

**HEALDSBURG DISTRICT HOSPITAL
SUMMARY STATEMENT OF OPERATIONS**

	Monthly			Year to Date		
	Nov/2017	Nov/2016	Budget 2017	Nov/2017	Nov/2016	Budget 2017
Net Operating Income (Loss)	(2,100,568)	(828,521)	(642,267)	(8,790,545)	(4,630,145)	(5,172,117)
Increase(Decrease) in Net Position	(886,835)	301,593	515,746	(787,139)	861,384	308,141

**STATEMENT OF NET POSITION
THIS MONTH vs LAST MONTH**

	This Month Nov-30-2017	Last Month Oct-31-2017	Variance	
			\$	%
1 Assets				
2 Cash and Cash Equivalents				
3 Unrestricted	4,210,140	2,262,791	1,947,349	86.1%
4 Restricted	2,472,472	2,624,259	(151,787)	-5.8%
5 Investments	124,254	124,254	0	0.0%
6 Accounts receivable				
7 Gross	32,791,564	34,048,675	(1,257,112)	-3.7%
8 Reserves	(28,216,368)	(27,599,911)	(616,457)	2.2%
9 Net Accounts Receivable	4,575,196	6,448,764	(1,873,569)	-29.1%
10 Other Accounts Receivable	2,822,715	3,672,609	(849,894)	-23.1%
11 Inventory	850,634	850,645	(11)	0.0%
12 Pre-Paid Expenses	430,754	459,785	(29,031)	-6.3%
13 Total Current Assets	15,486,165	16,443,106	(956,942)	-5.8%
14 Fixed Assets				
15 Land & Buildings	13,487,024	13,487,024	0	0.0%
16 Equipment	7,846,769	7,846,769	0	0.0%
17 Construction In Process	206,964	165,644	41,320	24.9%
18 Depreciation	(14,188,030)	(14,026,398)	(161,632)	-1.2%
19 Total Property & Equip.	7,352,727	7,473,039	(120,312)	-1.6%
20 Long-Term Investments	245,136	257,963	(12,827)	-5.0%
21 Total Assets	23,084,027	24,174,108	(1,090,081)	-4.5%
22 Liabilities				
23 Vendor AP	4,300,832	4,937,475	(636,643)	-12.9%
24 Other Payables	3,340,663	2,384,114	956,549	40.1%
25 Accrued Payroll	1,473,978	1,194,288	279,689	23.4%
26 Accrued Payroll Taxes & Benefits	24,610	852,317	(827,706)	-97.1%
27 Other Current Liabilities	692,600	667,736	24,864	3.7%
28 Total Current Liabilities	9,832,683	10,035,930	(203,246)	-2.0%
29 Long-Term Liabilities	4,898,102	4,898,102	0	0.0%
30 Total Liabilities	14,730,785	14,934,032	(203,246)	-1.4%
31 Net Position				
32 Prior Year Earnings	9,140,381	9,140,381	0	0
33 Current Earnings	(787,139)	99,696	(886,835)	-889.5%
34 Total Net Position	8,353,242	9,240,077	(886,835)	-9.6%
35 Total Liabilities & Net Position	23,084,027	24,174,108	(1,090,081)	-4.5%

STATEMENT OF NET POSITION AS OF NOV 30, 2017 COMPARED TO OCT 31, 2017 (PAGE 2)

Lines 3 & 4: Cash was up \$1.8 million due to the receipt of \$1 million of IGT's and \$1 million from the 2017 interim Medicare cost report settlement.

Line 9: Net AR was down \$1.9 million due to the collection of \$500 thousand and the write off of \$1 million from one subacute patient balance. There was also an increase in allowances of \$600 thousand to catch up from the prior months being under reserved.

Line 10: Other Accounts Receivable was down \$850 thousand due to the receipt of \$1 million of IGT's

Line 23: A/P was down \$637 thousand as the IGT funds received were used to pay down outstanding bills.

Line 24: Other Payables were up \$957 thousand as \$1 million was received for the interim 2017 and final 2016 Medicare cost report settlements. Until final cost reports for the year are estimated in May/June 2018, the amounts stay on the balance sheet.

Line 25: Accrued Payroll was up \$280 thousand due to employee payroll checks being paid on December 1st, thus the full amount was accrued in November 2017. Year-to-date payroll and benefits are within \$93K of budget.

Line 26: Accrued Payroll Taxes and Benefits were down \$828 thousand due to the December 1st payroll taxes and benefits being paid on November 30th. In October the pay date was November 3rd so the taxes and benefits were accrued in October and paid in November (Timing difference).

**STATEMENT OF NET POSITION
THIS YEAR vs LAST YEAR**

	This Fiscal Year Nov-30-2017	Last Fiscal Year Nov-30-2016	Variance	
			\$	%
1 Assets				
2 Cash and Cash Equivalents				
3 Unrestricted	4,210,140	3,512,414	697,727	19.9%
4 Restricted	2,472,472		2,472,472	0.0%
5 Investments	124,254	78,183	46,071	58.9%
6 Accounts receivable				
7 Gross	32,791,564	30,018,100	2,773,464	9.2%
8 Reserves	(28,216,368)	(25,602,672)	(2,613,697)	-10.2%
9 Net Accounts Receivable	4,575,196	4,415,428	159,767	3.6%
10 Other Accounts Receivable	2,822,715	3,922,961	(1,100,247)	-28.0%
11 Inventory	850,634	976,202	(125,568)	-12.9%
12 Pre-Paid Expenses	430,754	430,598	156	0.0%
13 Total Current Assets	15,486,165	13,335,787	2,150,378	16.1%
14 Fixed Assets				
15 Land & Buildings	13,487,024	13,322,479	164,545	1.2%
16 Equipment	7,846,769	5,818,579	2,028,189	34.9%
17 Construction In Process	206,964	2,194,130	(1,987,166)	-90.6%
18 Depreciation	(14,188,030)	(12,279,291)	(1,908,739)	15.5%
19 Total Property & Equip.	7,352,727	9,055,898	(1,703,171)	-18.8%
20 Long Term Investments	245,136	620,507	(375,372)	-60.5%
21 Total Assets	23,084,027	23,012,192	71,835	0.3%
22 Liabilities				
23 Vendor AP	4,300,832	3,698,868	601,964	16.3%
24 Other Payables	3,340,663	2,448,804	891,859	36.4%
25 Accrued Payroll	1,473,978	856,334	617,643	72.1%
26 Accrued Payroll Taxes & Benefits	24,610	1,204,876	(1,180,265)	-98.0%
27 Other Current Liabilities	692,600	741,392	(48,792)	-6.6%
28 Total Current Liabilities	9,832,683	8,950,274	882,409	9.9%
29 Long Term Liabilities	4,898,102	5,846,859	(948,757)	-16.2%
30 Total Liabilities	14,730,785	14,797,134	(66,348)	-0.4%
31 Net Position				
32 Prior Year Earnings	9,140,381	7,353,675	1,786,706	0.243
33 Current Earnings	(787,139)	861,384	(1,648,523)	-191.4%
34 Total Net Position	8,353,242	8,215,059	138,183	1.7%
35 Total Liabilities & Net Position	23,084,027	23,012,192	71,835	0.3%

STATEMENT OF NET POSITION AS OF NOV 30, 2017 COMPARED TO NOV 30, 2016 (PAGE 3)

Lines 3 & 4: Cash was up \$3.2 million primarily due to the MRI Restricted Fund in the amount of \$2.2 million

Line 23: A/P was up \$602 thousand from the prior year due to cash flow management resulting in bills being held longer throughout the year. We started to pay down some of the older outstanding bills with the funds from the IGT settlement.

Line 25: Accrued Payroll was up \$618 thousand from the prior year due to timing differences between this year's and last year's "pay period end dates vs. payment dates." Year-to-date payroll and benefits are within \$93 thousand of budget.

Line 26: Accrued Payroll Taxes and Benefits were down \$1.2 million primarily due to a change in methodology from switching to Kronos.

STATEMENT OF OPERATIONS
2017 ACTUAL vs BUDGET

	MONTHLY			YEAR TO DATE		
	Actual	Budget	Variance	Actual	Budget	Variance
			\$ %			\$ %
1 GROSS REVENUE:						
2 Inpatient Routine	2,227,488	2,506,289	(278,801) -11.1%	23,970,944	25,816,966	(1,846,022) -7.2%
3 Inpatient Ancillary	2,557,713	1,645,839	911,874 55.4%	19,492,852	17,103,500	2,389,352 14.0%
4 Total Inpatient	4,785,201	4,152,128	633,073 15.2%	43,463,796	42,920,466	543,330 1.3%
5 Outpatient	5,740,419	5,078,297	662,122 13.0%	56,627,459	57,687,360	(1,059,901) -1.8%
6 Total Gross Patient Revenue	10,525,620	9,230,425	1,295,195 14.0%	100,091,255	100,607,826	(516,571) -0.5%
7 Contractual Expenses	8,199,004	5,666,902	(2,532,102) -44.7%	63,746,989	61,766,905	(1,980,084) -3.2%
8 Bad Debt Expense	171,293	166,148	(5,145) -3.1%	1,815,245	1,810,944	(4,301) -0.2%
9 Total Revenue Deductions	8,370,297	5,833,050	(2,537,247) -43.5%	65,562,234	63,577,849	(1,984,385) -3.1%
10 NET PATIENT REVENUE	2,155,323	3,397,375	(1,242,052) -36.6%	34,529,021	37,029,977	(2,500,956) -6.8%
11 Other Revenue	71,988	171,348	(99,360) -58.0%	1,293,050	1,114,158	178,892 16.1%
12 Total Net Revenue	2,227,312	3,568,723	(1,341,411) -37.6%	35,822,072	38,144,135	(2,322,063) -6.1%
13 Operating Expense:						
14 Salaries & Wages	1,847,000	1,706,034	140,966 8.3%	17,296,603	17,627,494	(330,891) -1.9%
15 Benefits	637,002	643,179	(6,177) -1.0%	6,639,569	6,216,442	423,127 6.8%
16 Contract Labor	233,785	133,271	100,514 75.4%	2,213,152	1,471,170	741,982 50.4%
17 Medical Pro Fees	472,145	471,159	986 0.2%	5,298,962	5,154,943	144,019 2.8%
18 Other Professional Fees	43,994	34,584	9,410 27.2%	560,932	441,158	119,774 27.1%
19 Purchased Services	120,962	145,260	(24,298) -16.7%	1,529,928	1,464,233	65,695 4.5%
20 Supplies	472,397	401,423	70,974 17.7%	4,569,894	4,078,076	491,818 12.1%
21 Repairs & Maintenance	91,028	106,450	(15,422) -14.5%	1,141,359	1,162,646	(21,287) -1.8%
22 Rents & Leases	72,923	103,503	(30,580) -29.5%	1,057,119	1,086,847	(29,728) -2.7%
23 Utilities	50,987	58,972	(7,985) -13.5%	598,558	649,843	(51,285) -7.9%
24 Other Direct Expenses	84,251	120,774	(36,523) -30.2%	1,476,750	1,269,996	206,754 16.3%
25 Interest Expense	39,773	49,749	(9,976) -20.1%	451,839	540,452	(88,613) -16.4%
26 Depreciation & Amortization	161,632	236,632	(75,000) -31.7%	1,777,952	2,152,952	(375,000) -17.4%
27 Total Operating Expenses	4,327,880	4,210,990	116,890 2.8%	44,612,616	43,316,252	1,296,364 3.0%
28 Net Operating Income (Loss)	(2,100,568)	(642,267)	(1,458,301) -227.1%	(8,790,545)	(5,172,117)	(3,618,428) -70.0%
29 Total Non-Operating	1,213,733	1,158,013	55,720 4.8%	8,003,405	5,480,258	2,523,147 46.0%
30 Revenue Over (Under) Expenses	(886,835)	515,746	(1,402,581) 272.0%	(787,139)	308,141	(1,095,280) 355.4%
31 Capital Contributions	0	0	0 0	0	0	0 0
32 Change in Fund Balance	(886,835)	515,746	(1,402,581) 272.0%	(787,139)	308,141	(1,095,280) 355.4%

SUMMARY STATEMENT OF OPERATIONS ACTUAL VS BUDGET (PAGE 4)

Line 10: Net Patient Revenue was \$1.2 million under budget for the month and \$2.5 million under budget for the year. In November 2017, \$1 million was written off from one subacute patient account. There were also increases in allowances to make up the shortfall in reserves from prior months (approximately \$600 thousand additional a month for October and November).

Lines 14 & 15: Salaries, Wages, and Benefits were \$135 thousand over budget for the month and \$93 thousand over budget for the year – The variance to budget for the year is less than ½ percent. Salaries, Wages, and Benefits make up approximately 55% of Operating Expenses.

Line 16: Contract Labor was over budget \$101 thousand for the month and \$742 thousand over budget for the year – QA/Risk Management and ICU were over budget for the month of November by \$52 thousand and \$57 thousand, respectively. For the year, the following departments were over budget as follows: Physical Therapy - \$297 thousand; Administration - \$182 thousand; ICU - \$143 thousand; Med/Surg - \$104 thousand

Line 20: Supplies were \$71 thousand over budget for the month and \$492 thousand over budget for the year – Surgery supplies were \$117 thousand over budget for the month and \$547 thousand over budget for the year.

STATEMENT OF OPERATIONS
ACTUAL 2017 vs ACTUAL 2016

	MONTHLY			YEAR TO DATE			
	ACTUAL		Variance	ACTUAL		Variance	
	Nov-17	Nov-16		Nov-17	Nov-16		
	\$	%	\$	%	\$	%	
1 GROSS REVENUE:							
2 Inpatient Routine	2,227,488	2,275,270	(47,782)	23,970,944	25,156,012	(1,185,068)	-4.7%
3 Inpatient Ancillary	2,557,713	1,395,369	1,162,344	19,492,852	16,178,689	3,314,163	20.5%
4 Total Inpatient	4,785,201	3,670,639	1,114,562	43,463,796	41,334,701	2,129,095	5.2%
5 Outpatient	5,740,419	4,534,773	1,205,646	56,627,459	54,017,962	2,609,497	4.8%
6 Total Gross Patient Revenue	10,525,620	8,205,412	2,320,208	100,091,255	95,352,663	4,738,592	5.0%
7 Contractual Expenses	8,199,004	5,037,431	(3,161,573)	63,746,989	58,236,994	(5,509,995)	-9.5%
8 Bad Debt Expense	171,293	224,232	52,939	1,815,245	1,716,653	(98,592)	-5.7%
9 Total Revenue Deductions	8,370,297	5,261,663	(3,108,634)	65,562,234	59,953,647	(5,608,587)	-9.4%
10 NET PATIENT REVENUE	2,155,323	2,943,749	(788,426)	34,529,021	35,399,016	(869,995)	-2.5%
11 Other Revenue	71,988	89,092	(17,104)	1,293,050	1,137,770	155,280	13.6%
12 Total Net Revenue	2,227,312	3,032,841	(805,529)	35,822,072	36,536,786	(714,714)	-2.0%
13 Operating Expense:							
14 Salaries & Wages	1,847,000	1,487,335	359,665	17,296,603	16,308,234	988,369	6.1%
15 Benefits	637,002	707,897	(70,895)	6,639,569	6,236,225	403,344	6.5%
16 Contract Labor	233,785	148,131	85,654	2,213,152	1,993,032	220,120	11.0%
17 Medical Pro Fees	472,145	440,524	31,621	5,298,962	4,902,609	396,353	8.1%
18 Other Professional Fees	43,994	69,245	(25,251)	560,932	655,912	(94,980)	-14.5%
19 Purchased Services	120,962	123,376	(2,414)	1,321,351	1,321,351	0	0.0%
20 Supplies	472,397	352,489	119,908	4,569,894	3,909,734	660,160	16.9%
21 Repairs & Maintenance	91,028	104,492	(13,464)	1,141,359	1,092,132	49,227	4.5%
22 Rents & Leases	72,923	99,034	(26,111)	1,057,119	1,004,447	52,672	5.2%
23 Utilities	50,987	47,952	3,035	598,558	575,279	23,279	4.0%
24 Other Direct Expenses	84,251	101,077	(16,826)	1,476,750	1,168,518	308,232	26.4%
25 Interest Expense	39,773	22,901	16,872	451,839	273,459	178,380	65.2%
26 Depreciation & Amortization	161,632	156,909	4,723	1,777,952	1,725,999	51,953	3.0%
27 Total Operating Expenses	4,327,880	3,861,362	466,518	44,612,616	41,166,931	3,445,685	8.4%
28 Net Operating Income (Loss)	(2,100,568)	(828,521)	(1,272,047)	(8,790,545)	(4,630,145)	(4,160,400)	-89.9%
29 Total Non-Operating	1,213,733	1,130,114	83,619	8,003,405	5,491,529	2,511,876	45.7%
30 Revenue Over (Under) Expenses	(886,835)	301,593	(1,188,428)	(787,139)	861,384	(1,648,523)	191.4%
31 Capital Contributions	0	0	0	0	0	0	0.0%
32 Change in Fund Balance	(886,835)	301,593	(1,188,428)	(787,139)	861,384	(1,648,523)	191.4%

SUMMARY STATEMENT OF OPERATIONS ACTUAL 2017 VS ACTUAL 2016 (PAGE 5)

Line 6: Total Gross Patient Revenues were up \$4.7 million, which is consistent with the 5.0% price increase effective January 1, 2017.

Line 9: Total Revenue Deductions were up \$3.1 million for the month, and \$5.6 million year-to-date. With our payor mix, the vast majority of the effect of price increases causes an increase in deductions. Also, \$1 million was written off from one subacute patient account, and there were increases in allowances to make up the shortfall in reserves from prior months.

Lines 14 & 15: Salaries, Wages, and Benefits were up \$1.4 million. The primary reason for the increase is the wage adjustments in July of this year which were estimated to result in a \$1 million increase in salaries and PTO. We also hired 4 physicians at high salaries during the year and have seen some very high cost medical claims.

Line 17: Medical Professional Fees were up \$396 thousand for the year. Departments with the largest increases from the prior year were as follows: ER - \$135 thousand; Behavioral Health - \$107 thousand; Women's Health - \$94 thousand.

Line 20: Supplies were up \$660 thousand primarily due to increased surgery supplies expense of \$538 thousand.

Line 24: Other direct expenses were up \$308 thousand. There were no individually significant items that caused the increase.

Key Statistics
Actual 2017 vs Actual 2016 & Budget 2017 (November)

	Month				YTD								
	Current 2017	Prior 2016	Variance		Current 2017	Prior 2016	Variance						
			#	%			\$	%					
Days Cash on Hand:													
Cash and Cash Equivalents	30.61	29.58	1.03	3.48%	33.18	29.95	3.23	10.78%					
Gross Days Revenue in Accounts Receivable:													
Gross Days Revenue in Accounts Receivable	93.46	113.41	(19.95)	-17.59%	109.42	105.15	4.27	4.06%					
Net Days Revenue in Accounts Receivable:													
Net Days Revenue in Accounts Receivable	61.62	46.50	15.12	32.52%	42.66	41.66	1.00	2.40%					
Days Expense in Accounts Payable													
Days Expense in Accounts Payable	31.27	31.15		0.00%	33.89	31.54	2.35	7.46%					
Case Mix													
Medicare	1,1769	1,0762	0,1007	1,0762	1,1683	1,1705	(0,0022)	-0,20%	1,2000	(0,0317)			-2,64%
All Payors	1,1363	1,039	0,0973	9,40%	1,1745	1,2102	(0,0357)	-2,90%	1,2000	(0,0255)			-2,12%
Patient Days													
Med/Surg	148	209	(61)	-29,20%	1,928	2,517	(589)	-23,40%	2,255	(327,00)			-14,50%
ICU	59	36	23	63,90%	414	312	102	32,70%	279	135,00			48,39%
Swing	43	32	11	34,40%	282	454	(172)	-37,90%	416	(134,00)			-32,21%
Sub-Acute	424	506	(82)	-16,20%	4,506	5,300	(794)	-15,00%	4,814	(308,00)			-6,40%
Patient Admissions													
Med/Surg	44	52	(8)	-15,40%	520	572	(52)	-9,10%	516	4,00			0,78%
ICU	17	10	7	70,00%	94	97	(3)	-3,10%	86	8,00			9,30%
Swing	6	5	1	20,00%	58	50	8	16,00%	45	13,00			28,89%
Sub-Acute	1	0	1	0,00%	13	9	4	44,40%	10	3,00			30,00%
Average Length of Stay													
Med/Surg	2.60	4.10	(1.50)	-36.60%	3.35	4.11	(0.77)	-18.60%	4.07	(0.72)			-17.77%
ICU	5.90	6.00	(0.10)	-1.70%	7.02	6.50	0.52	8.00%	6.49	0.53			8.15%
Swing	6.10	4.60	1.50	32.60%	4.55	8.11	(3.56)	-43.90%	8.49	(3.94)			-46.43%
Sub-Acute	0.00	0.00	0.00	0.00%	346.62	588.89	(242.27)	-41.10%	687.71	(341.10)			-49.60%
Average Daily Census													
Med/Surg	4.90	7.00	(2.10)	-30.00%	5.77	7.51	(1.74)	-23.20%	6.75	(0.98)			-14.50%
ICU	2.00	1.20	0.80	66.70%	1.24	0.93	0.31	33.10%	0.84	0.40			48.39%
Swing	1.40	1.10	0.30	27.30%	0.84	1.36	(0.51)	-37.70%	1.25	(0.40)			-32.21%
Sub-Acute	14.10	16.90	(2.80)	-16.60%	13.49	15.82	(2.33)	-14.70%	14.41	(0.92)			-6.40%
Total Surgeries	103	70	33	47.10%	778	609	169	27.80%					
Total Outpatient Visits	3,875	3,584	291	8.12%	41,070	42,743	(1,673)	-3.90%	32,756	8,314.00			25.38%
Total Clinic Visits	1,128	1,128	50	4.60%	10,858	11,617	(759)	-6.50%	11,153	(295.00)			-2.65%
Total ER Visits	793	651	142	21.81%	8,276	8,236	40	0.50%	7,493	783.00			10.45%

KEY STATISTICS - DEFINITIONS AND CONTEXT (PAGE 6)

- **Days Cash on Hand:** Measures the number of days the hospital could continue paying its operating expenses from existing unrestricted cash and investments in the absence of any future cash collections. A higher ratio indicates greater financial flexibility. A good days cash on hand for a critical access hospital is at least 60 days.
- **Days Revenue in Accounts Receivable:** Measures the amount of time between patient discharge and when payment is received. This directly impacts cash flows for the facility and is a measure of the efficiency of the billing and collection in the revenue cycle. Gross and net days in accounts receivable are close in value in high functioning revenue cycles. A lower ratio indicates greater financial flexibility. A good days in AR for a critical access hospital is 45 days.
- **Days Expense in Accounts Payable:** Measures the average amount of time that elapses before the hospital meets its current liabilities. In other words, the number of days of cash expenses that are outstanding (not currently paid). High values for the average payment period often indicate a lack of liquidity.
- **Case Mix:** Case Mix Index (CMI) is a measure of the average severity level of a hospital's procedures. The CMI of a hospital reflects the diversity, clinical complexity and the needs for resources in the population of all the patients in the hospital. Hospitals with a higher CMI receive a higher reimbursement rate for its cases than a hospital with a lower CMI.
- **Patient Days:** The total number of days for all patients for an episode of care
- **Patient Admissions:** Patient admission to the hospital
- **Average Length of Stay (ALOS):** The average length of stay in hospitals is often used as an indicator of efficiency. All other things being equal, a shorter stay will reduce the cost per discharge and shift care from inpatient to less expensive post-acute settings.
- **Average Daily Census:** The average number of patients treated during a day.
- **Surgeries:** There is a strong correlation in hospitals between surgery volumes and operating margins.
- **Outpatient Visits:** An outpatient hospital service is any type of medical or surgical care performed at a hospital that your doctor does not expect will be an overnight hospital stay. In some cases, you may stay overnight in the hospital, but not be admitted as an inpatient (this would be considered outpatient service).
- **Clinic Visits:** a patient who is not hospitalized overnight but who visits clinic or associated facility for diagnosis or treatment
- **ER Visits:** Significant not only because of the visit, but also the transfer of patients to the hospital for other services.

