



Fiscal Year 2021 Budget

ANTELOPE VALLEY
HOSPITAL

A facility of Antelope Valley Healthcare District



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Statement of Operations

(In Thousands)

	Budget 2021	Projected June 2020	Audited June 2019	Audited June 2018
Operating Revenue				
Net Patient Service Revenue	\$ 418,433	\$ 381,774	\$ 370,971	\$ 393,551
Supplemental Funds/Settlements	35,649	49,837	50,097	34,679
Other/Grants/Contributions	12,333	14,819	17,719	23,060
Total Operating Revenue	466,415	446,430	438,787	451,290
Operating Expenses				
Salaries and Wages	194,914	194,116	178,863	173,263
Contract Labor	10,079	11,705	13,413	16,757
Benefits and FICA	67,159	66,764	62,447	60,835
Supplies	58,486	54,012	47,562	53,536
Drugs	13,418	12,998	11,664	11,497
Purchased Services	29,293	29,790	27,719	26,744
Professional Fees	35,499	36,099	35,344	25,259
Rent, Insurance, Utilities	15,674	14,452	13,305	13,935
Intergovernmental Transfers (IGT)	3,012	3,537	6,687	7,790
Other Expenses	4,255	4,214	5,200	9,420
Total Operating Expenses	431,789	427,687	402,204	399,036
OPERATING EBIDA	34,626	18,743	36,583	52,254
Depreciation	18,225	19,237	19,234	14,618
Interest Expense	6,303	6,252	6,382	6,741
	24,528	25,489	25,616	21,359
Income (Loss) From Operations	10,098	(6,746)	10,967	30,895
Investment Income	8,015	7,862	8,713	2,194
Capital Contributions	1,200	1,289	166	452
NET INCOME (LOSS)	\$ 19,313	\$ 2,405	\$ 19,846	\$ 33,541
<i>Income from Operations Margin %</i>	2.2%	-1.5%	2.5%	6.8%
<i>Operating EBIDA %</i>	7.4%	4.2%	8.3%	11.6%
<i>Excess Margin %</i>	4.1%	0.5%	4.5%	7.4%



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Key Operating Indicators

	Budget 2021	Projected June 2020	Audited June 2019	Audited June 2018
(In Thousands)				
Gross Revenue				
Inpatient	\$ 1,262,173	\$ 1,187,822	\$ 1,185,702	\$ 1,280,867
Outpatient	701,396	642,322	637,401	619,987
TOTAL	\$ 1,963,569	\$ 1,830,144	\$ 1,823,103	\$ 1,900,854
Deductions				
Contractual Adjustments	(1,518,106)	(1,426,862)	(1,404,057)	(1,477,453)
Bad Debts and Charity Care	(27,030)	(21,508)	(48,075)	(29,850)
Net Patient Service Revenue	\$ 418,433	\$ 381,774	\$ 370,971	\$ 393,551
<i>Realization Rate on Gross Charges</i>	21.3%	20.9%	20.3%	20.7%
<i>Charity Care and Bad Debt %</i>	1.4%	1.2%	2.6%	1.6%
Net Operating Revenue	\$ 466,415	\$ 446,430	\$ 438,787	\$ 451,290
Salaries	\$ 194,914	194,429	\$ 178,863	\$ 173,263
Contract Labor	10,079	11,636	13,413	16,757
TOTAL	\$ 204,993	\$ 206,065	\$ 192,276	\$ 190,020
<i>Contract Labor as % of Total Salaries</i>	4.9%	5.6%	7.0%	8.8%
Benefits	\$ 67,159	\$ 66,764	\$ 62,447	\$ 60,835
<i>Benefits as % of Salaries (w/o contract labor)</i>	34.5%	34.3%	34.9%	35.1%
<i>Total Labor Costs as % of Net Operating Revenue</i>	58.3%	61.1%	58.1%	55.6%
Paid FTE's	2,270	2,278	2,193	2,249
FTE'S per Adjusted Occupied Bed	6.26	6.80	6.55	6.61
Supplies and Drugs	\$ 71,904	\$ 67,010	\$ 59,226	\$ 65,033
<i>Supplies as % of Net Operating Revenue</i>	15.4%	15.0%	13.5%	14.4%



Balance Sheet Ratios

	Budget 2021	Projected June 2020	Audited June 2019	Audited June 2018
<i>Unrestricted Cash Balances</i>	\$ 206,700	\$ 239,169	\$ 215,728	\$ 182,257
<i>Liquidity Covenant - Days of Cash (55 Days)</i>	172.2	201.7	192.7	163.9
<i>Cash to Debt Ratio</i>	143.0%	169.9%	151.9%	124.9%
<i>Income Available for Debt Service</i>	\$ 42,641	\$ 26,605	\$ 45,296	\$ 54,448
<i>Debt Service Coverage Covenant (1.20x)</i>	3.21	2.08	3.54	4.19
<i>A/R Days</i>	48.4	50.7	57.3	47.9
<i>Average Age of Plant (Years)</i>	17.0	15.2	14.3	17.7



	Budget 2021	Projected June 2020	Audited June 2019	Audited June 2018
Discharges	20,442	18,916	19,155	20,829
Adjusted Discharges	32,147	29,240	29,468	30,928
Patient Days	84,225	79,454	79,434	83,662
Adjusted Patient Days	132,257	122,605	122,148	124,202
Observation Patient Days	4,232	4,122	3,741	3,344
Average Daily Census	230.8	217.1	217.6	229.2
Adjusted Occupied Bed	362.3	335.0	334.7	340.3
General Length of Stay	4.12	4.20	4.15	4.02
All Payor CMI	1.39	1.37	1.30	1.30
Medicare Length of Stay	5.20	5.20	5.35	5.08
Medicare CMI	1.96	1.93	1.80	1.81
Deliveries	4,387	4,164	4,514	4,687
Inpatient Surgeries - WIP	1,562	1,498	1,507	1,670
Trauma Cases	1,395	1,310	1,296	1,322
Emergency Room Visits	133,087	122,508	127,000	129,933
Admissions from Emergency Room	13,838	13,157	12,906	13,732
<i>Conversion Rate to Admissions</i>	10.4%	10.7%	10.2%	10.6%
<i>Percentage of Total Admissions</i>	67.7%	69.6%	67.4%	65.9%
Radiology Procedures	164,971	154,160	152,061	156,643
Laboratory Tests	1,122,009	1,081,298	1,036,169	1,107,767
Inpatient Surgeries	3,789	3,433	3,674	4,591
Outpatient Surgeries	4,306	3,657	3,799	3,234
Total Surgeries	8,095	7,090	7,473	7,825



Payor Mix Comparison

	Budget 2021	Projected June 2020	Audited June 2019	Audited June 2018
Medicare Traditional	18.5%	18.6%	17.9%	19.2%
Medicare Managed Care	17.6%	17.7%	16.7%	16.3%
Medi-Cal	11.0%	11.0%	10.7%	11.3%
Medi-Cal Managed Care	29.2%	29.1%	29.3%	28.0%
Commercial / Managed Care	21.0%	20.9%	21.5%	21.5%
Other	1.7%	1.7%	2.0%	1.8%
Self-Pay	1.0%	1.0%	1.9%	1.9%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Percentage of Government Payors	76.3%	76.4%	74.6%	74.8%



Cash Flow

	Budget 2021	Projected June 2020	Audited June 2019	Audited June 2018
Beginning Cash and Investments	\$ 239,169	\$ 215,728	\$ 182,257	\$ 174,038
Cash Flows from Operating Activities				
Patients and Insurance	418,433	381,774	370,971	393,551
Medicare Accelerated Payment	-	28,500	-	-
Cares Act Funds	-	8,421	-	-
Supplemental Funds	35,649	41,416	50,097	34,679
Other	12,333	14,819	17,719	23,060
Decrease (Increase) in Current Assets	(1,593)	(1,525)	(5,368)	4,447
TOTAL	464,822	473,405	433,419	455,737
Operating Disbursements				
Payroll / Taxes / Benefits	272,152	272,585	254,723	250,855
Supplies	58,486	54,012	47,562	53,536
Drugs	13,418	12,998	11,664	11,497
Professional Fees	35,499	36,099	35,344	25,259
Purchased Services	29,293	29,790	27,719	26,744
Facility Operations	15,674	14,452	13,305	13,935
Intergovernmental Transfers	3,012	3,537	6,687	7,790
Other Expenses	4,255	4,214	5,200	9,420
Decrease (Increase) in Current Liabilities	27,396	(16,076)	(23,603)	14,446
TOTAL	459,185	411,611	378,601	413,482
Capital Disbursements				
Interest	6,303	6,252	6,382	6,741
Capital Expenditures	24,238	23,996	22,381	34,884
Additional Retirement Funding	8,100	8,400	-	-
Debt Principal Payments	7,480	7,567	7,017	7,410
TOTAL	46,121	46,215	35,780	49,035
Net Change in Operating Cash	(40,484)	15,579	19,038	(6,780)
Transfer of Funds from Designated	-	-	5,720	12,805
Investment Income / (Loss)	8,015	7,862	8,713	2,194
Total Change	(32,469)	23,441	33,471	8,219
Ending Cash Balance	\$ 206,700	\$ 239,169	\$ 215,728	\$ 182,257
Days of Cash On Hand	172.2	201.7	192.7	163.9



Balance Sheet Comparison

	Budget 2021	Projected June 2020	Audited June 2019	Audited June 2018
(In Thousands)				
ASSETS				
Current Assets				
Cash	\$ 60,000	\$ 87,574	\$ 45,972	\$ 23,846
Investments	146,700	151,595	169,756	158,411
Patient Accounts Receivable - Net	55,500	52,857	58,200	51,635
Inventories	7,000	6,468	6,199	6,073
Prepaid Expenses/Other	10,000	11,582	4,983	6,306
Total	279,200	310,076	285,110	246,271
Property Plant & Equipment				
Land and Land Improvements	34,100	34,087	34,087	33,795
Buildings and Fixed Equipment	215,000	214,818	211,262	210,522
Major Movable Equipment	237,900	211,858	206,319	165,572
Construction in Process	18,000	20,933	11,288	28,795
Capitalized Leases	14,500	4,500	2,664	2,113
Subtotal	519,500	486,196	465,620	440,797
Accumulated Depreciation	(310,600)	(292,360)	(274,134)	(258,679)
Total	208,900	193,836	191,486	182,118
Trustee Assets Limited to Use	18,600	18,536	18,239	23,959
Deferred Outflows of Resources	5,800	-	9,955	15,829
Other Assets	5,000	4,677	5,767	5,684
TOTAL ASSETS	\$ 517,500	\$ 527,125	\$ 510,557	\$ 473,861
LIABILITIES AND FUND BALANCE				
Current Liabilities				
Accounts Payable	\$ 17,500	\$ 16,976	\$ 29,755	\$ 25,695
Accrued Compensation and Benefits	16,000	16,458	15,608	15,139
Pension Liability	129,000	125,300	125,759	128,133
Third Party Settlements	20,000	48,500	22,813	3,678
Self-Insurance Reserve	24,000	26,655	23,878	21,565
Current Portion Long-Term Debt	8,500	7,249	8,798	8,313
Total	215,000	241,138	226,611	202,523
LONG-TERM DEBT	136,000	133,500	133,249	137,666
Deferred Inflows of Resources	-	5,300	5,535	8,356
FUND BALANCE	166,500	147,187	145,162	125,316
TOTAL LIABILITIES AND FUND BALANCE	\$ 517,500	\$ 527,125	\$ 510,557	\$ 473,861



Supplemental Funds / Prime

	Budget 2021	Projected June 2020	Audited June 2019	Audited June 2018
NDPH (SB 1225)	\$ 1,050	\$ 2,450	\$ 2,450	\$ 2,450
SB 1100		-	4,896	(21,595)
AB915 Medi-Cal Outpatient	1,500	1,668	1,468	1,469
AB 915 Expansion	1,500	1,720	4,053	2,354
Hospital Fee Program (HQAFS)	7,110	6,672	12,270	13,395
Hospital Fee Program Direct Grant	6,800	6,826	5,948	7,266
Cost Report Settlement	-	4,308	277	1,720
IGT AB113	2,200	2,431	4,928	14,743
Capitation Contract	5,665	5,580	-	-
Cares Act	-	8,421	-	-
Meaningful Use Medi-Cal/Medicare	-	-	611	368
Other	312	-	-	-
Trauma	6,500	6,224	6,509	4,719
TOTAL (Net)	\$ 32,637	\$ 46,300	\$ 43,410	\$ 26,889
Gross Receipts to AVH	\$ 35,649	\$ 49,837	\$ 50,097	\$ 34,679
IGT Remittances to California	(3,012)	(3,537)	(6,687)	(7,790)
	\$ 32,637	\$ 46,300	\$ 43,410	\$ 26,889



Projected Major Capital Expenditures

Goal = 70% EBIDA

\$ 24,238,000

<u>Description - Major Items</u>	<u>Amount</u>
Phase II - Remaining Fees for Architectural and engineering fees for design of new hospital - Approved 2020	\$ 2,513,500
CT Scanner and Construction - Approved 2019	2,196,500
Bi-Plane Scanner and Construction - Approved 2019	3,670,200
Hospital-Wide Omnicell Pharmacy Delivery System - Approved 2020	3,808,500
Emergency Room X-Ray Unit - Approved 2019	462,500
Domestic Water Line - Approved 2020 (Funded by Seismic Funds)	2,100,000
Surgical Equipment and Instruments	300,000
Surgical Microscope	212,500
Electrocautery Systems for Main and WIP Surgery	372,300
Surgery Spine and HANA Table Replacements	264,000
Ventilator Replacements	400,000
Ventilators (Foundation Grant Funding)	(400,000)
Laboratory IRIS - Urinalysis System	127,000
Laboratory Cell Vision System	168,800
Central Telemetry Monitoring Upgrade	153,400
Kronos Advanced System (Human Resources/Payroll)	700,000
Intrusion Prevention Software	241,000
Archiving System for STAR and Other Legacy Systems	450,000
Disaster Recovery Software System	266,000
Additional Data Storage Capacity	450,000
Workstation Replacements	500,000
Other Information Technology	300,000
Medical Equipment / Other Equipment / Construction	4,981,800
	\$ 24,238,000

Emergency Building Capital Lease: 4th Quarter
Term: 7 Years
Discount Rate: 4.0%
Cost of Building: \$10,000,000

