

**CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION**

Agenda Item Number: 3
Meeting Date: May 13, 2013
Attachments: Yes No

CITY COUNCIL ACTION

Date: May 20, 2013

- | | |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other | |

Originating Department: Finance

Agenda Item: Rice Memorial Hospital 03/31/13 Financial Report

Recommended Action: Review, approve and order placed on file the Rice Memorial Hospital 03/31/13 Financial Report.

Background/Summary: Representatives from Rice Hospital are scheduled to attend this Finance Committee Meeting to present their 03/31/13 Financial Report and to answer questions from the Committee.

Alternatives: N/A

Financial Considerations: Observe Rice Hospital's financial status as of 03/31/13.

Preparer: Steve Okins, Finance Director

Signature:

Comments:

Rice Memorial Hospital Financial Statements March 31, 2013

Executive Summary

March was another negative month in terms of financial performance compared to budget and in terms of actual performance. Rice generated a loss of \$407,000 from operations in March compared to budgeted operating income of \$292,000 which compounded the YTD budget deficit to \$2.1 million. The primary contributing factor was lower than expected patient activity & revenues and decreased reimbursement. Hospital Net Patient Revenue was 15.1% less than projected with an average daily census 7.1% lower than budgeted. Hospital ancillary service revenues and Willmar Medical Services (WMS) activity also contributed to the lower than projected results.

Here is a summary of key financial indicators:

	<u>Actual</u>	<u>Budget</u>	<u>Last Month/ Last YTD</u>	<u>Prior Year</u>	<u>Benchmark</u>
Operating Margin-Month	-5.2%	3.3%	-6.6%		
Operating Margin-YTD	-5.4%	3.1%	-5.4%	1.4%	2.2%
Excess Margin-Month	-4.6%	4.2%	-3.0%		
Excess Margin-YTD	-4.3%	4.0%	-4.1%	2.3%	2.8%
EBIDA Margin-Month	5.8%	13.4%	7.2%		
EBIDA Margin-YTD	5.8%	13.1%	5.9%	13.1%	10.8%
Days of Cash	112	129	110	114	131
Debt/Capitalization	42.7%	41.8%	43.4%	43.4%	38.7%

March 31, 2013 Balance Sheet:

The March YTD balance sheet has realized a decrease in Net Assets of \$832,000. Total Assets have decreased \$2.3 million while Total Liabilities have decreased \$1.4 million. The Total Asset decrease was due to a decrease in Current Assets of \$2.6 million; an increase in Assets Limited as to Use of \$112,000; an increase in Property, Plant, and Equipment of \$577,000; and a decrease in Other Assets of \$349,000. The increase in Current Assets was due to increases in Cash but offset by decreases in Trustee Bond Agreement reserves (debt service payments) and Accounts Receivable. The Cash increase related from Receivables collections which has improved as Days Outstanding was at 58 days. Assets Limited as to Use has increased due to market value increases in the Rice Trust Endowment Fund. Property, Plant, and Equipment has increased due to the Care Center Project and Other Assets have decreased due to General Investment transfers to Cash offset by a timing difference in the investment in Willmar Medical Services. Cash & General Investments have decreased \$205,000 since December 31, 2012 due to Revenue Cycle improvements offsetting much of the negative Operating

results. Liabilities have decreased due to debt payments but offset by accrued expenses and funds owed Willmar Medical Services.

March 2013 Results:

The overall net Operating Loss was \$407,000 compared to budgeted Operating Income of \$292,000 and compared to last year's Operating Loss of \$161,000. Hospital Patient Revenues were \$906,000 (7.8%) less than budget for the month and 7.7% less than the prior year. Inpatient Revenues were 9.3% less than budget and Outpatient Revenues were 6.7% less than budget. Inpatient revenues were driven by decreased revenues in many departments. Outpatient Revenue decreases were the result of lower revenues in Surgery, Lab, Medical Oncology, and Medical Imaging. Most of the revenue variances related to lower volumes however, Surgery experienced a lower acuity of procedures thus creating a negative rate variance. Care Center Revenues were greater than budget by 6.6% due to higher than projected outpatient or Part B therapy services even though the census was lower. Home Medical revenues were 4.8% higher than budget due to higher Rental Revenue activity.

Consolidated deductions from revenue were only 3.6% (\$311,000) less than budget even though Patient Revenues were 7.6% less than budget. A downward shift in reimbursement due to government payers contributed to this variance and when netted against Total Patient Revenues yielded a negative Net Patient Revenue variance of \$1.0 million (11.3%). The Hospital's reimbursement rate for the month was 46.74% compared to a budget of 49.22%; a negative revenue variance of \$361,000.

Other operating revenues were \$255,000 (16.9%) less than budget due to projected lower WMS activity. WMS activity at Rice was less than budget by \$175,000 (9.4%) due to lower Medical Oncology and Imaging activity. Total Operating Revenues were \$7.8 million or \$1.1 million (12.6%) less than budget and \$484,000 (5.8%) less than last year.

Net Expenses were \$8.2 million which was \$426,000 (4.9%) less than budget. Expenses were mixed for the month with Salaries \$57,000 (1.5%) less than budget due to lower Hospital patient activity and lower FTE's. Contract Labor was \$27,000 (9.4%) greater due to Care Center contracted therapy costs. Benefits were \$163,000 (14.1%) less due to Health Insurance claims. Supplies were \$65,000 (6.4%) less than budget due lower activity in Surgery. Drugs were \$346,000 (38.4%) less due to unrecorded Medical Oncology purchases and decreased Hospital patient activity. Purchased Services were \$52,000 (9.7%) greater than budget due to Administration, Patient Accounting, Finance, and Sleep Lab activity; Repairs were at budget; Utilities were \$2,600 (2.1%) less than budget; Insurance was \$5,300 (8.9%) less than budget; Patient Related Travel was \$5,000 (13.4%) greater than budget due to Ambulance costs; Education, Travel, and Dues were \$17,000 (21.6%) greater than budget due to Administration, Surgery, and SWEPT activity; and Other was \$17,000 (41.7%) greater than budget due to Marketing Outreach activity. Depreciation was \$4,300 (0.6%) less than budget while Interest was \$7,700 (5.3%) less than budget. Bad Debts were \$36,000 (23.8%) less than budget with Taxes \$38,000 (20.4%) less than budget due to MN Care tax adjustments. Bad Debts and Uncompensated Care were \$83,000 (43.2%) less than budget and 39.9% less than last year.

Non-operating activity was \$41,000 less than budget due to unrealized losses. Rice will continue to monitor its investments and analyze if some investments that should be sold in order to capture the realized gains on the instruments.

The Hospital generated an Operating Loss of \$533,000 compared to a budgeted Operating Income of \$244,000 and compared to last year's Operating Loss of \$196,000. Care Center activity generated Operating Income of \$119,000 compared to expected Operating Income of \$67,000 and last year's Operating Loss of \$11,000. The Income is due to increased Net Resident Revenue and a reclassification of expenses from the prior month. Home Medical activity generated Operating Income of \$6,000 compared to a budgeted Operating Loss of \$5,000 and last year's Operating Income of \$2,900.

March YTD 2013 Results:

The overall net Operating Loss was \$1.2 million compared to budgeted Operating Income of \$835,000 and compared to last year's Operating Loss of \$576,000. Hospital Patient Revenues were \$2.1 million (6.1%) less than budget and 4.1% less than last year. Inpatient Revenues were 4.4% less than budget and Outpatient Revenues 7.4% less than budget. Inpatient revenues were driven by the lower census while Outpatient Revenues were the result of lower revenues in Surgery, Anesthesia, Emergency, Pharmacy, Lab, and Medical Imaging activity. Most of the revenue variances related to lower volumes however, Surgery experienced a lower acuity of procedures thus creating a negative rate variance. Care Center Revenues were greater than budget by \$86,000 (3.5%) due to higher than projected outpatient or Part B therapy services even though the census was lower. Home Medical revenues were 0.9% lower than budget due to lower Sales activity even though Rental revenues were up.

Consolidated deductions from revenue were only 2.3% (\$571,000) less than budget even though Patient Revenues were 5.9% less than budget. A downward shift in reimbursement due to government payers contributed to this variance and when netted against Total Patient Revenues yielded a negative Net Patient Revenue variance of \$2.5 million (9.3%). The Hospital's reimbursement rate was 47.25% compared to a budget of 49.24%; a negative revenue variance of \$876,000.

Other operating revenues were \$587,000 (13.0%) less than budget due to projected lower WMS activity. WMS activity at Rice was less than budget by \$248,000 (4.7%) due to lower Medical Oncology and Imaging activity. Total Operating Revenues were \$23.8 million or \$2.8 million (10.8%) less than budget and \$943,000 (3.8%) less than last year.

Net Expenses were \$25.1 million which was \$770,000 (3.0%) less than budget. Expenses were mixed with Salaries \$318,000 (2.7%) less than budget due to lower Hospital patient activity and thus lower FTE's. Contract Labor was \$20,000 (2.7%) greater due to Care Center contracted therapy costs. Benefits were \$114,000 (3.3%) greater due to Health Insurance claims. Supplies were \$206,000 (6.4%) less than budget due lower activity in Surgery. Drugs were \$658,000 (27.7%) less due to unrecorded Medical Oncology purchases and decreased Hospital patient activity. Purchased Services were \$22,000 (1.4%) greater than budget; Repairs were \$22,000 (2.6%) greater than budget due expenditures in numerous departments and the new leases; Utilities were \$15,000 (3.6%) less than budget; Insurance was \$10,000 (5.6%) less than budget; Patient Related Travel was \$4,200 (3.7%) less than budget; Education, Travel, and Dues were \$32,000 (12.7%) greater than budget due to Administration and SWEPT activity; and Other was \$1,000 (0.9%) less than budget. Depreciation was \$10,000 (0.5%) less than budget while Interest was \$23,000 (5.3%) less than budget. Bad Debts were \$71,000 (16.3%) less than budget with Taxes \$31,000 (5.6%) less than budget. Bad Debts and

Uncompensated Care were \$162,000 (19.7%) less than budget and \$5,500 (0.8%) greater than last year.

Non-operating activity was \$5,100 greater than budget. Rice will continue to monitor its investments and analyze if some investments that should be sold in order to capture the realized gains on the instruments.

The Hospital generated an Operating Loss of \$1.4 million compared to budgeted Operating Income of \$639,000 and last year's Operating Loss of \$671,000. Care Center activity generated Operating Income of \$90,000 compared to expected Operating Income of \$182,000 and last year's Operating Income of \$33,000. Home Medical activity generated Operating Income of \$64,000 compared to budgeted Operating Income of \$13,000 and last year's Operating Loss of \$13,000.

Statistical and Volume Summary

Statistics and volumes were mixed for the month. Patient days were 7.1% less than budget while admissions were 11.1% less than budget yielding an increase in length of stay of 2.2% from budget. Compared to the prior year, patient days were 107 (9.8%) less for the month with admissions 41 (13.4%) less than last year. The average daily census for the month was 31.7 compared to a budget of 34.2 and 35.2 last year. Observation patients were 29.3% less than budget and 19.6% less than last year. Medicare case mix was 3.7% less than budget while the overall case mix was 2.0% greater than budget. Overall activity as measured in terms of adjusted admissions was 10.9% less than budget and 10.5% less than last year while adjusted patient days were 6.9% less than budget and 6.9% less than last year. There were 52 deliveries for the month compared to a budget of 65 and 65 from a year ago. Care Center resident days were 11.3% less than budget with an average daily census of 65.5 compared to the budget of 73.9.

YTD patient days were 4.4% less than budget while admissions were 5.0% less than budget yielding no change in length of stay from the budget. Compared to the prior year, patient days were 235 (7.1%) less with admissions 61 (6.6%) less than last year. The average daily census was 33.9 compared to a budget of 35.5 and 36.1 last year. Observation patients were 29.4% less than budget and 23.4% less than last year. Medicare case mix was 4.0% less than budget while the overall case mix was 1.2% less than budget. Overall activity as measured in terms of adjusted admissions was 7.3% less than budget and 7.8% less than last year while adjusted patient days were 6.5% less than budget and 8.1% less than last year. There were 192 deliveries compared to a budget of 180 and 173 from a year ago. Care Center resident days were 9.0% less than budget with an average daily census of 67.3 compared to the budget of 74.

Ancillary departments were mixed for the month. Surgery & GI procedures were 2.1% greater than budget and 1.9% greater than last year. Emergency Room visits were 6.2% less than budget and 5.9% less than last year. Lab tests were down 14.5% from budget and 15.0% less than last year. Medical Imaging procedures were down 17.0% from budget and 16.9% less than last year. Radiation Oncology treatments were 20.2% less than budget and 19.4% less than last year while Medical Oncology visits were 33.1% less than budget and 32.3% less than last year. Dialysis treatments were 10.3% greater than budget and 11.4% greater than last year; Rehab visits were 7.5% less than budget and 7.2% less than last year; Hospice visits were 2.4% greater than budget but 0.7% less than last year; and Ambulance runs were 6.6% less than budget and 5.9% less than last year.

On a YTD basis, Surgery & GI procedures were 0.8% less than budget and 1.0% less than last year. Emergency Room visits were 5.3% less than budget and 5.0% less than last year. Lab tests were down 10.3% from budget and 10.9% less than last year. Medical Imaging procedures were down 15.2% from budget and 15.2% less than last year. Radiation Oncology treatments were 29.0% less than budget and 28.3% less than last year while Medical Oncology visits were 15.0% less than budget and 14.0% less than last year. Dialysis treatments were 9.7% greater than budget and 10.8% greater than last year; Rehab visits were 0.1% less than budget and 0.8% less than last year; Hospice visits were 2.3% greater than budget but 0.8% less than last year; and Ambulance runs were 3.8% greater than budget and 4.8% greater than last year.

Full Time Equivalent's (FTE's) for the month were 807 compared to a budget of 813 (0.7%) and compared to last year's total of 802 (0.6%). Hospital FTE's were 1.3% less than budget; Care Center 4.1% less than budget; and Home Medical 9.0% greater than budget. YTD FTE's were 804 compared to a budget of 827 (2.7%) and last year's total of 811 (0.8%). Hospital FTE's were 3.0% less than budget and 2.4% less than last year; Care Center was 3.3% less than budget but 1.4% greater than last year; and Home Medical was 0.6% greater than budget and 12.1% greater than last year.

Key Indicators

The Operational indicators were negative for the month compared to budget. Consolidated Operating Margin was -5.2% compared to the budget target of 3.3% and last year's -1.9%. Excess Margin was -4.6% compared to a budget of 4.2% and last year's -3.0%. The EBIDA Margin was 5.8% for the month compared to a budget of 13.4% and last year's 7.0%.

The YTD Operational indicators were negative compared to budget. Consolidated Operating Margin was -5.4% compared to the budget of 3.1% and last year's -2.3%. Excess Margin was -4.3% compared to a budget of 4.0% and last year's -1.9%. The EBIDA Margin was 5.8% compared to a budget of 13.1% and last year's 8.2%.

The Financial ratios indicate that the Debt/Capitalization ratio of 42.7% was higher than the year-end target of 41.8% and higher than the benchmark of 38.7%. Debt Service Coverage was 1.6 compared to the budget of 3.1 and the debt covenant of 1.25. Days in accounts receivable were 58 compared to a target of 50 and last year's 67. Days of Cash were 112 compared to the year-end target of 129 and last year's 100. The Cash/Debt ratio was 65% compared to the year-end target of 82%; last year's 56% and the benchmark of 87%. The Financial Strength Index was -0.96 compared to the budget of 1.21 and 0.73 last year.

YTD Hospital productivity ratios in terms of staffing was greater than budget with FTE's per adjusted admit at 15.2 compared to a budget of 14.7; last year's ratio of 14.4; and the benchmark of 14.9. FTE's per adjusted patient day were 4.3 compared to the budget of 4.1; last year's ratio of 4.0; and the benchmark of 4.4. Care Center Hours per Resident Day were 6.4 compared to the budget of 6.2 and the benchmark of 5.8. Sales per FTE at Home Medical were \$155,000 which was 1.5% less than the target but 3.9% higher than last year.

**RICE MEMORIAL HOSPITAL
CONSOLIDATED
BALANCE SHEET
For the Three Months Ending March 31, 2013**

	CURRENT YEAR	PRIOR YEAR END	CHANGE
1 ASSETS			
2 CURRENT ASSETS			
3 CASH AND CASH EQUIVALENTS	\$4,151,349	\$2,999,489	\$1,151,861
4 TRUSTEE BOND AGREEMENTS - CURRENT	921,649	2,393,907	(1,472,257)
5 ACCOUNTS RECEIVABLE NET	16,089,248	18,416,955	(2,327,707)
6 OTHER RECEIVABLES	386,682	626,156	(239,473)
7 INVENTORY	1,991,934	1,881,543	110,391
8 PREPAID EXPENSES	1,185,198	1,080,525	104,673
10 TOTAL CURRENT ASSETS	24,726,060	27,398,573	(2,672,512)
12 ASSETS LIMITED AS TO USE			
13 HELD BY TRUSTEES - BOND AGREEMENTS	3,181,089	3,181,089	0
15 REMAINDER UNITRUST - RECEIVABLE	43,996	43,996	0
16 ENDOWMENT FUND - INVESTMENTS	2,729,190	2,616,990	112,200
18 TOTAL ASSETS - USE IS LIMITED	5,954,275	5,842,075	112,200
20 PROPERTY PLANT & EQUIPMENT			
21 PROPERTY PLANT & EQUIPMENT	134,179,938	132,297,068	1,882,870
22 LESS: ACCUMULATED DEPRECIATION	(74,046,875)	(72,741,611)	(1,305,264)
24 NET PROPERTY, PLANT & EQUIPMENT	60,133,063	59,555,457	577,606
26 OTHER ASSETS			
27 INVESTMENTS	24,584,091	25,941,901	(1,357,810)
28 INVESTMENTS - SHARED HEALTH RESOURCES	425,186	425,186	0
29 INVESTMENTS - WILLMAR MEDICAL SERVICES	4,657,445	3,647,124	1,010,320
30 OTHER INVESTMENTS	79,963	79,963	0
31 GOODWILL, NET	85,722	86,056	(333)
32 DEFERRED DEBT ACQUISITION COSTS	196,651	200,398	(3,747)
33 OTHER	2,278	0	2,278
35 TOTAL OTHER ASSETS	30,031,336	30,380,628	(349,292)
37 TOTAL ASSETS	\$120,844,735	\$123,176,733	(\$2,331,998)
40 LIABILITIES AND NET ASSETS			
41 CURRENT LIABILITIES			
42 CURRENT MATURITIES OF LONG TERM DEBT	\$2,179,457	\$2,290,275	(\$110,818)
43 ACCOUNTS PAYABLE - TRADE	1,326,279	1,730,604	(404,325)
44 ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	(29,504)	(29,504)	0
45 ACCRUED SALARIES, WAGES AND BENEFITS	10,681,779	10,992,653	(310,874)
46 ACCRUED INTEREST AND DUE TO WMS	3,144,286	2,089,775	1,054,511
48 TOTAL CURRENT LIABILITIES	17,302,298	17,073,804	228,494
50 LONG TERM DEBT (LESS CURRENT PORTION)	44,228,978	45,957,263	(1,728,285)
52 TOTAL LIABILITIES	61,531,276	63,031,067	(1,499,790)
54 COMMITMENTS AND CONTINGENCIES			
56 NET ASSETS			
57 RESTRICTED FUNDS			
58 DEBT SERVICE AND RESERVE	3,181,089	3,181,089	0
59 SPECIFIC PURPOSE FUND	32,649	88,338	(55,689)
60 PERMANENT ENDOWMENT	2,729,190	2,616,990	112,200
61 CURRENT YEAR INCOME	(1,038,022)	2,430,598	(3,468,621)
62 UNRESTRICTED	54,408,553	51,828,651	2,579,902
64 TOTAL NET ASSETS	59,313,459	60,145,666	(832,208)
66 TOTAL LIABILITIES AND NET ASSETS	\$120,844,735	\$123,176,733	(\$2,331,998)

RICE MEMORIAL HOSPITAL CONSOLIDATED
For the Three Months Ending March 31, 2013

	CURRENT MONTH			YEAR TO DATE				
	ACTUAL	BUDGET	VAR	VAR %	ACTUAL	BUDGET	VAR	VAR %
OPERATING REVENUE	16,481,618	17,839,915	(1,358,297)	(7.6%)	49,633,537	52,754,875	(3,121,338)	(5.9%)
INPATIENT REVENUE	8,159,080	8,423,231	(264,151)	(3.1%)	24,344,586	24,824,837	(480,251)	(1.9%)
OUTPATIENT REVENUE	78,123	125,737	(47,614)	(37.9%)	294,766	385,714	(90,948)	(23.6%)
RICE CARE CENTER REVENUE	8,237,203	8,548,968	(311,765)	(3.6%)	24,639,352	25,210,551	(571,199)	(2.3%)
RICE HOME MEDICAL REVENUE	8,244,415	9,290,947	(1,046,532)	(11.3%)	24,994,185	27,544,324	(2,550,139)	(9.3%)
TOTAL PATIENT REVENUE	1,259,475	1,515,274	(255,799)	(16.9%)	3,927,951	4,515,308	(587,357)	(13.0%)
TOTAL DEDUCTIONS FROM REVENUE	9,503,890	10,806,221	(1,302,331)	(12.1%)	28,922,136	32,059,632	(3,137,496)	(9.8%)
NET REVENUE FROM PATIENTS	1,692,962	1,868,717	(175,755)	(9.4%)	5,026,582	5,274,925	(248,343)	(4.7%)
OTHER OPERATING REVENUE								
TOTAL OPERATING REVENUE	3,927,100	3,985,009	(57,909)	(1.5%)	11,512,823	11,831,706	(318,883)	(2.7%)
LESS: WILLMAR MEDICAL SERVICES OPERATING REVENUE	318,676	291,341	27,335	9.4%	774,284	753,842	20,442	2.7%
TOTAL OPERATING REVENUE	993,424	1,157,129	(163,654)	(14.1%)	3,532,555	3,438,355	94,200	2.7%
OPERATING EXPENSES	960,010	1,025,257	(65,247)	(6.4%)	3,014,905	3,221,560	(206,595)	(6.4%)
SALARIES AND WAGES	536,469	903,169	(366,640)	(38.4%)	1,722,405	2,381,372	(658,967)	(27.7%)
CONTRACT LABOR	590,083	538,039	52,044	9.7%	1,647,220	1,624,462	22,758	1.4%
SUPPLEMENTAL BENEFITS	119,700	122,324	(2,624)	(2.1%)	862,721	840,478	22,243	2.6%
DRUGS	54,469	59,784	(5,315)	(8.9%)	403,157	418,206	(15,049)	(3.6%)
PURCHASED SERVICES	42,456	37,448	5,008	13.4%	169,256	179,351	(10,095)	(5.6%)
REPAIRS, SERVICE & RENTALS	100,055	82,257	17,798	21.6%	110,449	114,703	(4,254)	(3.7%)
UTILITIES	59,284	41,840	17,444	41.7%	291,175	258,460	32,715	12.7%
INSURANCE	680,193	684,500	(4,307)	(0.6%)	115,623	116,688	(1,065)	(0.9%)
PATIENT RELATED TRAVEL	139,295	147,071	(7,776)	(5.3%)	2,028,422	2,038,843	(10,421)	(0.5%)
EDUCATION, TRAVEL, & DUES	116,107	152,356	(36,249)	(23.8%)	420,858	444,598	(23,740)	(5.3%)
OTHER	150,534	189,183	(38,649)	(20.4%)	531,691	565,425	(33,734)	(5.6%)
DEPRECIATION AND AMORT	9,087,798	9,696,264	(608,466)	(6.3%)	27,527,848	28,668,187	(1,140,339)	(4.0%)
INTEREST	869,259	1,051,002	(181,743)	(17.3%)	2,349,589	2,718,980	(369,391)	(13.6%)
BAD DEBTS	8,218,539	8,645,262	(426,723)	(4.9%)	25,178,229	25,949,207	(770,978)	(3.0%)
TAXES & SURCHARGE	(407,611)	292,442	(699,853)	(239.5%)	(1,282,675)	835,500	(2,118,175)	(253.5%)
TOTAL OPERATING EXPENSES	44,145	85,163	(41,018)	(48.2%)	244,651	239,488	5,163	2.2%
NET OPERATING EXPENSES	(5,363,466)	(5,770,405)	(406,939)	(7.0%)	(15,074,988)	(15,713,012)	(638,024)	(4.0%)
OPERATING INCOME (LOSS)	8,218,539	8,645,262	(426,723)	(4.9%)	25,178,229	25,949,207	(770,978)	(3.0%)
NON OPERATING INCOME	(407,611)	292,442	(699,853)	(239.5%)	(1,282,675)	835,500	(2,118,175)	(253.5%)
TOTAL OPERATING INCOME (LOSS)	7,810,928	8,937,704	(1,126,776)	(14.5%)	23,895,554	26,784,707	(2,889,153)	(10.8%)
TOTAL OPERATING INCOME (LOSS)	7,810,928	8,937,704	(1,126,776)	(14.5%)	23,895,554	26,784,707	(2,889,153)	(10.8%)

RICE HOSPITAL
CURRENT MONTH
 For Periods Ending March 31, 2013

	CURRENT MONTH ACTUAL			CURRENT MONTH BUDGET			RICE ACT/BUD			PRIOR YEAR ACTUAL			RICE C/P/Y				
	RICE	WMS	TOTAL	RICE	WMS	TOTAL	RICE	WMS	TOTAL	RICE	WMS	TOTAL	RICE	WMS	TOTAL	VAR \$	VAR %
OPERATING REVENUE																	
INPATIENT REVENUE	\$4,373,575	\$320,803	\$4,694,377	\$4,321,549	\$351,257	\$5,172,806	(\$447,974)			\$4,864,782	\$411,758	\$5,276,540	(\$491,207)				(10.1%)
OUTPATIENT REVENUE	6,370,752	3,513,319	9,884,071	6,829,742	4,036,261	10,866,003	(458,990)			6,778,195	3,812,240	10,590,434	(407,443)				(6.0%)
TOTAL PATIENT REVENUE	10,744,327	3,834,122	14,578,448	11,651,291	4,387,517	16,038,808	(906,964)			11,642,977	4,223,997	15,866,974	(898,650)				(7.7%)
LESS DISCOUNTS & CONTRACTUALS	5,540,797	2,151,952	7,692,748	5,488,425	2,532,051	8,020,476	52,372	1.0%		5,504,892	2,344,143	7,849,035	35,905	0.7%			0.7%
LESS UNCOMMISSIONED CARE	78,073	0	78,073	124,367	0	124,367	(46,494)	(37.3%)		116,316	0	116,316	(38,243)	(32.9%)			(32.9%)
TOTAL DEDUCTIONS FROM REVENUE	5,618,870	2,151,952	7,770,821	5,612,992	2,532,051	8,145,043	5,878	0.1%		5,621,208	2,344,143	7,965,351	(2,338)	0.0%			0.0%
NET REVENUE FROM PATIENTS	5,125,457	1,682,170	6,807,627	6,038,298	1,855,467	7,893,765	(912,842)	(15.1%)		6,021,769	1,879,854	7,901,623	(896,312)	(14.9%)			(14.9%)
OTHER OPERATING REVENUE	1,233,540	10,792	1,244,332	1,483,582	13,250	1,496,832	(250,042)	(16.9%)		1,084,766	14,694	1,099,460	148,775	13.7%			13.7%
TOTAL OPERATING REVENUE	6,358,997	1,692,962	8,051,959	7,521,880	1,868,717	9,390,597	(1,162,883)	(15.5%)		7,106,534	1,894,548	9,001,083	(747,537)	(10.5%)			(10.5%)
LESS: WILLMAR MEDICAL SERVICES OPERATING REVENUE	0	1,692,962	1,692,962	0	1,868,717	1,868,717	0	0.0%		0	1,850,178	1,850,178	0	0.0%			0.0%
TOTAL OPERATING REVENUE	6,358,997	0	6,358,997	7,521,880	0	7,521,880	(1,162,883)	(15.5%)		7,106,534	0	7,106,534	(747,537)	(10.5%)			(10.5%)
OPERATING EXPENSES																	
SALARIES AND WAGES	3,272,627	184,983	3,457,610	3,332,400	184,983	3,517,383	(99,773)	(1.8%)		3,174,633	165,503	3,340,136	97,994	3.1%			3.1%
CONTRACT LABOR	35,910	176,685	212,595	30,613	176,685	207,298	5,298	17.3%		158,962	249,744	408,705	(123,051)	(77.4%)			(77.4%)
SUPPLEMENTAL BENEFITS	815,580	48,128	863,708	929,238	48,128	977,366	(113,658)	(12.2%)		884,952	47,858	932,810	(69,272)	(7.8%)			(7.8%)
SUPPLIES	618,642	19,220	637,862	659,221	19,993	679,214	(40,579)	(6.2%)		721,685	18,284	739,969	(103,043)	(14.3%)			(14.3%)
DRUGS	207,987	328,775	536,762	377,409	508,772	886,181	(169,422)	(44.9%)		366,519	444,136	810,656	(158,532)	(43.3%)			(43.3%)
PURCHASED SERVICES	496,074	41,098	537,172	459,114	39,094	498,208	36,960	8.1%		613,936	32,604	646,540	(117,863)	(19.2%)			(19.2%)
REPAIRS, SERVICE & RENTALS	244,756	6,467	251,224	251,245	5,641	256,886	(6,489)	(2.6%)		291,045	21,542	312,587	(46,288)	(15.9%)			(15.9%)
UTILITIES	98,877	146	99,023	105,213	188	105,401	(6,489)	(6.0%)		97,026	(72)	96,954	1,851	1.9%			1.9%
INSURANCE	45,431	900	46,331	48,697	775	49,472	(3,266)	(6.7%)		46,394	767	47,161	(962)	(2.1%)			(2.1%)
PATIENT RELATED TRAVEL	29,321	1,635	30,956	19,732	1,747	21,478	9,590	48.6%		23,480	1,862	25,342	5,841	24.9%			24.9%
EDUCATION, TRAVEL, & DUES	84,094	4,404	88,498	67,770	4,117	71,886	16,324	24.1%		63,020	5,729	68,749	21,074	33.4%			33.4%
OTHER	44,583	1,621	46,203	31,439	2,248	33,687	13,144	41.8%		29,815	1,076	30,892	14,767	49.5%			49.5%
DEPRECIATION AND AMORT	589,142	14,000	603,142	591,222	28,329	619,550	(2,079)	(0.4%)		582,088	14,072	596,160	7,055	1.2%			1.2%
INTEREST	124,660	0	124,660	124,670	0	124,670	(10)	0.0%		132,963	0	132,963	(8,304)	(6.2%)			(6.2%)
BAD DEBTS	76,591	41,178	117,769	102,338	44,560	146,898	(25,747)	(25.2%)		40,561	41,873	82,234	36,230	89.8%			89.8%
TAXES & SURCHARGE	107,813	18	107,831	147,500	0	147,500	(39,687)	(26.9%)		76,610	0	76,610	31,203	40.7%			40.7%
TOTAL OPERATING EXPENSES	6,892,088	869,259	7,761,347	7,277,819	1,065,259	8,343,078	(385,731)	(5.3%)		7,303,490	1,044,978	8,348,468	(411,401)	(5.6%)			(5.6%)
LESS: WILLMAR MEDICAL SERVICES OPERATING EXPENSES	0	869,259	869,259	0	1,051,002	1,051,002	0	0.0%		0	1,044,978	1,044,978	0	0.0%			0.0%
NET OPERATING EXPENSES	6,892,088	0	6,892,088	7,277,819	14,257	7,292,076	(385,731)	(5.3%)		7,303,490	0	7,303,490	(411,401)	(5.6%)			(5.6%)
OPERATING INCOME (LOSS)	(533,091)	0	(533,091)	244,061	(14,257)	229,805	(777,153)	(318.4%)		(196,955)	44,370	(152,585)	(636,136)	170.7%			170.7%
NON OPERATING INCOME	43,625	0	43,625	83,833	0	83,833	(40,209)	(48.0%)		(83,715)	0	(83,715)	127,340	(152.1%)			(152.1%)
NET INCOME (LOSS)	(489,466)	0	(489,466)	(244,061)	(14,257)	(258,318)	(387,361)	(259.3%)		(280,680)	44,370	(236,310)	(625,476)	74.4%			74.4%

RICE HOSPITAL
YEAR TO DATE
For Periods Ending March 31, 2013

	CURRENT YTD ACTUAL			CURRENT YTD BUDGET			RICE ACT/BUD			PRIOR YEAR ACTUAL			RICE CV/PY		
	RICE	WMS	TOTAL	RICE	WMS	TOTAL	RICE	WMS	VAR %	RICE	WMS	TOTAL	RICE	WMS	VAR %
OPERATING REVENUE															
INPATIENT REVENUE	\$14,302,463	\$983,837	\$15,286,299	\$14,964,856	\$1,032,795	\$15,997,651	\$662,394		(4.4%)	\$14,679,351	\$1,144,595	\$15,823,946	\$376,888		(2.6%)
OUTPATIENT REVENUE	18,486,536	10,266,244	28,752,780	19,958,937	11,262,922	31,221,859	(1,472,401)		(7.4%)	19,501,765	10,848,888	30,350,652	(1,015,228)		(3.2%)
TOTAL PATIENT REVENUE	32,788,999	11,250,081	44,039,080	34,923,794	12,295,717	47,219,511	(2,134,725)		(6.1%)	34,181,116	11,993,483	46,174,599	(1,392,117)		(4.1%)
LESS DISCOUNTS & CONTRACTUALS	16,685,602	6,255,378	22,940,980	16,528,580	7,060,543	23,589,123	157,022		1.0%	16,627,450	6,664,037	23,291,488	58,151		0.3%
LESS UNCOMPENSATED CARE	294,575	0	294,575	378,180	0	378,180	(81,605)		(22.1%)	361,635	0	361,635	(67,060)		(18.5%)
TOTAL DEDUCTIONS FROM REVENUE	16,980,177	6,255,378	23,235,555	16,906,760	7,060,543	23,967,303	73,416		0.4%	16,989,085	6,664,037	23,653,122	(8,908)		(0.1%)
NET REVENUE FROM PATIENTS	15,808,822	4,994,703	20,803,525	18,017,033	5,235,175	23,252,208	(2,208,211)		(12.3%)	17,192,030	5,329,446	22,521,476	(1,383,208)		(8.0%)
OTHER OPERATING REVENUE	3,871,833	31,879	3,903,712	4,448,696	39,750	4,488,446	(576,863)		(13.0%)	3,942,761	29,830	3,972,591	(70,928)		(1.8%)
TOTAL OPERATING REVENUE	19,680,656	5,026,582	24,707,237	22,465,729	5,274,925	27,740,654	(2,785,074)		(12.4%)	21,134,792	5,359,276	26,494,068	(1,454,136)		(6.9%)
LESS: WILLMAR MEDICAL SERVICES OPERATING REVENUE	0	5,026,582	5,026,582	0	5,274,925	5,274,925	0		0.0%	0	5,284,793	5,284,793	0		0.0%
TOTAL OPERATING REVENUE	19,680,656	0	19,680,656	22,465,729	0	22,465,729	(2,785,074)		(12.4%)	21,134,792	7,483	22,209,275	(1,074,483)		(6.9%)
OPERATING EXPENSES															
SALARIES AND WAGES	9,636,630	520,217	10,156,847	9,898,943	520,217	10,419,160	(262,312)		(2.6%)	9,812,830	483,072	10,295,901	(176,200)		(1.8%)
CONTRACT LABOR	128,256	335,109	463,364	69,584	439,980	509,564	58,672		84.3%	399,117	513,334	912,450	(270,861)		(67.9%)
SUPPLEMENTAL BENEFITS	2,935,404	135,349	3,070,753	2,762,149	135,349	2,897,498	173,255		6.3%	2,610,637	139,549	2,750,206	324,747		12.4%
SUPPLIES	1,935,082	52,121	1,987,203	2,071,786	58,171	2,129,957	(136,704)		(6.6%)	1,850,143	54,617	1,904,760	84,939		4.6%
DRUGS	704,396	966,572	1,670,968	1,063,812	1,268,357	2,332,170	(359,416)		(33.8%)	1,045,162	1,275,687	2,320,849	(340,766)		(32.6%)
PURCHASED SERVICES	1,347,749	122,087	1,469,837	1,399,384	98,526	1,497,910	(51,635)		(3.7%)	1,719,143	74,839	1,793,982	(371,393)		(21.6%)
REPAIRS, SERVICE & RENTALS	752,588	34,024	786,612	752,440	22,081	774,521	148		0.0%	730,573	37,459	768,032	22,016		3.0%
UTILITIES	340,085	685	340,771	359,331	564	359,895	(19,245)		(5.4%)	356,064	235	356,299	(15,979)		(4.5%)
INSURANCE	142,091	2,748	144,840	146,091	2,325	148,416	(4,000)		(2.7%)	135,622	2,300	137,922	6,470		4.8%
PATIENT RELATED TRAVEL	67,499	3,846	71,344	58,896	4,333	63,229	8,603		14.6%	59,469	4,464	63,933	8,030		13.5%
EDUCATION, TRAVEL, & DUES	246,609	12,130	258,739	219,451	11,009	230,461	27,158		12.4%	213,379	9,760	223,139	33,230		15.6%
OTHER	83,244	1,658	84,902	88,006	5,683	93,689	(4,762)		(5.4%)	120,055	2,894	122,949	(36,811)		(30.7%)
DEPRECIATION AND AMORT	1,760,919	42,329	1,803,248	1,815,102	28,329	1,843,430	(54,183)		(3.0%)	1,712,064	42,217	1,754,281	48,855		2.9%
INTEREST	377,010	0	377,010	376,945	0	376,945	65		0.0%	517,754	0	517,754	(140,744)		(27.2%)
BAD DEBTS	251,074	120,196	371,270	301,582	124,241	425,823	(50,508)		(16.7%)	160,833	119,219	280,052	90,242		56.1%
TAXES & SURCHARGE	410,410	18	410,428	442,500	0	442,500	(32,090)		(7.3%)	363,574	0	363,574	46,836		12.9%
TOTAL OPERATING EXPENSES	21,119,047	2,349,089	23,468,135	21,826,000	2,719,165	24,545,165	(706,954)		(3.2%)	21,806,437	2,759,645	24,566,082	(887,390)		(3.2%)
LESS: WILLMAR MEDICAL SERVICES OPERATING EXPENSES	0	2,349,589	2,349,589	0	2,718,980	2,718,980	0		0.0%	0	2,759,645	2,759,645	0		0.0%
NET OPERATING EXPENSES	21,119,047	(500)	21,118,547	21,826,000	185	21,826,185	(706,954)		(3.2%)	21,806,437	0	21,806,437	(887,390)		(3.2%)
OPERATING INCOME (LOSS)	(1,438,391)	500	(1,437,891)	639,729	(185)	639,544	(2,078,120)		(324.8%)	(671,645)	74,483	(597,162)	(766,746)		114.2%
NON OPERATING INCOME	243,981	(500)	243,481	235,500	0	235,500	8,481		3.6%	87,908	0	87,908	156,073		177.5%
NET INCOME (LOSS)	(\$1,194,410)	\$0	(\$1,193,410)	(\$37,329)	(\$185)	(\$37,504)	(\$7,069,639)		(236.5%)	(\$83,737)	57,463	(\$26,274)	(\$610,674)		(446.4%)

RICE CARE CENTER
For the Three Months Ending March 31, 2013

	CURRENT MONTH		PRIOR YR.		YEAR TO DATE		PRIOR YR.		VAR %
	ACTUAL	BUDGET	VAR	VAR %	BUDGET	VAR	VAR %	VAR %	
OPERATING REVENUE									
RICE CARE CENTER REVENUE	\$909,842	\$853,301	\$56,541	6.6%	\$602,533	\$602,533	\$1,854,517	3.5%	38.4%
TOTAL PATIENT REVENUE	909,842	853,301	56,541	6.6%	602,533	602,533	1,854,517	3.5%	38.4%
LESS DISCOUNTS & CONTRACTUALS	240,006	196,259	43,747	22.3%	98,452	98,452	291,349	29.2%	152.9%
TOTAL DEDUCTIONS FROM REVENUE	240,006	196,259	43,747	22.3%	98,452	98,452	291,349	29.2%	152.9%
NET REVENUE FROM PATIENTS	669,836	657,042	12,794	1.9%	504,081	504,081	1,563,168	(4.2%)	17.0%
OTHER OPERATING REVENUE	583	717	(134)	(18.7%)	711	711	3,100	(16.1%)	(41.8%)
TOTAL OPERATING REVENUE	670,419	657,759	12,660	1.9%	504,792	504,792	1,566,268	(4.2%)	16.9%
LESS: WILLMAR MEDICAL SERVICES									
TOTAL OPERATING REVENUE	670,419	657,759	12,660	1.9%	504,792	504,792	1,566,268	(4.2%)	16.9%
OPERATING EXPENSES									
SALARIES AND WAGES	217,157	230,814	(13,657)	(5.9%)	224,286	224,286	634,716	(5.4%)	(7.3%)
CONTRACT LABOR	106,080	84,044	22,036	26.2%	27,487	27,487	310,919	27.3%	309.5%
SUPPLEMENTAL BENEFITS	61,547	100,464	(38,917)	(38.7%)	92,373	92,373	248,708	(15.0%)	(16.4%)
SUPPLIES	24,664	40,598	(15,934)	(39.2%)	30,636	30,636	138,764	17.0%	36.3%
DRUGS	19,707	16,928	2,779	16.4%	18,278	18,278	51,437	4.5%	9.2%
PURCHASED SERVICES	21,880	14,032	7,848	55.9%	19,169	19,169	64,706	51.3%	48.4%
REPAIRS, SERVICE & RENTALS	11,048	8,113	2,935	36.3%	9,234	9,234	10,991	12.1%	11.8%
UTILITIES	4,046	4,050	(4)	(0.1%)	2,869	2,869	7,796	29.7%	31.3%
INSURANCE	360	368	(8)	(2.2%)	226	226	1,029	(0.1%)	8.6%
PATIENT RELATED TRAVEL	3,621	4,080	(459)	(11.3%)	4,086	4,086	11,976	(8.7%)	12.0%
EDUCATION, TRAVEL, & DUES	211	249	(38)	(15.3%)	10	10	384	3.3%	9.1%
OTHER	27,875	27,875	0	0.0%	31,141	31,141	748	106.0%	509.1%
DEPRECIATION AND AMORT	10,711	18,628	(7,917)	(42.5%)	10,900	10,900	83,624	0.0%	93.3%
INTEREST	(1,868)	1,250	(3,118)	(249.4%)	2,935	2,935	56,262	(42.2%)	(1.7%)
BAD DEBTS	38,558	35,170	3,388	9.1%	34,968	34,968	108,293	2.6%	24.9%
TAXES & SURCHARGE	551,324	590,226	(38,902)	(6.6%)	516,438	516,438	1,740,746	0.7%	13.6%
TOTAL OPERATING EXPENSES	551,324	590,226	(38,902)	(6.6%)	516,438	516,438	1,729,184	0.7%	13.6%
LESS: WILLMAR MEDICAL SERVICES									
NET OPERATING EXPENSES	551,324	590,226	(38,902)	(6.6%)	516,438	516,438	1,729,184	0.7%	13.6%
OPERATING INCOME (LOSS)	119,095	67,533	51,562	76.4%	(11,646)	(11,646)	90,440	(50.3%)	166.1%
NON OPERATING INCOME	520	500	20	4.0%	344	344	1,844	(22.0%)	(36.6%)
NET INCOME (LOSS)	\$119,615	\$68,033	\$51,582	75.8%	(11,302)	(11,302)	\$92,284	(50.1%)	155.7%

RICE HOME MEDICAL
For the Month Ending March 31, 2013

	ACTUAL	% of SALES/GP	BUDGET	% of SALES/GP	% CHANGE	Prior Yr	% of SALES/GP	% CHANGE
GROSS SALES	8597,199	60.0%	8,599,963	63.3%	(0.3%)	\$493,128	61.4%	21.1%
SALES REVENUE	396,129	39.8%	347,842	36.7%	13.9%	309,899	38.6%	27.8%
RENTS REVENUE	2,288	0.2%	500	0.1%	357.6%		0.0%	0.0%
MISC REVENUE								
GROSS SALES	9,954,616	100.0%	948,305	100.0%	5.0%	803,027	100.0%	24.0%
LESS: CONTRACTUAL ALLOWANCES	(226,326)	(22.7%)	(206,496)	(21.8%)	9.6%	(179,837)	(22.4%)	25.9%
LESS: UNCOMPENSATED CARE	(50)	0.0%	(1,170)	(0.1%)	(95.7%)	(3,071)	(0.4%)	(98.4%)
NET SALES	769,240	77.3%	740,639	78.1%	3.9%	620,119	77.2%	24.0%
COST OF GOODS SOLD								
OXYGEN	9,454	1.2%	10,213	1.4%	(7.4%)	11,777	1.9%	(19.7%)
EQUIPMENT	85,511	11.1%	99,684	13.3%	(14.2%)	54,891	8.9%	55.8%
SUPPLY - FREIGHT	15,237	2.0%	15,000	2.0%	1.6%	13,899	2.2%	9.6%
SUPPLY	163,267	21.2%	147,937	20.0%	10.4%	136,290	22.0%	19.8%
EQUIPMENT REPAIR	12,395	1.6%	16,076	2.2%	(22.9%)	7,137	1.2%	73.7%
SHOP EXPENSE	3,594	0.5%	5,547	0.7%	(35.2%)	3,600	0.6%	(0.2%)
PURCHASE DISCOUNTS	(12,273)	(1.6%)	(17,225)	(2.3%)	(28.7%)	(19,134)	(3.1%)	(35.9%)
TOTAL COST OF GOODS SOLD	277,185	36.0%	277,232	37.4%	0.0%	208,460	33.6%	33.0%
GROSS PROFIT	9,677,431	97.0%	671,073	70.6%	36.3%	1,159	1.2%	95.2%
OPERATING EXPENSES								
SALARIES & WAGES	252,333	32.8%	236,812	32.0%	6.6%	216,730	34.9%	16.4%
SUPPLEMENTAL BENEFITS	68,219	8.9%	79,298	10.7%	(14.0%)	47,286	7.6%	44.3%
SUPPLIES AND DRUGS	8,026	1.0%	10,987	1.5%	(27.0%)	8,806	1.4%	(8.9%)
PURCHASED SERVICES	31,031	4.0%	25,798	3.5%	20.3%	28,483	4.6%	8.9%
REPAIRS, SERVICE & RENTALS	22,741	3.0%	19,168	2.6%	18.6%	14,552	2.3%	56.3%
UTILITIES	9,629	1.3%	8,810	1.2%	9.3%	5,904	1.0%	63.1%
INSURANCE	4,092	0.5%	6,262	0.8%	(34.7%)	5,454	0.9%	(25.0%)
PATIENT RELATED TRAVEL	11,140	1.4%	15,601	2.1%	(28.6%)	16,059	2.6%	(30.6%)
EDUCATION, TRAVEL, & DUES	7,936	1.0%	6,291	0.8%	26.1%	5,871	0.9%	35.2%
OTHER EXPENSE	12,870	1.7%	7,904	1.1%	62.8%	6,416	1.0%	100.6%
DEPRECIATION & AMORTIZATION	49,175	6.4%	37,075	5.0%	32.6%	41,407	6.7%	18.8%
INTEREST EXPENSE	3,924	0.5%	3,773	0.5%	4.0%	4,207	0.7%	(6.7%)
BAD DEBTS	205	0.0%	4,208	0.6%	(95.1%)	3,682	0.6%	(94.4%)
TAXES	4,345	0.6%	6,513	0.9%	(33.3%)	3,861	0.6%	12.5%
TOTAL OPERATING EXPENSES	485,666	63.1%	468,500	63.3%	3.7%	408,718	65.9%	18.8%
NET OPERATING INCOME (LOSS)	6,389	0.8%	(5,093)	(0.7%)	(225.4%)	2,941	0.5%	117.2%
NON-OPERATING INCOME	1	0.0%	829	0.1%	(99.9%)	915	0.1%	(99.9%)
NET INCOME (LOSS)	36,990	1.8%	(3,124)	(0.6%)	(209.9%)	33,856	0.8%	(15.2%)

RICE HOME MEDICAL
For the Three Months Ending March 31, 2013

	ACTUAL	% of SALES/GP	BUDGET	% of SALES/GP	CHANGE	Prior Yr	% of SALES/GP	% CHANGE
GROSS SALES								
SALES REVENUE	\$1,743,935	57.5%	\$1,988,819	65.0%	(12.3%)	\$1,659,719	63.8%	5.1%
RENTS REVENUE	1,284,443	42.4%	1,067,119	34.9%	20.4%	942,424	36.2%	36.3%
MISC REVENUE	4,158	0.1%	1,500	0.0%	177.2%		0.0%	0.0%
GROSS SALES	3,032,536	100.0%	3,057,438	100.0%	(0.8%)	2,602,143	100.0%	16.5%
LESS: CONTRACTUAL ALLOWANCES	(666,907)	(22.0%)	(665,446)	(21.8%)	0.2%	(558,654)	(21.5%)	19.4%
LESS: UNCOMPENSATED CARE	(191)	0.0%	(7,534)	(0.2%)	(97.5%)	(5,601)	(0.2%)	(96.6%)
NET SALES	2,365,438	78.0%	2,384,458	78.0%	(0.8%)	2,037,888	78.3%	16.1%
COST OF GOODS SOLD								
OXYGEN	29,872	1.3%	32,804	1.4%	(8.9%)	33,199	1.6%	(10.0%)
EQUIPMENT	243,001	10.3%	290,533	12.2%	(16.4%)	201,115	9.9%	20.8%
SUPPLY - FREIGHT	43,772	1.9%	45,000	1.9%	(2.7%)	42,175	2.1%	3.8%
SUPPLY	495,531	20.9%	512,362	21.5%	(3.3%)	484,427	23.8%	2.3%
EQUIPMENT REPAIR	44,917	1.9%	44,885	1.9%	0.1%	24,318	1.2%	84.7%
SHOP EXPENSE	9,105	0.4%	16,802	0.7%	(45.8%)	14,001	0.7%	(35.0%)
PURCHASE DISCOUNTS	(18,277)	(0.8%)	(23,212)	(1.0%)	(21.3%)	(25,784)	(1.3%)	(29.1%)
TOTAL COST OF GOODS SOLD	847,921	35.8%	919,174	38.5%	(7.8%)	773,451	38.0%	9.6%
GROSS PROFIT	1,517,617	50.2%	1,138,284	36.8%	37.9%	833,437	31.6%	46.3%
OPERATING EXPENSES								
SALARIES & WAGES	721,260	30.5%	741,587	31.1%	(2.7%)	645,631	31.7%	11.7%
SUPPLEMENTAL BENEFITS	233,094	9.9%	248,326	10.4%	(6.1%)	199,623	9.8%	16.8%
SUPPLIES AND DRUGS	22,741	1.0%	30,535	1.3%	(25.5%)	22,633	1.1%	0.5%
PURCHASED SERVICES	112,677	4.8%	83,781	3.5%	34.5%	98,126	4.8%	14.8%
REPAIRS, SERVICE & RENTALS	65,119	2.8%	56,153	2.4%	16.0%	43,303	2.1%	50.4%
UTILITIES	28,338	1.2%	32,059	1.3%	(11.6%)	23,224	1.1%	22.0%
INSURANCE	12,277	0.5%	18,785	0.8%	(34.6%)	16,362	0.8%	(25.0%)
PATIENT RELATED TRAVEL	38,076	1.6%	50,347	2.1%	(24.4%)	41,834	2.1%	(9.0%)
EDUCATION, TRAVEL, & DUES	20,460	0.9%	16,407	0.7%	24.7%	16,813	0.8%	21.7%
OTHER EXPENSE	29,181	1.2%	22,252	0.9%	31.1%	12,289	0.6%	137.5%
DEPRECIATION & AMORTIZATION	141,550	6.0%	111,788	4.7%	26.6%	122,800	6.0%	15.3%
INTEREST EXPENSE	11,337	0.5%	11,391	0.5%	(0.5%)	12,281	0.6%	(7.7%)
BAD DEBTS	3,660	0.2%	12,625	0.5%	(71.0%)	11,881	0.6%	(69.2%)
TAXES	12,971	0.5%	15,415	0.6%	(15.9%)	11,258	0.6%	15.2%
TOTAL OPERATING EXPENSES	1,452,741	61.4%	1,451,451	60.9%	0.1%	1,278,058	62.7%	13.7%
NET OPERATING INCOME (LOSS)	64,776	2.7%	13,833	0.6%	368.3%	(13,621)	(0.7%)	(575.6%)
NON-OPERATING INCOME	1	0.0%	2,488	0.1%	(100.0%)	10,939	0.5%	(100.0%)
NET INCOME (LOSS)	63,775	2.7%	16,321	0.5%	365.8%	(2,682)	(0.1%)	(575.6%)

**RICE MEMORIAL HOSPITAL
CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE PERIOD ENDED:
March 31, 2013**

Line #	<u>Current YTD</u>	<u>Prior YTD</u>
1 Sources of Cash & Investments:		
2 Net Income	\$ (1,038,024)	\$ (476,105)
3 Depreciation & Amortization	2,028,422	\$ 1,970,435
4 Debt Proceeds	-	-
5 Other		
6		
7 Total Sources	<u>990,398</u>	<u>1,494,330</u>
8		
9 Uses		
10 Property, Plant, and Equipment - Gross	2,590,557	2,443,526
11 Debt Payments/Re-funding	1,839,103	2,336,478
12 Working Capital Changes & Other - Net	(3,233,313)	(471,466)
13		
14 Total Uses	<u>1,196,347</u>	<u>4,308,538</u>
15		
16 Increase / (Decrease) Cash & Investments	(205,949)	(2,814,208)
17		
18 Beginning of Period (January 1)	<u>28,941,389</u>	<u>28,854,321</u>
19		
20 End of Period	<u>\$ 28,735,440</u>	<u>\$ 26,040,113</u>

**RICE MEMORIAL HOSPITAL
STATISTICAL AND VOLUME SUMMARY
FOR THE PERIOD ENDED:**

March 31, 2013

CURRENT MONTH				YEAR-TO-DATE				Act/Prior		
Actual	Budget	Var.	Var. %	Prior Yr.	Actual	Budget	Var.	Var. %	Prior Yr.	Act/Prior Var. %
526	557	(31)	-5.6%	574	1,611	1,687	(76)	-4.5%	1,739	-7.4%
201	230	(29)	-12.6%	237	647	734	(87)	-11.9%	756	-14.4%
45	75	(30)	-40.0%	77	172	222	(50)	-22.5%	228	-24.6%
212	197	15	7.6%	203	624	550	74	13.5%	566	10.2%
984	1,059	(75)	-7.1%	1,091	3,054	3,193	(139)	-4.4%	3,289	-7.1%
31.7	34.2	(2.4)	-7.1%	35.2	33.9	35.5	(1.5)	-4.4%	36.1	-6.1%
3.62	3.54	0.08	2.2%	3.40	3.54	3.54	(0.00)	0.0%	3.58	-1.2%
266	299	(33)	-11.1%	307	857	902	(45)	-5.0%	918	-6.6%
200	283	(83)	-29.3%	249	556	787	(231)	-29.4%	726	-23.4%
1,287	1,336	(0,049)	-3.7%	1,336	1,283	1,336	(0,054)	-4.0%	1,336	-4.0%
1,062	1,042	0,021	2.0%	1,016	1,029	1,042	(0,012)	-1.2%	1,027	0.2%
826	928	(101)	-10.9%	923	2,470	2,664	(195)	-7.3%	2,679	-7.8%
3,056	3,284	(228)	-6.9%	3,281	8,815	9,432	(617)	-6.5%	9,597	-8.1%
45	35	10	28.6%	7	78	90	(12)	-13.3%	22	254.5%
108	128	(20)	-15.6%	134	412	361	51	14.1%	352	17.0%
4.9	5.3	(0.3)	-6.1%	4.5	5.4	5.0	0.4	8.6%	4.1	32.5%
52	65	(13)	-20.0%	65	192	180	12	6.7%	173	11.0%
2,031	2,290	(259)	-11.3%	2,101	6,056	6,656	(600)	-9.0%	6,441	-6.0%
65.5	73.9	(8.4)	-11.3%	67.8	67.3	74.0	(6.7)	-9.0%	70.8	-4.9%

Patient Days

Adult Health Care
Women and Children's Care
ICCU
Mental Health
Total Adult & Peds

Average Daily Census
Average Length of Stay
Admissions-Inpatient
Observation patients
Medicare Case Mix Index
Case Mix Index-Total
Adjusted Admissions
Adjusted Patient Days
Intermediate Care Nursery
Nursery
Average Daily Census-ICN/Nursery
Births
Rice Care Center-Days
Rice Care Center-Average Daily Census

RICE MEMORIAL HOSPITAL
STATISTICAL AND VOLUME SUMMARY
FOR THE PERIOD ENDED:

March 31, 2013

	CURRENT MONTH			YEAR-TO-DATE			Act/Prior			
	Actual	Budget	Var.	Var. %	Prior Yr.	Var. %	Actual	Budget	Var.	Var. %
126	130	(4)	-3.1%	134	-6.0%		412	448	(36)	-8.0%
359	345	14	4.1%	342	5.0%		1,036	1,011	25	2.5%
485	475	10	2.1%	476	1.9%		1,448	1,459	(11)	-0.8%
179	208	(29)	-13.9%	214	-16.4%		506	562	(56)	-10.0%
913	956	(43)	-4.5%	947	-3.6%		2,574	2,689	(115)	-4.3%
1,092	1,164	(72)	-6.2%	1,161	-5.9%		3,080	3,251	(171)	-5.3%
20,460	23,925	(3,465)	-14.5%	24,067	-15.0%		64,158	71,512	(7,354)	-10.3%
1,412	1,701	(289)	-17.0%	1,700	-16.9%		4,038	4,763	(725)	-15.2%
577	723	(146)	-20.2%	716	-19.4%		1,427	2,011	(584)	-29.0%
178	266	(88)	-33.1%	263	-32.3%		563	662	(99)	-15.0%
774	702	72	10.3%	695	11.4%		2,242	2,044	198	9.7%
3,271	3,535	(264)	-7.5%	3,524	-7.2%		10,497	10,510	(13)	-0.1%
1,824	1,782	42	2.4%	1,837	-0.7%		5,734	5,606	128	2.3%
225	241	(16)	-6.6%	239	-5.9%		679	654	25	3.8%
647	656	(8)	-1.3%	651	-0.7%		642	662	(20)	-3.0%
83	87	(4)	-4.1%	81	2.7%		84	87	(3)	-3.3%
77	71	6	9.0%	70	10.3%		78	77	0	0.6%
807	813	(6)	-0.7%	802	0.6%		804	827	(23)	-2.7%

	CURRENT MONTH			YEAR-TO-DATE			Act/Prior			
	Actual	Budget	Var.	Var. %	Prior Yr.	Var. %	Actual	Budget	Var.	Var. %
Ancillary Services										
IP Surgeries										
OP Surgeries										
Total Surgeries										
ER Visits-Inpatient										
ER Visits-Outpatient										
ER Visits-Total										
Lab Tests										
Medical Imaging Procedures										
Radiation Oncology Treatments										
Medical Oncology Visits										
Dialysis Treatments										
Rehab Visits										
Hospice Visits										
Ambulance Runs										
FTE's - Hospital										
FTE's - Care Center										
FTE's - Home Medical										
Total FTE's										

Full Time Equivalents (FTE's)

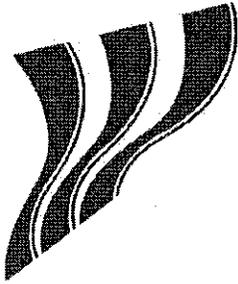
647	656	(8)	-1.3%	651	-0.7%
83	87	(4)	-4.1%	81	2.7%
77	71	6	9.0%	70	10.3%
807	813	(6)	-0.7%	802	0.6%

**RICE MEMORIAL HOSPITAL
KEY PERFORMANCE INDICATORS**

FOR THE PERIOD ENDED:

03/31/13

Line #		Month-to-Date				Year-to-Date				Industry Benchmarks				
		Variance		Variance		Variance		Variance						
		Actual	Budget	Prior Yr	Act vs Bud	Act vs Prior	Actual	Budget	Prior Yr		Act vs Bud	Act vs Prior		
1	OPERATIONAL													
2	Operating Margin	-8.4%	3.1%	-2.1%	-11.4%	-6.2%	-7.3%	2.8%	-2.8%	-10.2%	-4.5%			
3	Rice Hospital	17.8%	10.3%	-2.3%	7.5%	20.1%	4.9%	9.5%	2.2%	-4.6%	2.8%			
4	Rice Care Center	0.8%	-0.7%	0.5%	1.5%	0.4%	2.7%	0.6%	-0.7%	2.1%	3.4%			
5	Rice Home Medical													
6	Consolidated Operating Margin	-5.2%	3.3%	-1.9%	-8.5%	-3.3%	-5.4%	3.1%	-2.3%	-8.5%	-3.0%			2.2%
8	Consolidated Excess Margin	-4.6%	4.2%	-3.0%	-8.8%	-1.7%	-4.3%	4.0%	-1.9%	-8.3%	-2.4%			2.8%
10	EBIDA (Earnings Before Interest + Depreciation + Amortization)	5.8%	13.4%	7.0%	-7.6%	-1.2%	5.8%	13.1%	8.2%	-7.2%	-2.4%			10.8%
11														
12														
13	FINANCIAL													
14	Debt/Capitalization Ratio						42.7%	41.8%	45.0%	2.2%	-2.3%			38.7%
15	Debt Service Coverage						1.6	3.1	2.0	-49.4%	-22.6%			2.9
16	Net Days in Accounts Receivable-Hospital						58	50	67	15.9%	-13.1%			46
17	Days of Cash						112	129	100	-13.4%	11.8%			131
18	Unrestricted Cash/Debt						65%	82%	56%	-20.8%	16.4%			87%
19	Cushion Ratio						8.0	8.6	6.4	-7.1%	24.6%			9.1
20	Average Age of Plant						9.1	10.0	9.6	-8.7%	-4.6%			10.2
21	Financial Strength Index						(0.96)	1.21	0.73	-179.6%	-232.7%			0.30
22	PRODUCTIVITY													
23	Rice Hospital													
24														
25	Controllable Expense/Adj. Admit	\$ 8,384	\$ 8,033	\$ 8,170	4.4%	2.6%	\$ 8,456	\$ 8,219	\$ 8,187	2.9%	3.3%			\$ 8,429
26		56.3%	50.1%	52.0%	12.5%	8.3%	55.4%	49.6%	52.7%	11.7%	5.2%			50%
27	Compensation Ratio						15.2	14.7	14.4	3.3%	5.3%			14.9
28	FTE per Adjusted Admit	4.1	4.3	3.9	-4.8%	6.3%	4.3	4.1	4.0	3.9%	5.9%			4.4
29	FTE per Adjusted Patient Day													
30	Supply Expense per CMI Adjusted Discharge	\$ 711	\$ 703	\$ 755	1.1%	-5.8%	\$ 777	\$ 768	\$ 692	1.1%	12.2%			
31	Drug Expense per CMI Adjusted Discharge	\$ 598	\$ 917	\$ 827	-34.8%	-27.7%	\$ 653	\$ 841	\$ 844	-22.4%	-22.6%			
32	Total Supply & Drug Expense per CMI Adj. Disch	\$ 1,309	\$ 1,620	\$ 1,582	-19.2%	-17.2%	\$ 1,429	\$ 1,609	\$ 1,536	-11.2%	-6.9%			\$ 1,271
33		1.7%	1.9%	1.0%	-7.0%	66.2%	1.8%	1.8%	1.2%	-2.5%	43.5%			7.4%
34	Bad Debt as % of Net Patient Revenue													
35	Capital Expense (Interest + Depreciation)	9.4%	8.9%	8.7%	5.1%	7.4%	9.3%	9.0%	9.2%	2.7%	0.5%			6.9%
36	Rice Care Center Hours per Day	6.5	6.2	6.3	6.3%	3.2%	6.4	6.2	6.2	4.6%	3.7%			5.8
37														
38	Rice Home Medical													
39	Sales per FTE	\$ 154,986	\$ 161,146	\$ 138,175	-3.8%	12.2%	\$ 155,621	\$ 157,991	\$ 149,850	-1.5%	3.9%			
40	Inventory Turns	5.5	7.0	5.8	-20.7%	-4.3%	6.6	5.3	6.3	26.0%	4.5%			
41	Inventory Days on Hand													
42														
43														
44														
45														
46														
47														



**CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION**

Agenda Item Number: 4
Meeting Date: May 13, 2013
Attachments: Yes No

CITY COUNCIL ACTION

Date: May 20, 2013

- | | |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other | |

Originating Department: Finance

Agenda Item: Waste Treatment Rates

Recommended Action: Review and give staff direction on setting the Waste Treatment rates sufficient to cover operations and debt service for the City's Waste Water Treatment Fund.

Background/Summary: Since the completion of the new Waste Treatment Plant, staff, Committee, and Council have been reviewing and discussing different proposals to adjust the Waste Treatment rates. Increases are projected to cover the operational and debt service costs of the Waste Treatment Fund.

Alternatives: Different variations of rate increases.

Financial Considerations: Increase in rates to cover operations/debt service at the Waste Treatment Plant.

Preparer: Steve Okins, Finance Director

Signature:

Comments:



Springsted Incorporated
 380 Jackson Street, Suite 300
 Saint Paul, MN 55101-2887

Tel: 651-223-3000
 Fax: 651-223-3002
 www.springsted.com

MEMORANDUM

TO: Finance Committee
 Charlene Stevens, City Administrator
 Steve Okins, Finance Director

FROM: Kathleen Aho

DATE: May 10, 2013

SUBJECT: Wastewater Treatment Proposed Rate Increases

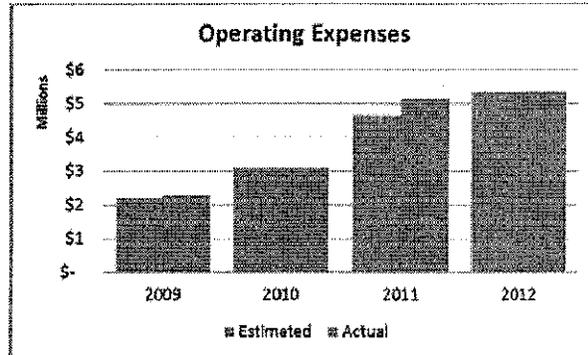
The City Council has under consideration implementation of new, increased sewer rates. The impetus for this change is the significant drop in consumption that has caused system revenues to drop in turn. No rate increase is easy to impose; however, the ongoing operation of the system relies on maintenance of adequate operating and debt coverage. Fund balance has dropped over each of the last three years and without near-term action, City residents will face an even sharper increase to bring the system back into balance.

The three primary factors influencing net operating income are system revenues, operating expenses, and debt service costs.

System Revenues: The rate structure for the utility is largely based on consumption. The table below shows the consumption levels over the last four years. The financing for the wastewater treatment plant occurred in 2008 and the finance plan on which the rate structure was established relied on fairly constant consumption figures with projected increases of only 1.5% annually. Instead, system consumption has dropped by 16% although the number of metered users has remained fairly constant. The result, of course, is a drop in revenues.

Consumption (cu ft)	2008	2009	2010	2011
RCPLI	115,495,455	109,624,400	104,809,100	100,959,400
JOTS	70,965,107	62,281,700	60,382,400	55,993,300
Overall	186,460,830	171,906,100	165,191,500	156,952,700

Operating Expenses: Because it is a brand new plant, no historical operating data was available when rates were originally projected and the projections had to rely on engineering estimates. At the writing of our report, 2012 actual figures were not available and the chart to the right relies on 2012 budget figures. As you can see, 2011 figures exceeded the original projections, but this could be related to start-up timing or unanticipated expenses.



Debt Service: The original projections included a single, large bond transaction as the source of funding for the new plant. In reality, a portion of the original loan was rewritten and several other changes have occurred that are different than the original plan. Despite this, and the expectation of additional infrastructure needs for the system, the total debt service cost within the plan is now at or slightly below that originally included in the projections.

As a result of these observations, you can see that the primary contributing factor to the need for a rate increase appears to be that users have reduced their consumption. If a significant growth in users was expected near-term, rate increases could be mitigated, but that is not the case.

A question has been asked about moving more of the rate to meter charges. Within general user revenue of nearly \$6 million, a \$1 additional meter fee will raise approximately \$100,000. A rather significant change would be needed to have a material effect.

I will be in attendance at the Finance Committee meeting on Monday and will bring with me an update to the presentation made to the Council last November. As time passes, the rate increase needed to generate the same amount of revenue increases also due to the loss of time over which it can be collected. The changes to the November report are largely to reflect an expected July 1 increase versus the January 1 increase originally projected.