



DeSoto Memorial Hospital

*2022 Budget
and 4 Year
Projection*

Desoto Memorial Hospital
Budget and 4 Year
Projections

FOR BUDGET 2022

	Actual September 2019 FY 2019	Actual September 2020 FY 2020	Projected September 2021 FY 2021	Budget FY 2022	Projection FY 2023	Projection FY 2024	Projection FY 2025	Projection FY 2026	FY21 and Future Assumptions
REVENUE									
Inpatient Hospital Revenues	\$25,996,476	\$31,453,205	\$33,603,791	\$36,342,500	\$37,807,103	\$39,330,729	\$40,915,757	\$42,564,662	5% Volume, 3% Rate Increase; 1% Volume 3% rate thereafter
Outpatient Hospital Revenues	\$94,580,256	\$94,733,053	\$106,569,828	\$120,743,615	\$128,096,901	\$135,898,003	\$144,174,191	\$152,954,399	10% volume, 3% Rate Increase; 3% volume and 3% rate thereafter
Physician Fee Revenues	\$975,000	\$1,201,895	\$1,183,922	\$1,341,384	\$1,450,706	\$1,568,939	\$1,696,807	\$1,835,097	5% Volume, 3% Rate Increase
Clinic/DCSO Revenues	\$374,500	\$379,000	\$398,580	\$410,537	\$422,854	\$435,539	\$448,605	\$462,063	3% Rate Increase
Other Outpatient Service Revenue	\$13,365,920	\$13,641,700	\$16,052,584	\$18,187,578	\$19,295,201	\$20,470,279	\$21,716,919	\$23,039,479	10% Volume, 3% Rate Increase; 3% volume and 3% rate thereafter
Outpatient Hospital, Physician, Clinic, and Other Outpatient	\$109,295,676	\$109,955,648	\$124,204,914	\$140,683,114	\$149,265,662	\$158,372,760	\$168,036,523	\$178,291,039	
Total Gross Revenue	\$135,292,152	\$141,408,853	\$157,808,705	\$177,025,614	\$187,072,765	\$197,703,489	\$208,952,280	\$220,855,702	
Year to Year Growth	12.1%	4.5%	11.6%	12.2%	5.7%	5.7%	5.7%	5.7%	
Year to Year Growth after price increase	9.1%	1.5%	7.6%	9.2%	1.7%	1.7%	1.7%	1.7%	
DEDUCTIONS FROM REVENUE									
Medicare & Medicaid Contractual Adj	\$71,907,263	\$72,625,252	\$82,175,570.11	\$91,843,284	\$98,060,882	\$104,151,523	\$110,627,849	\$117,514,655	LIP may return to \$500,000 historical levels in FY23. Currently \$2.3million per year. Direct Payment Match Program starts FY22 Net \$1.3million. 2% Sequestration begins FY22 after Pandemic.
Other Contractual Adjustments	\$13,057,085	\$14,475,161	\$19,484,403	\$21,857,086	\$23,097,593	\$24,410,152	\$25,799,023	\$27,268,721	Assume remains constant %
Discounts & Adjustments	\$839,643	\$1,222,523	\$1,377,744	\$1,545,517	\$1,633,233	\$1,726,044	\$1,824,252	\$1,928,174	Assume remains constant %
Provision for Uncollectible Accts	\$5,884,525	\$5,127,598	\$5,025,416	\$5,637,378	\$5,957,329	\$6,295,865	\$6,654,082	\$7,033,146	Assume remains constant %
Indigent Care (Charity)	\$9,650,841	\$12,443,528	\$11,627,244	\$13,043,134	\$13,783,402	\$14,566,667	\$15,395,470	\$16,272,507	Assume remains constant %
Discounts, Bad Debt, and Charity	\$16,375,009	\$18,793,649	\$18,030,405	\$20,226,029	\$21,373,964	\$22,588,576	\$23,873,804	\$25,233,828	
Discounts, Bad Debt, and Charity % of Gross Revenue	12.1%	13.3%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	
Year to Year Growth	15.9%	14.8%	-4.1%	12.2%	5.7%	5.7%	5.7%	5.7%	
Contractual % of Gross Revenue	62.8%	61.6%	64.4%	64.2%	64.8%	65.0%	65.3%	65.6%	
Contractuals Year to Year Growth	14.9%	2.5%	16.7%	11.8%	6.6%	6.1%	6.1%	6.1%	
Total Deductions From Revenue	\$101,339,357	\$105,894,062	\$119,690,378	\$133,926,399	\$142,532,439	\$151,150,250	\$160,300,676	\$170,017,203	LIP assumed to return to \$500,000 historical levels in FY23. \$1.3million Direct Pay assumed to start in FY22.
Percent of Gross Revenue	74.9%	74.9%	75.8%	75.7%	76.2%	76.5%	76.7%	77.0%	
Year to Year Growth	15.0%	4.5%	13.0%	11.9%	6.4%	6.0%	6.1%	6.1%	
NET PATIENT REVENUE	\$33,952,795	\$35,514,791	\$38,118,327	\$43,099,215	\$44,540,326	\$46,553,238	\$48,651,604	\$50,838,498	
Year to Year Growth	4.1%	4.6%	7.3%	13.1%	3.3%	4.5%	4.5%	4.5%	
Net to Gross	25.1%	25.1%	24.2%	24.3%	23.8%	23.5%	23.3%	23.0%	
OTHER OPERATING REVENUE									
Pharmacy Outreach		\$3,029,360	\$0	-	-	-	-	-	
Other Oper Revenue	\$31,686	\$52,566	\$54,962	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	MedRecs, Scrap, Misc
Total Other Revenue	\$31,686	\$3,081,926	\$54,962	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	
Year to Year Growth	-36.4%	N/A	N/A	0.1%	0.0%	0.0%	0.0%	0.0%	
Total Operating Revenue	\$33,984,481	\$38,596,717	\$38,173,289	\$43,154,215	\$44,595,326	\$46,608,238	\$48,706,604	\$50,893,498	
Year to Year Growth	4.1%	13.6%	-1.1%	13.0%	3.3%	4.5%	4.5%	4.5%	

Desoto Memorial Hospital
Budget and 4 Year
Projections
FOR BUDGET 2022

	Actual September 2019 FY 2019	Actual September 2020 FY 2020	Projected September 2021 FY 2021	Budget FY 2022	Projection FY 2023	Projection FY 2024	Projection FY 2025	Projection FY 2026	FY21 and Future Assumptions
EXPENSES									
Salaries & Wages	\$13,667,178	\$14,368,163	\$14,936,147	\$16,310,273	\$17,132,310	\$17,649,706	\$18,182,727	\$18,731,846	4% Increase until 2023 CMS Wage Index, then 2%. 5% increase for volume increase in 2022, then 1% thereafter for volume.
Contract Labor	\$931,671	\$1,400,525	\$2,461,075	\$1,845,806	\$1,882,722	\$1,920,377	\$1,958,784	\$1,997,960	Reduce reliance on contract labor 25%; 2% increase thereafter
Labor Sub-total	\$14,598,849	\$15,768,688	\$17,397,222	\$18,156,079	\$19,015,033	\$19,570,083	\$20,141,512	\$20,729,806	
Year to Year Growth	2.2%	8.0%	10.3%	4.4%	4.7%	2.9%	2.9%	2.9%	
Percent of Operating Revenue	43.0%	40.9%	45.6%	42.1%	42.6%	42.0%	41.4%	40.7%	
Benefits	\$2,708,055	\$3,264,359	\$3,954,985	\$4,534,786	\$5,001,506	\$5,410,179	\$5,852,245	\$6,330,432	5% regulatory and aging workforce
Year to Year Growth	-13.0%	20.5%	21.2%	14.7%	10.3%	8.2%	8.2%	8.2%	
Compensation Sub-total	\$ 17,306,904	\$ 19,033,047	\$ 21,352,207	\$ 22,690,865	\$ 24,016,539	\$ 24,980,262	\$ 25,993,756	\$ 27,060,237	
Year to Year Growth	-0.5%	10.0%	12.2%	6.3%	5.8%	4.0%	4.1%	4.1%	
Percent of Operating Revenue	50.9%	49.3%	55.9%	52.6%	53.9%	53.6%	53.4%	53.2%	
EXPENSES - cont.									
Fees - Physician	\$2,010,663	\$1,980,983	\$2,230,703	\$2,342,238	\$2,459,350	\$2,582,318	\$2,711,433	\$2,847,005	2% market increase; 3% volume
Fees - Other	\$5,314,622	\$5,579,613	\$5,617,690	\$5,787,344	\$5,962,122	\$6,142,178	\$6,327,672	\$6,518,768	2% market; 1% volume
Supplies	\$4,466,206	\$4,640,878	\$5,667,298	\$6,307,703	\$6,561,903	\$6,826,348	\$7,101,450	\$7,387,638	Market inflation 6%, volume 5%; 3% and 1% thereafter
Rx Outreach Supplies		\$2,427,685	\$101,308						Program ceased with loss of 340(b) status
Utilities	\$807,495	\$762,747	\$823,179	\$872,570	\$924,924	\$980,419	\$1,039,245	\$1,101,599	6% increase
Repairs and Maintenance	\$1,085,489	\$1,293,366	\$1,337,687	\$1,142,071	\$1,199,175	\$1,259,134	\$1,322,090	\$1,388,195	2021 includes \$250,000 OR Reconstruction. 5% aging of plant and inflation
Rents and Leases	\$843,309	\$995,144	\$897,635	\$915,588	\$933,899	\$952,577	\$971,629	\$991,062	2% increase
Insurance	\$194,082	\$302,349	\$341,027	\$426,284	\$451,861	\$478,972	\$507,711	\$538,173	20% market factors P&C; 6% thereafter
Other Expenses	\$689,426	\$786,853	\$861,995	\$887,855	\$914,490	\$941,925	\$970,183	\$999,288	3% inflation
Physician Recruitment	\$0	\$0	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
Marketing & Public Relations	\$63,477	\$78,674	\$88,679	\$91,339	\$94,080	\$96,902	\$99,809	\$102,803	3% inflation
Total Expenses	\$32,781,673	\$37,881,339	\$39,319,408	\$41,468,856	\$43,523,343	\$45,246,035	\$47,049,978	\$48,939,769	
Year to Year Growth	3.4%	15.6%	3.8%	5.5%	5.0%	4.0%	4.0%	4.0%	
Earnings Before Deprec, Int, and Tax	\$1,202,808	\$715,378	(\$1,146,119)	\$1,685,359	\$1,071,983	\$1,362,203	\$1,656,626	\$1,953,730	Assume AHCA LIP FY19 Allocation through FY22
Year to Year Growth	24.7%	-40.5%	-260.2%	-247.0%	-36.4%	27.1%	21.6%	17.9%	
EBDIT % (Approx cash inflow)	3.54%	1.85%	-3.00%	3.91%	2.40%	2.92%	3.40%	3.84%	
Capital Expenses:									
Interest Expense	\$733,515	\$731,988	\$686,147	\$737,340	\$678,352	\$624,084	\$574,158	\$528,225	MRI and Addition--\$4.5million
Trustee or Bond Fees		\$3,800	\$3,700	\$3,700	\$3,700	\$3,700	\$3,700	\$3,700	GE Loan \$1.5million
Depreciation & Amortization	\$1,669,787	\$1,789,371	\$1,802,130	\$2,125,344	\$2,448,559	\$2,591,416	\$2,734,273	\$2,877,130	Capital additions at \$1million per year beginning FY22
Total Capital Expenses	\$2,403,302	\$2,525,159	\$2,491,977	\$2,866,384	\$3,130,611	\$3,219,200	\$3,312,130	\$3,409,055	
Year to Year Growth	0.7%	5.1%	-1.3%	15.0%	9.2%	2.8%	2.9%	2.9%	
OPERATING INCOME / (LOSS)	(\$1,200,494)	(\$1,809,781)	(\$3,638,096)	(\$1,181,025)	(\$2,058,628)	(\$1,856,997)	(\$1,655,504)	(\$1,455,325)	FY 22--Medicare Direct Payment \$1.3million less \$500K for LIP reduction
Op Income %	-3.5%	-4.7%	-9.5%	-2.7%	-4.6%	-4.0%	-3.4%	-2.9%	
Year to Year Growth	19.0%	-32.7%	-103.3%	71.3%	-68.7%	13.7%	14.7%	15.9%	

Desoto Memorial Hospital
Budget and 4 Year
Projections

FOR BUDGET 2022

	Actual September 2019 FY 2019	Actual September 2020 FY 2020	Projected September 2021 FY 2021	Budget FY 2022	Projection FY 2023	Projection FY 2024	Projection FY 2025	Projection FY 2026	FY21 and Future Assumptions
OTHER INCOME									
Investment Income	\$34,090	\$39,385	\$44,140	\$44,581	\$45,027	\$45,477	\$45,932	\$46,392	No major change in rates FY 21--Federal PPP \$2.7million covers April/May 2020 Expenses and PRF \$4million covers C19 losses through June 30 2021
C19 Prov Relief Funds/Payroll Protection Loan Forgiveness		\$527,912	\$6,794,414	\$0	\$0	\$0	\$0	\$0	
Local/State/Federal Award Grants	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	No change
Gifts, Grants, Sales Tax Income	\$1,585,042	\$1,624,516	\$1,721,515	\$1,773,160	\$1,826,355	\$1,881,146	\$1,937,580	\$1,995,708	Sales Tax growth 3%
Rental Income	\$108,000	\$108,000	\$0	\$0	\$0	\$0	\$0	\$0	Clinic Building 2021 includes OR Property Ins Funds Received
Other Non-Oper Income	(\$9,658)	\$12,719	\$133,872	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	
Total Non-Oper. Income (Exp)	\$1,767,474	\$2,362,532	\$8,743,941	\$1,892,742	\$1,946,382	\$2,001,623	\$2,058,513	\$2,117,099	
Year to Year Growth	4.5%	33.7%	270.1%	-78.4%	2.8%	2.8%	2.8%	2.8%	
NET INCOME/(LOSS)	\$566,980	\$552,751	\$5,105,845	\$711,717	(\$112,245)	\$144,626	\$403,008	\$661,774	FY23 and subsequent LIP/DPP net impacts negative \$500,000.
Net Income %	1.7%	1.4%	13.4%	1.6%	-0.3%	0.3%	0.8%	1.3%	

**Desoto Memorial Hospital
STATEMENT OF REVENUE AND EXPENSES
FOR BUDGET 2022**

	Actual September 2020	Projected September 2021	Budget	
	FY 2020	FY 2021	FY 2022	Change
REVENUE				
Inpatient Hospital Revenues	\$31,453,205	\$33,603,791	\$36,342,500	\$2,738,709
Outpatient Hospital Revenues	\$94,733,053	\$106,569,828	\$120,743,615	\$14,173,787
Physician Fee Revenues	\$1,201,895	\$1,183,922	\$1,341,384	\$157,462
Clinic Revenues	\$379,000	\$398,580	\$410,537	\$11,957
Other Outpatient Service Revenue	\$13,641,700	\$16,052,584	\$18,187,578	\$2,134,994
Total Gross Revenue	\$141,408,853	\$157,808,705	\$177,025,614	\$19,216,909
DEDUCTIONS FROM REVENUE				
Medicare & Medicaid Contractual	\$72,625,252	\$82,175,570	\$91,843,284	\$9,667,714
Discounts & Adjustments	\$1,222,523	\$1,377,744	\$1,545,517	\$167,773
Other Contractual Adjustments	\$14,475,161	\$19,484,403	\$21,857,086	\$2,372,683
Indigent Care (Charity)	\$12,443,528	\$11,627,244	\$13,043,134	\$1,415,890
Provision for Uncollectible Accounts	\$5,127,598	\$5,025,416	\$5,637,378	\$611,962
Total Deductions From Rev	\$105,894,062	\$119,690,378	\$133,926,399	\$14,236,021
NET PATIENT REVENUE	\$35,514,791	\$38,118,327	\$43,099,215	\$4,980,888
OTHER OPERATING REVENUE				
Pharmacy Outreach	\$3,029,360			\$0
Other Operating Revenue	\$52,566	\$54,962	\$55,000	\$38
Total Other Revenue	\$3,081,926	\$54,962	\$55,000	\$38
NET REVENUE	\$38,596,717	\$38,173,289	\$43,154,215	\$4,980,926

Desoto Memorial Hospital
STATEMENT OF REVENUE AND EXPENSES
FOR BUDGET 2022

	Actual September 2020	Projected September 2021	Budget	
	FY 2020	FY 2021	FY 2022	Change
EXPENSES				
Salaries & Wages	\$14,368,163	\$14,936,147	\$16,310,273	\$1,374,126
Contract Labor	\$1,400,525	\$2,461,075	\$1,845,806	(\$615,269)
Benefits	\$3,264,359	\$3,954,985	\$4,534,786	\$579,801
Fees - Physician	\$1,980,983	\$2,230,703	\$2,342,238	\$111,535
Fees - Other	\$5,579,613	\$5,617,690	\$5,787,344	\$169,654
Supplies	\$4,640,878	\$5,667,298	\$6,307,703	\$640,405
Pharmacy Outreach Supplies	\$2,427,685	\$101,308	\$0	(\$101,308)
Utilities	\$762,747	\$823,179	\$872,570	\$49,391
Repairs and Maintenance	\$1,293,366	\$1,337,687	\$1,142,071	(\$195,616)
Rents and Leases	\$995,144	\$897,635	\$915,588	\$17,953
Insurance	\$302,349	\$341,027	\$426,284	\$85,257
Other Expenses	\$786,853	\$861,995	\$887,855	\$25,860
Physician Recruitment	\$0	\$0	\$5,000	\$5,000
Marketing & Public Relations	\$78,674	\$88,679	\$91,339	\$2,660
Total Expenses	\$37,881,339	\$39,319,408	\$41,468,856	\$2,149,448
EBITDA	\$715,378	(\$1,146,119)	\$1,685,359	\$2,831,478
CAPITAL EXPENSES				
Interest Expense	\$731,988	\$686,147	\$737,340	\$51,193
Bond fees	\$3,800	\$3,700	\$3,700	
Depreciation & Amortization	\$1,789,371	\$1,802,130	\$2,125,344	\$323,214
Total Capital Expenses	\$2,525,159	\$2,491,977	\$2,866,384	(\$33,182)
OPERATING INCOME/(LOSS)	(\$1,809,781)	(\$3,638,096)	(\$1,181,025)	\$2,457,071
OTHER INCOME:				
Investment Income	\$39,385	\$44,140	\$44,581	\$441
C19 Payroll Protection Loan Forgiveness	\$527,912	\$6,794,414	\$0	(\$6,794,414)
Grants and Sales Tax Ordinance Income	\$1,624,516	\$1,721,515	\$1,773,160	\$51,645
Federal Award Grants	\$50,000	\$50,000	\$50,000	\$0
Rental Income	\$108,000	\$0	\$0	\$0
Other Non-Oper Income(Exp)	\$12,719	\$133,872	\$25,000	(\$108,872)
Total Non-Oper. Income(Ex	\$2,362,532	\$8,743,941	\$1,892,742	(\$6,851,199)
NET INCOME/ (LOSS)	\$552,751	\$5,105,845	\$711,717	(\$4,394,129)

Desoto Memorial Hospital FY21 and FY22 Volume Projections

	FY 18 Actual	FY 19 Actual	FY 20 Actual	FY 21 Projection	FY 21 Budget	FY 22 Budget	Compared to FY21 Projection
PATIENT DAYS:	2,995	3,105	3,808	3,338	3,742	3,757	12.6%
Acute	2,213	2,213	2,722	2,075	2,500	2,369	14.2%
ICU / Special Care	782	892	1,086	1,263	1,000	1,388	9.9%
OB	210	-	-	-	-	-	
Observation Days	1,343	1,927	1,697	1,902	2,100	1,959	3.0%
Discharges:	1,077	882	1,051	864	1,099	972	12.5%
Acute	782	593	786	657	810	744	13.2%
ICU / Special Care	295	289	265	207	288	229	10.5%
OB	100	-	-	-	-	-	
ALOS	2.78	3.52	3.62	3.86	3.41	3.86	0.0%
Births	91	0	0	0	0	0	
Adjusted Admissions	4,928	4,615	4,738	4,147	4,724	5,134	23.8%
Case Mix Index	1.16	1.27	1.39	1.38	1.40	1.41	2.0%
HHA Visits:	9,495	7,725	6,755	5,355	8,014	7,200	34.5%
Total Radiology Procedures (All)	24,740	26,752	24,852	25,622	26,986	26,903	5.0%
CT	6,126	7,338	7,055	8,395	7,397	9,235	10.0%
Ultrasound	2,324	2,639	2,374	2,928	2,901	3,074	5.0%
Nuc Med	698	656	559	610	567	641	5.0%
MRI	830	808	734	782	797	805	3.0%
Mammography	1,203	1,221	1,059	1,060	1,504	1,113	5.0%
Laboratory Procedures:	137,622	146,377	148,206	162,667	161,175	187,436	15.2%
Inpatient	20,600	19,408	21,245	20,962	24,675	23,058	10.0%
Outpatient	117,022	126,969	126,961	141,705	136,500	164,378	16.0%
Total Surgery (excl endo):	774	621	620	561	843	775	38.1%
Inpatient Surgery	275	213	253	204	315	275	34.8%
Outpatient Surgery	499	408	367	357	528	500	40.1%
Endo	664	617	394	456	410	470	3.0%
Total ER Visits:	16,715	17,032	15,698	15,075	16,700	17,035	13.0%
Inpatient	782	651	762	670	700	754	12.5%
Outpatient	15,933	16,381	14,936	14,405	16,000	16,281	13.0%
Other Visits:							
Rehab Services	9,279	13,441	14,012	14,767	17,050	15,505	5.00%
Wound Care	1,193	1,728	1,983	1,695	2,340	1,949	15.00%
FTEs	235	240	232	232	260	241	4.0%

NOTES:

FY22 budget based on volumes through June 2021, discussion with physicians of their volume projections, and DMH Strategic Plan. Surgery volume expected to increase in Ortho and General Surgery services. General Surgeon employed full time starting March 2019. Assume volumes lost in FY21 due to OR water damage reconstruction will return to historical trend levels.

Covid 19 and Federal Emergency Health status expected to continue until end of 2021. Return to 'Normal' environment expected once attain a 75% vaccination rate of all residents, permanent and temporary.

Assumptions

See discharge assumption. No change in ALOS rate.

Minimal C19 impact observed. Increased 3% for expected growth.

C19 continues to suppress admissions. FY22 expected to ease by January as vaccination rate improves. FY21 suppressed by 80 discharges due to OR shut down for 3 months

Increase Outpatient to Inpatient ratio by 10%
2% increase due to surgery increase

New Director expected to increase volume to 600 visits per month.

Increase 5%
Increase 10% due to ER increase less impact of Appropriate Use Criteria for MCR patients.

Increase 3% due to 4 week install of new equipment May 2022

Growth 15% due to ER and IP increases and continued area testing for Covid 19

Increase to FY18 levels with full time surgeon, reduced C19 impacts, and increased Ortho volumes

3% increase

Expect to return to FY19 volumes

5% increase

Marketing focus expected to attain FY20 volumes

4% increase to handle service growth.