



June 14, 2024

NOTICE

The Board of Directors of the Kaweah Delta Health Care District will meet at the Sequoia Regional Cancer Center Maynard Faught Conference Room {4945 W Cypress Avenue, Visalia, CA} on Tuesday, June 18, 2024:

- 4:00PM Open meeting.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate at this meeting, please contact the Board Clerk (559) 624-2330. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to the Kaweah Delta Health Care District Board of Directors meeting.

All Kaweah Delta Health Care District regular board meeting and committee meeting notices and agendas are posted 72 hours prior to meetings (special meetings are posted 24 hours prior to meetings) in the Kaweah Health Medical Center, Mineral King Wing near the Mineral King entrance.

The disclosable public records related to agendas can be obtained by contacting the Board Clerk at Kaweah Health Medical Center – Acequia Wing, Executive Offices (Administration Department/Executive Offices) {1st floor}, 400 West Mineral King Avenue, Visalia, CA via phone 559-624-2330 or email: kedavis@kaweahhealth.org, or on the Kaweah Delta Health Care District web page <http://www.kaweahhealth.org>.

KAWEAH DELTA HEALTH CARE DISTRICT
David Francis, Secretary/Treasurer

A handwritten signature in blue ink, appearing to read "Kelsie Davis".

Kelsie Davis
Board Clerk / Executive Assistant to CEO

DISTRIBUTION:

Governing Board, Legal Counsel, Executive Team, Chief of Staff, www.kaweahhealth.org



KAWEAH DELTA HEALTH CARE DISTRICT SPECIAL BOARD OF DIRECTORS MEETING

Sequoia Regional Cancer Center {4945 W Cypress Avenue}
Maynard Faught Conference Room

Tuesday June 18, 2024 {Special Meeting}

OPEN MEETING AGENDA {4:00PM}

- 1. CALL TO ORDER**
- 2. APPROVAL OF AGENDA**
- 3. PUBLIC PARTICIPATION** – Members of the public may comment on agenda items before action is taken and after it is discussed by the Board. Each speaker will be allowed five minutes. Members of the public wishing to address the Board concerning items not on the agenda and within the jurisdiction of the Board are requested to identify themselves at this time. For those who are unable to attend the beginning of the Board meeting during the public participation segment but would like to address the Board, please contact the Board Clerk (Kelsie Davis 559-624-2330) or kedavis@kaweahhealth.org to make arrangements to address the Board.
- 4. ANNUAL OPERATING & CAPITAL BUDGET AND FINANCIALS** – Review and discussion relative to the annual operating and capital budget strategies and the most current fiscal year financial results.
Malinda Tupper – Chief Financial Officer
- 5. ADJOURN**

FY25 Preliminary Budget Presentation

June 18, 2024

FY2025 | Budget Update

March 22nd: Volume, Capital and Operational budget workbooks **Completed**

April 17th - May 10th: 1st round budget meetings (446 Budgets) **Completed**

May 22th: Board of Directors presented preliminary budget concepts **Completed**

May 22nd - June 14th : Analysis and breakout budget meetings **Completed**

June 18th : Preliminary budget presentation at Special Board meeting

June 26th: Final presentation of budget to the Board of Directors

FY2025 Preliminary Budget Review

- **Current Assumptions**
- **Employee Related Overview**
- **Contract Labor Overview**
- **Discussion of Options**
- **Preliminary FY25 Budget Financial Reports**
- **Humana Update**
- **Statistics/New Services**

Note: The FY24 Projected amounts are based on 11 months of actual (July 2023-May 2024) plus 1 projected month for June 2024.

Overall Vision | FY 2025

- ✓ Significant financial improvement can be seen throughout Fiscal Year 2024 in the reduction of expenses and improved revenue. Many of the strategies in FY25 will be realized in the second half of the year such as the reduction in employee benefits and surgical growth. FY26 should reflect a full year of these improvements.
- ✓ A key focus for the next 5 years will be to strategically and aggressively grow specific services while continuing to maintain and improve our efficiencies.
- ✓ This is a multiyear phase-in process with FY25 continuing as a foundation year to grow the expansion along with the continued focus on Payer Contracts, Revenue Cycle, Supply Chain, Physicians, and Patient Experience/Quality.

Guiding Principles | FY 2025

- Bond Covenants: Budget must show a minimum of a 1.75 - Debt Service Coverage Ratio (MADS); currently that would require a minimum \$2.1M excess margin
- Positive cash flow: \$6.9M excess margin
- Days Cash on Hand to exceed 90 days
- Capital Budget not to exceed \$14M and will depend on final budgeted cash flow results
- Maintain or improve productivity ratios
- Reduce reliance on contract, shift bonus and premium pay

Current Budget Assumptions 6/18/24

1. Includes a vacancy factor of 125 FTEs - same as FY24 (approx. \$11M)
2. Efficiency/LOS FTE reduction: 13 FTEs (approx. \$1.14M); prior year \$16.6M
3. Increase in surgery: trauma cases – increase 30 cases; cath lab increase 40 cases/year; and 16 inpatient urology cases/year--\$474K increase
4. Includes remaining market rate increases of \$2M for employees
5. Includes at-risk compensation of \$800K
6. Includes ½ 401(k) match = \$4.7M (will review again mid year)
7. Includes FEMA funds = \$6.6M
8. Includes Operation Back in Black's impact on supplies = \$3.5M decrease
9. Includes employee insurance premiums & health insurance plan restructure: \$7.8M reduction
10. Includes a reduction of approximately 69 FTEs from new budgeted-but-unfilled positions and existing budgeted-but-unfilled positions = \$9M
11. Reduce travel/education budget to match current year
12. Defined benefit pension plan assumes a 7.5% return
13. Physician fees still pending validation

FY2025: FTE Changes (includes contract labor)

	Actual Proj FY24	Budget FY24	Budget FY25	Change Bdgt 24-Act24	Change Bdgt 25-Bdgt24	Change Bdgt 25-Act 24
Total FTEs	4,273	4,311	4,269	38	(42)	(4)

Some Large Shifts

Outsourced

New Clinic/Volume/Change

Scribes: Move inhouse

Grants

(50)	(42)
18	51
7	6
13	16

FY2025: Contract Labor FTEs

	FY24 Budget	FY24 Projected	FY25 Budget	FY25 Budget less FY24 Projected
Registered Nursing	52.9	70.8	51.9	(19.0)
Other Clinical	6.4	7.9	6.2	(1.7)
Other Administrative	4.9	5.0	2.7	(2.3)
Contracted FTEs	64.2	83.8	60.8	(23.0)
90% of Contract Labor Hours Detail by Department				
Emergency-ED	7.6	19.4	13.5	(5.9)
M/S Oncology-3S	8.6	8.0	8.1	0.1
M/S CDU-2S	10.3	8.4	8.1	(0.3)
M/S Ortho Neuro-4S	9.9	9.7	7.2	(2.5)
Neonatal ICU-NICU	2.7	4.6	3.2	(1.5)
Radiology-KHMC	-	2.0	3.0	1.0
Telemetry-14	3.8	3.3	2.7	(0.6)
Medical/Surgical-3N	1.3	1.2	2.7	1.5
ICCU-15	3.8	2.9	2.7	(0.2)
Nuclear Medicine-KHMC	2.0	1.8	2.0	0.2
7400 Labor Delivery	5.4	11.2	0.6	(10.7)
	55.5	72.5	53.7	(18.8)

SRCC Transition: Financial Impacts(000's)

	FY2024 Projected	FY2025 Budget	SRCC Med Onc Impact	FY25 Budget without Med Onc impact	Variance FY25 Bdgt W/O SRCC- FY24 Annualized
Operating Revenue					
Net Patient Service Revenue	\$595,543	\$635,154	\$40,681	\$594,473	(\$1,070)
Supplemental Gov't Programs	\$100,514	\$89,717		\$89,717	(\$10,797)
Prime Program	\$10,480	\$9,502		\$9,502	(\$978)
Premium Revenue	\$88,017	\$90,567		\$90,567	\$2,549
Management Services Revenue	\$38,643	\$0	(\$38,870)	\$38,870	\$227
Other Revenue	\$35,629	\$52,872	\$14,911	\$37,961	\$2,331
Other Operating Revenue	\$273,284	\$242,658	(\$23,959)	\$266,617	(\$6,667)
Total Operating Revenue	\$868,827	\$877,812	\$16,722	\$861,090	(\$7,737)
Operating Expenses					
Salaries & Wages	\$352,900	\$375,603	\$1,190	\$374,413	\$21,513
Contract Labor	\$21,344	\$14,685	(\$179)	\$14,864	(\$6,480)
Employee Benefits	\$79,774	\$63,967	\$262	\$63,705	(\$16,069)
Total Employment Expenses	\$454,019	\$454,255	\$1,273	\$452,982	(\$1,037)
Medical & Other Supplies	\$163,635	\$175,387	\$9,079	\$166,308	\$2,673
Physician Fees	\$82,303	\$83,130	\$4,066	\$79,064	(\$3,240)
Purchased Services	\$18,141	\$21,404	\$218	\$21,186	\$3,044
Repairs & Maintenance	\$23,820	\$25,280	(\$5)	\$25,285	\$1,465
Utilities	\$9,891	\$10,987	\$21	\$10,966	\$1,075
Rents & Leases	\$1,944	\$1,843	\$182	\$1,661	(\$283)
Depreciation & Amortization	\$38,236	\$39,621	\$930	\$38,691	\$455
Interest Expense	\$7,428	\$7,125		\$7,125	(\$303)
Other Expense	\$22,100	\$26,851	\$81	\$26,770	\$4,671
Humana Cap Plan Expenses	\$47,995	\$44,345		\$44,345	(\$3,650)
Total Other Expenses	\$415,493	\$435,973	\$14,572	\$421,401	\$5,908
Total Operating Expenses	\$869,511	\$890,228	\$15,845	\$874,383	\$4,872
Operating Margin	(\$684)	(\$12,416)	\$877	(\$13,293)	(\$12,609)
Stimulus/FEMA	\$0	\$6,600		\$6,600	\$6,600
Operating Margin after Stimulus/FEMA	(\$684)	(\$5,816)	\$877	(\$6,693)	(\$6,009)
Nonoperating Revenue (Loss)	\$13,610	\$7,916	\$0	\$7,916	(\$5,694)
Excess Margin	\$12,926	\$2,100	\$877	\$1,223	(\$11,703)

FY 25 Budget – PRELIMINARY 6.18.24

	FY25 Budget vs. FY24 Actual comparison				FY25 Budget to FY24 Budget comparison			
	FY2024 Projected	FY2025 Budget	\$ Change	% Change	FY2024 Budget	FY2025 Budget	\$ Change	% Change
Operating Revenue								
Net Patient Service Revenue	\$595,543	\$635,154	\$39,611	6.2%	\$585,236	\$635,154	\$49,918	7.9%
Supplemental Gov't Programs	\$100,514	\$89,717	(\$10,797)	-12.0%	\$76,536	\$89,717	\$13,181	14.7%
Prime Program	\$10,480	\$9,502	(\$978)	-10.3%	\$9,859	\$9,502	(\$357)	-3.8%
Premium Revenue	\$88,017	\$90,567	\$2,549	2.8%	\$93,376	\$90,567	(\$2,810)	-3.1%
Management Services Revenue	\$38,643	\$0	(\$38,643)	0.0%	\$40,604	\$0	(\$40,604)	0.0%
Other Revenue	\$35,629	\$52,872	\$17,242	32.6%	\$29,465	\$52,872	\$23,407	44.3%
Other Operating Revenue	\$273,284	\$242,658	(\$30,626)	-12.6%	\$249,841	\$242,658	(\$7,183)	-3.0%
Total Operating Revenue	\$868,827	\$877,812	\$8,985	1.0%	\$835,077	\$877,812	\$42,735	4.9%
Operating Expenses								
Salaries & Wages	\$352,900	\$375,603	\$22,703	6.0%	\$346,941	\$375,603	\$28,662	7.6%
Contract Labor	\$21,344	\$14,685	(\$6,659)	-45.3%	\$16,936	\$14,685	(\$2,251)	-15.3%
Employee Benefits	\$79,774	\$63,967	(\$15,807)	-24.7%	\$80,199	\$63,967	(\$16,232)	-25.4%
Total Employment Expenses	\$454,019	\$454,255	\$236	0.1%	\$444,075	\$454,255	\$10,180	2.2%
Medical & Other Supplies	\$163,635	\$175,387	\$11,752	6.7%	\$161,637	\$175,387	\$13,750	7.8%
Physician Fees	\$82,303	\$83,130	\$826	1.0%	\$79,981	\$83,130	\$3,149	3.8%
Purchased Services	\$18,141	\$21,404	\$3,262	15.2%	\$17,935	\$21,404	\$3,469	16.2%
Repairs & Maintenance	\$23,820	\$25,280	\$1,461	5.8%	\$28,427	\$25,280	(\$3,147)	-12.4%
Utilities	\$9,891	\$10,987	\$1,096	10.0%	\$10,969	\$10,987	\$18	0.2%
Rents & Leases	\$1,944	\$1,843	(\$101)	-5.5%	\$1,945	\$1,843	(\$102)	-5.5%
Depreciation & Amortization	\$38,236	\$39,621	\$1,385	3.5%	\$34,965	\$39,621	\$4,656	11.8%
Interest Expense	\$7,428	\$7,125	(\$303)	-4.3%	\$6,935	\$7,125	\$190	2.7%
Other Expense	\$22,100	\$26,851	\$4,752	17.7%	\$25,820	\$26,851	\$1,032	3.8%
Humana Cap Plan Expenses	\$47,995	\$44,345	(\$3,650)	-8.2%	\$44,418	\$44,345	(\$73)	-0.2%
Total Other Expenses	\$415,493	\$435,973	\$20,481	4.7%	\$413,031	\$435,973	\$22,943	5.3%
Total Operating Expenses	\$869,511	\$890,228	\$20,717	2.3%	\$857,106	\$890,228	\$33,123	3.7%
Operating Margin	(\$684)	(\$12,416)	(\$11,732)		(\$22,029)	(\$12,416)	\$9,613	
Stimulus/FEMA	\$0	\$6,600	\$6,600		\$19,005	\$6,600	(\$12,405)	
Operating Margin after Stimulus/FEMA	(\$684)	(\$5,816)	(\$5,132)		(\$3,025)	(\$7,916)	(\$2,792)	
Nonoperating Revenue (Loss)	\$13,610	\$7,916	(\$5,694)		\$5,713	\$7,916	\$2,203	
Excess Margin	\$12,926	\$2,100	(\$10,826)		\$2,688	\$2,100	(\$589)	

FY 25 Budget – High level variance explanations PRELIMINARY 6/18/24

	FY2024 Projected	FY2025 Budget	\$ Change	% Change	Variance Explanation
Operating Revenue					
Net Patient Service Revenue	\$595,543	\$635,154	\$39,611	6.2%	SRCC Med. Onc. Revenue moving from Management Services to Net Patient
Supplemental Gov't Programs	\$100,514	\$89,717	(\$10,797)	-12.0%	Current year higher than usual
Prime Program	\$10,480	\$9,502	(\$978)	-10.3%	
Premium Revenue	\$88,017	\$90,567	\$2,549	2.8%	Membership budgeted flat - slight increase due to increase in RAF score
Management Services Revenue	\$38,643	\$0	(\$38,643)	0.0%	SRCC Med. Onc. Revenue moving from Management Services to Net Patient
Other Revenue	\$35,629	\$52,872	\$17,242	32.6%	Revenue due to Phar Oral Oncology (2/3 new volume)
Other Operating Revenue	\$273,284	\$242,658	(\$30,626)	-12.6%	
Total Operating Revenue	\$868,827	\$877,812	\$8,985	1.0%	
Operating Expenses					
Salaries & Wages	\$352,900	\$375,603	\$22,703	6.0%	Due to increase in hourly rate due to minimum wage & market increases
Contract Labor	\$21,344	\$14,685	(\$6,659)	-45.3%	Decrease in 23 FTEs (\$5.6M) and decrease in rate (\$1.1M)
Employee Benefits	\$79,774	\$63,967	(\$15,807)	-24.7%	1/2 match in 401K and health plan restructure
Total Employment Expenses	\$454,019	\$454,255	\$236	0.1%	
Medical & Other Supplies	\$163,635	\$175,387	\$11,752	6.7%	Expanded services and inflation (Retail pharmacy \$10M and infusion \$2.8M)
Physician Fees	\$82,303	\$83,130	\$826	1.0%	New and expanded services \$4.8m increase offset by reductions
Purchased Services	\$18,141	\$21,404	\$3,262	15.2%	Outsourcing: PFS \$1.6M, Wounds care \$842K, Laundry \$676K
Repairs & Maintenance	\$23,820	\$25,280	\$1,461	5.8%	Service contracts (\$1.4M Radiology and Radiation Oncology)
Utilities	\$9,891	\$10,987	\$1,096	10.0%	Continued rate increases in electricity \$1.1M offset by reduction in gas \$245K
Rents & Leases	\$1,944	\$1,843	(\$101)	-5.5%	
Depreciation & Amortization	\$38,236	\$39,621	\$1,385	3.5%	New amortization on medical oncology purchase \$930k
Interest Expense	\$7,428	\$7,125	(\$303)	-4.3%	
Other Expense	\$22,100	\$26,851	\$4,752	17.7%	Recruiting \$1.4M, Advertising \$1.5M, Insurance \$671K
Humana Cap Plan Expenses	\$47,995	\$44,345	(\$3,650)	-8.2%	
Total Other Expenses	\$415,493	\$435,973	\$20,481	4.7%	
Total Operating Expenses	\$869,511	\$890,228	\$20,717	2.3%	
Operating Margin	(\$684)	(\$12,416)	(\$11,732)		
Stimulus/FEMA	\$0	\$6,600	\$6,600		
Operating Margin afterFEMA	(\$684)	(\$5,816)	(\$5,132)		
Nonoperating Revenue (Loss)	\$13,610	\$7,916	(\$5,694)		
Excess Margin	\$12,926	\$2,100	(\$10,826)		

Financial Highlights (000's)

For Comparison to Budget
FY25

	FY 23 Without KHMGM	FY 24 Projected	FY 24 Budget	FY 25 Budget
Operating Margin %	(6.0%)	(.08%)	(2.6%)	(1.41%)
OM after Stimulus%	(5.9%)	(.08%)	(0.4%)	(.66%)
Excess Margin %	(5.3%)	1.5%	0.1%	.2%
Operating Cash Flow Margin %	(0.9%)	5.2%	4.6%	4.6%
Max Annual Debt Service %	(0.15)	2.31	2.34	1.75
Day's Cash on Hand	87.0	96.7	93.4	89.7
Total Surplus Cash (000's)	\$196,885	\$221,641	\$210,440	\$210,936

FY2025 | Capital Budget (000's)

	Budget FY24	Budget FY25
Total Capital Requests	\$16,644	\$19,613
Total Rejected/Deferred	(\$2,644)	(\$5,613)
Total	\$14,000	\$14,000
 <i>Breakdown of Items in Review</i>		
<i>Infrastructure Maintenance</i>	\$2,751	
<i>Facilities Construction Projects & Planning</i>	\$560	
<i>Information Services (ISS)</i>	\$3,200	
<i>Director Requests</i>	\$7,489	
<i>In Review</i>	\$14,000	\$14,000
 Funding Sources		
Capital	\$14,000	
General Contingency Capital	0	
Total Capital Budget	\$14,000	\$14,000

2024-2025 Surplus Cash Flows (000's)

Excess Margin – before General Obligation Bonds	(\$249)
<u>Additional Sources (Uses) of Cash:</u>	
Capital Expenditures:	
Annual Recurring	(\$14,000)
Depreciation/Amortization (Non-Cash)	\$32,001
Defined Benefit Plan Funding in excess of expense	(\$2,270)
Debt Service Payments (Principal) includes CHFFA (\$9.7M)	(\$20,238)
Total Additional Net Sources (Uses) of Cash	(\$4,507)
Projected Surplus Cash Flow (Deficit)	(\$4,755)

General Fund Cash Reserves (000's)

Kaweah Health without Kaweah Delta Hospital Foundation

Projected Surplus Balance at July 1, 2024	\$194,347
Cash Flow from 2024-2025 Operations	(4,755)
Surplus Balance at June 30, 2025	\$189,591
Foundation	\$21,344
Total including Foundation June 30, 2025	\$210,936

FY 25 Budget – Variance Explanations PRELIMINARY 6/18/24

	FY24 Annualized	FY24 Budget	FY25 Budget	Variance Budget 25-Projected 24	% Change
Net Patient Service Revenue (000's)	\$595,543	\$585,236	\$635,154	\$39,611	6.7%
Volume increase due to oncology infusion purchase				\$40,681	
Volume changes and mix changes				(\$10,538)	
Commercial Insurance Rate Increase				\$5,268	
Medi-Cal Managed Care				\$1,273	
Medicare Acute Inpatient Increase				\$1,004	
Medicare Acute Outpatient				\$1,154	
Increase in GME due to PRA increase and IME				\$246	
				\$39,088	
	FY24 Annualized	FY24 Budget	FY25 Budget	Variance Budget 25-Annualized 24	% Change
Other Operating	\$273,283	\$249,841	\$242,658	(\$30,625)	-11.2%
No further management service revenue for medical oncology- this will now be our patient service revenue				(\$38,643)	
Increase in retail pharmacy due to transition of oral oncology and growth assumptions				\$15,122	
New Equity in Practice funds in FY25				\$765	
New gift shop revenue in FY25				\$354	
Increase in Cal Aim and Health Home revenue				\$1,358	
Increase in premium revenue from FY24 actual				\$2,549	
QIP decrease from FY24 actual				(\$978)	
Changes in supplementals				(10,797)	
				(30,270)	

FY 25 Budget – Variance Explanations PRELIMINARY 6/18/24

	FY24 Annualized	FY24 Budget	FY25 Budget	Variance Budget 25-Annualized 24	% Change
Wages & Contract Labor Expense (000's)	\$374,243	\$363,876	\$390,288	\$16,045	4.3%
Change in FTEs : increase in 15 FTEs				\$1,103	
Change in Employee Rate - increase \$2.5hr				\$21,600	
Change in Contract Labor - decrease in 23 FTEs				(\$5,573)	
Change in Contract Labor Rate decrease \$8.5/hr				(\$1,086)	
				\$16,044	
	FY24 Annualized	FY24 Budget	FY25 Budget	Variance Budget 25-Annualized 24	% Change
Employee Benefit Expense (000's)	\$79,774	\$80,199	\$63,967	(\$15,807)	(19.8%)
Retirement - Pension: Market exceeded	7,653	11,103	523	(\$7,130)	
Retirement - 401K: only 1/2 year match i	7,375	7,400	4,692	(\$2,683)	
Health	29,534	26,640	21,702	(\$7,832)	
FICA	25,522	25,401	27,315	\$1,793	
SUI	903	941	971	\$68	
Life/ADD/LTDI	416	345	373	(\$43)	
Workers Comp	6,523	6,246	6,425	(\$98)	
Misc	1,848	1,983	1,966	\$118	
				(\$15,807)	

FY 25 Budget – Variance Explanations PRELIMINARY 6/18/24

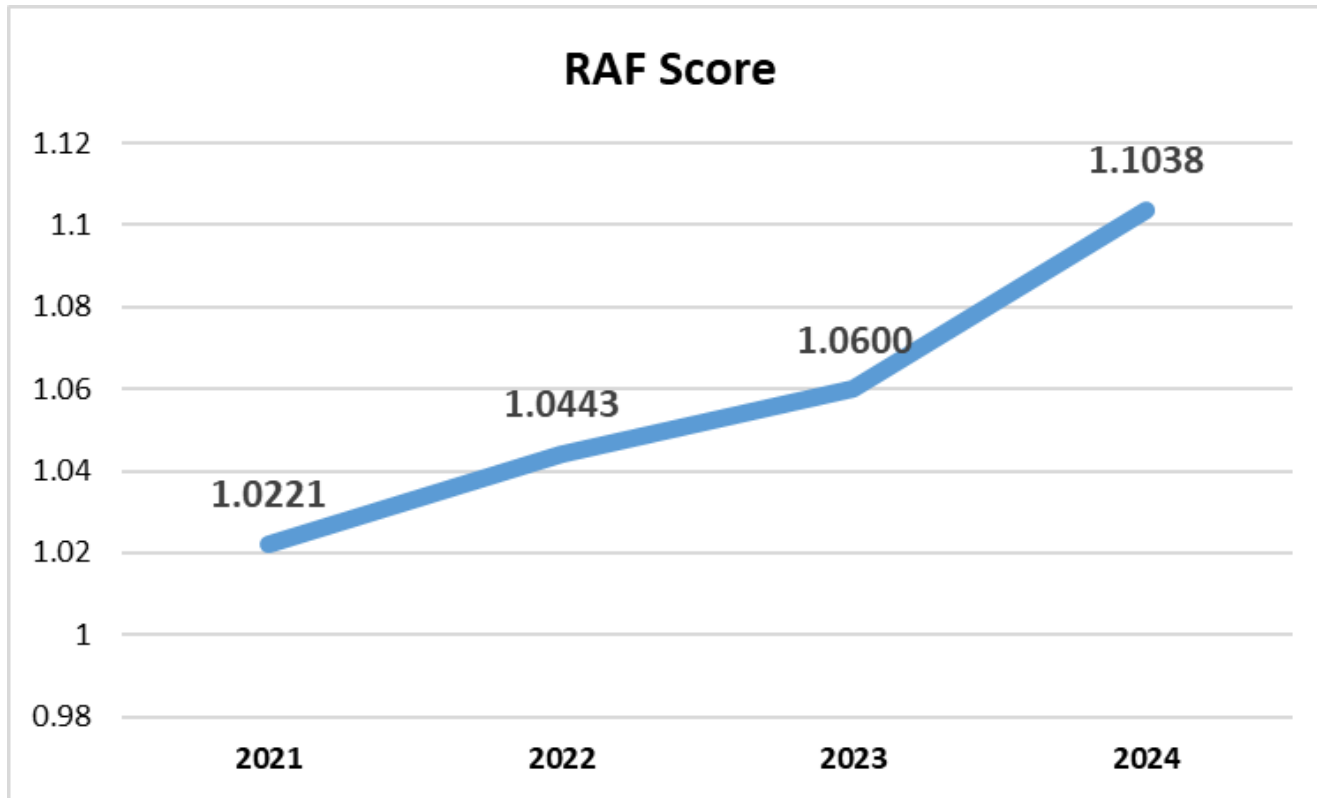
	FY24 Annualized	FY24 Budget	FY25 Budget	Variance Budget 25-Annualized 24	% Change
Other Operating Expense (000's)	\$415,493	\$413,031	\$435,973	\$20,480	4.9%
Supplies inceases due to new services, expanded services and inflation (retail pharmacy \$10m, infusion \$2.8m)				\$11,752	
Repairs/Maintentance: Service Contracts - \$1.4m in radiology and radiation oncology areas				\$1,461	
Physician fee increases (new and expanded servcies \$4.8m increase offset by reductions)				\$826	
Other expense increases (recruiting \$1.4M,advertising \$1.5M, Insurance 671K, Dues \$446K, Travel \$264K, Educ \$179K)				\$4,751	
Utilities: Continued rate increases in electricity \$1.1m offset by reduction in gas \$245k				\$1,096	
Decrease in Humana Third Party Claims				(\$3,650)	
Purchased services (wound care \$842K, laundry \$676K, PFS \$1.6M, marketing \$359K)				\$3,272	
Depreciation and Amortization increase - new amortization on medical oncology purchase (\$930k)				\$1,385	
				\$20,893	

FY2025: Some options for discussion 6/18/24 (000's)

1. FEMA
2. Capital Budget Changes (Cash option)
3. Defined Benefit Funding (Cash option)
4. 401K match
5. \$2M “market”
6. \$800K at risk
7. Reduce travel/education/marketing/recruitment
8. Further reduction contract labor
9. Tighten productivity ratios
10. CHFFA payback status
11. Increase growth in patient volumes

Humana FY25 Plan | Risk Adjustment Factor (RAF)

The RAF score determines the amount paid by Humana to Kaweah per Humana beneficiary. It is based on the patients clinical conditions and demographic factors and reflects the level of expected resources needed for their care. The higher the RAF score the higher the per member payment from Humana to Kaweah Health.



Humana Medicare Advantage | Trend

Calendar Years	2022		2023		YTD April 2024	
Members	155,143		168,609		169,320	
	Total	PMPM	Total	PMPM	Total	PMPM
Total Revenue	\$75,351,015	\$486	\$86,796,437	\$515	\$29,920,040	\$530
Expenses						
Operational/Patient Related Expenses						
Total Patient related expenses	\$78,887,487	\$508	\$85,422,506	\$507	\$29,348,561	\$520
Total Admin Fee - Foundation	\$1,400,434	\$9	\$1,609,046	\$10	\$548,200	\$10
Total Direct Expenses	\$80,287,921	\$518	\$87,031,553	\$516	\$29,896,760	\$530
Contribution Margin	(\$4,936,906)	(\$32)	(\$235,116)	(\$1)	\$23,280	\$0.4

Humana Medicare Advantage | Budget FY25

Premium Revenue Budget FY25

- Membership will remain flat due to changes in the enrollment eligibility of the DSNP members
- The blended projected PMPM is estimated to align with SHP’s increased projections and trend in RAF score.

Humana Medicare Advantage	FY24 Annualized	FY24 Budget	FY25 Budget	Variance Budget 25-Annualized 24	% Change
Humana Premium Revenue	\$88,017	\$93,376	\$90,567	2,550	2.9%
3rd Party Expense (Claims)	\$47,995	\$44,418	\$44,345	(3,650)	-7.6%

Third Party Expense Budget FY25

- Membership will remain flat due to changes in the enrollment eligibility of the DSNP members
- Utilization continues to be seasonal but remains flat to the PMPM amounts for calendar year 2023 (based on reporting through April 2024)

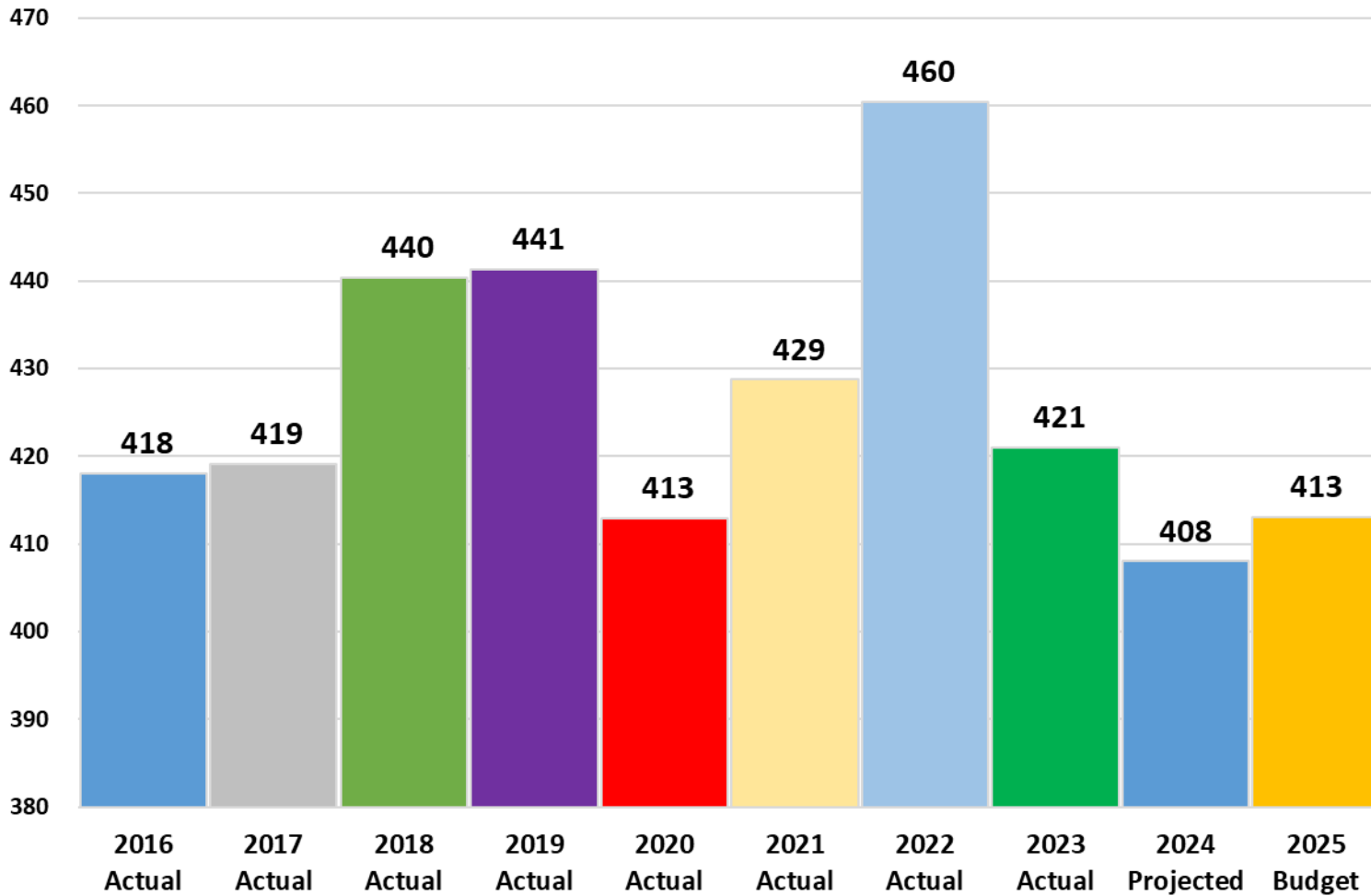
FY2025 | Additional Supporting Slides

Key Statistical Indicators | Changes to Services

New and Expanded Services Impacting Budget FY25

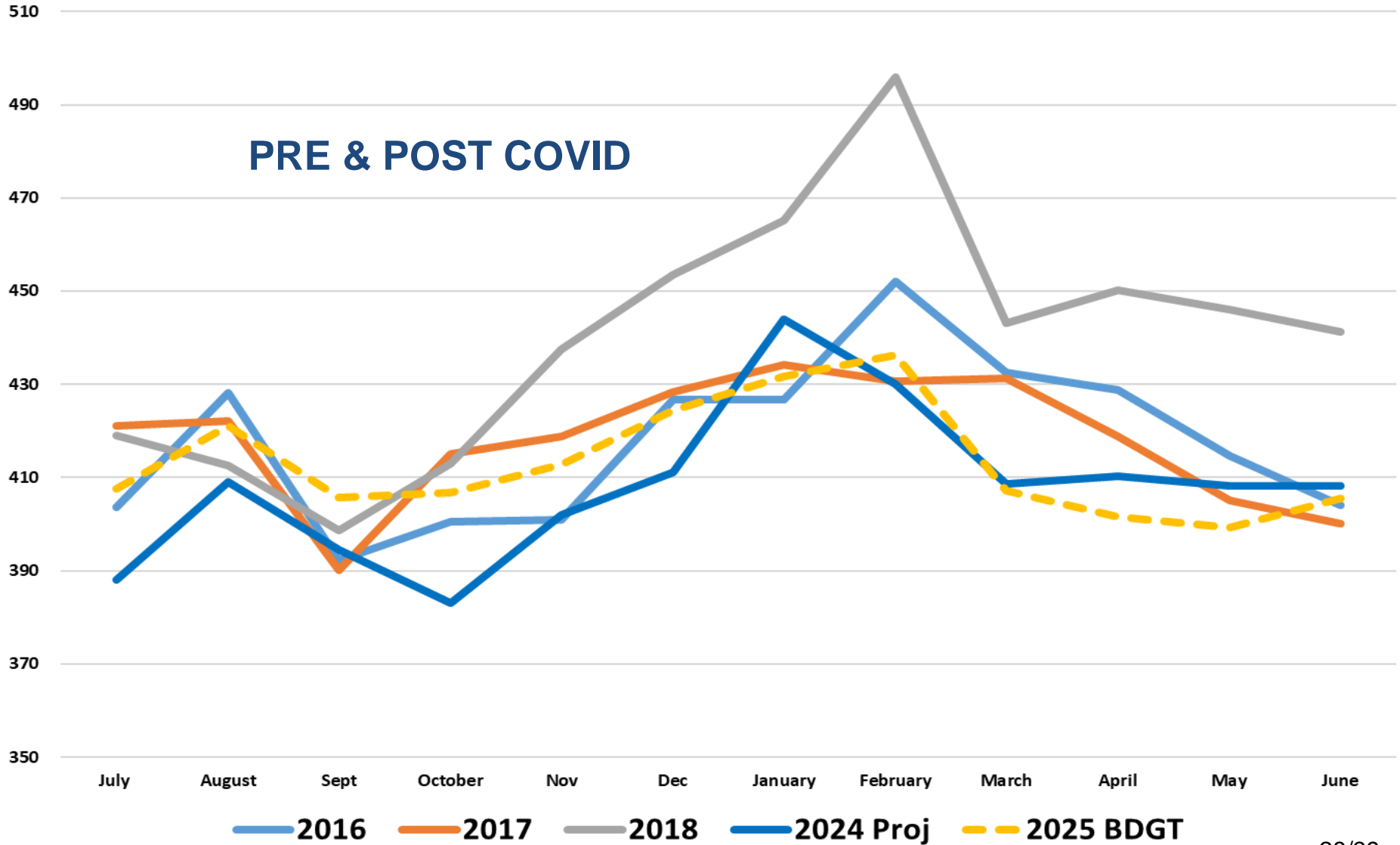
- Transition of SRCC Medical Oncology Practice
- New Health Clinic
- Plaza Diagnostic Imaging
- Neurology
- Wound Care Center
- Equity and Practice Transformation Program
- Willow Clinic: New Ortho Services and Employee Clinic
- Gift Shop
- Discharge Lounge
- Infusion Center Expansion
- Annual GME Resident Increase
- Care Coordination Grant
- PATH Cited Grant

Key Statistical Indicators | Average Daily Census

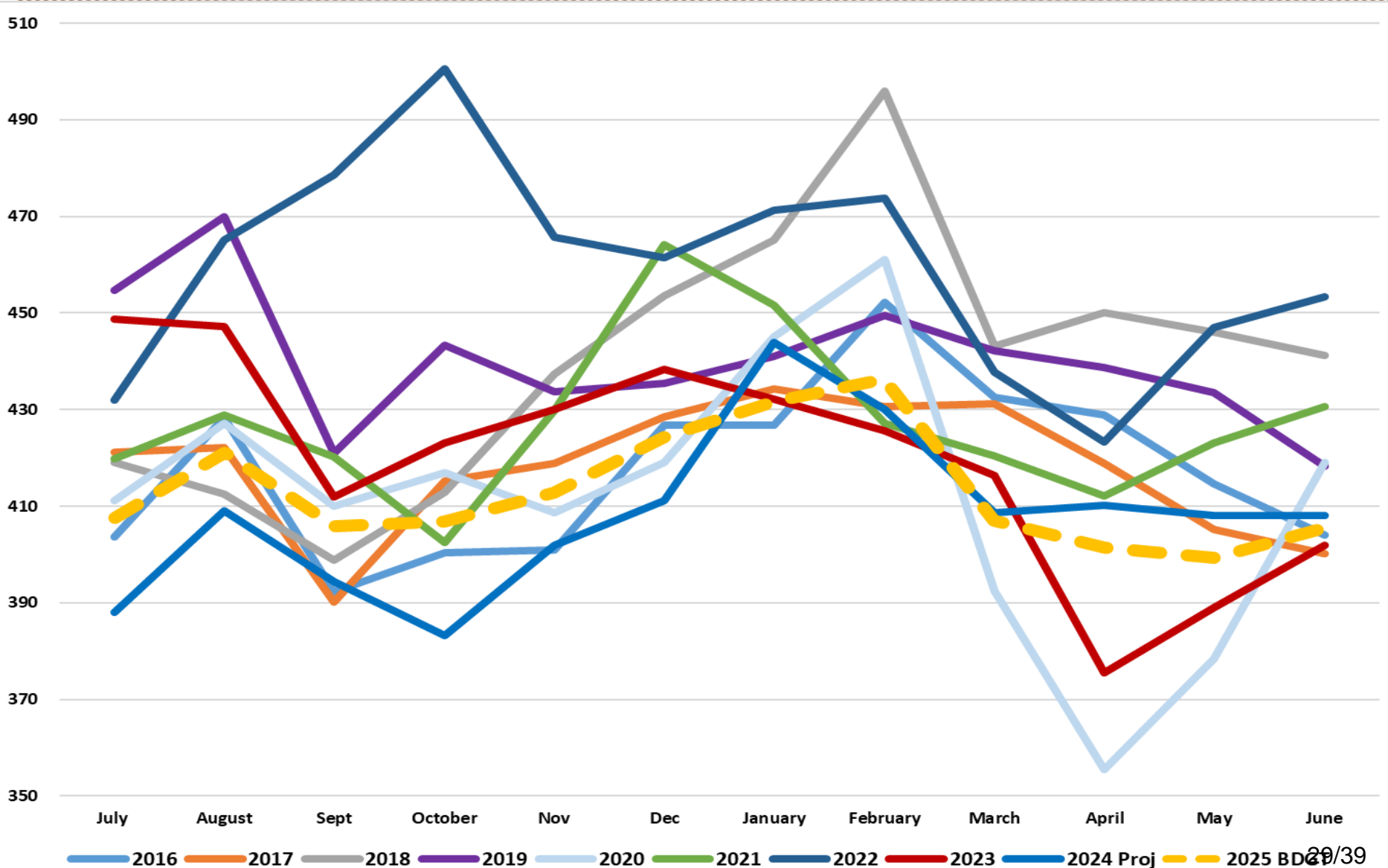


Key Statistical Indicators | Trended Avg. Daily Census

PRE & POST COVID



Key Statistical Indicators | Trended Avg. Daily Census



Key Statistical Indicators | Inpatient days

	FY19 Actual	FY24 Projected	FY25 Budget	Change Bdgt FY25- Proj FY24	% Change from FY24 Proj	% Occu- -pied	# Available -Beds
Downtown Campus excluding Mom/Baby	98,353	95,662	96,528	866	0.9%	83%	318
Downtown Campus Mom/Baby*	17,253	15,808	15,625	(183)	(1.2%)	45%	95
Acute Psych	17,184	15,735	16,516	782	5.0%	72%	63
Acute Rehab	6,756	6,503	6,646	143	2.2%	40%	45
Sub Acute	11,311	11,149	10,950	(199)	(1.8%)	94%	32
Skilled Nursing - West Short Stay	4,816	4,116	4,625	509	12.4%	33%	38
Inpatient Days	155,673	148,973	150,890	1,917	1.3%	70%	591

* Includes Nursery 32 beds

** Exlcudes Skilled Nursing - South Campus (22 beds)

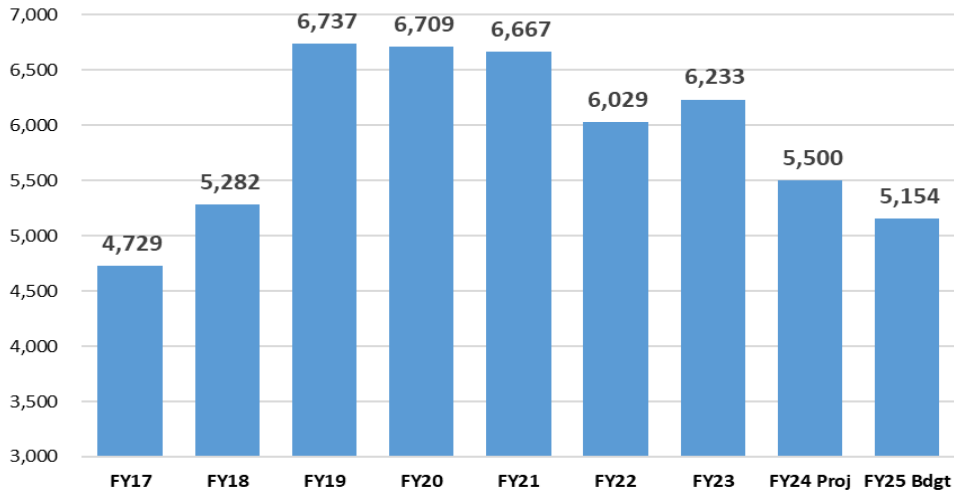
Key Statistical Indicators | Volume

	FY 19 Actual	FY 24 Projected	FY 25 Budget	Change Bdgt FY25-Proj FY24	% Change from FY24 Proj.
Inpatient Days *	155,673	148,973	150,890	1,929	1.3%
Emergency Department Visits	84,834	96,295	96,468	173	0.2%
Surgery Minutes	11,788	10,475	9,874	(601)	(5.7%)
Cath Lab Minutes	4,403	3,704	3,663	(41)	(1.1%)
Deliveries	4,764	4,669	4,691	21	0.5%
Rural Health Clinic Visits	97,806	145,397	146,977	1,580	1.1%
Urgent Care - Court	49,071	38,103	38,401	298	0.8%
Urgent Care - Demaree	19,202	26,336	26,993	657	2.5%
KH Medical Clinic - Willow	0	0	8,215	0	0.0%
Sequoia Cardiology Clinic	11,101	27,877	28,944	1,067	3.8%
Neuroscience Center	4,125	1,860	2,793	933	50.2%
Outpatient Rehabilitation Units	281,398	278,222	289,732	11,510	4.1%
Physical & Other Therapy Units	213,759	209,379	210,912	1,533	0.7%
Home Health Visits	28,794	36,821	37,687	866	2.4%
Hospice	39,947	42,638	44,974	2,336	5.5%
Radiation Oncology	25,031	20,739	21,313	574	2.8%
Radiology Xray	117,573	160,125	170,082	9,958	6.2%
Radiology CT	49,111	53,693	54,692	999	1.9%
Radiology MRI	9,199	10,012	10,476	464	4.6%
Radiology US	26,756	31,585	31,705	120	0.4%

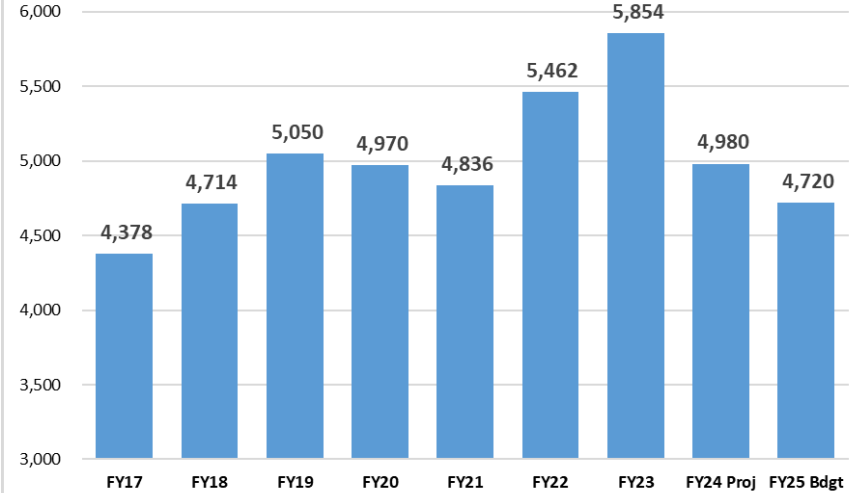
*Excludes Skilled Nursing - South Campus (22 beds)

FY25 Trended Budget Volume Graphs

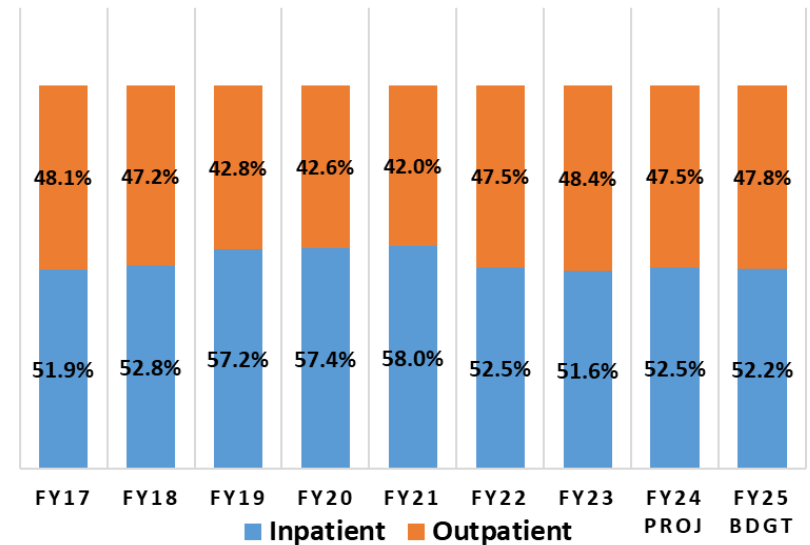
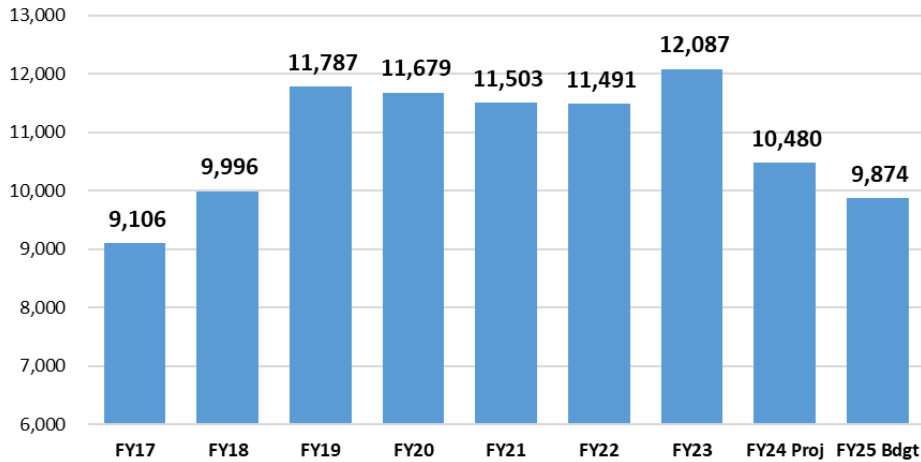
Inpatient Surgery Minutes per 100



Outpatient Surgery Minutes per 100

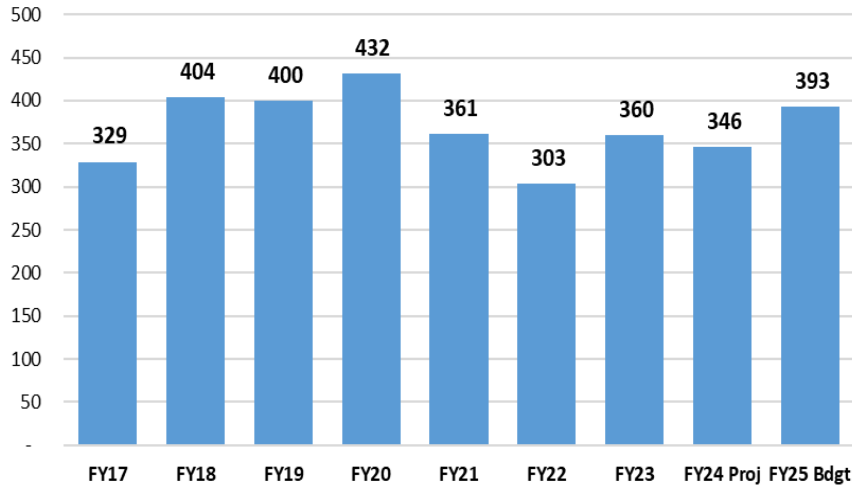


Total Surgery Minutes per 100

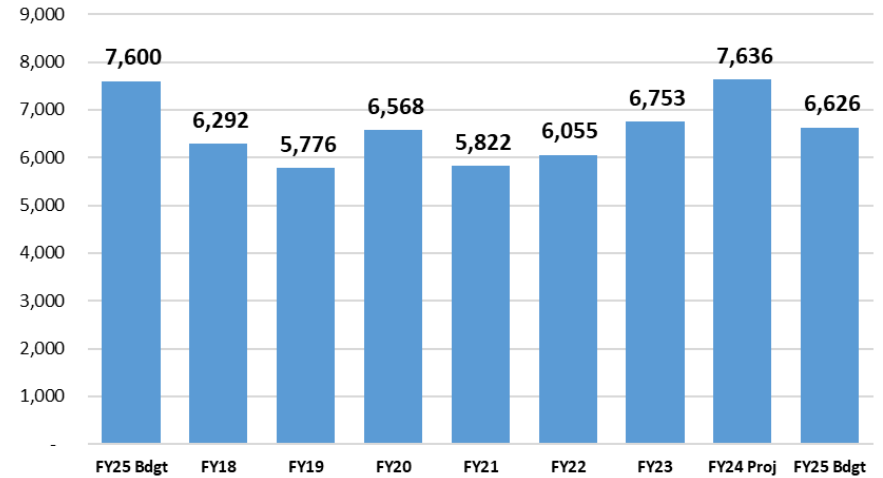


FY25 Trended Budget Volume Graphs

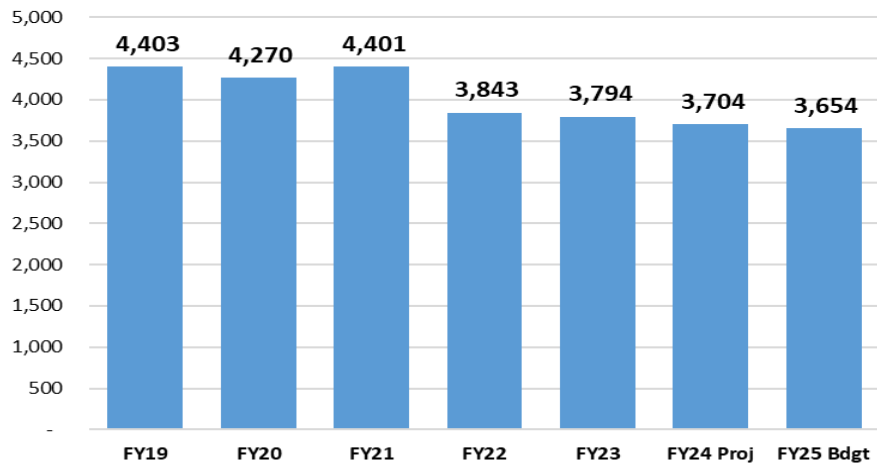
Cardiac Surgeries



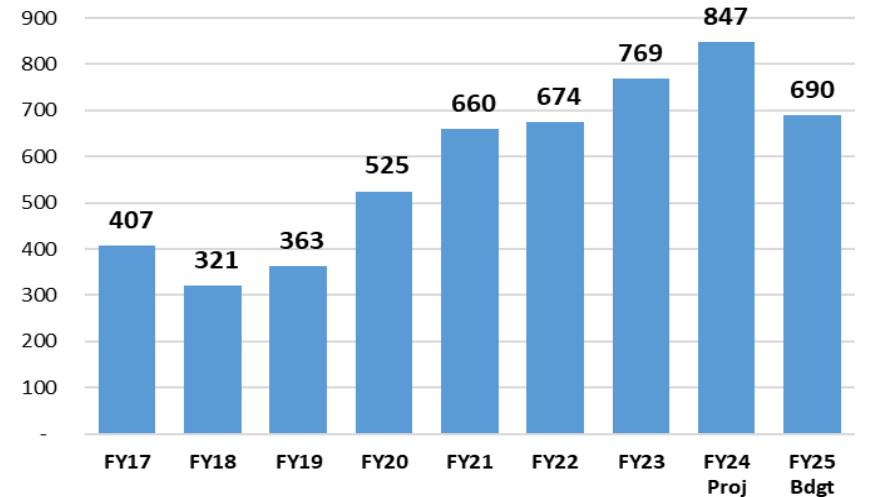
Endoscopy Procedure Hours



Cath Lab Minutes per 100

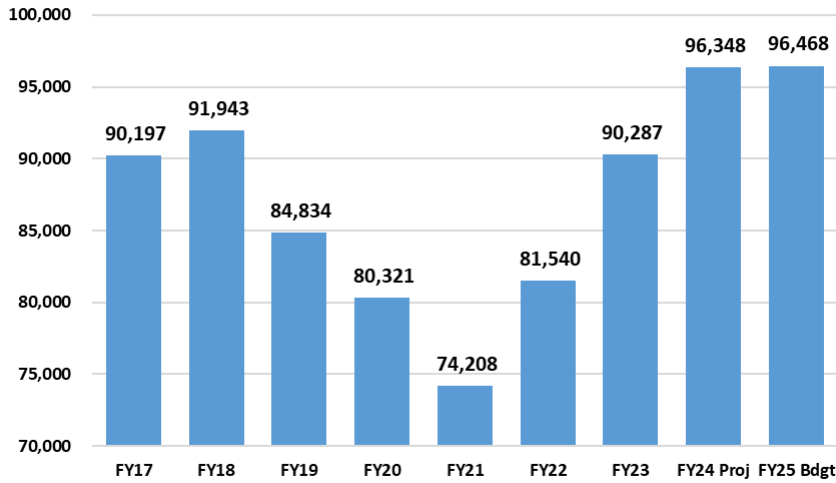


Robotic Surgery Minutes per 100

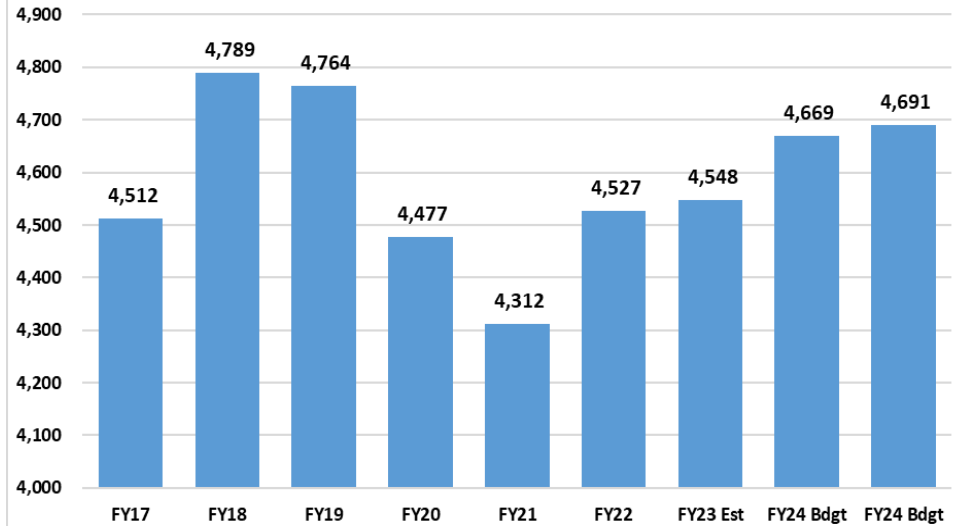


FY25 Trended Budget Volume Graphs

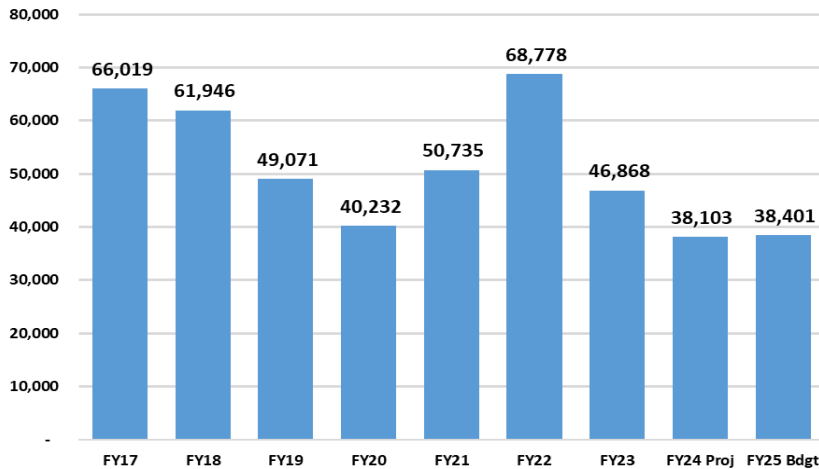
Emergency Visits



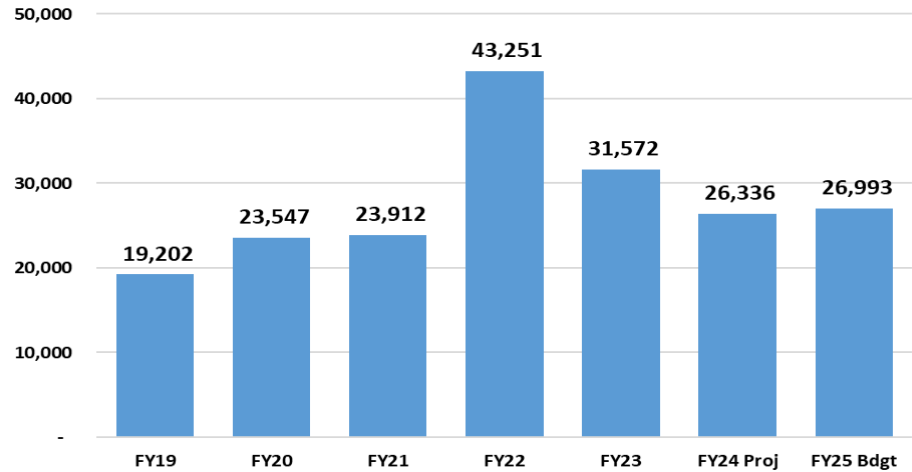
Deliveries



Urgent Care Registrations - Court Street

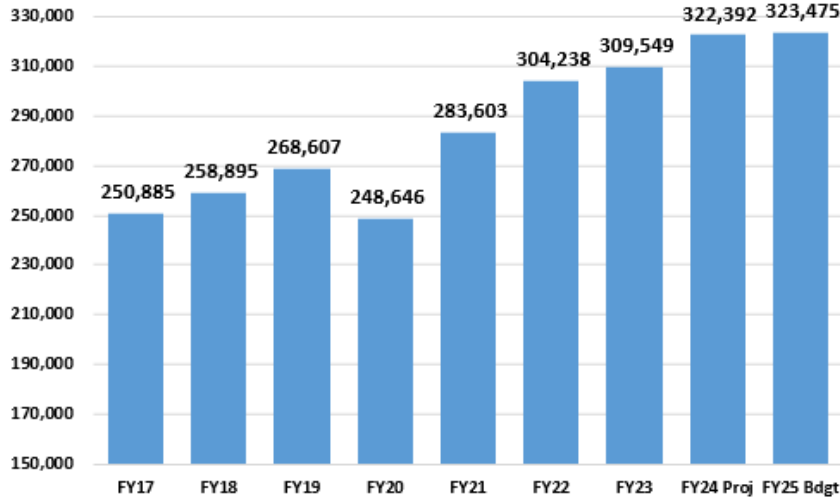


Urgent Care Registrations - Demaree

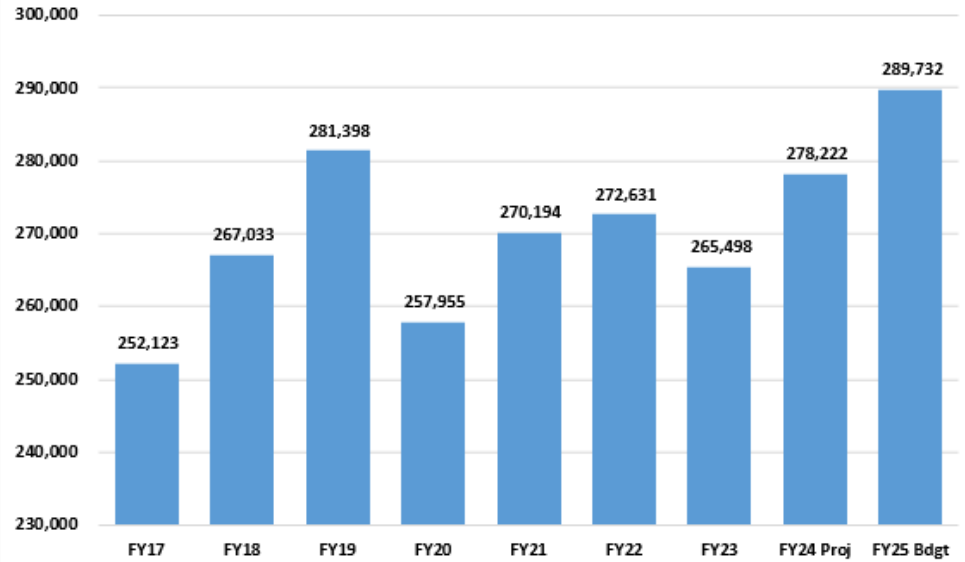


FY25 Trended Budget Volume Graphs

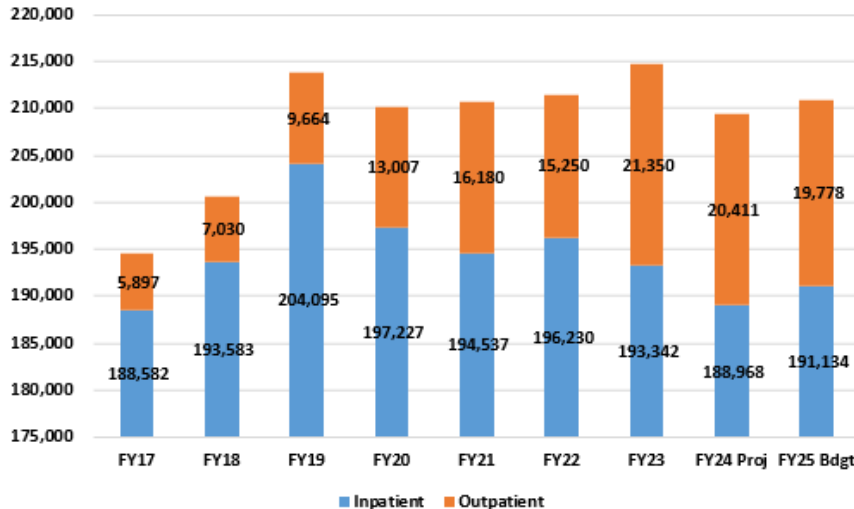
All Modalities Radiology Procedures



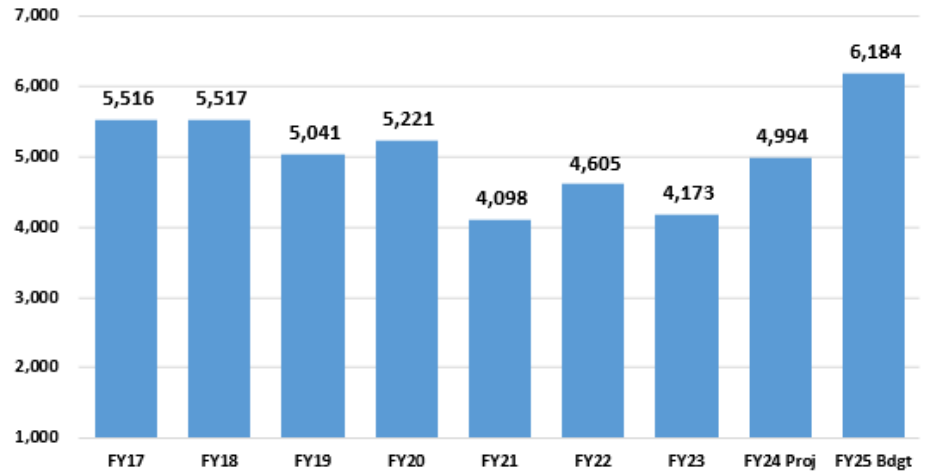
Outpatient Rehabilitation Services



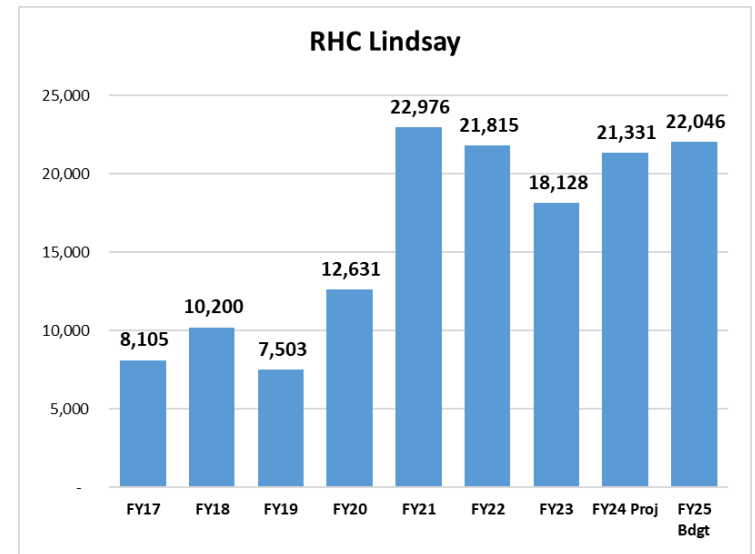
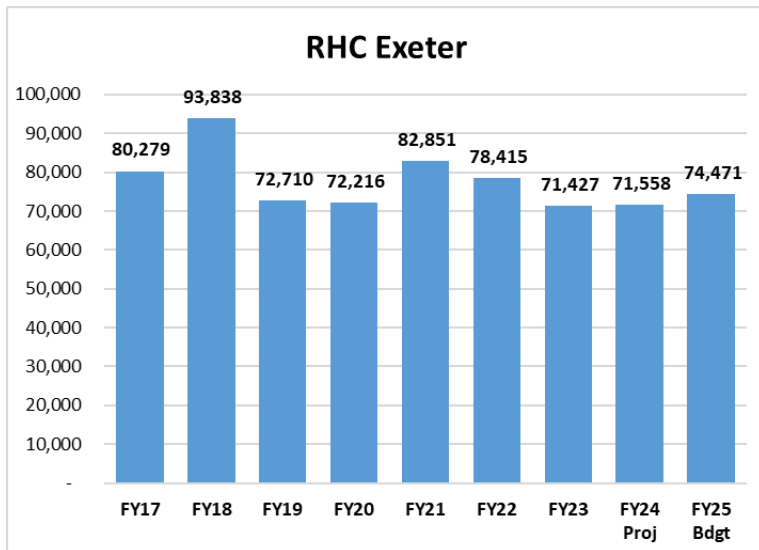
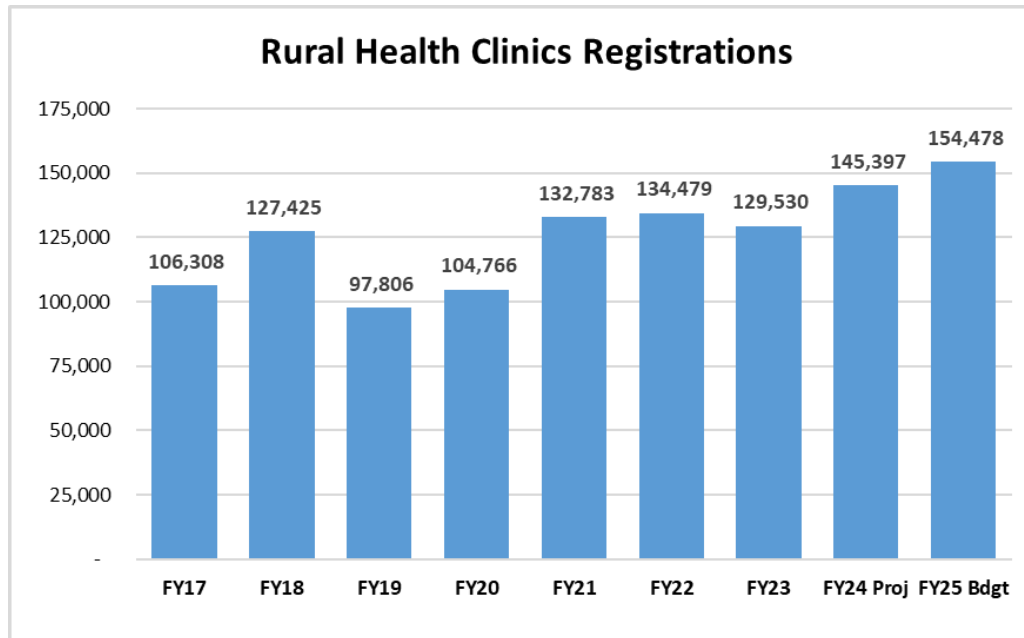
Therapies - ST, PT, OT



Infusion Center

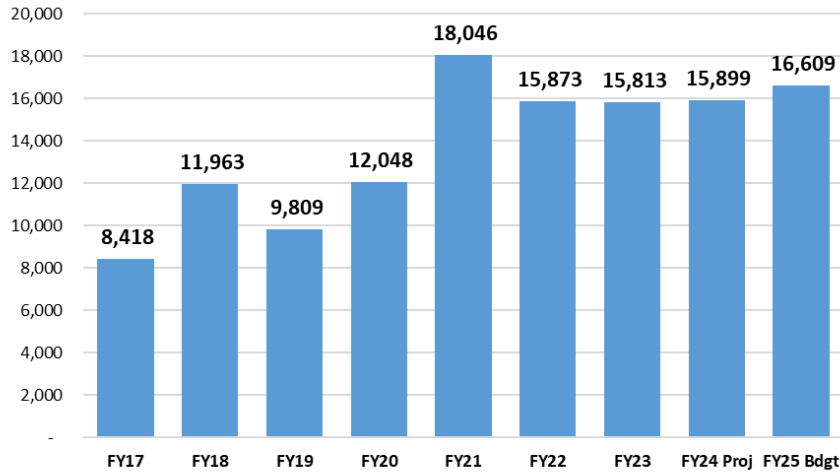


FY25 Trended Budget Volume Graphs

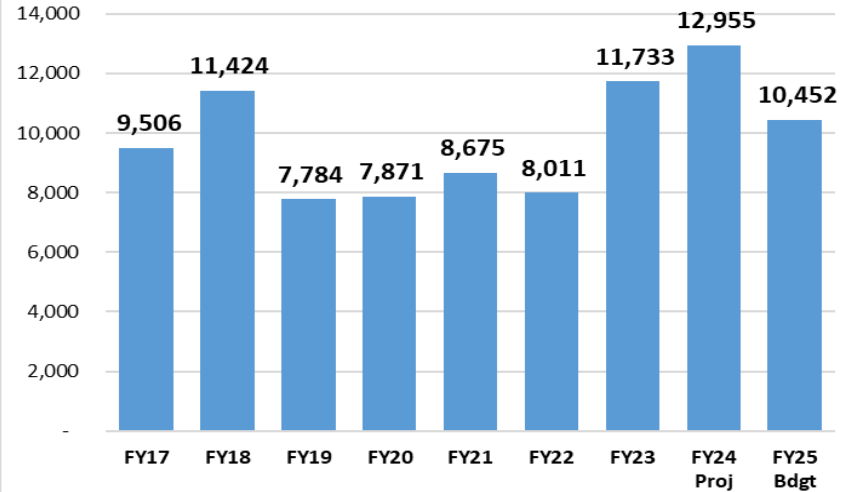


FY25 Trended Budget Volume Graphs

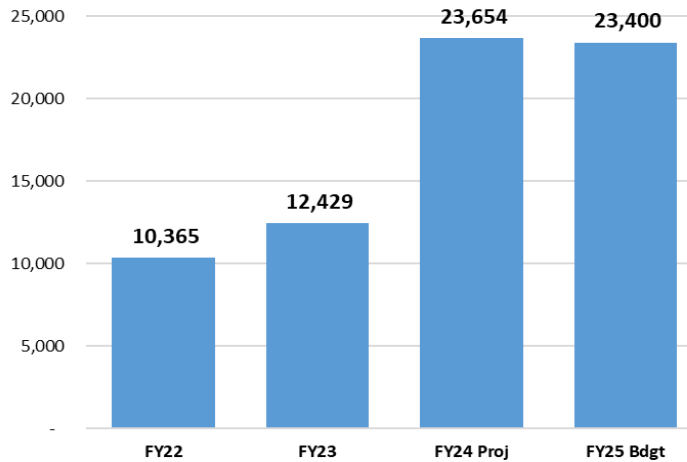
RHC Dinuba



RHC Woodlake Antelope

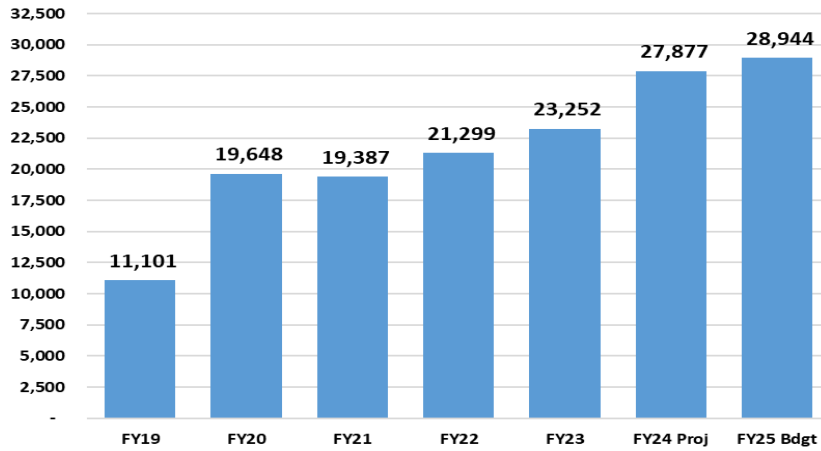


RHC Tulare

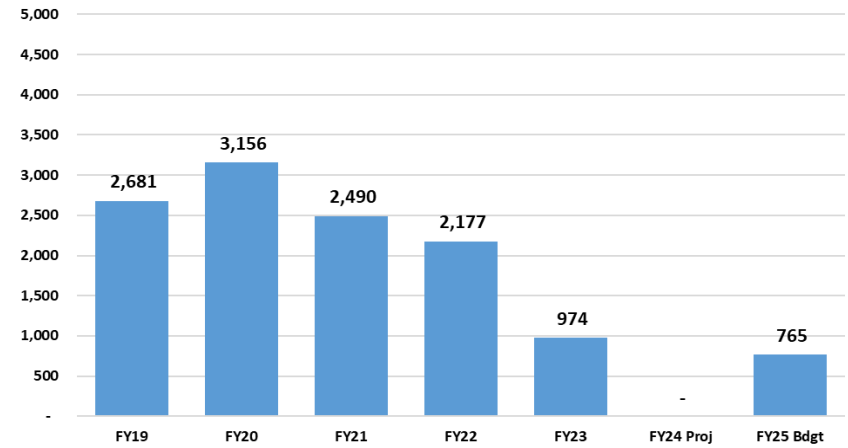


FY25 Trended Budget Volume Graphs

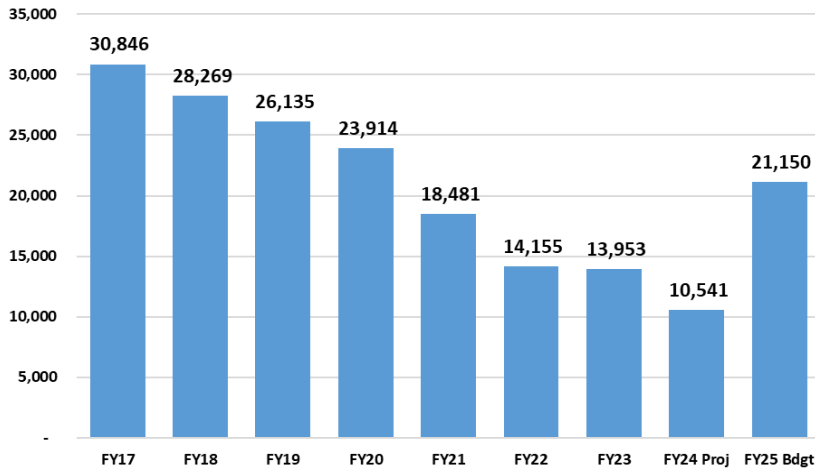
Cardiology Clinic Registrations



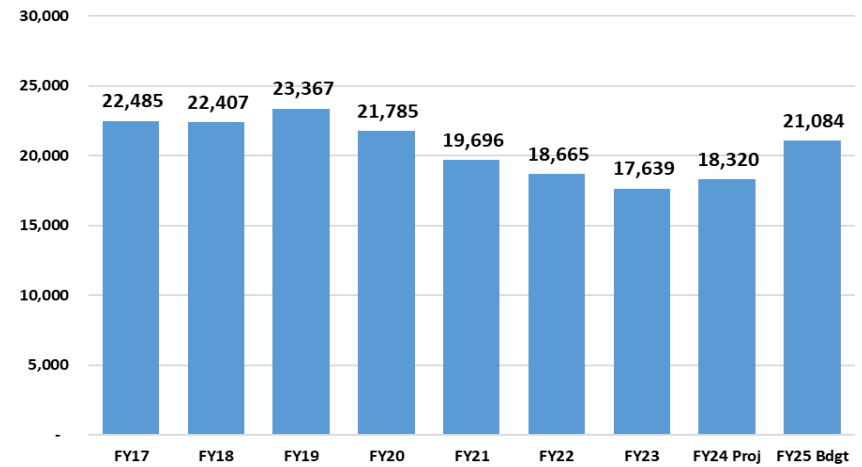
Neuroscience Center Registrations



Wound Care Visits

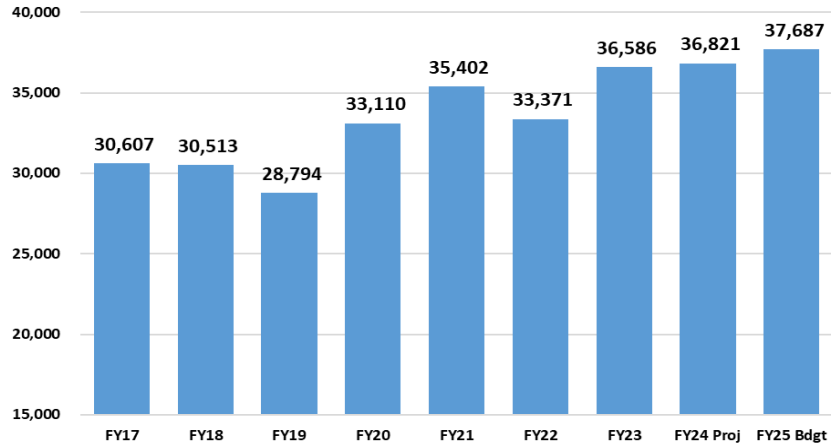


Outpatient Dialysis Treatments

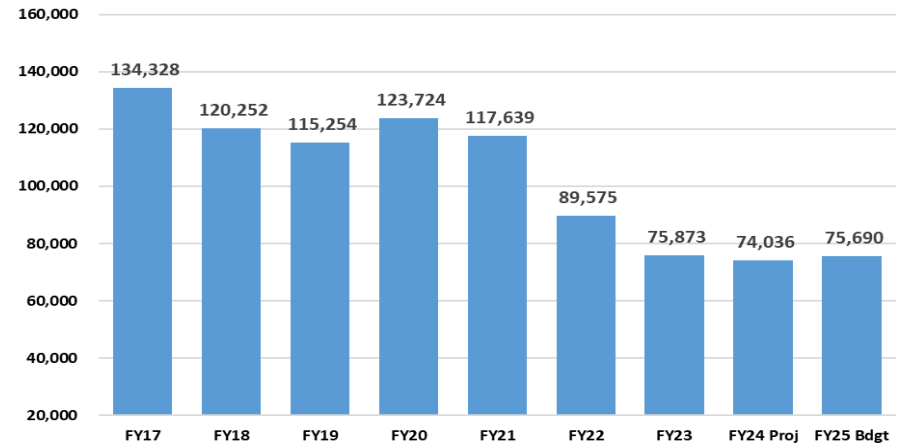


FY25 Trended Budget Volume Graphs

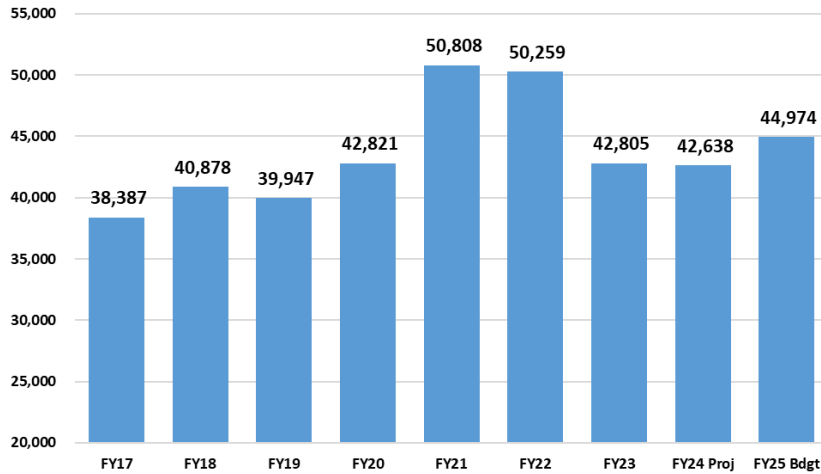
Home Health Outpatient Visits



Private Homecare Outpatient Hours



Hospice Outpatient Days



Specialty Home Care Hours

