

Jefferson County Public Hospital District No.2
Board of Commissioners
Finance Committee Special Session Minutes
October 26, 2017
Victor J. Dirksen Conference Room

Call to Order

The meeting was called to order at 1:03pm by Commissioner Buhler. Present were Commissioners Buhler, De Leo, Dressler, Kolff, Ready, and Mike Glenn, CEO. Also present were Mike Glenn, CEO, Hilary Whittington, CFO/CAO, Kelly O'Connell, Purchasing Director, Anne Burton, Controller, Lisa Holt, Chief Ancillary and Specialty Services Officer, Brandie Manuel, Chief Patient Care Officer, Caitlin Harrison, Chief Human Resources Officer, Josh Brocklesby, Interim Executive Director of Nursing, Chris O'Higgins, Facility Director, Jenny Goodwin, Director of Revenue Cycle, and Alyssa Rodrigues, Administrative Assistant. The meeting was officially audio recorded by Jefferson Healthcare.

Special Session- Finance Committee:

Commissioner Buhler gave an introduction to the meeting and explained that the purpose of the special session is for the Public Hospital District No. 2 Commissioners to attend the Finance Committee to review and discuss the 2018 budget and no action will be taken. Commissioner Buhler introduced Hilary Whittington, CFO/CAO.

Hilary Whittington, CFO/CAO presented the 2018 Budget Operating and Capital Budget Review. Hilary Whittington, CFO/CAO explained the operating budget process, the strategic plan, overview of 2018, discussed disclaimers, key highlights of 2018 budget, property tax assessment, Access, Primary Care, Ancillary and Specialty Services Growth, Provider Based Clinic, Surgical Services, Diagnostic Imaging Services, Rehab, Emergency Department, Home Health, Hospice, Inpatient Care, Family Birth Center, Support Team appreciation, FTE Budget, 2018 Operating Budget, Expenses and non-operating activity, key ratios, Capital Budget, 2017 Capital Additions, and 2019-2020 Capital Requests.

Discussion ensued.

Conclude:

Commissioner Dressler made a motion to conclude meeting. Commissioner De Leo seconded the motion.

Action: Motion passed unanimously.

Meeting concluded at 2:34pm.

Approved by the Commission:

President of Commission: Jill Buhler _____

Secretary of Commission: Marie Dressler _____

2018 BUDGET

Operating and Capital Budget (p)Review

Special Session – Finance Committee Meeting

October 26, 2017



An exercise of creating a shared mental model.

Every leader at Jefferson Healthcare made a plan, shared the plan, and put numbers to it.

There is the “task” part of the budget, and the “writing the story” part of the budget – the latter component is much more important when it comes to impact on our sustainability.



Today's Agenda

- *Set the stage: strategic plan*
- *Overview of the upcoming year*
- *Deep dive: operating budget (draft)*
- *Capital budget (draft)*

**Let's answer questions as we go, but agree to put them to the side if we find rabbit holes.

The operating budget process

Structure and communication is key.

- Mid July – leaders received budget preparation packets for their departments
- August through September – budget meetings with key department stakeholders, 1-2 hours per leader
 - Department supervisor, department director, their SLG member, controller, CFO
- September through October – research open items, bring the information together and look at it globally
- Mid to late October – Compile into a complete budget and review in stages with SLG

STRATEGIC PLAN.

Mission:
Jefferson Healthcare is working to serve our community with personalized care and medical excellence.

Vision:
Jefferson Healthcare will be the community's first choice for quality care by providing exceptional patient care to every person we serve.

QUALITY AND SAFETY

Provide the Highest Quality, Safest Care of Any Hospital in the Region.

PEOPLE

Recruit and Retain an Engaged, High Performing Workforce.

SERVICE

Deliver an Experience That Exceeds Patients' and Families' Expectations.

COMMUNITY HEALTH

Support a Healthier Community for Jefferson County.

SUSTAINABILITY

Position Jefferson Healthcare to Thrive as an Independent Organization in a Rapidly Changing Environment.

Overview of 2018

We physically grew in 2017 – the growth in 2018 is in volumes driven by stabilizing new(ish) programs and increasing access to primary care.



Grow primary care

(New providers, increase access)



Expand ancillary and specialty services

(Growth in primary care fuels growth in ancillary and specialty services)



Maintain inpatient volumes

(Focus on outpatient growth to prevent the need for as much high level care)



Support the growth

(Higher volumes require infrastructure and support services)



DISCLAIMERS

What may change between now and November 15

- Depreciation – reviewing useful lives (that determine expense) and impact of 2018 additions
- Insurance – may receive updated property insurance quotes between now and November 15; estimate was conservative
- Separating patient advocates into their own department (no net income change)
- Review expenses for express clinic equipment/furniture
- Review contractual adjustments once all expenses are recorded
- If additional expenses are identified, others will be affected to ensure budgeted net income stays similar to this draft

Key highlights – 2018 budget

Significant growth

Inpatient growth: 11%

Outpatient growth: 17%

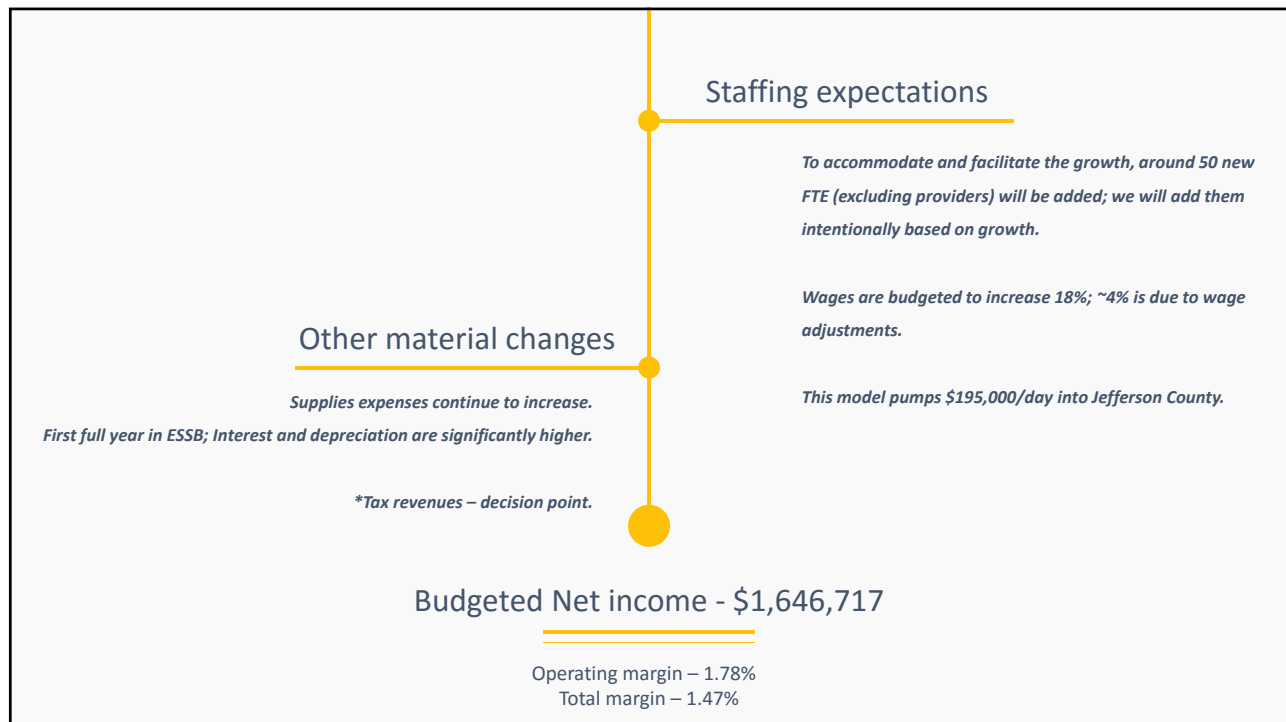
Included in growth are stable service lines with significant growth (imaging, pharmacy, echo, primary care).

&

New/newer service lines growing to their potential (dermatology, women's clinic, express clinic).

Pricing decreases

*The net price increase ... is a decrease.
It's the right thing to do, but our margin is slim.*



	PROPERTY TAX ASSESSMENT		
	0%	1%	7.5% (use banked)
Tax increase	\$0	\$4,253.68	\$31,902.61
Total taxes	\$435,000	\$440,000	\$467,000
Our total operating expenses budget	\$110,000,000	\$110,000,000	\$110,000,000
% of budget	.395%	.4%	.424%
*Currently, using the banked potential with tax revenues of \$467,000 is budgeted in the template but can be adjusted.			



Access.

The growth in primary care prompts growth elsewhere – this growth will develop over time as primary care patients transition into specialty and ancillary services.

The 110 million dollar question – how much (and how fast) will the other services grow?

Jefferson Healthcare Primary Care

2017 average: 110 encounters/weekday
2018 budget: 150 encounters/weekday
36% growth



Jefferson Healthcare Family Medicine

2017 average: 46 encounters/weekday
2018 budget: 58 encounters/weekday
23% growth



Jefferson Healthcare Port Ludlow Clinic

2017 average: 20 encounters/weekday
2018 budget: 40 encounters/weekday
99% growth



Jefferson Healthcare Internal Medicine

2017 average: 35 encounters/weekday
2018 budget: 30 encounters/weekday
-15% growth
(moved walk-in services)



South County Clinic

2017 average: 8 encounters/weekday
2018 budget: 11 encounters/weekday
42% growth



Total Access Expansion, Primary Care

2017 average: 220 encounters/weekday
2018 budget: 289 encounters/weekday
31% growth



Primary care's growth translates into Ancillary and specialty services volumes

On average, we have budgeted 17% growth in ancillary services.

ANCILLARY SERVICES: VOLUMES



Lab	6.4% growth	225,138 tests
Blood bank	3% growth	638 units matched
Pharmacy	4% growth	279,820 dispensed
Respiratory therapy	20% growth	44,376 procedures
Pulmonary rehab	0% growth	1,962 RVUs
Cardiac rehab	0% growth	1,968 sessions
Infusion center	8% growth	7,104 infusions
Anti-coag	-5% growth	6,500 services
Diabetic ed	0% growth	544 patients

PROVIDER
BASED CLINICS



WOUND CLINIC

20% GROWTH
3,835 VISITS
ADD'L PER DIEM PROVIDER

ONCOLOGY

28% GROWTH
4,870 VISITS
ADD'L PROVIDER Q3

SLEEP

10% GROWTH – SLEEP CLINIC
1,881 VISITS – SLEEP CLINIC

40% GROWTH – SLEEP CENTER
874 STUDIES – SLEEP CENTER

WOMEN'S HEALTH

122% GROWTH (NEW IN 2017)
3,000 VISITS

CARDIOLOGY

54% GROWTH (+1 PROVIDER 2017)
2,880 VISITS

DERMATOLOGY

[MASSIVE] GROWTH (NEW IN 2017)
5,100 VISITS
ADD'L PROVIDER

SURGICAL
SERVICES



SURGERY

14% GROWTH
1,204 CASES
1 (REPLACEMENT) PROVIDER

RECOVERY

14% GROWTH
935 CASES

ANESTHESIOLOGY

14% GROWTH
161,688 MINUTES

ORTHOPEDICS

20% GROWTH
8,417 VISITS

JH SURGICAL
ASSOCIATES

9.9% GROWTH
2,775 VISITS

SURGERY CENTER

6% GROWTH
784 PROCEDURES

SPECIAL PROCEDURES

3% GROWTH
762 PROCEDURES

Diagnostic Imaging **Services**

We have updated equipment consistently over the last 4 years and offer a high quality, full service imaging center.

MRI

Growth 21.3%
Volumes 2,236

Ultrasound

Growth 20.4%
Volumes 4,089

CT

Growth 20.45%
Volumes 5,540

Nuc Med

Growth 50%
Volumes 393

Radiology

Growth 23.55%
Volumes 19,041

Cardiac Services

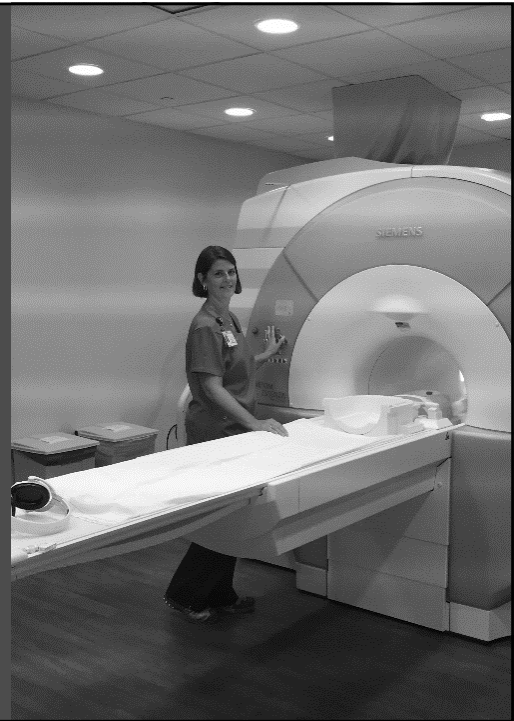
Growth 10%
Volumes 1,258

Mammography

Growth 22.1%
Volumes 2,446

Echo

Growth 50%
Volumes 2,091
*add'l echo machine & tech



Growing **Rehab**

*Recruiting talented therapists to grow inpatient and outpatient services,
supporting growth in orthopedics and women's services
Adding 3 therapists in 2018 to facilitate the growth*

Physical Therapy

3% growth
66,734 units

Speech Therapy

50% growth
3,003 units

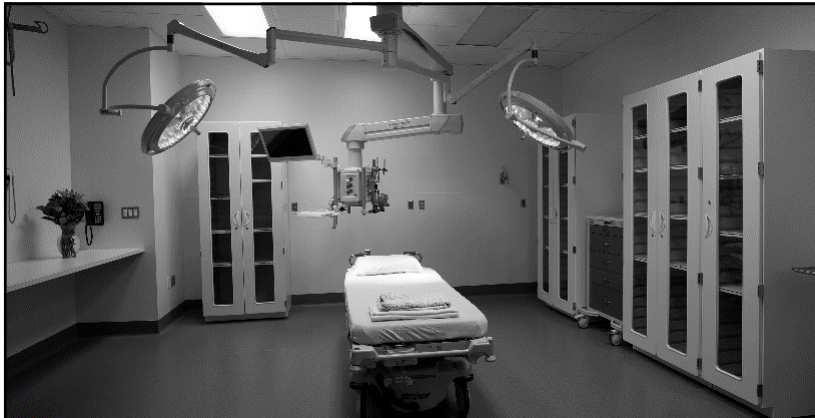
Occupational Therapy

25% growth
11,630 units



**WALK.
HIKE.
PADDLE.
RUN.
BIKE.**

*Get back
to doing what
you love.*

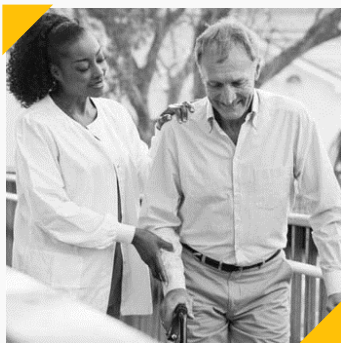


Visits 2016	11,606
Visits 2017	12,690
Budgeted 2018	13,325
	5% growth

Additional mid-day shift necessary with these increased volumes (1.6 FTE)

Emergency Department

*We budgeted for growth as we moved into the ESSB,
but the growth has exceeded expectations.*



Home Health

8% Growth

11,327 Visits

*Rounding out the team with a deeper bench
for nurse staffing and credentialed trainer
for Epic.*



Hospice

12% Growth

2,215 Visits

*Expanding team with clinical manager and
credentialed trainer for Epic.*

Inpatient Care

As we continue to grow, the focus is transitioning the point of service to much earlier in the diagnosis cycle, keeping inpatient levels consistent despite growth in our overall volumes.



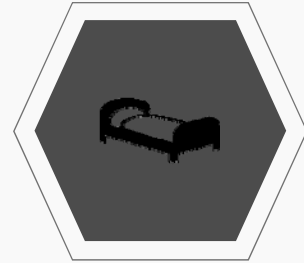
Acute Care Unit

Includes observation
Current average: 11.3/day
2018 budget: 11.7/day
3% growth



Intensive Care Unit

Includes ACU level of care with telemetry
Current average: 3.1/day
2018 budget: 3.1/day
0% growth



Swing Bed

Current average: .35/day
2018 budget: .52/day
50% growth

Family Birth Center



Estimated births, 2017	102
Budgeted births, 2018	110

We have been in the range of 100-120 births for the last several years.



Our support teams are a key part of our success.

*As our service lines grow, so do the support teams
to keep things moving behind the scenes.*

Dietary	Materials management	Facilities
Biomed	Environmental services	Information technology
Accounting	Billing	Registration
Financial counseling	Revenue cycle integrity	Administration
Process improvement	Employee health	Public relations
Human resources	Health Information management	Medical staff services
Compliance	Case management	Nursing administration
Risk management	Quality	Clinical informatics
Infection control	Foundation	

Staffing: FTE budget [draft]

2018 PRELIMINARY STAFFING BUDGET					
DEPT.	DESCRIPTION	2016 ACTUAL FTE TOTAL	2017 ACTUAL YTD FTE TOTAL	PROPOSED 2018 FTE TOTAL	ADD \$ for 2018
6010	ICU	11.79	14.85	15.05	0.20
6070	ACU	36.46	40.83	37.58	(3.25)
6210	SWING BED	0.74	0.05	-	(0.05)
6400	HOSPITALIST	1.02	1.03	1.00	(0.03)
7010	FBC	11.09	11.10	11.21	0.11
7020	GENERAL SURGERY	10.16	12.29	13.30	1.01
7021	SURGERY-SPEC PROC	1.00	0.93	0.80	(0.13)
7030	PRE/POST OP	0.98	0.97	1.00	0.03
7050	CENTRAL SUPPLY	1.21	1.80	2.80	1.00
7070	LAB	22.48	24.68	25.52	0.84
7110	CARDIAC SERVICES	-	1.04	0.90	(0.14)
7120	MRI	1.48	1.40	2.02	0.62
7130	CT SCAN	2.42	2.64	3.90	1.26
7140	RADIOLOGY	9.85	12.25	11.32	(0.93)
7142	ECHO	1.74	1.16	2.00	0.84
7143	ULTRASOUND	2.33	2.26	2.10	(0.16)
7149	MAMMOGRAPHY	1.02	1.03	1.47	0.44
7160	NUC MED	0.54	0.59	0.80	0.21
7170	PHARMACY	8.39	8.82	9.13	0.31
7180	RESPIRATORY THERAPY	7.41	8.65	8.90	0.25



ACU decrease: returning to 2016 staffing levels

General surgery: employing a tech (instead of traveler)

Central supply: add'l employee to help streamline Lawson and manage supplies with considerable growth in recent years (already employed)

Imaging: recalibrating between departments

Staffing: FTE budget [draft]

Physical therapy: includes PT, ST, OT. Adding additional therapists

Emergency room: add'l day shift to cover increased volumes

Rural health clinics: maintaining staffing levels for add'l primary care providers. Also includes the stabilization of Port Ludlow staffing with new providers.

Sleep: maintaining tech coverage with 4-bed unit

DEPT.	DESCRIPTION	2016 ACTUAL FTE, TOTAL	2017 ACTUAL YTD FTE, TOTAL	PROPOSED 2018 FTE, TOTAL	ADDS for 2018
7182	PULM REHAB	0.85	0.92	0.89	(0.03)
7200	PHYSICAL THERAPY	19.78	24.93	28.95	4.02
7230	EMERGENCY ROOM	19.45	22.36	24.10	1.74
7255	INFUSION CENTER	-	8.75	10.03	1.28
7256	WOUND CARE CLINIC	-	4.25	2.95	(1.30)
7258	ONCOLOGY	1.72	3.02	3.87	0.85
7260	ANTI COAG	1.65	0.83	1.85	1.02
7280	SOCO CLINIC	0.92	1.02	2.40	1.38
7281	SURGERY CENTER	2.40	2.72	3.23	0.51
7381	JHFM	14.65	14.20	19.35	5.15
7382	JHPC	37.00	39.61	47.95	8.34
7384	GEN SURG CLINIC	7.57	8.34	9.31	0.97
7387	SLEEP CENTER	3.69	4.80	5.80	1.00
7388	SLEEP CLINIC	1.60	1.39	2.00	0.61
7393	PORT LUDLOW CLINIC	3.13	4.33	9.35	5.02
7394	JHIIM	6.34	8.41	9.45	1.04
7395	ORTHO CLINIC	4.47	6.99	9.70	2.71
7397	WOMENS HEALTH	-	3.43	3.92	0.49
7400	HOME HEALTH	16.02	18.12	19.52	1.40
7410	HOSPICE	8.14	8.38	9.24	0.86

Staffing: FTE budget [draft]

cont'd

DEPT.	DESCRIPTION	2016 ACTUAL FTE, TOTAL	2017 ACTUAL YTD FTE, TOTAL	PROPOSED 2018 FTE, TOTAL	ADDS for 2018
7420	CARE COORDINATION	3.10	5.05	5.56	0.51
7440	EXPRESS CLINIC	-	-	4.50	4.50
7425	POPULATION HEALTH	-	-	1.70	1.70
7490	CARDIAC REHAB	1.21	1.21	1.24	0.03
7491	DIABETIC ED	1.56	1.52	1.90	0.38
7500	CARDIOLOGY CLINIC	0.63	2.25	3.50	1.25
7691	DERMATOLOGY CLINIC	-	2.81	5.70	2.89
8320	DIETARY	12.83	14.76	14.35	(0.41)
8360	SOC SVS	4.48	5.12	-	(5.12)
8420	MATMGINT	6.92	7.01	7.50	0.49
8430	PLANT	9.05	11.92	13.40	1.48
8435	BIOMED	1.66	1.72	2.00	0.28
8460	HSKP	20.02	23.21	23.89	0.68
8480	IS	7.70	7.39	7.83	0.44
8510	ACCOUNTING	5.81	6.52	7.80	1.28
8520	CALL CENTER	-	-	4.00	4.00
8530	PAT ACCT	10.83	10.50	13.55	3.05
8560	REG	12.27	14.03	16.44	2.41
8570	FINANCIAL COUNSELING	5.38	5.55	5.10	(0.45)
8580	REVENUE CYCLE INTEGRITY	5.33	4.76	4.80	0.04

Express clinic: new in 2018 (February estimate)

Social services: directly assigned employees to their home departments (rural health clinics, inpatient units, oncology)

Call center: referral coordinators moved from a rural health clinic department to centralize calls.

Patient accounts: insourcing HH/H billing (already hired)

Registration: add'l location for express clinic

Staffing: FTE budget [draft]

cont'd

Public relations: filling previously budgeted marketing position

UR/Case managers: includes a true social worker + manager of social workers (moved from social work department)

As of 10/22/17, we have 530.5 FTE, excluding providers.
Many of the "adds" were added during 2017.
Positions will only be added when volumes justify.

DEPT.	DESCRIPTION	2016 ACTUAL FTE, TOTAL	2017 ACTUAL YTD FTE, TOTAL	PROPOSED 2018 FTE, TOTAL	ADD \$ for 2018
8610	ADMIN	5.15	6.62	7.04	0.42
8612	BOARD	0.23	0.23	0.22	(0.01)
8615	PROC IMPROVEMENT	1.27	1.14	1.12	(0.02)
8620	EMPLOYEE HEALTH	1.15	0.94	1.24	0.30
8630	PUBLIC RELATIONS	0.76	0.39	1.40	1.01
8635	FOUNDATION	0.24	0.34	0.50	0.16
8650	HUMAN RESOURCES	6.12	6.79	7.50	0.71
8690	HIM	11.95	12.86	12.90	0.04
8700	MED STAFF	1.01	1.00	1.00	(0.00)
8705	COMPLIANCE	0.48	0.46	0.50	0.04
8710	UR(CASE MANAGERS)	2.22	2.36	5.10	2.74
8720	NURS ADM	8.12	8.65	8.63	(0.02)
8735	RISK MANAGEMENT	1.28	1.92	2.84	0.92
8740	QUALITY	4.08	5.02	6.01	0.99
8750	CLINICAL INFORMATICS	5.52	6.16	7.90	1.74
8770	EXERCISE FOR HEALTH	1.21	1.29	1.25	(0.04)
8790	INFECTION CONTROL	0.43	0.42	0.47	0.05
Total		441.43	517.09	585.04	67.95

[draft] 2018 Operating Budget:

Operating revenue

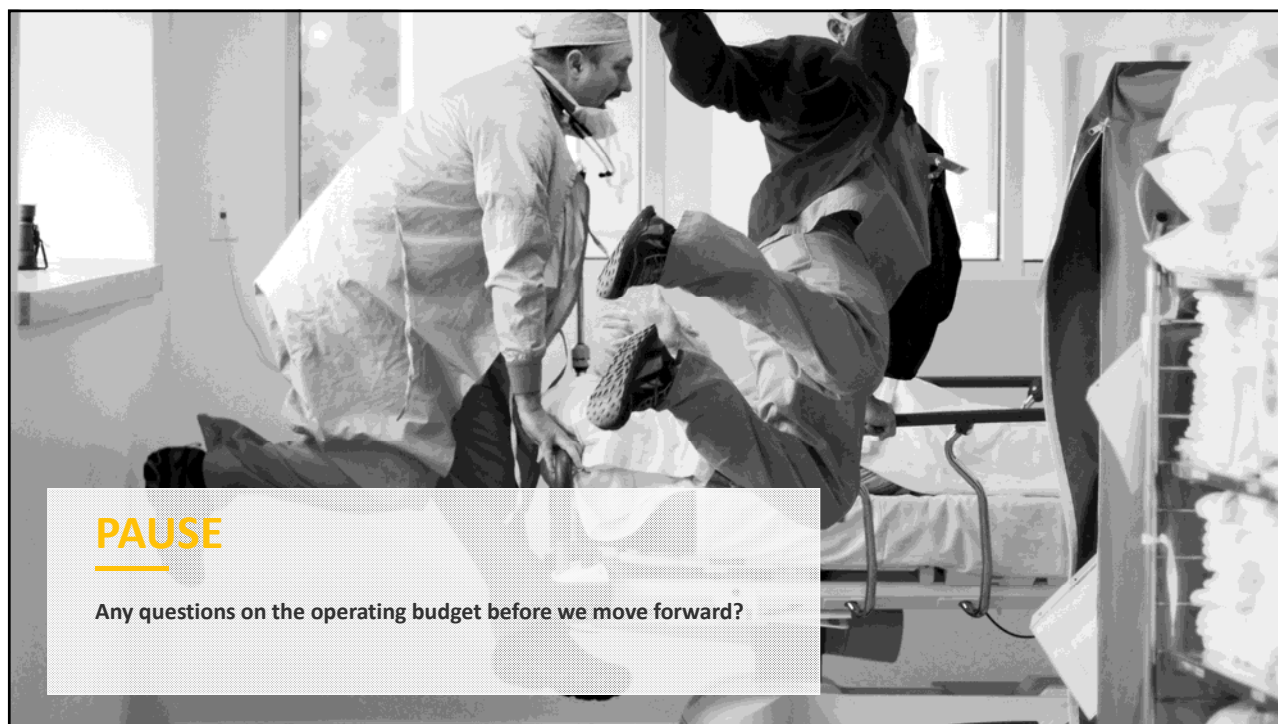
2018 PRELIMINARY BUDGET									
	2016 Actual	2017 Budget	June 2017 Projected	Jul 2016-Jun 2017	2018 Budget	Growth from 2017 Projected	Difference from 2017 Projected		
01_IP REVENUE	(33,932,061)	(40,512,662)	(46,893,618)	18%	(40,704,856)	11%	(4,981,268)		
02_OP REVENUE	(133,629,576)	(169,748,507)	(159,131,096)	19%	(147,385,243)	17%	(27,380,789)		
TOTAL PATIENT REVENUES	(167,561,636)	(210,261,169)	(206,024,714)		(187,890,100)	16%	(32,362,051)		
	Contractual adjustment %	Contractual adjustment %	Contractual adjustment %	Contractual adjustment %	Contractual adjustment %	Contractual adjustment %			
05_REV DED/MEDICARE	52,839,064	69,295,245	73,606,961	-13.73%	61,461,393	-29.83%	9,640,762		
06_REV DED/MEDICAID	17,941,633	25,805,335	19,850,303	-8.63%	17,803,936	-8.64%	4,115,982		
07_CHARITY CARE	927,129	1,315,219	968,614	-0.47%	871,459	-0.42%	152,705		
08_CONTR ADJ OTHER	12,930,279	14,732,354	15,477,831	-7.31%	14,640,234	-7.11%	2,855,267		
09_REV DED/ADMIN	190,894	236,906	432,782	-0.21%	310,530	-0.15%	98,434		
10_BAD DEBTS	2,838,822	3,119,221	2,930,508	-1.42%	3,011,195	-1.46%	884,548		
	-32.32%	-34.46%	-34.98%		-47.82%	-34.96%			
TOTAL REVENUE ADJUSTMENTS	87,665,821	114,504,281	113,266,999		98,086,747		17,747,688		
NET PATIENT SERVICE REVENUE	(79,895,815)	(95,756,888)	(92,757,715)		(89,791,353)		(14,614,358)		
11_GRANTS	(74,097)	(345,830)	(34,220)		(72,293)		14,220		
12_OTHER REVENUE	(1,063,682)	(984,200)	(1,383,810)		(1,275,374)		(107,850)		
13_REV/MEANINGFUL USE	(182,750)	(40,000)	(1,568)		(362,294)		1,568		
14_340B REVENUE	(3,202,317)	(3,064,100)	(3,309,011)		(3,442,397)		(164,789)		
15_PROVIDER A/R COLL	-	-	-		-		-		
TOTAL OTHER REVENUES	(4,522,846)	(4,434,130)	(4,728,609)		(4,952,348)		(256,851)		
TOTAL OPERATING REVENUES	(84,418,662)	(100,191,018)	(97,486,324)		(94,743,701)		(14,871,204)		

[draft] 2018 Operating Budget: Expenses & nonoperating activity

	2016 Actual		2017 Budget		June 2017 Projected		Jul 2016-Jun 2017		2018 Budget		Difference from 2017 Projected
20_SALARIES	40,704,755		49,582,452		47,884,907	18%	45,454,799		56,595,019	benefit%	8,710,112
21_EMPLOYEE BENEFITS	9,863,087	24.2%	12,247,947	24.7%	12,143,326	23.4%	10,710,932	23.8%	14,256,965	13.2%	2,113,639
22_PROFESSIONAL FEES	3,838,440		3,420,100		4,911,069		4,394,208		4,515,736		(395,333)
23_PURCHASED SERVICES	5,912,658		6,355,990		6,070,504		6,361,629		6,899,616		829,112
24_SUPPLIES	13,157,960		14,275,245		14,867,156		14,820,847		16,705,575		1,838,419
25_INSURANCE	676,041		680,000		583,862		641,006		675,800		91,938
26_LEASES/RENTALS	1,383,808		1,739,450		1,401,820		1,392,343		1,451,384		49,564
27_DEPRECIATION	4,139,560		3,671,829		4,213,851		4,153,513		4,330,313		116,462
28_REP&MAINT	678,334		909,300		542,650		679,116		957,812		415,162
29_UTILITIES	829,921		919,889		980,439		947,408		1,035,105		54,666
30_LICENSES/TAXES	627,245		548,264		647,897		646,533		608,331		(39,566)
31_OTHER	1,754,272		2,058,484		1,605,802		1,804,235		2,327,333		721,531
TOTAL OPERATING EXPENSES	83,566,081	(1,0459)	96,408,951	(1,0068)	95,853,283	(1,0334)	92,006,569	(1,0247)	110,358,990	(1,0278)	14,505,707
OPERATING (INCOME) LOSS	(852,581)		(3,782,068)		(1,633,041)		(2,737,132)		(1,998,539)		(365,498)
40_TAX M&O	(172,921)		(202,000)		(200,655)		(185,995)		(272,000)		(71,345)
41_TAX DEBT	(253,816)		(223,750)		(216,956)		(235,440)		(195,000)		21,956
41.1_TAX REFUNDS	-		-		-		-		-		-
42_INVESTMENT INCOME	(117,597)		(77,500)		(209,873)		(175,793)		(162,500)		47,373
43_INTEREST EXPENSE	527,782		1,008,053		512,957		493,694		1,153,322		640,365
44_GAIN/LOSS ON SALE	(39,355)		-		(21,900)		(3,556)		-		21,900
45_CONTRIBUTIONS	(58,535)		(140,000)		(630,544)		(352,876)		(172,000)		458,544
47_BOND ISSUE COSTS	-		150,000		-		-		-		-
TOTAL NONOPERATING (REVENUES) EXPENSES	(114,443)		514,803		(766,971)		(459,965)		351,822		1,118,793
CHANGE IN NET POSITION: (POSITIVE)/NEGATIVE	(967,023)		(3,267,265)		(2,400,012)		(3,197,097)		(1,646,717)		753,295

[draft] 2018 Operating Budget: Key ratios

2018 PRELIMINARY BUDGET											
	2016 Actual		2017 Budget		June 2017 Projected		Jul 2016-Jun 2017		2018 Budget		Difference from 2017 Projected
Operating Margin	1.01%		3.77%		1.68%		2.89%		1.78%		0.10%
Total margin	1.15%		3.26%		2.46%		3.37%		1.47%		-1.00%
Salaries & Benefits as a % of net pt. service rev.	63.29%		64.57%		64.72%		62.55%		65.99%		1.27%
Salaries & Benefits as a % of total revenue	59.90%		61.71%		61.58%		59.28%		63.06%		1.48%
Salaries & Benefits as a % of total expenses	60.51%		64.13%		62.63%		61.05%		64.20%		1.58%
51_ADJUSTED PATIENT DAYS	20,784		25,550		23,192		21,342		25,553		2,361
Gross Patient Revenue / Adjusted Patient Day	8,062.05		8,229.40		8,883.44		8,803.77		9,328.95		445.51
Net Patient Service Revenue / Adjusted Patient Day	3,844.10		3,747.82		3,999.56		4,207.26		4,201.86		202.31
Wages & Benefits / Adjusted Pt. Day	2,433.02		2,419.98		2,588.32		2,631.70		2,772.70		184.38
Total Operating Expense / Adj. Pt. Day	4,020.69		3,773.34		4,133.03		4,311.06		4,318.75		185.72
Total Oper. Exp. / Net Pt. Rev	-98.99%		-96.23%		-98.32%		-97.11%		-98.22%		0.10%
Labor Hours / Adjusted Patient Day	45.88		42.00		46.38		47.68		47.62		1.25
Total Oper. Expense (excl. depreciation) / Adj Pt Day	3,821.52		3,629.63		3,951.34		4,116.44		4,149.29		197.95
Labor Hours (excludes providers)	953,513.60		1,073,196.80		1,075,541.52		1,017,598.40		1,216,883.20		141,341.68



PAUSE

Any questions on the operating budget before we move forward?



Capital budget

2018 and 2019-2022

“
The capital budgeting process is a very fast way to spend \$3.2 million.
-your trusted CFO

Flavors of Capital

The capital budget process captures different categories of capital expenditures.



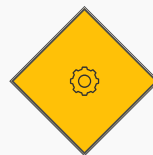
Major moveable and fixed equipment

Replacement or new equipment for existing or growing services



Space improvements

Building out shell space, updating existing space, and staying ahead of aging aesthetics



Preventative replacement

HVAC systems, boilers, chillers, and other things we sometimes forget to appreciate



IT Infrastructure

Staying ahead of the IT curve and replacing components of the system proactively...
And adding cool new systems where we can afford (time and money) to do so

2017 Capital Additions:

Items requested for 2018 that we will buy in 2017 if net income holds

Request			
Type	Department	Request	2017
Capital	BioMed	Temperature Monitoring ESSB/Clinics	5,850
	Diagnostic Imaging	Metal detector for MRI	22,000
	Dietary	Double Convection Electric Oven	12,700
	Facilities	BAS Maintenance System	40,000
	IT	Software Patch Management System	49,722
		Call Accounting Software for Telephone System	23,178
	JHPC	Copier	7,312
		915 N Side Hallway Keycard Reader	16,491
	JHSA	Stryker Prime Electric Big Wheel Gurney	11,250
	Lab	Double Door Helmer Refrigerator	10,237
		Helmer Refrigerator	7,047
	Rehab	Electric Parallel Bars	5,487
	Emergency	Automatic Door Opening Capability from Lobby into ED x2	15,000
	Urology	Cystoscopy Tower	54,220
	Wound/Oncology/Infusion	Automatic Door Openers	24,000
Capital Total			\$ 304,493



[draft] Capital Budget - 2018

Request Type	Department	Request	Year	2018
Capital	Echo	Cardiovascular Ultrasound Machine		130,000
		Stress Treadmill		32,542
	Emergency	Stretcher x2 - 1 Bariatric, 1 Non-Electric		26,825
	Facilities	Redundant Chiller		274,500
	FBC	Panda Infant Stabilization/Warmer		24,654
	HHH	HHH EPIC		166,000
	IT	VM Server Replacement		50,350
		Vocera-Phase 1		125,000
		Imprivata-Phase 1		220,000
	JHSA	Copier w/Color Option		8,499
	Lab	Under Counter Freezer		5,841
		Rover System		16,600
		Blood Bank Gel Method Centrifuge		9,047
	Nursing Administration	Philips Central Monitor, Telemetry and Monitor Upgrade		407,491
	Rehab	Endoscope for Speech Therapy		39,019
	Surgery	Tall Stryker Gurney		11,250
Capital Total				1,547,617
Project	Facilities	Med Gas Phase #3		65,000
		Maintenance Shop & Parking		150,000
		Level 1 & 2 Buildout		1,200,000
	ICU	Tele Tech Furniture		50,000
	JHPC	915 S Linen Closet Build Out		1,500
		915 S Break Room		35,000
		915 N Break Room		35,000
		915 N Walk In Counter		30,000
		915 N Storage Room		500
	JHPLC	Build out for the shell/ meeting space		50,000
	Port Ludlow Specialty			
	Services	Port Ludlow Tenant Improvements- Old Clinic		40,000
	Rehab	Replace Rehab Flooring w/Hard Floors		80,000
		Counters		750
		Divide Olympic room into two rehab treatment rooms		35,000
	SOCO	Paint, clean, spruce up , create an exam room in break room		5,000
	Surgery	Floors		35,000
Project Total				1,812,750
				\$ 3,360,367



[draft] Capital Budget – 2018:

Additional capital items contingent on meeting net income targets in June 2018

Request Type	Department	Request	Year	2018
Capital	BioMed	RTLS Infrared Monitoring for Asset Tracking (50)		
		*Contingent on net income		66,000
	Dietary	40 Qt. Mixer		
		*Contingent on net income		12,860
	Employee Health	Employee Health Electronic Medical Record		
		*Contingent on net income		27,000
	FBC	Guardian Infant Protection System		
		*Contingent on net income		45,227
	Infection Control	Hand Hygiene Monitoring System		
		*Contingent on net income		52,115
	IT	Network Diagramming and Configuration Management		
		*Contingent on net income		15,500
		Ultrasound		
	JHSA	*Contingent on net income		35,970
	Lab	Interface w/NW Pathology/EPIC		
		*Contingent on net income		20,000
		Steris OR Surgical Table		
		*Contingent on net income		38,707
	Surgery	30 Watt Holmium Laser		
		*Contingent on net income		39,920
Capital Total				353,299
				353,299
				3,713,666



2019-2022 Capital Requests:

Budget placeholders set,
but detail review
completed annually

Pricing and needs can
change significantly, but
the roadmap is essential

Department	Request	2019	2020	2021	2022
ACU	Bariatric Bed	33,000			
	Bladder Scanner			14,000	
	Beds				20,000
	Remodel room 314 for Bariatric Needs				
	Nurse Call Reporting	40,000			
	ACU Refresh	500,000			
ACU Total		573,000		14,000	20,000
Administration	915 Clinic-2nd Floor Remodel	300,000			
Administration Total		300,000			
Anesthesia	Nerve Block Ultrasound		50,000		
Anesthesia Total			50,000		
CT	CT Scanner		1,200,000		
CT Total			1,200,000		
Dermatology	Full body Phototherapy Cabinet	48,340			
Dermatology Total		48,340			
Diagnostic Imaging	Linear Accelerator				
	*Exploring the possibility			3,000,000	
	X-Ray Room #1-R&F Equipment	544,000			
Diagnostic Imaging Total		544,000		3,000,000	
Emergency	Non Electric Stretcher	8,573			
Emergency Total		8,573			
EVS	Stand-ON Scrubber w/Ecoflex	8,148			
EVS Total		8,148			
Facilities	Boiler x2			240,000	
	Medical Air and Vacuum Pump x3	95,700			
	Service Mule	9,500			
	Air Handler Unit x2	400,000	400,000		
	Air Handler Unit			50,000	
Facilities Total		505,200	400,000	290,000	
FBC	Echo Screen III Pro Infancy Hearing Screener	16,623			
	Labor and Delivery Bed w/Overlay	20,068			
	FBC Flooring	30,000			
FBC Total		66,691			
Hospitalist	Ultrasound		68,000		
Hospitalist Total			68,000		

[cont'd] 2019-2022 Capital Requests:

Budget placeholders set,
but detail review
completed annually

Pricing and needs can
change significantly, but
the roadmap is essential

Department	Request	2019	2020	2021	2022
IT	Vocera-Phase 2	78,087			
	Lawson Document Scanning Phase 1	200,000			
	Archive Meditech	100,000			
	Patient Infotainment System	150,000			
	Terminal Services	7,300			
	Self Service Password Reset	50,000			
	MDM	25,000			
	Imprivata-Phase 2	114,300			
	Archive Allscripts		100,000		
IT Total		724,687	100,000		
JHPLC	Furniture	50,000			
JHPLC Total		50,000			
JHSA	OER Pro Olympus Reprocessor	36,458			
	Plumbing for OER Pro Olympus Reprocessor	15,000			
JHSA Total		51,458			
Lab	Telecore-Middleware for POC	24,156			
	Urinalysis Instrumentation Upgrade	10,000			
	ESR Instrument Upgrade	10,000			
	Blood Bank Software	300,000			
	Bacti Alert -Micro		30,000		
	Co2 Incubator		8,000		
	Incubator		7,000		
	Double Door Freezer			15,000	
	Refrigerator			6,156	
Lab Total		344,156	45,000	21,156	
Registration	Epic Welcome Kiosk	24,000			
Registration Total		24,000			
Rehab	Dynavision-Neurology Re-Education	43,055			
	*Contingent on meeting net income budget.				
Rehab Total		43,055			
Therapy	Draeger Ventilator	35,347		35,347	
	Transport Vent		16,011		
	Comprehensive ECG System				220,639
Respiratory Therapy Total		35,347	16,011	35,347	220,639
Sterile Processing	Autoclave, Automatic Washer, & Triple Sink		251,155		
Sterile Processing Total			251,155		
Surgery	Rigid Ureteroscope	9,569			
	Olympus OER Pro Endoscope				48,314
Surgery Total		9,569			48,314
Grand Total		\$ 3,336,223	\$ 2,130,166	\$ 3,360,503	\$ 288,953



Thank you.
... discussion
... questions
... areas to revisit