



**SONOMA VALLEY HEALTH CARE DISTRICT  
FINANCE COMMITTEE  
REGULAR MEETING AGENDA  
Tuesday, March 25, 2014, 5:00 p.m.**

**Location: Schantz Conference Room  
Sonoma Valley Hospital – 347 Andrieux Street, Sonoma CA 95476**

AGENDA ITEM	RECOMMENDATION	
<b>MISSION STATEMENT</b> The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.		
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Fogg</i>	
<b>2. PUBLIC COMMENT SECTION</b> 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 Committee 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 Committee consideration.		
<b>3. CONSENT CALENDAR:</b> A. FC Meeting Minutes, 02.25.14	<i>Fogg</i>	Action
<b>4. FEBRUARY 2014 FINANCIALS</b>	<i>Gritsutenko</i>	Inform/Action
<b>5. 2015 BUDGET ASSUMPTIONS</b>	<i>Gritsutenko</i>	Inform/Action
<b>6. PATIENT BILLING UPDATE</b>	Jensen/Kyle/Cox	Inform
<b>7. ADJOURN</b> Next meeting April 22, 2014	<i>Fogg</i>	

3.

# CONSENT CALENDAR



**SONOMA VALLEY HEALTH CARE DISTRICT  
FINANCE COMMITTEE  
MEETING MINUTES  
Tuesday, February 25, 2014  
Schantz Conference Room**

Members Present	Members Present cont.	Staff/ Public/Other	Other cont.	Excused/Absent
Dick Fogg Kristina Gritsutenko Phil Woodward Richard Conley Peter Hohorst	Sharon Nevins Steve Barclay Mary Smith Kelly Mather Shari Glago	David Cox Bernadette Jensen McCandless Gigi Betta		Keith Chamberlin, M.D. Bernadette Jensen Subhash Mishra, M.D.

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve and restore the health of everyone in our community. The vision of the SVHCD is that SVH will be a nationally recognized, compassionate place of healing known for excellence in clinical quality. We serve as the guide and indispensable link in our community members' health care journey.</i>		
<b>1. CALL TO ORDER</b>	<i>Fogg 5:00 PM</i>		
	Mr. Fogg announced that the SVHF Board has selected Susan Goranson, CPA to do their 2013 Audit.		
<b>2. PUBLIC COMMENT SECTION</b>	<i>Fogg</i>		
	None.		
<b>3. CONSENT CALENDAR</b>	<i>Fogg</i>	Action	
A. FC Minutes 1.28.14		<b>MOTION</b> by Hohorst to approve and <b>2<sup>nd</sup></b> by Woodward. All in favor.	
<b>4. JANUARY 2014 FINANCIALS</b>	<i>Cox</i>	Inform	
	Ms. Mather made a short "state of the hospital" presentation to the Committee.		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	<p>Mr. Cox announced that Marin General Hospital has filed for <b>SCAN Health Plan</b> (a Medicare part D plan with a 4.5 star rating) in Sonoma and Napa counties for 2015. Marin General has accepted the <i>downside</i> risk leaving SVH at risk for the <i>upside</i> only.</p> <p>At the Committee's request, the statement of cash flow has been re-formatted. Mr. Cox introduced the new format and provided a handout. The Committee agreed that it is a great improvement over the past format and overall was very pleased. Mr. Woodward proposed a few changes.</p> <p>Ms. Nevins asked Mr. Cox for greater detail and clarification on the Hospital's RAC policies going forward.</p> <p>Ms. Gritsutenko was asked to provide a <i>projected</i> cash flow statement at the next FC meeting on 3/25/14.</p>		
<p><b>5. FC OPERATING &amp; CAPITAL BUDGET TIMELINE FY 2015</b></p>	<p><i>Gritsutenko</i></p>	<p>Inform/Action</p>	
	<p>Following Ms Gritsutenko's presentation of the FC Operating &amp; Capital Budget Timeline FY 2015, the Committee recommended to approve the Calendar with some minor changes. The Calendar will be included in the Board Agenda Package for the Board meeting on 3/6/14.</p>	<p><b>MOTION</b> by Glago to approve as amended and 2<sup>nd</sup> by Barclay. All in favor.</p>	
<p><b>6. PATIENT BILLING UPDATE</b></p>			
	<p>Ms. Jensen did not attend the meeting so the patient billing update will be put forward to next month. Mr. Fogg requested that Mr. Cox make tonight's presentation <b>together with</b> next month's presentation at the FC meeting on 3/25/14.</p>		
<p><b>7. ADJOURN</b></p>	<p>Fogg</p>		
	<p><b>Adjourn</b> 6:10 PM Next FC meeting is March 25, 2014.</p>		

4.

# FEBRUARY 2014 FINANCIALS

(Cash Flow statements to follow under separate  
cover)



**To:** SVH Finance Committee  
**From:** Kristina Gritsutenko, Controller  
**Date:** March 25, 2014  
**Subject:** Financial Report for the Month Ending February 28, 2014

**Overall Results for February 2014**

Overall for February, SVH has net loss after the restricted contributions of (\$2,183) on budgeted loss of (\$10,779), for a favorable variance of \$8,596. Total net patient service revenue was under budget by (\$760,429), or 19%. Most of this variance is due to February volume significantly below budget. Net revenue includes a RAC reserve increase of \$37,059 (gross of RAC take-backs of \$7,059) and a net bad debt/contractuals reserve increase of \$89,526 to off-set the anticipated aged AR bad debt write-offs in February-June 2014 timeframe. Risk contracts are under budget by (\$56,567) due to lower Napa State patients. Other Operating Revenue was under budget by (\$4,546). Total Operating Revenue was \$3,463,752 or (\$821,542) under budget. Expenses were \$4,272,974 on a budget of \$4,785,120 or \$512,146 under budget. The EBIDA prior to the restricted donations for the month was (\$160,282) or -5%.

**Patient Volumes – February**

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	79	131	-52	128
Acute Patient Days	300	440	-140	449
SNF Patient Days	641	640	1	678
Home Care Visits	872	1,150	-278	1,001
OP Gross Revenue	8,604	8,625	-21	8,065
Surgical Cases	121	123	-2	113

**Overall Payer Mix – February**

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	55%	50%	6%	51%	49%	2%
Medi-Cal	14%	11%	3%	12%	11%	1%
Self Pay	2%	4%	-2%	3%	4%	-1%
Commercial	18%	29%	-10%	24%	29%	-5%
Managed MC	4%	3%	1%	4%	3%	1%
Workers Comp	3%	1%	2%	3%	1%	2%
Capitated	3%	3%	1%	2%	3%	-1%
Total	100%	100%		100%	100%	

### **Total Operating Revenues**

Total operating revenues for January were \$3.5 million on a budget of \$4.3 million or (\$821,542) under budget. The bulk of the variance is attributed to Inpatient Acute Net Service Revenue under budget by (\$628k). Below are the key variances:

- Inpatient Acute volume was under budget by 140 days and 32%, with the overall negative net revenue variance of (\$628k).
- Outpatient volume and charges were on budget with the negative net revenue rate variance of (\$199k). Outpatient payor mix continues to remain unfavorable with higher Medicare volume and lower commercial volume.
- Skilled Nursing Home volume was on budget with the negative net revenue rate variance of (\$49k).
- Home Health volume was below budget by 278 visits or 24%, however had a favorable overall net revenue variance of \$37k.
- Bad Debt was unfavorable to budget by (\$178k) due to the increase in the bad debt reserve in February to offset the bad debt write-offs of uncollectible AR over 366 days. The reserve build-up is being done incrementally over February-June period.
- Charity Care was favorable to budget by \$146k.
- Prior period adjustments were favorable to budget by \$111k.

The net effect of these variances on the Net Patient Service Revenue was unfavorable (\$760k), or 19% below budget.

### **Expenses**

January's expenses were \$4.3 million on a budget of \$4.8 million or under budget by \$512,146, with the bulk of favorability attributable to the fact that the new ER has not yet been capitalized. Below is the summary of the operating expense variances for the month of January:

- Salaries and wages, excluding PTO, were under budget by \$151k. Productive FTEs were under budget by 33. Total FTEs were under budget by 34. The average hourly rate was over budget by 11% primarily due to the labor skill mix variance and rate variance.
- Employee benefits including PTO were under budget by \$32k.
- Medical and Prof Fees were over budget by (\$78k), primarily due to additional Prima Physician call (\$30k), unbudgeted consulting costs in surgery (\$37k), patient accounting (\$4k), pharmacy (\$3k).
- Supplies were under budget by \$82k due to volume.
- Purchase Services were under budget by \$3k due to projects in IT and Engineering that have been put on hold.
- Depreciation, Utilities and interest were all under budget due to the new ER capitalization going into effect in March, trailing budget assumptions.

### **Cash Collections on Patient Receivables:**

For the month of January the cash collection goal was \$3,559,947. The Hospital collected \$3,484,418, or \$76k below target. Year to date the Hospital patient collections goal was \$28,390,621, with actual collections of \$26,828,450, or (\$1,562,172) below the goal.



## RAC Activity

Sonoma Valley Hospital				
RAC Reserve				
Activity Through February 2014				
	Change in Reserve	Take Backs	Appeals Won	Reserve Balance
Jun-13				715,383
Jul-13		(54,655)		660,728
Aug-13		(115,900)	32,716	577,545
Sep-13	(230,000)	(199,693)		147,852
Oct-13	150,000	(5,886)		291,965
Nov-13		(223,810)		68,155
Dec-13	131,580	(16,617)		183,118
Jan-14	141,672	(19,384)		305,406
Feb-13	37,059	(7,059)		335,406
<b>FY 2014 Net</b>				
<b>Change in RAC Reserve</b>	<b>230,311</b>	<b>(643,004)</b>	<b>32,716</b>	<b>(379,977)</b>

## Days in AR, AP, Days Cash on Hand

Days in Cash were 8.4 and Days in Net AR were 49. Days in AP were 65.3.

## OP and ER Visits

SONOMA VALLEY HOSPITAL																
OUTPATIENT & ER VISITS																
	OP Visits						ER - Inpatient					ER - Outpatient				
	2012	2013	2014	Change FY 2013/2014	%	2012	2013	2014	Change FY 2013/2014	%	2012	2013	2014	Change FY 2013/2014	%	
July	4,304	4,091	4,209	118	2.9%	114	109	109	-	0.0%	772	729	641	(88)	-12.1%	
August	4,692	4,392	4,235	(157)	-3.6%	105	106	94	(12)	-11.3%	718	778	695	(83)	-10.7%	
September	4,757	3,888	4,166	278	7.2%	107	111	105	(6)	-5.4%	693	677	690	13	1.9%	
October	4,640	4,456	4,582	126	2.8%	108	95	60	(35)	-36.8%	679	706	671	(35)	-5.0%	
November	4,582	3,931	3,959	28	0.7%	107	101	72	(29)	-28.7%	632	631	593	(38)	-6.0%	
December	4,212	3,583	4,025	442	12.3%	119	100	95	(5)	-5.0%	622	693	656	(37)	-5.3%	
January	4,297	4,064	4,286	222	5.5%	93	141	81	(60)	-42.6%	698	711	730	19	2.7%	
February	4,476	3,721	3,979	258	6.9%	94	112	80	(32)	-28.6%	598	598	575	(23)	-3.8%	
March	4,778	3,910		-		121	97		-		662	660		-		
April	4,390	4,141		-		88	88		-		629	641		-		
May	4,608	4,131		-		107	97		-		756	698		-		
June	4,189	3,669		-		95	89		-		715	627		-		
<b>TOTAL</b>	<b>53,926</b>	<b>47,977</b>		<b>1,315</b>	<b>4.1%</b>	<b>1,258</b>	<b>1,246</b>	<b>696</b>	<b>(179)</b>	<b>-20.5%</b>	<b>8,174</b>	<b>8,149</b>	<b>5,251</b>	<b>(272)</b>	<b>-4.9%</b>	



Sonoma Valley Hospital  
Sonoma Valley Health Care District  
February 2014 Financial Report

Finance Committee  
March 25, 2014



## February Patient Volumes

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	79	131	-52	128
Acute Patient Days	300	440	-140	449
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Surgical Cases	121	123	-2	113

## Summary Statement of Revenues and Expenses Month of February 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 3,463,752	\$ 4,285,294	\$ (821,542)	-19%	\$ 3,948,218
2 Total Operating Expenses	\$ 4,272,974	\$ 4,785,120	\$ 512,146	11%	\$ 4,353,458
3 Operating Margin	\$ (809,222)	\$ (499,826)	\$ (309,396)	-62%	\$ (405,240)
4 NonOperating Rev/Exp	\$ 429,308	\$ 392,536	\$ 36,772	9%	\$ 466,294
5 Net Income before Restricted Cont.	\$ (379,915)	\$ (107,290)	\$ (272,625)	254%	\$ 61,054
6 Restricted Contribution	\$ 377,732	\$ 96,511	\$ 281,221	291%	\$ 53,317
7 Net Income with Restricted Contribution	\$ (2,183)	\$ (10,779)	\$ 8,596	-80%	\$ 114,371
8 EBIDA before Restricted Contributions	\$ (160,282)	\$ 344,999	\$ (505,281)		\$ 297,931
9 EBIDA before Restricted Cont. %	-5%	8%	-13%		8%
10 Net Income without GO Bond Activity	\$ (118,426)	\$ (134,352)	\$ 15,926		\$ (62,502)

# Summary Statement of Revenues and Expenses Year to Date February 28, 2013 (8 months)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 31,894,157	\$ 34,219,521	\$ (2,325,364)	-7%	\$ 31,637,067
2 Total Operating Expenses	\$ 35,927,297	\$ 37,001,843	\$ 1,074,546	3%	\$ 34,898,422
3 Operating Margin	\$ (4,033,141)	\$ (2,782,322)	\$ (1,250,819)	-45%	\$ (3,261,355)
4 NonOperating Rev/Exp	\$ 3,865,271	\$ 3,479,436	\$ 385,835	11%	\$ 3,876,464
5 Net Income before Restricted Cont.	\$ (167,870)	\$ 697,114	\$ (864,984)	-124%	\$ 615,109
6 Restricted Contribution	\$ 3,260,990	\$ 1,214,773	\$ 2,046,217	168%	\$ 334,375
7 Net Income with Restricted Contributions	\$ 3,093,120	\$ 1,911,887	\$ 1,181,233	62%	\$ 949,484
8 EBIDA before Restricted Contributions	\$ 1,609,493	\$ 3,071,685	\$ (1,462,192)		\$ 2,559,843
9 EBIDA before Restricted Cont. %	5%	9%	-3%		8%
10 Net Income without GO Bond Activity	\$ (1,091,937)	\$ (261,986)	\$ (829,951)		\$ (373,339)

# February Operating Revenues

		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
	REVENUE					
	NET PATIENT REVENUE					
1	Acute Inpatient	\$ 1,163,969	\$ 1,792,380	\$ (628,411)	-35%	\$ 1,596,134
2	Skilled Nursing Facility	\$ 375,437	\$ 424,355	\$ (48,918)	-12%	\$ 391,457
3	Outpatient and Emergency	\$ 1,664,138	\$ 1,863,542	\$ (199,404)	-11%	\$ 1,575,059
4	HomeCare	\$ 283,389	\$ 245,986	\$ 37,403	15%	\$ 233,839
5	Community Benefit (Charity)	\$ (28,200)	\$ (174,072)	\$ 145,872	84%	\$ (5,800)
6	Bad Debt Expense	\$ (386,300)	\$ (208,381)	\$ (177,919)	-85%	\$ (100,000)
7	Prior Period Adjustment	\$ 110,947	\$ -	\$ 110,947	0%	\$ -
8	TOTAL NET PATIENT REVENUE	\$ 3,183,380	\$ 3,943,810	\$ (760,430)	-19%	\$ 3,690,689
	RISK CONTRACTS					
9	Capitation Revenue	\$ 174,398	\$ 164,178	\$ 10,220	6%	\$ 169,037
10	Napa State Hospital Revenue	\$ 90,953	\$ 157,739	\$ (66,786)	-42%	\$ 78,400
11	TOTAL RISK CONTRACTS	\$ 265,350	\$ 321,917	\$ (56,567)	-18%	\$ 247,437
12	OTHER OP. REVENUE	\$ 15,023	\$ 19,569	\$ (4,546)	-23%	\$ 10,092
13	TOTAL HOSPITAL NET REVENUE	\$ 3,463,753	\$ 4,285,296	\$ (821,543)	-19%	\$ 3,948,218

## Revenue Variances

Total operating revenues for January were \$3.5 million on a budget of \$4.3 million or (\$821,542) under budget. The bulk of the variance is attributed to Inpatient Acute Net Service Revenue under budget by (\$628k). Below are the key variances:

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- Charity Care was favorable to budget by \$146k.
- Prior period adjustments were favorable to budget by \$111k.

## February Operating Expense

		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
	OPERATING EXPENSES					
1	Salary and Wages and Agency	\$ 1,872,205	\$ 2,023,194	\$ 150,989	7%	\$ 1,962,564
2	Employee Benefits	\$ 700,999	\$ 732,930	\$ 31,931	4%	\$ 674,529
3	Total People Cost	\$ 2,573,204	\$ 2,756,124	\$ 182,920	7%	\$ 2,637,093
4	Medical and Prof Fees (excl'd Agency)	\$ 461,575	\$ 383,786	\$ (77,789)	-20%	\$ 446,743
5	Supplies	\$ 409,740	\$ 491,772	\$ 82,032	17%	\$ 498,854
6	Purchased Services	\$ 434,214	\$ 437,089	\$ 2,875	1%	\$ 382,261
7	Depreciation	\$ 151,632	\$ 277,142	\$ 125,510	45%	\$ 177,633
8	Utilities	\$ 79,643	\$ 132,354	\$ 52,711	40%	\$ 56,906
9	Insurance	\$ 18,888	\$ 18,699	\$ (189)	-1%	\$ 19,170
10	Interest	\$ 31,918	\$ 145,136	\$ 113,218	78%	\$ 29,233
11	Other	\$ 112,161	\$ 143,018	\$ 30,857	22%	\$ 105,565
12	TOTAL OPERATING EXPENSE	\$ 4,272,974	\$ 4,785,120	\$ 512,146	11%	\$ 4,353,458

## Expense Variances

January's expenses were \$4.3 million on a budget of \$4.8 million or under budget by \$512,146, with the bulk of favorability attributable to the fact that the new ER has not yet been capitalized. Below is the summary of the operating expense variances for the month of January:

- Salaries and wages, excluding PTO, were under budget by \$151k. Productive FTEs were under budget by 33. Total FTEs were under budget by 34. The average hourly rate was over budget by 11% primarily due to the labor skill mix variance and rate variance.
- Employee benefits including PTO were under budget by \$32k.
- Medical and Prof Fees were over budget by (\$78k), primarily due to additional Prima Physician call (\$30k), unbudgeted consulting costs in surgery (\$37k), patient accounting (\$4k), pharmacy (\$3k).
- Supplies were under budget by \$82k due to volume.
- Purchase Services were under budget by \$3k due to projects in IT and Engineering that have been put on hold.
- Depreciation, Utilities and interest were all under budget due to the new ER capitalization going into effect in March, trailing budget assumptions.



# February Non-Operating Items

		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
	NON OPERATING					
1	Miscellaneous Revenue	\$ 4,291	\$ 119,167	\$ (114,876)	-96%	\$ 20,266
2	Donations	\$ 129,754	\$ (22,074)	\$ 151,828	0%	\$ 143,084
3	Professional Center / Phys Recruitment	\$ -	\$ -	\$ -	0%	\$ -
4	Physician Practice Support - Prima	\$ (58,480)	\$ (65,630)	\$ 7,150	0%	\$ (65,630)
5	Tax Assessment Revenue-Parcel Tax	\$ 237,500	\$ 237,500	\$ -	0%	\$ 245,018
6	Tax Assessment Revenue - GO Bond	\$ 152,326	\$ 153,584	\$ (1,258)	-1%	\$ 153,567
7	GO Bond Interest	\$ (36,083)	\$ (30,011)	\$ (6,072)	20%	\$ (30,011)
8	NON-OPERATING REV/EXP	\$ 429,308	\$ 392,536	\$ 36,772	9%	\$ 466,294
9	Capital Campaign Contribution	\$ 377,732	\$ 96,511	\$ 281,221	291%	\$ 53,317
10	Restricted Foundation Contribution	\$ -	\$ -	\$ -	0%	\$ -
11	TOTAL NON-OPERATING REV/EXP	\$ 807,040	\$ 489,047	\$ 317,993	65%	\$ 519,611

**OPERATING INDICATORS  
SONOMA VALLEY HOSPITAL**

**For the month ended February, 2014**

	CURRENT MONTH			YEAR-TO-DATE			
	Actual 02/28/14	Budget 02/28/14	Favorable (Unfavorable) Variance	Actual 02/28/14	Budget 02/28/14	Favorable (Unfavorable) Variance	Prior Year 02/28/13
<b>Inpatient Utilization</b>							
<b>Discharges</b>							
1 Acute	64	112	(48)	636	828	(192)	882
2 ICU	15	19	(4)	131	164	(33)	88
3 Total Discharges	79	131	(52)	767	992	(225)	970
4 Newborn	13	14	(1)	96	108	(12)	104
5 Total Discharges inc. Newborns	92	131	(53)	863	1,100	(237)	1,074
<b>Patient Days:</b>							
6 Acute	220	328	(108)	2,082	2,553	(471)	2,809
7 ICU	80	112	(32)	829	972	(143)	678
8 Total Patient Days	300	440	(140)	2,911	3,525	(614)	3,487
9 Newborn	27	30	(3)	191	238	(47)	239
10 Total Patient Days inc. Newborns	327	470	(143)	3,102	3,763	(661)	3,726
<b>Average Length of Stay:</b>							
11 Acute	3.4	2.9	0.5	3.3	3.1	0.2	3.2
12 ICU	5.3	5.9	(0.6)	6.3	5.9	0.4	7.7
13 Avg. Length of Stay	3.8	3.4	0.4	3.8	3.6	0.2	3.6
14 Newborn ALOS	2.1	2.2	(0.1)	2.0	2.2	0.2	2.3
<b>Average Daily Census:</b>							
15 Acute	7.9	11.7	(3.9)	8.6	10.5	(1.9)	11.6
16 ICU	2.9	4.0	(1.1)	3.4	4.0	(0.6)	2.8
17 Avg. Daily Census	10.7	15.7	(5.0)	12.0	14.5	(2.5)	14.3
18 Newborn	1.0	1.1	(0.1)	0.8	1.0	(0.2)	1.0
<b>Long Term Care:</b>							
19 SNF Patient Days	641	640	1	4,922	5,134	(212)	5,202
20 SNF Discharges	23	30	(7)	232	282	(50)	266
21 Average Daily Census	22.9	22.9	0	20.3	21.1	(1)	21.4
<b>Other Utilization Statistics</b>							
<b>Emergency Room Statistics</b>							
22 Total ER Visits	655	724	(69)	5,947	6,458	(511)	6,398
<b>Outpatient Statistics:</b>							
23 Total Outpatients Visits	3,979	4,053	(74)	33,441	33,443	(2)	32,126
24 IP Surgeries	26	40	(14)	253	309	(56)	293
25 OP Surgeries	95	83	12	774	737	37	715
26 Special Procedures	43	26	17	281	265	16	308
27 Home Health Visits	872	1,150	(278)	6,948	7,425	(477)	7,772
28 Adjusted Discharges	232	334	(103)	2,262	2,736	(473)	2,645
29 Adjusted Patient Days	2,137	2,245	(108)	17,739	18,587	(848)	18,596
30 Adj. Avg. Daily Census	76.3	80.2	(3.9)	73.0	76.5	(3.5)	76.5
31 Case Mix Index -Medicare	1.9400	1.4000	0.540	1.6433	1.4000	0.243	1.4619
32 Case Mix Index - All payers	1.3756	1.4000	(0.024)	1.5533	1.4000	0.153	0.9155
<b>Labor Statistics</b>							
33 FTE's - Worked	266	299	32.5	278	281	3.3	283
34 FTE's - Paid	301	334	33.7	313	317	4.4	320
35 Average Hourly Rate	39.04	35.25	(3.79)	36.49	35.66	(0.83)	34.93
36 Manhours / Adj. Pat Day	22.4	23.8	1.3	24.4	23.6	(0.8)	23.8
37 Manhours / Adj. Discharge	207.0	159.6	(47.4)	191.3	160.4	(30.9)	167.6
38 Benefits % of Salaries	24.8%	22.9%	-1.8%	22.4%	23.4%	0.9%	23.2%
<b>Non-Labor Statistics</b>							
39 Supply Expense % Revenue	3%	3%	0%	3%	3%	0%	3%
40 Supply Exp. / Adj. Discharge	1,768.74	1,471.64	(297)	1,759.65	1,472.74	(287)	1,535.05
41 Total Expense / Adj. Discharge	18,853.50	12,633.39	(6,220)	16,216.27	13,815.84	(2,400)	13,482.26
<b>Other Indicators</b>							
42 Days Cash - Operating Funds	8.4						
43 Days in Net AR	49.0	50.0	(1.0)	55.6	50.0	5.6	54.97
44 Collections % of Net Revenue	98%			94%			
45 Days in Accounts Payable	65.3	60.0	5.3	65.3	60.0	5	-
46 % Net revenue to Gross revenue	22.4%	25.7%	-3.2%	23.5%	25.2%	-1.7%	24.7%
47 % Net AR to Gross AR	21.9%			21.9%			24.3%

Sonoma Valley Health Care District  
Balance Sheet  
For The Period Ended  
As of February 28, 2014

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
<b>Assets</b>			
Current Assets:			
1 Cash	\$ 1,226,962	\$ 1,065,206	\$ 1,357,810
2 Trustee Funds	762,010	1,615,031	479,531
3 Net Patient Receivables	7,341,202	8,016,750	8,818,822
4 Allow Uncollect Accts	(1,701,827)	(1,754,440)	(1,432,617)
5 Net A/R	5,639,376	6,262,310	7,386,205
6 Other Accts/Notes Rec	4,264,952	4,282,451	2,949,821
7 3rd Party Receivables, Net	539,077	882,748	390,130
8 Due Frm Restrict Funds	-	-	-
9 Inventory	766,416	767,026	946,336
10 Prepaid Expenses	1,191,341	1,209,364	1,264,571
11 Total Current Assets	<u>\$ 14,390,134</u>	<u>\$ 16,084,136</u>	<u>\$ 14,774,404</u>
12 Board Designated Assets	\$ 5,399	\$ 5,399	\$ 186,333
13 Property, Plant & Equip, Net	11,579,593	10,942,777	10,463,236
14 Hospital Renewal Program	41,058,751	40,477,613	23,111,277
15 Unexpended Hospital Renewal Funds	-	-	11,702,114
16 Investments	-	-	-
17 Specific Funds	1,068,395	983,663	629,737
18 Other Assets	431,217	432,875	310,357
19 Total Assets	<u><u>\$ 68,533,489</u></u>	<u><u>\$ 68,926,462</u></u>	<u><u>\$ 61,177,457</u></u>
<b>Liabilities &amp; Fund Balances</b>			
Current Liabilities:			
20 Accounts Payable	\$ 4,876,954	\$ 4,687,120	\$ 5,757,184
21 Accrued Compensation	3,578,417	3,557,931	3,271,862
22 Interest Payable	142,670	853,021	142,852
23 Accrued Expenses	1,066,552	1,176,471	299,771
24 Advances From 3rd Parties	307,502	230,583	1,346,916
25 Deferred Tax Revenue	1,706,997	2,096,823	1,580,637
26 Current Maturities-LTD	909,807	906,845	1,237,728
27 Other Liabilities	4,197,540	4,197,540	83,036
28 Total Current Liabilities	<u>\$ 16,786,440</u>	<u>\$ 17,706,335</u>	<u>\$ 13,719,986</u>
29 Long Term Debt, net current portion	\$ 37,794,002	\$ 37,264,900	\$ 37,609,592
Fund Balances:			
31 Unrestricted	\$ 12,884,652	\$ 12,971,568	\$ 7,209,825
32 Restricted	1,068,395	983,663	2,638,054
33 Total Fund Balances	<u>\$ 13,953,048</u>	<u>\$ 13,955,230</u>	<u>\$ 9,847,879</u>
34 Total Liabilities & Fund Balances	<u><u>\$ 68,533,489</u></u>	<u><u>\$ 68,926,465</u></u>	<u><u>\$ 61,177,457</u></u>

**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
Comparative Results  
For the Period Ended February 2014**

	Month				Year-To-Date				YTD Prior Year
	This Year		Variance		This Year		Variance		
	Actual	Budget	\$	%	Actual	Budget	\$	%	
<b>Volume Information</b>									
1 Acute Discharges	79	131	(52)	-40%	767	992	(225)	-23%	970
2 SNF Days	641	640	1	0%	4,922	5,134	(212)	-4%	5,202
3 Home Care Visits	872	1,150	(278)	-24%	6,950	7,425	(475)	-6%	7,772
4 Gross O/P Revenue (000's)	8,604	8,625	(21)	0%	\$ 75,127	\$ 72,089	3,038	4%	\$ 67,909
<b>Financial Results</b>									
<b>Gross Patient Revenue</b>									
5 Inpatient	\$ 4,401,762	\$ 5,791,482	(1,389,720)	-24%	\$ 40,333,799	\$ 45,171,233	(4,837,434)	-11%	\$ 42,553,845
6 Outpatient & Emergency	8,335,823	8,308,533	27,290	0%	72,989,159	70,078,883	2,910,276	4%	65,637,300
7 SNF	2,367,092	2,202,437	164,655	7%	19,073,351	17,704,690	1,368,661	8%	17,007,940
8 Home Care	268,359	316,652	(48,293)	-15%	2,137,387	2,009,754	127,633	6%	2,271,699
9 Total Gross Patient Revenue	\$ 15,373,036	\$ 16,619,104	(1,246,068)	-7%	\$ 134,533,695	\$ 134,964,560	(430,865)	0%	\$ 127,470,784
<b>Deductions from Revenue</b>									
10 Contractual Discounts	\$ (11,886,104)	\$ (12,292,843)	406,739	3%	\$ (104,196,643)	\$ (100,518,892)	(3,677,751)	-4%	\$ (95,085,890)
11 Bad Debt	(386,300)	(208,381)	(177,919)	-85%	(1,578,255)	(1,692,275)	114,020	7%	(2,000,000)
12 Charity Care Provision	(28,200)	(174,072)	145,872	84%	(192,750)	(1,265,760)	1,073,010	85%	(1,260,875)
13 Prior Period Adjustments	110,947	-	110,947	0%	807,929	-	807,929	0%	(300,000)
14 Total Deductions from Revenue	\$ (12,189,657)	\$ (12,675,296)	485,639	-4%	\$ (105,159,719)	\$ (103,476,927)	(1,682,792)	2%	\$ (98,646,765)
15 Net Patient Service Revenue	\$ 3,183,379	\$ 3,943,808	(760,429)	-19%	\$ 29,373,976	\$ 31,487,633	(2,113,657)	-7%	\$ 28,824,019
16 Risk contract revenue	\$ 265,350	\$ 321,917	(56,567)	-18%	\$ 2,283,120	\$ 2,575,336	(292,216)	-11%	\$ 2,665,740
17 Net Hospital Revenue	\$ 3,448,729	\$ 4,265,725	(816,996)	-19%	\$ 31,657,096	\$ 34,062,969	(2,405,873)	-7%	\$ 31,489,759
18 Other Op Rev	\$ 15,023	\$ 19,569	(4,546)	23%	\$ 237,061	\$ 156,552	80,509	51%	\$ 147,308
19 Total Operating Revenue	\$ 3,463,752	\$ 4,285,294	(821,542)	-19%	\$ 31,894,157	\$ 34,219,521	(2,325,364)	-7%	\$ 31,637,067
<b>Operating Expenses</b>									
20 Salary and Wages and Agency Fees	\$ 1,872,205	\$ 2,023,194	150,989	7%	\$ 15,791,734	\$ 16,149,665	357,931	2%	\$ 15,488,603
21 Employee Benefits	700,999	732,930	31,931	4%	5,846,390	6,119,613	273,223	4%	5,849,076
22 Total People Cost	\$ 2,573,204	\$ 2,756,124	182,920	7%	\$ 21,638,124	\$ 22,269,278	631,154	3%	\$ 21,337,679
23 Med and Prof Fees (excl'd Agency)	\$ 461,575	\$ 383,786	(77,789)	-20%	\$ 3,473,094	\$ 3,145,201	(327,893)	-10%	\$ 3,075,950
24 Supplies	409,740	491,772	82,032	17%	3,980,918	4,029,037	48,119	1%	4,060,543
25 Purchased Services	434,214	437,089	2,875	1%	3,177,017	3,480,387	303,370	9%	3,240,564
26 Depreciation	151,632	277,142	125,510	45%	1,283,247	1,728,496	445,249	26%	1,460,712
27 Utilities	79,643	132,354	52,711	40%	629,560	758,832	129,272	17%	627,262
28 Insurance	18,888	18,699	(189)	-1%	151,100	149,591	(1,509)	-1%	157,474
29 Interest	31,918	145,136	113,218	78%	199,578	376,503	176,925	47%	243,934
30 Other	112,161	143,018	30,857	22%	1,394,659	1,064,518	(330,141)	-31%	694,304
31 Operating expenses	\$ 4,272,974	\$ 4,785,120	512,146	11%	\$ 35,927,297	\$ 37,001,843	1,074,546	3%	\$ 34,898,422
32 Operating Margin	\$ (809,222)	\$ (499,826)	(309,396)	-62%	\$ (4,033,141)	\$ (2,782,322)	(1,250,819)	-45%	\$ (3,261,355)
<b>Non Operating Rev and Expense</b>									
33 Miscellaneous Revenue	\$ 4,291	\$ 119,167	(114,876)	-96%	\$ 291,753	\$ 723,335	(431,582)	-60%	\$ 133,865
34 Donations (incl.EHR revenue)	129,754	(22,074)	151,828	-688%	1,214,731	422,041	792,690	*	1,319,633
35 Professional Center/Phys Recruit	-	-	-	0%	-	-	-	0%	-
36 Physician Practice Support-Prima	(58,480)	(65,630)	7,150	-11%	(464,890)	(525,040)	60,150	-11%	(525,040)
37 Parcel Tax Assessment Rev	237,500	237,500	-	0%	1,899,610	1,900,000	(390)	0%	1,959,558
38 GO Bond Tax Assessment Rev	152,326	153,584	(1,258)	-1%	1,218,605	1,228,672	(10,067)	-1%	1,228,536
39 GO Bond Interest	(36,083)	(30,011)	(6,072)	20%	(294,538)	(269,572)	(24,966)	9%	(240,088)
40 Total Non-Operating Rev/Exp	\$ 429,308	\$ 392,536	36,772	9%	\$ 3,865,271	\$ 3,479,436	385,835	11%	\$ 3,876,464
41 Net Income / (Loss) prior to Restricted Contributions	\$ (379,915)	\$ (107,290)	(272,625)	254%	\$ (167,870)	\$ 697,114	(864,984)	-124%	\$ 615,109
42 Capital Campaign Contribution	\$ 377,732	\$ 96,511	281,221	291%	\$ 3,260,990	\$ 1,214,773	2,046,217	168%	\$ 334,375
43 Restricted Foundation Contributions	\$ -	\$ -	-	0%	\$ -	\$ -	-	100%	\$ -
44 Net Income / (Loss) w/ Restricted Contributions	\$ (2,183)	\$ (10,779)	8,596	-80%	\$ 3,093,120	\$ 1,911,887	1,181,233	62%	\$ 949,484
45 Net Income w/o GO Bond Activity	\$ (118,426)	\$ (134,352)	15,926	12%	\$ (1,091,937)	\$ (261,986)	(829,951)	-317%	\$ (373,339)



**Sonoma Valley Hospital**  
**Statistical Analysis**  
**FY 2014**

Statistics	ACTUAL	BUDGET	ACTUAL													
	Feb-14	Feb-14	Jan-14	Dec-13	Nov-13	Oct-13	Sep-13	Aug-13	Jul-13	Jun-13	May-13	Apr-13	Mar-13	Feb-13	Jan-13	Dec-12
<b>Acute</b>																
Acute Patient Days	300	440	389	402	318	374	405	385	338	323	396	315	447	449	613	456
Acute Discharges	79	131	91	112	85	91	107	102	100	87	99	88	122	128	159	117
<b>SNF Days</b>	641	640	754	733	531	606	585	615	457	470	638	589	725	678	707	671
<b>HHA Visits</b>	872	1,150	1,040	951	903	941	745	736	760	990	1,140	1,101	1,067	1,001	1,076	940
<b>Emergency Room Visits</b>	655	724	811	751	665	731	795	789	750	716	795	729	757	710	852	793
<b>Gross Outpatient Revenue (000's)</b>	\$8,604	\$8,625	\$9,095	\$8,809	\$9,325	\$10,248	\$9,173	\$9,801	\$10,071	\$8,353	\$9,289	\$8,906	\$8,167	\$8,065	\$8,805	\$8,302
<b>Equivalent Patient Days</b>	2,136	2,245	2,375	2,356	2,145	2,342	2,157	2,256	1,945	1,892	2,266	2,237	2,422	2,314	2,594	2,353
<b>Births</b>	14	14	6	11	14	12	13	11	15	8	15	12	16	11	19	13
<b>Surgical Cases - Inpatient</b>	26	40	37	31	26	32	33	35	33	30	42	25	35	33	38	32
<b>Surgical Cases - Outpatient</b>	95	83	76	107	109	103	87	95	102	86	105	90	96	80	78	94
<b>Total Surgical Cases</b>	121	123	113	138	135	135	120	130	135	116	147	115	131	113	116	126
<b>Medicare Case Mix Index</b>	1.77	1.40	1.94	1.49	1.76	1.52	1.47	1.64	1.54	1.58	1.62	1.50	1.55	1.36	1.52	1.51
<b>Income Statement</b>																
Net Revenue (000's)	3,449	4,248	3,737	3,998	3,757	4,459	3,937	4,251	4,068	3,821	3,324	3,986	3,945	3,938	4,006	4,085
Operating Expenses (000's)	0	4,867	4,553	4,480	4,361	5,022	4,339	4,441	4,413	4,694	4,529	4,407	4,577	4,353	4,632	4,482
Net Income (000's)		354	13	412	(57)	990	883	440	185	732	(651)	149	251	114	237	134
<b>Productivity</b>																
Total Operating Expense Per Equivalent Patient Day	\$0	\$2,168	\$1,917	\$1,902	\$2,033	\$2,144	\$2,011	\$1,968	\$2,269	\$2,481	\$1,999	\$1,970	\$1,890	\$1,881	\$1,786	\$1,905
Productive FTEs	266	299	268	277	288	282	279	286	279	277	282	286	291	290	284	284
Non-Productive FTE's	34	36	42	38	25	29	41	30	36	40	28	34	31	32	37	33
Total FTEs	301	334	310	315	313	312	320	315	315	317	311	320	322	322	321	317
FTEs per Adjusted Occupied Bed	4.39	4.28	4.39	4.39	4.39	4.12	4.45	4.33	4.25	4.25	4.25	4.29	4.12	3.77	3.84	4.24
<b>Balance Sheet</b>																
Days of Expense In General Operating Cash	0		7	7	11	7	8	11	8	7	12	17	15	9	9	14
Net Days of Revenue in AR	47		51	52	54	48	50	53	50	62	59	55	51	53	51	53

5.

**BUDGET  
ASSUMPTIONS 2015**

(to follow under separate cover)

6.

PATIENT BILLING  
UPDATE





## Revenue Cycle Report February 2014

### Rolling Month End Stats

Month End Stats	July 2013	Dec 2013	Jan2014	Feb2014
<b>Net Revenue</b>	3,843,805	3,724,549	3,449,130	3,183,379
<b>Cash Collection Target</b>	3,116,708	4,150,435	3,490,733	3,559,947
<b>Actual Collections</b>	3,271,438	3,727,653	3,252,903	3,484,418
<b>Over/Under Goal</b>	154,730	(422,782)	(237,830)	(75,767)
<b>Target A/R Days (Net)</b>	49	49	49	49
<b>Month End A/R Days (Net)</b>	70	50	54	49
<b>Collections as a % of Target – Current Month</b>	105%	90%	93%	98%
<b>Collections as a % of Target YTD</b>	105%	94%	93%	94%

### Improvement Activities:

#### Vendor Assignments

**1. CMBS (Temp Staff One Time Download)**

Commercial and Medicare accounts 60 days and over as of 12/13. 954 accounts assigned, \$1.9 M - combination of gross and net A/R including Credit Balances.  
 Collections to date - \$151,304  
 Pending resolution -152 accounts - \$219,653. Status of these accounts is pending response to denial appeals.

**2. Kenneth & Associates – (One time outsource)**

Medi-Cal 60 days and over as of 12/13. 284 accounts assigned- \$2.2M- combination of gross and net A/R including Credit Balances.  
 Collections to date - \$174,444  
 Pending resolution 181 accounts – \$857,996

**Kenneth & Associates continued...**

\*please note that we received file of accounts that need a contractual/o, denial w/o or non-covered w/o accounts for \$95K. These will be processed in the month of March 2014.

**3. Triage – Zero Balance Accounts**

Working Commercial and Workers Comp closed accounts. Service date 01/12 thru 8/31/13. \$300K in potential recoveries identified. All claims for this batch have been appealed. \$99K has been recovered to date.

Next assignment – March 2014

**4. Convergent – Out Source Vendor**

Workman's Comp – Initial assignment aged claims 60 days and older- 2872 accounts \$2M.

Returned 2000 accounts - \$100 and under - \$635K cost to collect greater than reimbursement. This is a mix of gross and net A/R. Write off will be spread over 4 months.

Collections to date - \$299K

Ongoing outsource partner approx \$600K gross dollars per month

**CBO Activities**

Process Improvement Efforts

- McKesson Intelligent Coding project-this is to improve charge capture in the ED and OBSV. Go live April 24<sup>th</sup>. Potential of \$250,000 additional reimbursement.
- Changed collection agencies from ACT to Rash Curtis due to poor performance. Go live April 15<sup>st</sup>.
- Implemented the ICD 10 steering committee, first meeting March 12<sup>th</sup>.
- Installed Ability, an upfront eligibility tool to decrease errors during registration. Eliminates the need to call payers for benefits and eligibility.
- Requested electronic file built to submit Meritage claims, and Partnership SNF claims.
- Identified that Share of cost for patients on the SNF unit were not being collect. Collection of Share of Cost for SNF patients to be implemented week of 03/24/14.
- Upfront monitoring for self pay patients to collect or screen for Medi-Cal Eligibility or Charity.

- Reviewing pricing to bring our charges to average of our compare hospitals.
- Revising Charity Care Policy to ensure compliance with ACA (Affordable Care Act) in process
- Revised discount policy for insured patients with high deductibles that fall outside of the existing policy of \$3,000 and over.
- California Medical Billing Service is wrapping up their project.
- Revised RAC tracking and reporting process.
- Had an overview and demo of the Denial Management tool that MGH uses to capture denial information to identify and correct the root causes.
- Identified the need to implement the ABN (Advanced Beneficiary Notice) at point of registration in Radiology. This is a regulatory requirement if we want to pursue payment for denied services.
- Revised/update existing employee Job Descriptions to reflect what each position is responsible for.
- Recruiting for replacement personal-1 FTE and .7 FTE for a medical leave of absence.

**Efficiencies needed to improve cash collections:**

1. Automation to send Partnership SNF claims electronically. Currently, the biller is hand writing claim forms and mailing them in. Requested that an 837 file (electronic claim file) be built, but it has to be treated like a project. Results in delays in reimbursement.
2. No automation to send Meritage (Western Health) claims electronically. Currently sending a “homegrown” file which is not HIPAA compliant. Meritage denies the claims because pieces of information “drops” off in the file we send. Requested an 837(electronic claims file) be built to accommodate these issues. Results in delays in reimbursement, staff rework and compliance issues. This has to be treated as a project.
3. Requested an 835 file (electronic payment file) be sent to us from new collection agency. They can, but we do not have anyone in the PFS dept that can manage the testing of this electronic file.

4. Medi-Cal Claims Inquiry Forms requests (CIF) is currently being hand written. We need programming set up so we can at the very least print off the CIF. Goal would be to send electronically. This has to be a project.
5. Medicare is eliminating the HIQA eligibility tool and replacing it with a format called HETS (HIPAA ELIGILITY TRANSACTION SYSTEM). We have to send our eligibility request in the HETS format. Sonoma is piggybacking on Palm Drives eligibility tool, but cannot support the volume of Sonoma. Sonoma will have to incur an additional cost per month to use this tool. Without this we will have increased denials, and a decrease in revenue.
6. Patient Payment/Information Portal needs to be set up on our website so pts can pay their bills online. We cannot do this until we implement Phase II Meaningful Use. This has to be a project. Loss of revenue.
7. Slow computers. Results in man hours lost waiting, delay in claims being produced.
8. Overall lack of technology software to just get us up to industry norm in the CBO.
9. The Central Business Office needs its own server. This would increase speed of the computers which would increase biller productivity resulting in more claims going out.
10. Only .50 FTE working on all Self Pay collections. Not able to make much impact. Recommend outsourcing this.