

**HEALDSBURG DISTRICT HOSPITAL
SUMMARY STATEMENT OF OPERATIONS
(PRELIMINARY - SUBJECT TO CHANGE)**

	Monthly			Year to Date		
	Feb/2019	Feb/2018	Budget 2019	Feb/2019	Feb/2018	Budget 2019
Net Operating Income (Loss)	(495,817)	(733,016)	(1,230,239)	(1,073,168)	(1,249,227)	(2,108,070)
Increase(Decrease) in Net Position	(230,337)	(469,809)	(967,031)	(515,355)	(630,444)	(1,489,286)

**HEALDSBURG DISTRICT HOSPITAL
STATEMENT OF NET POSITION
THIS MONTH vs LAST MONTH
(PRELIMINARY - SUBJECT TO CHANGE)**

	This Month Feb-28-2019	Last Month Jan-31-2019	Variance	
			\$	%
1 Assets				
2 Cash and Cash Equivalents				
3 Unrestricted	6,555,962	8,056,667	(1,500,705)	-18.6%
4 Board Designated	1,563,000	1,549,000	14,000	0.9%
5 Restricted	5,774,421	5,775,861	(1,440)	0.0%
6 Accounts receivable				
7 Gross	24,681,180	22,790,649	1,890,531	8.3%
8 Reserves	(19,136,990)	(18,127,273)	(1,009,717)	5.6%
9 Net Accounts Receivable	5,544,190	4,663,376	880,814	18.9%
10 Other Accounts Receivable	2,835,081	1,683,577	1,151,504	68.4%
11 Inventory	795,384	781,985	13,399	1.7%
12 Pre-Paid Expenses	260,957	280,371	(19,414)	-6.9%
13 Total Current Assets	23,328,995	22,790,837	538,158	2.4%
14 Fixed Assets				
15 Land & Buildings	13,520,967	13,520,967	0	0.0%
16 Equipment	10,075,509	10,075,509	0	0.0%
17 Construction In Process	2,768,847	2,386,503	382,344	16.0%
18 Depreciation	(16,985,908)	(16,776,741)	(209,167)	-1.2%
19 Total Property & Equip.	9,379,414	9,206,237	173,177	1.9%
20 Investments & Long-Term Assets	113,182	113,182	0	0.0%
21 Total Assets	32,821,591	32,110,256	711,334	2.2%
22 Liabilities				
23 Vendor AP	3,739,372	2,904,084	835,287	28.8%
24 Other Payables	3,815,552	3,801,552	14,000	0.4%
25 Accrued Payroll	2,189,020	2,111,800	77,220	3.7%
26 Accrued Payroll Taxes & Benefits	64,837	75,974	(11,137)	-14.7%
27 Other Current Liabilities	725,885	699,583	26,302	3.8%
28 Total Current Liabilities	10,534,665	9,592,993	941,672	9.8%
29 Long-Term Liabilities	11,193,000	11,193,000	0	0.0%
30 Total Liabilities	21,727,665	20,785,993	941,672	4.5%
31 Net Position				
32 Prior Year Earnings	11,609,280	11,609,280	(0)	0.0%
33 Current Earnings	(515,355)	(285,017)	(230,338)	80.8%
34 Total Net Position	11,093,925	11,324,263	(230,338)	-2.0%
35 Total Liabilities & Net Position	32,821,591	32,110,256	711,334	2.2%

STATEMENT OF NET POSITION AS OF FEBRUARY 28, 2019 COMPARED TO JANUARY 31, 2019 (PAGE 2)

Lines 3, 4 & 5: Total Cash and Cash Equivalents decreased \$1.5 million due to slow cash collections on patient accounts and an \$867 thousand payment to the CA Department of Healthcare Services (DHCS) to initiate the Hospital Quality Assurance Fee Intergovernmental Transfer (HQAF IGT). We are expecting a total reimbursement of \$2.8 million from the HQAF IGT as the payment will include both traditional and Medicaid expansion funding, and cover 18 months (January 1, 2017 – June 30, 2018).

Line 9: Net Accounts Receivable increased \$881 thousand due to slow cash collections on patient accounts. The Partnership Sub-Acute payment for January dates of service (approximately \$800 thousand) normally received in the subsequent month was not received until March 5th.

Line 10: Other Accounts Receivable increased \$1.2 million due to the monthly accrual of parcel tax revenue and the initiation of the HQAF IGT discussed above.

Line 17: The increase in Construction In Process of \$382 thousand is due to the various projects being funded by the 2016 COP. A request was submitted to Opus Bank on March 19th for unreimbursed capital spend in the amount of \$767 thousand.

Line 23: Vendor AP increased \$836 thousand due to accruals for fixed assets and the timing of payments to vendors.

**HEALDSBURG DISTRICT HOSPITAL
STATEMENT OF NET POSITION
THIS YEAR vs LAST YEAR
(PRELIMINARY - SUBJECT TO CHANGE)**

	This Fiscal Year Feb-28-2019	Last Fiscal Year Feb-28-2018	Variance	
			\$	%
1 Assets				
2 Cash and Cash Equivalents				
3 Unrestricted	6,555,962	2,554,384	4,001,578	156.7%
4 Board Designated	1,563,000	1,555,000	8,000	0.5%
5 Restricted	5,774,421	1,577,774	4,196,647	266.0%
6 Accounts receivable				
7 Gross	24,681,180	19,027,139	5,654,041	29.7%
8 Reserves	(19,136,990)	(14,767,903)	(4,369,088)	-29.6%
9 Net Accounts Receivable	5,544,190	4,259,236	1,284,954	30.2%
10 Other Accounts Receivable	2,835,081	6,217,585	(3,382,504)	-54.4%
11 Inventory	795,384	803,032	(7,647)	-1.0%
12 Pre-Paid Expenses	260,957	440,658	(179,701)	-40.8%
13 Total Current Assets	23,328,995	17,407,668	5,921,326	34.0%
14 Fixed Assets				
15 Land & Buildings	13,520,967	13,517,171	3,796	0.0%
16 Equipment	10,075,509	7,891,884	2,183,625	27.7%
17 Construction In Process	2,768,847	2,273,367	495,480	21.8%
18 Depreciation	(16,985,908)	(14,451,254)	(2,534,654)	17.5%
19 Total Property & Equip.	9,379,414	9,231,167	148,247	1.6%
20 Investments & Long-term Assets	113,182	222,527	(109,345)	-49.1%
21 Total Assets	32,821,591	26,861,362	5,960,229	22.2%
22 Liabilities				
23 Vendor AP	3,739,372	4,240,686	(501,314)	-11.8%
24 Other Payables	3,815,552	3,131,384	684,168	21.8%
25 Accrued Payroll	2,189,020	1,700,100	488,920	28.8%
26 Accrued Payroll Taxes & Benefits	64,837	29,788	35,049	117.7%
27 Other Current Liabilities	725,885	669,741	56,145	8.4%
28 Total Current Liabilities	10,534,665	9,771,699	762,967	7.8%
29 Long Term Liabilities	11,193,000	4,435,122	6,757,878	152.4%
30 Total Liabilities	21,727,665	14,206,821	7,520,845	52.9%
31 Net Position				
32 Prior Year Earnings	11,609,280	13,284,985	(1,675,705)	-12.6%
33 Current Earnings	(515,355)	(630,444)	115,089	-18.3%
34 Total Net Position	11,093,925	12,654,541	(1,560,616)	-12.3%
35 Total Liabilities & Net Position	32,821,591	26,861,362	5,960,229	22.2%

STATEMENT OF NET POSITION AS OF FEBRUARY 28, 2019 COMPARED TO FEBRUARY 28, 2018 (PAGE 3)

Lines 3 & 4: Unrestricted and Board Designated Cash & Cash Equivalents were up \$4.0 million. Including the settlement with Partnership Health Plan, cash collections on patient accounts and the use of COP funds for capital have more than offset increases in operating expenses.

Line 5: Restricted Cash and Cash Equivalents were up \$4.2 million primarily due to the drawdown of funds from the 2016 COP's for capital. This also includes \$517 thousand restricted for the March semi-annual payment on the 2016 COP and \$237 thousand remaining from the Foundation grant for the MRI Project.

Line 10: Other Accounts Receivable was down \$3.4 million primarily from the settlement with Partnership Health Plan offset by the one-time tax settlement in January 2018.

Lines 16 & 17: The increase in Equipment and Construction In Process of \$2.7 million is due to the new MRI being placed in service in May 2018 (at February 28, 2018 these costs were in CIP) and various projects being funded by the 2016 COP.

Lines 23 & 24: Vendor AP and Other Payables increased \$183 thousand. Decreases from continued efforts to pay down amounts owed to vendors and the settlement and completion of Medicare cost reports accounted for the change.

Lines 25 & 26: Accrued Payroll and Accrued Payroll Taxes & Benefits were up \$524 thousand from an overall increase in payroll and benefits from staffing and wage and salary adjustments which impact both the payroll and PTO liability.

Line 29: Long-Term Liabilities were up \$6.8 million due to the \$7.5 million drawdown of funds from the 2016 COP's and scheduled principal payments made for the 2016 COP and Capital Lease.

HEADSBERG DISTRICT HOSPITAL
STATEMENT OF OPERATIONS
2019 ACTUAL vs BUDGET
(PRELIMINARY - SUBJECT TO CHANGE)

	MONTHLY				YEAR TO DATE				
	Actual		Budget		Actual		Budget		
	Feb-19	Variance	Feb-19	Variance	Feb-19	Variance	Feb-19	Variance	
	\$	%	\$	%	\$	%	\$	%	
1 GROSS REVENUE:									
2 Inpatient Routine	2,000,910	12.2%	1,783,339	12.2%	3,821,932	3,793,476	3,793,476	28,456	0.8%
3 Inpatient Ancillary	1,982,771	24.8%	1,572,233	24.8%	3,737,319	3,308,394	3,308,394	428,925	13.0%
4 Total Inpatient	3,963,681	18.1%	3,355,572	18.1%	7,559,251	7,101,870	7,101,870	457,381	6.4%
5 Outpatient	5,681,228	9.0%	5,213,190	9.0%	12,149,702	11,010,882	11,010,882	1,138,819	10.3%
6 Total Gross Patient Revenue	9,644,909	12.6%	8,568,762	12.6%	19,708,952	18,112,752	18,112,752	1,596,200	8.8%
7 Contractual Expenses	5,641,580	-17.0%	4,821,952	-17.0%	11,431,411	10,192,701	10,192,701	(1,238,710)	-12.2%
8 Bad Debt Expense	197,070	-21.7%	161,933	-21.7%	388,892	342,297	342,297	(46,596)	-13.6%
9 Total Revenue Deductions	5,838,650	-17.2%	4,983,886	-17.2%	11,820,303	10,534,997	10,534,997	(1,285,306)	-12.2%
10 NET PATIENT REVENUE	3,806,259	6.2%	3,584,876	6.2%	7,888,649	7,577,755	7,577,755	310,894	4.1%
11 Other Revenue	504,919	704.9%	62,729	704.9%	611,582	157,668	157,668	453,913	287.9%
12 Total Net Revenue	4,311,179	18.2%	3,647,605	18.2%	8,500,230	7,735,423	7,735,423	764,807	9.9%
13 Operating Expense:									
14 Salaries & Wages	1,849,240	-10.2%	2,058,721	-10.2%	3,632,670	4,117,442	4,117,442	(484,772)	-11.8%
15 Benefits	781,284	-2.4%	800,430	-2.4%	1,733,081	1,688,665	1,688,665	44,416	2.6%
16 Contract Labor	161,167	26.1%	127,825	26.1%	296,271	255,650	255,650	40,621	15.9%
17 Medical Pro Fees	403,182	-15.5%	477,056	-15.5%	813,618	954,112	954,112	(140,494)	-14.7%
18 Other Professional Fees	51,482	38.5%	37,165	38.5%	85,215	74,330	74,330	10,885	14.6%
19 Purchased Services	242,922	13.2%	214,574	13.2%	492,494	429,148	429,148	63,346	14.8%
20 Supplies	718,502	29.2%	556,271	29.2%	1,226,569	1,112,542	1,112,542	114,027	10.2%
21 Repairs & Maintenance	75,126	4.3%	72,010	4.3%	134,752	144,019	144,019	(9,267)	-6.4%
22 Rents & Leases	88,619	-16.5%	106,153	-16.5%	255,592	212,306	212,306	43,286	20.4%
23 Utilities	53,148	-11.8%	60,261	-11.8%	103,789	120,522	120,522	(16,733)	-13.9%
24 Other Direct Expenses	149,018	10.8%	134,461	10.8%	332,736	288,922	288,922	63,814	23.7%
25 Interest Expense	24,139	1.6%	23,750	1.6%	48,278	47,500	47,500	778	1.6%
26 Depreciation & Amortization	209,167	0.0%	209,167	0.0%	418,334	418,334	418,334	0	0.0%
27 Total Operating Expenses	4,806,996	-1.5%	4,877,844	-1.5%	9,573,398	9,843,493	9,843,493	(270,095)	-2.7%
28 Net Operating Income (Loss)	(495,817)	59.7%	(1,230,239)	59.7%	(1,073,168)	(2,108,070)	(2,108,070)	1,034,902	49.1%
29 Total Non-Operating	265,480	0.9%	263,207	0.9%	557,813	618,784	618,784	(60,971)	-9.9%
30 Revenue Over (Under) Expenses	(230,337)	76.2%	(967,031)	76.2%	(515,355)	(1,489,286)	(1,489,286)	973,931	65.4%
31 Capital Contributions	0	0.0%	0	0.0%	0	0	0	0	0.0%
32 Change in Fund Balance	(230,337)	76.2%	(967,031)	76.2%	(515,355)	(1,489,286)	(1,489,286)	973,931	65.4%

SUMMARY STATEMENT OF OPERATIONS ACTUAL VS BUDGET (PAGE 4)

Lines 1 – 6: There were favorable budget variances within all Inpatient Revenue categories. The 80 patient days for Swing Bed in February was the highest total since August 2016. Within Outpatient revenues, unfavorable budget variances in Outpatient and Clinic visits were more than offset by the higher dollar procedures and volumes in Surgeries.

Lines 7-9: Total Revenue Deductions were \$855 thousand over budget for the month and \$1.3 million over budget for the year. The increases in Contractual Expenses are consistent with the increases in Total Gross Patient Revenues, in addition to unfavorable variances in the payor mix.

Line 11: Other Revenue was over budget \$442 thousand for the month and \$454 thousand to the year due to a \$424 thousand quarterly payment from the HQAF Program.

Lines 14 and 15: Salaries & Wages and Benefits were under budget \$229 thousand for the month and \$440 thousand for the year. Year-to-Date FTE's are down 10 from the fourth quarter of 2018. There was also increased use of PTO in January and February (\$170 thousand) due to a large number of employee leaves of absence and general PTO usage that shifted costs from salaries to benefits. Also, lower patient volumes resulted in lower labor costs in January, all contributing to the variance.

Line 20: Supplies were over budget \$162 thousand for the month and \$114 thousand for the year. Surgical Services implants and prosthesis (primarily pain management) were over budget \$165 thousand for the month and \$190 thousand for the year.

SUMMARY STATEMENT OF OPERATIONS ACTUAL 2019 VS ACTUAL 2018 (PAGE 5)

Line 6: Gross Patient Revenue was up \$1.2 million for the month and \$971 thousand for the year as Inpatient census improved across the board in February, and the increased revenue from Surgeries offset decreases in Clinic and other Outpatient visits.

Line 9: Total Revenue Deductions were up \$611 thousand for the month, which is consistent with the increase in Total Gross Patient Revenue. Total Revenue Deductions were down \$175 thousand for the year due to improvements in collection rates, primarily from Partnership Sub-Acute.

Line 14: Salaries & Wages were up \$311 thousand for the month and \$416 thousand for the year. The primary reasons for the increase were the 2018 lump sum salary adjustments and wage increases in addition to generally higher staffing levels, and we currently have 5 physicians on payroll compared to 3 at this time last year. These more than offset an overall decrease in worked hours from use of PTO and employee leaves of absence, as well as lower staffing from lower volumes in January.

Line 15: Benefits were up \$212 thousand for the month and \$473 thousand for the year primarily from the use of PTO discussed previously and an increase of \$160 thousand in employee medical claims.

Line 19: Purchased Services were up \$73 thousand for the month and \$231 thousand for the year primarily from IT for various services and HIM for coding.

Line 20: Supplies were up \$314 thousand for the month and \$431 thousand for the year primarily from Surgical Services implants and prosthesis (mostly pain management) and pharmaceuticals.

HEALDSBURG DISTRICT HOSPITAL
Key Statistics
Actual 2019 vs Actual 2018 & Budget 2019
(PRELIMINARY - SUBJECT TO CHANGE)

	MONTH				YEAR TO DATE									
	Current 2019	Prior 2018	Variance	Goals or Budget	Current 2019	Prior 2018	Variance	Goals or Budget	Variance					
			#	%			\$	%		\$	%			
1 Days Cash on Hand	49.70	29.94	19.77	66.04%	60.00	(10.30)	-17.16%	60.00	31.31	21.29	68.02%	60.00	(7.40)	-12.33%
2 Gross Days Revenue in Accounts Receivable	71.65	62.86	8.79	13.98%	60.00	11.65	19.42%	60.00	59.91	13.97	23.32%	60.00	13.88	23.14%
3 Net Days Revenue in Accounts Receivable	40.78	36.73	4.06	11.05%	40.00	0.78	1.96%	40.00	37.27	4.20	11.26%	40.00	1.47	3.66%
4 Days Expense In Accounts Payable	22.89	30.89	(8.00)	-25.90%	25.00	(2.11)	-8.43%	25.00	32.31	(8.08)	-25.01%	25.00	(0.77)	-3.10%
5 Case Mix	1.2786	1.2084	0.0702	5.81%	1.2500	0.0286	2.29%	1.2500	1.2757	(0.0242)	-1.90%	1.2500	0.0015	0.12%
6 Medicare	1.2574	1.3105	(0.0531)	-4.05%	1.2500	0.0074	0.59%	1.2500	1.3204	(0.0798)	-6.04%	1.2500	(0.0094)	-0.75%
8 Patient Days	158	144	14	9.72%	124	34	27.42%	124	398	(97)	-24.37%	264	37	14.02%
9 Med/Surg	61	50	11	22.00%	51	10	19.61%	51	115	(24)	-20.87%	108	(17)	-15.74%
10 ICU	80	30	50	166.67%	48	32	66.67%	48	71	39	54.93%	114	(4)	-3.51%
11 Swing	455	409	46	11.25%	420	35	8.33%	420	864	73	8.45%	885	52	5.88%
12 Sub-Acute	56	37	19	51.35%	36	20	57.61%	36	96	11	11.46%	76	31	41.45%
13 Patient Admissions	14	14	0	0.00%	11	3	26.55%	11	33	(12)	-36.36%	23	(2)	-10.36%
14 Med/Surg	8	9	(1)	-11.11%	6	2	32.00%	6	18	(2)	-11.11%	14	2	11.16%
15 ICU	1	0	1	0.00%	1	0	8.63%	1	0	2	#DIV/0!	2	0	0.00%
16 Swing	2.82	3.89	(1.07)	-27.50%	4.00	(1.18)	-29.46%	4.00	4.15	(1.33)	-32.15%	4.00	(1.19)	-29.67%
17 Sub-Acute	4.36	3.57	0.79	22.00%	4.00	0.36	8.93%	4.00	3.48	0.85	24.35%	4.00	0.33	8.33%
18 Average Length of Stay	10.00	3.33	6.67	200.00%	4.00	6.00	150.00%	4.00	3.94	2.93	74.30%	4.00	2.88	71.88%
19 Med/Surg	5.64	5.14	0.50	9.72%	4.43	1.21	27.42%	4.43	6.75	(1.64)	-24.37%	4.43	0.67	15.20%
20 ICU	2.18	1.79	0.39	22.00%	1.82	0.36	19.61%	1.82	1.95	(0.41)	-20.87%	1.82	(0.28)	-15.32%
21 Swing	2.86	1.07	1.79	166.67%	1.71	1.14	66.67%	1.71	1.20	0.66	54.93%	1.71	0.15	8.76%
22 Sub-Acute	16.25	14.61	1.64	11.25%	15.00	1.25	8.33%	15.00	14.64	1.24	8.45%	15.00	0.88	5.88%
23 Total Surgeries	331	180	151	83.89%	265	66	24.91%	265	340	319	93.82%	558	101	18.10%
24 Total Outpatient Visits	3,542	3,636	(94)	-2.59%	3,616	(74)	-2.05%	3,616	7,883	(412)	-5.23%	7,651	(180)	-2.35%
25 Total Clinic Visits	1,005	1,095	(90)	-8.22%	1,041	(36)	-3.46%	1,041	2,413	(229)	-9.49%	2,191	(7)	-0.32%
26 Total ER Visits	641	664	(23)	-3.46%	638	2	0.31%	638	1,518	(145)	-9.55%	1,362	11	0.81%

KEY STATISTICS – ACTUAL 2019 VS ACTUAL 2018 AND BUDGET 2019 (PAGE 6)

Line 1: Days Cash on Hand was up 20 days for month and 21 days for the year due to increased cash collections on patient accounts more than offsetting the increase in operating expenses.

Line 3: Net Days Revenue in Accounts Receivable was up 4 days for the month and the year due to the slow month of patient cash collections in February.

Line 4: Days Expense in Accounts Payable was down 8 days for the month and the year as the improved cash position has enabled the Hospital to pay down amounts owed to vendors, and there has been a significant increase in operating expenses.

Lines 8-12: Overall, Patient Days were favorable compared to the prior month and budget. For the year, increases in Swing and Sub-Acute offset decreases in Med/Surg and ICU.

Line 27: Total Surgeries were up 151 for the month and 319 for the year primarily due to pain management procedures.

Line 28: Total Outpatient Visits were down 94 for the month and 412 for the year. For the year, decreases in Lab (185), Specialty Medical (145), ER (145), and HPG (108) were slightly offset by increases in Reference Lab (169) and The Women's Clinic (55).

Line 29: Total Clinic Visits were down 90 for the month and 229 for the year. The decreased visits for HPG and Specialty Medical noted above were slightly offset by the increased visits at The Women's Clinic.

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 or less.
- **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.

