



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

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

TOLL FREE CALL-IN NUMBER: 866 228-9900 GUEST CODE: 294221		
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	<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, 10.28.14	<i>Fogg</i>	.
4. OCTOBER 2014 FINANCIALS	<i>Jensen</i>	Inform
5. CASH FORECAST	<i>Jensen</i>	Inform
6. DRAFT ANNUAL ACTION PLAN	<i>Woodward/Fogg</i>	Inform/Discuss
7. CEO BOARD REPORT FOR OCTOBER 2014	<i>Nevins</i>	Inform
8. ADJOURN Next meeting January 6, 2015 (replaces the December 2014 meeting)	<i>Fogg</i>	

3.

CONSENT CALENDAR



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
MEETING MINUTES
Tuesday, October 28, 2014
Schantz Conference Room**

Voting Members Present	Members Absent/Excused	Staff/ Public/Other	Staff Excused/Absent
Phil Woodward Sharon Nevins Steve Barclay Stephen Berezin Dick Fogg S. Mishra, MD Ken Jensen Peter Hohorst Shari Glago	Keith Chamberlin, MD Mary Smith	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			
	Meeting called to order at 5:00PM The November 2014 meeting will remain on the 25 th . The December 2014 will be moved to January 6, 2015. Mr. Fogg and Mr. Woodward will put together the FC Annual Action Plan for 2014 to present a draft t the FC on November 25, 2014.		<ol style="list-style-type: none"> 1 Board Clerk to send notice of change in December meeting date to FC. 2 Board Clerk to ask Mary Smith and Dr. Chamberlin can attend Nov/Jan dates work. 3 Board Clerk will send last year's Annual Action Plan to Fogg and Woodward.

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
			4 Board Clerk will provide conference call-in information to the Committee for both the Nov. 2014 and Jan. 2015 meetings.
2. PUBLIC COMMENT SECTION	<i>Fogg</i>		
3. CONSENT CALENDAR	<i>Fogg</i>	Action	
A. FC Minutes 09.23.14		MOTION to approve by Berezin 2 nd by Glago. All in favor.	
4. SEPTEMBER 2014 FINANCIALS	<i>Jensen</i>	Inform	
	Mr. Jensen introduced a new format for the CFO Financial Report. Instead of purely narrative, the monthly variances are presented in a list format. The new format was well received by the Committee.		
5. CASH FLOW FORECAST	<i>Jensen</i>	Inform	
	Mr. Jensen reviewed the FY 2015 Statement of Cash Forecast and a question and answer period followed. The LIHP payment is forecasted for December 2014.		
6. SVHCD 2015 AUDIT REPORT	<i>Nevins</i>	Action/ Recommendation to Board	
	Ms. Nevins shared the Report of Independent Auditors and Consolidated Financial Statements compiled by Moss Adams LLP. The report is a <i>clean</i> or <i>unmodified</i> opinion. The FC recommends that the District Board approve the Moss Adams' Report of Independent Auditors as presented here at this meeting.	MOTION to recommend the Audit Report to the Board by Hohorst 2 nd by Barclay. All in favor.	
7. NEW WING PROJECT OVERVIEW	<i>Mather</i>	Inform/Action	
	Ms. Mather presented the New Wing and Pledge Payment report which covers New Wing project costs still owed,		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	<p>expected pledge payments and line of credit balance. She announced the Gary Nelson's cash payment is not coming in October 2014 and is expected in 2015.</p>		
<p>8. CEO BOARD REPORT OCT 2014</p>	<p><i>Mather</i></p>	<p>Inform</p>	
	<p>The Medicare Advantage plan SCAN will be part of a marketing campaign in October 2014. As part of the Ebola preparedness plan at the Hospital, "Lisa" the germ zapping robot will be introduced. In addition, Ebola preparedness training is underway at the Health & Wellness Fair this week and staff will be trained by 10/31/14.</p>		<p>Board Clerk will add the Finance Committee to the Board Agenda Package distribution list.</p>
<p>9. ADJOURN</p>	<p><i>Fogg</i></p>		
	<p>Meeting adjourned at 6:15 PM Next meeting November 25, 2014</p>		

4.

**OCTOBER 2014
FINANCIALS**



To: SVH Finance Committee
From: Ken Jensen, CFO
Date: November 25, 2014
Subject: Financial Report for the Month Ending October 31, 2014

The month of October was favorable compared to budget. Net Revenue was better than budgeted expectations. This was due to higher outpatient revenue and a better payer mix for the month. Expenses were unfavorable to budget. Salaries were over due to increased volume in Home Health Care. OB, Echo and Physical Therapy was also over budget, but due to registry for an unfilled position. Professional Fees were over due to Napa State volume and the emergency specialist physician call in pay. Information Technology (IT) and Patient Accounting are already reducing their Purchased Services for the remainder of the year.

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

GROSS REVENUE was better than budget by	\$508,547
Inpatient revenue was off target by (\$244,196) and SNF was off by (\$576,472). This shortfall was offset by better than expected revenues for O/P \$298,512, ER \$953,213 and Home Health \$77,489.	
Deductions from revenue are 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.	(\$150,073)
Risk Contract Revenue was under budget by	(\$25,250)
Other Revenue was over budget by	\$4,437
Total Operating Revenue Variance	\$337,661

The negative expense variance was comparable to September's negative expense variance of (\$141,568), which is better than the average variance for the July and August of (\$329,320). October's negative expense variance was (\$146,177).

Total Staffing costs were over by	(\$53,898)
due to better than budget increases in several departments productive FTEs were 272 vs. a budget of 257. PT and Echo	



was over in Agency.

Medical and Professional Fees were over budget	(\$39,466)
due to the Napa State volume which is passes through revenue.	
And the emergency specialist call in pay.	
Purchased Services were over budget	(\$32,636)
Due to unbudgeted costs IT and Patient Accounting costs.	
Total Expense Variance	(\$146,177)

Total Operating Margin Variance	\$191,484
Non-Operating Income unfavorable to budget	(\$13,585)
Capital Campaign Contributions lower than budget	(\$86,250)

Net Variance	\$91,649

The net income was \$304,092 vs. a budgeted net income of \$212,443. After accounting for GO bond activity the aggregated net income was \$338,488 vs. a budgeted profit of \$222,428.

Patient Volumes - October

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	107	106	1	91
Acute Patient Days	363	394	-31	374
SNF Patient Days	527	570	-43	606
Home Care Visits	1,319	1,058	261	941
OP Gross Revenue	\$11,748	\$10,418	\$1,330	\$10,248
Surgical Cases	155	135	20	135

Overall Payer Mix – October

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	44.2%	50.0%	-5.8%	46.5%	49.8%	-3.3%
Medi-Cal	18.7%	11.1%	7.6%	17.3%	11.2%	6.1%
Self Pay	2.9%	3.3%	-0.4%	3.1%	3.4%	-0.3%
Commercial	23.2%	25.0%	-1.8%	22.3%	24.9%	-2.6%
Managed MC	4.6%	4.3%	0.3%	4.3%	4.4%	-0.1%
Workers Comp	4.0%	3.3%	0.7%	3.5%	3.3%	0.2%
Capitated	2.4%	3.0%	-0.6%	3.0%	3.0%	0.0%
Total	100%	100%		100%	100%	

Cash Activity for October:

For the month of October the cash collection goal was \$3,861,647 and the Hospital collected \$3,468,742 or under the goal by (\$392,905). The Year to date cash goal was \$14,177,623 and the Hospital collected \$14,685,433 or over the goal by \$507,818. The cash collection goal is based upon net hospital revenue from 60 days ago. Days of cash on hand are 11 days at October 31, 2014. Accounts Receivable increased from September due to an increase in self pay and Partnership, both payers are slow in paying their claims. Also in October there was a slowdown in Medicare payments at month end. AP is up by \$377,294 compared to September due to the yearly contract fees for McKesson of approximately \$300,000 due by December 31, 2014.

Year to Date:

The Hospital's YTD EBIDA is now commensurate with other hospitals at 7.3%. Our YTD expenses are over budget by(\$793,570), of which approximately \$120,000 is from FY 2014. This is made up of Surgery PO's, Anesthesia bonus and an outside consultant. Also due to inaccurate forecasting during the budget process the Hospital will be over budget about \$81,000 a month in utilities, Hospitalists, Lab, Anesthesia, Prima and IT. A few of the overages are due to volume. Surgery is over budget in supplies, but October was also one of the highest numbers of surgery cases, therefore these expenses are offset by revenue. Also salaries are over budget due to turnover in OB, PT, and Echo and these positions have been filled, therefore these departments will be back within budget. The Hospital has continued to save costs by not replacing several positions and not spending on capital.



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

**Finance Committee
November 25, 2014**



Patient Volumes

Month of October 31, 2014

	Actual	Budget	Variance	Prior Year
Acute Discharges	107	106	1	91
Acute Patient Days	363	394	-31	374
SNF Patient Days	527	570	-43	606
Home Health Care Visits	1,319	1,058	261	941
Outpatient Gross Revenue (in thousands)	\$11,748	\$10,418	\$1,330	\$10,248
Surgical Cases	155	135	20	135

Summary Statement of Revenues and Expenses Month of October 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1Total Operating Revenue	\$ 4,719,897	\$ 4,382,236	\$ 337,661	8%	\$ 4,602,346
2Total Operating Expenses	\$ 4,628,986	\$ 4,482,809	\$ (146,177)	-3%	\$ 5,019,707
3Operating Margin	\$ 90,911	\$ (100,573)	\$ 191,484	190%	\$ (417,361)
4NonOperating Rev/Exp	\$ 213,181	\$ 226,766	\$ (13,585)	-6%	\$ 182,184
5Net Income before Rest.Cont. & GO Bond	\$ 304,092	\$ 126,193	\$ 177,899	141%	\$ (235,177)
6Restricted Contribution	\$ -	\$ 86,250	\$ (86,250)	-100%	\$ 1,109,287
Net Income with Restricted 7Contributions	\$ 304,092	\$ 212,443	\$ 91,649	43%	\$ 874,110
8Total GO Bond Rev/Exp	\$ 34,396	\$ 9,985	\$ 24,411	244%	\$ 115,418
9Net Income with GO Bond	\$ 338,488	\$ 222,428	\$ 116,060	52%	\$ 989,528
10EBIDA before Restricted Contributions	\$ 651,943	\$ 484,070	\$ 167,873		\$ 398,098
11EBIDA before Restricted Cont. %	14%	11%	3%		9%

Summary Statement of Revenues and Expenses Year to Date October 31, 2014 (4 months)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1Total Operating Revenue	\$ 17,449,798	\$ 17,155,752	\$ 294,046	2%	\$ 17,330,425
2Total Operating Expenses	\$ 18,493,982	\$ 17,700,412	\$ (793,570)	-4%	\$ 18,265,475
3Operating Margin	\$ (1,044,184)	\$ (544,660)	\$ (499,524)	-92%	\$ (935,050)
4NonOperating Rev/Exp	\$ 941,911	\$ 907,064	\$ 34,847	4%	\$ 739,393
Net Income before Rest.Cont. & 5GO Bond	\$ (102,273)	\$ 362,404	\$ (464,677)	-128%	\$ (195,657)
6Restricted Contribution	\$ 172,644	\$ 345,000	\$ (172,356)	-50%	\$ 2,460,336
Net Income with Restricted 7Contributions	\$ 70,370	\$ 707,404	\$ (637,034)	-90%	\$ 2,264,679
8Total GO Bond Rev/Exp	\$ 75,693	\$ 39,927	\$ 35,766	90%	\$ 461,570
9Net Income with GO Bond	\$ 146,064	\$ 747,331	\$ (601,267)	-80%	\$ 2,726,249
EBIDA before Restricted 10Contributions	\$ 1,275,018	\$ 1,793,912	\$ (518,894)		\$ 554,618
11EBIDA before Restricted Cont. %	7%	10%	-3%		3%

Operating Revenues

Month of October 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
REVENUE					
NET PATIENT REVENUE					
1 Acute Inpatient	\$ 1,491,951	\$ 1,536,926	\$ (44,975)	-3%	\$ 1,598,460
2 Skilled Nursing Facility	\$ 377,549	\$ 342,000	\$ 35,549	10%	\$ 387,223
3 Outpatient and Emergency	\$ 2,454,429	\$ 2,084,490	\$ 369,940	18%	\$ 2,104,409
4 HomeCare	\$ 277,297	\$ 252,990	\$ 24,307	10%	\$ 188,369
5 Community Benefit (Charity)	\$ (4,000)	\$ (25,705)	\$ 21,705	84%	\$ (1,000)
6 Bad Debt Expense	\$ (250,000)	\$ (171,368)	\$ (78,633)	-46%	\$ (150,000)
7 Prior Period Adjustment	\$ 30,581	\$ -	\$ 30,581	100%	\$ -
8 TOTAL NET PATIENT REVENUE	\$ 4,377,807	\$ 4,019,333	\$ 358,474	9%	\$ 4,127,461
RISK CONTRACTS					
9 Capitation Revenue	\$ 161,642	\$ 170,135	\$ (8,493)	-5%	\$ 170,677
10 Napa State Hospital Revenue	\$ 101,360	\$ 118,117	\$ (16,757)	-14%	\$ 161,324
11 TOTAL RISK CONTRACTS	\$ 263,002	\$ 288,252	\$ (25,250)	-9%	\$ 332,001
12 OTHER OP. REVENUE	\$ 79,088	\$ 74,651	\$ 4,437	6%	\$ 142,885
13 TOTAL HOSPITAL NET REVENUE	\$ 4,719,897	\$ 4,382,236	\$ 337,661	8%	\$ 4,602,346

Revenue Variances

- Total Operating Revenue better than budget by \$337,661
- Overall inpatient volume was at budget at 107 discharges, and had a payer mix with higher Medi-Cal and less Medicare and Commercial than budgeted.
- Outpatient visits and surgeries were over budget, and had a payer mix with lower Medicare and Commercial than budgeted.
- Emergency Room volume was over budget by 102 visits,
- Skilled Nursing Home volume was under budget by 43 days.
- Home Care was over budget by 261 visits.

Operating Expenses

Month of October 31, 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	\$ 2,042,856	\$ 1,994,849	\$ (48,007)	-2%	\$ 2,103,770
2 Employee Benefits	\$ 770,062	\$ 766,280	\$ (3,782)	0%	\$ 728,421
3 Total People Cost	\$ 2,812,918	\$ 2,761,129	\$ (51,789)	-2%	\$ 2,832,191
4 Medical and Prof Fees (excl'd Agency)	\$ 360,343	\$ 314,986	\$ (45,357)	-14%	\$ 462,175
5 Supplies	\$ 487,597	\$ 494,857	\$ 7,260	1%	\$ 452,221
6 Purchased Services	\$ 335,194	\$ 302,558	\$ (32,636)	-11%	\$ 432,956
7 Depreciation	\$ 289,183	\$ 272,198	\$ (16,985)	-6%	\$ 163,018
8 Utilities	\$ 114,865	\$ 80,567	\$ (34,298)	-43%	\$ 79,326
9 Insurance	\$ 19,298	\$ 20,000	\$ 702	4%	\$ 18,888
10 Interest	\$ 58,668	\$ 85,679	\$ 27,011	32%	\$ 34,655
11 Other	\$ 150,920	\$ 150,835	\$ (85)	0%	\$ 544,278
12 TOTAL OPERATING EXPENSE	<u>\$ 4,628,986</u>	<u>\$ 4,482,809</u>	<u>\$ (146,177)</u>	<u>-3%</u>	<u>\$ 5,019,707</u>

Expense Variances

Total operating expenses were over budget by (\$146,177)

- Total productivity FTE's were over budget by (14.2) and Salaries and Agency fees were over budget by (\$53,898) . Registry costs were over budget by (\$32,351) primarily due to Echo, Home Health, and Physical Therapy. Salaries were over budget by (\$21,547) due to volumes in Home Health Care and Surgery.
- Professional Fees are over budget by (\$39,466) due to Napa State and their increased volume and the emergency specialist physician call in pay.
- Purchased Services are over budget by (\$32,636), primarily due to IT and Patient Accounting.

Non-Operating Revenue and Expenses

Month of October 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
NON OPERATING					
1Miscellaneous Revenue	\$ 2,181	\$ 933	\$ 1,248	134%	\$ 4,684
2 Donations	\$ -	\$ 10,000	\$ (10,000)	0%	\$ -
3 Professional Center / Phys Recruitment	\$ -	\$ -	\$ -	0%	\$ -
4 Physician Practice Support - Prima	\$ (39,000)	\$ (34,167)	\$ (4,833)	0%	\$ (60,000)
5 Tax Assessment Revenue-Parcel Tax	\$ 250,000	\$ 250,000	\$ -	0%	\$ 237,500
6 NON-OPERATING REV/EXP	\$ 213,181	\$ 226,766	\$ (13,585)	-6%	\$ 182,184
7Capital Campaign Contribution	\$ -	\$ 86,250	\$ (86,250)	-100%	\$ 1,109,287
8Restricted Foundation Contribution	\$ -	\$ -	\$ -	0%	\$ -
9 Tax Assessment Revenue - GO Bond	\$ 152,326	\$ 150,241	\$ 2,085	1%	\$ 152,326
10 GO Bond Interest	\$ (117,930)	\$ (140,256)	\$ 22,326	-16%	\$ (36,907)
11TOTAL NON-OPERATING REV/EXP	<u>\$ 247,577</u>	<u>\$ 323,001</u>	<u>\$ (75,424)</u>	<u>-23%</u>	<u>\$ 1,406,889</u>

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

	CURRENT MONTH			YEAR-TO-DATE			
	Actual 10/31/14	Budget 10/31/14	Favorable (Unfavorable) Variance	Actual 10/31/14	Budget 10/31/14	Favorable (Unfavorable) Variance	Prior Year 10/31/13
Inpatient Utilization							
Discharges							
1 Acute	87	90	(3)	339	353	(14)	329
2 ICU	20	16	4	64	58	6	70
3 Total Discharges	107	106	1	403	411	(8)	399
4 Newborn	14	9	5	60	46	14	51
5 Total Discharges inc. Newborns	121	115	6	463	457	6	450
Patient Days:							
6 Acute	257	278	(21)	964	1,104	(140)	1,073
7 ICU	106	116	(10)	396	422	(26)	429
8 Total Patient Days	363	394	(31)	1,360	1,527	(167)	1,502
9 Newborn	23	18	5	111	88	23	99
10 Total Patient Days inc. Newborns	386	412	(26)	1,471	1,614	(143)	1,601
Average Length of Stay:							
11 Acute	3.0	3.1	(0.1)	2.8	3.1	(0.3)	3.3
12 ICU	5.3	7.3	(2.0)	6.2	7.3	(1.1)	6.1
13 Avg. Length of Stay	3.4	3.7	(0.3)	3.4	3.7	(0.3)	3.8
14 Newborn ALOS	1.6	1.9	(0.3)	1.9	1.9	0.0	1.9
Average Daily Census:							
15 Acute	8.3	9.0	(0.7)	7.8	9.0	(1.1)	8.7
16 ICU	3.4	3.8	(0.3)	3.2	3.4	(0.2)	3.5
17 Avg. Daily Census	11.7	12.7	(1.0)	11.1	12.4	(1.4)	12.2
18 Newborn	0.7	0.6	0.2	0.9	0.7	0.2	0.8
Long Term Care:							
19 SNF Patient Days	527	570	(43)	2,462	2,303	159	2,263
20 SNF Discharges	25	26	(1)	112	105	7	109
21 Average Daily Census	17.0	18.4	(1.4)	20.0	18.7	1.3	18.4
Other Utilization Statistics							
Emergency Room Statistics							
22 Total ER Visits	863	761	102	3,471	3,150	321	3,065
Outpatient Statistics:							
23 Total Outpatients Visits	5,016	4,617	399	18,860	17,472	1,388	17,192
24 IP Surgeries	35	32	3	132	133	(1)	133
25 OP Surgeries	120	103	17	413	387	26	387
26 Special Procedures	34	31	3	127	141	(14)	134
27 Home Health Visits	1,319	1,058	261	4,685	3,741	944	3,182
28 Adjusted Discharges	348	304	44	1,334	1,185	148	1,175
29 Adjusted Patient Days	2,347	2,221	126	9,894	8,801	1,093	8,701
30 Adj. Avg. Daily Census	75.7	71.6	4.1	80.4	71.6	8.9	70.7
31 Case Mix Index -Medicare	1.5210	1.4000	0.121	1.5619	1.4000	0.162	1.5448
32 Case Mix Index - All payers	1.4141	1.4000	0.014	1.5590	1.4000	0.159	1.5163
Labor Statistics							
33 FTE's - Worked	272	257	(14.2)	270	260	(10.3)	281
34 FTE's - Paid	304	292	(11.6)	305	295	(10.7)	315
35 Average Hourly Rate	38.18	38.65	0.47	37.82	37.77	(0.05)	36.53
36 Manhours / Adj. Pat Day	22.9	23.2	0.4	21.6	23.5	1.8	25.4
37 Manhours / Adj. Discharge	154.2	169.9	15.7	160.4	174.2	13.8	188.0
38 Benefits % of Salaries	23.3%	23.5%	0.2%	23.5%	23.9%	0.4%	22.5%
Non-Labor Statistics							
39 Supply Expense % Revenue	2.6%	2.7%	0%	2.9%	2.7%	0%	2.9%
40 Supply Exp. / Adj. Discharge	1,401	1,629	228	1,576	1,619	43	1,698
41 Total Expense / Adj. Discharge	13,750	15,218	1,468	14,384	15,404	1,020	15,870
Other Indicators							
42 Days Cash - Operating Funds	11.0						
43 Days in Net AR	50.7	50.0	0.7	47.7	50.0	(2.3)	51.7
44 Collections % of Net Revenue	90%			104%			98.2%
45 Days in Accounts Payable	62.5	60.0	2.5	62.5	60.0	2.5	55.6
46 % Net revenue to Gross revenue	24.5%	23.4%	1.1%	23.5%	23.4%	0.1%	24.2%
47 % Net AR to Gross AR	28.6%			28.6%			25.0%

Sonoma Valley Health Care District
Balance Sheet
As of October 31, 2014

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1 Cash	\$ 1,605,853	\$ 2,182,182	\$ 1,060,464
2 Trustee Funds	953,138	953,138	540,405
3 Net Patient Receivables	7,906,593	7,140,398	8,606,050
4 Allow Uncollect Accts	(885,845)	(639,759)	(1,714,414)
5 Net A/R	7,020,748	6,500,639	6,891,636
6 Other Accts/Notes Rec	7,280,432	8,522,094	6,932,624
7 3rd Party Receivables, Net	1,207,079	1,974,935	1,562,310
8 Due Frm Restrict Funds	-	-	-
9 Inventory	761,842	758,803	879,581
10 Prepaid Expenses	1,022,150	570,564	1,094,686
11 Total Current Assets	<u>\$ 19,851,240</u>	<u>\$ 21,462,355</u>	<u>\$ 18,961,707</u>
12 Board Designated Assets	\$ -	\$ -	\$ 5,384
13 Property, Plant & Equip, Net	56,008,018	56,247,706	15,194,728
14 Hospital Renewal Program	-	-	31,801,877
15 Unexpended Hospital Renewal Funds	-	-	4,024,455
16 Investments	-	-	-
17 Specific Funds	209,988	77,792	309,330
18 Other Assets	143,007	142,858	444,229
19 Total Assets	<u>\$ 76,212,254</u>	<u>\$ 77,930,711</u>	<u>\$ 70,741,711</u>
Liabilities & Fund Balances			
Current Liabilities:			
20 Accounts Payable	\$ 4,714,684	\$ 4,337,390	\$ 4,220,904
21 Accrued Compensation	3,286,249	4,083,949	3,368,750
22 Interest Payable	353,787	235,858	425,011
23 Accrued Expenses	1,601,376	3,005,235	1,523,078
24 Advances From 3rd Parties	680,461	400,235	1,847,145
25 Deferred Tax Revenue	4,240,683	4,643,008	3,266,300
26 Current Maturities-LTD	972,259	972,343	841,229
27 Line of Credit - Union Bank	5,698,734	5,698,734	3,973,734
28 Other Liabilities	144,243	144,243	230,185
29 Total Current Liabilities	<u>\$ 21,692,476</u>	<u>\$ 23,520,996</u>	<u>\$ 19,696,335</u>
30 Long Term Debt, net current portion	\$ 40,752,764	\$ 40,981,189	\$ 37,459,200
Fund Balances:			
32 Unrestricted	\$ 12,418,583	\$ 12,080,095	\$ 9,252,391
33 Restricted	1,348,431	1,348,431	4,333,785
34 Total Fund Balances	<u>\$ 13,767,014</u>	<u>\$ 13,428,526</u>	<u>\$ 13,586,176</u>
35 Total Liabilities & Fund Balances	<u>\$ 76,212,254</u>	<u>\$ 77,930,711</u>	<u>\$ 70,741,711</u>

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

	Month				Year-To-Date				YTD	
	This Year		Variance		This Year		Variance		Prior Year	
	Actual	Budget	\$	%	Actual	Budget	\$	%		
Volume Information										
1	Acute Discharges	107	106	1	1%	403	411	(8)	-2%	399
2	SNF Days	527	570	(43)	-8%	2,462	2,303	159	7%	2,263
3	Home Care Visits	1,319	1,058	261	25%	4,685	3,741	944	25%	3,182
4	Gross O/P Revenue (000's)	11,748	10,418	1,329	13%	\$ 44,521	\$ 40,715	3,806	9%	\$ 39,292
Financial Results										
Gross Patient Revenue										
5	Inpatient	\$ 5,405,473	\$ 5,649,669	(244,196)	-4%	\$ 19,490,320	\$ 22,156,908	(2,666,588)	-12%	\$ 21,154,763
6	Outpatient	7,178,907	6,880,395	298,512	4%	26,842,929	26,272,837	570,092	2%	25,064,398
7	Emergency	4,167,292	3,214,079	953,213	30%	16,242,973	13,293,984	2,948,989	22%	13,251,617
8	SNF	1,771,580	2,348,052	(576,472)	-25%	8,624,049	9,187,502	(563,453)	-6%	8,758,346
9	Home Care	401,441	323,952	77,489	24%	1,435,581	1,148,416	287,165	25%	976,141
10	Total Gross Patient Revenue	\$ 18,924,694	\$ 18,416,147	508,547	3%	\$ 72,635,853	\$ 72,059,647	576,206	1%	\$ 69,205,266
Deductions from Revenue										
11	Contractual Discounts	\$ (14,323,468)	\$ (14,199,741)	(123,727)	-1%	\$ (55,917,113)	\$ (55,584,390)	(332,723)	-1%	\$ (52,838,499)
12	Bad Debt	(250,000)	(171,368)	(78,632)	-46%	(590,000)	(670,536)	80,536	12%	(750,000)
13	Charity Care Provision	(4,000)	(25,705)	21,705	84%	(74,000)	(100,581)	26,581	26%	(82,000)
14	Prior Period Adjustments	30,581	-	30,581	0%	30,581	-	30,581	0%	71,644
15	Total Deductions from Revenue	\$ (14,546,887)	\$ (14,396,814)	(150,073)	1%	\$ (56,550,532)	\$ (56,355,507)	(195,025)	0%	\$ (53,598,855)
16	Net Patient Service Revenue	\$ 4,377,807	\$ 4,019,333	358,474	9%	\$ 16,085,321	\$ 15,704,140	381,181	2%	\$ 15,606,410
17	Risk contract revenue	\$ 263,002	\$ 288,252	(25,250)	-9%	\$ 966,019	\$ 1,153,008	(186,989)	-16%	\$ 1,109,329
18	Net Hospital Revenue	\$ 4,640,809	\$ 4,307,585	333,224	8%	\$ 17,051,340	\$ 16,857,148	194,192	1%	\$ 16,715,740
19	Other Op Rev & Electronic Health Records	\$ 79,088	\$ 74,651	4,437	-6%	\$ 398,458	\$ 298,604	99,854	33%	\$ 614,685
20	Total Operating Revenue	\$ 4,719,897	\$ 4,382,236	337,661	8%	\$ 17,449,798	\$ 17,155,752	294,046	2%	\$ 17,330,425
Operating Expenses										
21	Salary and Wages and Agency Fees	\$ 2,048,747	\$ 1,994,849	(53,898)	-3%	\$ 8,091,462	\$ 7,798,059	(293,403)	-4%	\$ 8,074,852
22	Employee Benefits	770,062	766,280	(3,782)	0%	3,033,539	3,054,118	20,579	1%	2,938,102
23	Total People Cost	\$ 2,818,809	\$ 2,761,129	(57,680)	-2%	\$ 11,125,001	\$ 10,852,177	(272,824)	-3%	\$ 11,012,954
24	Med and Prof Fees (excl Agency)	\$ 354,452	\$ 314,986	(39,466)	-13%	\$ 1,421,636	\$ 1,291,981	(129,655)	-10%	\$ 1,709,081
25	Supplies	487,597	494,857	7,260	1%	2,101,577	1,918,727	(182,850)	-10%	1,995,370
26	Purchased Services	335,194	302,558	(32,636)	-11%	1,403,357	1,201,804	(201,553)	-17%	1,521,717
27	Depreciation	289,183	272,198	(16,985)	-6%	1,179,596	1,088,792	(90,804)	-8%	660,276
28	Utilities	114,865	80,567	(34,298)	-43%	439,895	322,268	(117,627)	-36%	327,366
29	Insurance	19,298	20,000	702	4%	77,063	80,000	2,937	4%	75,550
30	Interest	58,668	85,679	27,011	32%	197,695	342,716	145,021	42%	89,997
31	Other	150,920	150,835	(85)	0%	548,162	601,947	53,785	9%	873,163
32	Operating expenses	\$ 4,628,986	\$ 4,482,809	(146,177)	-3%	\$ 18,493,982	\$ 17,700,412	(793,570)	-4%	\$ 18,265,474
33	Operating Margin	\$ 90,911	\$ (100,573)	191,484	190%	\$ (1,044,184)	\$ (544,660)	(499,524)	-92%	\$ (935,049)
Non Operating Rev and Expense										
34	Miscellaneous Revenue	\$ 2,181	\$ 933	1,248	134%	\$ 70,847	\$ 3,732	67,115	*	\$ 29,725
35	Donations	-	10,000	(10,000)	-100%	27,063	40,000	(12,937)	32%	1,000
36	Physician Practice Support-Prima	(39,000)	(34,167)	(4,833)	14%	(156,000)	(136,668)	(19,332)	14%	(241,331)
37	Parcel Tax Assessment Rev	250,000	250,000	-	0%	1,000,000	1,000,000	-	0%	950,000
38	Total Non-Operating Rev/Exp	\$ 213,181	\$ 226,766	(13,585)	-6%	\$ 941,911	\$ 907,064	34,847	4%	\$ 739,393
39	Net Income / (Loss) prior to Restricted Contributions	\$ 304,092	\$ 126,193	177,899	141%	\$ (102,273)	\$ 362,404	(464,677)	-128%	\$ (195,656)
40	Capital Campaign Contribution	\$ -	\$ 86,250	(86,250)	-100%	\$ 172,644	\$ 345,000	(172,356)	-50%	\$ 2,460,336
41	Restricted Foundation Contributions	\$ -	\$ -	-	0%	\$ -	\$ -	-	100%	\$ -
42	Net Income / (Loss) w/ Restricted Contributions	\$ 304,092	\$ 212,443	91,649	43%	\$ 70,370	\$ 707,404	(637,034)	-90%	\$ 2,264,680
43	GO Bond Tax Assessment Rev	152,326	150,241	2,085	1%	610,992	600,964	10,028	2%	609,302
44	GO Bond Interest	(117,930)	(140,256)	22,326	-16%	(535,299)	(561,037)	25,738	-5%	(147,733)
45	Net Income/(Loss) w GO Bond Activity	\$ 338,488	\$ 222,428	116,060	-52%	\$ 146,064	\$ 747,331	(601,267)	80%	\$ 2,726,250
	EBIDA	\$ 651,943	\$ 484,070			\$ 1,275,018	\$ 1,793,912			\$ 554,618
		13.8%	11.0%			7.3%	10.5%			3.2%

Sonoma Valley Hospital
Statistical Analysis
FY 2015

Statistics	ACTUAL	BUDGET	ACTUAL												
	Oct-14	Oct-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
Acute															
Acute Patient Days	363	394	291	376	335	362	358	303	407	300	389	402	318	374	405
Acute Discharges	107	106	87	104	105	91	100	94	117	79	91	112	85	91	107
SNF Days	527	570	597	687	651	613	605	674	750	641	754	733	531	606	585
HHA Visits	1,319	1,058	1,111	1,109	1,146	992	1,135	1,218	1,106	872	1,040	951	903	941	745
Emergency Room Visits	863	761	851	868	889	867	909	788	769	655	811	751	665	731	795
Gross Outpatient Revenue (000's)	\$11,748	\$10,418	\$11,149	\$10,410	\$10,879	\$10,111	\$10,237	\$9,918	\$9,999	\$8,604	\$9,095	\$8,809	\$9,325	\$10,248	\$9,173
Equivalent Patient Days	2,347	2,221	2,603	2,510	2,447	2,433	2,461	2,415	2,585	2,136	2,375	2,356	2,145	2,342	2,157
Births	13	9	21	9	16	11	16	6	19	14	6	11	14	12	13
Surgical Cases - Inpatient	35	32	30	41	26	28	32	34	43	26	37	31	26	32	33
Surgical Cases - Outpatient	120	103	92	92	109	93	110	113	113	95	76	107	109	103	87
Total Surgical Cases	155	135	122	133	135	121	142	147	156	121	113	138	135	135	120
Medicare Case Mix Index	1.52	1.40	1.51	1.65	1.56	1.76	1.47	1.57	1.63	1.77	1.94	1.49	1.76	1.52	1.47
Income Statement															
Net Revenue (000's)	4,641	4,308	3,727	4,422	4,261	4,563	3,853	3,957	3,449	3,449	3,737	3,998	3,757	4,459	3,937
Operating Expenses (000's)	4,629	4,484	4,461	4,778	4,626	4,854	4,486	4,600	4,273	4,273	4,553	4,480	4,361	5,022	4,339
Net Income (000's)	338	222	(289)	134	(37)	567	(240)	(360)	401	(12)	13	412	(57)	990	883
Productivity															
Total Operating Expense Per Equivalent Patient Day	\$1,972	\$2,019	\$1,714	\$1,903	\$1,890	\$1,995	\$1,823	\$1,905	\$1,937	#DIV/0!	\$1,917	\$1,902	\$2,033	\$2,144	\$2,011
Productive FTEs	272	257	267	274	268	266	276	285	292	266	268	277	288	282	279
Non-Productive FTE's	32	35	36	32	42	37	32	26	26	34	42	38	25	29	41
Total FTEs	304	292	303	305	309	303	309	311	318	301	310	315	313	312	320
FTEs per Adjusted Occupied Bed	4.01	4.08	3.49	3.77	3.92	3.74	3.89	3.86	3.81	3.94	4.05	4.15	4.39	4.12	4.45
Balance Sheet															
Days of Expense In General Operating Cash	11		14	12	14	7	8	12	8	8	7	7	11	7	8
Net Days of Revenue in AR	51	50	48	45	46	47	46	48	49	49	54	52	54	48	50

5.

CASH FORECAST

(included as separate attachment; hardcopy distributed at the meeting)

7.

**CEO BOARD
REPORT
NOVEMBER 2014**



To: Sonoma Valley Healthcare District Board of Directors
From: Kelly Mather
Date: 10/29/14
Subject: Administrative Report

Summary

Operating revenue is close to budget for the first three months of the year, but we had a poor payer mix in September that resulted in \$314,872 less than budget for a monthly loss of \$327,165. The expenses continue to be reduced in order to be below revenue. The FY 2015 budget is very challenging, but we have a few extra payments due this year which should help us meet our goal.

Organizational Results

As demonstrated by the September dashboard, we are experiencing a minor setback at inpatient satisfaction. The nursing leadership turnover has resulted in lower satisfaction scores than in the past. Our new leadership is re-training and working to ensure the staff will continue to be accountable and meet service expectations. Emergency satisfaction continues to exceed goal and the department continues to experience 10 – 20% higher volumes than in the past. We also had 21 births in September, which is the highest number we've experienced in years. Inpatient discharges were at an all time low in September at 87 and this led to a much lower census in Skilled Nursing. We continue to increase outpatient volumes and revenue in most areas and it is helping to offset this national trend of reduced inpatient volumes. We are on track to meet our community hours goals with the bi-national health fair and other community outreach activities.

Quality

The Skilled Nursing Facility and Home Care both were surveyed in October and passed with flying colors. Lisa, the germ zapping robot, is now on site and being used in our patient rooms and surgery. We will also use it in Emergency and other areas as needed. This technology further enhances the safety for our patients by reducing the chances of the spread of infectious disease. The physicians are now completing their satisfaction surveys and we should have the results in November.

Strategic Update

Our new CFO and Chief Revenue Officer are working with the health plans to bring our payments closer to the market rate. We are also determining if we can take capitation with several plans. SCAN (a Medicare Advantage plan) marketing campaigns has begun with several meetings and events around the community and at the hospital. We continue to work with our physicians on their referral patterns and are encouraging them to "keep Sonoma patients in Sonoma." We have a tool that shows us where our physicians are sending their patients and it has been enlightening. In reviewing our first quarter strategic plan goals for FY 2015, we have accomplished the following: Orthopedics marketing; Cost Accounting system; SNF marketing for outside referrals; increased Wound Care, Rehab and Occ Health volumes through marketing; inspiring employer choice in health plans; culture of health; enhanced Girl Talk and Compass education and health improvement through Health Round Table initiatives. We are working on the ancillary service volume increases, Employer Wellness, 3rd floor Cancer Healing and Disease Reversal programs and refurbishment of the 1st floor lobby, lab and corridors.



SEPTEMBER DASHBOARD

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	5 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	70	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	4.9%	>10% (stretch) >9%=4 >8% (Goal) <7%=2 <6%=1
	Efficiency and Financial Management	FY 2014 Budgeted Expenses	\$13,864,996 (actual) \$13,217,603 (budget)	<2% =5 (stretch) <1% = 4 <Budget=3 (Goal) >1%=2 >2% = 1
Growth	Surgical Cases	Increase surgeries by 2% over prior year	390 YTD FY2015 386 YTD FY 2014	>2% (stretch) >1%=4 >0% (Goal) <0%=2 <1%=1
	Outpatient & Emergency Volumes	2% increase (gross outpatient revenue over prior year)	\$31.740 mm YTD \$29.472 mm prior year	
Community	Community Benefit Hours	Hours of time spent on community benefit activities for the	455 hours for 3 months	>1500 = 5 >1200 = 4 >1000 = 3 >750 = 2 <500 = 1



FY 2014 TRENDED RESULTS

MEASUREMENT	Goal FY 2015	Jul 2014	Aug 2014	Sep 2014	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014
Inpatient Satisfaction	5/8	5	6	4									
Emergency Satisfaction	>75 th	79	79	80	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	70									
Staff Satisfaction	>75th	76	76	76	77	77	77	77	76	76	76	76	76
FY YTD Turnover	<10%	1.6	1.9	2.6									
YTD EBIDA	>8%	7	7	4.9	6	6	6	5	5	6	9	4	3
Net Revenues	>4.1m	4.26	4.6	3.8	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	4.4	5.0	4.3	4.4	4.55	4.27	5.0	4.4	4.4	4.8
Net Income	>75	-8	35	-381	990	-57	412	13	-12	401	-360	-240	567
Days Cash on Hand	>15	14	12	14	7	11	7	7	6	11	17	8	7
A/R Days	<50	47	45	48	48	50	52	51	47	51	55	46	48
Total FTE's	<301	309	305	303	312	313	315	310	301	318	320	309	303
FTEs/AOB	<4.0	3.92	3.77	3.49	4.12	4.39	4.39	4.39	4.4	3.81	3.86	3.89	3.74
Inpatient Discharges	>100	105	104	87	91	85	112	91	79	117	94	100	91
Outpatient Revenue	>\$10m	10.8	10.4	11.1	10.2	9.3	8.8	9.1	8.6	9.99	9.91	10.2	10.1
Surgeries	>130	135	133	122	135	135	138	113	121	156	147	142	121
Home Health	>1000	1146	1109	1111	941	903	951	1040	872	1106	1218	1135	992
Births	>15	16	9	21	9	14	11	6	14	19	6	16	11
SNF days	>660	651	687	597	606	531	733	754	641	750	674	605	613
MRI	>120	132	139	143	125	111	83	103	108	122	103	118	124
Cardiology (Echos)	>70	49	53	62	76	61	50	45	50	55	62	61	57
Laboratory	>12.5	12.6	12.8	13.0	13.9	11.9	12.5	13.1	11.1	13.3	12.4	13.1	13.9
Radiology	>850	968	988	900	801	819	877	963	837	851	868	918	888
Rehab	>2587	3030	2859	2468	2471	2572	2899	2485	2403	2903	3394	2877	2945
CT	>300	376	345	323	277	295	285	332	295	334	301	332	335
ER	>800	889	868	851	801	665	751	811	655	769	788	909	716
Mammography	>475	414	417	433	677	569	489	430	445	447	404	519	429
Ultrasound	>325	348	361	367	342	341	307	290	350	438	424	497	339
Occupational Health	>575	656	678	758	521	642	535	579	504	534	595	600	618