



DeSoto Memorial Hospital

*2026 Budget
and 4 Year
Projection*

Desoto Memorial Hospital Budget
and 4 Year Projections

FOR BUDGET 2026

	Projected September FY 2025	Board Approved Budget FY 2026	Projection FY 2027	Projection FY 2028	Projection FY 2029	Projection FY 2030	FY26 and Future Assumptions
REVENUE							
Inpatient Hospital Revenues	\$ 29,525,399	\$30,715,273	\$31,636,731	\$32,585,833	\$33,563,408	\$34,570,310	1.0% Volume, 3% Rate Increase
Outpatient Hospital Revenues	137,113,402	\$142,639,072	\$148,387,427	\$154,367,440	\$160,588,448	\$167,060,162	1% volume, 3% Rate Increase
Physician Fee Revenues	2,260,604	\$2,374,991	\$2,495,165	\$2,621,420	\$2,754,064	\$2,893,420	2% Volume, 3% Rate Increase
Clinic/DCSO Revenues	\$0	\$0	\$0	\$0	\$0	\$0	Contract with DCSO terminated 10/1/2024.
Other Outpatient Service Revenue	\$14,284,234	\$14,859,889	\$15,458,742	\$16,081,729	\$16,729,823	\$17,404,035	1% Volume, 3% Rate Increase
Outpatient Hospital, Physician, Clinic, and Other Outpatient	\$153,658,240	\$159,873,951	\$166,341,334	\$173,070,590	\$180,072,335	\$187,357,617	
Total Gross Revenue	\$183,183,639	\$190,589,224	\$197,978,065	\$205,656,423	\$213,635,743	\$221,927,927	
Year to Year Growth	-4.2%	4.0%	3.9%	3.9%	3.9%	3.9%	
Year to Year Growth after price increase	-7.2%	1.0%	0.9%	0.9%	0.9%	0.9%	
DEDUCTIONS FROM REVENUE							
Medicare & Medicaid Contractual Adj	\$89,316,423	\$92,927,228	\$96,529,869	\$100,273,672	\$104,164,218	\$108,207,309	FY26 rate increase (net) 2.4%. 3% thereafter. 2% MCR Sequestration until FY 2032. Federal DSH payment expected to remain in \$1M range; included as component of Inpatient claims payments.
Other Contractual Adjustments	\$31,998,846	\$33,292,467	\$34,583,163	\$35,924,432	\$37,318,274	\$38,766,768	Assume remains constant %
Discounts & Adjustments	\$2,099,359	\$2,184,230	\$2,268,910	\$2,356,907	\$2,448,353	\$2,543,385	Assume remains constant %
Provision for Uncollectible Accts	\$2,983,865	\$3,104,494	\$3,224,851	\$3,349,923	\$3,479,897	\$3,614,968	Assume remains constant %
Indigent Care (Charity)	\$19,601,548	\$20,393,982	\$21,184,624	\$22,006,246	\$22,860,073	\$23,747,377	Assume remains constant %
Discounts, Bad Debt, and Charity	\$24,684,773	\$25,682,707	\$26,678,384	\$27,713,076	\$28,788,323	\$29,905,730	
Discounts, Bad Debt, and Charity % of Gross Revenue	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	
Year to Year Growth	6.9%	4.0%	3.9%	3.9%	3.9%	3.9%	
Contractual % of Gross Revenue	66.2%	66.2%	66.2%	66.2%	66.2%	66.2%	
Contractuals Year to Year Growth	-5.4%	4.0%	3.9%	3.9%	3.9%	3.9%	
Total Deductions From Revenue	\$146,000,042	\$151,902,401	\$157,791,416	\$163,911,179	\$170,270,815	\$176,879,807	
Percent of Gross Revenue	79.7%	79.7%	79.7%	79.7%	79.7%	79.7%	
Year to Year Growth	0.0%	4.0%	3.9%	3.9%	3.9%	3.9%	
NET DIRECT PATIENT REVENUE	\$37,183,597	\$38,686,822	\$40,186,649	\$41,745,243	\$43,364,928	\$45,048,120	
Year to Year Growth	-4.2%	4.0%	3.9%	3.9%	3.9%	3.9%	
Net to Gross	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	

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	Projected September FY 2025	Board Approved Budget FY 2026	Projection FY 2027	Projection FY 2028	Projection FY 2029	Projection FY 2030	FY26 and Future Assumptions
DPP Funds Net of IGT LIP/DSPRO & Special Pymts	\$2,500,969 \$2,919,531	\$2,200,000 \$3,000,000	\$2,200,000 \$3,000,000	\$2,200,000 \$3,000,000	\$2,200,000 \$3,000,000	\$2,200,000 \$3,000,000	10% reduction starting in FY27 per OB3. Expected increase not included in projections due to unknown negative impacts of OB3. LIP approved through SFY30. Est \$3M/yr.
Supplemental Funds	\$5,420,500	\$5,200,000	\$5,200,000	\$5,200,000	\$5,200,000	\$5,200,000	
Year to Year Growth	1.7%	-4.1%	0.0%	0.0%	0.0%	0.0%	
Net to Gross	1.6%	1.6%	1.5%	1.5%	1.4%	1.5%	
NET PATIENT REVENUE	\$42,604,097	\$43,886,822	\$45,386,649	\$46,945,243	\$48,564,928	\$50,248,120	
Year to Year Growth	-3.5%	3.0%	3.4%	3.4%	3.5%	3.5%	
Net to Gross	23.3%	23.0%	22.9%	22.8%	22.7%	22.6%	
OTHER OPERATING REVENUE							
Other Oper Revenue	\$83,546	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	MedRecs, Scrap, Misc.
Total Other Revenue	\$83,546	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	
Year to Year Growth	-73.6%	-10.2%	0.0%	0.0%	0.0%	0.0%	
Total Operating Revenue	\$42,687,643	\$43,961,822	\$45,461,649	\$47,020,243	\$48,639,928	\$50,323,120	
Year to Year Growth	-4.0%	3.0%	3.4%	3.4%	3.4%	3.5%	
EXPENSES							
Salaries & Wages	\$18,878,951	\$19,350,925	\$19,834,698	\$20,330,565	\$20,838,829	\$21,359,800	2.5% increase
Contract Labor	\$1,394,542	\$1,408,487	\$1,422,572	\$1,436,798	\$1,451,166	\$1,465,678	1% increase
Labor Sub-total	\$20,273,493	\$20,759,412	\$21,257,270	\$21,767,363	\$22,289,995	\$22,825,478	
Year to Year Growth	6.1%	2.4%	2.4%	2.4%	2.4%	2.4%	
Percent of Operating Revenue	47.5%	47.2%	46.8%	46.3%	45.8%	45.4%	Goal is 45% of operating revenue
Benefits	\$3,837,463	\$3,956,564	\$4,091,548	\$4,231,822	\$4,377,594	\$4,529,081	9% of total operating revenue
Year to Year Growth	-15.8%	3.1%	3.4%	3.4%	3.4%	3.5%	
Compensation Sub-total	\$ 24,110,956	\$ 24,715,976	\$ 25,348,819	\$ 25,999,185	\$ 26,667,589	\$ 27,354,559	
Year to Year Growth	1.9%	2.5%	2.6%	2.6%	2.6%	2.6%	
Percent of Operating Revenue	56.5%	56.2%	55.8%	55.3%	54.8%	54.4%	Goal is less than 55% of operating revenue
EXPENSES - cont.							
Fees - Physician	\$2,762,853	\$2,846,291	\$2,932,249	\$3,020,803	\$3,112,031	\$3,206,015	2% market increase; 1% volume
Fees - Other	\$6,034,097	\$6,216,327	\$6,404,060	\$6,597,462	\$6,796,706	\$7,001,966	2% market; 1% volume
Supplies	\$4,808,700	\$5,002,491	\$5,204,091	\$5,413,816	\$5,631,993	\$5,858,962	Market inflation 3%, volume 1%
Utilities	\$1,067,840	\$1,143,910	\$1,200,545	\$1,272,578	\$1,348,932	\$1,429,868	6% increase, plus FPL \$12,000
Repairs and Maintenance	\$1,082,582	\$1,126,318	\$1,171,822	\$1,219,163	\$1,268,417	\$1,319,661	2% infaltion and 2% aging of plant
Rents and Leases	\$485,479	\$490,334	\$495,237	\$500,189	\$505,191	\$510,243	1% increase, no new leases
Insurance	\$566,097	\$600,063	\$636,067	\$674,231	\$714,684	\$757,565	6% dur to market factors
Other Expenses	\$994,105	\$1,013,987	\$1,034,267	\$1,054,952	\$1,076,051	\$1,097,572	2% inflation
Physician Recruitment	\$0	\$0	\$0	\$0	\$0	\$0	
Marketing & Public Relations	\$50,829	\$51,846	\$52,882	\$53,940	\$55,019	\$56,119	2% inflation

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	Projected September FY 2025	Board Approved Budget FY 2026	Projection FY 2027	Projection FY 2028	Projection FY 2029	Projection FY 2030	FY26 and Future Assumptions
Total Expenses	\$41,963,538	\$43,207,543	\$44,480,038	\$45,806,320	\$47,176,614	\$48,592,532	
Year to Year Growth	1.4%	3.0%	2.9%	3.0%	3.0%	3.0%	
Earnings Before Deprec, Int, and Tax	\$724,105	\$754,280	\$981,611	\$1,213,923	\$1,463,314	\$1,730,589	
Year to Year Growth	-23.4%	104.2%	30.1%	23.7%	20.5%	18.3%	
EBDIT % (Approx cash inflow)	1.70%	1.72%	2.16%	2.58%	3.01%	3.44%	
Capital Expenses:							
Interest Expense	\$657,208	\$554,208	\$484,208	\$384,208	\$264,208	\$124,208	All FY25 loans term by or before 2030
Interest Expense GASB 96	\$179,488	\$170,000	\$153,000	\$137,700	\$123,930	\$111,537	
Total Interest Expense	\$836,696	\$724,208	\$637,208	\$521,908	\$388,138	\$235,745	No new loans, leases, or SBITA. USDA extra \$4M FY25 Principal pay down impact starting in FY26..
Trustee or Bond Fees	\$5,933	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	
Depreciation & Amortization	\$2,638,111	\$2,767,324	\$2,701,285	\$2,639,208	\$2,580,855	\$2,526,004	\$1million/yr additions for operational replacements. \$3M additions in FY25 for external grant projects. 6% annual fully depreciated rate applied. MRI equipment fully depreciates by FY28
Depreciation & Amortization GASB 96	\$819,005	\$696,154	\$591,731	\$502,971	\$427,526	\$363,397	No new leases or SBITA anticipated.
Total Depreciation & Amortizaion	\$3,457,116	\$3,463,479	\$3,293,016	\$3,142,179	\$3,008,381	\$2,889,401	
Total Capital Expenses	\$4,299,745	\$4,193,687	\$3,936,224	\$3,670,087	\$3,402,519	\$3,131,146	
Year to Year Growth	-9.4%	-2.5%	-6.1%	-6.8%	-7.3%	-8.0%	
OPERATING INCOME / (LOSS)	(\$3,575,640)	(\$3,439,407)	(\$2,954,613)	(\$2,456,164)	(\$1,939,205)	(\$1,400,557)	
Op Income %	-8.4%	-7.8%	-6.5%	-5.2%	-4.0%	-2.8%	
Year to Year Growth	-324.9%	-6.6%	-16.9%	19.6%	23.7%	-30.2%	
OTHER INCOME							
Investment Income	\$132,731	\$99,548	\$100,544	\$101,549	\$60,000	\$60,600	Assumes 3% on invested funds. Expect USDA loan to be paid before 2029.
Local/State/Federal Award Grants	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	Pari Mutual Tax Receipts from the County for Indigent Care.
Gifts, Grants, Sales Tax Income	\$3,193,339.00	\$3,225,272	\$3,257,525	\$3,290,100	\$454,000	\$454,000	Sales Tax growth 1%. Expect USDA loan to be paid byefore 2029. Includes \$454K FL Rural Capital Improvement Grant
Rental Income	\$0	\$0	\$0	\$0	\$0	\$0	
Other Non-oper Income	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	
Total Other Income (Exp)	\$3,396,070	\$3,399,821	\$3,433,069	\$3,466,650	\$589,000	\$589,600	
Year to Year Growth	-2.1%	-18.0%	17.0%	1.0%	-83.0%	0.1%	
NET INCOME/(LOSS)	(\$179,570)	(\$39,586)	\$478,456	\$1,010,486	(\$1,350,205)	(\$810,957)	
Net Income %	-0.4%	-0.1%	1.1%	2.1%	-2.8%	-1.6%	

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Projected September	Board Approved Budget	Projection	Projection	Projection	Projection	FY26 and Future
FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Assumptions

DPP \$2.4M (net) in FY25 LIP program (\$3M) continues until FY30. State Matched Rural DSH (\$800K) eliminated due to increased DPP.	DPP to be based on service area's commercial avg reimbursement. Expect \$5.5M in FY26. LIP (\$3M) continues until FY30. Not placed in budget to be conservative due to unknown impacts of OBBBA.	DPP to be reduced to 110% of Medicare rates @ 10% reduction per year beginning in FY27. will take about 6 years to reduce. Not included in budget due to unknown negative impacts of OBBBA.
	MCR and MCD reimbursement increases expected to be in 2.5% range. Commercial reimbursement increases expected to be in 3% range.	MCR reimbursement increase expected to return to historical 3%
Other Income includes \$526K from Florida Rural Hospital Capital Improvement Fund.	No major capital projects expected. Several large projects are being covered by FEMA and other hurricane damage funds. Florida Capital Funding for Rural Hospitals to fund HVAC backup \$550K project. Expect Florida Capital Funding for Rural Hospitals to continue for next 7 years.	

Desoto Memorial Hospital
STATEMENT OF REVENUE AND EXPENSES
BUDGET 2026

	Board Approved Budget FY 2025	Projected September FY 2025	Board Approved Budget FY 2026	Change	Main Assumptions
REVENUE					
Inpatient Hospital Revenues	\$28,384,872	\$29,525,399	\$30,715,273	\$1,189,874	
Outpatient Hospital Revenues	\$147,078,463	\$137,113,402	\$142,639,072	\$5,525,670	
Physician Fee Revenues	\$2,279,947	\$2,260,604	\$2,374,991	\$114,387	
Clinic/DCSO Revenues	\$0	\$0	\$0	\$0	
Other Outpatient Service Revenue	\$19,397,243	\$14,284,234	\$14,859,889	\$575,655	
Total Gross Revenue	\$197,140,524	\$183,183,639	\$190,589,224	\$7,405,585	1% volume; 3% rate increase
DEDUCTIONS FROM REVENUE					
Medicare & Medicaid Contractual Adj	\$103,435,745	\$89,316,423	\$92,927,228	\$3,610,805	
Other Contractual Adjustments	\$31,910,588	\$2,099,359	\$2,184,230	\$84,871	
Discounts & Adjustments	\$1,470,097	\$31,998,846	\$33,292,467	\$1,293,621	
Provision for Uncollectible Accts	\$5,394,779	\$19,601,548	\$20,393,982	\$792,434	
Indigent Care (Charity)	\$17,602,346	\$2,983,865	\$3,104,494	\$120,629	
Total Deductions From Revenue	\$159,813,554	\$146,000,042	\$151,902,401	\$5,902,360	No change in payer mix
NET DIRECT PATIENT REVENUE	\$37,326,970	\$37,183,597	\$38,686,822	\$1,503,225	
DPP Funds Net of IGT	\$2,200,000	\$2,500,969	\$2,200,000	(\$300,969)	
LIP/DSPRO & Special Pymts	\$3,000,000	\$2,919,531	\$3,000,000	\$80,469	Increase in FY26 \$600K
Supplemental Funds	\$5,200,000	\$5,420,500	\$5,200,000	(\$220,500)	
NET PATIENT REVENUE	\$42,526,970	\$42,604,097	\$43,886,822	\$1,282,725	
OTHER OPERATING REVENUE					
Other Oper Revenue	\$75,000	\$83,546	\$75,000	(\$8,546)	
Total Other Revenue	\$75,000	\$83,546	\$75,000	(\$8,546)	
Total Operating Revenue	\$42,601,970	\$42,687,643	\$43,961,822	\$1,274,179	

Desoto Memorial Hospital
STATEMENT OF REVENUE AND EXPENSES
BUDGET 2026

	Board Approved Budget FY 2025	Projected September FY 2025	Board Approved Budget FY 2026	Change	Main Assumptions
EXPENSES					
Salaries & Wages	\$17,062,089	\$18,878,951	\$19,350,925	\$471,974	
Contract Labor	\$1,895,788	\$1,394,542	\$1,408,487	\$13,945	
Labor Sub-total	\$18,957,877	\$20,273,493	\$20,759,412	\$485,919	
Benefits	\$4,260,197	\$3,837,463	\$3,956,564	\$119,101	
Compensation Sub-total	\$23,218,073	\$24,110,956	\$24,715,976	\$605,020	
EXPENSES - cont.					
Fees - Physician	\$3,060,019	\$2,762,853	\$2,846,291	\$83,438	
Fees - Other	\$6,560,814	\$6,034,097	\$6,216,327	\$182,230	
Supplies	\$5,571,758	\$4,808,700	\$5,002,491	\$193,791	
Rx Outreach Supplies	\$0	\$0	\$0		
Utilities	\$1,100,480	\$1,067,840	\$1,143,910	\$76,070	
Repairs and Maintenance	\$832,651	\$1,082,582	\$1,126,318	\$43,736	
Rents and Leases	\$421,925	\$485,479	\$490,334	\$4,855	
Insurance	\$605,274	\$566,097	\$600,063	\$33,966	
Other Expenses	\$829,405	\$994,105	\$1,013,987	\$19,882	
Physician Recruitment					
Marketing & Public Relations	\$38,253	\$50,829	\$51,846	\$1,017	
Total Expenses	\$42,238,653	\$41,963,538	\$43,207,543	\$1,244,005	Various Inflation rates
Earnings Before Deprec, Int, and Tax	\$363,317	\$724,105	\$754,280	\$30,175	
Capital Expenses:					
Interest Expense	\$1,006,957	\$657,208	\$554,208	(\$103,000)	FY25 Extra principal pay USDA
Trustee or Bond Fees	\$3,700	\$5,933	\$6,000	\$67	
Depreciation & Amortization	\$3,485,780	\$2,638,111	\$2,767,324	\$129,213	FY25 Large Projects
Total Capital Expenses	\$4,496,437	\$4,299,745	\$4,193,687	(\$106,058)	
OPERATING INCOME / (LOSS)	(\$4,133,119)	(\$3,575,640)	(\$3,439,407)	\$136,233	
OTHER INCOME					
Investment Income	\$165,000	\$132,731	\$99,548	(\$33,183)	
C19 Prov Relief Funds/Payroll Protection Loan Fo	\$0	\$0	\$0	\$0	
Local/State/Federal Award Grants	\$50,000	\$50,000	\$50,000	\$0	
Gifts, Grants, Sales Tax Income	\$2,693,120	\$3,193,339	\$3,225,272	\$31,933	
Rental Income	\$0	\$0	\$0	\$0	
Other Non-oper Income	\$25,000	\$20,000	\$25,000	\$5,000	
Total Other Income (Exp)	\$2,933,120	\$3,396,070	\$3,399,821	\$3,751	
NET INCOME/(LOSS)	(\$1,200,000)	(\$179,570)	(\$39,586)	\$139,984	
Net Income %	-2.82%	-0.42%	-0.09%		