

Jefferson County Public Hospital District No.2
Board of Commissioners, Special Session Minutes
Wednesday, November 13, 2019
Victor J. Dirksen Conference Room

Call to Order:

The meeting was called to order at 2:00pm by Board Chair Buhler Rienstra. Present were Commissioners Dressler, McComas, Ready, and Kolff. Also, in attendance were Mike Glenn, CEO, Hilary Whittington, Chief Administrative Officer/ Chief Financial Officer, Jon French, Chief Legal Officer, Brandie Manuel, Chief Patient Safety and Quality Officer, Caitlin Harrison, Chief Human Resources Officer, and Alyssa Rodrigues, Administrative Assistant were also in attendance. This meeting was officially audio recorded by Jefferson Healthcare.

Budget Hearing for Fiscal Year 2020:

- 2020 Operations Budget Summary
- 2020 Capital Budget Summary
- Public Comment
- Commission Discussion

Hilary Whittington, CFO/CAO, presented the 2020 Operations Budget Summary and 2020 Capital Budget Summary.

No public comment was made.

Commissioner comments were made

Adopt Resolutions:

- Resolution 2019-18 With/Without Property Tax Increase
- Resolution 2019-19 Adopt Fiscal Year 2020 Budget

Commissioner McComas made a motion to approve Resolution 2019-19 Adopt Fiscal Year 2020 Budget. Commissioner Kolff seconded.

Action: Motion passed unanimously.

Commissioner Kolff made a motion to approve Resolution 2019-18 With Property Tax Increase. Commissioner Dressler seconded

Action: Motion passed unanimously.

Discussion ensued.

Meeting concluded at 2:26pm.

Approved by the Commission:

Chair of Commission: Jill Buhler Rienstra _____

Secretary of Commission: Marie Dressler _____



2020 BUDGET

OPERATING AND CAPITAL BUDGET HEARING

Hilary Whittington, CFO/CAO
Special Session, Board of Commissioners
November 13, 2019

THE PLAN

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OPERATING BUDGET

Summary budget (income statement)
and key performance indicators

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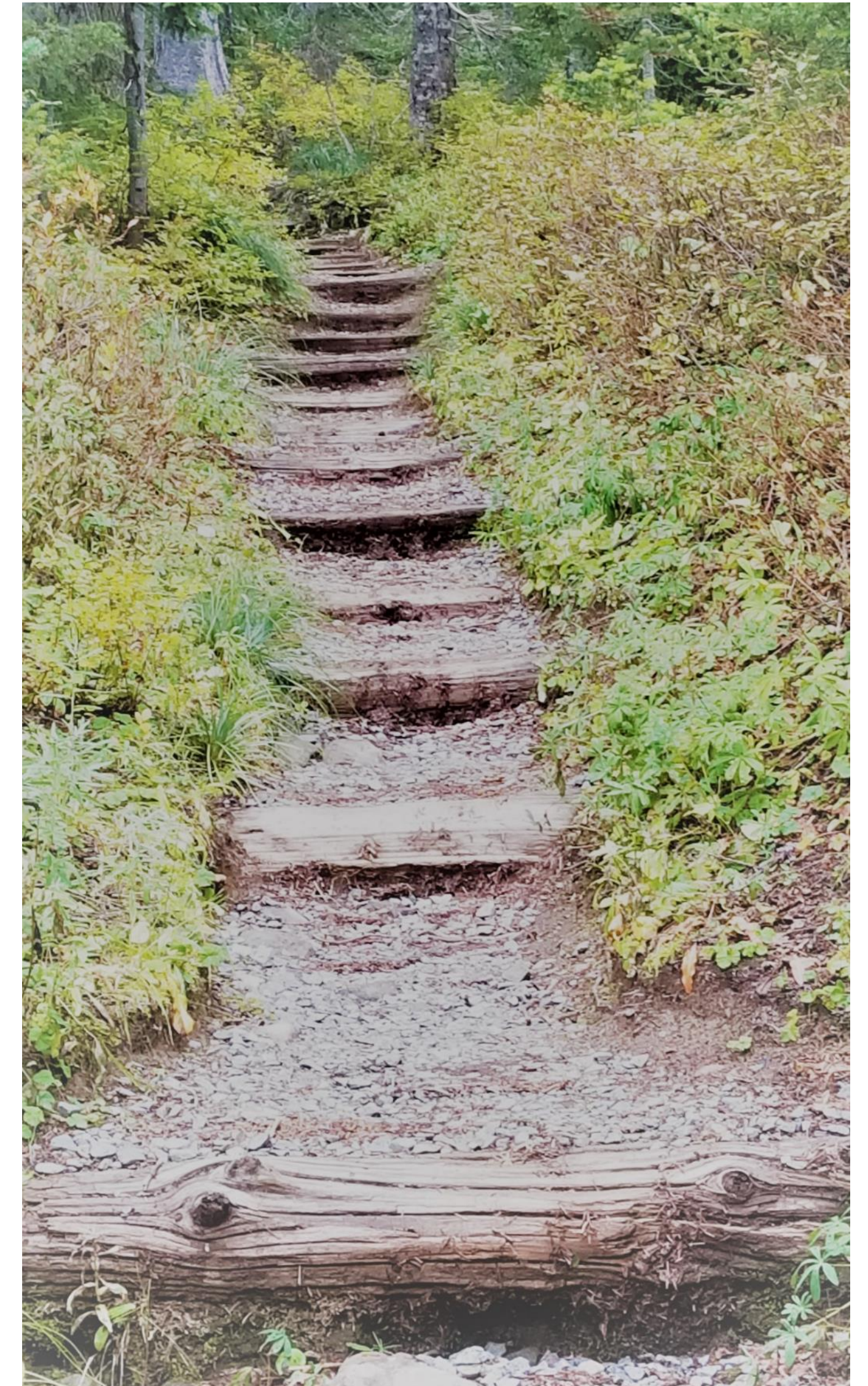
CAPITAL INVESTMENTS

Capital & projects budget, 2020
Capital budget look ahead, 2021-2024

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BOARD ACTION

Approval, budget
Approval, 1% increase tax levy



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Operating budget

Summary budget (income statement)
and key performance indicators

Proposed operating budget, 2020

	2018 Actual	2019 Budget		June 2019 Projected		Jul 2018-Jun 2019		2020 Budget		Difference from 2019 Projected
01_IP REVENUE	(44,536,960)	(49,155,911)		(46,570,844)		(44,995,191)		(51,151,916)		(4,581,072)
02_OP REVENUE	(182,829,053)	(200,065,234)		(210,482,235)		(196,099,463)		(233,912,846)		(23,430,611)
TOTAL PATIENT REVENUES	(227,366,013)	(249,221,145)		(257,053,079)		(241,094,654)		(285,064,762)		(28,011,683)
05_REV DED/MEDICARE	74,145,841	85,257,801	-34%	89,875,531	-35%	78,427,572	-33%	97,432,120	-34%	7,556,589
06_REV DED/MEDICAID	21,742,354	24,145,405	-10%	23,370,500	-9%	22,342,711	-9%	26,229,729	-9%	2,859,229
07_CHARITY CARE	2,363,239	2,850,459	-1%	2,486,080	-1%	2,295,154	-1%	2,756,994	-1%	270,914
08_CONT ADJ OTHER	18,266,671	18,579,546	-7%	20,068,493	-8%	19,720,198	-8%	22,237,626	-8%	2,169,133
09_REV DED/ADMIN	1,583,906	1,108,613	0%	1,153,908	0%	1,650,070	-1%	1,301,612	0%	147,704
10_BAD DEBTS	2,539,972	3,237,531	-1%	4,927,518	-2%	3,049,533	-1%	5,208,080	-2%	280,562
TOTAL REVENUE ADJUSTMENTS	120,641,983	135,179,355	-54.2%	141,882,030	-55.2%	127,485,239	-52.9%	155,166,160	-54.4%	13,284,130
NET PATIENT SERVICE REVENUE	(106,724,030)	(114,041,790)		(115,171,049)		(113,609,416)		(129,898,602)		(14,727,553)
11_GRANTS	(162,400)	(1,303,325)		(2,993,788)		(1,646,991)		(709,882)		2,283,906
12_OTHER REVENUE	(2,033,865)	(3,992,346)		(1,577,958)		(1,899,904)		(2,888,500)		(1,310,542)
13_REV/MEANINGFUL USE	(85,000)	(40,000)		-		(85,000)		-		-
14_340B REVENUE	(3,473,711)	(3,838,000)		(3,638,497)		(3,547,720)		(3,274,600)		363,897
15_PROVIDER A/R COLL	-	-		-		-		-		-
TOTAL OTHER REVENUES	(5,754,976)	(9,173,671)		(8,210,243)		(7,179,615)		(6,872,982)		1,337,261
TOTAL OPERATING REVENUES	(112,479,006)	(123,215,461)		(123,381,293)		(120,789,030)		(136,771,584)		(13,390,291)

Proposed operating budget, 2020 cont'd

	2018 Actual	2019 Budget	June 2019 Projected	Jul 2018-Jun 2019	2020 Budget	Difference from 2019 Projected
20_SALARIES	53,801,638	59,251,519	57,542,639	55,731,325	65,589,903	8,047,264
21_EMPLOYEE BENEFITS	13,499,328	14,823,152	14,778,937	14,229,068	16,897,560	2,118,623
22_PROFESSIONAL FEES	4,937,240	4,159,300	5,346,982	5,204,310	2,293,360	(3,053,622)
23_PURCHASED SERVICES	6,200,407	8,016,924	6,498,416	6,229,920	8,449,155	1,950,739
24_SUPPLIES	18,385,722	21,381,838	21,676,735	20,250,477	24,922,370	3,245,635
25_INSURANCE	740,154	640,829	631,694	707,116	691,450	59,756
26_LEASES/RENTALS	1,547,347	1,872,664	1,549,746	1,570,891	182,534	(1,367,212)
27_DEPRECIATION	4,703,575	4,919,190	4,685,457	4,626,511	6,487,844	1,802,387
28_REP&MAINT	634,623	1,150,430	714,039	662,178	1,271,303	557,264
29_UTILITIES	1,148,122	1,261,060	1,184,641	1,170,825	1,249,286	64,646
30_LICENSES/TAXES	641,426	654,849	687,593	675,161	667,675	(19,918)
31_OTHER	1,873,663	2,435,636	2,083,654	2,051,089	2,685,003	601,349
TOTAL OPERATING EXPENSES	108,113,245	120,567,390	117,380,531	113,108,871	131,387,443	14,006,912
OPERATING (INCOME) LOSS	(4,365,761)	(2,648,071)	(6,000,761)	(7,680,159)	(5,384,141)	616,620

Proposed operating budget, 2020 cont'd

	2018 Actual	2019 Budget	June 2019 Projected	Jul 2018-Jun 2019	2020 Budget	Difference from 2019 Projected
40_TAX M&O	(265,881)	(253,500)	(281,570)	(254,955)	(268,600)	12,970
41_TAX DEBT	(195,318)	(228,100)	(263,373)	(215,034)	(222,400)	40,973
41.1_TAX REFUNDS	-	-	-	-	-	-
42_INVESTMENT INCOME	(416,446)	(331,800)	(620,601)	(561,199)	(331,800)	288,801
43_INTEREST EXPENSE	1,033,106	997,181	979,573	995,950	1,111,008	131,435
44_GAIN/LOSS ON SALE	(2,922)	-	-	(2,922)	-	-
45_CONTRIBUTIONS	(145,545)	(259,000)	(77,005)	(131,392)	(200,000)	(122,995)
46_EXTRAORDINARY	-	-	-	-	-	-
47_BOND ISSUE COSTS	-	-	-	-	-	-
TOTAL NONOPERATING (REVENUES) EXPENSES)	6,994	(75,219)	(262,975)	(169,552)	88,208	351,183
CHANGE IN NET POSITION: (POSITIVE)/NEGATIVE	(4,358,767)	(2,723,290)	(6,263,737)	(7,849,712)	(5,295,933)	967,804

Key performance measures based on 2020 budget

	2018 Actual	2019 Budget	June 2019 Projected	Jul 2018-Jun 2019	2020 Budget	Difference from 2019 Projected
Operating Margin	3.88%	2.15%	4.86%	6.36%	3.94%	-0.93%
Total margin	3.88%	2.21%	5.08%	6.50%	3.87%	-1.20%
Salaries & Benefits as a % of net pt. service rev.	63.06%	64.95%	62.79%	61.58%	63.50%	0.71%
Salaries & Benefits as a % of total revenue	59.83%	60.12%	58.62%	57.92%	60.31%	1.69%
Salaries & Benefits as a % of total expenses	62.25%	61.44%	61.61%	61.85%	62.78%	1.17%
51_ADJUSTED PATIENT DAYS	23,536	26,741	26,760	24,688	29,416	2,656
Gross Patient Revenue / Adjusted Patient Day	9,660.35	9,319.81	9,605.87	9,765.66	9,690.74	84.87
Net Patient Service Revenue / Adjusted Patient Day	4,534.50	4,264.68	4,303.85	4,601.81	4,415.89	112.04
Wages & Benefits / Adjusted Pt. Day	2,859.49	2,770.08	2,702.60	2,833.78	2,804.15	101.55
Total Operating Expense / Adj. Pt. Day	4,593.53	4,508.71	4,386.42	4,581.53	4,466.50	80.08
Total Oper. Exp. / Net Pt. Rev	96.12%	97.85%	95.14%	93.64%	96.06%	0.93%
Labor Hours / Adjusted Patient Day	47.96	47.89	44.07	46.68	44.21	0.14
Total Oper. Expense (excl. depreciation) / Adj Pt Day	4,393.68	4,324.75	4,211.33	4,394.13	4,245.95	34.62
Labor Hours (excludes providers)	1,128,795	1,280,614	1,179,360	1,152,320	1,300,428	121,068

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Capital investments

Capital & projects budget, 2020

Capital budget look ahead, 2021-2024

CAPITAL BUDGET: Prioritize into 2020

Request Type	Department	Request	Cost
<input checked="" type="checkbox"/> Capital	<input checked="" type="checkbox"/> ACU	ACU Bed and Mattress x5	\$57,089
		Electric Big Wheel Stretcher	\$15,256
	<input checked="" type="checkbox"/> CT	CT Scanner	\$872,000
	<input checked="" type="checkbox"/> EVS	Auto Scrubber w/Eco Stand on Rider	\$9,742
	<input checked="" type="checkbox"/> Express Clinic	Separate Express Clinic and ED in EPIC	\$19,620
	<input checked="" type="checkbox"/> Facilities	AHU 5	\$390,742
		Fuel Scrubber	\$21,778
		Variable Frequency Drives on AHU 2, 3, 5	\$36,897
	<input checked="" type="checkbox"/> IT	Public Safety Radio Service Extensions to ESSB	\$76,300
	<input checked="" type="checkbox"/> Lab	Biofire Torch	\$67,603
		CO2 Incubator	\$7,091
		Microbiology Incubator	\$5,661
		New UA Centrifuge	\$5,498
	<input checked="" type="checkbox"/> MM	Motorized Platform Cart	\$6,286
	<input checked="" type="checkbox"/> Nuclear Medicine	Nuclear Medicine Dose Calibrator	\$12,317
	<input checked="" type="checkbox"/> Ortho Clinic	Ultrasonic tool for Tendinosis/Fasciitis	\$14,165
	<input checked="" type="checkbox"/> Rehab	Electric Parallel Bars	\$5,762
	<input checked="" type="checkbox"/> RT	IntelliBridge Module (ventilator interface)	\$7,000

CAPITAL BUDGET: Prioritize into 2020

Request Type	Department	Request	Cost
	Sheridan Clinic	Copier (for referral coordinators)	\$6,639
	Sterile Processing	Prep & Pack Table	\$9,211
		Steam Autoclave	\$146,801
Capital Total			\$1,793,459
Capital Project	Dermatology	Moh's Lab	\$5,886
	DI	Mobile Pad	\$8,829
	Express Clinic	Express Clinic Workstation Addition	\$75,000
	Facilities	7th Street	\$150,000
		915 (Upstairs)	\$150,000
		Emergency Power	\$100,000
		Orchard Parking Lot Development	\$600,000
	Nursing Admin	Upper Floor Refresh	\$553,529
	Rehab	Reception Area	\$87,418
	Surgery	Refresh Front Desk Area	\$43,600
Capital Project Total			\$1,774,262
Grand Total			\$3,567,721

CAPITAL BUDGET: Contingent* purchases for 2020

Request Type	Department	Request	Cost
<input checked="" type="checkbox"/> Capital	<input checked="" type="checkbox"/> ACU	Portascan 3D Bladder Scanner	\$12,849
	<input checked="" type="checkbox"/> IT	Printer Management System	\$30,044
	<input checked="" type="checkbox"/> Nursing Admin	Sonosite Ultrasound/Butterfly/Probe	\$82,044
	<input checked="" type="checkbox"/> Rehab	Portascan 3D Bladder Scanner	\$11,168
	<input checked="" type="checkbox"/> Sheridan Clinic	Point of Care Ultrasound	\$54,073
	<input checked="" type="checkbox"/> Surgery	Portascan 3D Bladder Scanner	\$12,849
Capital Total			\$203,027

*Purchases contingent on additional research, alignment of strategies across the organization and meeting net income targets in the upcoming year.

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Board Action

Approval, budget

Approval, 1 % increase tax levy

PROPERTY TAX ASSESSMENT

	<u>0% increase</u>	<u>1% increase</u>
Tax increase	\$0	\$4,549
2020 property taxes estimate	\$487,000*	\$491,000* **
2020 operating expenses budget	\$136,770,000	\$136,770,000
% of budget	.356%	.359%

*Amounts are listed at their highest estimated amount.
**Currently, using the 1% option is budgeted in the template but can be adjusted.



