

**Morrow County Hospital
2020 Capital & Operating
Budgets**

BOARD MEETING: October 22, 2019

MORROW COUNTY HOSPITAL

Budget Assumptions

Volumes

- **Inpatient** - Volumes slightly lower than 2019 run rate; we continue our efforts with the Hospitalists and our Emergency Physician partners to admit patients in cases where our scope of services can provide appropriate patient care
- **Surgeries** - Consistent with 2019 run rate.
- **ED Visits** - Consistent with 2019 run rate
- **Urgent Care Visits** - Increased volumes due to new weekend hours.

Net Revenue per unit:

- **Price increase** - The 3% price increase will include all charge codes with the exception of lab.
- **Payor mix** - The budget is consistent with 2019 run rate
- **HCAP** - Early estimate set expectations about 20% less than 2019; \$927k

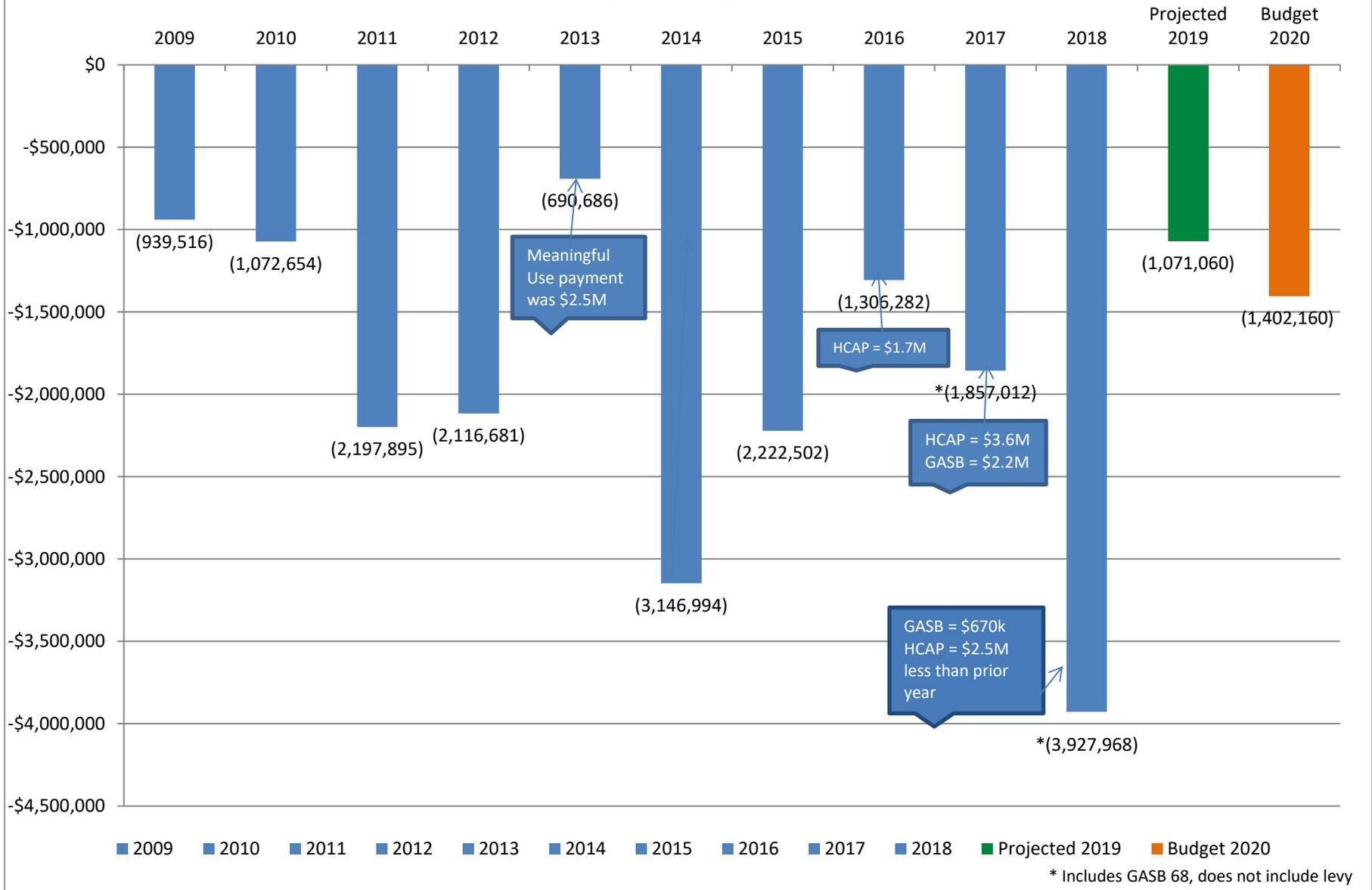
Expense per unit:

- **Salaries & Wages** - 3.0% planned increase
- **Purchased Services** - No inflation applied
- **Drugs & Supplies** - 2.0% increase for inflation
- **Utilities** - No inflation; we currently have contracted rates for Electric & Gas

Other:

- **Levy Income** - \$1.35M, consistent with prior year
- **Capital Budget** - \$750,000 capital budget to be funded by cash generated by operations
- **Net Days in A/R** - Target is 39 days
- **Days Cash on Hand** - Target is 80 days

Morrow County Hospital (Combined) Historical Operating Income(Loss)



**MORROW COUNTY HOSPITAL
STATEMENT OF OPERATIONS BUDGET 2020**

	A	B	C	D	
	<u>Budget 2019</u>	<u>Projected 2019</u>	<u>Budget 2020</u>	Proj 19 Budget 20 Fav/(Unfav) Change	
OPERATING REVENUE					
REVENUES FROM PATIENT SERVICES					
INPATIENT SERVICES	5,379,611	3,584,556	3,907,986	323,430	1
OUTPATIENT SERVICES	50,397,351	43,574,568	45,772,152	2,197,584	2
GROSS REVENUE FROM PATIENT SERVICES	55,776,962	47,159,124	49,680,139	2,521,015	3
LESS: DEDUCTIONS FROM REVENUE					
PROVISION FOR CONTRACT. ADJUSTMENTS	31,921,991	25,964,583	27,343,118	1,378,535	4
CHARITY AND OTHER	1,664,905	1,010,997	1,391,035	380,038	5
HOSPITAL CARE ASSURANCE PROGRAM	(1,100,436)	(1,118,641)	(926,569)	192,073	6
TOTAL DEDUCTIONS FROM REVENUE	32,486,460	25,856,939	27,807,584	1,950,646	7
NET PATIENT REVENUES	23,290,502	21,302,185	21,872,554	570,369	8
(Net of Contractual Adjustments & Charity)					
PROVISION FOR BAD DEBT	2,246,473	1,952,344	1,987,193	34,849	9
NET PATIENT REVENUES	21,044,029	19,349,841	19,885,361	535,520	10
(Net of Contractual Adj & Charity/Bad Debt)					
OTHER OPERATING REVENUE	919,630	1,165,249	546,505	(618,744)	11
TOTAL OPERATING REVENUES	21,963,659	20,515,090	20,431,866	(83,224)	12
OPERATING EXPENSES					
SALARIES AND WAGES	6,464,330	6,476,648	6,330,108	(146,540)	13
EMPLOYEE BENEFITS	3,464,317	3,221,559	3,321,975	100,416	14
UTILITIES	510,325	517,520	583,550	66,030	15
PROFESSIONAL FEES	2,133,834	2,167,209	2,142,000	(25,209)	16
PURCHASED SERVICES	4,245,551	4,339,656	4,425,131	85,475	17
SUPPLIES & OTHER EXPENSES	3,843,507	3,256,516	3,334,499	77,983	18
INTEREST EXPENSE	210	17	0	(17)	19
DEPRECIATION AND AMORTIZATION	896,147	1,075,861	1,133,283	57,421	20
RENTAL	638,297	531,164	563,482	32,318	21
TOTAL OPERATING EXPENSES	22,196,518	21,586,151	21,834,025	247,876	22
NET OPERATING INCOME/(LOSS)	(232,859)	(1,071,060)	(1,402,160)	(331,100)	23
NON-OPERATING REVENUES					
INVESTMENT INCOME	0	53,563	42,300	(11,263)	24
OTHER REVENUE	143,999	67,067	0	(67,067)	25
OPERATING LEVY INCOME	1,350,000	1,346,301	1,350,000	3,699	26
OTHER EXPENSES	0	0	0	0	27
TOTAL NON-OPERATING REVENUES	1,493,999	1,466,931	1,392,300	(74,631)	28
NET INCOME/(LOSS)	1,261,140	395,870	(9,860)	(405,731)	29
NET OPERATING INCOME RATIO	-1.1%	-5.2%	-6.9%	-1.6%	30

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	A	B	C	D	E	
	<u>Budget 2019</u>	<u>Projected 2019</u>	<u>Budget 2020</u>	<u>Proj 19 Budget 20 Change</u>	<u>% Change</u>	
Volume:						
Adjusted Admissions	4,707	4,210	3,471	(739)	-21%	1
Outpatient Revenue (% of Gross Patient Revenue)	90.36%	92.40%	92.13%	-0.27%	0%	2
Outpatient Visits	56,590	49,664	50,664	1,000	2%	3
Emergency Room Visits	9,500	8,764	9,000	236	3%	4
Laboratory (All Locations)	112,000	95,340	96,500	1,160	1%	5
Physical Therapy Modalities (All Locations)	32,062	32,534	32,960	426	1%	6
Radiology (All Locations)	17,283	15,446	15,273	(173)	-1%	7
Urgent Care	3,300	3,562	4,000	438	11%	8
Inpatient Admissions	454	320	273	(47)	-17%	9
Total Surgeries	852	720	700	(20)	-3%	10
Major Payor Mix: (% of total charges)						
Medicare	31.45%	29.21%	28.54%	-0.67%	-2%	11
Medicare Mgd Care	15.32%	16.15%	14.92%	-1.22%	-8%	12
Medicaid	1.60%	1.18%	1.91%	0.72%	38%	13
Medicaid Mgd Care	19.36%	18.10%	18.16%	0.06%	0%	14
Commercial	28.85%	30.92%	31.86%	0.94%	3%	15
SelfPay	3.42%	4.44%	4.61%	0.17%	4%	16
Exchange	0.00%	0.00%	0.00%	0.00%	0%	17
Total	100.00%	100.00%	100.00%	0.00%	34%	18
Average Length of Stay						
Acute Care/ICU/PCU	2.59	2.63	2.64	0.01	0%	19
Swing Bed	8.60	12.82	12.46	(0.36)	-3%	20
OBS	1.02	0.96	0.98	0.02	2%	21
Revenue Metrics:						
Net Patient Revenue per Adj. Admission	\$4,948	\$5,060	\$6,302	\$1,242	20%	22
Net Patient Revenue per Outpatient Visit	\$372	\$390	\$392	\$3	1%	23
Net Cost per Outpatient Visit *	\$380	\$421	\$431	\$10	2%	24
Collections per Adjusted Admission	\$4,471	\$4,596	\$5,730	\$1,134	20%	25
Charity as % of Gross Revenue	2.98%	2.14%	2.80%	0.66%	23%	26
Bad Debt as % of Gross Revenue	4.03%	4.14%	4.00%	-0.14%	-3%	27
Contractual Allowance as % of Gross Revenue	57.23%	55.06%	55.04%	-0.02%	0%	28
Cost Metrics:						
Gross Expense per Adjusted Admission *	\$4,175	\$4,968	\$6,291	\$1,323	21%	29
Net Exp. Per Adj Admission *	\$4,175	\$4,968	\$6,291	\$1,323	21%	30
Salaries and Wages per Adj Admission	\$1,563	\$1,538	\$1,824	\$286	16%	31
Total FTE's	156	153	146	(28)	-19%	32
Hospital FTE's per Adjusted Occupied Bed	3.28	3.89	3.94	0.05	1%	33
Salaries and Wages as % of Net Patient Rev.	41.12%	33.47%	31.83%	-1.64%	-5%	34
Overtime as % of Total Hours Worked	1.00%	1.75%	0.83%	-0.92%	-111%	35
Average Hourly Wage	\$23.41	\$20.35	\$20.86	\$0.51	2%	36
Drug and Supply Exp per Adj Admission	\$514	\$515	\$617	\$102	17%	37

* GASB removed

**Morrow County Hospital
2020 Capital Budget**

Threshold Capital **\$ 750,000**

Category	Information Technology	\$100,000
	Clinical Equipment	\$400,000
	Non-Clinical Equipment	\$200,000
	Contingency	\$50,000
		<u>\$750,000</u>
		<u><u>\$750,000</u></u>