

Agenda				
Estes Park Health Board of Directors' Finance Committee Meeting				
Thursday, October 22, 2020				
2:00 - 3:00 p.m.				
Estes Park Health, 555 Prospect Avenue, Estes Park CO 80517				
Timberline Conference Room / Teams Online / 1-719-300-6108   Conference ID: 704 995 127#				
Regular Session		Mins.	Procedure	Presenter(s)
1	Call to Order/Welcome	1	Action	Dr. Steve Alper
2	Public Comments	2	Information	Public
3	Approval of the Agenda	1	Action	Dr. Steve Alper
4	Approval of Finance Meeting Minutes September 24 , 2020	1	Action	Dr. Steve Alper
5	Month End Financials - September 2020	15	Discussion	Mr. Tim Cashman
6	Review 2021 EPH Draft Budget	40	Discussion	Mr. Tim Cashman
7	Adjourn	1	Action	Dr. Steve Alper
Total Regular Session Mins.		61		
Next Regular Finance Subcommittee Meeting: Thursday, December 3, 2020 2:00 - 3:00 p.m.				



## **ESTES PARK HEALTH BOARD OF DIRECTORS'**

### **Finance Committee Meeting Minutes – September 24, 2020**

#### **Board Members in Attendance**

Dr. David Batey  
Ms. Diane Muno  
Mr. William Pinkham  
Dr. Steve Alper  
Ms. Sandy Begley (via online)

#### **Board Members Absent**

None

#### **Other Attendees**

Mr. Vern Carda, CEO (via online)  
Mr. Tim Cashman, CFO

#### **Community Attendees**

Dr. Larry Leaming (via phone)

#### **1. Call to Order**

The Finance Committee meeting was called to order at 3:02 p.m. by Dr. Alper, Chair; there was a quorum present. Notice of the Finance Committee meeting was posted in accordance with the SUNSHINE Law Regulation.

#### **2. Public Comments**

No comments were submitted.

#### **3. Approval of the Agenda**

Ms. Muno motioned to approve the agenda as submitted. Ms. Begley seconded the motion, which carried unanimously.

#### **4. Approval of the Meeting Minutes – August 26, 2020**

Ms. Begley motioned to approve the minutes from the August 26 meeting as presented. Ms. Muno seconded the motion, which carried unanimously.

#### **5. Month End Financials – August 2020**

The month of August continues to show a slight return to busy months. For the month, Operating Revenues YTD are down 16% from Budget and 7% down from last year. Due to the Covid-19 pandemic the hospital had anticipated a recovery to a 20% drop in Revenues. Year to date, expectations indicate a potential recovery of slightly higher than 80%.

Expenses for the year are 3% under budget. The 10% rollback of wages for the highest earners was initiated June 1, resulting in a drop in Salary expense. This is expected to continue. For the YTD, Expenses are 3% under budget.

Operating Income YTD is a loss of \$6.1M compared to a budgeted loss of \$1.2M, due to the impact of COVID-19.

Days in Accounts Receivable continue to rebound from the Epic conversion in November; from a high of 64 to a remarkable 44.3. And, Days Cash on Hand are up significantly to 242, due specifically to the Stimulus and Loan funds. The last few months have shown significant progress with Accounts Receivable management. The YTD Net Income (Change in Net Assets) is reporting (\$3.4M) loss before a projected recognition of Stimulus of \$10.1M in Cash, to cover this shortfall, for 2020.

### Revenues

Year to Date Revenues are slowly rebounding. Gross billed charges are below budget by 18% or \$11.9M. Outpatient visits are also reporting significant losses, for the year-to-date. Initial expectations for the 3<sup>rd</sup> Quarter were 20% less. There is reason for slight optimism for better results than initial Forecast. Looking forward, the prevailing thought suggests a potential continued recovery through the remaining summer and the rest of the year.

### Statistics

	<b>YTD</b>	<b>Budget</b>	<b>2019</b>
Inpatient Days	434	636	657
Swing Bed	231	317	175
Births	36	56	52
ER Visits	2,992	3,781	4,175
Urgent Care Visits	835	2,000	0
Ambulance Trips	1,251	1,495	1,495
Clinic Visits	12,350	16,059	17,727
Surgeries (not incl GI)	241	261	260
GI Procedures	262	294	264
Pain Procedures	163	331	243
Lab Tests	46,376	52,602	52,602
Radiology Exams	6,163	7,887	7,887
Rehab Visits	4,837	7,266	7,280
Home Health/Hospice	6,662	6,126	6,501
Living Center Days	7,149	9,234	8,379

### Balance Sheet

The Balance Sheet has looked better than it does now. Unfortunately, there remain numerous challenges for the hospital. However, the Stimulus funds are helping. Days Cash on Hand are artificially high at 242. It is expected, however, that we will continue to slowly burn through these funds until the hospital can settle either increasing revenues or reduce expenses.

As a note, the Accrued Liabilities, the Est Third-Party Settlement and Short-Term Notes Payable does reflect the recording of Stimulus Funds, the Advanced Payment from Medicare and the Payroll Protection Program, totaling \$14.5M. When there is confirmation that any of these advances are forgivable, those will be recognized as Other Non-Operating Income.

### Forecast for 2020

The forecast numbers are indeed staggering. We have tried to develop a realistic look at the remainder of the year. Some assumptions were made regarding recovery of Revenues and some Expense

reductions. However, given the dramatic and sudden loss of patient visits earlier in the year, and the current recovery period, it is anticipated that Revenues will recover to 80% of Budget. The challenge will be managing expenses with less Revenues going forward.

### **Summary**

Obviously, the remainder of the year does not look overly optimistic for a full recovery. The good news is that we do have some funding completed to help navigate the next few difficult months. We do believe sufficient funds exist, for the short-term, given a modest economic growth and good cash management. It is highly unlikely the District will accomplish the budgetary goals for the year, due specifically to the COVID-19 pandemic. However, the Stimulus funds will aid the recovery period. The goal for the remainder of the year is to maintain enough cash flow in order to stay compliant with our covenants.

# Estes Park Health

## Financial Overview

Month Ended August 31, 2020

	FINANCIAL RATIOS				
	July	Aug	RED	YELLOW	GREEN
Days in Accounts Receivable	46.3	44.3	> 60	50 - 60	< 50
Days Cash on Hand	234	242	< 125	125 - 224	> 225
Debt Service Coverage Ratio	-1.40	-0.91	<1.25	1.25 - 2.0	> 2.0
Operating Margin (12 Mo. Rolling)	-18.9%	-18.4%	< 2.0%	2% - 4.99%	> 5%
Total Margin (12 Mo. Rolling)	-11.3%	-9.9%	< 5.0%	5% - 9.99%	> 10.0%

	OTHER INDICATORS				
	July	Aug	Budget	YTD	YTD Budget
Total Deductions from Revenue %	47.8%	40.8%	46.0%	44.5%	46.0%
Operating Margin	\$34,869	\$642,499	\$976,175	(\$6,126,188)	(\$1,241,060)
Operating Margin %	0.8%	12.0%	16.9%	-19.7%	-3.4%
Increase (decrease) in Net Assets	\$544,483	\$1,310,568	\$1,394,372	(\$3,378,524)	\$1,280,991
Total Margin %	12.6%	24.4%	24.1%	-10.8%	3.5%

SUMMARY					
<b>Statistics:</b>	IP Days are at 127 compared to 100 in July and 124 in August 2019.				
	Physicians Clinic Visits are at 1774 compared to 2096 in July and 2147 in August 2019.				
	Surgeries are at 34 compared to 48 in July and 42 in August 2019.				
<b>Revenue:</b>	August's Gross Patient Revenue is \$9,059,425 compared to a budget level of \$10,589,251.				
<b>Other Operating Revenue:</b>	YTD Other Revenues are \$217,788 below budget.				
<b>Expenses:</b>	Total Operating Expenses in August are \$93,036 under budget. Salaries and benefits are under budget by \$68,478.				
<b>Excess Revenues (Expenses):</b>	August's increase in Net Assets is \$1,310,568 compared to a budget of of \$1,394,372. August's Total Margin is 24.4% compared to a budgeted level of 24.1%.				
<b>Ratio Analysis:</b>	Day's in A/R is at 44.3 which is lower than the industry average of fifty.				
	Day's Cash on Hand is at 242 compared to July's level of 234 and August 2019 of 161.				
<b>Debt Coverage Ratio:</b>	August's rolling 12 month ratio is -0.91%. The loan end of year minimum required ratio is 1.25.				

ESTES PARK HEALTH									
Statement of Revenues and Expenses (Unaudited)									
August 31, 2020									
	MONTH				YEAR TO DATE			PRIOR YEAR TO DATE	
	Aug-20				FY 2020			FY 2019	
REVENUE	Actual	Budget	Var		Actual	Budget	Var	Actual	Var
Patient Revenue									
In-Patient	\$ 1,507,980	\$ 1,956,408	-23%		\$ 8,555,755	\$ 14,008,633	-39%	\$ 12,658,651	-32%
Out-Patient	7,551,445	8,632,843	-13%		46,970,816	53,484,223	-12%	49,773,562	-6%
TOTAL PATIENT REVENUE	9,059,425	10,589,251	-14%		55,526,571	67,492,856	-18%	62,432,213	-11%
Less Contractual Adjustments	(3,580,154)	(4,765,163)	25%		(23,714,666)	(30,371,787)	22%	(28,113,815)	16%
Less Bad Debt Adjustments	(115,939)	(105,893)	-9%		(993,506)	(674,931)	-47%	(1,264,189)	21%
TOTAL REVENUE DEDUCTIONS	(3,696,093)	(4,871,056)	24%		(24,708,172)	(31,046,718)	20%	(29,378,004)	16%
	40.8%	46.0%			44.5%	46.0%		47.1%	
NET PATIENT REVENUE	5,363,332	5,718,195	-6%		30,818,399	36,446,138	-15%	33,054,209	-7%
Other Operating Revenue	794	63,921	-99%		322,644	540,422	-40%	518,593	-38%
TOTAL OPERATING REVENUE	5,364,126	5,782,116	-7%		31,141,043	36,986,560	-16%	33,572,803	-7%
EXPENSES									
Wages	1,973,958	2,130,444	7%		16,065,662	16,720,130	4%	14,895,869	-8%
Benefits	684,491	596,483	-15%		4,372,825	4,463,047	2%	4,328,319	-1%
Contract Labor	429,601	537,018	20%		4,178,199	4,242,644	2%	4,284,740	2%
Medical Supplies	434,054	377,993	-15%		3,071,796	3,003,838	-2%	2,925,431	-5%
Non-Medical Supplies	51,426	88,086	42%		714,190	675,727	-6%	891,831	20%
Purchased Services	475,972	454,744	-5%		3,910,367	4,116,554	5%	3,527,097	-11%
Other Operating Expenses	365,285	323,055	-13%		2,623,093	2,660,732	1%	2,287,680	-15%
Depreciation & Amortization	273,252	263,852	-4%		2,052,909	2,070,820	1%	1,347,193	-52%
Interest	33,588	34,266	2%		278,190	274,128	-1%	265,710	-5%
TOTAL OPERATING EXPENSE	4,721,627	4,805,941	2%		37,267,231	38,227,620	3%	34,753,870	-7%
OPERATING INCOME (LOSS)	642,499	976,175	-34%		(6,126,188)	(1,241,060)	-394%	(1,181,067)	-419%
Operating Margin	12.0%	16.9%			-19.7%	-3.4%		-3.5%	
Non-Operating Revenue	283,084	422,597	-33%		2,262,241	2,457,301	-8%	2,096,724	8%
Non-Operating Expense	(5,880)	(4,400)	-34%		(38,345)	(35,250)	-9%	(33,564)	-14%
EXCESS REVENUES (EXPENSES)	919,703	1,394,372	-34%		(3,902,292)	1,180,991	430%	882,093	542%
Gift to Purchase Capital Assets	390,865	0			523,769	100,000		102,095	
INCREASE (DECREASE) IN NET ASSETS	1,310,568	1,394,372	-6%		(3,378,524)	1,280,991	364%	984,188	443%
Total Margin	24.4%	24.1%			-10.8%	3.5%		2.9%	
EBDITA	\$ 1,617,408	\$ 1,692,490	-4%		\$ (1,047,425)	\$ 3,625,939	-129%	\$ 2,597,091	

**ESTES PARK HEALTH**  
**Balance Sheet (Unaudited)**  
**August 31, 2020**

	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>Aug</b>	<b>July</b>	<b>Aug</b>
<b>ASSETS</b>			
CASH & CASH EQUIVALENTS	\$ 22,718,781	\$ 22,028,163	\$ 16,172,602
PATIENT ACCOUNTS RECEIVABLE	12,922,671	11,581,546	16,601,424
LESS: ALLOWANCES	(6,405,112)	(5,457,673)	(8,047,856)
NET ACCOUNTS RECEIVABLE	<u>6,517,559</u>	<u>6,123,873</u>	<u>8,553,568</u>
RECEIVABLES FROM OTHER PAYORS	2,263,798	2,079,061	1,893,934
INVENTORY	1,095,184	1,080,086	1,116,672
PREPAID EXPENSES	<u>676,188</u>	<u>394,954</u>	<u>483,994</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>33,271,510</u></b>	<b><u>31,706,137</u></b>	<b><u>28,220,770</u></b>
<b>NET PROPERTY, EQUIPMENT &amp; INTANGIBLE ASSETS</b>	<b><u>33,451,970</u></b>	<b><u>33,199,865</u></b>	<b><u>30,776,120</u></b>
<b>RESTRICTED ASSETS</b>	<b><u>3,915,280</u></b>	<b><u>3,915,039</u></b>	<b><u>1,410,083</u></b>
OTHER ASSETS	0	0	0
LONG TERM INVESTMENTS	8,253,706	8,253,706	4,782,650
<b>TOTAL OTHER ASSETS</b>	<b><u>8,253,706</u></b>	<b><u>8,253,706</u></b>	<b><u>4,782,650</u></b>
<b>TOTAL ASSETS</b>	<b>\$ 78,892,466</b>	<b>\$ 77,074,747</b>	<b>\$ 65,189,623</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	867,290	565,920	668,832
ACCRUED EXPENSES	10,588,282	10,324,812	4,250,675
ACCRUED COMP PAYABLE	940,067	1,028,279	1,105,293
ACCRUED INTEREST PAYABLE	61,048	30,524	64,425
EST THIRD-PARTY SETTLEMENT	5,811,882	5,811,882	950,261
SHORT TERM NOTES PAYABLE	5,116,581	5,116,581	
OTHER CURRENT LIABILITIES		0	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	<u>1,085,000</u>	<u>1,085,000</u>	<u>1,060,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>24,470,150</u></b>	<b><u>23,962,998</u></b>	<b><u>8,099,486</u></b>
<b>DEPOSITS AND DEFERRED INCOME</b>			
LOANS PAYABLE	15,426,208	15,426,208	13,485,000
LEASES PAYABLE	0	0	0
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>15,426,208</u></b>	<b><u>15,426,208</u></b>	<b><u>13,485,000</u></b>
<b>TOTAL LIABILITIES</b>	<b>39,896,358</b>	<b>39,389,207</b>	<b>21,584,486</b>
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT UNRESTRICTED		42,374,632	42,620,949
<b>TOTAL NET ASSETS</b>	<b>42,374,632</b>	<b>42,374,632</b>	<b>42,620,949</b>
<b>EXCESS REVENUES YTD</b>	<b><u>(3,378,524)</u></b>	<b><u>(4,689,092)</u></b>	<b><u>984,188</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 78,892,466</b>	<b>\$ 77,074,747</b>	<b>\$ 65,189,623</b>

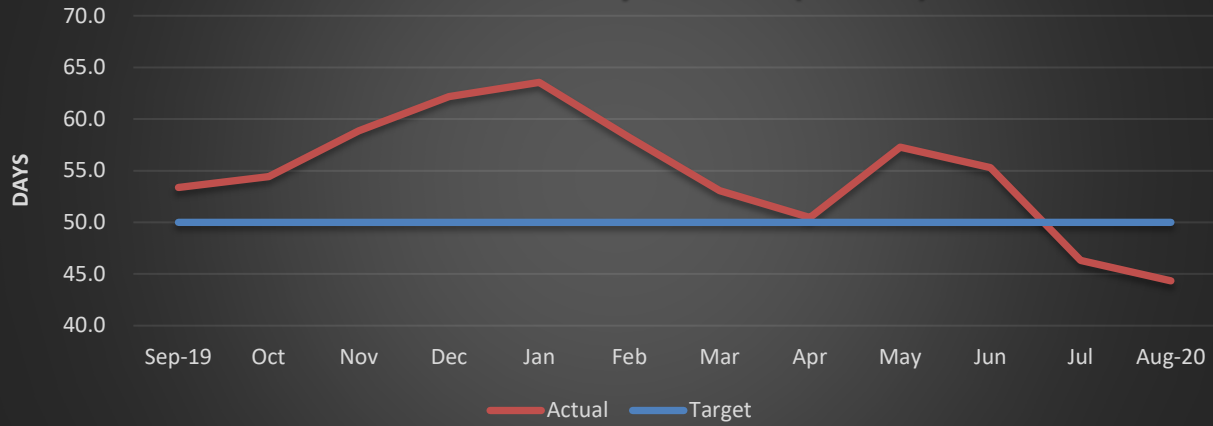
## Month Ended August 31, 2020

		Month				Year To Date			
Utilization		Actual	Budget	Variance To Budget		Actual	Budget	Variance To Budget	
Hospital									
In-Patient Days		127	138	-8.0%		805	1171	-31.3%	
Out Patient Visits		9534	10616	-10.2%		59266	68681	-13.7%	
Living Center									
Resident Days		851	1178	-27.8%		7149	9234	-22.6%	
Clinic									
Physicians Clinic Visits		1774	2319	-23.5%		12350	16059	-23.1%	
		Month				Year To Date			
Income Statement									
Hospital		Actual	Budget	To Budget	% Variance	Actual	Budget	To Budget	% Variance
Operating Revenue (Net)		\$ 4,162,558	\$ 4,350,554	(187,996)	-4.3%	\$23,211,109	\$26,234,614	(3,023,505)	-11.5%
Operating Expenses		3,577,696	3,499,804	(77,892)	-2.2%	27,252,865	27,935,238	682,373	2.4%
Net Operating Income (Loss)		584,862	850,750	(265,888)	-31.3%	(4,041,756)	(1,700,624)	(2,341,132)	-137.7%
Living Center									
Operating Revenue (Net)		269,604	388,798	(119,194)	-30.7%	2,243,798	3,049,796	(805,998)	-26.4%
Operating Expenses		353,320	417,100	63,780	15.3%	3,001,824	3,286,301	284,477	8.7%
Net Operating Income (Loss)		(83,716)	(28,302)	(55,414)	-195.8%	(758,026)	(236,505)	(521,521)	-220.5%
Clinic									
Operating Revenue (Net)		931,964	1,042,764	(110,800)	-10.6%	5,686,136	7,702,150	(2,016,014)	-26.2%
Operating Expenses		790,611	889,037	98,426	11.1%	7,012,542	7,006,081	(6,461)	-0.1%
Net Operating Income (Loss)		141,353	153,727	(12,374)	-8.0%	(1,326,406)	696,069	(2,022,475)	-290.6%
Total									
Operating Revenue (Net)		5,364,126	5,782,116	(417,990)	-7.2%	31,141,043	36,986,560	(5,845,517)	-15.8%
Operating Expenses		4,721,627	4,805,941	84,314	1.8%	37,267,231	38,227,620	960,389	2.5%
Net Operating Income (Loss)		642,499	976,175	(333,676)	-34.2%	(6,126,188)	(1,241,060)	(4,885,128)	-393.6%
Total									
Non Operating Revenue (Net)		283,084	422,597	(139,513)	-33.0%	2,262,240	2,457,301	(195,061)	-7.9%
Non Operating Expenses (Net)		(5,880)	(4,400)	(1,480)	-33.6%	(38,345)	(35,250)	(3,095)	-8.8%
Excess of Rev over Exp Before Cap gifts		\$ 919,703	\$ 1,394,372	\$ (474,669)	-34.0%	\$ (3,902,293)	\$ 1,180,991	\$(5,083,284)	-430.4%
Gifts to Purchase Capital Assets		390,865	-	390,865	#DIV/0!	523,769	100,000	423,769	423.8%
Increase (Decrease) in Net Assets		\$ 1,310,568	\$ 1,394,372	\$ (83,804)	-6.0%	\$ (3,378,524)	\$ 1,280,991	\$(4,659,515)	-363.7%



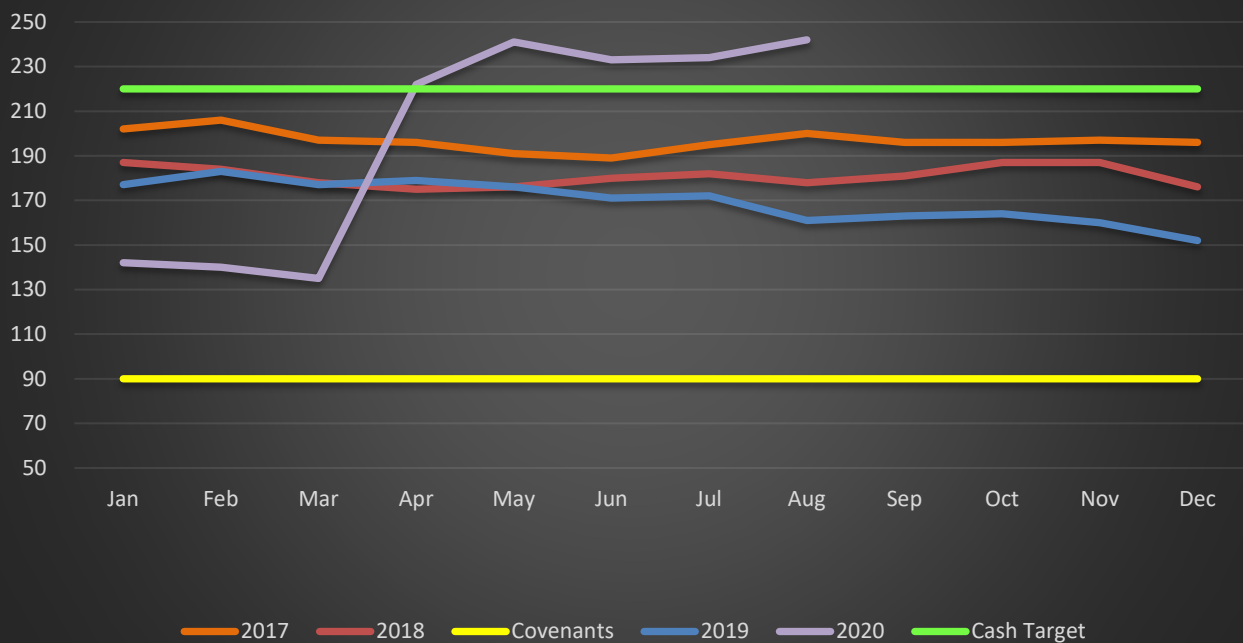
<b>ESTES PARK HEALTH</b>		
<b>Statement of Cash Flows (Unaudited)</b>		
<b>1/1/20 through 8/31/20</b>		
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<b>Cash Flows From Operating Activities</b>		
(Deficiency) Excess of Revenues over Expenses	\$	(3,378,524)
Interest expense (considered financing activity)		278,190
County tax subsidy, net (considered financing activity)		(2,053,684)
Interest income (considered investing activity)		(79,710)
Net income (loss) from operating activities		(5,233,728)
Assets released from restrictions		(536,470)
Depreciation & amortization		2,052,909
Changes in working capital:		
Decrease (Increase) in Accounts receivable, net		1,655,531
Decrease (Increase) in Inventory		1,222
Decrease (Increase) in Prepaid expenses		4,307
Decrease (Increase) in Other Assets		-
Decrease (Increase) in Long Term Investment		(7,499,726)
Increase (Decrease) in Accounts payable		(2,005,700)
Increase (Decrease) in Accrued wages & related liabilities		296,523
Increase (Decrease) in Other current liabilities		165,995
Increase (Decrease) in Deposits and Deferred Income		5,292,593
Increase (Decrease) in Payable to 3rd party payors		4,407,877
Net (gain) loss on sale of equipment		-
Net cash provided by (used in) operating activities		(1,398,667)
<b>Cash Flows From Financing Activities</b>		
Restricted contributions		536,470
County tax subsidy, net		2,053,684
Interest expense		(278,190)
Sale of equipment		-
Purchase of property, equipment & intangible assets		(3,473,238)
Increase (Decrease) in capital lease commitments, net		-
Loan Activity		8,142,789
Net cash provided by (used in) financing activities		6,981,515
<b>Cash Flows From Investing Activities</b>		
Interest income		79,710
Net cash provided by (used in) investing activities		79,710
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		5,662,558
<b>Cash and Cash Equivalents, 01/01/2020</b>		20,971,503
<b>Cash and Cash Equivalents, 8/31/20</b>	\$	26,634,061
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Restricted Cash and Cash Equivalents, 8/31/20	\$	3,915,280
Unrestricted Cash and Cash Equivalents, 8/31/20		22,718,781
	\$	26,634,061

## EPH Days in AR (Gross)



<b>Calculation:</b>	<u>Gross Accounts Receivable</u>					
	Average Daily Revenue					
<b>Definition:</b>	Considered a key "liquidity ratio" that calculates how quickly accounts are paid.					
<b>Desired Position:</b>	Downward trend below the median, and below average.					
<b>How ratio is used:</b>	Used to determine timing required to collect accounts. Usually, organizations below the average Days in AR are likely to have higher levels of Days Cash on Hand.					
	Sep-19	Oct	Nov	Dec	Jan	Feb
A/R (Gross)	15,378,349	14,173,824	13,806,401	14,575,357	14,237,980	13,759,900
Days in Month	30	31	30	31	31	29
Monthly Revenue	7,200,698	7,808,340	6,340,531	7,414,874	6,857,233	7,238,504
Daily Revenue	288,141	260,440	234,611	234,389	224,050	236,380
Days in AR	53.4	54.4	58.8	62.2	63.5	58.2
	Mar	Apr	May	Jun	Jul	Aug-20
A/R (Gross)	11,257,627	9,310,952	9,099,346	10,711,059	11,581,546	12,922,671
Days in Month	31	30	31	30	31	31
Monthly Revenue	5,214,133	4,148,662	5,254,518	8,222,669	9,531,427	9,059,425
Daily Revenue	212,196	184,459	158,884	193,691	250,094	291,451
Days in AR	53.1	50.5	57.3	55.3	46.3	44.3

## EPH Days Cash on Hand

[illegible]

ESTES PARK HEALTH				
Statement of Revenues and Expenses (Unaudited)				
Forecast 2020				
		FORECAST		
		FY 2020		
		FY 2020 Forecast	Budget 2020	Variance
Patient Revenue				
In-Patient		13,398,570	19,985,112	(6,586,542)
Out-Patient		67,354,287	77,722,701	(10,368,414)
TOTAL PATIENT REVENUE		80,752,857	97,707,813	(16,954,956)
Less Contractual Allowances		(34,730,431)	(43,968,516)	9,238,085
Less Bad Debt Adjustments		(741,634)	(977,078)	235,444
Total Revenue Deductions		(35,472,065)	(44,945,594)	9,473,529
		43.9%	46.0%	
NET PATIENT REVENUE		45,280,792	52,762,219	(7,481,427)
Other Operating Revenue		616,693	988,559	(371,866)
TOTAL OPERATING REVENUE		45,897,485	53,750,778	(7,853,293)
EXPENSES				
Wages		22,984,667	24,027,256	(1,042,590)
Benefits		7,169,215	8,759,908	(1,590,694)
Contract Labor		6,201,896	6,398,715	(196,819)
Medical Supplies		4,773,200	4,257,478	515,721
Non-Medical Supplies		1,085,601	1,064,370	21,232
Purchased Services		5,236,965	3,405,478	1,831,487
Other Operating Expenses		4,375,185	5,584,814	(1,209,630)
Depreciation & Amortization		3,110,203	3,170,229	(60,026)
Interest/Bank Fees		414,483	411,187	3,296
TOTAL OPERATING EXPENSE		55,351,414	57,079,435	(1,728,021)
OPERATING INCOME (LOSS)		(9,453,929)	(3,328,657)	(6,125,272)
Operating Margin		-20.6%		
Non-Operating Revenue		3,688,066	3,484,512	203,554
Non-Operating Expense		(61,505)	(72,840)	11,335
NON-OPERATING		3,626,561	3,411,672	214,889
EXCESS REVENUES (EXPENSES)		(5,827,368)	83,015	(5,910,383)
Gift to Purchase Capital Assets		523,771	300,000	223,771
Stimulus Funds		0		
NET ASSETS		(5,303,597)	383,015	(5,686,612)
Total Margin		-11.6%	0.7%	
EBIDA		(1,778,911)	3,964,431	

**Discussion included:**

- The community may inquire if EPH is on track for 80% or better. It is hard to delineate when YTD projections are provided.
- It is the Board's responsibility to help the community understand the financial forecast.
- The EPH forecast is guarded with a lot of uncertainty, which is based on information being received from local, state and national experts.
- Is it feasible for the Board to delay the decision on all expense reductions until Q1 2021?
  - Currently numerous expense reductions are in process, except for the LC. These adjustments need to occur in order to right size the organization.
- When was the last time EPH invested in the LC?
  - The Foundation recently bought new beds and refurbished the dining room area. EPH contracted with Good Samaritan to provide a full-time Executive Director in an effort to improve the facility and care. Unfortunately, the Executive Director only worked on a part-time basis, so due to this and several other issues that were not being addressed, the contract was terminated and EPH hired its own Executive Director.
- What is the senior leadership's concern with delaying the decision on the LC?
  - Staffing and quality are serious issues within the LC.
  - If EPH was to keep the living center open, the investment would be very significant in order to move it from where it currently is to where it should be. Overall, it is not a good investment for the financial health of EPH.
  - If the LC does close, there will still be a great deal of expenses in 2021 as part of the closure process.
- CMS has released the instructions on how report the requirements to make the application for the CARES Act money.
- The \$14M Paycheck Protection Program (PPP) money was applied to the June and July payroll.
- The stimulus funds and grants EPH received were to offset virus-related expenses and losses that EPH incurred.
- Concerns were discussed regarding the salary reduction and PTO accrual freeze that the staff has been undergoing and when those items will be restored.

## 6. Adjournment

Ms. Muno motioned to adjourn the Finance Committee meeting at 4:21 p.m. Mr. Pinkham seconded the motion, which carried unanimously.

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Steve Alper

**Estes Park Health Board Finance Committee Chair**



555 Prospect Ave. | P.O. Box 2740 | Estes Park, CO 80517

## CFO Report 3<sup>rd</sup> Quarter 2020

### Executive Summary

For the month of September, earnings were (\$44,544) compared to Budget of \$313,471. Year-To-Date ending in September, earnings were (\$3.4M) and compared to a budget of \$1.6M. Operating Income YTD is a loss of (\$6.4M) compared to a budgeted loss of \$1.3M, due to the impact of COVID-19.

For the month of September, Operating Revenues were very close to Budget and 4% down from last year. Due to the Covid-19 pandemic the hospital had anticipated a recovery to a 20% drop in Revenues. Year to date Revenues are 14% under budget. Initially, expectations pointed toward a potential recovery of Revenues to 80%, thus 14% from Budget might be viewed as positive.

Expenses for the month are 6% over budget due principally to increases in COVID related Supplies and also Pharmacy. The 10% rollback of wages for the highest earners was initiated June 1, resulting in a drop in Salary expense. And the staff continue to experience a freeze on PTO accruals.

Days in Accounts Receivable continue to rebound from the Epic conversion in November; from a high of 64 to a remarkable 44.1. And, Days Cash on Hand are up significantly to 245, due specifically to the Stimulus and Loan funds. The YTD Net Income (Change in Net Assets) is reporting (\$3.4M) loss before a projected recognition of Stimulus of \$10.1M in Cash, to cover this shortfall, for 2020.

### Statistics

	YTD	Budget	2019
Inpatient Days	504	691	691
Swing Bed	255	342	200
Births	40	63	54
ER Visits	3397	4308	4795
Urgent Care Visits	1113	2540	0
Ambulance Trips	1464	1727	1727
Clinic Visits	14586	18219	19591
Surgeries (not incl GI)	285	289	276
GI Procedures	302	325	316
Pain Procedures	193	375	287
Lab Tests	52,949	59,064	59,064

*Mission Statement: To make a positive difference in the health and well-being of all we serve.*

Radiology Exams	7,120	8,980	8,980
Rehab Visits	5,652	8,082	8,067
Home Health/Hospice	7,466	6,937	7,312
Living Center Days	7,998	10,374	9,385

## Balance Sheet

Days Cash on Hand are artificially high at 245, due specifically to the COVID Stimulus funds. It is expected, however, that we will continue to slowly burn through these funds until the hospital can settle either increasing revenues or reduce expenses.

As a note, the Accrued Liabilities, the Est Third-Party Settlement and Short-Term Notes Payable does reflect the recording of Stimulus Funds, the Advanced Payment from Medicare and the Payroll Protection Program, totaling \$14.5M. When there is confirmation that any of these advances are forgivable, those will be recognized as Other Non-Operating Income

## Forecast for 2020

Please note an attached Forecast. Assumptions were made regarding recovery of Revenues and some Expense reductions, however, given loss of patient visits earlier in the year, and the current recovery period, it is anticipated that Revenues will recover to approximately 80% of Budget. The challenge will be managing expenses with less Revenues, going forward.

This Forecast does indicate the recognition of most of the Stimulus funds (\$10.1M) and the projection of a modest recovery of business volumes and revenues. As a result, the year should report modestly favorable, due to the temporary injection of government funding.

## Summary

The month of September is reporting 1% decrease in Operating Revenues and YTD decrease of 14%, due to the COVID pandemic. Assumptions include the continued possibility of a recovery to approximately 80% of normal, by year end. Leadership continues to explore opportunities for long-term reductions in Expense and programmatic changes. Even with the pandemic, trends and long-term forecasts indicate a continued decrease in reimbursement for services. While expenses continue to increase, net revenues in the healthcare industry are predicted to decline.

**Estes Park Health**  
Financial Overview  
Month Ended September 30, 2020

**FINANCIAL RATIOS**

	Aug	Sep	RED	YELLOW	GREEN
Days in Accounts Receivable	44.3	43.1	> 60	50 - 60	< 50
Days Cash on Hand	242	245	< 125	125 - 224	> 225
Debt Service Coverage Ratio	-0.91	-0.70	< 1.25	1.25 - 2.0	> 2.0
Operating Margin (12 Mo. Rolling)	-18.4%	-17.6%	< 2.0%	2% - 4.99%	> 5%
Total Margin (12 Mo. Rolling)	-9.9%	-9.3%	< 5.0%	5% - 9.99%	> 10.0%

**OTHER INDICATORS**

	Aug	Sep	Budget	YTD	YTD Budget
Total Deductions from Revenue %	40.8%	45.1%	46.0%	44.6%	46.0%
Operating Margin	\$642,499	(\$316,487)	(\$71,689)	(\$6,442,675)	(\$1,312,748)
Operating Margin %	12.0%	-6.8%	-1.6%	-18.0%	-3.2%
Increase (decrease) in Net Assets	\$1,310,568	(\$44,544)	\$313,471	(\$3,423,067)	\$1,594,463
Total Margin %	24.4%	-1.0%	6.8%	-9.6%	3.8%

**SUMMARY**

**Statistics:** IP Days are at 104 compared to 127 in August and 64 in September 2019.  
Physicians Clinic Visits are at 2236 compared to 1774 in August and 1864 in September 2019.  
Surgeries are at 44 compared to 34 in August and 16 in September 2019.

**Revenue:** September's Gross Patient Revenue is \$8,434,793 compared to a budget level of \$8,411,488.

**Other Operating Revenue:** YTD Other Revenues are \$265,835 below budget.

**Expenses:** Total Operating Expenses in September are \$282,029 over budget. Salaries and benefits are under budget by \$200,010.

**Excess Revenues (Expenses):** September's increase in Net Assets is -\$44,544 compared to a budget of \$313,471. September's Total Margin is -1% compared to a budgeted level of 6.8%.

**Ratio Analysis:** Day's in A/R is at 43.1 which is lower than the industry average of fifty.  
Day's Cash on Hand is at 245 compared to August's level of 242 and September 2019 of 163.

**Debt Coverage Ratio:** September's rolling 12 month ratio is -0.7%. The loan end of year minimum required ratio is 1.25.



**ESTES PARK HEALTH**  
**Statement of Revenues and Expenses (Unaudited)**  
**September 30, 2020**

REVENUE	MONTH Sep-20			YEAR TO DATE FY 2020			PRIOR YEAR TO DATE FY 2019	
	Actual	Budget	Var	Actual	Budget	Var	Actual	Var
Patient Revenue								
In-Patient	\$ 1,444,275	\$ 1,420,638	2%	\$ 10,000,030	\$ 15,429,271	-35%	\$ 13,468,266	-26%
Out-Patient	6,990,518	6,990,850	0%	53,961,334	60,475,073	-11%	56,164,646	-4%
TOTAL PATIENT REVENUE	8,434,793	8,411,488	0%	63,961,364	75,904,344	-16%	69,632,912	-8%
Less Contractual Adjustments	(3,479,936)	(3,785,170)	8%	(27,194,601)	(34,156,957)	20%	(31,453,208)	14%
Less Bad Debt Adjustments	(327,366)	(84,115)	-289%	(1,320,873)	(759,046)	-74%	(1,359,551)	3%
TOTAL REVENUE DEDUCTIONS	(3,807,302)	(3,869,285)	2%	(28,515,474)	(34,916,003)	18%	(32,812,759)	13%
NET PATIENT REVENUE	45.1% 4,627,491	46.0% 4,542,203	2%	44.6% 35,445,891	46.0% 40,988,341	-14%	47.1% 36,820,153	-4%
Other Operating Revenue	29,003	77,060	-62%	351,647	617,482	-43%	599,436	-41%
TOTAL OPERATING REVENUE	4,656,494	4,619,263	1%	35,797,537	41,605,823	-14%	37,419,590	-4%
EXPENSES								
Wages	1,862,564	2,068,270	10%	17,928,226	18,788,400	5%	16,890,782	-6%
Benefits	585,006	579,310	-1%	4,957,832	5,042,357	2%	4,887,413	-1%
Contract Labor	505,058	536,318	6%	4,683,257	4,778,962	2%	4,802,362	2%
Medical Supplies	633,258	368,968	-72%	3,705,054	3,372,806	-10%	3,213,987	-15%
Non-Medical Supplies	153,148	84,821	-81%	867,338	760,548	-14%	979,295	11%
Purchased Services	523,442	439,594	-19%	4,433,809	4,556,148	3%	3,983,567	-11%
Other Operating Expenses	410,777	315,553	-30%	3,033,870	2,976,284	-2%	2,574,189	-18%
Depreciation & Amortization	265,099	263,852	0%	2,318,008	2,334,672	1%	1,521,019	-52%
Interest	34,628	34,266	-1%	312,817	308,394	-1%	297,567	-5%
TOTAL OPERATING EXPENSE	4,972,981	4,690,952	-6%	42,240,212	42,918,571	2%	39,150,180	-8%
OPERATING INCOME (LOSS)	(316,487)	(71,689)	341%	(6,442,675)	(1,312,748)	-391%	(1,730,591)	-272%
Operating Margin	-6.8%	-1.6%		-18.0%	-3.2%		-4.6%	
Non-Operating Revenue	277,853	289,560	-4%	2,540,093	2,746,861	-8%	2,397,563	6%
Non-Operating Expense	(5,910)	(4,400)	-34%	(44,255)	(39,650)	-12%	(38,752)	-14%
EXCESS REVENUES (EXPENSES)	(44,544)	213,471	-121%	(3,946,837)	1,394,463	383%	628,220	-728%
Gift to Purchase Capital Assets	0	100,000		523,769	200,000		102,095	
INCREASE (DECREASE) IN NET ASSETS	(44,544)	313,471	-114%	(3,423,067)	1,594,463	-315%	730,315	-569%
Total Margin	-1.0%	6.8%		-9.6%	3.8%		2.0%	
EBDITA	\$ 255,183	\$ 611,589	-58%	\$ (792,242)	\$ 4,237,529	-119%	\$ 2,548,901	

**ESTES PARK HEALTH**  
**Balance Sheet (Unaudited)**  
**September 30, 2020**

	2020 Sep	2020 Aug	2019 Sep
<b>ASSETS</b>			
CASH & CASH EQUIVALENTS	\$ 18,524,627	\$ 22,718,781	\$ 17,837,433
PATIENT ACCOUNTS RECEIVABLE	12,646,845	12,922,671	15,378,349
LESS: ALLOWANCES	(6,455,204)	(6,405,112)	(7,558,930)
NET ACCOUNTS RECEIVABLE	<u>6,191,641</u>	<u>6,517,559</u>	<u>7,819,419</u>
RECEIVABLES FROM OTHER PAYORS	2,475,205	2,263,798	2,116,866
INVENTORY	1,105,200	1,095,184	1,126,196
PREPAID EXPENSES	<u>653,021</u>	<u>676,188</u>	<u>389,861</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>28,949,693</u></b>	<b><u>33,271,510</u></b>	<b><u>29,289,775</u></b>
<b>NET PROPERTY, EQUIPMENT &amp; INTANGIBLE ASSETS</b>	<b><u>33,187,157</u></b>	<b><u>33,451,970</u></b>	<b><u>30,930,182</u></b>
<b>RESTRICTED ASSETS</b>	<b><u>3,915,454</u></b>	<b><u>3,915,280</u></b>	<b><u>1,410,815</u></b>
OTHER ASSETS	0	0	0
LONG TERM INVESTMENTS	12,585,893	8,253,706	3,274,670
<b>TOTAL OTHER ASSETS</b>	<b><u>12,585,893</u></b>	<b><u>8,253,706</u></b>	<b><u>3,274,670</u></b>
<b>TOTAL ASSETS</b>	<b>\$ 78,638,197</b>	<b>\$ 78,892,466</b>	<b>\$ 64,905,442</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	847,636	867,290	359,704
ACCRUED EXPENSES	10,444,947	10,588,282	4,477,677
ACCRUED COMP PAYABLE	863,790	940,067	1,125,937
ACCRUED INTEREST PAYABLE	90,587	61,048	95,599
EST THIRD-PARTY SETTLEMENT	5,811,882	5,811,882	950,261
SHORT TERM NOTES PAYABLE	5,116,582	5,116,581	
OTHER CURRENT LIABILITIES			
CURRENT MATURITIES OF OTHER LONG TERM DEBT	<u>1,085,000</u>	<u>1,085,000</u>	<u>1,060,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>24,260,424</u></b>	<b><u>24,470,150</u></b>	<b><u>8,069,178</u></b>
<b>DEPOSITS AND DEFERRED INCOME</b>			
LOANS PAYABLE	15,426,208	15,426,208	13,485,000
LEASES PAYABLE	0	0	0
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>15,426,208</u></b>	<b><u>15,426,208</u></b>	<b><u>13,485,000</u></b>
<b>TOTAL LIABILITIES</b>	<b>39,686,632</b>	<b>39,896,358</b>	<b>21,554,178</b>
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT UNRESTRICTED			
<b>TOTAL NET ASSETS</b>	<b>42,374,632</b>	<b>42,374,632</b>	<b>42,620,949</b>
<b>EXCESS REVENUES YTD</b>	<b><u>(3,423,067)</u></b>	<b><u>(3,378,524)</u></b>	<b><u>730,315</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 78,638,197</b>	<b>\$ 78,892,466</b>	<b>\$ 64,905,442</b>

**ESTES PARK HEALTH**  
**Statistical and Consolidated Financial Summary**  
**Month Ended September 30, 2020**

	Month			Year To Date		
	Actual	Budget	Variance To Budget	Actual	Budget	Variance To Budget
<b>Utilization</b>						
Hospital						
In-Patient Days	104	107	-2.8%	909	1278	-28.9%
Out Patient Visits	8638	9104	-5.1%	67904	77785	-12.7%
Living Center						
Resident Days	849	1140	-25.5%	7998	10374	-22.9%
Clinic						
Physicians Clinic Visits	2236	2160	3.5%	14586	18219	-19.9%
	Month			Year To Date		
	Actual	Budget	% Variance	Actual	Budget	% Variance
<b>Income Statement</b>						
Hospital						
Operating Revenue (Net)	\$ 3,551,067	\$ 3,209,932	341,135	\$ 26,762,176	\$ 29,444,546	(2,682,370)
Operating Expenses	3,748,799	3,418,646	(330,153)	31,001,664	31,353,883	(352,219)
Net Operating Income (Loss)	(197,732)	(208,714)	10,982	(4,239,488)	(1,909,337)	(2,330,151)
Living Center						
Operating Revenue (Net)	255,047	376,729	(121,682)	2,498,844	3,426,525	(927,681)
Operating Expenses	348,680	406,566	57,886	3,350,503	3,692,867	(342,364)
Net Operating Income (Loss)	(93,633)	(29,837)	(63,796)	(851,659)	(266,342)	(585,317)
Clinic						
Operating Revenue (Net)	850,380	1,032,602	(182,222)	6,536,517	8,734,752	(2,198,235)
Operating Expenses	875,502	865,740	(9,762)	7,888,045	7,871,821	(16,224)
Net Operating Income (Loss)	(25,122)	166,862	(191,984)	(1,351,528)	862,931	(2,214,459)
<b>Total</b>						
Operating Revenue (Net)	4,656,494	4,619,263	37,231	35,797,537	41,605,823	(5,808,286)
Operating Expenses	4,972,981	4,690,952	(282,029)	42,240,212	42,918,571	(678,359)
Net Operating Income (Loss)	(316,487)	(71,689)	(244,798)	(6,442,675)	(1,312,748)	(5,129,927)
<b>Total</b>						
Non Operating Revenue (Net)	277,853	289,560	(11,707)	2,540,094	2,746,861	(206,767)
Non Operating Expenses (Net)	(5,910)	(4,400)	(1,510)	(44,255)	(39,650)	(4,605)
Excess of Rev over Exp Before Cap gifts	\$ (44,544)	\$ 213,471	\$ (258,015)	\$ (3,946,836)	\$ 1,394,463	\$ (5,341,299)
Gifts to Purchase Capital Assets		100,000	(100,000)	523,769	200,000	323,769
<b>Increase (Decrease) in Net Assets</b>	\$ (44,544)	\$ 313,471	\$ (358,015)	\$ (3,423,067)	\$ 1,594,463	\$ (5,017,530)

**ESTES PARK HEALTH**  
**Statement of Cash Flows (Unaudited)**  
**1/1/20 through 9/30/20**

**Cash Flows From Operating Activities**

(Deficiency) Excess of Revenues over Expenses	\$ (3,423,067)
Interest expense (considered financing activity)	312,817
County tax subsidy, net (considered financing activity)	(2,324,774)
Interest income (considered investing activity)	(80,563)
Net income (loss) from operating activities	(5,515,587)
Assets released from restrictions	(536,470)
Depreciation & amortization	2,318,008
Changes in working capital:	
Decrease (Increase) in Accounts receivable, net	1,770,043
Decrease (Increase) in Inventory	(8,794)
Decrease (Increase) in Prepaid expenses	27,474
Decrease (Increase) in Other Assets	-
Decrease (Increase) in Long Term Investment	(11,831,913)
Increase (Decrease) in Accounts payable	(2,025,354)
Increase (Decrease) in Accrued wages & related liabilities	(12,890)
Increase (Decrease) in Other current liabilities	190,983
Increase (Decrease) in Deposits and Deferred Income	5,386,945
Increase (Decrease) in Payable to 3rd party payors	4,407,877
Net (gain) loss on sale of equipment	-
Net cash provided by (used in) operating activities	(5,829,678)

**Cash Flows From Financing Activities**

Restricted contributions	536,470
County tax subsidy, net	2,324,774
Interest expense	(312,817)
Sale of equipment	-
Purchase of property, equipment & intangible assets	(3,473,523)
Increase (Decrease) in capital lease commitments, net	-
Loan Activity	8,142,789
Net cash provided by (used in) financing activities	7,217,693

**Cash Flows From Investing Activities**

Interest income	80,563
Net cash provided by (used in) investing activities	80,563

**Net Increase (Decrease) in Cash and Cash Equivalents** 1,468,578

**Cash and Cash Equivalents, 01/01/2020** 20,971,503

**Cash and Cash Equivalents, 9/30/20** \$ 22,440,081

Restricted Cash and Cash Equivalents, 9/30/20 \$ 3,915,454

Unrestricted Cash and Cash Equivalents, 9/30/20 18,524,627

\$ 22,440,081

## EPH Days in AR (Gross)



**Calculation:** 
$$\frac{\text{Gross Accounts Receivable}}{\text{Average Daily Revenue}}$$

**Definition:** Considered a key "liquidity ratio" that calculates how quickly accounts are paid.

**Desired Position:** Downward trend below the median, and below average.

**How ratio is used:** Used to determine timing required to collect accounts. Usually, organizations below the average Days in AR are likely to have higher levels of Days Cash on Hand.

	Oct-19	Nov	Dec	Jan	Feb	Mar
A/R (Gross)	14,173,824	13,806,401	14,575,357	14,237,980	13,759,900	11,257,627
Days in Month	31	30	31	31	29	31
Monthly Revenue	7,808,340	6,340,531	7,414,874	6,857,233	7,238,504	5,214,133
Daily Revenue	260,440	234,611	234,389	224,050	236,380	212,196
Days in AR	54.4	58.8	62.2	63.5	58.2	53.1

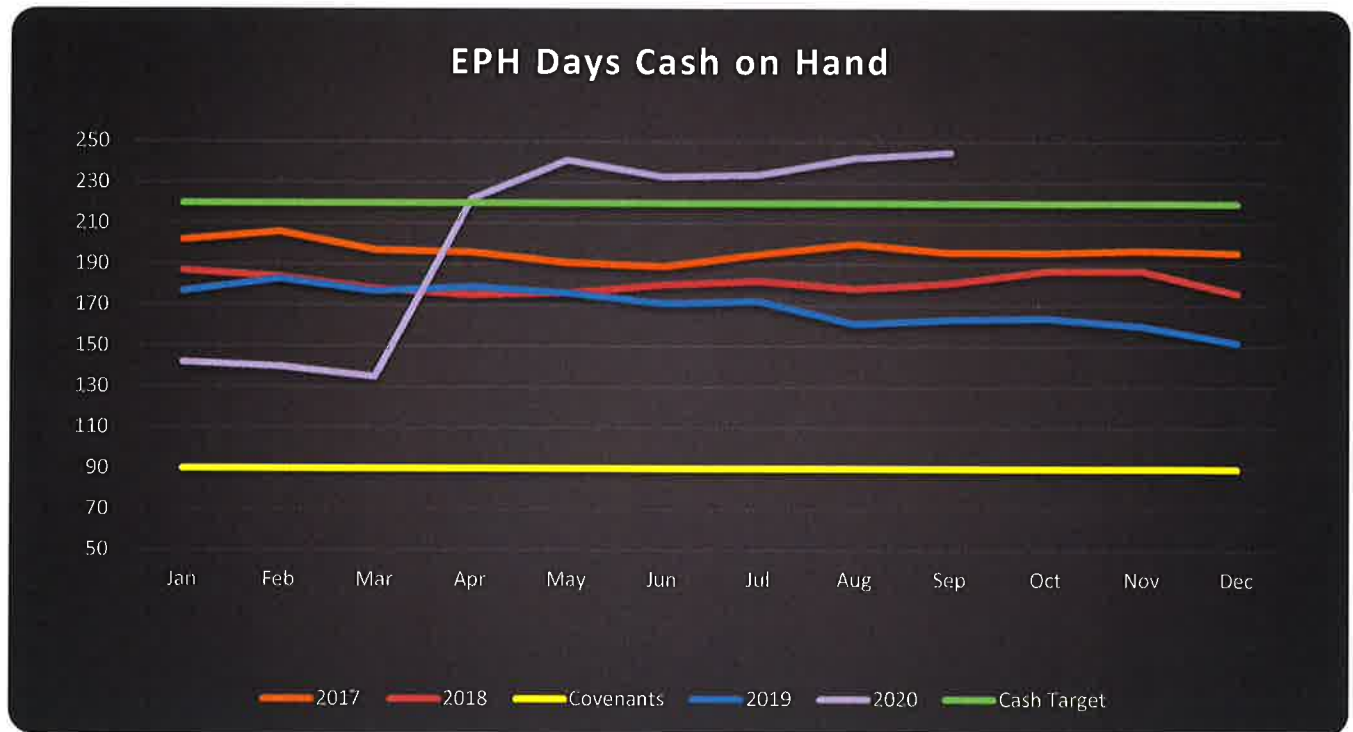
  

	Apr	May	Jun	Jul	Aug	Sep-20
A/R (Gross)	9,310,952	9,099,346	10,711,059	11,581,546	12,922,671	12,646,845
Days in Month	30	31	30	31	31	30
Monthly Revenue	4,148,662	5,254,518	8,222,669	9,531,427	9,059,425	8,434,793
Daily Revenue	184,459	158,884	193,691	250,094	291,451	293,757
Days in AR	50.5	57.3	55.3	46.3	44.3	43.1

# ESTES PARK HEALTH

## Days Cash on Hand

September 30, 2020



**Calculation:**

Total Unrestricted Cash on Hand  
Daily Operating Cash Needs

**Definition:**

This ratio quantifies the amount of cash on hand in terms of how many "days" an organization can survive with existing cash reserves.

**Desired Position:**

Upward trend, above the median--AND above Bond Covenant Minimums

**How ratio is used:**

This ratio is frequently used by bankers, bondholders and analysts to gauge an organization's liquidity--and ability to meet short term obligations as they mature.

**Note:**

At EPH, the Bond Refunding/Loan documents require a minimum level of 90 days cash be maintained. It changed to 90 effective March 1, 2016.

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
2020	142	140	135	222	241	233	234	242	245			
2019	177	183	177	179	176	171	172	161	163	164	160	152
2018	187	184	178	175	176	180	182	178	181	187	187	176
2017	202	206	197	196	191	189	195	200	196	196	197	196
Bond Covenant MIN	90	90	90	90	90	90	90	90	90	90	90	90
Cash Target	220	220	220	220	220	220	220	220	220	220	220	220

**ESTES PARK HEALTH**  
**Statement of Revenues and Expenses (Unaudited)**  
**Forecast 2020**

	FORECAST FY 2020							
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY 2020 Forecast	Budget 2020	Variance	% Variance
<b>Patient Revenue</b>								
In-Patient	3,029,481	2,574,494	4,396,055	4,036,847	14,036,877	19,985,112	(5,948,235)	-29.8%
Out-Patient	16,279,271	15,052,472	22,629,590	15,719,141	69,680,474	77,722,701	(8,042,227)	-10.3%
<b>TOTAL PATIENT REVENUE</b>	19,308,752	17,626,966	27,025,645	19,755,988	83,717,351	97,707,813	(13,990,462)	-14.3%
Less Contractual Allowances	(8,894,591)	(7,694,746)	(11,062,441)	(8,297,515)	(35,949,293)	(43,968,516)	8,019,223	-18.2%
Less Bad Debt Adjustments	331,040	(442,594)	(752,139)	(395,120)	(1,258,813)	(977,078)	(281,735)	28.8%
Total Revenue Deductions	(8,563,551)	(8,137,340)	(11,814,580)	(8,692,635)	(37,208,106)	(44,945,594)	7,737,488	-17.2%
	44.4%	46.2%	43.7%	44.0%	44.4%	46.0%		0.0%
<b>NET PATIENT REVENUE</b>	10,745,201	9,489,626	15,211,065	11,063,353	46,509,245	52,762,219	(6,252,974)	-11.9%
Other Operating Revenue	118,863	115,680	117,102	200,000	551,645	988,559	(436,914)	-44.2%
<b>TOTAL OPERATING REVENUE</b>	10,864,064	9,605,306	15,328,167	11,263,353	47,060,890	53,750,778	(6,689,888)	-12.4%
<b>EXPENSES</b>								
Wages	6,069,131	6,172,150	5,686,945	5,506,814	23,435,040	24,027,256	(592,216)	-2.5%
Benefits	1,560,727	1,799,300	1,597,805	1,539,977	6,497,809	8,759,908	(2,262,099)	-25.8%
Contract Labor	1,850,442	1,300,268	1,532,547	1,949,679	6,632,936	6,398,715	234,221	3.7%
Medical Supplies	1,360,464	749,888	1,594,702	1,064,370	4,769,424	4,257,478	511,945	12.0%
Non-Medical Supplies	350,012	241,984	275,342	266,092	1,133,430	1,064,370	69,061	6.5%
Purchased Services	1,789,162	1,228,364	1,416,283	1,101,370	5,535,179	3,405,478	2,129,701	62.5%
Other Operating Expenses	1,043,976	908,977	1,080,917	1,396,204	4,430,074	5,584,814	(1,154,741)	-20.7%
Depreciation & Amortization	683,307	840,126	794,575	792,557	3,110,565	3,170,229	(59,664)	-1.9%
Interest/Bank Fees	97,394	113,803	101,620	102,797	415,614	411,187	4,427	1.1%
<b>TOTAL OPERATING EXPENSE</b>	14,804,615	13,354,860	14,080,736	13,719,859	55,960,070	57,079,435	(1,119,365)	-2.0%
<b>OPERATING INCOME (LOSS)</b>	<b>(3,940,551)</b>	<b>(3,749,554)</b>	<b>1,247,431</b>	<b>(2,456,505)</b>	<b>(8,899,179)</b>	<b>(3,328,657)</b>	<b>(5,570,522)</b>	<b>-167.4%</b>
Operating Margin	-36.3%	-39.0%	8.1%	-21.8%	-18.9%	-6.2%		
Non-Operating Revenue	805,983.00	893,344	840,766	1,140,766	3,680,859	3,484,512	196,347	5.6%
Non-Operating Expense	(12,585)	(14,180)	(17,490)	(17,490)	(61,745)	(72,840)	11,095	-15.2%
<b>NON-OPERATING</b>	793,398	879,164	823,276	1,123,276	3,619,114	3,411,672	207,442	6.1%
<b>EXCESS REVENUES (EXPENSES)</b>	<b>(3,147,153)</b>	<b>(2,870,390)</b>	<b>2,070,707</b>	<b>(1,333,229)</b>	<b>(5,280,065)</b>	<b>83,015</b>	<b>(5,363,080)</b>	<b>-6460.4%</b>
Gift to Purchase Capital Assets	-	132,905	390,865	-	523,770	300,000	223,770	
Stimulus Funds				10,171,000	10,171,000			
<b>NET GAIN (LOSS)</b>	<b>(3,147,153)</b>	<b>(2,737,485)</b>	<b>2,461,572</b>	<b>8,837,771</b>	<b>5,414,705</b>	<b>383,015</b>	<b>5,031,690</b>	
Total Margin	-29.0%	-33.3%	16.1%	78.5%	4.8%	0.7%		
<b>EBIDA</b>	<b>(2,366,452)</b>	<b>(1,783,556)</b>	<b>3,357,767</b>	<b>9,733,125</b>	<b>8,940,884</b>	<b>3,964,431</b>		

## **BUDGET MESSAGE**

(Pursuant to 29-1-103(1)(e), C.R.S.)

### **PARK HOSPITAL DISTRICT (d/b/a Estes Park Health)**

**(INSTRUCTIONS: Pursuant to section 29-1-103(1)(e), C.R.S., the budget must include the Budget Message. Fill in blank spaces and check any items that are applicable.)**

The attached 2021 Budget for PARK HOSPITAL DISTRICT includes these *important features*.\*

1. Increase average charge for hospital services by approximately 0%
2. Decrease in volume for some departments
3. Continue service of a new Urgent Care Center, opened May 27, 2021
4. Contractual and Uncompensated care adjustments of 43% reflect the Medicare Cost Report considerations, Medicaid changes and market impact of self-pay receivables.
5. Maintain overall salary expense consistent with market value and maintaining compensation levels for merit by 0.0%.
6. Decrease operating and non-operating expenses.
7. Acquire, only when absolutely necessary, new capital equipment including x-ray equipment, lab equipment, IT equipment, and various other smaller items.
8. Mill levy of 7.505 yields budgeted tax revenues of \$3,118,849.

The services to be provided/delivered during the budget year are the following:

Inpatient, Observation, Swing Bed, Outpatient, Clinic, Urgent Care Center, Therapies, Surgery, Nursing Home, Home Health, Hospice, Ambulance, and other services as provided in 2021.

\* "*important features*" are not defined in statute; however, important features of the budget would include starting/ending a service; increases or decreases in levels of services, increases/decreases to revenues (taxes/rates) and/or expenditures; acquisition of new equipment; start or end of capital project; etc.



# ESTES PARK HEALTH

## DRAFT OPERATING BUDGET 2021

	2020 BUDGET	2020 PROJECTED	2021 BUDGET	DRAFT 2021 to PROJ 2020
<b>PATIENT REVENUE</b>				
Inpatient Revenue	19,914,657	14,036,877	14,889,709	\$ 852,832
Outpatient Revenue	77,940,794	69,680,474	69,240,613	(439,861)
<b>TOTAL PATIENT REVENUE</b>	<b>97,855,451</b>	<b>83,717,351</b>	<b>\$ 84,130,321</b>	<b>412,970</b>
Less: Contractual Adjustments	(44,034,955)	(35,949,293)	(35,334,735)	614,558
Less: Bad Debt	(978,557)	(1,258,813)	(1,261,955)	(3,142)
	(45,013,512)	(37,208,106)	(36,596,690)	611,416
	-46.0%	-44.4%	-43.5%	
<b>NET PATIENT REVENUE</b>	<b>52,841,939</b>	<b>46,509,245</b>	<b>47,533,632</b>	<b>1,024,387</b>
		55.6%	56.5%	
Other	824,185	551,645	469,650	(81,995)
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 53,666,124</b>	<b>\$ 47,060,890</b>	<b>\$ 48,003,282</b>	<b>\$ 942,392</b>
<b>EXPENSES</b>				
Wages	25,117,554	23,435,040	23,744,093	309,053
Benefits	6,796,957	6,497,809	6,858,479	360,670
Contract Labor	6,356,716	6,632,936	5,280,980	(1,351,956)
Medical Supplies	4,495,035	4,769,424	4,954,306	184,882
Non-Medical Supplies	1,004,416	1,133,430	985,451	(147,979)
Purchased Services	5,952,299	5,535,179	5,358,455	(176,724)
Other Operating Expenses	3,898,755	4,430,073	5,210,035	779,962
Depreciation/Amortication	3,126,228	3,110,565	3,147,933	37,368
Interest/Bank Fees	411,192	415,614	375,381	(40,233)
<b>TOTAL OPERATING EXPENSES</b>	<b>\$57,159,152</b>	<b>\$55,960,070</b>	<b>\$55,915,113</b>	<b>(44,957)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,493,028)</b>	<b>(8,899,180)</b>	<b>(7,911,832)</b>	<b>987,348</b>
Non-Operating Revenue	3,636,419	3,680,859	3,393,500	(287,359)
Non-Operating Expenses	(60,150)	(61,745)	(74,900)	(13,155)
<b>Total Non-Operating</b>	<b>3,576,269</b>	<b>3,619,114</b>	<b>3,318,600</b>	<b>(300,514)</b>
<b>EXCESS REVENUES/EXPENSES</b>	<b>83,241</b>	<b>(5,280,066)</b>	<b>(4,593,232)</b>	<b>686,834</b>
				-
Gifts to Purchase Capital Assets	300,000	523,770	300,000	(223,770)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 383,241</b>	<b>\$ (4,756,295)</b>	<b>\$ (4,293,232)</b>	<b>\$ 463,063</b>
<b>EBITDA</b>	<b>\$ 3,920,661</b>	<b>\$ (1,230,116)</b>	<b>\$ (769,917)</b>	
<i>Total Margin % INCREASE (DECREASE)</i>	<i>0.71%</i>	<i>-10.11%</i>	<i>-8.94%</i>	

**ESTES PARK MEDICAL CENTER**  
**BUDGET 2020**  
**ASSUMPTIONS**

**COMMENTS**

**Revenues**

<i>MedSurg</i>	3% Rate Incr. Volumes same as 2019. Hospitalist and Surgicalist program considered
<i>Swing Bed Program</i>	Initiative to develop the program is underway. Assume 1 SWB per day. 2019 Estim Cost Report shows rate of \$3600, estimating \$3100 per day for Nursing Revenue
<i>Observation Days</i>	3% Rate Incr. Volumes same as 2018. Hospitalist and Surgicalist program considered
<i>NLC</i>	No changes. Same volumes as 2018 expected. Increase of 3% in rates
<i>Emergency Dept</i>	With expected opening of Urgent Care Center in March 2020, volumes are expected to decline by 15%. Proposed 4% increase in rates
<i>Urgent Care Center</i>	Anticipated opening March 2020. Volumes and Revenues are budgeted consistent with Feasibility Analysis from Stroudwater.
<i>Surgery</i>	Budgeting higher volumes for 2020; new General Surgeon, updated work flow patterns.
<i>Respiratory</i>	No changes.
<i>Pharmacy</i>	Estimating no change in volumes. Coag Clinic is running full capacity. Slight increase of 3% in rates, strategically.
<i>Lab</i>	No change in volumes nor rates.
<i>Radiology</i>	No significant changes.
<i>Home Health/Hospice</i>	No change in rates
<i>Rehab</i>	Slight increase in visits and 3% increase in rates.
<i>PPLC</i>	No changes
<i>Clinic</i>	New providers in Clinic should yield increase in visits. Surgicalist program will have Clinic availability; yet not budgeting for any increase in visits.
<i>Pain Clinic</i>	Program continues to grow; anticipating more clinic visits and procedures.
<i>Cardiac Clinic</i>	Program is at full capacity. Anticipating 3% increase in rates.
<i>Wound Care &amp; Infusion</i>	Budgeting to current volumes. 3% increase in rates.
<i>Sleep Lab</i>	Losing tech in late 2020; replacement is not identified, thus low volumes budgeted for first quarter

**Contractuals**

<i>Revenue Deductions</i>	Budgeted consisted with current year experience. Anticipating ongoing work with Medicare Cost Report and Uncompensated volumes. Considering updates from Medicare Cost Report, including potential receivables.
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**Expenses**

<i>Salaries</i>	Planned 3% Merit based increase. Budgeting at full staff requirements, and adding supplemental expense for Contract Labor. Recruitment continues to be difficult.
<i>Benefits</i>	Health Insurance is currently estimated at 4% increase, due to self-funded program at risk costs. No other changes in cost are anticipated.
<i>Professional Fees</i>	Consideration to the abnormal year of 2018, anticipating a slight decrease for 2019.
<i>Physician Professional Fees</i>	Considering changes in Surgery coverage and Pain Mgmt. This include the systems change to EPIC. There will be ongoing changes to the area as IT contracts with Epic materialize. Costs expected to grow by \$380K.
<i>Maintenance Contracts</i>	
<i>Contract Labor and Contracted Services</i>	Pain Mgmt expected to increase by \$250K; Good Sam Contract of \$185K for SNF.
<i>Rent/Lease/Utilities</i>	
<i>Supplies</i>	Should remain consistent.
<i>Other Operating</i>	Hospital Provider Fee continues to fluctuate during the year; budgeting at current projections from State and CHA.
<i>Other Non Operating</i>	
<i>Epic Conversion</i>	FTE Cost - Budgeting for 6.0 FTE's and \$400K Expenses - \$370K Capital- No change until Dec 1, in Depreciation. Will Capitalize \$1.2m (only 2019 Principal) over 3 years. Total will be \$2.8K aver 2021.

**Estes Park Medical Center**  
**Budgeted Statistics**  
**Fiscal Year 2020**

	2019 Total	2020 Forecast	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	2021 Budget Total	% of 2019 Stats
MED SURG INPATIENT DAYS	879	614	88	58	72	62	71	78	32	65	27	35	50	65	703	80%
SWING BED DAYS	291	322	30	30	30	30	30	30	30	30	30	30	30	30	360	124%
OBSERVATION DAYS	547	513	22	18	21	36	33	46	52	54	44	39	32	40	438	80%
OBSTETRIC DAYS	135	109	17	10	7	6	10	2	9	12	2	14	12	8	108	80%
NEWBORN DAYS	124	93	21	10	6	4	10	2	12	10	2	11	6	6	99	80%
BIRTHS	85	49	10	6	4	2	6	2	9	8	2	11	5	4	68	80%
Total Surgical Cases	1,252	1,091	125	94	91	75	83	109	111	123	109	107	109	101	1,237	99%
ORTHO CASES	162	153	12	11	12	14	13	17	18	13	15	16	13	12	166	102%
GEN SURGERY CASES	90	89	7	3	4	3	5	10	11	15	8	5	6	5	82	91%
GYN CASES	52	38	4	5	7	2	4	3	5	7	3	3	3	1	47	90%
EYES CASES	78	81	12	8	4	8	7	3	8	7	8	8	7	8	88	113%
PAIN PROCEDURES	370	303	29	28	32	22	27	31	43	32	35	35	35	35	384	104%
GI PROCEDURES	500	427	61	39	32	26	27	45	26	49	40	40	45	40	470	94%
EMERGENCY DEPT VISITS	6,210	4,574	310	260	296	286	378	529	706	621	412	390	318	378	4,884	79%
URGENT CARE		2,299	310	280	372	360	372	191	297	339	360	372	360	372	3,985	0%
CLINIC	20,971	17,408	1,913	1,610	1,580	1,750	1,846	1,606	1,867	1,811	1,445	1,959	1,257	1,318	19,961	95%
SPECIALTY CLINIC VISITS	4,598	2,795	239	343	346	350	378	186	335	362	334	298	245	262	3,678	80%
PAIN CLINIC	474	365	38	24	21	27	38	27	41	38	30	47	23	26	379	80%
CARDIAC CLINIC	1,128	697	46	66	69	96	93	88	103	83	83	83	48	44	902	80%
DIAGNOSTIC IMAGING - IP	672	246	14	26	47	49	39	72	80	62	61	51	18	18	538	80%
DIAGNOSTIC IMAGING - OP	6,753	5,371	403	393	426	381	396	478	598	540	498	469	378	443	5,402	80%
ULTRASOUND - IP	59	26	2	3	3	6	3	2	10	7	6	4	1	-	47	80%
ULTRASOUND - OP	920	863	71	47	50	68	57	61	74	62	68	57	51	70	736	80%
CT SCAN - IP	356	108	6	16	23	23	22	35	44	44	36	22	9	5	285	80%
CT SCAN - OP	1,802	1,660	99	76	85	97	131	120	202	170	124	106	106	126	1,442	80%
MRI - IP	55	25	-	2	4	7	9	3	1	7	7	3	-	-	44	80%
MRI - OP	976	840	63	59	50	70	67	46	87	70	74	76	58	59	781	80%
LAB - IP	7,146	5,222	479	587	454	450	562	526	481	653	335	446	276	466	5,717	80%
LAB - OP	66,925	58,517	4,851	4,357	4,233	5,194	5,279	5,075	5,915	6,092	5,257	5,049	2,946	3,976	58,225	87%
PT - IP	758	702	71	57	61	67	51	30	44	38	57	42	24	65	606	80%
PT - OP	6,689	5,020	374	416	450	527	520	438	521	569	456	430	354	347	5,402	81%
PT- SNF	621	214	48	54	69	42	30	24	46	45	38	5	56	42	497	80%
OT - IP	307	250	5	27	32	30	26	10	18	19	24	20	9	26	246	80%
OT - OP	469	392	43	33	31	44	37	24	26	38	24	21	34	21	375	80%
OT- SNF	182	62	15	14	23	8	4	2	15	18	14	3	17	13	146	80%
ST - IP	53	31	-	9	6	3	3	-	6	6	6	3	1	-	42	80%
ST - OP	224	224	14	14	14	12	4	6	20	21	19	20	15	19	179	80%
ST- SNF	44	14	2	2	14	3	-	-	2	2	2	4	1	2	35	80%
CARDIAC REHAB	572	406	53	41	24	44	32	36	48	49	40	28	24	39	458	80%
TOTAL REHAB	9,919	7,315	624	667	724	780	707	571	745	802	680	576	535	574	7,986	81%
AMBULANCE TRIPS	2,206	1,820	113	96	119	106	142	170	263	186	186	145	121	118	1,765	80%
HOME HEALTH CLINICAL	4,434	4,407	400	400	400	400	400	400	400	400	400	400	400	400	4,800	108%
HOME HEALTH NON-CLINICAL	3,048	2,563	232	232	232	232	232	232	232	232	232	232	232	232	2,779	91%
HOSPICE DAYS	2,189	2,271	171	171	171	171	171	171	171	171	171	171	171	171	2,049	94%
SLEEP LAB	152	119	14	7	10	9	14	12	14	14	10	10	4	2	122	80%
CHEMOTHERAPY	1,806	1,959	29	106	90	123	177	159	244	170	137	156	130	130	1,650	91%
OUT PT RESPIRATORY THERAPY	643	627	82	34	34	42	38	40	41	39	49	52	28	34	514	80%

INPT RESPIRATORY THERAPY
WOUND CARE CENTER
PHARMACY
PPLC TOTAL RESIDENT DAYS
PPLC TOTAL RESIDENT Census
TELEHEALTH

[illegible]