



DeSoto Memorial Hospital

*2021 Budget  
and 4 Year  
Projection*

**Desoto Memorial Hospital  
Budget and 4 Year  
Projections**

**FOR BUDGET 2021**

	Actual September 2019  FY 2019	Projected September 2020  FY 2020	Budget  FY 2021	Projection  FY 2022	Projection  FY 2023	Projection  FY 2024	Projection  FY 2025	FY21 and Future  Assumptions
<b>REVENUE</b>								
Inpatient Hospital Revenues	\$25,996,476	\$32,376,333	\$34,681,528	\$36,079,193	\$37,533,185	\$39,045,772	\$40,619,317	3% Volume, 4% Rate Increase; 1% Volume 3% rate thereafter
Outpatient Hospital Revenues	\$94,580,256	\$93,806,737	\$102,436,957	\$106,565,166	\$110,859,742	\$115,327,390	\$119,975,084	5% volume, 4% Rate Increase; 1% volume and 3% rate thereafter
Physician Fee Revenues	\$975,000	\$1,063,142	\$1,149,788	\$1,243,496	\$1,344,841	\$1,454,445	\$1,572,983	5% Volume, 3% Rate Increase
Clinic/DCSO Revenues	\$374,500	\$379,000	\$390,370	\$402,081	\$414,144	\$426,568	\$439,365	3% Rate Increase
Other Outpatient Service Revenue Outpatient, Physician, and Clinic	\$13,365,920	\$14,399,325	\$15,724,063	\$17,170,677	\$18,750,379	\$20,475,414	\$22,359,152	5% Volume, 4% Rate Increase
	\$109,295,676	\$109,648,204	\$119,701,178	\$125,381,420	\$131,369,106	\$137,683,817	\$144,346,583	
<b>Total Gross Revenue</b>	<b>\$135,292,152</b>	<b>\$142,024,537</b>	<b>\$154,382,706</b>	<b>\$161,460,613</b>	<b>\$168,902,291</b>	<b>\$176,729,589</b>	<b>\$184,965,900</b>	
Year to Year Growth	12.1%	5.0%	8.7%	4.6%	4.6%	4.6%	4.7%	
Year to Year Growth after price increase	9.1%	2.0%	4.7%	0.6%	0.6%	0.6%	0.7%	
<b>DEDUCTIONS FROM REVENUE</b>								
Medicare & Medicaid Contractual Adj	\$71,907,263	\$76,500,000	\$83,156,596	\$86,969,035	\$92,977,415	\$97,286,190	\$101,820,118	LIP may return to \$400,000 historical levels in FY23. Currently \$2million per year.
Other Contractual Adjustments	\$13,057,085	\$13,650,000	\$14,837,745	\$15,518,004	\$16,233,225	\$16,985,508	\$17,777,101	Assume remains constant %
Discounts & Adjustments	\$839,643	\$1,060,000	\$1,152,235	\$1,205,061	\$1,260,602	\$1,319,021	\$1,380,493	Assume remains constant %
Provision for Uncollectible Accts	\$5,884,525	\$5,700,000	\$6,195,982	\$6,480,046	\$6,778,709	\$7,092,849	\$7,423,405	Assume remains constant %
Indigent Care (Charity)	\$9,650,841	\$10,500,000	\$11,413,650	\$11,936,926	\$12,487,096	\$13,065,775	\$13,674,693	Assume remains constant %
Discounts, Bad Debt, and Charity	\$16,375,009	\$17,260,000	\$18,761,867	\$19,622,033	\$20,526,408	\$21,477,646	\$22,478,591	
Discounts, Bad Debt, and Charity % of Gross Revenue	12.1%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Year to Year Growth	15.9%	5.4%	8.7%	4.6%	4.6%	4.6%	4.7%	
Contractual % of Gross Revenue	62.8%	63.5%	63.5%	63.5%	64.7%	64.7%	64.7%	
Contractuals Year to Year Growth	14.9%	6.1%	8.7%	4.6%	6.6%	4.6%	4.7%	
<b>Total Deductions From Revenue</b>	<b>\$101,339,357</b>	<b>\$107,410,000</b>	<b>\$116,756,208</b>	<b>\$122,109,072</b>	<b>\$129,737,047</b>	<b>\$135,749,344</b>	<b>\$142,075,810</b>	LIP may return to \$400,000 historical levels in FY23
Percent of Gross Revenue	74.9%	75.6%	75.6%	75.6%	76.8%	76.8%	76.8%	
Year to Year Growth	15.0%	6.0%	8.7%	4.6%	6.2%	4.6%	4.7%	
<b>NET PATIENT REVENUE</b>	<b>\$33,952,795</b>	<b>\$34,614,537</b>	<b>\$37,626,497</b>	<b>\$39,351,541</b>	<b>\$39,165,243</b>	<b>\$40,980,245</b>	<b>\$42,890,090</b>	

**Desoto Memorial Hospital  
Budget and 4 Year  
Projections**

**FOR BUDGET 2021**

	Actual September 2019  FY 2019	Projected September 2020  FY 2020	Budget  FY 2021	Projection  FY 2022	Projection  FY 2023	Projection  FY 2024	Projection  FY 2025	FY21 and Future Assumptions
Year to Year Growth	4.1%	1.9%	8.7%	4.6%	-0.5%	4.6%	4.7%	
Net to Gross	25.1%	24.4%	24.4%	24.4%	23.2%	23.2%	23.2%	
<b>OTHER OPERATING REVENUE</b>								
Pharmacy Outreach		\$2,250,000	-	-	-	-	-	
Other Oper Revenue	\$31,686	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	MedRecs, Scrap, Misc
Total Other Revenue	\$31,686	\$2,300,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	
Year to Year Growth	-36.4%	N/A	-97.8%	0.0%	0.0%	0.0%	0.0%	
<b>Total Operating Revenue</b>	<b>\$33,984,481</b>	<b>\$36,914,537</b>	<b>\$37,676,497</b>	<b>\$39,401,541</b>	<b>\$39,215,243</b>	<b>\$41,030,245</b>	<b>\$42,940,090</b>	
Year to Year Growth	4.1%	8.6%	2.1%	4.6%	-0.5%	4.6%	4.7%	
<b>EXPENSES</b>								
Salaries & Wages	\$13,667,178	\$14,683,520	\$14,906,861	\$15,503,135	\$16,123,261	\$16,445,726	\$16,774,640	\$350K FY20 add'l pay; 4% Increase until 2023 CMS Wage Index, then 2%
Contract Labor	\$931,671	\$1,293,524	\$1,080,000	\$1,101,600	\$1,123,632	\$1,146,105	\$1,169,027	Reduce reliance on contract labor 10%; 2% increase thereafter
Labor Sub-total	\$14,598,849	\$15,977,044	\$15,986,861	\$16,604,735	\$17,246,893	\$17,591,830	\$17,943,667	
Year to Year Growth	2.2%	9.4%	0.1%	3.9%	3.9%	2.0%	2.0%	
Percent of Operating Revenue	43.0%	43.3%	42.4%	42.1%	44.0%	42.9%	41.8%	
Benefits	\$2,708,055	\$2,909,436	\$3,177,104	\$3,335,959	\$3,502,757	\$3,677,895	\$3,861,790	5% regulatory and aging workforce
Year to Year Growth	-13.0%	7.4%	9.2%	5.0%	5.0%	5.0%	5.0%	
Compensation Sub-total	\$ 17,306,904	\$ 18,886,480	\$ 19,163,965	\$ 19,940,695	\$ 20,749,650	\$ 21,269,726	\$ 21,805,457	
Year to Year Growth	-0.5%	9.1%	1.5%	4.1%	4.1%	2.5%	2.5%	
Percent of Operating Revenue	50.9%	51.2%	50.9%	50.6%	52.9%	51.8%	50.8%	
<b>EXPENSES - cont.</b>								
Fees - Physician	\$2,010,663	\$2,100,000	\$2,206,260	\$2,316,573	\$2,432,402	\$2,554,022	\$2,681,723	2% market increase; 3% volume
Fees - Other	\$5,314,622	\$5,400,000	\$5,673,240	\$5,960,306	\$6,261,897	\$6,578,749	\$6,911,634	2% market; 3% volume
Supplies	\$4,466,206	\$4,500,000	\$5,008,500	\$5,210,343	\$5,420,319	\$5,638,758	\$5,866,000	Market inflation 6%, volume 5%; 3% and 1% thereafter
Rx Outreach Supplies		\$1,800,000						Program ceased with loss of 340(b) status
Utilities	\$807,495	\$850,000	\$901,000	\$955,060	\$1,012,364	\$1,073,105	\$1,137,492	6% increase
Repairs and Maintenance	\$1,085,489	\$1,150,000	\$1,207,500	\$1,267,875	\$1,331,269	\$1,397,832	\$1,467,724	5% aging of plant and inflation
Rents and Leases	\$843,309	\$1,000,000	\$1,020,000	\$1,040,400	\$1,061,208	\$1,082,432	\$1,104,081	2% increase
Insurance	\$194,082	\$200,000	\$240,000	\$254,400	\$269,664	\$285,844	\$302,994	20% market factors P&C; 6% thereafter
Other Expenses	\$689,426	\$600,000	\$618,000	\$636,540	\$655,636	\$675,305	\$695,564	3% inflation
Physician Recruitment	\$0	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
Marketing & Public Relations	\$63,477	\$75,000	\$77,250	\$79,568	\$81,955	\$84,413	\$86,946	3% inflation
<b>Total Expenses</b>	<b>\$32,781,673</b>	<b>\$36,561,480</b>	<b>\$36,120,715</b>	<b>\$37,666,759</b>	<b>\$39,281,363</b>	<b>\$40,645,187</b>	<b>\$42,064,615</b>	

**Desoto Memorial Hospital  
Budget and 4 Year  
Projections**

**FOR BUDGET 2021**

	Actual September 2019 FY 2019	Projected September 2020 FY 2020	Budget FY 2021	Projection FY 2022	Projection FY 2023	Projection FY 2024	Projection FY 2025	FY21 and Future Assumptions
Year to Year Growth	3.4%	11.5%	-1.2%	4.3%	4.3%	3.5%	3.5%	
<b>Earnings Before Deprec, Int, and Tax</b>	<b>\$1,202,808</b>	<b>\$353,057</b>	<b>\$1,555,783</b>	<b>\$1,734,782</b>	<b>(\$66,120)</b>	<b>\$385,058</b>	<b>\$875,475</b>	Assume AHCA FY19 Allocation through FY22
Year to Year Growth	24.7%	-70.6%	340.7%	11.5%	-103.8%	-682.4%	127.4%	
<b>EBDIT % (Approx cash inflow)</b>	<b>3.54%</b>	<b>0.96%</b>	<b>4.13%</b>	<b>4.40%</b>	<b>-0.17%</b>	<b>0.94%</b>	<b>2.04%</b>	
Capital Expenses:								
Interest Expense	\$733,515	\$740,000	\$890,000	\$801,000	\$720,900	\$648,810	\$583,929	MRI and Addition--\$3million GE Loan \$1.5million Capital additions at \$1million per year beginning FY22
Trustee or Bond Fees		\$5,000						
Depreciation & Amortization	\$1,669,787	\$1,720,000	\$1,920,000	\$2,020,000	\$2,120,000	\$2,220,000	\$2,320,000	
Total Capital Expenses	\$2,403,302	\$2,465,000	\$2,810,000	\$2,821,000	\$2,840,900	\$2,868,810	\$2,903,929	
Year to Year Growth	0.7%	2.6%	14.0%	0.4%	0.7%	1.0%	1.2%	
<b>OPERATING INCOME / (LOSS)</b>	<b>(\$1,200,494)</b>	<b>(\$2,111,943)</b>	<b>(\$1,254,217)</b>	<b>(\$1,086,218)</b>	<b>(\$2,907,020)</b>	<b>(\$2,483,752)</b>	<b>(\$2,028,454)</b>	
Op Income %	-3.5%	-5.7%	-3.3%	-2.8%	-7.4%	-6.1%	-4.7%	
Year to Year Growth	19.0%	-62.0%	41.8%	17.2%	-168.9%	18.3%	22.0%	
<b>OTHER INCOME</b>								
Investment Income	\$34,090	\$35,000	\$35,350	\$35,704	\$36,061	\$36,421	\$36,785	No major change in rates
C19 Payroll Protection Loan Forgiveness		\$2,700,000						Federal Program covers April/May 2020 Expenses
Local/State/Federal Award Grants	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	No change
Gifts, Grants, Sales Tax Income	\$1,585,042	\$1,700,000	\$1,751,000	\$1,803,530	\$1,857,636	\$1,913,365	\$1,970,766	Sales Tax growth 3%
Rental Income	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	Clinic Building
Other Non-Oper Income	(\$9,658)	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	
Total Non-Oper. Income (Exp)	\$1,767,474	\$4,618,000	\$1,969,350	\$2,022,234	\$2,076,696	\$2,132,786	\$2,190,551	
Year to Year Growth	4.5%	161.3%	-57.4%	2.7%	2.7%	2.7%	2.7%	
<b>NET INCOME/(LOSS)</b>	<b>\$566,980</b>	<b>\$2,506,057</b>	<b>\$715,133</b>	<b>\$936,016</b>	<b>(\$830,324)</b>	<b>(\$350,966)</b>	<b>\$162,097</b>	
Net Income %	1.7%	6.8%	1.5%	1.8%	2.1%	-1.4%	-1.2%	

**Desoto Memorial Hospital**  
**STATEMENT OF REVENUE AND EXPENSES**  
**FOR BUDGET 2021**

	Actual September 2019	Projected September 2020	Budget	
	FY 2019	FY 2020	FY 2021	Change
<b>REVENUE</b>				
Inpatient Hospital Revenues	\$25,996,476	\$32,376,333	\$34,681,528	\$2,305,195
Outpatient Hospital Revenues	\$94,580,256	\$93,806,737	\$102,436,957	\$8,630,220
Physician Fee Revenues	\$975,000	\$1,063,142	\$1,149,788	\$86,646
Clinic Revenues	\$374,500	\$379,000	\$390,370	\$11,370
Other Outpatient Service Revenue	\$13,365,920	\$14,399,325	\$15,724,063	\$1,324,738
<b>Total Gross Revenue</b>	<b>\$135,292,152</b>	<b>\$142,024,537</b>	<b>\$154,382,706</b>	<b>\$12,358,169</b>
<b>DEDUCTIONS FROM REVENUE</b>				
Medicare & Medicaid Contractual	\$71,907,263	\$76,500,000	\$83,156,596	\$6,656,596
Discounts & Adjustments	\$839,643	\$1,060,000	\$1,152,235	\$92,235
Other Contractual Adjustments	\$13,057,085	\$13,650,000	\$14,837,745	\$1,187,745
Indigent Care (Charity)	\$9,650,841	\$10,500,000	\$11,413,650	\$913,650
Provision for Uncollectible Accounts	\$5,884,525	\$5,700,000	\$6,195,982	\$495,982
<b>Total Deductions From Rev</b>	<b>\$101,339,357</b>	<b>\$107,410,000</b>	<b>\$116,756,208</b>	<b>\$9,346,208</b>
<b>NET PATIENT REVENUE</b>	<b>\$33,952,795</b>	<b>\$34,614,537</b>	<b>\$37,626,497</b>	<b>\$3,011,960</b>
<b>OTHER OPERATING REVENUE</b>				
Pharmacy Outreach		\$2,250,000		( <b>\$2,250,000</b> )
Other Operating Revenue	\$31,686	\$50,000	\$50,000	\$0
<b>Total Other Revenue</b>	<b>\$31,686</b>	<b>\$2,300,000</b>	<b>\$50,000</b>	<b>(<b>\$2,250,000</b>)</b>
<b>NET REVENUE</b>	<b>\$33,984,481</b>	<b>\$36,914,537</b>	<b>\$37,676,497</b>	<b>\$761,960</b>
<b>EXPENSES</b>				
Salaries & Wages	\$13,667,178	\$14,683,520	\$14,906,861	\$223,341
Contract Labor	\$931,671	\$1,293,524	\$1,080,000	(\$213,524)
Benefits	\$2,708,055	\$2,909,436	\$3,177,104	\$267,668
Fees - Other	\$5,314,622	\$5,400,000	\$5,673,240	\$273,240

**Desoto Memorial Hospital**  
**STATEMENT OF REVENUE AND EXPENSES**  
**FOR BUDGET 2021**

	Actual September 2019	Projected September 2020	Budget	
	FY 2019	FY 2020	FY 2021	Change
Supplies	\$4,466,206	\$4,500,000	\$5,008,500	\$508,500
Pharmacy Outreach Supplies		\$1,800,000	\$0	(\$1,800,000)
Utilities	\$807,495	\$850,000	\$901,000	\$51,000
Repairs and Maintenance	\$1,085,489	\$1,150,000	\$1,207,500	\$57,500
Rents and Leases	\$843,309	\$1,000,000	\$1,020,000	\$20,000
Insurance	\$194,082	\$200,000	\$240,000	\$40,000
Other Expenses	\$689,426	\$600,000	\$618,000	\$18,000
Physician Recruitment	\$0	\$0	\$5,000	\$5,000
Marketing & Public Relations	\$63,477	\$75,000	\$77,250	\$2,250
<b>Total Expenses</b>	<b>\$30,771,010</b>	<b>\$34,461,480</b>	<b>\$33,914,455</b>	<b>(\$547,025)</b>
<b>EBITDA</b>	<b>\$3,213,471</b>	<b>\$2,453,057</b>	<b>\$3,762,043</b>	<b>\$1,308,986</b>
<b>CAPITAL EXPENSES</b>				
Interest Expense	\$733,515	\$740,000	\$890,000	\$150,000
Bond fees		\$5,000		
Depreciation & Amortization	\$1,669,787	\$1,720,000	\$1,920,000	\$200,000
<b>Total Capital Expenses</b>	<b>\$2,403,302</b>	<b>\$2,465,000</b>	<b>\$2,810,000</b>	<b>\$345,000</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>\$810,169</b>	<b>(\$11,943)</b>	<b>\$952,043</b>	<b>\$963,986</b>
<b>OTHER INCOME:</b>				
Investment Income	\$34,090	\$35,000	\$35,350	\$350
C19 Payroll Protection Loan Forgiveness		\$2,700,000	\$0	(\$2,700,000)
Gifts & Grants Income	\$1,585,042	\$1,700,000	\$1,751,000	\$51,000
Federal Award Grants	\$50,000	\$50,000	\$50,000	\$0
Rental Income	\$108,000	\$108,000	\$108,000	\$0
Other Non-Oper Income(Exp)	(\$9,658)	\$25,000	\$25,000	\$0
<b>Total Non-Oper. Income(Ex)</b>	<b>\$1,767,474</b>	<b>\$4,618,000</b>	<b>\$1,969,350</b>	<b>(\$2,648,650)</b>
<b>NET INCOME/ (LOSS)</b>	<b>\$2,577,643</b>	<b>\$4,606,057</b>	<b>\$2,921,393</b>	<b>(\$1,684,664)</b>

# Desoto Memorial Hospital FY21 and FY22 Volume Projections

	FY 17 Actual	FY 19 Actual	FY 20 Projection	FY 20 Budget	FY 21 Budget	Compared to FY20 Projection	Assumptions
<b>PATIENT DAYS:</b>	<b>3,831</b>	<b>3,105</b>	<b>3,933</b>	<b>3,127</b>	<b>3,742</b>	<b>-4.9%</b>	Reduced FY20 by 300 days due to C19. Increased 3% for expected growth and 4% rate increase
Acute	2,499	2,213	2,756	2,270	2,607	-5.4%	
ICU / Special Care	768	892	1,177	857	1,135	-3.6%	
OB	564	-	-	-	-		
Observation Days	1,273	1,927	1,694	1,836	1,900	12.2%	C19 suppressed FY20 by estimated 200 days. Increased 3% for expected growth.
<b>Discharges:</b>	<b>1,483</b>	<b>882</b>	<b>1,067</b>	<b>865</b>	<b>1,099</b>	<b>3.0%</b>	C19 does not appear to have long term impact. Increase by 3% for expected growth.
Acute	834	593	787	597	810	3.0%	
ICU / Special Care	366	289	280	268	288	3.0%	
OB	283	-	-	-	-		
<b>ALOS</b>	<b>2.58</b>	<b>3.52</b>	<b>3.69</b>	<b>3.61</b>	<b>3.41</b>	<b>-7.6%</b>	
<b>Births</b>	<b>261</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Adjusted Admissions</b>	<b>5,861</b>	<b>4,646</b>	<b>4,192</b>	<b>4,662</b>	<b>4,724</b>	<b>12.7%</b>	Increase Outpatient to Inpatient ratio by 10%
<b>Case Mix Index</b>	<b>1.02</b>	<b>1.29</b>	<b>1.37</b>	<b>1.35</b>	<b>1.40</b>	<b>2.2%</b>	2% increase due to surgery increase
<b>HHA Visits:</b>	<b>9,238</b>	<b>7,779</b>	<b>7,581</b>	<b>8,090</b>	<b>8,014</b>	<b>5.7%</b>	
<b>Total Radiology Procedures (All)</b>	<b>24,616</b>	<b>26,200</b>	<b>26,200</b>	<b>26,986</b>	<b>26,986</b>	<b>3.0%</b>	
CT	6,493	7,300	6,795	7,592	7,397	8.9%	C19 reduced by estimated 250 scans. Growth 5%
Ultrasound	2,738	2,600	2,611	2,678	2,901	11.1%	C19 reduced by estimated 75 scans. Growth 8%
Nuc Med	639	687	500	707	567	13.4%	C19 reduced by estimated 40 scans. Growth 5%
MRI	754	813	659	838	797	20.9%	C19 reduced by estimated 100 scans. Growth 5%
Mammography	1,103	1,267	1,267	1,318	1,504	18.7%	C19 reduced by 100 scans. Growth 10%
<b>Laboratory Procedures:</b>	<b>139,619</b>	<b>146,000</b>	<b>145,500</b>	<b>150,380</b>	<b>161,175</b>	<b>10.8%</b>	C19 reduced by estimated 8,000 tests. Growth 5%
Inpatient	23,183	20,000	22,500	20,600	24,675	9.7%	
Outpatient	116,436	126,000	123,000	129,780	136,500	11.0%	
<b>Total Surgery (excl endo):</b>	<b>859</b>	<b>650</b>	<b>695</b>	<b>769</b>	<b>843</b>	<b>21.3%</b>	
Inpatient Surgery	329	225	275	259	315	14.5%	C19 reduced by 25 surgeries. Growth 5%
Outpatient Surgery	530	425	420	510	528	25.7%	C19 reduced by 60 surgeries. Growth 10%
Endo	678	600	365	660	410	12.2%	C19 reduced by 60 surgeries. Growth 5%
	<b>16,492</b>	<b>17,343</b>	<b>15,558</b>	<b>17,856</b>	<b>16,861</b>	<b>8.4%</b>	C19 reduced by 500 visits. Growth 5%
Inpatient	892	694	786	708	878	11.7%	
Outpatient	15,600	16,649	14,772	17,148	15,983	8.2%	
<b>Other Visits:</b>							
Rehab Services	7,537	13,072	15,500	14,379	17,050	10.00%	Minimal C19 impact. Growth 10% with Pt. Charlotte office
Wound Care	1,447	1,672	2,000	3,344	2,340	17.00%	Marketing focus expected to attain 70% of original pro forma estimate
<b>FTEs</b>	<b>245</b>	<b>239</b>	<b>255</b>	<b>245</b>	<b>260</b>	<b>2.0%</b>	2% increase to handle service growth.

## NOTES:

FY21 budget based on volumes through July 2019, discussion with physicians of their projections, and DMH Strategic Plan.

Surgery volume expected to increase in Ortho and General Surgery services. General Surgeon employed full time starting March 2019.

Center for Family Health (Rural Health Clinic) to be reactivated in FY21 due to FQHC terminating their lease. Expect to set up with mid level providers in mid FY21. Not included in FY21 Budget.

FY20 volumes impacted by Covid-19 Pandemic. Budget assumes return to normal operation in October 2020.