

FY26 OPERATING BUDGET

Petersburg Medical Center

	FY24	FY25 RR	FY26	YoY %
<i>Gross Patient Revenue:</i>				
Inpatient	4,113,476	6,952,515	6,711,702	-3%
Outpatient	10,658,406	10,684,350	12,123,164	13%
Long Term Care	6,380,023	7,255,062	7,400,164	2%
Clinic	5,143,506	5,398,667	5,830,560	8%
Home Health	512,315	548,877	559,855	2%
Total gross patient revenue	26,807,726	30,839,471	32,625,444	6%
<i>Deductions from Revenue:</i>				
Contractual adjustments	(5,040,547)	(6,008,278)	(5,858,636)	-2%
Prior year settlements	501,026	-	-	0%
Bad debt expense	(131,832)	(409,351)	(425,725)	4%
Charity and other deductions	(142,848)	(216,196)	(233,492)	8%
Total revenue deductions	(4,814,202)	(6,633,825)	(6,517,853)	-2%
Net patient revenue	21,993,524	24,205,645	26,107,592	8%
<i>Other Revenue</i>				
340b Revenue	-	400,000	550,000	38%
Inkind Service - PERS/USAC	979,531	1,136,176	1,227,070	8%
Grant revenue	783,512	929,564	632,104	-32%
Federal & State Relief	75,000	-	-	0%
Other revenue	464,339	285,687	307,939	8%
Total other operating revenue	2,302,382	2,751,427	2,717,114	-1%
Total operating revenue	24,295,907	26,957,073	28,824,706	7%
<i>Expenses:</i>				
Salaries and wages	(11,236,351)	(12,273,302)	(13,676,808)	11%
Contract labor	(1,326,295)	(2,003,894)	(1,891,893)	-6%
Employee benefits	(2,408,828)	(4,656,846)	(4,959,041)	6%
Supplies	(1,612,365)	(1,708,222)	(1,938,428)	13%
Purchased services	(1,466,206)	(1,816,803)	(1,026,018)	-44%
Repairs and maintenance	(567,146)	(585,920)	(602,534)	3%
Minor equipment	(274,333)	(405,142)	(419,811)	4%
Rentals and leases	(263,204)	(367,854)	(352,581)	-4%
Utilities	(1,060,449)	(1,021,434)	(1,300,487)	27%
Training and travel	(117,421)	(107,532)	(104,527)	-3%
Insurance	(191,853)	(216,175)	(224,822)	4%
Other operating expense	(382,243)	(335,721)	(337,459)	1%
Total expenses	(20,906,695)	(25,498,845)	(26,834,409)	5%
Income (loss) from operations	3,389,212	1,458,228	1,990,296	36%
<i>Nonoperating Gains(Losses):</i>				
Investment income	422,813	440,386	225,994	-49%
Interest expense	(146,098)	(133,137)	(252,310)	90%
Other non-operating revenue	17,106	(29,442)	(30,374)	3%
Depreciation	(1,145,947)	(1,102,908)	(2,925,645)	165%
Capital Grants Revenue	8,437,899	13,014,861	1,022,195	-92%
Net nonoperating gains (losses)	7,585,774	12,189,760	(1,960,140)	-116%
Change in Net Position (Bottom Line)	10,974,986	13,647,988	30,156	-100%

KEY BUDGET ASSUMPTIONS

Volumes & Revenue

- 1) Outpatient Revenue to increase due to chargemaster increase and J Bryner believes we will have some Scopes clinics again
- 2) Most other revenue to increase 8% based on chargemaster increase and manager perceived expected flat volumes year over year
- 3) Swingbed revenue to increase based on chargemaster but decrease materially based on assumed reduction in volumes in FY26
- 4) Assuming relatively flat utilization in all departments except for Swingbed
- 5) Revenue increase for Imaging of 750k based on new MRI and volumes for equivalent sized hospitals

Personnel Expenses

- 1) Employee Health Insurance Premiums will decrease in FY26 in term of rate from the carrier but our number of employees is increasing which partially wipes out the positive effect of the rate decrease
- 2) Salaries to increase materially based on:
 - a) Overall headcount is increasing
 - b) Most nurses to receive 8% increase
 - c) Many other positions are paid well below AHHA survey - HR asking to increase the rates for those positions
- 3) Many benefits and taxes to increase by the same amount that overall Personnel spend increases (e.g. PTO expense, Employer paid taxes)
- 4) Contract labor to reduce mainly due to Home Health getting a permanent nurse rather than traveler

Other

- 1) Assuming a 25% increase in utilities due to new facility plus 15% increase based on the budget being considered by the assembly
- 2) Assume unrealized investment gains of 50% of current year run rate due to current market fluctuations
- 3) Sharp curtailment of Capital Grant revenue due to winding down of the WERC building project
- 4) Sharp increase in depreciation based on the new building and MRI machine
- 5) Increase in interest expense for the new capital items being requested for Lab, Pharmacy, Imaging and IT