

Business Services Memo

To: Finance Committee
From: Al White, SVP - Business Services *AW*
Date: July 7, 2010
Re: Monthly Financial Statements Addendum

1. Net Income

The May net operating results show a gain of \$1,678,971 compared to the budget May gain of \$56,433. The projected net collections are 28.9% YTD and the budgeted amount is 28.3%. It is worth noting that the net income now includes our IowaCare settlements catch up (\$2.5 M) less allowances set up for our DSH cost report items in dispute. The current month also reflects \$1M County Debt Forgiveness net income item. Also, again this year (and actually for FY 2009) we are experiencing a shortfall of tort levy funds received in the current year to make up for some of the excess funds received in FY 2007. The entire year difference is a bit over \$2M or \$1,833,333 for the first eleven months resulting in an "adjusted net income" for internal reporting purposes of \$6,403,905. Salary expenses were over budget by \$12,000. FTEs were lower in May than our budget of 824.9. Overall expenses are over budget, and interest was over due to construction, however depreciation YTD is under. Overall expenses are \$773,374 under budget YTD, or approximately .9%. The budgeted operating net income for the year is \$438,762.

2. Volume Variances

- Patient revenues are 4.6% over budget year to date, and are over the prior year by 10.8% year to date, including a 5% rate increase.
- Census data shows Medical days 13% below the prior year for May. Mental Health inpatient census was 5.5% above the prior year while outpatient visits are 2.7 % below the prior year.
- Overall outpatient visits for the month were below the prior year by 28 or .2%.

3. Salary Variances

- Budgeted FTEs are 824.9 and May actual is 775.6 YTD.
- Salary variance for the month is \$12,000 over budget, and is \$690,000 under YTD.

4. Days in receivable show an increase of approximately 3.2 days from last month with the dollars in receivable increased by approximately \$1,000,000. A follow up analysis is attached.

5. Days of cash are up from last year by approximately 24.0 days. One day of operating cash for May YTD was \$246,400. The collection of \$2.5M for IowaCare FY2009 catch up increased cash, and we anticipate a catch up (\$4M) for FY2010 before June 30, 2010.

Attached: Summary of A/R Accounts

BROADLAWNS MEDICAL CENTER
 STATEMENT OF REVENUES AND EXPENSES (UNAUDITED)
 FOR MONTHS ENDED 05/31/10

	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	CURRENT YTD ACTUAL	CURRENT YTD BUDGET	VARIANCE	PRIOR YTD ACTUAL
PATIENT REVENUES						
1. INPATIENT REVENUE	2,746,039	3,653,148	31,279,434	39,477,638	(8,198,204)	30,553,103
2. OUTPATIENT REVENUE	8,323,151	7,464,582	94,420,912	80,665,606	13,755,306	82,890,931
3. TOTAL PATIENT REVENUE	<u>11,069,190</u>	<u>11,117,730</u>	<u>125,700,347</u>	<u>120,143,244</u>	<u>5,557,103</u>	<u>113,444,034</u>
DEDUCTIONS						
4. INDIGENT CARE	512,416	656,057	5,109,819	7,089,637	(1,979,818)	4,469,754
5. PROVISION FOR DOUBTFUL ACCOUNTS	1,113,960	1,534,765	13,892,365	16,585,348	(2,692,983)	14,337,347
6. CONTRACTUAL ADJUSTMENTS	5,244,447	5,383,440	65,494,123	58,175,884	7,318,239	54,281,377
7. OTHER DEDUCTIONS	239,801	394,502	4,835,336	4,263,158	572,178	6,088,571
8. TOTAL DEDUCTIONS	<u>7,110,624</u>	<u>7,968,764</u>	<u>89,331,643</u>	<u>86,114,027</u>	<u>3,217,616</u>	<u>79,177,049</u>
9. NET PATIENT REVENUE	<u>3,958,565</u>	<u>3,148,966</u>	<u>36,368,704</u>	<u>34,029,217</u>	<u>2,339,487</u>	<u>34,266,985</u>
OTHER REVENUES						
10. OTHER OPERATING REVENUE	777,631	811,437	9,310,647	8,925,772	384,875	8,989,080
11. TAXES	4,026,168	4,026,168	44,231,495	44,287,847	(56,352)	43,990,121
12. INTEREST & CONTRIBUTIONS	1,005,517	41,666	1,227,086	458,333	768,753	1,390,594
13. TOTAL REVENUE	<u>9,767,881</u>	<u>8,028,237</u>	<u>91,137,932</u>	<u>87,701,169</u>	<u>3,436,763</u>	<u>88,636,780</u>
EXPENSES						
14. SALARIES	3,841,252	3,829,540	40,625,923	41,316,309	(690,386)	40,499,462
15. BENEFITS	1,029,071	883,876	10,860,015	10,179,327	680,688	10,631,600
16. SUPPLIES	545,835	514,331	5,474,079	5,657,718	(183,639)	5,152,301
17. DRUGS	617,532	595,449	6,118,180	6,549,920	(431,740)	6,064,715
18. PROFESSIONAL FEES	222,810	250,785	2,897,698	2,758,575	139,123	3,814,130
19. PURCHASED SERVICES	200,549	244,866	2,801,192	2,693,487	107,705	2,688,066
20. UTILITIES	76,661	118,528	1,041,385	1,303,838	(262,454)	1,113,080
21. OTHER EXPENSES	1,143,323	1,129,874	11,445,019	12,431,471	(986,452)	12,023,747
22. DEPRECIATION	354,749	389,775	4,009,574	4,287,512	(277,938)	3,887,302
23. INTEREST	57,130	14,780	1,294,294	162,576	1,131,718	462,334
24. TOTAL EXPENSE	<u>8,088,910</u>	<u>7,971,804</u>	<u>86,567,359</u>	<u>87,340,733</u>	<u>(773,374)</u>	<u>86,336,737</u>
25. NET OPERATING INCOME	<u>1,678,971</u>	<u>56,433</u>	<u>4,570,572</u>	<u>360,436</u>	<u>4,210,136</u>	<u>2,300,043</u>
26. OPERATING MARGIN	17.19%	0.70%	5.02%	0.41%		2.59%
27. NON-OPERATING REVENUE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
28. NET INCOME	<u>1,678,971</u>	<u>56,433</u>	<u>4,570,572</u>	<u>360,436</u>	<u>4,210,136</u>	<u>2,300,043</u>
29. DEFERRED TORT TAXES	<u>166,667</u>	<u>0</u>	<u>1,833,333</u>	<u>0</u>	<u>1,833,333</u>	<u>0</u>
30. ADJUSTED OPERATING INCOME	<u>1,845,638</u>	<u>56,433</u>	<u>6,403,905</u>	<u>360,436</u>	<u>6,043,469</u>	<u>2,300,043</u>