AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

Agenda Item: GVH BOT; Quarterly Update

Action Requested: Discussion

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:

GVH BOT Quarterly Update 12/17/19

Fiscal Impact:

Submitted by: Liz Mense **Submitter's Email Address:** EMense@gunnisoncounty.org

Finance Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date:

County Attorney Review: ○ Required ◉ Not Required

Comments:

Reveiwed by: Discharge Date: Certificate of Insurance Required

Yes ○ No ○

County Manager Review:

Comments:

Reveiwed by: GUNCOUNTY1\emense Discharge Date: 12/13/2019

○ Consent Agenda ○ Regular Agenda ○ Worksession Time Allotted: 90

Agenda Date: 12/17/2019

Revised April 2015

GUNNISON VALLEY HEALTH

GVH and BOCC Work Session
Tuesday, December 17, 2019
BOCC Boardroom – Courthouse

AGENDA

For Gunnison Valley Health:

- Ronda Connaway, Board of Trustees, Chair
- Rob Santilli, CEO
- Mark VanderVeer, CFO

Conversation Outline

I. Opening Comments & Introductions — Ronda Connaway

- TETWP / Imaging Dedication - $160,000

II. Operational Items — Rob Santilli

- Level IV Trauma Survey
- Public Option Plan

III. Finance — Mark VanderVeer

- October Financials
- 2020 Budget
- Living Wage

IV. Strategic — Rob Santilli

- Radiology Service – Mammography
- Housing
  - Elk Crest Properties
  - Stallion Park
- Community Health Needs Assessment
- SCC Repurposing
- Lazy K Property
- Opioid Program

V. Commissioner Questions and Observations

Operation review

Period Ending October 2019

COMBINED OVERVIEW:

The combined financial statements for the month show that the hospital system earned $302K on a budget of $143K, an increase in net income of $159K; as compared to same month last year, where the system earned $473K, this year's earnings are unfavorable $171K. YTD, the system earned $8.31M, on a budget of $7.90M, an increase of $415K; compared to last year's $8.18M net income, this year is favorable $130K.

October-19							
	MONTH TO DATE						
	Net Income	Budget	Var	% Var	P/Y	Var	% Var
GVH	$ 413,798	$ 294,389	$ 119,409	40.6%	$ 647,797	$ (233,999)	-36.1%
SCC	$ (203,069)	$ (120,143)	$ (82,926)	-69.0%	$ (18,337)	$ (184,733)	-1007.5%
Hospice	$ 2,626	$ (108)	$ 2,734	2531.5%	$ (2,975)	$ 5,601	188.3%
Home Health	$ (12,155)	$ (30,760)	$ 18,605	60.5%	$ (35,740)	$ 23,585	66.0%
Assisted Living	$ 646	$ (817)	$ 1,463	179.1%	$ 3,588	$ (2,941)	-82.0%
Foundation	$ 99,840		$ 99,840	100.0%	$ (121,148)	$ 220,988	182.4%
Grand Total	$ 301,686	$ 142,561	$ 159,125	111.6%	$ 473,185	$ (171,499)	-36.2%
	YEAR TO DATE						
	Net Income	Budget	Var	% Var	P/Y	Var	% Var
GVH	$ 9,349,834	$ 7,965,914	$ 1,383,920	17.4%	$ 7,422,779	$ 1,927,055	26.0%
SCC	$ (1,143,931)	$ 218,266	$ (1,362,197)	-624.1%	$ 926,540	$ (2,070,471)	-223.5%
Hospice	$ 49,524	$ (902)	$ 50,426	5590.4%	$ (18,613)	$ 68,137	366.1%
Home Health	$ (183,264)	$ (303,513)	$ 120,249	39.6%	$ (207,023)	$ 23,759	11.5%
Assisted Living	$ 47,208	$ 24,301	$ 22,907	94.3%	$ 46,334	$ 875	1.9%
Foundation	$ 199,444	$ -	$ 199,444	100.0%	$ 18,690	$ 180,754	967.1%
Grand Total	$ 8,318,814	$ 7,904,066	$ 414,748	5.2%	$ 8,188,706	$ 130,108	1.6%

DEBT SERVICE COVERAGE RATIO - The Debt Service Coverage Ratio for CoBiz was 7.6. The bond covenant requires GVH to keep a debt service ratio of 1.25.

DAYS CASH ON HAND - The cash on hand, was 313 days as compared to the bond covenant requirement of 90 days.

OTHER OPERATING REPORTS:

SENIOR CARE CENTER

Oct-19									
	MONTH TO DATE								
	Unit	C/M	Bgt	Var	% Var		PY	Var	% Var
SCC	Days	1,511	1,426	85	6.0%		1,292	219	17.0%
H/H	Census	42	46	(4)	-8.7%		43	(1)	-2.3%
A. Living	Days	465	461	4	0.9%		465	-	0.0%
Hospice	Days	150	93	57	61.3%		110	40	36.4%
Palliative	Days	155	155	-	0.0%		108	47	43.5%
	YEAR TO DATE								
	Unit	C/M	Bgt	Var	% Var		PY	Var	% Var
SCC	Days	14,080	13,984	96	0.7%		13,234	846	6.4%
H/H	Census	460	449	11	2.4%		412	48	11.7%
A. Living	Days	4,553	4,431	122	2.8%		4,454	99	2.2%
Hospice	Days	1,461	912	549	60.2%		1,237	224	18.1%
Palliative	Days	1,678	1,520	158	10.4%		1,308	370	28.3%

SENIOR CARE CENTER

Patient days of 1511 for the Senior Care Center were 85 above budget and were 219 days above prior year. Net operating revenue of $529K showed an increase from budget of $144K and an increase of $164K from PY. Current expenses showed an increase of $190K from budget and an increase of $308K from prior year.

HOME MEDICAL SERVICES

Census of 42 for home health showed a decrease of 4 from budget and a decrease of 1 from prior year. The current month net operating revenue for Home Medical Services is favorable $21K from budget and unfavorable $19K from PY. Total current month operating expense showed an increase of $2K from budget and a decrease of $4K from PY.

GUNNISON VALLEY HOSPITAL
OPERATING/INCOME STATEMENT 11/25/19 01:59 PM
FOR THE 10 MONTHS ENDING 10/31/19

	SINGLE MONTH				YEAR TO DATE			
	ACTUAL	BUDGET	$ VARIANCE	% VAR	ACTUAL	BUDGET	$ VARIANCE	% VAR
PATIENT REVENUE								
INPATIENT	682,866	1,085,584	(402,717)	(37)	11,039,141	11,294,732	(255,590)	(2)
OUTPATIENT	2,570,164	3,072,151	(501,986)	(16)	37,858,700	33,225,525	4,633,175	13
EMERGENCY ROOM	868,141	1,101,447	(233,305)	(21)	14,760,696	12,769,667	1,991,029	15
OBSERVATION	162,820	209,899	(47,078)	(22)	2,428,938	2,279,712	149,226	6
SWING	281,509	132,543	148,966	112	1,914,278	1,392,713	521,565	37
PROFESSIONAL FEE	3,181,295	648,803	2,532,492	390	9,968,611	7,109,473	2,859,138	40
CB MTN CLINIC	(624)	0	(624)	(0)	1,249,861	1,583,118	(333,256)	(21)
GVHFM	275,972	270,691	5,281	1	2,441,221	2,888,377	(447,155)	(15)
TOTAL PATIENT	8,022,146	6,521,118	1,501,028	23	81,661,448	72,543,317	9,118,131	12
REVENUE DEDUCTIONS								
MEDICARE	(1,653,541)	(1,157,326)	(496,215)	(42)	(15,946,969)	(12,823,022)	(3,123,947)	(24)
MEDICAID	(1,217,260)	(596,926)	(620,334)	(103)	(8,402,317)	(6,871,752)	(1,530,565)	(22)
COMMERCIAL	(1,925,116)	(770,464)	(1,154,652)	(149)	(9,792,663)	(8,558,035)	(1,234,628)	(14)
CHARITY	(17,922)	(65,702)	47,779	72	(682,679)	(732,271)	49,591	6
OTHER	(64,107)	(24,658)	(39,449)	(159)	(430,142)	(273,471)	(156,671)	(57)
BAD DEBT	1,100,553	(211,426)	1,311,979	620	(1,591,030)	(2,345,104)	754,073	32
TOTAL REVENUE	(3,777,395)	(2,826,502)	(950,893)	(33)	(36,845,803)	(31,603,655)	(5,242,148)	(16)
OTHER OPERATING	38,795	20,314	18,481	90	178,934	208,200	(29,265)	(14)
NET OPERATING	4,283,545	3,714,930	568,615	15	44,994,579	41,147,862	3,846,717	9
OPERATING EXPENSES								
SALARIES	1,719,840	1,624,338	(95,502)	(5)	16,377,885	15,891,713	(486,172)	(3)
CONTRACT LABOR	37,561	24,276	(13,285)	(54)	513,322	241,681	(271,641)	(112)
BENEFITS	381,808	497,367	115,558	23	4,365,115	3,468,308	(896,807)	(25)
PROFESSIONAL FEE	203,554	178,324	(25,230)	(14)	1,692,526	1,921,824	229,297	11
TRAVEL AND EDUCA	26,610	35,058	8,447	24	240,275	351,621	111,345	31
PURCHASED SERVIC	403,229	308,620	(94,609)	(30)	4,002,130	3,326,004	(676,126)	(20)
SUPPLIES	870,549	480,743	(389,806)	(81)	5,989,239	5,174,003	(815,236)	(15)
INSURANCE	37,143	29,239	(7,904)	(27)	333,189	292,390	(40,799)	(13)
DEPRECIATION/AMO	167,952	133,546	(34,406)	(25)	1,547,718	1,335,460	(212,258)	(15)
INTEREST	15,161	16,433	1,271	7	153,012	164,330	11,317	6
OTHER	116,301	130,609	14,307	10	1,238,775	1,414,924	176,148	12
TOTAL OPERATIN	3,979,713	3,458,553	(521,160)	(15)	36,453,191	33,582,258	(2,870,933)	(8)
NON OPERATING REV (EXP)								
INVESTMENT INCOM	107,076	33,517	73,559	219	741,384	335,170	406,214	121
DONATIONS	5,398	3,804	1,594	41	66,743	37,303	29,440	78
OTHER NON OPERAT	(2,509)	691	(3,200)	(463)	315	27,836	(27,520)	(98)
TOTAL NON OPER	109,965	38,012	71,953	189	808,443	400,309	408,134	101
TOTAL EXPENSE	3,869,747	3,420,541	(449,206)	(13)	35,644,747	33,181,949	(2,462,798)	(7)
NET INCOME	413,798	294,389	119,409	40	9,349,831	7,965,913	1,383,918	17

Gunnison Valley Hospital Variances

Revenue:

October revenue included a YTD reclass of Anesthesia Pro fees from OP, ER and IP revenue classification to Professional Fees. This aligns with how all other Professional Fees (ER Phys, Hospitalist, etc.) are classified. Anesthesia Pro Fees had been allocated on an arbitrary basis of 58% OP, 22% ER and 20% IP. The YTD reclass was moving OP $1.3M, ER $420K, IP $431K to Professional Fees (totaling $2.15M).

Below is a summary of the hospital revenue variances assuming Anesthesia Pro Fees had been budgeted as reported:

- Inpatient Favorable (~$28K)
  - Operating Room
- Emergency Room Favorable (~$187K)
  - Emergency Room $67K
  - CAT Scan $129K
- Outpatient Favorable (~$799K)
  - Respiratory Therapy $100K
  - Pharmacy $500K
  - CAT Scan $70K
- Professional Fees Favorable (~$376K)
  - General Surgery $103K
  - Anesthesia $265K

Revenue Deductions / Net Operating Revenue:

In October we updated the Accounts Receivable ("A/R") reserve model to align with the actual adjustments were are experiencing by financial class (Commercial, Blue Cross, Medicaid, Medicare and Self Pay). This model update did not result in a large overall change in the reserves but did have a significant swing in the reserves among financial class: Self Pay / Bad debt allowance decreased by $1.2M while Commercial and Medicaid increased $0.5M and $0.4M, respectively. As a result, the October Revenue Deductions on the Income Statement actual vs Budget may look odd (with Bad Debt being $1.3M favorable and Medicaid and Commercial being $0.6M and $1.2M unfavorable, respectively). We are confident the current CPSI model is resulting in the appropriate reserves for the outstanding A/R.

In addition, we increased the Anesthesia A/R reserve an additional $300k in October (reflected under Commercial Revenue Deductions) as we continue to true up the required reserve for Anesthesia outstanding A/R.

The Hospital Net Operating Revenue percentage was 53.4% for October (without the Anesthesia YTD reserve catch-up of $300k it would have been 57.1%) compared to the October budget of 57.0%.

Remaining areas to address in the Hospital A/R Reserve that may have an adverse impact on the Income Statement before year end include:

- Further adjustments on Anesthesia A/R, and
- Growing credit balance in A/R that may be understating the reserve.

Contract Labor:

Unfavorable to budget $13K as, RT ($6K), and MRI ($7K) continue to look for technicians.

Professional Fees:

Reversal of Accrued Refund from January of $175,062 and Reversal of Accrued ER Pro Fees Expense $105,000, netting a $70K additional expense for October.

Supplies:

Additional McKesson Invoice $143,716 in October. Continued high expenditure in infusion drugs. Increase in Surgeries Volumes.

Depreciation:

Depreciation expense for Oct was $168k, $34k unfavorable vs budget. This includes the catch up in depreciation from September's reconciliation, as well as adding the following Assets (noted $ are purchase cost):

- GE DRX Mobile Retro Fit Kit $33,516
- IP Pathways Microsoft Exchange Upgrade $6,120
- Breast Biopsy Guidance System $113,300
- GE Fetal Monitor System $7,175
- Hologic Stereotactic Biopsy Imager $47,250

GUNNISON LIVING COMMUNITY
OPERATING / INCOME STATEMENT 11/14/19 02:33 PM
FOR THE 10 MONTHS ENDING 10/31/19

	SINGLE MONTH				YEAR TO DATE			
	ACTUAL	BUDGET	$ VARIANCE	% VAR	ACTUAL	BUDGET	$ VARIANCE	% VAR
PATIENT REVENUE								
HEALTH CARE CENT	556,220	387,702	168,518	43	5,082,522	4,154,432	928,090	22
HOSPICE/HM HEALT	66,183	45,374	20,809	45	713,872	443,937	269,935	60
ASSISTED LIVING	53,296	51,173	2,123	4	541,324	491,861	49,463	10
TOTAL PATIENT	675,700	484,249	191,451	39	6,337,719	5,090,230	1,247,489	24
REVENUE DEDUCTIONS								
C/A	(88,487)	(1,723)	(86,764)	(5035)	(809,294)	(25,788)	(783,506)	(3038)
C/A - HOSPICE	3,310	(908)	4,218	464	(37,180)	(8,902)	(28,278)	(317)
C/A - HOME HEALT	(1,979)	1,719	(3,698)	(215)	(38,160)	16,782	(54,942)	(327)
BAD DEBT	11,346	(4,913)	16,259	330	(7,073)	(49,130)	42,056	85
TOTAL REVENUE	(75,810)	(5,825)	(69,985)	(1201)	(891,709)	(67,038)	(824,671)	(1230)
OTHER OPERATING	49,742	4,033	45,709	1133	126,569	40,330	86,239	213
NET OPERATING	649,632	482,457	167,175	34	5,572,579	5,063,522	509,057	10
OPERATING EXPENSES								
SALARIES	346,077	311,423	(34,654)	(11)	2,905,369	3,051,193	145,823	4
CONTRACT LABOR	132,068	8,493	(123,575)	(1455)	1,087,263	83,286	(1,003,977)	(1205)
BENEFITS	36,985	137,869	100,883	73	715,707	930,906	215,198	23
TRAVEL AND EDUCA	3,027	1,995	(1,032)	(51)	22,799	19,771	(3,028)	(15)
PURCHASED SERVIC	45,519	30,979	(14,540)	(46)	443,681	322,659	(121,022)	(37)
SUPPLIES	41,379	36,216	(5,163)	(14)	400,457	356,047	(44,410)	(12)
RENT/LEASE	9,383	7,243	(2,140)	(29)	64,777	72,326	7,548	10
INSURANCE	19,657	8,863	(10,794)	(121)	130,786	88,630	(42,156)	(47)
DEPRECIATION	162,188	50,351	(111,837)	(222)	1,528,158	503,510	(1,024,648)	(203)
INTEREST	39,009	39,417	407	1	395,301	394,170	(1,131)	(0)
OTHER	1,161	8,610	7,448	86	26,910	79,506	52,595	66
TOTAL OPERATIN	836,457	641,459	(194,998)	(30)	7,721,212	5,902,004	(1,819,208)	(30)
NON OPERATING REV (EXP)								
PROPERTY TAX REV	4,186	3,674	512	13	883,079	741,634	141,445	19
INVESTMENT INCOM	3,085	3,500	(414)	(11)	66,993	35,000	31,993	91
OTHER NON OPERAT	(32,400)	0	(32,400)	(0)	(31,902)	0	(31,902)	(0)
TOTAL NON OPER	(25,128)	7,174	(32,302)	(450)	918,169	776,634	141,535	18
TOTAL EXPENSE	(861,586)	(634,285)	(227,301)	(35)	(6,803,043)	(5,125,370)	(1,677,673)	(32)
NET INCOME	(211,954)	(151,828)	(60,126)	(39)	(1,230,464)	(61,848)	(1,168,616)	(1889)

Senior Care Center Variances

Revenue & Deductions:

Gross Revenue favorable to budget $191K as there were increased volumes for Senior Care Center and Hospice. Revenue deductions unfavorable to budget $70K as the revenue rate for the SCC moved from $292 per day to $366 per for the SCC creating higher deductions for Medicaid.

Labor/Contract Labor:

Unfavorable to budget $154K; salaries were unfavorable $30K and contract labor was unfavorable $124K. Contract labor was unfavorable as shortages in staff for R.Ns, L.P.N.s, and C.N.As dictated more outsourcing. The contract labor services are expected to last throughout the year.

Depreciation:

Depreciation unfavorable $112K as the new building was forecast at 39 years but a review of the project dictated that the project depreciates over the life of the components and not the life of the building, if purchased new.

Other Non-Operating:

Disposal of Assets from the Old SCC Building $32,400.

KEY STATISTICS

	Month-to-Date							Year-to-Date						
	Oct-19	Bgt	Var	% Var	Oct-18	Var	% Var	Oct-19	Bgt	Var	% Var	Oct-18	Var	% Var
Inpatient Days	109	102	7	6.9%	65	44	67.7%	1,138	1,125	13	1.2%	1,111	27	2.4%
Average Daily Census	3.5	3.3	0.2	6.9%	2	1.3	62.3%	5.4	5.3	0.1	1.2%	5.2	0.1	2.4%
Admissions	38	42	(4)	-9.5%	30	8	26.7%	464	451	13	2.9%	444	20	4.5%
Avg. Length of Stay	2.87	2.43	0.44	18.1%	2	0.70	32.4%	2.45	2.49	(0.04)	-1.7%	2.50	(0.05)	-2.0%
Percent Occupancy	14.7%	13.7%	0.9%	6.9%	0	5.6%	62.3%	22.4%	22.1%	0	1.2%	21.8%	0.5%	2.4%
Births	8	13	(5)	-38.5%	6	2	33.3%	99	99	-	0.0%	105	(6)	-5.7%
Swing Bed Days	86	48	38	79.2%	67	19	28.4%	571	478	93	19.5%	480	91	19.0%
Observation Patients	22	40	(18)	-45.0%	20	2	10.0%	379	383	(4)	-1.0%	312	67	21.5%
Lab Exams	7,994	8,132	(138)	-1.7%	7,657	337	4.4%	83,807	80,731	3,076	3.8%	75,598	8,209	10.9%
EMS Patients	71	64	7	10.9%	107	(36)	-33.6%	839	758	81	10.7%	729	110	15.1%
ER Visits	537	555	(18)	-3.2%	478	59	12.3%	5,957	6,114	(157)	-2.6%	5,716	241	4.2%
Cardiopulmonary Exams	602	429	173	40.3%	492	110	22.4%	6,500	5,412	1,088	20.1%	5,562	938	16.9%
X-Ray Exams	494	515	(21)	-4.1%	569	(75)	-13.2%	6,129	6,364	(235)	-3.7%	5,944	185	3.1%
Ultrasound Exams	198	220	(22)	-10.0%	177	21	11.9%	1,847	1,864	(17)	-0.9%	1,818	29	1.6%
Mammo Exams	219	244	(25)	-10.2%	265	(46)	-17.4%	1,629	1,729	(100)	-5.8%	1,753	(124)	-7.1%
CT Scan Exams	293	166	127	76.5%	193	100	51.8%	2,873	2,321	552	23.8%	2,431	442	18.2%
MRI Exams	118	120	(2)	-1.7%	135	(17)	-12.6%	1,321	1,314	7	0.5%	1,201	120	10.0%
Physical Therapy Patients	789	550	239	43.5%	722	67	9.3%	7,670	5,941	1,729	29.1%	6,095	1,575	25.8%
Physical Therapy Modalities	2,077	1,572	505	32.1%	1,950	127	6.5%	19,506	17,026	2,480	14.6%	16,509	2,997	18.2%
CB Clinic Patients	169	129	40	31.0%	129	40	31.0%	2,271	1,717	554	32.3%	1,927	344	17.9%
CB Clinic Modalities	464	440	24	5.5%	362	102	28.2%	6,252	5,536	716	12.9%	5,276	976	18.5%
Occup Therapy Patients	153	121	32	26.4%	147	6	4.1%	917	1,124	(207)	-18.4%	1,140	(223)	-19.6%
Occup Therapy Modalities	351	196	155	79.1%	378	(27)	-7.1%	2,328	2,464	(136)	-5.5%	3,010	(682)	-22.7%
Surgery - Inpatient	23	19	4	21.1%	25	(2)	-8.0%	212	201	11	5.5%	197	15	7.6%
Surgery - Outpatient	71	63	8	12.7%	58	13	22.4%	683	708	(25)	-3.5%	670	13	1.9%
Scopes	27	36	(9)	-25.0%	33	(6)	-18.2%	359	387	(28)	-7.2%	352	7	2.0%
Surgeries - Total	121	118	3	2.5%	116	5	4.3%	1,254	1,296	(42)	-3.2%	1,219	35	2.9%
Outpatient visits	4,493	4,070	423	10.4%	4,379	114	2.6%	47,565	45,221	2,344	5.2%	45,092	2,473	5.5%
Imaging	1,322	1,265	57	4.5%	1,340	(18)	-1.3%	14,825	14,745	80	0.5%	14,371	454	3.2%
Laboratory	1,348	1,359	(11)	-0.8%	1,286	62	4.8%	13,802	14,115	(313)	-2.2%	13,939	(137)	-1.0%

Gunnison Valley Health System – 2020 Budget Overview and variance to 2019 Projected Income Statement

Gross Patient Revenue

Gross Patient Revenue is expected to increase in 2020 by $6.9M to a total of $110.4M. The majority of increase is being generated by the hospital (+$6.8M). Approx. $3.4M of the revenue increase for the hospital is due to an average volume growth of 3.4%. Inpatient volumes and Surgery volume are budgeted to be flat in 2020 while Outpatient volumes are budgeted to increase and average of 5.1%. The remaining $3.6M increase Gross Patient Revenue for the hospital is due to an average rate increase of 3.5%. The Senior Care Center's 2020 revenue is increasing by $156k due to a 1 day increase in the average daily census of the Senior Care Center to 47.

Contractual Allowances

Contractual allowances are expected to increase by $3.1M due to the increase in Gross Patient Revenue. The Contractual allowance % for FY 2020 has been budgeted at 42.9% compared to the FY 2019 projected contractual allowance % of 42.7%. We are not anticipating any significant change in payor mix for FY 2020. A significant increase in Medicare or Medicaid volumes would result in a higher average contractual allowance %.

Other Operating Income

Other Operating Income is expected to increase by $182k in FY 2020. This is being driven by an improvement in the Colorado Provider Fee for the Senior Care Center of $272k offset by a decrease in Misc. Income, events and the sale of equipment (SCC in FY19) of $90k.

Operating Expenses

Total Operating expenses are expected to increase $4.4M in FY2020 to $57.5M.

Salaries, Wages and Benefits (Including Contractors) are expected to increase $3.4M in FY 2020. The increase in salary, wages and benefits is made up of the following:

- Full Year salaries and benefits for FTE increases in FY 2019 and open positions as of Sept. 2019 totaling $1.1M
- 13.55 new FTE positions in FY 2020 totaling $0.9M;
- 3% Merit increase totaling $0.9M and
- Health System wide employee Living Wage and CNA Wage increase $0.4M.

Note: Existing Contract FTEs were budgeted as expected hires in FY2020 and we included only the expected premium we pay locums under the Contract Labor cost in FY2020. We currently have approx.

16 contract CNAs at the Senior Care Center. For 2020 we estimated that we would reduce the contract CNAs by 50% by 12/31/20.

Physician Pro-Fees are expected to increase $0.4M in FY 2020 driven by Dr. Campbell, Radiology and Orthopedics.

Travel & Education is expected to increase $0.2M in FY 2020. The increase is related to higher travel costs for remote workers ($30k) and planned education for Staff ($170k - primarily nursing). The FY 2020 budget is about $90k more than the FY2019 budget.

Supplies are expected to increase $0.4M (4.8%) in FY 2020. This is primarily due to expected price increases for drugs and medical supplies.

Other Operating Expenses (Purchased Services, Insurance, Depreciation, Etc.) are expected to have a net $0.0M change in FY 2020.

Non-Operating Income/ (Expenses)

Over-all Non-Operating Income / (Expenses) are expected to increase $23k in FY2020. Grant income is expected to increase $141k due to a planned State grant of $128k to fund half o the New Ambulance planned in the capital budget offset by a decrease in Investment Income and Property taxes of $143k.

Note: The Investment Income for FY 2020 only includes expected Interest income and does not include any potential market gains and losses which might temporarily impact investment income.

Total Income

Total Income is expected to decrease $0.4M in FY2020 to $7.9M (Profit Margin of 12.5%) compared to the FY 2019 projected Total Income of $8.3M (Profit Margin of 14.0%).