	6.8	6.1
Operating Revenue	>3.5m	3.7	3.7	3.6	3.8	4.3	4.0	5.5	3.7	7.8	5.9	4.8	4.2
Expense Management	<4.5m	4.2	4.2	4.2	4.3	4.8	4.7	5.5	4.5	6.6	4.8	5.0	4.8
Net Income	>50k	2.3m	-93	36	-76	-95	-207	806	-277	1722	1686	248	15.4
Days Cash on Hand	>20	38	36	28	22.5	9.6	14.8	13	4.6	4.5	9.6	39	35
Receivable Days	<50	42	42	44	46.2	45	44	43	43	44	38	37	43
Accounts Payable Days	>50	53	40	41	45								
Accounts Payable	<$4m	3.5m	2.6m	2.7m	3.1m								
Total Paid FTE's	<235	226	226	235	233	288	281	280	277	275	267	266	255
Inpatient Discharges	>80	72	76	71	90	93	97	83	76	87	87	86	66
Patient Days	>300	269	240	312	351								
Observation Days	<20	11	19	17	21								
Average Daily Census	>10	8.7	7.7	10.4	11.3								
Outpatient Revenue	>$15m	16.1	15.7	16.4	16.1	13.5	13.6	14.8	13.9	15.2	15.4	16.2	15.1
Surgeries	>150	156	160	143	187	161	149	157	155	163	163	166	157
Special Procedures	>75	85	81	74	74								
Emergency Visits	>900	1001	975	939	973	772	840	789	833	858	890	891	941
MRI	>120	122	127	138	147	98	118	105	107	96	150	149	150
Cardiology (Echos)	>85	115	67	74	107	112	106	85	91	112	121	113	103
Laboratory	>12	11.3	11.3	10.4	11.0	12.6	11.8	12.7	11.4	12.2	12.1	12.3	10.7
Radiology	>900	1005	983	980	1035	884	906	987	1050	1025	1057	1044	908
Rehab	>2300	1958	2928	2135	2010	2131	2380	2964	2080	2358	2536	2539	1967
CT	>350	413	433	378	406	331	367	348	355	396	416	453	357
Mammography	>200	223	243	222	250	219	246	180	220	202	227	220	224
Ultrasound	>250	281	270	280	244	233	252	240	225	340	312	283	291
Occupational Health	>675	750	737	530	753	561	452	574	535	707	899	804	578
Wound Care	>275	329	316	247	226	266	288	230	286	268	346	311	307

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

To: **SVH Finance Committee**
From: **Ken Jensen, CFO**
Date: **November 19, 2019**
Subject: **Financial Report for the Month Ending October 31, 2019**

For the month of October the hospital's actual operating loss of ($588,486) was $20,116 favorable to the budgeted loss of ($608,602). After accounting for all other activity; the net loss for October was ($76,611) vs. the budgeted net income of $50,243 with a monthly EBDA of -0.3% vs. a budgeted -1.5%.

Gross patient revenue for October was $22,379,844, $312,305 over budget. Inpatient gross revenue was under budget by ($353,545). Inpatient days were over budget by 34 days, inpatient surgeries were under budget by (7) cases, and the overall acuity levels were below average. Outpatient gross revenue was over budget by $201,575. Outpatient visits were under budgeted expectations by (157) visits, outpatient surgeries were over budgeted expectations by 31 cases, and special procedures were under budget by (9) cases. The Emergency Room gross revenue was over budget by $464,275 with ER visits over budgeted expectations by 15 visits.

Deductions from revenue were unfavorable to budgeted expectations by ($367,392) which is primarily due to outpatient and emergency gross revenue being over budgeted expectations. The hospital also experienced a lower than average Medicare Case Mix along with a higher length of stay than budgeted.

After accounting for all other operating revenue, the **total operating revenue** was unfavorable to budgeted expectations by ($43,140).

Operating Expenses of $4,369,861 were favorable to budget by $63,256. Salaries and wages and agency fees were over budget by ($17,826) due to higher than budgeted wages in Med-Surg, ICU, and the Emergency room due to higher volumes. The higher than budgeted salaries and wages were offset by lower than budgeted employee benefits and total people costs were under budget by $20,576. Purchased services were over budget by ($45,905) due to budgeted services used in the month of October; year-to-date purchased services are under budget by $79,090.

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for October was ($276,830) vs. a budgeted net loss of ($322,918). The total net loss for October after all activity was ($76,611) vs. a budgeted net income of $50,243.

EBDA for the month of October was -0.3% vs. the budgeted -1.5%.

Patient Volumes – October

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	90	84	6	87
Acute Patient Days	351	317	34	394
Observation Days	21	0	21	27
OP Gross Revenue	$16,072	$15,406	$666	$15,824
Surgical Cases	187	163	24	175

Gross Revenue Overall Payer Mix – October

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	39.2%	41.5%	-2.3%	41.3%	41.7%	-0.4%
Medicare Mgd Care	15.3%	14.1%	1.2%	14.2%	14.1%	0.1%
Medi-Cal	17.2%	17.6%	-0.4%	17.0%	17.6%	-0.6%
Self-Pay	1.9%	1.5%	0.4%	1.9%	1.5%	0.4%
Commercial	21.5%	20.9%	0.6%	22.0%	20.8%	1.2%
Workers Comp	4.0%	2.4%	1.6%	2.8%	2.3%	0.5%
Capitated	0.9%	2.0%	-1.1%	0.8%	2.0%	-1.2%
Total	100.0%	100.0%		100.0%	100.0%	

Cash Activity for October:

For the month of October the cash collection goal was $3,506,010 and the Hospital collected $3,503,435 or under the goal by ($2,575). The year-to-date cash collection goal was $14,878,864 and the Hospital has collected $13,986,449 or under goal by ($892,415). The AR Days have increased from prior month and we are currently reviewing the AR Aging report to identify aged accounts.

	CURRENT MONTH	PRIOR MONTH	VARIANCE	PRIOR YEAR
Days of Cash on Hand – Avg.	22.5	28.0	-5.5	11.1
Accounts Receivable Days	46.2	44.0	2.2	44.0
Accounts Payable	$3,070,966	$2,780,037	$290,929	$3,595,954
Accounts Payable Days	45.4	41.3	4.1	43.5

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

-Attachment F is the Cash Projection

Sonoma Valley Hospital
Payer Mix for the month of October 31, 2019

ATTACHMENT A

					YTD			
Gross Revenue:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	8,771,515	9,152,635	-381,120	-4.2%	35,851,901	34,215,381	1,636,520	4.8%
Medicare Managed Care	3,433,490	3,093,753	339,737	11.0%	12,222,335	11,533,631	688,704	6.0%
Medi-Cal	3,839,421	3,887,822	-48,401	-1.2%	14,715,211	14,453,179	262,032	1.8%
Self Pay	416,615	341,767	74,848	21.9%	1,682,318	1,269,069	413,249	32.6%
Commercial & Other Government	4,833,154	4,628,411	204,743	4.4%	19,195,232	17,107,713	2,087,519	12.2%
Worker's Comp.	887,942	525,552	362,390	69.0%	2,460,504	1,897,799	562,705	29.7%
Capitated	197,707	437,599	-239,892	-54.8%	730,495	1,601,796	-871,301	-54.4%
Total	**22,379,844**	**22,067,539**	**312,305**		**86,857,996**	**82,078,568**	**4,779,428**	

Net Revenue:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	899,684	1,116,387	-216,703	-19.4%	4,217,593	4,424,670	-207,077	-4.7%
Medicare Managed Care	320,752	367,228	-46,476	-12.7%	1,406,288	1,369,041	37,247	2.7%
Medi-Cal	468,409	399,279	69,130	17.3%	1,434,561	1,484,341	-49,780	-3.4%
Self Pay	217,386	173,344	44,042	25.4%	921,544	643,672	277,872	43.2%
Commercial & Other Government	1,498,427	1,499,110	-683	0.0%	5,709,246	5,260,858	448,388	8.5%
Worker's Comp.	177,944	110,471	67,473	61.1%	506,589	398,917	107,672	27.0%
Capitated	4,389	7,964	-3,575	-44.9%	15,737	29,152	-13,415	-46.0%
Prior Period Adj/IGT	87,955	56,250	31,705	56.4%	256,955	651,919	-394,964	-60.6%
Total	**3,674,946**	**3,730,033**	**(55,087)**	**-1.5%**	**14,468,513**	**14,262,570**	**205,943**	**1.4%**

Percent of Net Revenue:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	24.6%	29.9%	-5.3%	-17.7%	29.1%	31.0%	-2.0%	-6.5%
Medicare Managed Care	8.7%	9.8%	-1.1%	-11.2%	9.7%	9.6%	0.1%	1.0%
Medi-Cal	12.7%	10.8%	1.9%	17.6%	9.9%	10.4%	-0.5%	-4.8%
Self Pay	5.9%	4.6%	1.3%	28.3%	6.4%	4.5%	1.9%	42.2%
Commercial & Other Government	40.8%	40.2%	0.6%	1.5%	39.5%	36.9%	2.6%	7.0%
Worker's Comp.	4.8%	3.0%	1.8%	60.0%	3.5%	2.8%	0.7%	25.0%
Capitated	0.1%	0.2%	-0.1%	-50.0%	0.1%	0.2%	-0.1%	-50.0%
Prior Period Adj/IGT	2.4%	1.5%	0.9%	60.0%	1.8%	4.6%	-2.8%	-60.9%
Total	**100.0%**	**100.0%**	**0.0%**	**0.0%**	**100.0%**	**100.0%**	**2.7%**	**2.7%**

Projected Collection Percentage:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	10.3%	12.2%	-1.9%	-15.6%	11.8%	12.9%	-1.1%	-8.5%
Medicare Managed Care	9.3%	11.9%	-2.6%	-21.8%	11.5%	11.9%	-0.4%	-3.4%
Medi-Cal	12.2%	10.3%	1.9%	18.4%	9.7%	10.3%	-0.6%	-5.8%
Self Pay	52.2%	50.7%	1.5%	3.0%	54.8%	50.7%	4.1%	8.1%
Commercial & Other Government	31.0%	32.4%	-1.4%	-4.3%	29.7%	30.8%	-1.1%	-3.6%
Worker's Comp.	20.0%	21.0%	-1.0%	-4.8%	20.6%	21.0%	-0.4%	-1.9%

SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended October 31, 2019

ATTACHMENT B

	CURRENT MONTH				YEAR-TO-DATE			YTD
	Actual 10/31/19	Budget 10/31/19	Favorable (Unfavorable) Variance		Actual 10/31/19	Budget 10/31/19	Favorable (Unfavorable) Variance	Prior Year 10/31/18
				Inpatient Utilization				
				Discharges				
1	71	71	-	Med/Surg	254	279	(25)	312
2	19	13	6	ICU	55	50	5	36
3	90	84	6	Total Discharges	309	329	(20)	348
				Patient Days:				
4	271	236	35	Med/Surg	891	930	(39)	1,094
5	80	81	(1)	ICU	281	318	(37)	289
6	351	317	34	Total Patient Days	1,172	1,248	(76)	1,383
7	21	-	21	**Observation days**	68	-	68	27
				Average Length of Stay:				
8	3.8	3.3	0.5	Med/Surg	3.5	3.3	0.2	3.5
9	4.2	6.4	(2.2)	ICU	5.1	6.4	(1.3)	8.0
10	3.9	3.8	0.1	Avg. Length of Stay	3.8	3.8	(0.0)	4.0
				Average Daily Census:				
11	8.7	7.6	1.1	Med/Surg	7.2	7.6	(0.3)	8.9
12	2.6	2.6	(0.0)	ICU	2.3	2.6	(0.3)	2.3
13	11.3	10.2	1.1	Avg. Daily Census	9.5	10.1	(0.6)	11.2
				Other Utilization Statistics				
				Emergency Room Statistics				
14	973	958	15	Total ER Visits	3,719	3,480	239	3,367
				Outpatient Statistics:				
15	4,733	4,890	(157)	Total Outpatients Visits	18,011	17,621	390	17,820
16	20	27	(7)	IP Surgeries	91	107	(16)	114
17	167	136	31	OP Surgeries	555	490	65	562
18	74	83	(9)	Special Procedures	314	299	15	393
19	319	370	(51)	Adjusted Discharges	1,191	1,381	(190)	1,269
20	1,244	1,050	195	Adjusted Patient Days	4,509	3,902	607	9,947
21	40.1	33.9	6.3	Adj. Avg. Daily Census	36.7	31.7	4.9	80.9
22	1.3683	1.4000	(0.032)	Case Mix Index -Medicare	1.3607	1.4000	(0.039)	1.4531
23	1.5134	1.4000	0.113	Case Mix Index - All payers	1.4725	1.4000	0.073	1.4757
				Labor Statistics				
24	211	217	7	FTE's - Worked	207	212	4.8	276
25	233	243	11	FTE's - Paid	230	237	7.7	307
26	45.52	43.14	(2.39)	Average Hourly Rate	44.62	42.93	(1.69)	43.67
27	5.79	7.18	1.39	FTE / Adj. Pat Day	6.27	7.48	1.22	3.80
28	33.0	40.9	7.9	Manhours / Adj. Pat Day	35.7	42.6	6.9	21.7
29	128.7	116.1	(12.6)	Manhours / Adj. Discharge	135.2	120.5	(14.7)	169.7
30	21.6%	22.9%	1.3%	Benefits % of Salaries	22.9%	23.8%	0.9%	22.3%
				Non-Labor Statistics				
31	14.0%	14.3%	0.3%	Supply Expense % Net Revenue	13.6%	14.6%	1.0%	12.8%
32	1,628	1,458	(169)	Supply Exp. / Adj. Discharge	1,663	1,525	(138)	1,861
33	14,037	12,281	(1,756)	Total Expense / Adj. Discharge	14,653	13,014	(1,639)	16,880
				Other Indicators				
34	20.8			Days Cash - Operating Funds				
35	46.2	50.0	(3.8)	Days in Net AR	43.7	50.0	(6.3)	43.9
36	100%			Collections % of Net Revenue	94%			97.0%
37	45.4	55.0	(9.6)	Days in Accounts Payable	45.4	55.0	(9.6)	43.8
38	16.5%	17.1%	-0.5%	% Net revenue to Gross revenue	16.8%	17.6%	-0.8%	19.3%
39	18.8%			% Net AR to Gross AR	18.8%			20.1%

Sonoma Valley Health Care District
Balance Sheet
As of October 31, 2019

ATTACHMENT C

		Current Month	Prior Month	Prior Year
	Assets			
	Current Assets:			
1	Cash	$ 1,674,525	$ 2,421,736	$ 1,084,636
2	Cash - Money Market	1,034,330	1,034,199	957,582
3	Net Patient Receivables	6,878,979	6,599,234	8,011,008
4	Allow Uncollect Accts	(1,335,923)	(1,358,265)	(1,440,864)
5	Net A/R	5,543,056	5,240,969	6,570,144
6	Other Accts/Notes Rec	284,781	254,152	40,030
7	Parcel and GO Bond Tax Receivable	6,753,183	6,753,183	6,657,849
8	3rd Party Receivables, Net	1,339,408	1,260,665	1,310,452
9	Inventory	889,589	885,848	854,994
10	Prepaid Expenses	728,998	764,647	843,358
11	Total Current Assets	$ 18,247,870	$ 18,615,399	$ 18,319,045
12	Property,Plant & Equip, Net	$ 49,359,998	$ 49,156,899	$ 51,843,894
13	Trustee Funds - GO Bonds	2,956,128	2,951,154	2,486,350
14	Other Assets	-	-	-
15	Total Assets	$ 70,563,996	$ 70,723,452	$ 72,649,289
	Liabilities & Fund Balances			
	Current Liabilities:			
16	Accounts Payable	$ 3,070,966	$ 2,780,037	$ 3,595,954
17	Accrued Compensation	3,369,666	3,119,053	3,700,859
18	Interest Payable - GO Bonds	286,277	190,846	302,291
19	Accrued Expenses	1,393,921	1,501,035	1,358,402
20	Advances From 3rd Parties	119,469	178,436	105,388
21	Deferred Parcel & GO Bond Tax Revenue	4,603,185	5,178,584	4,568,823
22	Current Maturities-LTD	448,256	473,750	1,009,180
23	Line of Credit - Union Bank	-	6,098,734	6,723,734
24	Other Liabilities	6,100,120	1,386	1,951,386
25	Total Current Liabilities	$ 19,391,860	$ 19,521,861	$ 23,316,017
26	Long Term Debt, net current portion	$ 28,871,600	$ 28,824,444	$ 33,157,318
27	Fund Balances:			
28	Unrestricted	$ 14,886,762	$ 15,000,291	$ 10,223,191
29	Restricted	7,413,774	7,376,856	5,952,763
30	Total Fund Balances	$ 22,300,536	$ 22,377,147	$ 16,175,954
31	Total Liabilities & Fund Balances	$ 70,563,996	$ 70,723,452	$ 72,649,289

ATTACHMENT D

Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended October 31, 2019

	Month						Year-To- Date				YTD
	This Year		Variance				This Year		Variance		
	Actual		$	%			Actual	Budget	$	%	Prior Year
					Volume Information						
1	90	84	6	7%	Acute Discharges		309	329	(20)	-6%	348
2	351	317	34	11%	Patient Days		1,172	1,248	(76)	-6%	1,383
3	21	-	21	0%	Observation Days		68	-	68	*	13
4	16,072	15,406	666	4%	Gross O/P Revenue (000's)		64,336	55,837	8,498	15%	$ 61,325
					Financial Results						
					Gross Patient Revenue						
5	$ 6,307,889	$ 6,661,434	(353,545)	-5%	Inpatient		$ 22,521,779	$ 26,241,184	(3,719,405)	-14%	$ 33,935,977
6	9,386,089	9,184,514	201,575	2%	Outpatient		37,276,790	33,098,345	4,178,445	13%	35,869,093
7	6,685,866	6,221,591	464,275	7%	Emergency		27,059,427	22,739,039	4,320,388	19%	25,489,830
8	**$ 22,379,844**	**$ 22,067,539**	**312,305**	**1%**	**Total Gross Patient Revenue**		**$ 86,857,996**	**$ 82,078,568**	**4,779,428**	**6%**	**$ 95,294,900**
					Deductions from Revenue						
9	(18,562,853)	(18,220,084)	(342,769)	-2%	Contractual Discounts		$ (71,738,638)	$ (67,773,229)	(3,965,409)	-6%	$ (77,238,625)
10	(230,000)	(150,000)	(80,000)	-53%	Bad Debt		(880,000)	(600,000)	(280,000)	-47%	(560,000)
11	-	(23,672)	23,672	100%	Charity Care Provision		(27,800)	(94,688)	66,888	71%	(107,925)
12	87,955	56,250	31,705	56%	Prior Period Adj/Government Program Revenue		256,955	651,919	(394,964)	*	638,772
13	**$ (18,704,898)**	**$ (18,337,506)**	**(367,392)**	**2%**	**Total Deductions from Revenue**		**$ (72,389,483)**	**$ (67,815,998)**	**(4,573,485)**	**7%**	**$ (77,267,778)**
14	**$ 3,674,946**	**$ 3,730,033**	**(55,087)**	**-1%**	**Net Patient Service Revenue**		**$ 14,468,513**	**$ 14,262,570**	**205,943**	**1%**	**$ 18,027,122**
15	$ 24,298	$ 35,682	(11,384)	-32%	Risk contract revenue		$ 100,012	$ 142,728	(42,716)	-30%	$ 375,085
16	$ 3,699,244	$ 3,765,715	(66,471)	-2%	Net Hospital Revenue		$ 14,568,525	$ 14,405,298	163,227	1%	$ 18,402,207
17	$ 82,131	$ 58,800	23,331	**40%**	Other Op Rev & Electronic Health Records		$ 251,169	$ 235,200	15,969	7%	$ 72,449
18	**$ 3,781,375**	**$ 3,824,515**	**(43,140)**	**-1%**	**Total Operating Revenue**		**$ 14,819,694**	**$ 14,640,498**	**179,196**	**1%**	**$ 18,474,656**
					Operating Expenses						
19	$ 1,869,841	$ 1,852,015	(17,826)	-1%	Salary and Wages and Agency Fees		$ 7,182,173	$ 7,142,195	(39,978)	-1%	$ 9,408,325
20	628,002	$ 666,404	38,402	6%	Employee Benefits		2,591,669	2,636,076	44,407	2%	3,208,094
21	$ 2,497,843	$ 2,518,419	20,576	1%	Total People Cost		$ 9,773,842	$ 9,778,271	4,429	0%	$ 12,616,419
22	$ 406,547	$ 437,046	30,499	7%	Med and Prof Fees (excld Agency)		$ 1,698,504	$ 1,741,093	42,589	2%	$ 1,948,061
23	519,312	539,374	20,062	4%	Supplies		1,979,938	2,105,568	125,630	6%	2,362,274
24	415,777	369,872	(45,905)	-12%	Purchased Services		1,400,764	1,479,824	79,060	5%	1,510,898
25	264,815	266,763	1,948	1%	Depreciation		1,004,907	1,067,052	62,145	6%	1,169,298
26	105,716	107,940	2,224	2%	Utilities		435,995	453,495	17,500	4%	441,975
27	38,973	39,582	609	2%	Insurance		157,015	158,328	1,313	1%	141,280
28	45,106	50,752	5,646	11%	Interest		160,317	212,865	52,548	25%	197,481
29	75,772	103,369	27,597	27%	Other		393,242	403,328	10,086	3%	406,116
30	-	-	-	#DIV/0!	Matching Fees (Government Programs)		0	130,086	130,086	100%	0
31	**$ 4,369,861**	**$ 4,433,117**	**63,256**	**1%**	**Operating expenses**		**$ 17,004,524**	**$ 17,529,910**	**525,386**	**3%**	**$ 20,793,802**
32	**$ (588,486)**	**$ (608,602)**	**$ 20,116**	**3%**	**Operating Margin**		**$ (2,184,830)**	**$ (2,889,412)**	**704,582**	**24%**	**$ (2,319,146)**

ATTACHMENT D

Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended October 31, 2019

	Month					Year-To- Date				YTD
	This Year		Variance			This Year		Variance		
	Actual		$	%		Actual	Budget	$	%	Prior Year
					Non Operating Rev and Expense					
33	$ 8,958	$ (18,942)	27,900	-147%	Miscellaneous Revenue/(Expenses)	$ 2,001,103	$ 1,124,807	876,296	78%	$ (67,748)
34	3,263	1,375	1,888	137%	Donations	4,477	5,500	(1,023)	19%	4,993
35	(13,416)	(13,416)	-	0%	Physician Practice Support-Prima	(53,664)	(53,664)	-	0%	(220,815)
36	316,667	316,667	-	0%	Parcel Tax Assessment Rev	1,266,668	1,266,668	-	0%	1,266,668
37	(3,816)	0	(3,816)	0%	Extraordinary Items	(5,444)	0	(5,444)	0%	0
38	**$ 311,656**	**$ 285,684**	**29,788**	**9%**	**Total Non-Operating Rev/Exp**	**$ 3,213,140**	**$ 2,343,311**	**875,273**	**37%**	**$ 983,098**
39	**$ (276,830)**	**$ (322,918)**	**46,088**	**-14%**	**Net Income / (Loss) prior to Restricted Contributions**	**$ 1,028,310**	**$ (546,101)**	**1,579,855**	**-289%**	**$ (1,336,048)**
40	$ -	$ -	-	0%	Capital Campaign Contribution	$ -	$ -	-	0%	$ 29,947
41	$ 36,918	$ 209,860	(172,942)	0%	Restricted Foundation Contributions	$ 545,072	$ 839,440	(294,368)	100%	$ 1,031,560
42	**$ (239,912)**	**$ (113,058)**	**(126,854)**	**112%**	**Net Income / (Loss) w/ Restricted Contributions**	**$ 1,573,382**	**$ 293,339**	**1,280,043**	**436%**	**$ (274,541)**
43	163,301	163,301	-	0%	GO Bond Activity, Net	647,867	647,867	-	0%	609,664
44	**$ (76,611)**	**$ 50,243**	**(126,854)**	**-252%**	**Net Income/(Loss) w GO Bond Activity**	**$ 2,221,249**	**$ 941,206**	**1,280,043**	**136%**	**$ 335,123**
	$ (12,015)	$ (56,155)	44,140		**EBDA - Not including Restricted Contributions**	$ 2,033,217	$ 520,951	1,512,266		$ (166,750)
	-0.3%	-1.5%				13.7%	3.6%			-0.9%

Sonoma Valley Health Care District
Variance Analysis
For the Period Ended October 31, 2019

ATTACHMENT E

	YTD	MONTH	
Description	**Variance**	**Variance**	
Operating Expenses			
Salary and Wages and Agency Fees	(39,978)	(17,826)	Salaries and Wages are over budget by ($29,031) and Agency fees are under budget by $11,205.
Employee Benefits	44,407	38,402	PTO is under budget by $15,478 and Employee Benefits are under budget by $22,924.
Total People Cost	**4,429**	**20,576**	
Med and Prof Fees (excld Agency)	42,589	30,499	
Supplies	125,630	20,062	
Purchased Services	79,060	(45,905)	Budgeted services used in October - YTD under budget by $79,060.
Depreciation	62,145	1,948	
Utilities	17,500	2,224	
Insurance	1,313	609	
Interest	52,548	5,646	
Other	10,086	27,597	
Matching Fees (Government Programs)	130,086	-	
Operating expenses	**525,386**	**63,256**	

Sonoma Valley Hospital
Cash Forecast
FY 2020

ATTACHMENT F

		Actual July	Actual Aug	Actual Sept	Actual Oct	Forecast Nov	Forecast Dec	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	TOTAL
	Hospital Operating Sources													
1	Patient Payments Collected	4,267,579	3,747,119	3,783,981	3,724,440	3,550,396	3,632,439	3,751,470	3,542,450	3,900,174	3,765,360	3,802,680	3,701,357	45,169,444
2	Capitation Revenue	26,337	24,434	24,943	24,298	35,682	35,682	35,682	35,682	35,682	35,682	35,682	35,682	385,468
3	Napa State	2,565	983	6,153	17,109	11,231	11,231	11,231	11,231	11,231	11,231	11,231	11,231	116,658
4	Other Operating Revenue	27,168	113,630	31,381	162,702	58,800	58,800	58,800	58,800	58,800	58,800	58,800	58,800	805,281
5	Other Non-Operating Revenue	38,832	43,824	24,455	35,838	25,795	25,795	25,795	25,795	25,795	25,795	25,795	25,785	349,299
6	Unrestricted Contributions	12,593		755	3,263	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	27,611
7	Line of Credit													-
	Sub-Total Hospital Sources	**4,375,074**	**3,929,990**	**3,871,668**	**3,967,650**	**3,683,279**	**3,765,322**	**3,884,353**	**3,675,333**	**4,033,057**	**3,898,243**	**3,935,563**	**3,834,230**	**46,853,762**
	Hospital Uses of Cash													
8	Operating Expenses	4,751,297	5,353,928	4,260,382	4,307,504	4,129,462	4,054,955	4,783,949	3,997,057	4,178,725	4,064,515	4,210,074	4,085,675	52,177,524
9	Add Capital Lease Payments	111,366	185,165	32,638	390,032	32,640	99,640	81,640	32,640	32,640	18,990	18,990	85,990	1,122,371
10	Additional Liabilities/LOC		625,000				625,000							1,250,000
11	Capital Expenditures	435,215	73,951	160,473	54,243	209,860	209,860	209,860	209,860	209,860	209,860	209,860	209,859	2,402,761
	Total Hospital Uses	**5,297,879**	**6,238,044**	**4,453,493**	**4,751,778**	**4,371,962**	**4,989,455**	**5,075,449**	**4,239,557**	**4,421,225**	**4,293,365**	**4,438,924**	**4,381,524**	**56,952,656**
	Net Hospital Sources/Uses of Cash	**(922,805)**	**(2,308,055)**	**(581,825)**	**(784,129)**	**(688,683)**	**(1,224,133)**	**(1,191,096)**	**(564,224)**	**(388,168)**	**(395,122)**	**(503,361)**	**(547,294)**	**(10,098,894)**
	Non-Hospital Sources													
12	Restricted Cash/Money Market	(1,056,509)	725,000	1,500,000			(500,000)			1,000,000		(3,500,000)		(1,831,509)
13	Restricted Capital Donations	342,251	5,000	160,473	36,918	209,860	209,860	209,860	209,860	209,860	209,860	209,860	209,859	2,223,521
14	Parcel Tax Revenue	100,099					2,000,000		1,000,000		600,000			3,700,099
15	Other Payments - South Lot/LOC/Fire Claim	956,411		51,682										1,008,092
16	Other:													-
17	IGT										1,408,802	4,000,000		5,408,802
18	IGT - AB915								900,000					900,000
19	PRIME						750,000					270,000		1,020,000
	Sub-Total Non-Hospital Sources	**342,251**	**730,000**	**1,712,154**	**36,918**	**209,860**	**2,459,860**	**209,860**	**2,109,860**	**1,209,860**	**2,218,662**	**979,860**	**209,859**	**12,429,005**
	Non-Hospital Uses of Cash													
20	Matching Fees						375,000	451,221		2,000,000		135,000		2,961,221
	Sub-Total Non-Hospital Uses of Cash	-	-	-	-	-	375,000	451,221	-	2,000,000	-	135,000	-	2,961,221
	Net Non-Hospital Sources/Uses of Cash	**342,251**	**730,000**	**1,712,154**	**36,918**	**209,860**	**2,084,860**	**(241,361)**	**2,109,860**	**(790,140)**	**2,218,662**	**844,860**	**209,859**	**9,467,784**
	Net Sources/Uses	**(580,553)**	**(1,578,055)**	**1,130,329**	**(747,211)**	**(478,823)**	**860,727**	**(1,432,457)**	**1,545,636**	**(1,178,308)**	**1,823,540**	**341,499**	**(337,435)**	
	Operating Cash at beginning of period	3,450,014	2,869,461	1,291,406	2,421,736	1,674,525	1,195,702	2,056,429	623,972	2,169,608	991,300	2,814,840	3,156,339	
	Operating Cash at End of Period	**2,869,461**	**1,291,406**	**2,421,736**	**1,674,525**	**1,195,702**	**2,056,429**	**623,972**	**2,169,608**	**991,300**	**2,814,840**	**3,156,339**	**2,818,904**	
	Money Market Account Balance	3,258,551	2,533,925	1,034,199	1,034,330	1,034,330	1,534,330	1,534,330	1,534,330	534,330	534,330	4,034,330	4,034,330	
	Total Cash at End of Period	**6,128,012**	**3,825,331**	**3,455,935**	**2,708,855**	**2,230,032**	**3,590,759**	**2,158,302**	**3,703,938**	**1,525,630**	**3,349,170**	**7,190,669**	**6,853,234**	
	Average Days of Cash on Hand	**38.82**	**36.60**	**28.00**	**22.51**	**16.68**	**26.86**	**16.15**	**27.71**	**11.41**	**25.06**	**53.80**	**51.27**	