

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 2020 Budget



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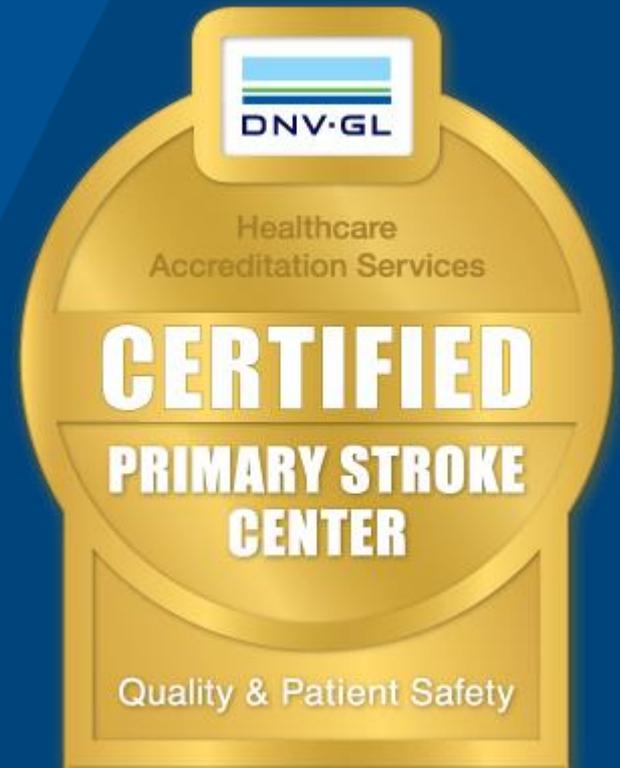
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HOSPITAL  
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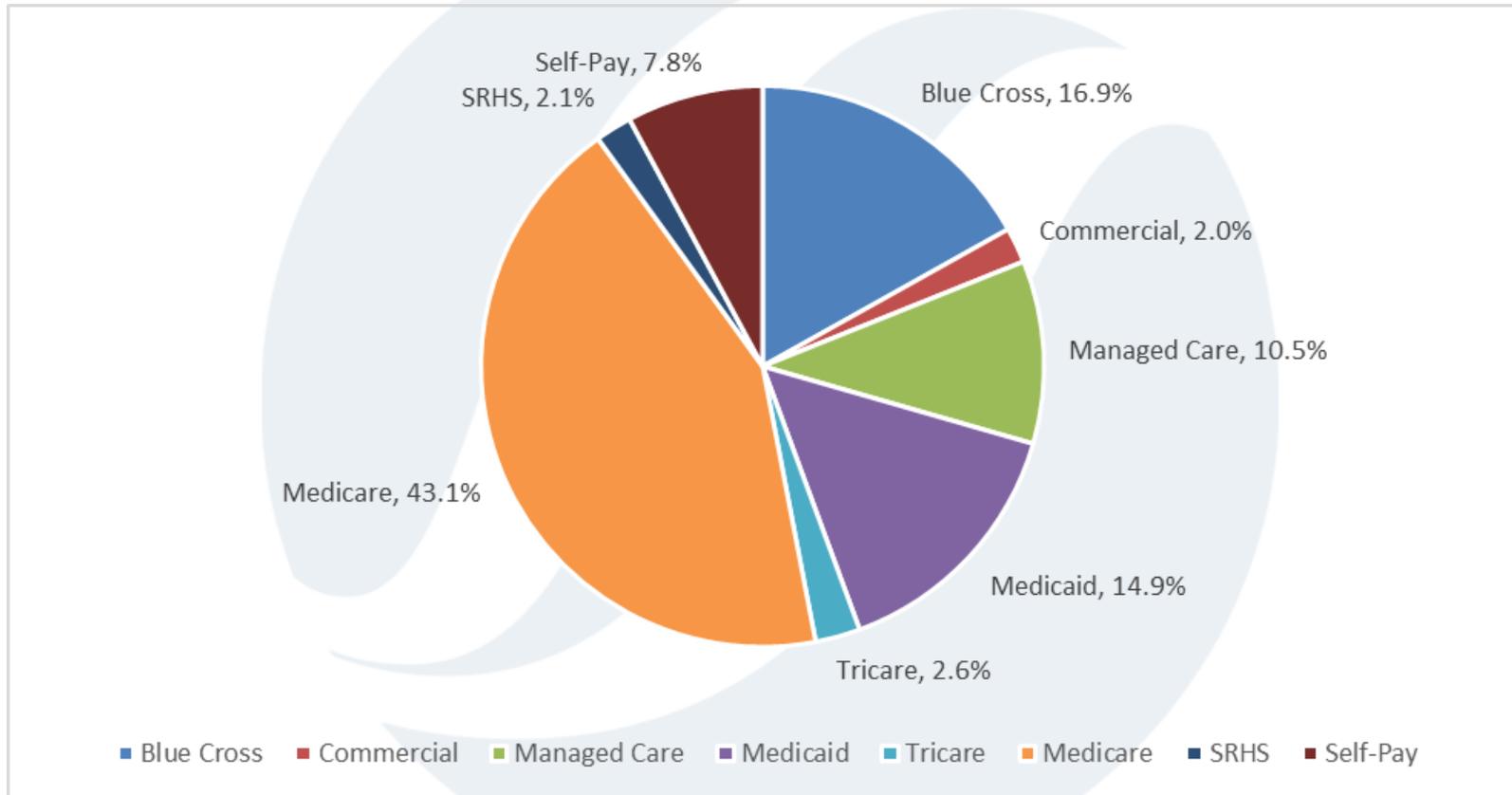


**HEART FAILURE  
TREATMENTS**

# FY 2020 Budget Assumptions

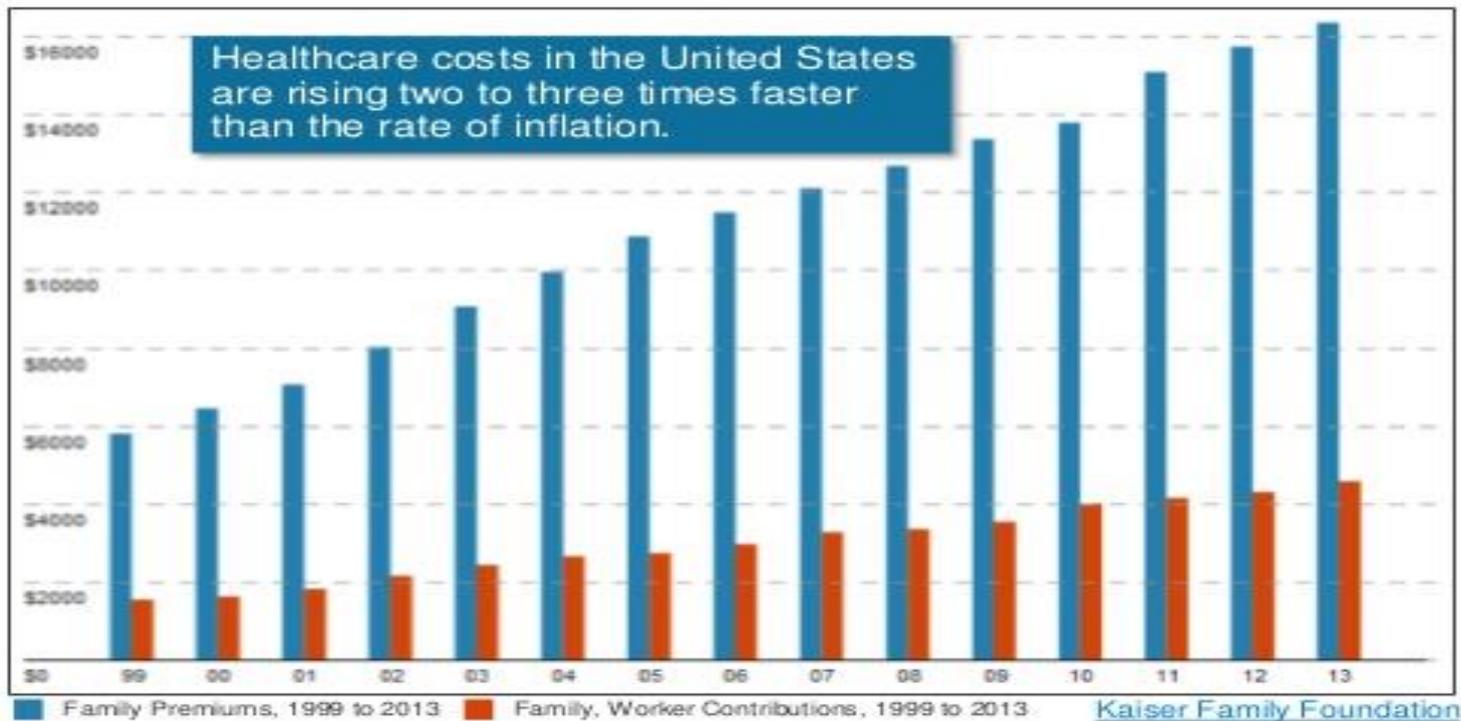
- Projected 1.0% growth in Surgical Volume
- Projected 1.0% growth in Total Admissions
- Projected 2.5% growth in Outpatient Procedures
- Physician growth: Pulmonology, Pediatrics, Primary Care, Oncology
- Payor Contracts: Impacted by renegotiated contracts, FY20 IPPS/OPPS rules, DSH and wage index
- Growth in Retail and Contract Pharmacies (Wal-Mart/RX Express)
- Increased Wages: Full year operations for new clinics/providers, and annual merit increases to aid in retention and maintain Quality Care
- Competitive labor market has contributed to deficiencies in key clinical labor areas
- Benefits: Impacted by internal payment methodology and move to reference-based pricing for Tier 2 Network
- Increased Repairs & Maintenance: Impacted by continued efforts to modernize infrastructure of system
- Volume driven increase in supplies, drug costs, and other operating expenses

# Payor Mix



# Rising Healthcare Costs

## Burden of Rising Healthcare Costs



# Stat Drivers

	FY 2019 Annualized	FY 2020 Budget	Annualized Variance	Var %
Admissions	17,100	17,265	165	1.0%
Deliveries	1,373	1,387	14	1.0%
Surgeries				
Inpatient	5,037	5,080	43	0.9%
Outpatient	4,983	5,040	57	1.1%
Total	10,020	10,120	100	1.0%
Outpatient Procedures				
ER Visits	97,131	96,160	(972)	-1.0%
Radiology Exams	153,259	154,792	1,533	1.0%
Laboratory Tests	829,130	831,614	2,484	0.3%
PT/OT/ST Treatments	394,574	414,302	19,728	5.0%
Other Service Line Visits	193,039	210,361	17,322	9.0%
Total	1,667,133	1,707,229	40,096	2.4%

# Overall FY20 Budget

	FY 2019 Annualized	FY 2020 Budget	Annualized Variance	Var %
<b>Patient Revenue</b>				
Inpatient	\$ 1,025,853,922	\$ 1,034,400,103	\$ 8,546,181	0.8%
Outpatient	1,185,354,147	1,196,816,645	11,462,498	1.0%
Professional	70,272,376	76,919,155	6,646,779	9.5%
<b>Total Patient Revenue</b>	<b>2,281,480,445</b>	<b>2,308,135,903</b>	<b>26,655,458</b>	<b>1.2%</b>
<b>Deductions From Revenue</b>				
Deductions From Revenue	1,902,085,652	1,922,922,458	(20,836,806)	-1.1%
<b>Total Deductions From Revenue</b>	<b>1,902,085,652</b>	<b>1,922,922,458</b>	<b>(20,836,806)</b>	<b>-1.1%</b>
<b>Net Patient Revenue</b>	<b>\$ 379,394,793</b>	<b>\$ 385,213,445</b>	<b>\$ 5,818,652</b>	<b>1.5%</b>
Other Operating Revenue	12,172,779	12,339,663	166,884	1.4%
<b>Total Operating Revenue</b>	<b>\$ 391,567,572</b>	<b>\$ 397,553,108</b>	<b>\$ 5,985,536</b>	<b>1.5%</b>
<b>Operating Expenses</b>				
Salaries & Wages	\$ 138,694,120	\$ 145,908,144	\$ (7,214,024)	-5.2%
Benefits	29,894,539	29,591,155	303,384	1.0%
Retirement Provision	(5,245,594)	-	(5,245,594)	100.0%
Physician Fees	4,570,292	4,693,054	(122,762)	-2.7%
Supplies	55,949,207	59,053,214	(3,104,007)	-5.5%
Drugs	35,923,397	38,555,310	(2,631,913)	-7.3%
Contract Labor	22,134,362	22,717,626	(583,264)	-2.6%
Purchased Services	12,700,271	12,682,546	17,725	0.1%
Repairs & Maintenance	8,041,175	9,787,495	(1,746,320)	-21.7%
Rental	5,665,308	5,704,503	(39,195)	-0.7%
Utilities	4,843,260	4,925,830	(82,570)	-1.7%
Hardware & Software Maintenance	5,823,061	6,709,350	(886,289)	-15.2%
Legal	2,994,222	3,041,604	(47,382)	-1.6%
Insurance	655,976	660,576	(4,600)	-0.7%
Collection Expense	3,131,408	3,233,957	(102,549)	-3.3%
Other Expenses	4,872,553	5,155,587	(283,034)	-5.8%
Interest	3,520,628	2,867,262	653,366	18.6%
Amortization of Pension Interest Expense	4,835,757	4,781,208	54,549	1.1%
Depreciation	21,936,741	22,696,941	(760,200)	-3.5%
<b>Total Operating Expenses</b>	<b>\$ 360,940,683</b>	<b>\$ 382,765,362</b>	<b>\$ (21,824,679)</b>	<b>-6.0%</b>
<b>Excess of Revenue over Expenses from Operations</b>	<b>\$ 30,626,889</b>	<b>\$ 14,787,746</b>	<b>\$ (15,839,143)</b>	<b>-51.7%</b>
<b>Percentage of Excess of Revenue over Expenses from Operations</b>	<b>7.8%</b>	<b>3.7%</b>		
<b>Excess of Revenue over Expenses from Operations Net Pension</b>	<b>\$ 30,217,052</b>	<b>\$ 19,568,954</b>	<b>\$ (10,648,098)</b>	<b>-35.2%</b>
<b>Percentage of Excess of Revenue over Expenses from Operations Net Pension</b>	<b>7.7%</b>	<b>4.9%</b>		
<b>Total Non-Operating Income</b>	<b>\$ 2,469,140</b>	<b>\$ 2,814,168</b>	<b>\$ 345,028</b>	<b>14.0%</b>
<b>Excess of Revenue Over Expenses</b>	<b>\$ 33,096,029</b>	<b>\$ 17,601,914</b>	<b>\$ (15,494,114)</b>	<b>-46.8%</b>
<b>Excess of Revenue over Expenses Net</b>	<b>\$ 32,686,192</b>	<b>\$ 22,383,122</b>	<b>\$ (10,303,069)</b>	<b>-31.5%</b>

# Revenues

Description	FY 2019 Annualized	FY 2020 Budget	Annualized Variance B/(W)	Var %
<b>Net Patient Revenue</b>	<b>\$ 379,394,792</b>	<b>\$ 385,213,445</b>	<b>\$ 5,818,653</b>	<b>1.5%</b>
<b>Other Operating Revenue</b>				
Retail Pharmacy Contracts	5,882,646	6,305,784	423,138	7.2%
Rental Income	394,850	396,558	1,708	0.4%
Vendor Prompt Pay Discounts	1,415	1,421	6	0.5%
Insurance State Appropriation	169,138	-	(169,138)	-100.0%
Gift Shop Sales	821,035	824,585	3,550	0.4%
Employee Pharmacy	2,284,321	2,294,198	9,877	0.4%
VHA Income	302,029	300,000	(2,029)	-0.7%
Photography Commissions	583	586	3	0.4%
Vending Machine Commissions	49,072	49,284	212	0.4%
Transportation Grant Revenue	102,941	103,386	445	0.4%
Medical Records Fees	274,987	276,176	1,189	0.4%
Returned Check Fees	11,052	18,484	7,432	67.2%
Epic Subscription Income	210,312	211,221	909	0.4%
Credit Card Rebate	115,165	115,663	498	0.4%
Miscellaneous	587,535	578,550	(8,985)	-1.5%
Clinic Contract Revenue	130,543	25,000	(105,543)	-80.8%
Clinic Rental Income	835,156	838,767	3,611	0.4%
<b>Total Other Operating Revenue</b>	<b>\$ 12,172,778</b>	<b>\$ 12,339,663</b>	<b>\$ 166,885</b>	<b>1.4%</b>
<b>Total Operating Revenue</b>	<b>\$ 391,567,570</b>	<b>\$ 397,553,108</b>	<b>\$ 5,985,538</b>	<b>1.5%</b>

# Labor

Description	FY 2019 Annualized	FY 2020 Budget	Annualized Variance B/(W)	Var %
<b>Salaries &amp; Wages</b>	<b>\$ 138,694,120</b>	<b>\$ 145,908,144</b>	<b>\$ (7,214,024)</b>	<b>-5.2%</b>
<b>Benefits</b>				
FICA Taxes	9,475,603	9,896,647	(421,044)	-4.4%
Health Benefit Expense	17,273,456	16,571,014	702,442	4.1%
Fitness Incentive	38,468	39,228	(760)	-2.0%
Tuition Assistance	68,782	91,253	(22,471)	-32.7%
Miscellaneous	474,309	483,999	(9,690)	-2.0%
Workers Comp Expense	867,983	839,837	28,146	3.2%
Defined Contribution Employer Match Expense	1,695,938	1,669,177	26,760	1.6%
<b>Benefits</b>	<b>\$ 29,894,539</b>	<b>\$ 29,591,155</b>	<b>\$ 303,384</b>	<b>1.0%</b>
<b>Retirement Provision - Pension</b>	<b>\$ (5,245,594)</b>	<b>\$ -</b>	<b>\$ (5,245,594)</b>	<b>100.0%</b>
<b>Physician Fees</b>	<b>\$ 4,570,292</b>	<b>\$ 4,693,054</b>	<b>\$ (122,762)</b>	<b>-2.7%</b>

# Expenses

Description	FY 2019 Annualized	FY 2020 Budget	Annualized Variance B/(W)	Var %
<b>Supplies</b>				
Nonchargeable Medical Supplies	\$ 7,479,547	\$ 7,619,244	(139,697)	-1.9%
Chargeable Medical Supplies	17,855,207	18,000,783	(145,576)	-0.8%
Office Supplies	337,130	352,007	(14,877)	-4.4%
Minor Computer Equipment	438,755	442,408	(3,653)	-0.8%
Minor Noncomputer Equipment	973,791	1,083,224	(109,433)	-11.2%
Other Operating Supplies	2,229,192	2,292,333	(63,141)	-2.8%
Linen Replacement	317,563	319,810	(2,247)	-0.7%
Blood	1,664,068	1,664,063	5	0.0%
Bulk Oxygen	104,159	104,896	(737)	-0.7%
Orthopedic Hardware	1,517,162	1,517,060	102	0.0%
Spinal Hardware	3,487,845	3,693,472	(205,627)	-5.9%
Pain Stimulators	554,163	576,973	(22,810)	-4.1%
Joint Components	4,138,179	4,467,909	(329,730)	-8.0%
Stents	3,020,887	3,030,942	(10,055)	-0.3%
CRM (Cardiac Rhythm Management)	3,223,785	3,737,023	(513,238)	-15.9%
Catheters/Ports	110,866	110,935	(69)	-0.1%
Heart Valves	646,740	646,660	80	0.0%
Tissue, Mesh, Graft	2,415,054	2,414,798	256	0.0%
Hemostatic Agent	238,304	238,291	13	0.0%
Implants	2,124,964	3,131,335	(1,006,371)	-47.4%
Structural Heart	169,767	370,509	(200,742)	-118.2%
Other Heart	2,902,081	3,238,539	(336,458)	-11.6%
<b>Total Supplies</b>	<b>55,949,207</b>	<b>59,053,214</b>	<b>(3,104,007)</b>	<b>-5.5%</b>
<b>Drugs</b>	<b>35,923,397</b>	<b>38,555,310</b>	<b>(2,631,913)</b>	<b>-7.3%</b>
<b>Contract Labor</b>	<b>22,134,362</b>	<b>22,717,626</b>	<b>(583,264)</b>	<b>-2.6%</b>
<b>Total Purchased Services</b>	<b>12,700,271</b>	<b>12,682,546</b>	<b>17,725</b>	<b>0.1%</b>
<b>Repairs &amp; Maintenance</b>	<b>8,041,175</b>	<b>9,787,495</b>	<b>(1,746,320)</b>	<b>-21.7%</b>
<b>Rental</b>	<b>5,665,308</b>	<b>5,704,503</b>	<b>(39,195)</b>	<b>-0.7%</b>

# Expenses

Description	FY 2019 Annualized	FY 2020 Budget	Annualized Variance B/(W)	Var %
<b>Utilities</b>				
Electricity	2,489,731	2,515,469	(25,738)	-1.0%
Gas	671,237	676,582	(5,345)	-0.8%
Water	180,667	182,324	(1,657)	-0.9%
Sewer	159,498	161,019	(1,521)	-1.0%
Other Utilities	77,879	81,437	(3,558)	-4.6%
Telecommunications	1,264,249	1,308,999	(44,750)	-3.5%
<b>Total Utilities</b>	<b>4,843,260</b>	<b>4,925,830</b>	<b>(82,570)</b>	<b>-1.7%</b>
<b>Hardware &amp; Software Maintenance</b>	<b>5,823,061</b>	<b>6,709,350</b>	<b>(886,289)</b>	<b>-15.2%</b>
<b>Legal</b>	<b>2,994,222</b>	<b>3,041,604</b>	<b>(47,382)</b>	<b>-1.6%</b>
<b>Insurance</b>	<b>655,976</b>	<b>660,576</b>	<b>(4,600)</b>	<b>-0.7%</b>
<b>Collection Expense</b>	<b>3,131,408</b>	<b>3,233,957</b>	<b>(102,549)</b>	<b>-3.3%</b>
<b>Other Operating Expenses</b>				
Linen Processing	997,625	1,029,801	(32,176)	-3.2%
Continuing Education	333,298	405,796	(72,498)	-21.8%
Dues And Subscriptions	242,821	213,350	29,471	12.1%
Licenses Fees and Taxes	1,109,513	1,070,813	38,700	3.5%
Mileage	212,583	220,597	(8,014)	-3.8%
Other Expenses	(80,941)	(78,595)	(2,346)	2.9%
Freight	766,498	771,415	(4,917)	-0.6%
Bank Fees	499,406	502,940	(3,534)	-0.7%
Marketing Expense	791,748	1,019,470	(227,722)	-28.8%
<b>Total - Other Operating Expenses</b>	<b>4,872,553</b>	<b>5,155,587</b>	<b>(283,034)</b>	<b>-5.8%</b>
<b>Total Operating Expenses</b>	<b>\$ 330,647,558</b>	<b>\$ 352,419,951</b>	<b>\$ (21,772,393)</b>	<b>-6.6%</b>
<b>Without Retirement Provision</b>	<b>\$ 335,893,152</b>	<b>\$ 352,419,951</b>	<b>\$ (16,526,799)</b>	<b>-4.9%</b>

# Margin

Description	FY 2019 Annualized	FY 2020 Budget	Annualized Variance B/(W)	Var %
<b>Earnings Before Interest, Depreciation &amp; Amortization (EBIDA)</b>	\$ 60,920,013	\$ 45,133,157	\$ (15,786,856)	-25.9%
<b>EBIDA as a Percentage of Total Operating Revenue</b>	15.6%	11.4%		
<b>Earnings Before Interest, Depreciation &amp; Amortization (EBIDA) Net Pension</b>	\$ 55,674,419	\$ 45,133,157	\$ (10,541,262)	-18.9%
<b>EBIDA as a Percentage of Total Operating Revenue Net Pension</b>	14.2%	11.4%		
Interest	3,520,628	2,867,262	653,366	18.6%
Amortization of Pension Interest Expense	\$ 4,835,757	\$ 4,781,208	\$ 54,549	1.1%
Depreciation & Amortization	21,936,741	22,696,941	(760,200)	-3.5%
<b>Net Operating Margin</b>	\$ 30,626,887	\$ 14,787,746	\$ (15,839,141)	-51.7%
<b>Net Operating Margin as a Percentage of Total Operating Revenue</b>	7.8%	3.7%		
<b>Net Operating Margin Net Pension</b>	\$ 30,217,050	\$ 19,568,954	\$ (10,648,096)	-35.2%
<b>Net Operating Margin as a Percentage of Total Operating Revenue Net Pension</b>	7.7%	4.9%		
<b>Total Non-Operating Income</b>	\$ 2,469,140	\$ 2,814,168	\$ 345,028	14.0%
<b>Excess of Revenue Over Expenses</b>	\$ 33,096,027	\$ 17,601,914	\$ (15,494,113)	-46.8%
<b>Excess of Revenue Over Expenses as a Percentage of Total Operating Revenue</b>	8.5%	4.4%		
<b>Excess of Revenue over Expenses Net Pension</b>	\$ 32,686,190	\$ 22,383,122	\$ (10,303,068)	-31.5%
<b>Excess of Revenue Over Expenses as a Percentage of Total Operating Revenue Net Pension</b>	8.3%	5.6%		

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# 2020 Capital Budget



SINGING RIVER  
HEALTH SYSTEM

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# Singing River Health System - 2020 Capital Budget

Department	Description		
Information Systems	Voice Over Internet Protocol phone system, upgrade servers, PCs, laptops, additional storage, legacy EMR system conversions, rehab module, infant security and radiology NDSC decision support	\$	3,587,757
Radiology	MRI equipment, CT scanner and breast tomo w/sterio (2)	\$	2,350,000
Operating Room - Ocean Springs	new room (old PACU conversion), heart room integration, Medistem heart probe system, OR tables, ENT navigation, and other surgical equipment	\$	1,795,000
Operating Room - Pascagoula	OR room lights and monitors integration, OR tables, Medistim heart probe system, Neptune suction, arthroscopy sets, Mini C Arm, and other surgical equipment	\$	1,631,000
Respiratory	ventilators	\$	1,436,000
Cardiology	replace Siemens fluoro system in cath lab, disinfecting system, GE monitors (4), and ultrasound machine	\$	896,300
Lab	IRIS urine analyzers, stago lab instruments, Biofire blood culture analyzer, 9 coag analyzers, and tissue tek stainer	\$	588,400
Pharmacy	hardware upgrades/rebuild of Swisslog pharmacy robot at both facilities, chemo storage in cancer center, and tube station relocation	\$	585,000
Cancer	front desk and lobby renovations, chemo chairs, patient skylight, and 3D printer	\$	353,300
Anesthesia	MRI anesthesia machine w/ monitors and glidescope systems	\$	312,000
Wound Care	procedure chairs, ultrasonic wound system and Luna laser	\$	175,200
Labor and Delivery	Biliblanket system, infant warmers and isolette	\$	120,000
Rehab Services	Biodex computerized therapy system, equipment for new space at Pascagoula med park, and tables	\$	104,600
Automotive Services	vehicles for campus police and lab courier	\$	49,000
Comprehensive Rehab Center	recliners, standing frame, table, simulation therapy, and visual impairment training system	\$	44,800
EVS	high-end floor scrubbers	\$	40,000
Food and Nutrition	industrial dishwasher at Pascagoula hospital	\$	40,000
Campus Police	police radio, ID badge printer and network video recorder	\$	26,000
Cardiac Rehab	replace recumbent steppers	\$	24,000
Endocrinology	portable ultrasound for thyroid US, biopsies	\$	15,000
Pulmonary- OSH	portable Ultrasound for thorcenteses	\$	15,000
Vascular Access OSH	pediatric probe	\$	8,000
Rheumatology	blanket warmers for infusion suite	\$	7,544
PACU	transport monitors	\$	7,000

# Singing River Health System - 2020 Capital Budget

Department	Facilities Detail	
Facilities Support	construct new OSH robotic OR	\$ 1,200,000
Facilities Support	IV pump replacements	\$ 800,000
Facilities Support	system storm drainage repairs and asphalt replacement	\$ 500,000
Facilities Support	OSH - Cath Lab 1 construction	\$ 500,000
Facilities Support	OSH build out 3 new rooms on 2 North (PCU)	\$ 350,000
Facilities Support	install mandated fire sprinkler piping for SRH	\$ 300,000
Facilities Support	SRH and OSH patient room transport recliners	\$ 275,000
Facilities Support	Life Pack defibrillators	\$ 250,000
Facilities Support	renovate SRH ICU units	\$ 250,000
Facilities Support	OSH Hybrid OR completion	\$ 250,000
Facilities Support	replace SRH and OSH infant security systems	\$ 250,000
Facilities Support	SRH kitchen and dining room air handling units	\$ 225,000
Facilities Support	SRH renovate 2NW for med-surgery rooms	\$ 200,000
Facilities Support	renovate SRH operating rooms (\$50,000 each)	\$ 200,000
Facilities Support	modernize OSH operating rooms	\$ 200,000
Facilities Support	SRH GNW and 1NW nurse call and RTLS upgrade	\$ 160,000
Facilities Support	SRH ICU nurse call and RTLS upgrade	\$ 160,000
Facilities Support	SRH nursery relocation	\$ 155,000
Facilities Support	SRH pharmacy renovation and expansion	\$ 150,000
Facilities Support	system-wide water conservation initiatives	\$ 150,000
Facilities Support	system-wide electrical conservation initiatives	\$ 150,000
Facilities Support	OSH labor and delivery renovation	\$ 150,000
Facilities Support	modernize SRH internal electrical to three branches of emergency power	\$ 150,000
Facilities Support	OSH kitchen hood replacement	\$ 140,000
Facilities Support	OS Endoscopy and Surgery Center air handling unit replacement and controls	\$ 125,000
Facilities Support	OSH pharmacy renovation	\$ 100,000
Facilities Support	replace SRH fan coil units	\$ 100,000
Facilities Support	replace OSH fan coil units	\$ 100,000
Facilities Support	SRH third cooling tower	\$ 100,000
Facilities Support	SRH pipe/electrical bridge enclosure	\$ 100,000
Facilities Support	miscellaneous projects <\$100K	\$ 1,702,000
		<b>\$ 23,702,901</b>