

DRAFT

Estes Park Health Strategic Plan: Providing Excellent Healthcare & Preparing for a Sustainable Future

July 19, 2022

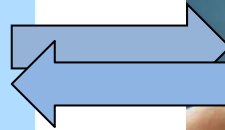
Agenda

- EPH and Our Community Depend Upon Each Other
- National & EPH Healthcare Challenges
- EPH 2022 Budget and 2023 Financial Outlook
- EPH's Current Challenges and Opportunities
- EPH Strategic Plan Principles
- Proposed Strategic Actions
- Questions, Answers, and Discussion

We Depend Upon Each Other

1. Our Estes Valley Community Depends Upon EPH

- For Excellent Healthcare – Emergencies and Ongoing
- For Good Jobs and Economic Contributions
- Important Community Asset



2. EPH Depends Upon Our Estes Valley Community

- To Come to EPH for Excellent Healthcare
- To Support EPH through EPH Foundation
- Property Tax Support Offsets About 6% of Operating Expenses

National & EPH Healthcare Challenges

1. COVID Pandemic Impact
2. Severe Staffing Shortages
3. Dramatic Increases in Staffing and Contractor Costs
4. Inflation and Supply Chain Escalated Cost of Supplies
5. Ongoing Changes in Healthcare Services and Reimbursement

EPH 2022 Budget & 2023 Financial Outlook

Overall Budget Goals

1. Operating Income (Loss)
 - 1.1 Target break-even on Operations
 - 1.2 Aspire to three (3) percent positive margin

2. Non-Operating Income (Loss)
 - 2.1 Target three (3) million-dollar contribution to capital

2022 Budget Forecast on Dec 2021

ESTES PARK HEALTH				
2022 DRAFT OPERATING BUDGET @ December 2021				
	2021 Approved Budget	2021 Actual Projected	2022 Draft Budget	Draft 2022 minus 2021 Actual Projected
Total Patient Revenue	86,985,687	87,192,909	95,026,061	7,833,152
Contractual Adjustments & Bad Debt	(37,838,774)	(39,677,186)	(42,999,293)	(3,322,107)
Net Patient Revenue	49,146,913	47,515,723	52,026,768	4,511,045
Other Operating Revenue	469,650	655,682	629,500	(26,182)
Total Operating Revenue	49,616,563	48,171,405	52,656,268	4,484,863
Total Operating Expenses	53,789,224	54,553,446	59,711,461	5,158,015
Net Operating Income (Loss)	(4,172,661)	(6,382,041)	(7,055,192)	(673,151)
Net Non-Operating Income (Loss)	2,922,600	14,058,982	5,979,903	(8,079,079)
Net Operating and Non-Operating Income (Loss)	(1,250,061)	7,676,941	(1,075,389)	(8,752,230)
Gifts to Purchase Capital Assets	300,000	255,888	450,000	194,112
Increase (Decrease) in Net Assets	(950,061)	7,932,830	(625,289)	(8,558,119)

Projected 2022 Operating Loss of \$7,055,192 Versus Goal of Break-Even

After Non-Operating Income Offsets, Projected Loss of \$1,075,389 Remains

2022 Budget Forecast on Dec 2021

ESTES PARK HEALTH				
2022 DRAFT OPERATING BUDGET @ December 2021				
	2021 Approved Budget	2021 Actual Projected	2022 Draft Budget	Draft 2022 minus 2021 Actual Projected
Non-Operating Revenues and Expenses				
Property Tax Revenues	3,137,600	3,137,599	3,499,500	361,901
Interest Expense	(396,000)	(414,524)	(402,597)	11,927
Investment Income	88,500	43,131	55,500	12,369
Gain on Disposal of Capital Assets	(10,000)	(10,000)		10,000
Noncapital Grants and Contributions	100,000	74,735	75,000	265
Other Net Non Operating (COVID Relief)	2,500	11,228,041	2,752,500	(8,475,541)
Net Non-Operating Income (Loss)	2,922,600	14,058,982	5,979,903	(8,079,079)

Projected 2022 Federal Government COVID-19 Relief Funding is \$2,752,500

Federal Government COVID-19 Relief Funding Is Ending and Will Not Be Available to Offset Operations Loss in 2023

EPH's Current Challenges- Financial Summary

1. Projected \$7 Million Operations Loss in 2022
2. In 2023 COVID Relief Funds End, So Larger Losses Expected
3. Costs Increasing:
 - Increased Compensation To Be Competitive For Staff
 - Increasing Contract Staff Costs
 - Increasing Costs of Supplies
4. Result: Projected Financial Losses not Sustainable
 - Must Increase Revenues and Reduce Expenses

Proposed Strategic Actions

Administrative Support Function

1. Information Technology (IT) Optimization
 - IT represents one of EPH's largest administrative costs
 - Necessary tool to provide optimal patient care
 - Sunset/retire migrated modules
 - Evaluate and sunset excess modules in robust system that do not impact quality of care.
2. Chargemaster Update
 - Heartbeat of revenue cycle.
 - Inadequate chargemaster = underpayment/overpayment and/or compliance challenges

Administrative Support Function - Continued

3. Revenue Cycle Process Optimization

- Analyze revenue cycle from patient point of entry to final bill.
- Efficiency & effectiveness in mind.

4. On Call Housing

- Efficiently and effectively utilize EPH owned Housing
- Terminate remaining EPH rental properties used for temporary housing.

5. Workforce/Organization Optimization

- Culture/Succession Planning/Leadership Development & Training.

Proposed Strategic Actions

Service Line Changes

6. Inpatient Pediatric Service Transition
 - Transition service to partner.

7. Obstetric Deliveries Service Transfer
 - Transition service to partner.

8. Home Health/Home Care/Hospice
 - CAH cost accounting methods yield significant negative contribution.
 - Evaluate options to transition health care business entity.

Proposed Strategic Actions

Service Line Additions

9. Chemotherapy Services Restart
 - Anticipate cohort of approximately 30-35 by end of 2022
10. Cardiac Rehabilitation Addition
11. Cardiopulmonary Rehabilitation Addition
 - Minimal fixed overhead investment
12. Diabetic/Nutrition Education Service Addition
13. Electronic Intensive Care Unit (eICU) Service Addition

Proposed Strategic Actions

Physician Planning

14. Medical Staff Development Planning

- Outpatient Specialty Clinic & Community Needs
- Maximize services needed by community
- Family Medicine Addition
- Evaluate Urology Service Addition
- Evaluate GI Community Needs

Mitigation Measures Impact Summary

Estimated EPH Revenue Increase and Expense Reduction Measures Next 12 to 18 Months				
		Single Program Estimated Annual Financial Impact		
2022 & 2023		Min	Most Likely	Max
Total Revenue Increases		1,031,000	1,401,320	2,474,896
Total Expense Reductions		2,880,000	3,835,000	4,646,000
Total All		3,911,000	5,236,320	7,120,896

Questions, Answers & Discussion