



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
REGULAR MEETING AGENDA
Tuesday, October 28, 2014, 5:00 p.m.**

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

AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.		
1. CALL TO ORDER/ANNOUNCEMENTS Alternate date for Tuesday, December 23 rd meeting to be determined and approved. Note: Hanukkah falls on the 16 th .	<i>Fogg</i>	Action
2. PUBLIC COMMENT SECTION 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.	<i>Fogg</i>	
3. CONSENT CALENDAR: a. FC Meeting Minutes, 09.23.14	<i>Fogg</i>	.
4. SEPTEMBER 2014 FINANCIALS	<i>Jensen</i>	Inform
5. CASH FLOW FORECAST	<i>Jensen</i>	Inform
6. SVHCD 2015 AUDIT REPORT <ul style="list-style-type: none"> • Consolidated Financial Statements 	<i>Nevins</i>	Action/ Recommendation to Board
7. NEW WING PROJECT OVERVIEW	<i>Mather</i>	Inform/Action
8. CEO BOARD REPORT FOR OCTOBER 2014	<i>Mather</i>	Inform
9. ADJOURN Next meeting November 23, 2014	<i>Fogg</i>	

3.

CONSENT CALENDAR



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
MEETING MINUTES
Tuesday, September 23, 2014
Schantz Conference Room**

Voting Members Present	Members Absent/Excused	Staff/ Public/Other	Staff Excused/Absent
Phil Woodward Sharon Nevins Steve Barclay Mary Smith Keith Chamberlin Stephen Berezin Dick Fogg S. Mishra, MD (by phone)	Shari Glago Ken Jensen Peter Hohorst	Kelly Mather Sam McCandless Jeannette Tarver Gigi Betta	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
MISSION AND VISION STATEMENTS	<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>		
1. CALL TO ORDER/ANNOUNCEMENTS			
	<ul style="list-style-type: none"> Mr. Fogg thanked Ms. Glago for acting as Chair of the Finance Committee at the meeting on 8/26/14. Ms. Mather announced that SVH received a phenomenal Value Based Purchasing (VBP) score of 71. VBP scores are calculated using CMS data from Midas over a 12 month period. 		
2. PUBLIC COMMENT SECTION	<i>Fogg</i>		
	None		
3. CONSENT CALENDAR	<i>Fogg</i>	Action	
A. FC Minutes 08.26.14		MOTION to approve by Chamberlin; 2 nd by Berezin. All in favor.	
4. AUGUST 2014 FINANCIALS	<i>Tarver</i>	Inform	
	<ul style="list-style-type: none"> Ms. Tarver presented the Financial Report for the month ending 		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	<p>August 31, 2014 which included patient volumes, overall payer mix, total operating revenues, total operating expenses and cash collections on patient receivables.</p> <ul style="list-style-type: none"> • Mr. McCandless requested use of a larger font on the Statement of Revenue and Expenses Comparative results. The FC discussed this request and decided to use a landscape orientation spread out over two pages. • Mr. Woodward questioned why the total amount borrowed does not appear on the <i>Statement of Cash Flows</i> (page 22). Currently the Finance Department is putting this total under <i>Other Liabilities</i> (see motion and decision next paragraph). • Ms. Nevins made a MOTION TO ELIMINATE PAGE 22, Statement of Cash Flows for the period ending August 31, 2015 (except on an annual basis) because page 26, <i>Statement Projections FY2015</i> provides the same information. ALL IN FAVOR. 		
5. CASH FLOW FORECAST	<i>Tarver</i>	Inform	
	Ms. Tarver presented the Cash Flow Forecast for FY2015 covering Sources, Uses and Project Funding.		
6. CEO BOARD REPORT SEPT. 2014			
	<p><u>Updates:</u></p> <ul style="list-style-type: none"> • The SVH-MGH Affiliation Agreement no longer includes Shared Services (i.e. finance, EHR and services provided to PDH). • Ken Jensen is still the Interim CFO and will make decision on an offer of permanent employment when he returns from vacation. Should he decide not to remain on a permanent basis, he is willing to act as Interim for 6 months. • SVH is no longer pursuing the West County Physical Therapy contract. • Revenue from parcel taxes runs out at end of 2017. The Hospital plans to get a new parcel tax initiative on the ballot in spring 2016. <p><u>Reports:</u></p> <p>Ms. Mather presented the CEO Board Report for September 2014, the Hospital Performance Summary for FY2014 and the new Dashboard for FY2015.</p>		
7. ADJOURN	<i>Fogg</i>		
	Adjourned at 6:16 PM Next meeting October 28, 2014		

4.

FINANCIALS
SEPTEMBER 2014



To: SVH Finance Committee
From: Ken Jensen, CFO
Date: October 28, 2014
Subject: Financial Report for the Month Ending September 30, 2014

The month of September was unfavorable compared to budget. Net Revenue was under the Hospital's budgeted revenue expectations. This was due to inpatient revenue and the payer mix for the month. Expenses were also unfavorable to budget, but overages in Salaries and Supplies were offset with favorable revenue. Salaries were over due to volume in Home Health Care and OB. Supplies were over due to the Surgery case mix. Information Technology (IT) and Patient Accounting are already reducing their Purchase Services for the remainder of the year.

Below is a summary of the variances for the month of September:

GROSS REVENUE was better than budget by	\$112,835
Inpatient revenue was off target by \$1,461,278 and SNF was off by \$336,251. This shortfall was offset by better than expected revenues for O/P \$856,921, ER \$971,638 and Home Health \$81,805.	
Deductions from revenue higher than budgeted due to changes in payer mix with lower Medicare and Commercial and higher MediCal volumes for both I/P and O/P.	(\$380,895)
Risk Contract Revenue was under budget by	(\$57,719)
Other Revenue was over budget by	\$10,907
Total Operating Revenue Variance	(\$314,872)

THE REVENUE SHORT-FALL WAS THE MAJOR FACTOR FOR NOT MEETING THE BUDGETED SEPTEMBER NET INCOME

The expenses' negative experiences improved over the prior months. The average variance for the prior two months was \$329,320. September's negative expense variance is \$141,568.

Total Staffing costs were over by	(\$69,641)
due to volume increases in several service lines including OB. FTEs were 267 vs. a budget of 266.	



Supplies were over budget	(\$20,934)
primarily due to the costs of implants that are offset by pass through revenue.	
Purchased Services were over budget	(\$79,329)
Due to unbudgeted costs IT and Patient Accounting costs.	
Total Expense Variance	(\$141,568)

Total Operating Margin Variance	(\$456,440)
Non-Operating Income better than budget	\$39,805
Capital Campaign Contributions lower than budget	(\$31,431)

Net Variance	(\$448,066)

The net income was a loss of (\$327,165) vs. an expected profit of \$120,901. After accounting for GO bond activity the aggregated net loss was (\$289,045) vs. a budgeted profit of \$130,886.

Patient Volumes - September

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	87	100	-13	107
Acute Patient Days	291	370	-79	405
SNF Patient Days	597	580	17	585
Home Care Visits	1,111	824	287	745
OP Gross Revenue	\$11,149	\$9,575	\$1,574	\$9,173
Surgical Cases	122	120	2	120

Overall Payer Mix – September

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	48.5%	50.1%	-1.6%	47.4%	49.7%	-2.4%
Medi-Cal	15.1%	11.3%	3.7%	16.8%	11.3%	5.5%
Self Pay	4.1%	3.5%	0.5%	3.1%	3.4%	-0.3%
Commercial	22.3%	24.6%	-2.3%	22.0%	24.9%	-2.9%
Managed MC	3.6%	4.4%	-0.8%	4.2%	4.4%	-0.2%
Workers Comp	3.2%	3.1%	0.0%	3.3%	3.3%	0.0%
Capitated	3.3%	2.9%	-0.5%	3.2%	2.9%	0.3%
Total	100%	100%		100%	100%	

Cash Collections on Patient Receivables:

For the month of September the cash collection goal was \$3,690,316 and the Hospital collected \$3,605,456 or under the goal by (\$84,860). The Year to date cash goal was \$10,315,976 and the Hospital collected \$11,216,691 or over the goal by \$900,715. The cash collection goal is based upon net hospital revenue from 60 days ago. Days of cash on hand are 15 days at September 30, 2014.



**Sonoma Valley Hospital
Sonoma Valley Health Care District
September 2014 Financial Report**

**Finance Committee
October 28, 2014**



Patient Volumes

Month of September 30, 2014

	Actual	Budget	Variance	Prior Year
Acute Discharges	87	100	-13	107
Acute Patient Days	291	370	-79	405
SNF Patient Days	597	580	17	585
Home Health Care Visits	1,111	824	287	745
Outpatient Gross Revenue (in thousands)	\$11,149	\$9,575	\$1,574	\$9,173
Surgical Cases	122	120	2	120

Summary Statement of Revenues and Expenses Month of September 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1Total Operating Revenue	\$ 3,812,916	\$ 4,127,788	\$ (314,872)	-8%	\$ 4,065,201
2Total Operating Expenses	\$ 4,461,471	\$ 4,319,903	\$ (141,568)	-3%	\$ 4,336,323
3Operating Margin	\$ (648,555)	\$ (192,115)	\$ (456,440)	-238%	\$ (271,122)
4NonOperating Rev/Exp	\$ 266,571	\$ 226,766	\$ 39,805	18%	\$ 1,199,252
5Net Income before Rest.Cont. & GO Bond	\$ (381,984)	\$ 34,651	\$ (416,635)	-1202%	\$ 928,130
6Restricted Contribution	\$ 54,819	\$ 86,250	\$ (31,431)	-36%	\$ 68,958
Net Income with Restricted 7Contributions	\$ (327,165)	\$ 120,901	\$ (448,066)	-371%	\$ 997,088
8Total GO Bond Rev/Exp	\$ 38,120	\$ 9,985	\$ 28,135	282%	\$ 115,418
9Net Income with GO Bond	\$ (289,045)	\$ 130,886	\$ (419,931)	-321%	\$ 1,112,506
10EBIDA before Restricted Contributions	\$ (37,719)	\$ 392,528	\$ (430,247)		\$ 532,567
11EBIDA before Restricted Cont. %	-1%	10%	-10%		13%

Summary Statement of Revenues and Expenses Year to Date September 30, 2014 (3 months)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1Total Operating Revenue	\$ 12,665,531	\$ 12,714,830	\$ (49,299)	0%	\$ 12,613,079
2Total Operating Expenses	\$ 13,864,996	\$ 13,217,603	\$ (647,393)	-5%	\$ 13,245,767
3Operating Margin	\$ (1,199,465)	\$ (502,773)	\$ (696,692)	-139%	\$ (632,688)
4NonOperating Rev/Exp	\$ 793,098	\$ 738,984	\$ 54,114	7%	\$ 1,779,918
Net Income before Rest.Cont. & 5GO Bond	\$ (406,367)	\$ 236,211	\$ (642,578)	-272%	\$ 1,147,230
6Restricted Contribution	\$ 172,644	\$ 258,750	\$ (86,106)	-33%	\$ 243,340
Net Income with Restricted 7Contributions	\$ (233,723)	\$ 494,961	\$ (728,684)	-147%	\$ 1,390,570
8Total GO Bond Rev/Exp	\$ 41,297	\$ 29,942	\$ 11,355	38%	\$ 346,152
9Net Income with GO Bond	\$ (192,425)	\$ 524,903	\$ (717,328)	-137%	\$ 1,736,721
EBIDA before Restricted 10Contributions	\$ 623,073	\$ 1,309,842	\$ (686,769)		\$ 1,699,830
11EBIDA before Restricted Cont. %	5%	10%	-5%		13%

Operating Revenues

Month of September 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
REVENUE					
NET PATIENT REVENUE					
1 Acute Inpatient	\$ 1,31,472	\$ 1,467,198	\$ (325,313)	-22%	\$ 1,725,328
2 Skilled Nursing Facility	\$ 340,668	\$ 348,000	\$ (7,332)	-2%	\$ 349,364
3 Outpatient and Emergency	\$ 2,021,088	\$ 1,936,873	\$ 84,215	4%	\$ 1,649,744
4 HomeCare	\$ 223,597	\$ 198,133	\$ 25,464	13%	\$ 109,859
5 Community Benefit (Charity)	\$ (20,000)	\$ (24,172)	\$ 4,172	17%	\$ -
6 Bad Debt Expense	\$ (200,000)	\$ (161,147)	\$ (38,853)	-24%	\$ (200,000)
7 Prior Period Adjustment	\$ -	\$ -	\$ -	100%	\$ -
8 TOTAL NET PATIENT REVENUE	\$ 3,496,825	\$ 3,764,885	\$ (268,060)	-7%	\$ 3,634,295
RISK CONTRACTS					
9 Capitation Revenue	\$ 174,633	\$ 170,135	\$ 4,498	3%	\$ 172,818
10 Napa State Hospital Revenue	\$ 55,900	\$ 118,117	\$ (62,217)	-53%	\$ 129,950
11 TOTAL RISK CONTRACTS	\$ 230,533	\$ 288,252	\$ (57,719)	-20%	\$ 302,768
12 OTHER OP. REVENUE	\$ 85,558	\$ 74,651	\$ 10,907	15%	\$ 128,138
13 TOTAL HOSPITAL NET REVENUE	\$ 3,812,916	\$ 4,127,788	\$ (314,872)	-8%	\$ 4,065,201

Revenue Variances

- Total Operating Revenue under budget by \$314,872
- Overall inpatient volume was under budget by 13 discharges, and had a payer mix with higher Medi-Cal and less Medicare and Commercial than budget.
- Outpatient visits and surgeries were over budget, and had a payer mix with lower Medicare and Commercial than budget.
- Emergency Room volume was over budget by 65 visits,
- Skilled Nursing Home volume was over budget by 17 days.
- Home Care was over budget by 287 visits.
- Risk Contract Revenue is under budget due to Napa State inpatient being under budget.

Operating Expenses

Month of September 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
OPERATING EXPENSES					
1 Salary and Wages and Agency	\$ 1,958,767	\$ 1,889,126	\$ (69,641)	-4%	\$ 1,966,157
2 Employee Benefits	\$ 746,859	\$ 752,691	\$ 5,832	1%	\$ 734,521
3 Total People Cost	\$ 2,705,626	\$ 2,641,817	\$ (63,809)	-2%	\$ 2,700,678
4 Medical and Prof Fees (excl'd Agency)	\$ 339,241	\$ 332,423	\$ (6,818)	-2%	\$ 498,459
5 Supplies	\$ 468,210	\$ 447,276	\$ (20,934)	-5%	\$ 469,169
6 Purchased Services	\$ 369,081	\$ 289,752	\$ (79,329)	-27%	\$ 262,609
7 Depreciation	\$ 289,984	\$ 272,198	\$ (17,786)	-7%	\$ 164,975
8 Utilities	\$ 108,020	\$ 80,567	\$ (27,453)	-34%	\$ 85,657
9 Insurance	\$ 19,255	\$ 20,000	\$ 745	4%	\$ 18,888
10 Interest	\$ 54,281	\$ 85,679	\$ 31,398	37%	\$ 20,929
11 Other	\$ 107,773	\$ 150,191	\$ 42,418	28%	\$ 114,959
12 TOTAL OPERATING EXPENSE	\$ 4,461,471	\$ 4,319,903	\$ (141,568)	-3%	\$ 4,336,323

Expense Variances

Total operating expenses were over budget by (\$141,568)

- Total productivity FTE's were close to budget at 267 and Salaries and Agency fees were over budget by (\$69,641) . Registry costs were over budget by (\$29,126) primarily due to Echo (\$14,720), MRI (\$4,152), Surgery (\$1,287) and Obstetrics (\$2,986). Salaries were over budget by (\$40,515) due to volume in Obstetrics, Home Health Care.
- Supplies were over budget by (\$20,934), primarily due to Surgery being over by (\$23,063) due to the cost of implants.
- Purchased Services are over budget by (\$79,329), primarily due to IT (\$24,222), Patient Accounting (\$23,802), and Medical Records (9,949).

Non-Operating Revenue and Expenses

Month of September 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
NON OPERATING					
1Miscellaneous Revenue	\$ 55,571	\$ 933	\$ 54,638	5856%	\$ 1,001
2 Donations	\$ (0)	\$ 10,000	\$ (10,000)	0%	\$ 1,038,751
3 Professional Center / Phys Recruitment	\$ -	\$ -	\$ -	0%	\$ -
4 Physician Practice Support - Prima	\$ (39,000)	\$ (34,167)	\$ (4,833)	0%	\$ (77,999)
5 Tax Assessment Revenue-Parcel Tax	\$ 250,000	\$ 250,000	\$ -	0%	\$ 237,500
6 NON-OPERATING REV/EXP	\$ 266,571	\$ 226,766	\$ 39,805	18%	\$ 1,199,252
7Capital Campaign Contribution	\$ 54,819	\$ 86,250	\$ (31,431)	-36%	\$ 68,958
8Restricted Foundation Contribution	\$ -	\$ -	\$ -	0%	\$ -
9 Tax Assessment Revenue - GO Bond	\$ 152,326	\$ 150,241	\$ 2,085	1%	\$ 152,326
10 GO Bond Interest	\$ (114,206)	\$ (140,256)	\$ 26,050	-19%	\$ (36,907)
11TOTAL NON-OPERATING REV/EXP	\$ 359,510	\$ 323,001	\$ 36,509	11%	\$ 1,383,628

SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the month ended September, 2014

	CURRENT MONTH			YEAR-TO-DATE			
	Actual 09/30/14	Budget 09/30/14	Favorable (Unfavorable) Variance	Actual 09/30/14	Budget 09/30/14	Favorable (Unfavorable) Variance	Prior Year 09/30/13
Inpatient Utilization							
Discharges							
1 Acute	71	86	(15)	252	263	(11)	250
2 ICU	16	14	2	44	42	2	58
3 Total Discharges	87	100	(13)	296	305	(9)	308
4 Newborn	20	11	9	46	37	9	39
5 Total Discharges inc. Newborns	107	111	(4)	342	342	0	347
Patient Days:							
6 Acute	207	266	(59)	707	827	(120)	805
7 ICU	84	104	(20)	290	306	(16)	323
8 Total Patient Days	291	370	(79)	997	1,133	(136)	1,128
9 Newborn	43	22	21	88	70	18	74
10 Total Patient Days inc. Newborns	334	392	(58)	1,085	1,202	(117)	1,202
Average Length of Stay:							
11 Acute	2.9	3.1	(0.2)	2.8	3.1	(0.3)	3.2
12 ICU	5.3	7.4	(2.2)	6.6	7.3	(0.7)	5.6
13 Avg. Length of Stay	3.3	3.7	(0.4)	3.4	3.7	(0.3)	3.7
14 Newborn ALOS	2.2	1.9	0.3	1.9	1.9	(0.0)	1.9
Average Daily Census:							
15 Acute	6.9	8.9	(2.0)	7.7	9.0	(1.3)	8.8
16 ICU	2.8	3.5	(0.7)	3.2	3.3	(0.2)	3.5
17 Avg. Daily Census	9.7	12.3	(2.6)	10.8	12.3	(1.5)	12.3
18 Newborn	1.4	0.7	0.7	1.0	0.8	0.2	0.8
Long Term Care:							
19 SNF Patient Days	597	580	17	1,935	1,732	203	1,657
20 SNF Discharges	27	26	1	87	79	8	79
21 Average Daily Census	19.9	19.3	0.6	21.0	18.8	2.2	18.0
Other Utilization Statistics							
Emergency Room Statistics							
22 Total ER Visits	851	786	65	2,608	2,389	219	2,334
Outpatient Statistics:							
23 Total Outpatients Visits	4,687	4,268	419	13,844	12,854	990	12,610
24 IP Surgeries	30	33	(3)	97	101	(4)	101
25 OP Surgeries	92	87	5	293	284	9	284
26 Special Procedures	25	29	(4)	93	110	(17)	98
27 Home Health Visits	1,111	824	287	3,366	2,683	683	2,241
28 Adjusted Discharges	334	283	52	986	882	104	886
29 Adjusted Patient Days	2,603	2,125	478	7,547	6,581	967	6,359
30 Adj. Avg. Daily Census	86.8	70.8	15.9	82.0	71.5	10.5	69.1
31 Case Mix Index -Medicare	1.5089	1.4000	0.109	1.5755	1.4000	0.176	1.5514
32 Case Mix Index - All payers	1.4690	1.4000	0.069	1.6072	1.4000	0.207	1.5198
Labor Statistics							
33 FTE's - Worked	267	266	(0.5)	269	260	(9.0)	281
34 FTE's - Paid	303	302	(0.8)	306	295	(10.4)	317
35 Average Hourly Rate	37.86	36.60	(1.26)	37.70	37.47	(0.22)	35.98
36 Manhours / Adj. Pat Day	19.9	24.3	4.4	21.2	23.5	2.3	26.1
37 Manhours / Adj. Discharge	154.8	182.6	27.8	162.6	175.6	13.0	187.3
38 Benefits % of Salaries	23.4%	24.5%	1.0%	23.5%	24.1%	0.5%	22.7%
Non-Labor Statistics							
39 Supply Expense % Revenue	2.7%	2.6%	0%	3.0%	2.7%	0%	3.0%
40 Supply Exp. / Adj. Discharge	1,401	1,583	182	1,637	1,615	(22)	1,741
41 Total Expense / Adj. Discharge	13,808	15,781	1,973	14,608	15,468	860	15,276
Other Indicators							
42 Days Cash - Operating Funds	14.9						
43 Days in Net AR	48.4	50.0	(1.6)	46.7	50.0	(3.3)	52.2
44 Collections % of Net Revenue	98%			109%			97.3%
45 Days in Accounts Payable	55.6	60.0	(4.4)	55.6	60.0	(4.4)	55.6
46 % Net revenue to Gross revenue	21.4%	23.4%	-2.0%	23.1%	23.4%	-0.3%	23.8%
47 % Net AR to Gross AR	27.2%			27.2%			23.8%

Sonoma Valley Health Care District
Balance Sheet
As of September 30, 2014

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1	\$ 2,182,182	\$ 1,757,489	\$ 1,145,913
2	953,138	1,753,339	540,405
3	7,140,398	7,926,063	8,306,068
4	(639,759)	(765,750)	(1,787,350)
5	6,500,639	7,160,313	6,518,719
6	8,522,094	7,187,423	7,978,170
7	1,974,935	1,876,820	1,560,978
8	-	-	-
9	758,803	766,592	759,124
10	570,564	552,420	1,125,675
11	<u>\$ 21,462,355</u>	<u>\$ 21,054,396</u>	<u>\$ 19,628,984</u>
12	\$ -	\$ -	\$ 5,381
13	56,247,706	56,486,369	13,471,956
14	-	-	31,801,877
15	-	-	4,024,455
16	-	-	-
17	77,792	1,122,919	329,467
18	142,858	138,384	265,858
19	<u>\$ 77,930,711</u>	<u>\$ 78,802,068</u>	<u>\$ 69,527,977</u>
Liabilities & Fund Balances			
Current Liabilities:			
20	\$ 4,337,390	\$ 4,229,266	\$ 3,448,666
21	4,083,949	3,992,303	3,858,544
22	235,858	818,974	282,340
23	3,005,235	2,589,123	1,538,703
24	400,235	441,536	1,749,500
25	4,643,008	5,842,977	3,656,125
26	972,343	1,580,746	842,956
27	5,698,734	4,901,091	3,973,734
28	144,243	144,243	50,156
29	<u>\$ 23,520,996</u>	<u>\$ 24,540,259</u>	<u>\$ 19,400,726</u>
30	\$ 40,981,189	\$ 40,544,239	\$ 37,530,602
Fund Balances:			
32	\$ 12,080,095	\$ 12,423,959	\$ 8,242,727
33	1,348,431	1,293,612	4,353,922
34	<u>\$ 13,428,526</u>	<u>\$ 13,717,571</u>	<u>\$ 12,596,649</u>
35	<u>\$ 77,930,711</u>	<u>\$ 78,802,068</u>	<u>\$ 69,527,977</u>

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

	Month				Year-To-Date				YTD	
	This Year		Variance		This Year		Variance		Prior Year	
	Actual	Budget	\$	%	Actual	Budget	\$	%		
Volume Information										
1	Acute Discharges	87	100	(13)	-13%	296	305	(9)	-3%	309
2	SNF Days	597	580	17	3%	1,935	1,732	203	12%	1,657
3	Home Care Visits	1,111	824	287	35%	3,366	2,683	683	25%	2,244
4	Gross O/P Revenue (000's)	11,149	9,575	1,575	16%	\$ 32,774	\$ 30,297	2,477	8%	\$ 29,044
Financial Results										
Gross Patient Revenue										
5	Inpatient	\$ 3,958,464	\$ 5,419,742	(1,461,278)	-27%	\$ 14,084,847	\$ 16,507,239	(2,422,392)	-15%	\$ 16,182,201
6	Outpatient	6,871,335	6,014,414	856,921	14%	19,664,022	19,392,442	271,580	1%	18,239,402
7	Emergency	4,278,117	3,306,479	971,638	29%	12,075,681	10,079,905	1,995,776	20%	10,118,228
8	SNF	1,987,199	2,323,450	(336,251)	-14%	6,852,469	6,839,450	13,019	0%	6,359,470
9	Home Care	335,513	253,708	81,805	32%	1,034,140	824,464	209,676	25%	686,818
10	Total Gross Patient Revenue	\$ 17,430,628	\$ 17,317,793	112,835	1%	\$ 53,711,159	\$ 53,643,500	67,659	0%	\$ 51,586,118
Deductions from Revenue										
11	Contractual Discounts	\$ (13,713,803)	\$ (13,367,589)	(346,214)	-3%	\$ (41,593,645)	\$ (41,384,649)	(208,996)	-1%	\$ (39,497,813)
12	Bad Debt	(200,000)	(161,147)	(38,853)	-24%	(340,000)	(499,168)	159,168	32%	(600,000)
13	Charity Care Provision	(20,000)	(24,172)	4,172	17%	(70,000)	(74,876)	4,876	7%	(81,000)
14	Prior Period Adjustments	-	-	-	0%	-	-	-	0%	71,644
15	Total Deductions from Revenue	\$ (13,933,803)	\$ (13,552,908)	(380,895)	3%	\$ (42,003,645)	\$ (41,958,693)	(44,952)	0%	\$ (40,107,169)
16	Net Patient Service Revenue	\$ 3,496,825	\$ 3,764,885	(268,060)	-7%	\$ 11,707,514	\$ 11,684,807	22,707	0%	\$ 11,478,950
17	Risk contract revenue	\$ 230,533	\$ 288,252	(57,719)	-20%	\$ 703,017	\$ 864,756	(161,739)	-19%	\$ 777,329
18	Net Hospital Revenue	\$ 3,727,358	\$ 4,053,137	(325,779)	-8%	\$ 12,410,531	\$ 12,549,563	(139,032)	-1%	\$ 12,256,278
19	Other Op Rev & Electronic Health Records	\$ 85,558	\$ 74,651	10,907	-15%	\$ 255,000	\$ 165,267	89,733	54%	\$ 356,800
20	Total Operating Revenue	\$ 3,812,916	\$ 4,127,788	(314,872)	-8%	\$ 12,665,531	\$ 12,714,830	(49,299)	0%	\$ 12,613,079
Operating Expenses										
21	Salary and Wages and Agency Fees	\$ 1,958,767	\$ 1,889,126	(69,641)	-4%	\$ 6,042,715	\$ 5,803,210	(239,505)	-4%	\$ 5,971,082
22	Employee Benefits	746,859	752,691	5,832	1%	2,263,477	2,287,838	24,361	1%	2,209,681
23	Total People Cost	\$ 2,705,626	\$ 2,641,817	(63,809)	-2%	\$ 8,306,192	\$ 8,091,048	(215,144)	-3%	\$ 8,180,763
24	Med and Prof Fees (excl Agency)	\$ 339,241	\$ 332,423	(6,818)	-2%	\$ 1,067,184	\$ 976,995	(90,189)	-9%	\$ 1,246,906
25	Supplies	468,210	447,276	(20,934)	-5%	1,613,980	1,423,870	(190,110)	-13%	1,543,148
26	Purchased Services	369,081	289,752	(79,329)	-27%	1,068,163	899,246	(168,917)	-19%	1,088,762
27	Depreciation	289,984	272,198	(17,786)	-7%	890,413	816,594	(73,819)	-9%	497,258
28	Utilities	108,020	80,567	(27,453)	-34%	325,030	241,701	(83,329)	-34%	248,040
29	Insurance	19,255	20,000	745	4%	57,765	60,000	2,235	4%	56,663
30	Interest	54,281	85,679	31,398	37%	139,027	257,037	118,010	46%	55,342
31	Other	107,773	150,191	42,418	28%	397,242	451,112	53,870	12%	328,885
32	Operating expenses	\$ 4,461,471	\$ 4,319,903	(141,568)	-3%	\$ 13,864,996	\$ 13,217,603	(647,393)	-5%	\$ 13,245,767
33	Operating Margin	\$ (648,555)	\$ (192,115)	(456,440)	-238%	\$ (1,199,465)	\$ (502,773)	(696,692)	-139%	\$ (632,688)
Non Operating Rev and Expense										
34	Miscellaneous Revenue	\$ 55,571	\$ 933	54,638	5856%	\$ 68,666	\$ 2,799	65,867	*	\$ 25,041
35	Donations	(0)	10,000	(10,000)	-100%	91,432	88,686	2,746	-3%	1,223,708
36	Physician Practice Support-Prima	(39,000)	(34,167)	(4,833)	14%	(117,000)	(102,501)	(14,499)	14%	(181,331)
37	Parcel Tax Assessment Rev	250,000	250,000	-	0%	750,000	750,000	-	0%	712,500
38	Total Non-Operating Rev/Exp	\$ 266,571	\$ 226,766	39,805	18%	\$ 793,098	\$ 738,984	54,114	7%	\$ 1,779,918
39	Net Income / (Loss) prior to Restricted Contributions	\$ (381,984)	\$ 34,651	(416,635)	-1202%	\$ (406,367)	\$ 236,211	(642,578)	-272%	\$ 1,147,230
40	Capital Campaign Contribution	\$ 54,819	\$ 86,250	(31,431)	-36%	\$ 172,644	\$ 258,750	(86,106)	-33%	\$ 243,340
41	Restricted Foundation Contributions	\$ -	\$ -	-	0%	\$ -	\$ -	-	100%	\$ -
42	Net Income / (Loss) w/ Restricted Contributions	\$ (327,165)	\$ 120,901	(448,066)	-371%	\$ (233,723)	\$ 494,961	(728,684)	-147%	\$ 1,390,570
43	GO Bond Tax Assessment Rev	152,326	150,241	2,085	1%	458,666	450,723	7,943	2%	456,977
44	GO Bond Interest	(114,206)	(140,256)	26,050	-19%	(417,369)	(420,781)	3,412	-1%	(110,825)
45	Net Income/(Loss) w GO Bond Activity	\$ (289,045)	\$ 130,886	(419,931)	321%	\$ (192,425)	\$ 524,903	(717,328)	137%	\$ 1,736,721
	EBIDA	\$ (37,719)	\$ 392,528			\$ 623,073	\$ 1,309,842			\$ 1,699,830
		-1.0%	9.5%			4.9%	10.3%			13.5%

Sonoma Valley Hospital
Statistical Analysis
FY 2015

Statistics	ACTUAL	BUDGET	ACTUAL												
	Sep-14	Sep-14	Aug-14	Jul-14	Jun-14	May-14	Apr-14	Mar-14	Feb-14	Jan-14	Dec-13	Nov-13	Oct-13	Sep-13	Aug-13
Acute															
Acute Patient Days	291	370	376	335	362	358	303	407	300	389	402	318	374	405	385
Acute Discharges	87	100	104	105	91	100	94	117	79	91	112	85	91	107	102
SNF Days	597	580	687	651	613	605	674	750	641	754	733	531	606	585	615
HHA Visits	1,111	824	1,109	1,146	992	1,135	1,218	1,106	872	1,040	951	903	941	745	736
Emergency Room Visits	851	786	868	889	867	909	788	769	655	811	751	665	731	795	789
Gross Outpatient Revenue (000's)	\$11,149	\$9,575	\$10,410	\$10,879	\$10,111	\$10,237	\$9,918	\$9,999	\$8,604	\$9,095	\$8,809	\$9,325	\$10,248	\$9,173	\$9,801
Equivalent Patient Days	2,603	2,124	2,510	2,447	2,433	2,461	2,415	2,585	2,136	2,375	2,356	2,145	2,342	2,157	2,256
Births	21	11	9	16	11	16	6	19	14	6	11	14	12	13	11
Surgical Cases - Inpatient	30	33	41	26	28	32	34	43	26	37	31	26	32	33	35
Surgical Cases - Outpatient	92	87	92	109	93	110	113	113	95	76	107	109	103	87	95
Total Surgical Cases	122	120	133	135	121	142	147	156	121	113	138	135	135	120	130
Medicare Case Mix Index	1.51	1.40	1.65	1.56	1.76	1.47	1.57	1.63	1.77	1.94	1.49	1.76	1.52	1.47	1.64
Income Statement															
Net Revenue (000's)	3,727	4,053	4,422	4,261	4,563	3,853	3,957	3,449	3,449	3,737	3,998	3,757	4,459	3,937	4,251
Operating Expenses (000's)	4,461	4,320	4,778	4,626	4,854	4,486	4,600	4,273	4,273	4,553	4,480	4,361	5,022	4,339	4,441
Net Income (000's)	(289)		134	(37)	567	(240)	(360)	401	(12)	13	412	(57)	990	883	440
Productivity															
Total Operating Expense Per Equivalent Patient Day	\$1,714	\$2,034	\$1,903	\$1,890	\$1,995	\$1,823	\$1,905	\$1,937	#DIV/0!	\$1,917	\$1,902	\$2,033	\$2,144	\$2,011	\$1,968
Productive FTEs	267	266	274	268	266	276	285	292	266	268	277	288	282	279	286
Non-Productive FTE's	36	36	32	42	37	32	26	26	34	42	38	25	29	41	30
Total FTEs	303	302	305	309	303	309	311	318	301	310	315	313	312	320	315
FTEs per Adjusted Occupied Bed	3.49	4.26	3.77	3.92	3.74	3.89	3.86	3.81	3.94	4.05	4.15	4.39	4.12	4.45	4.33
Balance Sheet															
Days of Expense In General Operating Cash	14		12	14	7	8	12	8	8	7	7	11	7	8	11
Net Days of Revenue in AR	48	50	45	46	47	46	48	49	49	54	52	54	48	50	53

5.

CASH FLOW FORECAST

**Sonoma Valley Hospital
Statement of Cash Forecast
FY 2015**

	Actual July	Actual Aug	Actual Sept	Forecast Oct	Forecast Nov	Forecast Dec	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	Forecast TOTAL		
Sources															
1 Patient AR	4,172,973	4,067,228	4,171,850	4,099,333	3,712,599	3,948,132	4,286,512	3,813,956	4,205,888	3,890,808	4,188,570	3,827,022	48,384,871	Budget was increased by \$80k/mo for bad debt	
2 Capitation Revenue	174,782	169,048	174,633	170,135	170,135	170,135	170,135	170,135	170,135	170,135	170,135	118,122	1,997,665		
3 Napa State	200,000			200,000	118,117	118,117	118,117	118,117	118,117	118,117	118,117	170,139	1,396,958		
4 Other Operating Revenue	11,703	121,430	92,554	15,965	15,965	15,965	15,965	15,965	15,965	15,965	15,965	15,965	369,372		
5 Other Non-Operating Revenue	11,017	933	6,996	933	933	933	933	933	933	933	933	933	27,343		
6 Unrestricted Contributions	7,063	10,000	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	107,063		
7 Line of Credit		500,000											500,000		
8 Loan/Lease Proceeds	41,110	105,811		(105,811)									41,110		
9 Parcel Tax Revenue	78,743					1,500,000				1,500,000			3,078,743		
Other:															
10 LIHP						596,000							596,000		
11 AT&T Lease			57,000										57,000		
12 PG&E		49,542											49,542		
13 Electronic Health Record						704,000							704,000		
14 IGT				824,000									824,000		
15 IGT - Add'l							400,000						400,000		
Total Sources	4,697,391	5,023,992	4,503,034	5,214,555	4,027,749	7,063,282	5,001,662	4,129,106	4,521,038	5,705,958	4,503,720	4,142,181	58,533,667		
Uses															
16 Operating Expenses	2,709,997	3,192,570	2,577,418	4,483,809	4,262,896	4,497,342	4,679,181	4,367,510	4,589,165	4,478,457	4,643,889	4,438,339	48,920,573		
17 Salaries	1,298,774	1,269,094	1,338,174										3,906,042		
Less Depreciation				(272,198)	(272,198)	(272,198)	(272,198)	(272,198)	(272,198)	(272,198)	(272,198)	(272,198)	(2,449,782)		
18 Add Capital Lease Payments	218,307	86,999	76,452	131,300	131,924	194,305	133,182	133,816	134,453	135,094	135,739	199,446	1,711,017		
19 Additional AP		330,993		1,000,000		2,000,000	400,000						3,730,993		
20 Capital - Board Approved Spending		28,416		174,431		180,850			173,650			148,950	706,297		
21 Napa State				602,360	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,402,360		
21 Prima Support	13,614	441,467	79,300	34,167	34,167	34,167	34,167	34,167	34,167	34,167	34,167	34,163	841,880		
Total Uses	4,240,692	5,349,539	4,071,344	6,153,869	4,256,789	6,734,466	5,074,332	4,363,295	4,759,237	4,475,520	4,641,597	4,648,700	58,769,380		
Net Sources/Uses	456,699	(325,547)	431,690	(939,314)	(229,040)	328,816	(72,670)	(234,189)	(238,199)	1,230,438	(137,877)	(506,519)			
Cash and Equivalents at beginning of period	1,626,337	2,083,036	1,757,489	2,189,179	1,249,865	1,020,825	1,349,641	1,276,971	1,042,782	804,583	2,035,021	1,897,144			
Cash and Equivalents at end of period	2,083,036	1,757,489	2,189,179	1,249,865	1,020,825	1,349,641	1,276,971	1,042,782	804,583	2,035,021	1,897,144	1,390,625	YTD Cash Goal	(617,143)	
													2,007,768		
Project Funding:															
Cash at beginning of period	1,214,263	396,722	304	27,369	119,430	105,680	91,930	3,480	0	0	0	0			
25 Restricted Contributions	50,864	67,501	54,818	86,250	86,250	86,250	86,250	86,250	586,250	86,250	86,250	86,250	1,449,433		
26 Loan/Lease Proceeds				105,811											
27 RAC Settlement *							400,000								
28 Line of Credit Advances		225,000											225,000	725,000	
29 Payments on Line of Credit								(89,730)	(586,250)	(86,250)	(86,250)	(86,250)	(934,730)		
30 Project Payments	(868,405)	(688,919)	(27,752)	(100,000)	(100,000)	(100,000)	(574,700)						(2,459,776)		
Cash at end of period	396,722	304	27,369	119,430	105,680	91,930	3,480	0	0	0	0	0			
Remaining Balance to Complete Project	1,591,371	902,452	874,700	774,700	674,700	574,700	(0)	(0)	(0)	(0)	(0)	(0)			
													Total LOC	5,698,734	

* If no RAC settlement is received, or it is less than we anticipate, then the line of credit will be used.

6.

**AUDIT REPORT
2015:
CONSOLIDATED
FINANCIAL
STATEMENTS**

To be distributed at meeting

7.

NEW WING PROJECT OVERVIEW

To be distributed at meeting

8.

**ADMINISTRATIVE
REPORT OCTOBER
2014**



To: SVHCD Board of Directors
From: Kelly Mather
Date: 10/2/14
Subject: Administrative Report

Summary

Revenue is higher than expected for the first two months of the year and this is very good news. We experienced a surge in the census for a few weeks this summer from a usual census of 33 to 52, which was very unusual for this time of year. As you can see in the trending report, volumes are increasing over the prior year. Because of the positive revenue, August resulted in \$35,237 net income. We are still behind on meeting the annual budget. All departments are expected to meet their expense budget goals and most managers are doing an excellent job maintaining expenses.

Organizational Results

As demonstrated by the August dashboard, we are experiencing a minor setback at inpatient satisfaction due to a change in the survey vendors. The nursing team is working on operational changes to address the new questions. However, patient satisfaction with physicians continues to improve and has reached an all time high this summer. We are concerned about physician satisfaction and are increasing the rounding on the medical staff due to some concerns about communications. In addition, a survey will be distributed to the physicians next week to learn more about the specific opportunities to increase partnership and trust. The expenses for August were \$286k higher than expected and that was due to a number of one-time expenses and significant variance in Surgery, OB and Patient Accounting. We have new leaders in these areas and improvements are already underway.

Operations

It has been a very busy month with presentations and retreats. Employee Forums were held in September with a focus on discussing the current financial stability and results and the future of SVH. Staff still seems concerned that more expenses will be reduced and this was discussed at length at the forums. The Leadership Development Institute and the Performance Improvement Fair were also held this month. These two initiatives are aimed at enhancing the leadership skills of management to improve coaching and quality management. In addition, we will qualify for meaningful use stage 2 – which will bring us \$700k reimbursement in December.

Strategic Update

The marketing to employers to encourage them to consider health plans that use our hospital continues. SCAN (a Medicare Advantage plan) is entering Sonoma County and their marketing campaign begins in October. We are working with a number of physicians, such as pain management and urology (men's health), to increase the volumes in Surgery. In addition, we are planning to re-negotiate our payer contracts starting in October to improve margins and possibly accept capitation. Finally, the Healing Hospital™ showcase was a great success. Over 40 attendees joined us this week to see the new model as implemented at SVH. These attendees included hospitals from all around California, health care industry experts and community stakeholders.



AUGUST 2014

PILLAR	PERFORMANCE GOAL	METRIC	ACTUAL RESULT	GOAL LEVEL
Service Excellence	Highly satisfied Inpatients	Maintain at least 5 out of 8 HCAHPS domain results above the 50 th percentile	4 out of 8	>7 = 5 (stretch) >6 = 4 >5 = 3 (Goal) >4 = 2 <3=1
Service Excellence	Highly satisfied Emergency Patients	Maintain a year to date average of at least 75 th percentile	79 th (rolling three month average)	>85 th = 5 (stretch) >80 th =4 >75th =3 (Goal) <75 th = 2 <70 th = 1
Quality	Excellent Clinical Outcomes	Value Based Purchasing Clinical Score at 68 or higher	71	72 = 5 (stretch) 70 =4 68 =3 (Goal) 66=2 <66 = 1
People	Highly Engaged and Satisfied Staff	Press Ganey percentile ranking of 75 th percentile or higher	2013 76% mean score at 77 th percentile	>80 th = 5 (stretch) >77th=4 >75 th =3 (Goal) >72 nd =2 <70 th =1
Finance	Financial Viability	YTD EBIDA	7%	>10% (stretch) >9%=4 >8% (Goal) <7%=2 <6%=1
	Efficiency and Financial Management	FY 2014 Budgeted Expenses	\$9,403,525 (actual) \$8,898,700 (budget)	<2% =5 (stretch) <1% = 4 <Budget=3 (Goal) >1% =2 >2% = 1
Growth	Surgical Cases	Increase surgeries by 2% over prior year	268 YTD FY2015 265 YTD FY 2014	>2% (stretch) >1%=4 >0% (Goal) <0%=2 <1%=1
	Outpatient Volumes	2% increase (gross outpatient revenue over prior year)	\$12.792 mm YTD \$12.386 mm prior year	<1%=1
Community	Community Benefit Hours	Hours of time spent on community benefit activities for the	290.5 hours for 2 months	>1500 = 5 >1200 = 4 >1000 = 3 >750 = 2 <500 = 1



FY 2014 TRENDED RESULTS

MEASUREMENT	Goal FY 2015	Jul 2014	Aug 2014	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014
Inpatient Satisfaction	5/8	5	4										
Emergency Satisfaction	>89%	89.4	89.8	88.6	86.9	88.6	89.7	89.5	89.7	88.9	89.1	89.9	90.1
Value Based Purchasing Score	>68	68	71										
Staff Satisfaction	>75%	76	76	77	77	77	77	77	76	76	76	76	76
FY YTD Turnover	<10%	1.6	1.9										
EBIDA	>8%	7	7	7	6	6	6	5	5	6	9	4	3
Net Revenues	>4.1m	4.26	4.6	4.0	4.5	3.9	4.1	3.75	3.46	5.54	3.9	3.9	4.9
Expense Management	<4.5m	4.6	4.7	4.3	5.0	4.3	4.4	4.55	4.27	5.0	4.4	4.4	4.8
Net Income	>75	-8	35	883	990	-57	412	13	-12	401	-360	-240	567
Days Cash on Hand	>15	14	12	8	7	11	7	7	6	11	17	8	7
A/R Days	<50	47	45	50	48	50	52	51	47	51	55	46	48
Total FTE's	<301	309	305	320	312	313	315	310	301	318	320	309	303
FTEs/AOB	<4.5	3.92	3.77	4.45	4.12	4.39	4.39	4.39	4.4	3.81	3.86	3.89	3.74
Inpatient Discharges	>100	105	104	107	91	85	112	91	79	117	94	100	91
Outpatient Revenue	>\$10m	10.8	10.4	9.2	10.2	9.3	8.8	9.1	8.6	9.99	9.91	10.2	10.1
Surgeries	>130	135	133	120	135	135	138	113	121	156	147	142	121
Home Health	>1000	1146	1109	748	941	903	951	1040	872	1106	1218	1135	992
Births	>15	16	9	13	9	14	11	6	14	19	6	16	11
SNF days	>660	651	687	585	606	531	733	754	641	750	674	605	613
MRI	>120	132	139	111	125	111	83	103	108	122	103	118	124
Cardiology (Echos)	>70	49	53	93	76	61	50	45	50	55	62	61	57
Laboratory	>12.5	12.6	12.8	13.1	13.9	11.9	12.5	13.1	11.1	13.3	12.4	13.1	13.9
Radiology	>850	968	988	885	801	819	877	963	837	851	868	918	888
Rehab	>2587	3030	2859	2543	2471	2572	2899	2485	2403	2903	3394	2877	2945
CT	>300	376	345	299	277	295	285	332	295	334	301	332	335
ER	>800	889	868	795	801	665	751	811	655	769	788	909	716
Mammography	>475	414	417	417	677	569	489	430	445	447	404	519	429
Ultrasound	>325	348	361	329	342	341	307	290	350	438	424	497	339
Occupational Health	>575	656	678	853	521	642	535	579	504	534	595	600	618