



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
REGULAR MEETING AGENDA
Tuesday, December 4, 2012
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	Fogg	Inform/Action
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. At all times please use the microphone.</i>		
3. CONSENT CALENDAR: A. Prior Meeting Minutes – October 23, 2012	Fogg	Action
4. DEVELOP FINANCE COMMITTEE WORK PLAN FOR 2013 (Recommended by the Governance Committee on 11/26/12)	Fogg	Inform
5. FINANCE COMMITTEE CHARTER REVIEW & FEEDBACK FROM COMMITTEE MEMBERS (Recommended by the Governance Committee on 11/26/12)	Fogg	Inform
6. UPDATES	Reid	Inform
7. OCTOBER 2012 FINANCIALS	Reid	Inform
8. PROJECTED CASH FLOWS	Reid	Inform
9. RECOMMENDATION FROM CONSTRUCTION COMMITTEE ON FINANCING	Reid	Inform/Action
10. ACKNOWLEDGEMENT CONCERNING CONFIDENTIAL INFORMATION (Recommended by the Board on 11/1/12)	Fogg	Inform/Action
11. ADJOURN TO JANUARY 2, 2013	Fogg	

3.A.

MINUTES

10.23.12



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
REGULAR MEETING MINUTES
Tuesday, October 23, 2012
Schantz Conference Room**

Committee Members Present	Committee Members Absent	Administrative Staff Present
Richard Fogg, Chair Bill Boerum Sharon Nevins Mary Smith Dr. Subhash Mishra Steve Barclay	Shari Glago	Rick Reid, CFO Kelly Mather, CEO Jeannette Tarver, Director of Finance

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
MISSION AND VISION STATEMENTS	<p><i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p> <p><i>The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i></p>		
1. CALL TO ORDER	5:39 p.m.		
2. PUBLIC COMMENT <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. At all times please use the microphone.</i>	There was no public comment.		
3. CONSENT CALENDAR: A. Prior Meeting Minutes 9.25.12		MOTION: by Nevins; seconded, to approve the Consent Calendar and carried. All in	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
		favor; none opposed.	
4. UPDATES	<i>Rick Reid</i>		
	<p>Mr. Reid discussed the audit process. There were no material post-adjustments entries. The consolidation update at I.T., Palm Drive Hospital would go live on Paragon with Finance, Billing, Admitting, Materials Management, and Medical Records departments on November 5. Over \$300,000 in salary cost for the I.T. department were paid for by PDH based on cost allocation method taken by net revenue, beds, and FTEs. Mr. Reid commended Fe Sendaydiego, Director of Information Systems, for her outstanding performance and contributions to the consolidations. SVH saved 90% of the HIM Director salary based on the consolidation with Marin General Hospital.</p> <p>He mentioned he attended a district health care leadership forum that discussed how to work with the State in negotiating Medi-Cal reimbursement methods with district hospitals. He planned to get together with all the district hospitals in California to work with Medi-Cal for reimbursement that would acquire significant savings. SVH explored opportunities working with PDH in several different areas. PDH contracted with Healdsburg to do their reference lab work, but would be moving it to SVH. The net revenue for the Hospital would cost \$10,000 a month. The cost to SVH with additional supplies and courier would be \$23 per day.</p> <p>Also, during the Hospital's budget process, an insurance verification position had been filled and was needed, due to the hours ahead of the outpatient surgery schedule and insurance verification. SVH had been consistently 10 days ahead of the operating room schedule.</p> <p>Mr. Reid discussed Western Health Advantage where SVH would save \$500,000 of annual savings, as opposed to United Healthcare. SVH budgeted the health insurance cost for this year of \$2,856,000. The new health insurance cost, including the first three months and doubling it would be \$2,890,000 in premiums with a negative budget variance of \$34,000. It would cost \$20 for co-pay and \$180 for a family rate. SVH did not budget for additional volume on the revenue side.</p> <p>The capital campaign received in cash, as of to date, \$2.3 million from \$2.1 million. \$245,000 was received on October 23, 2012. The total cash and pledges received so far was \$4,925,000. The total cost of the construction project was \$42,000,000 (\$31,000,000 from the Bond) and \$11,000,000 was needed to complete it without financing. Lastly, the cost accounting system, patientsDB, had been chosen and the annual cost would be \$29,000 for each of the Hospitalist.</p>		
5. SEPTEMBER 2012 FINANCIALS	<i>Rick Reid</i>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>Mr. Reid reported the extra volume from August was actually budgeted for September. Therefore, volume was down in September. The outpatient revenue was down in gross charges of \$956,000, but net revenue was up due to more commercial insured patients, especially in the Emergency Room. Net revenue was under budget by \$284,000. Operating expenses were \$168,000 under budget. Income before restricted contributions of a loss was \$49,000. Total operating revenue for the year of the first quarter was \$11,541,000 on a budget of \$11,596,000 with a difference of \$55,000 off the budget for the first quarter. Expenses were \$242,000 better than budget.</p> <p>Net income before restricted contributions was \$104,000 with a \$161,000 better than budget. Restricted contributions were \$118,000 on a budget of \$142,000. \$114,000 of it was related to the Foundation contribution to the Hospital for the upgrade of radiology equipment not related to the capital campaign.</p> <p>There had been a steady growth in accounts receivables. The processes that were put into place last July were starting to show positive results. Net Accounts Receivables were going down. Accounts Payable goal was 45 days by the end of fiscal year.</p>		
6. PROJECTED CASH FLOWS	<i>Rick Reid</i>		
	Mr. Reid reviewed the submitted report.		
7. FIRST QUARTER CAPITAL SPENDING REPORT	<i>Rick Reid</i>		
	Mr. Reid reported SVH spent \$15,896 on capital equipment.		
8. FIRST QUARTER VOLUMES REPORT	<i>Rick Reid</i>		
	Mr. Reid briefly explained the first quarter volumes.		
9. DECEMBER 2012 FINANCE COMMITTEE MEETING	<i>Rick Reid</i>		
	Mr. Reid recommended the November Finance Committee meeting rescheduled to December 4, 2012 and the December Finance Committee meeting rescheduled to January 2, 2013.		
10. ADJOURN	6:40 p.m.		

4.

DEVELOP
FINANCE COMMITTEE
WORK PLAN
FOR 2013

2013 Finance Committee Work Plan

(PROPOSED)

January	February	March	April
<ul style="list-style-type: none"> ❖ Monthly Financial Statements ❖ Capital Spending Report ❖ Volumes Report 	<ul style="list-style-type: none"> ❖ Monthly Financial Statements 	<ul style="list-style-type: none"> ❖ Monthly Financial Statements ❖ Cash Flow Update/Projection ❖ CFO Report ❖ Construction Update (Review of Bond Project Spending) 	<ul style="list-style-type: none"> ❖ Monthly Financial Statements ❖ Capital Spending Report ❖ Volumes Report ❖ Insurance Review
May	June	July	August
<ul style="list-style-type: none"> ❖ Monthly Financial Statements ❖ Operating Budget (annually) ❖ Capital Budget (annually) 	<ul style="list-style-type: none"> ❖ Monthly Financial Statements 	<ul style="list-style-type: none"> ❖ Monthly Financial Statements ❖ Capital Spending Report ❖ Volumes Report ❖ CBOC Annual Report (annually) 	<ul style="list-style-type: none"> ❖ Monthly Financial Statements ❖ Long Range Financial Plan (annually)
September	October	November	December
<ul style="list-style-type: none"> ❖ Monthly Financial Statements 	<ul style="list-style-type: none"> ❖ Monthly Financial Statements ❖ Volumes Report ❖ Audited Financial Statements (annually) 	<ul style="list-style-type: none"> ❖ Monthly Financial Statements ❖ Financial Policies (annually) ❖ Finance Committee Charter 	<ul style="list-style-type: none"> ❖ Monthly Financial Statements

5.

FINANCE
COMMITTEE
CHARTER REVIEW
AND FEEDBACK
FROM COMMITTEE
MEMBERS



SUBJECT: Finance Committee Charter	POLICY #
DEPARTMENT: Board of Directors	PAGE 1 OF 4
APPROVED BY: Board of Directors	EFFECTIVE: 4/5/12
	REVISED:

Purpose:

This charter (the “Charter”) sets forth the duties and responsibilities and governs the operations of the Finance Committee (the “Committee”) of the Board of Directors (the “Board”) of Sonoma Valley Healthcare District (the “District”), a nonprofit corporation organized and existing under the California Law.

The Finance Committee’s purpose is to assist the Board in its oversight of the District’s financial affairs, including District’s financial condition, financial planning, operational, and capital budgeting, debt structure, debt financing and refinancing and other significant financial matters involving the District. The Finance Committee is the body which recommends to the District Board on all financial decisions.

Policy:

Duties and Responsibilities

The Committee’s primary duties and responsibilities are as follows:

- A. Review Monthly Financial Operating Performance
 1. Review the District’s monthly financial operating performance. The committee will review the monthly financial statements, including but not limited to the Statement of Revenues and Expenses, Balance Sheet and Statement of Cash Flows, prepared by management. The committee will also review other financial indicators as warranted.
 2. Review management’s plan for improved financial and operational performance including but not limited to new patient care programs, cost management plans, and new financial arrangements. The committee will make recommendations to the Board when necessary.

- B. Budgets
 1. Review and recommend to the Board for approval an annual operating budget for the District.
 2. Review management’s budget assumptions including volume, growth, inflation and other budget assumptions.
 3. Review and recommend to the Board for approval an annual capital expenditures budget for



SUBJECT: Finance Committee Charter	POLICY #
	PAGE 2 OF 4
DEPARTMENT: Board of Directors	EFFECTIVE: 4/5/12
APPROVED BY: Board of Directors	REVISED:

the District. If deemed appropriate by the Committee, review and recommend to the Board for approval projected capital expenditures budgets for one or more succeeding years.

C. Debt, Financing and Refinancing

1. Evaluate and monitor the District's long and short-term indebtedness, debt structure, collateral or security, therefore, cash flows, and uses and applications of funds.
2. Evaluate and recommend to the Board for approval proposed new debt financing, including lines of credit, financings and refinancing, including (i) interest rate and whether the rate will be fixed or floating rate; (ii) collateral or security, if any; (iii) issuance costs; (iv) banks, investment banks, and underwriters retained or compensated by the District in connection with any financing or refinancing.
3. Review and recommend to the Board all guarantees or other obligations for the indebtedness of any third party.

D. Insurance

1. Review on an annual basis all insurance coverage's, including (i) identity and rating of carriers; (ii) premiums; (iii) retentions; (iv) self-insurance; (v) stop-loss policies; and (vi) all other aspects of insurance coverage for healthcare institutions.

E. Investment Policies

1. Review and recommend to the Board the District's cash management and cash investment policies, utilizing the advice of financial consultants as the Committee deems necessary or desirable.
2. Review and recommend to the Board the District's investment policies relating to assets of any employee benefit plans maintained and controlled by the District, utilizing the advice of financial consultants as the Committee deems necessary or desirable.

F. General

1. Review and recommend the services of all outside financial advisors, financial consultants, banks, investment banks, and underwriters for the District. Review annually the District's significant commercial and investment bank relationships.
2. Perform any other duties and responsibilities as the Board may deem necessary, advisable



SUBJECT: Finance Committee Charter	POLICY #
DEPARTMENT: Board of Directors	PAGE 3 OF 4
APPROVED BY: Board of Directors	EFFECTIVE: 4/5/12
	REVISED:

or appropriate for the Committee to perform.

3. Perform such other duties and responsibilities as the Committee deems appropriate to carry out its purpose as provided in this Charter.
4. Meet on a monthly basis preceding the Board meeting concerning the District's financial affairs. Urgent and time sensitive matters shall be reported at the next regular or special Board meeting.
5. The Finance Committee will be invited to attend the presentation by the District's independent auditors



SUBJECT: Finance Committee Charter	POLICY #
	PAGE 4 OF 4
DEPARTMENT: Board of Directors	EFFECTIVE: 4/5/12
APPROVED BY: Board of Directors	REVISED:

Organization

The Committee’s membership, the chairperson, the call and conduct of Committee meetings, the preparation of Committee minutes, and the Committee’s other activities shall be appointed, conducted and accomplished in accordance with applicable provisions of the Bylaws and the Corporate Governance Principles adopted by the Board. The committee’s membership is subject to the Approval of the District Board. The membership shall include the following:

- 1. Two (2) Board Members, one being the Treasurer
- 2. Six (6) District Citizens
- 3. At least one (1) member of the Medical Staff
- 4. District’s Chief Executive Officer (non-voting)
- 5. District’s Chief Financial Officer (non-voting)

Performance Evaluation

The Committee shall prepare and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation shall also recommend to the Board any amendments to this Charter deemed necessary or desirable by the Committee. The performance evaluation shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson or any other member of the Committee designated by the Committee to make the report.

Resources and Authority of the Committee

The Finance Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the responsibility to recommend to select, retain, terminate, and approve the engagement and other retention terms of special counsel or other experts or consultants, as it deems appropriate.

Amendment

This Charter shall not be amended except upon approval by the Board.
Adopted by the Board on April 5, 2012.

7.

OCTOBER 2012
FINANCIALS

Sonoma Valley Hospital
Sonoma Valley Health Care District
October 31, 2012 Financial Report

Finance Committee

December 4, 2012

October's Patient Volumes

	Actual	Budget	Variance	Prior Year
Acute Discharges	121	129	-8	134
Acute Patient Days	443	456	-13	456
SNF Patient Days	576	713	-137	633
Outpatient Gross Revenue (in thousands)	\$8,935	\$8,363	\$572	\$7,493
Surgical Cases	128	132	-4	126

Summary Statement of Revenues and Expenses Month of October 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 3,977,444	\$ 3,975,442	\$ 2,002	0%	\$ 3,756,948
2 Total Operating Expenses	\$ 4,406,584	\$ 4,416,469	\$ 9,885	0%	\$ 4,245,193
3 Operating Margin	\$ (429,140)	\$ (441,027)	\$ 11,887	3%	\$ (488,245)
4 NonOperating Revenue/Expenses	\$ 483,628	\$ 459,942	\$ 23,686	5%	\$ 323,922
5 Net Income	\$ 54,488	\$ 18,915	\$ 35,573	188%	\$ (164,323)
6 Restricted Contribution	\$ 12,633	\$ 47,500	\$ (34,867)	-73%	\$ -
7 Net Income with Restricted Contributions	\$ 67,121	\$ 66,415	\$ 706	1%	\$ (164,323)
8 EBIDA before Restricted Contributions	\$ 344,252	\$ 274,279	\$ 69,973		\$ 44,174
9 EBIDA before Restricted Cont. %	9%	7%	2%		1%
10 EBIDA after Restricted Contributions	\$ 356,885	\$ 321,779	\$ 35,106		\$ 44,174
11 EBIDA after Restricted Cont. %	9%	8%	1%		1%
12 Net Income without GO Bond Activity	\$ (56,435)	\$ (61,907)	\$ 5,472		\$ (290,459)

Summary Statement of Revenues and Expenses Year to Date October 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 15,518,698	\$ 15,572,441	\$ (53,743)	0%	\$ 15,494,467
2 Total Operating Expenses	\$ 7,196,802	\$ 17,449,685	\$ 252,883	1%	\$ 16,677,612
3 Operating Margin	\$ (1,678,104)	\$ (1,877,244)	\$ 199,140	11%	\$ (1,183,145)
4 NonOperating Revenue/Expenses	\$ 1,837,363	\$ 1,839,768	\$ (2,405)	0%	\$ 1,287,501
5 Net Income	\$ 159,259	\$ (37,476)	\$ 196,735	525%	\$ 104,356
6 Restricted Contribution	\$ 131,400	\$ 190,000	\$ (58,600)	-31%	\$ -
7 Net Income with Restricted Contributions	\$ 290,659	\$ 152,524	\$ 138,135	91%	\$ 104,356
8 EBIDA before Restricted Contributions	\$ 1,155,472	\$ 983,980	\$ 171,492		\$ 956,267
9 EBIDA before Restricted Cont. %	7%	6%	1%		6%
10 EBIDA after Restricted Contributions	\$ 1,286,872	\$ 1,173,980	\$ 112,892		\$ 956,267
11 EBIDA after Restricted Cont. %	8%	8%	0%		6%
12 Net Income without GO Bond Activity	\$ (334,965)	\$ (550,764)	\$ 215,799		\$ (392,447)

October'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	\$ 1,390,255	\$ 1,612,520	\$ (222,265)	-14%	\$ 1,458,633
2	Skilled Nursing Facility	\$ 343,247	\$ 419,957	\$ (76,710)	-18%	\$ 498,895
3	Outpatient and Emergency	\$ 1,942,832	\$ 1,795,479	\$ 147,353	8%	\$ 1,702,516
4	HomeCare	\$ 241,731	\$ 215,113	\$ 26,618	12%	\$ 162,887
5	Community Benefit (Charity)	\$ (200,000)	\$ (38,920)	\$ (161,080)	-414%	\$ (15,100)
6	Bad Debt Expense	\$ (100,000)	\$ (337,403)	\$ 237,403	70%	\$ (300,000)
7	TOTAL NET PATIENT REVENUE	\$ 3,618,065	\$ 3,666,746	\$ (48,681)	-1%	\$ 3,507,831
RISK CONTRACTS						
8	Capitation Revenue	\$ 174,133	\$ 183,325	\$ (9,192)	-5%	\$ 190,427
9	Napa State Hospital Revenue	\$ 170,900	\$ 113,333	\$ 57,567	51%	\$ 47,800
10	TOTAL RISK CONTRACTS	\$ 345,033	\$ 296,658	\$ 48,375	16%	\$ 238,227
11	OTHER OPER REVENUE	\$ 14,346	\$ 12,038	\$ 2,308	19%	\$ 10,890
12	TOTAL HOSPITAL NET REVENUE	\$ 3,977,444	\$ 3,975,442	\$ 2,002	0%	\$ 3,756,948

Revenue Variances

- Total Operating Revenue over budget by \$2,002.
- Revenue is under budget by 1%
 - Medicare discharges were over budget by 2 with under budget rates for a net impact of (\$13,673)
 - Medi-Cal days were over budget by 12 with under budget rates for a net impact of \$18,684
 - Commercial days were under budget by 29 with over budget rates for a net impact of (\$147,575)
 - Other patient days were under budget by 8 with under budget rates for a net impact of (\$79,701)
 - SNF days under budget by 137 with acuity under budget for a net impact of (\$76,710)
 - Outpatient volume were over budget with under budget reimbursements for a net impact of \$147,353
 - Home Care is over budget by \$26,618

October'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	\$ 1,978,138	\$ 1,994,381	\$ 16,243	1%	\$ 1,946,684
2 Employee Benefits	\$ 755,262	\$ 710,529	\$ (44,733)	-6%	\$ 658,003
3 Total People Cost	<u>\$ 2,733,400</u>	<u>\$ 2,704,910</u>	<u>\$ (28,490)</u>	<u>-1%</u>	<u>\$ 2,604,687</u>
4 Medical and Prof Fees (excl'd Agency)	\$ 358,089	\$ 393,284	\$ 35,195	9%	\$ 452,304
5 Supplies	\$ 490,489	\$ 496,389	\$ 5,900	1%	\$ 541,049
6 Purchased Services	\$ 381,674	\$ 379,627	\$ (2,047)	-1%	\$ 242,761
7 Depreciation	\$ 231,076	\$ 199,672	\$ (31,404)	-16%	\$ 155,164
8 Utilities	\$ 79,289	\$ 82,610	\$ 3,321	4%	\$ 78,004
9 Insurance	\$ 24,375	\$ 20,374	\$ (4,001)	-20%	\$ 20,084
10 Interest	\$ 28,677	\$ 25,681	\$ (2,996)	-12%	\$ 25,902
11 Other	<u>\$ 79,515</u>	<u>\$ 113,922</u>	<u>\$ 34,407</u>	<u>30%</u>	<u>\$ 125,238</u>
12 TOTAL OPERATING EXPENSE	<u>\$ 4,406,584</u>	<u>\$ 4,416,469</u>	<u>\$ 9,885</u>	<u>0%</u>	<u>\$ 4,245,193</u>

Expense Variances

- Total operating expenses were under budget by \$9,885.
- Total productivity FTE's were under budget at 281. Total salaries and Agency under budget by \$16,243.
- Employee benefits were over budget by (\$44,733). Paid time off is over budget by (\$31,386) due to the spread of the budget.
- Depreciation is over budget by (\$31,404) due to the Electronic Health Records being placed in service.
- Other expenses were under budget by \$34,407 due to reduced spending in Administration.

October's Non-Operating Items

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
NON OPERATING					
1 Electronic Health Record & Misc. Rev.	\$ 180,684	\$ 147,250	\$ 33,434	23%	\$ 6,225
2 Donations	\$ -	\$ -	\$ -	0%	\$ -
3 Professional Center / Phys Recruitment	\$ -	\$ -	\$ -	0%	\$ (257)
4 Physician Practice Support - Prima	\$ (65,630)	\$ (65,630)	\$ -	0%	\$ (53,200)
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%	\$ (27,431)
8 NON-OPERATING REVENUE/EXPENSES	\$ 483,628	\$ 459,942	\$ 23,686	5%	\$ 323,922
9 Capital Campaign Contribution	\$ 12,633	\$ 47,500	\$ (34,867)	-73%	\$ -
10 Restricted Foundation Contribution	\$ -	\$ -	\$ -	0%	\$ -
11 TOTAL NON-OPERATING REVENUE/EXPENSES	\$ 496,261	\$ 507,442	\$ (11,181)	-2%	\$ 323,922



To: SVH Finance Committee
From: Rick Reid, CFO
Date: December 4, 2012
Subject: Financial Report for the Month Ending October 31, 2012

Presented below are the results and analysis for the month ending October 31, 2012.

Overall Results for October 2012

Overall for October, SVH has net income of \$67,121 on budgeted income of \$66,415, for a favorable difference of \$706. Total net revenue was under budget by (\$306). This brought the total operating revenue to \$3,977,444 or \$2,002 over budget. Expenses were \$4,406,584 on a budget of \$4,416,469 or \$9,885 under budget. The EBIDA prior to the restricted donations for the month was \$344,252 or 8.7%.

Patient Volumes

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	121	129	-8	134
Acute Patient Days	443	456	-13	456
SNF Patient Days	576	713	-137	633
OP Gross Revenue	\$8,935	\$8,363	\$572	\$7,493
Surgical Cases	128	132	-4	126

Net Operating Revenues

Net operating revenues for October were \$4.0 million on a budget of \$4.0 million or \$2,002 over budget.

Inpatient Net Revenue:

- Medicare discharges over budget by 2, the impact was \$23,702, offset by unfavorable rates of (\$37,375)
- Medi-Cal patient days over budget by 12, the impact was \$41,802, offset by an unfavorable rates of (\$23,118)
- Other patient days under budget by 8, with an unfavorable rate variance for a total impact of (\$79,701)
- Commercial patient days under budget by 29, the impact was (\$152,350), offset with a favorable rate of \$4,775

Skilled Nursing Home:

- Volume was under budget by 137 days and patient acuity was under budget, net impact (\$76,710)

Outpatient:

- Volume was over budget for a favorable impact of \$209,901, offsite by unfavorable Reimbursements of (\$62,549)

Home Care:

- Volume was over budget by 131 visits or \$26,618 over budget

Expenses

October's expenses were \$4.4 million on a budget of \$4.4 million or under budget by \$9,885.

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

- Total productivity FTE's were under budget at 281, on a budget of 287. Total salaries and Agency Fees under budget by a total of \$16,243.
- Employee benefits were over budget by (\$44,733) due to paid time off over by (\$31,386) all due to the spread of the budget.
- Depreciation is over budget by (\$31,404) due to placing the Electronic Health Records into service.
- Other expenses were under budget by \$34,407 due to reduced spending in Administration.

Capital Campaign Summary:

For the month of October the Hospital received \$12,633 in capital campaign donations. The total amount received from the Capital Campaign to date is \$2,064,354. The funds are included on line 16, Specific Funds on the Balance Sheet. Included on line 16 is also \$21,776 for miscellaneous restricted funds and \$114,334 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	\$1,064,354	\$0	\$1,064,354
Total Capital Campaign	\$2,064,354	\$0	\$2,064,354
X-Ray Machine	\$114,334	\$0	\$114,334
Misc. Restricted Funds	\$21,776	\$0	\$21,776
Total Specific Funds	\$2,200,464	\$0	\$2,200,464

Other Outpatient Volume Comparison

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

Outpatient & ER Visits

	OP Visits				ER – Inpatient				ER - Outpatient			
	CY	PY	Change	%	CY	PY	Change	%	CY	PY	Change	%
July	4,091	4,304	-213	-5.0%	109	114	-5	-4.4%	729	772	-43	-5.6%
Aug	4,392	4,692	-300	-6.4%	106	105	1	.9%	778	718	60	8.4%
Sept	3,888	4,757	-869	-18.3%	111	107	4	3.1%	677	693	-16	2.3%
Oct	4,456	4,640	-184	-4.0%	95	108	-13	-12%	706	679	27	4.0%
YTD	16,827	18,393	-1,566	-8.5%	421	434	-13	-3.0%	2,890	2,862	28	.1%

Outpatient Procedures

	Oct 2012	Oct 2011	Change	CY YTD	PY YTD	Change
Labor & Delivery	0	0	0	3	0	3
ACU	4	1	3	9	6	3
Clinical Lab	1,530	1,480	50	5,447	6,205	-758
ECHO	55	64	-9	217	247	-30
EKG	156	176	-20	576	630	-54
Medical Imaging	583	702	-119	2,159	2,625	-466
Mammography	315	287	28	991	1,042	-51
Nuclear Medicine	19	25	-6	94	99	-5
MRI	101	84	17	314	333	-19
Ultrasound	227	216	11	947	965	-18
CT Scanner	172	176	-4	686	707	-21
Wound Care	88	107	-19	328	392	-64
Offsite PT	751	812	-61	3,224	3,220	4
Occ. Health	324	374	-50	1,267	1,468	-201
Speech Therapy	28	28	0	69	94	-25
Offsite Occ. Therapy	103	108	-5	496	360	136
Total	4,456	4,640	-869	16,827	18,393	-1,566

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended October 2012**

	Month				Year-To-Date				YTD Prior Year	
	This Year		Variance		This Year		Variance			
	Actual	Budget	\$	%	Actual	Budget	\$	%		
Volume Information										
1	Acute Discharges	121	129	(8)	-6%	462	493	(31)	-6%	513
2	SNF Days	576	713	(137)	-19%	2,508	2,732	(224)	-8%	2,326
3	Home Care Visits	1,043	912	131	14%	3,834	3,700	134	4%	3,821
4	Gross O/P Revenue (000's)	5,952	5,736	216	4%	\$ 22,345	\$ 22,644	(299)	-1%	\$ 20,957
Financial Results										
Gross Patient Revenue										
5	Inpatient	\$ 5,718,221	\$ 5,296,605	421,616	8%	\$ 20,421,677	\$ 20,251,381	170,296	1%	\$ 19,490,106
6	Outpatient & Emergency	8,629,253	8,095,122	534,131	7%	33,118,675	32,431,661	687,014	2%	29,142,036
7	SNF	1,899,141	2,086,783	(187,642)	-9%	7,889,997	7,997,883	(107,886)	-1%	7,084,883
8	Home Care	305,446	268,337	37,109	14%	1,133,386	1,088,253	45,133	4%	996,641
9	Total Gross Patient Revenue	\$ 16,552,061	\$ 15,746,847	805,214	5%	\$ 62,563,735	\$ 61,769,178	794,557	1%	\$ 56,713,666
Deductions from Revenue										
10	Contractual Discounts	\$ (12,555,093)	\$ (11,567,011)	(988,082)	-9%	\$ (46,515,227)	\$ (45,418,852)	(1,096,375)	-2%	\$ (41,049,945)
11	Bad Debt	(100,000)	(337,403)	237,403	70%	(1,230,000)	(1,323,511)	93,511	7%	(1,200,000)
12	Charity Care Provision	(278,903)	(175,687)	(103,216)	-59%	(666,098)	(689,158)	23,060	3%	(301,362)
13	Prior Period Adjustments	-	-	-	0%	-	-	-	0%	-
14	Total Deductions from Revenue	\$ (12,933,996)	\$ (12,080,101)	(853,895)	*	\$ (48,411,325)	\$ (47,431,521)	(979,804)	*	\$ (42,551,307)
15	Net Patient Service Revenue	\$ 3,618,065	\$ 3,666,746	(48,681)	-1%	\$ 14,152,410	\$ 14,337,657	(185,247)	-1%	\$ 14,162,359
16	Risk contract revenue	\$ 345,033	\$ 296,658	48,375	16%	\$ 1,265,758	\$ 1,186,632	79,126	7%	\$ 1,282,833
17	Net Hospital Revenue	\$ 3,963,098	\$ 3,963,404	(306)	0%	\$ 15,418,168	\$ 15,524,289	(106,121)	-1%	\$ 15,445,192
18	Other Operating Revenue	\$ 14,346	\$ 12,038	2,308	19%	\$ 100,530	\$ 48,152	52,378	109%	\$ 49,275
19	Total Operating Revenue	\$ 3,977,444	\$ 3,975,442	2,002	0%	\$ 15,518,698	\$ 15,572,441	(53,743)	0%	\$ 15,494,467
Operating Expenses										
20	Salary and Wages and Agency Fees	\$ 1,978,138	\$ 1,994,381	16,243	1%	\$ 7,725,870	\$ 7,836,724	110,854	1%	\$ 7,460,715
21	Employee Benefits	755,262	710,529	(44,733)	-6%	2,884,596	2,824,368	(60,228)	-2%	2,618,803
22	Total People Cost	\$ 2,733,400	\$ 2,704,910	(28,490)	-1%	\$ 10,610,466	\$ 10,661,092	50,626	0%	\$ 10,079,518
23	Med and Prof Fees (excl Agency)	\$ 358,089	\$ 393,284	35,195	9%	\$ 1,494,891	\$ 1,574,856	79,965	5%	\$ 1,841,056
24	Supplies	490,489	496,389	5,900	1%	1,884,491	1,913,248	28,757	2%	1,962,503
25	Purchased Services	381,674	379,627	(2,047)	-1%	1,577,652	1,527,344	(50,308)	-3%	1,188,891
26	Depreciation	231,076	199,672	(31,404)	-16%	749,284	798,688	49,404	6%	623,544
27	Utilities	79,289	82,610	3,321	4%	339,698	330,440	(9,258)	-3%	301,295
28	Insurance	24,375	20,374	(4,001)	-20%	82,500	81,496	(1,004)	-1%	81,336
29	Interest	28,677	25,681	(2,996)	-12%	126,885	102,724	(24,161)	-24%	110,904
30	Other	79,515	113,922	34,407	30%	330,935	459,797	128,862	28%	488,565
31	Operating expenses	\$ 4,406,584	\$ 4,416,469	9,885	0%	\$ 17,196,802	\$ 17,449,685	252,883	1%	\$ 16,677,612
32	Operating Margin	\$ (429,140)	\$ (441,027)	11,887	3%	\$ (1,678,104)	\$ (1,877,244)	199,140	11%	\$ (1,183,145)
Non Operating Rev and Expense										
33	Electronic Health Records & Misc. Rev.	\$ 180,684	\$ 147,250	33,434	23%	\$ 625,587	\$ 589,000	36,587	6%	\$ 20,752
34	Donations	-	-	-	0%	-	-	-	0%	3,600
35	Professional Center/Phys Recruit	-	-	-	0%	-	-	-	0%	(1,175)
36	Physician Practice Support-Prima	(65,630)	(65,630)	-	0%	(262,520)	(262,520)	-	0%	(212,550)
37	Parcel Tax Assessment Rev	245,018	250,000	(4,982)	-2%	980,072	1,000,000	(19,928)	-2%	980,071
38	GO Bond Tax Assessment Rev	153,567	158,333	(4,766)	-3%	614,268	633,332	(19,064)	-3%	614,266
39	GO Bond Interest	(30,011)	(30,011)	-	0%	(120,044)	(120,044)	-	0%	(117,463)
40	Total Non-Operating Rev/Exp	\$ 483,628	\$ 459,942	23,686	5%	\$ 1,837,363	\$ 1,839,768	(2,405)	0%	\$ 1,287,501
41	Net Income / (Loss) prior to Restricted Contributor	\$ 54,488	\$ 18,915	35,573	188%	\$ 159,259	\$ (37,476)	196,735	*	\$ 104,356
42	Capital Campaign Contribution	\$ 12,633	\$ 47,500	(34,867)	-73%	\$ 17,066	\$ 190,000	(172,934)	-91%	\$ -
43	Restricted Foundation Contributions	\$ -	\$ -	-	100%	\$ 114,334	\$ -	114,334	100%	\$ -
44	Net Income / (Loss) w/ Restricted Contributions	\$ 67,121	\$ 66,415	706	1%	\$ 290,659	\$ 152,524	138,135	91%	\$ 104,356
45	Net Income w/o GO Bond Activity	\$ (56,435)	\$ (61,907)	5,472	9%	\$ (334,965)	\$ (550,764)	215,799	39%	\$ (392,447)

Sonoma Valley Health Care District
Balance Sheet
For The Period Ended
As of October 31, 2012

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>	
Assets				
Current Assets:				
1	Cash	\$ 1,610,070	\$ 1,970,612	\$ 3,458,514
2	Trustee Funds	339,459	339,459	143,815
3	Net Patient Receivables	9,135,553	9,348,449	6,774,397
4	Other Accts/Notes Rec	4,966,606	4,781,832	4,967,659
5	Allow Uncollect Accts	(2,403,484)	(2,937,281)	(1,674,712)
6	3rd Party Receivables	1,243,352	1,133,196	905,763
7	Due Frm Restrict Funds	-	-	-
8	Inventory	1,006,343	904,219	931,580
9	Prepaid Expenses	1,027,932	975,589	1,499,103
10	Total Current Assets	\$ 16,925,831	\$ 16,516,075	\$ 17,006,119
11	Board Designated Assets	\$ 186,193	\$ 186,028	\$ 253,467
12	Property, Plant & Equip, Net	10,733,972	10,886,701	9,774,234
13	Hospital Renewal Program	17,662,442	16,724,159	9,680,044
14	Unexpended Hospital Renewal Funds	14,679,830	15,801,807	22,224,290
15	Investments	1,497	1,497	36,984
16	Specific Funds	2,200,464	2,185,865	31,831
17	Other Assets	329,937	331,513	424,610
18	Total Assets	\$ 62,720,166	\$ 62,633,645	\$ 59,431,579
Liabilities & Fund Balances				
Current Liabilities:				
19	Accounts Payable	\$ 5,332,841	\$ 5,215,176	\$ 3,478,640
20	Accrued Compensation	3,570,074	3,360,763	3,403,514
21	Interest Payable	428,557	285,705	431,528
22	Accrued Expenses	185,589	140,857	749,459
23	Advances From 3rd Parties	1,370,428	1,341,993	597,056
24	Deferred Tax Revenue	3,174,973	3,573,556	3,188,671
25	Current Maturities-LTD	1,508,538	1,547,746	1,293,799
26	Other Liabilities	96,975	97,889	-
27	Total Current Liabilities	\$ 15,667,975	\$ 15,563,685	\$ 13,142,667
28	Long Term Debt, net current portion	\$ 37,864,203	\$ 37,949,090	\$ 38,679,526
29	Fund Balances:			
30	Unrestricted	\$ 6,927,878	\$ 6,860,760	\$ 7,560,843
31	Restricted	2,260,110	2,260,110	48,543
32	Total Fund Balances	\$ 9,187,988	\$ 9,120,870	\$ 7,609,386
33	Total Liabilities & Fund Balances	\$ 62,720,166	\$ 62,633,645	\$ 59,431,579

Sonoma Valley Hospital
Statistical Analysis
FY 2013

Statistics	ACTUAL	BUDGET	ACTUAL												
	Oct-12	Oct-12	Sep-12	Aug-12	Jul-12	Jun-12	May-12	Apr-12	Mar-12	Feb-12	Jan-12	Dec-11	Nov-11	Oct-11	Sep-11
Acute															
Acute Patient Days	443	456	347	432	396	354	363	436	435	399	448	455	449	456	552
Acute Discharges	121	129	109	117	115	107	116	129	128	145	125	130	133	134	136
SNF Days	576	713	617	682	633	688	729	618	672	567	662	685	543	633	567
HHA Visits	1,043	912	802	1,052	937	941	989	997	1,023	950	967	913	911	1,024	881
Emergency Room Visits	801	793	788	884	838	810	863	717	783	692	791	741	739	787	800
Gross Outpatient Revenue (000's)	\$8,935	\$8,363	\$8,151	\$9,014	\$8,153	\$7,667	\$8,120	\$7,880	\$8,707	\$7,983	\$8,640	\$7,838	\$7,863	\$7,493	\$7,667
Equivalent Patient Days	2,214	2,493	2,202	2,509	2,202	2,355	2,362	2,236	2,451	2,214	2,412	2,374	2,115	2,281	2,272
Births	9	16	11	16	9	15	6	23	11	10	9	17	19	11	17
Surgical Cases - Inpatient	37	38	37	40	41	28	37	38	37	31	33	43	43	39	43
Surgical Cases - Outpatient	91	94	97	98	82	92	99	99	117	84	99	89	101	87	83
Total Surgical Cases	128	132	134	138	123	120	136	137	154	115	132	132	144	126	126
Medicare Case Mix Index	1.29	1.40	1.49	1.40	1.61	1.50	1.64	1.36	1.29	1.40	1.32	1.47	1.39	1.44	1.52
Income Statement															
Net Revenue (000's)	3,963	3,963	3,707	3,926	3,822	4,832	3,741	3,739	3,925	3,867	3,924	4,247	3,668	3,746	4,000
Operating Expenses (000's)	4,407	4,416	4,221	4,312	4,257	5,278	4,686	4,413	4,372	4,160	4,230	4,584	3,973	4,245	4,312
Net Income (000's)	67	66	65	127	31	889	343	(14)	24	36	23	(13)	16	(164)	53
Productivity															
Total Operating Expense Per Equivalent Patient Day	\$1,990	\$1,771	\$1,917	\$1,719	\$1,933	\$2,241	\$1,984	\$1,974	\$1,784	\$1,879	\$1,746	\$1,931	\$1,878	\$1,861	\$1,898
Productive FTEs	281	287	291	284	281	285	285	274	271	272	266	274	256	283	280
Non-Productive FTE's	36	30	39	37	41	34	28	28	28	26	35	27	39	30	34
Total FTEs	316	317	330	321	322	318	313	302	303	299	300	302	295	314	314
FTEs per Adjusted Occupied Bed	4.43		4.37	3.97	4.53	4.05	4.11	4.05	3.84	3.80	3.84	3.94	4.19	4.26	4.14
Balance Sheet															
Days of Expense In General Operating Cash	12		14	13	14	13	15	20	16	20	25	23	23	29	27
Net Days of Revenue in AR	53		50	50	50	48	47	46	45	44	45	45	43	40	42

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)	67,121	290,659
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	231,065	749,285
Net changes in operating assets and liabilities:		
(Increase)/Decrease Patient accounts receivable - net	(320,901)	(800,483)
(Increase)/Decrease Other receivables and other assets	(293,354)	1,780,546
(Increase)/Decrease Prepaid expenses	(52,343)	(458,452)
(Increase)/Decrease in Inventories	(102,124)	(142,206)
(Decrease)/Increase in Deferred revenues	(370,148)	(1,174,160)
(Decrease)/Increase in Accounts payable, accrued expenses	513,643	77,614
Net Cash Provided/(Used) by operating activities	<u>(327,041)</u>	<u>322,803</u>
Investing Activities		
Net Purchases of property, plant and equipment - Other Fixed Assets	(78,336)	(209,268)
Net Purchases of property, plant and equipment - GO Bond Purchases	(938,283)	(3,720,125)
Net Proceeds and Distributions from investments	-	35,342
Net Book Value of Assets Disposed	-	-
Change in Restricted Funds	-	-
Change in Limited Use Cash	1,107,213	3,889,723
(Payment)/Refund of Deposits	-	-
Net cash Provided/(Used) by investing activities	<u>90,594</u>	<u>(4,328)</u>
Financing Activities		
Proceeds (Repayments) from Borrowings - Banks & Carriers	(124,095)	(499,254)
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>(124,095)</u>	<u>(499,254)</u>
Net increase/(Decrease) in cash and cash equivalents	<u>(360,542)</u>	<u>(180,779)</u>
Cash and Equivalents at beginning of period	<u>1,970,612</u>	<u>1,790,849</u>
Cash and Equivalents at October 31, 2012	<u><u>1,610,070</u></u>	<u><u>1,610,070</u></u>

8.

PROJECTED CASH FLOWS

**Cash Flow Projection
Sonoma Valley Hospital**

Updated: 11/29/12

	Oct-12 Actual	Nov-12 Projected	Dec-12 Projected	Jan-13 Projected	Feb-13 Projected	Mar-13 Projected	Apr-13 Projected	May-13 Projected	Jun-13 Projected	Jul-13 Projected	Aug-13 Projected	Sep-13 Projected	Oct-13 Projected
Operating Activities													
1	Net Income	67,118	73,701	92,035	54,788	105,267	186,631	111,032	153,805	52,768	52,768	52,768	52,768
2	Add: Depreciation & Amortization	231,065	201,661	201,661	201,661	201,661	201,661	201,661	201,661	301,661	301,661	301,661	301,661
3	Decrease (Inc) in Net Accts Receivable	(320,901)	464,521	376,053	-	250,702	-	-	-	-	-	-	-
4	Dec (Inc) in Inventories/Other Rec'v & Assets	(395,478)	607,000	1,277,000	607,000	714,115	7,000	(143,000)	197,000	(4,826,007)	-	882,115	750,000
5	Decrease (Inc) in Prepaid Expenses	(52,343)	85,494	81,990	43,244	40,327	40,327	40,327	40,327	40,327	40,327	40,327	40,327
6	Increase (Dec) in Accounts Payable	117,665	(134,575)	(2,447,053)	(486,782)	6,568	(244,840)	(7,516)	(12,173)	662,635	-	(444,851)	(222,425)
7	Increase (Dec) in Payroll Accruals	209,311	(637,386)	346,057	358,057	28,979	346,057	250,364	(1,155,639)	238,364	262,057	352,057	142,364
8	Increase (Dec) in Accrued Expenses	44,732	125,188	22,979	34,979	28,979	22,979	34,979	28,979	22,979	(61,021)	28,979	(73,021)
9	Increase (Dec) in Deferred Revenue	(370,148)	(427,021)	(398,584)	401,416	(398,584)	(398,584)	(398,584)	(398,584)	4,384,424	(398,584)	(398,584)	(398,584)
10	Increase (Dec) in Interest Payable	142,852	142,853	142,853	142,853	(714,265)	142,853	142,853	142,853	142,853	142,853	(714,448)	142,670
11	Increase (Dec) in Other Liabilities	(914)	-	-	-	-	-	-	-	-	-	-	-
12	Net Cash Provided By Operating Activities	(327,041)	501,436	(305,010)	1,357,216	263,749	304,083	232,116	(801,771)	920,004	340,061	100,024	735,760
Capital and Related Financing Activities													
13	Purchase of Capital Equipment/CIP	(1,016,619)	(1,000,000)	(1,000,000)	(1,050,000)	(1,050,000)	(1,050,000)	(3,050,000)	(3,050,000)	(3,100,000)	-	-	(15,000)
14	New Financing	-	-	-	-	-	-	-	-	-	-	-	-
15	Transfers from Bond Fund	1,121,977	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	3,000,000	3,000,000	3,000,000	-	-	-
16	Repayments of Long-Term Debt	(124,095)	(150,798)	(150,798)	(150,798)	(150,798)	(150,798)	(150,798)	(150,798)	(150,798)	(150,798)	(150,798)	(89,099)
17	Transfers From (To) Restricted/Trustee Funds	(14,764)	-	-	-	-	-	-	-	-	-	-	-
18	Net Cash Used in Financing Activities	(33,501)	(150,798)	(150,798)	(200,798)	(200,798)	(200,798)	(200,798)	(200,798)	(250,798)	(150,798)	(150,798)	(165,798)
19	Net Increase (Decrease) in Operating Cash	(360,542)	350,638	(455,808)	1,156,418	62,951	103,285	31,318	(1,002,569)	669,206	189,263	(50,774)	569,962
Operating Cash Balances													
20	Cash At Beginning of Period	1,970,612	1,610,070	1,960,708	1,504,900	2,661,318	2,724,269	2,827,554	2,858,872	1,856,303	2,525,509	2,714,772	2,663,998
21	Change	(360,542)	350,638	(455,808)	1,156,418	62,951	103,285	31,318	(1,002,569)	669,206	189,263	(50,774)	569,962
22	Cash At End of the Period	1,610,070	1,960,708	1,504,900	2,661,318	2,724,269	2,827,554	2,858,872	1,856,303	2,525,509	2,714,772	2,663,998	3,233,960
Statistics													
23	Days Cash on Hand (Operating Only)	12	15	12	21	21	22	22	14	20	21	21	25
24	Days in Net Accounts Receivable	53	50	47	47	45	45	45	45	45	45	45	45
25	Days in Accounts Payable	90	90	60	50	50	45	45	45	60	60	50	45

Notes:

- * Maintain cash around \$1.5 million
- * Hold off major capital spending to January, unless cash improves
- * Pay back Napa State starting in January
- * Reduce days in Accounts Payable to 45 by year end
- * Maintain days in Accounts Receivable at 45

9.

RECOMMENDATION
FROM
CONSTRUCTION
COMMITTEE ON
FINANCING



Board Committee: Finance Committee
Date: December 4, 2012
Prepared by: Kevin D. Coss, SVH Owner Representative on behalf of the
CEO Construction Committee

Agenda Item Title: Budget Increase for New Wing Project

Recommendation:

Increase the Hospital New Wing Project (Phase I) from the total approved August 2012 Budget of **\$41,239,376** to **\$42,609,376**.

Background:

This recommendation has been reviewed and discussed at a special meeting of the board October 9, 2012. After reviewing the detail of the Project Budget and Schedule, Administration recommended having a CEO Construction Committee made up of at least 2 board members to make a formal recommendation to increase the budget.

The Project duration has been extended eight months due to OSHPD approval delays and additional phasing for site and upgrades estimated cost \$900,000, South Lot lease payment extension through November 2013 and city required design changes estimated cost \$200,000 and Medical Gas System Upgrades oxygen and nitrous oxide supply system to meet NFPA and OSHPD codes \$270,000 for a total request of \$1,200,000. These costs could not have been avoided.

Consequences of Negative Action/Alternative Actions:

There is an alternative to reduce the project scope within construction of the Surgery department by just doing a Warm Shell and not purchasing the O.R. Equipment. The impact of this would be an estimated saving of \$3,500,000 (High level estimate requires further study). However, donors have now pledged money to complete the Surgery department and, therefore, we have committed to completing this project by accepting their donation.

Financial Impact:

The CEO Construction Committee (October 30), analysis concludes that a buyback to complete the Surgery Infill in one year would cost \$5,300,000 and inflation estimated at 3% per year after the first year. This committee recommends we move forward with the full project as planned and is now requesting the finance committee to analyze the recommendation.

Selection Process and Contract History:

Work to continue to be performed the Design Build Team and the budget will be monitored by the Project Manager, Owners Representative, and CEO Construction Committee.



Healing Here at Home

Board Committee: Finance Committee
Meeting Date: December 4, 2012
Prepared by: Kimberly Drummond on behalf of the CEO Construction Committee

Agenda Item Title: Increase Scope of New Wing Project to Include New Med/Surg Reconfiguration

Recommendation:

It is recommended that we increase the budget and scope of the New Wing (Phase 1) project (which includes a previous recommendation) by \$1.2 million from **\$42,609,376** to **\$43,809,376**. The scope change includes 6 Projects on the 2nd Floor South to allow the Med-Surgical Unit to move from their current space to 2nd Floor South due to the New Wing connection with surgery on the 2nd floor and improves the patient rooms.

Budget:

Nurse Station/Med Room construction:	\$212,180
Isolation Room/Clean Utility/ADA Shower/Nourishment construction:	\$598,368
Surgery Waiting Room Wall – Patient Path of travel to Surgery	\$ 40,000
10% Project Contingency:	\$ 85,055
Permit Fees:	\$ 40,000
FF&E:	\$ <u>50,500</u>
Total Projected Construction:	\$1,026,103 *
15 - Patient Room refurbishments	\$173,897

Room refurbishments may include: flooring, laminate for vanity, closet and headwall, FF&E and will be done according to affordability.

Background:

The Med-Surg Unit occupies 2nd Floor North. The unit must move to 2nd Floor South due to the New Wing connection. Napa State would move from 2nd Floor Southwest to the Northeast and ICU. 2nd Floor South does not have the same configuration as the North side. To accommodate the differences and eliminate existing inefficiencies 6 projects were identified and designed. The purpose for each project is as follows:

Isolation Room: No isolation room within allowable proximity to South Nurse Station.

Clean Utility Room: Inadequate storage capacity and inconvenient layout on the South side. Create one-stop room for linen, supplies and equipment in current Solarium Conference Room.

ADA Shower: OSHPD requires a percentage of construction budget spent on ADA upgrades.

Nurse Station: Remove high traffic flow from center of Nurse Station by relocating hand wash sink. Create U-shape Nurse Station with a single corridor outside Nurse Station to access Med Room and wash facility.

Med Prep Room: Current nourishment function in med prep room requires a 2nd sink to be added thereby reducing usable space. Remove nourishment function from high traffic med room. Create work pods: Medication dispensing on East, Med prep for 2 nurses on West. Create ADA accessible entrance.

Nourishment Room: Create family-centered nourishment room with an area for family members to prepare nourishment for patient and provide hospitality. Separate area for Nurse to provide nourishment to patient.

Surgery Waiting Room Wall: Current DBT designed waiting room has low wall near west corridor. A full height wall will allow west corridor patient path of travel from Med Surg to Surgery to separate clinical and public functions.

Consequences of Negative Action/Alternative Actions:

Isolation Room: The hospital would have to staff North Nursing station to provide care for Isolation patients which will increase operating costs by 1 FTE or \$150k per year.

Clean Utility Room: Inadequate storage for supplies, clean linen and equipment creates dysfunctional work flow issues. The Solarium Conference Room would become unusable/dead space within the Med Surg Unit. Nurses would have to add many steps which decrease their efficiency and satisfaction.

Med Prep/Nurse Station/Nourishment Room: The hospital has not changed the nurses' station since the West Wing was built. The current station does not accommodate the new processes or the Electronic Medical Record. This improvement not only increases efficiency of Nurse work flow, it improves patient/visitor satisfaction by providing family centered care and hospitality.

Surgery Waiting Room Wall: The new surgery waiting room will serve both surgery waiting and inpatient family members. It is important to reduce noise and increase privacy in the patient path of travel from Med- Surg to Surgery. Otherwise, we will have to increase the route and use the East corridor through the Napa State area.

Financial Impact:

If we do not make these recommended changes, Staffing the North Nurse Station could cost up to \$400,000 annually based on a previous study of operating SNF in two locations during mold remediation.

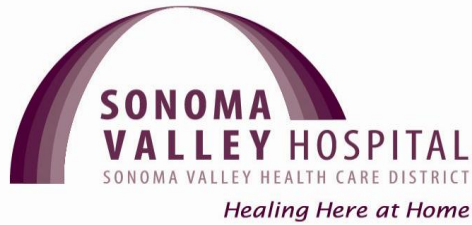
Selection Process and Contract History:

Projects based on Otto Construction & Design Build Team development with Med Surg Unit. This project has been in design since 2010.

Note: *Costs based on non-OSHPD approved drawings. Drawings are being submitted to OSHPD. OSHPD comments and existing field conditions during construction could increase project budget requirements.

10.

ACKNOWLEDGEMENT
CONCERNING
CONFIDENTIAL
INFORMATION



POLICY CONCERNING CONFIDENTIAL INFORMATION

State and Federal laws, as well as ethical obligations, require that information concerning the care, condition and treatment of our patients be treated as confidential matters.

Accordingly, other hospital information including departmental, operational, statistical and financial data should be held in similar confidence. No confidential information may be used by any individual connected with the hospital for their own purposes.

Any and all inquiries by members of the media concerning the Hospital and/or its patients should be referred to the office of the President/CEO. Confidential material is not to be shared or communicated to the press, public or staff. Documents subject to disclosure pursuant to the California Public Records Act will not be deemed to be subject to this Policy. Questions concerning the applicability of the California Public Records Act to a document will be submitted to Administration for legal review.

Board members, committee members and staff are reminded that failure to adhere to this policy may result in possible employment or legal ramifications.

ACKNOWLEDGEMENT

I acknowledge that I understand my obligation to keep information concerning hospital business and patient information confidential.

Signature

Date

Print Name