

Norman Regional Health System

FY 2020 Budget Presentation



FY 2019 Projected Financial Results

- **Net Revenue projected at \$449.7 million (projected from April)**
 - \$25.5 million (or 6.0%) up from FY18
- **Total Operating Expense projected at \$436.8 million (projected from April)**
 - \$30.0 million (or 7.4%) up from FY18
- **FY 2019 Income from Operations projected at \$12.9 million (2.9% operating margin)**
 - \$4.5 million (or 26.0%) under FY18
- **Key Ratios (projected from April)**
 - Operating Margin will decline from 4.1% for FY 2018 to a projected 2.9% for FY 2019
 - Days Cash on Hand will improve from 225 at June 30, 2018 to a projected 228 at June 30, 2019
 - Maximum Annual Debt Service Coverage will decline from 5.39 for FY 2018 to a projected 4.16 for FY 2019
 - Cash to Debt Ratio will improve from 137.1% at June 30, 2018 to a projected 154.6% at June 30, 2019
 - Debt to Capitalization Ratio will improve from 35.4% at June 30, 2018 to a projected 33.3% at June 30, 2019



FY 2020 Budget Highlights

▪ Volumes

- Inpatient discharges expected to grow 2.1%, or 363 cases more than FY 2019 projection
- Hospital outpatient visits (including ED visits) expected to increase 0.4%, or 986 visits from FY 2019 projection
- Clinic visits (including new specialist groups) expected to increase 21.3%, or 63,640 visits from FY 2019 projection

▪ Net Revenue

- Net Patient Revenue budget of \$488.2 million is 9.8% (\$43.5 million) more than FY 2019 projection
- Other Operating Revenue budgeted to be \$5.1 million for FY 2020, or 0.7% less than the FY 2019 projection

▪ Total Operating Expense

- Budget of \$480.9 million is 10.1% (\$44.1 million) more than FY 2019 projection

▪ Profitability

- Operating Income budgeted at \$12.3 million (2.5% operating profit margin)
- Excess of Revenues over Expenses budgeted at \$27.2 million (5.4% overall profit margin)

▪ Capital and Days Cash on Hand

- FY20 Routine Capital Budget request is \$15 million
- FY20 Strategic Capital Budget request is \$56.35 million
- Days Cash on Hand target for June 30, 2020 is 215 days

▪ Target Debt Ratios

- Maximum Annual Debt Service Coverage for FY 2020 is expected to be 3.00
- Cash and Investments to Debt Ratio as of June 30, 2020 is expected to be 103.1%
- Debt to Capitalization Ratio as of June 30, 2020 is expected to be 41.9%



Estimated Cost of Community Benefits

- **FY19 estimated cost (\$33.3 million)**

- \$10.2 million estimated cost of Charity Care
- \$21.1 million estimated cost of Bad Debt
- \$ 2.0 million estimated cost of Community Contributions

- **FY20 estimated cost (\$34.8 million)**

- \$11.0 million estimated cost of Charity Care
- \$21.7 million estimated cost of Bad Debt
- \$ 2.1 million estimated cost of Community Contributions

- **Examples of Community Contributions (FY19)**

- \$289 thousand NPS School Nurse and Virtual Kids (plus additional \$218 thousand from Norman Regional Foundation)
- \$284 thousand Health for Friends/Variety Care
- \$240 thousand Subsidized City of Norman EMS Dispatch Service & System Enhancement
- \$201 thousand Community Grants & Donations
- \$167 thousand Health System Sponsorships
- \$ 92 thousand NRHS Nurse Residency Program
- \$ 90 thousand NPS Sports Medicine Program
- Various other community contributions totaling \$637 thousand
- NRHS community contributions represent 409,730 encounters with our community



FY 2020 Operating Budget

Norman Regional Health System

	<u>FY 2019 Projected</u>	<u>FY 2020 Budget</u>	<u>Variance % Incr/(Decr)</u>
OPERATING REVENUES			
(1) NET PATIENT SERVICE REVENUE	444,630,598	488,170,570	9.8%
(2) OTHER OPERATING REVENUE	<u>5,109,313</u>	<u>5,073,822</u>	-0.7%
(3) TOTAL OPERATING REVENUES	\$ 449,739,910	\$ 493,244,393	9.7%
OPERATING EXPENSES			
(4) Salaries and Wages	202,175,751	227,840,338	12.7%
(5) Employee Benefits	33,830,394	37,583,762	11.1%
(6) Professional Fees	10,374,317	9,869,958	-4.9%
(7) Purchased Services	15,535,449	17,718,926	14.1%
(8) Supplies (excluding pharmaceuticals)	56,667,748	62,097,919	9.6%
(9) Pharmaceutical Supplies	33,116,214	36,070,734	8.9%
(10) Other Operating Expenses	55,947,378	59,266,378	5.9%
(11) Interest	6,883,423	9,196,709	33.6%
(12) Depreciation and Amortization	<u>22,301,708</u>	<u>21,267,762</u>	-4.6%
(13) TOTAL OPERATING EXPENSES	\$ 436,832,382	\$ 480,912,486	10.1%
(14) OPERATING INCOME	\$ 12,907,528	\$ 12,331,907	-4.5%
(15) NONOPERATING REVENUES (EXPENSES)	<u>\$ 12,128,464</u>	<u>\$ 14,851,691</u>	22.5%
(16) EXCESS OF REVENUES OVER EXPENSES	<u>\$ 25,035,992</u>	<u>\$ 27,183,598</u>	8.6%
(17) OPERATING MARGIN	2.9%	2.5%	
(18) TOTAL MARGIN	5.4%	5.4%	



FY 2020 Budget Volumes

Norman Regional Health System

	Discharges			Patient Days			ALOS		
	FY 2019 Projected	FY 2020 Budget	% Incr/Decr	FY 2019 Projected	FY 2020 Budget	% Incr/Decr	FY 2019 Projected	FY 2020 Budget	% Incr/Decr
Porter Campus									
(1) BMS	695	746	7.3%	4,739	4,861	2.6%	6.82	6.52	-4.4%
(2) Rehab	490	536	9.4%	6,352	6,928	9.1%	12.96	12.93	-0.3%
(3) Acute	7,306	7,425	1.6%	31,256	30,302	-3.1%	4.28	4.08	-4.6%
(4) Total	8,491	8,707	2.5%	42,347	42,091	-0.6%	4.99	4.83	-3.1%
HealthPlex Campus									
(5) Acute	8,690	8,826	1.6%	28,931	28,380	-1.9%	3.33	3.22	-3.4%
(6) NICU	368	379	3.0%	4,274	4,562	6.7%	11.61	12.04	3.6%
(7) Total	9,058	9,205	1.6%	33,205	32,942	-0.8%	3.67	3.58	-2.4%
Total System									
(8) Acute	15,996	16,251	1.6%	60,187	58,682	-2.5%	3.76	3.61	-4.0%
(9) BMS	695	746	7.3%	4,739	4,861	2.6%	6.82	6.52	-4.4%
(10) Rehab	490	536	9.4%	6,352	6,928	9.1%	12.96	12.93	-0.3%
(11) NICU	368	379	3.0%	4,274	4,562	6.7%	11.61	12.04	3.6%
(12) Total	17,549	17,912	2.1%	75,552	75,033	-0.7%	4.31	4.19	-2.7%



FY 2020 Budget Volumes

Norman Regional Health System (continued)

	FY 2019 Projected	FY 2020 Budget	% Incr/Decr
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Adjusted Statistics

(1) Adjusted Patient Days	177,274	180,331	1.7%
(2) Adjusted Discharges	41,177	43,049	4.5%

Deliveries

(3) HealthPlex	2,434	2,492	2.4%
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Cath Lab Cases

(4) Inpatient	1,415	1,510	6.7%
(5) Outpatient	2,243	2,395	6.8%
(6) Total	3,658	3,905	6.8%

Surgeries (excludes FBC Surgeries)

IP

(7) NRH	2,117	2,227	5.2%
(8) HealthPlex	2,023	2,104	4.0%
(9) Total	4,140	4,331	4.6%

OP

(10) NRH	4,091	4,372	6.9%
(11) HealthPlex	3,222	3,418	6.1%
(12) Total	7,313	7,790	6.5%

	FY 2019 Projected	FY 2020 Budget	% Incr/Decr
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OP Registrations (includes outpatient ED visits)

Hospital

(13) NRH	121,206	123,266	1.7%
(14) HealthPlex	101,737	101,958	0.2%
(15) NRM	54,264	52,969	-2.4%
(16) Total	277,207	278,193	0.4%

Other

(17) Clinics (includes Telehealth)	299,338	362,978	21.3%
(18) EMSStat (Norman)	17,858	17,867	0.1%
(19) EMSStat (Moore)	4,427	4,589	3.7%

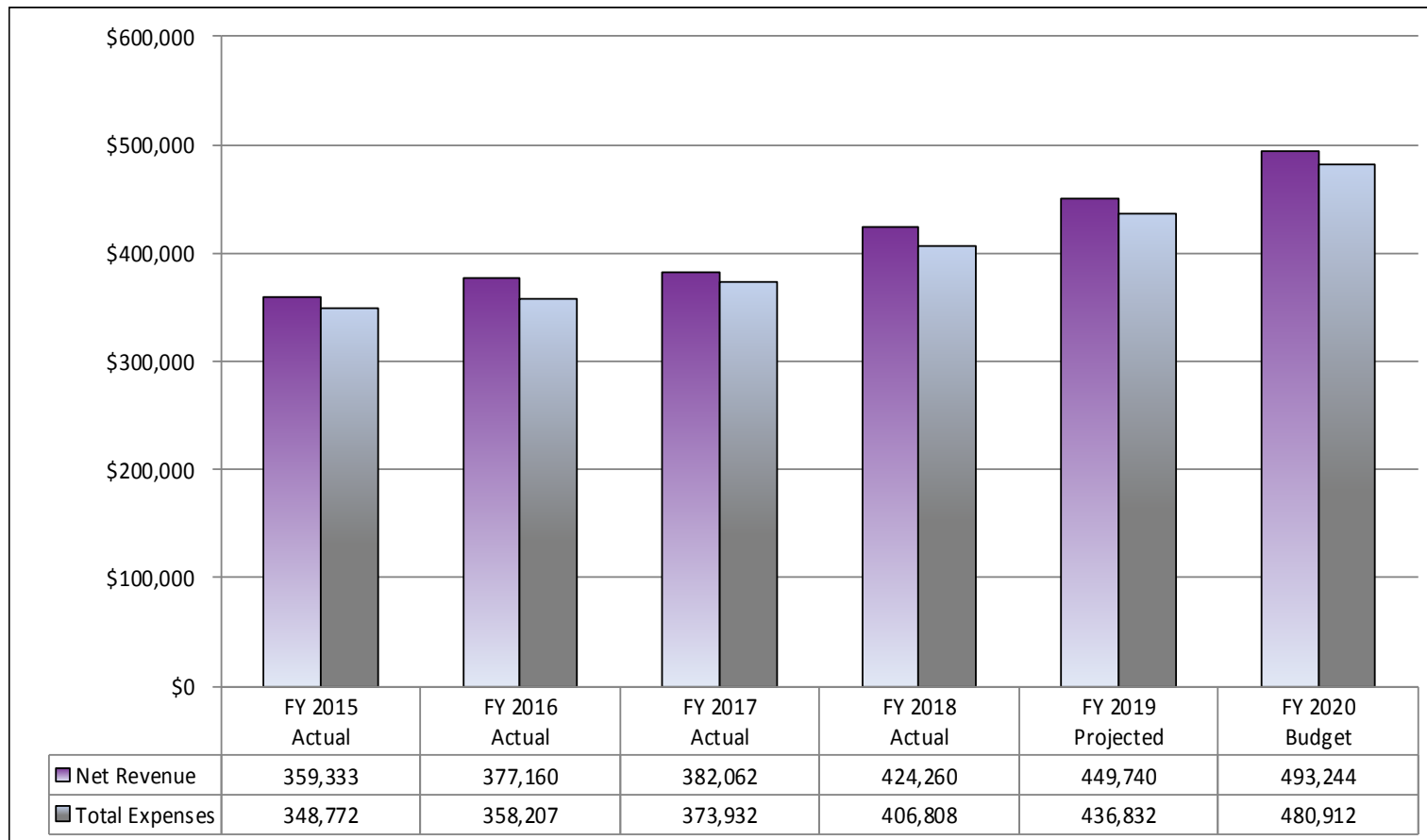
Emergency Department Visits (includes ED admissions)

(20) NRH	41,764	42,195	1.0%
(21) HealthPlex	29,898	29,597	-1.0%
(22) NRM	22,349	21,135	-5.4%
(23) Total	94,011	92,927	-1.2%
(24) OB ED	3,190	2,941	-7.8%
(25) Total w/ OB ED	97,201	95,868	-1.4%



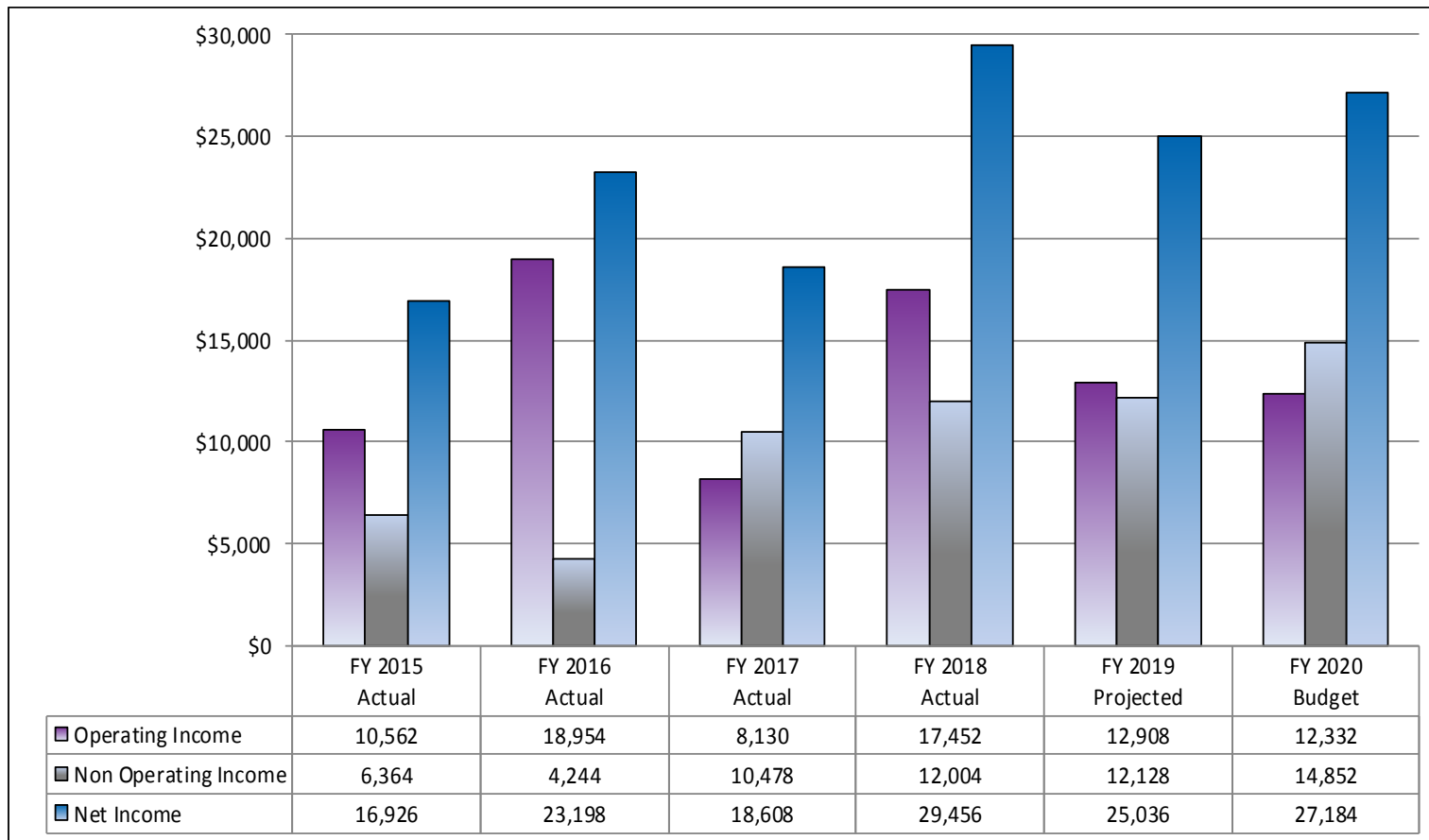
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Net Revenue and Expense (\$ in 000's)



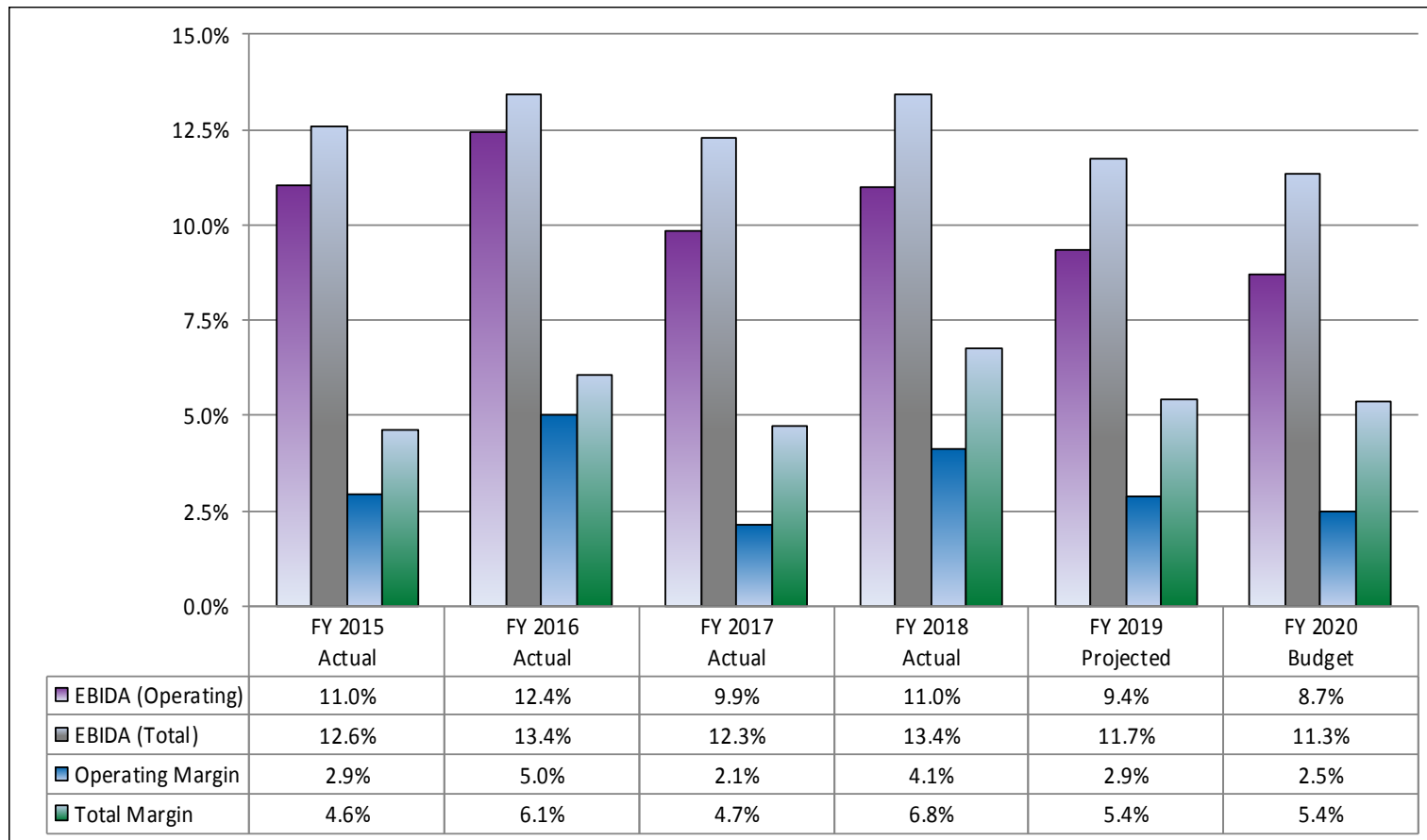
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Income (\$ in 000's)



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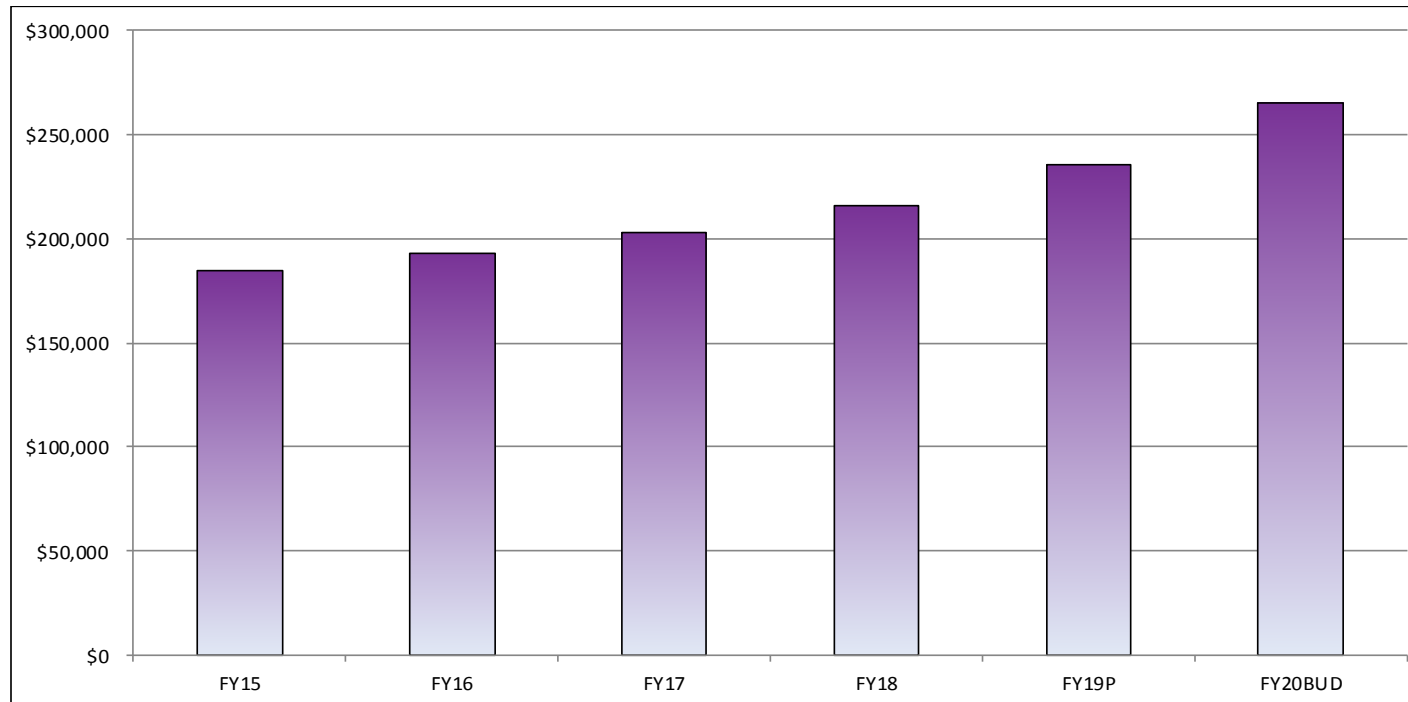
Profit Margins



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

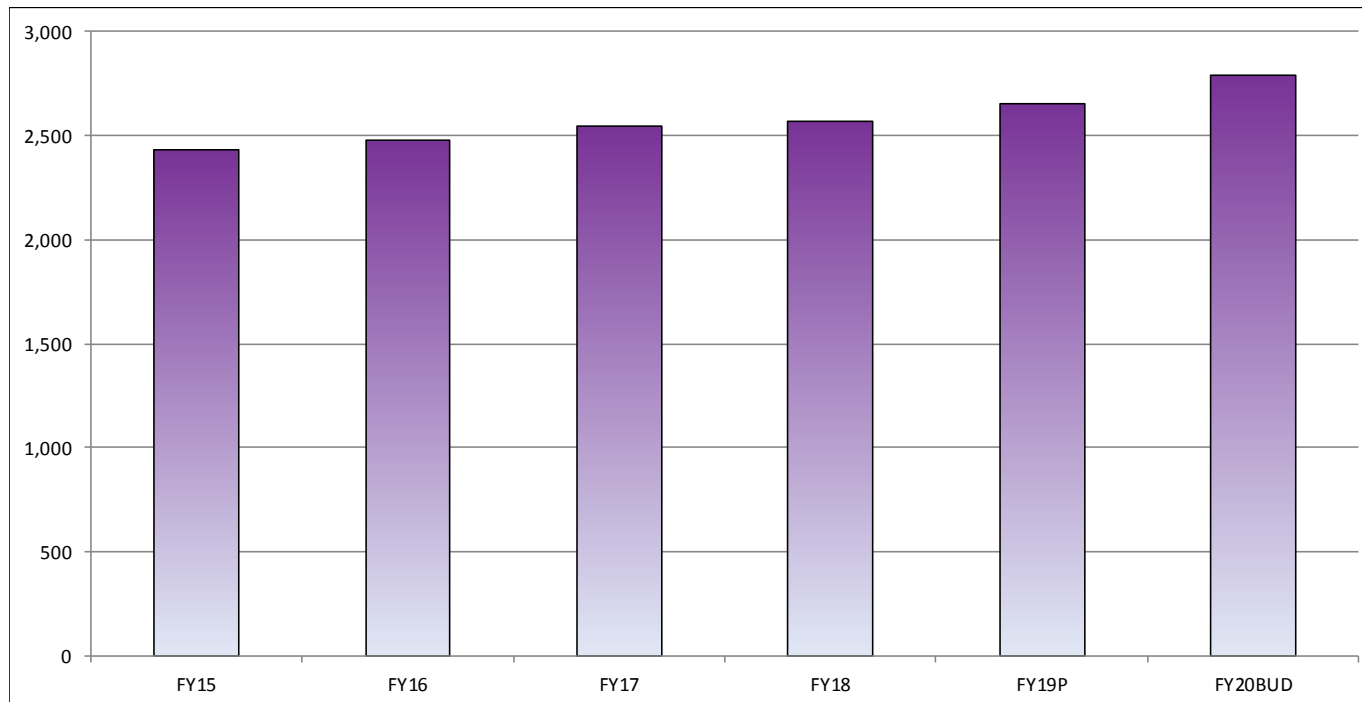
Year	FY 15 Act	FY 16 Act	FY 17 Act	FY 18 Act	FY 19 Proj	FY 20 Bud
Actual	\$184,872	\$193,316	\$203,001	\$215,809	\$236,006	\$265,424
Growth	3.7%	4.6%	5.0%	6.3%	9.4%	12.5%



FY 2020 Budget Presentation

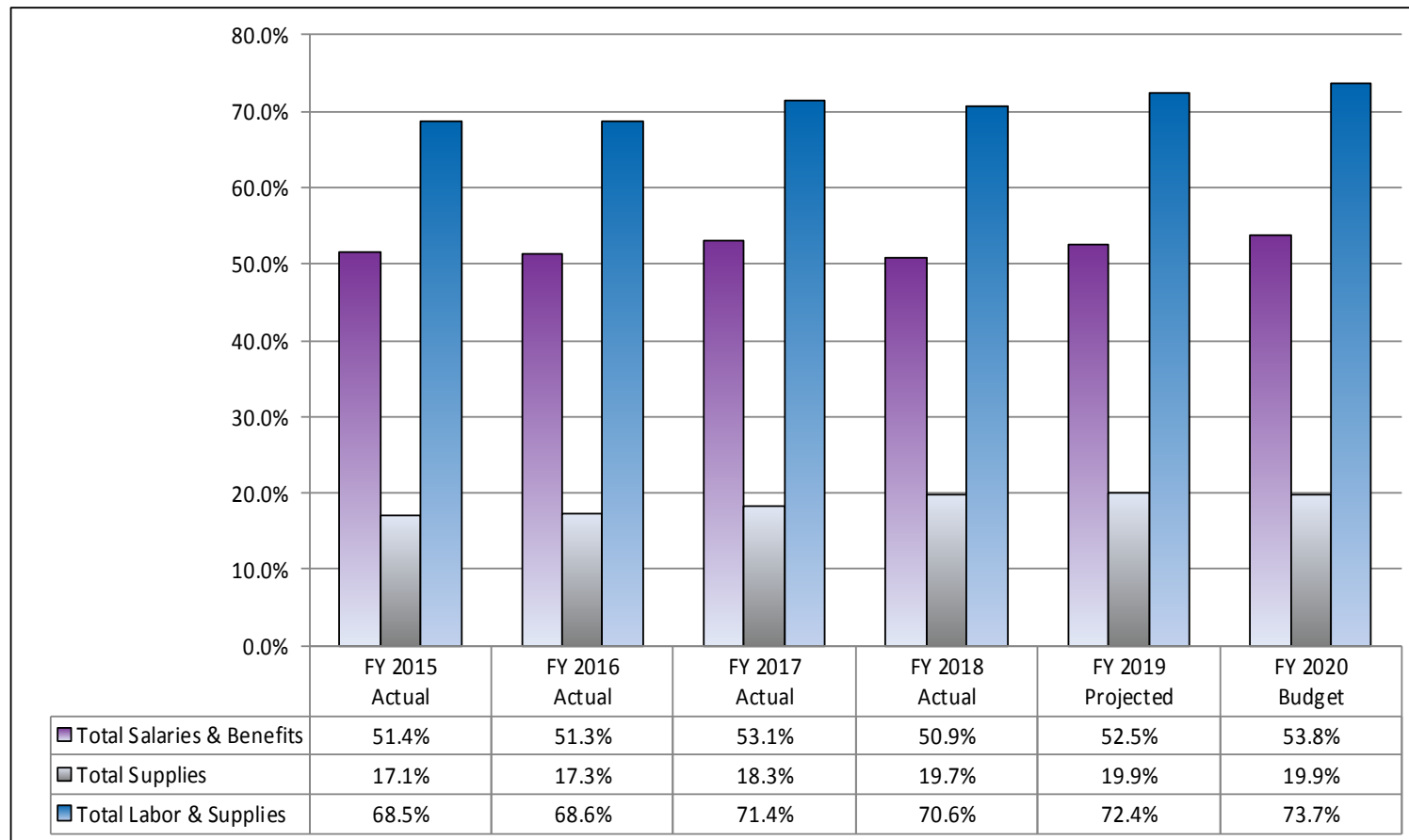
System Paid FTEs

Year	FY 15 Act	FY 16 Act	FY 17 Act	FY 18 Act	FY 19 Proj	FY 20 Bud
Actual	2,433	2,475	2,543	2,570	2,649	2,787
Growth	1.5%	1.7%	2.7%	1.1%	3.1%	5.2%



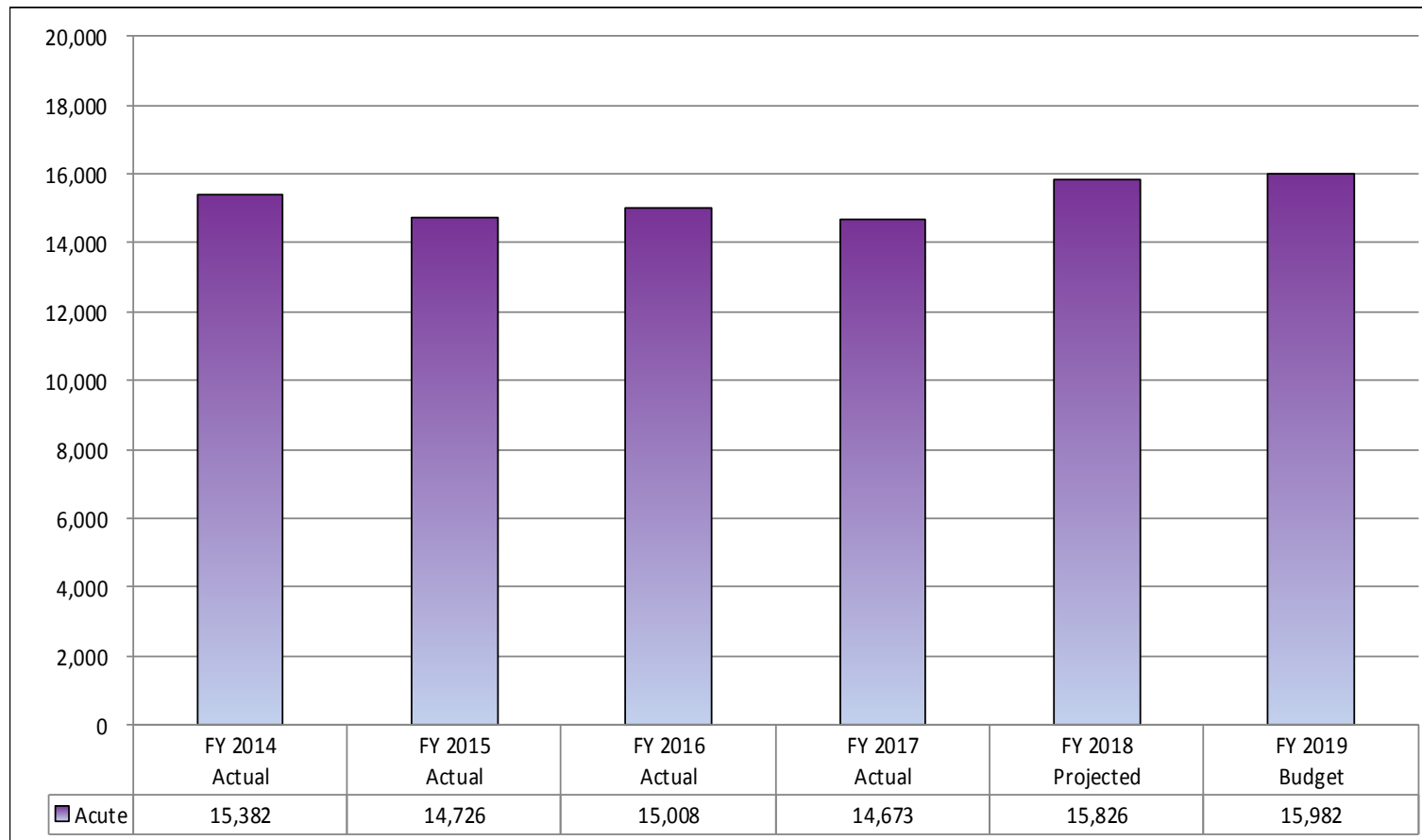
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Labor & Supplies as % of Net Revenue



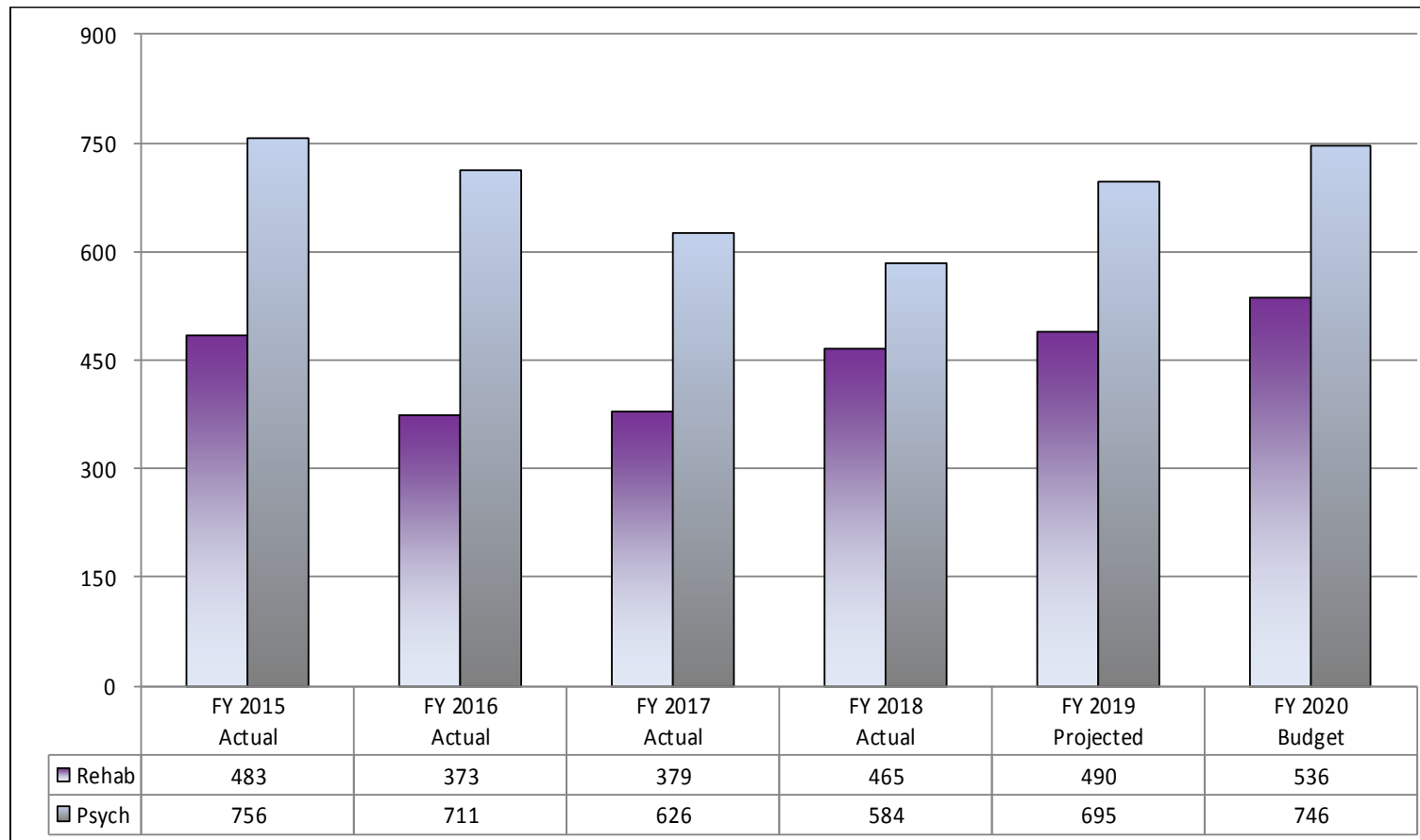
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Acute Discharges (includes NICU)



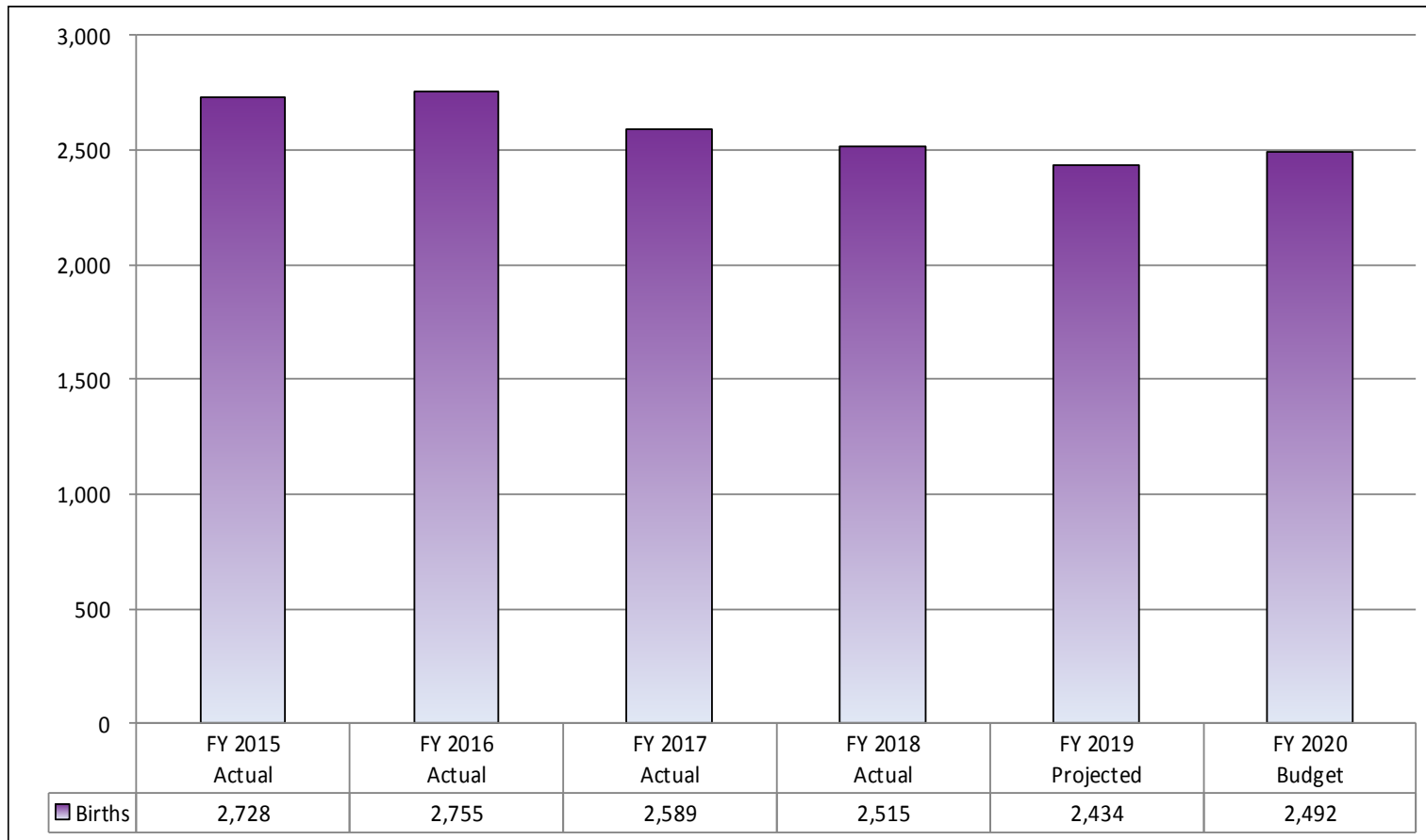
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Sub Acute Discharges by Type



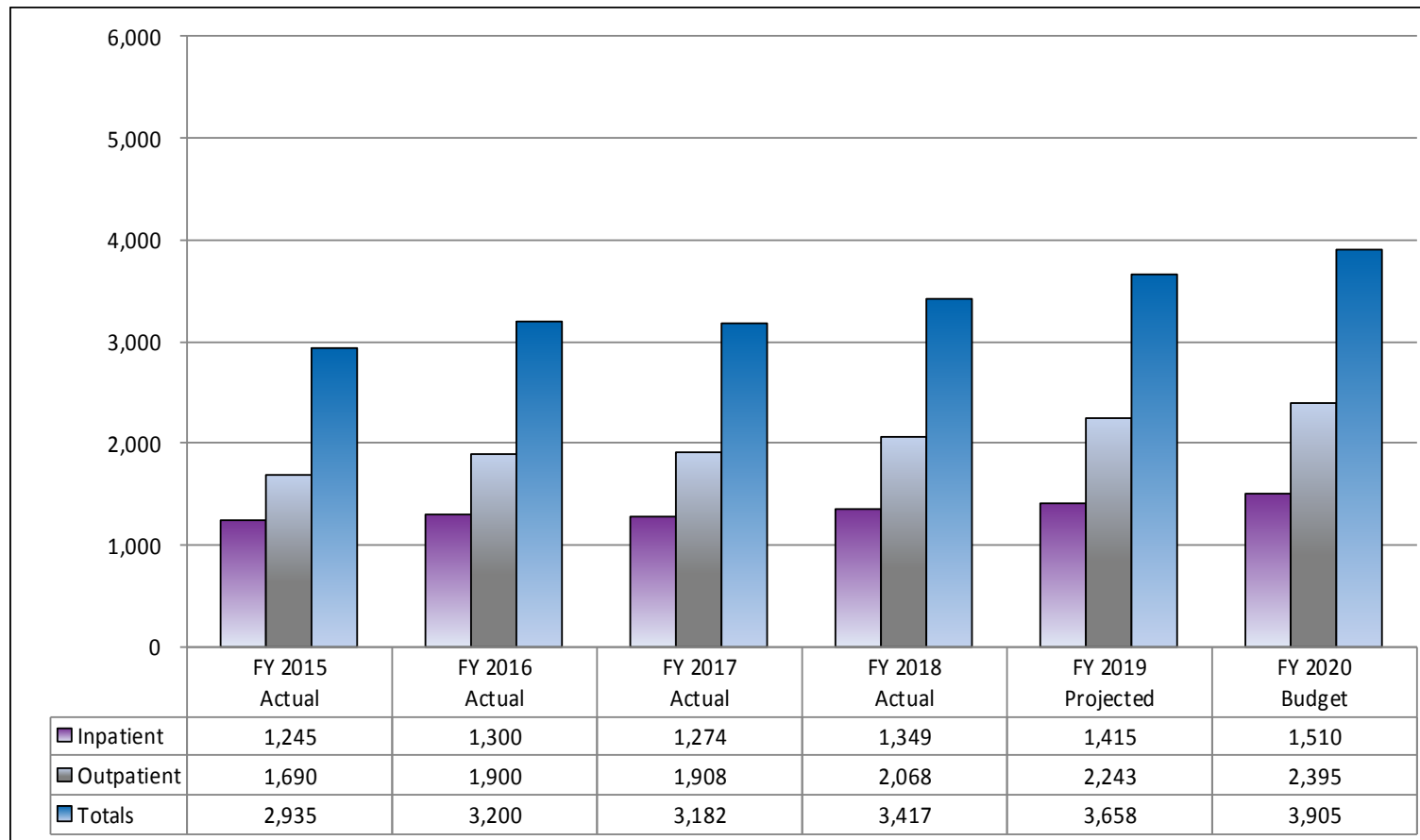
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Deliveries



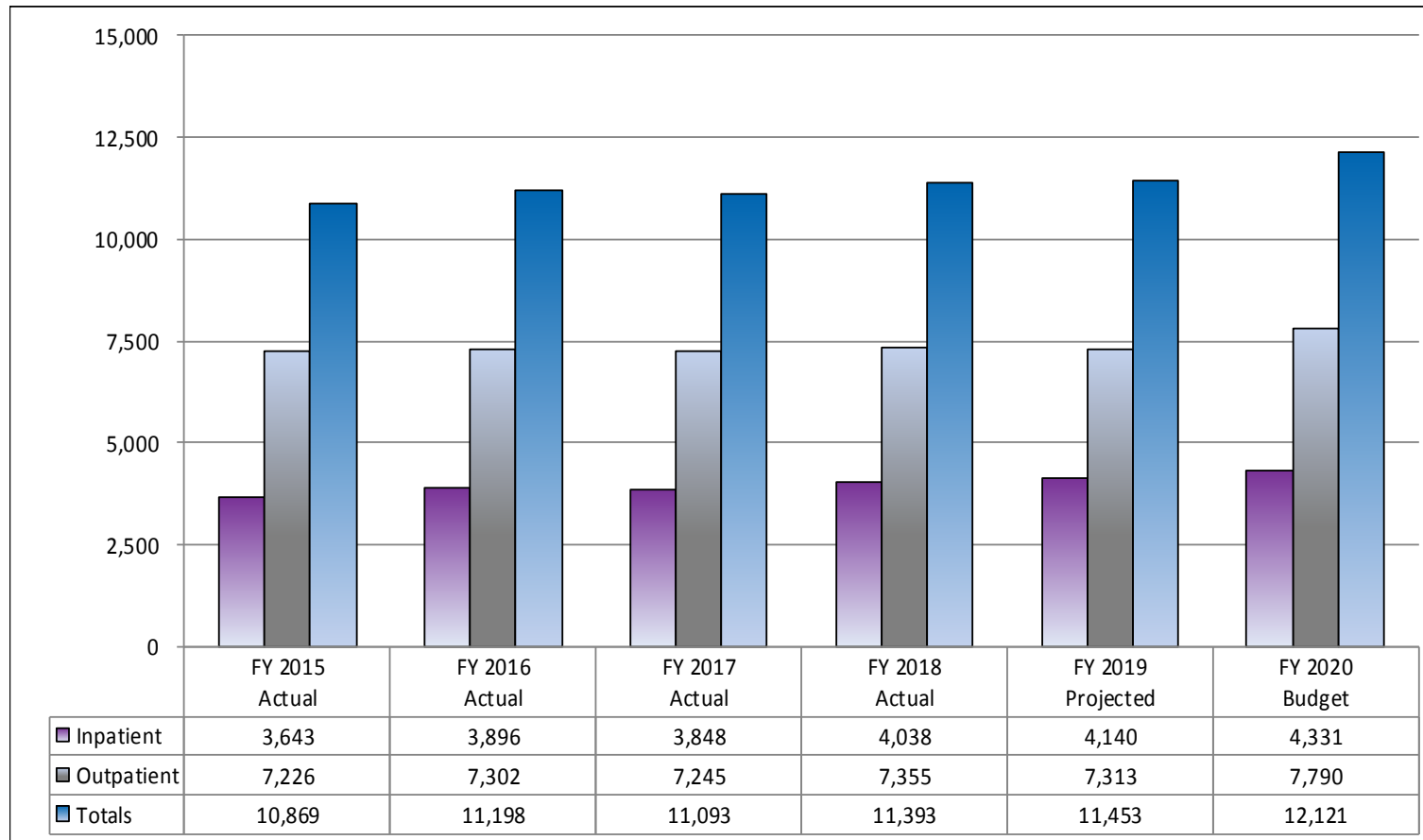
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Cath Lab Cases



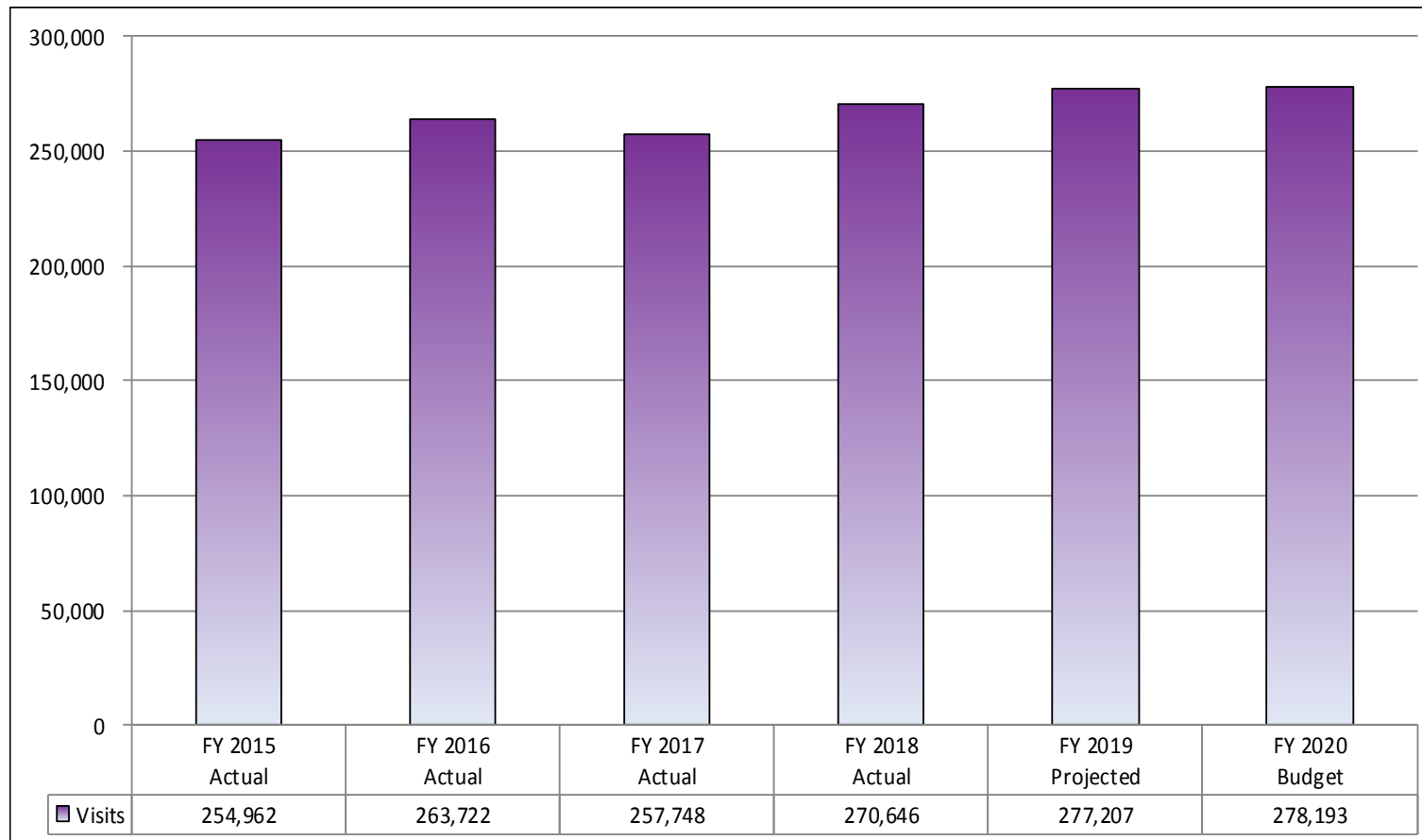
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Surgical Cases (excludes FBC Surgeries)



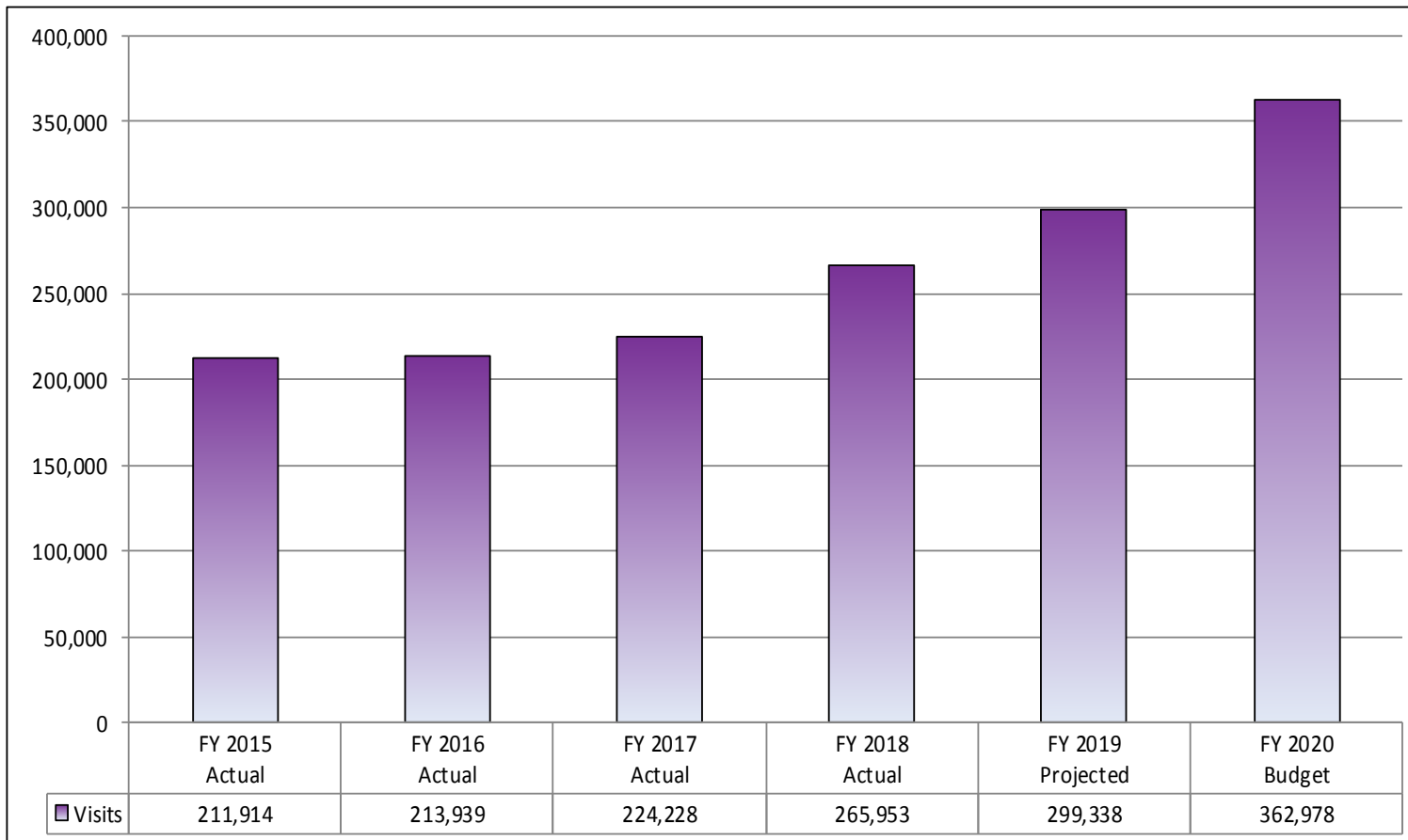
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Hospital Outpatient Registrations



FY 2020 Budget Presentation

Clinic Visits *

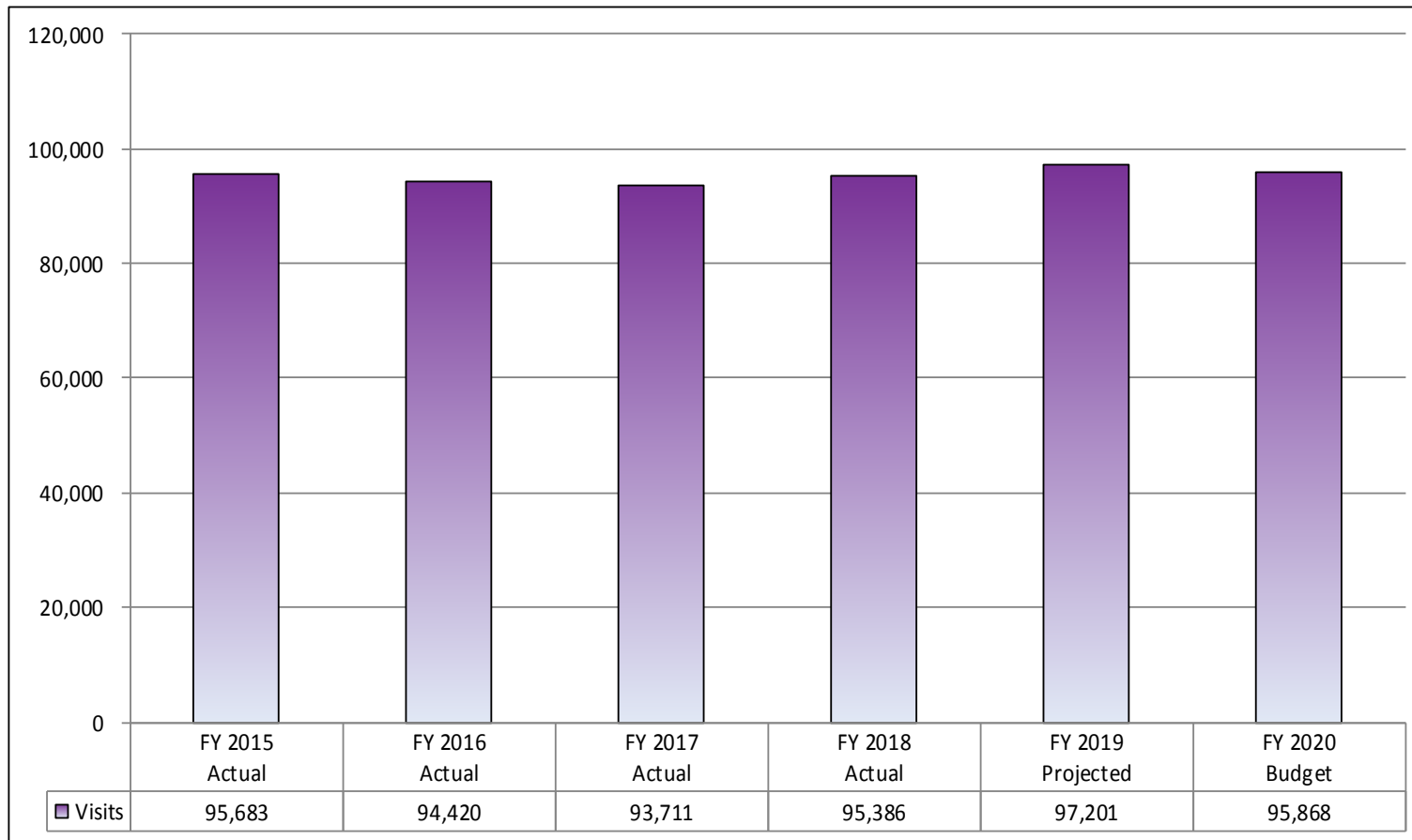


* Clinic Visits exclude Hospitalists, Intensivists, Radiologists, Palliative Care, & ED Physicians



FY 2020 Budget Presentation

Emergency Department Visits *



* Emergency Department Visits includes OB ED



FY 2020 Budget Presentation

Capital Expenditures (\$ in Millions)

