

Bartlett Regional Hospital

FINANCE COMMITTEE MEETING
September 10, 2021 – Noon
Bartlett Regional Hospital – Zoom Meeting
Agenda

Mission Statement

Bartlett Regional Hospital provides its community with quality, patient-centered care in a sustainable manner.

Public may participate via the following link: <https://bartletthospital.zoom.us/j/98393405781>
or by calling 1-888-788-0099, Meeting ID: 983 9340 5781

CALL TO ORDER

PUBLIC COMMENT

APPROVAL OF MINUTES – [August 13, 2021 Minutes](#) Page 2

1. July 2021 Financial Statements Review
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4. Capital Budget Update

EXECUTIVE SESSION

Motion by xx, to recess into executive session to discuss information presented that the immediate knowledge of which would clearly have an adverse effect upon the finances of BRH; that being a discussion about campus planning, and ask for unanimous consent.

Next Meeting: Friday, October 8, 2021 at 12:00 via Zoom

Committee member comments / questions

ADJOURN

Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801 907.796.8900 www.bartlethospital.org

water

Finance Committee Meeting Minutes Zoom Meeting – July 9, 2021

Called to order at 12:04 p.m. by Finance Chair, Deb Johnston.

Finance Committee (*) & Board Members present: Deb Johnston*, Brenda Knapp*, Lance Stevens*, Rosemary Hagevig, Hal Geiger, and Iola Young.

Staff & Others: Rose Lawhorne, CEO, Kevin Benson, CFO, Bradley Grigg, CBHO, Dallas Hargrave, HR Director, Vlad Toca, COO, Blessy Robert, Director of Accounting, Seanna O’Sullivan, Megan Rinkenberger, and Tiara Ward, CBJ. (All attended via Zoom)

Public Comment: None

Ms. Knapp made a MOTION to approve the minutes from the July 9, 2021 Finance Committee Meeting. Mr. Stevens seconded, and they were approved.

June 2021 Financial Review – Kevin Benson, CFO

June marked the end of the 2021 fiscal year. It represented the second year impacted by the mitigation efforts required for Covid. The financial results for Bartlett Regional Hospital were very favorable due to a couple of significant and unusual events. Inpatient volumes and revenues continued to be depressed resulting in an inpatient revenue shortfall of \$1.75 million (-30%). For the year, inpatient revenues were \$15.4 million (-22%) behind the budget target. However, outpatient revenue continued to be strong with revenues \$900,000 (9.4%) over budget. The primary drivers were increased surgical procedures (16%), pharmaceuticals and unbudgeted molecular testing revenue. Year-to-date, outpatient revenue has performed well and is currently running \$5.2 million (4.6%) ahead of budget and 15.8% greater than the prior year.

BHOPS revenues continued to be well ahead of budget with a 11.3% positive variance. The limiting barrier for greater revenue is not a lack of patients but a shortage of providers on both the psychiatric and therapy services. Together with Rainforest and physician revenue the final amount of Total Gross Patient Revenue was \$16.2 million, which was \$998,000 (5.8%) less than budget. For the year Bartlett finished \$12.2 million short of budget.

Deductions from revenue had a favorable variance of \$2,700,000 (34.9%). The major reason for the positive variance is that \$2.0 million of additional reimbursement was recorded for the Rural Demonstration Project. Definitive communication was finally received from CMS. This reimbursement is an estimate of what may be realized and is discussed in more detail in a separate memo.

Net Patient Revenue finished well ahead of budget at \$11.0 million. Included in Operating Revenue was recognition of \$1.9 million of grant revenue as the grants were closed out for the year. After Other Operating Revenue the Total Operating Revenue finished \$13.4 million (36%) greater than budget.

Expenses exceeded budget by \$2.1 million or 22.5%. Unbudgeted Covid-19 related expenses, staff bonuses, yearend inventory adjustments and increased physician locum agreements were the main contributors to this negative variance. Significant yearend adjustments are as follows:

- The expense for staff bonuses in the amount of \$553,000 was expensed in June.
- Grant revenue of \$1.9 million was recorded in Other Revenue.
- Norcal ownership buyout of \$836,000 was recorded as Non-Operating Revenue.

After all these revenue and expense yearend adjustments, Operating Income finished at \$1.7 million. The ownership buyout of Norcal ownership was reflected in Non-Operating Income. After Non-Operating Income of \$1.0 million the final Net Income was \$2.7 million. For the fiscal year a Net income of \$2.9 million was achieved (2.3%).

There was a discussion on Non-Operating Income and how there will reliably always be some, but from where and how much will vary greatly. Due to the amount of dependence on this type of income, members of the board reiterated the need for “belt tightening.”

Update on Rural Demonstration Project – Kevin Benson, CFO

The Rural Demonstration Project (RDP) was authorized as renewed in December. However, BRH didn't receive communication on whether or not it would be retroactive to July 1, 2020 until very recently, that yes, it will be retroactive for FY21 as a base year. The estimation was \$4.2 million, but because of efforts made to minimize reduction of revenue from not receiving the RDP, BRH applied for and received the Low Volume Discount that would increase Medicare reimbursement by 15% (the packet stated 50%, but that was an error). At BRH, as inpatient revenue fell, so would RDP reimbursement. Due to all the variables, finance held off on recording this, but conservatively estimate a realization of \$2 million, then would need to refund the balance. The Medicare Cost Report is due at the end of November, and the auditors wait for that before issuing the financial statement. BRH anticipates a positive adjustment, though.

Surprise Billing Legislation – Kevin Benson, CFO

Mr. Benson stated that since there are still parts of this legislation that haven't been determined yet, he has elected to defer the discussion to the next meeting. However, at the prompting of a committee member, he briefly outlined what the basis of the legislation was.

EXECUTIVE SESSION - MOTION by Mr. Stevens, to recess into executive session to discuss information presented that the immediate knowledge of which would clearly have an adverse effect upon the finances of BRH; that being a discussion about campus planning, and ask for unanimous consent. Ms. Knapp seconded.

The Finance Committee entered executive session at 12:41pm. They returned to regular session at 1:05pm.

Next Meeting: Friday, September 10, 2021 at 12:00 via Zoom

Board Comments: None

Adjourned – 1:07 p.m.

Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801

907.796.8900

www.bartletthospital.org

DATE: September 3, 2021
TO: BRH Finance Committee
FROM: Kevin Benson, Chief Financial Officer
RE: July Financial Performance

Bartlett Regional Hospital had a financially good start to the 2022 fiscal year. The budget for 2022 fiscal year incorporated the impacts related to Covid-19 so many of the variances that have been reported for the past 16 months are no longer apparent. There continues to be a shift from inpatient to outpatient volumes and revenues. Inpatient revenues were under budget by 8.6% while outpatient revenues were over budget by 5.6%. However, total patient revenue finished \$91,000 over budget (0.6%). After Rainforest, BHOPS and physician revenue, the month ended just slightly under budget for Gross Patient Revenue at -0.4%.

Deductions from revenue had a favorable variance of \$1.0 million (12.9%). This was driven in the inpatient side by a lower length of stay while on the outpatient side there were lower charges per case.

Net Patient Revenue finished well ahead of budget with positive variance of \$962,000 (9.9%). Other Operating Revenue was well below budget with the loss of 340B revenue and lower grant revenues. As a result Total Operating Revenue finished at \$332,000 (3.1%) greater than budget.

Total Expenses were very close to budget finishing \$48,000 (0.4%) under budget yielding an Operating Income of \$201,000 as compared to a budgeted Operating Loss of -\$179,000. After Non-Operating Income the Final Net Income was \$434,000 for almost a 4% margin.

Expenses variances incurred in July were as follows:

- Contract Labor was \$159,000 over budget as the hospital struggles to maintain staffing levels.
- Physician Contracts were \$196,000 over budget as additional mental health providers are needed to provide for increased volumes.
- Supply costs were \$180,000 over budget driven primarily by increased pharmaceuticals for increased Infusion Therapy services and covid related drugs.
- Molecular Testing volumes have increased from 50 tests per day to anywhere from 200 to 300.

**Bartlett Regional Hospital
Dashboard Report for July 2021**

Facility Utilization:	CURRENT MONTH				YEAR TO DATE				
	Actual	Budget	% Over (Under) Budget	Prior Year	Actual	Budget	% Over (Under) Budget	Prior Year	
Hospital Inpatient: Patient Days									
Patient Days - Med/Surg	470	378	24%	382	30.2%	470	378	24%	382
Patient Days - Critical Care Unit	92	101	-9%	104	21.1%	92	101	-9%	104
Patient Days - Swing Beds	0	0	0%	0		0	0	0%	0
Avg. Daily Census - Acute	18.7	16.0	17%	15.7		1.5	1.3	17%	15.7
Patient Days - Obstetrics	83	63	31%	73	66.0%	83	63	31%	73
Patient Days - Nursery	65	52	24%	51	80.6%	65	52	24%	51
Total Hospital Patient Days	710	595	19%	610	35.8%	710	595	19%	610
Births	29	26	13%	29		29	26	13%	29
Mental Health Unit									
Patient Days - Mental Health Unit	161	240	-33%	137	22.0%	161	248	-35%	137
Avg. Daily Census - MHU	5.2	7.7	-33%	4.4	18.0%	0.4	0.7	-35%	4.4
Rain Forest Recovery:									
Patient Days - RRC	200	240	-17%	0	25.0%	200	248	-19%	0
Avg. Daily Census - RRC	6	7.7	-17%	0	21.0%	1	0.7	-19%	0.0
Outpatient visits	45	88	-49%	21		45	45	0%	21
Inpatient: Admissions									
Med/Surg	70	58	21%	71	18.6%	33	58	-43%	71
Critical Care Unit	39	36	8%	33	21.9%	33	36	-9%	33
Obstetrics	33	28	20%	34	43.5%	33	28	20%	34
Nursery	29	26	13%	29	45.0%	29	26	13%	29
Mental Health Unit	25	21	19%	16	38.9%	25	21	19%	16
Total Admissions - Inpatient Status	196	168	16%	183	28.9%	153	168	-9%	183
Admissions - "Observation" Status									
Med/Surg	83	63	32%	58	23.9%	83	63	32%	58
Critical Care Unit	21	27	-21%	24	0.0%	21	27	-21%	24
Mental Health Unit	4	2	68%	4	33.3%	4	2	68%	4
Obstetrics	20	14	40%	14	42.9%	20	14	40%	14
Nursery	0	0	-100%	0		0	0	-100%	0
Total Admissions to Observation	128	106	20%	100	21.9%	128	106	20%	100
Surgery:									
Inpatient Surgery Cases	60	50	19%	57	15.4%	60	50	19%	57
Endoscopy Cases	83	89	-7%	75	-26.5%	83	89	-7%	75
Same Day Surgery Cases	102	119	-14%	143	9.7%	102	119	-14%	143
Total Surgery Cases	245	258	-5%	275	-5.0%	245	258	-5%	275
Total Surgery Minutes	17,204	18,480	-7%	20,318	-6.6%	17,204	18,480	-7%	20,318
Outpatient:									
Total Outpatient Visits (Hospital)									
Emergency Department Visits	1,236	968	28%	1,033	7.3%	1,236	968	28%	1,033
Cardiac Rehab Visits	99	58	70%	50	80.0%	99	58	70%	50
Lab Visits	628	292	115%	264	27.4%	628	292	115%	264
Lab Tests	10,226	9,940	3%	10,083		10,226	9,940	3%	10,083
Radiology Visits	860	23	3678%	806	-3.8%	860	815	6%	806
Radiology Tests	2,376	2,371	0%	2,330		2,376	2,371	0%	2,330
Sleep Study Visits	29	23	27%	34	52.6%	29	23	27%	34
Physician Clinics:									
Hospitalists	244	236	3%	363	29.1%	244	236	3%	363
Bartlett Oncology Clinic	96	86	12%	81	4.3%	96	86	12%	81
Ophthalmology Clinic	78	95	-18%	107		78	95	-18%	107
Behavioral Health Outpatient visits	575	408	41%	372	-6.0%	575	408	41%	372
Bartlett Surgery Specialty Clinic visits	205	232	-12%	222	-25.5%	205	232	-12%	222
	1,198	1,056	13%	1,145	2.5%	1,198	1,056	13%	1,145
Other Operating Indicators:									
Dietary Meals Served	15,699	20,134	-22%	17,896		15,699	20,134	-22%	17,896
Laundry Pounds (Per 100)	398	381	4%	376		398	381	4%	376

Bartlett Regional Hospital
Dashboard Report for July 2021

Facility Utilization:	CURRENT MONTH				YEAR TO DATE			
	Actual	Budget	% Over (Under) Budget	Prior Year	Actual	Budget	% Over (Under) Budget	Prior Year
Financial Indicators:								
Revenue Per Adjusted Patient Day	4,808	5,166	-6.9%	4,640	4,808	478	905.8%	429
Contractual Allowance %	36.0%	43.6%	-17.4%	52.4%	36.0%	43.6%	-17.4%	52.4%
Bad Debt & Charity Care %	3.2%	1.3%	139.5%	-0.1%	3.2%	1.3%	139.5%	-0.1%
Wages as a % of Net Revenue	45.7%	52.1%	-12.2%	57.4%	45.7%	52.1%	-12.2%	57.4%
Productive Staff Hours Per Adjusted Patient Day	24.6	25.0	-1.5%	22.4	24.6	2.3	964.0%	2.1
Non-Productive Staff Hours Per Adjusted Patient Day	3.8	3.8	-0.7%	3.5	3.8	0.4	973.6%	0.3
Overtime/Premium % of Productive	6.96%	3.16%	120.5%	3.16%	6.96%	3.16%	120.5%	3.16%
Days Cash on Hand	62	63	-0.9%	108	62	63	-0.9%	108
Board Designated Days Cash on Hand	142	143	-0.9%	124	142	143	-0.9%	124
Days in Net Receivables	49.8	50	0.0%	77	49.8	50	0.0%	77
					Actual	Benchmark	% Over (Under)	Prior Year Month
Total debt-to-capitalization (with PERS)					57.2%	33.7%	69.7%	62.2%
Total debt-to-capitalization (without PERS)					14.3%	33.7%	-57.5%	15.8%
Current Ratio					7.65	2.00	282.7%	6.76
Debt-to-Cash Flow (with PERS)					6.73	2.7	149.4%	26.40
Debt-to-Cash Flow (without PERS)					1.69	2.7	-37.5%	6.69
Aged A/R 90 days & greater					42.0%	19.8%	112.1%	43.1%
Bad Debt Write off					1.0%	0.8%	25.0%	-0.4%
Cash Collections					76.0%	99.4%	-23.5%	89.0%
Charity Care Write off					0.4%	1.4%	-71.4%	0.9%
Cost of Collections (Hospital only)					4.2%	2.8%	50.0%	5.7%
Discharged not Final Billed (DNFB)					12.1%	4.7%	157.4%	11.4%
Unbilled & Claims on Hold (DNSP)					12.1%	5.1%	137.3%	11.4%
Claims final billed not submitted to payor (FBNS)					0.0%	0.2%	-100.0%	0.00%
POS Cash Collection					3.6%	21.3%	-83.1%	2.0%

BARTLETT REGIONAL HOSPITAL
STATEMENT OF REVENUES AND EXPENSES
FOR THE MONTH AND YEAR TO DATE OF JULY 2021

MONTH ACTUAL	MONTH BUDGET	MO \$ VAR	MTD % VAR	PR YR MO		YTD ACTUAL	YTD BUDGET	YTD \$ VAR	YTD % VAR	PRIOR YTD ACT	PRIOR YTD % CHG
\$4,061,506	\$4,617,394	-\$555,888	-12.0%	\$4,039,668	1. Gross Patient Revenue:	\$4,061,506	\$4,617,394	-\$555,888	-12.0%	\$4,039,668	0.5%
\$1,088,109	\$1,018,705	\$69,404	6.8%	\$1,022,641	2. Inpatient Revenue	\$1,088,109	\$1,018,705	\$69,404	6.8%	\$1,022,641	6.4%
\$5,149,615	\$5,636,099	-\$486,484	-8.6%	\$5,062,309	3. Total Inpatient Revenue	\$5,149,615	\$5,636,099	-\$486,484	-8.6%	\$5,062,309	1.7%
\$10,954,397	\$10,376,506	\$577,891	5.6%	\$10,677,407	4. Outpatient Revenue	\$10,954,397	\$10,376,506	\$577,891	5.6%	\$10,677,407	2.6%
\$16,104,012	\$16,012,605	\$91,407	0.6%	\$15,739,716	5. Total Patient Revenue - Hospital	\$16,104,012	\$16,012,605	\$91,407	0.6%	\$15,739,716	2.3%
\$277,165	\$348,952	-\$71,787	-20.6%	\$2,394	6. RRC Patient Revenue	\$277,165	\$348,952	-\$71,787	-20.6%	\$2,394	11477.5%
\$379,236	\$274,960	\$104,276	37.9%	\$200,632	7. BHOPS Patient Revenue	\$379,236	\$274,960	\$104,276	37.9%	\$200,632	89.0%
\$887,205	\$1,076,408	-\$189,203	-17.6%	\$1,280,489	8. Physician Revenue	\$887,205	\$1,076,408	-\$189,203	-17.6%	\$1,280,489	-30.7%
\$17,647,618	\$17,712,925	-\$65,307	-0.4%	\$17,223,231	9. Total Gross Patient Revenue	\$17,647,618	\$17,712,925	-\$65,307	-0.4%	\$17,223,231	2.5%
\$2,843,309	\$3,108,549	\$265,240	8.5%	\$3,914,564	10. Inpatient Contractual Allowance	\$2,843,309	\$3,108,549	\$265,240	8.5%	\$3,914,564	-27.4%
-\$225,000	-\$225,000	\$0		-\$308,333	10a. Rural Demonstration Project	-\$225,000	-\$225,000	\$0		-\$308,333	
\$3,209,053	\$4,119,119	\$910,066	22.1%	\$4,601,383	11. Outpatient Contractual Allowance	\$3,209,053	\$4,119,119	\$910,066	22.1%	\$4,601,383	-30.3%
\$532,233	\$723,982	\$191,749	26.5%	\$814,862	12. Physician Service Contractual Allowance	\$532,233	\$723,982	\$191,749	26.5%	\$814,862	-34.7%
\$27,490	\$14,826	-\$12,664	-85.4%	\$9,813	13. Other Deductions	\$27,490	\$14,826	-\$12,664	-85.4%	\$9,813	0.0%
\$68,924	\$132,264	\$63,340	47.9%	\$160,290	14. Charity Care	\$68,924	\$132,264	\$63,340	47.9%	\$160,290	-57.0%
\$494,245	\$103,725	-\$390,520	-376.5%	-\$169,296	15. Bad Debt Expense	\$494,245	\$103,725	-\$390,520	-376.5%	-\$169,296	-391.9%
\$6,950,254	\$7,977,465	\$1,027,211	12.9%	\$9,023,283	16. Total Deductions from Revenue	\$6,950,254	\$7,977,465	\$1,027,211	12.9%	\$9,023,283	-23.0%
36.0%	44.9%			54.2%	% Contractual Allowances / Total Gross Patient Revenue	36.0%	44.9%			52.4%	
3.2%	1.3%			-0.1%	% Bad Debt & Charity Care / Total Gross Patient Revenue	3.2%	1.3%			-0.1%	
39.4%	45.0%			52.4%	% Total Deductions / Total Gross Patient Revenue	39.4%	45.0%			52.4%	
\$10,697,364	\$9,735,460	\$961,904	9.9%	\$8,199,948	17. Net Patient Revenue	\$10,697,364	\$9,735,460	\$961,904	9.9%	\$8,199,948	30.5%
\$220,586	\$850,634	-\$630,048	-74.1%	\$1,639,066	18. Other Operating Revenue	\$220,586	\$850,634	-\$630,048	-74.1%	\$1,639,066	-86.5%
\$10,917,950	\$10,586,094	\$331,856	3.1%	\$9,839,014	19. Total Operating Revenue	\$10,917,950	\$10,586,094	\$331,856	3.1%	\$9,839,014	11.0%
\$4,287,441	\$4,649,583	\$362,143	7.8%	\$4,203,071	20. Salaries & Wages	\$4,287,441	\$4,649,583	\$362,143	7.8%	\$4,203,071	2.0%
\$340,047	\$317,591	-\$22,456	-7.1%	\$302,600	21. Physician Wages	\$340,047	\$317,591	-\$22,456	-7.1%	\$302,600	12.4%
\$260,085	\$101,315	-\$158,770	-156.7%	\$201,211	22. Contract Labor	\$260,085	\$101,315	-\$158,770	-156.7%	\$201,211	29.3%
\$2,391,791	\$2,388,660	-\$3,131	-0.1%	\$2,106,813	23. Employee Benefits	\$2,391,791	\$2,388,660	-\$3,131	-0.1%	\$2,106,813	13.5%
\$7,279,364	\$7,457,149	\$177,786	2.4%	\$6,813,695	24. % Salaries and Benefits / Total Operating Revenue	\$7,279,364	\$7,457,149	\$177,786	2.4%	\$6,813,695	6.8%
66.7%	70.4%			69.3%		66.7%	70.4%			69.3%	
\$47,612	\$85,999	\$38,387	44.6%	\$95,411	24. Medical Professional Fees	\$47,612	\$85,999	\$38,387	44.6%	\$95,411	-50.1%
\$370,966	\$175,006	-\$195,960	-112.0%	\$94,787	25. Physician Contracts	\$370,966	\$175,006	-\$195,960	-112.0%	\$94,787	291.4%
\$115,394	\$246,956	\$131,563	53.3%	\$175,769	26. Non-Medical Professional Fees	\$115,394	\$246,956	\$131,563	53.3%	\$175,769	-34.3%
\$1,436,187	\$1,256,673	-\$179,514	-14.3%	\$1,744,932	27. Materials & Supplies	\$1,436,187	\$1,256,673	-\$179,514	-14.3%	\$1,744,932	-17.7%
\$126,518	\$132,415	\$5,897	4.5%	\$94,194	28. Utilities	\$126,518	\$132,415	\$5,897	4.5%	\$94,194	34.3%
\$422,017	\$383,891	-\$38,126	-9.9%	\$417,332	29. Maintenance & Repairs	\$422,017	\$383,891	-\$38,126	-9.9%	\$417,332	1.1%
\$51,930	\$38,825	-\$13,105	-33.8%	\$59,691	30. Rentals & Leases	\$51,930	\$38,825	-\$13,105	-33.8%	\$59,691	-13.0%
\$81,323	\$56,108	-\$25,215	-44.9%	\$44,067	31. Insurance	\$81,323	\$56,108	-\$25,215	-44.9%	\$44,067	84.5%
\$610,049	\$748,348	\$138,299	18.5%	\$671,009	32. Depreciation & Amortization	\$610,049	\$748,348	\$138,299	18.5%	\$671,009	-9.1%
\$49,359	\$50,902	\$1,543	3.0%	\$51,122	33. Interest Expense	\$49,359	\$50,902	\$1,543	3.0%	\$51,122	-3.4%
\$126,611	\$133,280	\$6,669	5.0%	\$163,677	34. Other Operating Expenses	\$126,611	\$133,280	\$6,669	5.0%	\$163,677	-22.6%
\$10,717,330	\$10,765,552	\$48,224	0.4%	\$10,425,686	35. Total Expenses	\$10,717,330	\$10,765,552	\$48,224	0.4%	\$10,425,686	-2.8%
\$200,620	-\$179,458	\$380,078	-211.8%	-\$586,672	36. Income (Loss) from Operations	\$200,620	-\$179,458	\$380,078	-211.8%	-\$586,672	-134.2%
\$100,378	\$169,863	-\$69,485	-40.9%	\$101,835	37. Non-Operating Revenue	\$100,378	\$169,863	-\$69,485	-40.9%	\$101,835	-1.4%
\$132,744	\$77,067	\$55,677	72.2%	\$75,592	38. Interest Income	\$132,744	\$77,067	\$55,677	72.2%	\$75,592	75.6%
\$233,122	\$246,930	-\$13,808	-5.6%	\$177,427	39. Total Non-Operating Revenue	\$233,122	\$246,930	-\$13,808	-5.6%	\$177,427	31.4%
\$433,742	\$67,472	\$366,270	-542.8%	-\$409,245	40. Net Income (Loss)	\$433,742	\$67,472	\$366,270	-542.8%	-\$409,245	206.0%
1.84%	-1.70%			-5.96%	Income from Operations Margin	1.84%	-0.75%			-5.96%	
3.97%	0.64%			-4.16%	Net Income	3.97%	1.58%			-4.16%	

**Bartlett Regional Hospital
July 2021 Financial Operating Summary**

Financial Group	In-Pt Actual	In-PT Budget	Out-Pt Actual	Out-Pt Budget	Physician Actual	Physician Budget	Total Actual	Total Budget
Aetna	433,218	435,426	1,648,542	1,747,291	114,335	187,779	2,196,094	2,370,496
Blue Cross	437,817	576,840	1,681,985	1,842,269	126,969	230,463	2,246,771	2,649,572
Comm	143,744	122,198	329,222	345,395	55,732	65,281	528,698	532,874
MCD	1,814,579	2,222,114	2,443,983	2,054,063	393,754	304,070	4,652,317	4,580,247
MCR	2,219,004	2,172,653	3,922,498	3,421,973	453,771	441,657	6,595,273	6,036,283
Other	40,528	107,093	268,093	318,070	4,569	11,292	313,190	436,455
SEARHC	89,437	52,790	66,118	111,661	796	9,013	156,350	173,464
Self	132,093	98,397	329,082	188,340	7,882	13,473	469,057	300,210
VA/Cham	67,880	64,065	204,066	203,568	72,705	59,749	344,651	327,382
Worker's	-	18,479	87,666	172,952	9,070	5,236	96,736	196,667
Grand Total	5,378,300	5,870,055	10,981,255	10,405,582	1,239,582	1,328,013	17,599,137	17,603,650

Commercial	1,014,779	1,152,943	3,747,415	4,107,907	306,106	488,759	5,068,300	5,749,609
Government	4,231,428	4,618,715	6,904,758	6,109,335	925,595	825,781	12,061,781	11,553,831
Self Pay	132,093	98,397	329,082	188,340	7,882	13,473	469,057	300,210
Total Charges	5,378,300	5,870,055	10,981,255	10,405,582	1,239,582	1,328,013	17,599,137	17,603,650

% of Hospital Charges	24%	26%	39%	35%	5%	5%	68.5%	65.6%
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Prior Month

Commercial	1,022,099	1,367,265	4,325,835	3,791,050	551,092	483,024	5,899,027	5,641,339
Government	3,254,955	4,840,445	5,947,274	5,549,666	689,527	806,902	9,891,756	11,197,013
Self Pay	103,370	47,379	243,593	248,448	(2,133)	32,763	344,830	328,590
Total Charges	4,380,424	6,255,089	10,516,702	9,589,164	1,238,486	1,322,689	16,135,612	17,166,942

% of Hospital Charges	20%	28%	37%	32%	4%	5%	61.3%	65.2%
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**Bartlett Regional Hospital
July 2021 Wages Summary**

Type	Description	Actual	Budget	Actual (Over) / Under Budget
6010	Mgrs & Supervisors	492,701	536,068	43,367
6020	Techs & Specs	686,794	786,635	99,841
6030	RN's	831,916	1,056,783	224,867
6040	Clerical & Admin	399,452	477,740	78,288
6060	Clinical - Other	450,137	490,820	40,683
6070	Non-Clinical - Other	273,699	364,808	91,109
6100	Overtime	264,306	237,226	(27,080)
6110	Premium Pay	71,645	16,434	(55,211)
6120	Shift Differentials	148,587	167,855	19,268
6130	On-Call	13,946	26,177	12,231
6090	Non Productive	614,524	489,037	(125,487)
6105	Premium Pay	0	-	-
6190	Productivity Incentives	39,733	0	(39,733)
	Grand Total	4,287,440	4,649,583	362,143
6050	Physicians	340,047	317,591	(22,456)
6500	Contract Labor	260,085	101,315	(158,770)
	Physician Contracts	600,133	418,906	(181,227)

BARTLETT REGIONAL HOSPITAL
BALANCE SHEET
July 31, 2021

	<u>July-21</u>	<u>June-21</u>	<u>July-20</u>	<u>CHANGE FROM PRIOR FISCAL YEAR</u>
ASSETS				
Current Assets:				
1. Cash and cash equivalents	20,222,641	25,545,886	37,529,612	(17,306,971)
2. Board designated cash	34,296,146	33,769,366	34,189,116	107,031
3. Patient accounts receivable, net	17,050,534	14,506,692	13,534,186	3,516,348
4. Other receivables	3,664,168	3,913,527	(59,686)	3,723,854
5. Inventories	3,312,784	3,438,976	3,211,229	101,555
6. Prepaid Expenses	3,134,789	1,757,985	2,814,779	320,010
7. Other assets	30,377	29,877	28,877	1,500
8. Total current assets	81,711,439	82,962,309	91,248,113	(9,536,673)
Appropriated Cash:				
9. CIP Appropriated Funding	11,932,679	11,932,679	4,163,554	7,769,125
Property, plant & equipment				
10. Land, bldgs & equipment	149,599,849	149,516,701	144,506,668	5,093,180
11. Construction in progress	8,767,880	8,684,975	6,215,934	2,551,946
12. Total property & equipment	158,367,729	158,201,676	150,722,602	7,645,126
13. Less: accumulated depreciation	(102,194,394)	(101,584,465)	(94,712,281)	(7,482,114)
14. Net property and equipment	56,173,335	56,617,213	56,010,322	163,011
15. Deferred outflows/Contribution to Pension Plan	12,403,681	12,403,681	12,403,681	-
16. Total assets	162,221,134	163,915,879	163,825,667	(1,604,537)
LIABILITIES & FUND BALANCE				
Current liabilities:				
17. Payroll liabilities	997,915	3,186,973	807,457	190,458
18. Accrued employee benefits	5,158,329	5,257,558	4,578,408	579,921
19. Accounts payable and accrued expenses	2,703,162	2,637,899	3,108,229	(405,067)
20. Due to 3rd party payors	99,234	-	4,250,857	(4,151,623)
21. Deferred revenue	654,388	15,404	1,217,896	(563,508)
22. Interest payable	(30,075)	315,297	(1)	(30,074)
23. Note payable - current portion	910,000	910,000	870,000	40,000
24. Other payables	182,945	467,554	149,247	33,698
25. Total current liabilities	10,675,898	12,790,685	14,982,093	(4,306,195)
Long-term Liabilities:				
26. Bonds payable	16,350,000	16,350,000	17,260,000	(910,000)
27. Bonds payable - premium/discount	1,040,075	1,053,776	1,212,581	(172,506)
28. Net Pension Liability	64,954,569	64,954,569	64,954,569	-
29. Deferred In-Flows	4,318,200	4,318,200	4,318,200	-
30. Total long-term liabilities	86,662,844	86,676,545	87,745,350	(1,082,506)
31. Total liabilities	97,338,742	99,467,230	102,727,443	(5,388,701)
32. Fund Balance	64,882,392	64,448,649	61,098,227	3,784,165
33. Total liabilities and fund balance	162,221,134	163,915,880	163,825,670	(1,604,535)

**Bartlett Regional Hospital
Accounts Receivable
7/31/2021**

Aging by Fin Grp	Unbilled A/R	0-30	31-60	61-90	91-120	121-150	151+	A/R Total	Billed & Unbilled	Billed & Unbilled
									7/31/2021	6/30/2021
Aetna	\$286,433	\$287,476	\$485,381	\$196,299	\$18,214	\$11,117	\$321,009	\$1,319,495	\$1,605,927	\$1,358,274
Blue Cross	\$171,584	\$234,653	\$131,545	\$27,105	\$3,719	\$56,924	\$615,740	\$1,069,687	\$1,241,270	\$1,433,996
CB	0	0	0	0	0	0	0	\$0	\$0	\$0
Com	\$360	\$160,124	\$46,886	\$56,262	\$3,559	\$33,493	\$146,027	\$446,351	\$446,711	\$490,240
Medicaid	\$1,058,194	\$1,181,941	\$354,681	\$212,329	\$64,940	\$20,732	\$806,025	\$2,640,648	\$3,698,842	\$2,775,643
Medicare	\$1,535,212	\$1,588,014	\$281,635	\$606,915	\$203,939	\$46,461	\$61,602	\$2,788,566	\$4,323,778	\$3,551,707
Medicare Rep	\$15,968	\$23,148	\$27,756	\$0	\$0	\$0	\$62,196	\$113,099	\$129,067	\$89,952
Other	\$5,885	\$53,124	\$200	\$76,886	\$0	\$0	\$5,226	\$135,436	\$141,321	\$47,897
SEARHC	\$89,437	\$0	\$1,484	\$5,408	\$0	\$36,260	\$27,824	\$70,976	\$160,413	\$278,753
Self	\$49,542	\$105,079	\$76,875	\$227,324	\$137,858	\$123,901	\$1,903,619	\$2,574,656	\$2,624,198	\$2,752,355
VA	\$35,305	\$155,327	\$35,385	\$54,883	\$3,850	\$0	\$20,372	\$269,817	\$305,122	\$290,890
Worker's	\$0	\$0	\$44,688	\$0	\$34,769	\$155,485	\$0	\$234,942	\$234,942	\$234,942
in-patient Total	\$3,247,918	\$3,788,885	\$1,486,516	\$1,463,412	\$470,846	\$484,373	\$3,969,641	\$11,663,672	\$14,911,590	\$13,304,649
Aetna	\$567,806	\$918,160	\$723,300	\$255,979	\$49,459	\$120,876	\$679,480	\$2,747,252	\$3,315,059	\$3,044,437
Blue Cross	\$631,468	\$762,643	\$524,556	\$201,780	\$19,516	\$42,362	\$513,359	\$2,064,216	\$2,695,684	\$3,161,816
CB	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Com	\$70,580	\$171,747	\$236,098	\$34,553	\$20,830	\$7,062	\$76,669	\$546,960	\$617,540	\$660,867
Medicaid	\$773,393	\$891,338	\$370,463	\$186,400	\$90,465	\$51,212	\$66,742	\$1,656,620	\$2,430,014	\$1,858,898
Medicare	\$1,143,148	\$1,869,225	\$209,566	\$35,988	\$40,471	\$55,835	\$88,506	\$2,299,590	\$3,442,738	\$3,025,247
Medicare Rep	\$100	\$23,804	\$9,982	\$19,401	\$1,691	\$8,735	\$9,641	\$73,253	\$73,353	\$39,137
Other	\$51,065	\$64,872	\$125,135	\$40,707	\$67,949	\$42,252	\$10,429	\$351,344	\$402,409	\$327,693
SEARHC	\$8,005	\$61,065	\$20,315	\$13,980	\$8,424	\$1,280	\$2,040	\$107,103	\$115,108	\$124,306
Self	\$49,236	\$272,919	\$444,920	\$461,749	\$360,609	\$329,327	\$3,980,397	\$5,849,920	\$5,899,155	\$6,416,295
VA	\$123,272	\$275,857	\$263,866	\$125,185	\$31,829	\$35,831	\$113,997	\$846,566	\$969,838	\$811,612
Worker's	\$29,920	\$57,531	\$267,831	\$65,320	\$45,076	\$93,680	\$128,627	\$658,065	\$687,985	\$671,955
out-patient Total	\$3,447,994	\$5,369,161	\$3,196,032	\$1,441,041	\$736,318	\$788,451	\$5,669,887	\$17,200,889	\$20,648,883	\$20,142,262
Aetna	\$854,239	\$1,205,635	\$1,208,680	\$452,278	\$67,672	\$131,992	\$1,000,489	\$4,066,747	\$4,920,986	\$4,402,711
Blue Cross	\$803,052	\$997,296	\$656,102	\$228,885	\$23,235	\$99,286	\$1,129,100	\$3,133,903	\$3,936,955	\$4,595,812
CB	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Com	\$70,940	\$331,871	\$282,985	\$90,815	\$24,388	\$40,555	\$222,696	\$993,311	\$1,064,251	\$1,151,107
Medicaid	\$1,831,587	\$2,073,279	\$725,144	\$398,730	\$155,405	\$71,944	\$872,768	\$4,297,269	\$6,128,856	\$4,634,541
Medicare	\$2,678,360	\$3,457,239	\$491,201	\$642,903	\$244,410	\$102,295	\$150,108	\$5,088,155	\$7,766,516	\$6,576,954
Medicare Rep	\$16,068	\$46,952	\$37,737	\$19,401	\$1,691	\$8,735	\$71,837	\$186,352	\$202,420	\$129,088
Other	\$56,950	\$117,996	\$125,335	\$117,593	\$67,949	\$42,252	\$15,655	\$486,780	\$543,730	\$375,590
SEARHC	\$97,441	\$61,065	\$21,799	\$19,387	\$8,424	\$37,540	\$29,864	\$178,079	\$275,520	\$403,059
Self	\$98,778	\$377,998	\$521,795	\$689,072	\$498,466	\$453,228	\$5,884,016	\$8,424,576	\$8,523,353	\$9,168,651
VA	\$158,577	\$431,184	\$299,251	\$180,069	\$35,679	\$35,831	\$134,369	\$1,116,382	\$1,274,959	\$1,102,502
Worker's	\$29,920	\$57,531	\$312,519	\$65,320	\$79,845	\$249,165	\$128,627	\$893,007	\$922,927	\$906,897
Grand Total	\$6,695,912	\$9,158,046	\$4,682,548	\$2,904,452	\$1,207,164	\$1,272,824	\$9,639,528	\$28,864,561	\$35,560,474	\$33,446,911

Aged Balance excludes Credit Balances

	July-21	June-21
Aging	\$28,864,561	\$26,277,933
Unbilled	\$6,695,912	\$7,168,978
Total	\$35,560,474	\$33,446,911

Totals		
One Time PPD Ins		
RRC/MCR NO Enrollment	\$96.60	2
Compliance/Risk/Adminstrative	\$97.13	1
SP Prompt Pay Disc	\$57,787.64	138
1115 No Provider Enrollment LPC MCD		
Authorization/Alert Missing	\$362.22	4
1115 Waiver Svcs on Commerical Ins	\$5,905.18	34
Denied Appeals /Timely		
BOPS/MCR Provider NOT Eligible	\$8,071.65	21
Mental Health BD MHU, RRC BOPS	\$21,808.43	56
No provider enrollment for Commerical	\$4,872.00	14
	\$99,000.85	270

Collections

One Time Ins PPD		
Collections SPPPD	\$10,206.99	138
	\$10,206.99	138

Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801

907.796.8900

www.bartlethospital.org

DATE: September 3, 2021
TO: BRH Finance Committee
FROM: Kevin Benson, Chief Financial Officer
RE: FY 2021 Supplemental Appropriation

Bartlett once again overspent its appropriation in fiscal year 2021 and requires a supplemental appropriation in the amount of \$20,900,000. The Finance department worked with CBJ Finance to develop the attached Ordinance. The Bartlett Board of Directors will review this request on Tuesday September 28, 2021 during its monthly meeting. The Assembly Finance Committee will then review this request at the September 29, 2021 meeting.

Ordinance 2020-09(BE)
Manager's Report

An Ordinance Appropriating to the Manager the Sum of \$20,900,000 as Partial Funding for Bartlett Regional Hospital's Fiscal Year 2021 Operating Budget; Funding Provided by Various Sources.

This ordinance would appropriate \$20,900,000 as partial funding for Bartlett Regional Hospital's (BRH) FY21 operations. BRH's operating costs increased substantially in FY21 due to the addition of a mental and behavioral health program, retention of staff for COVID-19 screening and triage, and elevated costs for personal protective equipment, oxygen, and medication. Additional unanticipated expenses included an upgrade to the hospital's HVAC system and the setup of a molecular lab.

This supplemental appropriation will be funded as follows:

Federal Revenue - CARES Act Provider Relief Funds & Misc. Grants	\$ 7,100,000
State Revenue - COVID-19 Response Funding	\$ 4,000,000
Private Grant – Premera (for Behavioral Health Facility)	\$ 1,000,000
Private Grant – Alaska Community Foundation	\$ 900,000
Additional Outpatient Revenue	\$ 5,000,000
Draw on Hospital Fund Balance	\$ 2,900,000

The Bartlett Regional Hospital Finance Committee reviewed this request at the September 10, 2021 meeting. The Bartlett Regional Hospital Board will review this request at the September 28, 2021 meeting. The Assembly Finance Committee will review this request at the September 29, 2021 meeting.

The Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.



Bartlett Regional Hospital

Preliminary Credit Review

Prepared For:
City and Borough of Juneau

August 10, 2021



Observations and Questions

- Bartlett is “an enterprise fund of the City and Bureau of Juneau.”
- Bartlett financials follow GASB, not FASB.
- Transfers in from “CBJ Tax Assessments” represent the Hospital’s portion of Juneau Tobacco and Liquor tax revenues. Considered intergovernmental transfers. Included in non operating revenue for the analysis.
 - It raises the question whether this, or other governmental revenues would stay with the hospital if it was a standalone credit.
- In addition to approximately 69MM in unrestricted cash and investments in the “central treasury” Bartlett has about 4.7MM in capital restricted for capital projects. This was included in our days cash calculation (assuming it could be repurposed if critical)
- In 2020 the Hospital received 2.7MM in additional reimbursement from participation in the Medicare Community Hospital Demonstration Project. It is uncertain whether this will continue, post 2020.
- 2020 non operating revenue increased due to COVID funding. At the same time, the transfers in from the government declined.
- Market Landscape and Financial Management scorecard inputs were arbitrarily chosen. Need input on conditions in Juneau.
- With the assumptions used, preliminary scorecard results indicate Baa1 (current) or Baa2 (proforma).



Credit Snapshot/Scorecard - Current



Key Financial Ratios - Current

(\$000s)	2016 Audit	2017 Audit	2018 Audit	2019 Audit	2020 Audit
Bartlett Regional Hospital					
Total Revenue	90,614,771	98,491,549	99,849,855	102,492,573	103,728,741
Total Expenses (excl IDA)	88,655,685	100,736,278	92,452,145	96,469,202	98,232,105
Depreciation ³ and amortization	7,211,054	7,359,594	7,422,119	7,196,120	7,185,319
Interest expense ⁴	676,314	666,110	653,430	638,466	622,780
Excess of revenues over expenses	(3,306,855)	(7,945,565)	1,926,554	4,179,168	7,997,372
Net Property and Equipment	66,439,920	61,056,234	55,474,659	52,645,135	56,264,660
Current portion of long-term debt	979,991	999,138	1,018,932	1,031,143	1,049,325
Line of Credit					
Obligations under capital lease	-	-	-	-	-
Long-term debt, less current portion	22,398,063	21,397,949	20,384,118	19,354,795	18,308,093
Cash and cash equivalents	37,637,807	42,261,609	68,679,495	69,007,166	69,529,955
Investments	10,000,000	14,563,089	1,178,300	4,678,117	4,163,554
Unrestricted net assets	12,603,112	4,497,177	12,339,668	14,809,217	18,673,107
Total debt	23,378,054	22,397,087	21,403,050	20,385,938	19,357,418
Total Capital (Debt + Unrestricted Net Assets)	35,981,166	26,894,264	33,742,718	35,195,155	38,030,525
Market Position					
Total Operating Revenue	90,614,771	98,491,549	99,849,855	102,492,573	103,728,741
Operating Performance					
Operating Margin	-6.5%	-10.4%	-0.7%	-1.8%	-2.2%
Operating Cash Flow Margin	2.2%	-2.3%	7.4%	5.9%	5.3%
Debt to Cash Flow	5.1	279.5	2.1	1.7	1.2
Balance Sheet					
Days Cash on Hand	194.6	204.5	273.9	277.0	272.1
Cash to Direct Debt	203.8%	253.7%	326.4%	361.5%	380.7%
Debt to Capitalization	65.0%	83.3%	63.4%	57.9%	50.9%
Coverage					
MADS	3,334,375	3,334,375	3,334,375	3,334,375	3,334,375
Operating EBITDA	1,959,086	(2,244,729)	7,397,710	6,023,371	5,496,636
Total EBITDA	4,580,513	80,139	10,002,103	12,013,754	15,805,471
Operating EBITDA/MADS	0.6	(0.7)	2.2	1.8	1.6
Total EBITDA/MADS	1.4	0.0	3.0	3.6	4.7



Preliminary Moody's Scorecard Results - Current

Category	Score	Weight
Market Position	12.35	45.00%
Operating Performance and Liquidity	6.21	35.00%
Leverage	1.47	20.00%
Total Score	8.03	
Indicated Rating	Baa1	

Score Table	Score	Weight
Market Position	12.35	45.00%
Operating Performance and Liquidity	6.21	35.00%
Leverage	1.47	20.00%

Market Position	
Score	12.35
Operating Revenue	103,728,741
Three-year Operating Revenue CAGR (%)	1.74%
Market Landscape	A

Operating Performance and Liquidity	
Score	6.21
Operating Cash Flow Margin	5.30%
Gross Revenue as Combined Medicare and Medicaid	59.00%
Cash on Hand (days)	272
Financial Management and Reinvestment	A

Leverage	
Score	1.47
Unrestricted Cash and Investments to Total Debt	380.70%
Total Debt to Cash Flow	1.2

Scorecard Outcome	Lower Range	Upper Range
Aaa		1.50
Aa1	1.50	2.50
Aa2	2.50	3.50
Aa3	3.50	4.50
A1	4.50	5.50
A2	5.50	6.50
A3	6.50	7.50
Baa1	7.50	8.50
Baa2	8.50	9.50
Baa3	9.50	10.50
Ba1	10.50	11.50
Ba2	11.50	12.50
Ba3	12.50	13.50
B1	13.50	14.50
B2	14.50	15.50
B3	15.50	16.50
Caa1	16.50	17.50
Caa2	17.50	18.50
Caa3	18.50	19.50
Ca	19.50	



Preliminary Moody's Scorecard Details - Current

Market Position									
Sub-Factors	Weight	Aaa	Aa	A	Baa	Ba	B	Caa	C and Below
Scope of Operation (\$000)	25.00%	≥ 10,000,000	10,000,000 > n ≥ 1,500,000	1,500,000 > n ≥ 500,000	500,000 > n ≥ 250,000	250,000 > n ≥ 150,000	150,000 > n ≥ 80,000	80,000 > n ≥ 40,000	< 40,000
Three-year Operating Revenue CAGR (%)	10.00%	≥ 14	14 > n ≥ 8	8 > n ≥ 4	4 > n ≥ 2	2.0 > n ≥ .0	.0 > n ≥ -1.5	-1.5 > n ≥ -3.0	< -3.0
Market Landscape	10.00%	Exceptional	Excellent	Very Good	Good	Fair	Poor	Very Poor	Extremely Poor

Operating Performance and Liquidity									
Sub - Factors	Weight	Aaa	Aa	A	Baa	Ba	B	Caa	C and Below
Operating Cash Flow Margin (%)	10%	≥ 18	18 > n ≥ 12	12 > n ≥ 8	8 > n ≥ 5	5 > n ≥ 2	2 > n ≥ -1	-1 > n ≥ -3	< -3
Gross Revenue of combined Medicare and Medicaid (%)	10%	≤ 35	35 < n ≤ 47	47 < n ≤ 59	59 < n ≤ 67	67 < n ≤ 76	76 < n ≤ 83	83 < n ≤ 93	> 93
Cash on Hand (days)	10%	≥ 400	400 > n ≥ 250	250 > n ≥ 150	150 > n ≥ 80	80 > n ≥ 55	55 > n ≥ 40	40 > n ≥ 20	< 20
Financial Management and Reinvestment	5%	Exceptional	Excellent	Very Good	Good	Fair	Poor	Very Poor	Extremely Poor

Leverage									
Sub-Factors	Weight	Aaa	Aa	A	Baa	Ba	B	Caa	C and Below
Unrestricted Cash and Investment to Total Debt (%)	10%	≥ 300	300 > n ≥ 180	180 > n ≥ 100	100 > n ≥ 65	65 > n ≥ 30	30 > n ≥ 9	9 > n ≥ 6	< 6
Total Debt to Cash Flow (x)	10%	≤ 1	1 < n ≤ 2.5	2.5 < n ≤ 4	4 < n ≤ 5.5	5.5 < n ≤ 7.5	7.5 < n ≤ 9	9 < n ≤ 10.5	> 10.5

Financial History	2020	2019	2018	2017
	Currently	1 Year Ago	2 Years Ago	3 Years Ago
Operating Revenues	103,728,741	102,492,573	99,849,855	98,491,549
Gross Revenue	114,037,576	108,482,956	102,454,248	100,816,417
Operating Expenses	106,040,204	104,303,788	100,527,694	108,761,982
Operating Income	(2,311,463)	(1,811,215)	(677,839)	(10,270,433)
Depreciation	7,185,319	7,196,120	7,422,119	7,359,594
Amortization	0	0	0	0
Other non - cash expense	0	0	0	0
Interest	622,780	638,466	653,430	666,110
Revenue derived from Medicare, Medicare managed care, Medicaid and Medicaid managed care	67,282,170			
Unrestricted cash and investment	73,693,509	73,685,283	69,857,795	56,824,698
Total Debt	19,357,418	20,385,938	21,403,050	22,397,087
Net Income	7,997,372	4,179,168	1,926,554	(7,945,565)



Credit Snapshot/Scorecard - Proforma



Proforma Assumptions

- Assumes \$20 million project.
- \$20 million added to PP&E.
- \$20 million added to Debt.
- Depreciation expense added – assume 20 year, straight line.
- Interest expense increased – assumed 5% interest rate on total new debt.
- Debt payments assume 30 year, level payments. Payment added to MADS for coverage calculation.
- 40% of new debt service added to other operating revenue.

Project Cost	20,000,000
New Debt	20,000,000
Interest Rate	5.0%
Tenor (years)	30
Interest Expense	1,000,000
Annual Payment	\$1,301,029
Annual Depreciation	666,667
Additional Revenue	\$520,411



Key Financial Ratios – Proforma

(\$000s)	2016 Audit	2017 Audit	2018 Audit	2019 Audit	2020 Audit
Bartlett Regional Hospital					
Total Revenue	90,614,771	98,491,549	99,849,855	102,492,573	104,249,152
Total Expenses (excl IDA)	88,655,685	100,736,278	92,452,145	96,469,202	98,232,105
Depreciation ³ and amortization	7,211,054	7,359,594	7,422,119	7,196,120	7,851,986
Interest expense ⁴	676,314	666,110	653,430	638,466	1,622,780
Excess of revenues over expenses	(3,306,855)	(7,945,565)	1,926,554	4,179,168	6,851,117
Net Property and Equipment	66,439,920	61,056,234	55,474,659	52,645,135	76,264,660
Current portion of long-term debt	979,991	999,138	1,018,932	1,031,143	1,049,325
Line of Credit					
Obligations under capital lease	-	-	-	-	-
Long-term debt, less current portion	22,398,063	21,397,949	20,384,118	19,354,795	38,308,093
Cash and cash equivalents	37,637,807	42,261,609	68,679,495	69,007,166	69,529,955
Investments	10,000,000	14,563,089	1,178,300	4,678,117	4,163,554
Unrestricted net assets	12,603,112	4,497,177	12,339,668	14,809,217	18,673,107
Total debt	23,378,054	22,397,087	21,403,050	20,385,938	39,357,418
Total Capital (Debt + Unrestricted Net Assets)	35,981,166	26,894,264	33,742,718	35,195,155	58,030,525
Market Position					
Total Operating Revenue	90,614,771	98,491,549	99,849,855	102,492,573	104,249,152
Operating Performance					
Operating Margin	-6.5%	-10.4%	-0.7%	-1.8%	-3.3%
Operating Cash Flow Margin	2.2%	-2.3%	7.4%	5.9%	5.8%
Debt to Cash Flow	5.1	279.5	2.1	1.7	2.4
Balance Sheet					
Days Cash on Hand	194.6	204.5	273.9	277.0	269.4
Cash to Direct Debt	203.8%	253.7%	326.4%	361.5%	187.2%
Debt to Capitalization	65.0%	83.3%	63.4%	57.9%	67.8%
Coverage					
MADS	4,635,404	4,635,404	4,635,404	4,635,404	4,635,404
Operating EBITDA	1,959,086	(2,244,729)	7,397,710	6,023,371	6,017,047
Total EBITDA	4,580,513	80,139	10,002,103	12,013,754	16,325,882
Operating EBITDA/MADS	0.4	(0.5)	1.6	1.3	1.3
Total EBITDA/MADS	1.0	0.0	2.2	2.6	3.5



Preliminary Moody's Scorecard Results – Proforma

Category	Score	Weight
Market Position	12.29	45.00%
Operating Performance and Liquidity	6.09	35.00%
Leverage	4.32	20.00%
Total Score	8.53	
Indicated Rating	Baa2	

Score Table	Score	Weight
Market Position	12.29	45.00%
Operating Performance and Liquidity	6.09	35.00%
Leverage	4.32	20.00%

Market Position	
Score	12.29
Operating Revenue	104,249,152
Three-year Operating Revenue CAGR (%)	1.91%
Market Landscape	A

Operating Performance and Liquidity	
Score	6.09
Operating Cash Flow Margin	5.77%
Gross Revenue as Combined Medicare and Medicaid	59.00%
Cash on Hand (days)	269
Financial Management and Reinvestment	A

Leverage	
Score	4.32
Unrestricted Cash and Investments to Total Debt	187.24%
Total Debt to Cash Flow	2.4

Scorecard Outcome	Lower Range	Upper Range
Aaa		1.50
Aa1	1.50	2.50
Aa2	2.50	3.50
Aa3	3.50	4.50
A1	4.50	5.50
A2	5.50	6.50
A3	6.50	7.50
Baa1	7.50	8.50
Baa2	8.50	9.50
Baa3	9.50	10.50
Ba1	10.50	11.50
Ba2	11.50	12.50
Ba3	12.50	13.50
B1	13.50	14.50
B2	14.50	15.50
B3	15.50	16.50
Caa1	16.50	17.50
Caa2	17.50	18.50
Caa3	18.50	19.50
Ca	19.50	



Preliminary Moody's Scorecard Details - Proforma

Market Position									
Sub-Factors	Weight	Aaa	Aa	A	Baa	Ba	B	Caa	C and Below
Scope of Operation (\$000)	25.00%	≥ 10,000,000	10,000,000 > n ≥ 1,500,000	1,500,000 > n ≥ 500,000	500,000 > n ≥ 250,000	250,000 > n ≥ 150,000	150,000 > n ≥ 80,000	80,000 > n ≥ 40,000	< 40,000
Three-year Operating Revenue CAGR (%)	10.00%	≥ 14	14 > n ≥ 8	8 > n ≥ 4	4 > n ≥ 2	2.0 > n ≥ .0	.0 > n ≥ -1.5	-1.5 > n ≥ -3.0	< -3.0
Market Landscape	10.00%	Exceptional	Excellent	Very Good	Good	Fair	Poor	Very Poor	Extremely Poor

Operating Performance and Liquidity									
Sub - Factors	Weight	Aaa	Aa	A	Baa	Ba	B	Caa	C and Below
Operating Cash Flow Margin (%)	10%	≥ 18	18 > n ≥ 12	12 > n ≥ 8	8 > n ≥ 5	5 > n ≥ 2	2 > n ≥ -1	-1 > n ≥ -3	< -3
Gross Revenue of combined Medicare and Medicaid (%)	10%	≤ 35	35 < n ≤ 47	47 < n ≤ 59	59 < n ≤ 67	67 < n ≤ 76	76 < n ≤ 83	83 < n ≤ 93	> 93
Cash on Hand (days)	10%	≥ 400	400 > n ≥ 250	250 > n ≥ 150	150 > n ≥ 80	80 > n ≥ 55	55 > n ≥ 40	40 > n ≥ 20	< 20
Financial Management and Reinvestment	5%	Exceptional	Excellent	Very Good	Good	Fair	Poor	Very Poor	Extremely Poor

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Gross Revenue	114,557,987	108,482,956	102,454,248	100,816,417
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Operating Income	(3,457,718)	(1,811,215)	(677,839)	(10,270,433)
Depreciation	7,851,986	7,196,120	7,422,119	7,359,594
Amortization	0	0	0	0
Other non - cash expense	0	0	0	0
Interest	1,622,780	638,466	653,430	666,110
Revenue derived from Medicare, Medicare managed care, Medicaid and Medicaid managed care	67,589,213			
Unrestricted cash and investment	73,693,509	73,685,283	69,857,795	56,824,698
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Net Income	6,851,117	4,179,168	1,926,554	(7,945,565)