



TAHOE FOREST HOSPITAL DISTRICT

2016-05-23 Board Finance Committee Meeting

Monday, May 23, 2016 at 2:00 p.m.

Tahoe Conference Room - Tahoe Forest Hospital

10054 Pine Avenue, Truckee, CA 96161

Meeting Book - 2016-05-23 Board Finance Committee Meeting

05/23/16 Finance Committee

AGENDA

2016-05-23 Finance Committee_Agenda.pdf Page 3

ITEMS 1 - 4: See Agenda

5. APPROVAL OF MINUTES

2016-04-25 Finance Committee_DRAFT Minutes.pdf Page 4

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Financial Reports

6.1.1. Financial Report April 2016.pdf Page 11

6.1.2. Quarterly Review of MSC.pdf Page 24

6.1.3. Quarterly Review of Truckee Surgery Center, LLC
Materials have not been received at this time. CFO may pull item from the agenda.

6.1.4. 2017 Budget Update

6.2. Board Education and Updates

6.2.1. Outmigration Strategy Update

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

No related materials.

8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING / 9. NEXT MEETING DATE

8. Agenda Input for Next Finance Meeting and 9. Next Meeting Date.pdf Page 32

10. ADJOURN



FINANCE COMMITTEE AGENDA

Monday, May 23, 2016 at 2:00 p.m.
Tahoe Conference Room, Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA

1. CALL TO ORDER

2. ROLL CALL

Dale Chamblin, Chair; John Mohun, Board Member

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

4. INPUT – AUDIENCE

This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

5. APPROVAL OF MINUTES OF: 04/25/2016 ATTACHMENT

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Financial Reports

- 6.1.1. Financial Report – April 2016..... ATTACHMENT
- 6.1.2. Quarterly Review of Multi-Specialty Clinics..... ATTACHMENT
- 6.1.3. Quarterly Review of Truckee Surgery Center, LLC..... ATTACHMENT*
- 6.1.4. 2017 Budget Update

6.2. Board Education and Updates

- 6.2.1. Outmigration Strategy Update

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING..... ATTACHMENT

9. NEXT MEETING DATE ATTACHMENT

10. ADJOURN

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District’s public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.



FINANCE COMMITTEE

DRAFT MINUTES

Monday, April 25, 2016 at 1:00 p.m.
Tahoe Conference Room, Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA

1. CALL TO ORDER

Meeting was called to order at 1:00 p.m.

2. ROLL CALL

Board: John Mohun, Board Member; Chuck Zipkin, Board Member

Staff: Harry Weis, CEO; Crystal Betts, CFO; Judy Newland, CNO; Jaye Chasseur, Controller; Martina Rochefort, Clerk of the Board

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

Item 6.2.2. will be heard first to accommodate the presenter's schedule.

4. INPUT – AUDIENCE

No public comment was received.

5. APPROVAL OF MINUTES OF: 03/22/2016

The third paragraph of item 6.1.3. was revised to read as "CFO provided the analysis to give Board Members information when speaking with the public. Approximately 7.6% percent is received from property tax revenue as a % of total expenses including depreciation and interest expense. Approximately half of property tax revenue received (the restricted portion) goes towards the GO Bond debt service payment and the rest is used for operating expenses for Wellness Neighborhood, capital needs, other debt payments, and any other needs of the District."

"Misnomer" was changed to "possible misunderstanding" in the second paragraph of item 6.1.3.

Director Zipkin moved to approve the March 22, 2016 Finance Committee minutes with the changes discussed above, seconded by Direct Mohun.

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Financial Reports

6.1.1. Financial Report – March 2016 Quarterly Packet

CFO reviewed the March 2016 financial report.

CFO highlighted that cash is up. S&P Days Cash on Hand is 191.8.

Cash collections exceeded target by 10%, Accounts Payable increase \$502,000 and the District received reimbursement of February Measure C projects. The net decrease in cash resulted in \$5,000,000 being transferred out of the District's operating account and into the District's cash reserve fund at LAIF.

Patient Accounts Receivable did increase by \$130,000. Patient AR days went down to 54.7 days which is positive movement.

The GO Bond Project fund is winding down with \$3,900,000 remaining.

The Medi-Cal cost report for FY14 was reconciled which resulted in a decrease of money due to the State for this fiscal year.

CFO reviewed the Statement of Net Position Key Financial Indicators.

AR over 120 days (including payment plan, legal and charitable balances) is meeting target at 18% but when payment plan, legal and charitable balances are removed Accounts Receivable over 120 days drops just below target at 14%.

Other indicators are looking good.

Debt Service Coverage days are down and look great.

CFO reviewed the Statement of Revenues, Expenses and Changes in Net Position.

March was a great month. Ancillary Service revenue exceeded budget. There were very few departments that did not exceed budget. Outpatient volumes were very strong. The following departments had outpatient volumes that exceeded budget: Emergency Department visits, Home Health visits, Endoscopy procedures, Laboratory tests, Diagnostic Imaging, Mammography, Oncology procedures, Radiation Oncology procedures, MRI exams, ultrasounds, Cat Scans, PET CT, Pharmacy units, Oncology Pharmacy units, Physical Therapy, Speech Therapy, and Occupational Therapy.

Denial management is a challenge with CPSI. Jacobus helped the District change tables to better capture denials, but data is still limited. We are changing clearinghouses which will help us capture better data and will be able to help us target denials.

Payor mix showed a 7.7% increase in Commercial insurance.

The District was \$3,240,598 over budget in Total Operating Revenue. The pickup was because of the shift in commercial payors.

Professional fees and supplies were over budget. Supply costs are expected to be over budget with the increase volumes.

MSC physicians were paid WRVU bonuses.

Director Mohun departed the meeting at 1:45pm

Director Mohun returned to the meeting at 1:47pm

Director Zipkin commented that MRI outpatient exams have remained stable for the last 10 years. The trend does not suggest outmigration.

CEO met with the Radiologists. The Radiologist indicate a large number of the MRI's done here are retakes of other MRI's.

The ICU has had the biggest number of changes. Dr. Kitts' reduction in services with his particular skill set created a hole as he performed thoracic surgery and we no longer have that service offered anymore.

Traumas go straight to Renown Medical Center.

Medicare requires Critical Access Hospital to transfer a patient if they are not going to be out within 96 hours.

Passport software is being implemented so the District can provide patient estimates. TFHD will have a cash price when patients inquire about one. TFHD provides a charge when patients call asking for an estimate; however, there is a need to clarify to patients their portion owed may be different based on insurance coverage.

Director Mohun departed the meeting at 2:01 pm.

Director Mohun departed the meeting at 2:03 pm.

CFO reviewed the Statement of Cash Flows.

CFO has begun modifying the capital layout for the last few months of fiscal year. The biggest adjustment was on the IVCH building project because it will hit in the next fiscal year.

IVCH volumes were also higher than budget.

6.1.2. Quarterly Review Financial Status of Separate Entities

The Quarterly Review of Separate Entities highlight nine months of information.

Home Health and Hospice are viewed combined. The Board decided combined the entities could not have a loss of more than \$200,000.

The Children's Center Net Operating Revenue was \$95,660 over budget (before deducting employee discounts). Net income is \$83,343 over budget.

Net Operating Revenue for Occupational Health (workers comp only) is on track with this time last year. Occupational Health is showing a net loss of \$54,485.

The Health Clinic has a loss of \$279,174 but is operating \$10,241 over budget. It would see higher reimbursement if it were to become a Rural Health Clinic (RHC). An RHC must be located in OSHPD III space which the District does not currently have available. Medical Office Building (MOB) spaces are grandfathered. The District is still looking at having a Rural Health Clinic because the demand warrants it. There is a potential to move Pediatrics to a larger space on the 3rd floor in the future and have an RHC in their new space.

Under the Retail Pharmacy entity, CFO highlighted the Employee Drug Plan. The District pays out \$608,155 for prescriptions; however, \$470,603 is captured through Retail Rx, making the Net Plan Costs equal to \$137,552. The District would otherwise have to pay \$608,155 so there is still a benefit by having retail pharmacy.

Center for Health and Sports Performance Therapy Services were \$194,321 better than budget. The Fitness Center is \$32,954 less than budget and is mostly used by employees so there may be a future adjustment in hours. HP/Education/Wellness will be combined in the future with the Wellness Neighborhood.

Medical Oncology has a loss of \$799,900 but is \$389,108 better than budget and also showing better numbers than this time last year.

MSC Medical Oncology (Professional Fees) are \$29,431 under budget.

Radiation Oncology is much busier than last year and showing \$426,079 better than budget.

MSC Radiation Oncology (Professional Fees) has improved and is \$73,903 better than budget.

Oncology Lab has a loss of \$28,505 but operating \$9,123 better than budget. Oncology Lab is necessary for continuity for care.

Oncology Drugs are variable due to changes in treatment doses.

PET CT is down a little from last year.

Overall, the total Cancer Program has a net income of \$6,797,239 and is \$1,336,320 better than budget.

6.1.3. Quarterly Review of Revenue Payor Mix

CFO reviewed the Quarterly Review of Revenue Payor Mix.

On Gross Revenue Payor Mix Trending chart, the chart label on the far right should read March 2016, not September 2015. CFO will get an update file for the portal.

The Gross Revenue Payor Mix Trending chart shows inpatient and outpatient revenue combined.

In the third quarter of FY16, the District saw a jump in Commercial payors, a decrease in Medicare payors and a slight increase in Medi-Cal.

6.1.4. TIRHR Expenditure Report

CFO highlighted the balance remaining on the TIRHR Letter of Credit is \$86,833.

Discussion was held about the need to monetize projects.

The District would have to write off original amount of Letter of Credit if no additional money were given to TIRHR and no projects were ever monetized.

6.2. Board Education and Updates

6.2.1. GO Bond Refinancing Update

CFO discussed the outcome of refunding of the 2010 General Obligation (GO) Bonds. The bonds went to market early and were successful.

A marketing letter went out to the public to highlight the savings to taxpayers.

The final numbers were as follows:

1. Net Savings: \$10,617,909
2. Net Present Value Savings: \$7,719,547
3. Net Present Value Savings as a percentage of the par amount of the 2010 Bonds outstanding: 18.043%
4. Equates to an approximate \$424,000 savings per year for the remaining term of the Bonds.
5. The new principal of the 2016 Bonds is \$45,110,000. This is higher than the outstanding principal of the 2010 Bonds due to the addition of the cost of issuances and negative arbitrage.
6. The 2016 Bonds have the same final maturity as the 2010 Bonds: August 1, 2040
7. The 2016 Bonds have interest rates ranging from 2.0% to 5.0%.
8. The 2016 Bonds will close on May 5, 2016.
9. The 2010 Bonds will be redeemed on August 1, 2018.

6.2.2. Insurance: Companies, Coverage Types, Coverage Limits

Item 6.2.2. was heard after Item 5. to accommodate staff schedule.

Carl Blumberg joined the meeting at 1:11 p.m.

Mr. Blumberg put together responses to Director Chamblin's questions from the previous meeting.

Director Chamblin inquired about Business Interruption coverage. Business Interruption coverage is based on an equation performed by the insurance carrier. The District has \$18,500,000 in coverage.

Discussion was held on cyber coverage. Director Zipkin inquired if the District's coverage paid for ransom. Mr. Blumberg indicated that the District's policy would cover ransom.

Mr. Blumberg stated there are no holes in our coverage related to privacy breaches.

Director Zipkin asked about fiduciary coverage for Board Members. Mr. Blumberg confirmed board members are covered.

Workers compensation is administered by Human Resources.

Carl Blumberg departed the meeting at 1:25 p.m.

6.2.3. ClearBalance Patient Payment Plan Program

CFO provided an update on the Clear Balance payment plan program. The program had been put on hold until new Director of Revenue Cycle was hired.

The first step with ClearBalance is an outreach program. The payment plan program offers no interest to the patient. Patients must be 18 years of age, have a valid SSN, Alien ID or passport, and have a street address.

Two examples were provided to show how the District receives money upfront after ClearBalance charges a servicer fee and interest fee. An 8.00% servicer fee and 11.00% discount rate are guaranteed for the first year and then the rate will be based on volume.

A lot of effort is required for the District to administer payment plans. CFO wanted to be sure the customer service provided by ClearBalance properly represented the District as a previous company utilized for self-pay billing did not provide good customer service.

ClearBalance has a low default rate.

6.2.4. 2017 Budget Update

CFO and Controller are fine tuning the FTEs. Adjustments are being made to the volumes. An effort is being made to try and make Endoscopy more competitive.

CFO is targeting June 20, 2016 for the Special Board Meeting on the budget.

6.2.5. Cash Investment Options

CFO sent the District's investment policy and related regulations to Scott Cameron of Multnomah Group. There are no "off the shelf" products that meet the District's needs.

Mr. Cameron advised when the District has \$75,000,000 in cash to invest to consider doing an RFP for an investment manager.

6.2.6. Outmigration Strategy

CFO provided an update on the outmigration efforts being made. KaufmanHall is currently compiling data. The report from KaufmanHall is still 60 days out.

Administration is working on a retail pricing strategy and has data requests out.

Discussion was held regarding primary service area versus secondary service area.

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

-Report at the Board Meeting on the date for the Special Meeting.

8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING

No discussion was held.

9. NEXT MEETING DATE

The next Finance Committee meeting was set for May 23, 2016 at 2:00 p.m.

10. ADJOURN

Meeting adjourned at 3:12 p.m.

DRAFT

**TAHOE FOREST HOSPITAL DISTRICT
APRIL 2016 FINANCIAL REPORT
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Board of Directors
Of Tahoe Forest Hospital District

APRIL 2016 FINANCIAL NARRATIVE

The following is a financial narrative analyzing financial and statistical trends for the ten months ended April 30, 2016.

Activity Statistics

- ❑ TFH acute patient days were 291 for the current month compared to budget of 372. This equates to an average daily census of 9.70 compared to budget of 12.40.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Endoscopy procedures, Diagnostic Imaging, Oncology procedures, Nuclear Medicine exams, MRI exams, Cat Scans, PET CT, Pharmacy units, Oncology Pharmacy units, Physical Therapy, Speech Therapy, and Occupational Therapy.
- ❑ TFH Outpatient volumes were below budget in the following departments by at least 5%: Home Health visits, Surgery cases, Oncology Lab, and Respiratory Therapy.

Financial Indicators

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 53.8% in the current month compared to budget of 53.2% and to last month's 59.4%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 57.9%, compared to budget of 53.3% and prior year's 55.8%.
- ❑ EBIDA was \$(1,024,407) (-6.4%) for the current month compared to budget of \$(344,231) (-2.2%), or \$680,176 (4.2%) below budget. Year-to-date EBIDA was \$14,307,875 (7.8%) compared to budget of \$2,667,594 (1.5%) or \$11,640,281 (6.3%) above budget.
- ❑ Cash Collections for the current month were \$10,050,508 which is 81% of targeted Net Patient Revenue.
- ❑ Gross Days in Accounts Receivable were 55.0, compared to the prior month of 54.7. Gross Accounts Receivables are \$30,385,708 compared to the prior month of \$33,074,937. The percent of Gross Accounts Receivable over 120 days old is 21.1%, compared to the prior month of 18.0%.

Balance Sheet

- ❑ Working Capital Days Cash on Hand is 38.1 days. S&P Days Cash on Hand is 192.2. Working Capital cash increased \$359,000. Cash collections fell short of target by 19%, the District received reimbursement of \$640,206 for funds advanced on March Measure C projects, Accounts Payable decreased \$322,000 and Accrued Payroll & Related Costs also decreased \$437,000.
- ❑ Net Patients Accounts Receivable decreased approximately \$3,314,000. Cash collections were at 81% of target and days in accounts receivable were 55.0 days, a .30 days increase. Cash collections on hospital accounts increased in April over March and revenues were substantially lower in April over March helping to decrease the District's net Accounts Receivable position.
- ❑ GO Bond Project Fund decreased \$640,206 after reimbursing the District for funds advanced on the March Measure C Projects.
- ❑ Accounts Payable decreased \$322,000 due to the timing of the final check run in April.
- ❑ Accrued Payroll & Related Costs decreased \$437,000 as a result of fewer days being accrued in April.

Operating Revenue

- ❑ Current month’s Total Gross Revenue was \$15,979,513, compared to budget of \$15,870,524 or \$108,989 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$4,646,800, compared to budget of \$5,484,044 or \$837,244 below budget.
- ❑ Current month’s Gross Outpatient Revenue was \$11,332,713 compared to budget of \$10,386,480 or \$946,233 above budget. Volumes were up in some departments and down in others. See TFH Outpatient Activity Statistics above.
- ❑ Current month’s Gross Revenue Mix was 31.4% Medicare, 20.8% Medi-Cal, .0% County, 2.1% Other, and 45.7% Insurance compared to budget of 36.7% Medicare, 18.8% Medi-Cal, .0% County, 3.6% Other, and 40.9% Insurance. Last month’s mix was 32.3% Medicare, 16.5% Medi-Cal, .0% County, 3.7% Other, and 47.5% Insurance.
- ❑ Current month’s Deductions from Revenue were \$7,390,533 compared to budget of \$7,423,703 or \$33,170 under budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 5.25% decrease in Medicare, a 1.95% increase to Medi-Cal, a .02% decrease in County, a 1.45% decrease in Other, and Commercial was above budget 4.77%, and 2) Revenues exceeded budget by .7%.

Operating Expenses

DESCRIPTION	April 2016 Actual	April 2016 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	3,952,531	3,490,751	(461,779)	
Employee Benefits	1,028,544	1,142,741	114,196	
Benefits – Workers Compensation	53,972	60,541	6,568	
Benefits – Medical Insurance	1,007,638	750,099	(257,540)	
Professional Fees	1,485,907	1,336,528	(149,379)	Legal services, Physician Alignment services, contract oversight, FMV/Commercial Reasonableness analyses provided to Administration, accrual of physician RVU bonuses, an increase in OP and IP Therapy Services volumes, physician recruitment services, Financial and Strategic Planning services provided to Financial Administration, managed care contract consulting, and Locums coverage in the Emergency department created a negative variance in Professional Fees.
Supplies	1,429,352	1,203,861	(225,491)	Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues exceeded budget by 14.6% and small equipment needs to relocate the MSC Surgery and MSC Gastroenterology physicians created a negative variance in Supplies.
Purchased Services	797,507	829,968	32,461	Reduction in The Center management oversight, contracted services for personal training and fitness classes, and collection agency fees in Patient Financial Services came in below budget, creating a positive variance in Purchased Services.
Other Expenses	458,020	579,054	121,034	Positive variance in Other Expenses related to Board education and travel that did not transpire and expenses related to MSC Administration, Wellness Neighborhood, community Health, the GUGC event, and Quality fell short of budget estimations.
Total Expenses	10,213,471	9,393,543	(819,929)	

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
APRIL 2016

	Apr-16	Mar-16	Apr-15	
ASSETS				
CURRENT ASSETS				
* CASH	\$ 12,562,588	\$ 12,203,372	\$ 10,064,155	1
PATIENT ACCOUNTS RECEIVABLE - NET	14,157,958	17,471,594	12,895,007	2
OTHER RECEIVABLES	5,250,138	4,811,471	4,581,942	
GO BOND RECEIVABLES	660,017	269,244	1,042,952	
ASSETS LIMITED OR RESTRICTED	4,993,755	4,984,503	5,725,402	
INVENTORIES	2,352,542	2,317,862	2,511,235	
PREPAID EXPENSES & DEPOSITS	1,436,949	1,325,918	1,504,357	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	3,475,167	3,398,822	4,257,788	
TOTAL CURRENT ASSETS	44,889,114	46,782,786	42,582,837	
NON CURRENT ASSETS				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	50,888,997	50,834,718	40,730,601	1
BANC OF AMERICA MUNICIPAL LEASE	979,155	979,155	2,295,723	
TOTAL BOND TRUSTEE 2002	2	2	2	
TOTAL BOND TRUSTEE 2006	970,790	893,144	3,186,866	
TOTAL BOND TRUSTEE GO BOND	-	-	-	
GO BOND PROJECT FUND	3,259,656	3,899,862	13,612,840	3
GO BOND TAX REVENUE FUND	1,361,348	1,361,348	549,282	
BOARD DESIGNATED FUND	-	-	2,297	
DIAGNOSTIC IMAGING FUND	2,979	2,976	2,969	
DONOR RESTRICTED FUND	1,139,848	1,271,595	1,093,240	
WORKERS COMPENSATION FUND	10,713	2,690	20,529	
TOTAL	58,613,488	59,245,489	61,494,349	
LESS CURRENT PORTION	(4,993,755)	(4,984,503)	(5,725,402)	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	53,619,733	54,260,986	55,768,947	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	202,785	202,785	393,277	
PROPERTY HELD FOR FUTURE EXPANSION	836,353	836,353	836,353	
PROPERTY & EQUIPMENT NET	126,615,576	126,974,128	128,929,380	
GO BOND CIP, PROPERTY & EQUIPMENT NET	30,196,028	29,223,350	19,540,737	
TOTAL ASSETS	256,359,589	258,280,390	248,051,531	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	549,504	552,736	588,292	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	2,071,949	2,071,949	2,013,085	
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	1,939,944	1,947,582	-	
GO BOND DEFERRED FINANCING COSTS	300,807	301,991	-	
DEFERRED FINANCING COSTS	214,297	215,337	-	
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ 5,076,502	\$ 5,089,596	\$ 2,601,377	
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 5,271,995	\$ 5,593,616	\$ 5,458,608	4
ACCRUED PAYROLL & RELATED COSTS	7,288,468	7,725,702	7,286,135	5
INTEREST PAYABLE	391,158	290,600	516,530	
INTEREST PAYABLE GO BOND	1,070,911	709,886	1,169,293	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	300,682	300,682	512,695	
HEALTH INSURANCE PLAN	1,307,731	1,307,731	997,635	
WORKERS COMPENSATION PLAN	404,807	404,807	1,006,475	
COMPREHENSIVE LIABILITY INSURANCE PLAN	824,203	824,203	890,902	
CURRENT MATURITIES OF GO BOND DEBT	530,000	530,000	315,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	2,323,994	2,323,994	2,300,830	
TOTAL CURRENT LIABILITIES	19,713,947	20,011,221	20,454,103	
NONCURRENT LIABILITIES				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	29,804,919	29,908,944	33,282,248	
GO BOND DEBT NET OF CURRENT MATURITIES	100,001,378	100,005,320	98,130,000	
DERIVATIVE INSTRUMENT LIABILITY	2,071,949	2,071,949	2,013,085	
TOTAL LIABILITIES	151,592,193	151,997,434	153,879,436	
NET ASSETS				
NET INVESTMENT IN CAPITAL ASSETS	108,704,050	110,100,956	95,680,232	
RESTRICTED	1,139,848	1,271,595	1,093,240	
TOTAL NET POSITION	\$ 109,843,898	\$ 111,372,552	\$ 96,773,472	

* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF NET POSITION
APRIL 2016

1. Working Capital is at 38.1 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 192.2 days. Working Capital cash increased \$359,000. Cash collections fell short of target by 19%, the District received reimbursement of \$640,206 for funds advanced on March Measure C projects (See Note 3), Accounts Payable decreased \$322,000 (See Note 4), and Accrued Payroll & Related Costs decreased \$437,000 (See Note 5).
2. Net Patient Accounts Receivable decreased approximately \$3,314,000. Cash collections were 81% of target. Days in Accounts Receivable are at 55.0 days compared to prior months 54.7 days, a .30 days increase. Cash collections on hospital accounts were higher in April over March and revenues were substantially lower in April over the previous month which aided in the decrease of the District's net Patient Accounts Receivable.
3. GO Bond Project Fund decreased \$640,206 after reimbursing the District for funds advanced on the March Measure C projects.
4. Accounts Payable decreased \$322,000 due to the timing of the final check run in April.
5. Accrued Payroll & Related Costs decreased \$437,000 as a result of fewer days being accrued at the close of April.

**Tahoe Forest Hospital District
Cash Investment
April 2016**

WORKING CAPITAL			
US Bank	\$ 12,350,741		
US Bank/Kings Beach Thrift Store	59,088		
US Bank/Truckee Thrift Store	152,759		
Wells Fargo Bank			
Local Agency Investment Fund	<u> -</u>	0.53%	
Total			\$ 12,562,588
 BOARD DESIGNATED FUNDS			
US Bank Savings	\$ -	0.03%	
Capital Equipment Fund	<u> -</u>		
Total			\$ -
Building Fund	\$ -		
Cash Reserve Fund	<u>50,888,997</u>	0.53%	
Local Agency Investment Fund			\$ 50,888,997
Banc of America Muni Lease			\$ 979,155
Bonds Cash 2002			\$ 2
Bonds Cash 2006			\$ 970,790
Bonds Cash 2008			\$ 4,621,003
DX Imaging Education	\$ 2,979	0.53%	
Workers Comp Fund - B of A	10,713		
Insurance			
Health Insurance LAIF	-	0.53%	
Comprehensive Liability Insurance LAIF	<u> -</u>	0.53%	
Total			<u>\$ 13,692</u>
TOTAL FUNDS			\$ 70,036,228
 RESTRICTED FUNDS			
Gift Fund			
US Bank Money Market	\$ 8,368	0.03%	
Foundation Restricted Donations	\$ 98,331		
Local Agency Investment Fund	<u>1,033,149</u>	0.53%	
TOTAL RESTRICTED FUNDS			<u>\$ 1,139,848</u>
TOTAL ALL FUNDS			<u><u>\$ 71,176,076</u></u>

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
APRIL 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD	
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%	APR 2015	
OPERATING REVENUE										
\$ 15,979,513	\$ 15,870,524	\$ 108,989	0.7%		\$ 183,630,994	\$ 174,899,917	\$ 8,731,077	5.0%	1	\$ 171,023,849
Total Gross Revenue										
Gross Revenues - Inpatient										
\$ 1,502,883	\$ 1,776,776	\$ (273,893)	-15.4%		\$ 17,068,321	\$ 18,076,360	\$ (1,008,039)	-5.6%		\$ 16,969,649
3,143,917	3,707,267	(563,350)	-15.2%		36,664,140	39,597,930	(2,933,790)	-7.4%		39,358,433
4,646,800	5,484,044	(837,244)	-15.3%		53,732,461	57,674,290	(3,941,829)	-6.8%	1	56,328,082
Total Gross Revenue - Inpatient										
11,332,713	10,386,480	946,233	9.1%		129,898,533	117,225,627	12,672,906	10.8%		114,695,767
11,332,713	10,386,480	946,233	9.1%		129,898,533	117,225,627	12,672,906	10.8%	1	114,695,767
Total Gross Revenue - Outpatient										
Deductions from Revenue:										
6,386,539	6,527,514	140,976	2.2%		72,992,470	71,767,508	(1,224,962)	-1.7%	2	67,070,048
496,358	518,187	21,829	4.2%		5,540,587	5,713,145	172,558	3.0%	2	5,243,315
20,299	-	(20,299)	0.0%		580,655	-	(580,655)	0.0%	2	-
487,337	378,002	(109,335)	-28.9%		(486,435)	4,202,699	4,689,135	111.6%	2	3,037,814
-	-	-	0.0%		(1,295,903)	-	1,295,903	0.0%	2	318,373
7,390,533	7,423,703	33,170	0.4%		77,331,373	81,683,352	4,351,979	5.3%		75,669,550
Total Deductions from Revenue										
69,888	59,098	10,791	18.3%		618,148	603,281	14,866	2.5%		660,773
530,196	543,393	(13,197)	-2.4%		6,911,366	5,544,019	1,367,347	24.7%	3	6,338,407
Property Tax Revenue- Wellness Neighborhood										
Other Operating Revenue										
9,189,065	9,049,312	139,753	1.5%		113,829,135	99,363,865	14,465,269	14.6%		102,353,479
TOTAL OPERATING REVENUE										
OPERATING EXPENSES										
3,952,531	3,490,751	(461,779)	-13.2%		36,063,632	36,268,838	205,207	0.6%	4	34,057,514
1,028,544	1,142,741	114,196	10.0%		12,098,891	11,669,349	(429,542)	-3.7%	4	11,415,021
53,972	60,541	6,568	10.8%		523,931	605,409	81,478	13.5%	4	513,144
1,007,638	750,099	(257,540)	-34.3%		6,659,873	7,500,987	841,114	11.2%	4	7,146,586
1,485,907	1,336,528	(149,379)	-11.2%		15,328,858	13,961,798	(1,367,060)	-9.8%	5	17,351,081
1,429,352	1,203,861	(225,491)	-18.7%		15,031,235	12,846,376	(2,184,859)	-17.0%	6	13,779,380
797,507	829,968	32,461	3.9%		8,850,544	8,727,191	(123,353)	-1.4%	7	8,967,354
458,020	579,054	121,034	20.9%		4,964,296	5,116,323	152,027	3.0%	8	5,569,664
10,213,471	9,393,543	(819,929)	-8.7%		99,521,260	96,696,271	(2,824,988)	-2.9%		98,799,744
TOTAL OPERATING EXPENSE										
(1,024,407)	(344,231)	(680,176)	197.6%		14,307,875	2,667,594	11,640,281	436.4%		3,553,735
NET OPERATING REVENUE (EXPENSE) EBIDA										
NON-OPERATING REVENUE/(EXPENSE)										
382,319	393,109	(10,790)	-2.7%		3,931,272	3,918,785	12,487	0.3%	9	3,827,951
392,691	392,691	-	0.0%		3,929,305	3,926,913	2,392	0.1%		3,939,033
37,709	13,586	24,123	177.6%		298,251	185,980	112,271	60.4%	10	235,082
528	225	302	134.1%		17,127	12,091	5,036	41.6%	10	30,622
19,473	34,671	(15,198)	-43.8%		374,364	346,711	27,653	8.0%	11	408,097
-	-	-	0.0%		(121,610)	(112,500)	(9,110)	0.0%	12	(67,418)
-	-	-	0.0%		-	-	-	0.0%	12	-
-	-	-	0.0%		7,500	-	7,500	0.0%	13	-
-	-	-	0.0%		-	-	-	0.0%	14	-
(856,217)	(855,178)	(1,039)	-0.1%		(8,530,778)	(8,551,781)	21,004	0.2%	15	(7,993,482)
(114,846)	(114,168)	(678)	-0.6%		(1,187,742)	(1,152,692)	(35,050)	-3.0%	16	(1,399,686)
(365,904)	(362,660)	(3,244)	-0.9%		(2,577,931)	(2,490,554)	(87,378)	-3.5%		(3,023,930)
(504,247)	(497,723)	(6,524)	-1.3%		(3,860,243)	(3,917,047)	56,804	1.5%		(4,043,731)
TOTAL NON-OPERATING REVENUE/(EXPENSE)										
\$ (1,528,654)	\$ (841,954)	\$ (686,700)	-81.6%		\$ 10,447,633	\$ (1,249,453)	\$ 11,697,085	936.2%		\$ (489,996)
INCREASE (DECREASE) IN NET POSITION										
NET POSITION - BEGINNING OF YEAR					99,396,265					
NET POSITION - AS OF APRIL 30, 2016					\$ 109,843,898					
-6.4%	-2.2%	-4.2%			7.8%	1.5%	6.3%			2.1%
RETURN ON GROSS REVENUE EBIDA										

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
APRIL 2016

		Variance from Budget	
		Fav / <Unfav>	
		APR 2016	YTD 2016
1) Gross Revenues			
Acute Patient Days were under budget 21.8% or 81 days. Swing Bed days were above budget 55.0% or 11 days. Ancillary revenues fell short of budget by 15.2% due to the decrease in patient days.	Gross Revenue -- Inpatient	\$ (837,244)	\$ (3,938,937)
	Gross Revenue -- Outpatient	946,233	12,670,014
	Gross Revenue -- Total	\$ 108,989	\$ 8,731,077
Outpatient volumes were above budget in the following departments: Emergency Department visits, Endoscopy procedures, Diagnostic Imaging, Oncology procedures, Nuclear Medicine, MRI exams, Ultrasound, Cat Scans, PET CT, Oncology Pharmacy units, Physical Therapy, Speech Therapy, and Occupational Therapy.			
2) Total Deductions from Revenue			
The payor mix for April shows a 5.25% decrease to Medicare, a 1.95% increase to Medi-Cal, 1.45% decrease to Other, a .02% decrease to County, and an 4.77% increase to Commercial when compared to budget. Contractual Allowances were under budget as a result of the payor mix shifting from Medicare to Commercial.	Contractual Allowances	\$ 140,976	\$ (1,224,962)
	Charity Care	21,829	172,558
	Charity Care - Catastrophic	(20,299)	(580,655)
	Bad Debt	(109,335)	4,689,135
	Prior Period Settlements	-	1,295,903
	Total	\$ 33,170	\$ 4,351,979
3) Other Operating Revenue			
IVCH ER Physician Guarantee is tied to collections which exceeded budget in April.	Retail Pharmacy	\$ (15,406)	\$ 112,037
	Hospice Thrift Stores	(13,442)	5,855
	The Center (non-therapy)	(3,488)	1,000
	IVCH ER Physician Guarantee	12,147	183,575
	Children's Center	7,209	116,649
	Miscellaneous	1,034	913,180
	Oncology Drug Replacement	-	-
	Grants	(1,250)	35,050
	Total	\$ (13,197)	\$ 1,367,347
Children's Center revenue exceeded budget by 10.8%.			
4) Salaries and Wages			
Negative variance in Salaries and Wages related to Registry services provided to the Multi-Specialty Clinics and Radiation Oncology, leasing of North Tahoe Orthopedics employees, conversion of independent contractors to employees, and labor associated with the Laboratory software system conversion. This was offset, in part, by a positive pick up in PL/SL.	Total	\$ (461,779)	\$ 205,207
Employee Benefits			
Positive variance in PL/SL was offset, in part, by negative variances in the Salaries and Wages category.	PL/SL	\$ 116,973	\$ (26,627)
	Nonproductive	(19,052)	(193,124)
	Pension/Deferred Comp	-	(7,114)
	Standby	(7,228)	(78,115)
	Other	23,504	(124,563)
	Total	\$ 114,196	\$ (429,542)
Employee Benefits - Workers Compensation	Total	\$ 6,568	\$ 81,478
Employee Benefits - Medical Insurance	Total	\$ (257,540)	\$ 841,114
5) Professional Fees			
Legal services, Physician Alignment services, contract oversight, and FMV/Commercial Reasonableness analyses created a negative variance in Administration.	Administration	\$ (167,264)	\$ (506,312)
	Multi-Specialty Clinics	(41,973)	(434,539)
	The Center (includes OP Therapy)	(27,704)	(314,239)
	TFH/IVCH Therapy Services	(23,875)	(278,041)
Negative variance in Multi-Specialty Clinics related to the booking of accrued physician RVU bonuses.	Miscellaneous	51,024	(219,843)
	Multi-Specialty Clinics Admin	(15,435)	(62,618)
	Financial Administration	(24,813)	(53,612)
Outpatient Therapy Services revenues exceeded budget by 26.0%, creating a negative variance in The Center (includes OP Therapy).	Managed Care	(7,105)	(36,244)
	Home Health/Hospice	(1,000)	(8,108)
	IVCH ER Physicians	(1,315)	(3,019)
TFH/IVCH Therapy Services revenues exceeded budget by 16.4%, creating a negative variance in this category.	Patient Accounting/Admitting	-	-
	Business Performance	-	-
	Respiratory Therapy	(25)	1,075
Physician recruitment services created a negative variance in Multi-Specialty Clinics Administration.	TFH Locums	(9,580)	5,229
	Sleep Clinic	1,284	19,034
	Marketing	2,375	23,750
Financial and Strategic Planning services provided to Financial Administration created a negative variance in this category.	Oncology	9,447	49,306
	Information Technology	39,343	50,653
	Medical Staff Services	21,533	78,816
Consulting services provided for our managed care contract negotiations created a negative variance in Managed Care.	Corporate Compliance	19,508	145,675
	Human Resources	26,196	175,977
Locum services provided to the Emergency Department created a negative variance in TFH Locums.	Total	\$ (149,379)	\$ (1,367,060)

6) Supplies

Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues exceeded budget by 14.6%, creating a negative variance in Pharmacy Supplies.

Purchases of copy paper, Patient Registration supplies, Town Hall supplies, and Wellness Neighborhood supplies created a negative variance in Office Supplies.

Small equipment purchases needed to relocate MSC Surgery and MSC Gastroenterology to the Medical Office Building created a negative variance in Minor Equipment.

Pharmacy Supplies	\$ (230,650)	\$ (1,941,191)
Food	(7,123)	(76,036)
Office Supplies	(12,484)	(70,834)
Patient & Other Medical Supplies	41,740	(70,607)
Minor Equipment	(19,084)	(62,458)
Imaging Film	66	(1,940)
Other Non-Medical Supplies	2,044	38,207
Total	<u>\$ (225,491)</u>	<u>\$ (2,184,859)</u>

7) Purchased Services

Negative variance in Laboratory related to maintenance agreements on Lab equipment located at TFH.

Positive variance in The Center related to a reduction in management oversight and contracted services for personal training and fitness classes.

Pre-employment screenings, Employee Health, and pre-employment health screenings created a negative variance in Human Resources.

Positive variance in Patient Accounting related to collection agency fees falling short of budget.

Miscellaneous	\$ (1,734)	\$ (297,944)
Department Repairs	157	(65,922)
Laboratory	(5,117)	(49,236)
The Center	14,821	(43,654)
Diagnostic Imaging Services - All	8,651	(33,956)
Medical Records	(2,717)	(17,816)
Pharmacy IP	(1,200)	(8,867)
Human Resources	(6,441)	3,754
Community Development	392	3,893
Hospice	2,654	17,850
Multi-Specialty Clinics	(979)	31,048
Patient Accounting	13,134	134,572
Information Technology	10,839	202,923
Total	<u>\$ 32,461</u>	<u>\$ (123,353)</u>

8) Other Expenses

Positive variance in Outside Training & Travel related to Board training that was set in the budget and did not take place this fiscal year.

Recruitment agency fees for an Executive Director for Physician Services created a negative variance in Human Resources Recruitment.

Purchased Services budgeted for MSC Administration, Wellness Neighborhood, Community Health, the GUGC event, and Quality fell short of budget, creating a positive variance in Miscellaneous.

Negative variance in Marketing related to media branding, billboard snipes, and community sponsorships.

Equipment Rent	\$ (1,158)	\$ (58,355)
Outside Training & Travel	32,654	(24,172)
Dues and Subscriptions	(2,010)	(45,651)
Human Resources Recruitment	(5,650)	(29,165)
Multi-Specialty Clinics Bldg Rent	(332)	(13,888)
Other Building Rent	(2,066)	(15,023)
Multi-Specialty Clinics Equip Rent	(18)	(892)
Innovation Fund	-	-
Physician Services	189	1,350
Miscellaneous	102,605	133,254
Insurance	3,744	43,355
Utilities	1,159	66,303
Marketing	(8,083)	94,912
Total	<u>\$ 121,034</u>	<u>\$ 152,027</u>

9) District and County Taxes

Total	<u>\$ (10,790)</u>	<u>\$ 12,487</u>
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10) Interest Income

Total	<u>\$ 24,123</u>	<u>\$ 112,271</u>
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11) Donations

IVCH	\$ (4,333)	\$ (7,677)
Operational	(10,865)	35,330
Capital Campaign	-	-
Total	<u>(15,198)</u>	<u>27,653</u>

12) Gain/(Loss) on Joint Investment

Total	<u>\$ -</u>	<u>\$ (9,110)</u>
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13) Gain/(Loss) on Sale

Total	<u>\$ -</u>	<u>\$ 7,500</u>
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15) Depreciation Expense

Total	<u>\$ (1,039)</u>	<u>\$ 21,004</u>
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16) Interest Expense

Total	<u>\$ (678)</u>	<u>\$ (35,050)</u>
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INCLINE VILLAGE COMMUNITY HOSPITAL
STATEMENT OF REVENUE AND EXPENSE
APRIL 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD		
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%	APR 2015		
OPERATING REVENUE											
\$ 1,296,298	\$ 1,073,398	\$ 222,901	20.8%		Total Gross Revenue	\$ 14,565,964	\$ 12,674,720	\$ 1,891,245	14.9%	1	\$ 12,420,317
Gross Revenues - Inpatient											
\$ 11,649	\$ 3,513	\$ 8,136	231.6%		Daily Hospital Service	\$ 34,247	\$ 31,620	\$ 2,627	8.3%		\$ 33,538
10,493	4,743	5,750	121.2%		Ancillary Service - Inpatient	35,542	48,078	(12,536)	-26.1%		55,135
22,142	8,256	13,886	168.2%		Total Gross Revenue - Inpatient	69,789	79,698	(9,908)	-12.4%	1	88,673
1,274,156	1,065,142	209,015	19.6%		Gross Revenue - Outpatient	14,496,175	12,595,022	1,901,153	15.1%		12,331,644
1,274,156	1,065,142	209,015	19.6%		Total Gross Revenue - Outpatient	14,496,175	12,595,022	1,901,153	15.1%	1	12,331,644
Deductions from Revenue:											
478,219	293,920	(184,299)	-62.7%		Contractual Allowances	4,692,536	3,475,275	(1,217,260)	-35.0%	2	3,526,270
42,819	37,280	(5,539)	-14.9%		Charity Care	485,476	440,826	(44,650)	-10.1%	2	402,565
20,299	-	(20,299)	0.0%		Charity Care - Catastrophic Events	62,781	-	(62,781)	0.0%	2	-
38,845	74,560	35,714	47.9%		Bad Debt	526,216	881,652	355,435	40.3%	2	995,908
-	-	-	0.0%		Prior Period Settlements	(150,715)	-	150,715	0.0%	2	5,409
580,183	405,760	(174,422)	-43.0%		Total Deductions from Revenue	5,616,293	4,797,753	(818,541)	-17.1%	2	4,930,152
75,406	62,985	12,421	19.7%		Other Operating Revenue	841,004	636,300	204,704	32.2%	3	735,040
791,522	730,622	60,900	8.3%		TOTAL OPERATING REVENUE	9,790,674	8,513,266	1,277,408	15.0%		8,225,205
OPERATING EXPENSES											
256,618	231,890	(24,729)	-10.7%		Salaries and Wages	2,523,308	2,598,854	75,546	2.9%	4	2,434,831
75,713	80,383	4,670	5.8%		Benefits	762,472	813,011	50,539	6.2%	4	883,669
2,496	2,490	(6)	-0.2%		Benefits Workers Compensation	23,680	24,903	1,223	4.9%	4	30,946
64,383	47,919	(16,464)	-34.4%		Benefits Medical Insurance	427,795	479,189	51,394	10.7%	4	481,802
228,829	229,801	972	0.4%		Professional Fees	2,320,347	2,315,869	(4,478)	-0.2%	5	2,096,900
59,304	46,928	(12,375)	-26.4%		Supplies	743,140	521,701	(221,438)	-42.4%	6	516,501
45,531	42,495	(3,037)	-7.1%		Purchased Services	413,171	417,224	4,053	1.0%	7	399,166
47,446	52,940	5,494	10.4%		Other	579,948	520,256	(59,691)	-11.5%	8	497,742
780,320	734,846	(45,475)	-6.2%		TOTAL OPERATING EXPENSE	7,793,859	7,691,007	(102,852)	-1.3%		7,341,557
11,202	(4,223)	15,425	-365.2%		NET OPERATING REV(EXP) EBIDA	1,996,815	822,259	1,174,556	142.8%		883,648
NON-OPERATING REVENUE/(EXPENSE)											
-	4,333	(4,333)	-100.0%		Donations-IVCH	35,656	43,333	(7,677)	-17.7%	9	22,091
-	-	-	0.0%		Gain/ (Loss) on Sale	-	-	-	0.0%	10	-
(58,359)	(58,359)	0	0.0%		Depreciation	(557,662)	(583,594)	25,932	-4.4%	11	(534,668)
(58,359)	(54,026)	(4,333)	-8.0%		TOTAL NON-OPERATING REVENUE/(EXP)	(522,006)	(540,261)	18,255	3.4%		(512,577)
\$ (47,157)	\$ (58,249)	\$ 11,092	-19.0%		EXCESS REVENUE(EXPENSE)	\$ 1,474,809	\$ 281,999	\$ 1,192,810	423.0%		\$ 371,071
0.9%	-0.4%	1.3%			RETURN ON GROSS REVENUE EBIDA	13.7%	6.5%	7.2%			7.1%

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
APRIL 2016**

		<u>Variance from Budget</u>	
		<u>Fav<Unfav></u>	
		<u>APR 2016</u>	<u>YTD 2016</u>
1) <u>Gross Revenues</u>			
Acute Patient Days were above budget by 2 at 3 and Observation Days were at budget at 1.	Gross Revenue -- Inpatient	\$ 13,886	\$ (9,908)
	Gross Revenue -- Outpatient	209,015	1,901,153
		<u>\$ 222,901</u>	<u>\$ 1,891,245</u>
Outpatient volumes were above budget in Emergency Department visits, Surgical cases, Laboratory tests, Radiology exams, Cat Scans, and Pharmacy units.			
2) <u>Total Deductions from Revenue</u>			
We saw a shift in our payor mix with an .19% increase in Commercial Insurance, a 2.66% decrease in Medicare, a 6.08% increase in Medicaid, a 3.60% decrease in Other, and a .01% decrease in County. Negative variance in Contractual Allowances is a result of revenues exceeding budget by 20.8% and the shift in payor mix to Medicaid from Medicare and Commercial.	Contractual Allowances	\$ (184,299)	\$ (1,217,260)
	Charity Care	(5,539)	(44,650)
	Charity Care-Catastrophic Event	(20,299)	(62,781)
	Bad Debt	35,714	355,435
	Prior Period Settlement	-	150,715
	Total	<u>\$ (174,422)</u>	<u>\$ (818,541)</u>
3) <u>Other Operating Revenue</u>			
IVCH ER Physician Guarantee is tied to collections which exceeded budget in April.	IVCH ER Physician Guarantee	\$ 12,147	\$ 183,575
	Miscellaneous	275	21,129
	Total	<u>\$ 12,421</u>	<u>\$ 204,704</u>
4) <u>Salaries and Wages</u>			
	Total	<u>\$ (24,729)</u>	<u>\$ 75,546</u>
<u>Employee Benefits</u>			
	PL/SL	\$ 870	\$ 55,578
	Standby	2,643	17,757
	Other	1,258	(15,490)
	Nonproductive	(100)	(9,711)
	Pension/Deferred Comp	(1)	2,405
	Total	<u>\$ 4,670</u>	<u>\$ 50,539</u>
<u>Employee Benefits - Workers Compensation</u>			
	Total	<u>\$ (6)</u>	<u>\$ 1,223</u>
<u>Employee Benefits - Medical Insurance</u>			
	Total	<u>\$ (16,464)</u>	<u>\$ 51,394</u>
5) <u>Professional Fees</u>			
Services provided for project management oversight created a negative variance in Administration.	Therapy Services	\$ 969	\$ (18,620)
	Administration	(2,809)	(13,324)
	Multi-Specialty Clinics	654	(10,417)
	IVCH ER Physicians	(1,315)	(3,019)
	Miscellaneous	(1,110)	1,125
	Sleep Clinic	1,284	19,034
	Foundation	3,300	20,742
	Total	<u>\$ 972</u>	<u>\$ (4,478)</u>
Foundation oversight was converted to an FTE, creating a positive variance in Foundation.			
6) <u>Supplies</u>			
Surgery and Medical Supplies Sold to Patients revenues exceeded budget by 44.31%, creating a negative variance in Patient & Other Medical Supplies.	Patient & Other Medical Supplies	\$ (7,458)	\$ (99,424)
	Pharmacy Supplies	(3,878)	(90,622)
	Minor Equipment	(155)	(17,379)
	Food	(1,292)	(11,036)
	Office Supplies	(156)	(2,082)
	Non-Medical Supplies	439	(858)
	Imaging Film	125	(37)
	Total	<u>\$ (12,375)</u>	<u>\$ (221,438)</u>
Drugs Sold to Patients revenue exceeded budget by 96.61%, creating a negative variance in Pharmacy Supplies.			

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
APRIL 2016**

		Variance from Budget	
		Fav<Unfav>	
		APR 2016	YTD 2016
7) <u>Purchased Services</u>			
Negative variance in Miscellaneous related to the management oversight of the Medically Managed Fitness program.	Laboratory	\$ 268	\$ (17,977)
	EVS/Laundry	(418)	(4,427)
	Department Repairs	(88)	(1,948)
	Pharmacy	(99)	(99)
Replacement of air filters throughout the hospital created a negative variance in Engineering/Plant/Communications.	Surgical Services	-	-
	Foundation	534	283
	Miscellaneous	(1,635)	2,522
	Multi-Specialty Clinics	204	4,402
	Diagnostic Imaging Services - All	313	7,153
	Engineering/Plant/Communications	(2,116)	14,143
	Total	\$ (3,037)	\$ 4,053
8) <u>Other Expenses</u>			
Electricity, Water, Sewer, and Natural Gas costs fell below budget, creating a positive variance in Utilities.	Equipment Rent	\$ 554	\$ (78,163)
	Dues and Subscriptions	(771)	(3,345)
	Outside Training & Travel	(16)	(107)
Advertising for the Emergency Department and Sleep Center along with re-printing of the IVCH tri-fold brochures created a negative variance in Marketing.	Physician Services	-	-
	Multi-Specialty Clinics Equip Rent	-	-
	Multi-Specialty Clinics Bldg Rent	-	-
	Utilities	3,572	309
	Insurance	223	2,228
	Other Building Rent	871	2,612
	Marketing	(1,973)	8,234
	Miscellaneous	3,034	8,541
	Total	\$ 5,494	\$ (59,691)
9) <u>Donations</u>	Total	\$ (4,333)	\$ (7,677)
10) <u>Gain/(Loss) on Sale</u>	Total	\$ -	\$ -
11) <u>Depreciation Expense</u>	Total	\$ -	\$ 25,932

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF CASH FLOWS

	AUDITED		BUDGET	PROJECTED	ACTUAL	PROJECTED		ACTUAL	ACTUAL	ACTUAL	PROJECTED
	FYE 2015		FYE 2016	FYE 2016	APR 2016	APR 2016	DIFFERENCE	1ST QTR	2ND QTR	3RD QTR	4TH QTR
Net Operating Rev/(Exp) - EBIDA	\$ 7,190,440		\$ 2,054,135	\$ 13,613,152	\$ (1,024,407)	\$ (344,231)	\$ (680,176)	\$ 4,890,732	\$ 2,113,378	\$ 8,328,650	\$ (1,719,608)
Interest Income	97,528		107,488	129,230	22,208	26,827	(4,619)	29,198	33,631	44,193	22,208
Property Tax Revenue	5,352,075		5,420,000	5,420,119	-	-	-	309,907	78,742	3,316,470	1,715,000
Donations	757,929		923,000	541,427	42,119	35,000	7,119	76,191	164,788	188,329	112,119
Debt Service Payments	(3,505,561)		(3,565,581)	(3,441,270)	(247,479)	(247,478)	(1)	(1,069,568)	(742,436)	(886,831)	(742,435)
Bank of America - 2012 Muni Lease	(1,243,531)		(1,243,644)	(1,243,649)	(103,637)	(103,637)	(0)	(310,912)	(310,912)	(310,912)	(310,911)
Copier	(8,962)		(8,760)	(8,759)	(730)	(730)	0	(2,190)	(2,190)	(2,190)	(2,190)
2002 Revenue Bond	(668,296)		(668,008)	(483,555)	-	-	-	(327,132)	-	(156,423)	-
2006 Revenue Bond	(1,592,771)		-	-	-	-	-	-	-	-	-
2015 Revenue Bond	-		(1,645,169)	(1,705,308)	(143,111)	(143,111)	(0)	(429,334)	(429,334)	(417,306)	(429,333)
Physician Recruitment	(155,902)		(311,000)	(263,769)	(41,100)	(42,000)	900	(216,785)	(5,884)	-	(41,100)
Investment in Capital											
Equipment	(2,491,260)		(1,418,900)	(1,472,932)	(261,869)	(140,655)	(121,214)	(302,633)	(286,725)	(221,705)	(661,869)
Municipal Lease Reimbursement	-		2,295,723	1,319,139	-	-	-	1,319,139	-	-	-
GO Bond Project Personal Property	(186,062)		(500,180)	(500,180)	(20,416)	-	(20,416)	(8,587)	(8,029)	(14,334)	(469,230)
IT	(1,394,200)		(559,300)	(1,004,347)	(58,155)	-	(58,155)	(318,453)	(193,238)	(79,501)	(413,155)
Building Projects	(2,218,063)		(4,487,480)	(2,005,129)	(86,117)	(300,000)	213,883	(337,663)	(674,563)	(506,786)	(486,117)
Health Information/Business System	(230,852)		(500,000)	(341,014)	(33,912)	-	(33,912)	(1,623)	(18,375)	(37,104)	(283,912)
Capital Investments											
Properties	(600,000)		-	(150,000)	-	-	-	-	-	-	(150,000)
Measure C Scope Modifications	-		(749,287)	(749,287)	(95,970)	(95,970)	(0)	-	(232,174)	(229,205)	(287,908)
Change in Accounts Receivable	2,648,682		282,832	N1 687,316	3,313,636	594,661	2,718,975	522,392	(891,685)	(2,247,607)	3,304,216
Change in Settlement Accounts	(2,438,657)		500,000	N2 331,939	-	-	-	623,667	(1,173,529)	1,631,801	(750,000)
Change in Other Assets	(1,717,188)		(768,000)	N3 (2,504,059)	(436,744)	(115,000)	(321,744)	(1,531,558)	(1,330,040)	664,283	(306,744)
Change in Other Liabilities	(30,538)		(71,000)	N4 (582,895)	(658,299)	(215,000)	(443,299)	247,630	(648,182)	425,956	(608,299)
Change in Cash Balance	1,078,371		(1,347,550)	9,043,359	413,495	(843,846)	1,257,340	4,247,906	(3,814,322)	10,376,609	(1,766,834)
Beginning Unrestricted Cash	50,951,760		52,227,897	52,227,897	63,038,090	63,038,090	-	52,227,897	56,475,803	52,661,481	63,038,090
Ending Unrestricted Cash	52,227,897		50,880,347	61,271,256	63,451,585	62,194,244	1,257,340	56,475,803	52,661,481	63,038,090	61,271,256
Expense Per Day	333,932		321,141	330,856	330,193	328,397	1,796	317,753	322,438	328,657	330,856
Days Cash On Hand	156		158	185	192	189	3	178	163	192	185

Footnotes:

- N1 - Change in Accounts Receivable reflects the 30 day delay in collections. For example, in July 2015 we are collecting June 2015.
- N2 - Change in Settlement Accounts reflect cash flows in and out related to prior year and current year Medicare and Medi-Cal settlement accounts.
- N3 - Change in Other Assets reflect fluctuations in asset accounts on the Balance Sheet that effect cash. For example, an increase in prepaid expense immediately effects cash but not EBIDA.
- N4 - Change in Other Liabilities reflect fluctuations in liability accounts on the Balance Sheet that effect cash. For example, an increase in accounts payable effects EBIDA but not cash.

Tahoe Forest Multi-Specialty Clinics
Third Quarter Report to the Finance Committee and Board
FY 2016 Year-to-Date (July 2015 – March 2016)
May 19, 2016

Total Operations. In the first three quarters of FY 2016, Work Relative Value Units (WRVUs) were virtually unchanged relative to the first three quarters of FY 2015. However, gross charges were 6% higher, and net revenue was 5% higher. Other operating revenue was 59% lower, partially due to Medicare's declining annual payouts under meaningful use pursuant to their phased schedule. In addition, Medi-Cal Meaningful Use payments for 2015 have not yet been received, though they are still anticipated. Provider expense was 4% higher, clinic operating expense was 2% higher and the overall net loss was 1% higher.

- Provider FTEs decreased from 16.38 to 15.46 with the retirement of Bev Mustain (NP), the transition of the Incline midlevel providers from the MSC to the Health Clinic, and the departure of Dr. Osgood (orthopedic surgery) from the Incline Clinic. The contract with Sierra Nevada Nephrology (previously providing services one day per month in the Internal Medicine / Cardiology clinic) has been on hold since January, due to their physician staffing issues. These decreases were partially offset by the January 2016 addition of Samantha Smith, PA, 3 days per week in the Internal Medicine / Cardiology office. These changes netted to a 13% decrease in WRVUs generated by the MSC's midlevel providers. The internists' RVUs increased by 3%. We are seeking to add another full-time extender in the IM/Cardiology office to further improve access to primary care.
- WRVU growth was noted in General Surgery (13%), Sports Medicine (5%), Neurology (5%), Gastroenterology (3%), and Pediatrics (2%). Decreases in WRVU volumes were noted in Audiology (27%), Nephrology (40%), and ENT (11%). ENT and Audiology volumes were impacted by the wind-down of Dr. Chase's practice at the end of the 3rd quarter. ENT services are currently being covered by Dr. Mancuso, a locum tenens, who has rapidly gained acceptance amongst both physicians and patients.
- The growth in revenues came largely from vaccines and vaccine administration, most notably pneumococcal vaccine. Vaccine-related gross revenue increased by 19% whereas other gross revenue increased by only 3%. On a net revenue basis, vaccine-related revenue increased by 42% whereas other net revenue actually decreased by 1%.
- Physician fees increased by 8%. Part of this increase is due to the holdover during the first six months of FY 15 of the physician contracts on the FY 14 compensation platform before transitioning directly to the FY 16 platform. This was partially offset by a 29% favorable variance in extender salaries and benefits related to the decrease in extender FTEs. As a result, overall provider expense increased by only 4%.
- Total clinic operating expenses were 2% higher than the prior year. The most significant increase was in medical supplies and drugs, which increased 56%, largely due to a near doubling of the administration of Prevnar (pneumococcal) vaccine. Salaries were down by 6% year over year due partially to the reductions and vacancies in management positions. In addition, the staff in the authorization department was moved from the MSC to the scheduling department in order to both improve efficiency and cross-training and to provide more seamless service to the patients. Benefit cost was down by 22%, in part due to the decrease in FTEs, but benefits could

increase later in the year as accounts such as the self-insured health insurance are reviewed and trued up.

- Clinic support FTEs were 4% lower than prior year and provider FTEs were 6% lower than prior year, resulting in an FTE per provider ratio of 2.71, which was 2% higher than the prior year, but still well below the median of 3.16 reported in the 2013 MGMA Cost Survey for multispecialty groups with primary and specialty care.

Individual Clinic Highlights

ENT / Audiology / Allergy Clinic. Work RVUs in the ENT Clinic decreased by 21% year over year. This included an 11% decrease for Dr. Chase and a 27% decrease for the audiologists. Dr. Forner worked in the ENT clinic one day per week during FY 15, but was in Sports Medicine and Internal Medicine / Cardiology in FY 16. Gross charges decreased by 10%, but net revenue decreased by 25%. The net revenue decrease was largely driven by a significant change in payer mix, with Medi-Cal increasing from 19.7% to 27.9% of charges.

Provider expense in this clinic decreased by 7%. The transfer of Dr. Forner's time and expense to other clinics and the decrease in Dr. Chase's production more than offset the increase in compensation rates under the FY 16 contract.

Clinic operating expenses were virtually flat, with increases in medical supplies and drugs, and salaries and wages being offset by a significant decline in employee benefits.

Internal Medicine / Pulmonology. Overall, Work RVUs in the Internal Medicine / Pulmonology clinic decreased by 4% relative to prior year. Dr. Tirdel's Work RVUs decreased 8%. Dr. Tirdel has always been one of the MSC's most productive providers, and although he closed his practice to new primary care patients, his productivity remains 18% higher than his production target. Lisa Beck split her time between the IM/Card and IM/Pulm clinics in FY 15 and worked exclusively in IM/Pulm in FY 16, and also increased her overall RVUs by 26%. Lisa Beck's RVU production in FY 16 nearly equaled the sum of her own production (working 2 days per week) and Bev Mustain's production (working full time) in FY 15.

Provider expense was 10% lower than the same period in the prior year, with Dr. Tirdel's contract increase more than offset by the combination of his decreased production and the reduction in midlevel FTE and expense.

Operating expenses in the clinic show a 24% increase relative to prior year. The entire increase in clinic operating expenses can be found in medical supplies and drugs, which nearly quadrupled. This increase was largely related to the cost of Plevnar.

Internal Medicine / Cardiology. Clinic overhead costs were allocated between Internal Medicine / Cardiology and GI / General Surgery for the purpose of this report. In November, Drs. Cooper, Conyers and Schaffer moved into a separate clinic location in the Medical Office Building. We have begun charging all expenses directly to each clinic, so the need for this allocation will be eliminated in FY 17.

Total WRVUs were 12% higher in the Internal Medicine / Cardiology clinic than prior year. WRVU volumes were up for all three internists, Dr. Forner (neurologist) was transferred from the Sports Medicine clinic to the IM/Cardiology clinic in mid-November, and Samantha Smith (PA) was added in January.

Gross charges were 24% higher, and net revenue was 21% higher than prior year. The increase in adult immunizations accounted for 17.1% of the increase in gross charges but only 1.5% of the increase in WRVUs. Provider expense was 22% higher due to the increase in physician productivity, contract rate increases and the transfer of Dr. Forner into this clinic.

Clinic operating expenses were 25% higher than prior year, but a significant portion of the increase was in medical supplies and drugs (nearly \$75,000) due to the increase in immunizations. Excluding medical supplies and drugs, the expense increase was 8.7%.

Pediatrics. Work RVUs in the pediatric clinic were 2% higher than prior year, gross charges were 1% higher and net revenue was 8% higher, in part due to a decrease in Medi-Cal from 49.0% to 45.3%.

Provider expense increased by 9% as a result of the increase in WRVU production, coupled with the update of the physician contracts to the FY 16 platform. Salaries and wages increased by 23% year over year, due to the addition of a staff nurse and increases in both front and back office staffing to better support the physicians in this clinic. Medical supplies and drugs show a decline of 3%. Total clinic operating expenses increased by 5%.

GI / General Surgery. Work RVUs in the GI / General Surgery clinic increased by 9% year over year. Gross charges increased by 10% but the net revenue actually decreased by 1%, partially due to an increase in Medi-Cal from 13.9% to 16.0% of revenue.

Provider expense increased by 7%, with the update of the contract and Dr. Schaffer's increased productivity. Salaries and wages show a 23% increase. This resulted from a 1.4 FTE (24%) increase in staff.

Incline Village. Work RVUs in the Incline Village clinic were 19% lower than prior year, due to the departure of Dr. Osgood and the transfer of the midlevel providers from the MSC to the Health Clinic. Dr. Sutton-Pado's revenue and professional fees are also being charged to the Health Clinic. Only the WRVUs, revenues and expenses associated with part-time work of Drs. Vayner and Scholnick are currently attributed to this clinic.

Gross charges were only 9% lower, with the disparity between WRVUs and charges resulting from the increase in immunizations, particularly amongst the Medicare population, that helped offset the decrease in surgeries and office visits. Net revenues were 1% higher.

Provider expense was 19% lower than the prior year. Clinic expenses were 46% lower than the same period in the prior year, due to the sharing of space and staffing with the Health Clinic.

Sports Medicine. Work RVUs in the Sports Medicine clinic were 7% lower than prior year. Although Dr. Winans' RVUs were up by 5%, Dr. Forner's practice was relocated to the Internal Medicine / Cardiology office in November. Charges were 3% lower, but net revenue was 7% higher. Provider expense was 1% higher and clinic operating expense was 6% higher.

Tahoe Forest MSC - RVU Summary
For the period July 2015 - Mar 2016 with comparison to prior year and contract targets

<u>PROVIDER</u>	<u>CLINIC(S)</u>	<u>Actual</u>	<u>Prior Yr</u>	<u>Actual as % of Prior Yr</u>	<u>Target</u>	<u>Actual as % of Target</u>
PRIMARY CARE PROVIDERS (Including Internists with subspecialty)						
INTERNAL MEDICINE						
Burkholder (IM)	IMCARD	3,063	3,061	100.1%	2,559	119.7%
Lombard (IM / Cardiology)	IMCARD	3,893	3,369	115.6%	3,342	116.5%
Scholnick (IM / Cardiology)	IMCARD, INCLINE	4,587	4,292	106.9%	3,342	137.3%
Tirdel (IM / Pulmonology)	IMPULM	4,408	4,801	91.8%	3,744	117.7%
SUBTOTAL - INTERNAL MEDIINE		<u>15,950</u>	<u>15,523</u>	<u>102.8%</u>	<u>12,987</u>	<u>122.8%</u>
PEDIATRICS						
Arth	PEDS	3,393	3,196	106.1%	2,678	126.7%
Brown	PEDS	3,158	3,701	85.3%	2,678	117.9%
Uglum	PEDS	3,228	2,895	111.5%	2,678	120.5%
Vayner	PEDS, INCLINE	3,478	3,149	110.5%	2,678	129.9%
SUBTOTAL - PEDIATRICS		<u>13,256</u>	<u>12,941</u>	<u>102.4%</u>	<u>10,710</u>	<u>123.8%</u>
PHYSICIAN EXTENDERS						
Beck (PA)	IMCARD, IMPULM	2,617	2,073	126.2%	<i>n/a - salaried</i>	
Lang-Ree (PNP)	PEDS	1,124	1,018	110.4%	<i>n/a - salaried</i>	
Mustain (NP)	IMPULM	150	1,731	8.7%	<i>n/a - salaried</i>	
Shirley (NP)	SPORTS	110	-		<i>n/a - salaried</i>	
Smith (NP)	INCLINE, IMCARD	539	370	145.8%	<i>n/a - salaried</i>	
SUBTOTAL - PHYSICIAN EXTENDERS		<u>4,541</u>	<u>5,193</u>	<u>87.4%</u>		
SUBTOTAL - PRIMARY CARE PROVIDERS		<u>33,747</u>	<u>33,657</u>	<u>100.3%</u>		
SPECIALISTS						
GENERAL SURGERY						
Conyers	GI/GS	3,241	3,059	105.9%	3,755	86.3%
Cooper	GI/GS	3,370	2,804	120.2%	3,755	89.7%
SUBTOTAL - GENERAL SURGERY		<u>6,610</u>	<u>5,863</u>	<u>112.7%</u>	<u>7,511</u>	<u>88.0%</u>
NEPHROLOGY						
Clark	IMCARD	31	40	76.9%	<i>n/a - paid on production</i>	
Quigley	IMCARD	31	63	49.0%	<i>n/a - paid on production</i>	
SUBTOTAL - NEPHROLOGY		<u>62</u>	<u>104</u>	<u>59.9%</u>		
AUDIOLOGY						
Hodes	ENT	191	259	73.6%	<i>n/a - paid on production</i>	
Johnson	ENT	-	46	0.0%	<i>n/a - paid on production</i>	
Schellin	ENT	135	142	95.6%	<i>n/a - paid on production</i>	
SUBTOTAL - AUDIOLOGY		<u>326</u>	<u>447</u>	<u>72.9%</u>		
SINGLE PROVIDER SPECIALTIES PAID ON BASE PLUS PRODUCTION BONUS						
Chase (ENT)	ENT	3,505	3,950	88.7%	3,116	112.5%
Osgood (Orthopedic Surgery)	INCLINE	-	467	0.0%	-	0.0%
Schaffer (Gastroenterology)	GI/GS	4,212	4,089	103.0%	3,198	131.7%
Winans (Sports Medicine)	SPORTS	2,164	2,062	104.9%	1,565	138.2%
SUBTOTAL - SINGLE PROVIDER SPECIALTIES ON BASE/BONUS		<u>9,880</u>	<u>10,568</u>	<u>93.5%</u>	<u>7,880</u>	<u>125.4%</u>
SINGLE PROVIDER SPECIALTIES PAID ON PRODUCTION BASIS						
Forner (Neurology)	ENT, SPORTS	1,871	1,789	104.6%	<i>n/a - paid on production</i>	
Hardy (Pediatric Pulmonology)	PEDS	42	87	48.6%	<i>n/a - paid on production</i>	

Tahoe Forest MSC - RVU Summary
For the period July 2015 - Mar 2016 with comparison to prior year and contract targets

<u>PROVIDER</u>	<u>CLINIC(S)</u>	<u>Actual</u>	<u>Prior Yr</u>	<u>Actual as % of Prior Yr</u>	<u>Target</u>	<u>Actual as % of Target</u>
SUBTOTAL - SINGLE PROVIDER SPECIALTIES		<u>1,913</u>	<u>1,876</u>	<u>102.0%</u>		
SUBTOTAL - SPECIALISTS		<u>18,792</u>	<u>18,858</u>	<u>99.6%</u>		
GRAND TOTAL		<u>52,539</u>	<u>52,515</u>	<u>100.0%</u>		

SUMMARY BY CLINIC

ENT	3,831	4,851	79.0%
GI / GENERAL SURGERY	10,822	9,953	108.7%
INCLINE VILLAGE	2,134	2,998	71.2%
INTERNAL MEDICINE / CARDIOLOGY	11,872	10,605	111.9%
INTERNAL MEDICINE / PULMONOLOGY	7,173	7,470	96.0%
PEDIATRICS	13,534	13,242	102.2%
SPORTS MEDICINE	<u>3,173</u>	<u>3,397</u>	<u>93.4%</u>
GRAND TOTAL	<u>52,539</u>	<u>52,515</u>	<u>100.0%</u>

FY 16 MSC Income Statement July 2015 - Mar 2016 with comparison to Prior Year and Budget
Clinic Roll-up

	ENT / Allergy / Audiology Clinic					Internal Medicine / Pulmonology Clinic (MOB Suite 260)					Internal Medicine / Cardiology Clinic (Gateway)				
	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud
Revenue															
Gross Charges	830,711	918,891	90%	897,400	93%	1,229,497	1,121,305	110%	1,158,322	106%	2,070,595	1,665,139	124%	1,676,231	124%
Contractual Allowances	(445,723)	(407,708)	109%	(430,062)	104%	(492,061)	(439,284)	112%	(454,683)	108%	(897,097)	(698,921)	128%	(711,623)	126%
Net revenue	<u>384,988</u>	<u>511,183</u>	<u>75%</u>	<u>467,338</u>	<u>82%</u>	<u>737,436</u>	<u>682,021</u>	<u>108%</u>	<u>703,638</u>	<u>105%</u>	<u>1,173,498</u>	<u>966,218</u>	<u>121%</u>	<u>964,608</u>	<u>122%</u>
Other operating revenue	<u>7,840</u>	<u>16,787</u>	47%	-		<u>7,840</u>	<u>11,437</u>	69%	-		<u>31,360</u>	<u>30,454</u>	103%	-	
Provider expense															
Physician fees	306,508	329,518	93%	300,983	102%	281,095	272,143	103%	263,907	107%	747,628	581,360	129%	553,553	135%
Non-physician salaries/benefits	-	-		11,520	0%	113,961	167,734	68%	133,132	86%	32,010	58,064	55%	19,073	168%
Total provider expense	<u>306,508</u>	<u>329,518</u>	<u>93%</u>	<u>312,503</u>	<u>98%</u>	<u>395,056</u>	<u>439,877</u>	<u>90%</u>	<u>397,040</u>	<u>100%</u>	<u>779,638</u>	<u>639,424</u>	<u>122%</u>	<u>572,626</u>	<u>136%</u>
Clinic Operating Expenses:															
Salaries and wages	119,363	112,966	106%	98,106	122%	142,980	137,197	104%	156,656	91%	232,663	186,367	125%	272,361	85%
Benefits	48,588	76,622	63%	41,872	116%	70,177	73,585	95%	75,684	93%	101,104	115,167	88%	104,485	97%
Admin services & supplies	26,763	31,340	85%	32,541	82%	32,031	46,895	68%	48,174	66%	44,445	42,179	105%	37,373	119%
Medical supplies & drugs	57,033	32,173	177%	25,652	222%	114,392	31,696	361%	40,415	283%	104,402	29,517	354%	35,765	292%
Building Rent / Utilities	45,210	43,967	103%	45,464	99%	58,576	43,677	134%	46,470	126%	56,166	56,042	100%	53,256	105%
Other operating expense	3,935	3,658	108%	3,456	114%	12,466	14,713	85%	14,557	86%	5,173	4,614	112%	10,969	47%
Total clinic operating expenses	<u>300,893</u>	<u>300,726</u>	<u>100%</u>	<u>247,092</u>	<u>122%</u>	<u>430,622</u>	<u>347,762</u>	<u>124%</u>	<u>381,956</u>	<u>113%</u>	<u>543,952</u>	<u>433,885</u>	<u>125%</u>	<u>514,210</u>	<u>106%</u>
Net operating margin	(214,573)	(102,274)	210%	(92,257)	233%	(80,402)	(94,182)	85%	(75,358)	107%	(118,732)	(76,637)	155%	(122,229)	97%
Allocation of administrative overhead	<u>(68,102)</u>	<u>(115,232)</u>		<u>(92,323)</u>		<u>(130,448)</u>	<u>(153,743)</u>		<u>(139,005)</u>		<u>(207,585)</u>	<u>(217,807)</u>		<u>(190,559)</u>	
Net profit (loss)	<u>(282,675)</u>	<u>(217,506)</u>	<u>130%</u>	<u>(184,580)</u>	<u>153%</u>	<u>(210,850)</u>	<u>(247,925)</u>	<u>85%</u>	<u>(214,362)</u>	<u>98%</u>	<u>(326,317)</u>	<u>(294,444)</u>	<u>111%</u>	<u>(312,788)</u>	<u>104%</u>
Ratios:															
Provider cost as % net revenue	80%	64%		67%		54%	64%		56%		66%	66%		59%	
Clinic op cost as % net revenue	78%	59%		53%		58%	51%		54%		46%	45%		53%	
Overhead cost as % net revenue	18%	23%		20%		18%	23%		20%		18%	23%		20%	
Clinic support FTEs	4.13	4.00	103%	3.20	129%	4.43	5.10	87%	5.00	89%	8.26	6.42	129%	5.80	142%
Provider FTEs	1.38	1.52	91%	1.63	85%	1.90	2.42	79%	2.10	91%	3.36	3.19	105%	2.84	119%
Clinic support FTEs per provider	2.99	2.63	114%	1.96	152%	2.32	2.11	110%	2.38	98%	2.46	2.01	122%	2.05	120%
Payor Mix															
Medicare	23.6%	25.6%				44.4%	41.1%				53.8%	49.3%			
Medicaid / Medi-Cal	27.9%	19.7%				12.1%	10.1%				11.1%	11.7%			
Commercial	44.0%	48.8%				42.2%	47.4%				33.7%	37.2%			
Self Pay	4.5%	5.8%				1.3%	1.4%				1.4%	1.8%			

FY 16 MSC Income Statement July 2015 - Mar 2016 with comparison to Prior Year and Budget
Clinic Roll-up (Page 2)

	Pediatrics Clinic					GI / General Surgery Clinic (Gateway)					Incline Village Clinic (Family Practice)				
	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud
Revenue															
Gross Charges	3,322,864	3,297,783	101%	3,091,400	107%	1,822,214	1,657,822	110%	1,642,869	111%	453,134	499,808	91%	399,962	113%
Contractual Allowances	<u>(2,100,687)</u>	<u>(2,161,266)</u>	97%	<u>(2,039,328)</u>	103%	<u>(1,058,362)</u>	<u>(889,868)</u>	119%	<u>(909,253)</u>	116%	<u>(144,045)</u>	<u>(192,871)</u>	75%	<u>(153,991)</u>	94%
Net revenue	<u>1,222,177</u>	<u>1,136,517</u>	108%	<u>1,052,072</u>	116%	<u>763,852</u>	<u>767,954</u>	99%	<u>733,615</u>	104%	<u>309,089</u>	<u>306,937</u>	101%	<u>245,971</u>	126%
Other operating revenue	-	25,500	0%	-		28,224	33,575	84%	-		-	5,326	0%	-	
Provider expense															
Physician fees	634,978	581,338	109%	528,942	120%	874,461	818,187	107%	802,409	109%	215,926	250,004	86%	101,188	213%
Non-physician salaries/benefits	<u>73,557</u>	<u>68,347</u>	108%	<u>73,572</u>	100%	-	-		-		-	15,327	0%	-	
Total provider expense	<u>708,535</u>	<u>649,684</u>	109%	<u>602,514</u>	118%	<u>874,461</u>	<u>818,187</u>	107%	<u>802,409</u>	109%	<u>215,926</u>	<u>265,331</u>	81%	<u>101,188</u>	213%
Clinic Operating Expenses:															
Salaries and wages	309,132	251,449	123%	370,977	83%	207,268	168,192	123%	156,021	133%	13,652	73,681	19%	61,364	22%
Benefits	159,467	156,292	102%	187,747	85%	86,770	94,952	91%	109,343	79%	27,825	47,010	59%	35,307	79%
Admin services & supplies	85,514	91,505	93%	88,536	97%	40,551	39,769	102%	39,479	103%	6,804	11,311	60%	11,379	60%
Medical supplies & drugs	232,741	239,471	97%	273,552	85%	96,640	27,877	347%	37,780	256%	49,744	45,078	110%	47,104	106%
Building Rent / Utilities	59,431	60,506	98%	60,573	98%	52,134	52,781	99%	56,257	93%	6,350	11,705	54%	11,705	54%
Other operating expense	<u>8,754</u>	<u>12,577</u>	70%	<u>15,237</u>	57%	<u>4,719</u>	<u>4,376</u>	108%	<u>11,587</u>	41%	<u>630</u>	<u>5,794</u>	11%	<u>6,390</u>	10%
Total clinic operating expenses	<u>855,040</u>	<u>811,800</u>	105%	<u>996,623</u>	86%	<u>488,082</u>	<u>387,946</u>	126%	<u>410,465</u>	119%	<u>105,005</u>	<u>194,578</u>	54%	<u>173,247</u>	61%
Net operating margin	(341,398)	(299,467)	114%	(547,065)	62%	(570,466)	(404,604)	141%	(479,259)	119%	(11,842)	(147,646)	8%	(28,464)	42%
Allocation of administrative overhead	<u>(216,196)</u>	<u>(256,197)</u>		<u>(207,838)</u>		<u>(135,121)</u>	<u>(173,114)</u>		<u>(144,927)</u>		<u>(54,676)</u>	<u>(69,191)</u>		<u>(48,592)</u>	
Net profit (loss)	<u>(557,594)</u>	<u>(555,664)</u>	100%	<u>(754,903)</u>	74%	<u>(705,588)</u>	<u>(577,718)</u>	122%	<u>(624,185)</u>	113%	<u>(66,518)</u>	<u>(216,837)</u>	31%	<u>(77,056)</u>	86%
Ratios:															
Provider cost as % net revenue	58%	57%		57%		114%	107%		109%		70%	86%		41%	
Clinic op cost as % net revenue	70%	71%		95%		64%	51%		56%		34%	63%		70%	
Overhead cost as % net revenue	18%	23%		20%		18%	23%		20%		18%	23%		20%	
Clinic support FTEs	10.37	9.22	112%	11.00	94%	7.23	5.83	124%	6.75	107%	0.45	2.37	19%	2.20	21%
Provider FTEs	4.34	4.35	100%	4.38	99%	3.00	3.00	100%	3.00	100%	0.58	0.91	64%	0.63	93%
Clinic support FTEs per provider	2.39	2.12	113%	2.51	95%	2.41	1.94	124%	2.25	107%	0.78	2.60	30%	3.52	22%
Payor Mix															
Medicare	0.4%	0.4%				32.1%	32.3%				38.8%	35.0%			
Medicaid / Medi-Cal	45.3%	49.0%				16.0%	13.9%				13.4%	12.2%			
Commercial	53.0%	49.7%				50.2%	52.9%				45.7%	50.6%			
Self Pay	1.3%	0.9%				1.7%	0.9%				2.1%	2.2%			

FY 16 MSC Income Statement July 2015 - Mar 2016 with comparison to Prior Year and Budget

Clinic Roll-up (Page 3)

	Sports Medicine / Neurology					Administration					Total				
	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud	Actual	Prior Yr	%PY	Budget	%Bud
Revenue															
Gross Charges	568,322	585,497	97%	471,845	120%						10,297,336	9,746,245	106%	9,338,029	110%
Contractual Allowances	(232,376)	(270,929)	86%	(214,564)	108%						(5,370,350)	(5,060,847)	106%	(4,913,505)	109%
Net revenue	<u>335,946</u>	<u>314,568</u>	<u>107%</u>	<u>257,281</u>	<u>131%</u>						<u>4,926,986</u>	<u>4,685,398</u>	<u>105%</u>	<u>4,424,524</u>	<u>111%</u>
Other operating revenue	<u>7,840</u>	<u>16,787</u>	47%	-							<u>83,104</u>	<u>139,866</u>	59%	-	
Provider expense															
Physician fees	201,911	200,361	101%	221,756	91%	6,075	3,750	162%	7,200	84%	3,268,582	3,036,661	108%	2,779,937	118%
Non-physician salaries/benefits	1,204	-		-		-	-		-		220,731	309,472	71%	237,298	93%
Total provider expense	<u>203,114</u>	<u>200,361</u>	<u>101%</u>	<u>221,756</u>	<u>92%</u>	<u>6,075</u>	<u>3,750</u>		<u>7,200</u>		<u>3,489,313</u>	<u>3,346,132</u>	<u>104%</u>	<u>3,017,235</u>	<u>116%</u>
Clinic Operating Expenses:															
Salaries and wages	57,861	55,847	104%	96,281	60%	316,418	508,972	62%	392,745	81%	1,399,337	1,494,671	94%	1,604,511	87%
Benefits	43,968	26,260	167%	54,436	81%	105,170	237,626	44%	121,337	87%	643,069	827,513	78%	730,211	88%
Admin services & supplies	10,952	13,920	79%	14,061	78%	370,078	238,333	155%	276,696	134%	617,138	515,251	120%	548,239	113%
Medical supplies & drugs	17,130	24,708	69%	29,340	58%	10	104	10%	137	7%	672,091	430,623	156%	489,746	137%
Building Rent / Utilities	-	270	0%	810	0%	56,555	43,773	129%	58,544	97%	334,422	312,721	107%	333,079	100%
Other operating expense	4,130	5,166	80%	3,150	131%	17,250	23,636	73%	17,411	99%	57,057	74,534	77%	82,757	69%
Total clinic operating expenses	<u>134,040</u>	<u>126,172</u>	<u>106%</u>	<u>198,078</u>	<u>68%</u>	<u>865,481</u>	<u>1,052,444</u>	<u>82%</u>	<u>866,870</u>	<u>100%</u>	<u>3,723,114</u>	<u>3,655,313</u>	<u>102%</u>	<u>3,788,542</u>	<u>98%</u>
Net operating margin	6,631	4,823	137%	(162,553)	-4%	(871,556)	(1,056,194)	83%	(874,070)	97%	(2,202,337)	(2,176,182)	101%	(2,381,253)	92%
Allocation of administrative overhead	(59,427)	(70,911)		(50,826)		871,556	1,056,194		874,070		-	-		-	
Net profit (loss)	<u>(52,796)</u>	<u>(66,088)</u>	<u>80%</u>	<u>(213,379)</u>	<u>25%</u>	<u>-</u>	<u>-</u>		<u>-</u>		<u>(2,202,337)</u>	<u>(2,176,182)</u>	<u>101%</u>	<u>(2,381,253)</u>	<u>92%</u>
Ratios:															
Provider cost as % net revenue	60%	64%		86%							71%	71%		68%	
Clinic op cost as % net revenue	40%	40%		77%							58%	56%		66%	
Overhead cost as % net revenue	18%	23%		20%							18%	22%		20%	
Clinic support FTEs	2.32	1.87	124%	3.30	70%	4.75	8.66	55%	5.60	85%	41.94	43.46	96%	42.85	98%
Provider FTEs	0.89	0.99	90%	0.88	101%						15.46	16.38	94%	15.45	100%
Clinic support FTEs per provider	2.60	1.89	138%	3.75	69%						2.71	2.65	102%	2.77	98%
Payor Mix															
Medicare	29.0%	29.7%									27.2%	24.8%			
Medicaid / Medi-Cal	17.6%	18.6%									24.9%	25.7%			
Commercial	52.0%	50.5%									46.2%	47.9%			
Self Pay	1.4%	1.2%									1.7%	1.7%			

FINANCE COMMITTEE

RECOMMENDED AGENDA ITEMS FOR NEXT FINANCE COMMITTEE MEETING

1. Financial Report – Preliminary June 2016 Quarterly Packet
2. Quarterly Review – Separate Entities
3. Quarterly Review – Payor Mix
4. TIRHR Expenditure Report
5. General Obligation Bond Property Tax Rate Calculation and Resolution
6. Board Education & Updates:
 - a. Outmigration Strategy

RECOMMENDED DATE(S) AND TIME(S) FOR NEXT FINANCE COMMITTEE MEETING

- | | |
|---------------------------|----------------------------|
| 1. Monday, July 25, 2016 | 2.5 hrs – 9-12am or 1-4pm |
| 2. Tuesday, July 26, 2016 | 2.5 hrs – between 3-5:30pm |