



SVHCD FINANCE COMMITTEE

AGENDA

WEDNESDAY, DECEMBER 2, 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=ZGIXbUI0YVZJcnZxY3VHSmp00UNhUT09>

and Enter the **Meeting ID: 946 7726 8141**

Password: 086166

To Participate via Telephone only (no video), dial:

1-669-900-9128 or 1-669-219-2599

and Enter the **Meeting ID: 946 7726 8141**

Password: 086166

<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>		
<p>AGENDA ITEM</p>	<p>RECOMMENDATION</p>	
<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>	<p><i>Nevins</i></p>	
<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>	<p><i>Nevins</i></p>	
<p>3. CONSENT CALENDAR a. Finance Committee Minutes 09.22.20</p>	<p><i>Nevins</i></p>	<p>Inform/Action</p>
<p>4. OUTPATIENT DIAGNOSTIC CENTER UPDATE</p>	<p><i>Mather/ Sarmiento</i></p>	<p>Inform</p>
<p>5. AMENDMENT OF SVHF-SVHCD MEMORANDUM OF UNDERSTANDING</p>	<p><i>Pier/Jensen</i></p>	<p>Action</p>
<p>6. SVH FOUNDATION LOAN</p>	<p><i>Jensen</i></p>	<p>Inform/Action</p>
<p>7. BANK SIGNATURE AUTHORITY</p>	<p><i>Dungan</i></p>	<p>Action</p>
<p>8. ADMINISTRATIVE REPORT NOVEMBER 2020</p>	<p><i>Mather</i></p>	<p>Inform</p>

9. FINANCIAL REPORT MONTH ENDED SEPTEMBER 30, 2020	<i>Jensen</i>	Inform
10. OPEN ENROLLMENT, UNITED HEALTHCARE	<i>Jensen</i>	Inform
11. IGT RECOUPS	<i>Dungan</i>	Inform
12. ADJOURN	<i>Nevins</i>	



**SVHCD
FINANCE COMMITTEE MEETING
MINUTES**

**TUESDAY, SEPTEMBER 22, 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	Tom Landy via Zoom Judith Bjorndal 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 08.25.20 were reviewed.		MOTION: by Rymer to approve, 2 nd by Flynn. All in favor.	
4. OUTPATIENT DIAGNOSTIC CENTER UPDATE	<i>Mather</i>			
	Ms. Mather indicated the CT project should be complete by the end of October. Permits to start the MRI project were received from OSHPD, so that should begin within the next two weeks. There is a \$950,000 contingency for the MRI project. Mr. Jensen said the line of credit would be brought down as needed.			
5. ADMINISTRATIVE REPORT AUGUST 2020	<i>Mather</i>			
	Ms. Mather reported she has had talks with Carbon			

	<p>Health about bringing a solution for urgent care to Sonoma. Ophthalmology, endoscopy, and pain management volumes have not come back up since COVID-19. COVID-19 patients have tapered off the last few weeks. She thanked Dr. Kidd for presenting a very informative community update on the COVID situation on September 10. There will be conversations in October regarding the UCSF affiliation. MarinHealth has a new CEO, and we are trying to work on North Bay physician strategies. Dr. Carroll's (UCSF) telemed clinic will start next week.</p>		
6. FINANCIAL REPORT MONTH ENDED JULY 31, 2020	<i>Jensen</i>		
	<p>Mr. Jensen reported that outpatient revenue was up substantially in August. He then reviewed the payer mix. The cash collection goal for August was \$3.2 million and the Hospital collected \$3 million. The year-to-date collection goal was \$5.4 million and the Hospital collected \$6.4 million. Days' cash on hand were 68.6, A/R days were 39, A/P was \$2.1 million, and A/P days were 31.6.</p> <p>Total operating revenue was \$3.5 million on a budget of \$2.9 million. Salaries were over budget due to high acuity and higher outpatient volumes. Purchased services were over budget by \$49,000 due to COVID testing costs for July and August. The operating margin was (\$868,000) vs. a budget of (\$1,341,000). After accounting for non-operating revenue, expenses, and contributions, net income for the month was \$658,241 vs. budget of (\$541,662), and EBDA was (7.0%) vs. budgeted (25.4%). He briefly reviewed the cash forecast. The September financials will be back to the regular budget (without COVID reduction). Volume is still off in all areas, but gross revenue looks good at this time.</p>		
7. CAPITAL SPENDING PLAN	<i>Dungan</i>		
	<p>Ms. Dungan presented the capital spending plan and stressed that it is not a budget. There are several</p>		

	items that may be funded by the Foundation. Ms. Mather added that a significant kitchen remodel is on the list during the next year or two. She also indicated that the Hospital will need to plan for an interim solution between the Paragon EHR and Epic, since Paragon is 10 years old.		
8. REVIEW OF LABOR STATISTICS	<i>Jensen</i>		
	Mr. Jensen said the main reason for the difference in labor statistics this year compared to last year was the prior years had included Skilled Nursing. He planned to bring back a recommendation to the Committee to change how this is reported.		
9. THREE-YEAR FINANCIAL PROJECTION	<i>Jensen</i>		
	Mr. Jensen briefly reviewed the financial projection and the assumptions, indicating the project was to establish a basis for budget expectations and was somewhat conservative. He said there are no assumptions for additional CARES money or additional volume. The Hospital is projected to end up with 91 days of cash in 2022 and 95 days in 2023. He suggested refreshing the report each quarter for the Committee.		
10. FY 2020 AUDIT UPDATE	<i>Jensen</i>		
	The audit is complete and the management discussion is being written. There will be a presentation at the October meeting combined with the Audit Committee. There were no significant issues with the audit. Mr. Jensen mentioned for the Committee's consideration that this is the last year of the auditors' engagement.		
11. REVIEW CURRENT INSURANCE POLICIES	<i>Jensen</i>		
	Mr. Jensen reviewed the summary of insurance renewals and premiums. Property insurance increased due to equipment added. SVH now has a \$250,000 deductible for wildfire coverage. Last year's premiums totaled \$520,000, and this year totaled \$588,000. In response to a question about		Follow up on question by Flynn if coverage includes cyber ransom.

	looking at market rates for other carriers, Mr. Jensen indicated an advantage to using BETA is they come out to the Hospital and provide free education and guidance on best practices. He said he would find out how much work BETA did on the policies and perhaps add to the calendar next year looking at the market for other carriers.		
12. ADJOURN	<i>Nevins</i>		
	Meeting adjourned at 5:52 p.m.		

**Sonoma Valley Hospital
Speed Report**

Open Projects Under: Outpatient Diagnostic Center

CIP: 1258.0050 & 1258.0795 Projected Through: 11/30/2020 - Status and Finance Impacts Updated Through 11/17/2020

Status / Issues	Finances / Budget																																																																																																																																					
	Description	Board Approved Budget	Committed	Spent to Date	Exposure	Forecast																																																																																																																																
Key																																																																																																																																						
■ No Issue/Realized Risk, ■ Likely Risk, ■ Budget or Schedule at Risk																																																																																																																																						
Project #0 - ODC: Study Scope Complete																																																																																																																																						
Project #0 - Master Planning: Study Scope Complete																																																																																																																																						
After Several Master Facility Planning meetings, the following was determined to be the best path forward:																																																																																																																																						
Enhance diagnostic services to remain viable to population: replace aging CT, locate a 3T MRI inside the hospital, improve revenue streams through Cardiology and Orthopedics on site.																																																																																																																																						
Provide more patient amenities, centralize scheduling, and upgrade technology to remain competitive.																																																																																																																																						
Leverage UCSF affiliation to provide the framework needed to thrive in Sonoma.																																																																																																																																						
The Board and CEO to continue to dialogue about future steps to meet 2030 seismic requirements.																																																																																																																																						
Project #0 - Decommissioning: Study Scope Complete																																																																																																																																						
The study of the Central and East Wings to determine the feasibility of decommissioning these wings yielded the following:																																																																																																																																						
Cost of scope required for decommissioning exceeds any benefit to the hospital.																																																																																																																																						
The scopes of work would include building a stand-by kitchen in the west wing, removal of the SNF from the east wing, having to relocate medical records to the West Wing, and building structural and fire separations between the West Wing and the Central Wing.																																																																																																																																						
Project #1 - CT																																																																																																																																						
Schedule impacted by ACD002 and the Shelter-in-Place (SIP) Orders issued by Bay Area Counties in response to the pandemic. Resulted in CT Go Live sliding from 7/2020 to 9/2020.																																																																																																																																						
Schedule impacted by ACD005/6/10/12, ASI005/6, and Postponement of Crane Pick due to Med Surge patient admittance. Resulted in CT Go Live sliding from 9/2020 to 10/2020 and Imaging Wait Completion sliding from 8/2020 to 10/2020.																																																																																																																																						
Schedule impacted by ACD009 and OSHPD field staff requirement to inspect the areas above ceiling despite being unavailable for inspection during most of the month of October. Resulted in CT Go Live sliding from 10/2020 to 11/16/2020 and CT Machine Delivery sliding from 10/19/2020 to 11/16/2020.																																																																																																																																						
Schedule impacted by FLSO stop work notice due to temporary protective measures around an existing Fire Alarm Power Supply panel not being explicitly shown on the plans. Resulted in Imaging Wait Completion sliding from 10/2020 into 12/2020. Work to resume once Fire Alarm Power Supply is relocated. Relocation tracking for 11/2020.																																																																																																																																						
Schedule impacted by additional seismic bracing per ACD015, detailing of Central & West Wing expansion, fire proofing for utilities crossing expansion joint, and cutting of CMU wall reinforcements (post tension tendons remain unharmed). Resulted in CT Go Live sliding from 11/2020 to 1/2021, and CT Machine Delivery sliding from 11/16/2020 to 12/7/2020.																																																																																																																																						
CT Machine Delivery & Start-Up postponed from 11/16/2020 into 12/7/2020.																																																																																																																																						
Substantial Completion of CT Suite (Phase 1A Only) - End of 2020																																																																																																																																						
CT Go Live - End of 1/2021 (Contingent on CDPH)																																																																																																																																						
Imaging Wait and Micro Market (Phase 1B) Available for Staff Hub Relocation and Patronage - 12/2020																																																																																																																																						
CT Phase 2 Start (Staff Hub/Old CT) - TBD Pending Phase 2 Value Engineering (VE) Assessments, Including relocation of Echo service into old CT space.																																																																																																																																						
Old CT Demo Start - Projected to be 2/2021																																																																																																																																						
Substantial Completion CT Project (Phase 2) - 3/2021																																																																																																																																						
Project #2 - Cardio																																																																																																																																						
Project #3 - MRI																																																																																																																																						
Design Build costs increased from the budget set at OSHPD plan submission by \$264K. In addition, costs increased another \$161K for Radio Frequency (RF) Shielding changes in accordance with OSHPD review comments.																																																																																																																																						
Pre-Construction Investigation (to mitigate change order costs during construction) 10/2020 thru 11/2020																																																																																																																																						
Construction Start 12/2020																																																																																																																																						
Substantial Completion Early Fall 2021																																																																																																																																						
MRI Go Live dependent on CDPH licensing process which may be as little as 30 days or as much as 100 days.																																																																																																																																						
Project #4 - UCSF Clinic: Test Fit Complete																																																																																																																																						
<table border="1"> <thead> <tr> <th>Project #0</th> <th>ODC Preparation</th> <th>Master Facility Planning</th> <th>Decommissioning Study</th> <th>Total</th> <th>Project #1</th> <th>CT, Waiting, Imaging Refurb</th> <th>CT Contingency</th> <th>IT/Other</th> <th>Total</th> <th>Project #2</th> <th>Cardiology Equipment</th> <th>Cardiology Contingency</th> <th>Total</th> <th>Project #3</th> <th>MRI</th> <th>MRI Contingency</th> <th>Add Alternate: Cardiology Rooms</th> <th>Total</th> <th>Project #4</th> <th>UCSF Clinic</th> <th>Total</th> <th>3D Mammo</th> <th>Campaign Expenses</th> <th>Other</th> <th>Subtotal</th> </tr> </thead> <tbody> <tr> <td></td> <td>\$ 655,689</td> <td>\$ 127,812</td> <td>\$ 125,622</td> <td>\$ 909,123</td> <td></td> <td>\$ 9,367,000</td> <td>Included Above \$ 463,136</td> <td>Included Above \$ 1,065,342</td> <td>\$ 9,367,000</td> <td></td> <td>\$ 330,000</td> <td>Included Above \$ 2,224</td> <td>\$ 330,000</td> <td></td> <td>\$ 9,354,699</td> <td>Included Above \$ -</td> <td>Included Above \$ 46,435</td> <td>\$ 9,354,699</td> <td></td> <td>\$ 8,386</td> <td>\$ 19,969,207</td> <td>\$ 505,762</td> <td>\$ -</td> <td>\$ -</td> <td>\$ 20,474,969</td> </tr> <tr> <td></td> <td>\$ 655,689</td> <td>\$ 127,812</td> <td>\$ 125,622</td> <td>\$ 909,123</td> <td></td> <td>\$ 7,711,473</td> <td>\$ 221,198</td> <td>\$ 761,357</td> <td>\$ 9,239,951</td> <td></td> <td>\$ 299,723</td> <td>\$ 2,224</td> <td>\$ 301,948</td> <td></td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ 744,370</td> <td>\$ 8,386</td> <td>\$ 8,386</td> <td>\$ 5,968,853</td> <td>\$ 566,524</td> <td>\$ 464,269</td> <td>\$ -</td> <td>\$ 6,999,646</td> </tr> <tr> <td></td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td></td> <td>\$ -</td> <td>\$ -</td> <td>\$ 130,649</td> <td>\$ 4,005,028</td> <td></td> <td>\$ 11,654</td> <td>\$ 11,654</td> <td>\$ 23,307</td> <td></td> <td>\$ 8,927,155</td> <td>\$ 381,109</td> <td>\$ 46,435</td> <td>\$ 9,354,699</td> <td></td> <td>\$ -</td> <td>\$ 9,508,655</td> <td>\$ -</td> <td>\$ -</td> <td>\$ 9,508,655</td> </tr> <tr> <td></td> <td>\$ 655,689</td> <td>\$ 127,812</td> <td>\$ 125,622</td> <td>\$ 909,123</td> <td></td> <td>\$ 8,171,009</td> <td>\$ 1,195,991</td> <td>\$ 9,367,000</td> <td></td> <td>\$ 316,122</td> <td>\$ 13,878</td> <td>\$ 330,000</td> <td></td> <td>\$ 8,927,155</td> <td>\$ 381,109</td> <td>\$ 46,435</td> <td>\$ 9,354,699</td> <td></td> <td>\$ 8,386</td> <td>\$ 19,969,207</td> <td>\$ 566,524</td> <td>\$ 464,269</td> <td>\$ -</td> <td>\$ 21,000,000</td> </tr> </tbody> </table>							Project #0	ODC Preparation	Master Facility Planning	Decommissioning Study	Total	Project #1	CT, Waiting, Imaging Refurb	CT Contingency	IT/Other	Total	Project #2	Cardiology Equipment	Cardiology Contingency	Total	Project #3	MRI	MRI Contingency	Add Alternate: Cardiology Rooms	Total	Project #4	UCSF Clinic	Total	3D Mammo	Campaign Expenses	Other	Subtotal		\$ 655,689	\$ 127,812	\$ 125,622	\$ 909,123		\$ 9,367,000	Included Above \$ 463,136	Included Above \$ 1,065,342	\$ 9,367,000		\$ 330,000	Included Above \$ 2,224	\$ 330,000		\$ 9,354,699	Included Above \$ -	Included Above \$ 46,435	\$ 9,354,699		\$ 8,386	\$ 19,969,207	\$ 505,762	\$ -	\$ -	\$ 20,474,969		\$ 655,689	\$ 127,812	\$ 125,622	\$ 909,123		\$ 7,711,473	\$ 221,198	\$ 761,357	\$ 9,239,951		\$ 299,723	\$ 2,224	\$ 301,948		\$ -	\$ -	\$ -	\$ 744,370	\$ 8,386	\$ 8,386	\$ 5,968,853	\$ 566,524	\$ 464,269	\$ -	\$ 6,999,646		\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 130,649	\$ 4,005,028		\$ 11,654	\$ 11,654	\$ 23,307		\$ 8,927,155	\$ 381,109	\$ 46,435	\$ 9,354,699		\$ -	\$ 9,508,655	\$ -	\$ -	\$ 9,508,655		\$ 655,689	\$ 127,812	\$ 125,622	\$ 909,123		\$ 8,171,009	\$ 1,195,991	\$ 9,367,000		\$ 316,122	\$ 13,878	\$ 330,000		\$ 8,927,155	\$ 381,109	\$ 46,435	\$ 9,354,699		\$ 8,386	\$ 19,969,207	\$ 566,524	\$ 464,269	\$ -	\$ 21,000,000
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Budget Notes																																																																																																																																						
1.) 3-D Mammo equipment was purchased through a separate project by the SVH Foundation; the cost reflects construction. 2.) Project #1 contingency to be exhausted. 3.) Project #1 COVID related cost through 10/31/2020 amount to \$106,011. Additional costs are anticipated through year end. 4.) Project #2 Cardio uncommitted funds forecasted to be spent. 5.) Project #3 forecast includes draft MRI Guaranteed Maximum Price overages resulting from lacking subcontractor bid coverage and Radio Frequency Shielding. 6.) Cardiology service relocation incorporated into Project #1.																																																																																																																																						
Cash Flow/ Cost Projections																																																																																																																																						
NOTE: \$21M raised as of July 2020. Due to availability of funds raised, a line of credit must be activated in May 2021. Projected Q3/2020 Costs: \$7,180,810 - Q4/2020 Costs: \$5,713,090 - Q1/2021 Costs: \$2,304,961 - Q2/2021 Costs: \$3,972,883 - Q3/2021 Costs: \$1,446,692 - Q4/2021 Costs: \$381,563																																																																																																																																						



To: Finance Committee

Meeting Date: December 2, 2020

Prepared by: David Pier

Agenda Item Title: Amendment of SVHF-SVHCD Memorandum of Understanding

Below is suggested revised language to the SVHF-SVHCD Memorandum of Understanding to incorporate the Foundation using unrestricted funds to help defer/reduce the LOC interest expense:

Draft of the amendment to the MOU (new language in RED):

1. Funding Cost of Foundation Operations

- A. Based on a budget approved by the Foundation Board, the Sonoma Valley Hospital will assist in funding an agreed upon portion of operating expenses of the Foundation.
 - i. Should the Foundation unrestricted reserve of funds fall below one year's total operational expenses, Sonoma Valley Hospital will help to fund Foundation operational expenses until such time as the Foundation resumes a one year total unrestricted reserve.



To: Finance Committee

Meeting Date: December 2, 2020

Prepared by: Ken Jensen, CFO

Agenda Item Title: SVH Foundation Loan

PROPOSAL TO FUND ODC CASH FLOW TO REDUCE INTEREST COST RELATED TO THE CHARITABLE FOUNDATION LINE OF CREDIT

BACKGROUND:

On September 3, 2020, the SVH Board of Directors approved the restriction of \$1 million for the purpose of temporarily funding any cash flow shortfalls to cover the approved Outpatient Diagnostic Center costs resulting from timing shortfalls in the Foundation collection of committed funds. The Foundation had also obtained a line of credit (LOC) to additionally fund any shortfalls prior to the use of the restricted SVH funds. The LOC, if drawn upon, would cost the Foundation (eventually the ODC project) approximately \$85,000. After discussion between Foundation and Hospital staff it was agreed to propose using existing funds available before tapping into the LOC to avoid the interest cost. The LOC expires in August 2022 but it is expected to be renewed. The Foundation also has \$300,000 of unrestricted funds for use at their direction.

PROPOSAL TO AVOID APPROXIMATELY \$85,000 OF ODC INTEREST COST:

That the Foundation Board be encouraged to contribute \$300,000 of its unrestricted funds to SVH prior to using its LOC to fund potential ODC pledge shortfall timing. Upon the approval of the Foundation's commitment to release the \$300,000 to SVH, the SVH Board of Directors authorize the use the \$1 million of ODC restricted money to make a \$1 million interest-free loan to the Foundation to additionally commit these funds to potential ODC pledge shortfall timing prior to using the LOC. If the LOC is utilized, the \$1 million loan would be paid back to SVH after the Bank LOC has been paid down to zero. Total funding of \$1.3 million is to avoid approximately \$85,000 of interest cost. It is understood that the Foundation staff will be responsible for encouraging donors who have longer time horizons to shorten them, thus acquiring cash sooner to pay down the interest-free loan.



To: SVHCD Board of Directors
From: Kelly Mather
Date: 10/29/20
Subject: Administrative Report

Summary

October has been a very tough month for the hospital with the cyber-attack on October 11th; we’ve mostly focused on recovering from this event. Operations have continued in downtime and the staff, physicians and patients have all been very compassionate during this difficult situation. A lot of work will be needed in the next month to address the backlog and become fully functional again. The positive news is that our systems will be safer and updated. There are no new trending numbers in this report due to the lack of ability to access systems.

Update from 2025 Strategic Plan:

Strategic Priorities	Update
Create UCSF Health Outpatient Center	<ul style="list-style-type: none"> ➤ The new affiliation agreement with UCSF for management services is up for approval this month. ➤ Dr. Peter Carroll, world renowned Cancer specialist has begun his telecare service in Sonoma. Marketing is underway. ➤ The CT (Project 1) will be complete in 2020. The MRI (Project 3) construction is now underway. We hope to move Cardiology into the Outpatient Diagnostic Center area once the MRI project costs are clear, including the need for contingency dollars.
Exceed Community Expectations especially in Emergency Services	<ul style="list-style-type: none"> ➤ Patient satisfaction remains high even under downtime procedures except for the ability to see results. ➤ We have decided to just use the CMS tool for surgery satisfaction instead of having two different tools. ➤ We are looking at some telehealth options with Valley Emergency Physicians.
Become a 5 Star Hospital	<ul style="list-style-type: none"> ➤ The “Human Experience” action plan continues with great progress on recognition, rounding and staff communication. ➤ We are fundraising for a new bug zapping robot this year in the annual appeal. ➤ We have prioritized refurbishment of the ICU as our next big project to be funded by Sonoma Valley Hospital Foundation. ➤ We are considering moving to a new General Surgery approach with “Surgicalists” who are on for a full week instead of the daily changes to improve the continuity of care.
Provide Access to Excellent Physicians	<ul style="list-style-type: none"> ➤ We have made an offer to a Primary Care Physician to start next summer with the Prima Medical Group. ➤ We are working with MarinHealth (UCSF affiliate) directly on the Gastroenterology solution. ➤ We are looking at more telehealth and an urgent care solution to provide access to care and started discussions with Carbon Health. ➤ UCSF is looking at the possibility of doing surgeries in Sonoma.
Healthy Hospital	<ul style="list-style-type: none"> ➤ Health screenings were delayed this month due to the significant downtime event. ➤ The Incident Command Team continues to manage through the pandemic.

SEPTEMBER 2020

			National Benchmark
Patient Experience	Current Performance	FY 2020 Goal	
Would Recommend Hospital	80%	> 70 percent	50th percentile
Inpatient Overall Satisfaction	84%	>70 percent	50 th percentile
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	0	0	0
Falls	2	< 2.3	2.3
Pressure Ulcers	4.5	<3.7	3.7
Injuries to Staff	2	< 10	17
Adverse Drug Events with Harm	0	0	0
Reportable HIPAA Privacy Events	0	0	0
Case Mix Index	1.5	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	3.4%/20.4%	< 15%	< 20%
Financial Stability	YTD Performance	FY 2020 Goal	Benchmark
EBDA	-7%	>3%	3%
Paid FTE's	229	<235	235
Days Cash on Hand	68	>30	30
Days in Accounts Receivable	39	<45	50
Length of Stay	4.8	<4.0	4.03
Funds raised by SVHF	\$21.1 million	\$21 million	\$1 million
Strategic Growth	YTD/Projected	FY 2020 Goal	FY 2020
Inpatient Discharges	140/840	900	862
Outpatient Visits	7908/47,448	50,000	47,802
Emergency Visits	1458/8748	10,000	9784
Surgeries + Special Procedures	229/1374	2000	2226
Community Benefit Hours	100.5/603	800	1332

Note: Colors demonstrate comparison to National Benchmark



To: SVH Finance Committee
From: Ken Jensen, CFO
Date: December 2, 2020
Subject: Financial Report for the Month Ending September 30, 2020

For the month of September the hospital's actual operating margin of (\$1,153,145) was (\$355,004) unfavorable to the budgeted operating margin of (\$798,141). After accounting for all other activity; the net loss for September was (\$576,326) vs. the budgeted net income of \$2,047 with a monthly EBDA of (18.0%) vs. a budgeted (5.8%).

Please note that due to the 10/11/2020 cyber-attack all of September's month-end closing schedules and draft financial statements were lost and we have not had access to the IDEA budget drive. Accounting was able to recreate most of September's financials except the net revenue schedule and the variance analysis schedule.

Gross patient revenue for September was \$19,703,413, (\$1,429,345) under budget. Inpatient gross revenue was under budget by (\$1,204,809). Inpatient days were under budget by (80) days and inpatient surgeries were under budget by (4) cases. Outpatient gross revenue was under budget by (\$169,082). Outpatient visits were under budgeted expectations by (214) visits, outpatient surgeries were under budget by (26) cases, and special procedures were under budget by (13) cases. The Emergency Room gross revenue was under budget by (\$55,454) with ER visits under budgeted expectations by (206) visits.

Deductions from revenue were favorable to budgeted expectations by \$1,011,662 primarily due to the decreased inpatient volumes.

After accounting for all other operating revenue, the **total operating revenue** was unfavorable to budgeted expectations by (\$432,625).

Operating Expenses of \$4,349,385 were favorable to budget by \$77,621. Salaries and wages and agency fees were under budget by \$101,788 due to flexing inpatient clinical staff due to lower than budgeted volumes and employee benefits were under budget by \$41,182. Supplies were over budget by (\$34,588). Purchased services were over budget by (\$58,259) primarily due to the unbudgeted invoice for the CEO recruitment firm.

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for September was (\$834,345) vs. a budgeted net loss of (\$478,162). The hospital received \$71,985 in donations from the Sonoma Valley Hospital Foundation for the Outpatient Diagnostic Center costs. The total net loss for September after all activity was (\$576,326) vs. a budgeted net income of \$2,047.

EBDA for the month of September was (18.0%) vs. the budgeted (5.8%).

Patient Volumes – September

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	60	79	-19	71
Acute Patient Days	214	294	-80	312
Observation Days	32	0	32	17
OP Gross Revenue	\$14,581	\$14,805	(\$224)	\$16,433
Surgical Cases	115	145	-30	143

Cash Activity for September:

For the month of September the cash collection goal was \$3,323,750 and the Hospital collected \$3,062,755 or under the goal by (\$260,995). The year-to-date cash collection goal was \$8,581,010 and the Hospital has collected \$9,266,272 or over goal by \$685,262.

	CURRENT MONTH	PRIOR MONTH	VARIANCE	PRIOR YEAR
Days of Cash on Hand – Avg.	63.0	68.6	-5.6	28.0
Accounts Receivable Days	38.9	39.0	-0.1	43.8
Accounts Payable	\$2,849,681	\$2,155,418	\$694,263	\$3,415,072
Accounts Payable Days	40.8	31.6	9.2	41.9

ATTACHMENTS:

- Attachment A is the Payer Mix Analysis which includes the projected collection percentage by payer. – **Not included in September’s financial package.**
- 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 – **Not included in September’s financial package**
- Attachment F is the Cash Projection

**SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended September 30, 2020**

ATTACHMENT B

	<u>CURRENT MONTH</u>				<u>YEAR-TO-DATE</u>			<u>YTD</u>
	<u>Actual 09/30/20</u>	<u>Budget 09/30/20</u>	<u>Favorable (Unfavorable) Variance</u>		<u>Actual 09/30/20</u>	<u>Budget 09/30/20</u>	<u>Favorable (Unfavorable) Variance</u>	<u>Prior Year 09/30/19</u>
Inpatient Utilization								
Discharges								
1	46	62	(16)	Med/Surg	161	157	4	183
2	14	17	(3)	ICU	39	41	(2)	36
3	60	79	(19)	Total Discharges	200	198	2	219
Patient Days:								
4	140	213	(73)	Med/Surg	568	537	31	620
5	74	81	(7)	ICU	284	204	80	201
6	214	294	(80)	Total Patient Days	852	741	111	821
7	32	-	32	Observation days	73	-	73	47
Average Length of Stay:								
8	3.0	3.4	(0.4)	Med/Surg	3.5	3.4	0.1	3.4
9	5.3	4.8	0.5	ICU	7.3	5.0	2.3	5.6
10	3.6	3.7	(0.2)	Avg. Length of Stay	4.3	3.7	0.5	3.7
Average Daily Census:								
11	4.7	7.1	(2.4)	Med/Surg	1.6	1.5	0.1	1.7
12	2.5	2.7	(0.2)	ICU	0.8	0.6	0.2	0.5
13	7.1	9.8	(2.7)	Avg. Daily Census	2.3	2.0	0.3	2.2
Other Utilization Statistics								
Emergency Room Statistics								
14	653	859	(206)	Total ER Visits	2,111	2,255	(144)	2,654
Outpatient Statistics:								
15	4,217	4,431	(214)	Total Outpatients Visits	12,125	11,953	172	13,278
16	19	23	(4)	IP Surgeries	54	59	(5)	71
17	96	122	(26)	OP Surgeries	290	322	(32)	388
18	57	70	(13)	Special Procedures	128	184	(56)	240
19	231	263	(32)	Adjusted Discharges	704	681	23	872
20	822	981	(158)	Adjusted Patient Days	2,976	2,552	424	3,264
21	27.4	32.7	(5.3)	Adj. Avg. Daily Census	8.1	7.0	1.2	8.9
22	1.5500	1.4000	0.150	Case Mix Index - Medicare	1.5762	1.4000	0.176	1.3581
23	1.4820	1.4000	0.082	Case Mix Index - All payers	1.5363	1.4000	0.136	1.4589
Labor Statistics								
24	193	205	12	FTE's - Worked	205	204	(0.7)	206
25	218	228	10	FTE's - Paid	226	227	1.5	229
26	46.83	47.46	0.63	Average Hourly Rate	11.77	11.47	(0.30)	11.14
27	7.94	6.98	(0.96)	FTE / Adj. Pat Day	27.74	32.55	4.82	25.64
28	45.2	39.8	(5.5)	Manhours / Adj. Pat Day	158.1	185.5	27.4	146.1
29	161.4	148.4	(13.0)	Manhours / Adj. Discharge	668.2	695.1	26.9	547.3
30	22.3%	22.7%	0.4%	Benefits % of Salaries	21.4%	23.2%	1.8%	23.4%
Non-Labor Statistics								
31	18.6%	15.4%	-3.2%	Supply Expense % Net Revenue	16.5%	16.5%	0.0%	13.4%
32	2,525	2,084	(441)	Supply Exp. / Adj. Discharge	2,348	2,240	(108)	1,676
33	19,255	17,193	(2,062)	Total Expense / Adj. Discharge	19,106	19,500	394	14,878
Other Indicators								
34	63.0			Days Cash - Operating Funds				
35	38.9	50.0	(11.1)	Days in Net AR	39.6	50.0	(10.4)	42.9
36	92%			Collections % of Net Revenue	108%			95.1%
37	40.8	55.0	(14.2)	Days in Accounts Payable	40.8	55.0	(14.2)	43.9
38	15.9%	16.8%	-0.9%	% Net revenue to Gross revenue	15.9%	16.8%	-1.0%	16.9%
39	17.4%			% Net AR to Gross AR	17.4%			17.4%

Sonoma Valley Health Care District
Balance Sheet
As of September 30, 2020

ATTACHMENT C

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1 Cash	\$ 2,250,201	\$ 1,966,728	\$ 2,421,736
2 Cash - Money Market	6,237,010	7,236,714	1,034,199
3 Net Patient Receivables	5,236,334	5,255,746	6,599,234
4 Allow Uncollect Accts	(1,008,759)	(978,181)	(1,358,265)
5 Net A/R	4,227,575	4,277,565	5,240,969
6 Other Accts/Notes Rec	76,928	6,953	254,152
7 Parcel Tax Receivable	3,800,000	3,800,000	3,800,000
8 GO Bond Tax Receivable	3,168,950	3,168,950	2,953,183
9 3rd Party Receivables, Net	(53,941)	334,672	1,260,665
10 Inventory	858,424	844,274	885,848
11 Prepaid Expenses	763,971	831,582	764,647
12 Total Current Assets	\$ 21,329,118	\$ 22,467,438	\$ 18,615,399
13 Property, Plant & Equip, Net	\$ 50,401,367	\$ 50,564,150	\$ 49,156,899
14 Trustee Funds - GO Bonds	3,353,793	5,668,992	2,951,154
15 Restricted Funds - Board Approved	1,000,000	-	-
16 Total Assets	\$ 76,084,278	\$ 78,700,580	\$ 70,723,452
Liabilities & Fund Balances			
Current Liabilities:			
17 Accounts Payable	\$ 2,849,681	\$ 2,155,418	\$ 2,780,037
18 Accrued Compensation	3,767,521	3,571,782	3,119,053
19 Interest Payable - GO Bonds	179,449	662,302	190,846
20 Accrued Expenses	1,422,137	1,525,926	1,501,035
21 Advances From 3rd Parties	-	-	178,436
22 Deferred Parcel Tax Revenue	2,849,987	3,166,654	2,849,991
23 Deferred GO Bond Tax Revenue	2,481,890	2,757,655	2,328,593
24 Current Maturities-LTD	309,121	309,412	473,750
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	\$ 19,455,486	\$ 19,744,849	\$ 19,521,861
28 Long Term Debt, net current portion	\$ 26,811,823	\$ 28,562,436	\$ 28,824,444
Fund Balances:			
30 Unrestricted	\$ 18,690,817	\$ 19,339,128	\$ 15,000,291
31 Restricted	11,126,152	11,054,167	7,376,856
32 Total Fund Balances	\$ 29,816,969	\$ 30,393,295	\$ 22,377,147
33 Total Liabilities & Fund Balances	\$ 76,084,278	\$ 78,700,580	\$ 70,723,452

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended September 30, 2020**

ATTACHMENT D

	Month					Year-To- Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual		\$	%		Actual	Budget	\$	%		
31	\$ 2,133	\$ 3,312	(1,179)	-36%						\$ 1,992,145	
32	-	-	-	0%						1,214	
33	0	0	-	*						(40,248)	
34	316,667	316,667	-	0%						950,001	
35	0	0	-	0%						(1,628)	
36	<u>\$ 318,800</u>	<u>\$ 319,979</u>	<u>(1,179)</u>	<u>0%</u>						<u>\$ 2,901,484</u>	
37	<u>\$ (834,345)</u>	<u>\$ (478,162)</u>	<u>(356,183)</u>	<u>74%</u>	Net Income / (Loss) prior to Restricted Contributions	<u>\$ (1,883,589)</u>	<u>\$ (2,558,869)</u>	<u>675,280</u>	<u>-26%</u>	<u>\$ 1,305,139</u>	
38	\$ -	\$ -	-	0%	Capital Campaign Contribution	\$ -	\$ -	-	0%	\$ -	
39	\$ 71,985	\$ 294,175	(222,190)	0%	Restricted Foundation Contributions	\$ 1,831,219	\$ 882,525	948,694	100%	\$ 508,154	
40	<u>\$ (762,360)</u>	<u>\$ (183,987)</u>	<u>(578,373)</u>	<u>314%</u>	Net Income / (Loss) w/ Restricted Contributions	<u>\$ (52,370)</u>	<u>\$ (1,676,344)</u>	<u>1,623,974</u>	<u>-97%</u>	<u>\$ 1,813,293</u>	
41	186,034	186,034	-	0%	GO Bond Activity, Net	552,402	552,402	-	0%	484,566	
42	<u>\$ (576,326)</u>	<u>\$ 2,047</u>	<u>(578,373)</u>	<u>-28255%</u>	Net Income/(Loss) w GO Bond Activity	<u>\$ 500,032</u>	<u>\$ (1,123,942)</u>	<u>1,623,974</u>	<u>-144%</u>	<u>\$ 2,297,859</u>	
	\$ (576,688)	\$ (211,209)	(365,479)		EBDA - Not including Restricted Contributions	\$ (1,110,063)	\$ (1,758,010)	647,947		\$ 2,045,231	
	-18.0%	-5.8%				-10.8%	-18.5%			18.5%	

* Operating Margin without Depreciation expense:

\$ (1,153,145)	\$ (798,141)	\$ (355,004)	-44%	Operating Margin	\$ (2,878,006)	\$ (3,517,998)	\$ 639,992	18%
257,657	266,953	9,296	3%	Add back Depreciation	773,526	800,859	27,333	3%
<u>\$ (895,488)</u>	<u>\$ (531,188)</u>	<u>\$ (345,708)</u>	<u>-69%</u>	Operating Margin without Depreciation expense	<u>\$ (2,104,480)</u>	<u>\$ (2,717,139)</u>	<u>\$ 667,325</u>	<u>23%</u>

Sonoma Valley Hospital
Cash Forecast
FY 2021

ATTACHMENT F

	Actual July	Actual Aug	Actual 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	3,407,984	2,597,569	875,178	1,260,000	4,831,335	4,888,730	4,359,205	3,979,608	4,089,394	4,011,761	41,014,192
2 Other Operating Revenue	38,268	137,152	105,236	81,081	81,081	81,081	81,081	81,081	81,081	81,081	81,081	81,081	1,010,385
3 Other Non-Operating Revenue	73,172	15,194	22,125	23,796	23,796	23,796	23,796	23,796	23,796	23,796	23,796	23,796	324,655
4 Unrestricted Contributions	-	3,306	653										3,959
5 Line of Credit	-												-
Sub-Total Hospital Sources	3,767,135	3,213,385	3,535,999	2,702,446	980,055	1,364,877	4,936,212	4,993,607	4,464,082	4,084,485	4,194,271	4,116,638	42,353,192
Hospital Uses of Cash													
6 Operating Expenses	5,534,264	3,523,571	3,598,086	3,340,682	3,276,632	4,283,621	4,403,115	4,722,842	4,539,772	4,443,227	4,622,890	4,370,188	50,658,890
7 Add Capital Lease Payments	7,854	88,349	7,904										104,107
8 Additional Liabilities/LOC		-											-
9 Capital Expenditures	784,429	998,868	96,188	1,142,620	294,175	294,175	294,175	294,175	294,175	294,175	294,175	294,175	5,375,505
Total Hospital Uses	6,326,547	4,610,788	3,702,178	4,483,302	3,570,807	4,577,796	4,697,290	5,017,017	4,833,947	4,737,402	4,917,065	4,664,363	56,138,501
Net Hospital Sources/Uses of Cash	(2,559,412)	(1,397,403)	(166,179)	(1,780,856)	(2,590,752)	(3,212,919)	238,922	(23,410)	(369,865)	(652,917)	(722,794)	(547,725)	(13,785,310)
Non-Hospital Sources													
10 Restricted Cash/Money Market	1,000,000	1,000,000			3,000,000	2,000,000					(6,000,000)		1,000,000
11 Restricted Capital Donations	784,428	973,350	71,332	294,175	1,142,620	294,175	294,175	294,175	294,175	294,175	294,175	294,175	5,325,130
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			108,320		(129,950)				1,984,768		4,470,424	120,000	6,553,562
16 IGT - AB915								250,000					250,000
17 PRIME		14,229	270,000			624,542							908,771
Sub-Total Non-Hospital Sources	2,210,637	2,036,729	449,652	294,175	4,012,670	5,018,717	294,175	544,175	2,278,943	1,894,175	(1,235,401)	414,175	18,212,822
Non-Hospital Uses of Cash													
18 Matching Fees		142,041		312,271		620,237			1,900,000				2,974,549
Sub-Total Non-Hospital Uses of Cash	-	142,041	-	312,271	-	620,237	-	-	1,900,000	-	-	-	2,974,549
Net Non-Hospital Sources/Uses of Cash	2,210,637	1,894,688	449,652	(18,096)	4,012,670	4,398,480	294,175	544,175	378,943	1,894,175	(1,235,401)	414,175	15,238,273
Net Sources/Uses	(348,775)	497,285	283,473	(1,798,952)	1,421,918	1,185,561	533,097	520,765	9,078	1,241,258	(1,958,195)	(133,550)	
Operating Cash at beginning of period	1,818,218	1,469,443	1,966,728	2,250,201	451,249	1,873,167	3,058,728	3,591,825	4,112,590	4,121,668	5,362,926	3,404,731	
Operating Cash at End of Period	1,469,443	1,966,728	2,250,201	451,249	1,873,167	3,058,728	3,591,825	4,112,590	4,121,668	5,362,926	3,404,731	3,271,181	
Money Market Account Balance - Unrestricted	8,236,372	7,236,714	6,237,010	6,237,308	3,237,308	1,237,308	1,237,308	1,237,308	1,237,308	1,237,308	7,237,308	7,237,308	
Total Cash at End of Period	9,705,815	9,203,442	8,487,211	6,688,557	5,110,475	4,296,036	4,829,133	5,349,898	5,358,976	6,600,234	10,642,039	10,508,489	
Average Days of Cash on Hand	73.00	68.60	63.00	48.54	37.09	31.18	35.05	38.83	38.89	47.90	77.23	76.27	

Sonoma Valley Hospital

NDPH IGT Program Payment Finalization and Reconciliation

	<u>Amount</u>
Overpaid Traditional Population Amount for SFY 2015/16	(33,807)
Overpaid Traditional Population Amount for SFY 2017/18	(105,531)
Overpaid Traditional Population Amount for SFY 2018/19	(163,278)
Plus - ACA Population Payment Amount for SFY 2015/16 Q3 & Q4	22,057
Plus - Administration Fee Refund for SFY 2015/16	3,344
Plus - Administration Fee Refund for SFY 2017/18	10,269
Plus - Administration Fee Refund for SFY 2018/19	15,452
Total NDPH Program recoupment	<u><u>(251,494)</u></u>

DHCS - CA Recoupment Schedule:

2015/16 NDPH IGT	8,470	Due 11/14/2020 - Paid
2017/18 & 2018/19 NDPH IGT	121,544	Due 11/29/2020 - Installment #1 - Paid
2017/18 & 2018/19 NDPH IGT	60,772	Due TBD - Installment #2
2017/18 & 2018/19 NDPH IGT	60,772	Due TBD - Installment #3
Total Recoupments	<u><u>(251,494)</u></u>	