



SVHCD FINANCE COMMITTEE

AGENDA

TUESDAY, December 20, 2022

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/93270771849?pwd=VszUTROdE0ralRkZnhKcGRtUTFldz09>

Meeting ID: 932 7077 1849

Passcode: 582460

One tap mobile

+16692192599,,93270771849#

Dial by your location

++1 669 219 2599 or 1 669 900 9128

Find your local number: <https://sonomavalleyhospital-org.zoom.us/j/93270771849?pwd=VszUTROdE0ralRkZnhKcGRtUTFldz09>

In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact Interim District Clerk Stacey Finn at sfinn@sonomavalleyhospital.org or (707) 935.5005 at least 48 hours prior to the meeting.		
AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
1. CALL TO ORDER/ANNOUNCEMENTS	Boerum	
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>	Boerum	
3. CONSENT CALENDAR a. Finance Committee Minutes 11.22.22	Boerum	Action
4. CHFFA BRIDGE LOAN PROGRAM YEAR II – LOAN AGREEMENT	Armfield	Action
5. INSURANCE POLICY REVIEW	Armfield	Inform
6. DISTRICT STRATEGIC PLANNING PROCESS	Boerum	Inform

7. ODC UPDATE	<i>Drummond/ Hennelly</i>	Inform
8. EPIC UPDATE	<i>Hennelly</i>	Inform
9. UCSF AFFILIATION UPDATE	<i>Hennelly</i>	Inform
10. FINANCIAL REPORT FOR MONTH END NOVEMBER 2022	<i>Armfield</i>	Inform
11. ADJOURN	<i>Boerum</i>	



SVHCD
FINANCE COMMITTEE MEETING
MINUTES
TUESDAY, NOVEMBER 22, 2022
Via Zoom Teleconference

Present		Not Present/Excused	Staff	Public	
Bill Boerum via Zoom Art Grandy via Zoom Wendy Lee via Zoom Carl Gerlach via Zoom Subhash Mishra, MD, via Zoom Joshua Rymer via Zoom Catherine Donahue via Zoom Peter Hohorst via Zoom Bruce Flynn via Zoom			John Hennelly, CEO, via Zoom Ben Armfield, CFO, via Zoom Kimberly Drummond via Zoom Jessica Winkler, DNP, RN, NEA-BC, CCRN-K, CNO, 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>Boerum</i>			
		Called to order at 5:08 p.m. Mr. Boerum thanked Bruce Flynn and Joshua Rymer, both of whom are retiring, for their service to the District.			
2. PUBLIC COMMENT SECTION		<i>Boerum</i>			
		None			
3. CONSENT CALENDAR		<i>Boerum</i>		Action	
a. Finance Committee Minutes 10.25.22				MOTION: by Grandy to approve, 2 nd by Gerlach. All in favor.	
4. RESOLUTION 368 – CHFFA BRIDGE LOAN PROGRAM YEAR II		<i>Armfield</i>		Action	
		Mr. Armfield said this is the second year for the bridge loan		MOTION: by	

	<p>funded by CHFFA. The loan has no interest, funds must be used on working capital, and the loan must be repaid within 24 months. Board approval would trigger drafting of the loan documents.</p> <p>Suggestions were made to add language to the recommendation 1) stating the loan is for working capital, and 2) stating that the loan may be forgiveable. Mr. Armfield will verify the guaranteeing revenue condition, since that also guarantees the line of credit.</p>	<p>Grandy to approve for recommendation to the Board, 2nd by Hohorst. All in favor.</p>	
5. DRAFT 2023 FINANCE COMMITTEE WORK PLAN	<i>Boerum</i>	Inform/Action	
	<p>Mr. Boerum suggested adding participation in the District Board's strategic plan development to January 2023. Ms. Lee suggested adding an update and review of the strategic plan to July 2023.</p>	MOTION: by Rymer to approve, 2 nd by Flynn. All in favor.	
6. ODC UPDATE	<i>Drummond/Hennelly</i>	Inform	
	<p>Mr. Hennelly had no significant updates. Ms. Drummond reported the temporary MRI relocation is being evaluated at present with regard to costs. The permanent MRI location project has just been through legal review.</p>		
7. EPIC UPDATE	<i>Hennelly</i>	Inform	
	<p>Mr. Hennelly reported that the Hospital is a week from go-live on Saturday, December 3rd. There is nothing emergent or unexpected at this point. Training has been very successful. The weakest area is community physician engagement, with only about 25% of training completed for physicians and their office staff. The biggest risk for the Epic implementation is the revenue side on the back end. That will be closely validated every day after go-live.</p>		
8. UCSF AFFILIATION UPDATE	<i>Hennelly</i>	Inform	
	<p>Mr. Hennelly mentioned that an organization the size of UCSF moves slowly, so there is not a great deal of change in the matrix month to month. He has found an interested gastroenterologist and now needs to find a local construct to employ them rather than using UCSF/Benioff.</p>		

9. AUDIT UPDATE	<i>Armfield</i>	Inform	
	Mr. Boerum reported the Audit Committee approved to recommend the audit to the Board at its upcoming December 8 th meeting. Mr. Armfield said it was a clean audit but just took extra time this year getting through a new audit standard on accounting for leases. Auditors Armanino, LLP mentioned that all data provided by SVH was completely accurate and thanked the SVH team. The cost of this year's audit was \$65,000.		
10. FINANCIAL REPORT FOR MONTH END OCTOBER 2022	<i>Armfield</i>	Inform	
	<p>Mr. Armfield briefly reviewed the financial report for the month of October 2022. There was solid growth in key volumes and a much better month in revenue than September had been. There was also a larger increase in expenses, with excess labor due to Epic implementation training and other pre-go-live activities. Net income (loss) of (\$396,807) missed budget by (\$571,617).</p> <p>There was an increase in orthopedic surgery volumes, and the ER continued to be busy. Revenues for those increased volumes should be seen over the next couple of months. IGT funds are expected in February and March 2023. Mr. Armfield will look into the possibility of accruing minimum IGT funds when the matching payment is made. In addition to the bridge loan discussed above in Item 4, an application was submitted to CHFFA for the Help II Loan which will be used to help fund the Epic implementation; those documents should be available next month.</p>		
11. ADJOURN			
	Meeting adjourned at 6:09 p.m.		



To: Sonoma Valley Health Care District Finance Committee
From: Ben Armfield, Chief Financial Officer
Date: December 20, 2022
Subject: **CHFAA Bridge Loan Program Year II – Loan Agreement**

Recommendation:

Administration recommends the Sonoma Valley Health Care District Finance Committee to recommend the Board of Directors approve the Loan and Security Agreement between Sonoma Valley Health Care District and California Health Facilities Financing Authority (CHFFA).

Loan Update:

The CHFAA Bridge Loan Program Year II board resolution was approved by the SVHCD Board of Directors during the December board meeting. That resolution authorized Sonoma Valley Hospital and CHFFA to move forward with the finalization of the loan amount and the population and execution of the actual loan documents. We are including the formal loan documents for your review.

When the resolution was presented at last month's Finance Committee meeting, we were unsure what the total funding amount would be. We were guaranteed to receive at least \$307,450 but potentially could be awarded up to \$779,000, dependent upon the number of applicants and the size of the fund pool. Just this past week, we were made aware that our loan was indeed approved by CHFFA, and we are approved for an amount up to \$758,242. This is more than double the size of the amount we were expecting to receive from CHFFA.

Loan Details:

Sonoma Valley Health Care District is eligible to receive \$758,242 for this initial funding round. There may be additional funds available later this year as well, but additional loan proceeds would most likely be minimal as our maximum approved amount for the year is \$779,000.

The loan carries a 2-year term with a balloon payment at the end of the 24th month. This is a 0% interest-rate loan. The only fee pertaining to this is a 1% (or \$7,582) administration fee paid to CHFFA.

Attachments:

- California Health Facilities Financing Authority (CHFFA) – Sonoma Valley Health Care District Loan Approval Memorandum
- California Health Facilities Financing Authority (CHFFA) Non-designated Public Hospital Bridge Loan Program Loan Agreement

State of California**California Health Facilities
Financing Authority****M E M O R A N D U M**

Date: December 9, 2022

To: Carolyn Aboubechara, Executive Director

CC: Rosalind Brewer, Operations Manager
Matthew Francis, Staff Services Manager I

From: Tyler Bui, Associate Governmental Program Analyst

Subject: Nondesignated Public Hospital Bridge Loan Program II (NDPH II)
Approval of Loan Under Delegated Authority
First Funding Round – 2nd Approval

At the August 25, 2022, California Health Facilities Financing Authority (CHFFA) board meeting, the Authority approved Resolution No. 2022-03, authorizing the implementation of NDPH II (Section 2.00, Chapter 43, Statutes of 2022), which provides up to \$40 million in General Fund working capital loans to eligible nondesignated public hospitals. The resolution also gave delegated authority to the Executive Director, or the Deputy Executive Director, to approve loans pursuant to the NDPH II guidelines.


Staff recommends approval of the below applicant and the loan amount. The applicant below was determined eligible and applied for an amount pursuant to the NDPH II guidelines.

	Nondesignated Public Hospital	Loan Amount Approved
1	Sonoma Valley Hospital	\$758,242
	Total	\$758,242

Nondesignated Public Hospital Bridge Loan Program II (NDPH II)
Approval of Loans Under Delegated Authority
First Funding Round- 2nd Approval
December 9, 2022
Page 2

Total Amount Available to Loan:	\$40,000,000
Less: Previous Amounts Approved:	32,384,902
Less: Current Amounts to be Approved:	758,242
Amount Remaining:	\$ 6,856,856

The above applicants and loan amounts under NDPH II are hereby approved:

By: 
Carolyn Aboubechara
Executive Director

Date: 12/9/2022

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Nondesignated Public Hospital Bridge Loan Program II

Loan and Security Agreement

This Loan and Security Agreement (“Agreement”) is entered into between the CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY, a public instrumentality of the State of California (“Lender” or “Authority”), authorized by the California Health Facilities Financing Authority Act (Gov. Code §15430 et seq.) (the “Act”), having its principal place of business at 915 Capitol Mall, Room 435, Sacramento, California 95814, and **Sonoma Valley Health Care District**, a California Local Healthcare District DBA **Sonoma Valley Hospital**, a nondesignated public hospital (“Borrower”) as defined in the Nondesignated Public Hospital Bridge Loan Program II Guidelines, having its principal place of business at **347 Andrieux Street, Sonoma, California, 95476**.

RECITALS

A. The Borrower has applied to the Authority for a loan from the Nondesignated Public Hospital Bridge Loan Program II to fund its Working Capital, as defined in Government Code, section 15432, subdivision (h), needs to support its operations.

B. Borrower is a nondesignated public hospital, as defined in Welfare and Institutions Code, section 14165.55, subdivision (l), excluding those affiliated with county health systems pursuant to Section 2.0, Chapter 43, Statutes of 2022.

C. The Authority has determined that the Borrower’s Application meets the eligibility requirements of the Nondesignated Public Hospital Bridge Loan Program II Guidelines .

D. Borrower has requested that Lender lend Borrower certain moneys from the Authority’s Nondesignated Public Hospital Bridge Loan Program II’s fund balance for the following purpose: To fund its Working Capital needs to support its operations (the “Purpose”).

E. Lender is willing to lend Borrower the moneys subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the parties agree as follows:

1. Waiver of Sovereign Immunity

The Borrower hereby waives any immunity it may have from lawsuits and other legal proceedings brought under this Agreement or in connection therewith that are brought by the Authority in the Superior Court for the County of Sacramento and all courts to which appeals therefrom are available, and enforcement of any judgment of that court in any court of competent jurisdiction, to enforce the terms of this Agreement, and to enforce and

execute any order, judgment, or ruling resulting therefrom against any assets or revenues of the Borrower.

If, and only if, a dispute arises between the parties over a matter for which the Borrower has provided a waiver of immunity under this Agreement (the “Dispute”), and the Superior Court for the County of Sacramento cannot or is unwilling to hear the Dispute, then either party may request binding arbitration of the Dispute. To initiate binding arbitration of a Dispute, a party shall notify the other party in writing. The Dispute shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and subject to California law concerning arbitration, and judgment on the award rendered by the arbitrator may be entered in any court pursuant to California law concerning arbitration. One arbitrator shall preside and be selected by the American Arbitration Association. The arbitration shall take place in Sacramento, California. The arbitrator shall render an award within forty-five (45) days from the conclusion of the arbitration. In the event of arbitration, the prevailing party shall be entitled to all its costs, including reasonable attorneys’ fees, from the nonprevailing party.

ARTICLE I – DEFINITIONS

Section 1.1- CHECKWRITE means a reimbursement for Medi-Cal covered services, due to the Borrower from the California Department of Health Care Services (“DHCS”), for a particular payment period.

Section 1.2- GUIDELINES means the Nondesignated Public Hospital Bridge Loan Program II Guidelines approved by the Authority, as may be amended from time to time.

Section 1.3- LIEN means the securitization of the Loan, including, but not limited to, the Authority’s intercept of the Borrower’s Medi-Cal reimbursements.

Section 1.4- LOAN DOCUMENTS means this Agreement, the Promissory Note, the agreement referenced in Section 3, and the Borrower’s Application, including all exhibits to those documents.

Section 1.5- WORKING CAPITAL means those costs as defined in Government Code, section 15432, subdivision (h), and are the costs eligible for reimbursement to the Borrower from the Loan amount approved by the Authority.

Section 1.6 – DOCUMENT DATE means the date of this Agreement, which is the date Lender signs this Agreement.

Section 1.7- Any capitalized terms used but not otherwise defined in this Agreement shall have the meaning set forth in the Guidelines.

2. The Loan Repayment.

Subject to the terms and conditions of this Agreement, Lender agrees to make a zero percent (0%) interest rate loan in the aggregate principal amount of **Seven Hundred Fifty-Eight Thousand Two Hundred Forty-Two Dollars and Zero Cents (\$758,242.00)** (the “Loan”) to Borrower. The Loan proceeds shall be disbursed to Borrower upon the satisfaction of all the conditions precedent set forth in Sections 3, 4, and 5 of this Agreement. It is the intent of the Borrower and the Lender to create

a line of credit agreement between the Borrower and the Lender whereby the Borrower may borrow up to **Seven Hundred Fifty-Eight Thousand Two Hundred Forty-Two Dollars and Zero Cents (\$758,242.00)** from Lender.

(a) Borrower's obligation to repay the Loan shall be evidenced by a promissory note executed by Borrower (the "Note"), payable to the order of the Lender, in which Borrower agrees to repay the principal sum of the Loan no later than twenty-four (24) months from the date of this Agreement ("Due Date"). Borrower shall have the right at any time to prepay the Note in whole or in part without premium or penalty.

(b) All payments and prepayments of principal, at the option of Lender, shall be applied first to any fees and costs owing, and after all those fees and penalties have been paid, any remainder shall be applied to the reduction of the principal balance.

3. Security Agreement.

To induce Lender to make the Loan, to secure Borrower's performance under this Agreement, and to ensure the punctual payment of the amount due under this Agreement and the Note, the Borrower hereby grants a security interest to Lender and to its successors, and assigns, for so long as Borrower has any obligations to Lender under this Agreement, and for the security and benefit of the Lender, in twenty percent (20%) of the Borrower's respective checkwrite payments (all those rights being the "Collateral").

Borrower agrees to execute a written agreement, substantially in the form set forth in Exhibit A attached hereto and incorporated herein by reference, that authorizes DHCS to redirect Borrower's checkwrite payments to the Lender if the Loan amount is not repaid in full within twenty-four (24) months of the date of this Agreement, until that time as the Loan to the Borrower made by Lender (including any fees and other loan related costs as may arise) is paid in full. By the execution of the attached agreement, Borrower agrees to assign 20% of its respective checkwrite payments to the Lender until the Lender notifies DHCS that the loan has been satisfied.

4. Representations and Warranties.

To induce Lender to make the Loan under this Agreement, Borrower hereby represents and warrants to Lender that as of the date hereof and, where relevant, until the Note is paid in full and all obligations under this Agreement are performed in full, that:

(a) Borrower is duly organized under applicable law, is qualified to do business and in good standing in each jurisdiction where required, and has complied with all laws necessary to conduct its business as presently conducted;

(b) Borrower has authority, and has completed all proceedings and obtained all approvals and consents necessary, to execute and deliver all documents authorizing this Loan, including, without limitation, all the Loan Documents, and the transactions contemplated by these Loan Documents;

(c) the execution, delivery, and performance of the Loan Documents will not contravene, or constitute a default under or result in a lien upon the assets of Borrower pursuant to any applicable law or regulation, any charter document of Borrower, or any contract, agreement, judgment, order, decree, or other instrument binding upon or affecting Borrower except for, if applicable, (i) certain liens created by the Loan Documents evidencing this Loan and (ii) other liens in favor of Lender;

(d) this Agreement, the Note, the agreement referenced in Section 3 and all of the other Loan Documents constitute the legal, valid, and binding obligations of Borrower, enforceable in accordance with their respective terms;

(e) Borrower represents, except as previously disclosed to Lender, and warrants there is no financing statement, security agreement, or any other document covering any required Collateral, or any part thereof, on file, recorded, or in effect in any public office;

(f) except as previously disclosed to Lender in writing, there is no action, suit, or proceeding, pending or threatened, against Borrower that might adversely affect Borrower in any material respect;

(g) Borrower does not have any delinquent tax obligations, and all tax returns required of Borrower have been filed; and

(h) all proceeds of this Loan will be used by the Borrower solely for the Purpose as described in the Recitals and as has been approved by Lender.

5. Conditions Precedent.

Lender shall have no obligation to make the Loan under this Agreement until Lender is satisfied that all of the following conditions have been satisfied:

(a) as of the date of this Agreement, there shall exist no Event of Default, as defined in Section 7, and no event that, with the giving of notice or passage of time, or both, would constitute an Event of Default;

(b) Borrower shall have delivered to Lender a duly executed Agreement, Note, and all other requested Loan Documents;

(c) Borrower shall have delivered to Lender a resolution of the Borrower's Board of Directors duly authorizing the execution, delivery, and performance by it of each of the Loan Documents as well as ratification of the submitted application; and

(d) Borrower shall have delivered any other documents reasonably required by Lender in connection with carrying out the purposes of this Agreement, including all documents specified in Sections 2, 3, 4, and 5.

6. Covenants.

From the date of this Agreement until the Note is paid in full and all obligations under this Agreement are performed, Borrower agrees that:

(a) at all times during this Agreement, Borrower shall accurately maintain, in accordance with generally accepted accounting principles, all books of account, records, and documents of every kind in which all matters relating to this Loan, including, without limitation, all income, expenditures, assets, and liabilities;

(b) Borrower shall at all times maintain its corporate existence and shall do or cause to be done all things necessary to preserve and keep in full force and effect its rights, licenses, and franchises;

(c) Borrower, without the prior written notification to Lender, shall not change its name or place of business, merge, affiliate, or consolidate with any company or enterprise, or otherwise substantially change its corporate structure or the general character of its business as it is presently conducted;

(e) Borrower shall do all acts that may be necessary to maintain, preserve, and protect any required Collateral;

(f) Borrower shall not use or permit any required Collateral to be used unlawfully or in violation of any provision of this Agreement, or any applicable statute, regulation, ordinance, or any policy of insurance covering the Collateral;

(g) Borrower shall execute and deliver any financing statement, assignment, or other writing deemed necessary or appropriate by Lender to perfect, maintain, and protect its security interest under this Agreement;

(i) Borrower shall pay all taxes, assessments, and related obligations when those taxes, assessments, and obligations are due and payable;

(j) Borrower shall not create, incur, assume, or suffer to exist any further assignment, encumbrance, or lien upon any required Collateral without the prior written consent of Lender;

(k) Borrower shall pay all costs, fees, and expenses incurred by Lender in connection with this Agreement;

(l) Borrower may not assign the Agreement or Note to any person or entity, and the Agreement or Note may not be assumed by any person or entity without the prior written consent of Lender;

(m) Borrower shall promptly notify Lender in writing of the occurrence of any event that might materially adversely affect Borrower or that constitutes, or upon notice or passage of time or both, would constitute an Event of Default; and

(n) Borrower shall pay to Lender a fee equal to one percent (1.00%) of the loan amount as a reduction in disbursement of loan proceeds to Borrower.

7. Events of Default.

A default exists, upon the occurrence and during the continuance of any of the following events ("Events of Default"):

(a) failure by Borrower to pay any principal or any other amount payable hereunder or under the Note when due in accordance with the terms of the Agreement or the Note;

(b) any representation or warranty made by Borrower in this Agreement or in any other Loan Document or financial or other statement furnished at any time under or in connection herewith or therewith shall prove to have been incorrect, false, or misleading in any material respect on or as of the date when made or deemed to have been made or prior to the date when all obligations of this Agreement have been fully satisfied;

(c) failure of Borrower to fully and completely perform any obligation (except for the obligation set forth in Section 2(b) of this Agreement), covenant, or agreement set forth in this Agreement or in the other Loan Documents or any agreement as may be required by Sections 3,4, and 5 herein and the failure to cure the default, in the sole discretion of the Lender, may not constitute an Event of Default unless (i) Borrower fails to commence steps to cure the failure within the fifteen (15) day period or (ii) Borrower fails to cure the failure within thirty (30) days after the date of the failure;

(d) (i) Borrower shall have applied for or consented to the appointment of a custodian, receiver, trustee, or liquidator of all or a substantial part of its assets, (ii) a custodian, receiver, trustee, or liquidator shall have been appointed with or without the consent of Borrower, (iii) Borrower shall generally not be paying its debts as they become due, has made a general assignment for the benefit of creditors, has filed a voluntary petition in bankruptcy, or has filed a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any insolvency law, (iv) Borrower shall have filed an answer admitting the material allegations of a petition in any bankruptcy, reorganization, or insolvency proceeding, or taken any corporate action for the purpose of effecting the filing of an answer, (v) a petition in bankruptcy shall have been filed against Borrower and shall not have been dismissed for a period of thirty (30) consecutive days, (vi) an order for relief shall have been entered under the United States Bankruptcy Code against Borrower, (vii) an order, judgment, or decree shall have been entered, without the application, approval, or consent of Borrower, by any court of competent jurisdiction approving a petition seeking reorganization of Borrower or appointing a receiver, trustee, custodian, or liquidator of Borrower or a substantial part of its assets, and the order, judgment, or decree shall have continued unstayed and in effect for any period of forty-five (45) consecutive days, (viii) Borrower shall have suspended the transaction of its usual business, or (ix) Borrower shall have ceased to be authorized by the laws of this State to operate a health facility, as defined by the Act; and

(e) if the Loan amount due under this Agreement is not paid in full within twenty-four (24) months from the date of this Agreement, then, at the option and upon the declaration of Lender, all amounts owed to Lender under this Agreement and the Note, without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived, shall become immediately due and payable, and Lender may immediately, and without expiration of any period of grace, enforce payment of all amounts owed to Lender under this Agreement and the Note and exercise any and all other remedies granted to it at law, in equity or otherwise, for the enforcement of realization of the security interests provided in this Agreement. In addition, Lender shall be entitled to recover from Borrower all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Lender in exercising any remedies under this Agreement.

No delay in accelerating the maturity of any obligation contained in this Agreement or in taking any other action with respect to any Event of Default shall affect the rights of Lender later to take that action with respect thereto, and no waiver as to a prior occasion shall affect rights as to any other Event of Default. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy, or recourse as to a subsequent event.

Borrower waives presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration and maturity, protest or notice of protest and nonpayment, bringing of suit, and diligence in taking any action to collect any sums owing under this Agreement, and agrees that its liability on this Agreement shall not be affected by any release of or change in any security for the payment of sums due under this Agreement.

If Borrower fails to pay its one-time installment of principal due under this Agreement by the Due Date of the one-time installment, Borrower shall pay Lender twenty percent (20%) of its respective Medi-Cal checkwrite payments due for the purpose of the handling of a delinquent payment. Borrower and Lender agree that the method of repayment represents a reasonable means of collection considering all of the circumstances existing on the date of this Agreement.

Acceptance by the Lender or holder of the Note of any installment after any default under this Agreement shall not operate to extend the time of payment of any amount then remaining unpaid or constitute a waiver of any other rights of the Lender or holder under the Note or this Agreement.

8. Security Agreement.

This Agreement shall constitute a security agreement with respect to any required Collateral.

9. Miscellaneous.

(a) Borrower hereby irrevocably and unconditionally agrees, to the fullest extent permitted by law, to defend, indemnify, and hold harmless Lender, Authority members, officers, directors, trustees, employees, and agents from and against any and all claims, liabilities, losses, and expenses (including reasonable attorneys' fees) directly,

indirectly, wholly, or partially arising from or in connection with any act or omission of Borrower, its employees, or its agents, in applying for or accepting the Loan, or in expending or applying the moneys furnished pursuant to this Agreement. This section shall survive the termination of this Agreement.

(b) The terms of this Agreement may be revised or modified only with the prior written consent of both parties.

(c) The descriptive headings in this Agreement are inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions of this Agreement.

(d) Any provision of this Agreement that is illegal, invalid, or unenforceable shall be ineffective to the extent of that illegality, invalidity, or unenforceability without rendering illegal, invalid, or unenforceable the remaining provisions of this Agreement.

(e) This Agreement is intended by the parties to be the final expression of their agreement with respect to the terms included in this Agreement and shall not be contradicted by evidence of any prior or contemporaneous agreement.

(f) This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all counterparts shall together constitute one and the same instrument.

(g) All notices given under this Agreement shall be in writing and be hand-delivered or mailed by registered or certified mail, postage prepaid, and shall be sent to the parties' respective addresses first written above or any other address a party may have specified in writing.

(h) Borrower waives trial by jury in any litigation arising out of or relating to this Agreement in which a holder of the Note is an adverse party and further waives the right to interpose any defense, set-off, or counterclaim of any nature or description.

(i) Lender and Borrower hereby agree that the laws of the State of California apply to this Agreement. Any legal action or proceedings brought to enforce or interpret the terms of this Agreement shall be initiated and maintained in the courts of the State of California and or the United States in Sacramento, California, but Lender may waive venue in Sacramento County in its sole discretion.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in day and year first hereinabove written.

LENDER: **CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY**, a public
instrumentality of the State of California

By: _____

Name: _____ **Carolyn Aboubachara**

Title: _____ **Executive Director**

Date: _____

BORROWER: **Sonoma Valley Health Care District**
a California Local Healthcare District DBA Sonoma
Valley Hospital, a nondesignated public hospital

By: _____
(Authorized Officer)

Name: **John Hennelly**

Title: **President and Chief Executive Officer**

Date: _____

EXHIBIT A

AUTHORIZATION TO CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
REDIRECTION OF MEDI-CAL WARRANTS TO
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

1. NAME OF BORROWER (MEDI-CAL PROVIDER)		2. MEDI-CAL PROVIDER NUMBER
Sonoma Valley Healthcare District		17-10063870 17-10063870
3. MAIN CONTACT PERSON NAME	4. TELEPHONE NUMBER	
Ben Armfield	559-259-3753	
5. ADDRESS CITY STATE ZIP		
347 Andrieux Street, Sonoma, California, 95476		
6. LOAN AMOUNT NOT TO EXCEED		
Seven Hundred Fifty-Eight Thousand Two Hundred Forty-Two Dollars and Zero Cents (\$758,242.00)		

Borrower hereby assigns all of its rights to twenty percent (20%) of its respective Medi-Cal checkwrite payments, along with any and all underlying right to reimbursement as may currently exist, to the California Health Facilities Financing Authority (CHFFA) if the Loan amount is not repaid in full within 24 months of the date of this Agreement, as part of the re-payment requirements of the Nondesignated Public Hospital Bridge Loan Program II approved by CHFFA Resolution No. 2022-03 on August 25, 2022.

This assignment shall be in place until CHFFA has notified the Department of Health Care Services (DHCS) that the loan has been paid in full, whereupon the right to full future reimbursements shall revert to the Borrower.

Borrower receives Medi-Cal reimbursement via (check appropriate box):

- ☐ Paper warrants
- ☐ Electronic funds transfer (EFT)

If an EFT recipient, Borrower acknowledges and agrees to the following requirements:

Borrower shall complete an EFT cancellation form (see attached), which shall be submitted to DHCS. This form must be submitted to DHCS at least one week in advance of the applicable State Controller's Office (SCO) checkwrite issuance date.

Borrower acknowledges that after DHCS receives notice from CHFFA that Borrower's loan is paid in full, the Medi-Cal reimbursement to Borrower will be by paper warrants until such time as the Borrower reapplies for EFT and that application is effective.

Borrower assumes the responsibility of updating its address on file with DHCS and submitting to DHCS any necessary address correction using the Medi-Cal Supplemental Changes form (Form 6209).

BORROWER: **Sonoma Valley Health Care District**, a California Local Healthcare District DBA Sonoma Valley Hospital, a nondesignated public hospital

By: _____
(Authorized Officer)

Name: **John Hennelly**

Title: **President and Chief Executive Officer**

Date: _____

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Nondesignated Public Hospital Bridge Loan Program II

Promissory Note (“Note”)

\$758,242.00

Sonoma Valley Health Care District, a California Local Healthcare District DBA **Sonoma Valley Hospital**, a nondesignated public hospital having its principal place of business at **347 Andrieux Street, Sonoma, California, 95476** (“Borrower”), for value received, hereby promises to pay to the order of CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY, a public instrumentality of the State of California (the “Lender” or “Holder”), at its office located at 915 Capitol Mall, Room 435, Sacramento, California 95814, or at such other place as the Holder may from time to time designate in writing, in lawful money of the United States of America, the principal sum of **Seven Hundred Fifty-Eight Thousand Two Hundred Forty-Two Dollars and Zero Cents (\$758,242.00)** or so much thereof as may be advanced to or for the benefit of the Borrower by the Lender in Lender’s sole and absolute discretion, until payment of such principal sum shall be discharged in no event later than 24 months from the date as more particularly provided for in that certain Loan and Security Agreement between Borrower and the Lender, dated as of the date thereof (the “Agreement”). It is the intent of the Borrower and Lender to create a line of credit agreement between Borrower and Lender whereby Borrower may borrow up to **\$758,242.00** from Lender provided, however, that Lender has no obligation to lend Borrower any amounts hereunder and the decision to lend such money lies in the sole discretion of Lender.

All payments on this Note shall, at the option of Holder, be applied first to any fees and costs owing and any remainder shall be applied to a reduction of the principal balance.

The Borrower shall be in default of this Note on the occurrence of any of the events set forth in the Agreement executed simultaneously herewith, including but not limited to the following: (i) the Borrower shall fail to meet its obligation to make the required principal payment hereunder; (ii) the Borrower shall be dissolved or liquidated; (iii) the Borrower shall make an assignment for the benefit of creditors or shall be unable to, or shall admit in writing their inability to pay their debts as they become due; (iv) the Borrower shall commence any case, proceeding, or other action under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, or any such action shall be commenced against the undersigned; (v) the Borrower shall suffer a receiver to be appointed for it or for any of its property or shall suffer a garnishment, attachment, levy or execution.

Upon default of this Note, Lender may declare the entire amount due and owing hereunder to be immediately due and payable. Lender may also use all remedies in law and in equity to enforce and collect the amount owed under this Note. The remedies of the Holder, as provided in the Agreement shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of Holder, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of Holder, including

specifically any failure to exercise any right, remedy or recourse shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by Holder and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

Borrower hereby waives presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration and maturity, protest or notice of protest and non-payment, bringing of suit and diligence in taking any action to collect any sums owing hereunder, and agrees that its liability on this Note shall not be affected by any release of or change in any security for the payment of this Note.

Borrower shall have the right to prepay this Note in whole or in part at any time without penalty or premium.

Any provision of this Note or corresponding Agreement, that is illegal, invalid or unenforceable, shall be ineffective to the extent of such illegality, invalidity or unenforceability without rendering illegal, invalid or unenforceable the remaining provisions of this Note.

Borrower agrees that the laws of the State apply to this Note. Any legal action or proceedings brought to enforce or interpret the terms of this Note shall be initiated and maintained in the courts of the State of California or the United States in Sacramento, California, but Lender may waive venue in Sacramento County in its sole discretion.

BORROWER: Sonoma Valley Health Care District
a California Local Healthcare District DBA Sonoma
Valley Hospital, a nondesignated public hospital

By: _____
(Authorized Officer)

Name: **John Hennelly**

Title: **President and Chief Executive Officer**

Date: _____

2022-2023 Insurance Renewal Proposals



JAMES + GABLE
INSURANCE BROKERS, INC.

2022-2023 Insurance Renewal Proposals

Executive Summary

Line of Coverage	Carrier	Policy Period	Limits	Deductible	7/1/21-7/1/22 Premium	7/1/22-7/1/23 Premium
Professional & General Liab. (Hospital)	BETA	7/1/22 - 7/1/23	\$15M/\$25M	\$5K	\$340,666	\$342,265
Professional & General Liab. (ED Docs)	BETA	7/1/22 - 7/1/23	\$1M/\$3M	\$5K	\$74,598	\$76,120
Director & Officers Liab.	BETA	7/1/22 - 7/1/23	\$3M	\$10K	\$55,039	\$68,799
Employment Practices Liab.	BETA	7/1/22 - 7/1/23	Shared Limit	\$75K	Incl Above	Incl Above
Auto Liab.	BETA	7/1/22 - 7/1/23	\$6M	\$250/\$500	\$1,861	\$1,954
Property	HARPP	7/1/22 - 7/1/23	\$144M	\$100K	\$180,437	\$218,344
Cyber Liab. & Privacy Breach	HARPP	7/1/22 - 7/1/23	\$2M	\$50K	Incl Above	Incl Above
Crime	AIG	7/1/22 - 7/1/23	\$1M	\$25K	\$3,577	\$3,864
Fiduciary Liab.	Hudson Ins Co	7/1/22 - 7/1/23	\$1M	\$10K	\$4,938	\$5,380
Excess Workers' Compensation	Safety National	7/1/22 - 7/1/23	Statutory	\$500K	\$125,329	\$137,302
*Fiduciary Liability retention increasing from \$5K to \$10K		Gross SVH Insurance Premium Total			\$786,445	\$854,028
		Less BETA Annual Dividend			-\$20,277	-\$20,677
		Less BETA Multi-Line Dividend			n/a	n/a
		Less USACS Billing			-\$74,598	-\$76,120
		Net SVH Insurance Premium Total			\$691,570	\$757,231

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

2022-2023 Insurance Renewal Proposals

Hospital Professional Liability & General Liability

	7/1/21 – 7/1/22 Expiring	7/1/22 – 7/1/23 Renewal
Carrier	BETA	BETA
Limits	\$15M/\$25M	\$15M/\$25M
Deductible	\$5,000	\$5,000
Gross Hospital Premium	\$340,666	\$342,265
Annual Dividend	-\$20,277	-\$20,677
Multi-Line Dividend	\$0	\$0
Net Hospital Premium	\$320,389	\$321,588

NOTES

- **Premium Explanation:** This year's 1% premium increase results from a 2% increase in BETA's base rate that applies to all members regardless of loss experience, a slight decrease in overall exposures, and the absence of the credit awarded last year for achieving the ED Risk Management Initiative.
- **Dividends:** Annual Dividend of \$20,277 will be paid in two installments, in October 2022 and April 2023. 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 for the credit this year.
- **Risk Management Resource Funds:** \$3,828 for 21-22 renewal term; \$3,802 remaining for 21-22 policy term as of 5/31/22

2022-2023 Insurance Renewal Proposals

ED Professional Liability

	7/1/21 – 7/1/22 Expiring	7/1/22 – 7/1/23 Renewal
Carrier	BETA	BETA
Limits	\$1M/\$3M	\$1M/\$3M
Deductible	\$5,000	\$5,000
ED Premium	\$74,598	\$76,120

NOTES

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

2022-2023 Insurance Renewal Proposals

Professional Liability & General Liability

Claim Development

Hospital Total Incurred Losses

Policy Period	As of 5/31/19	As of 5/31/20	As of 5/31/21	As of 5/31/22
2011-2012	\$25,000	\$25,000	\$25,000	\$25,000
2012-2013	\$15,154	\$15,154	\$15,154	\$15,154
2013-2014	\$39,828	\$39,828	\$39,828	\$39,828
2014-2015	\$437,009	\$437,009	\$437,009	\$437,009
2015-2016	\$0	\$0	\$0	\$0
2016-2017	\$43,575	\$43,575	\$43,575	\$43,575
2017-2018	\$0	\$0	\$0	\$0
2018-2019	\$5,000	\$956	\$20,956	\$18,936
2019-2020	-	\$120,000	\$200,000	\$353,119
2020-2021	-	-	\$60,000	\$60,000
2021-2022	-	-	-	\$255,000
TOTAL	\$565,566	\$681,522	\$841,521	\$1,247,620

Emergency Department Total Incurred Losses

Policy Period	As of 5/31/19	As of 5/31/20	As of 5/31/21	As of 5/31/22
2011-2012	\$0	\$0	\$0	\$0
2012-2013	\$1,041,335	\$1,041,335	\$1,041,335	\$1,041,335
2013-2014	\$0	\$0	\$0	\$0
2014-2015	\$187,519	\$187,519	\$187,519	\$187,519
2015-2016	\$291	\$291	\$291	\$291
2016-2017	\$15,438	\$15,438	\$15,438	\$15,438
2017-2018	\$15,000	\$1,653	\$1,653	\$1,653
2018-2019	\$2,000	\$400	\$400	\$400
2019-2020	-	\$0	\$0	\$0
2020-2021	-	-	\$10,000	\$179
2021-2022	-	-	-	\$0
TOTAL	\$1,261,583	\$1,246,636	\$1,256,636	\$1,246,815

2022-2023 Insurance Renewal Proposals

Professional Liability & General Liability

Census Data

Category	7/1/20 – 7/1/21		7/1/21 – 7/1/22	7/1/22 – 7/1/23
	Estimated	Actual	Estimated	Estimated
Acute Care Beds	3,478	3,158	3,322	3,322
Total High Acuity ER Visits	5,500	4,599	4,954	4,954
Total Low Acuity ER Visits	4,850	3,152	3,737	3,737
Outpatient Visits (excluding ER)	68,000	56,396	53,894	53,894
Counseling	1,200	1,358	1,316	1,316
Outpatient Surgeries	1,500	1,219	1,247	1,247
Inpatient Surgeries	270	198	198	198
Bariatric Surgeries	35	32	38	38

NOTES

- Census is flat

2022-2023 Insurance Renewal Proposals

Directors & Officers Liability and Employment Practices Liability

	7/1/21 – 7/1/22 Expiring	7/1/22 – 7/1/23 Renewal
Carrier	BETA	BETA
D&O Limit	\$3M	\$3M
EPL Limit	Shared w/ D&O	Shared w/ D&O
D&O Deductible	\$10,000	\$10,000
EPL Deductible	\$75,000	\$75,000
Premium	\$55,039	\$68,799

NOTES

- Premium is increasing 25%: a 5% base rate increase for all BETA members regardless of loss experience and an additional 20% due to SVH's adverse loss experience. Current loss ratio for the period of 2011-2020 is 218%.

Loss Experience

Policy Period	Claims	As of 5/31/21	As of 5/31/22
2011-2012	0	\$0	\$0
2012-2013	0	\$0	\$0
2013-2014	0	\$0	\$0
2014-2015	2	\$50,974	\$50,974
2015-2016	1	\$43,720	\$43,720
2016-2017	0	\$0	\$0
2017-2018	0	\$0	\$0
2018-2019	3	\$547,900	\$547,900
2019-2020	1	\$225,000	\$185,032
2020-2021	1	\$50,000	\$80,000
2021-2022	4	-	\$50,000
TOTAL	12	\$917,594	\$957,625

2022-2023 Insurance Renewal Proposals

Auto Liability

	7/1/21 – 7/1/22 Expiring	7/1/22 – 7/1/23 Renewal
Carrier	BETA	BETA
Combined Single Limit	\$6M	\$6M
Comprehensive Deductible	\$250	\$250
Collision Deductible	\$500	\$500
Premium	\$1,861	\$1,954

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

2022-2023 Insurance Renewal Proposals

Property

	7/1/21 - 7/1/22 Expiring	7/1/22 - 7/1/23 Renewal
Carrier	HARPP	HARPP
Total Insurable Value <i>Valuation Basis: Repair or Replacement Cost</i>	\$144,259,370	\$152,258,527
Annual Premium	\$180,437	\$218,344
All Risk Limit <i>All Perils & Coverages, subject to Sublimits listed below</i>	\$125,000,000	\$125,000,000
Deductible - All Other Perils	\$100,000	\$100,000
Deductible - Wildfire	\$250,000	\$250,000
Flood	Not Covered	Not Covered
Earthquake	Not Covered	Not Covered
Business Interruption	\$100,000,000	\$100,000,000
Extra Expense	\$50,000,000	\$50,000,000
Business Interruption/Extra Expense Waiting Period	24 Hours	24 Hours
Miscellaneous Unnamed Locations	\$10,000,000	\$5,000,000
Course of Construction	\$25,000,000	\$25,000,000
Increased Cost of Construction (Code/Ordinance)	\$50,000,000	\$50,000,000
Communicable Disease	Not Covered	Not Covered
Boiler Explosion & Machinery Breakdown Limit	\$100,000,000	\$100,000,000
Boiler Explosion & Machinery Breakdown Deductible	\$25,000	\$25,000
Pollution Liability Limit	\$2,000,000	\$2,000,000
Pollution Liability Retention	\$50,000	\$50,000
Cyber Liability Limit	\$2,000,000	\$2,000,000
Breach Response Sublimit*	\$1,000,000	\$1,000,000
Business Interruption Sublimit	\$750,000	\$750,000
Cyber Extortion (Ransomware) Sublimit	\$750,000	\$750,000
Cyber Crime (Phishing, Fraudulent Transfers) Sublimit	\$75,000	\$75,000
Cyber Liability Retention	\$50,000	\$50,000

**Breach Response sublimit drops to \$500K if Beazley service providers are not used*

2022-2023 Insurance Renewal Proposals

Property

NOTES

- Total Insurable Values increasing from \$144,259,370 to \$152,258,527
- Net Rate increasing 14.7%; this is in line with the current Property market where we are seeing rate increases ranging from 10 to 20 percent.

Statement of Values

Policy Loc No.	Address	City, ST ZIP	Description	Real Property	Business Personal Property	BI/Rents	Total Insurable Value
1	347 Andrieux Street	Sonoma, CA 95476	Hospital	\$85,447,646	\$31,756,213	\$25,783,950	\$142,987,809
1B	347 Andrieux Street	Sonoma, CA 95476	West Wing	Included Above	Included Above	Included Above	Included Above
1C	347 Andrieux Street	Sonoma, CA 95476	East Wing	Included Above	Included Above	Included Above	Included Above
1D	347 Andrieux Street	Sonoma, CA 95476	Central Wing	Included Above	Included Above	Included Above	Included Above
1E	347 Andrieux Street	Sonoma, CA 95476	Mobile MRI (Modular Van)	\$1,098,233	\$0	\$0	\$1,098,233
1H	347 Andrieux Street	Sonoma, CA 95476	New Wing	Included Above	Included Above	Included Above	Included Above
1I	347 Andrieux Street	Sonoma, CA 95476	COC: Outpatient Diagnostic Center	\$6,012,532	\$1,390,825		\$7,403,357
16	19312 Sonoma Highway	Sonoma, CA 95476	Physical Therapy/Finance	\$0	\$376,891	\$0	\$376,891
17	853 West 4th Street	Sonoma, CA 95476	South Parking Lot	\$61,094	\$0	\$0	\$61,094
18	462 West Napa St	Sonoma, CA 95476	Medical Offices	\$0	\$114,909	\$0	\$114,909
20	270 Perkins Street	Sonoma, CA 95476	Sonoma Valley Family Practice	\$0	\$216,234	\$0	\$216,234
				\$92,619,505	\$33,855,072	\$25,783,950	\$152,258,527

2022-2023 Insurance Renewal Proposals

Crime Insurance

	7/1/21 – 7/1/22 Expiring	7/1/22 – 7/1/23 Renewal
Carrier	AIG	AIG
Limit	\$1M	\$1M
Deductible	\$25K	\$25K
Premium	\$3,577	\$3,864

NOTES

- Base rate increase reflecting the current market conditions

Fiduciary Liability

	7/1/21 – 7/1/22 Expiring	7/1/22 – 7/1/23 Renewal
Carrier	Hudson Ins Co	Hudson Ins Co
Limit	\$1M	\$1M
Retention	\$5K	\$10K
Premium	\$4,938	\$5,380

NOTES

- Retention increasing from \$5K to \$10K
- 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

2022-2023 Insurance Renewal Proposals

Excess Workers' Compensation

	7/1/21 – 7/1/22 Expiring	7/1/22 – 7/1/23	
		Renewal Option 1	Renewal Option 2
Carrier	Safety National	Safety National	Arch
Limit	Statutory	Statutory	Statutory
Self-Insured Retention	\$500K	\$500K	\$500K
Estimated Payroll	\$21,431,078	\$21,849,480	\$21,849,480
Net Rate	\$0.58	\$0.63	\$0.50
Deposit Premium	\$125,329	\$137,302	\$109,619
Minimum Premium	\$125,329	\$137,302	\$98,657

NOTES

- Premium increasing due to 2% payroll increase and Safety National rate increase (Premium = Payroll x Rate)
- **Additional renewal quote received from Arch at \$109,619 compared to Safety National's renewal quote of \$137,302**; Arch also has a minimum premium that is lower than the deposit premium, which opens the possibility for return premium at audit if actual payroll is less than estimated payroll

2022-2023 Insurance Renewal Proposals

Excess Workers' Compensation

Loss Experience

Policy Period	Claims	As of 5/31/21	As of 4/30/22
2011-2012	7	\$245,328	\$245,328
2012-2013	4	\$113,404	\$113,404
2013-2014	7	\$240,398	\$240,398
2014-2015	6	\$15,533	\$15,533
2015-2016	6	\$231,891	\$231,891
2016-2017	13	\$416,932	\$423,432
2017-2018	10	\$171,227	\$184,049
2018-2019	17	\$208,206	\$223,228
2019-2020	12	\$361,175	\$309,823
2020-2021	15	\$120,872	\$196,049
2021-2022	9	-	\$77,827
Total	106	\$2,124,967	\$2,260,963
Average	10	\$212,497	\$205,542

Revision Date: 08/25/22

Tactic Completed	Tactics under way now	Tactics to begin in the next 12 months	Tactics in conceptual form
------------------	-----------------------	--	----------------------------

UCSF/SVH Joint Operating Dashboard

Strategic Objective	Initiative	Description/Tactic	Benefits/Impact	Start Date	Target Completion Date	Update	Updated
1 Increase Access to San Francisco based UCSF Care - ability for Sonomans to access care at UCSF in the city has been difficult. This objective seeks to improve pathways to access care.	1.1	Expansion of Telemedicine Services with UCSF Affiliate Network	Neurology coverage for stroke and inpatient care	2019	2019	complete	2019
			Infectious Disease coverage for hospital	2019	2019	complete	2019
	1.2	Beta Site for Capacity Management (transfer) Center	Intensivist Coverage of ICU	2022	2023	Engaging UCSF and third party vendors on contracting. Dr Sankaran has lead.	12/22
			Integration of SVH into the UCSF/Phillips capacity management system	Summer 2023	2023-2024	UCSF/Phillips building the system now. Internal go-live Q1 2023. SVH first affiliate site. Scheduled for Q2 2023.	8/22
2 Increase Access to Locally Provided Specialists/Primary Care - establishment of care sites in Sonoma will aid in access to UCSF care.	2.1	Physician Employment	Joint recruitment of GI specialists based in Sonoma	2021	in process	Agreement under review. Candidates in pipeline	12/22
			Joint recruitment of orthopedic surgeon based in Sonoma		2023-25	This is in concept stage at this point. Discussions will occur between existing partners to develop a plan.	8/22
	2.2	Expansion of Clinically Integrated Network	Engagement of UCSF faculty in growth or under represented service lines	2022	2023	Issuance of RFP to faculty to identify programs which could be cited in Sonoma. Proposals must address market need. RFP to be issued Q1 2023	12/22
			Opportunity to contractually link Sonoma providers to UCSF network improving network access, quality oversight, and financial stability for practices		2023	UCSF revising program	12/22
3 Increase Facility Utilization - objective is to use available space and resources at SVH to alleviate capacity issues at UCSF where needs align. The result will be more availability of services in Sonoma.	3.1	Grow UCSF surgical presence in Sonoma	Objective is to engage UCSF surgeons to practice in Sonoma and at SVH.			EPIC installation has removed key barrier. Improvement to interfaces underway. Dr Sankaran in talks with Dr Carrol (urologist) about beginning to provide services in Sonoma in 2023	12/22
	3.2	Explore collaborative opportunities in orthopedics	Details listed in section 2. Listed here to note it serves this objective.				
	3.3	Increase utilization of ODC by UCSF	Online scheduling	2022	2023	On going conversations with UCSF Affiliates team on build requirements. Work on going.	12/22
	3.4	Development of Post Acute program	Objective is to insure adequate postacute care is available in Sonoma		2024	This is in concept stage at this point.	8/22
4 Enhance IT Integration - maximize connectivity between two organizations to improve integration of data available to community and patients	4.1	Maximize data availability between sites	EPIC implementation	January 2022	12/3/2022	Complete	12/22
			Optimize EPIC data transfer between instances	Summer 2023	2025	Once SVH is live on Epic, SVH team will poll users to identify biggest opportunities for improvement. On going.	12/22
	4.2	Integration of IT management	Contract executed between UCSF and SVH for the provision of management services to SVH	2022	2022	Complete	1/22
5 Share Resources/Reduce Costs - by collaborating, can the two organizations save money?	5.1	Integration of coordination of care w UCSF and/or Marin Health					
	5.2	Leadership Development	Sound leadership yields high performing organization	2022	ongoing	New Leader Orientation launched 8/22 and will be held monthly. UCSF resources for executive support being investigated. On going. 25 new leaders attending NLO curriculum.	12/22
	5.3	Explore JV opportunities around ODC	Develop a business case for a joint venture between SVH and UCSF around the ODC and surgical services	CY2023	2024	Investment models under review. On going.	12/22
Parking Lot		Exploration of ways to integrate purchase of goods and services	Cooperating with UCSF on purchasing could yield significant savings			Management continually on the look out for such opportunities. Supplies were reviewed in 2022 - no opportunity. Reimbursement rates - not allowed unless UCSF has a controlling interest.	9/22



To: Sonoma Valley Health Care District Finance Committee
From: Ben Armfield, Chief Financial Officer
Date: December 20, 2022
Subject: Financial Report for November 2022

1. OVERALL PERFORMANCE:

Much of November was spent planning and preparing for our Epic Go-Live, but the month itself was a positive one from a financial perspective, especially when comparing to the past two months. Volumes continued to keep pace with current upward trends, and we saw improvements in both net patient revenues and expenses.

NOVEMBER INCOME STATEMENT AND IGT:

This was touched on during October's financial report, but when looking at our actual performance to budget in November, it is important to call out a timing difference related to our IGT supplemental funding. When we budgeted for fiscal year 2022 back in the spring, the timing of both the IGT matching fee (SVH expense) and corresponding hospital payment (SVH revenue) were unknown, although we were anticipating some delay compared to prior years. Based on the information we had at the time we budgeted to make our matching fee in November, with a corresponding payment back to us in February. The timing now looks like the matching fee will be triggered in February, with hospital payments disbursing in April or May. The table below shows what has been booked on the income statement for IGT reimbursements through November, both the month itself and year-to-date. One callout in looking at the year-to-date comparison - the PY actual year-to-date is reflective of a partial IGT payment. We had booked \$1.6M of IGT through November of last year, but the full IGT amount for the fiscal year was \$3.4M (\$5.02 in IGT revenue & \$1.65M in IGT expense).

Table 1 | IGT Amounts in SVH Income Statement – November 2022

	Month of November 2022			Year To Date November 2022		
	CY Actual	Budget	PY Actual	CY Actual	Budget	PY Actual
IGT Revenue	\$ -	\$ 5,400,000	\$ -	\$ -	\$ 5,400,000	\$ 2,751,308
IGT Expense	\$ -	\$ 2,258,179	\$ -	\$ -	\$ 2,258,179	\$ 1,125,795
IGT Net Income	\$ -	\$ 3,141,821	\$ -	\$ -	\$ 3,141,821	\$ 1,625,513

As you can see from the table above, the actual-to-budget comparisons on the income statement are skewed. It's because of this that we have included data tables that compare overall performance, both including and excluding the IGT matching fees and revenues (Table 2a & Table 2b). Our operating revenue and operating expense tables in this memo (Table 3 & Table 4) are shown excluding IGT for comparability purposes.

There is more detail on IGT further down the memo, including a summary on how this is treated from an accounting standpoint as well as a table that illustrates the new estimated timing. Please see #6 – IGT Treatment & FY2023 Impact for more detail.

OVERALL PERFORMANCE:

Table 2a | Overall Performance - November 2022 (Including IGT)

	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD	Variance	
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%
Operating Margin	\$ (542,109)	\$ 2,290,870	\$ (2,832,979)	-124%	\$ (4,814,592)	\$ (1,629,587)	\$ (3,185,005)	-195%	\$ (2,579,629)	\$ (2,234,963)	-87%
Operating EBDA	\$ (303,025)	\$ 2,519,957	\$ (2,822,982)	-112%	\$ (3,540,161)	\$ (484,152)	\$ (3,056,009)	-631%	\$ (1,379,717)	\$ (2,160,444)	-157%
Net Income (Loss)	\$ 66,454	\$ 3,252,456	\$ (3,186,002)	-98%	\$ (1,337,426)	\$ 3,203,119	\$ (4,540,545)	-142%	\$ (61,512)	\$ (1,275,914)	-2074%

Table 2b | Overall Performance - November 2022 (Excluding IGT)

	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD	Variance	
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%
Operating Margin	\$ (542,109)	\$ (850,951)	\$ 308,842	36%	\$ (4,814,592)	\$ (4,771,408)	\$ (43,184)	-1%	\$ (4,205,142)	\$ (609,450)	-14%
Operating EBDA	\$ (303,025)	\$ (621,864)	\$ 318,839	51%	\$ (3,540,161)	\$ (3,625,973)	\$ 85,812	2%	\$ (3,005,230)	\$ (534,931)	-18%
Net Income (Loss)	\$ 66,454	\$ 110,635	\$ (44,181)	-40%	\$ (1,337,426)	\$ 61,298	\$ (1,398,724)	-2282%	\$ (1,687,025)	\$ 349,599	21%

Our performance in November was a significant improvement upon the last two months, and when looking at actual to budget excluding the IGT components, we exceeded our operating margin and operating EBDA by a large margin. This helped close the current year-to-date operating margin gap between actual to budget, and our operating EBDA is now positive to budget when excluding the IGT.

2. NET REVENUE SUMMARY:

Table 3 | Net Patient Revenue – Actual vs. Budget - November 2022 (Excluding IGT)

	Current Year				Current Year							
	Current Year		Variance		Current Year		Variance		Prior Year	Variance		
	Actual	Budget	Var	%	Actual	Budget	\$	%	Actual	\$	%	
Net Patient Revenue	\$ 4,185,589	\$ 3,869,771	\$ 315,818	8%	\$ 19,635,551	\$ 18,800,595	\$ 834,956	4%	\$ 18,537,168	\$ 1,098,383	6%	
NPR as a % of Gross	15.9%	15.2%	5%		15.0%	15.2%	0%		15.5%	-2%		
Total Operating Revenue	\$ 4,270,410	\$ 3,974,494	\$ 295,916	7%	\$ 20,088,891	\$ 19,324,210	\$ 764,681	4%	\$ 19,013,679	\$ 1,075,212	6%	

Revenue continues to uptick. Our net patient revenue and operating revenue exceeded budget yet again and were both fiscal year highs. Some of this is driven by volume increases in November – specifically in the emergency room and on the inpatient side. We also had one of our more positive ‘volume-adjusted’ months as well, as we have started to realize the revenue impact of the growth in surgical volumes - specifically Orthopedics, over the last couple months. Our net patient revenue as a % of gross revenue (15.9%) was a fiscal year high and is up over 15% compared to the 13.8% we hit just a couple months ago in September.

From a year-to-date perspective total revenue looks good when compared to budget and prior year. Total net patient revenue continue is +4% and +6% when comparing to budget and the prior year, respectively.

3. OPERATING EXPENSE SUMMARY:

Table 4 | Operating Expenses – Actual vs. Budget – November 2022 (Excluding IGT)

	Month of November 2022				Year To Date November 2022						
	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	\$	%	Actual	\$	%
Operating Expenses	\$ 4,812,519	\$ 4,825,445	\$ 12,926	0%	\$24,903,483	\$24,095,618	\$ (807,865)	-3%	\$23,218,821	\$ (1,684,662)	-7%

Much, if not all, of the budget variance these last two months were directly related to increases in operating expenses – specifically labor cost and supplies. November’s operating expenses showed significant improvement when compared to our September & October run-rate, running nearly 10% lower than the last two consecutive months. A big contributor to this is the reduction in registry and agency fees. Agency fees (\$195,000 in Nov) were still over budget as we continue to work on transitioning these resources to direct hires, but our overall traveler count has been reduced and our total spend in November was 20% less than what we had been averaging this fiscal year.

4. VOLUME SUMMARY:

Table 5 | Patient Volumes - November 2022

	Month of November 2022				Year To Date November 2022							
	Current Year		Variance		Current Year		Variance		Prior Year	Variance		
	Actual	Budget	Var	%	Actual	Budget	Var	%	Actual	Var	%	
Acute Discharges	71	61	10	16%	314	308	6	2%	313	1	0%	
Acute Patient Days	282	254	28	11%	1,314	1,280	34	3%	1,302	12	1%	
IP Surgeries	10	12	(2)	-17%	77	64	13	20%	50	27	54%	
OP Surgeries	94	103	(9)	-9%	478	527	(49)	-9%	525	(47)	-9%	
Total Surgeries	104	115	(11)	-10%	555	591	(36)	-6%	575	(20)	-3%	
Special Procedures	55	54	1	2%	259	255	4	2%	278	(19)	-7%	
Total Outpatient Visits	4,690	4,501	189	4%	23,075	22,343	732	3%	23,274	(199)	-1%	
Total ER Visits	884	840	44	5%	4,203	3,988	215	5%	3,868	335	9%	

Overall volumes continued to stay strong in November. We started to see increased volumes with the flu season upon us, and we saw big increases on the inpatient side in not only patient days but in patient discharges as well. The 884 emergency room visits are a fiscal year high and are the second highest in the last two fiscal years. Our surgical volumes had a good start to the month and exceeded budget up until the week of Thanksgiving but ended up falling short by 11 surgeries.

5. CASH ACTIVITY SUMMARY:

Table 6 | Cash / Revenue Cycle Indicators - November 2022

	Current Year		Variance	
	Nov-22	Oct-22	Var	%
Days Cash on Hand	27.9	30.2	(2.3)	-8%
A/R Days	37.3	38.6	(1.3)	-3%
A/P Days	50.8	50.2	0.6	1%

We had a great month in cash collections this past month as we collected \$4.0M, which is +10% over what we had collected in September and October. The \$4.0M in collections is also the 2nd best collections month we have had in the last 2 fiscal years. Days cash on hand averaged 28.8 for the month and ended at 27.9, which exceeded the 25.6 that was previously forecasted for the month (taken from October's cash forecast).

6. IGT TREATMENT and FY2023 IMPACT:

From a process standpoint, we pay the matching fee (expense) first. Those matching fees get pooled and matched at the federal level and there is typically a two-to-three-month lag until we receive our actual payment. On the income statement, we recognize the IGT revenue in the same month the matching fee is paid. This differs from the balance sheet as we will experience an initial drawdown to pay the matching fee, then post the cash in the month the payment was received.

The table below illustrates the impact of the IGT movement on both the income statement and balance sheet based on the revised timeline.

Table 7 | SVH IGT Funding Schedule and Income Statement, Balance Sheet Impact - November 2022

IGT Funding Impact to SVH	Nov-22	Dec-22	Jan-23	A	Feb-23	Mar-23	Apr-23	B	May-23	Jun-23	TOTAL FY22			
1. Income Statement Impact														
IGT Revenue	\$	-	\$	-	\$	-	\$	-	\$	-	\$	5,400,000		
IGT Matching Fee	\$	-	\$	-	\$	(2,258,179)	\$	-	\$	-	\$	(2,258,179)		
Total Income Statement Impact	\$	-	\$	-	\$	3,141,821	\$	-	\$	-	\$	3,141,821		
2. Balance Sheet Impact														
IGT Revenue / Payment	\$	-	\$	-	\$	-	\$	-	\$	5,400,000		\$	5,400,000	
IGT Matching Fee / Expense	\$	-	\$	-	\$	(2,258,179)	\$	-	\$	-		\$	(2,258,179)	
Total Balance Sheet / Cash Impact	\$	-	\$	-	\$	(2,258,179)	\$	-	\$	5,400,000	\$	-	\$	3,141,821
A SVH pays the IGT matching fee. Both the expense (\$2,258,179) and revenue (\$5,400,000) are recognized on the income statement while the balance sheet only shows the payout.														
B SVH receives the IGT payment and hits operating cash. There is no income statement impact since entire transaction was recognized in February 2023.														

7. OPERATIONAL PRIORITIES / NEXT STEPS:

REVENUE / REVENUE CYCLE NEXT STEPS:

1) Payor Contracting Review/Renegotiation

- Vendor Selection / Agreement Execution – November 2022 **(DONE)**
- Priority Contract Review, Action Plan Developed – December 2022/January 2023 **(In Progress)**

- i. Focus on Blue Cross, Blue Shield Agreements (In Progress)

2) Epic Implementation

- a. Training, Pre-Go Live, Readiness – October 2022 – December 2022 (DONE)
- b. Epic Implementation Go-Live – December 2022 (DONE)
- c. Epic Revenue Cycle Validation Focus – December 2022 – 1st Quarter CY 2023 (In Progress)

3) Strengthen Front and Back-End Revenue Cycle Processes

- a. Develop Revenue Cycle Leadership Structure – October 2022 (DONE)
- b. Charter Revenue Cycle Steering Committee – December 2022 (In Progress)
- c. FY23 Post-Epic Initiatives Developed – 1st Quarter CY 2023

OPERATIONAL / COST MANAGEMENT NEXT STEPS:

1) Reduce Agency and Traveler Costs

- a. Revise Traveler/Agency Approval Process – November 2022 (In Progress)
- b. Develop Plan and Reduce Registry Spend by 25% by end of December 2022 (In Progress)

2) Supply Chain Optimization

- a. Operationalize Supply Chain Management Services Agreement – November 2022 (In Progress)

3) Departmental Reviews

- a. Re-implement Department Monthly Operating Reviews (MORs) – January 2023, Post-Epic Go-Live

4) Contract Review Workgroup / Process

- a. Initiate workgroup to review SVH vendor contracts – November 2022 (Holding due to Epic implementation)

ATTACHMENTS:

- Attachment A is the Payer Mix Analysis
 - 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 November 30, 2022

ATTACHMENT A

Gross Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	9,994,039	9,477,083	516,956	5.5%	44,423,805	46,089,382	-1,665,577	-3.6%
Medicare Managed Care	4,566,152	4,265,271	300,881	7.1%	22,981,157	20,687,909	2,293,248	11.1%
Medi-Cal	4,695,860	4,266,423	429,437	10.1%	25,314,327	20,609,604	4,704,723	22.8%
Self Pay	306,007	453,206	-147,199	-32.5%	1,648,367	2,177,296	-528,929	-24.3%
Commercial & Other Gov't	5,936,732	6,291,839	-355,107	-5.6%	30,602,577	30,626,713	-24,136	-0.1%
Worker's Comp.	861,210	753,924	107,286	14.2%	5,825,085	3,707,396	2,117,689	57.1%
Total	26,360,001	25,507,746	852,255	3.3%	130,795,319	123,898,300	6,897,019	5.6%

Net Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	926,789	2,650,299	-1,778,974	-67.1%	4,603,370	6,926,194	-2,322,824	-33.5%
Medicare Managed Care	557,198	1,173,980	-616,782	-52.5%	2,513,993	3,058,009	-544,017	-17.8%
Medi-Cal	539,279	1,062,948	-523,669	-49.3%	2,421,195	2,771,820	-350,625	-12.6%
Self Pay	77,621	318,435	-240,814	-75.6%	426,698	830,940	-404,242	-48.6%
Commercial & Other Gov't	1,819,136	3,704,166	-1,885,031	-50.9%	8,489,378	9,633,133	-1,143,755	-11.9%
Worker's Comp.	248,554	341,405	-92,851	-27.2%	1,062,658	887,815	174,842	19.7%
Total	4,168,577	9,251,234	(5,138,121)	-55.5%	19,517,290	24,107,910	(4,590,620)	-19.0%

Payor Mix	Month			% Variance	Year-to-Date			% Variance
	Actual	Budget			Actual	Budget		
Medicare	37.9%	37.2%		2.0%	32.7%	37.2%		-12.1%
Medicare Managed Care	17.3%	16.7%		3.6%	18.7%	16.7%		12.2%
Medi-Cal	17.8%	16.7%		6.5%	19.3%	16.6%		16.7%
Self Pay	1.2%	1.8%		-34.7%	1.4%	1.7%		-20.4%
Commercial & Other Gov't	22.5%	24.7%		-8.7%	23.7%	24.8%		-4.3%
Worker's Comp.	3.3%	3.0%		10.5%	4.1%	3.0%		36.7%
Total	100.0%	100.0%		0.0%	100.0%	100.0%		0.0%

Percent of Net Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	22.2%	28.6%	-6.4%	-22.4%	23.6%	28.7%	-5.2%	-18.3%
Medicare Managed Care	13.4%	12.7%	0.7%	5.3%	12.9%	12.7%	0.2%	1.5%
Medi-Cal	12.9%	11.5%	1.4%	12.6%	12.4%	11.5%	0.9%	7.9%
Self Pay	1.9%	3.4%	-1.6%	-45.9%	2.2%	3.4%	-1.3%	-36.6%
Commercial & Other Gov't	43.6%	40.0%	3.6%	9.0%	43.5%	40.0%	3.5%	8.9%
Worker's Comp.	6.0%	3.7%	2.3%	61.6%	5.4%	3.7%	1.8%	47.8%
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%

Net Revenue as a % of Gross	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	9.3%	28.0%	-18.7%	-66.8%	10.4%	15.0%	-4.7%	-31.0%
Medicare Managed Care	12.2%	27.5%	-15.3%	-55.7%	10.9%	14.8%	-3.8%	-26.0%
Medi-Cal	11.5%	24.9%	-13.4%	-53.9%	9.6%	13.4%	-3.9%	-28.9%
Self Pay	25.4%	70.3%	-44.9%	-63.9%	25.9%	38.2%	-12.3%	-32.2%
Commercial & Other Government	30.6%	58.9%	-28.2%	-48.0%	27.7%	31.5%	-3.7%	-11.8%
Worker's Comp.	28.9%	45.3%	-16.4%	-36.3%	18.2%	23.9%	-5.7%	-23.8%
TOTAL	15.8%	36.3%			14.9%	19.5%		

SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended November 30, 2022

ATTACHMENT B

CURRENT MONTH					YEAR-TO-DATE			YTD
	Actual 11/30/22	Budget 11/30/22	Favorable (Unfavorable) Variance		Actual 11/30/22	Budget 11/30/22	Favorable (Unfavorable) Variance	Prior Year 11/30/21
Inpatient Utilization								
Discharges								
1	54	47	7	Med/Surg	227	239	(12)	234
2	17	14	3	ICU	87	69	18	79
3	71	61	10	Total Discharges	314	308	6	313
Patient Days:								
4	182	169	13	Med/Surg	814	852	(38)	878
5	100	85	15	ICU	500	428	72	424
6	282	254	28	Total Patient Days	1,314	1,280	34	1,302
7	24	-	24	Observation days	78	-	78	107
Average Length of Stay:								
8	3.4	3.6	(0.2)	Med/Surg	3.59	3.57	0.02	3.8
9	5.9	6.2	(0.3)	ICU	5.75	6.20	(0.45)	5.4
10	4.0	4.2	(0.2)	Avg. Length of Stay	4.18	4.16	0.03	4.2
Average Daily Census:								
11	6.1	5.6	0.4	Med/Surg	5.3	5.6	(0.2)	5.7
12	3.3	2.8	0.5	ICU	3.3	2.8	0.5	2.8
13	9.4	8.5	0.9	Avg. Daily Census	8.6	8.4	0.2	8.5
Other Utilization Statistics								
Emergency Room Statistics								
14	884	840	44	Total ER Visits	4,203	3,988	215	3,868
Outpatient Statistics:								
15	4,690	4,501	189	Total Outpatients Visits	23,075	22,343	732	23,274
16	10	12	(2)	IP Surgeries	77	64	13	50
17	94	103	(9)	OP Surgeries	478	527	(49)	525
18	55	54	1	Special Procedures	259	255	4	278
19	304	266	38	Adjusted Discharges	1,358	1,295	63	1,446
20	1,207	1,109	98	Adjusted Patient Days	5,659	5,381	278	5,996
21	40.2	37.0	3.3	Adj. Avg. Daily Census	37.0	35.2	1.8	39.2
22	1.2837	1.4000	(0.116)	Case Mix Index -Medicare	1.5080	1.4000	0.108	1.3824
23	1.2960	1.4000	(0.104)	Case Mix Index - All payers	1.4459	1.4000	0.046	1.3480
Labor Statistics								
24	213	220	7	FTE's - Worked	210	216	5.9	204
25	239	242	3	FTE's - Paid	233	237	4.1	228
26	49.22	46.79	(2.43)	Average Hourly Rate	49.51	46.61	(2.90)	45.42
27	5.94	6.55	0.61	FTE / Adj. Pat Day	6.30	6.75	0.44	5.83
28	33.9	37.3	3.5	Manhours / Adj. Pat Day	35.9	38.5	2.5	33.2
29	134.5	155.5	21.0	Manhours / Adj. Discharge	149.7	159.8	10.1	137.6
30	23.1%	24.9%	1.9%	Benefits % of Salaries	23.7%	25.1%	1.4%	24.3%
Non-Labor Statistics								
31	14.5%	16.1%	1.6%	Supply Expense % Net Revenue	17.0%	16.4%	-0.5%	14.2%
32	1,995	2,335	340	Supply Exp. / Adj. Discharge	2,452	2,384	(68)	2,092
33	15,998	26,784	10,786	Total Expense / Adj. Discharge	18,514	20,541	2,027	17,161
Other Indicators								
34	27.9			Days Cash - Operating Funds				
35	37.3	50.0	(12.7)	Days in Net AR	38.0	50.0	(12.0)	42.6
36	117%			Collections % of Cash Goal	103%			94.4%
37	50.8	55.0	(4.2)	Days in Accounts Payable	50.8	55.0	(4.2)	47.0
38	15.9%	15.2%	0.7%	% Net revenue to Gross revenue	15.0%	15.2%	-0.2%	17.8%
39	14.8%			% Net AR to Gross AR	14.8%			16.8%

Sonoma Valley Health Care District
Balance Sheet
As of November 30, 2022
UNAUDITED

ATTACHMENT C

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1 Cash	\$ 2,132,793	\$ 1,759,104	\$ 2,973,404
2 Cash - Money Market	2,096,825	2,846,229	3,843,478
3 Net Patient Receivables	6,178,786	6,334,821	6,836,273
4 Allow Uncollect Accts	(1,346,537)	(1,508,251)	(1,703,453)
5 Net A/R	4,832,249	4,826,570	5,132,820
6 Other Accts/Notes Rec	1,382,669	1,365,016	1,719,523
7 Parcel Tax Receivable	3,800,000	3,800,000	3,800,000
8 GO Bond Tax Receivable	2,601,816	2,601,816	2,601,816
9 3rd Party Receivables, Net	102,551	119,841	2,606,905
10 Inventory	1,049,271	1,048,916	1,037,520
11 Prepaid Expenses	929,929	969,056	831,637
12 Total Current Assets	\$ 18,928,104	\$ 19,336,547	\$ 24,547,103
13 Property, Plant & Equip, Net	\$ 54,323,923	\$ 54,364,995	\$ 51,654,955
14 Trustee Funds - GO Bonds	3,526,127	3,519,210	3,714,864
15 Designated Funds - Board Approved	1,000,000	1,000,000	1,000,000
16 Total Assets	\$ 77,778,154	\$ 78,220,752	\$ 80,916,922
Liabilities & Fund Balances			
Current Liabilities:			
17 Accounts Payable	\$ 5,141,505	\$ 5,253,335	\$ 4,017,799
18 Accrued Compensation	4,079,870	4,025,321	4,013,973
19 Interest Payable - GO Bonds	147,163	99,460	159,814
20 Accrued Expenses	729,293	658,637	2,133,097
21 Advances From 3rd Parties	-	-	-
22 Deferred Parcel Tax Revenue	3,483,333	3,483,333	2,216,669
23 Deferred GO Bond Tax Revenue	182,968	706,726	1,622,685
24 Current Maturities-LTD	217,475	217,475	402,082
25 Line of Credit - Union Bank	5,473,734	5,473,734	5,473,734
26 Other Liabilities	60,591	60,591	1,430,275
27 Total Current Liabilities	\$ 19,515,933	\$ 19,978,614	\$ 21,470,128
28 Long Term Debt, net current portion	\$ 24,620,441	\$ 24,665,826	\$ 25,113,726
Fund Balances:			
29 Unrestricted	\$ 16,503,927	\$ 16,565,816	\$ 18,839,371
30 Restricted	17,137,854	17,010,497	15,493,697
31 Total Fund Balances	\$ 33,641,781	\$ 33,576,313	\$ 34,333,068
32 Total Liabilities & Fund Balances	\$ 77,778,154	\$ 78,220,752	\$ 80,916,922

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
For the Period Ended November 30, 2022**

ATTACHMENT D

	Month			
	This Year		Variance	
	Actual	Budget	\$	%
1	71	61	10	16%
2	282	254	28	11%
3	24	-	24	0%
4	\$ 20,217	\$ 19,682	\$ 535	3%
5	\$ 6,160,550	\$ 5,843,935	\$ 316,615	5%
6	12,345,826	12,113,497	232,329	2%
7	7,870,803	7,568,851	301,952	4%
8	\$ 26,377,179	\$ 25,526,283	\$ 850,896	3%
9	(22,039,437)	(21,433,567)	(605,870)	-3%
10	(150,000)	(200,000)	50,000	25%
11	(2,153)	(22,945)	20,792	91%
12	-	5,400,000	(5,400,000)	-100%
13	\$ (22,191,590)	\$ (16,256,512)	\$ (5,935,078)	37%
14	\$ 4,185,589	\$ 9,269,771	\$ (5,084,182)	-55%
15	\$ 84,821	\$ 104,723	\$ (19,902)	-19%
16	\$ 4,270,410	\$ 9,374,494	\$ (5,104,084)	-54%
17	\$ 2,011,074	\$ 1,936,759	\$ (74,315)	-4%
18	664,023	683,394	19,371	3%
19	\$ 2,675,097	\$ 2,620,153	\$ (54,944)	-2%
20	\$ 584,576	\$ 597,536	\$ 12,960	2%
21	606,205	621,733	15,528	2%
22	406,765	428,049	21,284	5%
23	239,084	229,087	(9,997)	-4%
24	123,736	132,018	8,282	6%
25	67,345	52,833	(14,512)	-27%
26	38,510	18,703	(19,807)	-106%
27	71,201	125,333	54,132	43%
28	-	2,258,179	2,258,179	-100%
29	\$ 4,812,519	\$ 7,083,624	\$ 2,271,105	32%
30	\$ (542,109)	\$ 2,290,870	\$ (2,832,979)	124%

Volume Information

Acute Discharges	314	308	6	2%	313
Patient Days	1,314	1,280	34	3%	1,302
Observation Days	78	-	78	*	107
Gross O/P Revenue (000's)	\$ 100,561	\$ 94,518	\$ 6,043	6%	\$ 93,341

Financial Results**Gross Patient Revenue**

Inpatient	\$ 30,352,892	\$ 29,473,348	\$ 879,544	3%	\$ 25,937,729
Outpatient	58,548,464	58,796,352	(247,888)	0%	56,955,247
Emergency	42,012,390	35,721,285	6,291,105	18%	36,481,511
Total Gross Patient Revenue	\$ 130,913,746	\$ 123,990,985	\$ 6,922,761	6%	\$ 119,374,487

Deductions from Revenue

Contractual Discounts	\$ (110,410,514)	\$ (104,085,650)	\$ (6,324,864)	-6%	\$ (99,690,069)
Bad Debt	(656,647)	(1,000,000)	343,353	34%	(1,100,000)
Charity Care Provision	(211,034)	(104,740)	(106,294)	*	(47,250)
Prior Period Adj/Government Program Revenue	-	5,400,000	(5,400,000)	-100%	2,751,308
Total Deductions from Revenue	\$ (111,278,195)	\$ (99,790,390)	\$ (11,487,805)	12%	\$ (98,086,011)

Net Patient Service Revenue

Other Op Rev & Electronic Health Records	\$ 19,635,551	\$ 24,200,595	\$ (4,565,044)	-19%	\$ 21,288,476
Total Operating Revenue	\$ 20,088,891	\$ 24,724,210	\$ (4,635,319)	-19%	\$ 21,764,987

Operating Expenses

Salary and Wages and Agency Fees	\$ 10,065,953	\$ 9,643,731	\$ (422,222)	-4%	\$ 9,039,746
Employee Benefits	3,456,661	3,412,129	(44,532)	-1%	3,386,219
Total People Cost	\$ 13,522,614	\$ 13,055,860	\$ (466,754)	-4%	\$ 12,425,965
Med and Prof Fees (excl'd Agency)	\$ 2,879,226	\$ 2,983,271	\$ 104,045	3%	\$ 2,862,038
Supplies	3,330,452	3,086,592	(243,860)	-8%	3,025,174
Purchased Services	2,163,585	2,140,223	(23,362)	-1%	2,150,850
Depreciation	1,274,430	1,145,435	(128,995)	-11%	1,199,912
Utilities	829,195	708,453	(120,742)	-17%	672,466
Insurance	282,842	264,165	(18,677)	-7%	256,623
Interest	174,930	89,323	(85,607)	-96%	80,512
Other	446,208	622,296	176,088	28%	545,281
Matching Fees (Government Programs)	-	2,258,179	2,258,179	-100%	1,125,795
Operating expenses	\$ 24,903,483	\$ 26,353,797	\$ 1,450,314	5.5%	\$ 24,344,616
Operating Margin	\$ (4,814,592)	\$ (1,629,587)	\$ (3,185,005)	-195%	\$ (2,579,629)

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
For the Period Ended November 30, 2022**

ATTACHMENT D

	Month				
	This Year		Variance		
	Actual	Budget	\$		%
31	\$ 5,151	\$ (12,971)	18,122	*	
32	-	-	-	0%	
33	-	-	-	*	
34	316,667	316,667	-	0%	
35	-	-	-	0%	
36	<u>\$ 321,818</u>	<u>\$ 303,696</u>	<u>18,122</u>	<u>6%</u>	
37	<u>\$ (220,291)</u>	<u>\$ 2,594,566</u>	<u>(2,814,857)</u>	<u>*</u>	
38	\$ -	\$ -	-	0%	
39	\$ 127,357	\$ 493,593	(366,236)	0%	
40	<u>\$ (92,934)</u>	<u>\$ 3,088,159</u>	<u>(3,181,093)</u>	<u>*</u>	
41	159,388	164,297	(4,909)	-3%	
42	<u>\$ 66,454</u>	<u>\$ 3,252,456</u>	<u>(3,186,002)</u>	<u>98%</u>	
	\$ 18,793	\$ 2,823,653	(2,804,860)		
	<u>\$ (303,025)</u>	<u>\$ 2,519,957</u>	<u>(2,822,982)</u>	<u>112%</u>	

Non Operating Rev and Expense
Miscellaneous Revenue/(Expenses)
Donations
Physician Practice Support-Prima
Parcel Tax Assessment Rev
Extraordinary Items
Total Non-Operating Rev/Exp
Net Income / (Loss) prior to Restricted Contributions
Capital Campaign Contribution
Restricted Foundation Contributions
Net Income / (Loss) w/ Restricted Contributions
GO Bond Activity, Net
Net Income/(Loss) w GO Bond Activity
EBDA - Not including Restricted Contributions
Operating EBDA - Not including Restricted Contributions

	Year-To- Date				YTD
	This Year		Variance		
	Actual	Budget	\$	%	Prior Year
	\$ 13,408	\$ (66,097)	79,505	*	\$ (46,317)
	-	-	-	0%	20,459
	-	-	-	*	0
	1,583,335	1,583,335	-	0%	1,583,335
	-	-	-	0%	0
	<u>\$ 1,596,743</u>	<u>\$ 1,517,238</u>	<u>79,505</u>	<u>5%</u>	<u>\$ 1,557,477</u>
	<u>\$ (3,217,848)</u>	<u>\$ (112,349)</u>	<u>(3,105,499)</u>	<u>-2764%</u>	<u>\$ (1,022,152)</u>
	\$ -	\$ -	-	0%	\$ -
	\$ 1,087,675	\$ 2,498,175	(1,410,500)	100%	\$ 276,141
	<u>\$ (2,130,173)</u>	<u>\$ 2,385,826</u>	<u>(4,515,999)</u>	<u>*</u>	<u>\$ (746,011)</u>
	792,748	817,293	(24,545)	-3%	684,499
	<u>\$ (1,337,426)</u>	<u>\$ 3,203,119</u>	<u>(4,540,545)</u>	<u>*</u>	<u>\$ (61,512)</u>
	\$ (1,943,418)	\$ 1,033,086	(2,976,504)		\$ 177,760
	<u>\$ (3,540,161)</u>	<u>\$ (484,152)</u>	<u>(3,056,009)</u>	<u>-631%</u>	<u>\$ (1,379,717)</u>

Sonoma Valley Health Care District
Variance Analysis
For the Period Ended November 30, 2022

ATTACHMENT E

	YTD		MONTH		
Operating Expenses	Variance	Variance %	Variance	Variance %	Variance %
Salary and Wages and Agency Fees	(422,222)	-4.4%	(74,315)	-3.8%	1) Epic Trainings - \$102,000 (a total of 1,727 hours) of salary expense has been incurred year-to-date specific to Epic EMR trainings. 2) Travelers - Agency Fees of \$195,000 were over budget in November. However, we did reduce our overall traveler count and November's spend was nearly 20% less our monthly average this fiscal year.
Supplies	(243,860)	-7.9%	15,528	2.5%	Year-to-date variance relates to increased volumes, particularly in Orthopedic surgeries. Monthly spend rightsized in November when comparing to last two months.
Depreciation	(128,995)	-11.3%	(9,997)	-4.4%	GASB 87 - New accounting standard caused a reclassification in how we account for our operating leases, reclassifying parts of the lease from other operating expenses into amortization expense & interest expense. Both year-to-date and monthly variances are driven by this reclass.
Interest	(85,607)	-95.8%	(19,807)	-105.9%	1) Interest Rate Fluctuation - current line of credit interest rate 5.5% vs. PY of ~2.5%. 2) GASB 87 - New accounting standard caused a reclassification in how we account for our operating leases, reclassifying parts of the lease from other operating expenses into amortization expense & interest expense. Both year-to-date and monthly variances are driven by this reclass.
Other	176,088	28.3%	54,132	43.2%	GASB 87 - New accounting standard caused a reclassification in how we account for our operating leases, reclassifying parts of the lease from other operating expenses into amortization expense & interest expense. Both year-to-date and monthly variances are driven by this reclass.
Matching Fees (Government Programs)	2,258,179	*	2,258,179	*	Variance relates to revised timing in IGT funding which is covered in length in financial report.
Operating expenses	1,450,314	6%	2,271,105	32%	

Sonoma Valley Hospital
Cash Forecast
FY 2023

ATTACHMENT F

	Actual July	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Forecast Dec	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	TOTAL
Hospital Operating Sources													
Patient Payments Collected	3,924,051	4,613,392	3,735,746	3,656,614	4,177,640	2,750,000	3,162,500	3,478,750	3,826,625	3,928,556	4,007,127	4,087,270	45,348,271
Other Operating Revenue	19,072	182,649	33,561	250,527	23,522	104,723	104,723	104,723	104,723	104,723	104,723	104,732	1,242,402
Other Non-Operating Revenue	10,204	12,925	10,096	11,916	10,007	10,801	10,801	10,801	10,801	10,801	10,801	10,806	130,761
Unrestricted Contributions				3,200	2,051								5,251
Line of Credit													-
Sub-Total Hospital Sources	3,953,328	4,808,966	3,779,404	3,922,256	4,213,220	2,865,524	3,278,024	3,594,274	3,942,149	4,044,080	4,122,651	4,202,808	46,726,684
Hospital Uses of Cash													
Operating Expenses	4,913,977	4,894,375	5,088,864	4,586,736	4,470,658	4,649,093	4,779,230	4,598,493	5,073,479	4,946,353	5,034,948	4,993,654	58,029,860
Add Capital Lease Payments	13,501	13,354	13,280	13,354	45,386								98,875
Additional Liabilities/LOC													-
Capital Expenditures	774,009	749,295	117,435	170,157	216,084	95,000	2,205,000	25,000	25,000	25,000	25,000	25,000	4,451,980
Total Hospital Uses	5,701,487	5,657,024	5,219,578	4,770,247	4,732,128	4,744,093	6,984,230	4,623,493	5,098,479	4,971,353	5,059,948	5,018,654	62,580,715
Net Hospital Sources/Uses of Cash	(1,748,159)	(848,058)	(1,440,175)	(847,991)	(518,907)	(1,878,569)	(3,706,206)	(1,029,219)	(1,156,330)	(927,273)	(937,297)	(815,846)	(15,854,030)
Non-Hospital Sources													
Restricted Cash/Money Market	750,000	750,000	1,000,000	500,000	750,000			-		(750,000)	-		3,000,000
Restricted Capital Donations	210	696,111	1,483	259,524	125,306		750,000						1,832,634
Parcel Tax Revenue	192,601					2,134,000			1,502,000				3,828,601
Other Payments - Ins. Claims/HHS/Grants/Loans							1,500,000						1,500,000
Other:													-
IGT RATE RANGE								-	-	688,278	5,400,000	41,568	6,129,846
IGT - AB915										227,253			227,253
QIP					17,290						380,000		397,290
HELP II LOAN								2,000,000					2,000,000
BRIDGE LOAN YR 2							750,000						750,000
BOARD DESIGNATED FUNDS							1,000,000						1,000,000
Sub-Total Non-Hospital Sources	942,811	1,446,111	1,001,483	759,524	892,596	2,134,000	4,000,000	2,000,000	1,502,000	165,531	5,780,000	41,568	20,665,624
Non-Hospital Uses of Cash													
Matching Fees					-	-	-	2,499,077	-	-	20,784		2,519,861
Sub-Total Non-Hospital Uses of Cash	-	-	-	-	-	-	-	2,499,077	-	-	20,784	-	2,519,861
Net Non-Hospital Sources/Uses of Cash	942,811	1,446,111	1,001,483	759,524	892,596	2,134,000	4,000,000	(499,077)	1,502,000	165,531	5,759,216	41,568	18,145,763
Net Sources/Uses	(805,349)	598,053	(438,691)	(88,467)	373,689	255,431	293,794	(1,528,296)	345,670	(761,742)	4,821,919	(774,278)	
Operating Cash at beginning of period	2,493,558	1,688,209	2,286,262	1,847,571	1,759,104	2,132,793	2,388,224	2,682,018	1,153,722	1,499,392	737,650	5,559,569	
Operating Cash at End of Period	1,688,209	2,286,262	1,847,571	1,759,104	2,132,793	2,388,224	2,682,018	1,153,722	1,499,392	737,650	5,559,569	4,785,290	
Money Market Account Balance - Undesignated	5,095,597	4,345,597	3,346,052	2,846,649	2,096,825	2,096,825	2,096,825	2,096,825	2,096,825	2,846,825	2,846,825	2,846,825	
Total Cash at End of Period	6,783,806	6,631,859	5,193,623	4,605,753	4,229,618	4,485,049	4,778,843	3,250,547	3,596,217	3,584,475	8,406,394	7,632,115	
Average Days of Cash on Hand	54.2	45.1	35.2	30.2	28.8								
Days of Cash on Hand at End of Month	53.8	42.0	34.1	31.1	27.9	29.9	31.0	21.9	22.0	22.5	51.8	47.4	