



**SVHCD JOINT BOARD OF DIRECTORS
AND FINANCE COMMITTEE MEETING**
AGENDA

TUESDAY, May 23, 2023

5:00 p.m.

**To Be Held in Person at
Sonoma Valley Hospital, 347 Andrieux Street
Basement Conference Room
Sonoma, CA 95476
and Via Zoom Videoconference**

To Participate via Zoom Videoconferencing,
use the link below:

<https://sonomavalleyhospital-org.zoom.us/j/99529404513>.

Meeting ID: 995 2940 4513

Dial by your location:

1 669 219 2599 or 1 669 900 9128

<p>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 mcrayton@sonomavalleyhospital.org or (415) 867.2884 at least 48 hours prior to the meeting.</p>		
AGENDA ITEM	RECOMMENDATION	
<p>MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>		
<p>1. CALL TO ORDER/ANNOUNCEMENTS</p>	<i>Bjorndal</i>	
<p>2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration.</i></p>	<i>Bjorndal</i>	
<p>3. REVIEW AND RECOMMEND FY 2023/2024 BUDGET PROPOSAL</p>	<i>Bjorndal</i>	Inform
<p>4. ADJOURN</p>	<i>Bjorndal</i>	



To: SVHCD Board of Directors & Finance Committee
From: Ben Armfield, Chief Financial Officer
Date: May 23, 2023
Subject: DRAFT Fiscal Year 2024 Budget

OVERVIEW:

Fiscal Year 2023 has been a very significant year for the hospital as we launched one of the most significant initiatives to-date - the implementation of a new Electronic Medical Record. While the transition itself was unsettling and cumbersome, the conversion overall has been a success. The new EHR will allow us to enhance the coordination of care for patients in this community, help streamline the billing and collecting process, provide a path for increased UCSF physician presence, and ultimately, deliver volume growth to the hospital and increase access to care for patients in Sonoma. We have already started to see the operational benefits of the transition. Despite experiencing disruptions in the revenue cycle process brought on by the conversion, we have seen tangible improvements in our ability to bill and collect through Epic and we are now projected to end this fiscal year with more cash on hand than last.

Our volumes continue to be strong. We did see decreases in key department volumes in the months following the Epic transition, but we have seen positive month over month growth in key areas such as inpatient and outpatient surgery every month since the go live.

Looking to FY 2024, we anticipate further growth, and our budget methodology reflects that approach. Similar to the prior year, we used current year volume, revenue and expense trends from July through January as our baseline. We then adjusted based on the anticipated impact of targeted strategic initiatives and also key external factors impacting our environment.

Strategic Initiatives / Growth

At a high level, we are expecting further volume growth across all areas of the hospital – inpatient, outpatient, and in the emergency room. Surgical volumes – orthopedics, colorectal/GI, geriatrics, diagnostic volumes such as MRIs, CT scans, EKGs, Echos, and emergency room visits are some of the targeted areas of growth for next fiscal year. Some of the strategic initiatives included in next fiscal year’s budget:

- We are taking tangible steps to grow the geriatric program at the hospital as we plan to invest in an Advance Practice Nurse (APN). This APN will help improve the coordination of care and enhance patient satisfaction, which will result in improved patient throughput and decreased length of stay.
- We plan to grow orthopedic volumes next fiscal year through additional mid-level support. This mid-level will help optimize the service, decrease length of stay for orthopedic patients and facilitate additional surgical growth.
- We anticipate growth in GI/colorectal surgeries due to an SVH-aligned surgeon coming back into the Sonoma market.
- We are budgeting for significant volume growth in MRI volumes due to the temporary trailer and 3 Tesla magnet becoming operational January 2024.
- We are budgeting for continued growth in other diagnostic volumes such as CT scans, EKGs, and Echos (cardiology diagnostics).
- We are taking steps to invest in our emergency room service to better care for the community and to also facilitate further volume growth. We are making strategic investments in a new medical group that will be



providing the service starting August 1, 2023, and are also budgeting allotments for outreach and marketing efforts to promote awareness throughout the community.

- We are making investments in primary care as we plan to hire another primary care physician into the 1206(b) family medicine clinic.

Revenue Enhancements

In addition to the revenue impact resulting from the anticipated growth initiatives, this budget also contemplates and includes over \$1M in revenue enhancements resulting from the Epic Electronic Health Record conversion.

This budget also includes net revenue enhancements expected to be gained through specific managed care contract renegotiations.

Staffing Challenges

We continue to navigate a very delicate and challenging environment. As we look to get beyond the financial impacts of the pandemic, we do see continued fallout that manifests itself in labor shortages and higher staffing costs.

One of the biggest challenges hospitals face nationwide is staffing, and SVH is not immune. Labor shortages and market pressures have further stressed our ability to recruit and also retain needed staff. We have had to leverage agency and traveler resources more heavily this past year as a result, and in doing so, drove up our labor costs. Staffing challenges have also been a barrier in facilitating targeted volume growth.

The hospital underwent a compensation market analysis this past fiscal year to benchmark our pay structure with other California facilities and assess our position in the market in respects to compensation across all departments and roles. We implemented a first round of compensation market adjustments this past fiscal year, which has helped significantly in some key areas. This budget includes appropriations for additional market adjustments for areas and jobs where we remain below market.

We are also implementing a referral bonus program and have made appropriations in the budget for those investments.

Bottom Line

This budget for FY2024 projects a 9% increase in patient revenues with a 6.1% increase in operating expenses.

The budgeted Operating Margin of (\$5.0M) would be a 15% improvement over our projection of a full Fiscal Year 2023 (\$5.9M), and would also represent a 20% improvement from our Fiscal Year 2023 budget.

The draft budget has an Operating EBDA of (\$1.80M), which would be a 40% increase over our FY23 projection and nearly 50% better than our current year’s budget.

Table 1 | Operating Margin Snapshot – FY2024 Budget vs. FY23 Estimated Actual vs. FY23 Budget

	FY23 Estimated				Budget FY 2023	Change	% Chg
	FY24 Budget	Actual	Change	% Chg			
Operating Margin	\$ (5,054,401)	\$ (5,956,752)	\$ 902,350	15.1%	\$ (6,368,291)	\$ 1,313,890	20.6%
Operating Margin %	-8.3%	-10.6%			-12%		
Operating EBDA	\$ (1,808,796)	\$ (3,010,230)	\$ 1,201,433	39.9%	\$ (3,619,266)	\$ 1,810,470	50.0%
Operating EBDA %	-3.0%	-5.4%			-6.6%		
Total Net Income (Loss)	\$ 3,570,513	\$ 3,129,908	\$ 440,605	14.1%	\$ 5,141,954	\$ (1,571,441)	-30.6%
Net Patient Revenue	\$ 59,377,692	\$ 54,482,786	\$ 4,894,906	9.0%	\$ 53,707,713	\$ 5,669,979	10.6%
Operating Revenue	\$ 60,788,515	\$ 56,124,308	\$ 4,664,207	8.3%	\$ 54,964,398	\$ 5,824,117	10.6%
Operating Expenses	\$ 65,842,916	\$ 62,081,060	\$ 3,761,857	6.1%	\$ 61,332,689	\$ 4,510,227	7.4%
Total FTEs	249.32	238.00	11.3	4.8%	241.60	7.7	3.2%



Assumptions in the Fiscal Year 2024 Budget:

The Draft FY 2024 Budget is presented with the following assumptions included:

VOLUMES & BUDGETED GROWTH

- **Inpatient volumes** are budgeted to remain relatively flat with our current run-rate.
 - Inpatient days include a 2% increase from current run-rate.
 - Inpatient surgeries are budgeted to increase by 2.2% from current run-rate.
 - Length of Stay is budgeted to decrease by 2.5% compared to current run-rate.
- **Outpatient volumes** are expected to increase in FY2024 across multiple areas:
 - **Outpatient Surgery** | Budgeted to increase 11% from current year run-rate due to the following:
 - **Orthopedic Surgery** | 6% increase in orthopedic surgical volumes resulting from additional program resources that will facilitate more effective and efficient throughput.
 - **ColoRectal Surgery / GI** | Budgeted 150 additional surgical and procedural cases due to SVH-aligned surgeon returning to Sonoma Valley market.
 - **Physical Therapy** | 10% increase in visit volumes generated due to capacity gained through full complement of hired therapists.
 - **CT** | 10% increase in OP referral volumes due to continued ramp-up of service post completion of the Phase I ODC project.
 - **MRI** | Overall 40% increase in volumes due to temporary MRI trailer becoming operational starting in January 2024.
 - **Cardiology** | 3% increase in cardiology volumes (Echos/EKGs) due to bringing service in-house and increased provider engagement.
 - **Emergency Room Visits** | Additional 6% increase in emergency room volumes due to new medical group providing service starting August 2023.

REVENUES

Global Revenue Assumptions for FY24

- **Price Increase** | Gross revenues include a 6% built-in annual price increase.
- **Contractual Adjustments** | Contractual discounts and bad debt are based upon current experiences and are also adjusted for the FY24 price increase.
- **IGT Funding** | Government supplemental payments (IGT) are budgeted per current information from the Department of Health Care Services and the District Hospital Leadership Forum (DHLF).
- **Payor Mix** | Are based upon current experiences and adjusted slightly based on recent monthly trends.

Specific Revenue Assumptions for FY24

- **Epic Revenue Enhancements** | An additional \$1,200,000 of net revenue was budgeted to account for revenue enhancements resulting from the Epic implementation.
- **Managed Care Contract Adjustments** | An additional \$675,000 of net revenue was budgeted to account for anticipated revenue enhancements resulting from specific managed care contract renegotiations.

EXPENSES

Labor Expense Assumptions for FY24

- **Merit Increases** | 3% global salary increase for all eligible SVH staff.
- **Market Adjustments** | Additional \$350,000 budgeted for potential “round II” salary market adjustments.
- **FTEs** | FTEs based on current year run-rate, July2022-March2023 and adjusted by department based on projected volumes. The Draft FY 2024 budget includes an 11.12 FTE increase. See Variance Analysis (Attachment C) for details on the FTE adjustments.

Other Expense Assumptions for FY24

- **Employee Benefits** | Based on actual current year costs and estimates from broker to budget FY2024.
- **Physician Fees** | Based upon anticipated costs for FY2024.
- **Supplies** | 3% global inflationary increase for supplies
 - **Blood** | 5% global inflationary increase for blood units
 - **Drugs** | 6.5% global inflationary increase for drug costs
- **Purchased Services** | Based upon anticipated costs for FY2024. Includes adjustments and anticipated costs now live with Epic EHR platform.
- **Interest** | Based on current year run-rate and adjusted for new CHFFA Help II Loan. Includes estimated interest expense savings from budgeted Line of Credit paydown (LOC paydown budgeted between June2023 & 1st Qtr FY2024).
- **Depreciation** | Based on current year run-rate and adjusted for Epic project coming online in FY2024.
- **Insurance** | Based on current year run-rate and increased by 6% per consultation with broker. Removed Malpractice Insurance from coverage lines as the new Emergency Medicine Group will procure on their own.
- **Utilities** | Based on current year run-rate.
- **Other Expenses**
 - **Public Relations / Marketing** | Includes additional appropriations for public relations / marketing efforts.
 - **Recruitment Expenses** | Includes additional appropriations for recruitment expenses and employee referral bonus.

ATTACHMENTS:

- Attachment A – Budget Comparison Summary
- Attachment B - FY24 Draft Budget
- Attachment C – Income Statement Comparison – FY24 Draft Budget vs. FY 2023 Estimated Actual
- Attachment C – Variance Analysis – FY23 Estimated Actual to FY24 Draft Budget
- Attachment D – Draft FY 2024 Budget – Schedule of Payer Mix
- Attachment E – Draft FY 2024 Budget – Cash Forecast



Sonoma Valley Hospital
 Budget Comparison Summary

Schedule A

FY 2024 Budget vs. FY23 Estimated Actual vs. FY23 Budget

	FY23 Estimated				Budget FY 2023		
	FY24 Budget	Actual	Change	% Chg	Budget FY 2023	Change	% Chg
Operating Margin	\$ (5,054,401)	\$ (5,956,752)	\$ 902,350	15.1%	\$ (6,368,291)	\$ 1,313,890	20.6%
Operating Margin %	-8.3%	-10.6%			-12%		
Operating EBDA	\$ (1,808,796)	\$ (3,010,230)	\$ 1,201,433	39.9%	\$ (3,619,266)	\$ 1,810,470	50.0%
Operating EBDA %	-3.0%	-5.4%			-6.6%		
Total Net Income (Loss)	\$ 3,570,513	\$ 3,129,908	\$ 440,605	14.1%	\$ 5,141,954	\$ (1,571,441)	-30.6%
Net Patient Revenue	\$ 59,677,692	\$ 54,482,786	\$ 5,194,906	9.5%	\$ 53,707,713	\$ 5,969,979	11.1%
Operating Revenue	\$ 61,088,515	\$ 56,124,308	\$ 4,964,207	8.8%	\$ 54,964,398	\$ 6,124,117	11.1%
Operating Expenses	\$ 66,142,916	\$ 62,081,060	\$ 4,061,857	6.5%	\$ 61,332,689	\$ 4,810,227	7.8%
Total FTEs	249.32	238.00	11.3	4.8%	241.60	7.7	3.2%

**Sonoma Valley Healthcare District
Statement of Revenue and Expenses
FY 2024 DRAFT Budget**

Schedule B

**DRAFT
FY 2024 Budget**

Volume Information

Acute Discharges	848
Patient Days	3,305
Length of Stay	3.9
Emergency Room Visits	10,262
Surgeries - Inpatient	190
Surgeries - Outpatient	1,935
Gross O/P Revenue (000's)	\$ 271,001

Projected Gross Patient Revenue

Inpatient	\$ 81,948,703
Outpatient	161,039,367
Emergency	109,961,343
Total Projected Gross Patient Revenue	\$ 352,949,414

Projected Deductions from Revenue

Contractual Discounts	\$ (297,939,942)
Bad Debt	(1,461,645)
Charity Care Provision	(659,889)
Prior Period Adj/Government Program Revenue	6,789,754
Total Projected Deductions from Revenue	\$ (293,271,722)

Projected Net Patient Service Revenue **\$ 59,677,692**

Other Op Revenue	\$ 1,410,823
Projected Total Operating Revenue	\$ 61,088,515

Projected Operating Expenses

Salary and Wages and Agency Fees	\$ 25,930,033
Employee Benefits	8,872,048
Total People Cost	\$ 34,802,081
Med and Prof Fees (excl Agency)	7,601,589
Supplies	7,976,086
Purchased Services	5,717,539
Depreciation	3,245,605
Utilities	2,039,434
Insurance	621,090
Interest	385,131
Other	1,234,501
Matching Fees (Government Programs)	2,519,860
Projected Operating expenses	\$ 66,142,916

Projected Operating Margin **\$ (5,054,401)**

**Sonoma Valley Healthcare District
Statement of Revenue and Expenses
FY 2024 DRAFT Budget**

Schedule B

**DRAFT
FY 2024 Budget**

Projected Non Operating Rev and Expense

Miscellaneous Revenue/(Expenses)	\$	56,599
Donations		
Parcel Tax Assessment Rev		3,800,004
Projected Total Non-Operating Rev/Exp	\$	3,856,603
<hr/>		
Net Income / (Loss) prior to Restricted Cont.	\$	(1,197,798)
<hr/>		
Restricted Foundation Contributions	\$	2,862,365
Net Income / (Loss) w/ Restricted Contributions	\$	1,664,567
<hr/>		
GO Bond Tax Assessment, Net		1,905,946
Projected Net Income/(Loss) w GO Bond Activity	\$	3,570,513
<hr/>		
Operating EBDA	\$	(1,808,796)
		-3.0%
Productive FTE'S		227.1
Non-Productive FTE's		22.2
Total FTE's		249.3

Sonoma Valley Healthcare District
Statement of Revenue and Expenses
FY 2024 Draft Budget compared to FY 2023 Estimated Actual

Schedule C

	FY 2024		FY 2023		Variance	
	BUDGET	ESTIMATED ACTUAL	\$	%	\$	%
Volume Information						
Acute Discharges	848	810	37	4.6%		
Patient Days	3,305	3,241	64	2.0%		
Average Length of Stay	3.90	4.00	-0.1	-2.5%		
Emergency Room Visits	10,262	9,682	580	6.0%		
Surgeries - Inpatient	190	186	4	2.2%		
Surgeries - Outpatient	1,935	1,728	207	12.0%		
Gross O/P Revenue (000's)	\$ 271,001	\$ 246,236	\$ 24,764	10.1%		
Financial Results						
Projected Gross Patient Revenue						
Inpatient	\$ 81,948,703	\$ 76,339,503	\$ 5,609,200	7.3%		
Outpatient	161,039,367	148,434,618	12,604,749	8.5%		
Emergency	109,961,343	97,801,700	12,159,643	12.4%		
Total Projected Gross Patient Revenue	\$ 352,949,414	\$ 322,575,821	\$ 30,373,592	9.4%		
Projected Deductions from Revenue						
Contractual Discounts	\$ (297,939,942)	\$ (272,334,978)	\$ (25,604,963)	9.4%		
Bad Debt	(1,461,645)	(1,475,679)	14,034	-1.0%		
Charity Care Provision	(659,889)	(669,432)	9,543	-1.4%		
Prior Period Adj/Government Program Revenue	6,789,754	6,387,055	402,699	6.3%		
Total Projected Deductions from Revenue	\$ (293,271,722)	\$ (268,093,035)	\$ (25,178,687)	9.4%		
Projected Net Patient Service Revenue	\$ 59,677,692	\$ 54,482,786	\$ 5,194,906	9.5%		
Other Op Revenue	\$ 1,410,823	\$ 1,641,522	\$ (230,699)	-14.1%		
Projected Total Operating Revenue	\$ 61,088,515	\$ 56,124,308	\$ 4,964,207	8.8%		
Projected Operating Expenses						
Salary and Wages and Agency Fees	\$ 25,930,033	\$ 24,396,895	\$ 1,533,138	6.3%		
Employee Benefits	8,872,048	8,548,085	323,963	3.8%		
Total People Cost	\$ 34,802,081	\$ 32,944,980	\$ 1,857,101	5.6%		
Med and Prof Fees (excl Agency)	7,601,589	6,860,056	741,533	10.8%		
Supplies	7,976,086	7,784,572	191,514	2.5%		
Purchased Services	5,717,539	5,113,795	603,744	11.8%		
Depreciation	3,245,605	2,946,522	299,083	10.2%		
Utilities	2,039,434	1,957,504	81,930	4.2%		
Insurance	621,090	657,394	(36,304)	-5.5%		
Interest	385,131	425,390	(40,260)	-9.5%		
Other	1,234,501	1,118,993	115,508	10.3%		
Matching Fees (Government Programs)	2,519,860	2,271,852	248,008	10.9%		
Projected Operating Expenses	\$ 66,142,916	\$ 62,081,060	\$ 4,061,857	6.5%		
Projected Operating Margin	\$ (5,054,401)	\$ (5,956,752)	\$ 902,350	15.1%		

Sonoma Valley Healthcare District
Statement of Revenue and Expenses
FY 2024 Draft Budget compared to FY 2023 Estimated Actual

Schedule C

	FY 2024		FY 2023		Variance	
	BUDGET	ESTIMATED ACTUAL			\$	%
Projected Non Operating Rev and Expense						
Miscellaneous Revenue/(Expenses)	\$ 56,599	\$ (106,252)	\$ 162,852	-153.3%		
Parcel Tax Assessment Rev	3,800,004	3,800,004	0	0.0%		
Projected Total Non-Operating Rev/Exp	\$ 3,856,603	\$ 3,693,752	\$ 162,852	4.4%		
Net Income / (Loss) prior to Restricted Contributions	\$ (1,197,798)	\$ (2,263,000)	\$ 1,065,202	-47.1%		
Restricted Foundation Contributions	\$ 2,862,365	\$ 3,486,962	\$ (624,597)	-17.9%		
Net Income / (Loss) w/ Restricted Contributions	\$ 1,664,567	\$ 1,223,962	\$ 440,605	36.0%		
GO Bond Tax Assessment, Net	1,905,946	1,905,946	0	0.0%		
Projected Net Income/(Loss) w GO Bond Activity	\$ 3,570,513	\$ 3,129,908	\$ 440,605	14.1%		
Operating EBDA	\$ (1,808,796)	\$ (3,010,230)	\$ 1,201,433	-39.9%		
	-3.0%	-5.4%	2.4%			
Productive FTE'S	227.1	215.5	11.6	5.4%		
Non-Productive FTE's	22.2	22.5	(0.3)	-1.4%		
Total FTE's	249.3	238.0	11.3	4.8%		

Sonoma Valley Healthcare District
 Schedule of Variance Analysis of FY 2023 Estimated Actual to FY 2024 Draft Budget
 FY 2024 Budget - DRAFT

Schedule D

Variance Analysis

Net Patient Revenue	
Net Patient Revenue - FY23 ESTIMATED ACTUAL	\$ 54,482,786
Changes of Note - FY23 Estimated Actual to FY24 Budget:	
Revenue enhancements gained from Epic Implementation	1,200,000
Budgeted revenue enhancement from Managed Care Contract adjustments	675,200
Net Revenue impact from 6% Price Increase	612,500
<u>Projected Revenue Changes From Budgeted Growth:</u>	
Physical Therapy 10% increase in visit volumes	185,000
MRI 40% increase in volumes from temporary MRI starting January 2024	713,000
Surgery 6% increase in Orthopedic volumes	424,000
Surgery Increase in GI/ColoRectal procedures beginning in July 2023	625,000
Emergency Room 6% increase in ER visits due to new medical group + outreach	286,100
Change in Anticipated IGT Revenue	402,700
All Other Changes	46,406
Total Projected Changes for FY24 Budget	\$ 5,169,906
Net Patient Revenue - FY24 BUDGET	\$ 59,652,692
Change From FY23 Estimated Actual	\$ 5,169,906
% Change	9.5%

Salaries & Wages	
Salaries & Wages - FY23 ESTIMATED ACTUAL	\$ 24,396,895
Changes of Note - FY23 Estimated Actual to FY24 Budget	
3% Merit Adjustment Salary Increases & Additional Allotment for Market Adjustments	1,011,300
<u>Salary Increases from FTE Additions (net 11.3 FTE adds from FY23 to FY24 Budget):</u>	
OP Therapy 2.5 FTE add to support budgeted volume growth	
Admitting / Registration 2.9 FTE add to support growth & stabilize dept	
Geriatrics 1.0 FTE for Advanced Practice Nurse (APN)	
Primary Care Provider .60 FTE for new PCP to join 1206(B) Clinic	
MRI .6 FTE add to support temporary trailer - Jan2024	
FTE 'True-Ups' 4.5 FTE increase for truing up positions hired mid-year FY23	
Salary cost reduction due to replacement of 3.75 FTEs worth of Travelers	(135,500)
Reclass of Nutrition & Dining costs Move from Agency to Purchased Services for FY24	(274,000)
All Other Changes	(110,162)
Total Projected Changes for FY24 Budget	\$ 1,533,138
Salaries & Wages - FY24 BUDGET	\$ 25,930,033
Change From FY23 Estimated Actual	\$ 1,533,138
% Change	6.3%

Employee Benefits	
Employee Benefits - FY23 ESTIMATED ACTUAL	\$ 8,548,085
Changes of Note - FY23 Estimated Actual to FY24 Budget	
Incremental employee benefits incurred due to FTE additions	208,300
Projected other increase in benefit costs	115,663

Total Projected Changes for FY24 Budget	\$ 323,963
Employee Benefits - FY24 BUDGET	\$ 8,872,048
Change From FY23 Estimated Actual	\$ 323,963
% Change	3.8%

Medical and Professional Fees

Medical and Professional Fees - FY23 ESTIMATED ACTUAL	\$ 6,860,056
Changes of Note - FY23 Estimated Actual to FY24 Budget	
<i>Physician / Professional Fee Changes:</i>	
Adjustment to Emergency Medicine Contract - New Provider	255,000
Adjustment to Cardiology Call Contract	112,900
Orthopedic Mid-level Support for SVH-aligned Orthopod	135,800
Adjustment to General Surgery Call Contract	54,000
<i>Other Professional Fee Changes:</i>	
UCSF Management Fees True-up to reflect full year of cost	173,500
<i>All Other Changes</i>	10,333
Total Projected Changes for FY24 Budget	\$ 741,533
Medical and Professional Fees - FY24 BUDGET	\$ 7,601,589
Change From FY23 Estimated Actual	\$ 741,533
% Change	10.8%

Supplies

Supplies - FY23 ESTIMATED ACTUAL	\$ 7,784,572
Changes of Note - FY23 Estimated Actual to FY24 Budget	
3% Global Inflation Adjustment	155,700
5% Inflation in cost for Blood Units	25,600
6.5% Inflation in cost for Drugs/Pharmaceuticals	91,000
Budgeted supply cost reductions Anticipated savings	(82,500)
<i>All Other Changes</i>	1,714
Total Projected Changes for FY24 Budget	\$ 191,514
Supplies - FY24 BUDGET	\$ 7,976,086
Change From FY23 Estimated Actual	\$ 191,514
% Change	2.5%

Purchased Services

Purchased Services - FY23 ESTIMATED ACTUAL	\$ 5,113,795
Changes of Note - FY23 Estimated Actual to FY24 Budget	
Reclass of Nutrition & Dining costs Move from Agency to Purchased Services for FY24	274,000
ECRI New supply cost benchmarking tool (drives supply reduction above)	88,000
FQHC / SVCHC Consultative Fees Estimate for FY24 potential expenses	75,000
Security Coverage Increased hours of security coverage at hospital	65,000
<i>All Other Changes</i>	101,744
Total Projected Changes for FY24 Budget	\$ 603,744
Purchased Services - FY24 BUDGET	\$ 5,717,539
Change From FY23 Estimated Actual	\$ 603,744
% Change	11.8%

Depreciation

	Depreciation - FY23 ESTIMATED ACTUAL	\$ 2,946,522
Changes of Note - FY23 Estimated Actual to FY24 Budget		
EPIC Project Incremental depreciation for EPIC, in-service in FY24		311,500
Assets fully depreciating in FY2023		(11,500)
<i>All Other Changes</i>		<i>(917)</i>
Total Projected Changes for FY24 Budget	\$	299,083
	Depreciation - FY24 BUDGET	\$ 3,245,605
	Change From FY23 Estimated Actual	\$ 299,083
	% Change	10.2%

Utilities

	Utilities - FY23 ESTIMATED ACTUAL	\$ 1,957,504
Changes of Note - FY23 Estimated Actual to FY24 Budget		
Estimated increases with PG&E		81,900
Total Projected Changes for FY24 Budget	\$	81,930
	Utilities - FY24 BUDGET	\$ 2,039,434
	Change From FY23 Estimated Actual	\$ 81,930
	% Change	4.2%

Insurance

	Insurance - FY23 ESTIMATED ACTUAL	\$ 657,394
Changes of Note - FY23 Estimated Actual to FY24 Budget		
Expected increase in Insurance base coverage cost - All Lines (6% increase in total)		39,400
Malpractice insurance for ED medical group (SVH not funding new Group's MPLI)		(76,000)
Total Projected Changes for FY24 Budget	\$	(36,304)
	Insurance - FY24 BUDGET	\$ 621,090
	Change From FY23 Estimated Actual	\$ (36,304)
	% Change	-5.5%

Interest

	Interest - FY23 ESTIMATED ACTUAL	\$ 425,390
Changes of Note - FY23 Estimated Actual to FY24 Budget		
HELP II Loan Projected interest expense for new HELP II Loan (full year FY24)		35,000
Line of Credit Projected savings in interest expense through LOC paydown		(80,000)
<i>All Other Changes</i>		<i>4,740</i>
Total Projected Changes for FY24 Budget	\$	(40,260)
	Interest - FY24 BUDGET	\$ 385,130
	Change From FY23 Estimated Actual	\$ (40,260)
	% Change	-9.5%

Other Expenses

	Other Expenses - FY23 ESTIMATED ACTUAL	\$ 1,118,993
Changes of Note - FY23 Estimated Actual to FY24 Budget		
Marketing / Program Development Expenses Incremental for FY24		70,000
Recruitment Costs SVH agency-led Leadership Hires (proj 3 hires @ \$40K/hire)		120,000
Employee Retention Bonus New for FY24		15,000
Employee Referral Bonus New for FY25		11,000
Non-Recurring EPIC Costs One-time costs incurred in FY23. Not repeating in FY24		(45,200)
<i>All Other Changes</i>		<i>(55,292)</i>
Total Projected Changes for FY24 Budget	\$	115,508
	Other Expenses - FY24 BUDGET	\$ 1,234,501
	Change From FY23 Estimated Actual	\$ 115,508
	% Change	10.3%

**Sonoma Valley Health Care District
Schedule of Payer Mix
DRAFT FY 2024 Budget**

Schedule E

	DRAFT FY 2024 Budget	ACTUAL FY 2023 Estimated Actual
Medicare	36.4%	36.4%
Medicare Managed Care	17.1%	17.1%
Medi-Cal & Managed MediCal	19.5%	19.0%
Self Pay	1.0%	1.3%
Commercial & Other Government	23.0%	22.5%
Worker's Comp.	2.9%	3.6%
	<hr/>	<hr/>
	100.0%	100.0%

**Sonoma Valley Health Care District
Cash Forecast - DRAFT FY 2024 Budget**

Schedule F

**DRAFT
FY 2024 Budget
July 1, 2023 - June 30, 2024**

Hospital Operating Sources

1	Patient Payments Collected	53,710,092
2	Other Operating Revenue	1,113,667
3	Other Non-Operating Revenue	103,201
4	Unrestricted Contributions	
5	Line of Credit	-
Sub-Total Hospital Sources		54,926,960

Hospital Uses of Cash

6	Operating Expenses	59,992,455
7	Add: Bridge Loan Paybacks	608,487
8	Add: CHFFA Help II Loan Repayments	370,000
9	Capital Expenditures (\$3,200,000 net of foundation covered)	6,062,365
10	Line of Credit	500,000
Total Hospital Uses		67,533,307

Net Hospital Sources/Uses of Cash (12,606,347)

Non-Hospital Sources

11	Restricted Cash/Capital Donations	2,862,365
12	Parcel Tax Revenue	3,800,000
13	Other:	
14	IGT /AB 915 IGT	6,789,754
Sub-Total Non-Hospital Sources		13,452,119

Non-Hospital Uses of Cash

15	Matching Fees	2,519,860
Sub-Total Non-Hospital Uses of Cash		2,519,860

Net Non-Hospital Sources/Uses of Cash 10,932,259

Net Sources/Uses (1,674,088)

Cash at beginning of period (Includes MM) 8,410,217

Cash at end of period 6,736,129

Projected Days Cash on Hand - Beginning FY 2024 46.10

Budgeted Days Cash on Hand - End FY 2024 40.98

Line 9 - Capital expenditures include \$2.8M in expected ODC costs funded by capital donations from the SVHF