

Agenda

Estes Park Health Finance Subcommittee Meeting Agenda via Microsoft Teams

Thursday, December 1, 2022

8:00 am - 9:00 am

Dial (audio only) 970-822-7850; enter Phone Conference ID: 537 460 283# when prompted

Regular Session		Mins.	Procedure	Presenter(s)
1	Call to Order and Welcome	2	Action	Dr Steve Alper
2	Approval of the Agenda	2	Action	Dr Steve Alper
3	Public Comments on Items Not on the Agenda		Information	Public
5	January-December 2023 Budget Review	50	Information	Mr. David Timpe/Board
6	Other as determined by Finance Committee/Board Members	2	Information	Dr Steve Alper
7	Adjourn	2	Action	Finance Committee
Estimated Total Regular Session Mins.		58		

2023 BUDGET PROCESS

- 1) The eight month ended August, 2022 departmental revenue and expense information was distributed to the Senior Leadership Team and the Senior Directors to aid them in preparing their respective departmental revenue and expense budgets. The Senior Directors, in partnership with their respective Senior Leader, then developed the first version of the 2023 budget.
- 2.) We then had a group meeting with the Senior Leadership Team and Senior Directors for the following purposes:
 - Stress that they would be responsible for developing and adhering to their budget.
 - Emphasize the concept that they should treat their department(s) as if it was their business.
 - Encourage open, frank discussion amongst all participants.
 - Promote teamwork.
 - Encourage sharing of successes and challenges.
- 3.) The group then went back, looked at the nine months ended September, 2022 information for potential updates and considered possible changes.
- 4.) This departmental product was then shared with their respective Senior Leader for discussion, challenges and potential changes at several individual meetings. In addition, the Finance Department reviewed the individual budgets and raised questions for the respective Senior Leader and Senior Director to consider.
- 5.) After this, a second group meeting was held with the Senior Leadership Team and Senior Directors. As with the first group meeting, there was open discussion, questions and great team camaraderie. As a result, more budget changes were made.
- 6.) Another set of individual meetings was then held between the respective Senior Leader and Senior Director to make final budget changes.
- 7.) Finally, Vern Carda met with each Senior Director and his/her Senior Leader to review their respective budget(s).
- 9.) Running parallel with the operating budget development, the Senior Leadership Team and Senior Directors developed the three year capital budget which was subjected to the same process as described above for the operating budget.
- 10.) All this work and effort produced the attached budgets.

MAJOR BUDGET ASSUMPTIONS

CHARGES:

Assumed primarily the same volumes as anticipated 2022 while considering the new Radiologist and new Podiatrist, return of Ophthalmologist all of whom started in mid-2022.

Increased charges 10%. In doing so, we considered the 8.7% Social Security increase for 2023 and a June year-end facility that raised their rates 4-6% on July 1, 2022 and indicated that a double digit increase effective, July 1, 2023, "is not out of the question".

We also implemented various additional charge increases as recommended by the chargemaster study.

CONTRACTUAL ADJUSTMENTS:

Historical trends and expected cost increases (since we're a Critical Access Hospital) were considered and factored into the budgeted amounts. We anticipate contractual adjustments to be 44% of revenue up from 43.5% in 2022 projected and 41.2% in 2021 actual.

BAD DEBTS:

Historical trends and the recently completed Patient Financial Services recommendations were considered and factored into the budgeted amounts.

WAGES:

The market salary increases implemented in late 2022 were carried over into 2023.

There's a budgeted 5% merit increase, effective July 1, 2023, included in the budget.

The planned shift from contract labor to more employed staff was implemented in the budget.

BENEFITS:

The expenses derived by the Human Resources consultant were used in the budget.

Health insurance expenses increased 22% with the Hospital absorbing 13% of the increase.

PROFESSIONAL FEES/CONTRACT LABOR:

The planned decrease in contract labor with the associated increase in employed staff was implemented in the budget. In addition, approximately half of the decrease is attributable to changes in locum on call physician fees.

BALANCE OF OPERATING EXPENSES:

We used a combination of bid prices and industry expected price increases.

INVESTMENT INCOME:

The large positive change is attributed to immaterial, anticipated unrealized losses in 2023 and higher yields on the portfolio.

OTHER NET NON-OPERATING:

This represents the anticipated Employee Retention Credit proceeds.

GIFTS TO PURCHASE CAPITAL ASSETS:

This line budgets the anticipated monies the Foundation will raise for the fluoroscopy unit.

**ESTES PARK HEALTH
DRAFT OPERATING BUDGET 2023**

	2021 ACTUAL	APPROVED 2022 BUDGET	2022 PROJECTED (using YTD Sept actuals + Oct thru Dec budget)	2023 BUDGET	DRAFT 2023 to PROJ 2022
PATIENT REVENUE					
Inpatient Revenue	\$ 9,991,032	\$ 12,547,534	\$ 9,983,268	\$ 11,810,244	\$ 1,826,976
Outpatient Revenue	79,786,577	82,478,527	84,126,434	98,252,788	14,126,354
TOTAL PATIENT REVENUE	89,777,609	95,026,061	94,109,702	110,063,032	15,953,330
Less: Contractual Adjustments	(36,976,072)	(41,336,334)	(40,932,503)	(48,427,734)	(7,495,231)
Less: Bad Debt	(1,614,708)	(1,662,959)	(1,987,743)	(1,926,103)	61,640
Contractual Adjustments	(38,590,780)	(42,999,293)	(42,920,246)	(50,353,837)	(7,433,591)
	-43.0%	-45.3%	-45.6%	-45.8%	
NET PATIENT REVENUE	51,186,829	52,026,768	51,189,456	59,709,195	8,519,739
Other	662,750	629,500	430,626	374,600	(56,026)
			54.4%	54.3%	
TOTAL OPERATING REVENUE	51,849,579	52,656,268	51,620,082	60,083,795	8,463,713
EXPENSES					
Wages	23,638,497	25,399,882	24,214,686	28,961,890	4,747,204
Benefits	5,624,828	6,542,802	5,747,539	6,909,808	1,162,269
Professional Fees/Contract Labor	13,428,646	13,457,033	16,946,569	13,559,619	(3,386,950)
Supplies	5,481,086	5,919,628	5,828,436	6,292,625	464,189
Utilities	667,295	621,090	649,960	756,840	106,880
Leases/Rentals	1,106,350	1,317,262	1,162,857	1,034,808	(128,049)
Insurance	368,994	343,865	390,333	402,000	11,667
Repairs & Maintenance	417,903	129,900	172,021	202,112	30,091
Depreciation/Amortication	3,231,691	3,254,492	3,303,814	3,296,678	(7,136)
Other	2,747,146	2,721,529	2,800,134	2,931,820	131,686
TOTAL OPERATING EXPENSES	56,712,436	59,707,483	61,216,349	64,348,200	3,131,851
OPERATING INCOME (LOSS)	(4,862,857)	(7,051,215)	(9,596,267)	(4,264,406)	5,331,861
Property Tax Revenues	3,284,513	3,499,500	3,508,459	3,499,186	(9,273)
Interest Expense	(416,164)	(402,600)	(499,865)	(600,000)	(100,135)
Investment Income	(93,818)	55,500	(863,980)	108,500	972,480
Gain on Disposal of Capital Assets	(49,750)	-	-	-	-
Noncapital Grants and Contributions	57,867	75,000	33,374	30,000	(3,374)
Other Net Non Operating	11,620,908	2,752,500	331,020	1,800,000	1,468,980
Total Non-Operating	14,403,556	5,979,900	2,509,008	4,837,686	2,328,678
EXCESS REVENUES/EXPENSES	9,540,699	(1,071,315)	(7,087,259)	573,280	7,660,539
Gifts to Purchase Capital Assets	175,913	450,000	533,995	300,000	(233,995)
INCREASE (DECREASE) IN NET ASSETS	\$ 9,716,612	\$ (621,315)	\$ (6,553,264)	\$ 873,280	\$ 7,426,544



2023 Capital Budget

Leader	Dept	Equipment Item	Budget Amount	Priority 1	Priority 2	Priority 3	Purchased as of 11/1/22	2023	2024	2025
Gary N	Surgery	Microscope	\$ 155,000	155,000						
Gary N	Surgery	Myosure	\$ 30,000	30,000						
Gary N	Surgery	OR beds	\$ 87,000					87,000		
Gary N	Surgery	Scope cleaner	\$ 60,000	60,000						
Gary N	Surgery	Phaco	\$ 70,000	70,000						
Gary N	Surgery	Drill set	\$ 45,000					45,000		
Gary N	Surgery	Main sterilizing unit	\$ 130,000					130,000		
Gary N	Surgery	Ultrasonic	\$ 80,000					80,000		
	Lab	Axion Luminos Agile Max	\$ 550,000					550,000		
Laurie	Admitting	Affiliate Automated Estimation with UCHealth	\$ 40,000	40,000						
Laurie	Admitting	Affiliate Authorization Automation with UCHealth	\$ 16,750					16,750		
Karlye	MedSurg	Replace EKG on MS	\$ 20,000						20,000	
Lesta	Clinic	Optos Fundascope (replacement)	\$ 85,000	85,000						
Lesta	Clinic	Optivue upgrade and repairs	\$ 13,000					13,000		
Lesta	Clinic	Yag Laser (ophthalmology) replace	\$ 47,000					47,000		
Lesta	Clinic	Atlas Topographer	\$ 25,000					25,000		
Lesta	Clinic	Phillips EKG	\$ 8,500					8,500		
Lesta	Clinic	Cardiac Ultrasound	\$ 161,000					161,000		
Lesta	Clinic	Optovue (replacement)	\$ 55,000						55,000	
Lesta	Clinic	Vaccine Refrigerator	\$ 6,000							6,000
Guy	EMS	Medication Infusion Pumps	\$ 20,000					20,000		
Guy	EMS	Phillips Tempus Cardiac Monitor	\$ 38,000					38,000		
Guy	EMS	Ambulance	\$ 250,000						250,000	
Guy	EMS	Stryker Stretcher (1)	\$ 23,000						23,000	
Guy	EMS	Stryker Stretcher (1)	\$ 23,000							23,000
Guy	EMS	Lucas CPR Machine	\$ 21,000							21,000
Guy	DI	DEXA Machine	\$ 30,000					30,000		
Guy	DI	Breast MRI CAD	TBD							TBD
Guy	DI	MagView	TBD							TBD
Matt	Respiratory Therapy	PFT Machine	\$ 65,000						65,000	
Gary H	IT	UKG Dimensions	\$ 159,000					159,000		
Gary H	EE Housing	Washer/dryer installation Aspen Hall	\$ 14,000					14,000		
Gary H	Facilities	Decontamination build-out in ED	\$ 175,000					175,000		
Gary H	Facilities	Upgrade Timberline and Evergreen hallways, plumbing, etc	\$ 24,000					24,000		

Gary H	Facilities	Cafeteria move to old LC dining room (no capital costs)	\$								
Gary H	IT	Physical IT server replenishment and storage replacements	\$	110,000					110,000		
Gary H	Facilities	Eight additional badge-RFID locks	\$	36,000					36,000		
Gary H	Facilities	Two two-sided clothes washers and installation	\$	38,000					38,000		
Gary H	Facilities	Multi-year HVAC controls and upgrades continuation	\$	290,000					290,000		
Gary H	Facilities	Multi-year condenser/refrigerant upgrades	\$	45,000					45,000		
Gary H	Facilities	Administrative corner (first floor) remodeling for clinical use	\$	35,000					35,000		
Gary H	Facilities	Chemo/infusion remodeling (PAT???)		TBD					TBD		
Gary H	Facilities	Ultraviolet room disinfecter	\$	50,000					50,000		
Gary H	Facilities	Door work to accomplish secure MedSurg unit	\$	65,000					65,000		
Gary H	Facilities	eICU construction considerations	\$	225,000						225,000	
Gary H	Pharmacy	Outpatient pharmacy purchase and preparation costs		TBD						TBD	
Gary H	IT	Physical IT server replenishment and storage replacements	\$	110,000					110,000		
Gary H	Facilities	Eight additional badge-RFID locks	\$	40,000					40,000		
Gary H	Facilities	Window replacement project partial MedSurg	\$	80,000					80,000		
Gary H	Facilities	Multi-year HVAC controls and upgrades completion	\$	220,000					220,000		
Gary H	EE Housing	Condo/house renovations	\$	130,000					130,000		
Gary H	Facilities	Boiler replacement	\$	28,000					28,000		
Gary H	Facilities	Radio buildout within building for 100% coverage	\$	160,000					160,000		
Gary H	Facilities	Deinstall Evergreen 40-year-old plumbing	\$	130,000					130,000		
Gary H	Facilities	Multi-year condenser/refrigerant upgrades	\$	45,000					45,000		
Gary H	Facilities	Warehouse expansion to handle additional services & storage for mult	\$	200,000					200,000		
Gary H	Facilities	Courier van for laundry, lab, MM	\$	15,000						15,000	
Gary H	Facilities	Eight additional badge-RFID locks	\$	42,000						42,000	
Gary H	Facilities	Window replacement project partial MedSurg	\$	80,000						80,000	
Gary H	EE Housing	Condo/house renovations	\$	110,000						110,000	
Gary H	Facilities	Resurface back lots	\$	180,000						180,000	
Gary H	Facilities	Partial roof replacements	\$	400,000						400,000	
Gary H	Facilities	Multi-year condenser/refrigerant upgrades	\$	45,000					45,000		
Gary H	Facilities	Electrical generator upgrades replacement	\$	550,000						550,000	
		CONTINGENCY and TBD ITEMS	\$	500,000					\$ 500,000		
Totals			Total spent/obligated (or donated)	\$ 6,485,250	\$ 440,000	\$ -	\$ -	\$ -	\$ 2,792,250	\$ 1,826,000	\$ 1,427,000
			Total remaining								