

Norman Regional Health System
FY 2019 Budget Presentation
To City of Norman



FY 2018 Projected Financial Results

- **Net Revenue projected at \$422.3 million**
 - \$40.2 million (or 10.5%) up from FY17
- **Total Operating Expense projected at \$406.7 million**
 - \$32.7 million (or 8.8%) up from FY17
- **FY 2018 Income from Operations projected at \$15.6 million**
 - 3.7% operating margin
- **Key Ratios**
 - Operating Margin will improve from 2.1% for FY 2017 to a projected 3.7% for FY 2018
 - Days Cash on Hand will improve from 213.2 at June 30, 2017 to a projected 221.0 at June 30, 2018
 - Maximum Annual Debt Service Coverage will improve from 3.63 for FY 2017 to a projected 4.87 for FY 2018
 - Cash to Debt Ratio will improve from 115.4% at June 30, 2017 to a projected 133.5% at June 30, 2018
 - Debt to Capitalization Ratio will improve from 38.5% at June 30, 2017 to a projected 35.7% at June 30, 2018



FY 2019 Budget Highlights

- **Volumes**

- Inpatient discharges expected to grow 0.9%, or 144 cases more than FY 2018 projection
- Hospital outpatient visits (including ED visits) expected to increase 2.8%, or 7,479 visits from FY 2018 projection
- Clinic visits (including Telehealth visits) expected to increase 11.5%, or 30,145 visits from FY 2018 projection

- **Net Revenue**

- Net Patient Revenue budgeted to be \$436.8 million for FY 2019, or 4.6% (\$19.3 million) more than FY 2018 projection
- Other Operating Revenue budgeted to be \$4.8 million for FY 2019, or 0.7% more than the FY 2018 projection

- **Total Operating Expense**

- Budgeted to be \$427.5 million for FY 2019, or 5.1% (\$20.8 million) more than FY 2018 projection

- **Profitability**

- Operating Income budgeted at \$14.1 million (3.2% operating profit margin)
- Excess of Revenues over Expenses budgeted at \$25.1 million (5.5% overall profit margin)

- **Target for Capital and Cash Reserves**

- Routine Capital Budget request is \$15 million
- Days Cash on Hand target for June 30, 2019 is 230 days

- **Target Debt Ratios**

- Maximum Annual Debt Service Coverage for FY 2019 is expected to be 4.1
- Cash and Investments to Debt Ratio as of June 30, 2019 is expected to be 152.7%
- Debt to Capitalization Ratio as of June 30, 2019 is expected to be 33.1%



FY 2019 Operating Budget

Norman Regional Health System

	<u>FY 2018</u> <u>Projected</u>	<u>FY 2019</u> <u>Budget</u>	<u>Variance %</u> <u>Incr/(Decr)</u>
OPERATING REVENUES			
(1) NET PATIENT SERVICE REVENUE	417,481,306	436,787,711	4.6%
(2) OTHER OPERATING REVENUE	4,801,959	4,833,804	0.7%
(3) TOTAL OPERATING REVENUES	\$ 422,283,264	\$ 441,621,515	4.6%
OPERATING EXPENSES			
(4) Salaries and Wages	183,347,387	193,023,671	5.3%
(5) Employee Benefits	33,276,825	34,852,544	4.7%
(6) Professional Fees	9,705,182	10,510,943	8.3%
(7) Purchased Services	16,998,590	14,558,840	-14.4%
(8) Supplies (excluding pharmaceuticals)	53,877,464	58,847,707	9.2%
(9) Pharmaceutical Supplies	29,602,156	32,594,510	10.1%
(10) Other Operating Expenses	50,852,449	54,126,698	6.4%
(11) Interest Expense	7,133,606	6,907,004	-3.2%
(12) Depreciation and Amortization	21,858,001	22,051,997	0.9%
(13) TOTAL OPERATING EXPENSES	\$ 406,651,660	\$ 427,473,914	5.1%
(14) OPERATING INCOME	\$ 15,631,604	\$ 14,147,601	-9.5%
(15) NONOPERATING REVENUES (EXPENSES)	\$ 10,919,102	\$ 10,926,877	0.1%
(16) EXCESS OF REVENUES OVER EXPENSES	\$ 26,550,706	\$ 25,074,478	-5.6%
(17) OPERATING MARGIN	3.7%	3.2%	
(18) TOTAL MARGIN	6.1%	5.5%	



FY 2019 Budget Volumes

Norman Regional Health System

	Discharges			Patient Days			ALOS		
	FY 2018 Projected	FY 2019 Budget	% Incr/Decr	FY 2018 Projected	FY 2019 Budget	% Incr/Decr	FY 2018 Projected	FY 2019 Budget	% Incr/Decr
Porter Campus									
(1) BMS	586	577	-1.5%	4,600	4,827	4.9%	7.85	8.37	6.6%
(2) Rehab	456	453	-0.7%	6,023	6,120	1.6%	13.21	13.51	2.3%
(3) Acute	7,015	7,024	0.1%	30,537	30,585	0.2%	4.35	4.35	0.0%
(4) Total	8,057	8,054	0.0%	41,160	41,532	0.9%	5.11	5.16	0.9%
HealthPlex Campus									
(5) Acute	8,367	8,539	2.1%	27,059	27,054	0.0%	3.23	3.17	-2.0%
(6) NICU	444	419	-5.6%	4,862	4,704	-3.2%	10.95	11.23	2.5%
(7) Total	8,811	8,958	1.7%	31,921	31,758	-0.5%	3.62	3.55	-2.1%
Total System									
(8) Acute	15,382	15,563	1.2%	57,596	57,639	0.1%	3.74	3.70	-1.1%
(9) BMS	586	577	-1.5%	4,600	4,827	4.9%	7.85	8.37	6.6%
(10) Rehab	456	453	-0.7%	6,023	6,120	1.6%	13.21	13.51	2.3%
(11) NICU	444	419	-5.6%	4,862	4,704	-3.2%	10.95	11.23	2.5%
(12) Total	16,868	17,012	0.9%	73,081	73,290	0.3%	4.33	4.31	-0.6%



FY 2019 Budget Volumes

Norman Regional Health System (continued)

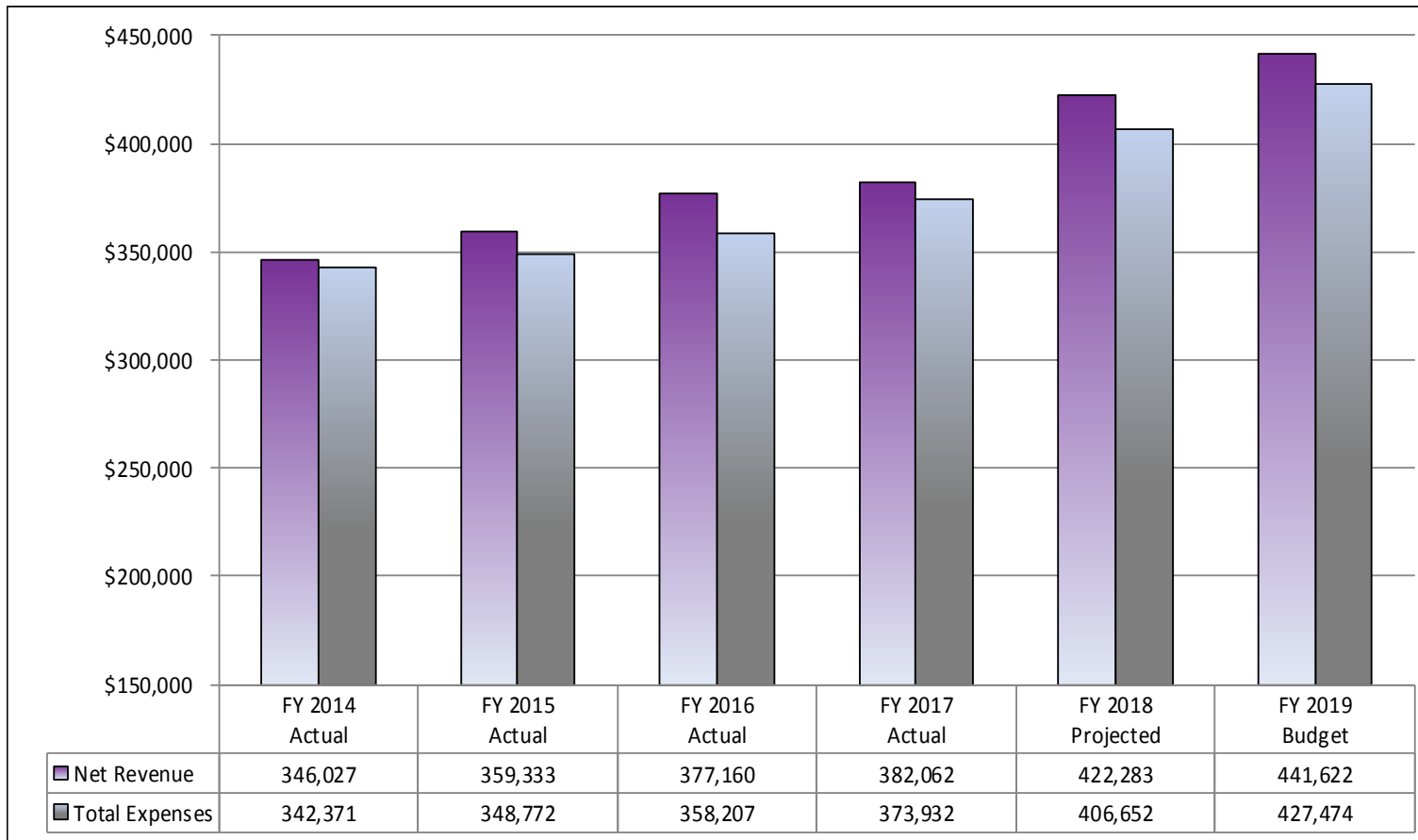
	FY 2018 Projected	FY 2019 Budget	% Incr/Decr
Adjusted Statistics			
(1) Adjusted Patient Days	170,846	171,267	0.2%
(2) Adjusted Discharges	39,433	39,754	0.8%
Deliveries			
(3) HealthPlex	2,527	2,561	1.3%
Cath Lab Cases			
(4) Inpatient	1,295	1,200	-7.3%
(5) Outpatient	2,048	2,000	-2.3%
(6) Total	3,343	3,200	-9.7%
Surgeries (excludes FBC Surgeries)			
IP			
(7) NRH	2,018	2,333	15.6%
(8) HealthPlex	2,026	2,148	6.0%
(9) Total	4,044	4,481	10.8%
OP			
(10) NRH	4,198	4,474	6.6%
(11) HealthPlex	3,073	3,188	3.7%
(12) Total	7,271	7,662	5.4%

	FY 2018 Projected	FY 2019 Budget	% Incr/Decr
OP Registrations (includes outpatient ED visits)			
Hospital			
(13) NRH	125,400	132,666	5.8%
(14) HealthPlex	94,166	94,243	0.1%
(15) NRM	50,729	50,865	0.3%
(16) Total	270,295	277,774	2.8%
Other			
(17) Clinics (includes Telehealth)	263,062	293,207	11.5%
(18) EMSStat (Norman)	16,169	15,976	-1.2%
(19) EMSStat (Moore)	4,274	4,322	1.1%
Emergency Department Visits (includes ED admissions)			
(20) NRH	43,519	42,870	-1.5%
(21) HealthPlex	28,673	28,205	-1.6%
(22) NRM	23,250	22,203	-4.5%
(23) Total	95,442	93,278	-2.3%



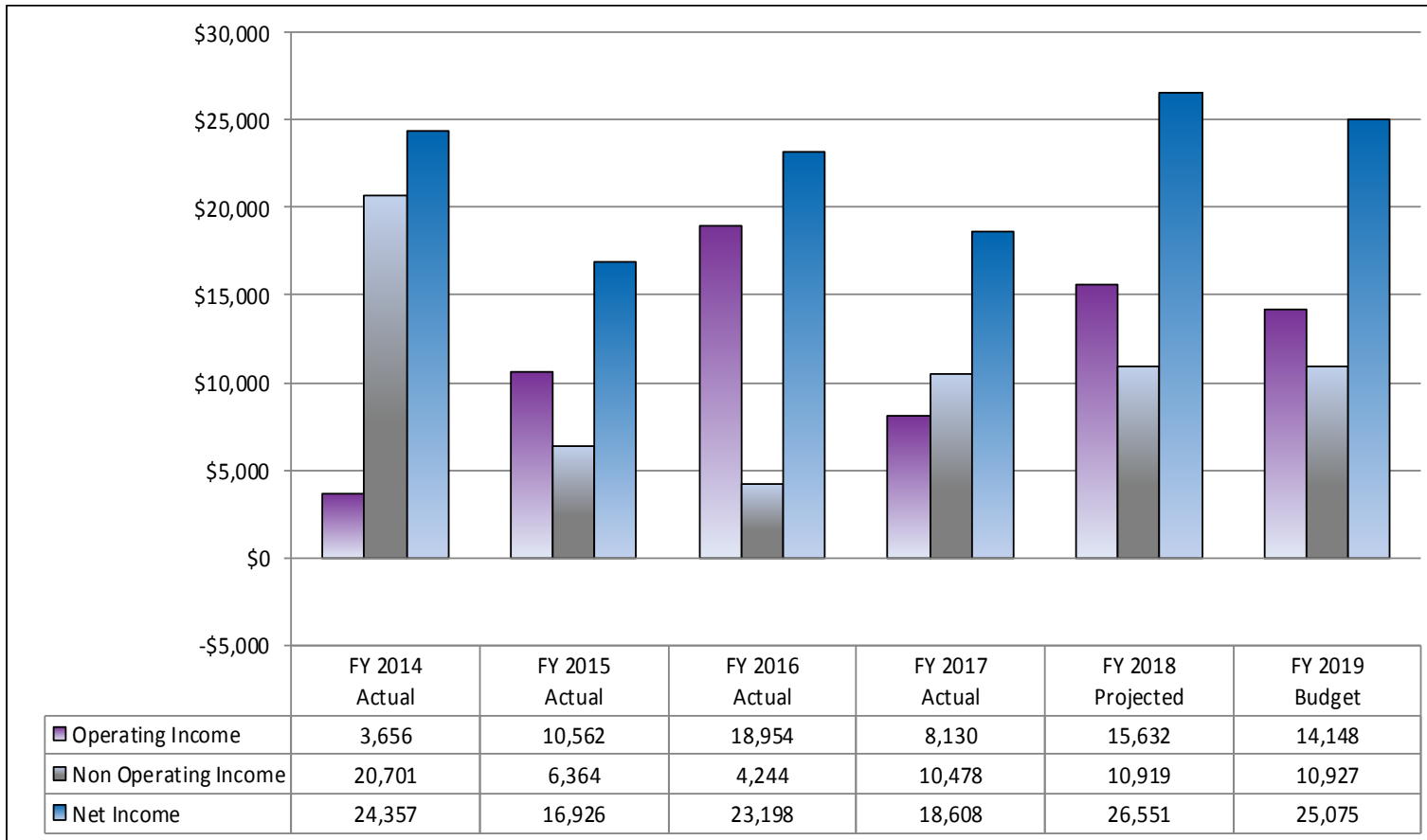
FY 2019 Budget Presentation

Net Revenue and Expense (\$ in 000's)



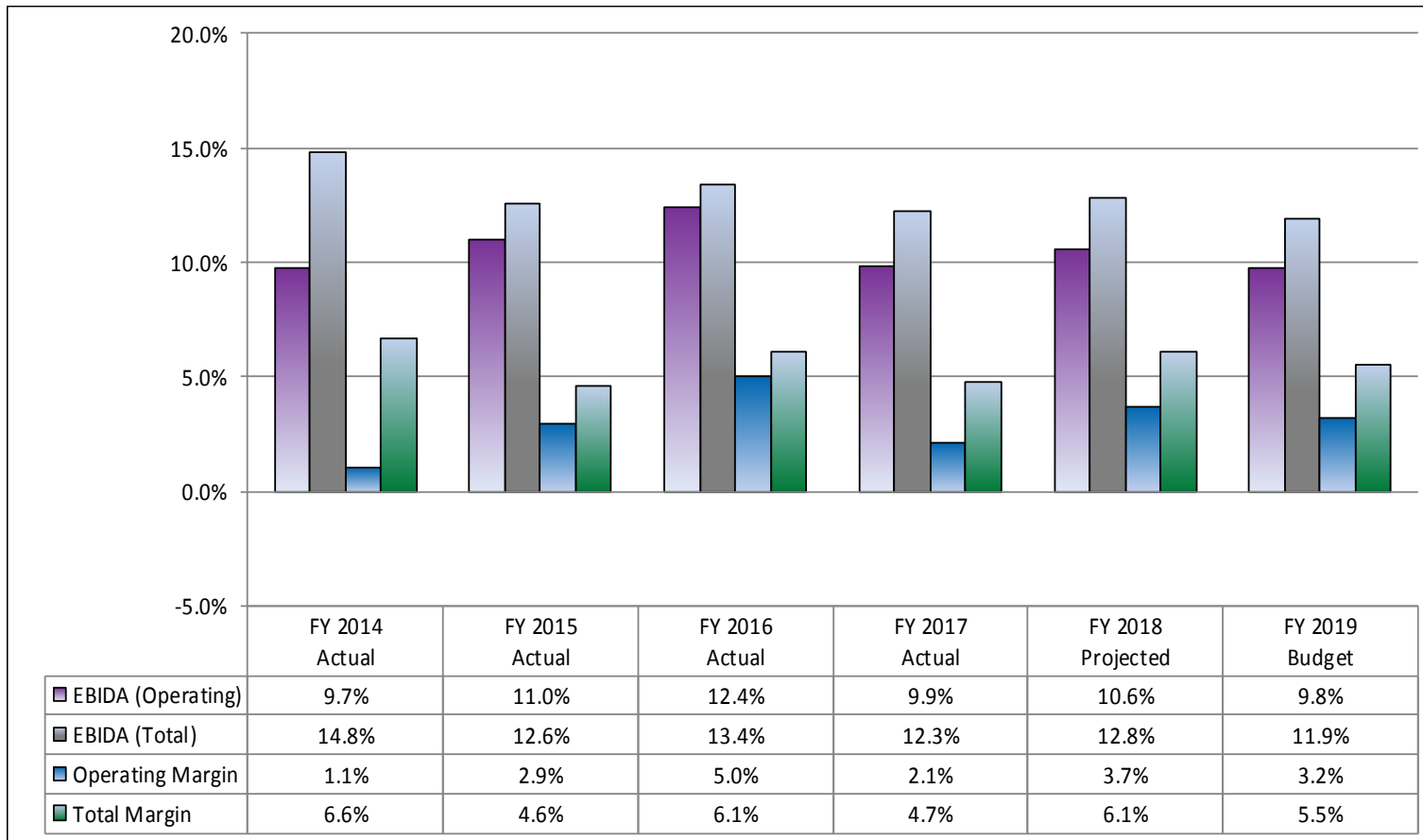
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Income (\$ in 000's)



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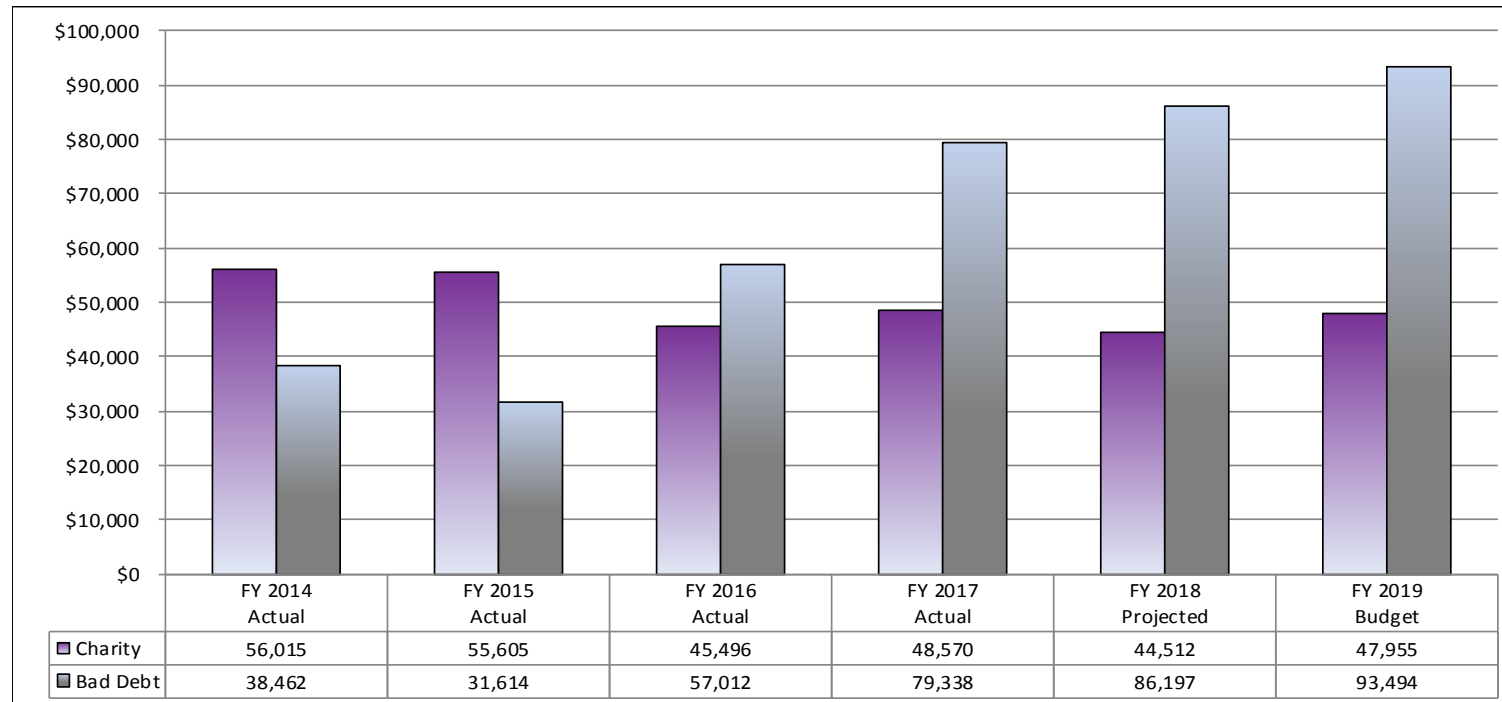
Profit Margins



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Charity & Bad Debt Expense (\$ in 000's)

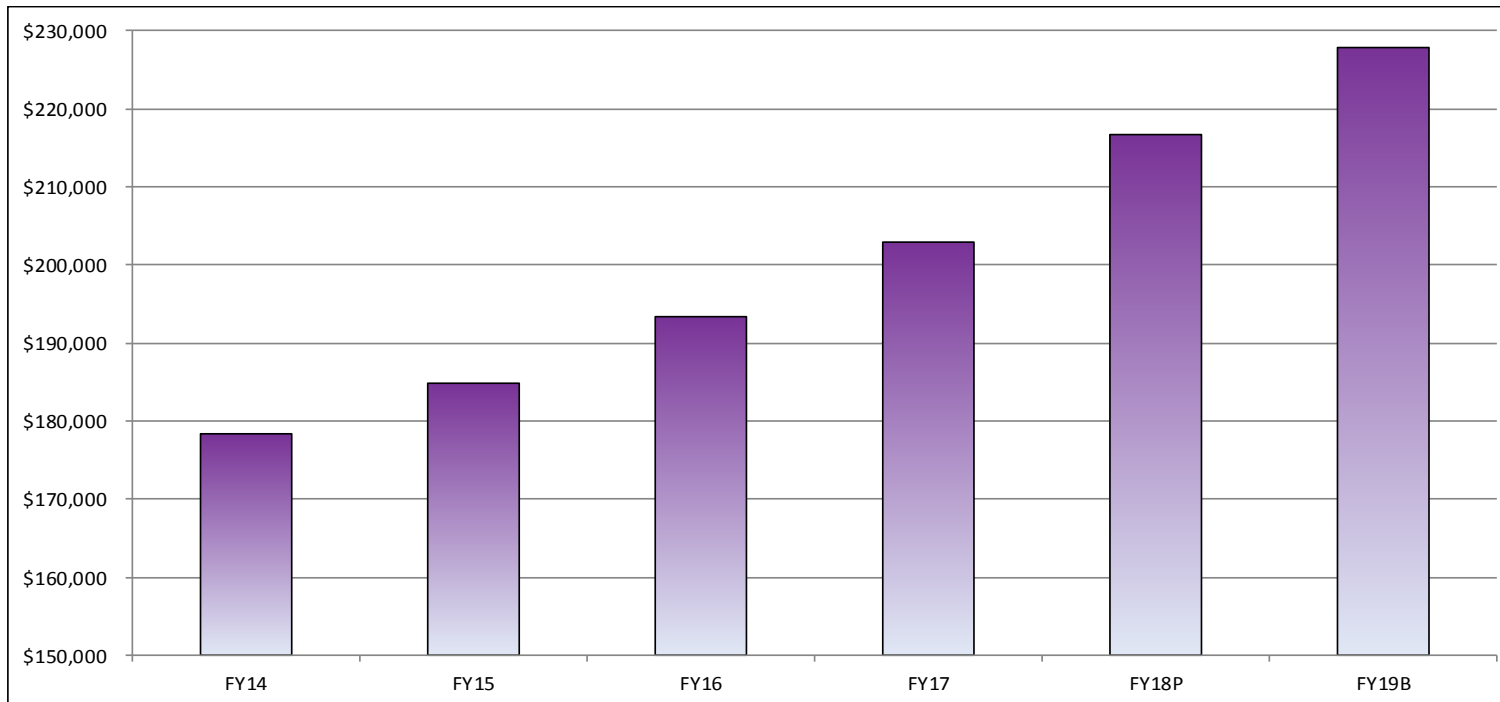
Year	FY 14 Act	FY 15 Act	FY 16 Act	FY 17 Act	FY 18 Proj	FY 19 Bud
Actual	\$94,477	\$87,219	\$102,508	\$127,908	\$130,709	\$141,448
% of Gross Revenue	6.8%	5.9%	6.4%	7.3%	6.8%	6.8%



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Salaries and Benefits Expense (\$ in 000's)

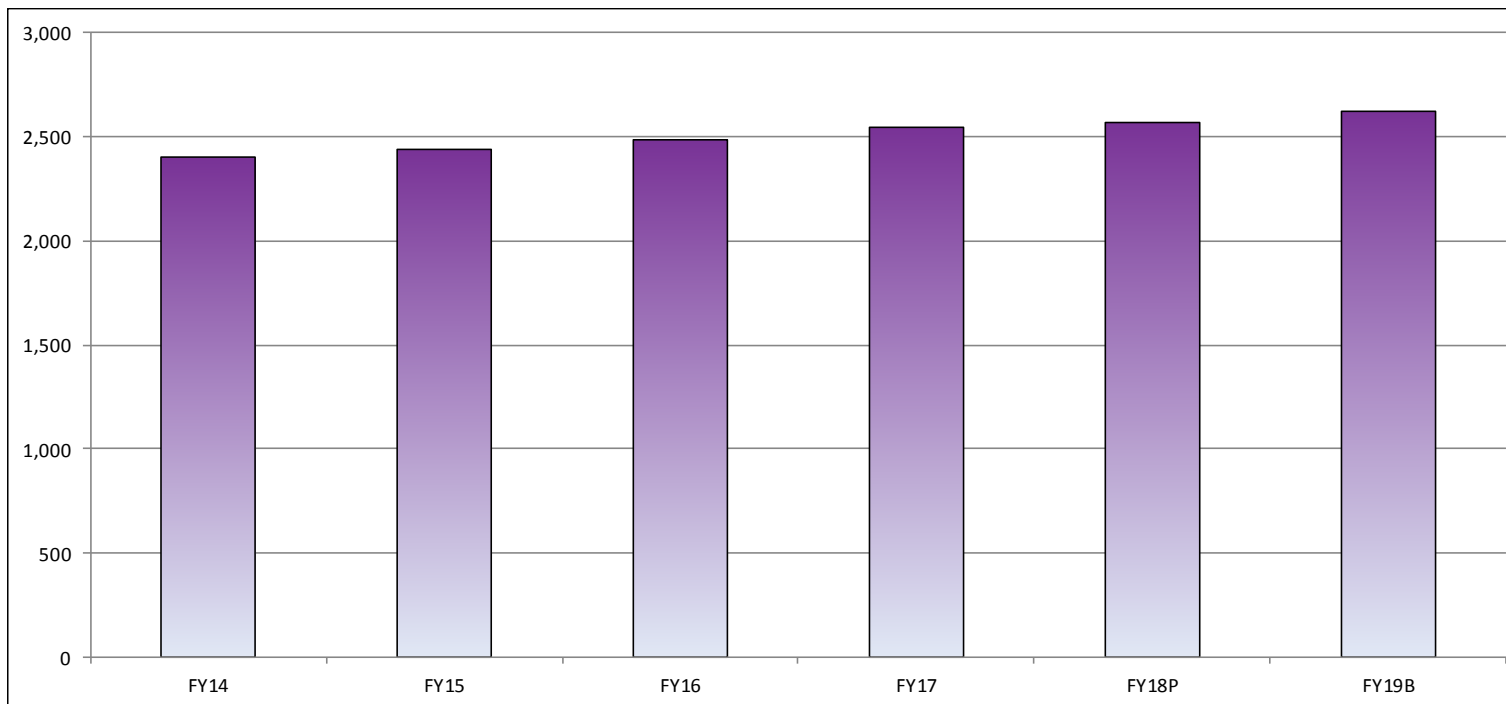
Year	FY 14 Act	FY 15 Act	FY 16 Act	FY 17 Act	FY 18 Proj	FY 19 Bud
Actual	\$178,326	\$184,872	\$193,316	\$203,001	\$216,624	\$227,876
Growth	6.6%	3.7%	4.6%	5.0%	6.7%	5.2%



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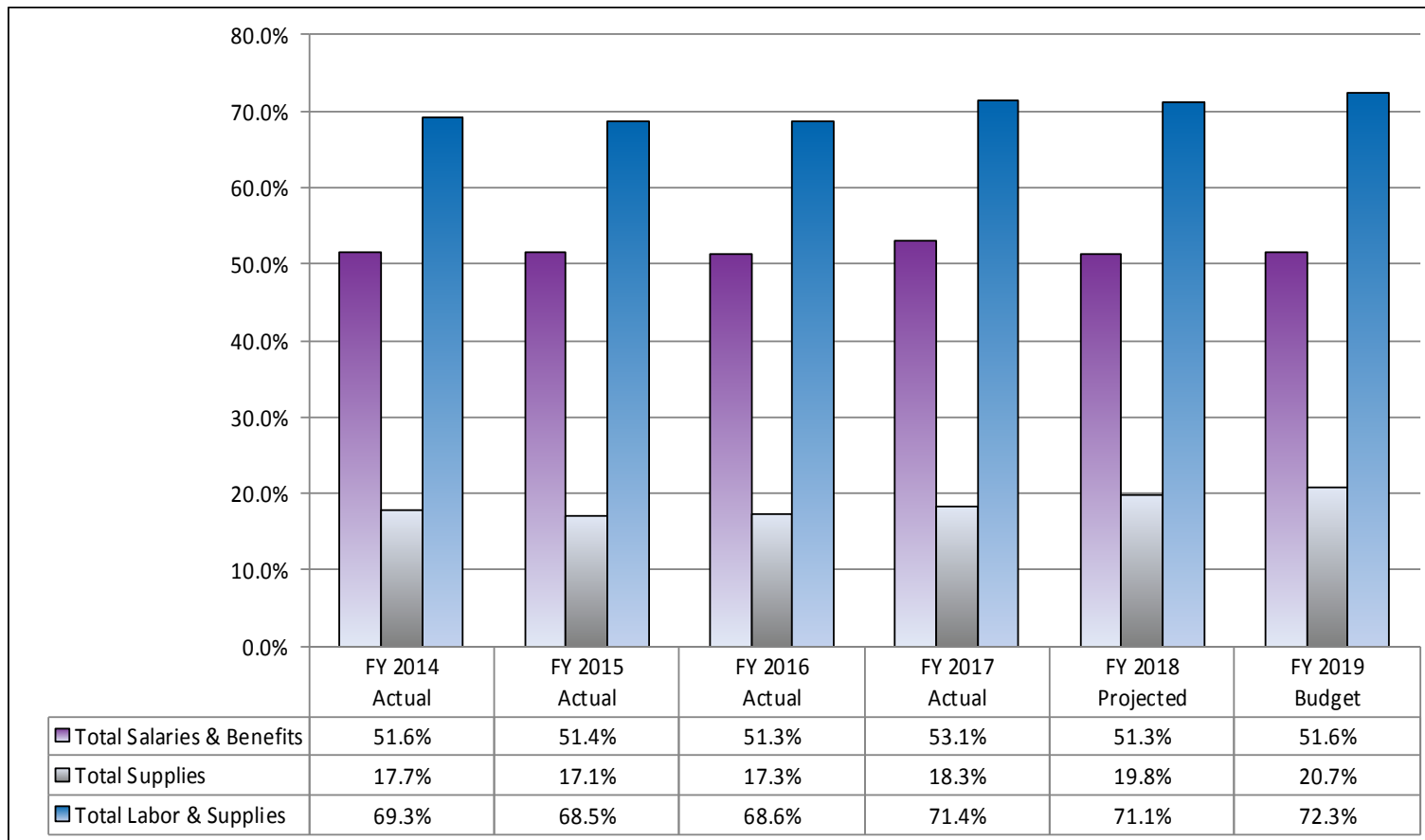
System Paid FTEs

Year	FY 14 Act	FY 15 Act	FY 16 Act	FY 17 Act	FY 18 Proj	FY 19 Bud
Actual	2,404	2,440	2,482	2,550	2,566	2,619
Growth	1.6%	1.5%	1.7%	2.7%	0.6%	2.1%



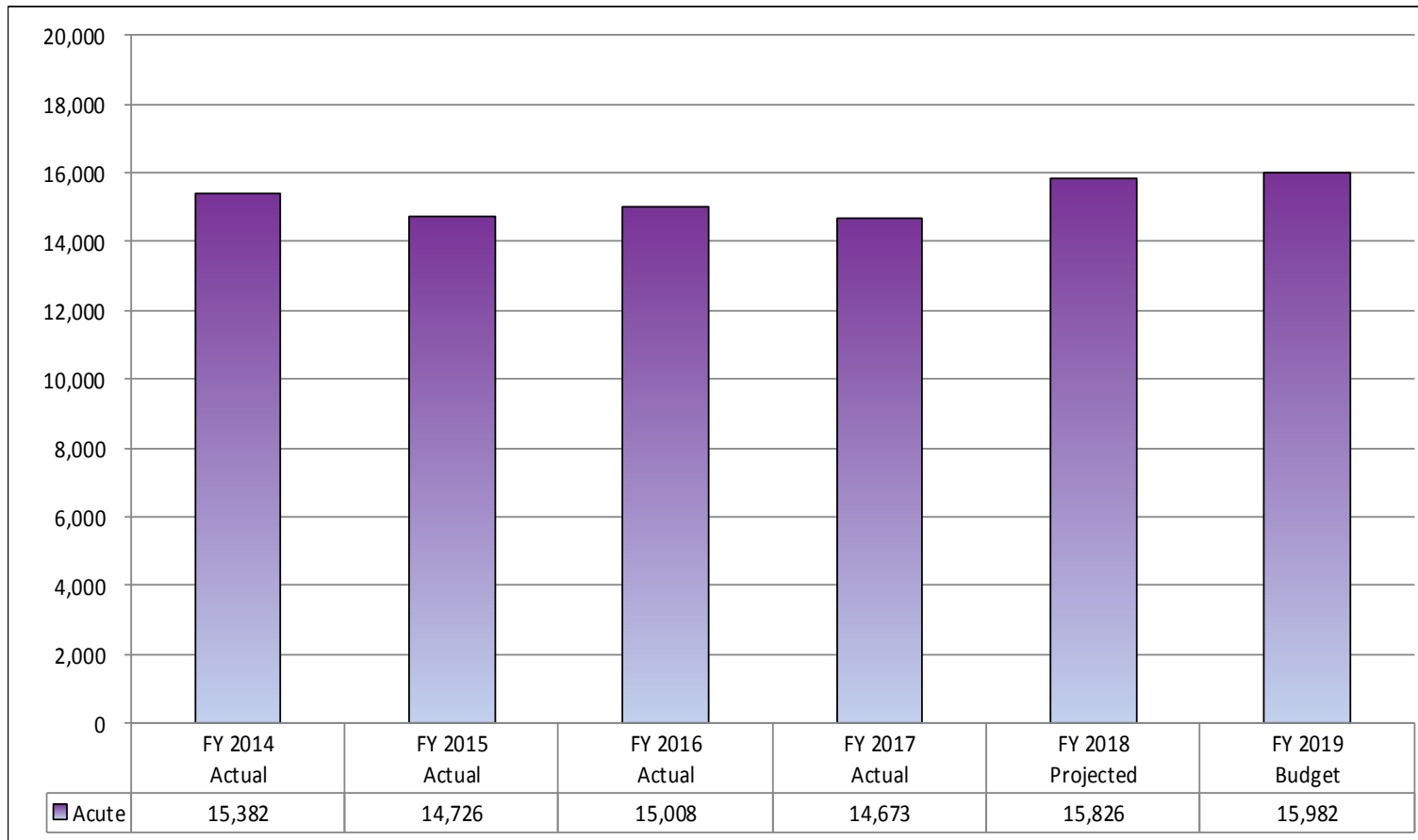
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Labor & Supplies as % of Net Revenue



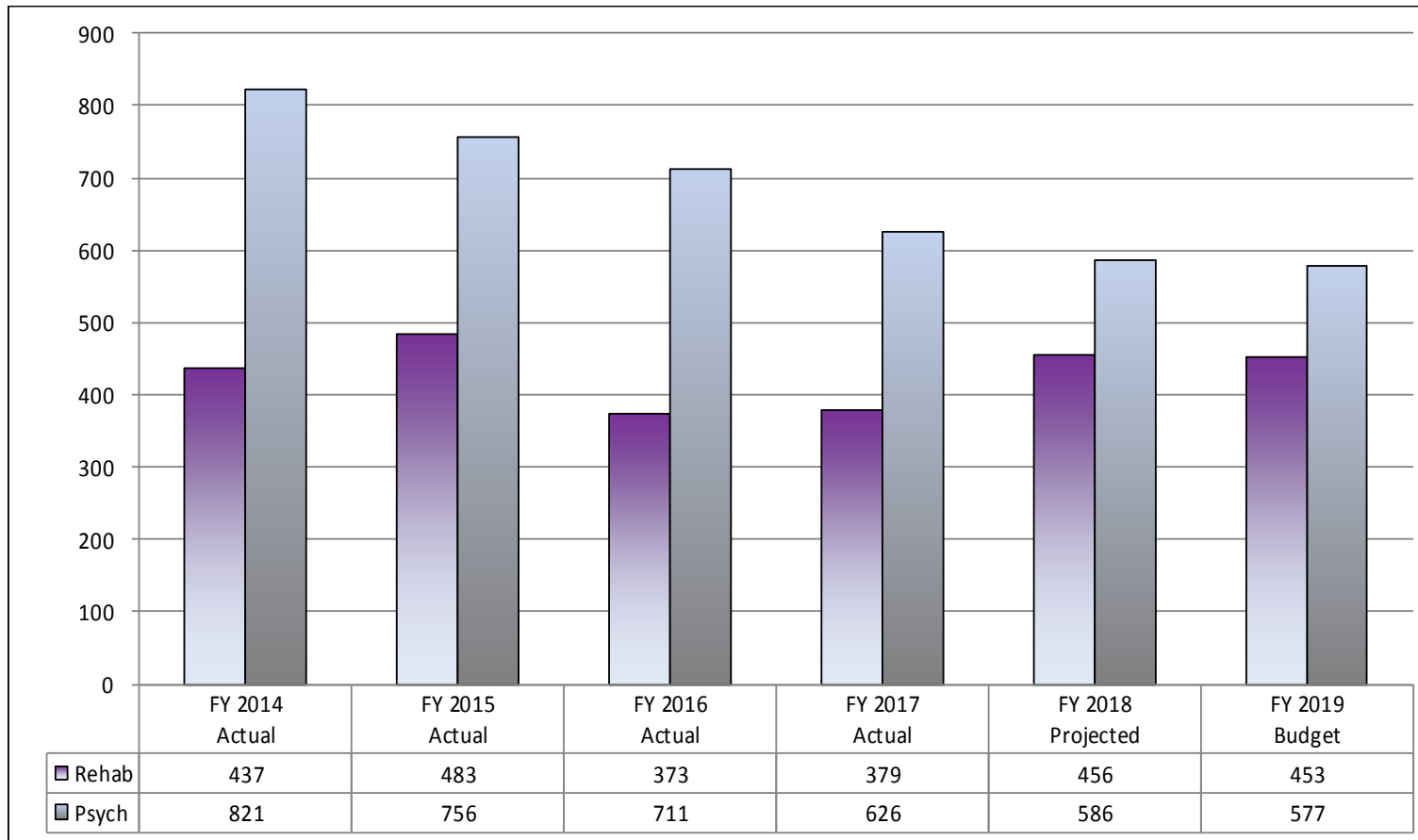
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Acute Discharges (includes NICU)



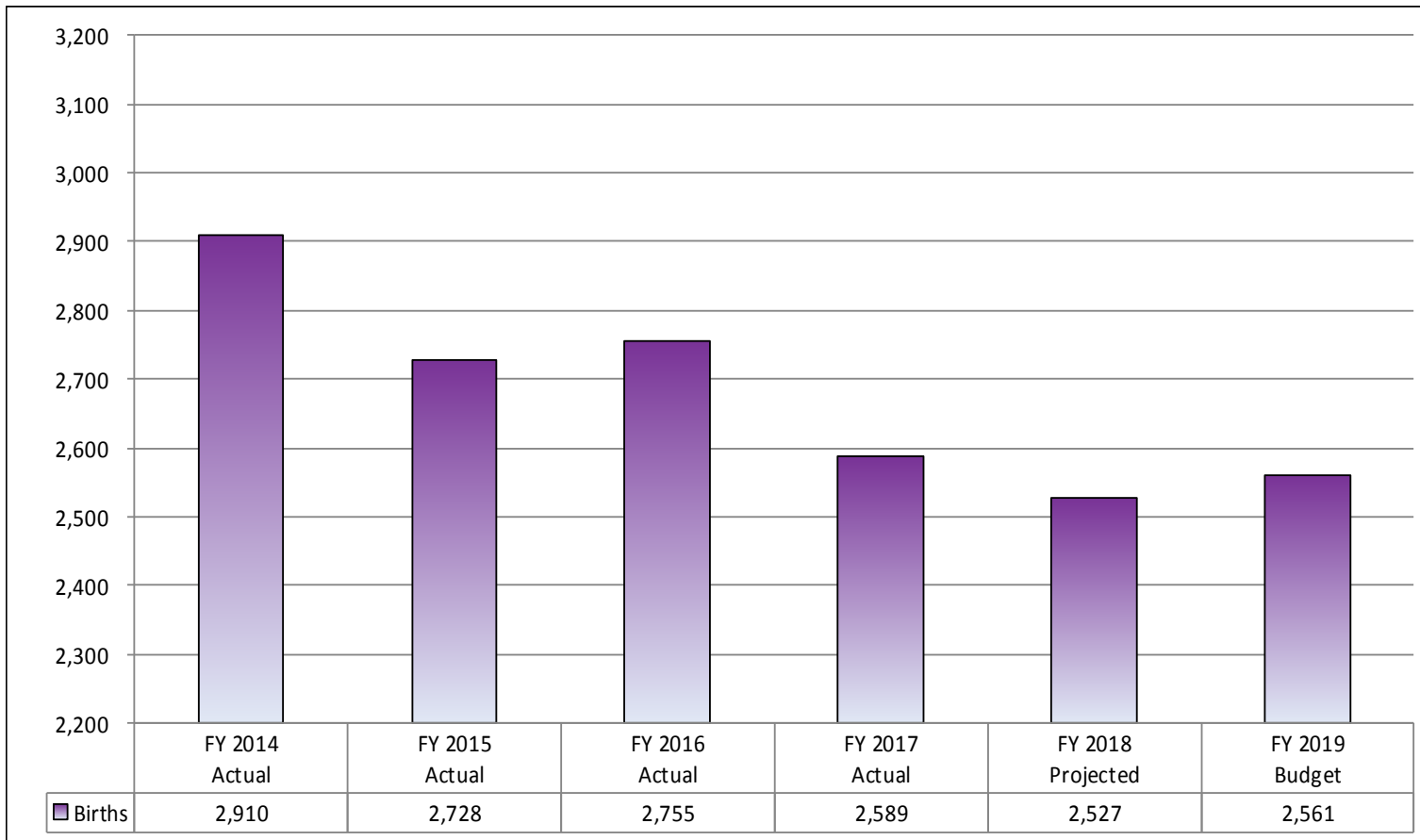
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Sub Acute Discharges by Type



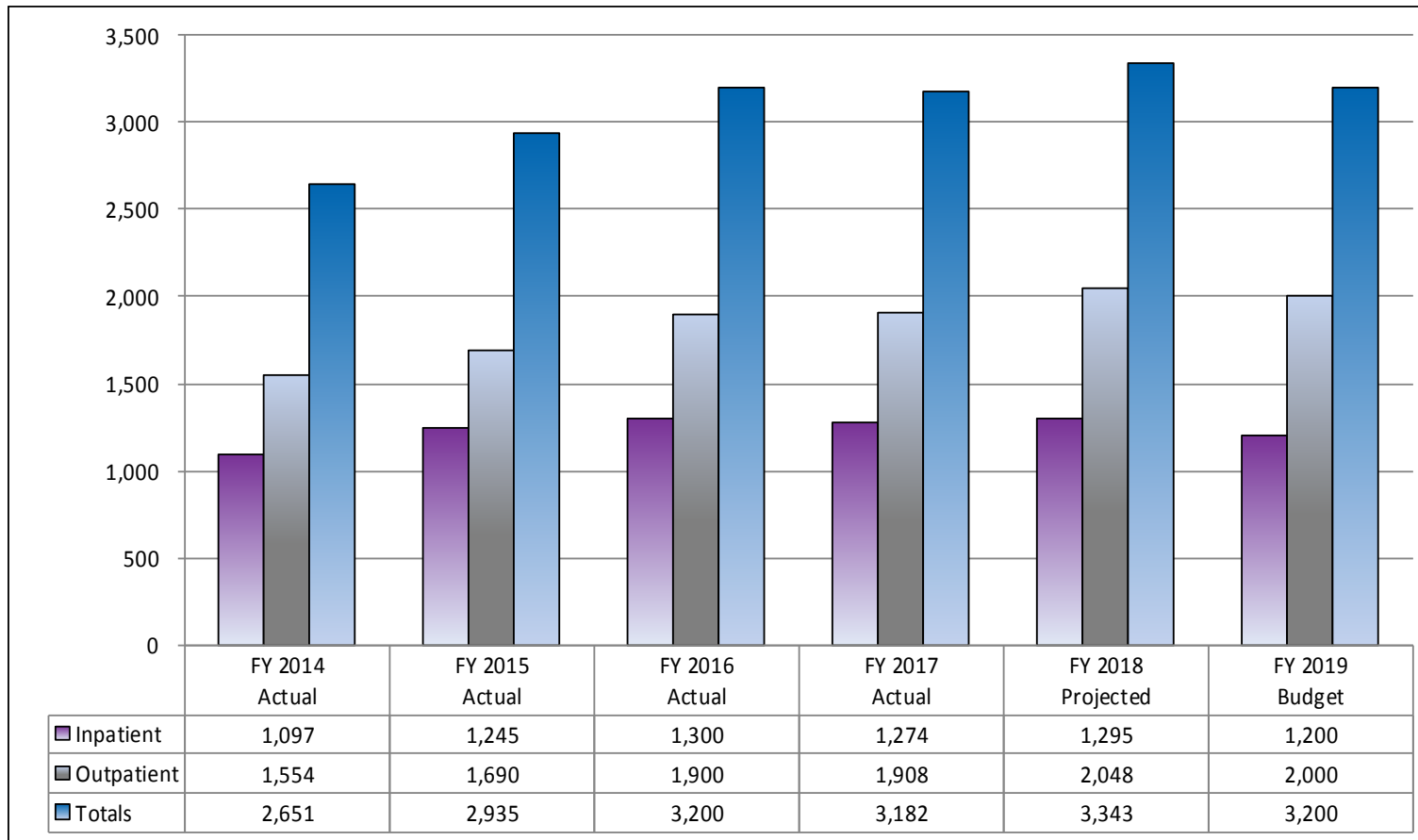
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Deliveries



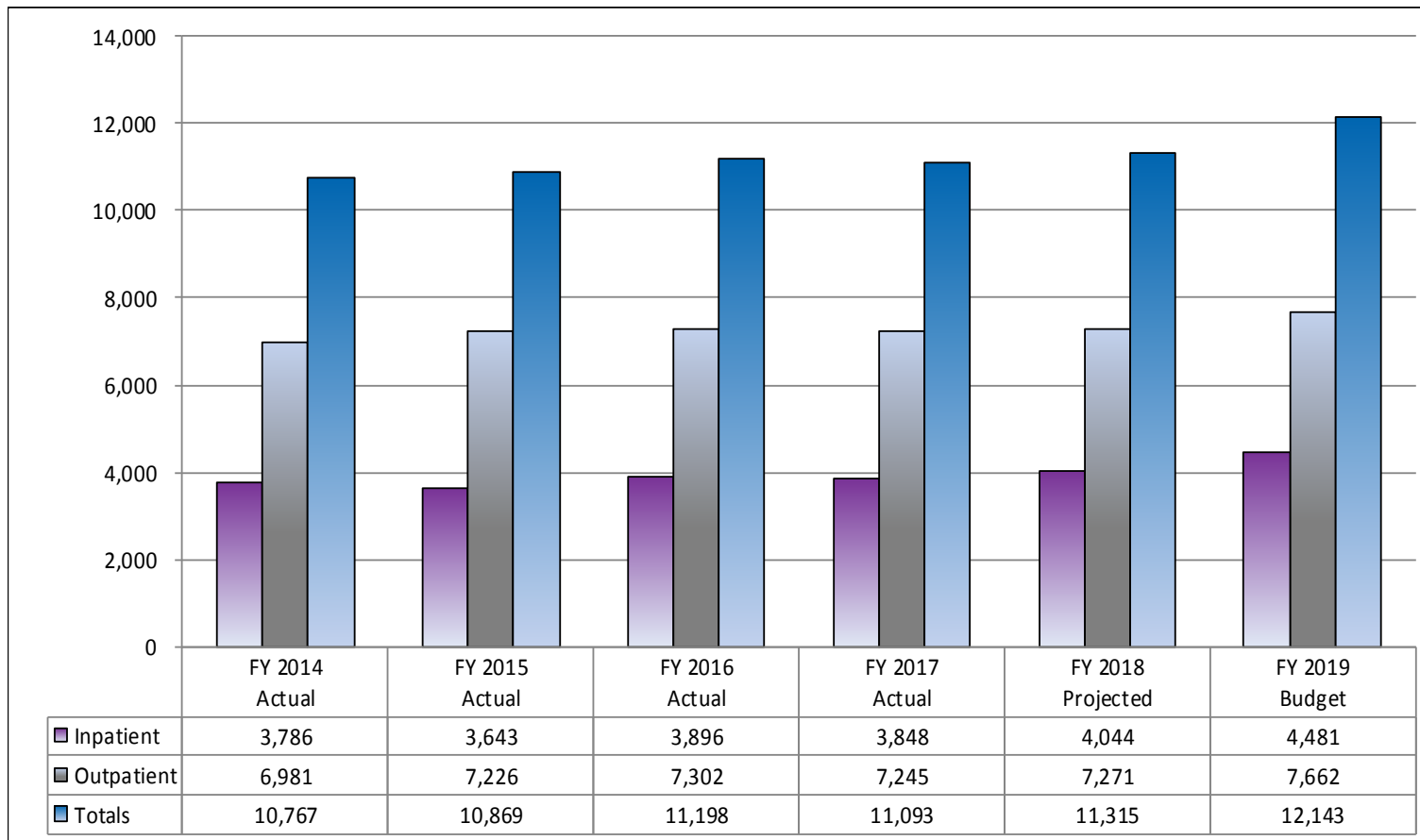
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Cath Lab Cases



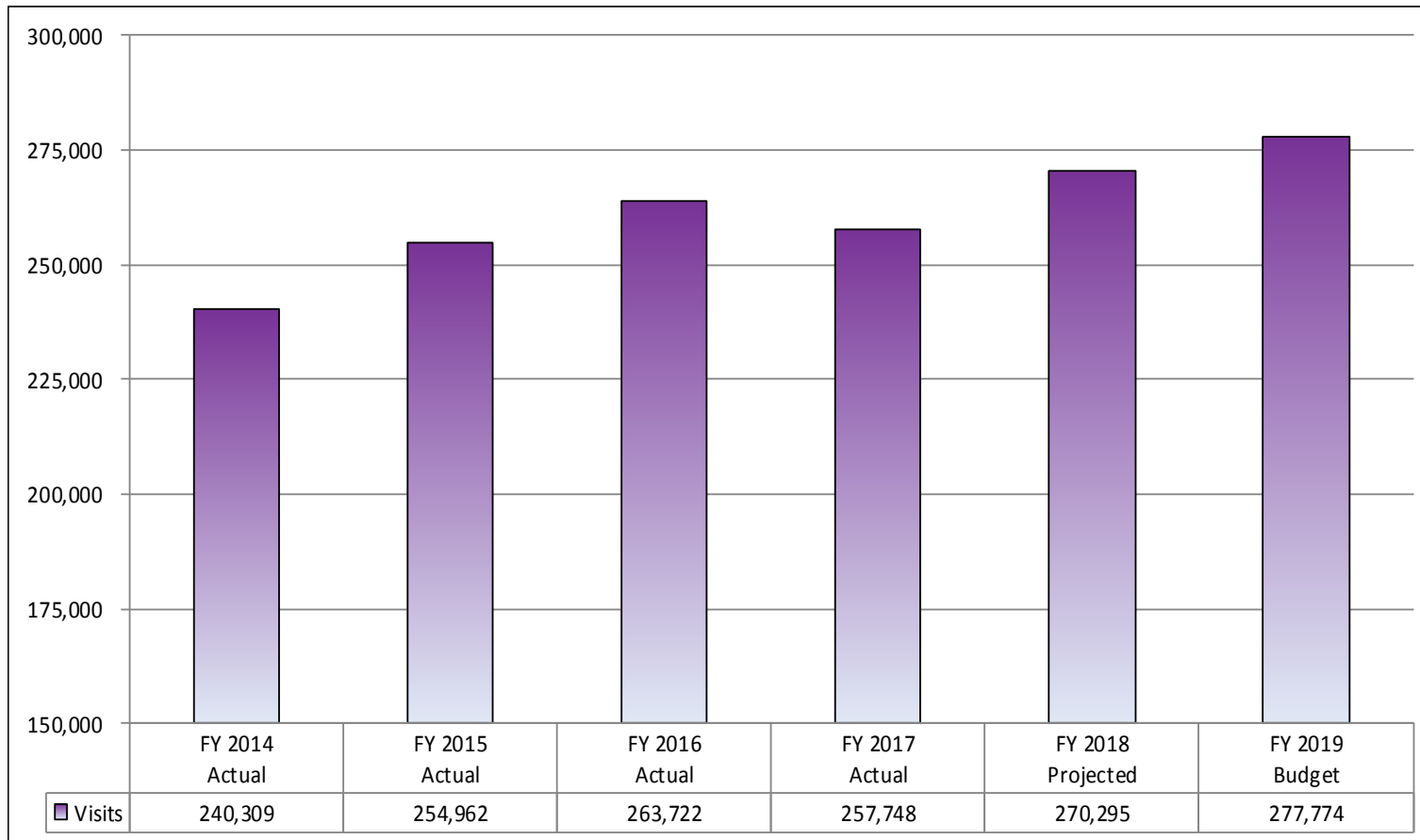
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Surgical Cases (excludes FBC Surgeries)



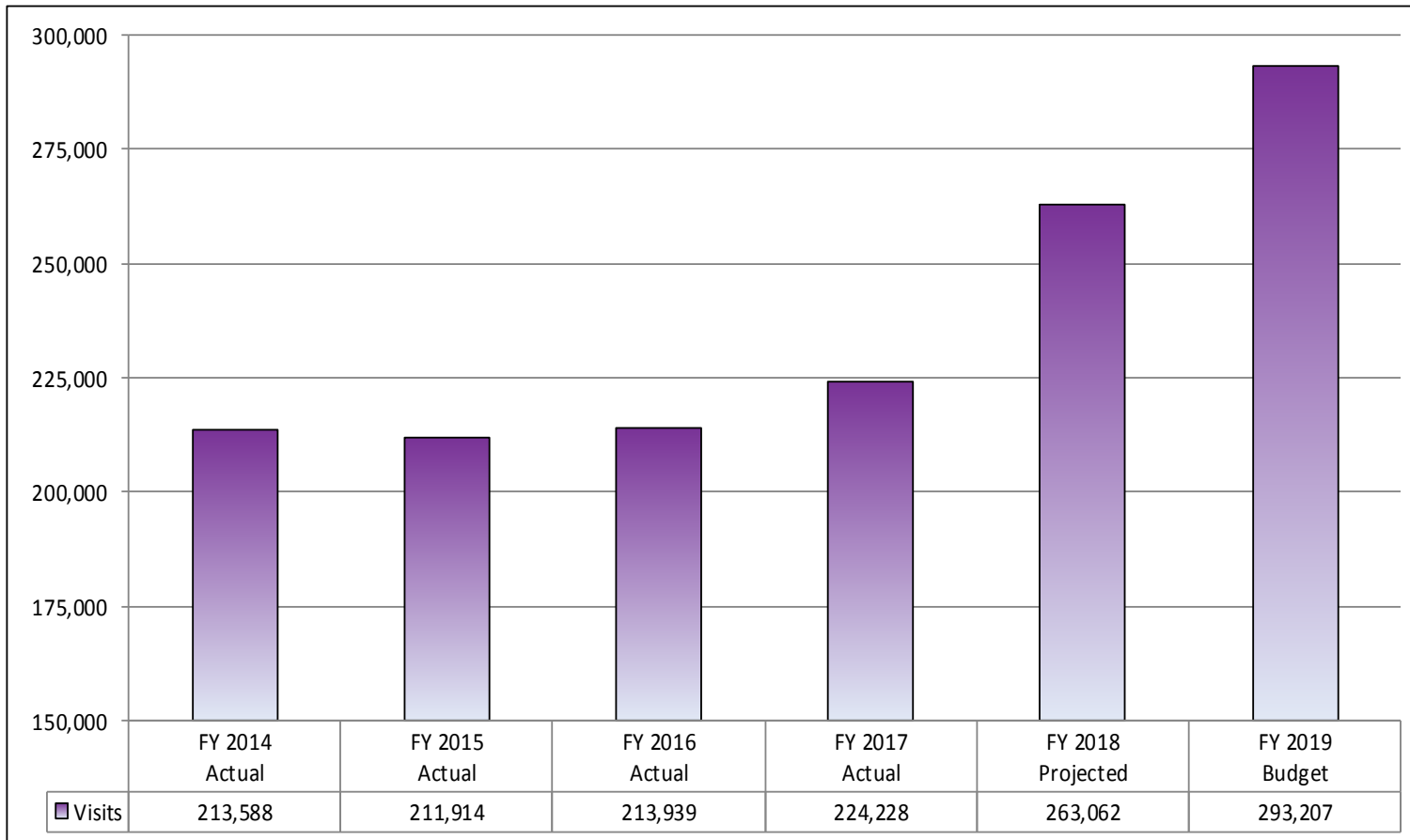
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Hospital Outpatient Registrations



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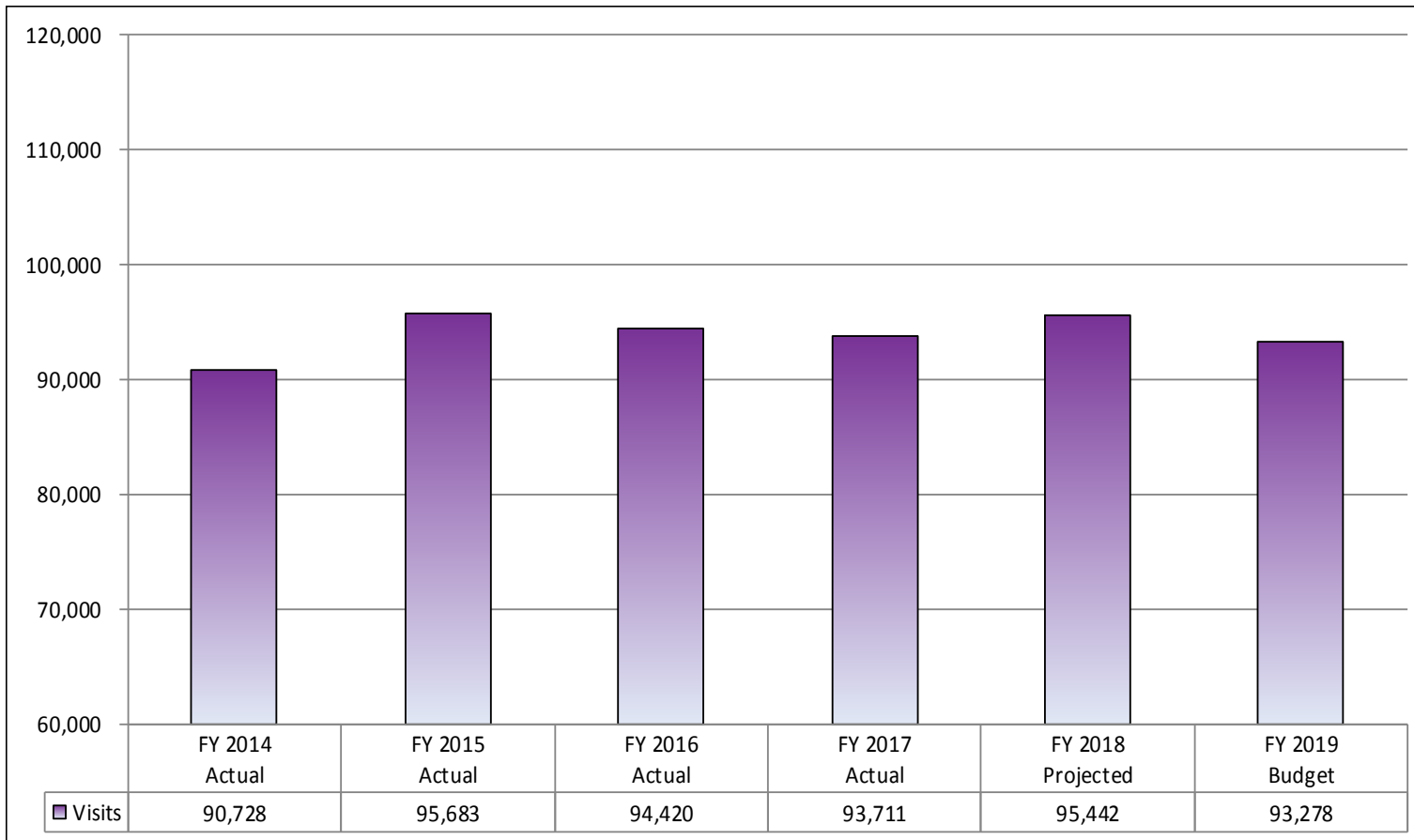
Clinic Visits *



* Clinic Visits exclude Hospitalists, Intensivists, Radiologists, & Palliative Care



FY 2019 Budget Presentation Emergency Department Visits



FY 2019 Budget Presentation

Capital Expenditures (\$ in Millions)

