



DeSoto Memorial Hospital

*2023 Budget  
and 4 Year  
Projection*

Desoto Memorial Hospital  
Budget and 4 Year  
Projections

FOR BUDGET 2023

	Actual September 2021 FY 2021	Projected September 2022 FY 2022	Budget FY 2023	Projection FY 2024	Projection FY 2025	Projection FY 2026	Projection FY 2027	FY21 and Future Assumptions
<b>REVENUE</b>								
Inpatient Hospital Revenues	\$33,224,530	\$18,873,333	\$20,411,510	\$21,234,093	\$22,089,827	\$22,980,047	\$23,906,143	3% Volume, 3% Rate Increase; 1% Volume 3% rate thereafter
Outpatient Hospital Revenues	\$108,251,188	\$126,295,327	\$136,588,396	\$144,906,629	\$153,731,443	\$163,093,688	\$173,026,094	5% volume, 3% Rate Increase; 3% volume and 3% rate thereafter
Physician Fee Revenues	\$1,188,249	\$1,221,377	\$1,320,919	\$1,428,574	\$1,545,003	\$1,670,921	\$1,807,101	5% Volume, 3% Rate Increase
Clinic/DCSO Revenues	\$398,580	\$398,580	\$410,537	\$422,854	\$435,539	\$448,605	\$462,063	3% Rate Increase
Other Outpatient Service Revenue Outpatient Hospital, Physician, Clinic, and Other Outpatient	\$14,475,559	\$13,112,062	\$14,180,695	\$15,044,299	\$15,960,497	\$16,932,491	\$17,963,680	5% Volume, 3% Rate Increase; 3% volume and 3% rate thereafter
	\$124,313,576	\$141,027,346	\$152,500,548	\$161,802,357	\$171,672,482	\$182,145,706	\$193,258,938	
<b>Total Gross Revenue</b>	<b>\$157,538,106</b>	<b>\$159,900,679</b>	<b>\$172,912,057</b>	<b>\$183,036,450</b>	<b>\$193,762,310</b>	<b>\$205,125,753</b>	<b>\$217,165,082</b>	
Year to Year Growth	11.4%	1.5%	8.1%	5.9%	5.9%	5.9%	5.9%	
Year to Year Growth after price increase	8.4%	-2.5%	5.1%	2.9%	2.9%	2.9%	2.9%	
<b>DEDUCTIONS FROM REVENUE</b>								
Medicare & Medicaid Contractual Adj	\$78,962,738	\$80,074,307.25	\$86,590,084	\$92,118,430	\$98,004,114	\$104,270,452	\$110,942,290	LIP extended to 2030.. Currently \$2.3million per year. Direct Payment Match Program started FY22 Net \$1.3million. 2% MCR Sequestration reinstated June 30, 2022 until FY 2025.
Other Contractual Adjustments	\$21,174,589	\$20,417,280	\$22,078,668	\$23,371,424	\$24,740,979	\$26,191,946	\$27,729,215	Assume remains constant %
Discounts & Adjustments	\$1,266,984	\$1,050,302	\$1,135,767	\$1,202,268	\$1,272,721	\$1,347,361	\$1,426,441	Assume remains constant %
Provision for Uncollectible Accts	\$4,206,298	\$2,394,673	\$2,589,532	\$2,741,155	\$2,901,785	\$3,071,964	\$3,252,265	Assume remains constant %
Indigent Care (Charity)	\$11,717,983	\$14,187,008	\$15,341,428	\$16,239,703	\$17,191,343	\$18,199,551	\$19,267,727	Assume remains constant %
<b>Discounts, Bad Debt, and Charity</b>	<b>\$17,191,265</b>	<b>\$17,631,983</b>	<b>\$19,066,726</b>	<b>\$20,183,126</b>	<b>\$21,365,849</b>	<b>\$22,618,877</b>	<b>\$23,946,433</b>	
Discounts, Bad Debt, and Charity % of Gross Revenue	10.9%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	
Year to Year Growth	-8.5%	2.6%	8.1%	5.9%	5.9%	5.9%	5.9%	
Contractual % of Gross Revenue	63.6%	62.8%	62.8%	63.1%	63.3%	63.6%	63.9%	
Contractuals Year to Year Growth	15.0%	0.4%	8.1%	6.3%	6.3%	6.3%	6.3%	
<b>Total Deductions From Revenue</b>	<b>\$117,328,592</b>	<b>\$118,123,570</b>	<b>\$127,735,477</b>	<b>\$135,672,980</b>	<b>\$144,110,942</b>	<b>\$153,081,275</b>	<b>\$162,617,938</b>	
Percent of Gross Revenue	74.5%	73.9%	73.9%	74.1%	74.4%	74.6%	74.9%	
Year to Year Growth	10.8%	0.7%	8.1%	6.2%	6.2%	6.2%	6.2%	
<b>NET PATIENT REVENUE</b>	<b>\$40,209,514</b>	<b>\$41,777,109</b>	<b>\$45,176,580</b>	<b>\$47,363,470</b>	<b>\$49,651,367</b>	<b>\$52,044,478</b>	<b>\$54,547,143</b>	
Year to Year Growth	13.2%	17.6%	8.1%	4.8%	4.8%	4.8%	4.8%	
Net to Gross	25.5%	26.1%	26.1%	25.9%	25.6%	25.4%	25.1%	
<b>OTHER OPERATING REVENUE</b>								
Pharmacy Outreach	\$0	\$0	-	-	-	-	-	
Other Oper Revenue	\$53,703	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	MedRecs, Scrap, Misc
Total Other Revenue	\$53,703	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	
Year to Year Growth	NA	N/A	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Total Operating Revenue</b>	<b>\$40,263,217</b>	<b>\$41,832,109</b>	<b>\$45,231,580</b>	<b>\$47,418,470</b>	<b>\$49,706,367</b>	<b>\$52,099,478</b>	<b>\$54,602,143</b>	
Year to Year Growth	4.3%	3.9%	8.1%	4.8%	4.8%	4.8%	4.8%	

Desoto Memorial Hospital  
Budget and 4 Year  
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FOR BUDGET 2023

	Actual September 2021 FY 2021	Projected September 2022 FY 2022	Budget FY 2023	Projection FY 2024	Projection FY 2025	Projection FY 2026	Projection FY 2027	FY21 and Future Assumptions
<b>EXPENSES</b>								
Salaries & Wages	\$15,251,522	\$16,451,915	\$17,965,491	\$18,689,500	\$19,442,687	\$20,226,228	\$21,041,345	4% rate Increase until 2023 CMS Wage Index, then 3%. 5% volume in 2023, then 1% thereafter.
Contract Labor	\$2,808,136	\$4,711,814	\$3,533,861	\$3,639,876	\$3,749,073	\$3,861,545	\$3,977,391	Reduce reliance on contract labor 25%; 3% increase thereafter
Labor Sub-total	\$18,059,658	\$21,163,729	\$21,499,352	\$22,329,377	\$23,191,760	\$24,087,772	\$25,018,736	
Year to Year Growth	14.5%	17.2%	1.6%	3.9%	3.9%	3.9%	3.9%	
Percent of Operating Revenue	44.9%	50.6%	47.5%	47.1%	46.7%	46.2%	45.8%	
Benefits	\$4,467,595	\$3,698,089	\$4,159,463	\$4,456,902	\$4,775,610	\$5,117,109	\$5,483,029	3% regulatory and aging workforce
Year to Year Growth	36.9%	-17.2%	12.5%	7.2%	7.2%	7.2%	7.2%	
Compensation Sub-total	\$ 22,527,253	\$ 24,861,818	\$ 25,658,814	\$ 26,786,278	\$ 27,967,370	\$ 29,204,882	\$ 30,501,764	
Year to Year Growth	18.4%	10.4%	3.2%	4.4%	4.4%	4.4%	4.4%	
Percent of Operating Revenue	55.9%	59.4%	56.7%	56.5%	56.3%	56.1%	55.9%	
<b>EXPENSES - cont.</b>								
Fees - Physician	\$2,253,517	\$2,336,221	\$2,454,434	\$2,578,628	\$2,709,107	\$2,846,188	\$2,990,205	2% market increase; 3% volume
Fees - Other	\$5,394,637	\$5,800,353	\$6,093,851	\$6,402,200	\$6,726,151	\$7,066,494	\$7,424,059	2% market; 3% volume
Supplies	\$6,166,902	\$5,351,095	\$5,955,769	\$6,318,475	\$6,703,270	\$7,111,499	\$7,544,590	Market inflation 6%, volume 5%; 3% and 3% thereafter
Rx Outreach Supplies	\$101,308	\$0						Program ceased with loss of 340(b) status
Utilities	\$783,677	\$1,000,320	\$1,060,339	\$1,123,960	\$1,191,397	\$1,262,881	\$1,338,654	6% increase
Repairs and Maintenance	\$1,245,857	\$1,041,493	\$1,243,568	\$1,155,746	\$1,213,533	\$1,274,210	\$1,337,921	2021 includes \$250,000 OR Reconstruction. 5% aging of plant and inflation. FY23 HVAC recoring \$150,000
Rents and Leases	\$891,578	\$917,123	\$785,465	\$801,175	\$817,198	\$833,542	\$850,213	2% increase. 6 month rent of MRI @ \$25K/mo
Insurance	\$501,821	\$396,493	\$475,792	\$504,339	\$534,599	\$566,675	\$600,676	20% market factors P&C; 6% thereafter
Other Expenses	\$904,522	\$834,293	\$859,322	\$885,101	\$911,654	\$939,004	\$967,174	3% inflation
Physician Recruitment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Marketing & Public Relations	\$100,716	\$100,577	\$103,594	\$106,702	\$109,903	\$113,200	\$116,596	3% inflation
Total Expenses	\$40,871,788	\$42,639,786	\$44,690,948	\$46,662,604	\$48,884,184	\$51,218,576	\$53,671,851	
Year to Year Growth	7.9%	4.3%	4.8%	4.4%	4.8%	4.8%	4.8%	
<b>Earnings Before Deprec, Int, and Tax</b>	<b>(\$608,571)</b>	<b>(\$807,677)</b>	<b>\$540,632</b>	<b>\$755,866</b>	<b>\$822,184</b>	<b>\$880,902</b>	<b>\$930,292</b>	
Year to Year Growth	-185.1%	32.7%	-166.9%	39.8%	8.8%	7.1%	5.6%	
<b>EBDIT % (Approx cash inflow)</b>	<b>-1.51%</b>	<b>-1.93%</b>	<b>1.20%</b>	<b>1.59%</b>	<b>1.65%</b>	<b>1.69%</b>	<b>1.70%</b>	
Capital Expenses:								
Interest Expense	\$679,776	\$601,244	\$637,682	\$586,667	\$539,734	\$496,555	\$456,831	MRI and Addition--\$5million GE Loan \$2million @ 6% interest
Trustee or Bond Fees	\$1,341	\$2,700	\$3,700	\$3,700	\$3,700	\$3,700	\$3,700	
Depreciation & Amortization	\$1,853,838	\$1,658,618	\$1,978,901	\$2,203,171	\$2,235,869	\$2,266,933	\$2,296,443	FY23 \$4million MRI project; \$1million thereafter
Total Capital Expenses	\$2,534,955	\$2,262,562	\$2,620,283	\$2,793,538	\$2,779,303	\$2,767,188	\$2,756,974	
Year to Year Growth	0.4%	-10.7%	15.8%	6.8%	-0.5%	-0.4%	-0.4%	
<b>OPERATING INCOME / (LOSS)</b>	<b>(\$3,143,526)</b>	<b>(\$3,070,239)</b>	<b>(\$2,079,651)</b>	<b>(\$2,037,672)</b>	<b>(\$1,957,120)</b>	<b>(\$1,886,286)</b>	<b>(\$1,826,682)</b>	
Op Income %	-7.8%	-7.3%	-4.6%	-4.3%	-3.9%	-3.6%	-3.3%	
Year to Year Growth	-66.5%	6.0%	37.4%	6.5%	8.4%	8.0%	7.6%	

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Budget and 4 Year  
Projections

FOR BUDGET 2023

	Actual September 2021 FY 2021	Projected September 2022 FY 2022	Budget FY 2023	Projection FY 2024	Projection FY 2025	Projection FY 2026	Projection FY 2027	FY21 and Future Assumptions
<b>OTHER INCOME</b>								
Investment Income	\$43,204	\$33,245	\$33,577	\$33,913	\$34,252	\$34,595	\$34,941	No major change in rates
C19 Prov Relief Funds/Payroll Protection Loan Forgiveness	\$6,685,259	\$1,107,000	\$0	\$0	\$0	\$0	\$0	FY 21--Federal PPP \$2.7million covers April/May 2020 Expenses and PRF \$4million covers C19 losses through June 30 2021. CARES IV \$1,207,000 in FY22
Local/State/Federal Award Grants	\$156,559	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	No change
Gifts, Grants, Sales Tax Income	\$1,817,267	\$2,207,613	\$2,273,841	\$2,342,057	\$2,412,318	\$2,484,688	\$2,559,229	Sales Tax growth 3%
Rental Income	\$108,000	\$0	\$0	\$0	\$0	\$0	\$0	Clinic Building
Other Non-Oper Income	\$586,692	\$14,636	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	2021 includes OR Property Ins Funds Received
<b>Total Non-Oper. Income (Exp)</b>	<b>\$9,396,981</b>	<b>\$3,412,494</b>	<b>\$2,382,419</b>	<b>\$2,450,970</b>	<b>\$2,521,571</b>	<b>\$2,594,283</b>	<b>\$2,669,169</b>	
<b>Year to Year Growth</b>	<b>297.8%</b>	<b>-63.7%</b>	<b>-30.2%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>	
<b>NET INCOME/(LOSS)</b>	<b>\$6,253,455</b>	<b>\$342,255</b>	<b>\$302,768</b>	<b>\$413,298</b>	<b>\$564,451</b>	<b>\$707,997</b>	<b>\$842,487</b>	
<b>Net Income %</b>	<b>15.5%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.9%</b>	<b>1.1%</b>	<b>1.4%</b>	<b>1.5%</b>	

**Desoto Memorial Hospital  
STATEMENT OF REVENUE AND EXPENSES  
BUDGET 2023**

	Actual September 2021	Projected September 2022	Budget	
	FY 2021	FY 2022	FY 2023	Change
<b>REVENUE</b>				
Inpatient Hospital Revenues	\$33,224,530	\$18,873,333	\$20,411,510	\$1,538,177
Outpatient Hospital Revenues	\$108,251,188	\$126,295,327	\$136,588,396	\$10,293,069
Physician Fee Revenues	\$1,188,249	\$1,221,377	\$1,320,919	\$99,542
Clinic Revenues	\$398,580	\$398,580	\$410,537	\$11,957
Other Outpatient Service Revenue	\$14,475,559	\$13,112,062	\$14,180,695	\$1,068,633
<b>Total Gross Revenue</b>	<b>\$157,538,106</b>	<b>\$159,900,679</b>	<b>\$172,912,057</b>	<b>\$13,011,378</b>
<b>DEDUCTIONS FROM REVENUE</b>				
Medicare & Medicaid Contractual	\$78,962,738	\$80,074,307	\$86,590,084	\$6,515,777
Discounts & Adjustments	\$1,266,984	\$1,050,302	\$1,135,767	\$85,465
Other Contractual Adjustments	\$21,174,589	\$20,417,280	\$22,078,668	\$1,661,387
Indigent Care (Charity)	\$11,717,983	\$14,187,008	\$15,341,428	\$1,154,420
Provision for Uncollectible Accounts	\$4,206,298	\$2,394,673	\$2,589,532	\$194,858
<b>Total Deductions From Rev</b>	<b>\$117,328,592</b>	<b>\$118,123,570</b>	<b>\$127,735,477</b>	<b>\$9,611,907</b>
<b>NET PATIENT REVENUE</b>	<b>\$40,209,514</b>	<b>\$41,777,109</b>	<b>\$45,176,580</b>	<b>\$3,399,471</b>
<b>OTHER OPERATING REVENUE</b>				
Pharmacy Outreach	\$0			\$0
Other Operating Revenue	\$53,703	\$55,000	\$55,000	\$0
<b>Total Other Revenue</b>	<b>\$53,703</b>	<b>\$55,000</b>	<b>\$55,000</b>	<b>\$0</b>
<b>NET REVENUE</b>	<b>\$40,263,217</b>	<b>\$41,832,109</b>	<b>\$45,231,580</b>	<b>\$3,399,471</b>

**Desoto Memorial Hospital**  
**STATEMENT OF REVENUE AND EXPENSES**  
**BUDGET 2023**

	Actual September 2021	Projected September 2022	Budget	
	FY 2021	FY 2022	FY 2023	Change
<b>EXPENSES</b>				
Salaries & Wages	\$15,251,522	\$16,451,915	\$17,965,491	\$1,513,576
Contract Labor	\$2,808,136	\$4,711,814	\$3,533,861	(\$1,177,954)
Benefits	\$4,467,595	\$3,698,089	\$4,159,463	\$461,374
Fees - Physician	\$2,253,517	\$2,336,221	\$2,454,434	\$118,213
Fees - Other	\$5,394,637	\$5,800,353	\$6,093,851	\$293,498
Supplies	\$6,166,902	\$5,351,095	\$5,955,769	\$604,674
Pharmacy Outreach Supplies	\$101,308	\$0	\$0	\$0
Utilities	\$783,677	\$1,000,320	\$1,060,339	\$60,019
Repairs and Maintenance	\$1,245,857	\$1,041,493	\$1,243,568	\$202,075
Rents and Leases	\$891,578	\$917,123	\$785,465	(\$131,658)
Insurance	\$501,821	\$396,493	\$475,792	\$79,299
Other Expenses	\$904,522	\$834,293	\$859,322	\$25,029
Physician Recruitment	\$0	\$0	\$0	\$0
Marketing & Public Relations	\$100,716	\$100,577	\$103,594	\$3,017
<b>Total Expenses</b>	<b>\$40,871,788</b>	<b>\$42,639,786</b>	<b>\$44,690,948</b>	<b>\$2,051,162</b>
EBITDA	(\$608,571)	(\$807,677)	\$540,632	\$1,348,310
<b>CAPITAL EXPENSES</b>				
Interest Expense	\$679,776	\$601,244	\$637,682	\$36,438
Bond fees	\$1,341	\$2,700	\$3,700	
Depreciation & Amortization	\$1,853,838	\$1,658,618	\$1,978,901	\$320,283
<b>Total Capital Expenses</b>	<b>\$2,534,955</b>	<b>\$2,262,562</b>	<b>\$2,620,283</b>	<b>\$357,721</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>(\$3,143,526)</b>	<b>(\$3,070,239)</b>	<b>(\$2,079,651)</b>	<b>\$990,588</b>
<b>OTHER INCOME:</b>				
Investment Income	\$43,204	\$33,245	\$33,577	\$332
C19 Payroll Protection Loan Forgiveness	\$6,685,259	\$1,107,000	\$0	(\$1,107,000)
Grants and Sales Tax Ordinance Income	\$1,817,267	\$2,207,613	\$2,273,841	\$66,228
Federal Award Grants	\$156,559	\$50,000	\$50,000	\$0
Rental Income	\$108,000	\$0	\$0	\$0
Other Non-Oper Income(Exp)	\$586,692	\$14,636	\$25,000	\$10,364
<b>Total Non-Oper. Income(Ex)</b>	<b>\$9,396,981</b>	<b>\$3,412,494</b>	<b>\$2,382,419</b>	<b>(\$1,030,075)</b>
<b>NET INCOME/ (LOSS)</b>	<b>\$6,253,455</b>	<b>\$342,255</b>	<b>\$302,768</b>	<b>(\$39,487)</b>

# Desoto Memorial Hospital FY22 and FY23 Volume Projections

	FY 21 Actual	FY 22 Projected	FY 22 Budget	FY 23 Budget	Compared to FY22 Projection	Assumptions
<b>PATIENT DAYS:</b>	<b>3,889</b>	<b>2,049</b>	<b>3,757</b>	<b>2,110</b>	3.0%	See discharge assumption. ALOS remains same as FY22.
Acute	2,384	1,257	2,369	1,295	3.0%	
ICU / Special Care	1,505	792	1,388	816	3.0%	
OB	-	-	-	-		
Observation Days	1,940	2,547	1,959	2,623	3.0%	Increased 3% for expected growth.
<b>Admissions:</b>	<b>903</b>	<b>584</b>	<b>973</b>	<b>602</b>	3.0%	C19 continues to suppress admissions. FY23 expected to ease by January as vaccination rate improves. Increase by 3% for expected growth. FY21 suppressed by 80 discharges due to OR shut down for 3 months
Acute	686	440	744	453	3.0%	
ICU / Special Care	217	144	229	148	3.0%	
OB	-	-	-	-		
<b>ALOS</b>	<b>4.31</b>	<b>3.51</b>	<b>3.86</b>	<b>3.51</b>	0.0%	
<b>Births</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Adjusted Admissions</b>	<b>4,451</b>	<b>4,680</b>	<b>5,134</b>	<b>4,931</b>	5.4%	Increase Outpatient to Inpatient ratio to FY22 level
<b>Case Mix Index</b>	<b>1.42</b>	<b>1.50</b>	<b>1.41</b>	<b>1.55</b>	3.0%	3% increase due to surgery increase
<b>HHA Visits:</b>	<b>4,840</b>	<b>3,488</b>	<b>7,200</b>	<b>3,662</b>	5.0%	Continued staffing issues
<b>Total Radiology Procedures (All)</b>	<b>25,867</b>	<b>25,936</b>	<b>26,903</b>	<b>26,973</b>	4.0%	Increase 4%
CT	8,143	9,280	9,235	9,558	3.0%	Increase 3% due to ER increase less impact of Appropriate Use Criteria for MCR patients.
Ultrasound	2,661	2,834	3,074	2,976	5.0%	Increase 5%
Nuc Med	609	614	641	632	3.0%	
MRI	756	949	805	1,044	10.0%	Increase 10% due to install of new equipment March 2023
Mammography	1,056	1,081	1,113	1,113	3.0%	
<b>Laboratory Procedures:</b>	<b>166,644</b>	<b>162,303</b>	<b>187,436</b>	<b>177,947</b>	9.6%	
Inpatient	23,880	11,731	23,058	12,318	5.0%	
Outpatient	142,764	150,572	164,378	165,629	10.0%	New analyzer and continued Covid testing
<b>Total Surgery (excl endo):</b>	<b>480</b>	<b>604</b>	<b>775</b>	<b>634</b>	5.0%	
Inpatient Surgery	175	215	275	226	5.0%	
Outpatient Surgery	305	389	500	408	5.0%	
Endo	402	467	470	481	3.0%	
<b>Total ER Visits:</b>	<b>15,180</b>	<b>16,059</b>	<b>17,035</b>	<b>16,855</b>	5.0%	
Inpatient	680	362	754	373	3.0%	
Outpatient	14,500	15,697	16,281	16,482	5.0%	
<b>Other Visits:</b>						
Rehab Services	17,928	16,935	15,505	17,782	5.00%	5% increase
Wound Care	1,694	1,451	1,949	1,669	15.00%	New physician and increased marketing efforts
<b>FTEs</b>	<b>247</b>	<b>255</b>	<b>241</b>	<b>247</b>	-3.0%	Offset labor cost increases

**NOTES:**

FY23 budget based on volumes through June 2022, discussion with physicians of their volume projections, and DMH Strategic Plan and DOH Community Health Needs Survey..

Surgery volume expected to increase in Ortho and General Surgery services. Full time GI specialist employed by MCR Health Services.

Covid 19 and Federal Emergency Health status expected to continue until end of 2022. Return to 'Normal' environment expected in 2023.

New Services, Stroke and Dialysis, not specifically budgeted due to volume trend not available.