



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
REGULAR MEETING AGENDA
Tuesday, June 25, 2013
5:00 p.m.**

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

AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Fogg</i>	
2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the 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>		
3. CONSENT CALENDAR: A. FC Minutes 05.28.13	<i>Fogg</i>	Action
4. RAC UPDATE	<i>Lovejoy/Cohen/ Reid</i>	Inform
5. EDUCATIONAL SESSION	<i>Glago</i>	
6. UPDATES	<i>Reid</i>	Inform
7. MAY 2013 FINANCIALS	<i>Reid</i>	Inform
8. PROJECTED HOSPITAL AND BUILDING PROJECT CASH FLOWS	<i>Reid</i>	Inform
9. CLOSING COMMENTS/ADJOURN	<i>Fogg</i>	

3.

CONSENT CALENDAR



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
MEETING MINUTES
TUESDAY, MAY 28, 2013
Schantz Conference Room**

Board Members Present	<i>cont.</i>	Administrative Staff/ Other Present	Absent
Dick Fogg, Chair Sharon Nevins Peter Hohorst Steve Barclay Richard Conley	Mary Smith Phil Woodward Subhash Mishra, MD Shari Glago	Rick Reid, CFO Jeannette Tarver, Controller Gigi Betta, Board Clerk Sam McCandless Norman Gilroy	Kelly Mather Keith Chamberlin M.D.

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	<i>Dick Fogg</i>		
	Ms. Mather and Dr. Chamberlin were absent from the meeting. 5:06 PM		
2. PUBLIC COMMENT SECTION	<i>Dick Fogg</i>		
	No public comment.		
3. CONSENT CALENDAR	<i>Dick Fogg</i>	Action	
A. FC Minutes 04.23.13		MOTION to approve (A) by Nevins, second by Conley. All in favor.	
4. EDUCATION SESSION ON ACCOUNTABLE CARE ORGANIZATION (ACO)	<i>Glago</i>	Inform	
	In the first part of the presentation, Ms. Glago spoke in broad terms about ACOs and models of accountability. Most important is the alignment of incentives and		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	<p>definition of the population served. Accurate measurements and cost savings figures are dependent on population definition.</p> <p>In the second part of the presentation, Ms Glago gave specific examples taken from several of the Blue Cross ACO models.</p>		
<p>5. RECOMMENDATION TO SVHCD BOARD TO APPROVE THE 2014 OPERATING BUDGET</p>	<p><i>Rick Reid</i></p>	<p>Action</p>	
	<p>The Committee consensus is that the 2014 budget is both conservative and fair furthermore, Committee members are comfortable with the budget as presented. The only major issue of any concern is IT expense. IT costs will continue to increase in future.</p> <p>Mr. Barclay requested that there be a forecast of the fiscal year two-years in advance (instead of one year) so that the Committee can get in front of next fiscal year even early.</p>	<p>MOTION to approve the 2014 Operating Budget by Barclay second by Nevins. All in favor</p>	
<p>6. UPDATES</p>	<p><i>Rick Reid</i></p>		
	<p>Over the past month, Mr. Reid and the SVH finance department have been focused on the 2014 Operating Budget and now set their sights on the Audit, which will run from May through October 2013.</p> <p>Mr. Conley asked about the HIPPA breach, news of which was released in the Press today. Mr. Reid explained the circumstances around the breach and exactly what took place. The Hospital has since disclosed to the State and all patients, both privately and publicly. Furthermore, steps have been taken to ensure that such an event cannot occur again. Mr. Reid added that the Hospital is insured up to \$2 million.</p>		
<p>7. APRIL 2013 FINANCIALS</p>	<p><i>Rick Reid</i></p>		
	<p>Page 28 of the April Financials was updated after the Agenda Package was electronically distributed. The corrected page was distributed at the meeting.</p>		
<p>8. PROJECTED CASH FLOWS</p>	<p><i>Rick Reid</i></p>		
	<p>Lines 39-41 of the Projected Cash Flows are under revision and will be presented with greater clarity at the next Finance Committee meeting.</p> <p>Mr. Woodward asked why last month's projected cash flow does not equal this month's actual figures. Mr. Reid explained that differences are due to Napa State Hospital payments.</p>		
<p>9. CLOSING COMMENTS/ADJOURN</p>	<p><i>Dick Fogg</i> 6:30 PM</p>		

7.

FINANCIAL REPORT
FOR MONTH ENDING
MAY 31, 2013

Sonoma Valley Hospital
Sonoma Valley Health Care District
May 31, 2013 Financial Report

Finance Committee

June 25, 2013

Medicare RAC denial activity in 2013

	FY 2010	FY 2011	FY 2012	FY 2013	Totals
Denied Cases					
Pending Repayments	20	23	11	11	65
Paid	31	37	31	11	110
Total Cases	51	60	42	22	175
Denied Days					
Pending Repayments	44	50	23	15	132
Paid	57	62	54	20	193
Total Days	101	112	77	35	325
Payments					
Pending Repayments	\$131,619.87	\$156,658.24	\$109,877.63	\$75,257.07	\$473,412.81
Paid	\$169,706.60	\$226,501.90	\$182,614.31	\$56,987.57	\$635,810.38
Total Payments	\$301,326.47	\$383,160.14	\$292,491.94	\$132,244.64	\$1,109,223.19

Summary of RAC activity

RAC Reserve 7/1/2012	\$ 160,000.00
Additional Accrual in January	\$ 300,000.00
Balance of Reserve at 1/31/2013	<u>\$ 460,000.00</u>
RAC Repayments	\$ 635,810.38
RAC Reserve Unadjusted Balance	<u>\$ (175,810.38)</u>
Amount needed to Zero Reserve	\$ 175,810.38
Pending Repayments	\$ 473,412.81
May's Financial Impact	<u>\$ 649,223.19</u>

May's Patient Volumes

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Prior Year</u>
Acute Discharges	99	140	-41	116
Acute Patient Days	396	495	-99	363
SNF Patient Days	638	652	-14	729
Outpatient Gross Revenue (in thousands)	\$9,289	\$8,381	\$908	\$8,120
Surgical Cases	147	132	15	136

Summary Statement of Revenues and Expenses Month of May 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 3,335,550	\$ 4,087,893	\$ (752,343)	-18%	\$ 3,760,912
2 Total Operating Expenses	\$ 4,528,788	\$ 4,430,898	\$ (97,890)	-2%	\$ 4,686,091
3 Operating Margin	\$ (1,193,238)	\$ (343,005)	\$ (850,233)	-248%	\$ (925,179)
4 NonOperating Rev/Exp	\$ 473,479	\$ 459,942	\$ 13,537	3%	\$ 1,267,980
5 Net Income before Restricted Cont.	\$ (719,759)	\$ 116,937	\$ (836,696)	-716%	\$ 342,801
6 Restricted Contribution	\$ 68,958	\$ 47,500	\$ 21,458	45%	\$ -
7 Net Income with Restricted Contributions	\$ (650,801)	\$ 164,437	\$ (815,238)	-496%	\$ 342,801
8 EBIDA before Restricted Contributions	\$ (532,052)	\$ 372,301	\$ (904,353)		\$ 611,535
9 EBIDA before Restricted Cont. %	-16%	9%	-25%		16%
10 Net Income without GO Bond Activity	\$ (774,351)	\$ 36,115	\$ (810,466)		\$ 219,245

Summary Statement of Revenues and Expenses Year to Date May 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 43,173,779	\$ 43,485,360	\$ (311,581)	-1%	\$ 42,505,155
2 Total Operating Expenses	\$ 48,411,573	\$ 48,127,174	\$ (284,399)	-1%	\$ 47,095,750
3 Operating Margin	\$ (5,237,794)	\$ (4,641,814)	\$ (595,980)	-13%	\$ (4,590,595)
4 NonOperating Rev/Exp	\$ 5,174,242	\$ 5,059,362	\$ 114,880	2%	\$ 5,111,109
5 Net Income before Restricted Cont.	\$ (63,552)	\$ 417,548	\$ (481,100)	-115%	\$ 520,514
6 Restricted Contribution	\$ 762,831	\$ 522,500	\$ 240,331	46%	\$ -
Net Income with Restricted 7 Contributions	<u>\$ 699,279</u>	<u>\$ 940,048</u>	<u>\$ (240,769)</u>	<u>-26%</u>	<u>\$ 520,514</u>
8 EBIDA before Restricted Contributions	\$ 2,530,102	\$ 3,226,552	\$ (696,450)		\$ 3,001,097
9 EBIDA before Restricted Cont. %	6%	7%	-1%		7%
10 Net Income without GO Bond Activity	\$ (1,422,662)	\$ (993,994)	\$ (428,668)		\$ (838,602)

May's 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	\$ 1,460,411	\$ 1,739,322	\$ (278,911)	-16%	\$ 1,391,631
2 Skilled Nursing Facility	\$ 369,650	\$ 384,760	\$ (15,110)	-4%	\$ 440,738
3 Outpatient and Emergency	\$ 2,094,280	\$ 1,811,031	\$ 283,249	16%	\$ 1,818,697
4 HomeCare	\$ 242,375	\$ 226,701	\$ 15,674	7%	\$ 189,383
5 Community Benefit (Charity)	\$ (90,506)	\$ (39,571)	\$ (50,935)	-129%	\$ (129,532)
6 Bad Debt Expense	\$ (455,000)	\$ (343,046)	\$ (111,954)	-33%	\$ (250,000)
7 Prior Period Adjustment	\$ (536,022)	\$ -	\$ (536,022)	0%	\$ -
8 TOTAL NET PATIENT REVENUE	\$ 3,085,188	\$ 3,779,197	\$ (694,009)	-18%	\$ 3,460,917
RISK CONTRACTS					
9 Capitation Revenue	\$ 176,274	\$ 183,325	\$ (7,051)	-4%	\$ 181,872
10 Napa State Hospital Revenue	\$ 62,200	\$ 113,333	\$ (51,133)	-45%	\$ 98,510
11 TOTAL RISK CONTRACTS	\$ 238,474	\$ 296,658	\$ (58,184)	-20%	\$ 280,382
12 OTHER OPER REVENUE	\$ 11,888	\$ 12,038	\$ (150)	-1%	\$ 19,613
13 TOTAL HOSPITAL NET REVENUE	\$ 3,335,550	\$ 4,087,893	\$ (752,343)	-18%	\$ 3,760,912

Revenue Variances

- Total Operating Revenue under budget by (\$752,193)
- Revenue is under budget by 18%
 - Medicare discharges were under budget by 20, with under budget rates for a net impact of (\$273,303)
 - Medi-Cal days were under budget by 10, with over budget rates for a net impact of (\$6,055)
 - Commercial days were on budget at 86, with over budget rates for a net impact of \$49,200
 - Other patient days were over budget by 4, with under budget rates for a net impact of (\$48,753)
 - SNF days under budget by 14, with acuity under budget for a net impact of (\$15,110)
 - Outpatient volumes were over budget, allow with better commercial payer mix, for a net impact of \$283,249
 - Home Care is over budget by \$15,674
 - Risk contract revenue is under budget due to Napa State volume for a net impact of (\$58,184)

May's 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	\$ 2,071,876	\$ 2,089,664	\$ 17,788	1%	\$ 2,079,358
2 Employee Benefits	\$ 719,615	\$ 673,781	\$ (45,834)	-7%	\$ 738,243
3 Total People Cost	\$ 2,791,491	\$ 2,763,445	\$ 28,046	1%	\$ 2,817,601
4 Medical and Prof Fees (excl'd Agency)	\$ 358,801	\$ 388,284	\$ 29,483	8%	\$ 557,962
5 Supplies	\$ 556,953	\$ 504,846	\$ (52,107)	-10%	\$ 438,589
6 Purchased Services	\$ 489,925	\$ 331,990	\$ (157,935)	-48%	\$ 412,792
7 Depreciation	\$ 146,437	\$ 199,672	\$ 53,235	27%	\$ 199,408
8 Utilities	\$ 76,606	\$ 82,610	\$ 6,004	7%	\$ 56,688
9 Insurance	\$ 19,044	\$ 20,374	\$ 1,330	7%	\$ 20,041
10 Interest	\$ 11,259	\$ 25,681	\$ 14,422	56%	\$ 39,315
11 Other	\$ 78,272	\$ 113,996	\$ 35,724	31%	\$ 143,695
12 TOTAL OPERATING EXPENSE	\$ 4,528,788	\$ 4,430,898	\$ 97,890	2%	\$ 4,686,091

Expense Variances

Total operating expenses were over budget by (\$97,890)

- Total productivity FTE's were under budget at 282. Total salaries and Agency were under budget by \$17,788.
- Employee benefits were over budget by (\$45,834). Health insurance is over budget by (\$20,155), paid time off was over budget by (\$15,429).
- Supplies were over budget by (\$52,107), of this Surgery was over budget by (\$38,811) and Pharmacy was over budget by (\$22,906) due to volume.
- Purchase services were over budget by (\$157,935) due to Electronic Health Record yearly contracts that were originally budgeted in the capital budget and an unbudgeted operating lease for the Electronic Health Record. The variance also includes the true up on the balance sheet prepaid accounts of approximately \$80,000. There will be another adjustment for approximately \$35,000 in June.

May's Non-Operating Items

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
NON OPERATING					
Electronic Health Record & Misc.					
1 Rev.	\$ 162,140	\$ 147,250	\$ 14,890	10%	\$ 39,584
2 Donations	\$ 8,395	\$ -	\$ 8,395	0%	\$ 908,204
Professional Center / Phys					\$
3 Recruitment	\$ -	\$ -	\$ -	0%	(2)
			\$		\$
4 Physician Practice Support - Prima	\$ (65,630)	(65,630)	\$ -	0%	(48,380)
5 Tax Assessment Revenue-Parcel Tax	\$ 245,018	\$ 250,000	\$ (4,982)	-2%	\$ 245,018
6 Tax Assessment Revenue - GO Bond	\$ 153,567	\$ 158,333	\$ (4,766)	-3%	\$ 153,567
			\$		\$
7 GO Bond Interest	\$ (30,011)	(30,011)	\$ -	0%	(30,011)
8 NON-OPERATING REV/EXP	\$ 473,479	\$ 459,942	\$ 13,537	3%	\$ 1,267,980
9 Capital Campaign Contribution	\$ 68,958	\$ 47,500	\$ 21,458	45%	\$ -
10 Restricted Foundation Contribution	\$ -	\$ -	\$ -	0%	\$ -
11 TOTAL NON-OPERATING REV/EXP	\$ 542,437	\$ 507,442	\$ 34,995	7%	\$ 1,267,980

To: SVH Finance Committee
From: Rick Reid, CFO
Date: June 25, 2013
Subject: Financial Report for the Month Ending May 31, 2013

Overall Results for May 2013

Overall for May, SVH has a net loss of (\$650,801) on budgeted income of \$164,437, for an unfavorable difference of (\$815,238). The main reason for the loss is recent RAC denials. In May, we recorded current and prior year RAC denials of approximately \$650,000. The RAC activity will be discussed later in this report.

On a year to date basis, we have a net loss before the capital campaign of \$63,552. Included in this amount are prior year RAC denials of approximately \$816,000. Without this prior year negative activity, the year to date loss would be an income of over \$750,000. That would exceed the budget by over \$300,000. That is a very good run rate from current year operations.

Total net patient service revenue was under budget by (\$694,009). Risk contracts were under budget by (\$58,184), bringing the total operating revenue to \$3,335,550 or (\$752,193) under budget. Expenses were \$4,528,788 on a budget of \$4,430,898 or (\$97,890) over budget. The EBIDA prior to the restricted donations for the month was (\$532,052) or -16.0%.

Patient Volumes - May

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	99	140	-41	116
Acute Patient Days	396	495	-99	363
SNF Patient Days	638	652	-14	729
OP Gross Revenue	\$9,289	\$8,381	\$908	\$8,120
Surgical Cases	147	132	15	136

Overall Payer Mix - May

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	48.5%	47.2%	1.3%	49.1%	47.3%	1.8%
Medi-Cal	14.6%	13.5%	1.1%	14.2%	13.3%	0.9%
Self Pay	4.3%	3.5%	0.8%	3.3%	3.4%	-0.1%
Other:						
Commercial	20.2%			20.2%		
Managed MC	4.5%			4.8%		
Workers Comp	4.1%			3.5%		
Capitated	3.8%			4.9%		
Total Other	32.6%	35.9%	-3.3%	33.4%	36.0%	-2.6%
Total	100%	100%		100%	100%	

Total Operating Revenues

Total operating revenues for May were \$3.3 million on a budget of \$4.0 million or (\$752,343) under budget.

The following is a summary of RAC denial activity in 2013, a majority of the denials impacted in May.

	FY 2010	FY 2011	FY 2012	FY 2013	Totals
Denied Cases					
Pending Repayments	20	23	11	11	65
Paid	31	37	31	11	110
Total Cases	51	60	42	22	175
Denied Days					
Pending Repayments	44	50	23	15	132
Paid	57	62	54	20	193
Total Days	101	112	77	35	325
Payments					
Pending Repayments	\$131,619.87	\$156,658.24	\$109,877.63	\$75,257.07	\$473,412.81
Paid	\$169,706.60	\$226,501.90	\$182,614.31	\$56,987.57	\$635,810.38
Total Payments	\$301,326.47	\$383,160.14	\$292,491.94	\$132,244.64	\$1,109,223.19

The following is a summary of the financial statement activity for 2013.

RAC Reserve 7/1/2012	\$160,000.00
Additional Accrual in January	<u>\$300,000.00</u>
Balance of Reserve at 1/31/2013	\$460,000.00
RAC Repayments	<u>\$635,810.38</u>
RAC Reserve Unadjusted Balance	\$(175,810.38)
Amount needed to Zero Reserve	\$175,810.38
Pending Repayments	<u>\$473,412.81</u>
May's Financial Impact	\$649,223.19

Management has been working all year on implementing improvements in the admission process to lower the risk of RAC denials while providing the appropriate safe quality care to the patients. During Fiscal Year 2013, management has implemented medical necessity software to review in “real time” every patient who may need inpatient care, new protocols for emergency room physicians and hospitalists regarding the parameters for either admitting a patient or placing them in observation, just to name a few. This situation is being taken very seriously by management.

The major reason for the denials is that Medicare is taking the position that if a patient is put in a bed for less than 24 hours, they are an observation patient and should be considered an outpatient. This is a different perspective than in the past regulations. We have hired an outside consulting firm to aggressively appeal these cases. The amounts above reflect known denials with 0 dollars for winning the appeals. The appeal process is a long and time consuming process, so we wanted to be conservative. We are working with our auditors on what we should reserve for future denials for past claims.

Inpatient Net Revenue is under budget by (\$278,911) or 16%, due to the following:

- Medicare discharges under budget by 20, with an unfavorable rate variance for a total impact of (\$273,303)
- Medi-Cal patient days under budget by 10, with a favorable rate variance for a total impact of (\$6,055)
- Other patient days over budget by 4, with an unfavorable rate variance for a total impact of (\$48,753). The self pay discount of approximately \$448,000 is included in this category.
- Commercial patient days were on budget at 86 days, with a favorable rate variance for a total impact of \$49,200
- Inpatient revenue was reduced by current year RAC reserves for this current year of \$132,244.

Skilled Nursing Home:

- Volume was under budget by 14 days and patient acuity was under budget, net impact (\$15,110)

Outpatient:

- Volume was over budget and rates were over budget by \$283,249

Home Care:

- Volume was over budget by 185 visits or \$15,674.

Bad Debts and Charity Care:

- Bad Debt and charity care are unfavorable to budget by (\$162,883). This was put to a higher volume of self pay patients during the month. This offset some of the prior months gains.

Prior Period Adjustment:

- Due to pending RAC denials from fiscal years 2010, 2011 and 2012, a liability was recorded in the current year.

Expenses

May's expenses were \$4.5million on a budget of \$4.4 million or over budget by (\$97,890).

The following is a summary of the operating expense variances for the month of May:

- Total productivity FTE's were under budget at 282, on a budget of 287. Total salaries and Agency Fees were under budget by a total of \$17,788.
- Employee benefits were over budget by (\$45,834), of this health insurance was over budget by (\$20,155), paid time off was over budget by (\$15,429).
- Supplies were over budget by (\$52,107), of this Surgery was over budget by (\$38,811) and Pharmacy was over budget by (\$22,906) due to volume.
- Purchase services are over budget by (\$157,935) due to Information Systems related to the Electronic Health Records that was previously budgeted in as capital and an unbudgeted operating lease for the Electronic Health Records. The variance also reflects the true up on the balance sheet prepaid accounts that were under expensed for a portion of the year of approximately \$80,000 for May. There will be another adjustment for approximately \$35,000 in June.

Capital Campaign Summary:

For the month of May the Hospital received \$68,958 in capital campaign donations. The total amount received from the Capital Campaign to date is \$2,726,307, offset with spending of \$648,056. The funds are included on line 16, Specific Funds on the Balance Sheet. Included on line 16 is also \$21,499 for miscellaneous restricted funds and \$114,500 received from the Foundation for the X-ray machine.

	Receipts	Spending	Balance
Emergency Dept.	\$1,001,000	\$0	\$1,001,000
Operating Room	\$0	\$0	\$0
General	\$1,725,307	\$648,056	\$1,077,251
Total Capital Campaign	\$2,726,307	\$648,056	\$2,078,251
X-Ray Machine	\$114,500	\$0	\$114,500
Misc. Restricted Funds	\$21,691	\$0	\$21,691
Total Specific Funds	\$2,862,498	\$648,056	\$2,214,442

These comparisons are for actual FY 2013 compared to actual FY 2012. These are not budget comparisons.

ER Visits

	ER – Inpatient				ER - Outpatient			
	CY	PY	Change	%	CY	PY	Change	%
July	109	114	-5	-4.4%	729	772	-43	-5.6%
Aug	106	105	1	.9%	778	718	60	8.4%
Sept	111	107	4	3.1%	677	693	-16	2.3%
Oct	95	108	-13	-12%	706	679	27	4.0%
Nov	101	107	-6	-5.6%	631	632	-1	-0.2%
Dec	100	119	-19	-16%	693	622	71	11.4%
Jan	141	93	48	51.6%	711	698	13	1.9%
Feb	112	94	18	19.1%	598	598	0	0.0%
Mar	97	121	-24	-19.8%	660	662	-2	-0.3%
April	88	88	0	0.0%	641	629	12	1.9%
May	97	107	-10	-9.3%	698	756	-58	-7.7%
YTD	1,157	1,163	-6	-0.5%	7,522	7,459	63	0.8%

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended May 2013**

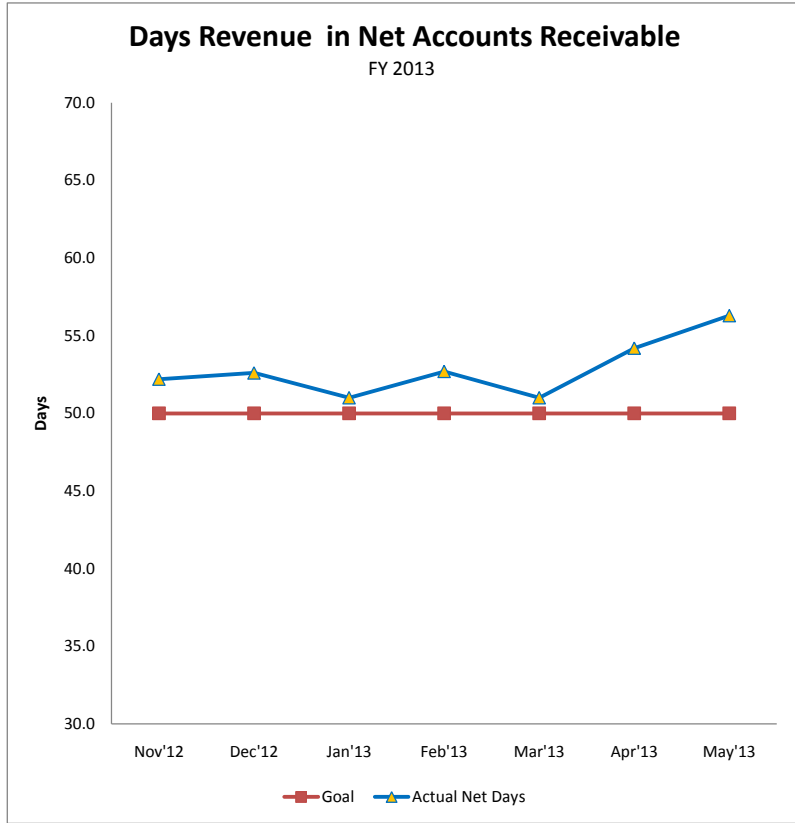
	Month				Year-To-Date				YTD Prior Year
	This Year		Variance		This Year		Variance		
	Actual	Budget	\$	%	Actual	Budget	\$	%	
Volume Information									
1 Acute Discharges	99	140	(41)	-29%	1,279	1,417	(138)	-10%	1,419
2 SNF Days	638	652	(14)	-2%	7,154	7,435	(281)	-4%	6,802
3 Home Care Visits	1,140	955	185	19%	11,080	10,195	885	9%	10,571
4 Gross O/P Revenue (000's)	9,289	8,381	909	11%	\$ 94,271	\$ 92,126	2,145	2%	\$ 87,170
Financial Results									
Gross Patient Revenue									
5 Inpatient	\$ 5,549,840	\$ 5,662,023	(112,183)	-2%	\$ 57,572,011	\$ 57,910,867	(338,856)	-1%	\$ 53,984,431
6 Outpatient & Emergency	8,975,122	8,099,552	875,570	11%	91,066,049	89,127,109	1,938,940	2%	84,313,264
7 SNF	2,244,706	1,967,639	277,067	14%	23,482,745	21,959,984	1,522,761	7%	21,446,517
8 Home Care	314,060	281,000	33,060	12%	3,204,818	2,998,907	205,911	7%	2,856,968
9 Total Gross Patient Revenue	\$ 17,083,728	\$ 16,010,214	1,073,514	7%	\$ 175,325,623	\$ 171,996,867	3,328,756	2%	\$ 162,601,180
Deductions from Revenue									
10 Contractual Discounts	\$ (12,911,583)	\$ (11,709,346)	(1,202,237)	-10%	\$ (131,100,692)	\$ (126,302,873)	(4,797,819)	-4%	\$ (118,550,681)
11 Bad Debt	(455,000)	(343,046)	(111,954)	-33%	(2,675,000)	(3,685,328)	1,010,328	27%	(3,240,000)
12 Charity Care Provision	(95,935)	(178,625)	82,690	46%	(2,017,929)	(1,918,962)	(98,967)	-5%	(1,621,523)
13 Prior Period Adjustments	(536,022)	-	(536,022)	0%	(536,022)	-	(536,022)	0%	-
14 Total Deductions from Revenue	\$ (13,998,540)	\$ (12,231,017)	(1,231,501)	10%	\$ (135,793,621)	\$ (131,907,163)	(3,886,458)	3%	\$ (123,412,204)
15 Net Patient Service Revenue	\$ 3,085,188	\$ 3,779,197	(694,009)	-18%	\$ 39,532,002	\$ 40,089,704	(557,702)	-1%	\$ 39,188,976
16 Risk contract revenue	\$ 238,474	\$ 296,658	(58,184)	-20%	\$ 3,457,227	\$ 3,263,238	193,989	6%	\$ 3,167,149
17 Net Hospital Revenue	\$ 3,323,662	\$ 4,075,855	(752,193)	-18%	\$ 42,989,229	\$ 43,352,942	(363,713)	-1%	\$ 42,356,125
18 Other Operating Revenue	\$ 11,888	\$ 12,038	(150)	-1%	\$ 184,550	\$ 132,418	52,132	39%	\$ 149,031
19 Total Operating Revenue	\$ 3,335,550	\$ 4,087,893	(752,343)	-18%	\$ 43,173,779	\$ 43,485,360	(311,581)	-1%	\$ 42,505,156
Operating Expenses									
20 Salary and Wages and Agency Fees	\$ 2,071,876	\$ 2,089,664	17,788	1%	\$ 21,738,032	\$ 21,925,517	187,485	1%	\$ 20,649,277
21 Employee Benefits	719,615	673,781	(45,834)	-7%	8,079,200	7,560,743	(518,457)	-7%	7,481,808
22 Total People Cost	\$ 2,791,491	\$ 2,763,445	(28,046)	-1%	\$ 29,817,232	\$ 29,486,260	(330,972)	-1%	\$ 28,131,085
23 Med and Prof Fees (excl Agency)	\$ 358,801	\$ 388,284	29,483	8%	\$ 4,133,398	\$ 4,296,284	162,886	4%	\$ 5,104,026
24 Supplies	556,953	504,846	(52,107)	-10%	5,663,511	5,424,253	(239,258)	-4%	5,462,302
25 Purchased Services	489,925	331,990	(157,935)	-48%	4,512,502	4,039,453	(473,049)	-12%	3,420,689
26 Depreciation	146,437	199,672	53,235	27%	1,960,662	2,196,392	235,730	11%	1,818,169
27 Utilities	76,606	82,610	6,004	7%	813,966	908,710	94,744	10%	820,661
28 Insurance	19,044	20,374	1,330	7%	214,563	224,114	9,551	4%	226,881
29 Interest	11,259	25,681	14,422	56%	302,871	282,491	(20,380)	-7%	332,295
30 Other	78,272	113,996	35,724	31%	992,868	1,269,217	276,349	22%	1,779,642
31 Operating expenses	\$ 4,528,788	\$ 4,430,898	(97,890)	-2%	\$ 48,411,573	\$ 48,127,174	(284,399)	-1%	\$ 47,095,750
32 Operating Margin	\$ (1,193,238)	\$ (343,005)	(850,233)	*	\$ (5,237,794)	\$ (4,641,814)	(595,980)	-13%	\$ (4,590,594)
Non Operating Rev and Expense									
33 Electronic Health Records & Misc. Rev.	\$ 162,140	\$ 147,250	14,890	10%	\$ 1,730,576	\$ 1,619,750	110,826	7%	\$ 471,763
34 Donations	8,395	-	8,395	0%	112,942	-	112,942	0%	1,186,860
35 Professional Center/Phys Recruit	-	-	-	0%	-	-	-	0%	(1,533)
36 Physician Practice Support-Prima	(65,630)	(65,630)	-	0%	(721,930)	(721,930)	-	0%	(599,904)
37 Parcel Tax Assessment Rev	245,018	250,000	(4,982)	-2%	2,693,538	2,750,000	(56,462)	-2%	2,694,807
38 GO Bond Tax Assessment Rev	153,567	158,333	(4,766)	-3%	1,689,237	1,741,663	(52,426)	-3%	1,689,235
39 GO Bond Interest	(30,011)	(30,011)	-	0%	(330,121)	(330,121)	-	0%	(330,119)
40 Total Non-Operating Rev/Exp	\$ 473,479	\$ 459,942	13,537	3%	\$ 5,174,242	\$ 5,059,362	114,880	2%	\$ 5,111,109
41 Net Income / (Loss) prior to Restricted Contributor	\$ (719,759)	\$ 116,937	(836,696)	-716%	\$ (63,552)	\$ 417,548	(481,100)	-115%	\$ 520,515
42 Capital Campaign Contribution	\$ 68,958	\$ 47,500	21,458	45%	\$ 648,497	\$ 522,500	125,997	24%	\$ -
43 Restricted Foundation Contributions	\$ -	\$ -	-	0%	\$ 114,334	\$ -	114,334	100%	\$ -
44 Net Income / (Loss) w/ Restricted Contributions	\$ (650,801)	\$ 164,437	(815,238)	-496%	\$ 699,279	\$ 940,048	(240,769)	-26%	\$ 520,515
45 Net Income w/o GO Bond Activity	\$ (774,357)	\$ 36,115	(810,472)	2244%	\$ (1,422,668)	\$ (993,994)	(428,674)	-43%	\$ (838,601)

Sonoma Valley Health Care District
Balance Sheet
For The Period Ended
As of May 31, 2013

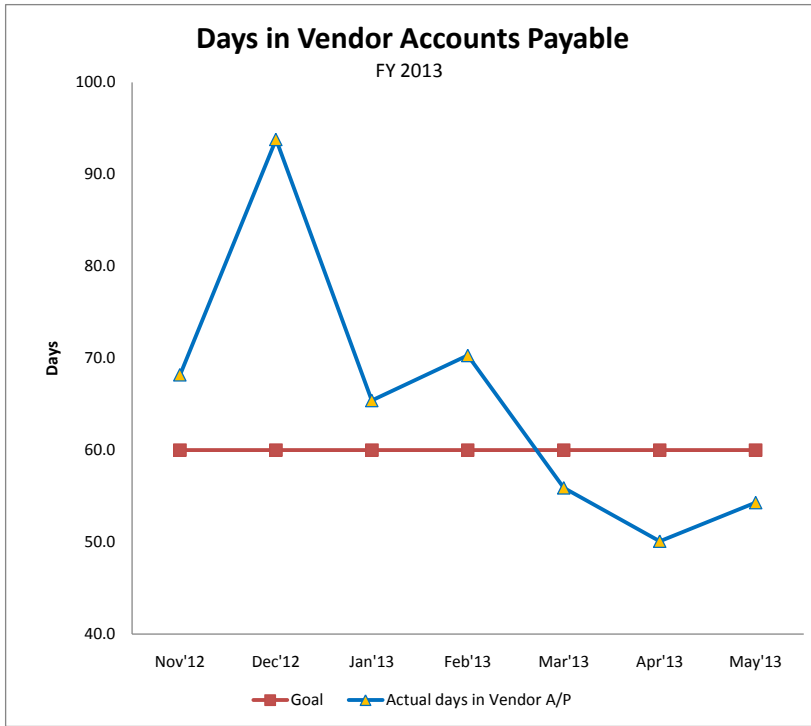
	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1	\$ 1,804,380	\$ 2,457,837	\$ 2,005,982
2	1,263,697	1,263,697	276,368
3	9,231,805	8,675,897	7,856,196
4	341,582	910,027	949,753
5	(1,454,077)	(1,238,916)	(1,907,781)
6	351,411	721,988	717,226
7	-	-	-
8	881,191	887,739	919,578
9	1,212,275	1,383,073	771,279
10	<u>\$ 13,632,264</u>	<u>\$ 15,061,342</u>	<u>\$ 11,588,601</u>
11	\$ 186,468	\$ 186,468	\$ 254,003
12	9,669,385	10,846,197	11,510,965
13	26,935,155	24,670,940	13,734,421
14	8,028,978	9,000,255	19,041,583
15	-	-	36,984
16	2,214,442	2,145,292	1,064,279
17	263,474	265,134	422,375
18	<u>\$ 60,930,166</u>	<u>\$ 62,175,628</u>	<u>\$ 57,653,211</u>
Liabilities & Fund Balances			
Current Liabilities:			
19	\$ 4,415,357	\$ 4,213,471	\$ 5,119,792
20	3,009,609	3,641,340	3,309,884
21	571,410	428,557	571,455
22	304,923	280,410	216,313
23	1,514,354	1,322,123	92,544
24	384,885	783,469	398,584
25	800,202	805,376	1,485,923
26	2,424,868	2,542,868	-
27	<u>\$ 13,425,608</u>	<u>\$ 14,017,614</u>	<u>\$ 11,194,495</u>
28	\$ 37,918,367	\$ 37,908,808	\$ 38,450,938
29	Fund Balances:		
30	\$ 6,684,650	\$ 7,416,623	\$ 7,977,060
31	2,901,541	2,832,583	30,718
32	<u>\$ 9,586,191</u>	<u>\$ 10,249,206</u>	<u>\$ 8,007,778</u>
33	<u>\$ 60,930,166</u>	<u>\$ 62,175,628</u>	<u>\$ 57,653,211</u>

Sonoma Valley Hospital
Statistical Analysis
FY 2013

	ACTUAL	BUDGET	ACTUAL												
	May-13	May-13	Apr-13	Mar-13	Feb-13	Jan-13	Dec-12	Nov-12	Oct-12	Sep-12	Aug-12	Jul-12	Jun-12	May-12	Apr-12
Statistics															
Acute															
Acute Patient Days	396	495	315	447	449	613	456	351	443	347	432	396	354	363	436
Acute Discharges	99	140	88	122	128	159	117	104	121	109	117	115	107	116	129
SNF Days	638	652	589	725	678	707	671	638	576	617	682	633	688	729	618
HHA Visits	1,140	955	1,101	1,067	1,001	1,076	940	921	1,043	802	1,052	937	941	989	997
Emergency Room Visits	795	860	729	757	710	852	793	732	801	788	884	838	810	863	717
Gross Outpatient Revenue (000's)	\$9,289	\$8,381	\$8,906	\$8,167	\$8,065	\$8,805	\$8,302	\$8,485	\$8,935	\$8,151	\$9,014	\$8,153	\$7,667	\$8,120	\$7,880
Equivalent Patient Days	2,266	2,407	2,237	2,422	2,314	2,594	2,353	2,213	2,214	2,202	2,509	2,202	2,355	2,362	2,236
Births	15	17	12	16	11	19	13	14	9	11	16	9	15	6	23
Surgical Cases - Inpatient	42	38	25	35	33	38	32	35	37	37	40	41	28	37	38
Surgical Cases - Outpatient	105	94	90	96	80	78	94	95	91	97	98	82	92	99	99
Total Surgical Cases	147	132	115	131	113	116	126	130	128	134	138	123	120	136	137
Medicare Case Mix Index	1.62	1.40	1.50	1.55	1.36	1.52	1.51	1.47	1.29	1.49	1.40	1.61	1.50	1.64	1.36
Income Statement															
Net Revenue (000's)	3,324	4,076	3,986	3,945	3,938	4,006	4,085	3,679	3,963	3,707	3,926	3,822	4,832	3,741	3,739
Operating Expenses (000's)	4,529	4,472	4,407	4,577	4,353	4,632	4,482	4,235	4,407	4,221	4,312	4,257	5,278	4,686	4,413
Net Income (000's)	(651)	164	149	251	114	237	134	174	67	65	127	31	889	343	(14)
Productivity															
Total Operating Expense Per Equivalent Patient Day	\$1,999	\$1,858	\$1,970	\$1,890	\$1,881	\$1,786	\$1,905	\$1,914	\$1,990	\$1,917	\$1,719	\$1,933	\$2,241	\$1,984	\$1,974
Productive FTEs	282	287	286	291	290	284	284	266	281	291	284	281	285	285	274
Non-Productive FTE's	28	30	34	31	32	37	33	47	36	39	37	41	34	28	28
Total FTEs	311	317	320	322	322	321	317	313	316	330	321	322	318	313	302
FTEs per Adjusted Occupied Bed	4.25		4.29	4.12	3.77	3.84	4.24	4.24	4.43	4.37	3.97	4.53	4.05	4.11	4.05
Balance Sheet															
Days of Expense In General Operating Cash	12		17	15	9	9	14	7	12	14	13	14	13	15	20
Net Days of Revenue in AR	56		55	51	53	51	53	52	53	50	50	50	48	47	46



Days in A/R	Nov'12	Dec'12	Jan'13	Feb'13	Mar'13	Apr'13	May'13
Actual days in A/R	52.2	52.6	51.0	52.7	51.0	54.2	56.3
Goal	50.0	50.0	50.0	50.0	50.0	50.0	50.0



Days in A/P	Nov'12	Dec'12	Jan'13	Feb'13	Mar'13	Apr'13	May'13
Actual days in Vendor A/P	68.2	93.8	65.4	70.3	55.9	50.1	54.3
Goal	60.0	60.0	60.0	60.0	60.0	60.0	60.0

Sonoma Valley Hospital
Statement of Cash Flows
For the Period Ended

	<u>Current Month</u>	<u>Year To Date</u>
Operating Activities		
Net Income (Loss)	(650,801)	699,279
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	146,436	1,962,028
Net changes in operating assets and liabilities:		
(Increase)/Decrease Patient accounts receivable - net	(340,747)	(1,177,875)
(Increase)/Decrease Other receivables and other assets	940,682	6,695,707
(Increase)/Decrease Prepaid expenses	170,798	(642,795)
(Increase)/Decrease in Inventories	6,548	(17,054)
(Decrease)/Increase in Deferred revenues	(206,353)	(3,820,322)
(Decrease)/Increase in Accounts payable, accrued expenses	(392,693)	329,330
Net Cash Provided/(Used) by operating activities	<u>(326,130)</u>	<u>4,028,298</u>
Investing Activities		
Net Purchases of property, plant and equipment - Other Fixed Assets	1,880	(534,460)
Net Purchases of property, plant and equipment - GO Bond Purchases	(1,235,719)	(11,964,342)
Net Proceeds and Distributions from investments	-	36,839
Net Book Value of Assets Disposed	-	(1,462)
Change in Restricted Funds	-	-
Change in Limited Use Cash	902,127	9,602,084
(Payment)/Refund of Deposits	-	-
Net cash Provided/(Used) by investing activities	<u>(331,712)</u>	<u>(2,861,341)</u>
Financing Activities		
Proceeds (Repayments) from Borrowings - Banks & Carriers	4,385	(1,153,426)
Proceeds (Repayments) from Borrowings - Other		
Net Intercompany Borrowings/(Repayments)		
Change in Post Retirement Obligations & Other Net Assets	-	-
Net Equity Transfers to related entities (Cash and Non-Cash)		
Net cash Provided/(Used) by financing activities	<u>4,385</u>	<u>(1,153,426)</u>
Net increase/(Decrease) in cash and cash equivalents	<u>(653,457)</u>	<u>13,531</u>
Cash and Equivalents at beginning of period	<u>2,457,837</u>	<u>1,790,849</u>
Cash and Equivalents at May 31, 2013	<u><u>1,804,380</u></u>	<u><u>1,804,380</u></u>

8.

PROJECTED CASH FLOWS

Updated: 6/21/2013

	May-13 Actual	Jun-13 Projected	Jul-13 Projected	Aug-13 Projected	Sep-13 Projected	Oct-13 Projected	Nov-13 Projected	Dec-13 Projected
Operating Activities								
1 Net Income, Before Restricted Donations.	(719,759)	(400,000)	10,000	10,000	10,000	10,000	10,000	10,000
2 Restricted Donations Received	68,958	1,565,422	9,268	3,852	4,402	4,395	1,103,852	90,097
3 Total Net Income	(650,801)	1,165,422	19,268	13,852	14,402	14,395	1,113,852	100,097
4 Add: Depreciation & Amortization	191,435	201,661	301,661	301,661	301,661	301,661	301,661	301,661
5 Dec (Inc) in Net Accts Receivable	(340,747)	-	-	-	-	-	-	-
6 Dec (Inc) in Inventories/Other Rec'v & Assets	1,075,701	(4,681,263)	144,744	1,026,859	894,744	-	750,000	750,000
7 Dec (Inc) in E H R Payment Accrual	(143,083)	(143,083)	(143,083)	(143,083)	(143,083)			
8 Dec (Inc) in Restricted Donations Received	(68,958)	(1,565,422)	(9,268)	(3,852)	(4,402)	(4,395)	(1,103,852)	(90,097)
9 Decrease (Inc) in Prepaid Expenses	170,798	40,327	40,327	40,327	40,327	40,327	40,327	40,327
10 Increase (Dec) in Accounts Payable	201,886	(267,355)	-	1,000,000	(500,000)	(500,000)	-	-
11 Increase (Dec) in Payroll Accruals	(631,731)	864,106	392,603	(1,934,308)	529,395	584,603	331,395	476,603
12 Increase (Dec) in Accrued Expenses	24,513	202,707	(61,021)	28,979	(73,021)	130,979	(721,021)	22,979
13 Increase (Dec) in Deferred Revenue	(206,353)	4,217,032	(398,584)	(398,584)	(398,584)	(398,584)	(398,584)	(398,584)
14 Increase (Dec) in Interest Payable	142,853	142,853	142,853	(714,448)	142,670	142,670	142,670	142,670
15 Increase (Dec) in Other Liabilities	(91,643)	(200,000)	-	-	-	-	-	-
16 Net Cash Provided By Operating Activities	(326,130)	(23,015)	429,500	(782,597)	804,109	311,656	456,448	1,345,656
Capital and Related Financing Activities								
18 Building Project Related								
19 Draws on Equipment Lease			60,000			550,000	550,000	550,000
20 Transfers from Bond Fund	902,127	2,425,910	2,709,615	1,957,723	1,635,891	463,448	788,316	(550,000)
21 Draws on Pledge Financing								
22 Draws on CEC Loan								
23 Building Program Spending	(1,235,719)	(2,425,910)	(2,709,615)	(1,957,723)	(1,635,891)	(1,013,448)	(1,338,316)	-
24 Transfers From (To) Restricted/Trustee Funds		-	-	-	-	-	-	-
25 Non Building Project Capital Spending								
26 Purchase of Capital non Building Project	1,880	(100,000)	(15,000)	(15,000)	(15,000)	(100,000)	(100,000)	(100,000)
27 Other Financing								
28 Draws on Line of Credit				-	-			
29 Repayments of Long-Term Debt	66,084	(81,695)	(131,682)	(131,682)	(131,682)	(69,983)	(69,983)	(153,061)
30 Payments on Line of Credit - March Borrowings							(200,000)	(400,000)
31 Payments on Line of Credit	(61,699)	(61,699)	(61,699)	(61,699)	(61,699)	(61,699)	(61,699)	(61,699)
32 Net Cash Used in Financing Activities	(327,327)	(243,394)	(148,381)	(208,381)	(208,381)	(231,682)	(431,682)	(714,760)
33 Net Increase (Decrease) in Operating Cash	(653,457)	(266,409)	281,119	(990,978)	595,728	79,974	24,766	630,896
34 Operating Cash Balances								
35 Cash At Beginning of Period	2,457,837	1,804,380	1,537,971	1,819,090	828,112	1,423,840	1,503,814	1,528,580
36 Change	(653,457)	(266,409)	281,119	(990,978)	595,728	79,974	24,766	630,896
37 Cash At End of the Period	1,804,380	1,537,971	1,819,090	828,112	1,423,840	1,503,814	1,528,580	2,159,477

Updated: 6/21/2013

	May-13 Actual	Jun-13 Projected	Jul-13 Projected	Aug-13 Projected	Sep-13 Projected	Oct-13 Projected	Nov-13 Projected	Dec-13 Projected
38 Balance of Line of Credit	2,424,868	2,363,169	2,301,470	2,239,771	2,178,072	2,116,373	1,854,674	1,392,975
39 Balance of GO Bond Money	7,764,536	3,744,111	632,521	-	-			
40 Balance of UnSpent Donations	2,078,251	3,643,673	3,652,941	1,751,518	120,029	-	-	-
41 Balance of UnPaid Pledges	4,200,928	2,635,506	2,626,238	2,622,386	2,617,984	2,613,589	1,509,737	1,419,640
42 Projected Accounts Receivable	7,081,391	7,081,391	7,081,391	7,081,391	7,081,391	7,081,391	7,081,391	7,081,391
43 Projected Accounts Payable	4,122,329	3,854,974	3,854,974	4,854,974	4,354,974	3,854,974	3,854,974	3,854,974
Statistics								
23 Days Cash on Hand (Operating Only)	13	11	13	6	10	11	11	16
24 Days in Net Accounts Receivable	56	56	56	56	56	56	56	56
25 Days in Accounts Payable	54	54	54	54	64	54	54	54

Objectives and Priorities:

- * Maintain cash balance at \$1.5 million minimum (Priority 1)
- * Maintain days in Accounts Payable at 60
- * Maintain days in Accounts Receivable at current month's level

**Sonoma Valley Hospital
Summary of Building Program**

	May	June	July	August	September	October	November	December
GO Bond Cash Flow								
GO Bond Balance	\$ 9,000,255	\$ 7,764,536	\$ 3,744,111	\$ 632,521	\$ -	\$ -	\$ -	\$ -
Anticipated Payments	\$ (1,235,719)	\$ (4,020,425)	\$ (3,111,590)	\$ (632,521)	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 7,764,536	\$ 3,744,111	\$ 632,521	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Campaign Cash Flow								
Beginning Balance	\$ 2,009,293	\$ 2,078,251	\$ 3,643,673	\$ 3,652,942	\$ 1,751,518	\$ 0	\$ (0)	\$ (0)
Anticipated Cash Receipts	\$ 68,958	\$ 1,565,422	\$ 9,268	\$ 3,852	\$ 4,402	\$ 4,395	\$ 1,103,852	\$ 90,097
Anticipated Borrowing	\$ -	\$ -	\$ -	\$ -	\$ 233,820	\$ 1,244,278	\$ (140,048)	\$ (90,097)
Anticipated Payments	\$ -	\$ -	\$ -	\$ (1,905,276)	\$ (1,989,740)	\$ (1,248,673)	\$ (963,804)	\$ -
Ending Balance	\$ 2,078,251	\$ 3,643,673	\$ 3,652,942	\$ 1,751,518	\$ 0	\$ (0)	\$ (0)	\$ -
Cash Flow Summary								
GO Bond Money	\$ 9,000,255	\$ 3,744,111	\$ 632,521	\$ -	\$ -	\$ -	\$ -	\$ -
Donation Balance	\$ 2,078,251	\$ 3,643,673	\$ 3,652,942	\$ 1,751,518	\$ 0	\$ (0)	\$ (0)	\$ -
Balance	\$ 11,078,506	\$ 7,387,784	\$ 4,285,463	\$ 1,751,518	\$ 0	\$ (0)	\$ (0)	\$ -
Building Cash Flow Borrowing								
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,820	\$ 1,478,098	\$ 1,338,050
Borrowing					\$ 233,820	\$ 1,244,278		
Payments							\$ (140,048)	\$ (90,097)
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ 233,820	\$ 1,478,098	\$ 1,338,050	\$ 1,247,953