

Stoughton Hospital Association Executive Committee

Wednesday, February 22, 2023 | 7:30 a.m. – 8:30 a.m.

Phone: 312.626.6799 | Meeting ID: 893 8280 5416 | Passcode: 513426

Zoom info: <https://us06web.zoom.us/j/89382805416?pwd=R0syMUdUT3FoK2Jqdmd2cVZ6WXIzdz09>

Committee Function and Members

Committee Function: Power to transact all regular business of hospital during period between Board meetings and is subject to any prior limitation imposed by Board of Directors. No action may be taken by Executive Committee if such action would require either supermajority or Special Member approval under Article V, Section 8 (B) and (C), if taken by Board. The Executive Committee is accountable for strategic planning in relation to long-term health care needs of the communities served.

Committee Members: Donna Olson (Chair) | Tim Rusch (Vice Chair) | Steve Staton (Secretary/Treasurer) | Margo Francisco/Matt Kinsella | Dan DeGroot | Michelle Abey

Item	Discussion	Presenter
	1. Call to Order	Donna Olson
	2. Orthopedic Business Plan Review (<i>See Attached</i>)	Teresa Lindfors
A	3. January Financials (<i>See Attached</i>)	Michelle Abey
	4. Conflict of Interest Review Summary	Michelle Abey
	5. Adjournment	Donna Olson

Upcoming Meetings:

- Quality Committee Meeting: Tuesday, February 28, 2023 at 9:00 a.m.
- Governing Board Meeting: Wednesday, March 22, 2023 at 7:15 a.m.

Note:

- A = Item requiring a Board/Committee Action, Approval, Recommendation or Acceptance
- R = Item requiring a formal Board Resolution

MISSION

The mission of Stoughton Hospital is to provide safe, quality health care with exceptional personalized service.

VISION

We grow to meet the changing needs of the communities we serve and become their health partner of choice.

VALUES

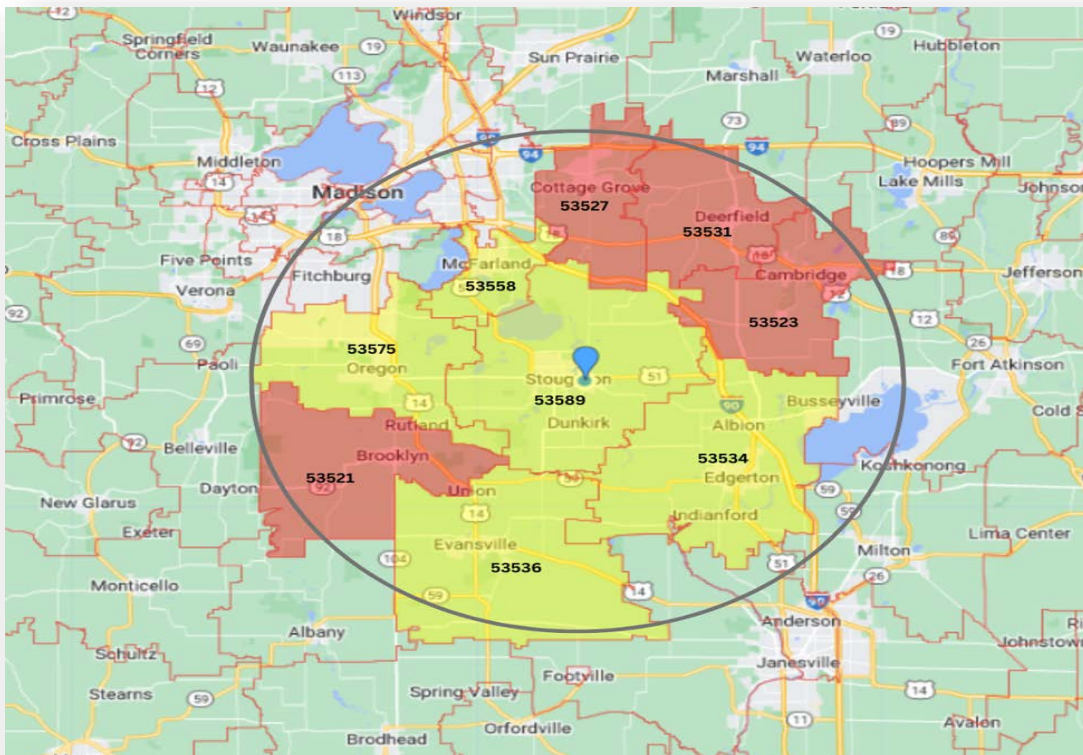
Our patients and community are our number one priority.

Stoughton Health Orthopedic Service Line Business Plan

January, 2023

Link with Mission and Strategic Plan

Stoughton Health’s mission is to provide safe, quality health care with exceptional personalized service. Our vision is to grow to meet the changing needs of the communities we serve and become their health partner of choice. We value our patients and community as our number one priority. Stoughton Health delivers comprehensive health care to the people of Stoughton, Evansville, Edgerton, Oregon, McFarland, Brooklyn, Cambridge, Deerfield, Cottage Grove, and surrounding areas (as indicated below)



Stoughton Health is committed to continue to achieve market share growth through reducing outmigration, broadening service portfolios, enhancing access and exploring new opportunities. Our goal is to provide service line growth for efficient and convenient access to care paired with Stoughton Health’s excellent culture, quality and safety scores.

The Opportunity of Project

In our local service area, we have seen a significant interim transitory decrease in access to orthopedic care over the past few months. Utilizing a query of the Wisconsin Hospital Association Information Center healthcare database (Kaavio), the local and extended area shows over 14,000 visits per year for orthopedic services in our area (see table below). Based on this data, there is a robust need in the area for orthopedic services. You can also see Stoughton Health is currently only receiving 2% of orthopedic total visits within our market area.

Ortho Principal Procedure Category Visits Report, Qtr. 4, 2021-Qtr. 3, 2022 (1 yr data)								
	Stoughton Health	Madison Surgery Center	SSM - Madison	SSM - Janesville	SSM Surgery Center	Unity Point - Meriter	UW - Madison	Grand Total
Visits	326	1,494	2,068	827	1,551	787	7,319	14,372
Percent	2%	10%	14%	6%	11%	6%	51%	

In addition, when you also consider the estimated population growth according to Environics Analytics, you can see an increase of approximately 5% in the past 5 years with the same projection for the next 5 years (see Table 1 below).

Table 1: Primary Service Area Growth Projections

Region	Est. 2017	Proj. 2022	Proj. 2027	Past 5yr change 2017 - 2022	Proj. 5yr change 2022 - 2027
Primary Service Area	70,745	74,385	77,767	5.1%	4.5%
Secondary Service Area	24,827	26,159	27,442	5.4%	4.9%
Total Service Area	95,572	100,544	105,209	5.2%	4.6%
State of Wisconsin	5,821,048	5,916,806	6,057,152	1.6%	2.4%

In addition, Table 2 demonstrates the projection of growth by age group. With the aging baby boomer generation, the percent of growth of ages 65 plus is significant. **This age group is more likely to have orthopedic care needs.**

Table 2: Primary Service Area Age Groups

PSA Age Group	Est. 2017	Proj. 2022	Proj. 2027	Past 5yr change 2017 - 2022	Proj. 5yr change 2022 - 2027
Female 15 - 44	12,839	13,537	13,998	5.4%	3.4%
Male & Female:					
65 - 74	6,644	8,294	10,145	24.8%	22.3%
75 - 84	3,188	3,733	4,431	17.1%	18.7%
85+	1,322	1,384	1,539	4.7%	11.2%
Total PSA 65+	11,154	13,411	16,115	20.2%	20.2%
State of Wisconsin 65+	965,030	1,099,112	1,259,254	13.9%	14.6%

Source: Environics Analytics

Although we know there is a decreasing need for inpatient orthopedics, the Advisory Board data for outpatient orthopedics demonstrates the volume growth is expected to be approximately 11% in 5 years and approximately 24% growth in 10 years (see Table 3 below).

Table 3: Advisory Board Outpatient Orthopedic Volume Growth Estimations

Advisory Board Data & Analytics Outpatient Market Scenario Planner					
	2021 Volume	2026 Volume	2031 Volume	5 Year Growth	10 Year Growth
Orthopedics	8,767	9,750	10,837	11.2%	23.6%

In FY 2022, Stoughton Health paid approximately \$320,000 cost to outside providers to be able to have 24/7/365 call coverage for orthopedics. Adding another provider would help to eliminate at least 25% of this burden (approximately \$84,000) as well as provide for enhanced ortho cross coverage when vacations or illness occur. With a single provider currently, illness or vacation results in less access and no scheduled surgical cases.

Hiring a complimentary orthopedic surgeon allows for enhanced specialty coverage. For example, the new provider could be hired to perform more hip surgeries while Dr. Rawal enhances his specialty with Sports Medicine and shoulder surgeries.

In addition to support an additional orthopedic surgeon, we would like to also create an additional 4th OR in our current hospital based OR. When we open the new ASC, we will still need to maintain at least 2 OR rooms for our inpatient and emergency cases within the hospital. Our existing operating rooms are old and outdated.

Finally, we are also exploring the addition of robotics. Options include purchasing outright, leasing and other per click options. We are still evaluating the best financing path for robotics. We have had demonstrations and evaluated 3 different vendors of robotics including Zimmer, DePuy and Stryker. After review of functionality, implant compatibility, and financial feasibility.

Context

Dr. Rawal is the sole employed orthopedic surgeon working at a full time status, with the support of 2 experienced physician assistants. The current practice is a mix of shoulder, knee, and hip surgeries. The current volume has been between 250-300 surgeries per year, with capacity to grow up and beyond 400 surgeries per year. The current practice has created a service line for custom knee replacements which has seen tremendous growth over the past 7 years. Currently, approximately 60-80 shoulder surgeries are being performed per year.

Financial Analysis

There are several costs associated with the addition of an additional orthopedic surgeon, addition of a 4th operating room and the potential for adding robotic capability in the future.

Below is the attached ProForma for adding an additional orthopedic provider as well as physician assistant along with the projected volume growth associated with these additions.

The Orthopedic Service Line Pro Forma shown includes the following assumptions:

- Add one additional physician assistant and support staff to assist the new surgeon.
- Ramp up of the practice will occur over 3 years with 50% productivity in Year 1, 75% productivity in Year 2 and full productivity in Year 3.

- 4% charge rate increase are built into each year (consistent with the approved percentage for FY22, FY23)
- The payer mix remains consistent with the current Ortho Team clinic's payer mix.
- Inpatient surgical volumes remained the same for the new surgeon as Dr. Rawal is currently doing while 7%-8% increase in outpatient surgical volumes and 5% increase in clinic volumes was built in. These volume increases are being driven based on the Advisory Board estimators outlined previously, additional market share growth and aligning the historical increases experienced.
- 5% inflation on salaries expense items.
- 3% inflation on supplies expense.

Stoughton Hospital Association					
Orthopedic Pro-Forma					
	FY 2021	FY 2022	Year 1	Year 2	Year 3
Gross Ortho Revenue					
Inpatient	1,402,135	828,881	1,293,054	1,568,906	1,864,757
Outpatient	9,580,855	15,195,912	25,564,888	33,274,638	36,867,977
Clinic	1,096,386	1,250,271	2,129,282	2,583,529	3,070,708
Total Gross Ortho Revenue	\$12,079,376	\$17,275,064	\$28,987,224	\$37,427,073	\$41,803,442
Ortho Contractual Adjustments					
Inpatient	(919,503)	(438,448)	(695,692)	(865,014)	(1,044,220)
Outpatient	(6,329,204)	(11,029,633)	(18,690,528)	(24,585,238)	(27,425,356)
Clinic	(400,853)	(462,096)	(812,789)	(1,032,261)	(1,262,374)
Total Ortho Contractual Adjustments	(7,649,559)	(11,930,178)	(20,199,009)	(26,482,514)	(29,731,950)
Patient Service Revenue	\$ 4,429,817	\$ 5,344,886	\$ 8,788,215	\$10,944,559	\$12,071,492
Discount %	-63%	-69%	-70%	-71%	-71%
Direct Operating Expenses					
Salaries and Wages					
Physician	703,270	703,270	1,484,955	1,559,202	1,637,162
Physician Assistants	239,799	239,799	371,028	389,579	409,058
Other Clinical Support Staff	242,268	390,204	717,000	752,850	790,492
Employee Benefits	296,334	333,318	643,246	675,408	709,178
Professional Fees	318,400	317,850	250,307	262,822	275,963
Rent	114,243	120,003	123,603	127,311	131,131
Supplies - Inpatient	1,754,800	2,550,000	4,199,516	5,187,218	5,731,135
Total Direct Operating Expenses	3,669,114	4,654,445	7,789,654	8,954,391	9,684,120
Operating Margin	\$ 760,702	\$ 690,442	\$ 998,561	\$ 1,990,168	\$ 2,387,372
Operating Margin %	17.17%	12.92%	11.36%	18.18%	19.78%
ENTIRE ORTHO PRACTICE	FY 2021	FY 2022	Year 1	Year 2	Year 3
Inpatient Volume	58	46	69	81	92
Outpatient Volume	203	255	413	516	550
Clinic Visits	3,298	3,664	6,000	7,000	8,000
Outpatient Volume per AB	6,758	6,888	7,036	7,191	7,347
Outpatient Market Share	3.00%	3.70%	5.86%	7.18%	7.49%
Outpatient Volume, less Injections per AB	1,930	1,930	1,942	1,957	1,970
Outpatient Market Share	10.52%	13.21%	21.24%	26.38%	27.92%

4th Operating Room Financial Estimated Needs:

Below is the projected expenses associate with adding a 4th operating room to allow for both orthopedic providers to be able to provide efficient orthopedic surgical care to our patients.

4th Operating Room Projected Expenses	
Design Cost	\$113,700
Construction Cost (includes 15% contingency)	\$1,082,420
Soft Costs, FFE	\$800,000
TOTAL	\$1,996,120
Owner Contingency (10%)	\$199,612
TOTAL COSTS	\$2,195,732

Robotic Expenses:

The following table represents both options of purchasing or leasing of the robotics equipment as part of the final phase of this business plan. We are still assessing which approach we may take on this based on finances in the future.

Robotics Vendor Comparison				
		Capitol	Operating Lease (Term 60 months)	Annual Service
Rosa (Zimmer)		\$999,999	\$20,735.22/month	\$98,500
VELYS (DePuy)		\$500,000	\$15,200/month	\$75,000
Mako (Stryker)		\$999,999	\$19,452.56.month	\$105,000

Risk Analysis

The main risks involved include: currently have a solo provider, the cost and ongoing patient volumes for long-term productivity of two providers. Currently, there is capacity within the local area to allow for expansion of this service line. However, there is the potential for other orthopedic groups to enter the market.

Additionally, there would be an increased need for physical therapy and other ancillary services like Medical Imaging, etc. which is positive growth but may also result in the need for additional FTE in these service lines.

Benefits

By creating a diverse orthopedic service line, we mitigate the potential risk of decreased volume if we focus too narrowly in this service line. By diversifying our surgical service lines in orthopedics, we prevent risk of decreased volume if another surgical service line were to fail.

Financially, there is increased financial gain noted from increased surgical volume. This increase in financial benefits is outlined in the previous ProForma. These financial benefits would be seen not only in surgical services, but also in associated ancillary services including imaging and therapy. Based on modest projections, we are anticipating increasing volume by 7-8% per year, which would mean an additional 180 plus surgeries in the first year and by year 3 we anticipate more than doubling our surgical orthopedic cases in comparison to FY2022. Our current operating room has significant room for expansion of surgical volume, without compromise of other service lines. With an additional fourth OR, we allow for the optimal efficiency for both our orthopedic providers while still maintaining our other surgical specialists as well.

When we add robotics, this will be a competitive benefit in the marketplace as many organizations around us have already put this technology in use including SSM-Madison & Janesville, UW, Sauk hospital, etc.

Marketing Plan

The orthopedic program will be marketed to the public using a variety of marketing channels including: TV, radio, print, billboards, social, website and digital media.

Direct outreach will be extended to a variety of sports venues including baseball, basketball and hockey. This will include high school, collegiate and traveling youth teams. Outreach and talks with community groups such as Senior Centers, Rotary, Lions, Optimist, Kiwanis, Veterans Organizations, Assisted Livings and more to help increase awareness of our program.

Conclusion & Recommendations

The long term recommending is a three phase approach to enhancing our Orthopedic Program. We recommend beginning our recruitment for an additional orthopedic surgeon now with associated costs of approximately \$1,485,000 which includes both staffing and recruitment costs. Target start date of new provider late summer, 2024. In tandem, we would recommend investing in the 4th OR in hospital setting which will be used as one of our Emergency and Inpatient rooms for the long-term with estimated cost of \$2,200,000 (early FY 2024 anticipated start). In our final phase of this plan, we would either recommend capital investment or lease of the robotics equipment.

**STOUGHTON HEALTH
SERVICES AND FINANCIAL REPORTS**

January 31, 2023

**STOUGHTON HEALTH
FINANCIAL AND SERVICES REPORTS
January 31, 2023**

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Stoughton Health
January 2023 Operational Executive Summary

Situation: January operating income was \$909,988 which was more than the budget of \$175,079 by \$734,909. January excess of revenues over expenses is \$1,592,136, which is \$1,333,686 over the budget of \$258,450. Year-to-date excess of revenues over expenses is \$5,314,609 which is \$3,037,268 ahead of budget.

Background:

Balance Sheet

- Days cash on hand was 415 days at the end of January (line 31 on pg 7) is over the budgeted days cash on hand of 388 and above the days cash on hand at the end of December of 403. The current level of days cash on hand is primarily driven from positive operations.
- Stoughton Health has begun implementation of Accounting Standard Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the balance sheet and must be completed by September 30, 2023. In review of its leases thus far, the Accounting team has determined that Stoughton Health has operating leases, therefore, three new lines have been added to the balance sheet to account for these leases – operating lease assets (line 13 pg 7), current portion of operating lease liabilities (line 17) and long-term portion of operating lease liabilities (line 27). Due to the timing of some of the lease renewals, this standard will be implemented over the course of FY2023 so expect these balances to continue to fluctuate as more leases are evaluated and accounted for.
- In January, \$10,000,000 of cash from the money market account was moved into certificates of deposit with rates of 4.2%. (line 6)
- The estimated third party payer settlements liability has increased by \$633,000 in the first four months of fiscal year 2023. This liability represents the estimated amount which Stoughton Health anticipates it's being overpaid on Medicare claims and potential amounts due upon cost report audit settlement. This liability fluctuates with changes in the payer mix and distribution of expenses.

Income Statement

- Outpatient volumes were significantly higher than budget in January by ~\$1.9M.
- Emergency and urgent care services were significantly ahead of budget. Stoughton ER and Urgent Care saw on average 89 patients per day in January compared to a budget of 63 patients per day, resulting in approximately \$428,000 more in gross outpatient revenues. The Oregon and McFarland Urgent Care sites combined saw approximately 27 patients per day compared to a budget of 22 patients per day, resulting in ~\$145,000 of gross revenues greater than budget.
- The strong emergency room and urgent care volumes drove ancillary services to be ahead of budget as well. Laboratory services were approximately \$329,000 above budget for the month as well as CT Scanning revenues were approximately \$237,000 above budget.

- Surgical Services volumes were above budget for the month. The following table depicts the comparison to budget by service line:

Surgical Services Comparison Report			
January 31, 2023			
Specialty	Actual	Budget	Variance
Orthopedics	40	32	8
Gynecology	0	3	(3)
Urology	0	(0)	0
General	17	19	(2)
Ophthalmology	21	17	4
Podiatry	11	9	2
Dental	19	13	6
ENT	5	3	2
Total Surgical Procedures	113	96	17
GI Endoscopy	54	53	1
Total OR Procedures	167	149	18

- This month's mix resulted in a contractual discount percentage of 63.2% for the month vs a budgeted contractual discount of 63.5%, which is consistent with budget for the month.
- Salaries and benefits (pg 8 lines 11 & 12) were lower than budget by approximately \$72,000 for the month primarily as a result of the budgeted raise being budgeted for the beginning of January but not implemented until later in the month with an effective date of Sunday, January 29th. In addition, there continues to be many open positions which were budgeted for but not filled in January.

Assessment:

Volumes in most areas, particularly outpatient, continued to have a positive variance to budget for January resulting in gross patient revenues being approximately \$1.7M ahead of budget for the month. Emergency room and urgent care volumes have seen the most significant increase in this year in comparison to last year.

Recommendation:

1. Recruit and retain staff in order to serve the patients of our communities.
2. Continue master facility planning so that the organization moves forward and grows.
3. Remain nimble to changing circumstances and recalibrate operations, including the evaluation of new and old programs, as needed to adjust course.

**Stoughton Health
Executive Financial Summary
January 31, 2023**

Variance Key: Better than (worse than) budget

INCOME STATEMENT		Current Mo. January	Current Mo. Budget	Current Mo. Variance	YTD January	YTD Budget	YTD Variance	YTD Prior Year
Line	REVENUE:							
	Patient service revenues:							
1	Inpatient	\$ 1,540,703	\$ 1,730,462	\$ (189,759)	\$ 6,744,671	\$ 8,058,259	\$ (1,313,588)	\$ 8,160,182
2	Outpatient	13,173,683	11,246,667	1,927,016	50,671,659	46,228,402	4,443,257	42,662,460
3	Total gross patient service revenues	14,714,386	12,977,129	1,737,257	57,416,330	54,286,661	3,129,669	50,822,642
4	Deductions from revenue	(9,340,454)	(8,263,966)	(1,076,488)	(36,292,039)	(34,694,910)	(1,597,129)	(31,854,445)
5	Net patient service revenue	5,373,932	4,713,163	660,769	21,124,291	19,591,751	1,532,540	18,968,197
6	Other income	155,280	166,658	(11,378)	1,037,007	975,763	61,244	1,068,536
7	Total revenues	5,529,212	4,879,821	649,391	22,161,298	20,567,514	1,593,784	20,036,733
	EXPENSES:							
8	Salaries	1,743,644	1,867,178	123,534	6,865,439	7,204,012	338,573	6,266,441
9	Fringe benefits	498,732	446,889	(51,843)	1,622,358	1,682,900	60,542	1,512,128
10	Supplies and other	2,093,958	2,105,437	11,479	8,712,705	8,589,619	(123,086)	7,777,818
11	Interest	31,190	31,190	-	125,546	125,546	-	147,673
12	Depreciation and amortization	251,700	254,048	2,348	1,016,293	1,021,581	5,288	1,033,473
13	Total expenses	4,619,224	4,704,742	85,518	18,342,341	18,623,658	281,317	16,737,533
14	Operating income	909,988	175,079	734,909	3,818,957	1,943,856	1,875,101	3,299,200
15	Investment income	135,751	36,500	99,251	351,977	146,001	205,976	183,074
16	Unrealized gains (losses) on investments	523,255	23,538	499,717	1,032,567	94,151	938,416	(100,850)
17	Interest in earnings of MRI Joint Venture	23,142	23,333	(191)	111,108	93,333	17,775	91,567
18	Other non-operating	-	-	-	-	-	-	-
19	Excess of revenue over expenses	\$ 1,592,136	\$ 258,450	\$ 1,333,686	\$ 5,314,609	\$ 2,277,341	\$ 3,037,268	\$ 3,472,991
	BALANCE SHEET	01/31/23	09/30/22					
20	Cash & short-term investments	\$ 26,454,819	\$ 31,855,002					
21	A/R (net)	7,386,667	6,935,566					
22	Total current assets	35,846,449	40,264,410					
23	Certificates of deposit	18,000,000	8,000,000					
24	Investments	11,352,998	10,025,673					
25	Property & equipment (net)	25,356,069	25,938,609					
26	Other assets	23,728,863	13,373,936					
27	Total assets	96,284,379	89,602,628					
28	Current liabilities	7,780,291	6,348,903					
29	Long-term debt	8,263,529	8,638,464					
30	Other long-term liabilities	689,958	379,269					
31	Total liabilities	16,733,778	15,366,636					
32	Net assets	79,550,601	74,235,992					
33	Total liabilities & net assets	96,284,379	89,602,628					
	CASH FLOWS					YTD		
						January	09/30/22	
	Cash provided by (used in):							
	Operating activities					6,096,397	7,554,115	
	Investing activities:							
	Fixed asset purchases & disposals					(703,418)	(2,040,064)	
	Investments					(10,384,315)	(5,173,400)	
	Financing activities:							
	Issuance of debt					-	-	
	Payment of debt & related costs					(445,705)	(2,456,263)	
	Forgiveness of long-term debt					-	-	
	Foundation & other					36,858	97,065	
	Net cash increase (decrease)					(5,400,183)	(2,018,547)	
	Cash, beginning					31,855,002	33,873,549	
	Cash, ending					26,454,819	31,855,002	
	RATIOS						FY23	2021 RWHC
		FY21	FY22	Nov-22	Dec-22	Jan-23	Budget	CAH Avg
34	Current Ratio	3.9	6.3	6.0	6.2	4.6	5.1	4.1
35	Operating Margin-Current Month			18.6%	19.8%	16.5%		
36	Operating Margin YTD	5.1%	14.0%	16.2%	17.5%	17.2%	7.4%	7.2%
37	Total Margin YTD	22.7%	11.8%	25.4%	22.0%	23.5%	9.0%	16.6%
38	Days in Accounts Receivable (net)	53	45	46	42	43	45	52
39	Days in Accounts Receivable (gross)	52	44	45	43	45		
40	Days Cash & Investments on Hand	431	400	398	403	415	388	343
41	Long-term Debt to Equity	0.16	0.12	0.11	0.11	0.10	0.10	0.52
42	Debt Service Coverage (YTD) >1.25	9.2	5.8	12.5	11.4	11.9	5.9	8.1
	STATISTICS						YTD	FY23
		FY21	FY22	Nov-22	Dec-22	Jan-23	January	Budget
43	Inpatient Days	3,658	3,748	323	293	288	1,346	3,594
44	Adjusted Patient Days (APD)	24,148	27,523	2,897	2,901	2,751	11,458	25,377
45	Net revenue per APD	\$1,938	\$2,063	\$1,849	\$1,882	\$1,954	\$1,844	\$2,274
46	FTE's	227.2	238.1	249.1	239.3	247.4	244.1	253.0
47	FTE's per Adjusted Occupied Bed	3.3	3.2	2.6	2.6	2.8	2.8	3.6
48	Avg # of payroll checks per pay period	311	321	335	328	337	333	
49	Salaries per APD	\$761	\$719	\$591	\$588	\$634	\$599	\$867
50	Benefits per APD	\$179	\$153	\$124	\$129	\$181	\$142	\$204
51	Other Expenses per APD	\$959	\$965	\$826	\$939	\$853	\$849	\$1,128

**STOUGHTON HEALTH
SERVICES SUMMARY
for the four months ended January 31, 2023**

INPATIENT SERVICES

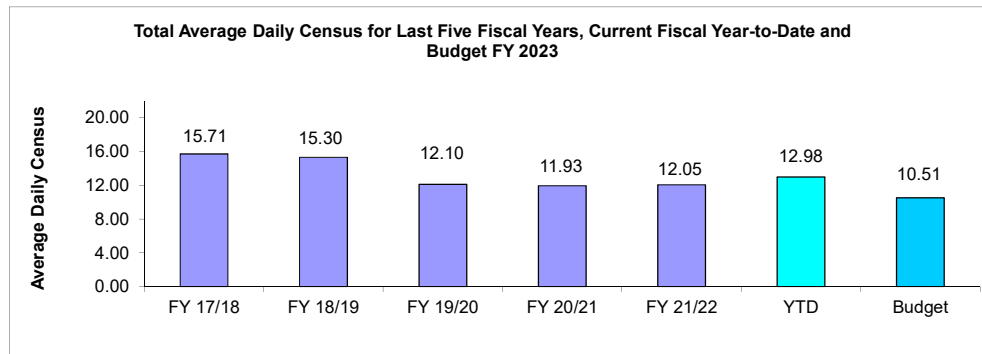
In January, inpatient admissions (including observation patients) averaged 3.51 admissions per day which was above budget by 0.34 admissions per day or 10.7%. Year-to-date inpatient admissions are 0.33 admissions per day or 10.5% above prior year.

17-18	18-19	19-20	20-21	21-22		THIS MONTH	YEAR-TO-DATE	BUDGET
1.30	1.12	1.22	1.15	1.12	Medical	1.39	1.41	1.01
0.54	0.45	0.37	0.29	0.33	Surgical	0.32	0.41	0.37
0.07	0.18	0.10	0.11	0.05	Detoxification	-	0.03	0.03
0.75	1.67	1.40	1.77	1.21	Observation	1.26	1.18	1.15
0.13	0.13	0.07	0.06	0.05	Swing Bed	0.06	0.04	0.07
0.09	0.10	0.08	0.08	0.11	Intensive Care	0.06	0.10	0.09
0.44	0.36	0.28	0.27	0.28	Geriatric Psychiatric	0.42	0.31	0.45
3.32	4.01	3.52	3.73	3.15	Average Admissions per day	3.51	3.48	3.17

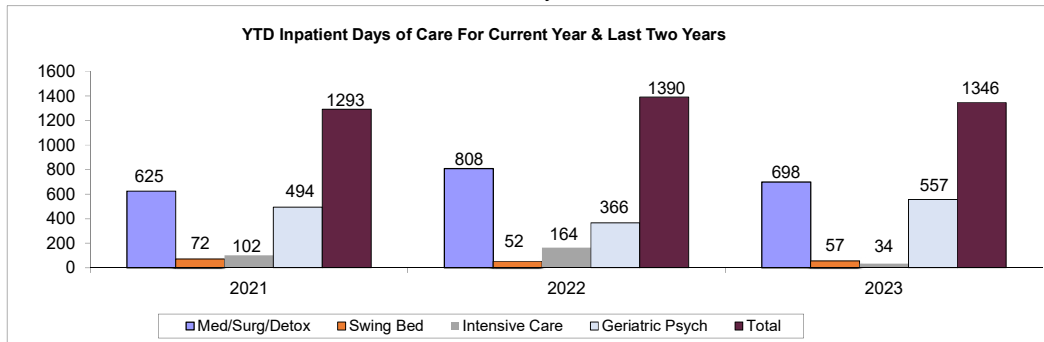
The overall average daily census in January was 11.03 which is above the budgeted average daily census of 10.51 but below the prior year average daily census of 12.05. Inpatient Average Daily Census numbers for the past thirteen months, year-to-date for Fiscal 2023, budget and prior year averages are shown in the following chart:

	JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2023	JAN 2023	CURRENT FISCAL 2023 BUDGET	PRIOR FISCAL YR	
Medical / Surgical Unit	3.55	4.14	6.55	3.77	4.13	4.73	6.29	5.16	3.93	6.03	6.03	5.55	5.10	5.67	2.72	5.43
Observation	1.16	1.57	1.62	2.30	2.45	1.17	1.91	1.89	1.66	3.03	1.80	1.59	1.74	2.04	1.69	1.79
Swing Bed	1.39	1.21	1.16	0.67	0.97	0.30	0.16	0.00	1.27	0.74	0.10	0.52	0.48	0.46	0.66	0.61
Intensive Care Unit	1.03	0.43	0.26	0.73	0.39	0.63	0.03	0.29	0.20	0.39	0.13	0.39	0.19	0.28	0.61	0.69
Geriatric Psychiatry Unit	2.61	3.64	3.61	3.53	2.84	3.10	3.94	4.42	5.40	7.10	4.50	3.00	3.52	4.53	4.83	3.53
	9.74	10.99	13.20	11.00	10.78	9.93	12.33	11.76	12.46	17.29	12.56	11.05	11.03	10.51	12.05	

Inpatient average daily census numbers for the past five fiscal years, year-to-date for Fiscal 2023, and budget are shown in the following graph:



Additional inpatient service volume statistics for the four months ended January 31, 2021, 2022 and 2023 are as follows:



**STOUGHTON HEALTH
SERVICES SUMMARY
for the four months ended January 31, 2023**

INPATIENT SERVICES - CONTINUED

					Discharge Length of Stay			
17-18	18-19	19-20	20-21	21-22		THIS MONTH	YEAR-TO-DATE	BUDGET
3.41	2.77	2.88	2.28	2.63	Medical	1.80	2.34	1.94
2.68	2.54	1.68	0.29	0.35	Surgical	0.10	0.17	0.02
6.47	9.28	9.12	9.59	16.08	Swing Bed	5.00	6.67	19.67
5.85	2.50	2.73	9.64	3.42	Intensive Care	2.00	4.71	7.00
3.18	2.48	2.22	2.94	3.38	Detoxification	-	3.25	5.25
2.27	3.47	4.09	3.38	2.85	Hospice Acute	3.67	3.80	1.75
16.86	11.46	13.28	12.31	10.87	Geriatric Psychiatric	5.82	8.24	10.56
5.81	4.35	4.29	3.84	3.71		2.41	2.97	4.05

OUTPATIENT SERVICES

Outpatient/Emergency services averaged 198.33 visits per day in January which was 37.00 visits per day or 22.9% above budget for the month. Year-to-date Outpatient/Emergency services is 36.63 visits or 21.4% above the prior year average visits per day of 171.02.

17-18	18-19	19-20	20-21	21-22		THIS MONTH	YEAR-TO-DATE	BUDGET
13.52	13.61	13.36	14.57	16.90	Emergency Department	18.32	17.22	17.12
35.44	41.67	37.02	34.06	54.67	Urgent Care - Stoughton	70.19	81.51	45.47
8.67	8.11	6.47	6.30	8.24	Urgent Care - Oregon	9.97	11.49	7.60
-	-	-	2.11	11.19	Urgent Care - McFarland	16.94	20.35	14.40
3.03	2.76	2.95	3.20	2.84	Ambulatory Infusion	2.26	2.56	2.88
3.87	3.71	3.12	3.72	4.37	Surgical	5.32	4.59	4.59
0.98	1.02	0.68	1.04	0.77	Sleep Lab	1.10	0.85	0.89
28.56	29.67	23.79	30.60	34.87	PT - SWAC/Hosp Rehab	36.71	34.24	32.49
20.49	20.94	15.42	19.82	19.44	PT - Oregon	19.97	19.64	20.01
12.30	13.25	9.48	15.27	17.73	Rehabilitation - Other	17.55	15.20	15.88
126.86	134.74	112.29	130.69	171.02	Average Visits per day	198.33	207.65	161.33

DIAGNOSTIC SERVICES

Diagnostic services (laboratory & medical imaging areas) averaged 262.73 service units per day in January which was (23.06) units or (8.1%) below budget. Year-to-date diagnostic services are (6.46) service units per day or (2.4%) below last year's average.

17-18	18-19	19-20	20-21	21-22		THIS MONTH	YEAR-TO-DATE	BUDGET
199.67	189.28	176.31	192.08	203.97	Lab including reference lab	193.26	198.28	216.26
23.17	21.55	20.53	20.57	26.84	Medical Imaging	26.81	25.37	25.30
4.98	6.12	5.73	8.16	8.65	Mammography	9.90	9.66	8.99
9.09	10.64	11.01	11.62	14.83	CT	15.03	14.98	14.58
1.42	1.82	1.42	2.96	4.87	Echocardiogram	6.19	5.22	4.94
5.76	5.94	4.88	5.92	6.76	Ultrasound	6.00	5.77	7.07
0.98	0.80	0.61	0.94	1.27	Nuclear Medicine	0.77	1.07	1.34
3.68	3.76	4.04	4.87	4.95	MRI	4.77	5.33	7.31
248.75	239.91	224.53	247.12	272.14	Average Service Units per Day	262.73	265.68	285.79

**STOUGHTON HEALTH
SERVICES SUMMARY
for the four months ended January 31, 2023**

GENERAL SURGERY SERVICES

In January, the General Surgery clinic had a total of 78 visits for the month which was (10.00) visits or (11.4%) below the prior month and below budget by (48.00) visits or (38.1%).

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		THIS MONTH ACTUAL	THIS MONTH BUDGET	LAST MONTH ACTUAL	YEAR- TO-DATE ACTUAL	YEAR- TO-DATE BUDGET
926	1,191	1,081	1,001	968	General Surgery Clinic Visits - Traditional	67	87	67	312	392
0	0	15	41	41	General Surgery Clinic Visits - Virtual	2	0	5	13	0
386	918	879	701	687	Wound Clinic Visits	9	39	16	93	220
1,312	2,109	1,975	1,743	1,696	Total Clinic Visits	78	126	88	418	612

Dr. Aaron Schwaab, General Surgeon, had 16 surgical cases in January. Inpatient cases were (2) case or (100.0%) below budget for the month and outpatient cases were below budget by (1) cases or (5.9%).

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		THIS MONTH ACTUAL	THIS MONTH BUDGET	LAST MONTH ACTUAL	YEAR- TO-DATE ACTUAL	YEAR- TO-DATE BUDGET
23	30	26	24	20	Inpatient Surgical Cases	0	2	1	4	8
234	247	212	218	201	Outpatient Surgical Cases	16	17	17	77	81
257	277	238	242	221	Total Surgical Cases	16	19	18	81	89

ORTHOPEDIC SERVICES

During the month of January, the OrthoTeam Clinic (Stoughton and Madison) had 503 visits and averaged 22.9 visits per clinic day. January visits were 355 visits or 239.9% above budget.

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		THIS MONTH ACTUAL	THIS MONTH BUDGET	LAST MONTH ACTUAL	YEAR- TO-DATE ACTUAL	YEAR- TO-DATE BUDGET
2,453	2,497	3,002	1,489	3,265	OrthoTeam Clinic Visits - Traditional	417	148	283	1,259	564
0	0	261	106	399	OrthoTeam Clinic Visits - Virtual	86	0	46	226	0
2,453	2,497	3,263	1,595	3,664	Total OrthoTeam Visits	503	148	329	1,485	564

OrthoTeam had 42 surgical cases in January. Inpatient cases were equal to budget for January. Outpatient cases were above budget by 10 cases or 34.5% for the month of January.

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		THIS MONTH ACTUAL	THIS MONTH BUDGET	LAST MONTH ACTUAL	YEAR- TO-DATE ACTUAL	YEAR- TO-DATE BUDGET	YEAR- TO-DATE Variance
151	151	152	45	28	Inpatient Surgical Cases	3	3	4	7	20	(13)
46	116	109	197	252	Outpatient Surgical Cases	39	29	21	114	110	4
197	267	261	242	280	Total Surgical Cases	42	32	25	121	130	(9)

CARDIOLOGY SERVICES

The Cardiology Clinic opened in July 2021. It had 36 total visits in the month of January.

STOUGHTON HEALTH
BALANCE SHEET
January 31, 2023

Line	ASSETS	1/31/2023	Audited 9/30/2022
	Current Assets		
1	Cash and cash equivalents	\$ 26,454,819	\$ 31,855,002
2	Patient accounts receivable, net of allowances	7,386,667	6,935,566
3	Supplies	722,799	742,411
4	Other current assets	1,282,164	731,431
5	Total current assets	35,846,449	40,264,410
	Assets Limited as to Use		
6	Certificates of deposit	18,000,000	8,000,000
7	Board designated and other	11,352,998	10,025,673
		29,352,998	18,025,673
8	Property and equipment	64,780,089	64,353,062
9	Less accumulated depreciation	(39,424,020)	(38,414,453)
10	Net property and equipment	25,356,069	25,938,609
	Other Assets		
11	Interest in net assets of Stoughton Hospital Foundation Inc.	1,141,718	1,178,577
12	Other non-current assets	3,044,229	3,004,127
13	Operating lease assets	490,575	-
14	Investment in Stoughton Hospital Imaging LLC	1,052,341	1,191,232
15	Total assets	\$ 96,284,379	\$ 89,602,628

LIABILITIES AND NET ASSETS

	Current Liabilities		
16	Current portion of long-term debt	\$ 1,112,097	\$ 1,174,073
17	Current portion of operating lease liabilities	132,720	-
18	Accounts payable	1,599,166	1,474,730
19	Accrued salaries and related withholdings	1,016,894	476,282
20	Accrued vacation compensation	1,278,103	1,214,812
21	Accrued interest	28,991	29,479
22	Other current liabilities	104,320	104,527
23	Estimated third-party payor settlements	2,508,000	1,875,000
24	Total current liabilities	7,780,291	6,348,903
25	Deferred compensation liability	419,004	379,269
26	Long-term debt, net of current portion	8,263,529	8,638,464
27	Long-term portion of operating lease liabilities	270,954	-
25	Total liabilities	16,733,778	15,366,636
	Net Assets		
26	Without donor restrictions	78,304,761	72,990,152
27	With donor restrictions	1,245,840	1,245,840
28	Total net assets	79,550,601	74,235,992
29	Total liabilities and net assets	\$ 96,284,379	\$ 89,602,628

	Budget			
30	Days revenue in accounts receivable	45	43	45
31	Days cash on hand, all unrestricted sources	388	415	400
32	Current Ratio	5.1	4.6	6.3
33	Age of Plant	13.6	12.9	12.5

**STOUGHTON HEALTH
INCOME STATEMENT
For the four months ended January 31, 2023**

Variance Key: Better than (worse than) budget

Line	Current Month			Year to Date			Year to Date LAST YEAR	
	January	Budget	Variance	TOTALS	Budget	Variance		
REVENUES								
Patient service revenue:								
1	Inpatient	\$ 1,540,703	\$ 1,730,462	\$ (189,759)	\$ 6,744,671	\$ 8,058,259	\$ (1,313,588)	\$ 8,160,182
2	Outpatient	13,173,683	11,246,667	1,927,016	50,671,659	46,228,402	4,443,257	42,662,460
3	Gross patient charges	14,714,386	12,977,129	1,737,257	57,416,330	54,286,661	3,129,669	50,822,642
4	Contractual discounts and allowances	(9,303,064)	(8,237,475)	(1,065,589)	(36,120,489)	(34,593,974)	(1,526,515)	(31,746,877)
5	Charity care	(37,390)	(26,491)	(10,899)	(171,550)	(100,936)	(70,614)	(107,568)
6	Patient service revenue	5,373,932	4,713,163	660,769	21,124,291	19,591,751	1,532,540	18,968,197
7	Other operating revenue	69,159	80,601	(11,442)	301,458	319,399	(17,941)	310,544
8	Contributions	8,465	10,917	(2,452)	441,347	355,807	85,540	464,641
9	Rental income	77,656	75,140	2,516	294,202	300,557	(6,355)	293,351
10	TOTAL REVENUES	5,529,212	4,879,821	649,391	22,161,298	20,567,514	1,593,784	20,036,733
EXPENSES								
11	Salaries	1,743,644	1,867,178	123,534	6,865,439	7,204,012	338,573	6,266,441
12	Employee benefits	498,732	446,889	(51,843)	1,622,358	1,682,900	60,542	1,512,128
13	Professional fees	572,008	573,555	1,547	2,169,489	2,275,057	105,568	2,063,932
14	Purchased services	642,534	615,895	(26,639)	2,718,879	2,591,774	(127,105)	2,408,907
15	Supplies	655,689	692,425	36,736	2,946,022	2,818,629	(127,393)	2,537,335
16	Interest	31,190	31,190	-	125,546	125,546	-	147,673
17	Administrative and general	202,517	200,774	(1,743)	792,841	813,007	20,166	696,951
18	Insurance	21,210	22,788	1,578	85,474	91,152	5,678	70,693
19	Depreciation and amortization	251,700	254,048	2,348	1,016,293	1,021,581	5,288	1,033,473
20	Total expenses	4,619,224	4,704,742	85,518	18,342,341	18,623,658	281,317	16,737,533
21	Operating income (loss)	909,988	175,079	734,909	3,818,957	1,943,856	1,875,101	3,299,200
Other income (loss):								
22	Investment income (loss) - realized	135,751	36,500	99,251	351,977	146,001	205,976	183,074
23	Unrealized gains (losses) on investments	523,255	23,538	499,717	1,032,567	94,151	938,416	(100,850)
24	Earnings (loss) in Sto Hosp Imaging	23,142	23,333	(191)	111,108	93,333	17,775	91,567
25	Excess of revenues over expenses	\$ 1,592,136	\$ 258,450	\$ 1,333,686	\$ 5,314,609	\$ 2,277,341	\$ 3,037,268	\$ 3,472,991
26	<i>Operating Margin</i>	16.5%	3.6%		17.2%	9.5%		16.5%
27	<i>Total Margin</i>	28.0%	5.2%		23.5%	10.9%		17.1%
28	<i>Adjusted Patient Days</i>	2,751	2,047		11,458	8,564		8,657
29	<i>Net revenue per APD</i>	\$ 1,954	\$ 2,302		\$ 1,844	\$ 2,288		\$ 2,191
30	<i>Salaries per APD</i>	\$ 634	\$ 912		\$ 599	\$ 841		\$ 724
31	<i>Benefits per APD</i>	\$ 181	\$ 218		\$ 142	\$ 197		\$ 175
32	<i>Supplies per APD</i>	\$ 238	\$ 338		\$ 257	\$ 329		\$ 293

STOUGHTON HEALTH
STATEMENT OF CHANGES IN NET ASSETS
For the four months ended January 31, 2023

	<u>1/31/23</u>	<u>Audited 9/30/22</u>
Unrestricted net assets:		
Excess (deficit) of revenues over expenses	5,314,609	7,101,020
Net assets released from restrictions	-	89,325
Contributions and grants for purchases of property and equipment	-	178,462
Increase (decrease) in unrestricted net assets	<u>5,314,609</u>	<u>7,368,807</u>
Temporarily restricted net assets:		
Restricted contributions	-	3,151
Change in interest in net assets of the Foundation	-	(195,598)
Net assets released from restrictions	-	(89,325)
Increase (decrease) in temporarily restricted net assets	<u>-</u>	<u>(281,772)</u>
Increase (decrease) in net assets	5,314,609	7,087,035
Net assets, beginning	<u>74,235,992</u>	<u>67,148,957</u>
Net assets, ending	<u><u>79,550,601</u></u>	<u><u>74,235,992</u></u>

STOUGHTON HEALTH
STATEMENT OF CASH FLOWS
For the four months ended January 31, 2023

	Current Month	YTD January	Audited 9/30/2022
Cash Flows From Operating Activities			
Increase (decrease) in net assets	\$ 1,592,134	\$ 5,314,609	\$ 7,087,035
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:			
Change in interest in net assets of Stoughton Hospital Foundation Inc.	-	-	195,598
Depreciation and amortization	251,700	1,016,293	3,083,870
Amortization of operating lease right of use asset	1,801	7,123	-
Amortization of debt issuance costs	2,198	8,794	28,413
Net realized and unrealized gains and losses on investments	(521,776)	(981,396)	1,785,169
Loss (gain) on disposal of property and equipment	-	-	430,776
Change in investment in Stoughton Hospital Imaging, LLC	(23,142)	(111,108)	(271,835)
Distribution from Stoughton Hospital Imaging, LLC	-	250,000	250,000
Contributions and grants for property and equipment	-	-	(181,613)
Increase (decrease) from changes in:			
Patient accounts receivable, net	(262,216)	(451,101)	(176,477)
Supplies	(2,722)	19,612	(205,535)
Estimated third-party payor settlements	141,000	633,000	425,000
Other current / non-current assets	(239,325)	(552,450)	38,051
CMS advanced payments	-	-	(4,590,548)
Accounts payable, accrued expenses and other current liabilities	581,196	943,021	(343,789)
Net cash provided by (used in) operating activities	1,520,848	6,096,397	7,554,115
Cash Flows From Investing Activities			
Acquisition of property and equipment	(193,229)	(703,418)	(2,124,612)
Purchases of other non-current assets	(1,847,888)	(3,822,016)	(6,416,108)
Sales of other non-current assets	1,837,110	3,802,332	3,415,585
Purchases of assets limited as to use	(10,424,837)	(13,736,226)	(15,399,195)
Sales/Proceeds from maturities of assets limited as to use	386,090	3,371,595	13,226,318
Net cash provided by (used in) investing activities	(10,242,754)	(11,087,733)	(7,298,012)
Cash Flows From Financing Activities			
Repayment of long-term debt	(92,613)	(445,705)	(2,456,263)
Restricted contributions and grants	-	36,858	181,613
Net cash provided by (used in) financing activities	(92,613)	(408,847)	(2,274,650)
Net increase (decrease) in cash	(8,814,519)	(5,400,183)	(2,018,547)
Cash, beginning	35,269,338	31,855,002	33,873,549
Cash, ending	\$ 26,454,819	\$ 26,454,819	\$ 31,855,002