



# SVHCD FINANCE COMMITTEE

## AGENDA

**TUESDAY, March 28, 2023**

**Closed Session 6:00 p.m.**

**Regular Session 6:30 p.m.**

**To Be Held in Person at  
Sonoma Valley Fire District, 630 Second Street East, Sonoma,  
and Via Zoom Videoconference**

To Participate via Zoom Videoconferencing,  
use the link below:

<https://sonomavalleyhospital-org.zoom.us/j/98432022495?pwd=KzByYjZJQnFHZWdBOUVJYUZFNTROZz09>

**Meeting ID: 984 3202 2495, Passcode: 712258**

Dial by your location:

1 669 219 2599 or 1 669 900 9128

In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact District Clerk Monique Crayton at <a href="mailto:mcrayton@sonomavalleyhospital.org">mcrayton@sonomavalleyhospital.org</a> or (415) 867.2884 at least 48 hours prior to the meeting.		
AGENDA ITEM	RECOMMENDATION	
<b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Boerum</i>	
<b>2. CLOSED SESSION</b> <u>Government Code Sect. 37606 &amp; Health and Safety Code Sect. 32106</u> : Report Involving Trade Secret – Discussion will concern proposed services	<i>Boerum</i>	
<b>3. PUBLIC COMMENT SECTION</b> <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>		
<b>4. REPORT ON CLOSED SESSION</b>	<i>Boerum</i>	
<b>5. CONSENT CALENDAR</b> a. Finance Committee Minutes 02.28.23	<i>Boerum</i>	Action
<b>6. INTRODUCTION OF NEW COMMITTEE MEMBERS</b>	<i>Boerum</i>	Inform
<b>7. REVIEW OF BANKING AND INVESTMENT RELATIONSHIPS</b>	<i>Armfield</i>	Inform

<b>8. STRATEGIC PLAN REVIEW</b>	<i>Boerum</i>	Inform/Action
<b>9. FY24 BUDGET UPDATE</b>	<i>Armfield</i>	Inform
<b>10. CONSIDERATION OF SEPARATE FINANCE COMMITTEE BUDGET MEETING</b>	<i>Boerum</i>	Action
<b>11. ODC UPDATE</b>	<i>Hennelly</i>	Inform
<b>12. EPIC UPDATE</b>	<i>Hennelly</i>	Inform
<b>13. UCSF AFFILIATION UPDATE</b>	<i>Hennelly</i>	Inform
<b>14. FINANCIAL REPORT FOR MONTH END FEBRUARY 2023</b>	<i>Armfield</i>	Inform
<b>15. ADJOURN</b>	<i>Boerum</i>	



**SVHCD**  
**FINANCE COMMITTEE MEETING**  
**MINUTES**  
**TUESDAY, FEBRUARY 28, 2023**  
**Via Zoom Teleconference**

<b>Present</b>		<b>Not Present/Excused</b>	<b>Staff</b>	<b>Public</b>	
Bill Boerum via Zoom Wendy Lee Myatt via Zoom Art Grandy via Zoom Subhash Mishra, MD, via Zoom Catherine Donahue via Zoom Peter Hohorst via Zoom		Carl Gerlach	John Hennelly, CEO, via Zoom Ben Armfield, CFO, via Zoom Jessica Winkler, DNP, RN, NEA-BC, CCRN-K, CNO, via Zoom	Judith Bjorndal, MD via Zoom Dennis Bloch via Zoom Peter Fitzgerald via Zoom Ed Case via Zoom	
<b>AGENDA ITEM</b>		<b>DISCUSSION</b>		<b>ACTIONS</b>	<b>FOLLOW-UP</b>
<b>MISSION &amp; VISION STATEMENT</b> <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>					
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>		<i>Boerum</i>			
		Called to order at 5:00 p.m. Mr. Boerum said that Mr. Gerlach is excused. Mr. Boerum mentioned the recent news announcement of the opening of an urgent care center in Sonoma and asked Mr. Hennelly's reaction. Mr. Hennelly replied, "It is an access point for the community. Financially it will impact the hospital. We are engaging them to see if we can collaborate somehow."			
<b>2. PUBLIC COMMENT SECTION</b>		<i>Boerum</i>			
		None			
<b>3. CONSENT CALENDAR</b>		<i>Boerum</i>		Action	
a. Finance Committee Minutes 01.24.23				<b>MOTION:</b> by Grandy to approve, 2 <sup>nd</sup> by Lee. Mr. Boerum abstained. All in favor.	
<b>4. CHFFA HELP II LOAN DOCUMENTS</b>		<i>Armfield</i>		Action	

	<p>Mr. Armfield said this loan to SVHCD was approved by the CHFFA board, which approval then triggered production of the loan documents. It is a 5-year \$2 million loan with 2% interest to fund completion of the Epic project. If recommended by the Committee, the Board would take action on March 9, 2023. Updated documents with revised dates will be submitted to the Board. The borrower is the District.</p> <p>Ms. Donahue asked what the shortfall is on Epic. Mr. Armfield said the Epic budget was just over \$4 million and approximately \$700k was received from Foundation fundraising. We do feel we will come in under budget; however, the \$2 million is the majority of what is outstanding to be paid. Mr. Grandy asked about the loan period option of 15 yrs at 3%. Mr. Armfield replied that the offer was only for 5 years at 2% because Epic is viewed as equipment. Mr. Bloch asked about attorney review, and Mr. Armfield replied that it had been reviewed.</p> <p>The Committee agreed to recommend to the Board.</p>	<b>MOTION:</b> by Grandy to recommend to the Board, 2 <sup>nd</sup> by Lee. All in favor.	
<b>5. PARCEL TAX ADVANCE</b>	<i>Armfield</i>	Action	
	<p>Mr. Boerum mentioned repayment of the parcel tax advance will come from the IGT funds. Mr. Armfield said cash collections are picking up; he was not sure if we <u>need</u> the advance at this point but would like to proceed with it to be prudent. He is asking for 80% of the full allotment, although an 85% advance could be taken.</p> <p>The Committee agreed to recommend to the Board.</p>	<b>MOTION:</b> by Lee Myatt to recommend to the Board, 2 <sup>nd</sup> by Donahue. All in favor.	
<b>6. COMMITTEE MEETING VENUE AND TIME</b>	<i>Boerum</i>	Action	
	<p>Mr. Boerum mentioned the end of the Covid state of emergency at the end of February and indicated the issue of in-person and virtual meetings is being addressed with counsel. He suggested the Committee might mimic what the Board decided to do. Advisory committees may not be held to the same requirements as the Board. He felt we could continue meeting virtually next month but there are several options to consider. He indicated he will confirm and let the Committee know.</p> <p>Mr. Boerum also suggested moving the meeting time to 6:00 p.m. The Committee indicated that was agreeable.</p>	No action, discussion only.	The March meeting will be at 6:00 p.m.

<b>7. STRATEGIC PLANNING PARTICIPATION</b>	<i>Boerum</i>	Inform	
	<p>The Committee is ready to assist with strategic planning in any way it can. The last of the four public information sessions is being held tonight. Mr. Boerum asked Mr. Armfield how the Committee could help. Mr. Armfield said there are long-term strategic initiatives that are big ticket items; he would like to get feedback from the Committee on the high-level business plans for those initiatives.</p> <p>Ms. Lee Myatt indicated she would like to have the Committee involved in any initiatives that involve growth, new services, or construction. Mr. Grandy said the Board should be informed of the items needed to implement those initiatives as well as options. More specific detail is needed. Ms. Lee Myatt added that all alternatives should have a cost/benefit analysis included.</p>		
<b>8. COMMITTEE VACANCY UPDATE</b>	<i>Boerum</i>	Inform	
	Mr. Boerum indicated seven applicants applied for the vacancies. One person dropped out so six will be presented to the Board.		
<b>9. FY 2024 BUDGET ASSUMPTIONS</b>	<i>Armfield</i>	Action	
	Mr. Armfield shared the list of budget assumptions. Mr. Boerum said that a joint budget session with the Board is normally held annually at the end of May. He indicated that the Committee would like to be involved earlier than that (in April). Ms. Lee Myatt asked for a dashboard of the budget assumptions with the likelihood whether each of these is true or not. Mr. Armfield agreed that would be useful; he also suggested setting targets (for ex., for operating margin). Mr. Boerum suggested a possible special Finance Committee meeting in early May. Mr. Fitzgerald suggested also using sensitivity analysis for each item.	No action, discussion only.	Special FC meeting early May.
<b>10. ODC UPDATE</b>	<i>Hennelly</i>	Inform	
	Mr. Hennelly said the magnet will be ordered and placed in the temporary structure in the parking lot next January (2024). The project is on time for installation in the permanent location in approximately 2.5 years (early 2025). The project is on budget as well.		

<b>11. EPIC UPDATE</b>	<i>Hennelly</i>	Inform	
	The Epic installation has transitioned from a clinical project to a revenue project. The team is finishing up final interfaces.		
<b>12. UCSF AFFILIATION UPDATE</b>	<i>Hennelly</i>	Inform	
	Mr. Hennelly briefly reviewed the affiliation matrix. SVH's average daily ICU census is 2-4 patients, and the Hospital is exploring intensivist tele-coverage of the ICU with UCSF. GI physician recruitment is continuing. Finally, SVH is investing in leadership development to ensure we are a high performing organization.		
<b>13. FINANCIAL REPORT FOR MONTH END DECEMBER 2022</b> a. Review Q2 FY 2023 Capital Spending b. December 2022 Net A/R Review	<i>Armfield</i>	Inform	
	Mr. Armfield said January 2023 was a positive month compared to budget. SVH has exceeded budget both months that Epic has been live (December and January). However, some departments have operated at less than full efficiency. January brought a large influx of inpatient volume. Cash collections exceeded projection in January. SVH will make the matching IGT payment in February so the month is projected to end with 10 days' cash. However, vehicles have been found to mitigate that.		
<b>14. ADJOURN</b>	<i>Boerum</i>		
	Meeting adjourned at 9:15 p.m.		



**To:** Sonoma Valley Health Care District Finance Committee  
**From:** Ben Armfield, Chief Financial Officer  
**Date:** March 28, 2023  
**Subject:** Review of Banking / Investing Relationships

The finance committee requested a review of the hospital's banking and investment relationships. We are providing this memo for additional review that includes the applicable relationships and their respective balances at month end, February 2023.

Type	Bank	Balance @ 2/28/2023	Interest Earned YTD				
General Checking	Union Bank	\$ 995,100					
Money Market Savings	Union Bank	\$ 1,349,026	\$ 3,697				
Type	Bank	Principal Amount	Maturity Date	Interest Rate	Principal Balance @ 2/28/2023	FY23 Interest Paid YTD	FY23 Interest Budgeted YTD
Line of Credit	Union Bank	\$ 5,500,000	1/31/2024	2.5% per annum in excess of SOFR	\$ 5,473,734	\$ 238,183	\$ 123,119





**To:** SVHCD Finance Committee  
**From:** Bill Boerum, Treasurer & Chair, Finance Committee  
**Meeting Date:** March 28, 2023  
**Subject:** Committee Review of Draft Strategic Plan

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In accordance with previously expressed consensus and intentions to review the draft Strategic Plan to be considered by the District Trustees, please see extracted pages 4, 5, and 6 from the draft. These pages were considered by the Board at its meeting earlier this month, March 9. Any edited or revised draft will be submitted to the Board for its final consideration at its upcoming meeting on April 6.

In the sequence presented here, the first page shows the outline of the overall plan and its four themes, followed by the detailed Financial Stabilization strategies concluding with a final page showing community and hospital outcomes.

Please reflect on the consensus reached at the last meeting as expressed in the Minutes under item 7 - "Strategic Planning Participation" for what we hope to accomplish at this session.

Thanks for your participation this round.





**Attachments:**

Draft Strategic Plan - pages 4, 5, 6

cc: John Hennelly, CEO, Sonoma Valley Hospital  
Ben Armfield, CFO, Sonoma Valley Hospital



# STRATEGIC PLAN 2023 and Beyond

 <b>FINANCIAL STABILIZATION</b>	 <b>SEISMIC COMPLIANCE</b>	 <b>EVOLUTION OF MAIN CAMPUS</b>	 <b>WEST VALLEY CAMPUS DEVELOPMENT</b>
<b>Objective</b> Establish and/or strengthen service lines to both meet the growing demand of medical services in the community as well providing financial growth to stabilize and strengthen the hospital's financial trajectory.	<b>Objective</b> Establish a plan to meet the next seismic upgrade targets and remain compliant with Senate Bill 1953 (SB 1953)	<b>Objective</b> Redevelop the hospital campus to better align hospital resources with needs of aging population and partnership with UCSF.	<b>Objective</b> To ensure equitable access to health care for all community members by making care convenient and affordable, while ensuring comprehensive culturally sensitive quality care for all.
<b>Strategy</b> <ol style="list-style-type: none"> <li>1. Re-establish Gastroenterology presence in Sonoma</li> <li>2. Establish Destination Program in Sonoma</li> <li>3. Expand Orthopedic Service Line</li> <li>4. Optimize Outpatient Diagnostic Services</li> <li>5. Expand Physical Therapy</li> <li>6. Strengthen Primary Care</li> <li>7. Expand Cardiology Services</li> </ol>	<b>Strategy</b> Our Hospital is safe and compliant with current seismic standards. SB 1953 outlines ongoing and evolving seismic upgrades for all California Hospitals. Sonoma Valley Hospital will utilize Architect/Engineering services to develop a compliant plan to retrofit the Hospital's acute care facilities to meet performance categories outlined by the State Agency. Our Facility has been deemed safe by the State Agency and alternate strategies will be employed to lobby the State to extend deadlines or modify requirements for additional upgrades.	<b>Strategy</b> <ol style="list-style-type: none"> <li>1. In partnership with UCSF, Sonoma Valley Hospital will redesign the hospital campus to position itself for future care needs.</li> <li>2. develop a geriatrics program to provide specialized services to both in and outpatients.</li> <li>3. Ensure adequate skilled nursing services to meet community need.</li> <li>4. Invest in supportive care services in partnership with UCSF such as sub acute and memory care.</li> <li>5. Create space to host partners such as primary and specialty care, diagnostics and health education.</li> </ol>	<b>Strategy</b> Sonoma Valley Hospital will expand health care services in the West Valley by providing a new facility that will include preventative, diagnostic, primary and specialty care.
<b>Outcomes</b> <ol style="list-style-type: none"> <li>1. Increased access to GI specialty service in Sonoma market</li> <li>2. SVH becomes a destination hospital for specialized orthopedic care</li> <li>3. Enhanced diversity of orthopedic services performed at SVH and increased market share in primary service area.</li> <li>4. Enhanced diagnostic services through cutting edge technology and equipment.</li> <li>5. Increased access to UCSF providers for Sonoma community.</li> <li>6. Increased accessibility to receive physical therapy services in Sonoma market.</li> <li>7. Improved access to receive cardiology diagnostic and hospital level services.</li> </ol>	<b>Outcomes</b> <ol style="list-style-type: none"> <li>1. Approved seismic compliance plan with State Agency.</li> <li>2. Scheduled compliance and capital financial goals.</li> <li>3. Extended deadlines or modified requirements to meet future seismic standards to ensure the Hospital's viability to serve the Community needs.</li> </ol>	<b>Outcomes</b> <ol style="list-style-type: none"> <li>1. Adequate capacity to allow residents access hospital-based services within Sonoma.</li> <li>2. Increase access to UCSF providers.</li> <li>3. Improved outcomes in both in-patient and sub acute settings through best practices in the appropriate settings.</li> <li>4. Better coordination of care as various services (specialists, diagnostics, outpatient services) are incorporated into hospital campus.</li> <li>5. Better access to care.</li> <li>6. Expansion of services as appropriate space becomes available (education, training, support services)</li> </ol>	<b>Outcomes</b> <ol style="list-style-type: none"> <li>1. A healthier community</li> <li>2. More affordable healthcare</li> <li>3. Improved access to care</li> <li>4. Services will be aligned to meet community needs</li> <li>5. Targeted Health Education</li> <li>6. Patients will have a better understanding of how to manage their health</li> </ol>





## FINANCIAL STABILIZATION

### Objectives:

To re-establish and/or strengthen service lines to both meet the growing demand of the community as well as provide ongoing financial stabilization for the hospital

### Strategies:

1. Re-establish the Gastroenterology service in Sonoma through targeted physician recruitment

#### We will:

- Successfully recruit 1 Gastroenterologist into the Sonoma market by the end of fiscal year 2024
- Identify physician alignment partner and develop arrangement to facilitate successful physician recruitment

2. Establish Destination Program at Sonoma Valley Hospital

#### We will:

- In concert with orthopedic physician, facilitate and implement a destination therapy shoulder program at Sonoma Valley Hospital
- Leverage destination therapy program and provider engagement for continued growth in the orthopedic service line

3. Expand Orthopedics service line through engagement of existing and new providers and development of specialty programs

#### We will:

- Develop plan for future physician recruitment in Orthopedic service line
- Continue to build relationships with existing SVH providers to grow Orthopedic shoulder program
- Continue to build relationships with existing SVH providers to grow Orthopedic hand surgeries

4. Expand outpatient services and facilitate further service line expansion through continued progress of our Outpatient Diagnostic Center (ODC) construction project

- Phase I (CT) – Complete
- Phase II (MRI) – Estimated Completion 1st Qtr CY 2025

#### 4. We will:

- Increase access to care for patients in our community by leveraging brand new CT Suite to provide best in class diagnostic testing
- Identify solution to both house and operationalize newly acquired 3 Tesla MRI in Fiscal Year 2024 which would bring state of the art diagnostic technology to Sonoma.

5. Meet the demand for timely, efficient, and quality Physical Therapy care in the community through further optimization and expansion of out-patient therapy services

#### We will:

- Develop strategy to enhance recruitment and retention of specialized outpatient therapists
- Assess program needs and develop long-term real estate strategy for program expansion
- Identify short-term plan to mitigate capacity constraints and promote program growth within current footprint.

6. Expand access to Primary Care in Sonoma through the recruitment of additional primary care providers

#### We will:

- Develop plan to facilitate recruitment of additional primary care physician into Sonoma community

7. Meet the market demand for primary cardiology services through program expansion and strategic investments

#### We will:

- Identify physician partner to grow cardiology services
- Facilitate arrangement to bring professional cardiology services in-house 24/7
- Explore potential of establishing physician cardiology clinic on-site at SVH
- Develop long-term plan for cardiology program, including physician recruitment(s) and facility footprint





## FINANCIAL STABILIZATION

### Community Outcomes:

Improved access to specialty services directly in Sonoma market:

- Increased access to Gastroenterology services
- Increased access and more diversity of Orthopedic services performed at SVH (shoulder/hand/joint replacement)
- Enhanced diagnostic services through cutting edge technology and equipment
- Increased access to UCSF providers for Sonoma community
- Increased accessibility to receive physical therapy services in Sonoma market
- Improved access to receive hospital level cardiology diagnostic services
- Increased access to primary care services in Sonoma
- Increased patient satisfaction

### Hospital Outcomes:

Improved financial performance through targeted volume and market share growth:

- Increased volumes in both inpatient and outpatient setting
- Increased market share in key, targeted service lines
- Increased surgical volumes and more efficient operating room suites
- Enhanced notoriety and branding from SVH becoming destination hospital for specialized orthopedic care
- Enhanced connectivity with UCSF specialists
- Fewer cases needing to get referred out of market
- Improved bottom line performance through growth of high margin volumes

UCSF/SVH Joint Operating Dashboard								
Strategic Objective	Initiative	Description/Tactic	Benefits/Impact	Start Date	Target Completion Date	Update	Updated	
<b>1 Increase Access to San Francisco based UCSF Care</b> - 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				complete	2019
	1.2	Beta Site for Capacity Management (transfer) Center	Intensivist Coverage of ICU	Expanded medical team would expand the types of cases that could be treated at SVH. The integration will improve both site's ability to place patients in the right setting for their needs. Impact to SVH increased	2022	2023	Engaging UCSF and third party vendors on contracting. Dr Sankaran has lead. Conversations progressing.	1/30
			Integration of SVH into the UCSF capacity management system		Summer 2023	2023-2024	System live. UCSF working on process. SVH participation pending.	1/30
<b>2 Increase Access to Locally Provided Specialists/Primary Care</b> - 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	Provision of service currently unavailable in Sonoma and highly in demand.	2021	in process	Actively recruiting	1/30
			Joint recruitment of orthopedic surgeon based in Sonoma	Orthopedics is in strong demand in Sonoma. Planning to insure availability over coming years.		2023-25	This is in concept stage at this point. Discussions will occur between existing partners to develop a plan.	8/22
			Engagement of UCSF faculty in growth or under represented service lines	Engagement can increase the types of care available in Sonoma and increase connectivity with programs at UCSF.	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
	2.2	Expansion of Clinically Integrated Network	Opportunity to contractually link Sonoma providers to UCSF network improving network access, quality oversight, and financial stability for practices	Helps insure stability of practices in Sonoma and improved access to broader network.		2023	UCSF revising program	12/22
<b>3 Increase Facility Utilization</b> - 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 surgicians to practice in Sonoma and at SVH.	Increase availability of surgical services in Sonoma/increase utilization of SVH operating rooms			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	UCSF is moving to self scheduling which enables the patient to select the best location for their service based upon availability or location. This could optimize utilization of SVH assets.	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	Meeting market demand and insuring Sonoma has the right setting for care. Activation of dormant space at SVH.		2024	This is in concept stage at this point.	8/22
	3.5	Develop relationship with VA for the provision of care to veterans at SVH		Improve access for veterans and increase utilization of SVH services	2023	2024	Connecting with VA leadership through UCSF contacts	2/22
<b>4 Enhance IT Integration</b> - maximize connectivity between two organizations to improve integration of data available to community and patients	4.1	Maximize data availability between sites	EPIC implementation	Installation of EPIC will improve connectivity between UCSF and SVH.	January 2022	12/3/2022	Complete	12/22
			Optimize EPIC data transfer between instances	Maximizing data integration between SVH Epic and UCSF Epic will optimize utilization by clinicians and patients	Summer 2023	2025	Interface builds still underway	1/30
	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
<b>5 Share Resources/Reduce Costs</b> - 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	Investment in leadership is paramount in a high performing organization. Impact is more innovation (growth), better staff and patient satisfaction, increased market competitiveness, higher employee retention.	2022	ongoing	Deescalation training of management completed in January.	1/30
	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	A joint venture would provide both capital and focus from UCSF on Sonoma.	CY2023	2024	Investment models under review. On going.	12/22
<b>Parking Lot</b>		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:** March 28, 2023  
**Subject:** Financial Report for February 2023

## 1. OVERALL PERFORMANCE:

February was yet another positive financial month for the hospital as our operating margin, operating EBDA, and net income all exceeded budget by a significant amount. In fact, February marks our best financial month this year as all three metrics were fiscal year highs.

We continue to see steady volumes. Inpatient census in February fell off a bit from last month's fiscal year high, but our average daily census of 9.3 was still above budgeted levels. Inpatient surgeries continue to significantly outpace both budget and the prior year which has certainly helped buoy our inpatient volumes and also our net revenue performance.

The biggest factor in February's overall results can be attributed to our IGT funding as we booked nearly \$2M in net income to account for the matching fee payment that was paid out this month. February's income statement reflects \$2.5M in expense that has been paid out and \$4.4M in estimated revenue that we will be receiving either in April or May. The revenue that is booked is indeed an estimate as we will not know the final amount until proceeds are received.

Even without the IGT proceeds, the month was very positive as our operating margin and operating EBDA both represent fiscal year highs.

We continue to work extremely hard in getting our cash collection levels back to (and eventually above) our historical baselines. We have made really great progress over the last 2 months and I am very happy to report that we collected \$4.2M in cash this past month. This is roughly 50% more than the \$2.9M we had previously forecasted for February, and also represents a 45% increase from what we have averaged since the Epic go-live.

**Table 1a | Overall Performance - February 2023 (Including IGT)**

	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD	Variance	
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%
Operating Margin	\$ 1,388,892	\$ (852,724)	\$ 2,241,616	263%	\$ (4,955,950)	\$ (3,807,402)	\$ (1,148,548)	-30%	\$ (4,224,448)	\$ (731,502)	-17%
Operating EBDA	\$ 1,631,550	\$ (623,637)	\$ 2,255,187	362%	\$ (2,946,536)	\$ (1,974,706)	\$ (971,830)	-49%	\$ (2,341,977)	\$ (604,559)	-26%
Net Income (Loss)	\$ 1,900,410	\$ 109,691	\$ 1,790,719	1633%	\$ 910,692	\$ 3,910,063	\$ (2,999,371)	-77%	\$ (188,538)	\$ 1,099,230	-583%

\* Operating Margin less Depreciation

**Table 1b | Overall Performance - February 2023 (Excluding IGT)**

	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD	Variance	
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%
Operating Margin	\$ (513,690)	\$ (852,724)	\$ 339,034	40%	\$ (6,858,532)	\$ (7,396,603)	\$ 538,071	7%	\$ (7,278,489)	\$ 419,957	6%
Operating EBDA	\$ (271,032)	\$ (623,637)	\$ 352,605	57%	\$ (4,849,118)	\$ (5,563,907)	\$ 714,789	13%	\$ (5,396,018)	\$ 546,900	10%
Net Income (Loss)	\$ (2,172)	\$ 109,691	\$ (111,863)	-102%	\$ (991,890)	\$ 320,862	\$ (1,312,752)	-409%	\$ (3,242,579)	\$ 2,250,689	69%

\* Operating Margin less Depreciation

## 2. NET REVENUE SUMMARY:

**Table 2 | Net Patient Revenue – Actual vs. Budget - February 2023 (Excluding IGT)**

	Month of February 2023				Year To Date February 2023						
	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	\$	%	Actual	\$	%
Gross Revenue	\$ 26,876,497	\$ 25,543,496	\$ 1,333,001	5%	\$ 212,396,955	\$ 201,712,514	\$ 10,684,441	5%	\$ 190,373,678	\$ 22,023,277	12%
Net Patient Revenue	\$ 3,897,889	\$ 3,872,360	\$ 25,529	1%	\$ 31,809,258	\$ 30,581,989	\$ 1,227,269	4%	\$ 29,428,890	\$ 2,380,368	8%
NPR as a % of Gross	14.5%	15.2%	-4%		15.0%	15.2%	0%		15.5%	-2%	
Tot Operating Revenue	\$ 4,009,711	\$ 3,977,083	\$ 32,628	1%	\$ 32,548,617	\$ 31,419,773	\$ 1,128,844	4%	\$ 30,185,006	\$ 2,363,611	8%

Our revenues have outpaced both budget and prior year, and February was another positive month delivering higher than budgeted patient and operating revenues.

Gross charges continue to uptick. We are now +12% year-to-date compared to the prior year which far exceeds the 6% annual rate increase we apply every year. We have seen further upticks over the last couple months, which is a good indication that we are in fact enhancing our charge capture abilities within the new Epic system. Since our Epic go-live, our monthly gross revenues have increased by 4% compared to our pre-Epic levels.

We did experience a shift in payor mix in February as we saw a dip in our commercial volumes and a corresponding increase in some “non-favorable” payors such as managed medical and self-pay. This caused a drop in our volume adjusted patient revenues for the month (14.5% vs budget of 15.2%). This doesn’t look to be any kind of trend at this point since we cannot attribute the drop to any one specific payor, service, or physician. We also just set a fiscal year high in commercial volumes in January and it looks as though we are tracking with budget in March. We will continue to track closely.

## 3. OPERATING EXPENSE SUMMARY:

**Table 4 | Operating Expenses – Actual vs. Budget – February 2023 (Excluding IGT)**

	Month of February 2023				Year To Date February 2023						
	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	\$	%	Actual	\$	%
Operating Expenses	\$ 4,523,401	\$ 4,829,807	\$ 306,406	6%	\$ 39,407,149	\$ 38,816,376	\$ (590,773)	-2%	\$ 37,463,495	\$ (1,943,654)	-5%
Worked FTEs	222.3	225.8	3.5	2%	212.2	217.7	5.6	3%	204.9	(7.2)	-4%

Operating expenses in February continued the pull back that started in January as we continue to reduce operating costs as we get further away from our Epic go-live. Total operating expenses ran 6% under budget for the month. The reduction in our operating expenses has had a significant impact on our overall performance, and while we are still 2% over budget for the year, that variance has been cut in half over the past two months.

## 4. VOLUME SUMMARY:

**Table 5 | Patient Volumes – February 2023**

	Month of February 2023				Year To Date February 2023						
	Current Year		Variance		Current Year		Variance		Prior Year	Variance	
	Actual	Budget	Var	%	Actual	Budget	Var	%	Actual	Var	%
Acute Patient Days	260	254	6	2%	2,204	2,081	123	6%	2,070	134	6%
Average Daily Census	9.3	9.1	0.2	2%	9.1	8.6	0.5	6%	8.5	0.6	6%
Acute Discharges	78	61	17	28%	543	500	43	9%	487	56	11%
IP Surgeries	17	12	5	42%	129	103	26	25%	87	42	48%
OP Surgeries/Spec Proc	144	169	(25)	-15%	1,124	1,283	(159)	-12%	1,232	(108)	-9%
<b>Total Surgeries / Procedures</b>	<b>161</b>	<b>181</b>	<b>(20)</b>	<b>-11%</b>	<b>1,253</b>	<b>1,386</b>	<b>(133)</b>	<b>-10%</b>	<b>1,319</b>	<b>(66)</b>	<b>-5%</b>
Total Outpatient Visits	4,614	4,522	92	2%	36,494	35,873	621	2%	36,784	(290)	-1%
Total ER Visits	719	839	(120)	-14%	6,441	6,514	(73)	-1%	6,020	421	7%

Volumes remain healthy, particularly on the IP side. January delivered a fiscal year high in inpatient volume, and while we did see a bit of a pullback from last month (ADC dropped from 10.4 to 9.3), we still exceeded budget for the 3<sup>rd</sup> consecutive month. Further increases in inpatient surgeries within general surgery and orthopedics continue to help buoy our inpatient volumes. Year-to-date our inpatient surgeries are 25% over budget and nearly 50% higher than prior year.

Inpatient surgeries have also helped mitigate some continued fluctuation on the outpatient surgery side. While we ran under budget in February by 15%, the volumes themselves tracked closely with our fiscal year trend. The driver in the variance to budget is related to Gastroenterology as we had budgeted for a new GI provider to start performing cases in February.

Outpatient visits increased from the prior month and exceeded budget for February. We plan on seeing further increases here as departments continue to get comfortable in the new system and work to regain their historical capacity.

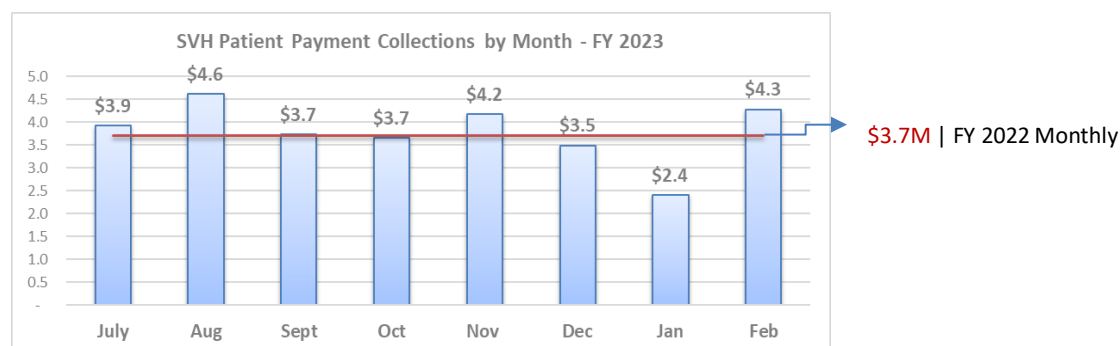
## 5. CASH ACTIVITY SUMMARY:

**Table 6 | Cash / Revenue Cycle Indicators - February 2023**

	Feb-23	Jan-23	Var	%
<b>Days Cash on Hand</b>	14.3	18.5	(4.2)	-23%
<b>A/R Days</b>	55.9	54.4	1.5	3%
<b>A/P Days</b>	56.3	55.7	0.6	1%

As mentioned above, we had a great month in cash collections as we collected \$4.2M. This is 45% higher than our post-Epic monthly average and represents the 2<sup>nd</sup> best cash collection month we have had this fiscal year. It also is the first month post Epic go-live where we exceeded last year's monthly average of \$3.7M. There is obviously still lots more work to be done to not only get back to our historical pre-Epic levels but to exceed them, but February's results are certainly encouraging and demonstrates the progress that is being made.

Our days cash on hand did drop from 18.5 to 14.3, but that was much better than the 8.2 days that was previously forecasted for month's end. It is important to callout that this includes the \$2.4M in IGT matching fees that were paid out in February. For comparison purposes, our days cash would have ended up right around 30.0 days had we not made our IGT payment.



## 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 February 28, 2023**

ATTACHMENT A

Gross Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	10,354,472	9,485,258	869,214	9.2%	76,339,974	74,999,623	1,340,351	1.8%
Medicare Managed Care	4,444,997	4,267,809	177,188	4.2%	36,541,374	33,679,500	2,861,874	8.5%
Medi-Cal	5,026,451	4,271,754	754,697	17.7%	40,443,313	33,590,701	6,852,612	20.4%
Self Pay	686,344	452,483	233,861	51.7%	2,929,119	3,551,405	-622,286	-17.5%
Commercial & Other Gov't	5,456,238	6,297,976	-841,738	-13.4%	47,547,569	49,761,879	-2,214,310	-4.4%
Worker's Comp.	862,638	749,679	112,959	15.1%	8,398,541	5,981,110	2,417,431	40.4%
<b>Total</b>	<b>26,831,141</b>	<b>25,524,959</b>	<b>1,306,182</b>	<b>5.1%</b>	<b>212,199,888</b>	<b>201,564,218</b>	<b>10,635,670</b>	<b>5.3%</b>

Net Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	1,030,244	1,109,356	-79,112	-7.1%	8,407,451	8,761,148	-353,697	-4.0%
Medicare Managed Care	521,016	491,402	29,614	6.0%	4,251,823	3,880,848	370,975	9.6%
Medi-Cal	410,754	444,926	-34,172	-7.7%	3,352,016	3,513,809	-161,793	-4.6%
Self Pay	95,958	133,290	-37,332	-28.0%	783,075	1,052,659	-269,583	-25.6%
Commercial & Other Gov't	1,677,633	1,550,481	127,151	8.2%	13,690,552	12,244,936	1,445,616	11.8%
Worker's Comp.	162,284	142,904	19,379	13.6%	1,324,341	1,128,589	195,751	17.3%
<b>Total</b>	<b>3,897,889</b>	<b>3,872,360</b>	<b>25,529</b>	<b>0.7%</b>	<b>31,809,258</b>	<b>30,581,989</b>	<b>1,227,269</b>	<b>4.0%</b>

Payor Mix	Month			% Variance	Year-to-Date			% Variance
	Actual	Budget			Actual	Budget		
Medicare	38.6%	37.2%		3.8%	32.7%	37.2%		-12.1%
Medicare Managed Care	16.6%	16.7%		-0.9%	18.7%	16.7%		12.2%
Medi-Cal	18.7%	16.7%		11.9%	19.3%	16.6%		16.7%
Self Pay	2.6%	1.8%		44.3%	1.4%	1.7%		-20.4%
Commercial & Other Gov't	20.3%	24.7%		-17.6%	23.7%	24.8%		-4.3%
Worker's Comp.	3.2%	2.9%		9.5%	4.1%	3.0%		36.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>		<b>0.0%</b>

Percent of Net Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	26.4%	28.6%	-2.2%	-7.7%	26.4%	28.6%	-2.3%	-8.1%
Medicare Managed Care	13.4%	12.7%	0.7%	5.3%	13.4%	12.7%	0.7%	5.3%
Medi-Cal	10.5%	11.5%	-1.0%	-8.3%	10.5%	11.5%	-1.0%	-8.3%
Self Pay	2.5%	3.4%	-1.0%	-28.5%	2.5%	3.4%	-1.0%	-28.5%
Commercial & Other Gov't	43.0%	40.0%	3.0%	7.5%	43.0%	40.0%	3.0%	7.5%
Worker's Comp.	4.2%	3.7%	0.5%	12.8%	4.2%	3.7%	0.5%	12.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.1%</b>	<b>-0.1%</b>

Net Revenue as a % of Gross	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	9.9%	11.7%	-1.7%	-14.9%	11.0%	11.7%	-0.7%	-5.7%
Medicare Managed Care	11.7%	11.5%	0.2%	1.8%	11.6%	11.5%	0.1%	1.0%
Medi-Cal	8.2%	10.4%	-2.2%	-21.5%	8.3%	10.5%	-2.2%	-20.8%
Self Pay	14.0%	29.5%	-15.5%	-52.5%	26.7%	29.6%	-2.9%	-9.8%
Commercial & Other Gov't	30.7%	24.6%	6.1%	24.9%	28.8%	24.6%	4.2%	17.0%
Worker's Comp.	18.8%	19.1%	-0.2%	-1.3%	15.8%	18.9%	-3.1%	-16.4%
<b>TOTAL</b>	<b>14.5%</b>	<b>15.2%</b>			<b>15.0%</b>	<b>15.2%</b>		



**SONOMA VALLEY HOSPITAL**  
**OPERATING INDICATORS**  
For the Period Ended February 28, 2023

**ATTACHMENT B**

CURRENT MONTH					YEAR-TO-DATE			YTD
	Actual	Budget	Favorable		Actual	Budget	Favorable	Prior
	02/28/23	02/28/23	(Unfavorable)		02/28/23	02/28/23	(Unfavorable)	Year
			Variance				Variance	02/28/22
Inpatient Utilization								
Discharges								
1	56	47	9	Med/Surg	390	388	2	370
2	22	14	8	ICU	153	112	41	117
3	78	61	17	Total Discharges	543	500	43	487
Patient Days:								
4	166	169	(3)	Med/Surg	1,379	1,385	(6)	1,358
5	94	85	9	ICU	825	696	129	712
6	260	254	6	Total Patient Days	2,204	2,081	123	2,070
7	13	-	13	Observation days	123	-	123	172
Average Length of Stay:								
8	3.0	3.6	(0.6)	Med/Surg	3.54	3.57	(0.04)	3.7
9	4.3	6.2	(1.9)	ICU	5.39	6.20	(0.81)	6.1
10	3.3	4.2	(0.8)	Avg. Length of Stay	4.06	4.16	(0.10)	4.3
Average Daily Census:								
11	5.9	6.0	(0.1)	Med/Surg	5.7	5.7	(0.0)	5.6
12	3.4	3.0	0.3	ICU	3.4	2.9	0.5	2.9
13	9.3	9.1	0.2	Avg. Daily Census	9.1	8.6	0.5	8.5
Other Utilization Statistics								
Emergency Room Statistics								
14	719	839	(120)	Total ER Visits	6,441	6,514	(73)	6,020
Outpatient Statistics:								
15	4,614	4,522	92	Total Outpatients Visits	36,494	35,873	621	36,784
16	17	12	5	IP Surgeries	129	103	26	87
17	144	169	(25)	OP Surgeries / Special Procedures	1,124	1,283	(159)	1,232
18	310	266	43	Adjusted Discharges	2,288	2,103	185	2,196
19	1,032	1,109	(77)	Adjusted Patient Days	10,487	8,753	1,734	9,309
20	36.9	39.6	(2.8)	Adj. Avg. Daily Census	43.2	36.0	7.1	38.3
21	1.3571	1.4000	(0.043)	Case Mix Index -Medicare	1.4668	1.4000	0.067	1.4032
22	1.3746	1.4000	(0.025)	Case Mix Index - All payers	1.4531	1.4000	0.053	1.3971
Labor Statistics								
23	222	226	3	FTE's - Worked	212	218	5.6	205
24	239	249	10	FTE's - Paid	235	240	4.6	227
25	52.50	47.73	(4.77)	Average Hourly Rate	49.65	46.85	(2.80)	46.25
26	6.49	6.28	(0.21)	FTE / Adj. Pat Day	5.45	6.66	1.21	5.93
27	37.0	35.8	(1.2)	Manhours / Adj. Pat Day	31.0	37.9	6.9	33.8
28	123.2	148.9	25.7	Manhours / Adj. Discharge	142.3	157.8	15.5	143.2
29	23.8%	26.7%	2.9%	Benefits % of Salaries	23.8%	25.2%	1.3%	24.9%
Non-Labor Statistics								
30	8.4%	16.0%	7.7%	Supply Expense % Net Revenue	14.3%	16.2%	1.9%	14.8%
31	2,251	2,333	82	Supply Exp. / Adj. Discharge	2,271	2,361	90	2,290
32	22,920	18,307	(4,613)	Total Expense / Adj. Discharge	18,498	19,828	1,330	18,077
Other Indicators								
33	14.3			Days Cash - Operating Funds				
34	55.9	50.0	5.9	Days in Net AR	42.9	50.0	(7.1)	42.1
35	97%			Collections % of Cash Goal	94%			97.2%
36	56.3	55.0	1.3	Days in Accounts Payable	56.3	55.0	1.3	46.9
37	31.0%	15.2%	15.9%	% Net revenue to Gross revenue	17.1%	15.2%	1.9%	17.9%
38	29.0%			% Net AR to Gross AR	29.0%			15.9%

**Sonoma Valley Health Care District**  
**Balance Sheet**  
**As of February 28, 2023**  
**UNAUDITED**

**ATTACHMENT C**

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
<b>Assets</b>			
Current Assets:			
1 Cash	\$ 995,100	\$ 990,711	\$ 3,342,020
2 Cash - Money Market	1,349,026	1,848,556	5,844,185
3 Net Patient Receivables	9,047,841	8,980,508	7,124,422
4 Allow Uncollect Accts	(1,490,531)	(1,616,728)	(2,117,220)
5 Net A/R	7,557,310	7,363,780	5,007,202
6 Other Accts/Notes Rec	1,699,562	1,741,219	1,778,140
7 Parcel Tax Receivable	1,741,233	1,741,233	1,665,888
8 GO Bond Tax Receivable	906,105	906,105	1,225,217
9 3rd Party Receivables, Net	4,548,290	102,551	495,689
10 Inventory	1,081,370	1,038,426	1,044,623
11 Prepaid Expenses	836,394	715,339	923,701
12 Total Current Assets	\$ 20,714,389	\$ 16,447,920	\$ 21,326,665
13 Property, Plant & Equip, Net	\$ 54,310,332	\$ 54,500,312	\$ 51,557,815
14 Trustee Funds - GO Bonds	4,632,885	4,906,703	5,091,558
15 Designated Funds - Board Approved	-	1,000,000	1,000,000
16 Total Assets	<b>\$ 79,657,606</b>	<b>\$ 76,854,934</b>	<b>\$ 78,976,038</b>
<b>Liabilities &amp; Fund Balances</b>			
Current Liabilities:			
17 Accounts Payable	\$ 5,886,391	\$ 5,229,799	\$ 4,402,661
18 Accrued Compensation	3,738,230	3,565,632	3,613,514
19 Interest Payable - GO Bonds	4,055	242,569	315,500
20 Accrued Expenses	1,076,736	969,200	1,797,166
21 Advances From 3rd Parties	-	-	-
22 Deferred Parcel Tax Revenue	1,266,664	1,583,331	1,266,668
23 Deferred GO Bond Tax Revenue	828,364	1,035,455	927,249
24 Current Maturities-LTD	217,475	217,475	348,292
25 Line of Credit - Union Bank	5,473,734	5,473,734	5,473,734
26 Other Liabilities	57,511	57,511	1,578,083
27 Total Current Liabilities	\$ 18,549,160	\$ 18,374,706	\$ 19,722,867
28 Long Term Debt, net current portion	\$ 25,224,218	\$ 24,507,506	\$ 25,047,129
Fund Balances:			
29 Unrestricted	\$ 17,832,414	\$ 15,920,908	\$ 18,568,602
30 Restricted	18,051,814	18,051,814	15,637,440
31 Total Fund Balances	\$ 35,884,228	\$ 33,972,722	\$ 34,206,042
32 Total Liabilities & Fund Balances	<b>\$ 79,657,606</b>	<b>\$ 76,854,934</b>	<b>\$ 78,976,038</b>

**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
For the Period Ended February 28, 2023**

ATTACHMENT D

	Month			
	This Year		Variance	
	Actual	Budget	\$	%
1	72	61	11	18%
2	322	254	68	27%
3	13	-	13	0%
4	\$ 20,118	\$ 19,700	\$ 419	2%
5	\$ 6,758,808	\$ 5,843,935	\$ 914,873	16%
6	12,679,025	12,147,173	531,852	4%
7	7,438,664	7,552,388	(113,724)	-2%
8	\$ 26,876,497	\$ 25,543,496	1,333,001	5%
9	(22,704,731)	(21,448,191)	(1,256,540)	-6%
10	(150,000)	(200,000)	50,000	25%
11	(123,877)	(22,945)	(100,932)	-440%
12	4,428,449	-	4,428,449	*
13	\$ (18,550,159)	\$ (21,671,136)	3,120,977	-14%
14	\$ 8,326,338	\$ 3,872,360	4,453,978	*
15	\$ 111,822	\$ 104,723	7,099	7%
16	\$ 8,438,160	\$ 3,977,083	4,461,077	*
17	\$ 2,003,049	\$ 1,893,434	(109,615)	-6%
18	660,028	706,177	46,149	7%
19	\$ 2,663,077	\$ 2,599,611	(63,466)	-2%
20	\$ 542,605	\$ 597,505	54,900	9%
21	696,997	621,492	(75,505)	-12%
22	345,150	470,692	125,542	27%
23	242,658	229,087	(13,571)	-6%
24	172,796	114,646	(58,150)	-51%
25	53,384	52,833	(551)	-1%
26	35,512	18,703	(16,809)	-90%
27	(228,778)	125,238	354,016	283%
28	2,525,867	-	(2,525,867)	*
29	\$ 7,049,268	\$ 4,829,807	(2,219,461)	-46%
30	\$ 1,388,892	\$ (852,724)	\$ 2,241,616	263%

**Volume Information**

Acute Discharges  
Patient Days  
Observation Days  
Gross O/P Revenue (000's)

**Financial Results****Gross Patient Revenue**

Inpatient  
Outpatient  
Emergency

**Total Gross Patient Revenue****Deductions from Revenue**

Contractual Discounts  
Bad Debt  
Charity Care Provision  
Prior Period Adj/Government Program Revenue

**Total Deductions from Revenue****Net Patient Service Revenue**

Other Op Rev &amp; Electronic Health Records

**Total Operating Revenue****Operating Expenses**

Salary and Wages and Agency Fees  
Employee Benefits  
Total People Cost  
Med and Prof Fees (excl'd Agency)  
Supplies  
Purchased Services  
Depreciation  
Utilities  
Insurance  
Interest  
Other  
Matching Fees (Government Programs)

**Operating expenses****Operating Margin**

Year-To- Date				YTD
This Year		Variance		Prior Year
Actual	Budget	\$	%	
530	500	30	6%	487
2,266	2,081	185	9%	2,070
123	-	123	*	172
\$ 161,962	\$ 153,792	\$ 8,170	5%	\$ 147,826
\$ 50,435,251	\$ 47,920,936	2,514,315	5%	\$ 42,393,654
95,368,884	95,426,105	(57,221)	0%	89,881,832
66,592,820	58,365,473	8,227,347	14%	58,098,192
\$ 212,396,955	\$ 201,712,514	10,684,441	5%	\$ 190,373,678
\$ (179,097,243)	\$ (169,356,930)	(9,740,313)	-6%	\$ (159,381,818)
(1,156,647)	(1,600,000)	443,353	28%	(1,500,000)
(333,807)	(173,595)	(160,212)	-92%	(62,970)
4,428,449	6,088,278	(1,659,829)	-27%	4,655,565
\$ (176,159,248)	\$ (165,042,247)	(11,117,001)	7%	\$ (156,289,223)
\$ 36,237,707	\$ 36,670,267	(432,560)	-1%	\$ 34,084,455
\$ 739,359	\$ 837,784	(98,425)	-12%	\$ 756,116
\$ 36,977,066	\$ 37,508,051	\$ (530,985)	-1%	\$ 34,840,571
\$ 16,167,271	\$ 15,553,508	(613,763)	-4%	\$ 14,540,454
5,615,265	5,525,980	(89,285)	-2%	5,542,855
\$ 21,782,536	\$ 21,079,488	(703,048)	-3%	\$ 20,083,309
\$ 4,537,738	\$ 4,776,002	238,264	5%	\$ 4,574,347
5,195,131	4,964,724	(230,407)	-5%	5,027,904
3,415,056	3,554,289	139,233	4%	3,386,164
2,009,414	1,832,696	(176,718)	-10%	1,882,471
1,346,682	1,041,155	(305,527)	-29%	989,492
444,955	422,664	(22,291)	-5%	416,949
292,178	145,432	(146,746)	*	129,989
383,458	999,926	616,468	62%	972,870
2,525,867	2,499,077	(26,790)	1%	1,601,524
\$ 41,933,016	\$ 41,315,453	(617,563)	-1.5%	\$ 39,065,019
\$ (4,955,950)	\$ (3,807,402)	(1,148,548)	-30%	\$ (4,224,448)

**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
For the Period Ended February 28, 2023**

ATTACHMENT D

	Month					Year-To- Date					YTD
	This Year		Variance			This Year		Variance			Prior Year
	Actual	Budget	\$		%	Actual	Budget	\$		%	
31	\$ 35,213	\$ (12,142)	47,355		*	<b>Non Operating Rev and Expense</b>					
32	-	-	-		0%	Miscellaneous Revenue/(Expenses)					\$ (70,212)
33	-	-	-		*	Donations					26,585
34	316,667	316,667	-		0%	Physician Practice Support-Prima					0
35	-	-	-		0%	Parcel Tax Assessment Rev					2,533,336
36	\$ 351,880	\$ 304,525	47,355		16%	Extraordinary Items					(97,933)
						<b>Total Non-Operating Rev/Exp</b>					<b>\$ 2,391,776</b>
37	\$ 1,740,772	\$ (548,199)	2,288,971		*	<b>Net Income / (Loss) prior to Restricted Contributions</b>					<b>\$ (1,832,672)</b>
38	\$ -	\$ -	-		0%	Capital Campaign Contribution					\$ -
39	\$ -	\$ 493,593	(493,593)		0%	Restricted Foundation Contributions					\$ 419,884
40	\$ 1,740,772	\$ (54,606)	1,795,378		*	<b>Net Income / (Loss) w/ Restricted Contributions</b>					<b>\$ (1,412,788)</b>
41	159,638	164,297	(4,659)		-3%	GO Bond Activity, Net					1,224,250
42	\$ 1,900,410	\$ 109,691	1,790,719		-1633%	<b>Net Income/(Loss) w GO Bond Activity</b>					<b>\$ (188,538)</b>
	\$ 1,983,430	\$ (319,112)	2,302,542			EBDA - Not including Restricted Contributions					\$ 49,799
	\$ 1,631,550	\$ (623,637)	2,255,187		362%	<b>Operating EBDA - Not including Restricted Contributions</b>					<b>\$ (2,341,977)</b>

**Sonoma Valley Health Care District**  
**Variance Analysis**  
**For the Period Ended February 28, 2023**

**ATTACHMENT E**

Operating Expenses	YTD		MONTH		Variance %
	Variance	Variance %	Variance	Variance %	
Salary and Wages and Agency Fees	(613,763)	-4%	(109,615)	-6%	Increased volumes on inpatient side resulted in higher than budgeted FTEs in clinical areas such as Med Surg & ICU.
Supplies	(230,407)	-5%	(75,505)	-12%	Inpatient surgeries were 40% over budget in February. Orthopedic surgeries remain +15% higher than budget and prior year as well.
Depreciation	(176,718)	-10%	(13,571)	-6%	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.
Utilities	(305,527)	-29%	(58,150)	-51%	Increase in utility costs specific to PG&E as both usage and rates have increased from the prior year.
Interest	(146,746)	*	(16,809)	-89.9%	1) Interest Rates. We have paid \$238,000 in LOC interest vs. a budget of \$123,000 YTD, 2) GASB 87 - New accounting standard caused a reclassification in how we account for our operating leases.
Other	616,468	61.7%	354,016	282.7%	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)	(26,790)	1.1%	(2,525,867)	*	Actual to budget variance is due to the matching fee payment that was made in February that was originally budgeted for November.
<b>Operating expenses</b>	<b>1,601,898</b>	<b>4%</b>	<b>144,277</b>	<b>3%</b>	

	Actual July	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Actual Dec	Actual Jan	Actual Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	TOTAL
<b>Hospital Operating Sources</b>													
Patient Payments Collected	3,924,051	4,613,392	3,735,746	3,656,614	4,177,640	3,497,534	2,406,320	4,286,383	3,609,479	3,789,953	3,979,451	4,178,424	45,854,987
Other Operating Revenue	19,072	182,649	33,561	250,527	23,522	40,390	43,299	222,918	104,723	104,723	104,723	104,732	1,234,840
Other Non-Operating Revenue	10,204	12,925	10,096	11,916	10,007	11,764	10,501	17,591	10,801	10,801	10,801	10,806	138,214
Unrestricted Contributions				3,200	2,051	202	5,829	285					11,567
Line of Credit													-
<b>Sub-Total Hospital Sources</b>	<b>3,953,328</b>	<b>4,808,966</b>	<b>3,779,404</b>	<b>3,922,256</b>	<b>4,213,220</b>	<b>3,549,890</b>	<b>2,465,949</b>	<b>4,527,177</b>	<b>3,725,003</b>	<b>3,905,477</b>	<b>4,094,975</b>	<b>4,293,962</b>	<b>47,239,607</b>
<b>Hospital Uses of Cash</b>													
Operating Expenses	4,913,977	4,894,375	5,088,864	4,586,736	4,470,658	5,948,370	4,634,254	4,503,661	5,073,479	4,946,353	5,034,948	4,993,654	59,089,329
Add Capital Lease Payments	13,501	13,354	13,280	13,354	45,386	55,162	45,517	33,948					233,501
Additional Liabilities/LOC													-
Capital Expenditures	774,009	749,295	117,435	170,157	216,084	418,400	269,571	50,333	25,000	2,205,000	25,000	25,000	5,045,285
<b>Total Hospital Uses</b>	<b>5,701,487</b>	<b>5,657,024</b>	<b>5,219,578</b>	<b>4,770,247</b>	<b>4,732,128</b>	<b>6,421,932</b>	<b>4,949,342</b>	<b>4,587,942</b>	<b>5,098,479</b>	<b>7,151,353</b>	<b>5,059,948</b>	<b>5,018,654</b>	<b>64,368,115</b>
<b>Net Hospital Sources/Uses of Cash</b>	<b>(1,748,159)</b>	<b>(848,058)</b>	<b>(1,440,175)</b>	<b>(847,991)</b>	<b>(518,907)</b>	<b>(2,872,042)</b>	<b>(2,483,394)</b>	<b>(60,765)</b>	<b>(1,373,476)</b>	<b>(3,245,875)</b>	<b>(964,973)</b>	<b>(724,692)</b>	<b>(17,128,508)</b>
<b>Non-Hospital Sources</b>													
Restricted Cash/Money Market	750,000	750,000	1,000,000	500,000	750,000		1,250,000	1,500,000			(3,000,000)		3,500,000
Restricted Capital Donations	210	696,111	1,483	259,524	125,306	377,052	530,877	29,019					2,019,583
Parcel Tax Revenue	192,601					2,058,767		-		1,502,000			3,753,368
Other Payments - Ins. Claims/HHS/Grants/Loans										1,500,000			1,500,000
Other:													-
IGT RATE RANGE										688,278	4,450,000	41,568	5,179,846
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								750,660					750,660
<b>Sub-Total Non-Hospital Sources</b>	<b>942,811</b>	<b>1,446,111</b>	<b>1,001,483</b>	<b>759,524</b>	<b>892,596</b>	<b>2,435,819</b>	<b>1,780,877</b>	<b>2,279,679</b>	<b>2,000,000</b>	<b>3,917,531</b>	<b>1,830,000</b>	<b>41,568</b>	<b>19,327,999</b>
<b>Non-Hospital Uses of Cash</b>													
Matching Fees					-	3,642	-	2,214,224	-	-	20,784		2,238,650
<b>Sub-Total Non-Hospital Uses of Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,642</b>	<b>-</b>	<b>2,214,224</b>	<b>-</b>	<b>-</b>	<b>20,784</b>	<b>-</b>	<b>2,238,650</b>
<b>Net Non-Hospital Sources/Uses of Cash</b>	<b>942,811</b>	<b>1,446,111</b>	<b>1,001,483</b>	<b>759,524</b>	<b>892,596</b>	<b>2,432,177</b>	<b>1,780,877</b>	<b>65,455</b>	<b>2,000,000</b>	<b>3,917,531</b>	<b>1,809,216</b>	<b>41,568</b>	<b>17,089,349</b>
<b>Net Sources/Uses</b>	<b>(805,349)</b>	<b>598,053</b>	<b>(438,691)</b>	<b>(88,467)</b>	<b>373,689</b>	<b>(439,865)</b>	<b>(702,516)</b>	<b>4,690</b>	<b>626,524</b>	<b>671,656</b>	<b>844,243</b>	<b>(683,124)</b>	
Operating Cash at beginning of period	2,493,558	1,688,209	2,286,262	1,847,571	1,759,104	2,132,793	1,692,928	990,411	995,101	1,621,626	2,293,281	3,137,524	
<b>Operating Cash at End of Period</b>	<b>1,688,209</b>	<b>2,286,262</b>	<b>1,847,571</b>	<b>1,759,104</b>	<b>2,132,793</b>	<b>1,692,928</b>	<b>990,411</b>	<b>995,101</b>	<b>1,621,626</b>	<b>2,293,281</b>	<b>3,137,524</b>	<b>2,454,399</b>	
Money Market Account Balance - Undesignated	5,095,597	4,345,597	3,346,052	2,846,649	2,096,825	2,097,663	1,848,555	1,348,555	1,348,555	1,348,555	4,348,555	4,348,555	
<b>Total Cash at End of Period</b>	<b>6,783,806</b>	<b>6,631,859</b>	<b>5,193,623</b>	<b>4,605,753</b>	<b>4,229,618</b>	<b>3,790,590</b>	<b>2,838,967</b>	<b>2,343,657</b>	<b>2,970,181</b>	<b>3,641,837</b>	<b>7,486,079</b>	<b>6,802,955</b>	
<b>Average Days of Cash on Hand</b>	<b>54.2</b>	<b>45.1</b>	<b>35.2</b>	<b>30.2</b>	<b>28.8</b>	<b>24.6</b>	<b>19.0</b>	<b>15.1</b>					
<b>Days of Cash on Hand at End of Month</b>	<b>53.8</b>	<b>42.0</b>	<b>34.1</b>	<b>31.1</b>	<b>27.9</b>	<b>24.5</b>	<b>18.5</b>	<b>14.3</b>	<i>18.1</i>	<i>22.8</i>	<i>46.1</i>	<i>42.2</i>	