

Due to the presence of multiple respiratory illness, Jefferson Healthcare is still highly encouraging practice of high infection protocols. You may choose to attend this meeting virtually by accessing the below information or can attend in person in the Sheridan Conference Room at 915 Sheridan Street. Limited seating available.

Audio Only: dial Phone Conference Line: (509) 598-2842

When prompted, enter Conference ID number: 572 938 342#

Microsoft Teams meeting: Join on your computer or mobile app.

**Jefferson County Public Hospital District No. 2
Board of Commissioners, Special Session Minutes
Wednesday, October 11, 2023**

Call to Order:

The meeting was called to order at 1:02 by Board Chair Buhler Rienstra. Present by phone and video were Commissioners Dressler, Kolff, McComas, and Ready. Also, in attendance was Mike Glenn, CEO, Tyler Freeman, Chief Financial Officer, Jake Davidson, Chief Operating Officer, Molly Propst, Chief Human Resources Officer, Brandie Manuel, Chief Patient Safety and Quality Officer, Tina Toner, Chief Nursing Officer, and Christina Avila, Executive Assistant. This meeting was officially audio recorded by Jefferson Healthcare.

Work Session:

The purpose of this special session was to have the Jefferson County Public Hospital District No. 2 Commissioners review and discuss the 2024 Budget. No action will be taken.

Tyler Freeman, CFO, presented the Operating and Capital Budget (p) review which included updates on Vocabulary Reference, Budget Process, Philosophy and Key Themes, Property Tax Assessment, Public Hospital District Tax Support across our region, Community Benefit for 2022, Operating Budget, Draft Revenue Budget, Draft Expense Budget, Draft Non-Operating Budgets and Ratios, Department Statistics, and Capital Budget.

Discussion ensued.

Commissioner McComas made a motion to conclude. Commissioner Dressler seconded.

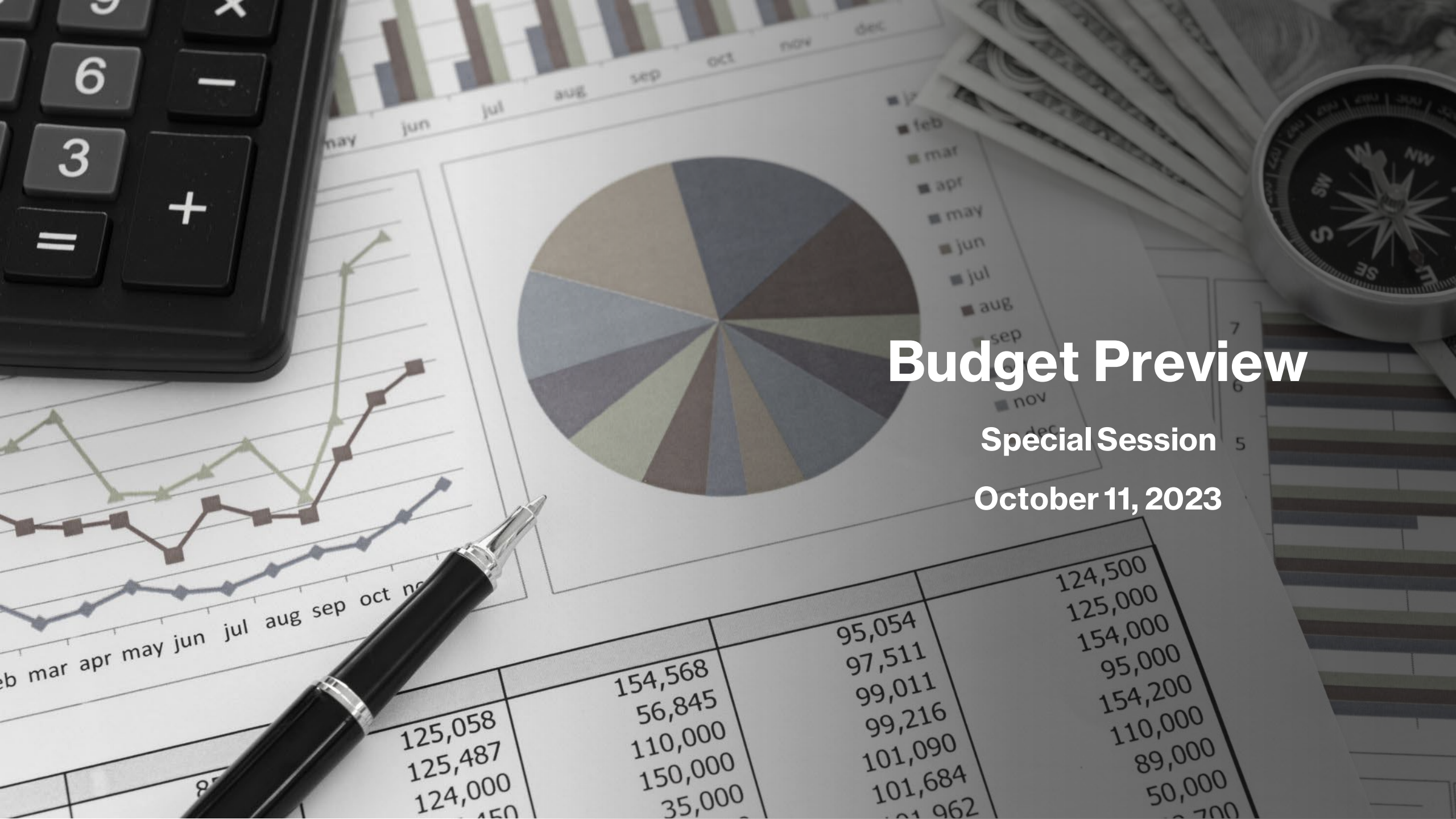
Action: motion passed unanimously.

The meeting concluded at 2:19 pm.

Approved by the Commission:

Chair of Commission: Jill Buhler-Rienstra Approved via MS Teams

Secretary of Commission: Marie Dressler Approved via MS Teams



Budget Preview

Special Session

October 11, 2023

Feb	125,058	154,568	95,054	124,500
Mar	125,487	56,845	97,511	125,000
Apr	124,000	110,000	99,011	154,000
May	124,000	150,000	99,216	95,000
Jun	124,000	35,000	101,090	154,200
Jul			101,684	110,000
Aug			101,962	89,000
Sep				50,000
Oct				700
Nov				
Dec				

Agenda

- Setting the landscape
 - Our process
 - Philosophy and decisions that impact the entire budget
- Operating Budget
 - In summary
 - Key Performance Indicators
- Capital Investments
 - Capital & projects budget: 2024-2027
- Remaining Questions
 - Please stop me for questions throughout the presentation too

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Gross Revenue



The charges generated by each department for services rendered. 2024 gross revenue is increased by both volume, and a 3.49% price increase.

Net Revenue



What we expect to collect from gross revenue/charges we generate. We generally collect about 45% of gross revenue (charges).

Contractual adjustments



The amount we expect to “write off” from the amount charged to determine net revenue.

FTEs: Full time equivalents



1.0 FTE= 2080 hours, a full-time employee. Hours for part time or per diem employees are added to calculate FTEs for budget and reporting purposes. FTEs include productive (worked) and non-productive (paid time off) time.

Operating/Total Margin

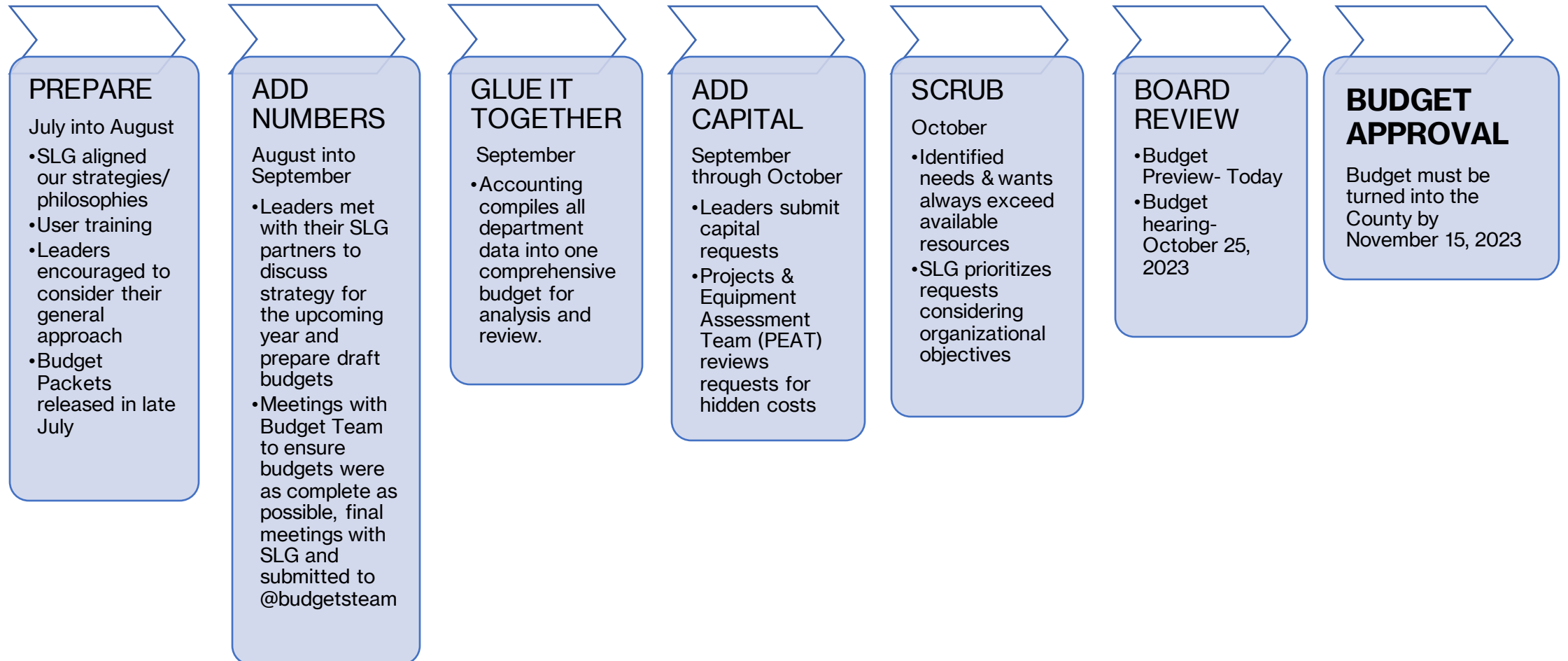


Operating and Total Margin are profitability indicators. Margin is calculated by dividing Operating Income (for Operating Margin) or Change in Net Position (for Total Margin) by Total Operating Revenues. A healthy Total Margin for a hospital is between 2 and 6 percent

Any others?



Our Budget Process



Philosophy and Key Themes



Aim for margin improvement in each department.



Budgeting for staff instead of contract labor (we will have overages in contract labor if we are unable to fill positions).

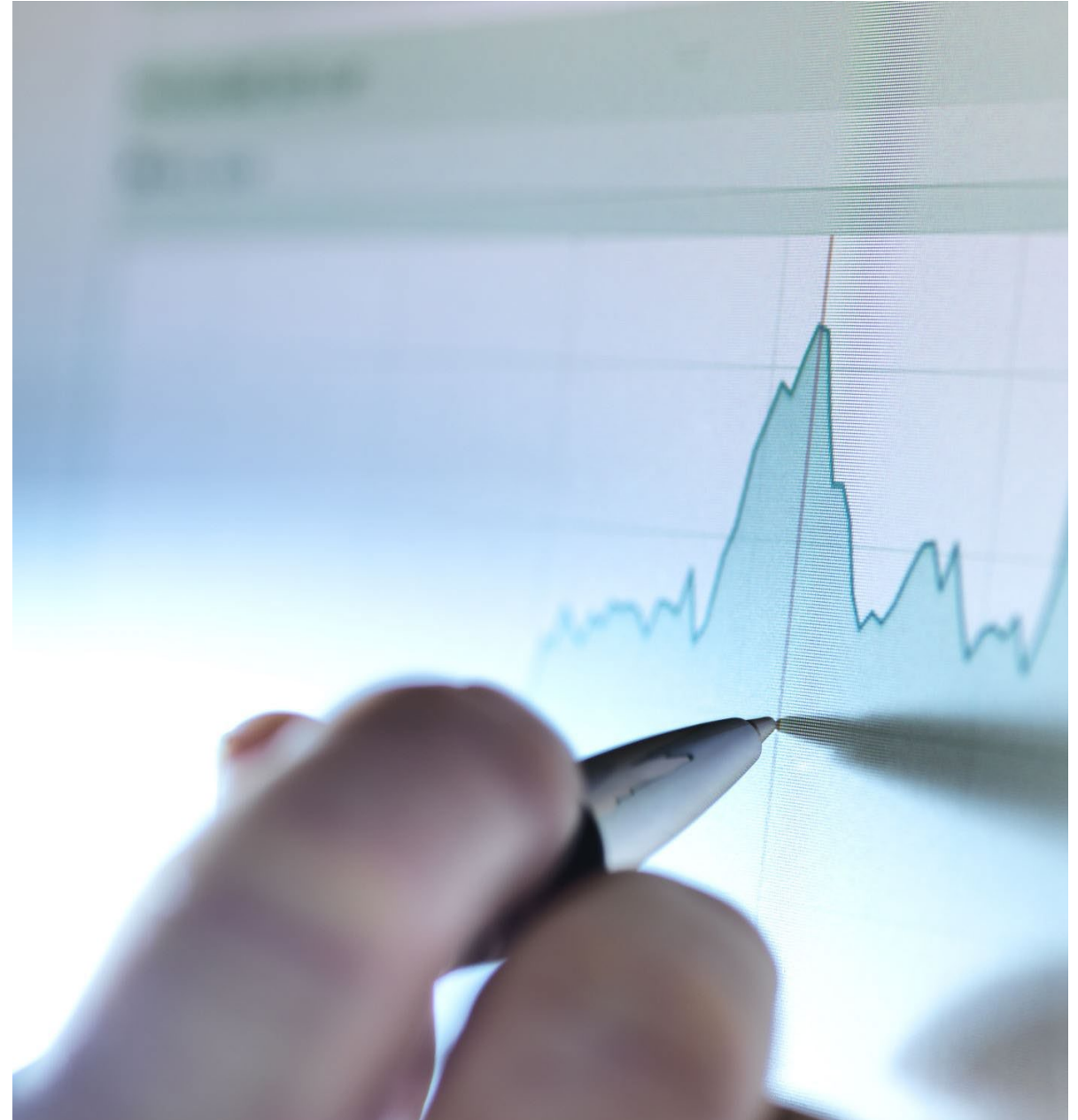


~3.49% price increase. A third party compared our prices to the local market and all WA CAH noting we were below market. Increases are not across the board.

Pricing History

Most facilities increase rates 3-5% annually

- 2012 – 5%
- 2013 – 2.99%
- 2014 – 3%
- 2015 – 3%
- 2016 – 1.25%
- 2017 – 2.9%
- 2018 – decrease noted
- 2019 – varied, no overall noted
- 2020 – 1.5%
- 2021 – 1.5%
- 2022 – 3%
- 2023 – 4.5%
- 2024 – 3.49%



Property Tax Assessment

- Budget is set at 1% option
- At 1% option, effective tax is reduced by 3.7% due to increase in appraised values
- Budgeted average daily operating expenditures are ~\$490,000
- A home appraised at 400k pays \$23/Year

ESTIMATE FOR "2024" BUDGET

"2023" ACTUAL AMOUNT	
INCREASE OF 0% RESOLUTION AMOUNT	\$ 513,830.09
NEW CONST & UTIL (EST) +	\$ 6,617.29
REFUNDS (EST) +	\$ 3,206.72
TOTAL	\$ 523,654.10
(0% INC) BUDGET ON THE HIGH SIDE =	\$ 532,000

As of 10/05/2023

Estimated Levy Rate .05721

"2023" ACTUAL AMOUNT		\$ 513,830.09
*INCREASE OF 1% (\$5,138.30)		X 1.01
RESOLUTION AMOUNT		518,968.39
NEW CONST & UTIL (EST) +	\$ 6,617.29	
REFUNDS (EST) +	\$ 3,206.72	
TOTAL	\$ 528,792	
(1% INC/MAX AMOUNT) BUDGET ON THE HIGH SIDE =	\$ 537,000	

As of 10/05/2023

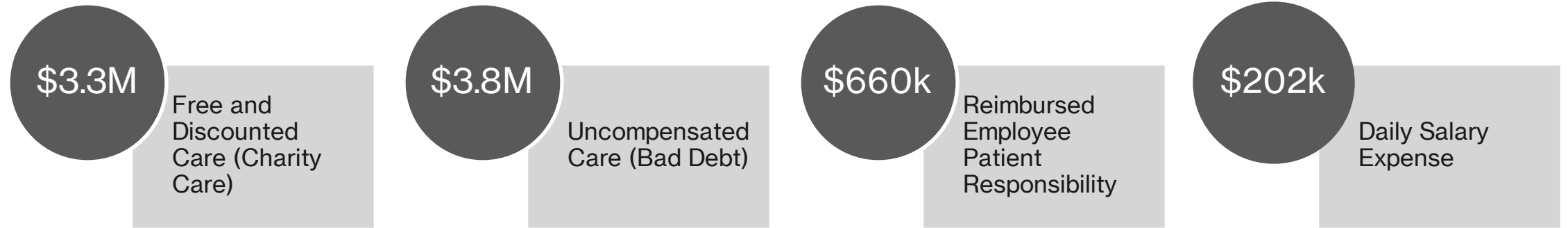
Estimated Levy Rate .05774

Public Hospital District Support Across Our Region

Hospital	2022 Operating expenses	2022 Tax revenues
Whidbey Health Coupeville	*\$114,532,041	*\$5,647,435
Olympic Medical Center Port Angeles	\$262,183,669	\$4,895,209
Island Hospital Anacortes	120,361,000	5,858,200
Mason General Hospital Shelton	\$133,900,504	\$2,391,216
Forks General Hospital Forks	\$39,293,398	\$868,176
Jefferson Healthcare Port Townsend	\$152,499,085	\$512,765

*2019 Data

Community Benefit (2022)





OPERATING BUDGET

In Summary and Key Performance Indicators

Revenue Budget (draft)

2024 Budget												
Income Statement Summary												
	2020		2021		2022		2023				2024	Change
	Actual		Actual		Actual		Actual		Budget		Budget	2023 actual to 2024 budget
01_IP REVENUE	(36,422,817)		(39,798,235)		(42,144,523)		(40,182,444)		(44,175,354)		(43,940,596)	(3,758,152)
02_OP REVENUE	(219,712,976)		(258,215,627)		(276,569,104)		(313,231,813)		(303,062,530)		(345,377,492)	(32,145,680)
TOTAL PATIENT REVENUES	(256,135,793)		(298,013,861)		(318,713,627)		(353,414,256)		(347,237,884)		(389,318,088)	(35,903,832)
05_REV DED/MEDICARE	87,017,560	-34%	101,037,808	-34%	108,935,116	-34%	126,625,400	-36%	120,819,227	-35%	139,749,259	13,123,859
06_REV DED/MEDICAID	20,576,268	-8%	24,210,889	-8%	24,563,960	-8%	28,219,540	-8%	27,338,127	-8%	30,788,252	2,568,711
07_CHARITY CARE	2,858,135	-1%	3,872,263	-1%	3,280,565	-1%	3,114,567	-1%	2,212,203	-1%	3,430,980	316,413
08_CONT ADJ OTHER	25,834,176	-10%	25,786,502	-9%	28,265,912	-9%	30,993,172	-9%	33,511,501	-10%	34,175,418	3,182,246
09_REV DED/ADMIN	99,324	0%	420,023	0%	966,659	0%	1,497,847	0%	848,025	0%	1,650,015	152,168
10_BAD DEBTS	2,943,230	-1%	5,525,532	-2%	3,772,732	-1%	2,012,632	-1%	4,074,417	-1%	3,628,240	1,615,608
TOTAL REVENUE ADJUSTMENTS	139,328,693	-54.4%	160,853,017	-54.0%	169,784,945	-53.3%	192,463,158	-54.5%	188,803,500	-54.4%	213,422,164	20,959,006
NET PATIENT SERVICE REVENUE	(116,807,100)		(137,160,844)		(148,928,681)		(160,951,098)		(158,434,384)		(175,895,924)	(14,944,826)
11_GRANTS	(10,093,369)		(2,433,354)		(2,498,168)		(336,524)		(285,000)		(755,176)	(418,652)
12_OTHER REVENUE	(2,181,441)		(2,435,161)		(2,722,565)		(3,299,879)		(1,469,499)		(4,305,026)	(1,005,147)
13_REV/MEANINGFUL USE	25,500		-		-		-		-		-	-
14_340B REVENUE	(3,013,339)		(4,018,089)		(3,174,973)		(5,631,765)		(3,574,945)		(5,968,200)	(336,435)
TOTAL OTHER REVENUES	(15,262,648)		(8,886,603)		(8,395,706)		(9,268,167)		(5,329,444)		(11,028,402)	(1,760,235)
TOTAL OPERATING REVENUES	(132,069,748)		(146,047,447)		(157,324,388)		(170,219,265)		(163,763,828)		(186,924,326)	(16,705,061)

Expense Budget (draft)

2024 Budget												
Income Statement Summary												
	2020		2021		2022		2023				2024	Change
	Actual		Actual		Actual		Actual		Budget		Budget	2023 actual to 2024 budget
20_SALARIES	65,363,393		70,571,040		73,833,256		75,425,724		81,236,502		89,558,362	14,132,638
21_EMPLOYEE BENEFITS	14,861,023	22.7%	15,912,736	22.5%	16,248,266	22.0%	17,964,821	23.8%	18,419,162	22.7%	20,633,986	2,669,165
22_PROFESSIONAL FEES	2,309,334		2,318,251		6,207,977		8,786,023		2,815,700		2,282,270	(6,503,753)
23_PURCHASED SERVICES	9,148,215		9,359,522		9,357,384		12,207,692		12,122,268		15,513,489	3,305,797
24_SUPPLIES	24,723,512		28,451,113		32,784,129		34,027,497		31,186,983		36,692,682	2,665,185
25_INSURANCE	897,783		1,154,749		1,389,603		1,567,970		1,082,684		1,801,877	233,907
26_LEASES/RENTALS	1,616,220		1,681,491		700,245		325,735		220,153		650,452	324,717
27_DEPRECIATION	4,814,047		4,376,459		5,005,269		5,140,125		5,626,962		5,167,355	27,230
28_REP&MAINT	1,025,865		629,685		1,123,808		1,035,081		1,102,401		1,604,494	569,413
29_UTILITIES	1,203,550		1,194,548		1,406,693		1,331,259		1,476,767		1,616,294	285,035
30_LICENSES/TAXES	749,437		868,519		949,955		983,403		887,720		1,042,688	59,285
31_OTHER	2,086,683		1,794,424		2,549,224		3,558,587		2,837,849		3,685,180	126,593
TOTAL OPERATING EXPENSES	128,799,064		138,312,537		151,555,808		162,353,916		159,015,150		180,249,129	17,895,213
OPERATING (INCOME) LOSS	(3,270,685)		(7,734,910)		(5,768,579)		(7,865,349)		(4,748,677)		(6,675,197)	1,190,152

Nonoperating Budget and Ratios (draft)

2024 Budget												
Income Statement Summary												
	2020		2021		2022		2023				2024	Change
	Actual		Actual		Actual		Actual		Budget		Budget	2023 actual to 2024 budget
40_TAX M&O	(243,631)		(279,034)		(288,190)		(297,776)		(294,000)		(310,000)	(12,223)
41_TAX DEBT	(211,771)		(224,121)		(224,575)		(226,733)		(227,000)		(227,000)	(267)
41.1_TAX REFUNDS	-		-		-		-		-		-	-
42_INVESTMENT INCOME	(198,310)		(278,597)		(719,535)		(1,916,416)		(201,400)		(2,448,000)	(531,584)
43_INTEREST EXPENSE	977,279		958,170		934,836		1,145,730		880,770		4,932,074	3,786,344
44_GAIN/LOSS ON SALE	-		-		-		-		-		-	-
45_CONTRIBUTIONS	(354,874)		(50,264)		(52,215)		(82,416)		(138,000)		(8,604,000)	(8,521,584)
46_EXTRAORDINARY	-		-		-		-		-		-	-
47_BOND ISSUE COSTS	-		-		-		-		-		-	-
TOTAL NONOPERATING (REVENUES) EXPENSES)	(31,306)		126,154		(349,678)		(1,377,612)		20,370		(6,656,926)	(5,279,314)
CHANGE IN NET POSITION: (POSITIVE)/NEGATIVE	(3,301,991)		(7,608,756)		(6,118,258)		(9,242,961)		(4,728,308)		(13,332,123)	(4,089,162)
Operating Margin	2.48%		5.30%		3.67%		4.62%		2.90%		3.57%	-1.05%
Total margin	2.50%		5.21%		3.89%		5.43%		2.89%		7.13%	1.70%
Salaries & Benefits as a % of net pt. service rev.	68.68%		63.05%		60.49%		58.02%		62.90%		62.65%	4.62%
Supplies as a % of net pt. service rev.	21.17%		20.74%		22.01%		21.14%		19.68%		20.86%	-0.28%

Department Statistics

STATISTIC DESCRIPTION	2024	2023 - ANNUALIZED AT 6/30/2023			
	YTD BUDGET	YTD ACTUAL	YTD BUDGET	% VARIANCE 2023 ACTUAL TO 2024 BUDGET	% VARIANCE 2023 BUDGET TO 2024 BUDGET
FTEs - TOTAL (AVG)	696	601	688	-16%	-1%
ADJUSTED PATIENT DAYS	38,845	38,845	35,508	0%	9%
<i>ICU PATIENT DAYS (IP + OBSERVATION, MIDNIGHT CENSUS)</i>	1,038	1,038	1,260	0%	-18%
<i>ACU PATIENT DAYS (IP + OBSERVATION, MIDNIGHT CENSUS)</i>	3,482	3,444	3,466	1%	0%
<i>SWING IP PATIENT DAYS (MIDNIGHT CENSUS)</i>	300	68	200	341%	50%
PATIENT DAYS (ACU, ICU, SWING), INCLUDES OBSERVATION	4,820	4,550	4,926	6%	-2%
BIRTHS	80	72	96	11%	-17%
SURGERY CASES (IN OR)	1,582	1,536	1,558	3%	2%
SURGERY MINUTES (IN OR)	213,308	213,308	193,832	0%	10%
SPECIAL PROCEDURE CASES	1,034	1,034	828	0%	25%
LAB BILLABLE TESTS	258,244	253,180	254,944	2%	1%
BLOOD BANK UNITS MATCHED	530	520	392	2%	35%
<i>MRI - ENCOUNTERS</i>	2,862	2,862	2,404	0%	19%
<i>CT SCANS - ENCOUNTERS</i>	7,662	7,512	7,144	2%	7%
<i>RADIOLOGY (DEXA) - ENCOUNTERS</i>	1,517	1,499	1,319	1%	15%
<i>X-RAY - ENCOUNTERS</i>	18,705	18,483	16,267	1%	15%
<i>ECHO - ENCOUNTERS</i>	2,266	2,266	2,308	0%	-2%
<i>ULTRASOUND - ENCOUNTERS</i>	4,354	4,354	4,006	0%	9%
<i>MAMMOGRAM - ENCOUNTERS</i>	3,780	3,780	2,398	0%	58%
<i>NUCLEAR MEDICINE - ENCOUNTERS</i>	410	410	496	0%	-17%
IMAGING - TOTAL ENCOUNTERS	41,556	41,166	36,342	1%	14%

Department Statistics

STATISTIC DESCRIPTION	2024	2023 - ANNUALIZED AT 6/30/2023			
	YTD BUDGET	YTD	YTD	% VARIANCE 2023	% VARIANCE 2023
		ACTUAL	BUDGET	ACTUAL TO 2024 BUDGET	BUDGET TO 2024 BUDGET
PHARMACY MEDS DISPENSED	276,410	248,328	232,350	11%	19%
ANTI COAG VISITS	4,314	4,314	4,788	0%	-10%
RESPIRATORY THERAPY PROCEDURES	34,545	32,900	38,052	5%	-9%
CARDIAC REHAB SESSIONS	2,384	2,250	-	6%	0%
PULMONARY REHAB	1,288	1,150	1,518	12%	-15%
CARDIO PULMONARY REHAB	3,673	3,400	1,518	8%	142%
PHYSICAL THERAPY	81,745	77,118	91,480	6%	-11%
OCCUPATIONAL THERAPY	15,026	15,026	14,728	0%	2%
SPEECH THERAPY	3,404	3,404	2,716	0%	25%
REHAB/PT/OT/ST - ENCOUNTERS	103,848	98,948	110,442	5%	-6%
EMERGENCY DEPARTMENT - CENSUS	14,643	13,946	12,470	5%	17%
EXPRESS CLINIC - ENCOUNTERS	13,692	13,692	10,766	0%	27%
SOUTH COUNTY CLINIC - VISITS	2,689	1,560	1,202	72%	124%
PORT LUDLOW CLINIC - VISITS	9,021	8,118	8,236	11%	10%
SHERIDAN CLINIC - VISITS	33,314	32,628	32,392	2%	3%
DENTAL CLINIC - VISITS	5,802	5,802	4,894	0%	19%
WATERSHIP CLINIC - VISITS	15,162	14,330	13,400	6%	13%
TOWNSEND CLINIC - VISITS	6,318	6,310	6,446	0%	-2%
PRIMARY CARE RHC - VISITS	72,306	68,748	66,570	5%	9%

Department Statistics

STATISTIC DESCRIPTION	2024	2023 - ANNUALIZED AT 6/30/2023			
	YTD BUDGET	YTD	YTD	% VARIANCE 2023	% VARIANCE 2023
		ACTUAL	BUDGET	ACTUAL TO 2024	BUDGET TO 2024
				BUDGET	BUDGET
CARDIOLOGY CLINIC - VISITS	7,416	6,742	5,950	10%	25%
DERMATOLOGY CLINIC - VISITS	8,940	9,266	8,822	-4%	1%
JHSA CLINIC - VISITS	4,043	3,850	3,640	5%	11%
ONCOLOGY - VISITS	8,031	6,308	7,050	27%	14%
ORTHO CLINIC - VISITS	7,451	7,314	7,300	2%	2%
SLEEP CLINIC - VISITS	2,323	2,032	1,928	14%	20%
UROLOGY CLINIC - VISITS	2,497	2,628	1,956	-5%	28%
OB/GYN CLINIC - VISITS	3,912	3,912	3,312	0%	18%
WOUND CLINIC VISITS	2,205	1,898	1,869	16%	18%
PLASTICS AND RECONSTRUCTIVE SURGERY CLINIC - VISITS	2,668	1,333	1,358	100%	96%
SPECIALTY CLINICS - VISITS	49,486	45,283	43,185	9%	15%
SLEEP CENTER - SLEEP STUDIES	684	664	662	3%	3%
INFUSION CENTER - VISITS	10,686	10,580	10,200	1%	5%
SURGERY CENTER - ENDOSCOPIES	900	662	894	36%	1%
HOME HEALTH - EPISODES	907	866	798	5%	14%
HOSPICE - CENSUS/DAYS	13,867	13,626	11,278	2%	23%
DIETARY - MEALS SERVED EQUIVALENT	115,717	115,717	108,412	0%	7%
MATERIALS MANAGEMENT - ORDERS PROCESSED	20,081	18,372	18,404	9%	9%

Capital & Projects Budget 2024-2027



Capital Budget

Budget placeholders set, but detail review completed annually Pricing and needs can change significantly, but the roadmap is essential

Request Type	Department	Title of Request	2024	2025	2026	2027	Grand Total
Equipment (New)	CT Scan	Philips CT	522,000				522,000
	IT	DAS System Cell Boosting	209,378				209,378
	Wound Clinic	Umano Medical Bed	15,101				15,101
	Employee Health	Pure OHS	70,232				70,232
Equipment (New) Total			816,711				816,711
Equipment (Replacement)	PT Rehab	Motorized Parallel Bars	8,000				8,000
	Cardiac Rehab	UE8PRO Ergometer	8,150				8,150
	ACU	Umano Medical Bed	120,000				120,000
Equipment (Replacement) Total			136,150				136,150
Tech/Software (New or Upgrade)	IT	Conference Room Upgrades	150,000				150,000
	IT	Right Sys. Network Switch Upgrade	105,000				105,000
	IT	Right Sys. Firewall and Core Network Switch Upgrade		276,710			276,710
Software (New or Upgrade)	IT	Imprivata Expansion	15,000				15,000
Tech/Software (New or Upgrade) Total			270,000	276,710			546,710
Construction Project	Facilities	AHU 1	450,000				450,000
	Facilities	Upgrade Building Automation	195,000				195,000
	Facilities	Replace 95 Building Roofing	800,000				800,000
	Facilities	Hospital Replacement Project	60,000,000	24,000,000			84,000,000
Construction Project Total			61,445,000	24,000,000			85,445,000
Grand Total			62,667,861	24,276,710			86,944,571



2024 Operations & Capital Budget Preview

Tyler Freeman

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Jefferson Healthcare

834 Sheridan

Port Townsend, WA