

# FY 2021 Budget

September 3, 2020







NATIONALLY RECOGNIZED

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SPRING 2020

LEAPFROG  
HOSPITAL  
SAFETY GRADE

# FY 2021 Budget Assumptions

- Projected 1.1% growth in Surgical Volume
- Projected 1.5% growth in Total Admissions
- Projected 2.0% growth in Outpatient Procedures
- Physician growth: Pulmonology, Colorectal, Primary Care, Oncology, Pediatrics, Psychiatry, Endocrinology
- Payor Contracts: Impacted by renegotiated contracts, FY21 IPPS/OPPS rules, DSH and wage index changes
- Growth in Clinical Trial Revenue (Cancer Program)
- Growth in Specialty Pharmacy (break-even Year 1)
- Rural Referral Center Status election impact is two-fold; DRG payment negative impact of approx. \$1.268M and drug cost increase of \$5.534M
- DSH/MHAP: Estimated \$4.1M decline in expected DSH/MHAP funds based upon current projections
- Salaries & Wages: Impacted by new Physicians, full year operations for new clinics/providers, and annual merit increases to aid in retention and maintain Quality Care
- Benefits: Impacted by increased FICA taxes, health benefit expense and worker's comp
- Physician Fees: Impacted by increased Cardiology Call and Co-Mgmt Agreements
- Repairs & Maintenance: Impacted by continued efforts to modernize
- Volume driven increase in supplies, drug costs, and other operating expenses (drug costs also impacted by RRC election).

# Stat Drivers

	FY 2020 Annualized	FY 2021 Budget	Annualized Variance	Var %
Admissions	17,074	17,326	252	1.5%
Deliveries	1,464	1,488	24	1.6%
Surgeries				
Inpatient	4,972	5,017	45	0.9%
Outpatient	5,454	5,523	69	1.3%
Total	10,426	10,540	114	1.1%
Outpatient Procedures				
ER Visits	93,330	92,628	(702)	-0.8%
Radiology Exams	159,574	162,837	3,263	2.0%
Laboratory Tests	892,678	910,933	18,255	2.0%
PT/OT/ST Treatments	373,090	380,720	7,630	2.0%
Other Service Line Visits	218,246	223,687	5,441	2.5%
Total	1,736,918	1,770,805	33,887	2.0%

# Overall FY21 Budget

	FY 2020 Annualized	FY 2021 Budget	Annualized Variance	Var %
<b>Patient Revenue</b>				
Inpatient	\$ 1,054,744,398	\$ 1,064,857,661	\$ 10,113,264	1.0%
Outpatient	1,265,082,720	1,296,701,809	31,619,089	2.5%
Professional	80,721,204	83,746,898	3,025,694	3.7%
<b>Total Patient Revenue</b>	<b>2,400,548,321</b>	<b>2,445,306,368</b>	<b>44,758,047</b>	<b>1.9%</b>
<b>Deductions From Revenue</b>				
Deductions From Revenue	2,026,288,155	2,053,805,255	(27,517,100)	-1.4%
<b>Total Deductions From Revenue</b>	<b>2,026,288,155</b>	<b>2,053,805,255</b>	<b>(27,517,100)</b>	<b>-1.4%</b>
<b>Net Patient Revenue</b>	<b>\$ 374,260,165</b>	<b>\$ 391,501,113</b>	<b>\$ 17,240,948</b>	<b>4.6%</b>
Other Operating Revenue	16,675,739	19,268,191	2,592,452	15.5%
<b>Total Operating Revenue</b>	<b>\$ 390,935,904</b>	<b>\$ 410,769,304</b>	<b>\$ 19,833,400</b>	<b>5.1%</b>
<b>Operating Expenses</b>				
Salaries & Wages	\$ 145,777,213	\$ 154,611,489	\$ (8,834,276)	-6.1%
Benefits	26,910,768	28,688,878	(1,778,110)	-6.6%
Retirement Provision	-	-	-	0.0%
Physician Fees	5,511,995	6,304,423	(792,428)	-14.4%
Supplies	64,373,883	63,319,597	1,054,286	1.6%
Drugs	42,453,556	49,986,296	(7,532,740)	-17.7%
Contract Labor	22,636,883	22,741,035	(104,152)	-0.5%
Purchased Services	12,680,350	13,161,834	(481,484)	-3.8%
Repairs & Maintenance	9,907,627	9,864,279	43,348	0.4%
Rental	3,533,758	3,597,954	(64,196)	-1.8%
Utilities	4,749,091	4,511,671	237,420	5.0%
Hardware & Software Maintenance	5,889,742	6,268,594	(378,852)	-6.4%
Legal	2,109,776	2,141,220	(31,445)	-1.5%
Insurance	653,075	651,291	1,784	0.3%
Collection Expense	3,170,600	3,162,057	8,543	0.3%
Other Expenses	5,612,800	5,609,716	3,084	0.1%
Interest	5,005,056	4,578,937	426,119	8.5%
Amortization of Pension Interest Expense	4,781,208	4,756,731	24,477	0.5%
Depreciation	23,864,632	23,859,798	4,834	0.0%
<b>Total Operating Expenses</b>	<b>\$ 389,622,013</b>	<b>\$ 407,815,800</b>	<b>\$ (18,193,787)</b>	<b>-4.7%</b>
<b>Excess of Revenue over Expenses from Operations</b>	<b>\$ 1,313,891</b>	<b>\$ 2,953,504</b>	<b>\$ 1,639,613</b>	<b>124.8%</b>
<b>Percentage of Excess of Revenue over Expenses from Operations</b>	<b>0.3%</b>	<b>0.7%</b>		
<b>Total Non-Operating Income</b>	<b>\$ 4,513,149</b>	<b>\$ 4,324,081</b>	<b>\$ (189,069)</b>	<b>-4.2%</b>
<b>Excess of Revenue Over Expenses</b>	<b>\$ 5,827,040</b>	<b>\$ 7,277,585</b>	<b>\$ 1,450,545</b>	<b>24.9%</b>

# Revenues

Description	FY 2020 Annualized	FY 2021 Budget	Annualized Variance B/(W)	Var %
<b>Net Patient Revenue</b>	<b>\$ 374,260,165</b>	<b>\$ 391,501,113</b>	<b>\$ 17,240,948</b>	<b>4.6%</b>
<b>Other Operating Revenue</b>				
Retail Pharmacy Contracts	10,554,091	10,554,091	(0)	0.0%
Rental Income	394,850	394,850	(0)	0.0%
Grants Other	12,768	12,768	(0)	0.0%
Vendor Prompt Pay Discounts	1,949	1,949	0	0.0%
Clinical Trial Revenue	19,444	300,000	280,556	1442.9%
Cafeteria Sales	12,498	12,498	(0)	0.0%
Gift Shop Sales	797,906	79,791	(718,115)	-90.0%
Employee Pharmacy	2,495,639	2,495,639	(0)	0.0%
VHA Income	367,497	367,497	(0)	0.0%
Specialty Pharmacy	17,946	3,100,000	3,082,054	17173.7%
Workforce Training	5,040	-	(5,040)	-100.0%
Vending Machine Commissions	27,867	27,867	(0)	0.0%
Transportation Grant Revenue	130,517	130,517	0	0.0%
Medical Records Fees	188,391	188,391	(0)	0.0%
Returned Check Fees	23,034	23,034	0	0.0%
Epic Subscription Income	211,473	211,473	0	0.0%
Credit Card Rebate	117,875	117,875	(0)	0.0%
Miscellaneous	519,884	472,884	(47,000)	-9.0%
Clinic Contract Revenue	13,170	13,170	-	0.0%
Clinic Rental Income	763,897	763,897	(0)	0.0%
<b>Total Other Operating Revenue</b>	<b>\$ 16,675,739</b>	<b>\$ 19,268,191</b>	<b>\$ 2,592,452</b>	<b>15.5%</b>
<b>Total Operating Revenue</b>	<b>\$ 390,935,904</b>	<b>\$ 410,769,304</b>	<b>\$ 19,833,400</b>	<b>5.1%</b>

# Labor

Description	FY 2020 Annualized	FY 2021 Budget	Annualized Variance B/(W)	Var %
<b>Salaries &amp; Wages</b>	<b>\$ 145,777,213</b>	<b>\$ 154,611,489</b>	<b>\$ (8,834,276)</b>	<b>-6.1%</b>
<b>Benefits</b>				
FICA Taxes	9,869,415	10,650,285	(780,870)	-7.9%
Health Benefit Expense	14,271,503	14,959,099	(687,596)	-4.8%
Fitness Incentive	52,593	52,925	(332)	-0.6%
Tuition Assistance	83,772	75,241	8,531	10.2%
Miscellaneous	538,125	474,370	63,755	11.8%
Workers Comp Expense	335,713	660,000	(324,287)	-96.6%
Defined Contribution Employer Match Expense	1,725,082	1,772,757	(47,675)	-2.8%
Employee Recognition	2,276	1,911	365	16.0%
Employee Relations	32,290	42,290	(10,000)	-31.0%
<b>Benefits</b>	<b>\$ 26,910,768</b>	<b>\$ 28,688,878</b>	<b>\$ (1,778,110)</b>	<b>-6.6%</b>
<b>Physician Fees</b>	<b>\$ 5,511,995</b>	<b>\$ 6,304,423</b>	<b>\$ (792,428)</b>	<b>-14.4%</b>

# Expenses

Description	FY 2020 Annualized	FY 2021 Budget	Annualized Variance B/(W)	Var %
<b>Supplies</b>				
Nonchargeable Medical Supplies	\$ 8,441,390	\$ 8,406,313	35,077	0.4%
Covid-19 Prevention and Treatment	837,975	-	837,975	100.0%
Chargeable Medical Supplies	18,620,499	18,666,535	(46,036)	-0.2%
Office Supplies	334,030	335,345	(1,315)	-0.4%
Minor Computer Equipment	608,574	601,978	6,596	1.1%
Minor Noncomputer Equipment	1,221,546	1,263,597	(42,051)	-3.4%
Other Operating Supplies	2,485,351	2,026,243	459,108	18.5%
Linen Replacement	282,572	281,800	772	0.3%
Blood	1,582,955	1,572,610	10,345	0.7%
Bulk Oxygen	116,975	116,655	320	0.3%
Orthopedic Hardware	1,912,565	1,926,558	(13,993)	-0.7%
Spinal Hardware	3,322,215	3,360,749	(38,534)	-1.2%
Pain Stimulators	403,277	406,319	(3,042)	-0.8%
Joint Components	4,258,611	4,281,216	(22,605)	-0.5%
Stents	2,613,754	2,617,871	(4,117)	-0.2%
CRM (Cardiac Rhythm Management)	4,493,613	4,994,413	(500,800)	-11.1%
Catheters/Ports	108,047	108,537	(490)	-0.5%
Heart Valves	530,458	533,383	(2,925)	-0.6%
Tissue, Mesh, Graft	2,429,650	2,449,626	(19,976)	-0.8%
Hemostatic Agent	258,377	259,996	(1,619)	-0.6%
Implants	2,836,948	3,841,045	(1,004,097)	-35.4%
Structural Heart	3,698,477	1,988,785	1,709,692	46.2%
Other Heart	2,976,026	3,280,023	(303,997)	-10.2%
<b>Total Supplies</b>	<b>64,373,883</b>	<b>63,319,597</b>	<b>1,054,286</b>	<b>1.6%</b>
<b>Drugs</b>	<b>42,453,556</b>	<b>49,986,296</b>	<b>(7,532,740)</b>	<b>-17.7%</b>
<b>Contract Labor</b>	<b>22,636,883</b>	<b>22,741,035</b>	<b>(104,152)</b>	<b>-0.5%</b>
<b>Total Purchased Services</b>	<b>12,680,350</b>	<b>13,161,834</b>	<b>(481,484)</b>	<b>-3.8%</b>
<b>Repairs &amp; Maintenance</b>	<b>9,907,627</b>	<b>9,864,279</b>	<b>43,348</b>	<b>0.4%</b>
<b>Rental</b>	<b>3,533,758</b>	<b>3,597,954</b>	<b>(64,196)</b>	<b>-1.8%</b>

# Expenses

Description	FY 2020 Annualized	FY 2021 Budget	Annualized Variance B/(W)	Var %
<b>Utilities</b>				
Electricity	2,308,807	2,305,017	3,790	0.2%
Gas	597,137	405,888	191,249	32.0%
Water	189,725	189,290	435	0.2%
Sewer	167,554	167,209	345	0.2%
Other Utilities	75,793	75,587	206	0.3%
Telecommunications	1,410,077	1,368,680	41,397	2.9%
<b>Total Utilities</b>	<b>4,749,091</b>	<b>4,511,671</b>	<b>237,420</b>	<b>5.0%</b>
<b>Hardware &amp; Software Maintenance</b>	<b>5,889,742</b>	<b>6,268,594</b>	<b>(378,852)</b>	<b>-6.4%</b>
<b>Legal</b>	<b>2,109,776</b>	<b>2,141,220</b>	<b>(31,445)</b>	<b>-1.5%</b>
<b>Insurance</b>	<b>653,075</b>	<b>651,291</b>	<b>1,784</b>	<b>0.3%</b>
<b>Collection Expense</b>	<b>3,170,600</b>	<b>3,162,057</b>	<b>8,543</b>	<b>0.3%</b>
<b>Other Operating Expenses</b>				
Linen Processing	921,842	919,622	2,220	0.2%
Continuing Education	438,319	443,375	(5,056)	-1.2%
Dues And Subscriptions	402,898	335,233	67,665	16.8%
Licenses Fees and Taxes	1,258,284	1,147,164	111,120	8.8%
Mileage	294,480	176,370	118,110	40.1%
Other Expenses	490,162	706,962	(216,800)	-44.2%
Freight	822,143	819,907	2,236	0.3%
Marketing Expense	984,671	1,061,083	(76,412)	-7.8%
<b>Total - Other Operating Expenses</b>	<b>5,612,800</b>	<b>5,609,716</b>	<b>3,084</b>	<b>0.1%</b>
<b>Total Operating Expenses</b>	<b>\$ 355,971,117</b>	<b>\$ 374,620,334</b>	<b>\$ (18,649,217)</b>	<b>-5.2%</b>

# Margin

Description	FY 2020 Annualized	FY 2021 Budget	Annualized Variance B/(W)	Var %
<b>Earnings Before Interest, Depreciation &amp; Amortization (EBIDA)</b>	<b>\$ 34,964,787</b>	<b>\$ 36,148,970</b>	<b>\$ 1,184,183</b>	<b>3.4%</b>
<b>EBIDA as a Percentage of Total Operating Revenue</b>	<b>8.9%</b>	<b>8.8%</b>		
Interest	5,005,056	4,578,937	426,119	8.5%
Amortization of Pension Interest Expense	\$ 4,781,208	\$ 4,756,731	\$ 24,477	0.5%
Depreciation & Amortization	23,864,632	23,859,798	4,834	0.0%
<b>Net Operating Margin</b>	<b>\$ 1,313,891</b>	<b>\$ 2,953,504</b>	<b>\$ 1,639,613</b>	<b>124.8%</b>
<b>Net Operating Margin as a Percentage of Total Operating Revenue</b>	<b>0.3%</b>	<b>0.7%</b>		
<b>Total Non-Operating Income</b>	<b>\$ 4,513,149</b>	<b>\$ 4,324,081</b>	<b>\$ (189,069)</b>	<b>-4.2%</b>
<b>Excess of Revenue Over Expenses</b>	<b>\$ 5,827,040</b>	<b>\$ 7,277,585</b>	<b>\$ 1,450,545</b>	<b>24.9%</b>
<b>Excess of Revenue Over Expenses as a Percentage of Total Operating Revenue</b>	<b>1.5%</b>	<b>1.8%</b>		

# FY 2021 Garden Park Proforma – Huron Valuation

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>Net Revenue</b>	65,025	69,237	73,374	77,389	80,069
<i>Growth Rate</i>	2.5%	6.5%	6.0%	5.5%	3.5%
<b>Operating Expenses:</b>					
Salaries and Wages	25,464	26,996	28,584	29,739	30,941
Benefits	5,857	6,209	6,574	6,840	7,116
Supplies	10,863	11,510	12,138	12,740	13,117
Other Expenses	20,387	20,768	21,152	21,537	21,899
<b>Total Operating Expenses</b>	<u>62,571</u>	<u>65,483</u>	<u>68,448</u>	<u>70,856</u>	<u>73,073</u>
<b>Operating Income</b>	<u>2,454</u>	<u>3,753</u>	<u>4,925</u>	<u>6,533</u>	<u>6,996</u>
Depreciation and Amortization	3,755	4,307	4,613	4,936	5,273
<b>EBIT</b>	<u>(1,301)</u>	<u>(554)</u>	<u>312</u>	<u>1,597</u>	<u>1,723</u>
Income Taxes	-	-	81	415	448
<b>Debt-Free Earnings</b>	<u>(1,301)</u>	<u>(554)</u>	<u>231</u>	<u>1,182</u>	<u>1,275</u>

# FY 2021 Capital Budget

July 29, 2020



# FY 2021 Capital Budget

Department	Description	
Facilities	OSH Cath Lab 1 and 2 equipment replacement and construction, patient monitors, Pascagoula Hospital ED renovation, exterior signage, bariatric beds, additional LDRP capacity, OSH nuclear medicine hot lab construction	\$ 4,020,995
Information Systems	Enterprise storage refresh (phase 2), PACS replacement/VNA, CPACS replacement, PCs/laptops, cardiac monitoring, Microsoft EA, ASA - firewall upgrade	\$ 3,320,751
Pharmacy	Omnicell upgrade, Ocean Springs Hospital and Pascagoula Hospital	\$ 2,588,308
Surgery - Ocean Springs	Robotic room equipment, EBUS bronchoscope/GPS, spine drill system w/ TPS console, fracture table, endoscopy GI ultrasound system, BK urology ultrasound, OR room lights, cardiopulmonary pump	\$ 2,263,278
Radiology	Digital portable X-ray with wireless detector, MRI compatible patient monitoring system, 1.5T MRI scanner	\$ 2,210,000
Surgery - Pascagoula	Bronchoscopy EBUS system, fracture table, medistim doppler system, colonoscope pediatric, gastroscope pediatric	\$ 1,290,580
Cath Lab	Probes, Abbott OPTIS OCT, upgrade holter monitoring system to Windows 10, 8 MACVU360 EKG Carts, ultrasound machine, 2 Aci	\$ 1,219,556
Cancer Center	Chemo chairs, vital machines, CT Simulator	\$ 1,022,000
Sterile Processing	SPD Instrument Tracking System for both hospitals, Sterrad NX100	\$ 430,000
Lab	Hematology - automated sed rate instrument, model 3250 advanced instruments osmometer, Dexter - BSL 2 biological safety hood, BD Max, thermo scientific hood, BioFire, thermo scientific gemini auto strainer	\$ 400,976
Emergency Dept	Defibrillators (Lifepak 20e and Lucas Equipment)	\$ 248,781
Rehab Services	Biodex Extremity Isokinetic Testing System Pro 3, unweighting system and treadmill, Xcite-clinical station FES system, endorphin	\$ 184,200
Anesthesia	Anesthesia Machines w/monitors (2 new robotic rooms/Endo area),	\$ 150,000
Automotive Services	Lab courier vehicle, box truck with lift gate, Polaris UTV	\$ 96,000
Campus Police	Network video recorder, dispatch console, radio, IDEMIA livescan tenprint scanner	\$ 90,500
PACU	Patient recliners	\$ 90,000
Neurology	Cadwell Easy III EEG for remote monitoring in the ICU	\$ 48,000
Cardiac Rehab	Elliptical, steppers	\$ 34,000
Comprehensive Rehab Center	Adjustable car, Bioness, bariatric table	\$ 31,500
Patient Transportation	Two 17 passenger ADA accessible bus	\$ 23,400
EVS	Floor burnisher	\$ 15,000
Wound Care	Procedure chairs, hyperbaric chamber	\$ 12,600
		<b>\$ 19,790,425</b>