



SVHCD FINANCE COMMITTEE

AGENDA

TUESDAY, SEPTEMBER 22, 2020

5:00 p.m. Regular Session

TO BE HELD VIA ZOOM VIDEOCONFERENCE

To participate via Zoom Videoconferencing,
use the link below:

<https://sonomavalleyhospital-org.zoom.us/j/94677268141?pwd=ZGIXbUI0YVZJcnZxY3VHSmp0OUNhUT09>

and enter the **Meeting ID: 946 7726 8141**
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<p>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 or (707) 935.5005 at least 48 hours prior to the meeting.</p>		
AGENDA ITEM	RECOMMENDATION	
<p>MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>		
<p>1. CALL TO ORDER/ANNOUNCEMENTS</p>	<i>Nevins</i>	
<p>2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the 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.</i></p>	<i>Nevins</i>	
<p>3. CONSENT CALENDAR a. Finance Committee Minutes 08.25.20</p>	<i>Nevins</i>	Inform/Action
<p>4. OUTPATIENT DIAGNOSTIC CENTER UPDATE</p>	<i>Mather/ Sarmiento</i>	Inform
<p>5. ADMINISTRATIVE REPORT AUGUST 2020</p>	<i>Mather</i>	Inform
<p>6. FINANCIAL REPORT MONTH ENDED AUGUST 31, 2020</p>	<i>Jensen</i>	Inform
<p>7. FY 2021 CAPITAL SPENDING PLAN</p>	<i>Jensen</i>	Inform
<p>8. REVIEW OF LABOR STATISTICS</p>	<i>Jensen</i>	Inform

9. THREE-YEAR FINANCIAL PROJECTION	<i>Jensen</i>	Inform
10. FY 2020 AUDIT UPDATE	<i>Jensen</i>	Inform
11. REVIEW CURRENT INSURANCE POLICIES	<i>Jensen</i>	Inform
12. ADJOURN	<i>Nevins</i>	



SVHCD
FINANCE COMMITTEE MEETING
MINUTES

TUESDAY, AUGUST 25, 2019
Via Zoom Teleconference

Present		Staff	Public
Sharon Nevins via Zoom Joshua Rymer via Zoom Peter Hohorst via Zoom Subhash Mishra, MD via Zoom	Art Grandy via Zoom Bruce Flynn via Zoom Susan Porth via Zoom	Kelly Mather, CEO via Zoom Ken Jensen, CFO, via Zoom Sarah Dungan, Controller, via Zoom Dawn Kuwahara, via Zoom	
AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>			
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Nevins</i>		
	Called to order at 5:01 pm		
2. PUBLIC COMMENT SECTION	<i>Nevins</i>		
	None		
3. CONSENT CALENDAR	<i>Nevins</i>		
	The minutes of 07.28.20 were reviewed.	MOTION: by Rymer to approve, 2 nd by Grandy. All in favor.	
4. OUTPATIENT DIAGNOSTIC CENTER UPDATE	<i>Mather</i>		
	Ms. Mather reviewed progress on the construction project. The CT will be completed in October. OSHPD approval on the MRI is expected in September, and that project should be complete by summer 2021.		
5. OUTPATIENT DIAGNOSTIC CENTER CASH SHORTFALL	<i>Jensen/Pier</i>		
	Mr. Jensen recommended the Committee reserve \$1 million in cash as a contingency in case the line of	MOTION: by Flynn, 2 nd by Porth, to approve with	

	credit with the Foundation is not re-approved. This recommendation is based on pledges and collections for the project where some are pushed out a bit further than the expected end of the project.	a correction to the memo. All in favor.	
6. ADMINISTRATIVE REPORT AUGUST 2020	<i>Mather</i>		
	<p>Ms. Mather said the hospital had a difficult few weeks with many COVID patients, a full ICU and a shortage of ventilators. One ventilator was borrowed from Healdsburg and three others were sent from the State, so SVH has six on hand. Yesterday we received the PCR machine for on-site COVID testing. As soon as supplies arrive, it should be up and running and results will be available in two hours. Sonoma County has seen an increase in cases over the summer. Broadway Villa has now gone 14 days without any new positives, and they have a separate COVID unit. We have had three COVID deaths at SVH and two of those were transfers from nursing homes.</p> <p>St Helena Hospital was evacuated due to the fires. We have two new Board members, Susan Idell and Dr. Judith Bjorndal, who will take office in December. A Board retreat is planned for October.</p>		
7. FINANCIAL REPORT MONTH ENDED JULY 31, 2020	<i>Jensen</i>		
	<p>Mr. Jensen reported that patient volumes surpassed the reduced budget for the month of July. Cash collected was \$3.3 million vs. goal of \$2.2 million. Days' cash were 73 days, A/R days 2343 40.4, A/P was \$2.3 million, and A/P days were 34.6.</p> <p>Ms. Porth asked about labor statistics on the Operating Indicators page of the financials. An explanation will be added to next month's agenda.</p> <p>Gross patient revenue was \$21.8 million vs. reduced budget (75% of normal) of \$16.6 million. Total operating revenue was \$3.5 million vs. budget of \$2.9 million. Salaries were over by \$115,371 and supplies were over mainly due to implants. The</p>		Add explanation of labor statistics formulas to Sept. agenda.

	<p>operating margin was (\$856,873) vs. budget of \$1.4 million.</p> <p>Net income for the month was \$418,116 vs. budget of (\$584,327), and EBDA was (\$286,877) and (8.0%) vs. budget of \$791,883) and (27.4%). The cash projection for the end of FY 2021 is 95 days' cash.</p>		
8. FY 2020 AUDIT UPDATE	<i>Jensen</i>		
	<p>Ms. Dungan said audit fieldwork was finished and done smoothly via Zoom. She will be finalizing A/R next week and will start the management discussion; she did not expect any issues. The auditors may also do an audit of the CARES money received.</p>		
9. ADJOURN	<i>Nevins</i>		
	Meeting adjourned at 5:50 p.m.		



To: SVHCD Board of Directors
From: Kelly Mather
Date: 7/31/2020
Subject: Administrative Report

Summary

We ended Fiscal Year 2020 on a very good note, despite managing under the pandemic. The inpatient volumes have been higher than usual in July and we are definitely experiencing the increase in demand due to COVID 19. Staff are doing a great job, especially the team who has stepped up to offer testing to our patients. The announcement of my decision to take a new role seemed to go well and I feel blessed to have had the opportunity to serve at SVH.

Update from FY 2020 Strategic Plan:

Strategic Priorities	Update
Exceed Community Expectations especially in Emergency Services	<ul style="list-style-type: none"> ➤ We have a new Director of Emergency Services and this will go a long way in providing resources to the nursing team and increasing teamwork in the ER. ➤ As the pandemic continues all services are available, and we have enough PPE for the staff. The Emergency volumes have been steady. ➤ The new Brand strategy is underway with a focus more on our compassionate staff than our buildings.
Create UCSF Health Outpatient Center	<ul style="list-style-type: none"> ➤ The CT (Project 1) will be complete this fall and we have closed out Projects 0, 2 and 4. The MRI (Project 3) costs were a bit higher than expected but we are asking the Board for approval of this project in August. ➤ We have completed the Capital Campaign and have raised \$21 million needed to bring in the advanced imaging state-of-the-art technology. The MRI should be complete next summer. We probably will not have the funds to move Cardiology next to the ODC. ➤ We held our quarterly strategy meeting with UCSF today. Their Affiliates Network structure is almost in place. Due the many opportunities and requests for UCSF services and physicians, they have a consultant assessing what is best for Sonoma and the North Bay in a more global way. ➤ We are working with MarinHealth (UCSF affiliate) directly on the Gastroenterology solution.
Become a 5 Star Hospital	<ul style="list-style-type: none"> ➤ The new approach to patient and staff satisfaction called “Human Experience” action plan is underway. This will take 12 – 18 months to hard wire. ➤ Our strategy to improve staff TRUST through “Values in Action” by recognizing staff based on the values, increasing rounding and feedback loops and improving recruitment, selection and on-boarding is already improving the culture. ➤ With the pandemic, we find a need for more rewards and fun for staff. Our first Wellness Wednesday was a success.
Provide Access to Excellent Physicians	<ul style="list-style-type: none"> ➤ We have two excellent candidates for the PCP position starting in 2021. ➤ As UCSF takes a fresh look at a system wide approach for placing physicians, Sonoma will continue to focus on telehealth options for all specialists. ➤ The accreditation survey for Bariatrics will not happen until 2021.
Healthy Hospital	<ul style="list-style-type: none"> ➤ The Incident Command team is doing an excellent job, especially with communication and teamwork.

JUNE 2020

			National Benchmark
Patient Experience	Current Performance	FY 2020 Goal	
Would Recommend Hospital	80%	> 70 percent	50th percentile
Inpatient Q Review Rating	4.77	4.5	3.8
Outpatient Services	4.82	4.5	3.8
Emergency Department	4.6	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	1	<1	N/A
Surgery Site Infection – Joint	0	<1.5%	N/A
MRSA Bacteremia	0	<.13	<.13
C. Difficile	1	3.5	2.7/10,000 pt days
Patient Safety Indicator	.76	<1	<1
Heart Failure Mortality Rate	11.7%	12%	12.9%
Pneumonia Mortality Rate	17.5%	20%	15.6%
Stroke Mortality Rate	15.1%	15%	13.8%
Sepsis Mortality Rate	7.3%	<18%	25%
30 Day All- Cause Readmissions	14.1%	< 15.3 %	< 15%
Serious Safety Events	1	0	0
Falls	2	< 2.3	2.3
Pressure Ulcers	4.5	<3.7	3.7
Injuries to Staff	12	< 10	17
Adverse Drug Events with Harm	0	0	0
Reportable HIPAA Privacy Events	0	0	0
Case Mix Index		1.4	1.3
Hospital Star Rating	4	4	3
Staff Satisfaction	Performance	FY 2020 Goal	Benchmark
Staff Pulse Survey	4.05 out of 5	>3.8	75%
Turnover	8.2%/8.2%	< 15%	< 20%
Financial Stability	YTD Performance	FY 2020 Goal	Benchmark
EBDA	17%	3%	3%
Paid FTE's	225	<235	n/a
Days Cash on Hand	81	20	30
Days in Accounts Receivable	49	45	50
Length of Stay	3.7	3.85	4.03
Funds raised by SVHF	\$21 million	\$21 million	\$1 million
Strategic Growth		FY 2020 Goal	FY 2019
Inpatient Discharges	862	900	984
Outpatient Visits	47,802	55,000	54,596
Emergency Visits	9784	10,000	10,181
Surgeries + Special Procedures	2226	3000	2950
Community Benefit Hours	1332	1000	1222

Note: Colors demonstrate comparison to National Benchmark



To: SVH Finance Committee
From: Ken Jensen, CFO, and Sarah Dungan, Controller
Date: September 22, 2020
Subject: Financial Report for the Month Ending August 31, 2020

August's actual loss of (\$867,989) from operations was \$473,457 favorable to the budgeted loss of (\$1,341,446). After accounting for all other activity; the net gain for August was \$658,241 vs. the budgeted net loss of (\$541,662) with a monthly EBDA of -7.0% vs. a budgeted -25.4%.

Gross patient revenue for August was \$21,500,391, or \$4,298,060 over budget. Inpatient gross revenue was over budget by \$1,720,468. Inpatient days were over budget by 89 days and inpatient surgeries were at budget at 18 cases. Outpatient revenue was over budget by \$1,437,208. Outpatient visits were under budgeted expectations by (253) visits, outpatient surgeries were under budget by (6) cases, and special procedures were under budget by (24) cases. Outpatient revenue is primarily over budget in surgery due to higher than average orthopedic surgeries and less than average pain cases. The Emergency Room gross revenue was over budget by \$1,140,384, with ER visits over budgeted expectations by 13 visits. The ER visits continue to have a higher acuity than average.

Deductions from revenue were unfavorable to budgeted expectations by (\$3,768,931) due to gross revenue being over budget.

After accounting for all other operating revenue, the **total operating revenue** was favorable to budgeted expectations by \$546,337.

Operating Expenses of \$4,387,969 were unfavorable to budget by (\$72,880). Salaries and wages and agency fees were over budget by (\$97,650) primarily in nursing and clinical departments due to the higher than budgeted volumes and the higher acuity of inpatients. Purchased services are over budget by (\$49,426) due to the unbudgeted UCSF COVID testing costs of \$95,500 for July and August. This cost will go away once the hospital begins its in-house COVID testing.

The hospital received an additional \$49,500 in CARES Act funding in August.



After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for August was (\$504,449) vs. a budgeted net loss of (\$1,021,871). The hospital received \$976,656 in restricted contributions from the Sonoma Valley Hospital Foundation in August for the Outpatient Diagnostic Center construction costs. The total net income for August after all activity was \$658,241 vs. a budgeted net loss of (\$541,662).

EBIDA for the month of August was -7.0% vs. the budgeted -25.4%.

Patient Volumes – August

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	65	60	5	76
Acute Patient Days	314	225	89	240
Observation Days	21	0	21	19
OP Gross Revenue	\$14,937	\$12,359	\$2,578	\$15,735
Surgical Cases	114	120	-6	160

Gross Revenue Overall Payer Mix – August

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	37.9%	42.1%	-4.2%	39.1%	42.1%	-3.0%
Medicare Mgd Care	16.6%	13.3%	3.3%	15.9%	13.3%	2.6%
Medi-Cal	19.1%	17.8%	1.3%	19.4%	17.8%	1.6%
Self-Pay	0.7%	1.9%	-1.2%	2.1%	1.9%	0.2%
Commercial	23.5%	22.3%	1.2%	21.2%	22.3%	-1.1%
Workers Comp	2.2%	2.6%	-0.4%	2.3%	2.6%	-0.3%
Total	100.0%	100.0%		100.0%	100.0%	

Cash Activity for August:

For the month of August the cash collection goal was \$3,200,943 and the Hospital collected \$3,009,666 or under the goal by (\$191,277). The year-to-date cash collection goal was \$5,448,981 and the Hospital has collected \$6,405,610 or over goal by \$956,629.

	CURRENT MONTH	PRIOR MONTH	VARIANCE	PRIOR YEAR
Days of Cash on Hand - Avg.	68.6	73.0	-4.4	48.2
Accounts Receivable Days	39.0	40.4	-1.4	42.8
Accounts Payable	\$2,155,418	\$2,298,513	-\$143,095	\$2,621,829
Accounts Payable Days	31.6	33.5	-1.9	39.5

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 August 31, 2020

ATTACHMENT A

YTD

Gross Revenue:	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	8,129,082	7,227,494	901,588	12.5%	16,943,300	14,244,917	2,698,383	18.9%
Medicare Managed Care	3,570,031	2,282,055	1,287,976	56.4%	6,887,849	4,494,594	2,393,255	53.2%
Medi-Cal	4,084,213	3,052,029	1,032,184	33.8%	8,362,536	6,011,470	2,351,066	39.1%
Self Pay	155,058	323,531	-168,473	-52.1%	898,677	636,186	262,491	41.3%
Commercial & Other Government	5,083,103	3,864,939	1,218,164	31.5%	9,249,995	7,599,416	1,650,579	21.7%
Worker's Comp.	478,904	452,283	26,621	5.9%	1,006,461	889,505	116,956	13.1%
Total	21,500,391	17,202,331	4,298,060		43,348,818	33,876,088	9,472,730	

Net Revenue:	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	957,639	889,705	67,934	7.6%	1,992,943	1,753,549	239,394	13.7%
Medicare Managed Care	390,199	251,482	138,717	55.2%	743,098	495,304	247,794	50.0%
Medi-Cal	432,011	328,093	103,918	31.7%	885,915	646,233	239,682	37.1%
Self Pay	83,035	134,524	-51,489	-38.3%	420,326	264,526	155,800	58.9%
Commercial & Other Government	1,469,798	1,203,050	266,748	22.2%	2,647,667	2,370,372	277,295	11.7%
Worker's Comp.	89,009	85,708	3,301	3.9%	183,043	168,562	14,481	8.6%
Prior Period Adj/IGT	-	-	0	*	-	-	0	*
Total	3,421,691	2,892,562	529,129	18.3%	6,872,992	5,698,546	1,174,446	20.6%

Percent of Net Revenue:	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	28.0%	30.7%	-2.7%	-8.8%	29.0%	30.8%	-1.9%	-6.2%
Medicare Managed Care	11.4%	8.7%	2.7%	31.0%	10.8%	8.7%	2.1%	24.1%
Medi-Cal	12.6%	11.3%	1.3%	11.5%	12.9%	11.3%	1.6%	14.2%
Self Pay	2.4%	4.7%	-2.3%	-48.9%	6.1%	4.6%	1.5%	32.6%
Commercial & Other Government	43.0%	41.6%	1.4%	3.4%	38.5%	41.6%	-3.1%	-7.5%
Worker's Comp.	2.6%	3.0%	-0.4%	-13.3%	2.7%	3.0%	-0.3%	-10.0%
Prior Period Adj/IGT	0.0%	0.0%	0.0%	*	0.0%	0.0%	0.0%	*
Total	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%	-0.1%	-0.1%

Projected Collection Percentage:	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	11.8%	12.3%	-0.5%	-4.1%	11.8%	12.3%	-0.5%	-4.1%
Medicare Managed Care	10.9%	11.0%	-0.1%	-0.9%	10.8%	11.0%	-0.2%	-1.8%
Medi-Cal	10.6%	10.7%	-0.1%	-0.9%	10.6%	10.7%	-0.1%	-0.9%
Self Pay	53.6%	41.6%	12.0%	28.8%	46.8%	41.6%	5.2%	12.5%
Commercial & Other Government	28.9%	31.1%	-2.2%	-7.1%	28.6%	31.2%	-2.6%	-8.3%
Worker's Comp.	18.6%	19.0%	-0.4%	-2.1%	18.2%	19.0%	-0.8%	-4.2%

**SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended August 31, 2020**

ATTACHMENT B

	<u>CURRENT MONTH</u>				<u>YEAR-TO-DATE</u>			<u>YTD</u>
	<u>Actual</u> <u>08/31/20</u>	<u>Budget</u> <u>08/31/20</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>		<u>Actual</u> <u>08/31/20</u>	<u>Budget</u> <u>08/31/20</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>	<u>Prior</u> <u>Year</u> <u>08/31/19</u>
Inpatient Utilization								
Discharges								
1	53	48	5	Med/Surg	115	95	20	123
2	12	12	-	ICU	25	24	1	25
3	65	60	5	Total Discharges	140	119	21	148
Patient Days:								
4	207	163	44	Med/Surg	428	324	104	391
5	107	62	45	ICU	210	123	87	118
6	314	225	89	Total Patient Days	638	447	191	509
7	21	-	21	Observation days	41	-	41	30
Average Length of Stay:								
8	3.9	3.4	0.5	Med/Surg	3.7	3.4	0.3	3.2
9	8.9	5.2	3.8	ICU	8.4	5.1	3.3	4.7
10	4.8	3.8	1.1	Avg. Length of Stay	4.6	3.8	0.8	3.4
Average Daily Census:								
11	6.7	5.3	1.4	Med/Surg	6.9	5.2	1.7	6.3
12	3.5	2.0	1.5	ICU	3.4	2.0	1.4	1.9
13	10.1	7.3	2.9	Avg. Daily Census	10.3	7.2	3.1	8.2
Other Utilization Statistics								
Emergency Room Statistics								
14	723	710	13	Total ER Visits	1,458	1,396	62	1,808
Outpatient Statistics:								
15	3,784	4,037	(253)	Total Outpatients Visits	7,908	7,522	386	8,847
16	18	18	-	IP Surgeries	35	36	(1)	53
17	96	102	(6)	OP Surgeries	194	200	(6)	267
18	34	58	(24)	Special Procedures	71	114	(43)	166
19	213	312	(99)	Adjusted Discharges	473	622	(149)	836
20	1,027	798	229	Adjusted Patient Days	2,154	1,572	582	2,012
21	33.1	25.7	7.4	Adj. Avg. Daily Census	34.7	25.4	9.4	32.5
22	1.6280	1.4000	0.228	Case Mix Index - Medicare	1.5893	1.4000	0.189	1.4522
23	1.6198	1.4000	0.220	Case Mix Index - All payers	1.5634	1.4000	0.163	1.5118
Labor Statistics								
24	213	205	(8)	FTE's - Worked	211	203	(7.4)	204
25	229	228	(0)	FTE's - Paid	229	227	(2.4)	226
26	47.04	44.72	(2.32)	Average Hourly Rate	46.84	44.67	(2.17)	44.27
27	6.91	8.87	1.97	FTE / Adj. Pat Day	6.60	8.95	2.35	6.96
28	39.4	50.6	11.2	Manhours / Adj. Pat Day	37.6	51.0	13.4	39.6
29	190.1	129.3	(60.8)	Manhours / Adj. Discharge	171.0	128.8	(42.3)	95.4
30	22.2%	23.3%	1.1%	Benefits % of Salaries	21.1%	23.5%	2.4%	23.3%
Non-Labor Statistics								
31	14.3%	17.0%	2.7%	Supply Expense % Net Revenue	15.6%	17.2%	1.6%	13.3%
32	2,304	1,578	(726)	Supply Exp. / Adj. Discharge	2,261	1,572	(690)	1,164
33	21,060	14,118	(6,942)	Total Expense / Adj. Discharge	19,033	14,086	(4,947)	10,326
Other Indicators								
34	53.7			Days Cash - Operating Funds				
35	39.0	50.0	(11.0)	Days in Net AR	39.7	50.0	(10.3)	42.3
36	94%			Collections % of Net Revenue	118%			92.9%
37	31.6	55.0	(23.4)	Days in Accounts Payable	31.6	55.0	(23.4)	44.9
38	15.9%	16.8%	-0.9%	% Net revenue to Gross revenue	15.9%	16.9%	-1.0%	17.2%
39	16.0%			% Net AR to Gross AR	16.0%			19.0%

Sonoma Valley Health Care District
Balance Sheet
As of August 31, 2020

ATTACHMENT C

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1 Cash	\$ 1,966,728	\$ 1,469,443	\$ 1,291,406
2 Cash - Money Market	7,236,714	8,236,372	2,533,925
3 Net Patient Receivables	5,255,746	4,858,880	6,728,831
4 Allow Uncollect Accts	(978,181)	(932,384)	(1,331,193)
5 Net A/R	4,277,565	3,926,496	5,397,638
6 Other Accts/Notes Rec	6,953	149,027	185,231
7 Parcel Tax Receivable	3,800,000	3,800,000	3,800,000
8 GO Bond Tax Receivable	3,168,950	3,309,180	2,953,183
9 3rd Party Receivables, Net	334,672	192,029	1,213,627
10 Inventory	844,274	837,989	887,752
11 Prepaid Expenses	831,582	1,018,074	786,734
12 Total Current Assets	\$ 22,467,438	\$ 22,938,610	\$ 19,049,496
13 Property, Plant & Equip, Net	\$ 50,564,150	\$ 50,051,552	\$ 49,312,029
14 Trustee Funds - GO Bonds	5,668,992	5,528,299	5,177,232
15 Restricted Funds - Board Approved	-	-	-
16 Total Assets	\$ 78,700,580	\$ 78,518,461	\$ 73,538,757
Liabilities & Fund Balances			
Current Liabilities:			
17 Accounts Payable	\$ 2,155,418	\$ 2,298,513	\$ 2,621,829
18 Accrued Compensation	3,571,782	3,360,927	3,038,565
19 Interest Payable - GO Bonds	662,302	572,571	700,024
20 Accrued Expenses	1,525,926	1,478,758	1,784,345
21 Advances From 3rd Parties	-	-	237,426
22 Deferred Parcel Tax Revenue	3,166,654	3,483,321	3,166,658
23 Deferred GO Bond Tax Revenue	2,757,655	3,033,420	2,587,325
24 Current Maturities-LTD	309,412	307,231	542,343
25 Line of Credit - Union Bank	5,473,734	5,473,734	5,473,734
26 Other Liabilities	121,966	121,966	626,386
27 Total Current Liabilities	\$ 19,744,849	\$ 20,130,441	\$ 20,778,635
28 Long Term Debt, net current portion	\$ 28,562,436	\$ 28,652,966	\$ 30,419,490
29 Fund Balances:			
30 Unrestricted	\$ 19,339,128	\$ 19,657,543	\$ 15,124,679
31 Restricted	11,054,167	10,077,511	7,215,953
32 Total Fund Balances	\$ 30,393,295	\$ 29,735,054	\$ 22,340,632
33 Total Liabilities & Fund Balances	\$ 78,700,580	\$ 78,518,461	\$ 73,538,757

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended August 31, 2020**

ATTACHMENT D

	Month				Volume Information	Year-To-Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual		\$	%		Actual	Budget	\$	%		
1	65	60	5	8%	Acute Discharges	140	119	21	18%	148	
2	314	225	89	40%	Patient Days	638	447	191	43%	509	
3	21	-	21	0%	Observation Days	41	-	41	*	30	
4	14,937	12,359	2,578	21%	Gross O/P Revenue (000's)	30,509	24,259	6,249	26%	\$ 31,796	
Financial Results											
Gross Patient Revenue											
5	\$ 6,563,877	\$ 4,843,409	1,720,468	36%	Inpatient	\$ 12,839,514	\$ 9,617,194	3,222,320	34%	\$ 10,763,114	
6	8,702,112	7,264,904	1,437,208	20%	Outpatient	17,878,744	14,257,408	3,621,336	25%	18,094,913	
7	6,234,402	5,094,018	1,140,384	22%	Emergency	12,630,560	10,001,486	2,629,074	26%	13,786,912	
8	\$ 21,500,391	\$ 17,202,331	4,298,060	25%	Total Gross Patient Revenue	\$ 43,348,818	\$ 33,876,088	9,472,730	28%	\$ 42,644,939	
Deductions from Revenue											
9	(17,978,700)	(14,096,661)	(3,882,039)	-28%	Contractual Discounts	\$ (36,192,826)	\$ (27,751,326)	(8,441,500)	-30%	\$ (35,026,001)	
10	(100,000)	(200,000)	100,000	50%	Bad Debt	(250,000)	(400,000)	150,000	38%	(400,000)	
11	-	(13,108)	13,108	100%	Charity Care Provision	(33,000)	(26,216)	(6,784)	-26%	(27,800)	
12	-	-	-		Prior Period Adj/Government Program Revenue	-	-	-		112,750	
13	\$ (18,078,700)	\$ (14,309,769)	(3,768,931)	26%	Total Deductions from Revenue	\$ (36,475,826)	\$ (28,177,542)	(8,298,284)	29%	\$ (35,341,051)	
14	\$ 3,421,691	\$ 2,892,562	529,129	18%	Net Patient Service Revenue	\$ 6,872,992	\$ 5,698,546	1,174,446	21%	\$ 7,303,888	
15	\$ 98,289	\$ 81,081	17,208	21%	Other Op Rev & Electronic Health Records	\$ 227,944	\$ 162,162	65,782	41%	\$ 98,441	
16	\$ 3,519,980	\$ 2,973,643	546,337	18%	Total Operating Revenue	\$ 7,100,936	\$ 5,860,708	\$ 1,240,228	21%	\$ 7,402,329	
Operating Expenses											
17	\$ 1,901,393	\$ 1,803,743	(97,650)	-5%	Salary and Wages and Agency Fees	\$ 3,793,048	\$ 3,580,027	(213,021)	-6%	\$ 3,532,060	
18	649,216	661,573	12,357	2%	Employee Benefits	1,288,056	1,320,643	32,587	2%	1,307,859	
19	\$ 2,550,609	\$ 2,465,316	(85,293)	-3%	Total People Cost	\$ 5,081,104	\$ 4,900,670	(180,434)	-4%	\$ 4,839,919	
20	\$ 401,437	\$ 423,549	22,112	5%	Med and Prof Fees (excl Agency)	\$ 814,958	\$ 840,384	25,426	3%	\$ 865,519	
21	489,885	492,456	2,571	1%	Supplies	1,070,453	977,970	(92,483)	-9%	973,566	
22	433,426	384,000	(49,426)	-13%	Purchased Services	806,692	768,000	(38,692)	-5%	649,137	
23	257,950	266,953	9,003	3%	Depreciation	515,869	533,906	18,037	3%	493,866	
24	103,898	111,342	7,444	7%	Utilities	222,307	219,485	(2,822)	-1%	217,671	
25	43,196	42,599	(597)	-1%	Insurance	90,202	85,198	(5,004)	-6%	80,259	
26	23,686	23,821	135	1%	Interest	40,267	47,642	7,375	15%	84,806	
27	83,882	105,053	21,171	20%	Other	183,946	207,310	23,364	11%	207,828	
28	-	-	-	*	Matching Fees (Government Programs)	-	-	-	*	0	
29	\$ 4,387,969	\$ 4,315,089	(72,880)	-2%	Operating expenses	\$ 8,825,798	\$ 8,580,565	(245,233)	-3%	\$ 8,412,571	
30	\$ (867,989)	\$ (1,341,446)	473,457	35%	Operating Margin	\$ (1,724,862)	\$ (2,719,857)	994,995	37%	\$ (1,010,242)	

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended August 31, 2020**

ATTACHMENT D

	Month					Year-To- Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual		\$	%		Actual	Budget	\$	%		
31	\$ 46,873	\$ 2,908	43,965	1512%						\$ 1,995,463	
32	-	-	-	0%						1,214	
33	-	-	-	0%						(26,832)	
34	316,667	316,667	-	0%						633,334	
35	-	-	-	0%						(109)	
36	<u>\$ 363,540</u>	<u>\$ 319,575</u>	<u>43,965</u>	<u>14%</u>						<u>\$ 2,603,070</u>	
37	<u>\$ (504,449)</u>	<u>\$ (1,021,871)</u>	<u>517,422</u>	<u>-51%</u>	Net Income / (Loss) prior to Restricted Contributions	<u>\$ (1,049,245)</u>	<u>\$ (2,080,707)</u>	<u>1,031,462</u>	<u>-50%</u>	<u>\$ 1,592,828</u>	
38	\$ -	\$ -	-	0%	Capital Campaign Contribution	\$ -	\$ -	-	0%	\$ -	
39	\$ 976,656	\$ 294,175	682,481	0%	Restricted Foundation Contributions	\$ 1,759,234	\$ 588,350	1,170,884	100%	\$ 347,251	
40	<u>\$ 472,207</u>	<u>\$ (727,696)</u>	<u>1,199,903</u>	<u>-165%</u>	Net Income / (Loss) w/ Restricted Contributions	<u>\$ 709,989</u>	<u>\$ (1,492,357)</u>	<u>2,202,346</u>	<u>-148%</u>	<u>\$ 1,940,079</u>	
41	186,034	186,034	-	0%	GO Bond Activity, Net	366,368	366,368	-	0%	321,265	
42	<u>\$ 658,241</u>	<u>\$ (541,662)</u>	<u>1,199,903</u>	<u>-222%</u>	Net Income/(Loss) w GO Bond Activity	<u>\$ 1,076,357</u>	<u>\$ (1,125,989)</u>	<u>2,202,346</u>	<u>-196%</u>	<u>\$ 2,261,344</u>	
	\$ (246,499)	\$ (754,918)	508,419		EBDA - Not including Restricted Contributions	\$ (533,376)	\$ (1,546,801)	1,013,425		\$ 2,086,694	
	-7.0%	-25.4%				-7.5%	-26.4%			28.2%	

* Operating Margin without Depreciation expense:

\$ (867,989)	\$ (1,341,446)	\$ 473,457	35%	Operating Margin	\$ (1,724,862)	\$ (2,719,857)	\$ 994,995	37%
257,950	266,953	9,003	3%	Add back Depreciation	515,869	533,906	18,037	3%
<u>\$ (610,039)</u>	<u>\$ (1,074,493)</u>	<u>\$ 482,460</u>	<u>43%</u>	Operating Margin without Depreciation expense	<u>\$ (1,208,993)</u>	<u>\$ (2,185,951)</u>	<u>\$ 1,013,032</u>	<u>45%</u>

**Sonoma Valley Health Care District
Variance Analysis
For the Period Ended August 31, 2020**

ATTACHMENT E

Operating Expenses	YTD Variance	Month Variance	
Salary and Wages and Agency Fees	(213,021)	(97,650)	Salaries and wages and agency fees were over budget in nursing and clinical departments due to the higher than budgeted volumes and the higher acuity of inpatients
Employee Benefits	32,587	12,357	
Total People Cost	(180,434)	(85,293)	
Med and Prof Fees (excl Agency)	25,426	22,112	
Supplies	(92,483)	2,571	
Purchased Services	(38,692)	(49,426)	Purchased services are over budget due to the unbudgeted cost of UCSF lab fees for COVID testing (\$95,500) for July and August.
Depreciation	18,037	9,003	
Utilities	(2,822)	7,444	
Insurance	(5,004)	(597)	
Interest	7,375	135	
Other	23,364	21,171	
Matching Fees (Government Programs)	-	-	
Operating expenses	(245,233)	(72,880)	

Sonoma Valley Hospital
Cash Forecast
FY 2021

ATTACHMENT F

	Actual July	Actual Aug	Forecast Sept	Forecast 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	3,655,695	3,057,733	3,547,784	3,984,991	3,868,884	3,828,430	3,992,041	3,859,339	4,059,205	3,979,608	4,041,302	4,011,761	45,886,773
2 Other Operating Revenue	38,268	137,152	81,081	81,081	81,081	81,081	81,081	81,081	81,081	81,081	81,081	81,081	986,230
3 Other Non-Operating Revenue	73,172	15,194	23,796	23,796	23,796	23,796	23,796	23,796	23,796	23,796	23,796	23,796	326,326
4 Unrestricted Contributions	-	3,306											3,306
5 Line of Credit													-
Sub-Total Hospital Sources	3,767,135	3,213,385	3,652,661	4,089,868	3,973,761	3,933,307	4,096,918	3,964,216	4,164,082	4,084,485	4,146,179	4,116,638	47,202,635
Hospital Uses of Cash													
6 Operating Expenses	5,534,264	3,523,571	4,135,348	4,365,825	4,276,632	4,283,621	4,403,115	4,222,842	4,539,772	4,243,227	4,422,890	4,370,188	52,321,295
7 Add Capital Lease Payments	7,854	88,349											96,203
8 Additional Liabilities/LOC													-
9 Capital Expenditures	784,428	998,868	294,175	294,175	294,175	294,175	294,175	294,175	294,175	294,175	294,175	294,175	4,725,046
Total Hospital Uses	6,326,547	4,610,787	4,429,523	4,660,000	4,570,807	4,577,796	4,697,290	4,517,017	4,833,947	4,537,402	4,717,065	4,664,363	57,142,544
Net Hospital Sources/Uses of Cash	(2,559,412)	(1,397,403)	(776,862)	(570,132)	(597,046)	(644,489)	(600,372)	(552,801)	(669,865)	(452,917)	(570,886)	(547,725)	(9,939,909)
Non-Hospital Sources													
10 Restricted Cash/Money Market	1,000,000	1,000,000							1,900,000	(5,000,000)			(1,100,000)
11 Restricted Capital Donations	784,428	973,350	294,175	294,175	294,175	294,175	294,175	294,175	294,175	294,175	294,175	294,175	4,699,528
12 Parcel Tax Revenue	86,141					2,100,000				1,600,000			3,786,141
13 Other Payments - South Lot/Ins. Claims/HHS	340,068	49,150											389,218
14 Other:													-
15 IGT			108,000	(163,000)			1,100,000			4,470,424		120,000	5,635,424
16 IGT - AB915								250,000					250,000
17 PRIME PUB3172		14,229	270,000										284,229
Sub-Total Non-Hospital Sources	2,210,637	2,036,729	672,175	131,175	294,175	2,394,175	1,394,175	544,175	2,194,175	1,364,599	294,175	414,175	13,944,539
Non-Hospital Uses of Cash													
18 Matching Fees		142,041					425,000		1,900,000	104,217			2,571,258
Sub-Total Non-Hospital Uses of Cash	-	142,041	-	-	-	-	425,000	-	1,900,000	104,217	-	-	2,571,258
Net Non-Hospital Sources/Uses of Cash	2,210,637	1,894,688	672,175	131,175	294,175	2,394,175	969,175	544,175	294,175	1,260,382	294,175	414,175	11,373,281
Net Sources/Uses	(348,775)	497,285	(104,687)	(438,957)	(302,871)	1,749,686	368,803	(8,626)	(375,690)	807,465	(276,711)	(133,550)	
Operating Cash at beginning of period	1,818,218	1,469,443	1,966,728	1,862,041	1,423,084	1,120,213	2,869,899	3,238,702	3,230,076	2,854,386	3,661,851	3,385,140	
Operating Cash at End of Period	1,469,443	1,966,728	1,862,041	1,423,084	1,120,213	2,869,899	3,238,702	3,230,076	2,854,386	3,661,851	3,385,140	3,251,590	
Money Market Account Balance - Unrestricted	8,236,372	7,236,714	6,236,714	6,236,714	6,236,714	6,236,714	6,236,714	6,236,714	4,336,714	9,336,714	9,336,714	9,336,714	
Total Cash at End of Period	9,705,815	9,203,442	8,098,755	7,659,798	7,356,927	9,106,613	9,475,416	9,466,790	7,191,100	12,998,565	12,721,854	12,588,304	
Average Days of Cash on Hand	73.0	68.6	58.7	55.5	53.3	66.0	68.7	68.6	52.1	94.3	92.2	91.3	

**Sonoma Valley Hospital
Capital Spending Plan
FY 2021 - FY 2031**

<u>Category</u>	<u>Project/Equipment</u>	<u>Age</u>	<u>Notes</u>	<u>Projected Cost</u>	<u>FY 2021 - Year 1</u>	<u>FY 2022 - Year 2</u>	<u>FY 2023 - Year 3</u>	<u>FY 2024 - Year 4</u>	<u>FY 2025 - Year 5</u>	<u>FY 2026 - 2031 - Years 6-10</u>
Seismic	Structural - SPC4D Compliance			150,000		150,000				
Seismic	Anchorage - NPC Assessment			120,000				120,000		
Seismic	Anchorage - NPC Compliance - 2030		Waiting for estimate							
Seismic	SPC Exception		OSHPD ALLOW ER/SURGERY COMPLIANCE ONLY - Waiting for estimate							
Physical Plant	Sewer pumps in the basement	50 Years		40,000	40,000					
Physical Plant	Elevators - NPC Compliance - Replace jacks/doors	40 Years		550,000		550,000				
Physical Plant	Medical Air & Vacuum Systems	40 Years		350,000					350,000	
Physical Plant	Security Access - Exterior doors			250,000					250,000	
Physical Plant	Electrical - Automatic Transfer Switches	40 Years		250,000	250,000					
Physical Plant	Fire Alarm - Device upgrades & panel expansion	30 Years		600,000						600,000
Physical Plant	Air Handler & Exhaust Fan - Replacement	40 Years		3,100,000						3,100,000
Physical Plant	Cooling - Back-up power - New Wing			550,000		550,000				
Physical Plant	Pipes - replacement	40 years		60,000	60,000					
Facility Improvement	ICU Refurbishment	40 Years	SVHF Funded	330,000		330,000				
Facility Improvement	Med/Surg Room Upgrades	50 Years	SVHF Funded	300,000		300,000				
Facility Improvement	GI Suite - Medivator Move		Physician Endoscopy	3,000,000						3,000,000
Facility Improvement	East wing roof	20 years		122,000		122,000				
Facility Improvement	Central wing roof	20 years		170,000			170,000			
Facility Improvement	Kitchen/café refresh		No OSHPD permit	230,000	230,000					
Facility Improvement/Compliance	Isolation Room - Inpatient floor AII compliance	30 Years		125,000	125,000					
Facility Improvement/Compliance	Pharmacy Clean Room - USP 797/800 code changes		Only if code required	450,000		450,000				
Equipment	Laboratory - BD Bactec FX40		COVID Testing	36,759	36,759					
Equipment	Laboratory - Biosafety cabinet Class II	30 Years	COVID Testing	11,000	11,000					
Equipment	Ventilator Ped to Adult with compressor			37,121	37,121					
Equipment	Xenex Robot - V3 upgrade to X4			86,500	86,500					
Equipment	Kitchen - Cooking & Serving Table	20 Years		85,000	85,000					
Equipment	Kitchen - Pass-thru warming cabinet	20 Years		10,000	10,000					
Equipment	Kitchen - Alladin Temp Rite Hot Plate Warmer			5,000	5,000					
Equipment	Kitchen - Walk-in-freezer			25,000	25,000					
Equipment	Kitchen - Grab & Go Refrigeration (4)			100,000	100,000					
Equipment	Kitchen - Stand alone Refrigerators (2)			20,000	20,000					
Equipment	Kitchen - Drying Rack on Wheels			6,000	6,000					
Equipment	Kitchen - Soiled Tray Carts (2)			10,000	10,000					
Equipment	Surgery - DaVinci Robot			1,000,000			1,000,000			
Equipment	Surgery - Anesthesia Machines (qty. 3)		Current machines - End of Life	225,000		225,000				
Equipment	Surgery - OR Tables (qty. 3)		Current machines - End of Life	105,000		105,000				
Equipment	Space Lab Monitors (qty. 26)	15 Years		500,000				500,000		
Equipment	Nursing - 10 Defibrillators		End of life	180,000		180,000				
Equipment	Ultrasound - Gurney		Gurney is outdated, difficult to maneuver and cannot be fitted with stirrups needed for gyn exams. Equipment at end of life and no longer covered by service contract.	7,200	7,200					
Equipment	Laboratory - Coagulation machine	12 Years	Purchased used 12 years ago. Technology outdated and parts not available.	40,000	40,000					
Equipment	Occ Health - Audio Booth	25 - 30 Years	OneContent DEX \$50K, Paragon Inbound Orders & ADT \$30K, Summit Healthcare Provider Exchange \$122K	5,386	5,386					
Information Technology	Interoperability - Electronic Orders		Annual Investment - \$75,000	200,000	200,000					
Information Technology	Computers, WOWS, Operating System Updates		Annual Investment - \$100,000	375,000	75,000	75,000	75,000	75,000	75,000	
Information Technology	Network Switch - Replacement		Expires 9/2022 - waiting for estimate	500,000	100,000	100,000	100,000	100,000	100,000	
Information Technology	EHR - PARAGON - Renewal	10 Years	waiting for estimate							
Information Technology	Paging System - VOIP Conversion									
				14,316,966	1,564,966	3,137,000	1,175,000	965,000	775,000	6,700,000
										14,316,966



To: SVH Finance Committee
From: Ken Jensen, CFO & Sarah Dungan, Controller
Date: September 22, 2020
Subject: Three-Year Financial Projection – FY 2021, 2022, and 2023

The three-year projection is based on current assumptions and does not assume any cost mitigations for subsequent fiscal years. Furthermore, the projected impact of additional net revenue from the Outpatient Diagnostic Center is conservative.

The three-year projection includes the following assumptions:

- Projected FY 2021 is July and August actual plus September through June Budgeted
- Volume stays consistent except a 10% increase in CT in FY 2022 and a 5% increase in CT and a 10% increase in MRI in FY 2023
- Outpatient and emergency room gross revenue include a 6% price increase with a projected 1.5% increase in net revenue
- Contractual discounts/bad debt are based upon current experiences and adjusted for the price increase
- Government supplemental payments (IGT) for FY 2022 and FY 2023 are estimated
- Increase of Other Operating Revenue by 10% for FY 2022 and FY 2023 to account for annual adjustments to Valley of the Moon Post-Acute Shared Services revenue
- Salary and agency increase of 3% in FY 2022 and FY 2023 to account for the 2% increase and any parity adjustments
- Projected UCSF Management fee of \$300,000 plus Admin. (CEO, CFO, and CMO) salaries of \$755,600 for FY 2021. Projected UCSF Management fee of \$975,000 and no Admin. salaries for FY 2022 and FY 2023
- Annual increase in supplies of 2%
- Increase in Depreciation expense to reflect CT and MRI construction and equipment costs
- Projected Utilities increase in gas cost by 5% and a \$90,000 decrease in electricity to reflect the Unison agreement
- Projected annual insurance increase of 10% based on our current history
- Projected interest to decrease as long-term debt is paid off
- Projection does not include any rental income from renting out 2nd floor space

The Projected Operating Margins for fiscal years 2021, 2022, 2023 are (\$4,285,050), (\$5,483,702), and (\$7,291,605), respectively. After accounting for all income and expenses, but not including Restricted



Contributions and GO bond activity, the Projected Net Losses for fiscal years 2021, 2022, and 2023 are (\$410,864), (\$1,658,702), and (\$3,466,605), respectively. The total Projected Net Income for fiscal years 2021 and 2022 after all activity are \$9,316,825 and 8,113,003 with EBDA of 5.2% and 3.8%, respectively. The total Projected Net Loss for fiscal year 2023 after all activity is (\$149,900) with EBDA of 2.0%.

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Projected FY 2021, 2022, & 2023**

	<u>Projected FY 2021</u>	<u>Projected FY 2022</u>	<u>Projected FY 2023</u>
Projected Gross Patient Revenue			
Inpatient	\$ 78,129,900	\$ 78,129,900	\$ 78,129,900
Outpatient	116,540,769	121,055,342	125,897,816
Emergency	82,174,734	84,639,976	87,179,175
Total Projected Gross Patient Revenue	\$ 276,845,403	\$ 283,825,218	\$ 291,206,891
Projected Deductions from Revenue			
Contractual Discounts	\$ (228,384,990)	\$ (235,020,749)	\$ (241,774,943)
Bad Debt	(2,250,000)	(2,250,000)	(2,250,000)
Charity Care Provision	(164,075)	(164,075)	(164,075)
Prior Period Adj/Government Program Revenue	5,940,424	5,643,403	5,643,403
Total Projected Deductions from Revenue	\$ (224,858,641)	\$ (231,791,421)	\$ (238,545,615)
Projected Net Patient Service Revenue	\$ 51,986,762	\$ 52,033,797	\$ 52,661,276
Other Op Rev & Electronic Health Records	\$ 1,038,754	\$ 1,076,629	\$ 1,130,460
Projected Total Operating Revenue	\$ 53,025,516	\$ 53,110,426	\$ 53,791,736
Projected Operating Expenses			
Salary and Wages and Agency Fees	\$ 23,204,886	\$ 23,293,454	\$ 23,992,258
Employee Benefits	8,214,138	8,450,841	8,873,383
Total People Cost	\$ 31,419,024	\$ 31,744,295	\$ 32,865,641
Med and Prof Fees (excl Agency)	\$ 5,186,275	\$ 5,186,275	\$ 5,445,589
Supplies	6,865,856	7,003,173	7,143,237
Purchased Services	5,009,058	5,775,000	5,775,000
Depreciation	3,185,415	3,652,082	4,568,749
Utilities	1,162,513	1,083,509	1,095,054
Insurance	516,197	567,817	624,598
Interest	278,472	124,557	95,342
Other	1,258,539	1,271,124	1,283,836
Matching Fees (Government Programs)	2,429,217	2,186,295	2,186,295
Projected Operating expenses	\$ 57,310,566	\$ 58,594,128	\$ 61,083,341
Projected Operating Margin	\$ (4,285,050)	\$ (5,483,702)	\$ (7,291,605)
Projected Non Operating Rev and Expense			
Miscellaneous Revenue/(Expenses)	\$ 74,186	\$ 25,000	\$ 25,000
Donations	-	-	-
Parcel Tax Assessment Rev	3,800,000	3,800,000	3,800,000
Projected Total Non-Operating Rev/Exp	\$ 3,874,186	\$ 3,825,000	\$ 3,825,000
Net Income / (Loss) prior to Restricted Contributions	\$ (410,864)	\$ (1,658,702)	\$ (3,466,605)
Capital Campaign Contribution			
Restricted Foundation Contributions	\$ 7,500,984	\$ 7,500,000	\$ 1,000,000
Net Income / (Loss) w/ Restricted Contributions	\$ 7,090,120	\$ 5,841,298	\$ (2,466,605)

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Projected FY 2021, 2022, & 2023**

	Projected <u>FY 2021</u>	Projected <u>FY 2022</u>	Projected <u>FY 2023</u>
GO Bond Tax Assessment Rev & Interest Exp, Net	2,226,705	2,271,705	2,316,705
Projected Net Income/(Loss) w GO Bond Activity	\$ 9,316,825	\$ 8,113,003	\$ (149,900)
Projected EBDA - Not including Restricted Contributions	\$ 2,774,551 5.2%	\$ 1,993,380 3.8%	\$ 1,102,144 2.0%

2020 INSURANCE RENEWALS

Summary Schedule of Renewals

Line of Coverage	Carrier	Policy Period	Limits	Deductible	2019-2020 Expiring Premium	2019-2020 Renewal Premium
Professional & General Liab. (Hospital)	BETA	7/1/20 - 7/1/21	\$15M/\$25M	\$5,000	\$324,601	\$345,567
Professional & General Liab. (ED Docs)	BETA	7/1/20 - 7/1/21	\$1M/\$3M	\$5,000	\$68,091	\$74,598
Director & Officers Liab.	BETA	7/1/20 - 7/1/21	\$3M	\$10,000	\$ 32,803	\$39,035
Employment Practices Liab.	BETA	7/1/20 - 7/1/21	Shared in \$3M	\$75,000	Incl Above	Incl Above
Auto Liab.	BETA	7/1/20 - 7/1/21	\$6M	\$250/\$500	\$1,688	\$1,773
Property	HARPP	7/1/20 - 7/1/21	\$132M	\$25,000	\$86,938	\$129,513
Cyber Liab. & Privacy Breach	HARPP	7/1/20 - 7/1/21	\$2M	\$5,000	Incl Above	Incl Above
Crime	AIG	7/1/19 - 7/1/21	\$1M	\$25,000	\$3,370	\$3,370
Fiduciary Liab.	Hudson Ins. Co.	7/1/20 - 7/1/21	\$1M	\$5,000	\$4,000	\$4,000
Excess Workers' Compensation	Safety National	7/1/20 - 7/1/21	Statutory	\$500,000	\$94,136	\$91,119
<u>Gross SVH Insurance Premium Total</u>					<u>\$615,627</u>	<u>\$688,975</u>
Less BETA Annual Dividend					-\$26,628	-\$25,853
Less BETA Multi-Line Dividend					n/a	n/a
Less Valley Emergency Billing					-\$68,091	-\$74,598
Net SVH Insurance Premium Total					\$520,908	\$588,794

Billing – BETA PL/GL for both Hospital and ED are billed monthly; all other insurance premiums are due within 30 days of policy inception

2020 INSURANCE RENEWALS

Hospital Professional Liability & General Liability

	2019-2010 Expiring	2020-2021 Renewal
Carrier	BETA	BETA
Limits	\$15M/\$25M	\$15M/\$25M
Deductible	\$5,000	\$5,000
Hospital Premium	\$324,601	\$345,567
Annual Dividend	-\$26,628	-\$25,583
Multi-Line Dividend	\$0	\$0
NET PREMIUM	\$297,973	\$319,984

- **Premium Explanation:** Although there was an 11% increase in overall census exposures and BETA is increasing their base rate for all members by 5%, the overall premium increase was capped at 7%. BETA did this as recognition of the Hospital's improved loss experience in recent years.
- **Dividends:** Annual Dividend of \$25,853 will be paid in one installment in August 2020. The Multi-Line Dividend is for members with BETA policies for both PL/GL and Workers' Comp. SVH does not qualify for this dividend.
- **ED Risk Management Initiative Credit:** SVH did not qualify this year
- **Risk Management Resource Fund** = \$3,842 for 20-21 policy term; \$3,589 remaining for 19-20 policy term as of 6/22/20

2020 INSURANCE RENEWALS

ED Professional Liability

	2019-2020 Expiring	2019-2020 Renewal
Carrier	BETA	BETA
Limits	\$1M/\$3M	\$1M/\$3M
Deductible	\$5,000	\$5,000
ED Premium	\$68,091	\$74,598

- **Premium Allocation:** Per SVH's contract with VEP Healthcare, the annual premium is passed through to VEP on a monthly basis. The monthly premium installment is debited on the monthly invoices paid by VEP.

2020 INSURANCE RENEWALS

Professional Liability & General Liability Claim Development

Hospital Total Incurred Losses

Policy Period	As of 5/31/15	As of 5/31/16	As of 5/31/17	As of 5/31/18	As of 5/31/19	As of 5/31/20
2010-2011	\$123,981	\$123,981	\$123,981	\$123,981	\$123,981	\$123,981
2011-2012	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
2012-2013	\$15,154	\$15,154	\$15,154	\$15,154	\$15,154	\$15,154
2013-2014	\$50,000	\$50,000	\$39,828	\$39,828	\$39,828	\$39,828
2014-2015	\$105,550	\$516,502	\$437,009	\$437,009	\$437,009	\$437,009
2015-2016	-	\$0	\$0	\$0	\$0	\$0
2016-2017	-	-	\$15,000	\$43,152	\$43,575	\$43,575
2017-2018	-	-	-	\$0	\$0	\$0
2018-2019	-	-	-	-	\$5,000	\$956
2019-2020	-	-	-	-	-	\$120,000
TOTAL	\$319,685	\$730,637	\$655,972	\$684,124	\$689,547	\$805,503

Emergency Department Total Incurred Losses

Policy Period	As of 5/31/15	As of 5/31/16	As of 5/31/17	As of 5/31/18	As of 5/31/19	As of 5/31/20
2010-2011	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700
2011-2012	\$0	\$0	\$0	\$0	\$0	\$0
2012-2013	\$1,041,335	\$1,041,335	\$1,041,335	\$1,041,335	\$1,041,335	\$1,041,335
2013-2014	\$0	\$0	\$0	\$0	\$0	\$0
2014-2015	\$16,500	\$230,498	\$187,433	\$187,519	\$187,519	\$187,519
2015-2016	-	\$291	\$291	\$291	\$291	\$291
2016-2017	-	-	\$25,500	\$15,438	\$15,438	\$15,438
2017-2018	-	-	-	\$500	\$15,000	\$1,653
2018-2019	-	-	-	-	\$2,000	\$400
2019-2020	-	-	-	-	-	\$0
TOTAL	\$1,063,535	\$1,277,824	\$1,260,259	\$1,250,783	\$1,267,283	\$1,252,336

2020 INSURANCE RENEWALS

Professional & General Liability

Census Data

Category	7/1/17 - 7/1/18 Estimated	7/1/18 - 7/1/19 Estimated	7/1/19 - 7/1/20 Estimated	7/1/20 - 7/1/21 Estimated
Acute Care Beds	4,490	3,706	3,770	3,478
Perinatal Beds	330	218	0	0
Cribs and Bassinets	257	182	0	0
Skilled Nursing Facility	6,727	6,472	5,475	7,000
Total High Acuity ER Visits	5,466	5,178	4,950	5,500
Total Low Acuity ER Visits	5,308	5,299	4,950	4,850
Outpatient Visits (excluding ER)	54,266	65,580	53,316	68,000
Counseling	2,127	2,046	1,876	1,200
Home Health	11,142	9,280	0	0
Outpatient Surgeries	1,131	1,490	1,630	1,500
Inpatient Surgeries	438	330	312	270
Bariatric Surgeries	39	50	60	35
Total Newborn Deliveries	141	103	0	0

NOTES

- Net census increase of 11%
- OB unit closed on 10/31/18
- Home Health transferred to Hospice by the Bay on 9/30/18
- SNF transferred to a management company effective 7/1/19 but SVH kept the license.

2020 INSURANCE RENEWALS

Directors & Officers Liability and Employment Practices Liability

Carrier	D&O Limit	EPL Limit	D&O Deductible	EPL Deductible	2019-2020 Expiring Premium	2020-2021 Renewal Premium
BETA	\$3M	\$3M	\$10,000	\$75,000	\$32,803	\$39,035

NOTES

- EPL Limit is Shared with D&O Limit
- BETA is applying a 12% D&O rate increase to all members this year due to overall loss ratios on the entire pool of BETA members. Another 7% increase was applied to SVH due to unfavorable loss experience.
- D&O/EPL Marketplace: Healthcare industry rates and deductibles continue to increase for D&O and EPL as we have seen over the last few years, especially here in California. These increases are due to a large spike in industry claims related to mergers, acquisitions, and affiliations. COVID-19 is placing additional financial stress on the D&O and EPL carriers as claim frequency and claim severity has increased throughout the pandemic.

Auto Liability

Carrier	Limit of Liability	Physical Damage Coverage	Deductibles	2019-2020 Expiring Premium	2020-2021 Renewal Premium
BETA	\$6M	Actual Repair Costs or Fair Market Value	\$250 Comprehensive \$500 Collision	\$1,688	\$1,773

NOTES

- BETA is applying a 5% Auto rate increase to all members this year
- Coverage for one vehicle (2012 Chevy Colorado) and Hired & Non-Owned Auto Liability

2020 INSURANCE RENEWALS

Property

Carrier	All Risk Limit	Deductible	Total Insured Values	2019-2020 Expiring Premium	2020-2021 Renewal Premium
HARPP	\$125M	\$25k	\$142,312,514	\$86,938	\$129,513

HARPP Coverage Details

Coverage	Limit	Deductible
Full All Risk Limit	\$125M	\$25k
Business Interruption	Actual Loss Sustained	24 Hours
Extra Expense	\$50M	24 Hours
Misc. Unnamed Locations (excl. EQ)	\$25M	\$25k
Course of Construction	\$25M	\$25k
Accidental Contamination	\$250k	\$25k
Boiler & Machinery	\$100M	\$25k
Cyber Liability	\$2M	\$5k
Privacy Breach Notification Costs	\$1M	\$50k

NOTES

- Total Insured Values increased 7.5% and includes Project No. 1 of the Outpatient Diagnostic Center renovations; subsequent ODC construction projects will be added to the Schedule of Values when work commences.
- Rate increased by 40% due to SVH's wildfire claim and overall Property insurance market rates that continue to increase from catastrophic weather events and, more recently, civil unrest. SVH 5-year loss ratio in the HARPP program is 176%.
- **Renewal Option 2: \$25k Deductible except \$250k Deductible for Wildfire for \$115,694 Annual Premium**
- This HARPP coverage includes a \$2M Cyber Liability Limit and \$1M for Privacy Breach Notifications; premiums above include Cyber Retention Buy-Down Option which lowers the Cyber retention from \$50k to \$5k for \$2,580 Additional Premium
- **Market Update:** We approached other Property carriers last year and most declined to quote because they are no longer writing Property policies in areas at risk of wildfire. The Property marketplace has continued to deteriorate since last year, with all carriers applying additional rate increases this year.

2020 INSURANCE RENEWALS

Property

Schedule of Values

Loc #	Address	Description	Real Property	Business Personal Property	BI/Rents	TOTAL
1	347 Andrieux Street	Hospital	\$77,096,200	\$29,971,273	\$24,528,000	\$131,595,473
1B	347 Andrieux Street	West Wing	Included Above	Included Above	Included Above	Included Above
1C	347 Andrieux Street	East Wing	Included Above	Included Above	Included Above	Included Above
1D	347 Andrieux Street	Central Wing	Included Above	Included Above	Included Above	Included Above
1E	347 Andrieux Street	Mobile MRI (Modular Van)	\$990,894	\$0	\$0	\$990,894
1H	347 Andrieux Street	New Wing	Included Above	Included Above	Included Above	Included Above
1I	347 Andrieux Street	Outpatient Diagnostic Center (Course of Construction)	\$8,967,000			\$8,967,000
16	19312 Sonoma Highway	Physical Therapy/Finance	\$0	\$355,707	\$0	\$355,707
17	853 West 4th Street	South Parking Lot	\$55,123	\$0	\$0	\$55,123
18	462 West Napa St	Sonoma Valley Specialty Clinic	\$0	\$108,450	\$0	\$108,450
19	651 1st Street West, Suites K & L	Medical Offices	\$0	\$35,787	\$0	\$35,787
20	270 Perkins Street	Sonoma Valley Family Practice	\$0	\$204,080	\$0	\$204,080
			\$87,109,217	\$30,675,297	\$24,528,000	\$142,312,514

2020 INSURANCE RENEWALS

Crime Insurance

Carrier	Limit	Deductible	2019-2021 Current Premium
AIG	\$1M	\$25k	\$3,370 Per Year

NOTES

- Renewed a 2-year policy last year at \$3,370 per year.

Fiduciary Liability

Carrier	Limit	Deductible	2019-2020 Expiring Premium	2020-2021 Renewal Premium
Hudson Ins Co	\$1M	\$5k	\$4,000	\$4,000

NOTES

- Insured Plans:
 - Sonoma Valley Health Care District Retirement and Savings Plan
 - Sonoma Valley Health Care District 457 Deferred Compensation Plan
 - VALIC 403(b) including VALIC 457

2020 INSURANCE RENEWALS

Excess Workers' Compensation

Carrier	Limit	SIR	2019-2020 Payroll	2019-2020 Premium	2020-2021 Payroll	2020-2021 Premium
Safety National	Statutory	\$500k	\$25,755,402	\$94,136	\$24,929,880	\$91,119

NOTES

- Safety National offered a 2-Year Rate Guarantee for 2019-2021
- Payroll is down 3.2%
- Premium = Rate x Payroll
- **Guaranteed Cost Coverage:** This option was explored with BETA, but it was ultimately decided that this would not be a good year to make such a change due to the increased upfront costs of moving to a fully insured program.

Workers' Compensation Loss Experience

Year	No. of Claims	Total Incurred
2009 - 2010	2	\$110,011
2010 - 2011	3	\$8,837
2011 - 2012	7	\$245,328
2012 - 2013	4	\$113,404
2013 - 2014	7	\$240,398
2014 - 2015	6	\$15,533
2015 - 2016	6	\$236,954
2016 - 2017	13	\$380,580
2017 - 2018	9	\$107,149
2018 - 2019	17	\$183,277
2019 - 2020	7	\$108,948
Total	81	\$1,750,419
<i>Average</i>	<i>7.4</i>	<i>\$159,129</i>