



**SVHCD BOARD OF DIRECTORS &
FINANCE COMMITTEE
MEETING
AGENDA**

TUESDAY, MAY 28, 2024

5:00 p.m. Regular Session

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

Join Zoom Meeting

<https://sonomavalleyhospital-org.zoom.us/j/93308479693>

Meeting ID: 933 0847 9693

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AGENDA ITEM	RECOMMENDATION	
In compliance with the Americans with Disabilities Act, if you require special accommodations to attend a District meeting, please contact the Board Clerk, Whitney Reese, at wreese@sonomavalleyhospital.org or 707.935.5005 at least 48 hours prior to the meeting.		
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	<i>Bjorndal</i>	
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>	<i>Bjorndal</i>	
3. SONOMA VALLEY HOSPITAL BUDGET 2025	<i>Armfield</i>	Inform
4. ADJOURN	<i>Bjorndal</i>	

SVH FY25 DRAFT BUDGET

May 28, 2024

FY25 Budget | Goals & Guiding Principles

- **Operational Improvement** | Budget financial improvement from operations
 - **Build back to FY23 financial performance** to re-establish trajectory towards an operational break-even
- **Cash Improvement From Operations** | Achieve significant improvement in net cash inflow/outflow from operations
- **Budget Growth** | Budget growth despite transition in surgical services
 - MRI Expansion
 - PT Expansion
 - 1206(B) Clinic Expansion
 - Orthopedic Recruitment
 - Revenue Enhancement Initiatives

SVH FY25 DRAFT BUDGET



General Methodology



FY25 Budget Target Setting



Global Budget Assumptions

FY25 Budget Assumptions | General Methodology

- **General Methodology**

- Fiscal year 2025 budget is based on our current fiscal year baseline, July-February
- Adjusted based on anticipated impacts of planned strategic initiatives and known external factors
- FY 2025 Budget is compared to FY 2024 Estimated Actual & FY 2023 Actual

- **Fiscal Year 2024 Estimated Actual**

- Based on current fiscal year run-rate, **July 2023 through March 2024**
- Projected April 2024 – June 2024 based on monthly averages of February 2024 & March 2024
- IGT Income & Foundation Donations for April-June based on known estimates

	FY24 Estimated Actual	FY24 Annualization	Change	% Chg
Operating Margin	\$ (9,874,468)	\$ (9,061,943)	\$ (812,525)	-9.0%
Operating EBDA	\$ (4,712,640)	\$ (3,824,791)	\$ (887,849)	-23.2%
Operating Margin w Parcel	\$ (5,885,724)	\$ (5,073,198)	\$ (812,525)	-16.0%
Operating EBDA w Parcel	\$ (912,636)	\$ (24,787)	\$ (887,849)	3581.9%
Net Income (excl SVHF Donations)	\$ (3,788,248)	\$ (2,975,722)	\$ (812,525)	27.3%
Net Patient Revenue	\$ 55,235,145	\$ 56,267,986	\$ (1,032,841)	-1.8%
Operating Revenue	\$ 56,588,154	\$ 57,604,750	\$ (1,016,596)	-1.8%
Operating Expenses	\$ 66,462,623	\$ 66,666,693	\$ (204,071)	-0.3%

FY25 Margin Budget Target

- FY 2025 Budget Target Setting**

- For FY 2025 Budget, we targeted getting back to 2023 levels (FY23 Operating EBDA & Operating EBDA with Parcel Tax)
- Would result in \$1.9M improvement from FY24**

	FY24 Estimated Actual	FY23 ACTUAL	Change	% Chg	
Operating Margin	\$ (9,874,468)	\$ (5,712,559)	\$ (4,161,909)	-72.9%	
Operating EBDA	\$ (4,712,640)	\$ (2,752,281)	\$ (1,960,359)	-71.2%	\$1.9M Gap (FY24 Est. Act vs. FY23 Actual)
Operating Margin w Parcel	\$ (5,885,724)	\$ (1,853,044)	\$ (4,032,680)	-217.6%	
Operating EBDA w Parcel	\$ (912,636)	\$ 1,023,842	\$ (1,936,478)	-189.1%	\$1.9M Gap (FY24 Est. Act vs. FY23 Actual)
Net Income (excl SVHF Donations)	\$ (3,788,248)	\$ 55,418	\$ (3,843,666)	-6935.8%	
Net Patient Revenue	\$ 55,235,145	\$ 54,605,365	\$ 629,781	-1.2%	
Operating Revenue	\$ 56,588,154	\$ 56,207,348	\$ 380,806	-0.7%	
Operating Expenses	\$ 66,462,623	\$ 61,919,907	\$ 4,542,716	7.3%	

FY25 Budget Assumptions & Themes

- **Volumes**

- Based on current year baseline
- Budgeted disruption / transition | Orthopedics (- Dr. Brown, + New Orthopod)
- Budgeted growth | MRI (3T Magnet), OP PT Expansion, 1206B Clinic (new in FY25)

- **Revenue**

- Net patient revenue driven by budgeted volumes
- Budgeted revenue enhancements | Medi-Cal IGT Adjustment, Anthem Contract, Other Contract Negotiations
- Budgeted revenue due to growth | MRI (3T Magnet), OP PT Expansion, 1206B Clinic (new in FY25)

- **Expenses**

- Based on current year baseline
- Annual merit increases of 3%
- Inflation of 5% for drugs, 5% for blood, and 3% for other supplies
- FTEs based on July-March and adjusted based on department volumes
- Investments to support strategic growth | Orthopedic recruitment, 1206(B) Clinic, PT Expansion

FY25 Budget | FY23 -> FY25 Roll Forward



FY23 to FY24 Roll Forward



FY24 to FY25 Budget Roll Forward



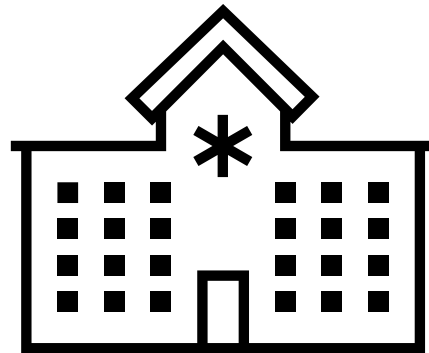
FY25 Budget Highlights



FY25 Budget High Level Summary

SVH Operations Roll Forward | FY23 Actual – FY24 Estimated Actual

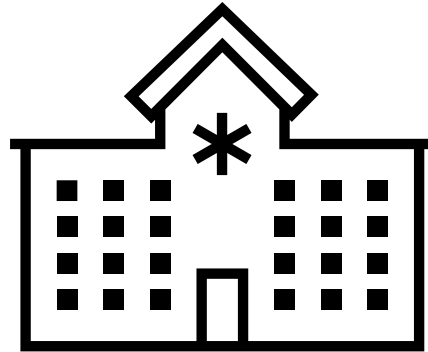
FY23 ACTUAL	\$
Net Patient Revenue	\$ 54.6M
Other Operating Revenue	\$ 1.6M
Parcel Taxes	\$ 3.8M
TOTAL Revenues	\$ 60.0M
Labor	\$ 33.1M
Supplies	\$ 7.9M
Purch/Contracted Serv	\$ 11.7M
Utilities, Insurance, Interest	\$ 2.9M
Other (w IGT fee)	\$ 3.3M
Depreciation	\$ 3.0M
TOTAL Operating Expenses	\$ 61.9M
Operating Margin w Parcel	(\$ 1.9M)
Operating EBDA w Parcel	\$ 1.0M



FY24 ESTIMATED ACTUAL	\$	YOY CHG
Net Patient Revenue	\$ 55.2M	\$ 0.6M
Other Operating Revenue	\$ 1.4M	(\$ 0.2M)
Parcel Taxes	\$ 3.8M	-
TOTAL Revenues	\$ 60.4M	\$ 0.4M
Labor	\$ 33.7M	\$ 0.6M
Supplies	\$ 7.6M	(\$ 0.3M)
Purch/Contracted Serv	\$ 12.1M	\$ 0.4M
Utilities, Insurance, Interest	\$ 3.5M	\$ 0.6M
Other (w IGT fee)	\$ 4.3M	\$ 1.0M
Depreciation	\$ 5.2M	\$ 2.2M
TOTAL Operating Expenses	\$ 66.5M	\$ 4.5M
Operating Margin w Parcel	(\$ 6.1M)	(\$ 4.1M)
Operating EBDA w Parcel	(\$ 0.9M)	(\$ 1.9M)

SVH Operations Roll Forward | FY24 Estimated Actual to FY25 Draft Budget

FY24 ESTIMATED ACTUAL	\$
Net Patient Revenue	\$ 55.2M
Other Operating Revenue	\$ 1.4M
Parcel Taxes	\$ 3.8M
TOTAL Revenues	\$ 60.4M
Labor	\$ 33.7M
Supplies	\$ 7.6M
Purch/Contracted Serv	\$ 12.1M
Utilities, Insurance, Interest	\$ 3.5M
Other (w IGT fee)	\$ 4.3M
Depreciation	\$ 5.2M
TOTAL Operating Expenses	\$ 66.5M
Operating Margin w Parcel	(\$ 6.1M)
Operating EBDA w Parcel	(\$ 1.0M)



FY25 BUDGET	\$	YOY CHG
Net Patient Revenue	\$ 60.8M	\$ 5.6M
Other Operating Revenue	\$ 1.3M	(\$ 100K)
Parcel Taxes	\$ 3.8M	-
TOTAL Revenues	\$ 66.0M	\$ 5.5M
Labor	\$ 35.1M	\$ 1.4M
Supplies	\$ 7.6M	-
Purch/Contracted Serv	\$ 13.0M	\$ 0.9M
Utilities, Insurance, Interest	\$ 3.5M	-
Other (w IGT fee)	\$ 5.6M	\$ 1.3M
Depreciation	\$ 5.9M	\$ 0.7M
TOTAL Operating Expenses	\$ 70.7M	\$ 4.2M
Operating Margin w Parcel	(\$ 4.9M)	\$ 1.2M
Operating EBDA w Parcel	\$ 1.0M	\$ 2.0M

FY25 Budget Highlights

- **Resets Trajectory** | FY25 Budget regains positive traction and resets trajectory towards an operational break-even
 - **Operational Improvement** | **+\$2.0 Million** improvement from operations vs FY24 (Operating EBDA)
 - **Cash** | **+\$2.5 Million** improvement in Net Sources / (Uses) vs FY24
-
- **Net Revenue** | **+\$5.5 Million, +9.7%** compared to FY24
 - Growth | MRI Expansion, PT Expansion, Orthoped Recruitment, 1206(B) Clinic Expansion
 - Revenue Enhancements | IGT Funding Increase, Reimbursement Contract Resetting (Anthem)
 - **Operating Expenses** | **+\$4.2 Million, +6.4%** increase compared to FY24
 - Increased Depreciation | **+15%** compared to FY24 for 3T MRI, PT Expansion
 - IGT Matching Fee | **+\$1.3 Million** budgeted for additional net IGT funding
 - **Operating Expenses w/o Depr.** | **+\$3.5 Million, +5%** vs FY24
 - Physician Fees | Orthoped Recruitment, 1206(B) Clinic
 - Salaries & Wages | Additional labor resources to support growth efforts

FY25 Draft Budget | High Level Summary

	FY25 Budget	FY24 Estimated Actual	Change	% Chg	FY23 ACTUAL	Change	% Chg
Operating Margin	\$ (8,607,215)	\$ (9,874,468)	\$ 1,267,253	12.8%	\$ (5,712,559)	\$ (2,894,656)	-50.7%
Operating EBDA	\$ (2,706,760)	\$ (4,712,640)	\$ 2,005,880	42.6%	\$ (2,752,281)	\$ 45,521	1.7%
Operating Margin w Parcel	\$ (4,730,822)	\$ (5,885,724)	\$ 1,154,902	19.6%	\$ (1,853,044)	\$ (2,877,778)	-155.3%
Operating EBDA w Parcel	\$ 1,043,240	\$ (912,636)	\$ 1,955,876	214.3%	\$ 1,023,842	\$ 19,398	1.9%
Net Income (excl SVHF Donations)	\$ (2,474,547)	\$ (3,788,248)	\$ 1,313,701	34.7%	\$ 55,418	\$ (2,529,965)	-4565.3%
Net Patient Revenue	\$ 60,773,650	\$ 55,235,145	\$ 5,538,505	10.0%	\$ 54,605,365	\$ 6,168,286	11.3%
Operating Revenue	\$ 62,098,916	\$ 56,588,154	\$ 5,510,762	9.7%	\$ 56,207,348	\$ 5,891,568	10.5%
Operating Expenses	\$ 70,706,131	\$ 66,462,623	\$ 4,243,508	6.4%	\$ 61,919,907	\$ 8,786,224	14.2%

BUDGET TARGET COMPARISON	FY25 Budget	FY23 ACTUAL	Difference	%
Operating EBDA	\$ (2,706,760)	\$ (2,752,281)	\$ 45,521	1.7%
Operating EBDA w Parcel	\$ 1,043,240	\$ 1,023,842	\$ 19,398	1.9%

FY25 Budget | Key Initiatives



FY25 Budgeted Key Initiatives



Risk Analysis of Key Initiatives




Key Drivers of Change – FY24 to FY25

FY25 Key Budget Initiatives


MRI 3T Magnet

- Temp location 2024
- Permanent location 2025
- FY25 Budgeted Revenue Growth : \$1,250,000
- **FY25 Risk Analysis** | 


PT Expansion

- Opening Fall 2024
- FY25 Budgeted Revenue Growth : \$475,000
- **FY25 Risk Analysis** | 


Orthopedist Recruitment

- Start late June
- Replacement for Dr Brown
- FY25 Budgeted Revenue Growth : \$- net
- **FY25 Risk Analysis** | 

1206(b) Clinic Expansion

- Start June 1
- Dr. Kidd & Dr. Alexandridis Joining 1206(b)
- FY25 Budgeted Revenue Growth : \$225,000
- **FY25 Risk Analysis** | 


Market Penetration Expansion

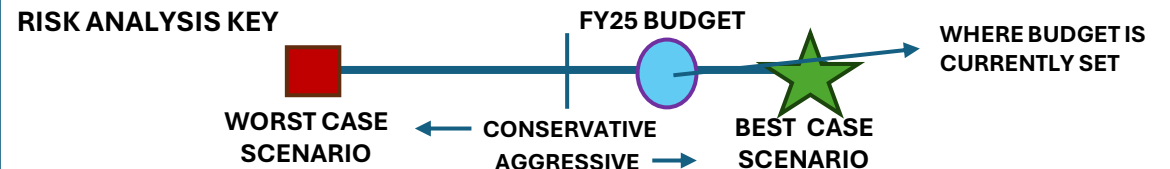
- Napa, Petaluma – Mainly Lab | Also Imaging Services
- 100-mile radius – 3T MRI Services
- UCSF referral enhancements
- FY25 Budgeted Revenue Growth : minimal
- **FY25 Risk Analysis** | 

Medi-Cal IGT Adjustment

- Ongoing negotiation, amounts not approved
- Resetting of Rate Range IGT
- FY25 Budgeted Revenue Growth : \$2,600,000
- **FY25 Risk Analysis** | 
- **FY25 Risk if IGT Approved** | 

Reimbursement Contract Resetting

- Anthem contract complete. Other contracts currently being renegotiated
- FY25 Budgeted Revenue Growth : \$425,000
- **FY25 Risk Analysis** | 



MRI Expansion | Risk Analysis

FY25 Budgeted Net Revenue Growth = \$1,250,000

Risk(s) : Referral Sources, Integration with UCSF

Additional Upside : Budgeted volumes only 50% of total capacity

	FY25 Budget			Worst-Case Scenario			Best-Case Scenario		
	New 3T Magnet	Existing Magnet	TOTAL	New 3T Magnet	Existing Magnet	TOTAL	New 3T Magnet	Existing Magnet	TOTAL
Scans - Existing	-	1,134	1,134	-	1,134	1,134	-	1,134	1,134
Scans - Growth	2,016	(554)	1,462	504	(504)	-	2,772	-	2,772
Total Scans - FY25 Budget	2,016	580	2,596	504	630	1,134	2,772	1,134	3,906
% Volume Growth vs. FY24			129%			0%			244%
Scans/Working Day	8.0	2.3	10.3	2.0	2.5	4.5	11.0	4.5	15.5
MRI Scan Capacity/Day	12.0	8.0	20.0	12.0	8.0	20.0	12.0	8.0	20.0
% of Capacity	67%	29%	52%	17%	31%	23%	92%	56%	78%
Total Revenue - Existing	\$ -	\$ 969,600	\$ 969,600	\$ -	\$ 969,600	\$ 969,600	\$ -	\$ 969,600	\$ 969,600
Total Revenue - Growth	\$ 1,723,700	\$ (474,000)	\$ 1,249,700	\$ 430,900	\$ (430,900)	\$ -	\$ 2,370,100	\$ -	\$ 2,370,100
Total Revenue - FY25 Budget	\$ 1,723,700	\$ 495,600	\$ 2,219,300	\$ 430,900	\$ 538,700	\$ 969,600	\$ 2,370,100	\$ 969,600	\$ 3,339,700

WORST-CASE



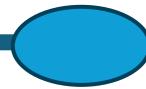
Worst Case:

Referrals don't come in like anticipated and MRI volumes between the two magnets only maintain current pace. No incremental volume.

Total Scans per Working Day | 4.5
Total Scans as a % of Capacity | 23%

Revenue Impact vs. FY24 | \$-
Revenue Impact on FY25 Budget | **(\$1,250,000)**

FY25 BUDGET



FY25 Budget:

Achieve 8 scans/working day on new 3T while scans on existing magnet decrease from 4.5/day to 2.3/day.

Total Scans per Working Day | 10.3
Total Scans as a % of Capacity | 52%

Revenue Impact vs. FY24 | **\$1,250,000**
Revenue Impact on FY25 Budget | \$-

Conservative Aggressive

BEST-CASE



Best Case:

Referrals exceed expectations, new magnet operates near full capacity (90%) while maintaining historical volumes on existing magnet

Total Scans per Working Day | 15.5
Total Scans as a % of Capacity | 78%

Revenue Impact vs. FY24 | **\$2,370,000**
Revenue Impact on FY25 Budget | **\$1,120,400**

PT Expansion | Risk Analysis

FY25 Budgeted Net Revenue Growth = \$475,500

Risk(s) : Dependencies – Construction, recruitment and retention of additional physical therapists

Additional Upside : Budgeted 50% growth once operational, could be much higher given demand and capacity

	Budgeted	Worst-Case	Best-Case
OP PT Visits - Existing	14,090	14,090	14,090
OP PT Visits - Growth	3,523	1,174	9,393
Total OP PT Visits - FY25 Budget	17,613	15,264	23,483
% Volume Growth vs. FY24	25%	8%	67%
Expansion Go-Live	January 2025	May 2025	November 2024
# of Months Expansion Operational	6	4	8
% Vol Growth vs. FY24 once Operational	50%	25%	100%
Total Revenue Growth - FY25 Budget	\$ 475,500	\$ 158,500	\$ 1,268,100

WORST-CASE

FY25 BUDGET

BEST-CASE



Worst Case:

Construction delays push back go-live until March. Staffing constraints can't keep pace with volume demand and limit growth to 25% once operational.

Revenue Impact vs. FY24 | \$158,000

Revenue Impact on FY25 Budget | (\$317,000)

FY25 Budget:

Expansion becomes operational January 2025. Staffing in place by go-live to meet volume demand, but inefficiencies due to 'growing pains' of operational ramp-up limit growth to 50% once operational.

Revenue Impact vs. FY24 | \$475,000

Revenue Impact on FY25 Budget | \$-

Best Case:

Construction finishes a couple months early, staffing fully in place by November to meet volume demand as referrals continue to increase. OP PT volumes double compared to historical once operational.

Revenue Impact vs. FY24 | \$1,268,000

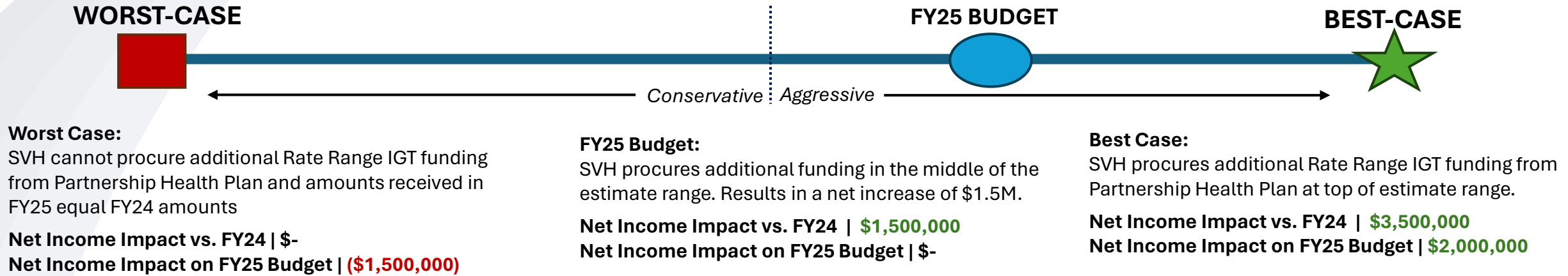
Revenue Impact on FY25 Budget | \$790,000

Rate Range (Medi-Cal) IGT | Risk Analysis

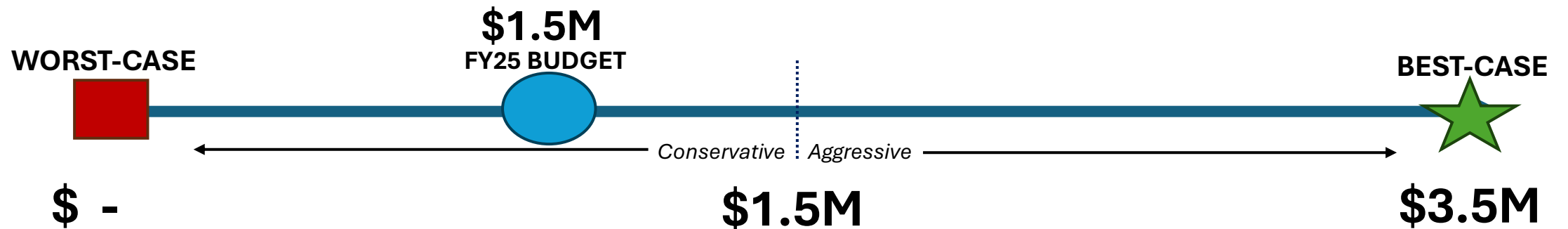
IGT Funding Increase | FY25 Net Impact = \$1.5 Million*

Risk(s) : Incremental funding not yet approved | External Forces & Dependencies – State of CA, Partnership Health Plan

Additional Upside : Data supports increase up to \$3.5 Million (Top of Estimated Range)



Estimated Range of Net Increase



*Net Impact = Revenue less matching fee

FY24 vs FY25 Draft Budget – Key Drivers

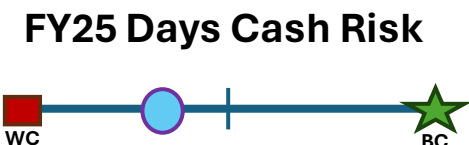
	FY24 Est.	FY25 Budget	Chg	% Chg	Key Drivers
Net Patient Revenue	\$ 55.3M	\$ 60.8M	\$ 5.6M	+11%	MRI Expansion (\$1.25M), PT Expansion (\$475K), IGT Increase (\$2.6M), Anthem Renegotiation (\$350K), ED Volume Increase (\$270K), Other Price Increases (\$150K), Ortho Recruitment (\$- net)
Other Operating Revenue	\$ 1.3M	\$ 1.3M	(\$ 100K)	-	No change
Parcel Taxes	\$ 3.8M	\$ 3.8M	-	-	No change
TOTAL Revenues	\$ 60.4M	\$ 66.0M	\$ 5.5M	+10.7%	
Labor	\$ 33.7M	\$ 35.1M	\$ 1.4M	+4.5%	3% Merit Increases & Additional Market Adjustments (\$960K), 8.5 FTE additions - 7.0 to support growth initiatives, 1.5 net FTE true-ups (\$650K)
Supplies	\$ 7.6M	\$ 7.6M	-	-	Global inflation (3% supplies, 5% blood & drugs, netted by anticipated decrease in implant costs + overall supply reduction initiative (\$-)
Purch/Contracted Serv	\$ 12.1M	\$ 13.0M	\$ 0.9M	+7.2%	1206(b) General Surgery Clinic (\$400K), Orthoped Income Guarantee (\$75K), Orthopedic Call Contract Adjustment (\$135K)
Utilities, Insurance, Interest	\$ 3.5M	\$ 3.5M	-	-	+9% increase in Utilities, 15% increase in Insurance, netted against \$220K reduction (30%) in interest expense (paying down LOC)
Other (w IGT fee)	\$ 4.2M	\$ 5.6M	\$ 1.3M	+30.5%	Increase in IGT Matching Fee (\$1.3M)
Depreciation	\$ 5.2M	\$ 5.9M	\$ 0.7M	+7.0%	MRI 3T Magnet (\$325K), PT Expansion (\$100K), True-up of full year depreciation for assets placed into service in FY24 (\$285K)
TOTAL Operating Expenses	\$ 66.4M	\$ 70.7M	\$ 4.2M	+7.0%	
Operating Margin w Parcel	(\$ 6.0M)	(\$ 4.9M)	\$ 1.2M	+23%	+\$1.2M in Operating Margin
Operating EBDA w Parcel	(\$ 0.8M)	\$ 1.0M	\$ 2.0M	+250%	+\$2.0M in Operating EBDA

FY25 Budget | Annual Cash Flow Projection

	FY25 ANNUAL	FY25 MONTHLY
Total Hospital Sources of Cash	\$ 62,737,749	\$ 5,228,146
Total Hospital Operating Uses of Cash	\$ 66,054,913	\$ 5,504,576
Net Hospital Sources / (Operating Uses) of Cash	\$ (3,317,164)	\$ (276,430)
Parcel Tax Revenue	\$ 3,750,000	\$ 312,500
Net Sources / (Uses) of Cash Before SVH Capital	\$ 432,836	\$ 36,070
Hospital Funded Capital Expenditures *	\$ 950,000	\$ 79,167
Total Net Sources / (Uses) of Cash	\$ (517,164)	\$ (43,097)
Projected Cash at Beginning of Fiscal Year	\$ 3,897,957	
Projected Cash at End of Fiscal Year	\$ 3,380,793	
Projected Days Cash on Hand - Beginning FY 2025	27.5	
Budgeted Days Cash on Hand - End FY 2025	20.2	

Net Positive Cash Flow Prior to SVH funded Capital

+\$2.5M improvement from FY24



* Does not include SVHF (Foundation) supported capital

FY25 DRAFT BUDGET SCHEDULES

- **Schedule A | High Level Budget Comparison Summary**
 - FY25 Budget v FY24 Estimated Actual v FY23 Actual
- **Schedule B | Income Statement Comparison**
 - FY24 Estimated Actual to FY25 Budget
- **Schedule C | Variance Analysis / FY24 to FY25 Crosswalk**
 - FY24 Estimated Actual to FY25 Budget
- **Schedule D | Cash Flow Forecast**
 - FY25

Sonoma Valley Hospital
 Schedule A - Budget Comparison Summary
 FY 2025 Budget vs. FY24 Estimated Actual vs. FY23 Actual

Schedule A

	FY25 Budget	FY24 Estimated Actual	Change	% Chg	FY23 ACTUAL	Change	% Chg
Operating Margin	\$ (8,607,215)	\$ (9,874,468)	\$ 1,267,253	12.8%	\$ (5,712,559)	\$ (2,894,656)	-50.7%
Operating EBDA	\$ (2,706,760)	\$ (4,712,640)	\$ 2,005,880	42.6%	\$ (2,752,281)	\$ 45,521	1.7%
Operating Margin w Parcel	\$ (4,730,822)	\$ (5,885,724)	\$ 1,154,902	19.6%	\$ (1,853,044)	\$ (2,877,778)	-155.3%
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Net Patient Revenue	\$ 60,773,650	\$ 55,235,145	\$ 5,538,505	10.0%	\$ 54,605,365	\$ 6,168,286	11.3%
Operating Revenue	\$ 62,098,916	\$ 56,588,154	\$ 5,510,762	9.7%	\$ 56,207,348	\$ 5,891,568	10.5%
Operating Expenses	\$ 70,706,131	\$ 66,462,623	\$ 4,243,508	6.4%	\$ 61,919,907	\$ 8,786,224	14.2%

BUDGET TARGET COMPARISON	FY25 Budget	FY23 ACTUAL	Difference	%
Operating EBDA	\$ (2,706,760)	\$ (2,752,281)	\$ 45,521	1.7%
Operating EBDA w Parcel	\$ 1,043,240	\$ 1,023,842	\$ 19,398	1.9%

NPR as a % of Gross Revenue	17.8%	16.9%		16.9%
NPR (w.o. IGT) as a % of Gross	14.8%	14.3%		14.9%
FTEs - Total	245.67	237.14	8.5	3.6%
			234.60	11.1
				4.7%

Sonoma Valley Hospital
 Schedule B -Income Statement Comparison
 FY 2025 Draft Budget vs. FY 2024 Estimated Actual & FY 2023 Actual

Schedule B

	FY 2025		FY 2024		FY25 Budget vs FY24 Est Act		FY 2023		FY25 Budget vs FY23 Actual	
	BUDGET	ESTIMATED ACTUAL	Variance		ACTUAL	Variance				
			\$	%		\$	%			
Volume Information										
Acute Discharges	839	839	1	0.1%	799	40	4.8%			
Patient Days	3,033	3,032	1	0.0%	3,319	-286	-9.4%			
Length of Stay	3.68	3.68	0	0.0%	4.01	0	-9.0%			
Emergency Room Visits	10,427	10,105	322	3.2%	9,804	623	6.0%			
Surgeries - Inpatient	142	151	-9	-5.9%	182	-40	-28.5%			
Surgeries - Outpatient	1,680	1,686	-6	-0.3%	1,735	-55	-3.2%			
Surgeries - Total	1,822	1,837	-14	-0.8%	1,917	-95	-5.2%			
Gross O/P Revenue (000's)	\$ 268,779	\$ 257,814			\$ 248,095	20,684	7.7%			
Financial Results										
Gross Patient Revenue										
Inpatient	\$ 72,254,628	\$ 69,452,037	\$ 2,802,592	4.0%	\$ 75,808,041	\$ (3,553,413)	-4.9%			
Outpatient	165,028,326	154,858,926	10,169,401	6.6%	149,029,072	15,999,254	9.7%			
Emergency	103,750,287	102,954,828	795,459	0.8%	99,066,005	4,684,282	4.5%			
Total Gross Patient Revenue	\$ 341,033,242	\$ 327,265,790	\$ 13,767,452	4.2%	\$ 323,903,119	\$ 17,130,123	5.0%			
Deductions from Revenue										
Contractual Discounts	\$ (288,791,768)	\$ (278,302,134)	\$ (10,489,634)	3.8%	\$ (273,349,820)	\$ (15,441,948)	5.3%			
Bad Debt	(1,608,804)	(1,872,470)	263,666	-14.1%	(1,797,247)	188,443	-11.7%			
Charity Care Provision	(317,580)	(255,800)	(61,780)	24.2%	(536,234)	218,654	-68.9%			
IGT Revenue	10,458,560	8,399,759	2,058,801	24.5%	6,385,547	4,073,013	38.9%			
Total Deductions from Revenue	\$ (280,259,591)	\$ (272,030,645)	\$ (8,228,947)	3.0%	\$ (269,297,754)	\$ (10,961,837)	3.9%			
Net Patient Service Revenue	\$ 60,773,650	\$ 55,235,145	\$ 5,538,505	10.0%	\$ 54,605,365	\$ 6,168,286	10.1%			
Other Op Revenue	\$ 1,325,266	\$ 1,353,009	\$ (27,743)	-2.1%	\$ 1,601,983	\$ (276,718)	-20.9%			
Total Operating Revenue	\$ 62,098,916	\$ 56,588,154	\$ 5,510,762	9.7%	\$ 56,207,348	\$ 5,891,568	9.5%			
Operating Expenses										
Salary and Wages (incl Agency Fees)	\$ 25,434,278	\$ 24,306,125	\$ 1,128,153	4.6%	\$ 24,512,942	\$ 921,336	3.6%			
Employee Benefits	9,656,543	9,399,459	257,083	2.7%	8,574,988	1,081,555	11.2%			
Total People Cost	\$ 35,090,821	\$ 33,705,585	\$ 1,385,236	4.1%	\$ 33,087,929	\$ 2,002,891	5.7%			
Med and Prof Fees (excl Agency)	8,236,473	7,429,826	806,647	10.9%	6,807,499	1,428,974	17.3%			
Supplies	7,586,265	7,618,885	(32,621)	-0.4%	7,902,327	(316,062)	-4.2%			
Purchased Services	4,809,128	4,701,042	108,086	2.3%	4,933,862	(124,734)	-2.6%			
Depreciation	5,900,455	5,161,828	738,627	14.3%	2,960,278	2,940,177	49.8%			
Utilities	2,102,509	1,993,833	108,676	5.5%	1,813,069	289,440	13.8%			
Insurance	896,833	817,554	79,279	9.7%	658,490	238,343	26.6%			
Interest	478,753	727,813	(249,060)	-34.2%	470,649	8,104	1.7%			
Other	1,222,605	1,208,765	13,840	1.1%	1,013,952	208,653	17.1%			
IGT Matching Fees	4,382,290	3,097,492	1,284,798	41.5%	2,271,852	2,110,438	48.2%			
Total Operating Expenses	\$ 70,706,131	\$ 66,462,623	\$ 4,243,508	6.4%	\$ 61,919,907	\$ 8,786,224	12.4%			
Total Operating Margin	\$ (8,607,215)	\$ (9,874,468)	\$ 1,267,253	12.8%	\$ (5,712,559)	\$ (2,894,656)	33.6%			
Total Operating EBDA	\$ (2,706,760)	\$ (4,712,640)	\$ (1,267,253)	26.9%	\$ (2,752,281)	\$ 45,521	1.7%			

Sonoma Valley Hospital
 Schedule B -Income Statement Comparison
 FY 2025 Draft Budget vs. FY 2024 Estimated Actual & FY 2023 Actual

Schedule B

	FY 2025 <u>BUDGET</u>	FY 2024 <u>ESTIMATED ACTUAL</u>	<u>FY25 Budget vs FY24 Est Act</u>		FY 2023 <u>ACTUAL</u>	<u>FY25 Budget vs FY23 Actual</u>	
			Variance			Variance	
			\$	%		\$	%
Non Operating Revenue and Expense							
Parcel Tax Assessment Rev	\$ 3,750,000	\$ 3,800,004	(50,004)	-1.3%	\$ 3,776,123	(26,123)	-0.7%
Miscellaneous Revenue/(Expenses)	126,393	188,741	\$(62,347)	-33.0%	83,392	\$ 43,001	34.0%
Total Non-Operating Rev/Exp	\$ 3,876,393	\$ 3,988,745	\$(112,351)	-2.8%	\$ 3,859,516	\$ 16,878	0.4%
Net Income / (Loss) prior to GO Bonds	\$ (4,730,822)	\$ (5,885,724)	\$ 1,154,902	-19.6%	\$ (1,853,044)	\$ (2,877,778)	60.8%
GO Bond Tax Assessment, Net	2,256,275	2,097,476	158,799	7.6%	1,908,462	347,813	15.4%
Net Income / (Loss) with GO Bonds	\$ (2,474,547)	\$ (3,788,248)	\$ 1,313,701	-34.7%	\$ 55,418	\$ (2,529,965)	102.2%
Restricted Foundation Contributions	\$ 1,888,914	\$ 3,851,584	\$(1,962,670)	-51.0%	\$ 2,938,039	\$(1,049,125)	-55.5%
Operating EBDA	\$ (2,706,760)	\$ (4,712,640)	\$ 2,005,880	-42.6%	\$ (2,752,281)	\$ 45,521	1.7%
	-4.4%	-8.3%	4.0%		-4.9%		
Operating EBDA with Parcel Taxes	\$ 1,043,240	\$ (912,636)	\$ 1,955,876	214.3%	\$ 1,023,842	\$ 19,398	1.9%
	1.7%	-1.6%			1.8%		
Paid FTE'S	245.7	237.1	8.5	3.6%	234.6	11.1	4.7%

Sonoma Valley Healthcare District
 Schedule C - Variance Analysis of FY 2024 Estimated Actual to FY 2025 Draft Budget
 FY 2025 Budget - DRAFT

Schedule C

Variance Analysis

Net Patient Revenue	
	Net Patient Revenue - FY24 ESTIMATED ACTUAL \$ 55,235,145
Changes of Note - FY24 Estimated Actual to FY25 Budget:	
Revenue enhancements gained from Anthem Contract Negotiation	350,000
Budgeted revenue enhancement from additional Managed Care Contract adjustments	75,000
Net Revenue impact from Anticipated Price Increases	150,000
Net Revenue Impact of Estimated IGT Increase	2,600,000
<u>Projected Revenue Changes From Budgeted Growth/Expansion:</u>	
Physical Therapy Expansion Expansion Go-Live January 2025	475,000
MRI 3Tesla MRI Operational Full FY25	1,250,000
Surgery Net Impact of Orthopedic Surgery Transition	-
Emergency Room 3% increase in ER visits	250,000
1206(b) Clinic Anticipated revenue due to 2 surgeons joining 1206(b) Clinic	225,000
All Other Changes	163,505
Total Projected Changes for FY25 Budget	\$ 5,538,505
	Net Patient Revenue - FY25 BUDGET \$ 60,773,650
	Change From FY24 Estimated Actual \$ 5,538,505
	% Change 10.0%

Salaries & Wages	
	Salaries & Wages - FY24 ESTIMATED ACTUAL \$ 24,306,125
Changes of Note - FY24 Estimated Actual to FY25 Budget:	
3% Merit Adjustment Salary Increases & Additional Allotment for Market Adjustments	861,300
<u>Salary Increases from FTE Additions (net 8.5 FTE adds from FY24 to FY25 Budget):</u>	
OP Therapy 3.7 FTE add to support budgeted volume growth	
1206(b) Clinic 2.5 FTE of clinic staff to support new 1206(b) Clinic	
MRI 1.0 FTE add to support 3 Tesla magnet	
Emergency Room Manager 1.0 FTE for new ER Manager	
FTE 'True-Ups' 3.3 FTE increase for truing up positions hired mid-year FY23	
FTE Attrition -3.0 FTE budgeted reduction for vacancies and leaves of budgeted positions	
Salary cost reduction in Surgery due to 2% reduction in surgical volumes	(85,000)
Salary cost reduction due to replacement of 3.5 FTEs worth of Travelers	(327,600)
All Other Changes	(53,747)
Total Projected Changes for FY25 Budget	\$ 1,128,153
	Salaries & Wages - FY25 BUDGET \$ 25,434,278
	Change From FY24 Estimated Actual \$ 1,128,153
	% Change 4.6%

Employee Benefits	
	Employee Benefits - FY24 ESTIMATED ACTUAL \$ 9,399,459
Changes of Note - FY24 Estimated Actual to FY25 Budget:	
Estimated increase in Health Insurance expense	280,900
Estimated reduction in PTO to normalize increase in FY24 related to furloughs	(22,900)
All Other Changes	(917)
Total Projected Changes for FY25 Budget	\$ 257,083
	Employee Benefits - FY25 BUDGET \$ 9,656,542
	Change From FY24 Estimated Actual \$ 257,083

Medical and Professional Fees

Medical and Professional Fees - FY24 ESTIMATED ACTUAL	\$ 7,429,826
Changes of Note - FY24 Estimated Actual to FY25 Budget:	
<i>Physician / Professional Fee Changes:</i>	
2-SVH Surgeons Joining 1206(B)	555,600
Adjustment to Orthopedic Surgery Call Contract	135,000
Estimated Net Expense Orthoped Recruitment (1-Yr Salary Guarantee)	75,000
<i>Other Professional Fee Changes:</i>	
UCSF Management Fees 3% COLA Adjustment	55,000
<i>All Other Changes</i>	<i>(13,953)</i>
Total Projected Changes for FY25 Budget	\$ 806,647
Medical and Professional Fees - FY25 BUDGET	\$ 8,236,473
Change From FY24 Estimated Actual	\$ 806,647
% Change	10.9%

Supplies

Net Patient Revenue - FY24 ESTIMATED ACTUAL	\$ 7,618,885
Changes of Note - FY24 Estimated Actual to FY25 Budget:	
3% Global Inflation Adjustment	185,800
5% Inflation in cost for Blood Units & Pharmaceuticals/Drugs	75,500
Budgeted supply reduction to align with budgeted surgical volumes	(198,500)
Budgeted supply reduction Estimated savings due to better pricing on implants	(98,800)
<i>All Other Changes</i>	<i>3,379</i>
Total Projected Changes for FY25 Budget	\$ (32,621)
Supplies - FY25 BUDGET	\$ 7,586,264
Change From FY24 Estimated Actual	\$ (32,621)
% Change	-0.4%

Purchased Services

Purchased Services - FY24 ESTIMATED ACTUAL	\$ 4,701,042
Changes of Note - FY24 Estimated Actual to FY25 Budget:	
1206(B) Clinic Purchased Services Billing expense & Other Purchased Services for new Clinic	47,500
Food & Nutrition 4% COLA adjustment for Forefront contract	11,500
New Contracts New contracts related to integration applications for Epic	32,000
Purchased Services Reclass Reclass various contract costs from Other Expenses to Purch Serv	65,900
Pre-Epic Contracts Various contracts sunsetting (no longer needed post-Epic)	(45,100)
<i>All Other Changes</i>	<i>(3,714)</i>
Total Projected Changes for FY25 Budget	\$ 108,086
Purchased Services - FY25 BUDGET	\$ 4,809,128
Change From FY24 Estimated Actual	\$ 108,086
% Change	2.3%

Depreciation

Depreciation - FY24 ESTIMATED ACTUAL	\$ 5,161,828
Changes of Note - FY24 Estimated Actual to FY25 Budget:	
MRI 3 Tesla Magnet Incremental depreciation for MRI magnet, in-service all of FY25	325,000
PT Expansion Incremental depreciation for PT Expansion, starting in January 2025	100,000
True-Up depreciation expense to full year for assets placed into service in FY24	285,500
<i>All Other Changes</i>	<i>28,127</i>
Total Projected Changes for FY25 Budget	\$ 738,627

	Depreciation - FY25 BUDGET	\$ 5,900,455
	Change From FY24 Estimated Actual	\$ 738,627
	% Change	14.3%
Utilities		
	Utilities - FY24 ESTIMATED ACTUAL	\$ 1,993,833
Changes of Note - FY24 Estimated Actual to FY25 Budget:		
		108,600
	Estimated increases with PG&E	
	<i>All Other Changes</i>	76
	Total Projected Changes for FY25 Budget	\$ 108,676
	Utilities - FY25 BUDGET	\$ 2,102,509
	Change From FY24 Estimated Actual	\$ 108,676
	% Change	5.5%
Insurance		
	Insurance - FY24 ESTIMATED ACTUAL	\$ 817,554
Changes of Note - FY24 Estimated Actual to FY25 Budget:		
	Expected increase in Insurance base coverage cost - All Lines (10% increase in total)	78,983
	Total Projected Changes for FY25 Budget	\$ 79,279
	Insurance - FY25 BUDGET	\$ 896,833
	Change From FY24 Estimated Actual	\$ 79,279
	% Change	9.7%
Interest		
	Interest - FY24 ESTIMATED ACTUAL	\$ 727,813
Changes of Note - FY24 Estimated Actual to FY25 Budget:		
	Line of Credit Projected savings in interest expense through \$3.1M LOC paydown	(240,000)
	<i>All Other Changes</i>	(9,060)
	Total Projected Changes for FY25 Budget	\$ (249,060)
	Interest - FY25 BUDGET	\$ 478,753
	Change From FY24 Estimated Actual	\$ (249,060)
	% Change	-34.2%
Other Expenses		
	Other Expenses - FY24 ESTIMATED ACTUAL	\$ 1,208,765
Changes of Note - FY24 Estimated Actual to FY25 Budget:		
	1206(B) Clinic Expenses Rent & Licenses (new for FY25)	56,500
	Non-Recurring Dues/Licenses Costs not repeating in FY25	(15,800)
	Purchased Services Reclass Reclass various contract costs from Other Expenses to Purch Serv	(65,900)
	<i>All Other Changes</i>	39,040
	Total Projected Changes for FY25 Budget	\$ 13,840
	Other Expenses - FY25 BUDGET	\$ 1,222,605
	Change From FY24 Estimated Actual	\$ 13,840
	% Change	1.1%

Sonoma Valley Hospital
Schedule D - Cash Forecast - FY 2025 Budget

Schedule D

DRAFT
FY 2025 Budget

Hospital Sources of Cash

1	Patient Payments Collected	\$	51,236,434
2	Other Patient Payments Collected - IGT		10,458,560
3	Other Revenue - Operating & Non-Operating Revenue		1,042,755
4	Unrestricted Contributions		-
Sub-Total Hospital Sources of Cash		\$	62,737,749

Hospital Operating Uses of Cash

5	Operating Expenses & Lease Payments	\$	61,302,623
7	Add: IGT Matching Fees		4,382,290
8	Add: Bridge Loan Paybacks		-
9	Add: CHFFA Help II Loan Repayments		370,000
10	Add: Line of Credit / Debt Paydowns		-
Total Hospital Operating Uses of Cash		\$	66,054,913

Net Hospital Sources / (Operating Uses) of Cash **\$ (3,317,164)**

Non-Hospital Sources/(Uses) of Cash

Non-Hospital Sources

11	Parcel Tax Revenue	\$	3,750,000
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Non-Hospital Uses

12	n/a	\$	-
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Total Net Non-Hospital Sources/Uses of Cash **\$ 3,750,000**

Net Sources / (Uses) of Cash Before SVH Funded Capital Expenditures **\$ 432,836**

13	Hospital Funded Capital Expenditures *	\$	950,000
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Total Net Sources / (Uses) of Cash **\$ (517,164)**

Projected Cash at Beginning of Fiscal Year \$ 3,897,957

Projected Cash at End of Fiscal Year **\$ 3,380,793**

Projected Days Cash on Hand - Beginning FY 2025 27.5

Budgeted Days Cash on Hand - End FY 2025 **20.2**

* Does not include any SVHF (Foundation) funded capital expenditures