



# Fiscal Year 2022 Budget

ANTELOPE VALLEY  
H O S P I T A L

*A facility of Antelope Valley Healthcare District*



ANTELOPE VALLEY  
HOSPITAL

A facility of Antelope Valley Healthcare District

# Statement of Operations

	Audited June 2019	Audited June 2020	Projected 2021	Budget 2022	Variance	Variance %
(In Thousands)						
<b>Operating Revenue</b>						
Net Patient Service Revenue	\$ 369,456	\$ 383,198	\$ 418,901	\$ 507,935	\$ 89,034	21.3%
Supplemental Funds/Settlements	51,611	47,265	57,792	31,123	(26,669)	-46.1%
Other/Grants/Contributions	17,989	17,363	16,444	15,219	(1,225)	-7.4%
<b>Total Operating Revenue</b>	<b>439,056</b>	<b>447,826</b>	<b>493,137</b>	<b>554,277</b>	<b>61,140</b>	<b>12.4%</b>
<b>Operating Expenses</b>						
Salaries and Wages	178,863	194,326	\$ 203,187	\$ 230,274	\$ 27,087	13.3%
Contract Labor	13,413	11,751	26,278	17,526	(8,752)	-33.3%
Benefits and FICA	62,447	63,766	67,965	74,433	6,469	9.5%
Supplies	47,562	54,079	57,361	70,523	13,162	22.9%
Drugs	11,664	12,779	18,653	17,973	(680)	-3.6%
Purchased Services	27,719	30,772	33,404	36,347	2,943	8.8%
Professional Fees	35,342	36,107	37,030	38,054	1,024	2.8%
Rent, Insurance, Utilities	14,406	11,779	14,302	14,696	394	2.8%
Intergovernmental Transfers (IGT)	6,687	1,677	3,359	2,815	(544)	-16.2%
Other Expenses	4,100	4,342	4,478	4,691	213	4.8%
<b>Total Operating Expenses</b>	<b>402,203</b>	<b>421,378</b>	<b>466,017</b>	<b>507,333</b>	<b>41,316</b>	<b>8.9%</b>
<b>OPERATING EBIDA</b>	<b>36,853</b>	<b>26,448</b>	<b>27,120</b>	<b>46,944</b>	<b>19,824</b>	<b>73.10%</b>
Depreciation	19,234	19,254	19,595	19,811	216	1.1%
Interest Expense	6,382	6,198	6,245	6,091	(154)	-2.5%
	<b>25,616</b>	<b>25,452</b>	<b>25,840</b>	<b>25,902</b>	<b>62</b>	<b>0.2%</b>
<b>Income (Loss) From Operations</b>	<b>11,237</b>	<b>996</b>	<b>1,280</b>	<b>21,042</b>	<b>19,763</b>	<b>1544.3%</b>
Investment Income	8,443	8,179	307	4,279	3,971	1291.8%
Capital Contributions	166	1,523	517	-	(517)	-100.0%
<b>NET INCOME (LOSS)</b>	<b>\$ 19,846</b>	<b>\$ 10,698</b>	<b>\$ 2,104</b>	<b>\$ 25,321</b>	<b>\$ 23,217</b>	<b>1103.2%</b>
<i>Income from Operations Margin %</i>	2.6%	0.2%	0.3%	3.8%		
<i>Operating EBIDA %</i>	8.4%	5.9%	5.5%	8.5%		
<i>Excess Margin %</i>	4.5%	2.4%	0.4%	4.6%		



# Statistics

	Audited June 2019	Audited June 2020	Projected 2021	Budget 2022	Variance	Variance %
Discharges	19,155	19,030	18,911	24,033	5,122	27.1%
Adjusted Discharges	29,468	29,263	27,775	34,689	6,914	24.9%
Patient Days	79,434	80,256	85,493	99,739	14,246	16.7%
Adjusted Patient Days	122,148	123,177	125,568	150,022	24,454	19.5%
Observation Patient Days	3,741	4,064	3,747	4,232	485	12.9%
Average Daily Census	217.6	219.3	234.2	273.3	39	16.7%
Adjusted Occupied Bed	334.7	336.5	344.0	411.0	67	19.5%
General Length of Stay	4.15	4.22	4.52	4.15	(0.37)	-8.2%
All Payor CMI	1.30	1.37	1.55	1.50	(0.05)	-3.2%
Medicare Length of Stay	5.35	5.21	5.21	4.78	(0.43)	-8.3%
Medicare CMI	1.79	1.94	2.08	2.00	(0.08)	-3.8%
Deliveries	4,514	4,227	3,512	3,884	372	10.6%
Inpatient Surgeries - WIP	1,507	1,501	1,314	1,500	186	14.2%
Trauma Cases	1,296	1,371	1,383	1,785	402	29.1%
Emergency Room Visits	127,000	121,434	103,426	135,000	31,574	30.5%
Admissions from Emergency Room	12,906	13,256	13,604	16,200	2,596	19.1%
<i>Conversion Rate to Admissions</i>	10.2%	10.9%	13.2%	12.0%		
<i>Percentage of Total Admissions</i>	67.4%	69.7%	71.9%	67.4%		
Radiology Procedures	152,061	154,788	151,555	187,266	35,711	23.6%
Laboratory Tests	1,036,169	1,092,828	1,262,634	1,546,056	283,422	22.4%
Inpatient Surgeries	3,668	3,551	3,702	4,220	518	14.0%
Outpatient Surgeries	3,805	3,729	3,995	4,400	405	10.1%
<b>Total Surgeries</b>	<b>7,473</b>	<b>7,280</b>	<b>7,697</b>	<b>8,620</b>	<b>923</b>	<b>12.0%</b>



# Key Operating Indicators

	Audited June 2019	Audited June 2020	Projected 2021	Budget 2022
<i>Realization Rate on Gross Charges</i>	20.3%	20.7%	21.6%	21.7%
<i>Charity Care and Bad Debt %</i>	2.6%	1.3%	1.3%	1.5%
<i>Contract Labor as % of Total Salaries</i>	7.0%	5.6%	11.5%	7.1%
<i>Benefits as % of Salaries (w/o contract labor)</i>	34.9%	32.8%	33.4%	32.3%
<i>Total Labor Costs as % of Net Operating Revenue</i>	58.1%	60.2%	60.3%	58.1%
<b>Paid FTE's</b>	2,186	2,294	2,366	2,635
<b>FTE'S per Adjusted Occupied Bed</b>	6.53	6.82	6.88	6.41
<i>Supplies as % of Net Operating Revenue</i>	13.5%	14.9%	15.4%	16.0%



# Payor Mix Comparison

	Audited June 2019	Audited June 2020	Projected 2021	Budget 2022
Medicare Traditional	17.9%	18.5%	15.8%	16.2%
Medicare Managed Care	16.7%	17.7%	20.4%	20.3%
Medi-Cal	10.7%	10.9%	11.0%	10.8%
Medi-Cal Managed Care	29.3%	28.9%	28.2%	28.2%
Commercial / Managed Care	21.5%	21.0%	21.5%	21.1%
Other	1.9%	1.7%	2.0%	2.1%
Self-Pay	2.0%	1.1%	1.1%	1.3%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Percentage of Government Payors	74.6%	76.1%	75.4%	75.5%

# Supplemental Funds

	Audited June 2019	Audited June 2020	Projected 2021	Budget 2022
NDPH (SB 1225)	\$ 2,450	\$ 3,385	\$ 3,385	\$ 1,000
SB 1100	12,923	444	9,646	
AB915 Medi-Cal Outpatient	2,621	1,668	2,059	2,059
AB 915 Expansion	1,432	1,720	2,005	2,005
Hospital Fee Program (HQAFS)	9,029	4,812	7,276	4,851
Hospital Fee Program Direct Grant	5,949	8,744	5,120	6,826
Cost Report Settlement	(39)	3,815	(705)	-
IGT AB113	2,220	525	5,261	1,249
Capitation Contract	1,514	5,550	4,486	4,484
Cares Act	-	8,421	10,200	-
Other	316	280	51	185
Trauma	6,509	6,224	5,649	5,649
<b>TOTAL (Net)</b>	<b>\$ 44,924</b>	<b>\$ 45,588</b>	<b>\$ 54,433</b>	<b>\$ 28,308</b>
Gross Receipts to AVH	\$ 51,611	\$ 47,265	\$ 57,792	\$ 31,123
ITG Remittances to California	(6,687)	(1,677)	(3,359)	(2,815)
	<b>\$ 44,924</b>	<b>\$ 45,588</b>	<b>\$ 54,433</b>	<b>\$ 28,308</b>

# Projected Major Capital Expenditures

Goal = 75% EBIDA

**\$ 34,573,933**

**Description - Major Items**

**Amount**

Phase II - Remaining Fees for Architectural and engineering fees for design of new hospital - Approved 2020	\$ 5,000,000
CT Scanner and Construction - Approved 2019	2,175,646
Bi-Plane Scanner and Construction - Approved 2019	3,559,739
Hospital-Wide Omnicell Pharmacy Delivery System - Approved 2020	2,234,637
Laboratory IRIS - Urinalysis System	127,000
Kronos Advanced System (Human Resources/Payroll)	30,000
Intrusion Prevention Software	142,370
Archiving System for STAR and Other Legacy Systems	450,000
Disaster Recovery Software System	266,000
Additional Data Storage Capacity	300,000
Other Information Technology	367,005
Care Stream PACs upgrade	600,000
ED expansion IT	150,000
Server Replacement	190,000
Wireless controller replacement	100,000
NEXUS Switches upgrade	250,000
Upgrade equipment in Auditorium	100,000
Carescape Gateway Server upgrade (Cardiac monitor)	100,000
Elevator Repair	185,000
HVAC	500,000



# Projected Major Capital Expenditures – continued

Emergency Generators	250,000
ED Expansion	9,327,000
Med Surg Beds	325,000
Badge Access to Med Rooms	166,000
Seismic	3,700,000
Lab Analyzers	400,000
Nuclear Med Camera & Construction	1,600,000
Ultrasound equip	1,000,000
GI Scope Washers	150,000
IV workflow software/equip Rx	100,000
Rx Golf Cart	15,000
Surgical Equipment and Instruments	300,000
Electrocautery Systems for Main and WIP Surgery	372,300
Surgery Spine and HANA Table Replacements	41,234
Central Telemetry Monitoring Upgrade	93,892
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	\$ 34,667,824



# Balance Sheet

	Audited June 2019	Audited June 2020	Projected 2021	Budget 2022
(In Thousands)				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	\$ 45,972	\$ 49,370	\$ 79,753	\$ 64,709
Investments	169,756	195,297	157,535	161,814
Patient Accounts Receivable - Net	58,200	49,858	67,253	77,746
Inventories	6,199	7,185	6,003	7,503
Prepaid Expenses/Other	4,983	7,422	5,288	5,788
<b>Total</b>	<b>285,110</b>	<b>309,132</b>	<b>315,832</b>	<b>317,560</b>
<b>Property Plant &amp; Equipment</b>				
Land and Land Improvements	34,087	34,087	35,019	35,019
Buildings and Fixed Equipment	211,262	214,823	216,378	229,405
Major Movable Equipment	206,319	210,186	214,604	231,245
Construction in Process	11,288	25,352	35,864	40,864
Capitalized Leases	2,664	4,950	4,950	4,950
<b>Subtotal</b>	<b>465,620</b>	<b>489,398</b>	<b>506,815</b>	<b>541,483</b>
Accumulated Depreciation	(274,134)	(290,807)	(307,920)	(326,246)
<b>Total</b>	<b>191,486</b>	<b>198,591</b>	<b>198,895</b>	<b>215,237</b>
Trustee Assets Limited to Use	18,239	18,539	8,360	8,360
Deferred Outflows of Resources	9,955	26,633	17,791	17,791
Other Assets	5,767	5,596	5,685	5,685
<b>TOTAL ASSETS</b>	<b>\$ 510,557</b>	<b>\$ 558,491</b>	<b>\$ 546,562</b>	<b>\$ 564,633</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 29,755	\$ 18,979	\$ 19,235	\$ 21,235
Accrued Compensation and Benefits	15,608	18,419	22,266	24,266
Pension Liability	125,759	149,744	148,506	153,506
Third Party Settlements	22,813	53,175	45,556	27,431
Self-Insurance Reserve	23,878	22,278	23,033	25,512
Current Portion Long-Term Debt	8,798	9,496	7,512	7,512
<b>Total</b>	<b>226,611</b>	<b>272,092</b>	<b>266,109</b>	<b>259,462</b>
<b>LONG-TERM DEBT</b>	<b>133,249</b>	<b>127,768</b>	<b>122,812</b>	<b>122,812</b>
Deferred Inflows of Resources	5,535	2,819	-	-
<b>FUND BALANCE</b>	<b>145,162</b>	<b>155,812</b>	<b>157,641</b>	<b>182,358</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 510,557</b>	<b>\$ 558,491</b>	<b>\$ 546,562</b>	<b>\$ 564,633</b>



**Volume Increases**  
**Revenue Cycle Management**  
**Managed Care Contracts**  
**GPO Pricing**  
**GPO Pricing Pharmacy**  
**Registry Reduction**

