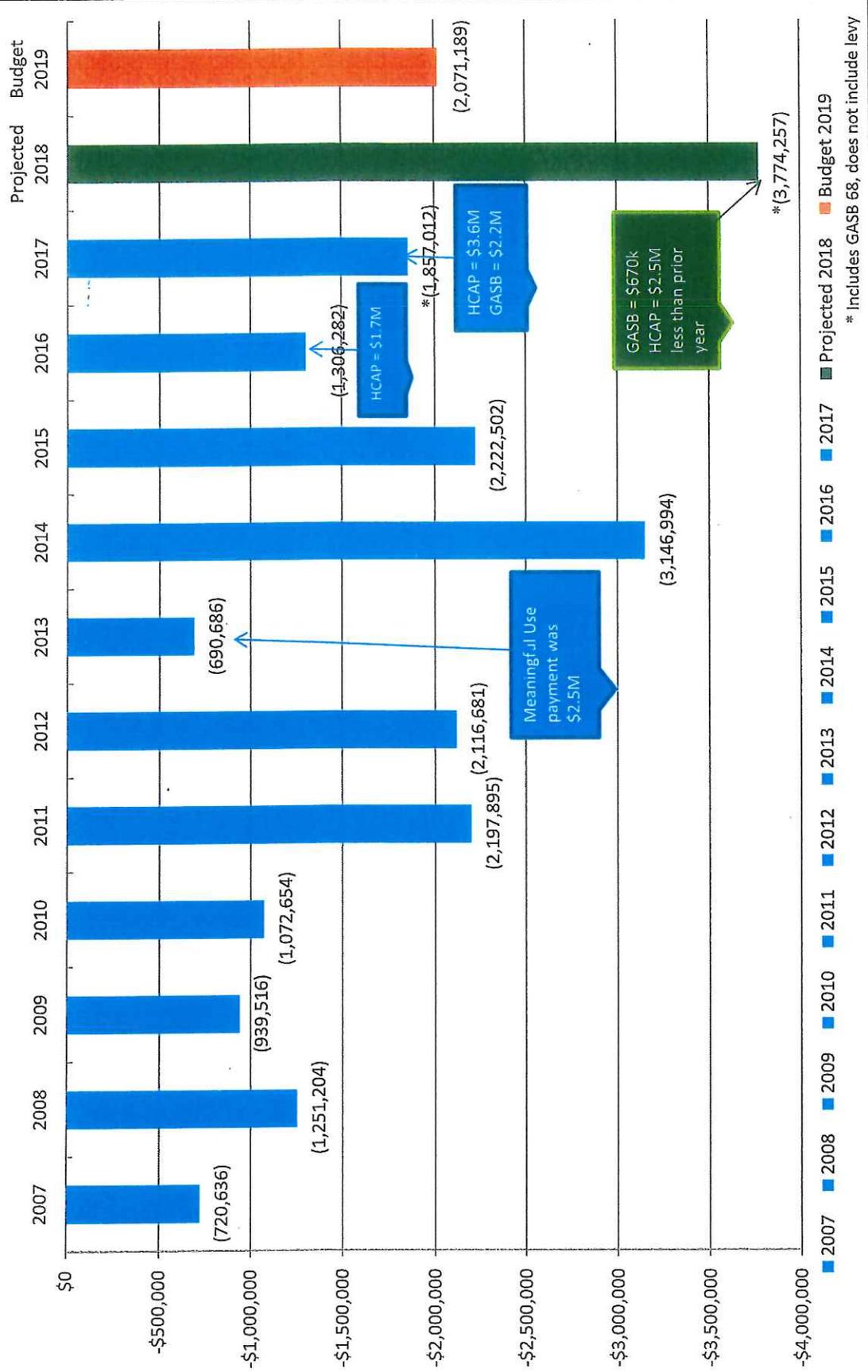


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**Morrow County Hospital
2019 Capital & Operating
Budgets**

BOARD MEETING: October 23, 2018

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



MORROW COUNTY HOSPITAL (Combined)
STATEMENT OF OPERATIONS BUDGET 2019

200% instead of 0%

	A	B	C	D	
	Budget 2018	Projected 2018	Budget 2019	Proj 18 Budget 19 Fav/(Unfav) Change	
OPERATING REVENUE					
REVENUES FROM PATIENT SERVICES					
INPATIENT SERVICES	4,803,854	5,402,242	5,379,604	(22,638)	1
OUTPATIENT SERVICES	58,987,131	56,607,389	55,949,453	(657,936)	2
GROSS REVENUE FROM PATIENT SERVICES	63,790,985	62,009,631	61,329,057	(680,574)	3
LESS: DEDUCTIONS FROM REVENUE					
PROVISION FOR CONTRACT. ADJUSTMENTS	34,573,638	34,122,971	34,149,167	26,196	4
CHARITY AND OTHER	515,725	587,081	1,715,214	1,128,133	5
HOSPITAL CARE ASSURANCE PROGRAM	(1,148,000)	(1,100,232)	(1,100,436)	(204)	6
TOTAL DEDUCTIONS FROM REVENUE	33,941,363	33,609,820	34,763,945	1,154,125	7
NET PATIENT REVENUES	29,849,622	28,399,811	26,565,112	(1,834,699)	8
(Net of Contractual Adjustments & Charity)					
PROVISION FOR BAD DEBT	2,094,054	3,154,446	2,392,980	(761,466)	9
NET PATIENT REVENUES	27,755,568	25,245,365	24,172,132	(1,073,233)	10
(Net of Contractual Adj & Charity/Bad Debt)					
OTHER OPERATING REVENUE	1,870,380	1,505,207	1,383,944	(121,263)	11
TOTAL OPERATING REVENUES	29,625,948	26,750,572	25,556,076	(1,194,496)	12
OPERATING EXPENSES					
SALARIES AND WAGES	11,416,904	10,841,645	9,641,970	(1,199,675)	13
EMPLOYEE BENEFITS	7,009,309	5,778,502	4,651,492	(1,127,010)	14
UTILITIES	646,237	623,920	595,155	(28,765)	15
PROFESSIONAL FEES	1,814,000	1,840,264	2,118,000	277,736	16
PURCHASED SERVICES	5,100,312	5,111,860	4,514,341	(597,519)	17
SUPPLIES & OTHER EXPENSES	4,016,212	3,889,909	4,077,139	187,230	18
INTEREST EXPENSE	18,000	8,552	210	(8,342)	19
DEPRECIATION AND AMORTIZATION	1,535,378	1,410,925	1,085,661	(325,264)	20
RENTAL	1,018,596	1,019,251	943,297	(75,954)	21
TOTAL OPERATING EXPENSES	32,574,948	30,524,829	27,627,264	(2,897,563)	22
NET OPERATING INCOME/(LOSS)	(2,949,000)	(3,774,257)	(2,071,189)	1,703,067	23
NON-OPERATING REVENUES					
INVESTMENT INCOME	0	44,017	0	(44,017)	24
OTHER REVENUE	0	0	0	0	25
OPERATING LEVY INCOME	1,350,000	1,338,904	1,350,000	11,096	26
OTHER EXPENSES	0	0	0	0	27
TOTAL NON-OPERATING REVENUES	1,350,000	1,382,921	1,350,000	(32,921)	28
NET INCOME/(LOSS)	(1,599,000)	(2,391,336)	(721,189)	1,670,146	29
NET OPERATING INCOME RATIO	-10.0%	-14.1%	-8.1%	6.0%	30

**MORROW COUNTY HOSPITAL (Combined)
STATEMENT OF OPERATIONS BUDGET 2019**

	A	B	C	D	E	
	<u>Budget 2018</u>	<u>Projected 2018</u>	<u>Budget 2019</u>	<u>Proj 18 Budget 19 Change</u>	<u>% Change</u>	
Volume:						
Adjusted Admissions	7,304	5,269	5,176	(93)	-2%	1
Outpatient Revenue (% of Gross Patient Revenue)	92.47%	91.29%	91.23%	-0.06%	0%	2
Outpatient Visits	94,923	94,193	86,794	(7,399)	-9%	3
Emergency Room Visits	10,500	9,598	9,500	(98)	-1%	4
Laboratory (All Locations)	117,400	112,134	112,000	(134)	0%	6
Orthopedic Visits	2,004	1,652	1,268	(384)	-30%	7
Physical Therapy Modalities (All Locations)	31,400	28,024	28,485	461	2%	8
Primary Care Visits	33,722	30,970	30,474	(496)	-2%	9
Radiology (All Locations)	18,282	17,388	17,283	(105)	-1%	10
Urgent Care	3,600	3,334	3,300	(34)	-1%	11
Inpatient Admissions	550	459	454	(5)	-1%	12
Total Surgeries	900	868	852	(16)	-2%	13
Major Payor Mix: (% of total charges)						
Medicare	31.79%	31.86%	31.06%	-0.80%	-3%	14
Medicare Mgd Care	13.06%	15.04%	15.61%	0.57%	4%	15
Medicaid	2.08%	1.96%	1.18%	-0.78%	-66%	16
Medicaid Mgd Care	19.71%	18.34%	20.17%	1.83%	9%	17
Commercial	30.69%	29.33%	28.47%	-0.86%	-3%	18
SelfPay	2.67%	3.47%	3.51%	0.04%	1%	19
Exchange	0.00%	0.00%	0.00%	0.00%	0%	20
Total	100.00%	100.00%	100.00%	0.00%	-58%	21
Average Length of Stay						
Acute Care/ICU/PCU	2.59	2.63	2.64	0.01	0%	22
Swing Bed	8.60	12.82	12.46	(0.36)	-3%	23
OBS	1.02	0.96	0.98	0.02	2%	24
Revenue Metrics:						
Net Patient Revenue per Adj. Admission	\$4,087	\$5,390	\$5,133	-\$258	-5%	25
Net Patient Revenue per Outpatient Visit	\$292	\$268	\$279	\$10	4%	26
Net Cost per Outpatient Visit *	\$336	\$317	\$318	\$1	0%	27
Collections per Adjusted Admission	\$3,800	\$4,792	\$4,670	-\$121	-3%	28
Charity as % of Gross Revenue	0.81%	0.95%	2.80%	1.85%	66%	29
Bad Debt as % of Gross Revenue	3.28%	5.09%	3.90%	-1.19%	-30%	30
Contractual Allowance as % of Gross Revenue	54.20%	55.03%	55.68%	0.65%	1%	31
Cost Metrics:						
Gross Expense per Adjusted Admission *	\$4,175	\$5,667	\$5,338	-\$329	-6%	32
Net Exp. Per Adj Admission *	\$4,175	\$5,667	\$5,338	-\$329	-6%	33
Salaries and Wages per Adj Admission	\$1,563	\$2,058	\$1,863	-\$195	-10%	34
Total Combined FTE's	234	228	200	-28.00	-14%	35
Hospital FTE's per Adjusted Occupied Bed	3.28	3.89	3.94	0.05	1%	36
Salaries and Wages as % of Net Patient Rev.	41.12%	42.95%	39.89%	-3.06%	-8%	37
Overtime as % of Total Hours Worked	1.60%	1.60%	0.92%	-0.68%	-74%	38
Average Hourly Wage	\$23.41	\$22.90	\$23.18	\$0.27	1%	39
Drug and Supply Exp per Adj Admission	\$514	\$349	\$409	\$60	15%	40

* GASB removed

50 150

Morrow County Hospital 2019 Capital Budget

Threshold Capital

\$ 750,000

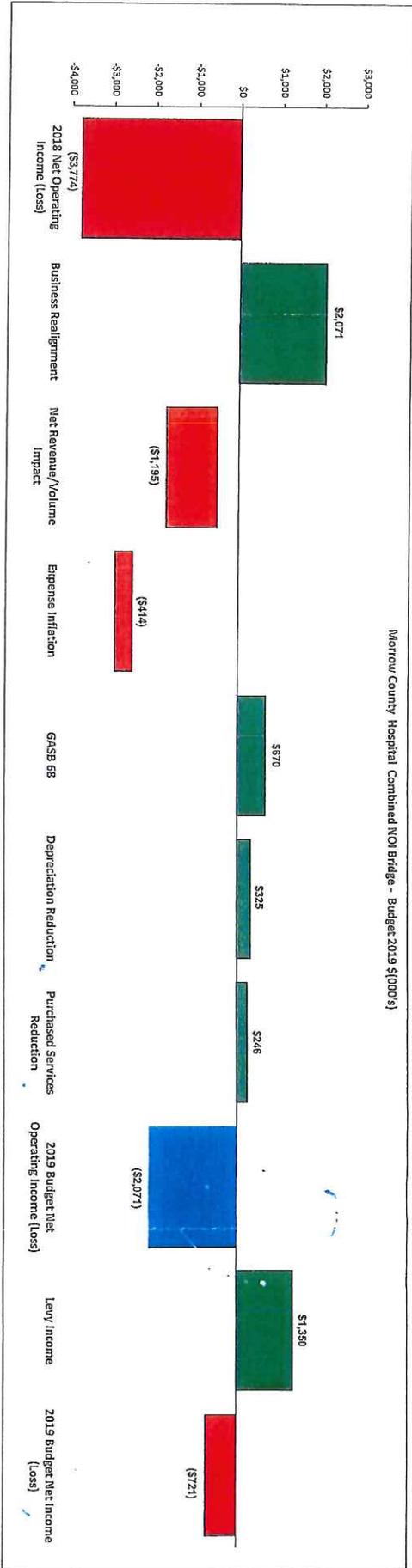
Category

Information Technology	\$150,000
Clinical Equipment	\$400,000
Non-Clinical Equipment	\$100,000
Contingency	\$100,000
	<u>\$750,000</u>

**MORROW COUNTY HOSPITAL
STATEMENT OF OPERATIONS BUDGET 2019**

	A	B	C	
	MCH Budget 2019	Provider Budget 2019	Combined Budget 2019	
OPERATING REVENUE				
REVENUES FROM PATIENT SERVICES				
INPATIENT SERVICES	5,379,604	0	5,379,604	1
OUTPATIENT SERVICES	50,117,218	5,832,234	55,949,453	2
GROSS REVENUE FROM PATIENT SERVICES	55,496,822	5,832,234	61,329,057	3
LESS: DEDUCTIONS FROM REVENUE				
PROVISION FOR CONTRACT. ADJUSTMENTS	31,921,991	2,227,175	34,149,166	4
CHARITY AND OTHER	1,664,905	50,310	1,715,215	5
HOSPITAL CARE ASSURANCE PROGRAM	(1,100,436)	0	(1,100,436)	6
TOTAL DEDUCTIONS FROM REVENUE	32,486,460	2,277,485	34,763,945	7
NET PATIENT REVENUES	23,010,362	3,554,749	26,565,112	8
(Net of Contractual Adjustments & Charity)				
PROVISION FOR BAD DEBT	2,219,873	173,107	2,392,980	9
NET PATIENT REVENUES	20,790,489	3,381,642	24,172,131	10
(Net of Contractual Adj & Charity/Bad Debt)				
OTHER OPERATING REVENUE	1,383,944	0	1,383,944	11
TOTAL OPERATING REVENUES	22,174,433	3,381,642	25,556,075	12
OPERATING EXPENSES				
SALARIES AND WAGES	6,399,467	3,242,503	9,641,970	13
EMPLOYEE BENEFITS	3,608,535	1,042,956	4,651,492	14
UTILITIES	510,325	84,830	595,155	15
SUPPLIES & OTHER EXPENSES	3,838,689	238,450	4,077,139	16
PURCHASED SERVICES	4,245,551	268,790	4,514,341	17
PROFESSIONAL FEES	1,988,000	130,000	2,118,000	18
DEPRECIATION AND AMORTIZATION	1,040,147	45,513	1,085,660	19
INTEREST EXPENSE	210	0	210	20
RENTAL	638,297	305,000	943,297	21
TOTAL OPERATING EXPENSES	22,269,221	5,358,042	27,627,264	22
NET OPERATING INCOME/(LOSS)	(94,787)	(1,976,402)	(2,071,189)	23
NON-OPERATING REVENUES				
INVESTMENT INCOME	0	0	0	24
OTHER REVENUE	0	0	0	25
OPERATING LEVY INCOME	1,350,000	0	1,350,000	26
OTHER EXPENSES	0	0	0	27
NON-OPERATING REVENUES	1,350,000	0	1,350,000	28
NET INCOME/(LOSS)	1,255,213	(1,976,402)	(721,189)	29

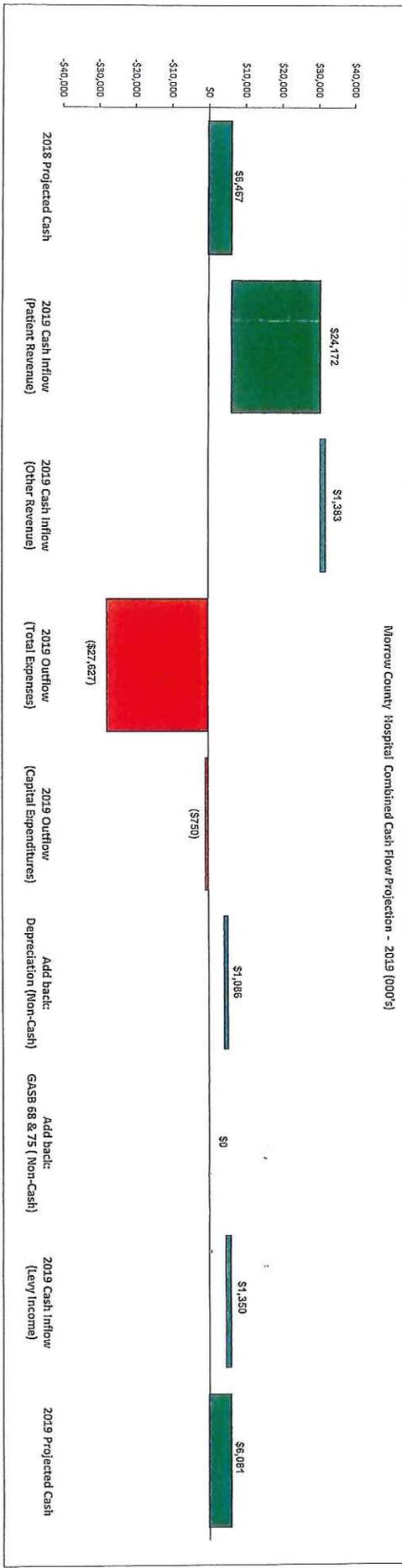
Morrow County Hospital Combined NOI Bridge - Budget 2019 \$(000's)



Notes:

- 1 2018 Net Operating Loss - \$3,771 - As projected with YTD Actuals through August 2018
- 2 Business Realignment - \$2.1M - Expense savings from closing clinical services and outsourcing support services
- 3 Net Revenue Inflation/Volume Impacts - \$1.2M - Price increase of 3% with the exception of lab; offset by increase in contractuals to adjust for Medicare/Medicaid DRG payment method Decrease in revenue for services closing as well as Orthopedic Surgeon planned retirement
- 4 Expense Inflation - \$414k - Salaries 2.9% increase; Drugs & Supplies 2.0% increase
- 5 GASB 68 - \$670k - Variable (non-cash) expense related to the defined benefit pension plan; not included in plan for 2019
- 6 Depreciation Reduction - \$325k - Our electronic medical record system was completely amortized by the end of 2018
- 7 Purchased Services Reduction - \$246k - ECG (\$300k); offset by increase for ED Providers (\$100k)
- 8 2019 Budget Net Operating Loss - \$2.0M - Does not include Levy Income
- 9 Levy Income - \$1.35M, same as in 2018
- 10 2019 Budget Net Loss - \$721k - Total 2019 net loss including Levy Income

Narrow County Hospital Combined Cash Flow Projection - 2019 (000's)



Notes:

- 1 2018 Projected Cash - \$6.4M - Projected cash balance at 12/31/2018 (Days Cash on Hand = 85 days); Includes Current Assets and Assets Limited to Use
- 2 2019 Cash Inflow (Patient Revenue) - \$24.1M - Cash collections from patients and payers (per the Budget)
- 3 2019 Cash Inflow (Other Revenue) - \$1.4M - Cash collections from rental income, cafeteria, and other non-patient related sources
- 4 Cash Outflow (Total Expenses) - \$27.6M - Total Expenses per the Budget including Salaries & Benefits, Purchased Services, Drugs & Supplies, and Other Expenses
- 5 2019 Cash Outflow (Capital Expenditures) - \$750,000 - Planned capital investments (Medical Equipment, Technology, Renovation, etc.)
- 6 Add back: Depreciation (Non-cash) - \$1.0M - Depreciation is included in the total expenses and is a non-cash expense
- 7 Add back: GASB 68 (Non-cash) - Not included in 2019 plan
- 8 2019 Cash Inflow (Levy Income) - \$1.4M - Cash received from county related to the support of the tax levy
- 9 2019 Projected Cash - \$6.1M - Projected cash balance at 12/31/2019 (Days Cash on Hand = 80 days)