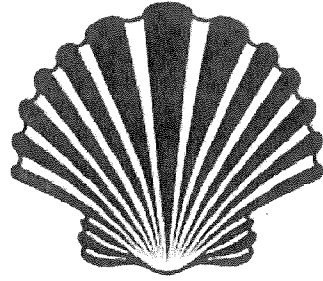


# Southeast Georgia Health System

## Business Plan for the Fiscal Years Ending April 30, 2014 - 2017

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SOUTHEAST GEORGIA  
HEALTH SYSTEM

**Health System**

**SOUTHEAST GEORGIA HEALTH SYSTEM  
BALANCE SHEET**

	2012	2013	2014	Budget 2015	Forecast 2016	Forecast 2017
<b>CURRENT ASSETS</b>						
Cash & Cash Equivalents	\$ 3,901,000	\$ 9,269,000	\$ 3,720,000	\$ 6,529,000	\$ 6,963,000	\$ 7,404,000
Accounts Receivable - Trade	54,912,000	57,592,000	63,291,000	60,800,000	58,800,000	57,000,000
Accounts Receivable - Other	1,679,000	2,357,000	5,428,000	1,077,000	1,063,000	1,054,000
Inventories	6,703,000	7,986,000	7,959,000	7,627,000	7,543,000	7,396,000
Other Current Assets	2,603,000	3,441,000	3,317,000	3,900,000	3,963,000	4,029,000
<b>TOTAL CURRENT ASSETS</b>	<b>69,798,000</b>	<b>80,645,000</b>	<b>83,715,000</b>	<b>79,933,000</b>	<b>78,332,000</b>	<b>76,883,000</b>
Revenue Bonds - Sinking	3,018,000	4,346,000	1,439,000	2,458,000	2,441,000	2,424,000
Revenue Bonds - Debt Service Reserve	11,396,000	11,958,000	9,517,000	9,492,000	9,467,000	9,442,000
Revenue Bonds - Construction Funds	13,000	6,352,000	2,633,000	-	-	-
Self Insurance - Investments	3,821,000	4,150,000	5,175,000	3,523,000	3,607,000	3,747,000
Designated Cash & Investments	134,034,000	148,187,000	149,329,000	162,532,000	168,250,000	171,023,000
<b>TOTAL RESTRICTED ASSETS</b>	<b>152,282,000</b>	<b>174,993,000</b>	<b>168,093,000</b>	<b>178,005,000</b>	<b>183,765,000</b>	<b>186,636,000</b>
<b>NET PROPERTY, PLANT, AND EQUIPMENT</b>	<b>252,377,000</b>	<b>256,003,000</b>	<b>258,632,000</b>	<b>253,480,000</b>	<b>247,025,000</b>	<b>242,191,000</b>
Goodwill	-	-	3,661,000	3,265,000	2,869,000	2,473,000
Investment in Affiliates	339,000	338,000	-	-	-	-
Pension Assets in Excess of Obligation	351,000	153,000	-	-	-	-
Other Assets	746,000	352,000	312,000	206,000	151,000	121,000
<b>TOTAL ASSETS</b>	<b>\$ 475,893,000</b>	<b>\$ 512,484,000</b>	<b>\$ 514,413,000</b>	<b>\$ 514,889,000</b>	<b>\$ 512,142,000</b>	<b>\$ 508,304,000</b>
<b>CURRENT LIABILITIES:</b>						
Credit Line	174,000	-	-	-	-	-
Accounts Payable	12,595,000	15,890,000	16,503,000	16,001,000	16,353,000	16,714,000
Third Party Cost Settlement	816,000	1,181,000	4,213,000	2,501,000	1,388,000	832,000
Lease Obligations	2,089,000	2,201,000	2,163,000	3,315,000	2,331,000	1,993,000
Accrued Salaries and Compensated Absences	13,613,000	15,715,000	16,378,000	17,201,000	18,052,000	18,974,000
Accrued Malpractice	4,600,000	5,400,000	5,175,000	5,384,000	5,540,000	5,702,000
Estimated Claims Payable	5,725,000	4,925,000	4,775,000	5,912,000	6,168,000	6,443,000
Other Payables	1,886,000	2,120,000	2,294,000	2,577,000	2,715,000	2,863,000
Accrued Interest Payable	1,801,000	1,599,000	1,625,000	634,000	626,000	618,000
Current Portion of Long-term Obligations	2,668,000	3,524,000	3,873,000	3,491,000	3,269,000	3,802,000
Deferred Revenue	125,000	1,049,000	640,000	1,350,000	1,425,000	1,504,000
Intercompany Payables	-	-	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>46,092,000</b>	<b>53,604,000</b>	<b>57,639,000</b>	<b>58,366,000</b>	<b>57,867,000</b>	<b>59,445,000</b>
Long-term Obligations	174,770,000	180,957,000	179,888,000	173,082,000	167,482,000	161,687,000
Minority Interest	716,000	408,000	440,000	501,000	503,000	505,000
<b>TOTAL LIABILITIES</b>	<b>221,578,000</b>	<b>234,969,000</b>	<b>237,967,000</b>	<b>231,949,000</b>	<b>225,852,000</b>	<b>221,637,000</b>
<b>FUND BALANCE</b>	<b>254,315,000</b>	<b>277,515,000</b>	<b>276,446,000</b>	<b>282,940,000</b>	<b>286,290,000</b>	<b>286,667,000</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 475,893,000</b>	<b>\$ 512,484,000</b>	<b>\$ 514,413,000</b>	<b>\$ 514,889,000</b>	<b>\$ 512,142,000</b>	<b>\$ 508,304,000</b>

**SOUTHEAST GEORGIA HEALTH SYSTEM  
STATEMENT OF REVENUES AND EXPENSES**

	2012	2013	2014	Budget 2015	Forecast 2016	Forecast 2017
<b>GROSS PATIENT REVENUE</b>						
Room Accommodation	\$ 88,830,000	\$ 96,015,000	\$ 96,373,000	\$ 94,840,000	\$ 94,840,000	\$ 94,840,000
IP Ancillary Revenue	232,084,000	251,928,000	252,971,000	255,743,000	255,743,000	255,743,000
Total Inpatient Revenue	320,914,000	347,943,000	349,344,000	350,583,000	350,583,000	350,583,000
Total Outpatient Revenue	400,416,000	434,754,000	437,733,000	452,364,000	457,858,000	463,462,000
Total Patient Revenue	721,330,000	782,697,000	787,077,000	802,947,000	808,441,000	814,045,000
<b>REVENUE DEDUCTIONS</b>						
Medicare & Medicaid	275,520,000	301,112,000	309,102,000	314,615,000	315,025,000	315,471,000
Charity Care	41,566,000	44,136,000	43,782,000	44,212,000	44,551,000	44,897,000
Other Revenue Deductions	68,205,000	74,609,000	77,329,000	76,671,000	77,060,000	77,457,000
Bad Debts	40,305,000	42,592,000	43,107,000	42,060,000	42,313,000	42,571,000
Total Revenue Deductions	425,596,000	462,449,000	473,320,000	477,558,000	478,949,000	480,396,000
<b>NET OPERATING REVENUE</b>	295,734,000	320,248,000	313,757,000	325,389,000	329,492,000	333,649,000
Other Operating Revenue	3,927,000	3,649,000	9,311,000	7,573,000	6,385,000	5,005,000
<b>TOTAL OPERATING REVENUE</b>	299,661,000	323,897,000	323,068,000	332,962,000	335,877,000	338,654,000
<b>EXPENSES</b>						
Wages	120,746,000	129,567,000	133,941,000	130,265,000	132,870,000	135,529,000
Benefits	34,989,000	37,948,000	37,146,000	33,857,000	34,871,000	35,917,000
Contract Labor	6,450,000	8,003,000	9,803,000	9,637,000	9,734,000	9,831,000
Supplies	37,781,000	39,623,000	42,622,000	42,171,000	43,014,000	43,873,000
Drugs & IV's	18,680,000	20,568,000	20,978,000	20,837,000	21,254,000	21,679,000
Physician Fees	9,721,000	8,196,000	7,621,000	5,103,000	5,205,000	5,309,000
Professional Fees	3,703,000	3,898,000	5,140,000	4,578,000	4,670,000	4,764,000
Insurance	3,206,000	2,954,000	4,105,000	3,651,000	3,761,000	3,875,000
Utilities	5,323,000	5,173,000	5,460,000	5,327,000	5,434,000	5,542,000
Outside Services	21,288,000	23,792,000	27,357,000	26,808,000	27,344,000	27,861,000
Depreciation & Amortization	20,421,000	20,316,000	22,374,000	23,055,000	23,968,000	24,919,000
Provider Tax	4,017,000	4,626,000	4,826,000	4,947,000	4,948,000	4,949,000
Other Expense	8,448,000	8,057,000	7,864,000	8,735,000	8,910,000	9,088,000
Total Operating Expenses	294,783,000	312,716,000	329,237,000	318,972,000	325,983,000	333,166,000
<b>EXCESS REVENUE OVER EXPENSE</b>	4,878,000	11,181,000	(6,169,000)	13,990,000	9,894,000	5,489,000
<b>FROM OPERATIONS</b>						
Operating Margin	-1.0%	1.2%	-4.0%	2.00%	0.9%	-0.4%
<b>NON-OPERATING REVENUE (Expenses)</b>						
Investment Income	3,727,000	4,549,000	5,363,000	3,499,000	3,568,000	3,638,000
Interest Expense	(7,769,000)	(7,252,000)	(6,336,000)	(7,494,000)	(7,066,000)	(6,846,000)
Realized Market Gains (Losses)	(810,000)	4,950,000	10,662,000	1,660,000	1,677,000	1,694,000
Unrealized Market Gains (Losses)	(2,983,000)	7,418,000	(3,764,000)	1,684,000	1,702,000	1,720,000
Other Non-Operating Revenue/(Expense)	732,000	3,316,000	55,000	-	-	-
Minority Interest	(1,450,000)	(751,000)	(877,000)	(806,000)	(829,000)	(853,000)
<b>TOTAL NON-OPERATING REVENUE (Expenses)</b>	(8,553,000)	12,230,000	5,103,000	(1,457,000)	(948,000)	(647,000)
Income From CHSI	-	-	-	-	-	-
Income From GALICB	-	-	-	-	-	-
Income from St. Marys	-	-	-	-	-	-
Income from Senior Care	-	-	-	-	-	-
Income From Foundation	-	-	-	-	-	-
<b>EXCESS REVENUE OVER EXPENSE</b>	\$ (3,675,000)	\$ 23,411,000	\$ (1,066,000)	\$ 12,533,000	\$ 8,946,000	\$ 4,842,000
Total Margin	-1.2%	7.3%	-0.3%	3.9%	2.7%	1.5%
<b>OPERATING RESULTS NET OF INTEREST EXPENSE</b>	\$ (2,891,000)	\$ 3,929,000	\$ (12,505,000)	\$ 6,496,000	\$ 2,828,000	\$ (1,357,000)
	-1.0%	1.2%	-4.0%	2.0%	0.9%	-0.4%

**SOUTHEAST GEORGIA HEALTH SYSTEM  
SUMMARY STATEMENT OF CASH FLOW**

	<u>2014</u>	<u>Budgeted 2015</u>	<u>Forecast 2016</u>	<u>Forecast 2017</u>
Excess of Revenue Over Expense From Operations:	\$ (6,166,000)	\$ 13,990,000	\$ 9,894,000	\$ 5,489,000
Less Interest Expense	(6,335,000)	(7,494,000)	(7,066,000)	(6,846,000)
Net Income/(Loss) From Operations	(12,501,000)	6,496,000	2,828,000	(1,357,000)
Depreciation & Amortization	22,373,000	23,055,000	23,968,000	24,919,000
<b>Cash Flow From Operations</b>	<u>\$ 9,872,000</u>	<u>\$ 29,551,000</u>	<u>\$ 26,796,000</u>	<u>\$ 23,562,000</u>
Investing Activities:				
Other Income, Including Dividends & Interest Gain/(Loss) From Investments:	4,537,000	3,499,000	3,568,000	3,638,000
Realized	10,662,000	1,660,000	1,677,000	1,694,000
Unrealized	(3,765,000)	1,684,000	1,702,000	1,720,000
Other (Increases)/Decreases in Unrestricted Investments	(13,601,000)	(18,394,000)	(12,749,000)	(9,965,000)
<b>Cash Flow From Investing Activity</b>	<u>(2,167,000)</u>	<u>(11,551,000)</u>	<u>(5,802,000)</u>	<u>(2,913,000)</u>
Capital Related Activities:				
Purchase of Capital Assets				
Funded From Operations	(17,852,000)	(15,266,000)	(17,513,000)	(20,085,000)
Funded From Bond/Lease/Loan Funding	(7,154,000)	(2,633,000)	-	-
Issuance of Long-Term Debt/Capital Leases	3,435,000	-	-	-
Repayment of Long-Term Debt/Lease Obligations	(4,195,000)	(6,036,000)	(6,806,000)	(5,600,000)
Decrease/(Increase) in Bond Funds	(5,347,000)	994,000	(42,000)	(42,000)
<b>Cash Used in Capital Related Activity</b>	<u>(31,113,000)</u>	<u>(22,941,000)</u>	<u>(24,361,000)</u>	<u>(25,727,000)</u>
Working Capital:				
Decrease/(Increase) in Accounts Receivable	(5,699,000)	2,491,000	2,000,000	1,800,000
Increase/(Decrease) in Line of Credit	-	-	-	-
Increase/(Decrease) in Malpractice and Claims Payable	(375,000)	1,346,000	412,000	437,000
Increase/(Decrease) in Interest Payable	26,000	(991,000)	(6,000)	(6,000)
Other Changes	23,905,000	4,904,000	1,397,000	3,290,000
<b>Cash Provided By/(Used in) Working Capital Changes</b>	<u>17,857,000</u>	<u>7,750,000</u>	<u>3,801,000</u>	<u>5,519,000</u>
<b>Net Increase Decrease in Cash and Equivalents</b>	<u>(5,551,000)</u>	<u>2,809,000</u>	<u>434,000</u>	<u>441,000</u>
Cash and Equivalents at Beginning of Year	9,271,000	3,720,000	6,529,000	6,963,000
<b>Cash and Equivalents at End of Period</b>	<u>\$ 3,720,000</u>	<u>\$ 6,529,000</u>	<u>\$ 6,963,000</u>	<u>\$ 7,404,000</u>

**SOUTHEAST GEORGIA HEALTH SYSTEM  
CONSOLIDATED OPERATING STATISTICS COMPARISONS**

	2012	2013	2014	Budget 2015	Forecast 2016	Forecast 2017
ACUTE						
Admissions	12,935	13,420	12,739	12,580	12,580	12,580
Days	58,908	61,267	59,286	59,240	59,240	59,241
Average Length of Stay	4.55	4.57	4.65	4.71	4.71	4.71
Total Admissions	13,037	13,420	12,739	12,580	12,580	12,580
Total Patient Days	59,624	61,267	59,286	59,240	59,240	59,241
Average Length of Stay	4.57	4.57	4.65	4.71	4.71	4.71
Average Daily Census (Excluding Newborns and Nursing Home)	162.9	167.4	162.0	162.3	161.9	161.9
Total Observation Days	4,183	3,988	3,987	3,910	3,979	4,049
RESIDENT CARE CENTERS						
Admissions	520	650	542	509	509	509
Hold Days	760	624	464	560	560	560
Nursing Home Days	79,766	82,046	83,088	82,680	82,680	82,680
NEWBORNS						
Births	2,017	2,094	2,024	2,086	2,090	2,090
Days	4,892	4,997	4,642	4,673	4,673	4,674
Average Length of Stay	2.43	2.39	2.29	2.24	2.24	2.24
Case Mix Index (Acute only)	1.3650	1.4189	1.4498	1.5240	1.5263	1.5286
Average Length of Stay	4.57	4.57	4.65	4.71	4.71	4.71
Acute Occupancy Rate	59.7%	61.5%	59.5%	59.5%	59.5%	59.5%
Cath Lab Procedures	1,468	1,420	1,404	1,340	1,370	1,400

**SOUTHEAST GEORGIA HEALTH SYSTEM  
CONSOLIDATED OPERATING STATISTICS COMPARISONS**

	2012	2013	2014	%	Budget 2015	%	Forecast 2016	%	Forecast 2017	%
Surgeries (1)										
Total Inpatient	3,363	3,542	3,505	(1.0)	3,498	(0.2)	3,500	0.1	3,500	-
Outpatient	3,907	4,371	4,294	-1,762	4,360	1.5	4,430	1.6	4,500	1.6
Outpatient Care Center	4,141	4,084	3,635	(11.0)	3,710	2.1	3,780	1.9	3,860	2.1
Endoscopy	3,184	2,662	2,676	0.5	2,710	1.3	2,750	1.5	2,790	1.5
SGHS Endoscopy Center	0	0	1,660		3,390	104.2	3,460	2.1	3,530	2.0
Total Outpatient	11,232	11,117	12,265	10.3	14,170	15.5	14,420	1.8	14,680	1.8
Total Surgeries	14,595	14,659	15,770	7.6	17,668	12.0	17,920	1.4	18,180	1.5
Emergency Visits	81,703	84,698	83,383	(1.6)	84,418	1.2	85,480	1.3	86,576	1.3
Other Outpatient (1) Based on patients	185,904	194,882	215,154	10.4	196,083	(8.9)	199,010	1.5	202,000	1.5
Cooperative Healthcare Services										
Outpatient Services	250,327	308,134	299,621	(2.8)	347,120	15.9	347,120	-	347,120	-
Adjusted Patient Days	134,018	137,820	133,572	(3.1)	135,679	1.6	136,607	0.7	137,557	0.7
Gross Revenue per Adj Pt Day	\$ 5,382	\$ 5,679	\$ 5,893	3.8	\$ 5,918	0.4	\$ 5,918	-	\$ 5,918	-
Net Revenue per Adj Pt Day(Includes Bad Debt)	\$ 2,207	\$ 2,324	\$ 2,349	1.1	\$ 2,398	2.1	\$ 2,412	0.6	\$ 2,426	0.6
Expense per Adj Pt Day(Excludes Bad Debt)	\$ 2,258	\$ 2,322	\$ 2,512	8.2	\$ 2,406	(4.2)	\$ 2,438	1.3	\$ 2,472	1.4
Total FTE's	2,206	2,226	2,316	4.1	2,300	(0.7)	2,300	-	2,300	-
FTE per Adj Occ Bed	6.02	5.89	6.33	7.4	6.19	(2.2)	6.15	(0.7)	6.10	(0.7)
Days Cash on Hand (Incl. Self Ins. Funds)	202.6	224.4	200.2	(10.8)	222.0	10.9	225.9	1.8	224.8	(0.5)
Net Days in Accounts Receivable										
Hospitals	54.7	54.9	62.4	13.5	58.2	(6.7)	55.8	(4.1)	53.3	(4.5)
Total System	59.8	57.9	64.7	11.7	60.4	(6.6)	57.9	(4.1)	55.3	(4.5)