

I M P R O V I N G H E A L T H . S A V I N G L I V E S .

FY 2019 Budget



SINGING RIVER
HEALTH SYSTEM

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for Medical Excellence in
**OVERALL MEDICAL CARE
THREE YEARS IN A ROW!**

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SINGING RIVER HEALTH SYSTEMSM



CareChex

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Medical Excellence

- Overall Medical Care
 - Top 10% Mississippi
 - #1 in Market
- Cancer Care
 - Top 10% in Nation, Mississippi
 - #1 in Market
- Cardiac Care
 - Top 10% Mississippi
 - #1 in Market
- Gastrointestinal Care
 - #1 in Market
- General Surgery
 - #1 in Market
- Heart Attack Treatment
 - #1 in Market
- Heart Failure Treatment
 - Top 10% Mississippi
- Hip Fracture Repair
 - Top 10% Nation, Region, Mississippi
 - #1 in Mississippi
 - #1 in Market
- Interventional Coronary Care
 - #1 in Market
- Major Bowel Procedures
 - #1 in Market
- Neurological Care
 - #1 in Market
- Pneumonia Care
 - Top 10% Mississippi
 - #1 in Market
- Pulmonary Care
 - Top 10% Nation, Region, Mississippi
 - #1 in Market
- Vascular Surgery
 - #1 in Market



Patient Safety

- Cancer Care
 - Top 10% Nation, Region, Mississippi
 - #1 in Market
- Cardiac Care
 - Top 10% Nation, Region, Mississippi
 - #1 in Market
- Gastrointestinal Hemorrhage
 - Top 10% Nation, Region, Mississippi
 - #1 in Market
- Heart Failure Treatment
 - Top 10% Nation, Region, Mississippi
- Interventional Carotid Care
 - #1 in Market
- Interventional Coronary Care
 - Top 100 Nation
 - Top 10% Nation, Region, Mississippi
 - #1 in Mississippi, Market
- Neurological Care
 - Top 10% Nation, Region, Mississippi
 - #1 in Market
- Pulmonary Care
 - Top 10% Nation, Region, Mississippi
 - #1 in Market
- Stroke Care
 - Top 10% Mississippi
 - #1 in Market
- Vascular Surgery
 - Top 100 Nation
 - Top 10% Nation, Region, Mississippi
 - #1 in Market

Economic Impact of Your Health System

- 4,200 + Jobs (Direct and Indirect)
- \$161 Million in Salaries and Benefits
Average Wage: \$29/hour
- Estimated \$139 Million in estimated annual retail sales
- Second largest employer in Jackson County

FY 2019 Budget Assumptions

- Distinct Part Skilled Nursing Unit (SNF) – Full year of Operations vs. Slow ramp-up in FY17
- Projected 2% growth in surgical volume
- Projected 1% growth in Total Admissions
- Physician growth: Pulmonology, Medical Oncology, Radiation Oncology, Pediatrics, Primary Care
- Renegotiated Ambetter Contract: Expected pick-up of \$1.4M
- Increased Medicare Payments for FY19 proposed IPPS rules: Expected pick-up of \$1.6M
- Elimination of additional DSH Reserves for potential recoupments
- Growth in Retail and Contract Pharmacies (Wal-Mart/Fred's/RX Express)
- Increased Wages/Benefits: Impacted by new Physicians, bringing EVS services in-house, and annual merit increases to aid in retention and maintain Quality Care
- Volume driven increase in supplies, drug costs, and other operating expenses

Stat Drivers

	FY 2018 Annualized	FY 2019 Budget	Annualized Variance	Var %
Admissions	17,918	18,093	175	1.0%
Deliveries	1,366	1,370	4	0.3%
Surgeries				
Inpatient	5,046	5,117	71	1.4%
Outpatient	4,710	4,838	128	2.7%
Total	9,756	9,955	199	2.0%
Outpatient Procedures				
ER Visits	98,771	99,460	689	0.7%
Radiology Exams	133,275	133,542	267	0.2%
Laboratory Tests	773,156	774,702	1,546	0.2%
PT/OT/ST Treatments	390,885	398,703	7,818	2.0%
Other Service Line Visits	180,932	181,837	905	0.5%
Total	1,577,019	1,588,244	11,225	0.7%

Overall FY19 Budget

	FY 2018 Annualized	FY 2019 Budget	Annualized Variance	Var %
Patient Revenue				
Inpatient	\$ 988,821,761	\$ 992,136,924	\$ 3,315,163	0.3%
Outpatient	1,048,023,027	1,063,673,566	15,650,539	1.5%
Professional	61,981,389	63,942,063	1,960,674	3.2%
Total Patient Revenue	2,098,826,177	2,119,752,553	20,926,376	1.0%
Deductions From Revenue				
Deductions From Revenue	1,754,040,933	1,763,155,460	(9,114,527)	-0.5%
Total Deductions From Revenue	1,754,040,933	1,763,155,460	(9,114,527)	-0.5%
Net Patient Revenue	\$ 344,785,244	\$ 356,597,093	\$ 11,811,849	3.4%
Other Operating Revenue	8,173,787	7,026,365	(1,147,422)	-14.0%
Total Operating Revenue	\$ 352,959,031	\$ 363,623,458	\$ 10,664,427	3.0%
Operating Expenses				
Salaries & Wages	\$ 133,354,128	\$ 141,917,641	\$ (8,563,513)	-6.4%
Benefits	27,697,719	28,673,752	(976,033)	-3.5%
Retirement Provision	12,217,861	12,217,861	(0)	0.0%
Physician Fees	4,701,559	4,568,222	133,337	2.8%
Supplies	49,989,546	51,198,203	(1,208,657)	-2.4%
Drugs	28,069,604	28,790,106	(720,502)	-2.6%
Contract Labor	23,601,508	21,689,632	1,911,876	8.1%
Purchased Services	11,278,817	11,312,927	(34,110)	-0.3%
Repairs & Maintenance	9,451,396	9,216,373	235,023	2.5%
Rental	5,965,251	6,044,890	(79,639)	-1.3%
Utilities	4,704,190	4,783,713	(79,523)	-1.7%
Hardware & Software Maintenance	5,792,579	5,595,219	197,360	3.4%
Legal	3,605,674	3,688,156	(82,482)	-2.3%
Insurance	637,915	640,673	(2,758)	-0.4%
Collection Expense	3,095,088	3,183,202	(88,114)	-2.8%
Other Expenses	4,610,817	4,901,997	(291,180)	-6.3%
Interest	4,036,841	3,636,552	400,289	9.9%
Depreciation & Amortization.	20,162,713	21,046,860	(884,147)	-4.4%
Total Expenses	352,973,206	363,105,979	(10,132,773)	-2.9%
Excess of Revenue Over Expenses from Operations	\$ (14,175)	\$ 517,479	\$ 531,654	-3750.8%
Without Retirement Provision	\$ 12,203,686	\$ 12,735,340	\$ 531,654	4.4%
Total Non-Operating Income	\$ 290,294	\$ 299,839	\$ 9,545	3.3%
Excess of Revenue Over Expenses Without Retirement Provision	\$ 276,119	\$ 817,318	\$ 541,199	196.0%
Without Retirement Provision	\$ 12,493,980	\$ 13,035,179	\$ 541,199	4.3%

Revenues

Description	FY 2018 Annualized	FY 2019 Budget	Annualized Variance B/(W)	Var %
Net Patient Revenue	\$ 344,785,244	\$ 356,597,093	\$ 11,811,849	3.4%
Other Operating Revenue				
Retail Pharmacy Contracts	1,162,049	1,467,073	305,024	26.2%
Rental Income	386,160	387,830	1,670	0.4%
Vendor Prompt Pay Discounts	1,083	1,088	5	0.4%
Grant Funds	1,635,896	-	(1,635,896)	-100.0%
Gift Shop Sales	848,203	851,871	3,668	0.4%
Employee Pharmacy	1,845,740	1,978,721	132,981	7.2%
VHA Income	301,532	302,836	1,304	0.4%
Grant EHR Meaningful Use	6,663	6,692	29	0.4%
Photography Commissions	403	405	2	0.5%
Vending Machine Commissions	25,500	25,611	111	0.4%
Transportation Grant Revenue	59,138	32,000	(27,138)	-45.9%
Medical Records Fees	234,779	235,794	1,015	0.4%
Returned Check Fees	21,950	22,044	94	0.4%
Epic Subscription Income	149,846	213,093	63,247	42.2%
Credit Card Rebate	112,930	113,418	488	0.4%
Miscellaneous	180,149	180,928	779	0.4%
Clinic Contract Revenue	217,740	218,681	941	0.4%
Clinic Rental Income	984,025	988,280	4,255	0.4%
Total Other Operating Revenue	\$ 8,173,787	\$ 7,026,365	\$ (1,147,422)	-14.0%
Total Operating Revenue	\$ 352,959,031	\$ 363,623,458	\$ 10,664,427	3.0%

Labor

Description	FY 2018 Annualized	FY 2019 Budget	Annualized Variance B/(W)	Var %
Salaries & Wages	\$ 133,354,128	\$ 141,917,641	\$ (8,563,513)	-6.4%
Benefits				
FICA Taxes	9,020,830	9,706,361	(685,531)	-7.6%
Health Benefit Expense	16,291,191	16,671,925	(380,734)	-2.3%
Tuition Assistance	71,250	87,843	(16,593)	-23.3%
Other Benefits	365,743	323,610	42,133	11.5%
Workers Comp Expense	701,219	466,441	234,778	33.5%
Defined Contribution Employer Match Expense	1,247,486	1,417,572	(170,086)	-13.6%
Benefits	\$ 27,697,719	\$ 28,673,752	\$ (976,033)	-3.5%
Retirement Provision - Pension	\$ 12,217,861	\$ 12,217,861	\$ (0)	0.0%
Physician Fees	\$ 4,701,559	\$ 4,568,222	\$ 133,337	2.8%

Expenses

Description	FY 2018 Annualized	FY 2019 Budget	Annualized Variance B/(W)	Var %
Supplies				
Nonchargeable Medical Supplies	\$ 7,443,329	\$ 7,568,285	\$ (124,956)	-1.7%
Chargeable Medical Supplies	15,034,630	15,124,209	(89,579)	-0.6%
Office Supplies	292,373	337,204	(44,831)	-15.3%
Minor Computer Equipment	417,442	419,047	(1,605)	-0.4%
Minor Noncomputer Equipment	612,160	663,790	(51,630)	-8.4%
Other Operating Supplies	1,727,879	2,353,419	(625,540)	-36.2%
Blood	1,402,448	1,403,724	(1,276)	-0.1%
Bulk Oxygen	112,740	113,227	(487)	-0.4%
Orthopedic Hardware	1,499,038	1,527,029	(27,991)	-1.9%
Spinal Hardware	2,758,335	2,810,657	(52,322)	-1.9%
Pain Stimulators	1,393,421	1,420,481	(27,060)	-1.9%
Joint Components	4,603,576	4,690,399	(86,823)	-1.9%
Stents	2,608,256	2,620,260	(12,004)	-0.5%
CRM (Cardiac Rhythm Management)	3,479,634	3,487,944	(8,310)	-0.2%
Catheters/Ports	122,888	124,597	(1,709)	-1.4%
Heart Valves	612,125	623,266	(11,141)	-1.8%
Tissue, Mesh, Graft	1,734,490	1,736,123	(1,633)	-0.1%
Hemostatic Agent	226,834	231,161	(4,327)	-1.9%
Implants	3,673,728	3,697,921	(24,193)	-0.7%
Nutrition Expense	234,221	245,460	(11,239)	-4.8%
Total Supplies	\$ 49,989,546	\$ 51,198,203	\$ (1,208,657)	-2.4%
Drugs	\$ 28,069,604	\$ 28,790,106	\$ (720,502)	-2.6%
Contract Labor	\$ 23,601,508	\$ 21,689,632	\$ 1,911,876	8.1%
Purchased Services	\$ 11,278,817	\$ 11,312,927	\$ (34,110)	-0.3%
Repairs & Maintenance	\$ 9,451,396	\$ 9,216,373	\$ 235,023	2.5%
Rental				
Rental Equipment	\$ 2,574,338	\$ 2,585,469	\$ (11,131)	-0.4%
Rental Space	3,390,913	3,459,421	(68,508)	-2.0%
Total Rental	\$ 5,965,251	\$ 6,044,890	\$ (79,639)	-1.3%

Expenses

Description	FY 2018 Annualized	FY 2019 Budget	Annualized Variance B/(W)	Var %
Utilities				
Electricity	\$ 2,391,572	\$ 2,409,358	\$ (17,786)	-0.7%
Gas	627,849	630,754	(2,905)	-0.5%
Water	164,917	165,720	(803)	-0.5%
Sewer	165,247	166,095	(848)	-0.5%
Other Utilities	73,924	74,293	(369)	-0.5%
Telecommunications	1,280,681	1,337,493	(56,812)	-4.4%
Total Utilities	\$ 4,704,190	\$ 4,783,713	\$ (79,523)	-1.7%
Hardware & Software Maintenance	\$ 5,792,579	\$ 5,595,219	\$ 197,360	3.4%
Legal				
Malpractice Insurance	\$ 600,000	\$ 602,594	\$ (2,594)	-0.4%
Legal General Fees	1,232,810	1,305,030	(72,221)	-5.9%
Legal Professional Liability	1,257,795	1,263,234	(5,439)	-0.4%
Legal Special Projects	219,314	220,262	(948)	-0.4%
Special Compliance Issues	295,757	297,036	(1,280)	-0.4%
Total Legal	\$ 3,605,674	\$ 3,688,156	\$ (82,482)	-2.3%
Insurance	\$ 637,915	\$ 640,673	\$ (2,758)	-0.4%
Collection Expense	\$ 3,095,088	\$ 3,183,202	\$ (88,114)	-2.8%
Other Operating Expenses				
Linen	\$ 926,872	\$ 950,388	\$ (23,516)	-2.5%
Continuing Education	521,631	679,286	(157,655)	-30.2%
Dues And Subscriptions	150,871	132,961	17,910	11.9%
Licenses Fees and Taxes	835,800	900,521	(64,721)	-7.7%
Mileage	187,241	188,020	(779)	-0.4%
Other Expenses	60,591	110,278	(49,687)	-82.0%
Freight	671,825	674,460	(2,635)	-0.4%
Bank Fees	453,494	455,455	(1,961)	-0.4%
Nonphysician Fees	8,127	8,284	(157)	-1.9%
Marketing Expense	794,365	802,344	(7,979)	-1.0%
Total - Other Operating Expenses	\$ 4,610,817	\$ 4,901,997	\$ (291,180)	-6.3%
Total Operating Expenses	\$ 328,773,654	\$ 338,422,567	\$ (9,648,914)	-2.9%
Without Retirement Provision	\$ 316,555,793	\$ 326,204,706	\$ (9,648,913)	-3.0%

Margin

Description	FY 2018 Annualized	FY 2019 Budget	Annualized Variance B/(W)	Var %
Earnings Before Interest, Depreciation & Amortization (EBIDA)	\$ 24,185,377	\$ 25,200,891	\$ 1,015,514	4.2%
Interest	\$ 4,036,841	\$ 3,636,552	\$ (400,289)	-9.9%
Depreciation & Amortization	\$ 20,162,713	\$ 21,046,860	\$ 884,147	4.4%
Net Operating Margin	\$ (14,175)	\$ 517,479	\$ 531,654	-3750.8%
Pension Provision	\$ 12,217,861	\$ 12,217,861	\$ 0	0.0%
Net Operating Margin without Pension Provision	\$ 12,203,686	\$ 12,735,340	\$ 531,654	4.4%
Net Operating Margin as a % of Total Operating Revenue	0.0%	0.1%	0.1%	-3643.7%
Net Operating Margin without Pension Provision as a % of Total Operating Revenue	3.5%	3.5%	0.0%	1.3%
Total Non Operating	\$ 290,294	\$ 299,839	\$ 9,545	3.3%
Excess of Revenue Over Expenses	\$ 276,119	\$ 817,318	\$ 541,199	196.0%
Without Retirement Provision	\$ 12,493,980	\$ 13,035,179	\$ 541,199	4.3%
Excess Margin as a % of Total Operating Revenue	0.1%	0.2%	0.1%	187.3%
Excess Margin without Pension Provision as a % of Total Operating Revenue	3.5%	3.6%	0.0%	1.3%

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2019 Capital Budget



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Department	Description	2019
Accounting	Time Clock Upgrade	108,000
Anesthesia	Anesthesia Machines, Anesthesia Monitors, Ultrasound for blocks	266,000
Automotive Services	Vehicle for Campus Police and Lab Courier	34,000
Campus Police	Golf Cart, IP cameras, Police Radio	82,000
Cardiac Services	REPLACE GE 3600 FLUORO SYSTEM CCL2, 2D Echo/Vascular Machines, Echo Vascular with 3D TEE Package, Tables	2,788,900
Critical Care Services	EV 1000 Clinical Platform, Video Laryngoscope, Sherlock 3CG System	211,000
Education	Document (policy) management software, Furniture Turner Center	117,600
EVS	28" Orbital Floor Machines (4), 28" PACIFIC FLOOR SCRUBBER (1)	24,000
Facilities Support	Med/Surg Beds SRH, Infusion Pumps, New bi-plane/TAVR OR Room OSH, Renovation to Support R&F Room OSH	8,793,500
Heart Burn Txment Ctr	Esophageal Manometry Catheter and System Upgrade	67,600
Information Systems	Backup data domain expansion, Vulnerability / Deep Discovery, Varonis Security, Network Switches, Laptops, PACS Monitors (26)	2,436,200
Labor and Delivery	Infant Warmers (4), Isolette (2), Cautery Generators with Carts (2), Bili-blanket System (4), Hearing Screening Machine	197,832
Laboratory	RALS for Creatinine meter, Automated Blood Bank Analyzers, Freezer, 2-Microtome, Cell Washer, 3-Serofuge	382,800
Med-Surg Units	Bariatric Hoyer Lifts and Slings, Bariatric Scale	6,300
Neuroscience	NCS/EMG Machine	21,600
Nursing Services	Crash Carts x 19	53,200
Patient Access	Registration Accuracy and Quality Assurance Software	35,000
Patient Transportation	17- Passenger ADA Buses x 2	21,000
Property Management	Ambulatory Surgery Center Improvements, Replace OS Imaging Center MRI backup chiller, Replace HVAC units,	287,000
Radiology	R&F Fluoro, Digital Upgrade, Upgrade Console, Stretchers Upgrade Existing Equipment, Injectors, TBS Software for Bone Density	790,000
Rehab Services	Flexible Endoscopic Scope, Bioness Interactive Therapy and Neuro Stimulator, Lits Gait System, Pelvic Exam Table, Total Gym	162,500
Sterile Processing	Instrument Washer x 4	368,200
Surgical Services	New OR Rooms w/ Equipment, TAVR/Biplane Hybrid Room Equipment, Drill System, Jackson Spinal Table, Micro Drills	2,948,900
Wound Care	Procedure Chairs x 4, Hoyer Lift Electric, Lunula Laser	71,100
Total New Capital Spend		\$ 20,274,232

Overview of Consolidated Volume Statistics

	FY 2018 Actual	FY 2018 Projected	% Variance Projected FY 2018 vs. Budget FY 2018	FY 19 Budget	% Variance Projected FY 2018 vs. Budget FY 2019
Total Admissions	17,537	17,918	2.2%	18,093	1.0%
Adjusted Admissions	37,126	38,031	2.4%	38,906	2.3%
Patient Days	83,753	85,473	2.1%	89,165	4.3%
Inpatient Surgeries	5,098	5,046	-1.0%	5,117	1.4%
Outpatient Surgeries	5,030	4,710	-6.4%	4,838	2.7%
Total Surgeries	10,128	9,756	-3.7%	9,955	2.0%
ER Visits	99,933	98,771	-1.2%	99,460	0.7%
ER Admissions	12,991	12,643	-2.7%	12,713	0.6%
Outpatient Procedures					
Radiology Exams	132,819	133,275	0.3%	133,542	0.2%
Laboratory Tests	762,153	773,156	1.4%	774,702	0.2%
PT/OT/ST Treatments	404,612	390,885	-3.4%	398,703	2.0%
Other Service Line Visits	166,273	180,932	8.8%	181,837	0.5%
Total	1,465,857	1,478,248	0.8%	1,488,784	0.7%

Overview of Financial Operating Performance

	FY 2018	FY 2018	% Variance	FY 19	% Variance
Actual	Budget	Projected	Projected FY 2018 vs. Budget FY 2018	Budget	Projected FY 2018 vs. Budget FY 2019
Net Operating Revenue (\$)	\$ 355,540	\$ 352,959	-0.7%	\$ 363,623	3.0%
Expenses					
Salaries and Benefits (\$)	\$ 163,413	\$ 161,052	-1.4%	\$ 170,591	5.9%
Pension (\$)	22,169	12,218	-44.9%	12,218	0.0%
Physician Fees (\$)	4,306	4,702	9.2%	4,568	-2.8%
Supplies (\$)	45,707	49,990	9.4%	51,198	2.4%
Drugs (\$)	26,376	28,070	6.4%	28,790	2.6%
Contract Labor (\$)	23,115	23,602	2.1%	21,690	-8.1%
Purchased Services (\$)	13,620	11,279	-17.2%	11,313	0.3%
Repairs and Maintenance (\$)	9,940	9,451	-4.9%	9,216	-2.5%
Rental (\$)	5,119	5,965	16.5%	6,045	1.3%
Utilities (\$)	4,621	4,704	1.8%	4,784	1.7%
Hardware & Software Maintenance (\$)	6,003	5,793	-3.5%	5,595	-3.4%
Legal (\$)	5,211	3,606	-30.8%	3,688	2.3%
Insurance (\$)	676	638	-5.6%	641	0.4%
Collection Expense (\$)	2,626	3,095	17.9%	3,183	2.8%
Other Expenses (\$)	6,273	4,611	-26.5%	4,902	6.3%
Total Operating Expenses	\$ 339,175	\$ 328,774	-3.1%	\$ 338,423	2.9%
Earnings Before Interest, Depreciation & Amortization (EBIDA)	\$ 16,365	\$ 24,185	47.8%	\$ 25,201	4.2%
Interest, Depreciation, & Amortization	\$ 24,946	\$ 24,200	-3.0%	\$ 24,683	2.0%
Net Operating Margin	\$ (8,581)	\$ (14)	-99.8%	\$ 517	-3750.2%
Non-Operating Revenue (Expense)	\$ 1,988	\$ 290	-85.4%	\$ 300	3.3%
Excess Margin	\$ (6,593)	\$ 276	-104.2%	\$ 817	196.0%
Excess Margin without Pension Provision	\$ 15,576	\$ 12,494	-19.8%	\$ 13,035	4.3%

Dollars in 000s