

April 21, 2010

PUBLIC INPUT SIGN UP SHEET

**PUBLIC INPUT SHALL BE LIMITED TO
THREE (3) MINUTES PER PERSON.**

EACH PERSON SHOULD:

- (1) STATE YOUR NAME**
- (2) IN WHAT AREA OF THE COUNTY YOU LIVE**
- (3) SPEAK IN A CLEAR AND COURTEOUS MANNER.**

Please print:

NAME

ADDRESS

ISSUE

1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
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12.	_____	_____	_____
13.	_____	_____	_____

Alan House
Chris House
Bill Lapsley, chair

Henderson County Hospital Corporation (Pardee)

Annual Report To The
County Commissioners

April 21, 2010

Henderson County Hospital Corporation
Excerpts From Required Auditor Communication To Board

- ✓ Unqualified opinion on financial statements
- ✓ No significant changes in accounting policies
- ✓ No management bias in estimates
- ✓ One adjustment increased operating income \$269,000
- ✓ No disagreements between auditors & management
- ✓ No difficulties encountered in the audit
- ✓ No material weaknesses
- ✓ No significant deficiencies

Henderson County Hospital Corporation
Excerpts From Audit Communication To Board

- Operating revenues down 1%
- Operating expenses down 4%
- Significant improvement in operating profitability:

	<u>2009</u>	<u>2008</u>
Operating Income	\$ 6,484,683	\$ 2,774,181
Non-Operating Income	<u>1,128,313</u>	<u>3,740,900</u>
Excess Revenues over Expenses	<u>\$ 7,612,996</u>	<u>\$ 6,515,081</u>

✓

Henderson County Hospital Corporation

Excerpts From Audit Communication To Board

- Improved Liquidity:

	2009	2008
Total Cash and Investments	\$ 55,827,354	\$ 47,873,210
Days Cash on Hand	156	130

- Relatively low amount of debt:

	2009	2008
Debt-to-Equity	10.5%	12.2%



Henderson County Hospital Corporation

Combined Statements of Revenues & Expenses

	2009	2008
OPERATING REVENUES		
Net Patient Service Revenues	\$ 124,891,856	\$ 124,708,539
Other Operating Revenues	4,211,957	5,721,324
Total Operating Revenues	129,103,813	130,429,863
	-1%	
OPERATING EXPENSES		
Salaries, Wages and Benefits	65,970,594	67,230,104
Supplies	23,327,489	23,204,193
Contract Labor and Physician Fees	10,309,440	12,194,375
Facility Costs	10,779,021	11,591,063
Depreciation, Amortization and Other	12,232,586	13,435,947
Total Operating Expenses	122,619,130	127,655,682
	-4%	
OPERATING INCOME (LOSS)	6,484,683	2,774,181
	134%	
NONOPERATING INCOME (EXPENSE)		
Investment Income (Loss)	1,376,372	(1,059,579)
Interest Expense	(639,364)	(602,387)
Gain on Sale of Assets Held for Sale	-	4,933,831
Other Nonoperating Income	391,305	469,035
Net Nonoperating Income	1,128,313	3,740,900
	-70%	
REVENUES OVER EXPENSES BEFORE CAPITAL CONTRIBUTIONS	\$ 7,612,996	\$ 6,515,081
	17%	

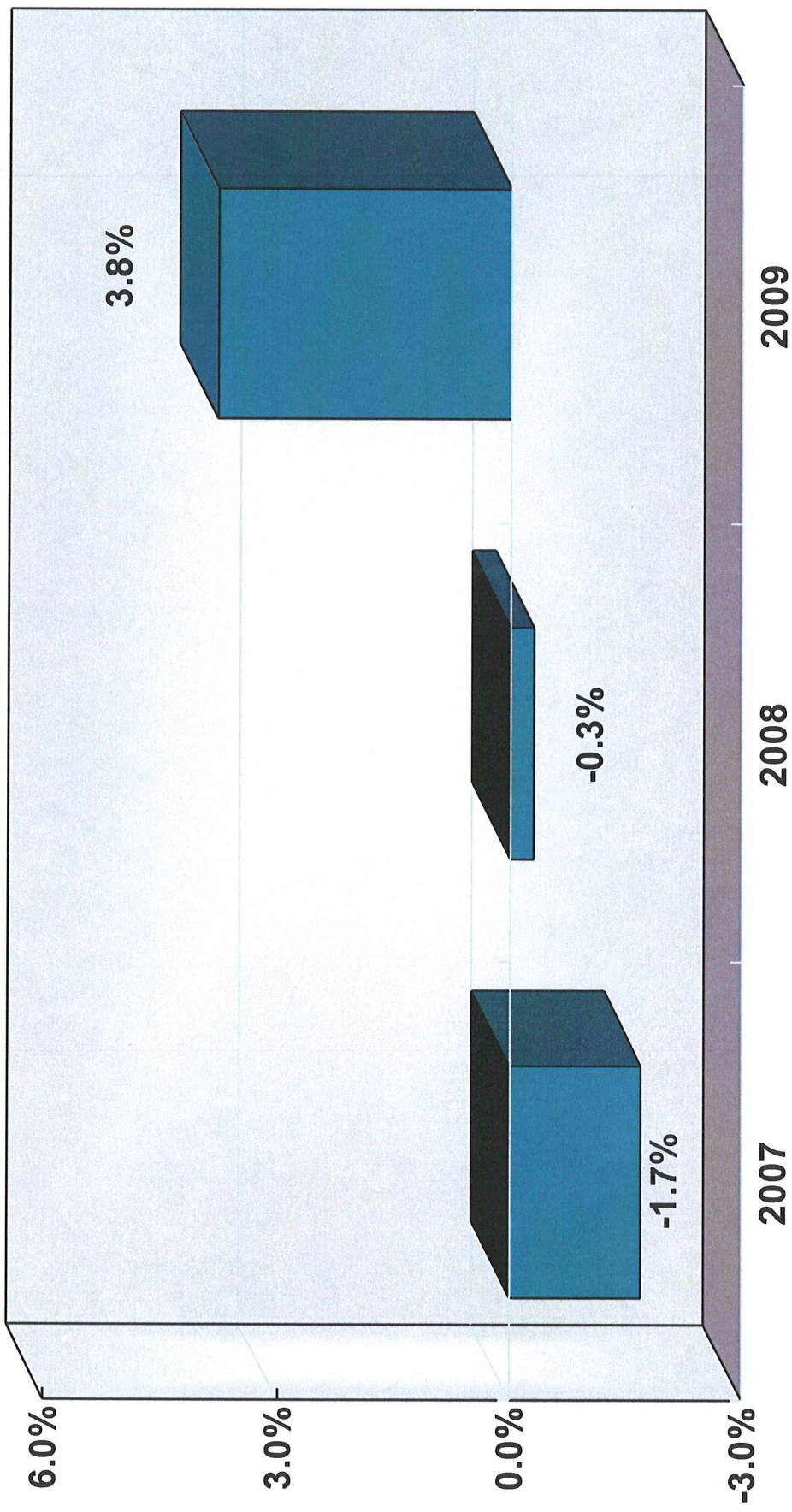
Henderson County Hospital Corporation

Combined Balance Sheets

	2009	2008
ASSETS		
Cash and Cash Equivalents	\$ 8,911,373	\$ 5,769,361
Patient Receivables, Net	23,584,042	21,078,081
Other Current Assets	4,841,414	5,338,117
Total Current Assets	<u>37,336,829</u>	<u>32,185,559</u>
Restricted Investments	3,506,421	2,932,870
Pledges Receivable, Net	242,955	279,612
	<u>3,749,376</u>	<u>3,212,482</u>
Capital Assets, Net	68,233,617	69,679,100
Investments Designated by Board	<u>43,409,560</u>	<u>39,170,979</u>
Other Assets	133,175	137,084
	<u>43,542,735</u>	<u>39,308,063</u>
Total Assets	<u>\$ 152,862,557</u>	<u>\$ 144,385,204</u>
	54%	
	16%	
	11%	
	6%	
LIABILITIES AND NET ASSETS		
Current Portion of Long-Term Debt	\$ 1,327,115	\$ 1,247,167
Accounts Payable and Accrued Expenses	15,736,185	14,199,194
Estimated Third-Party Payor Settlements	4,086,758	3,874,164
Total Current Liabilities	<u>21,150,058</u>	<u>19,320,525</u>
Long-Term Debt, Net of Current Portion	<u>12,058,264</u>	<u>13,373,530</u>
Total Liabilities	33,208,322	32,694,055
Net Assets	<u>119,654,235</u>	<u>111,691,149</u>
Total Liabilities and Net Assets	<u>\$ 152,862,557</u>	<u>\$ 144,385,204</u>
	6%	
	9%	
	-10%	
	7%	
	6%	

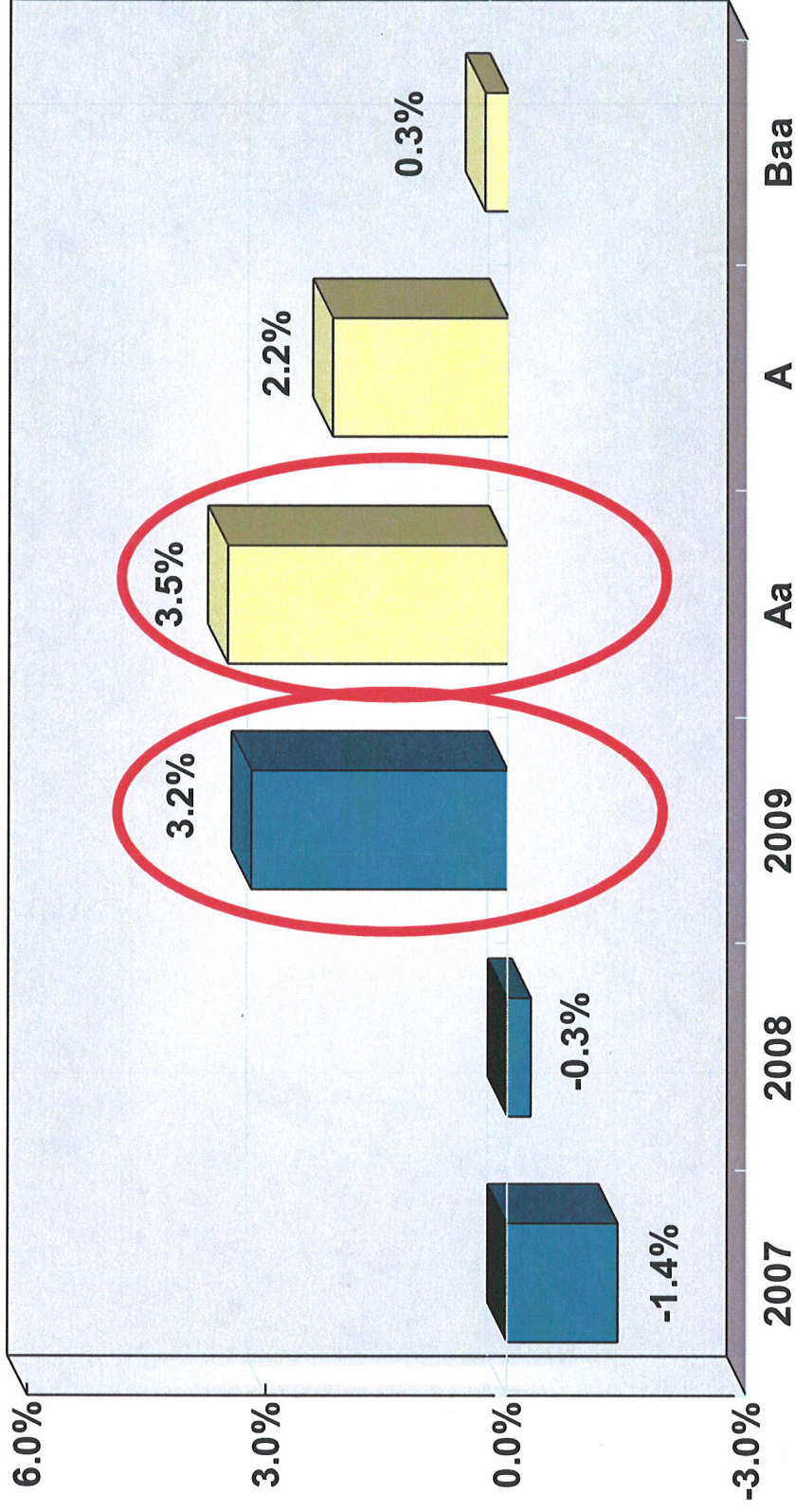
Henderson County Hospital Corporation Hospital Operating Margin (GASB Presentation)

Increase due to a focus on improving operations and managing bad debts.
Does NOT include gain on sale of PCC in 2008.



Henderson County Hospital Corporation Hospital Operating Margin (FASB with Moody's Data*)

Increase due to a focus on improving operations and managing bad debts.
Does NOT include gain on sale of PCC in 2008.



Note that Moody's benchmarks trail by one year, and they estimate that 2009 performance indicators (released later in 2010) will be down.

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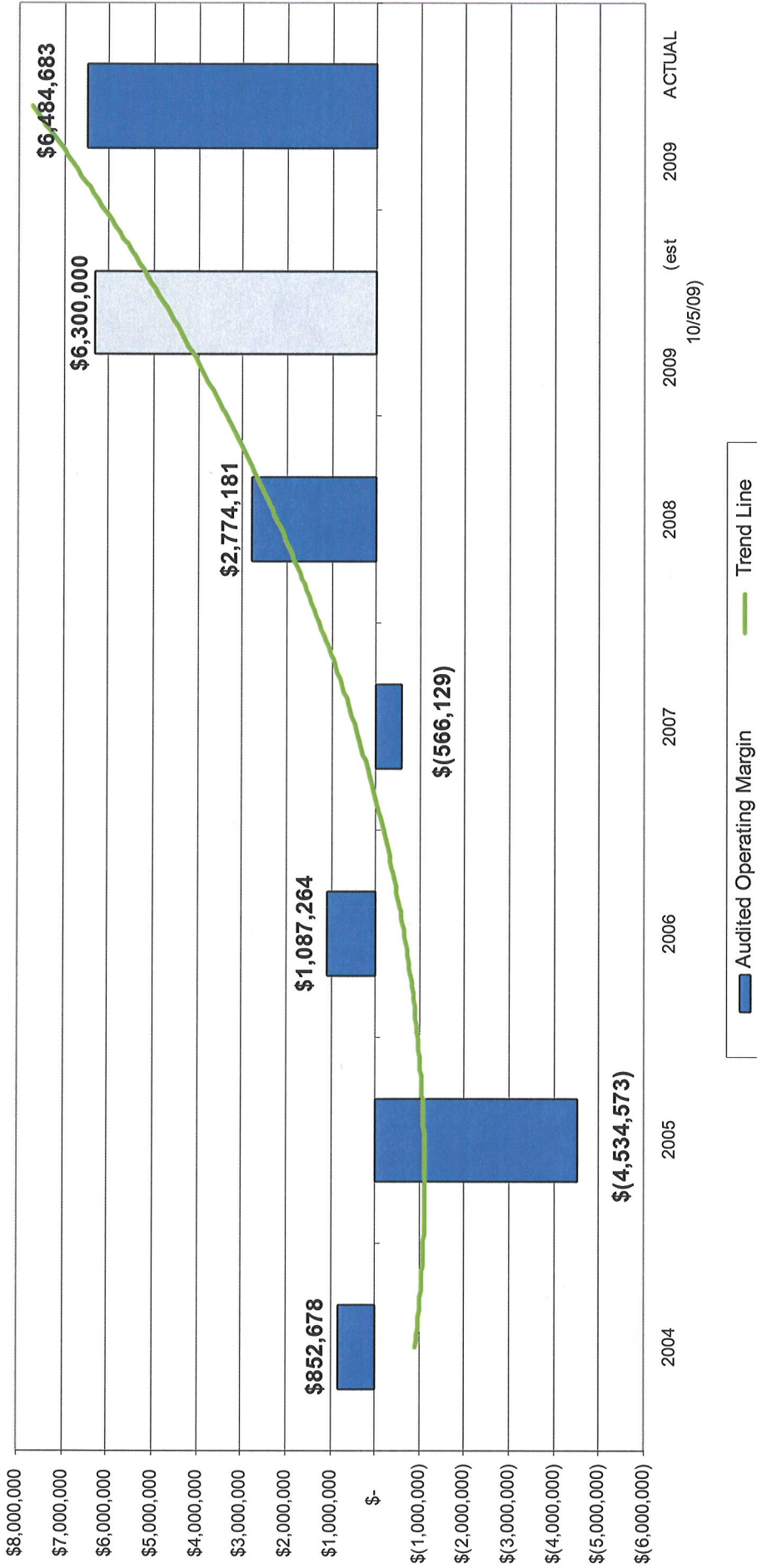
Pardee Hospital

Audited Operating Margin With 11 Months Estimate 2009



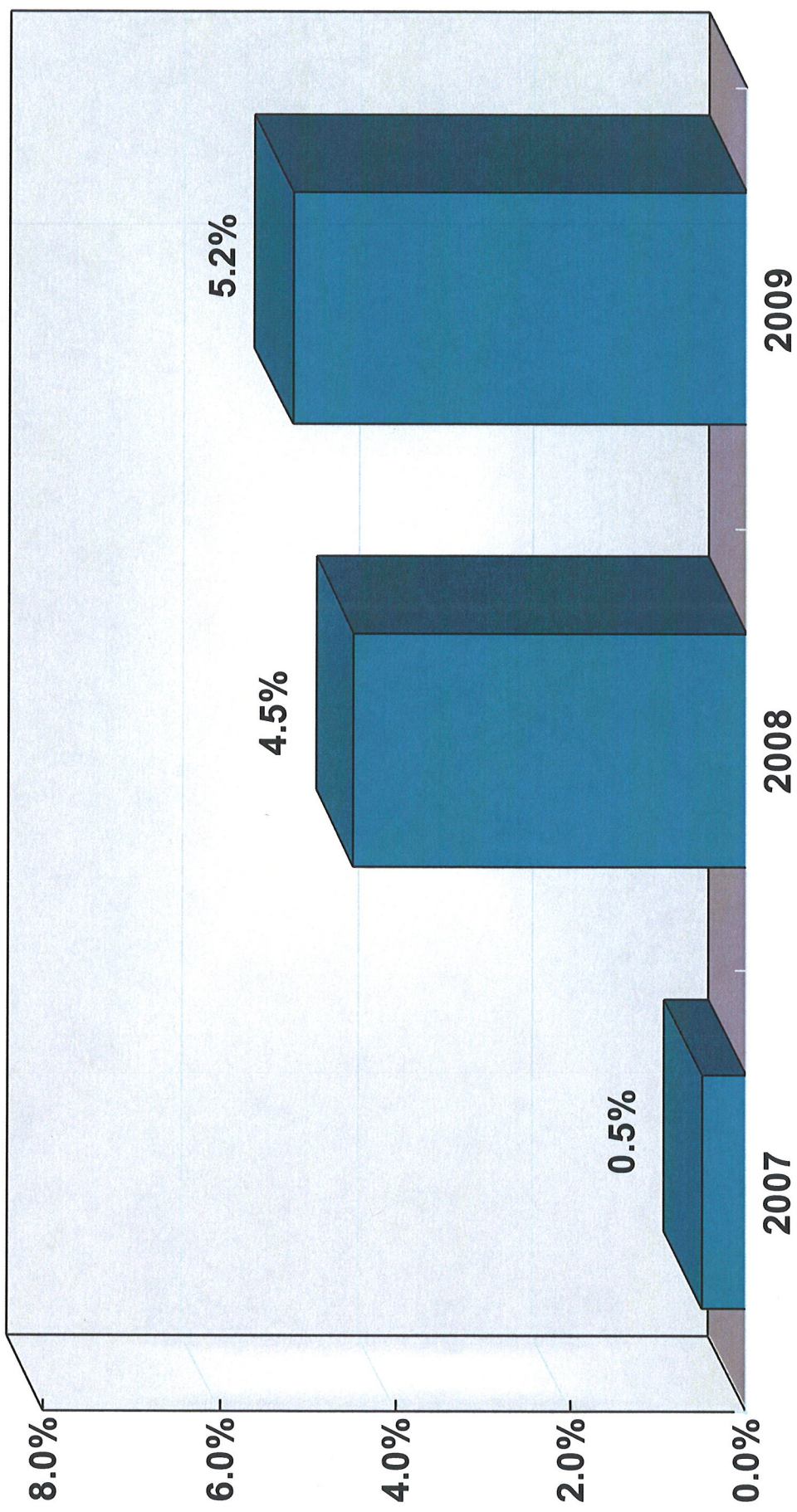
Henderson County Hospital Corporation

Audited Consolidated Operating Margins By Year



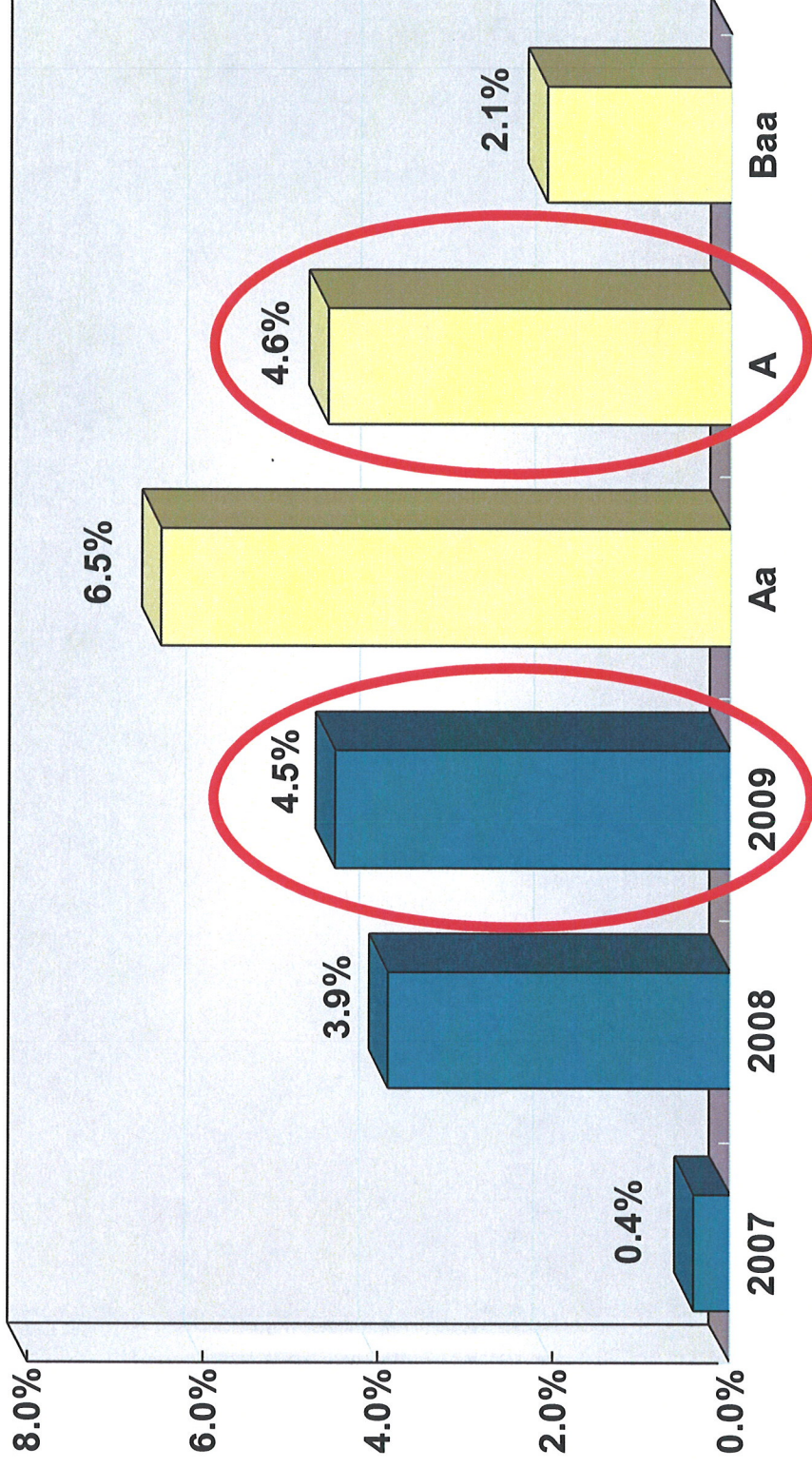
Henderson County Hospital Corporation Bottom Line (GASB Presentation)

The margin improved in 2008 and 2009 due to improved results from operations. 2008 was also impacted by the one-time gain from the sale of Pardee Care Center.



Henderson County Hospital Corporation Bottom Line (FASB Presentation with Moody's Data)

The margin improved in 2008 and 2009 due to improved results from operations. 2008 was impacted by the one-time gain from the sale of Pardee Care Center.



Note that Moody's benchmarks trail by one year, and they estimate that 2009 performance indicators (released later in 2010) will be down.

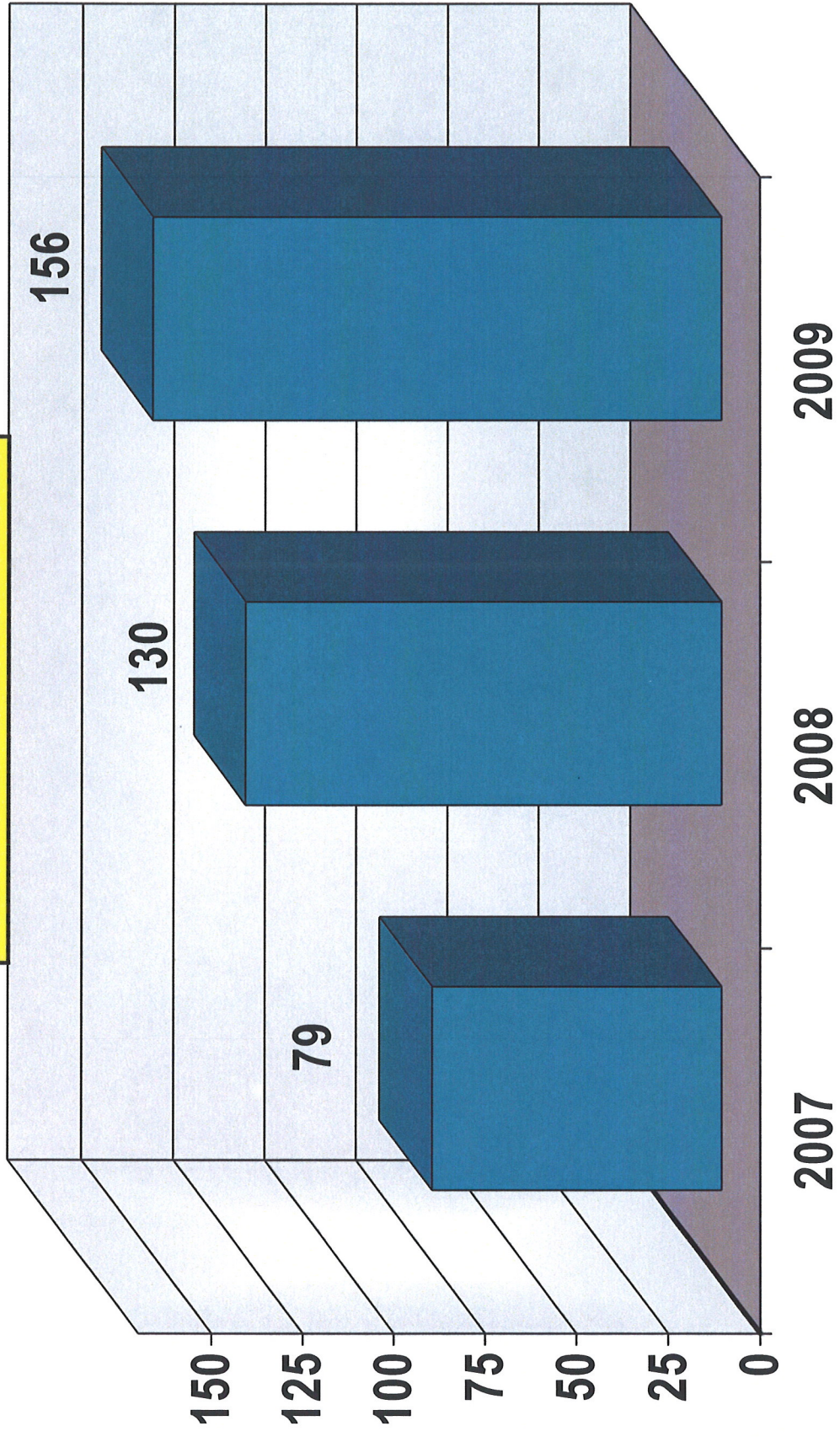
Henderson County Hospital Corporation Audited Consolidated Bottom Lines By Year



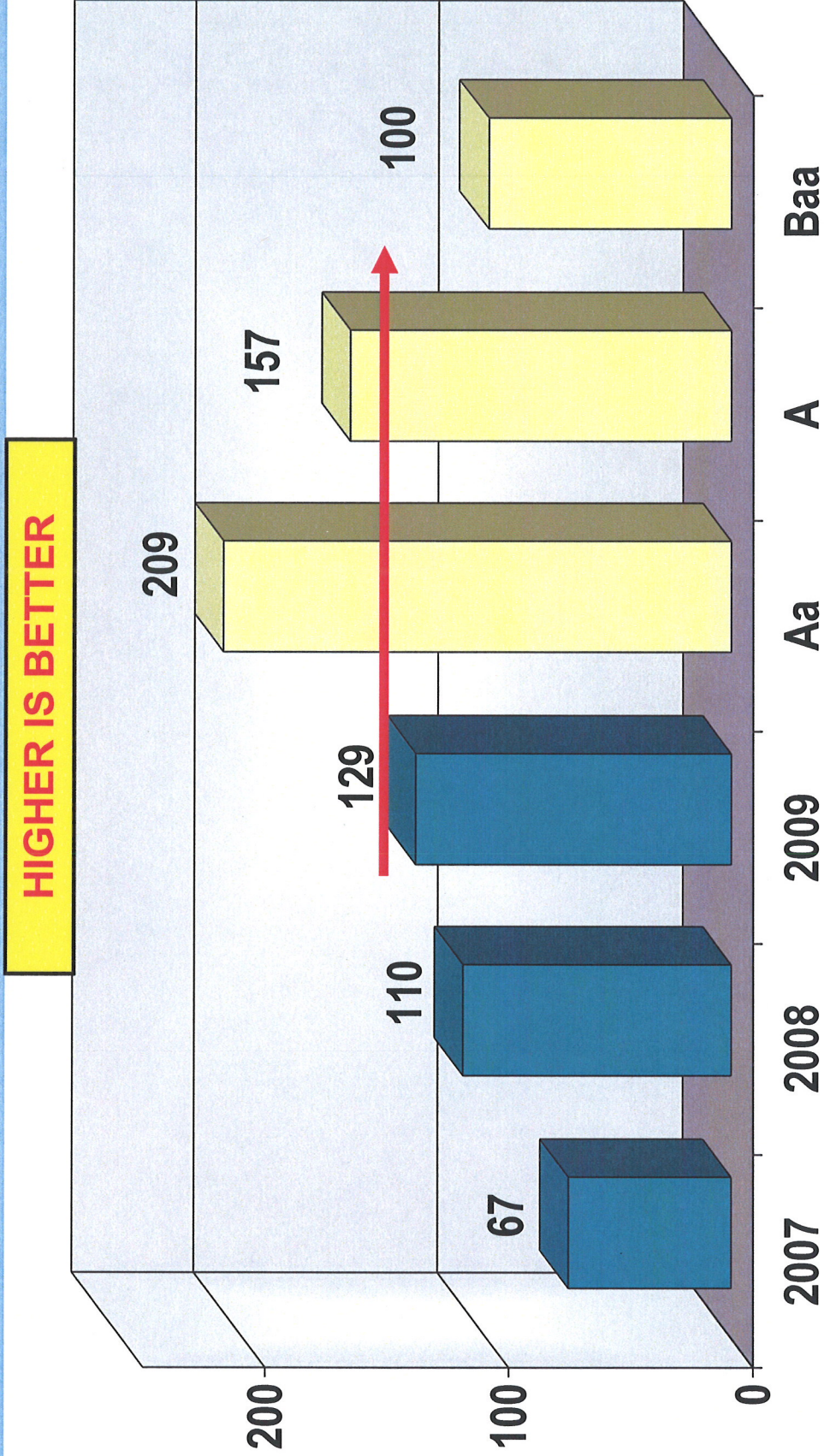
Henderson County Hospital Corporation

Days Cash On Hand (GASB Presentation)

HIGHER IS BETTER



Henderson County Hospital Corporation Days Cash On Hand (FASB Presentation with Moody's Data)

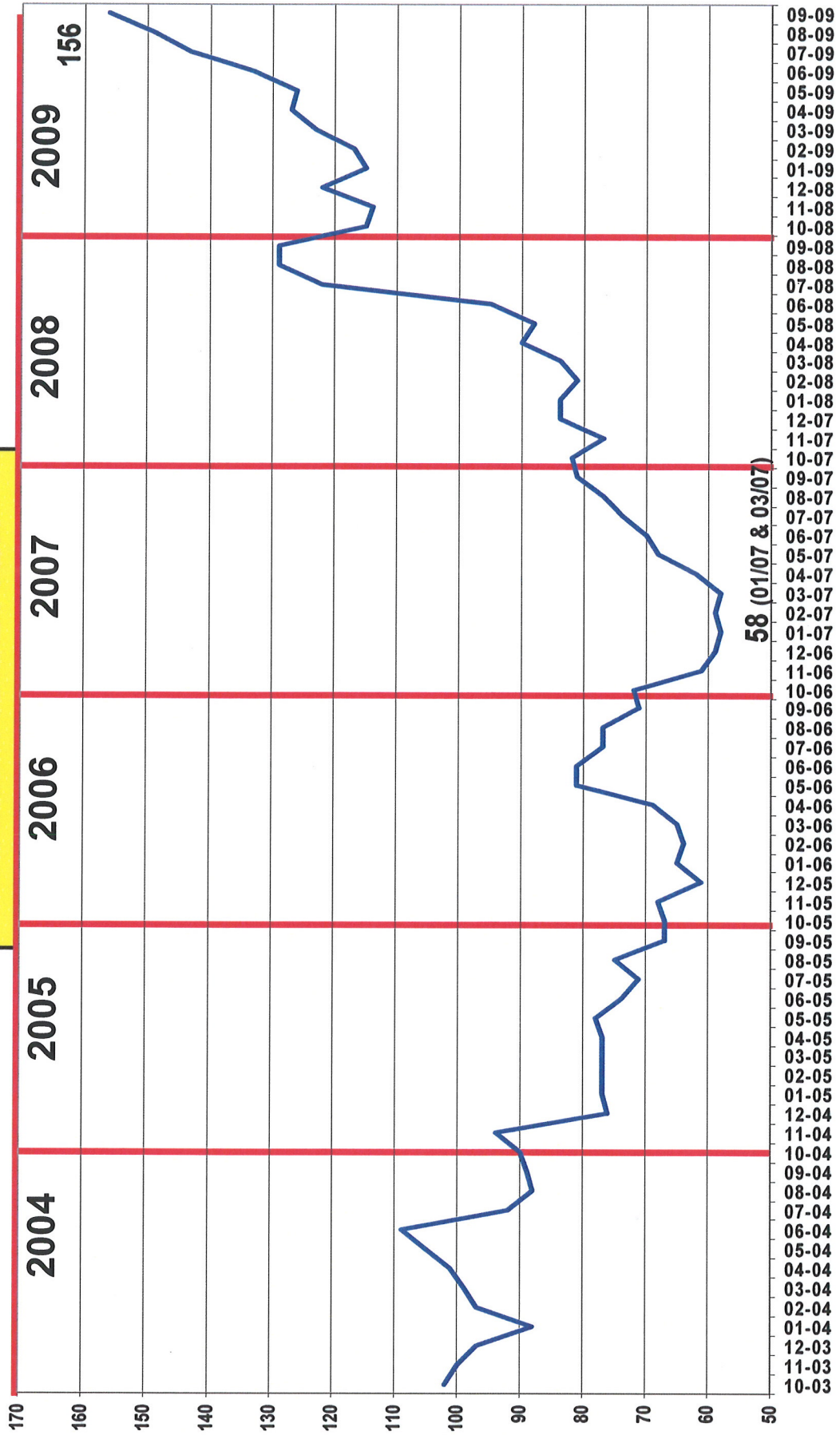


Note that Moody's benchmarks trail by one year, and they estimate that 2009 performance indicators (released later in 2010) will be down.

Henderson County Hospital Corporation

Days Cash On Hand Six Year Trend

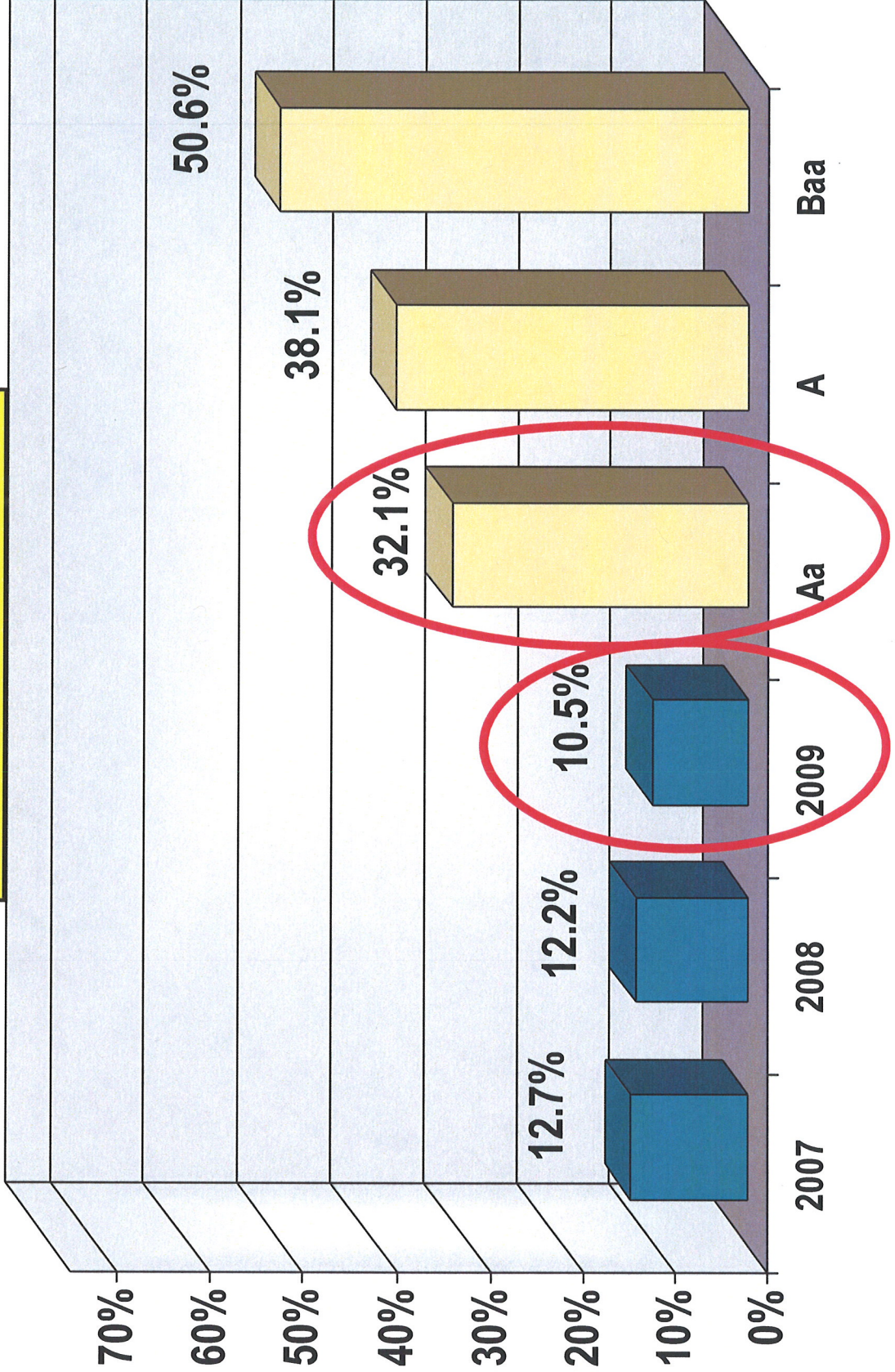
HIGHER IS BETTER



Days Cash On Hand

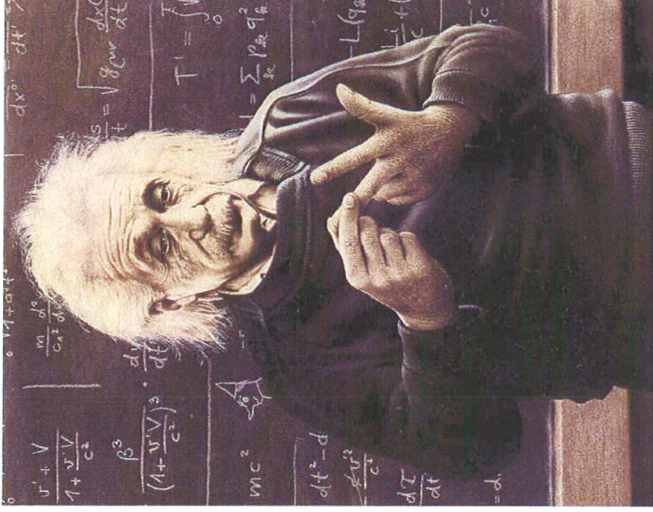
Henderson County Hospital Corporation Long Term Debt To Capitalization (GASB & FASB Presentation)

LOWER IS BETTER



Henderson County Hospital Corporation Current Year (FY 2010)

How are we doing in FY 2010, after five months (October 2009 - February 2010)?



Henderson County Hospital Corporation

First Five Months of FY 2009 (2/28/09): Operating Margin

YTD Operating Margin Actual: \$572,202

YTD Operating Margin Budget: 273,342

Better: \$298,860

YTD Bottom Line Actual: \$1,422,018

YTD Bottom Line Budget: 835,922

Better: \$586,096

Henderson County Hospital Corporation

Health Care Reform



Henderson County Hospital Corporation
Health Care Reform

“Hospitals will receive lower annual inflation updates for the next 10 years and significant reductions in disproportionate share (DSH) payments.”

PricewaterhouseCoopers
April 2010 Report

Henderson County Hospital Corporation

Health Care Reform

“Some of these reductions may be offset because an estimated 32 million uninsured Americans will have coverage by 2019.”

PricewaterhouseCoopers
April 2010 Report

Henderson County Hospital Corporation

Health Care Reform

Medicare Market Basket reductions by fiscal year:

FY 2014 \$11,300,000,000 (Billions)

FY 2015 \$15,300,000,000

FY 2016 \$19,500,000,000

FY 2017 \$25,400,000,000

FY 2018 \$32,300,000,000

FY 2019 \$40,500,000,000

PricewaterhouseCoopers

April 2010 Report

Henderson County Hospital Corporation

Health Care Reform

Medicare Market Basket by % by fiscal year:

<u>HISTORICAL</u>		<u>PROJECTED</u>	<u>Cumulative</u>
FY 2007	3.20%	FY 2011	(0.25%)
FY 2008	2.20%	FY 2012	(0.50%)
FY 2009	2.00%	FY 2013	(0.75%)
FY 2010	1.70%	FY 2014	(1.05%)
		FY 2015	(1.25%)
		FY 2016	(1.45%)
		FY 2017	(2.20%)
		FY 2018	(2.95%)
		FY 2019	(3.70%)

**1% to
Pardee =
~\$500,000**

Henderson County Hospital Corporation

Health Care Reform

DSH Reductions by fiscal year (75% by 2014):

FY 2014	\$500,000,000
FY 2015	\$600,000,000
FY 2016	\$600,000,000
FY 2017	\$1,800,000,000
FY 2018	\$5,000,000,000
FY 2019	\$5,600,000,000
FY 2020	\$4,000,000,000

Pardee DSH
payments per
year =
\$1,600,000
75% =
\$1,200,000

Henderson County Hospital Corporation

Health Care Reform

“Medicare value-based purchasing program (VBP) will begin to measure hospitals on efficiency, patient satisfaction and the quality of care around five conditions and procedures”

FY 2013	1.00%
FY 2014	1.25%
FY 2015	1.50%
FY 2016	1.75%
FY 2017	2.00%

**1% to
Pardee =
~\$500,000**

**THESE ARE POTENTIAL INCREASES OR DECREASES TO HOSPITALS
BASED UPON THE HOSPITAL'S PERFORMANCE IN THESE MEASURES.**

Henderson County Hospital Corporation
Health Care Reform

**What it all comes
down to...**

Henderson County Hospital Corporation

Health Care Reform: What It Comes Down To

It ain't over 'til it's over.

ROCKY BALBOA



*“It ain’t about how hard you hit...
it’s about how hard you can get hit
and keep moving forward.
...how much you can take and keep
moving forward.
That’s how winning is done...”*

Pardee Report To Henderson
County Commissioners
October 5, 2009

Henderson County Hospital Corporation

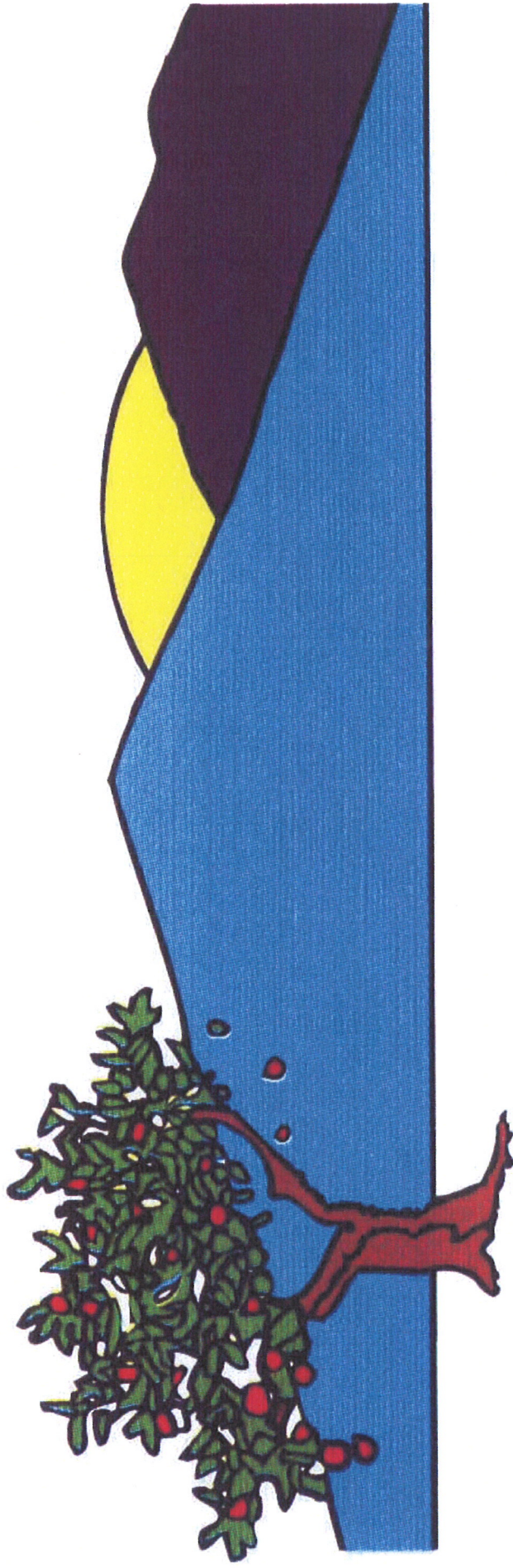
Questions?

**Thank you for your
continued support**

#Pardee

HENDERSON COUNTY PUBLIC SCHOOLS
2010-2011 PRELIMINARY LOCAL BUDGET
LOCAL CURRENT EXPENSE FUND
CAPITAL OUTLAY FUND

“Where Tomorrow Begins”



**SCHEDULE E
COUNTY APPROPRIATION**

Ref.*

2009-2010 County Appropriation	C	\$20,392,939
2010-2011 Increase:		
Expansion Budget:		
Uncontrollable Items:		
<i>Potential</i> State-Mandated Salary Increases	F	197,491
State-Mandated Benefit Increases	F	305,279
Total Increase in County Appropriation		<u>\$502,770</u>
2010-2011 County Appropriation (96.8% of Budget)		20,895,709
Add: Other Local Sources of Revenue (3.2% of Budget)	D	691,325
2010-2011 PRELIMINARY CURRENT EXPENSE (TOTAL)	C	<u>\$21,587,034</u>

2009-2010 Budget Review

Capital Projects

Expenditures as of 3/1/2010

Expenditures	Capital	Percent of Capital Budget
ADA	\$ 135,927	3.4%
Building Repair	986,967	24.7%
Ceiling Repair	10,534	0.3%
Covered Walks / Canopies	61,739	1.5%
Door Replacement / Partitions	39,045	1.0%
Energy Management	30,022	0.8%
HVAC	631,850	15.8%
Lighting	274,800	6.9%
Paving	175,694	4.4%
Roof Repair	1,568,340	39.2%
Security Locks	2,652	0.1%
Total	\$ 3,917,570	97.9%

Building Repair, HVAC, and Roof Repair, combine for 80% of the expenditures

Schedule G-2 (p. 15-19) are project expenditures

**HENDERSON COUNTY PUBLIC SCHOOLS
2010-2011 PRELIMINARY
CAPITAL PROJECTS BUDGET: Expenditures**

Expenditures	Estimated Capital Budget 2010-2011	Percent of Capital Budget
ADA	\$ 50,000	2.5%
Building Repair	800,000	40.0%
Ceiling Repair	25,000	1.3%
Covered Walks / Canopies	40,000	2.0%
Door Replacement / Partitions	25,000	1.3%
Energy Management	15,000	0.8%
HVAC	315,000	15.8%
Lighting	40,000	2.0%
Paving	185,000	9.3%
Roof Repair	475,000	23.8%
Security Locks	15,000	0.8%
Site Prep	15,000	0.8%
	\$ 2,000,000	100%
<hr/>		
TOTAL EXPENDITURES	\$ 2,000,000	

J-2 (p. 26-27) are details of projects by category / J-3 (p. 28-32) are details of projects in the five year plan

2009-2010 Budget Review

Maintenance Projects

REVENUES AND EXPENDITURES - MAINTENANCE, REPAIRS AND PURCHASES

Revenues	2009-2010
County Appropriation	\$ 449,889
Insurance	126,899
Sales tax	19,800
Total Revenues	\$ 596,588

2009-2010 Budget Review

Maintenance Projects

Expenditures as of 3/1/2010		
Expenditures	Maintenance, Repairs and Purchases	Percent of Maintenance Budget
Carpet & Vinyl	\$ 17,484	2.9%
Custodial Equipment	25,912	4.3%
Furniture	29,056	4.9%
Insurance projects	144,632	24.2%
Painting	-	0.0%
Technology*	153,255	25.7%
Vehicles & Equipment	107,586	18.0%
Waste Water Disposal	-	0.0%
Wood Floor Care	18,075	3.0%
TOTAL	\$ 496,000	83.1%

Schedule G-3 (p. 20-21) are project expenditures

*Purchase order being completed on \$150,000 for new computers the week of 4/12/2010

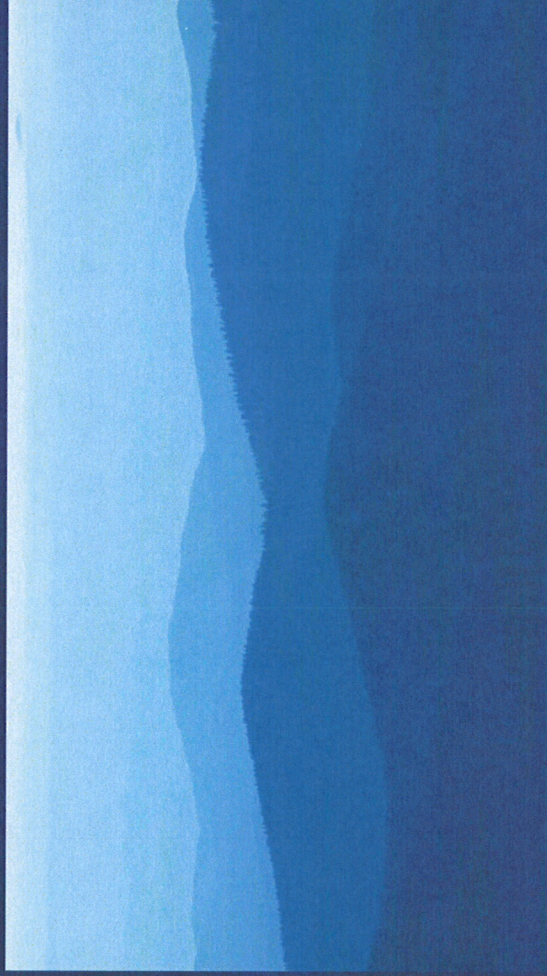
HENDERSON COUNTY PUBLIC SCHOOLS

Expenditures	Estimated Capital Maintenance, Repairs, & Purchases Budget 2010-2011	Percent of Maintenance Budget
Carpet & Vinyl	\$ 340,000	34%
Custodial Equipment	40,000	4%
Furniture	20,000	2%
Painting	160,000	16%
Technology	200,000	20%
Vehicles & Equipment	200,000	20%
Wood Floor Care	40,000	4%
	\$ 1,000,000	100%
TOTAL EXPENDITURES	\$ 1,000,000	

J-5 (p. 34) are details of projects by category / J-6 (p. 35-36) are details of projects in the five year plan

HENDERSON COUNTY PUBLIC SCHOOLS

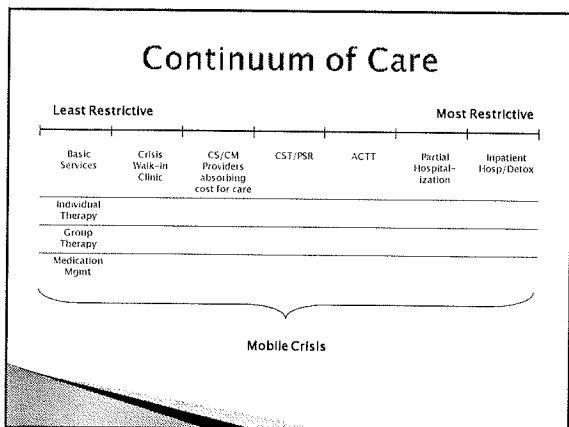
“Where Tomorrow Begins”



Adult Mental Health Round Table of Henderson County

Mental Health Roundtable

- Consists of Mental Health and Substance Abuse providers that serve the consumers of the Henderson County Area
- Has been meeting on a monthly basis since 2007
- Facilitation of the group is provided by the neutral entity of Partnership for Health
- Members include mental health organizations, substance abuse organizations, healthcare organizations, social service agencies, the LME, private therapists, and government agencies



The Objective of the group is...

- ▶ With the provision of services to prevent:
 - Hospitalization
 - Incarceration
 - Homelessness
- ▶ Each of the above noted outcomes are the most costly to the consumer, the community and to all residents of Henderson County

MH Reform in North Carolina

- ▶ Is Ongoing

And

- ▶ Continues to be a challenge to all providers across the state of North Carolina

Funding Restrictions and Reductions in MH/SA

- ▶ Consumers with Medicare/Medicaid have limited providers due to the poor reimbursement rate for services
- ▶ Consumers with no insurance and IPRS dollars have a very limited array of services available to them
- ▶ Due to the reduction in reimbursement for a large portion of services, many services are no longer sustainable without support from other funding streams

Conclusion

- ▶ The request of the MH round table is for the MOE monies be utilized to sustain existing provider network services
- ▶ As demonstrated there is a full continuum of care for adult consumers in Henderson County
