

**REQUEST FOR BOARD ACTION**

**HENDERSON COUNTY  
BOARD OF COMMISSIONERS**

**MEETING DATE:** December 4, 2017

**SUBJECT:** Pardee Hospital Budget Presentation

**PRESENTER:** Andrew Wampler, Vice President/CFO

**ATTACHMENTS:** Yes  
1. FY 2018 Operating and Capital Budget

**SUMMARY OF REQUEST:**

Andrew Wampler, Vice President and CFO for Margaret R. Pardee Memorial Hospital (Henderson County Hospital Corporation) has submitted the organization's proposed budget for FY2018 as approved by the Board Finance Committee, to the Board of Commissioners as required by the Corporation's bylaws.

**BOARD ACTION REQUESTED:**

No action is requested. The presentation is for information purposes.

**Suggested Motion:**

No motion suggested.

**FY18 Budget Review  
Operating and Capital**



Henderson County Board of Commissioners

# FY18 Assumptions

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## Revenues

- **Growth continues in Physician Practices, Orthopedic, Oncology, Cardiovascular Service Lines along with growth in Pardee access points in Primary Care, Urgent Care and Emergency Room**
- **Chargemaster rate increase at 5%**
- **Increase in Net Patient Revenue through improvement in collections**

## Expenses

- **Continued Physician Practice growth/expansion**
- **Urgent Care Center expansion**
- **Wage growth at 2.5%**
- **Purchased Services reduction at 3%**

# HCHC - Key Operating Statistics

Statistic	FY16 Actual (12 months)	FY17 Budget (9 months)	FY17 Actual (9 months)	FY17 Annualized (12 months)	FY18 Budget (12 months)	Comparison	
						FY18 (12months) to FY17 (12 months)	
<b>Discharges -Acute</b>	<b>7,648</b>	<b>6,088</b>	<b>6,148</b>	<b>7,953</b>	<b>8,116</b>	<b>162</b>	<b>2.0%</b>
Patient Days -Acute	22,053	17,428	17,893	23,200	23,511		
Psych Days	6,938	5,201	5,093	6,544	6,713		
<b>Total Patient Days</b>	<b>28,991</b>	<b>22,629</b>	<b>22,986</b>	<b>29,744</b>	<b>30,224</b>	<b>500</b>	<b>1.7%</b>
Observation Days	2,659	2,077	1,849	2,466	2,689	223	12.1%
Average Length of Stay (ALOS) Acute Only	3.79	3.72	3.74	3.74	3.72	(0)	-0.5%
<b>Physician Practice Visits</b>	<b>122,060</b>	<b>111,929</b>	<b>92,632</b>	<b>123,509</b>	<b>151,327</b>	<b>27,818</b>	<b>30.0%</b>
Surgical Cases -IP	1,927	1,835	1,716	2,289	2,266		
Surgical Cases -OP	6,712	5,064	5,422	7,229	7,437		
<b>Total Surgical Cases</b>	<b>8,639</b>	<b>6,899</b>	<b>7,138</b>	<b>9,518</b>	<b>9,703</b>	<b>185</b>	<b>2.6%</b>

# FY18 Consolidated Budget

(\$ in Thousands)

							Comparison	
	FY16 Actual (12 months)	FY17 Budget (9 months)	FY17 Actual (9 months)	FY17 Annualized (12 months)	FY18 Budget (12 months)	FY18 (12months) to FY17 (12 months)		
<b>Operating Revenue</b>								
Net Patient Service Revenue	182,839	153,640	159,975	213,300	222,057	8,757	4.1%	
Other Operating Revenue	5,395	7,459	3,041	4,055	6,253	2,198	54.2%	
<b>Net Operating Revenue</b>	188,234	161,099	163,016	217,355	228,310	10,955	5.04%	
<b>Operating Expense</b>								
Salaries and Fringe Benefits	93,150	72,305	73,443	97,924	103,259	5,335	5.5%	
Medical and RX Supplies	43,904	33,111	35,490	47,320	47,374	54	0.1%	
Depreciation	8,864	7,179	6,674	8,899	8,658	(241)	-2.7%	
All Other Expenses	62,921	47,766	45,852	61,136	65,114	3,978	6.5%	
<b>Total Operating Expenses</b>	208,839	160,361	161,459	215,279	224,405	9,126	4.2%	
<b>Operating Income (Loss)</b>	(20,605)	738	1,557	2,076	3,905	1,829	88.0%	
<b>Non-Operating Income</b>	5,359	767	1,418	1,891	1,831	(60)	-3.1%	
<b>Excess Revenues Over Expenses</b>	(15,246)	1,505	2,975	3,967	5,736	1,769	44.6%	
<b>Total Margin</b>	-8.10%	0.93%	1.82%	1.82%	2.53%			

# Financial Priorities

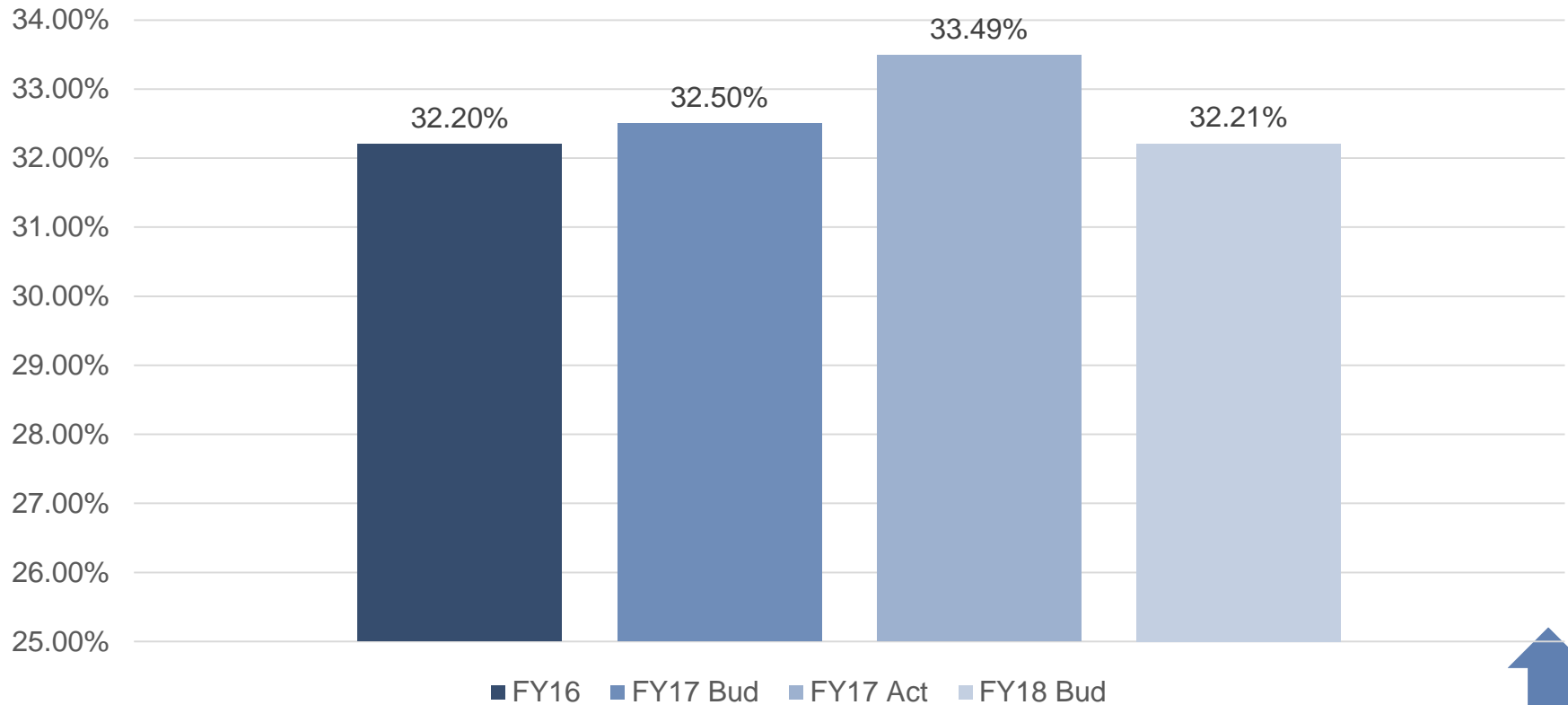
## Revenue Generation (Avg Gross Revenue Per Month in Millions)



# Financial Recovery Priorities

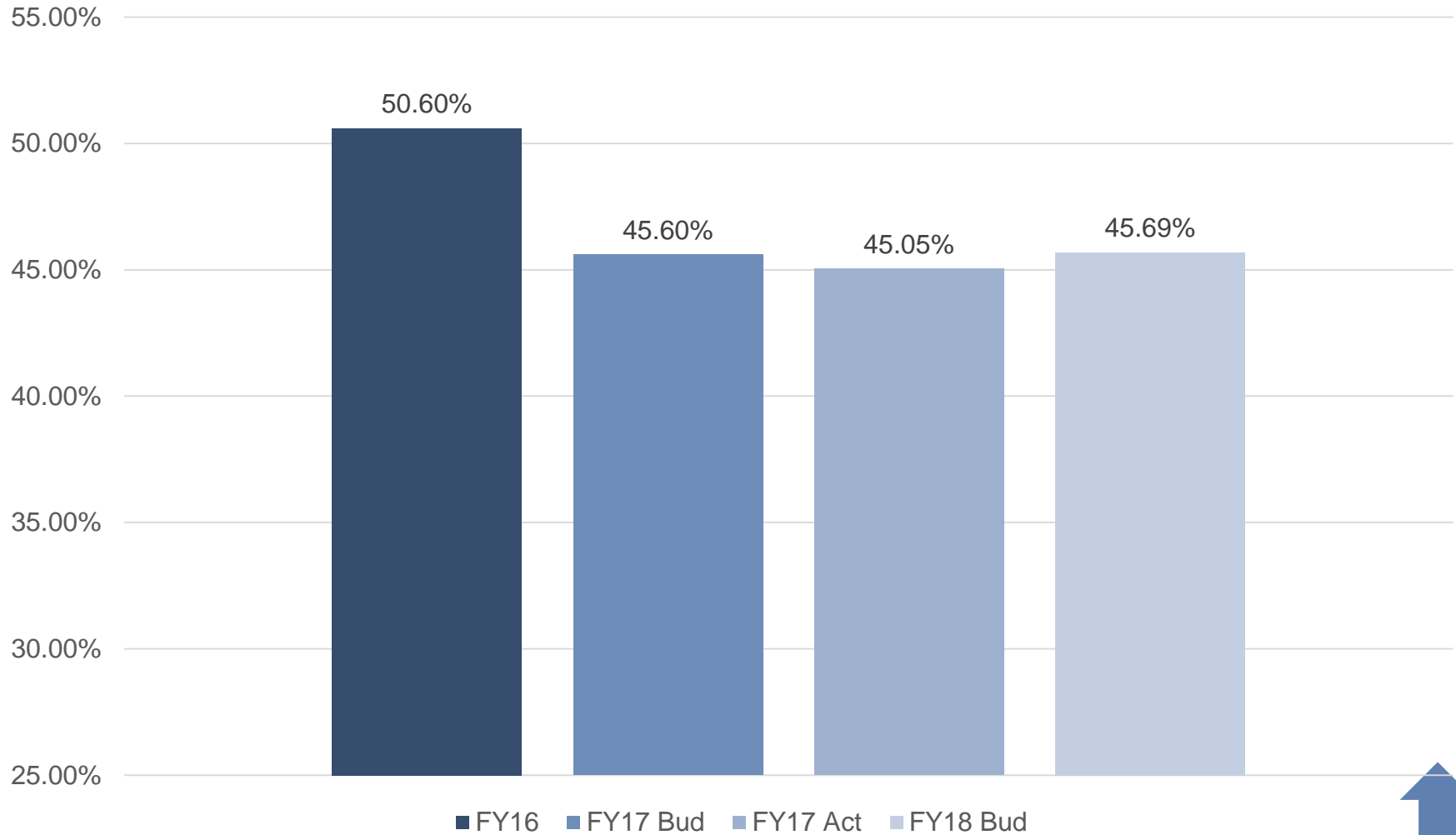
## Improve Revenue Cycle(Collection rate improvement)

Collection rate change from FY17 to FY18 includes a 5% Price Increase on Gross Charges.



# Financial Recovery Priorities

## Expense Management (Sal/Ben % of Operating Revenue)

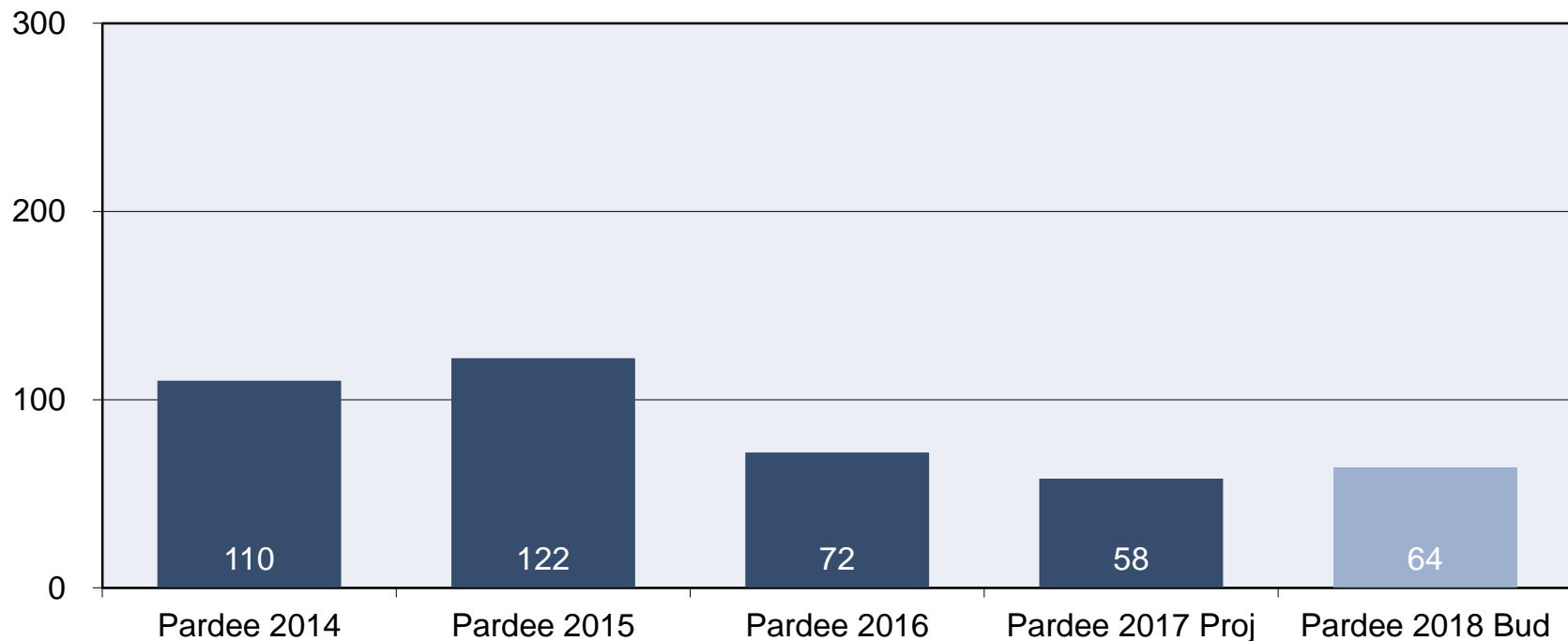




# Days Cash on Hand

## Definition:

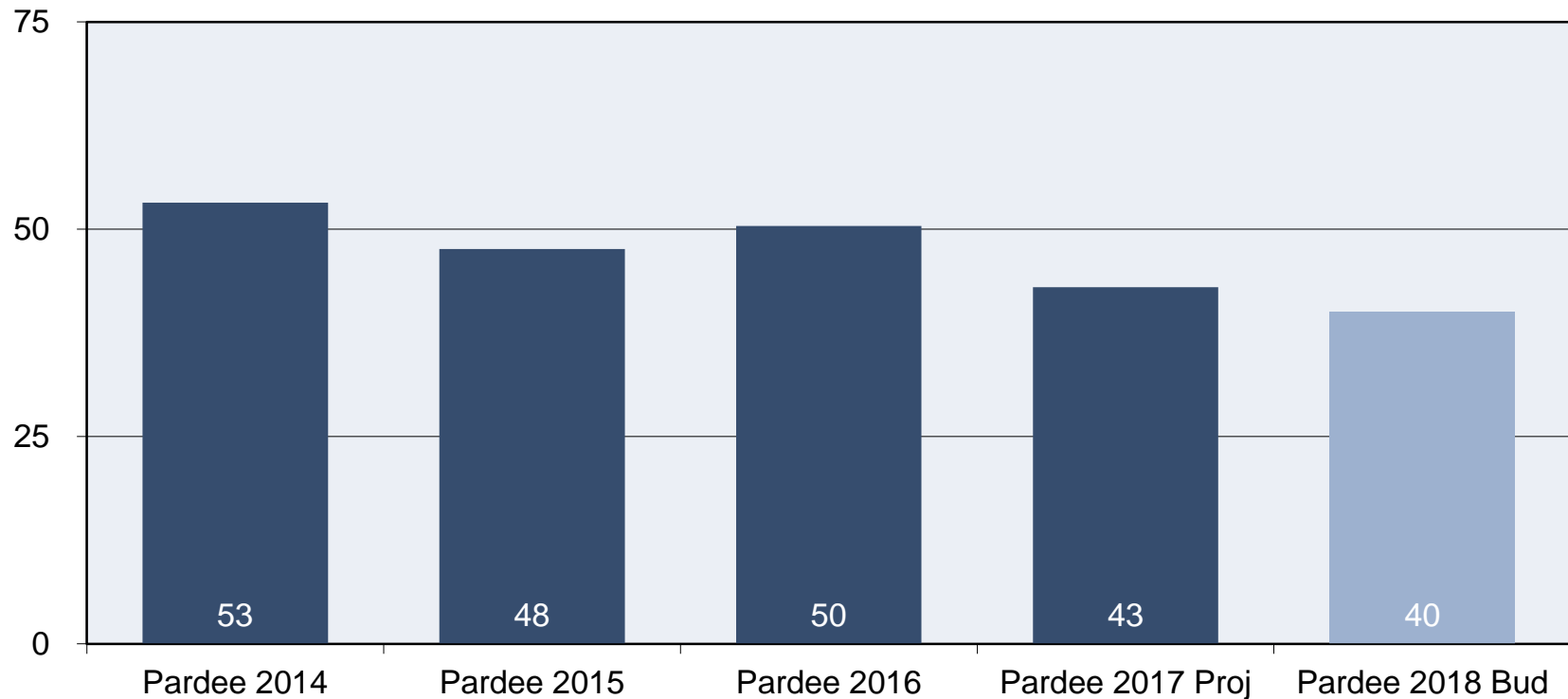
**Days Cash on Hand measures the number of days of average cash expenses that the Hospital maintains in cash and amounts reserved for capital improvements. High values usually imply a greater ability to meet both short-term obligations and long-term capital replacement needs.**



# Net Days in Accounts Receivable

## Definition:

Days in patient accounts receivable is defined as the average time that receivables are outstanding, or the average collection period.



# Operating Margin

## Definition:

This ratio is operating income as a percentage of net patient service revenues plus other operating revenues. It is used to report the facility's return on revenues which relate to the main purpose of operations.

