Norman Regional Health System

FY 2024 Budget Presentation

FY 2024 Budget Highlights

- **Volumes**
  - Inpatient discharges budgeted to decline 2.5%, or 389 cases less than FY 2023 projection
  - Hospital outpatient visits (including ED visits) budgeted to increase 2.5%, or 7,984 visits from FY 2023 projection
  - Clinic visits (including Telehealth visits) budgeted to increase 17.1%, or 66,403 visits from FY 2023 projection (based on adding new Primary Care locations)
- **Net Revenue**
  - **Net Patient Revenue budget of $572.6 million is 6.2% ($33.3 million) more than FY 2023 projection**
    - $ 28.5 million in collections (based on changing vendors for self pay and pro fee billing, and improved denials recoveries)
    - $ 4.8 million in volume changes, including new clinic locations and providers
  - **Other Operating Revenue budget of $9.1 million is 27.9% ($2.0 million) more than FY 2023 projection**
    - $ 2.0 million for a full year of Oncology joint venture

FY 2024 Budget Highlights (continued)

- **Total Expense budget of $604.6 million is 2.0% ($21.7 million) more than FY 2023 projection**
  - $ 11.9 million in salaries & benefits for merit increases and market adjustments
  - $ 11.5 million in increased depreciation, capital lease amortization, interest, and utilities for new facilities
  - $ 9.0 million in patient supplies for increased surgical volumes and price inflation
  - $ 3.4 million in other expenses (computer services, insurance, and billing & collections)
  - $ 3.1 million in increased UPL fees related to Medicaid Expansion
  - ($ 2.5) million in lower pharmaceutical costs due to 340B implementation
  - ($14.7) million in lower pharmaceutical costs due to Oncology joint venture
- **Operating Profitability**
  - Operating Income budgeted at -$23.0 million ($13.6 million improvement from FY 2023 projection)
  - Excess of Revenues over Expenses budgeted at -$8.2 million (-1.4% overall profit margin)
- **Capital Budget**
  - FY 2024 Routine Capital Budget request is $15.0 million
  - FY 2024 *Inspire*HEALTH Capital Budget is $75.0 million

FY 2024 Operating Budget

Norman Regional Health System

		FY 2023 Projected	FY 2024 Budget	Variance % Incr/(Decr)
	OPERATING REVENUE			
(1)	Inpatient Revenue	$ 926,770,759	$ 925,730,878	-0.1%
(2)	Outpatient Revenue	1,417,807,414	1,408,162,504	-0.7%
(3)	DME Revenue	8,802,398	8,971,865	1.9%
(4)	ED Physician Revenue	30,057,580	31,221,781	3.9%
(5)	Physician Income	198,231,311	224,074,047	13.0%
(6)	TOTAL PATIENT REVENUE	$ 2,581,669,462	$ 2,598,161,076	0.6%
	DEDUCTIONS FROM REVENUE			
(7)	Charity Deductions	11,819,499	12,160,384	2.9%
(8)	Bad Debt Expense	71,398,039	51,816,209	-27.4%
(9)	Government & Other Deductions	1,959,214,866	1,961,630,823	0.1%
(10)	TOTAL DEDUCTIONS FROM REVENUE	$ 2,042,432,404	$ 2,025,607,416	-0.8%
(11)	NET PATIENT REVENUE	539,237,058	572,553,660	6.2%
(12)	OTHER OPERATING REVENUE	7,108,104	9,090,539	27.9%
(13)	NET REVENUE	$ 546,345,162	$ 581,644,200	6.5%
	EXPENSES			
(14)	Salaries	289,749,786	299,387,055	3.3%
(15)	Benefits	41,889,745	42,744,872	2.0%
(16)	Supplies (excluding pharmaceuticals)	72,686,832	80,440,972	10.7%
(17)	Pharmaceutical Supplies	41,204,693	25,108,343	-39.1%
(18)	Professional Fees	2,740,905	1,577,992	-42.4%
(19)	Physician Fees	10,052,237	9,357,065	-6.9%
(20)	Purchased Services	21,682,457	23,020,311	6.2%

FY 2024 Operating Budget
Norman Regional Health System (continued)

		FY 2023 Projected	FY 2024 Budget	Variance % Incr/(Decr)
(21)	Leases	3,506,602	3,711,008	5.8%
(22)	Utilities	5,749,739	6,640,565	15.5%
(23)	Insurance	5,772,010	6,357,721	10.1%
(24)	Computer Support	10,318,036	12,227,367	18.5%
(25)	Service Contracts & Equipment Repairs	5,983,604	5,418,512	-9.4%
(26)	Billing & Collections	6,129,716	6,996,295	14.1%
(27)	SHOPP Fees	14,593,786	17,689,630	21.2%
(28)	Miscellaneous Expenses	11,024,807	13,538,502	22.8%
(29)	TOTAL OPERATING EXPENSES	$ 543,084,955	$ 554,216,210	2.0%
(30)	EBIDA INCOME	$ 3,260,207	$ 27,427,990	741.3%
(31)	Interest Expense	12,186,781	14,405,719	18.2%
(32)	Depreciation and Amortization	27,713,231	36,025,010	30.0%
(33)	TOTAL NONOPERATING EXPENSES	$ 39,900,012	$ 50,430,729	26.4%
(34)	TOTAL EXPENSES	$ 582,984,967	$ 604,646,939	3.7%
(35)	OPERATING INCOME	$ (36,639,805)	$ (23,002,739)	-37.2%
(36)	Contributions	16,210	14,116	-12.9%
(37)	Investment Income	13,911,385	14,809,759	6.5%
(38)	NONOPERATING INCOME	$ 13,927,595	$ 14,823,875	6.4%
(39)	NET INCOME	$ (22,712,210)	$ (8,178,864)	64.0%
(40)	OPERATING MARGIN	-6.7%	-4.0%	
(41)	TOTAL MARGIN	-4.1%	-1.4%	

FY 2024 Budget Volumes
Norman Regional Health System

		Discharges			Patient Days			ALOS		
		FY 2023 Projected	FY 2024 Budget	% Incr/Decr	FY 2023 Projected	FY 2024 Budget	% Incr/Decr	FY 2023 Projected	FY 2024 Budget	% Incr/Decr
	Porter Campus									
(1)	BMS	555	527	-5.0%	3,720	3,636	-2.3%	6.70	6.90	2.9%
(2)	Rehab	457	480	5.0%	5,488	5,760	5.0%	12.01	12.00	-0.1%
(3)	Acute	6,537	4,874	-25.4%	27,078	19,202	-29.1%	4.14	3.94	-4.9%
(4)	Total	7,549	5,881	-22.1%	36,286	28,598	-21.2%	4.81	4.86	1.2%
	HealthPlex Campus									
(5)	Acute	8,037	9,316	15.9%	26,007	33,522	28.9%	3.24	3.60	11.2%
(6)	NICU	274	274	0.0%	4,416	4,243	-3.9%	16.12	15.49	-3.9%
(7)	Total	8,311	9,590	15.4%	30,423	37,765	24.1%	3.66	3.94	7.6%
	Total System									
(8)	Acute	14,574	14,190	-2.6%	53,085	52,724	-0.7%	3.64	3.72	2.0%
(9)	BMS	555	527	-5.0%	3,720	3,636	-2.3%	6.70	6.90	2.9%
(10)	Rehab	457	480	5.0%	5,488	5,760	5.0%	12.01	12.00	-0.1%
(11)	NICU	274	274	0.0%	4,416	4,243	-3.9%	16.12	15.49	-3.9%
(12)	Total	15,860	15,471	-2.5%	66,709	66,363	-0.5%	4.21	4.29	2.0%

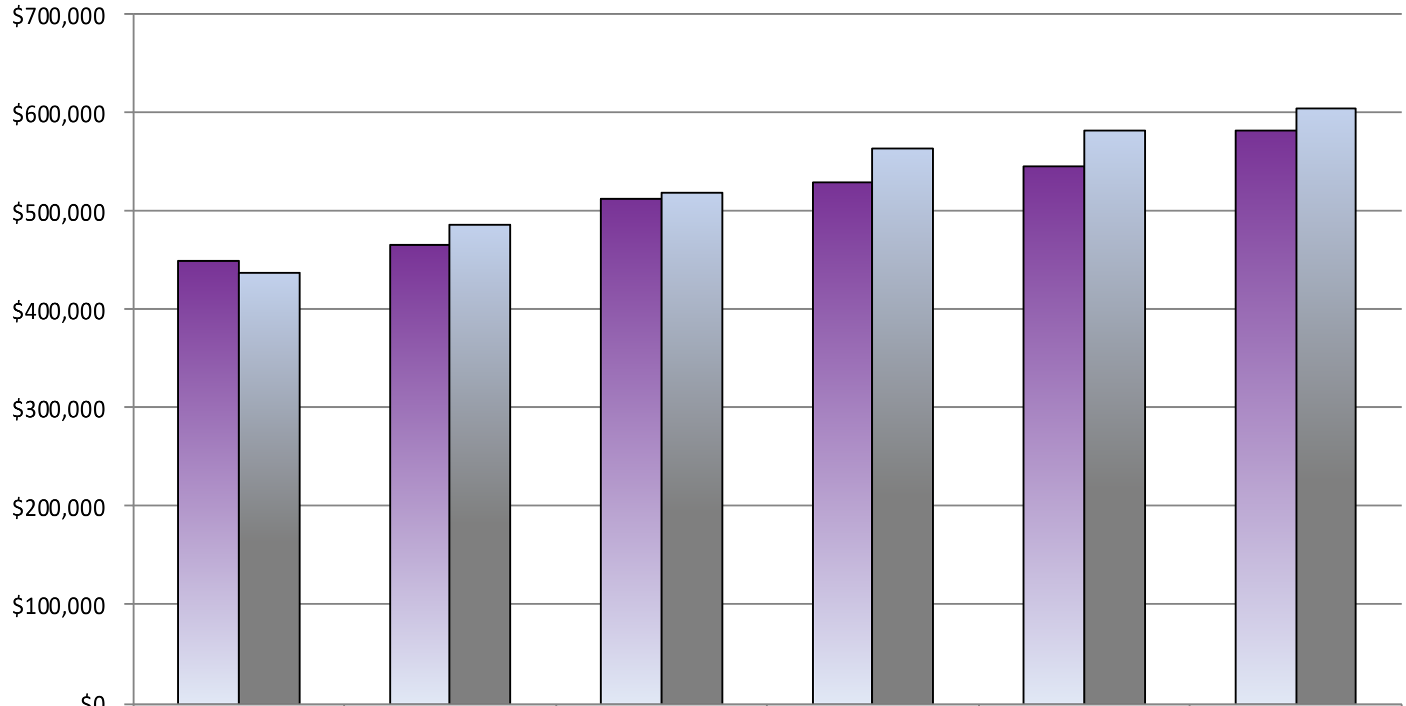
FY 2024 Budget Volumes

Norman Regional Health System (continued)

	FY 2023 Projected	FY 2024 Budget	% Incr/Decr
Adjusted Statistics			
(1) Adjusted Patient Days	185,829	186,255	0.2%
(2) Adjusted Discharges	44,181	43,421	-1.7%
Deliveries			
(3) HealthPlex	2,676	2,672	-0.1%
Cath Lab Cases			
(4) Inpatient	1,391	1,375	-1.2%
(5) Outpatient	1,982	2,108	6.4%
(6) Total	3,373	3,483	3.3%
Surgeries (excludes FBC Surgeries)			
Inpatient			
(7) NRH	1,822	1,526	-16.2%
(8) HPX	1,249	1,292	3.4%
(9) ACC	0	504	0.0%
(10) Total	3,071	3,322	8.2%
Outpatient			
(11) NRH	4,044	3,108	-23.1%
(12) HPX	4,143	4,549	9.8%
(13) ACC	0	1,033	0.0%
(14) Total	8,187	8,690	6.1%
Totals			
(15) NRH	5,866	4,634	-21.0%
(16) HPX	5,392	5,841	8.3%
(17) ACC	0	1,537	0.0%
(18) Total	11,258	12,012	6.7%
ASC/Endoscopy Cases			
(19) Ortho Central ASC	2,204	2,674	21.3%
(20) GI Endoscopy	4,148	4,185	0.9%
(21) Total	6,352	6,859	8.0%

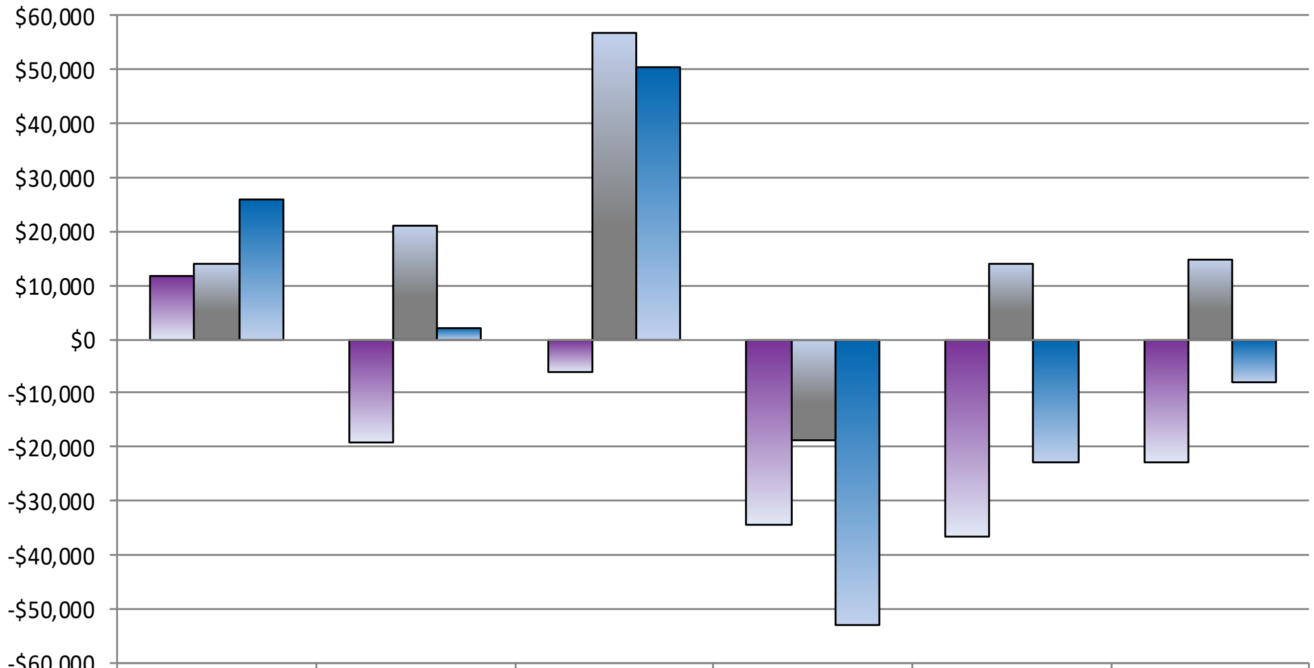
	FY 2023 Projected	FY 2024 Budget	% Incr/Decr
OP Hospital Registrations (includes outpatient ED visits)			
(22) NRH	135,972	100,555	-26.0%
(23) HPX	99,099	95,609	-3.5%
(24) ACC	0	19,712	0.0%
(25) NRM	62,679	64,220	2.5%
(26) NRN	16,456	42,094	155.8%
(27) Total	314,206	322,190	2.5%
Emergency Department Visits (includes ED admissions)			
(28) NRH	35,405	24,455	-30.9%
(29) HPX	28,453	33,704	18.5%
(30) NRM	20,944	22,305	6.5%
(31) NRN	9,671	18,251	88.7%
(32) Total	94,473	98,715	4.5%
(33) OB ED	4,343	4,278	-1.5%
(34) Total w/ OB ED	98,816	102,993	4.2%
EMSStat Registrations			
(35) EMSStat Registrations	20,901	22,128	5.9%
ED Provider Visits			
(36) ED Provider Visits	89,030	93,729	5.3%
Clinic Visits (includes Telehealth)			
(37) Primary Care	133,221	162,941	22.3%
(38) Specialty (excluding below)	90,188	96,551	7.1%
(39) Ortho Central (Clinic & PT)	58,808	68,963	17.3%
(40) Heart & Vascular	39,140	43,890	12.1%
(41) Surgery	24,103	40,655	68.7%
(42) Physical Therapy	20,134	24,828	23.3%
(43) GI of Norman (East & West)	14,991	17,175	14.6%
(44) Oncology	8,015	0	-100.0%
(45) Total Clinic Visits	388,600	455,003	17.1%

FY 2024 Budget Presentation
Net Revenue and Expense ($ in 000's)



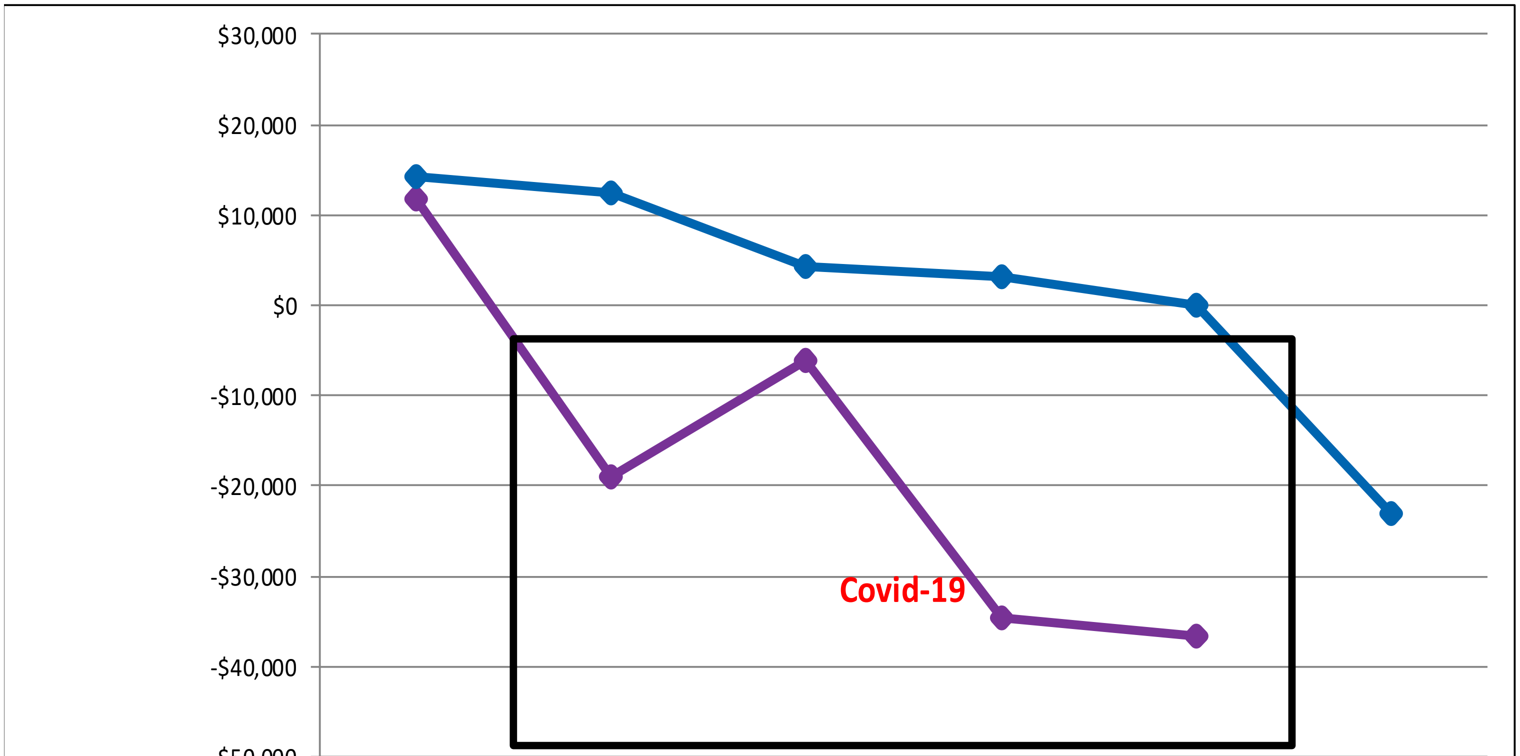
	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Net Revenue	$449,688	$467,084	$512,987	$528,429	$546,345	$581,644
Total Expenses	$437,870	$486,067	$519,182	$562,949	$582,985	$604,647

FY 2024 Budget Presentation
Income ($ in 000's)



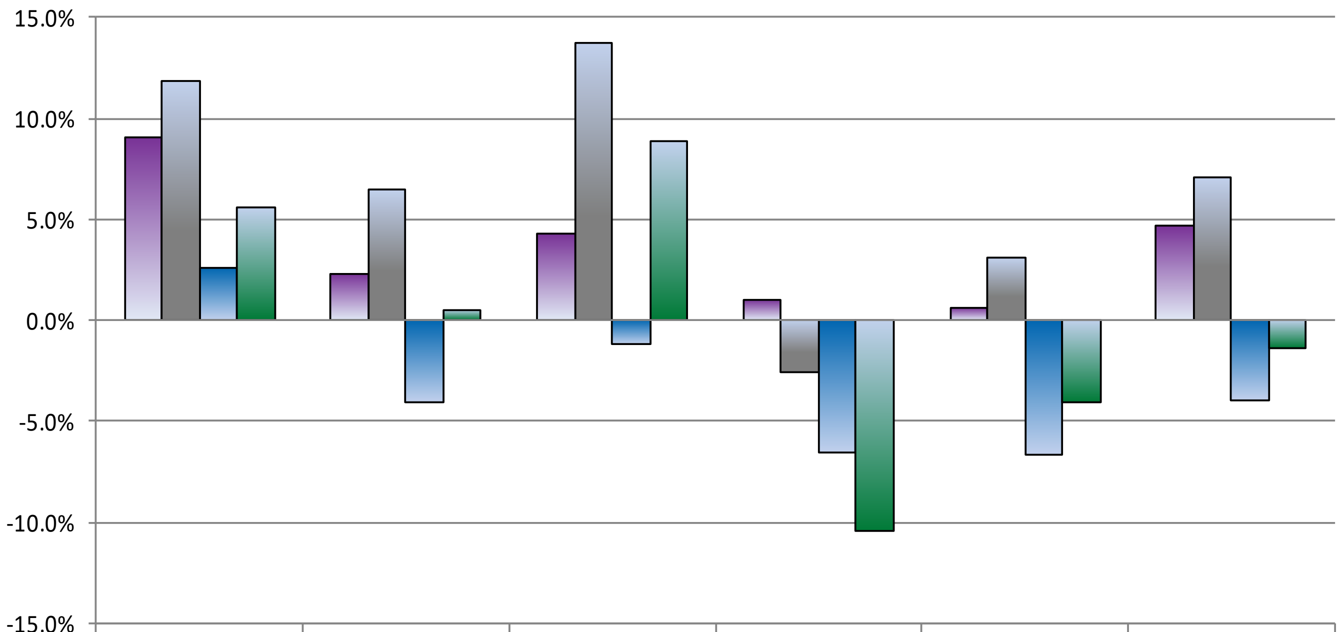
	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Operating Income	$11,818	$(18,983)	$(6,195)	$(34,520)	$(36,640)	$(23,003)
Non Operating Income	$13,975	$21,218	$56,777	$(18,634)	$13,928	$14,824
Net Income	$25,792	$2,236	$50,581	$(53,155)	$(22,712)	$(8,179)

FY 2024 Budget Presentation
Actual v. Budget Income ($ in 000's)



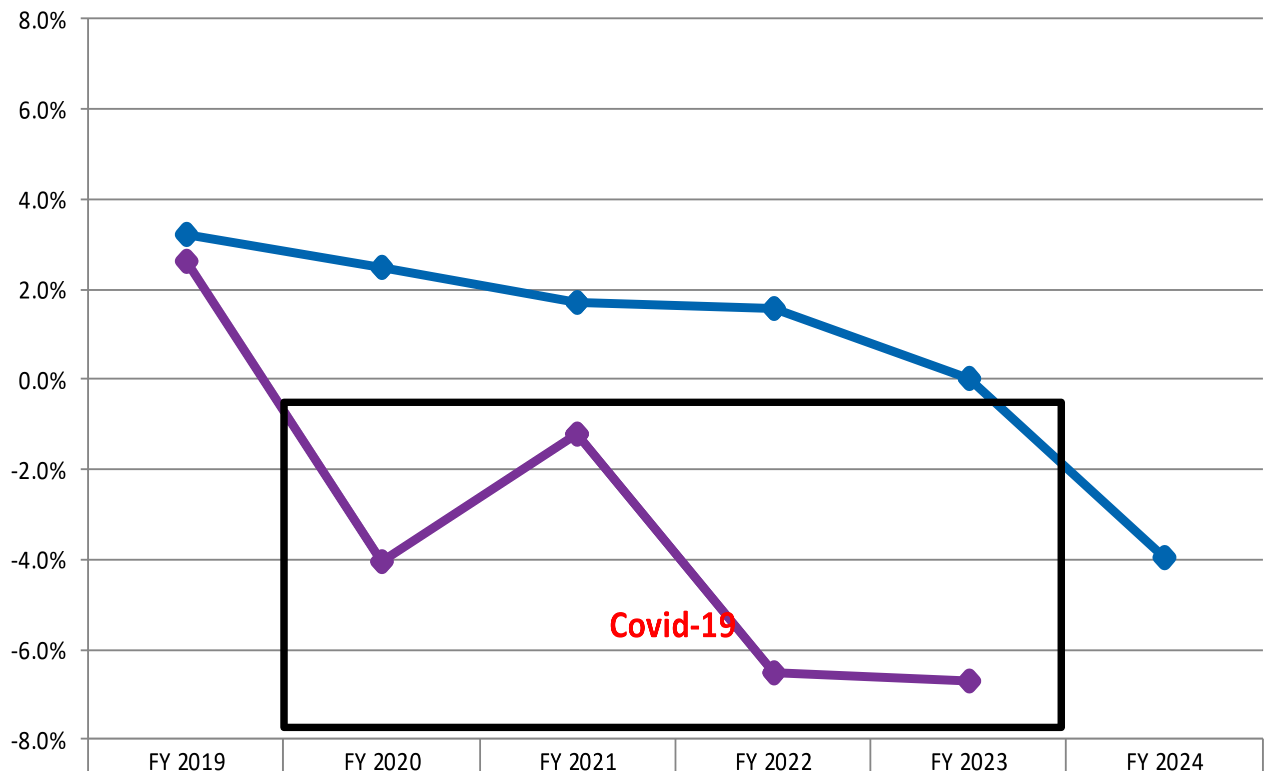
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Actual Oper. Income	$11,818	$(18,983)	$(6,195)	$(34,520)	$(36,640)	
Budget Oper. Income	$14,148	$12,332	$4,304	$3,119	$-	$(23,003)

FY 2024 Budget Presentation
Profit Margins



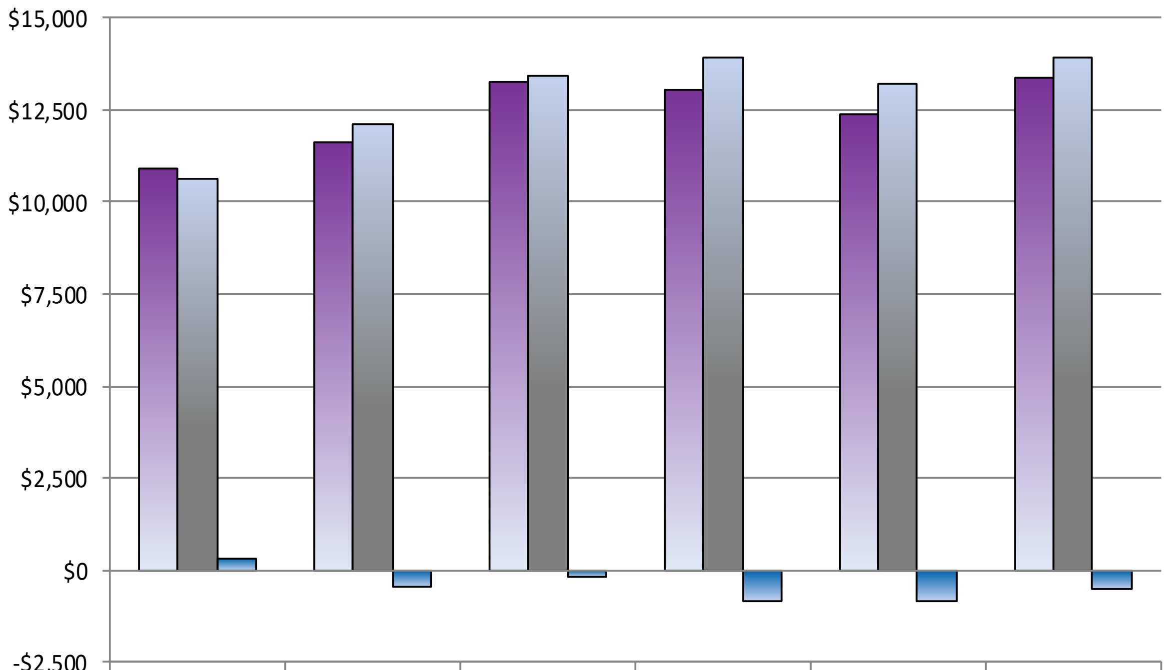
	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
EBIDA (Operating)	9.1%	2.3%	4.2%	1.0%	0.6%	4.7%
EBIDA (Total)	11.8%	6.5%	13.8%	-2.6%	3.1%	7.1%
Operating Margin	2.6%	-4.1%	-1.2%	-6.5%	-6.7%	-4.0%
Total Margin	5.6%	0.5%	8.9%	-10.4%	-4.1%	-1.4%

FY 2024 Budget Presentation
Actual v. Budget Profit Margins



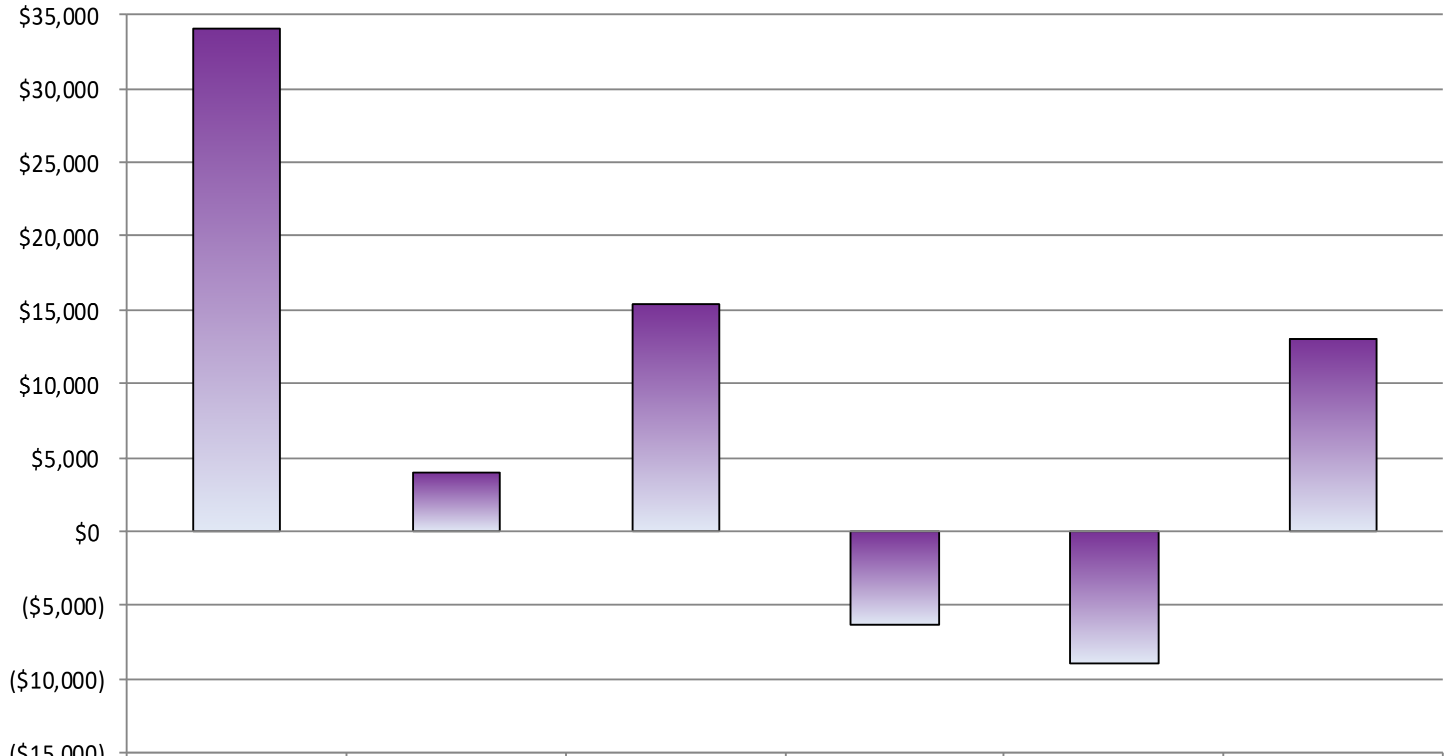
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Actual Oper. Margin	2.6%	-4.1%	-1.2%	-6.5%	-6.7%	
Budget Oper. Margin	3.2%	2.5%	1.7%	1.6%	0.0%	-4.0%

FY 2024 Budget Presentation
Operating Income per Adjusted Discharge



	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Net Revenue per Adjusted Discharge	$10,900	$11,615	$13,251	$13,053	$12,366	$13,395
Expense per Adjusted Discharge	$10,614	$12,087	$13,411	$13,906	$13,196	$13,925
Net Operating Income per Adj Dischg	$286	$(472)	$(160)	$(853)	$(830)	$(530)

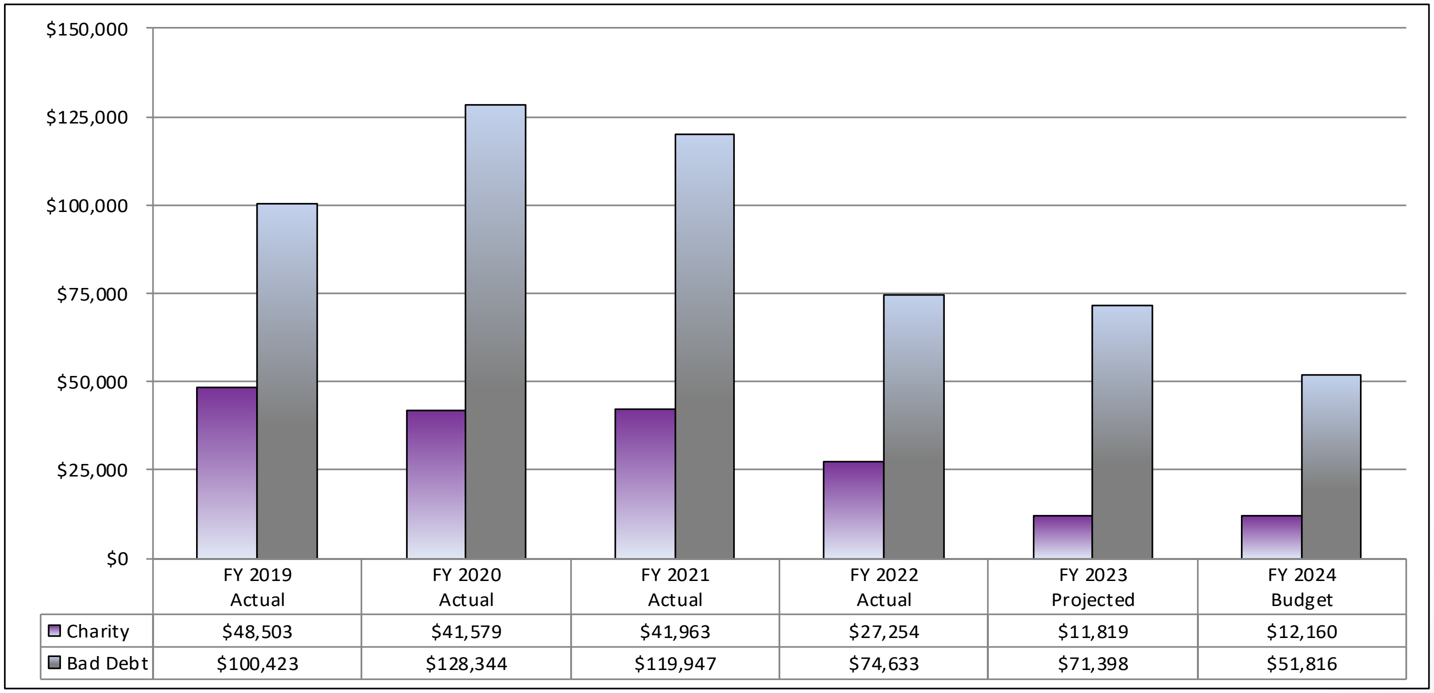
FY 2024 Budget Presentation
Operating Cash Flow ($ in 000's)



	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Operating	$34,091	$3,945	$15,451	$(6,349)	$(8,927)	$13,022

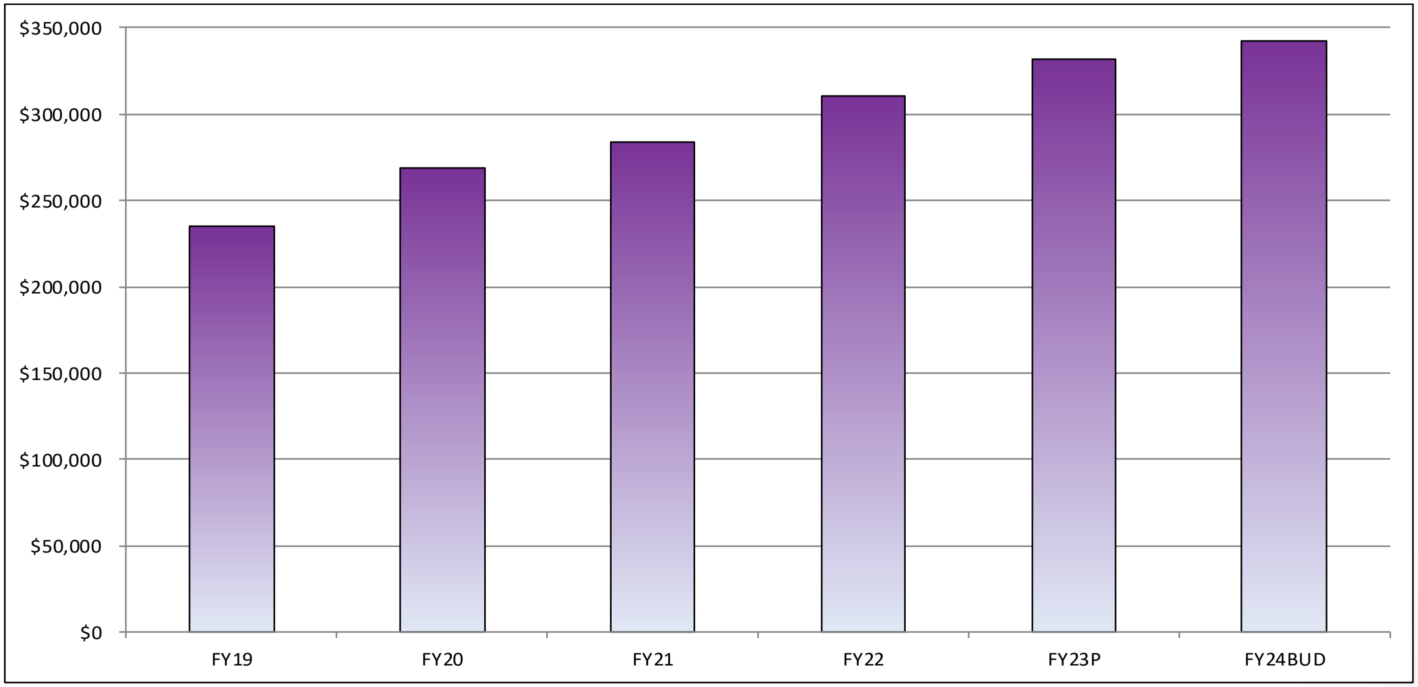
FY 2024 Budget Presentation
Charity & Bad Debt Expense ($ in 000's)

Year	FY 19 Act	FY 20 Act	FY 21 Act	FY 22 Act	FY 23 Proj	FY 24 Bud
Actual	$148,926	$169,923	$161,910	$101,887	$83,218	$63,977
% of Hospital Rev	7.5%	8.5%	7.4%	4.4%	3.5%	2.7%

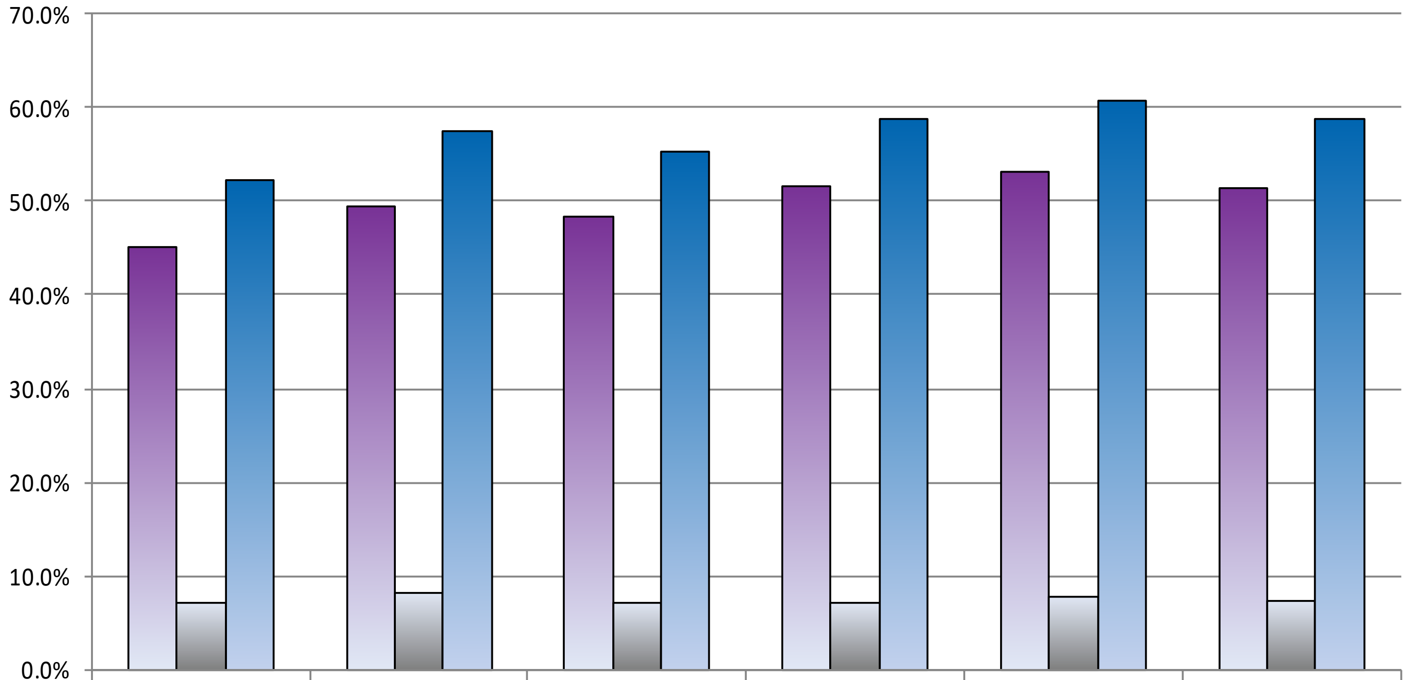


FY 2024 Budget Presentation
Salaries and Benefits Expense ($ in 000's)

Year	FY 19 Act	FY 20 Act	FY 21 Act	FY 22 Act	FY 23 Proj	FY 24 Bud
Actual	$235,276	$268,846	$284,210	$310,261	$331,640	$342,132
Growth	6.3%	14.3%	5.7%	9.2%	6.9%	3.2%



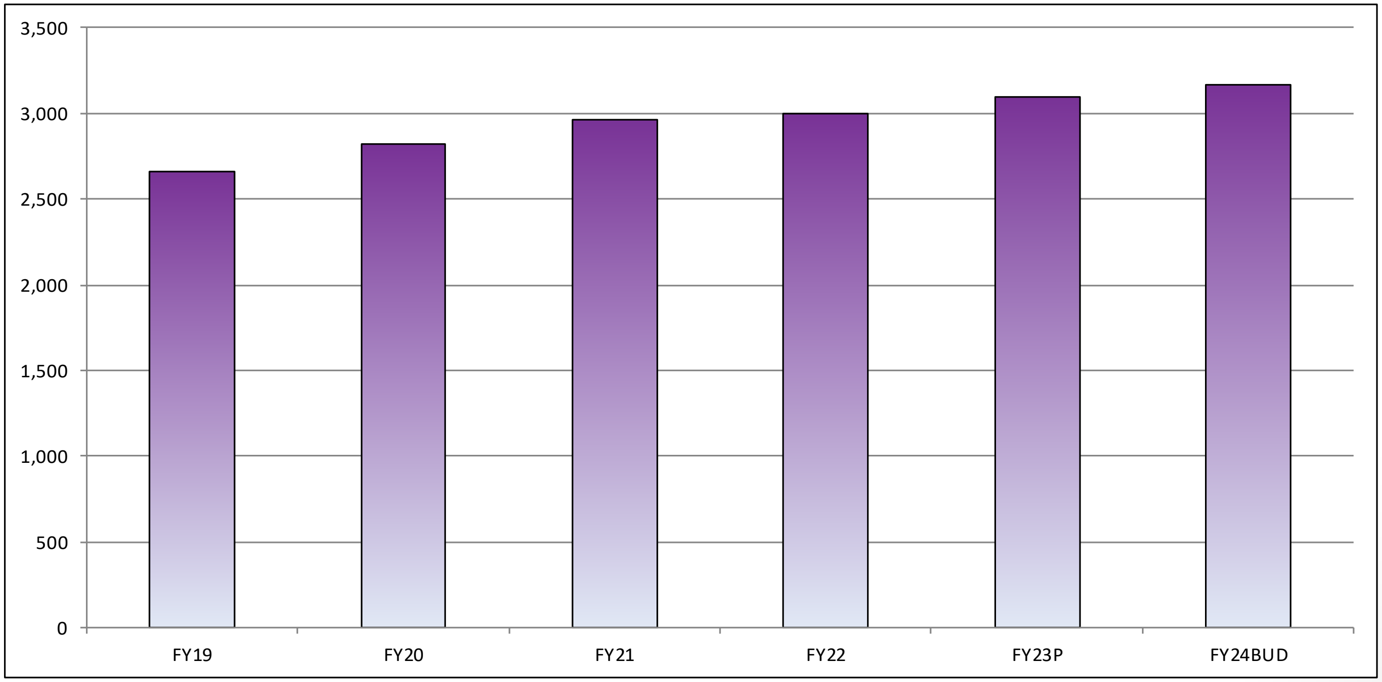
FY 2024 Budget Presentation
Salaries & Benefits as % of Net Revenue



	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Salaries	45.1%	49.4%	48.3%	51.6%	53.0%	51.5%
Benefits	7.2%	8.2%	7.1%	7.1%	7.7%	7.3%
Total S & B	52.3%	57.6%	55.4%	58.7%	60.7%	58.8%

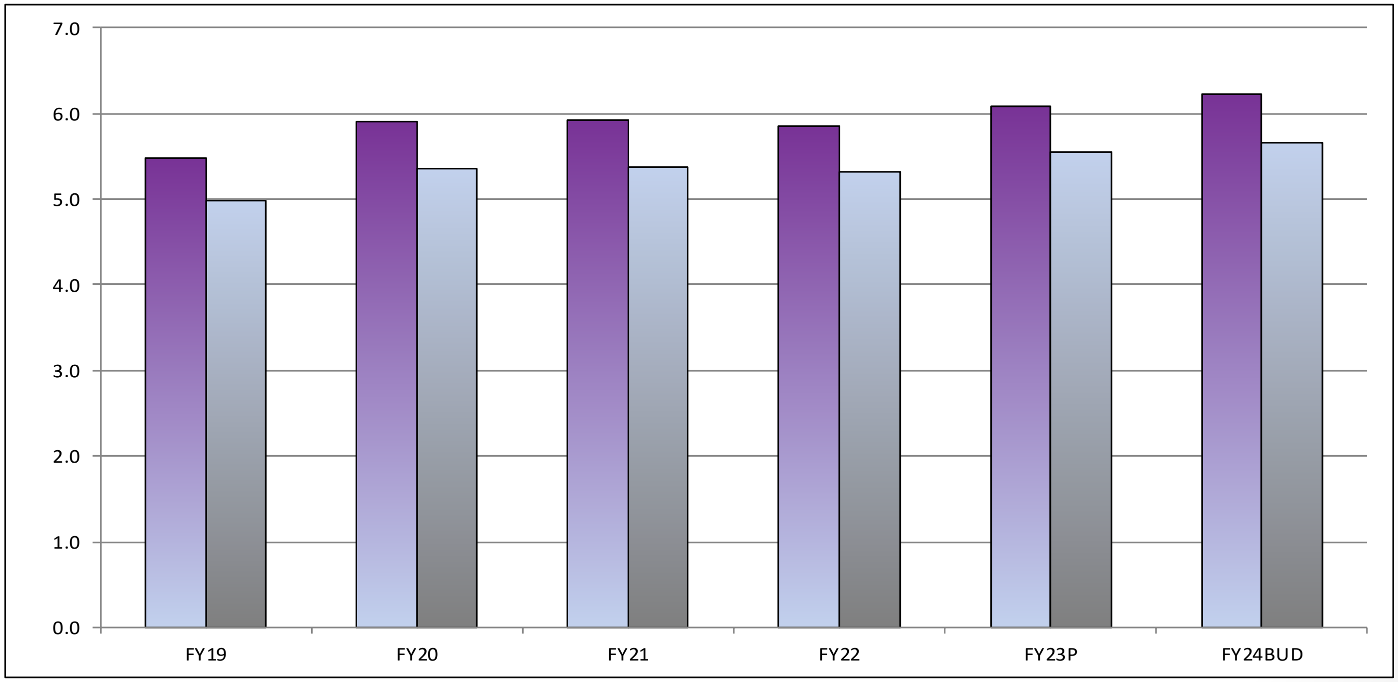
FY 2024 Budget Presentation
System Paid FTEs

Year	FY 19 Act	FY 20 Act	FY 21 Act	FY 22 Act	FY 23 Proj	FY 24 Bud
Actual	2,662	2,817	2,959	3,000	3,097	3,169
Growth	1.1%	5.8%	5.0%	1.4%	3.2%	2.3%

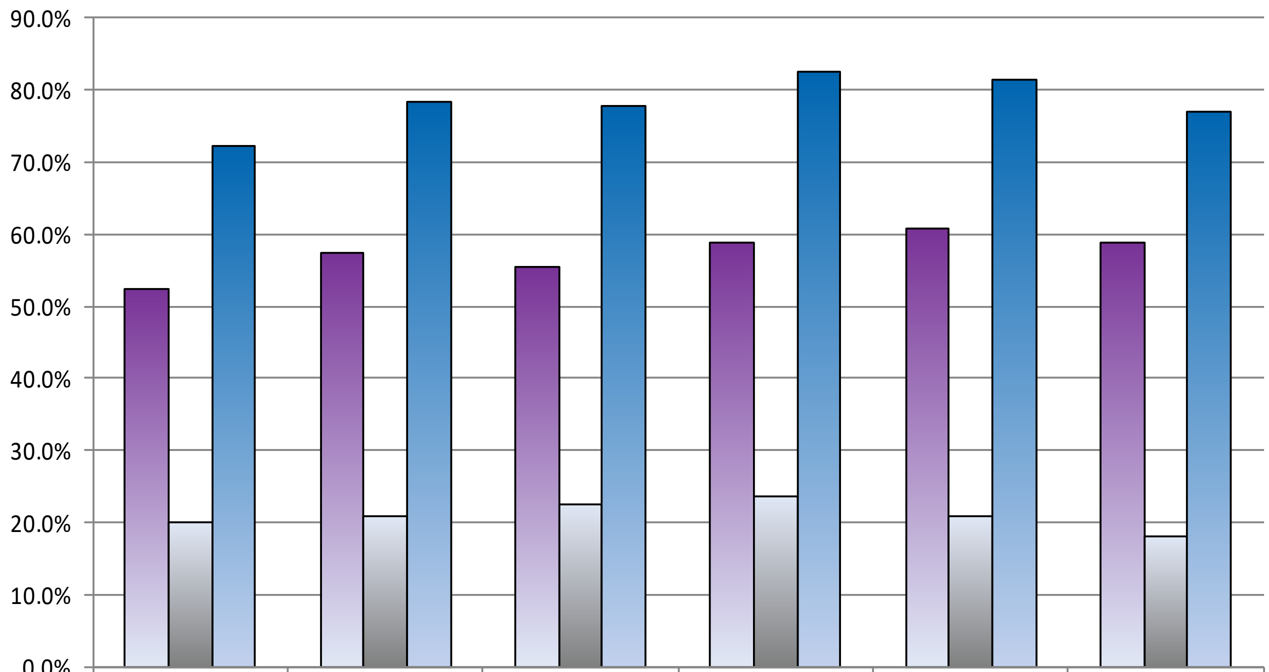


FY 2024 Budget Presentation
System FTEs Per Adjusted Occupied Bed

Year	FY 19 Act	FY 20 Act	FY 21 Act	FY 22 Act	FY 23 Proj	FY 24 Bud
Paid	5.5	5.9	5.9	5.9	6.1	6.2
Productive	5.0	5.4	5.4	5.3	5.5	5.7

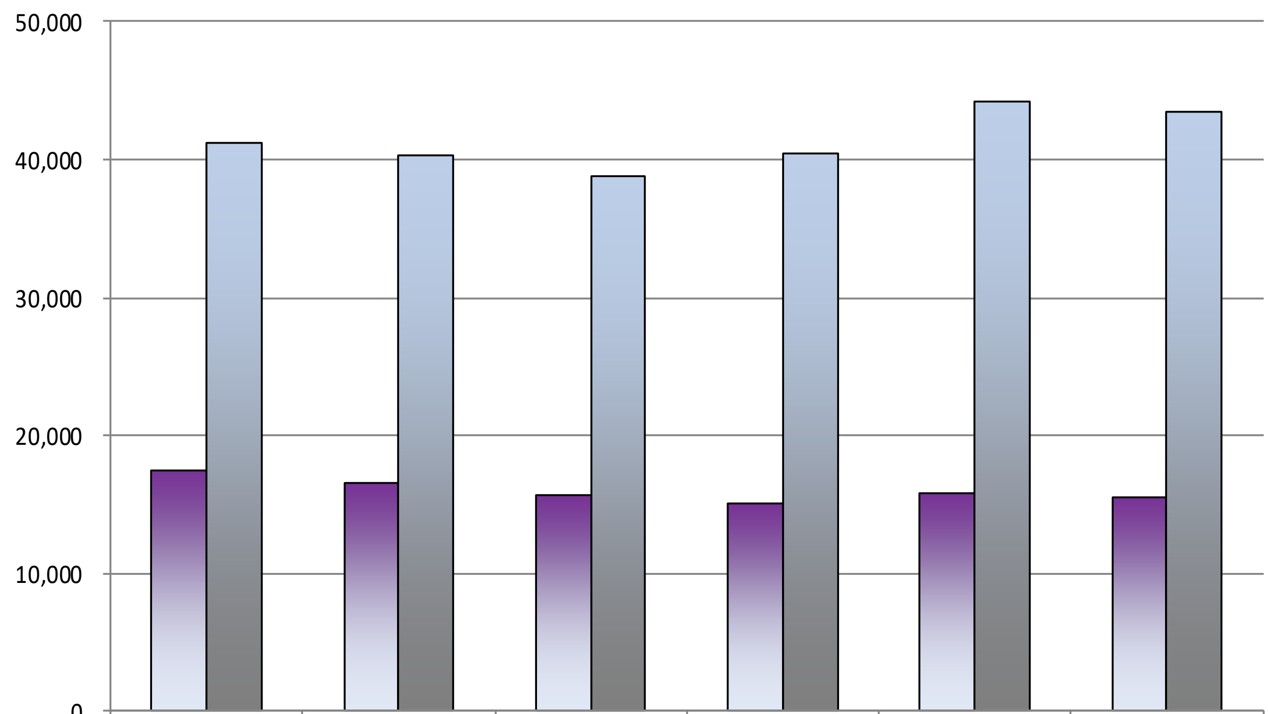


FY 2024 Budget Presentation
Labor & Supplies as % of Net Revenue



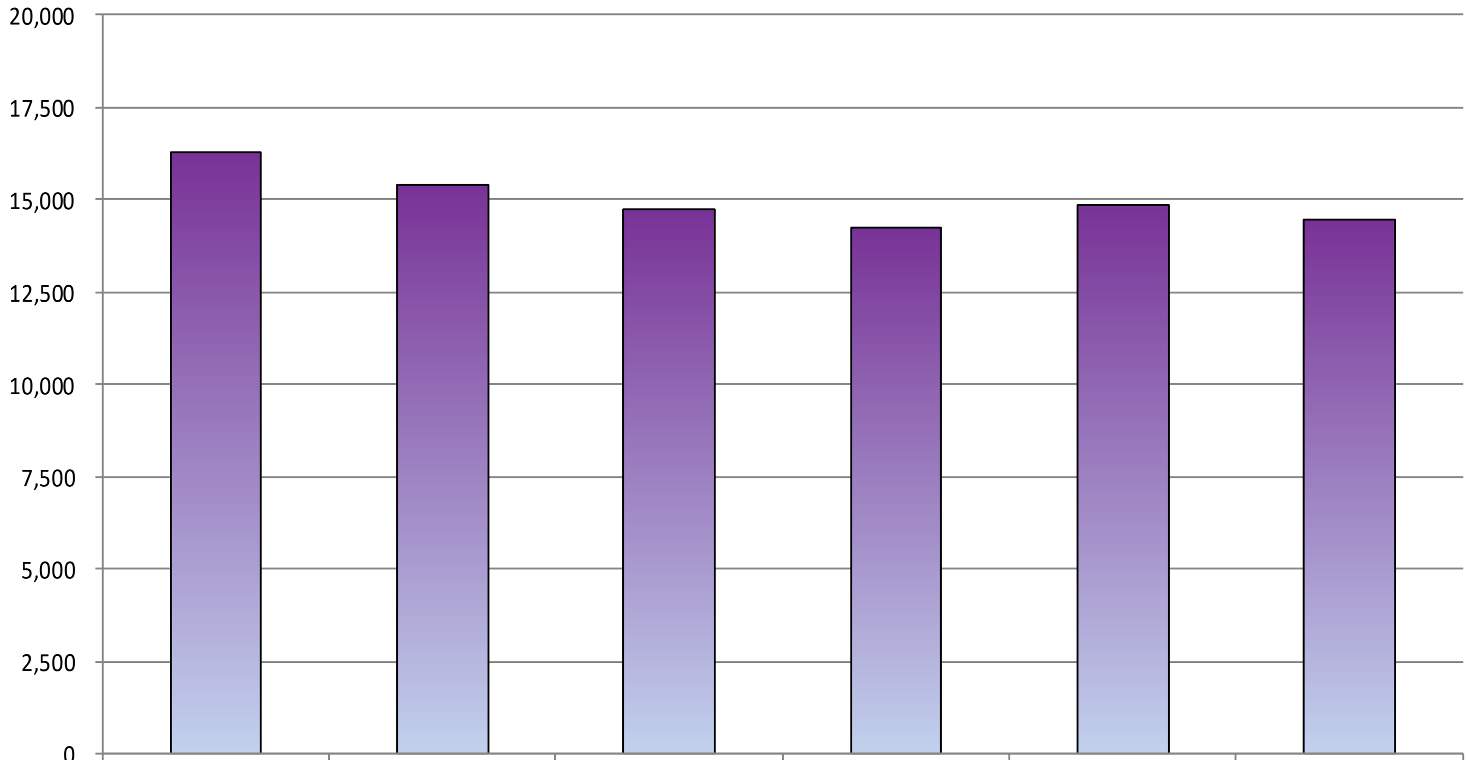
	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Total Salaries & Benefits	52.3%	57.6%	55.4%	58.7%	60.7%	58.8%
Total Supplies	20.0%	20.8%	22.5%	23.7%	20.8%	18.1%
Total Labor & Supplies	72.3%	78.4%	77.9%	82.4%	81.5%	76.9%

FY 2024 Budget Presentation
Discharges & Adjusted Discharges



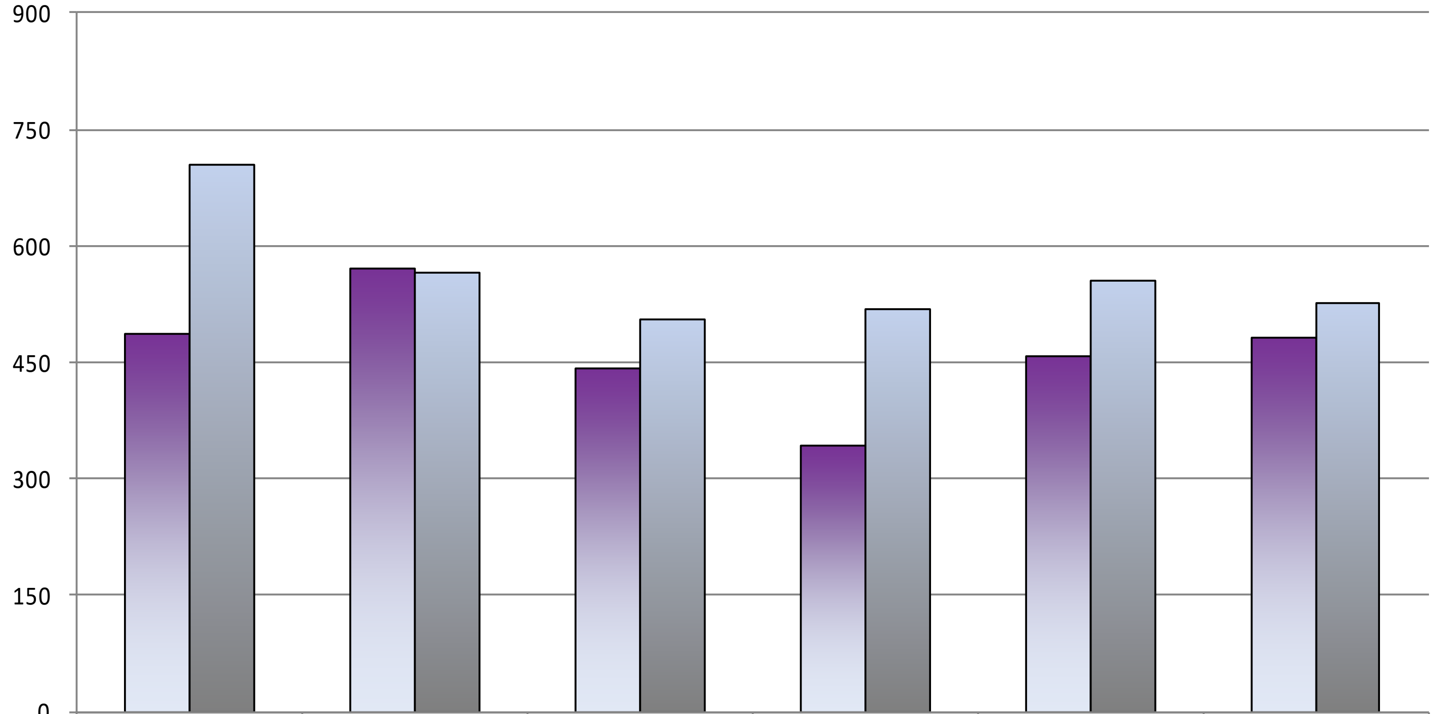
	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Total Discharges	17,461	16,523	15,677	15,111	15,860	15,471
Total Adjusted Discharges	41,255	40,213	38,712	40,483	44,181	43,421

FY 2024 Budget Presentation
Acute Discharges (includes NICU)



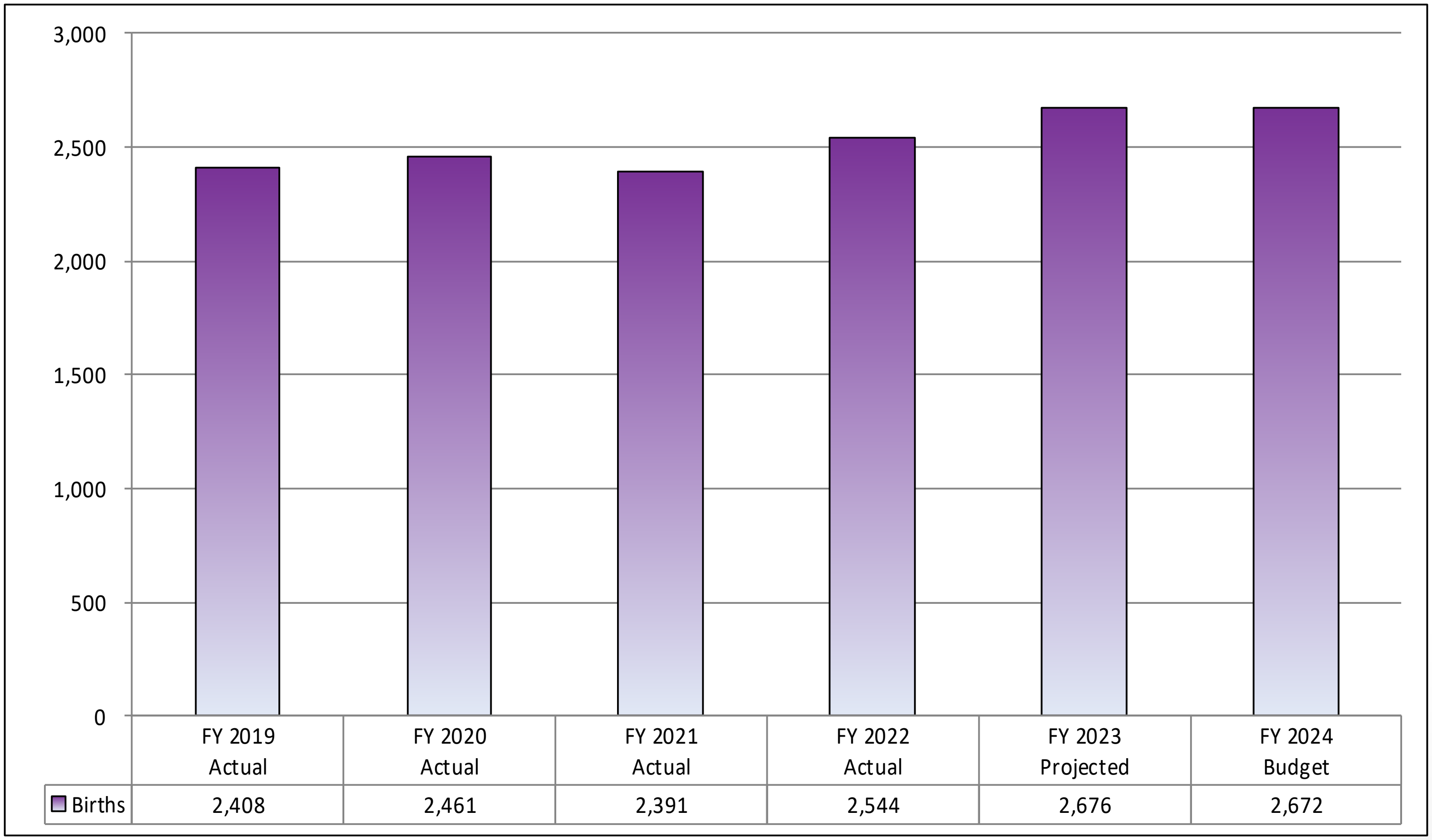
	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Acute	16,272	15,387	14,729	14,252	14,848	14,464

FY 2024 Budget Presentation
Sub Acute Discharges by Type



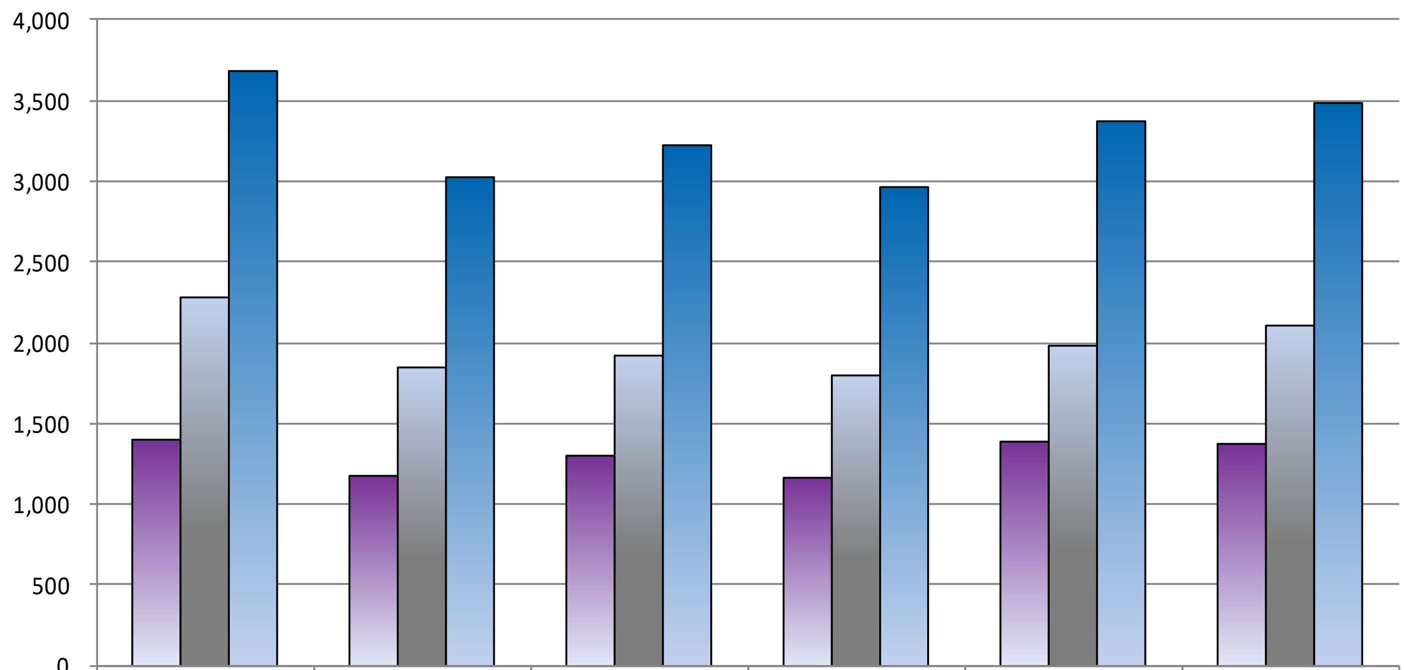
	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Rehab	486	571	443	342	457	480
Psych	703	565	505	517	555	527

FY 2024 Budget Presentation
Deliveries



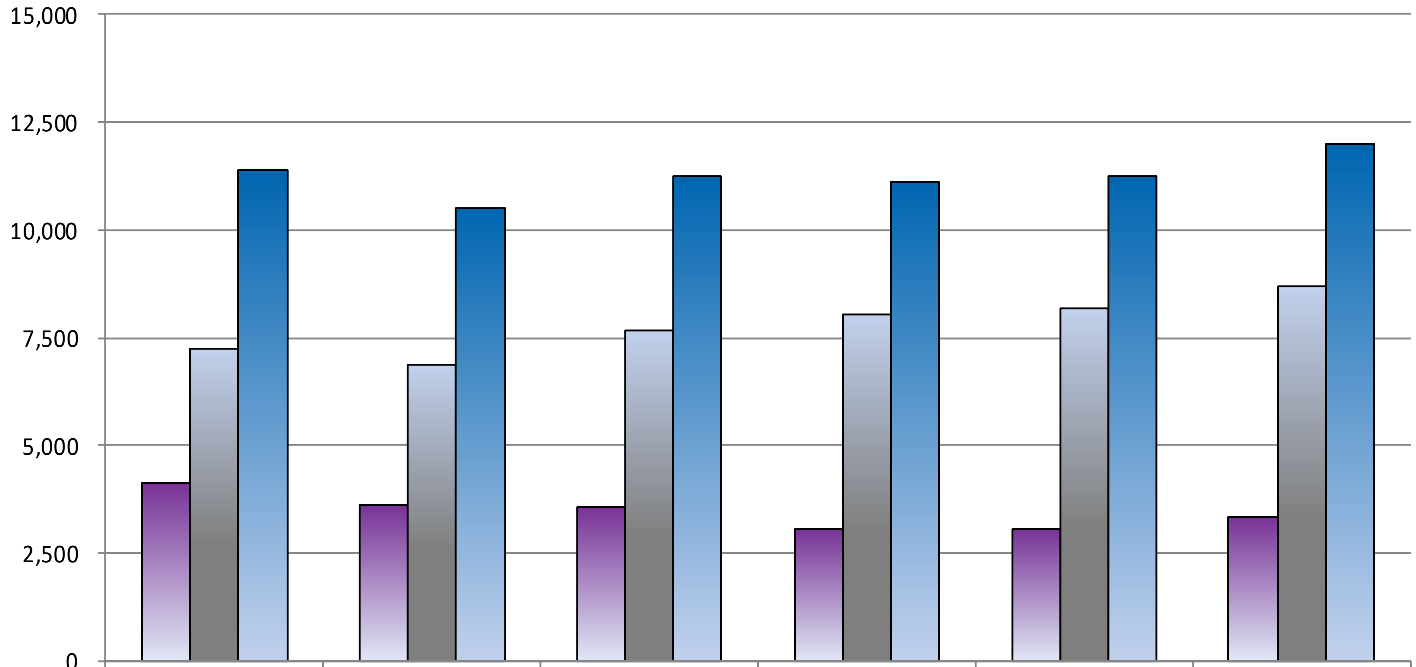
	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Births	2,408	2,461	2,391	2,544	2,676	2,672

FY 2024 Budget Presentation
Cath Lab Cases



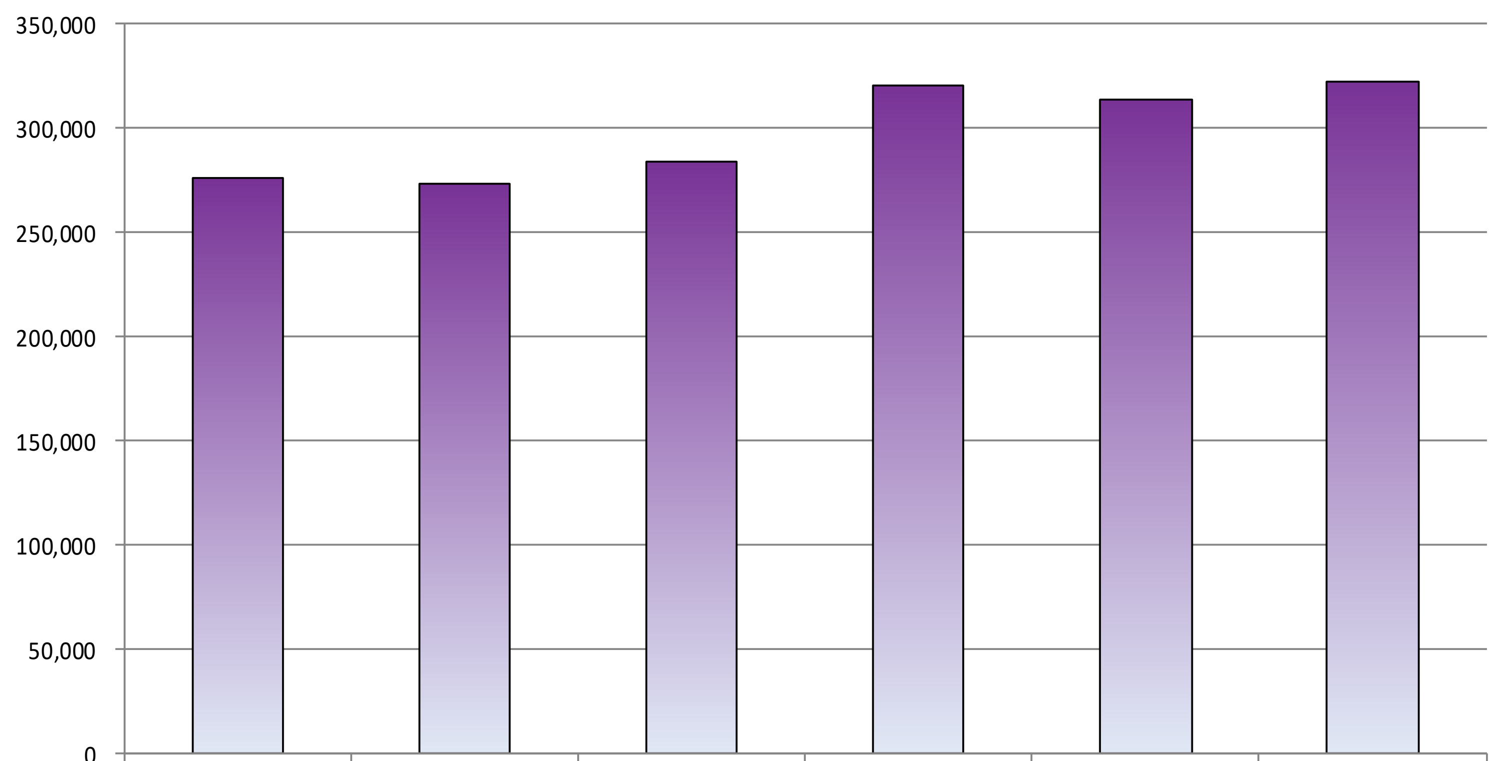
	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Inpatient	1,395	1,178	1,297	1,164	1,391	1,375
Outpatient	2,283	1,844	1,921	1,800	1,982	2,108
Totals	3,678	3,022	3,218	2,964	3,373	3,483

FY 2024 Budget Presentation
Surgical Cases (excludes FBC Surgeries)



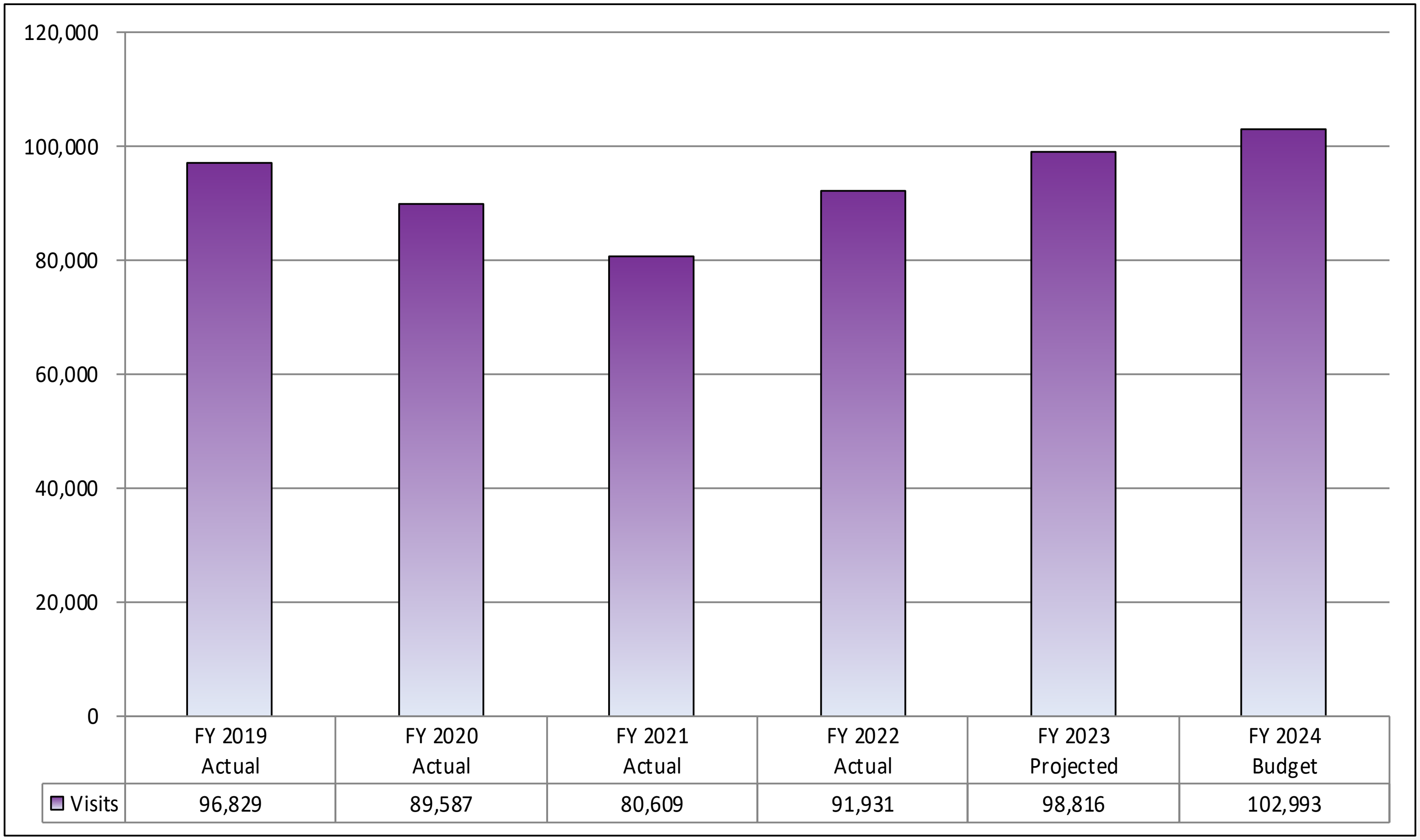
	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Inpatient	4,136	3,621	3,547	3,072	3,071	3,322
Outpatient	7,237	6,894	7,685	8,046	8,187	8,690
Totals	11,373	10,515	11,232	11,118	11,258	12,012

FY 2024 Budget Presentation
Hospital Outpatient Registrations



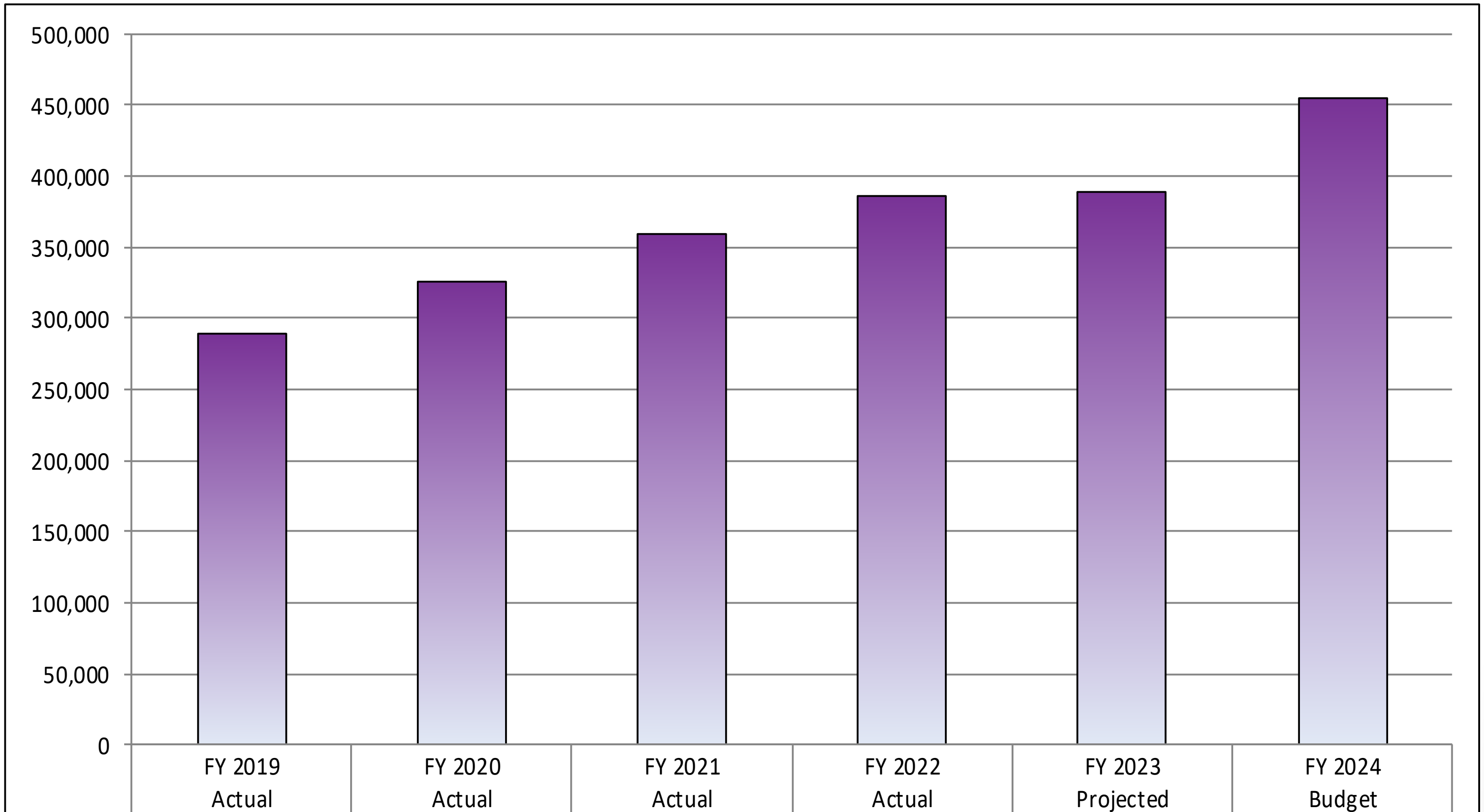
	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Visits	276,714	273,841	284,079	320,556	314,206	322,190

FY 2024 Budget Presentation
Emergency Department Visits *



*** Emergency Department Visits (including ED Admissions)**

FY 2024 Budget Presentation
Clinic Visits *



	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Visits	289,052	326,015	360,135	386,631	388,600	455,003

* Clinic Visits exclude Hospitalists, Intensivists, Behavioral Med, Physical Med & Rehab, Wound Care, Radiologists, & ED Physicians