

**FINANCE COMMITTEE MEETING
1:30 p.m., October 30, 2018**

CALL TO ORDER 1:30 p.m.

MEETING ADJOURNED 2:00 p.m.

COMMITTEE MEMBERS ✓Commissioner Berry/Chair, ✓Commissioner Klein, ✓Commissioner Ure, ✓Commissioner Gregoire, ✓Commissioner Wellins, ✓Commissioner Angier

PRESENT Beverly Capasso/CEO, Gino Santorio /COO, Alan Goldsmith /CFO, Lynn Barrett /General Counsel, Nigel Crooks/CIA

PUBLIC COMMENTS None.

APPROVAL OF MINUTES None.

TOPIC OF DISCUSSION

- | | |
|---------------------------------|---|
| 1. July Financial Overview | Alan Goldsmith, EVP/Chief Financial Officer |
| 2. August Financial Overview | Alan Goldsmith, EVP/Chief Financial Officer |
| 3. September Financial Overview | Alan Goldsmith, EVP/Chief Financial Officer |

Mr. Goldsmith stated that he would give a brief financial overview for the months of July and August, however he would focus more on the financial activity for the month of September.

- Net Loss from Operations – \$200 thousand versus prior year \$7.9 million. Year-to-date budget over \$1.3 million (line 15)
- Net Operating Revenue – \$3.6 million under budget on current month \$12.7 million on year-to-date basis (line 1)
- Total Expenses – Current month was at \$3.8 million under budget versus prior year at \$5.4 million under budget. Year-to-date expenses were down \$14 million versus prior year at \$14.4 million (line 14)

**Operating Statement
FY 2019 – September 2018
(\$ in millions)**

	Current Month					Year - to - Date				
	Actual	Budget	Var	Prior Year	Var	Actual	Budget	Var	Prior Year	Var
1. Net Operating Revenue	\$85.3	\$88.9	(\$3.6)	\$82.9	\$2.4	\$257.0	\$269.7	(\$12.7)	\$264.0	(\$7.0)
2. Salaries	43.6	45.8	(2.2)	46.5	(2.9)	128.5	137.5	(9.0)	135.1	(6.6)
3. Benefits	11.3	10.7	0.6	12.5	(1.2)	34.5	32.8	1.7	37.3	(2.8)
4. Fees - Physician	4.7	5.0	(0.3)	5.2	(0.5)	14.6	15.3	(0.7)	15.8	(1.2)
5. Fees - Other	9.1	9.4	(0.3)	8.4	0.7	26.3	28.5	(2.2)	26.1	0.2
6. Supplies	17.6	18.7	(1.1)	16.7	0.9	55.0	57.1	(2.1)	56.2	(1.2)
7. Insurance	0.8	0.9	(0.1)	0.8	0.0	2.6	2.6	0.0	2.6	0.0
8. Repairs & Maintenance	1.6	1.7	(0.1)	2.6	(1.0)	5.3	5.1	0.2	5.8	(0.5)
9. Lease & Rentals	0.9	0.8	0.1	0.8	0.1	2.7	2.6	0.1	2.5	0.2
10. Utilities	1.6	1.6	0.0	1.6	0.0	4.5	4.9	(0.4)	4.9	(0.4)
11. PMATF Assessment	1.1	1.0	0.1	1.0	0.1	3.1	3.1	0.0	3.0	0.1
12. Other	0.4	0.5	(0.1)	1.9	(1.5)	1.2	1.6	(0.4)	2.7	(1.5)
13. Depreciation	4.4	4.8	(0.4)	4.5	(0.1)	12.9	14.2	(1.3)	13.6	(0.7)
14. Total Expenses	\$97.1	\$100.9	(\$3.8)	\$102.6	(\$5.4)	\$291.1	\$305.1	(\$14.0)	\$305.5	(\$14.4)
15. Net Loss from Operations	(\$11.8)	(\$12.0)	\$0.2	(\$19.7)	\$7.9	(\$34.1)	(\$35.4)	\$1.3	(\$41.5)	\$7.4
16. Tax Revenue (Net)	10.7	10.7	0.0	11.8	(1.1)	32.1	32.1	0.0	35.3	(3.2)
17. Investment Income (Net)	(1.2)	1.7	(2.9)	4.8	(6.0)	16.6	5.1	11.5	15.5	1.1
18. Interest Expense	1.4	1.4	0.0	1.0	0.4	4.3	4.3	0.0	2.9	1.4
19. Donations (Net) & County Funding	(1.1)	(0.3)	(0.8)	(0.3)	(0.8)	(1.9)	(1.0)	(0.9)	(1.1)	(0.8)
20. Net Non-operating Revenue & Expenses	\$7.0	\$10.7	(\$3.7)	\$15.3	(\$8.3)	\$42.5	\$31.9	\$10.6	\$46.8	(\$4.3)
21. Excess	(\$4.8)	(\$1.3)	(\$3.5)	(\$4.4)	(\$0.4)	\$8.4	(\$3.5)	\$11.9	\$5.3	\$3.1

Mr. Goldsmith reported positive managing labor at over 60% of net patient revenue for Broward Health

Mr. Goldsmith reported a strong start to the quarter with a year-to-date \$1.3 million over budget (line 15)

**Key Operating Indicators
FY 2019 – September 2018
(\$ in millions)**

	Current Month					Year - to - Date				
	Actual	Budget	Var	Prior Year	Var	Actual	Budget	Var	Prior Year	Var
1. Hours per APD	28.9	29.3	(1.4)%	30.4	(4.9)%	28.7	29.4	(2.4)%	29.4	(2.4)%
2. FTE's	7,522.3	7,946.4	(5.3)%	8,076.6	(6.9)%	7,539.2	7,924.5	(4.9)%	7,959.1	(5.3)%
3. OT/Agency % of Prod Hours	2.1%	2.0%	4.9 %	9.3%	(77.0)%	2.3%	2.0%	15.8 %	6.5%	(64.2)%
4. SWB % of NOR	64.4%	63.6%	1.3 %	71.3%	(9.7)%	63.4%	63.1%	0.5 %	65.3%	(2.9)%
5. Supplies per APD	393	403	(2.5)%	367	7.1 %	398	402	(1.0)%	395	0.8 %
6. CMI - Medicare	1.7117	1.7493	(2.1)%	1.6687	2.6 %	1.7572	1.7493	0.5 %	1.7287	1.6 %
7. CMI - All	1.4314	1.4461	(1.0)%	1.3973	2.4 %	1.4389	1.4461	(0.5)%	1.4190	1.4 %
8. Margin Operation	(13.8)%	(13.5)%	2.4 %	(23.8)%	(41.9)%	(13.3)%	(13.1)%	1.2 %	(15.7)%	(15.5)%

- House per APD – 1.4% over budget versus 4.9% prior year. Year-to-date preserved a 2.4% (line 1)
- OT/Agency – running in a positive direction with a 64% decrease on overtime (line 3)

**Statistical Overview
FY 2019 – September 2018**

	Current Month					Year - to - Date				
	Actual	Budget	Var	Prior Year	Var	Actual	Budget	Var	Prior Year	Var
1. Admissions - Compensated	3,818	4,199	-9%	3,994	-4%	11,765	12,590	-7%	12,978	-9%
2. Admissions - Uncompensated	720	738	-2%	776	-7%	2,219	2,256	-2%	1,757	26%
3. Admissions - Total	4,538	4,937	-8%	4,770	-5%	13,984	14,846	-6%	14,735	-5%
4. Patient Days	24,086	25,296	-5%	26,351	-9%	73,918	76,055	-3%	78,759	-6%
5. Average Length of Stay	5.3	5.1	4%	5.5	-4%	5.3	5.1	4%	5.3	0%
6. Short Stay Cases	2,027	1,899	7%	1,759	15%	6,019	5,986	1%	5,582	8%
7. Short Stay Days	2,722	2,472	10%	2,600	5%	8,254	7,711	7%	8,096	2%
8. Births	541	513	5%	458	18%	1,536	1,575	-2%	1,475	4%
9. Surgeries	2,172	2,220	-2%	1,993	9%	7,045	7,294	-3%	7,138	-1%
10 ED Visits - Total	22,476	23,039	-2%	21,990	2%	66,318	68,853	-4%	67,882	-2%
11 Outpatient Med Ctr. Visits	14,716	14,942	-2%	12,904	14%	48,254	51,214	-6%	48,176	0%
12 Community Health Care Visits	6,305	7,548	-16%	6,488	-3%	21,451	24,159	-11%	23,895	-10%
13 Physician Practice Visits	18,176	21,728	-16%	16,847	8%	53,118	65,002	-18%	56,953	-7%
14 UCC Coral & Plantation Visits	879	906	-3%	793	11%	2,618	2,837	-8%	2,834	-8%
15 BH Weston Visits	1,759	2,427	-28%	1,525	15%	5,435	7,747	-30%	5,711	-5%
16 Home Health/Hospice Visits	1,574	2,068	-24%	1,462	8%	4,618	6,327	-27%	5,666	-18%
17 Hospice Patient Days	108	151	-28%	142	-24%	304	461	-34%	430	-29%

Mr. Goldsmith reported that he would be focusing on implementing a plan for observation patients within the correct departments

Operating Results – by Entity
FY 2019 – September 2018
(\$ in millions)

	Current Month					Year - to Date				
	Actual	Budget	Var	Prior Year	Var	Actual	Budget	Var	Prior Year	Var
<u>Broward Health Medical Center</u>										
1. Net Operating Revenue	\$37.1	\$41.3	(\$4.2)	\$37.5	(\$0.4)	\$115.8	\$124.3	(\$8.5)	\$116.8	(\$1.0)
2. Total Expenses	\$40.2	\$43.0	(\$2.8)	\$39.6	\$0.6	\$124.2	\$128.8	(\$4.6)	\$121.0	\$3.2
3. Net Gain (Loss) from Operations	(\$3.1)	(\$1.7)	(\$1.4)	(\$2.1)	(\$1.0)	(\$8.4)	(\$4.5)	(\$3.9)	(\$4.2)	(\$4.2)
<u>Broward Health North</u>										
4. Net Operating Revenue	\$16.7	\$18.2	(\$1.5)	\$17.0	(\$0.3)	\$52.7	\$54.5	(\$1.8)	\$55.6	(\$2.9)
5. Total Expenses	\$19.7	\$21.7	(\$2.0)	\$20.7	(\$1.0)	\$62.1	\$64.9	(\$2.8)	\$62.8	(\$0.7)
6. Net Gain (Loss) from Operations	(\$3.0)	(\$3.5)	\$0.5	(\$3.7)	\$0.7	(\$9.4)	(\$10.4)	\$1.0	(\$7.2)	(\$2.2)
<u>Broward Health Imperial Point</u>										
7. Net Operating Revenue	\$7.2	\$9.2	(\$2.0)	\$8.7	(\$1.5)	\$24.5	\$29.0	(\$4.5)	\$27.2	(\$2.7)
8. Total Expenses	\$9.9	\$10.4	(\$0.5)	\$9.9	\$0.0	\$30.5	\$32.5	(\$2.0)	\$30.5	\$0.0
9. Net Gain (Loss) from Operations	(\$2.7)	(\$1.2)	(\$1.5)	(\$1.2)	(\$1.5)	(\$6.0)	(\$3.5)	(\$2.5)	(\$3.3)	(\$2.7)
<u>Broward Health Coral Springs</u>										
10. Net Operating Revenue	\$13.0	\$12.2	\$0.8	\$11.7	\$1.3	\$39.1	\$37.5	\$1.6	\$37.7	\$1.4
11. Total Expenses	\$13.7	\$13.6	\$0.1	\$12.5	\$1.2	\$41.3	\$41.6	(\$0.3)	\$39.8	\$1.5
12. Net Gain (Loss) from Operations	(0.7)	(\$1.4)	\$0.7	(\$0.8)	\$0.1	(\$2.1)	(\$4.0)	\$1.9	(\$2.1)	(\$0.0)
<u>Broward Health All Other</u>										
13. Net Operating Revenue	\$11.3	\$8.1	\$3.2	\$8.0	\$3.3	\$24.9	\$24.4	\$0.5	\$26.7	(\$1.8)
14. Total Expenses	\$13.5	\$12.3	\$1.2	\$19.9	(\$6.4)	\$33.0	\$37.4	(\$4.4)	\$51.4	(\$18.4)
15. Net Gain (Loss) from Operations	(\$2.2)	(\$4.2)	\$2.0	(\$11.9)	\$9.7	(\$8.1)	(\$13.0)	\$4.9	(\$24.7)	\$16.6

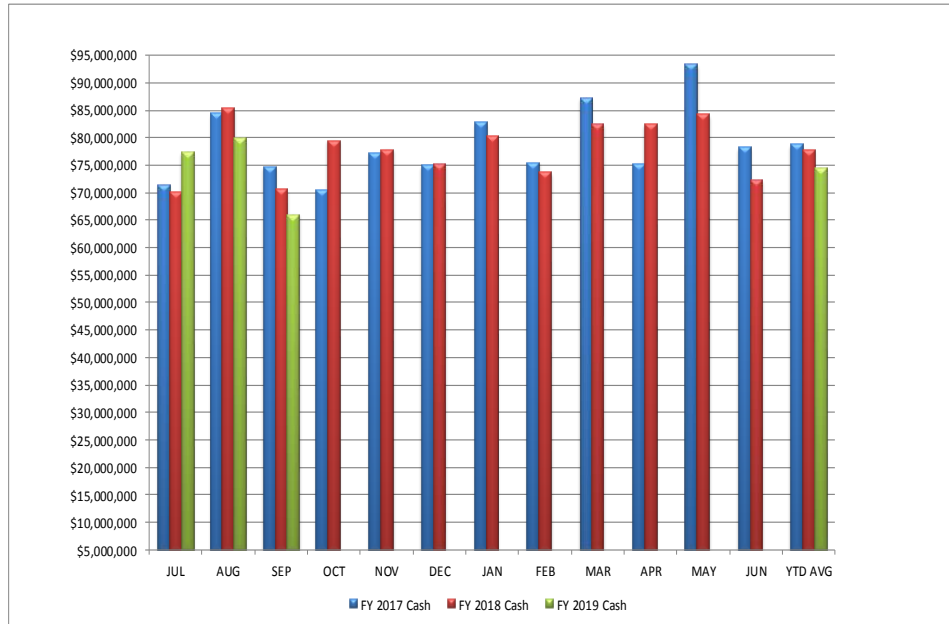
Mr. Goldsmith gave a brief overview and compared the operating results for current year and prior year for all Broward Health facilities

Key Financial Indicators

Key Financial Indicators	Audit	Audited	Unaudited	Sept	Sept	Moody's (2017)	
	FY 2016	FY 2017	FY 2018	FY 2018	FY 2019	Median	A Rated
Liquidity:							
1. Cash on Hand (Days)	183.2	186.4	229.6	182.7	217.6	209.9	226.5
2. Accounts Receivable (Days)	46.8	46.4	53.0	55.2	53.3	47.5	48.4
3. Cash-to-Direct Debt (%)	240.0%	257.9%	204.9%	256.3%	191.2%	160.2%	169.6%
Capitalization:							
4. Debt-to-Capitalization (%)	21.0%	19.6%	26.9%	19.5%	31.0%	33.7%	32.9%
5. Debt Service Coverage (x)	3.2	2.9	4.0	2.7	3.9	4.4	4.7
6. Average Age of Plant (Years)	16.9	16.4	17.3	16.4	17.7	11.5	11.6
7. Capital Spending Ratio (% of Depr. Exp.)	186%	171%	138%	157%	140%	120%	130%
Profitability:							
8. Excess Margin (%)	-1.1%	2.8%	2.7%	1.8%	2.9%	4.4%	5.2%

Mr. Goldsmith reported that indicators were significantly increasing and that he would continue to focus on increasing Broward Health's credit rating

Total Cash Collected



CASHFLOW STATEMENT

	FY 2018	FY 2019
	YTD Sep	YTD Sep
1. Beginning Balance Cash & Investments	575,071,756	714,067,535
2. Excess of Revenue over Expense	5,342,514	8,356,184
3. Add: Depreciation	13,596,716	12,876,633
4. Add: Change in Accounts Recv.	(2,974,195)	441,312
5. Less: Capital Expenses	(9,074,348)	(9,409,815)
6. Add: All other before tax revenue	23,891,320	36,152,621
7. Sub totals	30,782,007	48,416,936
8. Ad Valorem Tax Collections	2,878,764	2,691,545
9. Ad Valorem Tax Accruals	(37,364,816)	(34,197,096)
10. Ending Balance Cash & Investments	571,367,711	730,978,920
11. Change in Cash & Investments	(3,704,045)	16,911,385

➤ Mr. Goldsmith highlighted Capital Expenses (line 5)

Community Benefit Summary

(\$ in Thousands)

	FY 2015	FY 2016	FY 2017	FY 2018	Budget 2019	FY 2019 - YTD September 2018		
						Actual	Budget	% Chg
<u>Community Benefit Cost</u>								
1. Charity Care	\$45,204	\$40,944	\$39,807	\$34,808	\$41,090	\$9,336	\$8,550	9.2%
2. Bad Debts	115,533	118,422	112,898	108,360	118,327	25,510	27,893	-8.5%
3. Mcaid/HMO/PSN Program Loss	54,357	77,863	66,554	103,764	83,248	23,080	24,156	-4.5%
4. Comm Health Service Net Cost	27,182	29,938	29,418	30,110	30,711	7,864	7,188	9.4%
5. PPUC	52,732	52,229	49,374	57,217	46,945	12,813	13,058	-1.9%
6. Mcaid Cost of County Funding	8,870	8,880	8,705	8,857	8,705	2,242	2,242	0.0%
7. CDTC & Broward House (Cost Subsidies)	1,412	1,447	1,600	1,437	1,640	425	434	-2.1%
8. Total Cost	\$305,290	\$329,723	\$308,357	\$344,552	\$330,666	\$81,271	\$83,521	-2.7%
<u>Government Funding Sources</u>								
9. Tax Revenues Net (Millage)	\$139,726	\$136,663	\$137,938	\$138,566	\$128,571	\$32,136	\$32,143	0.0%
10. DSH - Medicaid	55,767	48,679	20,458	30,905	30,905	9,136	9,447	-3.3%
11. DSH - Medicare	29,290	25,908	21,282	25,905	26,710	5,854	6,476	-9.6%
12. County Primary Care Support	8,605	8,495	8,495	8,432	8,495	2,124	2,124	0.0%
13. Community Health Serv Grants	5,162	4,900	5,960	5,865	6,595	1,509	1,375	9.7%
14. Total	\$238,550	\$224,645	\$194,133	\$209,673	\$201,276	\$50,759	\$51,565	-1.6%
15. Comm. Benefit Cost in (Excess) of Gov't Funding Sources	(\$66,740)	(\$105,078)	(\$114,224)	(\$134,879)	(\$129,390)	(\$30,512)	(\$31,956)	-4.5%

MOTION It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Ure, that:

THE FINANCE COMMITTEE RECOMMEND THAT FINANCIAL STATEMENTS FOR THE MONTHS OF JULY 2018, AUGUST 2018 AND SEPTEMBER 2018 BE PUT ON THE CONSENT AGENDA AT THE NEXT BOARD MEETING SCHEDULED FOR OCTOBER 31, 2018.

Motion *carried* unanimously.

MOTION It was *moved* by Commissioner Ure, *seconded* by Commissioner Gregoire, that:

THE FINANCE COMMITTEE MEETING ADJOURN.

Motion *carried* unanimously.

AUTHENTICATION OF MINUTES Patricia Alfaro, Special Assistant to the Board of Commissioners.

*Audiotape available upon request.

Respectfully submitted,

Commissioner Ray T. Berry
Secretary / Treasurer