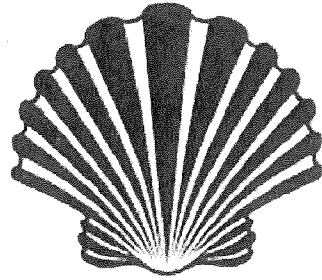


# Southeast Georgia Health System

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

### Table of Contents

I. Introduction	
II. System Goals & Objectives.....	2
III. Business Plan Assumptions.....	10
IV. Health System .....	17
V. Brunswick Campus .....	22
VI. Camden Campus .....	25
VII. Senior Care Centers .....	27
VIII. Cooperative Healthcare Services, Inc .....	31
IX. Foundation .....	34
X. QALICB I, LLC .....	35
XI. Capital Budgets .....	36
XII. Profitability Analysis .....	47
XIII. Human Resources Plan .....	57
XVI. Marketing Plan .....	76
XV. Physician Development Plan.....	78



SOUTHEAST GEORGIA  
HEALTH SYSTEM

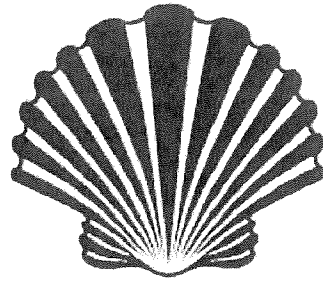
**Senior Care Center  
Brunswick**

**SOUTHEAST GEORGIA HEALTH SYSTEM - SCC BRUNSWICK CAMPUS**  
**STATEMENT OF REVENUES AND EXPENSES**

	2012	2013	2014	Budget 2015	Forecast 2016	Forecast 2017	%
<b>GROSS PATIENT REVENUE</b>							
Room Accommodation	\$ 10,437,000	\$ 10,579,000	\$ 11,250,000	\$ 11,019,000	\$ 11,019,000	\$ 11,019,000	0.0
IP Ancillary Revenue	3,607,000	4,105,000	3,815,000	3,841,000	3,841,000	3,841,000	0.0
Total Inpatient Revenue	14,044,000	14,684,000	15,065,000	14,860,000	14,860,000	14,860,000	0.0
Total Outpatient Revenue	-	-	-	-	-	-	-
Total Patient Revenue	14,044,000	14,684,000	15,065,000	14,860,000	14,860,000	14,860,000	0.0
<b>REVENUE DEDUCTIONS</b>							
Medicare & Medicaid	1,818,000	46,000	1,031,000	(369,000)	(365,000)	(361,000)	(1.1)
Charity Care	-	-	-	163,000	163,000	163,000	0.0
Other Revenue Deductions	-	-	765,000	955,000	955,000	955,000	0.0
Bad Debt Expense	1,419,000	1,694,000	2,415,000	447,000	447,000	447,000	0.0
Total Revenue Deductions	3,237,000	1,740,000	4,211,000	1,196,000	1,200,000	1,204,000	0.3
<b>NET OPERATING REVENUE</b>	10,807,000	12,944,000	10,854,000	13,664,000	13,660,000	13,656,000	(0.0)
Other Operating Revenue	(4,000)	6,000	5,000	5,000	5,000	5,000	0.0
<b>TOTAL OPERATING REVENUE</b>	10,803,000	12,950,000	10,859,000	13,669,000	13,665,000	13,661,000	(0.0)
<b>EXPENSES</b>							
Wages	6,361,000	6,519,000	6,523,000	5,716,000	5,830,000	5,947,000	2.0
Benefits	1,853,000	2,151,000	2,007,000	1,808,000	1,862,000	1,918,000	3.0
Contract Personnel	978,000	467,000	637,000	862,000	871,000	880,000	1.0
Supplies	534,000	539,000	622,000	656,000	669,000	682,000	1.9
Drugs and IV's	604,000	656,000	486,000	520,000	530,000	541,000	2.1
Physician Fees	25,000	78,000	160,000	100,000	102,000	104,000	2.0
Professional Fees	9,000	28,000	17,000	30,000	31,000	32,000	3.2
Insurance	141,000	189,000	452,000	450,000	464,000	478,000	3.0
Utilities	245,000	236,000	206,000	228,000	238,000	238,000	2.1
Outside Services	1,062,000	1,063,000	1,269,000	1,282,000	1,308,000	1,334,000	2.0
Depreciation	580,000	591,000	630,000	632,000	657,000	683,000	4.0
Provider Tax Expense	620,000	818,000	845,000	882,000	882,000	882,000	0.0
Other Expense	279,000	117,000	89,000	98,000	100,000	102,000	2.0
Total Expense	13,331,000	13,424,000	13,841,000	13,264,000	13,539,000	13,821,000	2.1
<b>EXCESS REVENUE OVER EXPENSE</b>							
<b>FROM OPERATIONS</b>	(2,528,000)	(474,000)	(2,982,000)	405,000	126,000	(160,000)	(227.0)
Operating Margin	-23.5%	-3.8%	-27.5%	2.8%	0.9%	-1.3%	
<b>NON-OPERATING REVENUE (Expenses)</b>							
Investment Income	-	-	-	-	-	-	-
Interest Expense	(12,000)	(14,000)	(1,000)	(20,000)	(20,000)	(20,000)	0.0
Realized Gain (Loss) From Investments	-	-	-	-	-	-	-
Unrealized Gain (Loss) From Investments	-	-	-	-	-	-	-
Impairment Loss on Goodwill	-	-	-	-	-	-	-
Write-off of Variable Bond Insurance Cost	-	-	-	-	-	-	-
Other Non-Operating Revenue(Expense)	-	-	-	-	-	-	-
Other Revenue (Minority Interest)	-	-	-	-	-	-	-
<b>TOTAL NON-OPERATING REVENUE (Expenses)</b>	(12,000)	(14,000)	(1,000)	(20,000)	(20,000)	(20,000)	
<b>EXCESS REVENUE OVER EXPENSE</b>	\$ (2,540,000)	\$ (488,000)	\$ (2,983,000)	\$ 385,000	\$ 106,000	\$ (180,000)	(269.8)
Total Margin	-23.5%	-3.8%	-27.5%	2.8%	0.9%	-1.3%	

SOUTHEAST GEORGIA HEALTH SYSTEM - SCC BRUNSWICK CAMPUS  
 STATISTICAL BUDGET  
OPERATING STATISTICS COMPARISONS

	2012	2013	2014	Budget 2015	Forecast 2016	Forecast 2017	%
Nursing Home Admissions	398	523	430	406	406	406	0.0
			(17.8)		(5.6)		
Hold Days	615	399	357	360	360	360	0.0
			(10.5)		0.8		
Nursing Home Days	58,546	58,641	59,761	58,750	58,750	58,750	-
			1.9		(1.7)		
Total Patient Days	59,161	59,040	60,118	59,110	59,110	59,110	0.0
			1.8		(1.7)		
Average Daily Census	160	161	164	161	161	161	-
			1.9		(1.7)		
Occupancy Rate	80.8%	80.9%	82.4%	81.0%	81.0%	81.0%	0.0
			1.8		(1.7)		
Patient Days	59,161	59,040	60,118	59,110	59,110	59,110	0.0
			1.8		(1.7)		
Gross Revenue per Adj Pt Day	\$ 240	\$ 250	\$ 252	\$ 253	\$ 253	\$ 253	-
			0.7		0.3		
Net Revenue per Adj Pt Day(Includes Bad Debt)	\$ 185	\$ 221	\$ 182	\$ 233	\$ 233	\$ 232	(0.0)
			(17.7)		28.1		
Expense per Adj Pt Day(Excludes Bad Debt)	\$ 228	\$ 229	\$ 232	\$ 226	\$ 231	\$ 236	2.1
			1.1		(2.4)		
Total FTE's	189	186	194	192	192	192	0.0
			4.0		(1.2)		
FTE per Adj Occ Bed	1.18	1.16	1.18	1.19	1.19	1.19	0.0
			2.1		0.5		
Days Cash on Hand	(0.2)	8.7	18.2	7.2	7.1	6.9	(1.9)
			109.2		(60.4)		
Net Days in Accounts Receivable	70.3	59.5	61.6	68.0	67.8	67.7	(0.1)
			3.6		10.3		



SOUTHEAST GEORGIA  
HEALTH SYSTEM

**Senior Care Center  
St. Marys**

**SOUTHEAST GEORGIA HEALTH SYSTEM - SCC ST. MARYS CAMPUS**  
**STATEMENT OF REVENUES AND EXPENSES**

	2012	2013	2014	Budget 2015	Forecast 2016	Forecast 2017	%
<b>GROSS PATIENT REVENUE</b>							
Room Accommodation	\$ 3,563,000	\$ 4,137,000	\$ 4,360,000	\$ 4,522,000	\$ 4,522,000	\$ 4,522,000	0.0
IP Ancillary Revenue	690,000	841,000	1,109,000	1,168,000	1,168,000	1,168,000	0.0
Total Inpatient Revenue	4,253,000	4,978,000	5,469,000	5,690,000	5,690,000	5,690,000	0.0
Total Outpatient Revenue	-	-	-	-	-	-	-
Total Patient Revenue	4,253,000	4,978,000	5,469,000	5,690,000	5,690,000	5,690,000	0.0
<b>REVENUE DEDUCTIONS</b>							
Medicare & Medicaid	168,000	(106,000)	757,000	605,000	599,000	599,000	(1.0)
Charity Care	-	-	115,000	15,000	15,000	15,000	0.0
Other Revenue Deductions	-	-	59,000	154,000	154,000	154,000	0.0
Bad Debt Expense	(64,000)	27,000	59,000	114,000	114,000	114,000	0.0
Total Revenue Deductions	104,000	(79,000)	931,000	888,000	882,000	876,000	(0.7)
<b>NET OPERATING REVENUE</b>	4,149,000	5,057,000	4,538,000	4,802,000	4,808,000	4,814,000	0.1
Other Operating Revenue	7,000	6,000	3,000	3,000	3,000	3,000	0.0
<b>TOTAL OPERATING REVENUE</b>	4,156,000	5,063,000	4,541,000	4,805,000	4,811,000	4,817,000	0.1
<b>EXPENSES</b>							
Wages	2,737,000	2,718,000	2,824,000	2,287,000	2,333,000	2,380,000	2.0
Benefits	664,000	720,000	684,000	713,000	734,000	756,000	3.0
Contract Personnel	12,000	101,000	210,000	377,000	361,000	385,000	1.0
Supplies	270,000	276,000	422,000	412,000	420,000	428,000	1.9
Drugs and IV's	247,000	244,000	113,000	125,000	128,000	131,000	2.3
Physician Fees	34,000	36,000	36,000	39,000	40,000	41,000	2.5
Professional Fees	-	-	-	-	-	-	-
Insurance	70,000	76,000	96,000	88,000	91,000	94,000	3.3
Utilities	103,000	97,000	97,000	91,000	93,000	95,000	2.2
Outside Services	172,000	166,000	237,000	272,000	277,000	283,000	2.2
Depreciation	134,000	138,000	162,000	160,000	166,000	173,000	4.2
Provider Tax Expense	254,000	361,000	359,000	360,000	360,000	360,000	0.0
Other Expense	151,000	80,000	77,000	73,000	74,000	75,000	1.4
Total Expense	4,848,000	5,013,000	5,317,000	4,997,000	5,097,000	5,201,000	2.0
<b>EXCESS REVENUE OVER EXPENSE</b>	(692,000)	50,000	(776,000)	(192,000)	(286,000)	(384,000)	34.3
<b>FROM OPERATIONS</b>	-16.7%	1.0%	-17.1%	-4.0%	-5.9%	-8.0%	
Operating Margin							
<b>NON-OPERATING REVENUE (Expenses)</b>							
Investment Income	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-
Realized Gain (Loss) From Investments	-	-	-	-	-	-	-
Unrealized Gain (Loss) From Investments	-	-	-	-	-	-	-
Impairment Loss on Goodwill	-	-	-	-	-	-	-
Write-off of Variable Bond Insurance Cost	-	-	-	-	-	-	-
Other Non-Operating Revenue(Expense)	-	-	-	-	-	-	-
Other Revenue (Minority Interest)	-	-	-	-	-	-	-
<b>TOTAL NON-OPERATING REVENUE (Expenses)</b>	-	-	-	-	-	-	-
<b>EXCESS REVENUE OVER EXPENSE</b>	\$ (692,000)	\$ 50,000	\$ (776,000)	\$ (192,000)	\$ (286,000)	\$ (384,000)	34.3
Total Margin	-16.7%	1.0%	-17.1%	-4.0%	-5.9%	-8.0%	

SOUTHEAST GEORGIA HEALTH SYSTEM - SCC ST. MARYS CAMPUS  
 STATISTICAL BUDGET  
OPERATING STATISTICS COMPARISONS

	2012	2013	2014	BUDGET 2015	FORCAST 2016	FORCAST 2017
Nursing Home Admissions	122	127	112	103	103	103
			(11.8)		(8.0)	
Hold Days	145	225	107	200	200	200
			(52.4)		86.9	
Nursing Home Days	21,220	23,405	23,327	23,930	23,930	23,930
			(0.3)		2.6	
Total Patient Days	21,365	23,630	23,434	24,130	24,130	24,130
			(0.8)		3.0	
Average Daily Census	58	64	64	66	66	66
			(0.2)		2.4	
Occupancy Rate	74.8%	83.0%	82.3%	84.8%	84.8%	84.8%
			(0.8)		3.0	
Patient Days	21,365	23,630	23,434	24,130	24,130	24,130
			(0.8)		3.0	
Gross Revenue per Adj Pt Day	\$ 200	\$ 213	\$ 234	\$ 238	\$ 238	\$ 238
			10.2		1.4	
Net Revenue per Adj Pt Day(Includes Bad Debt)	\$ 196	\$ 216	\$ 195	\$ 201	\$ 201	\$ 201
			(10.0)		3.2	
Expense per Adj Pt Day(Excludes Bad Debt)	\$ 228	\$ 214	\$ 228	\$ 209	\$ 213	\$ 217
			6.4		(8.4)	
Total FTE's	77	75	82	76	76	76
			8.6		(7.3)	
FTE per Adj Occ Bed	1.33	1.17	1.28	1.16	1.16	1.16
			9.0		(9.7)	
Days Cash on Hand	1.9	18.6	14.0	15.2	15.2	15.2
			(24.5)		8.7	
Net Days in Accounts Receivable	53.8	39.3	39.6	40.5	40.5	40.5
			0.9		2.3	