

Health Care for the Homeless

October 2018 Financial Summary

Encounters

October encounters were slightly higher than the 2017 levels. Overall encounters are down 2.9% year-to-date from 2017. Addictions, Occupational Therapy, and Psychiatry are still negatively impacting 2018 (See Revenue analysis below).

Cash

General cash remained consistent with the balance from October 2017. Cash decreased from the September 2018 balances from 140 to 134 days of operating reserves. This is mainly due to the timing of a couple grant payments.

Patient Billing AR

Patient billing days increased in 2018 due to the timing of the Medicare payments. Collections began to lower the balance in October and this will continue in November.

Revenue

Grants revenue exceeded budget for the month of October and we are now over budget year-to-date by \$113,000. Some new grants received in 2018 and some carryover funds from the prior year are the reason for the turnaround.

Patient services revenue had a negative variance of \$96,000 for the month of October (net of the allowance reserve).

The following areas were down for the month: Addictions (\$44k), Occupational Therapy (\$14k) and Psychiatry (\$25k). These trends were similar to the projections in the May analysis and the overall patient revenue is tracking slightly below those expectations.

Contributions 340b and other income were negative for the month but still ahead of budget year-to-date. Contributions were ahead of budget and still forecasting positively, while 340b revenue slowed to only outpace the budget by \$86,000 year-to-date.

Expenses

Salary expense was \$58,000 over budget for the ten months ending in October. We utilized temporary employees and some locum tenens to fill some vacant positions. Staffing vacancies are slightly lower than the projected 12% for September and October causing the negative expense variance for the two months.

Employee benefit expense is under budget by \$277,000, as temporary employees do not receive benefits. Our profit sharing expense will be lower than projected with the turnover rate of our employees. This expense is being adjusted quarterly in 2018 instead of just in the fourth quarter as it had been performed in prior years.

Client assistance expense is \$352,000 below the projected budget as we were unable to utilize certain housing grants fully. (Mainly Ryan White housing funds)

Net Surplus (Shortfall)

The patient services revenue shortfall was offset by increases in grant revenue and a reduction in numerous expenses. Contributions for the month of October also helped create a positive budget variance.

The operating surplus for the ten months is ahead of budget by \$44,500.

Projections for the remainder of the year: (See Year End 2018 Forecast)

The Patient Services revenue gap should narrow as projected and with additional clinical staffing.

Grant revenue, Contributions and 340b revenue will continue to outpace projections. We have received notice of some additional grant funding (SUD, SAMSA, Battye and HRSA Carryover) and expect positive contribution revenue in the remaining 2 months of 2018. Finally, 340B and other revenue (Interest Income and investment earnings) continues to positively impact the budget in 2018.

We project most expenses will continue to be under budget for the remainder of 2018. Salary expenses will increase as we fill vacant clinical positions but overall expenses should be well below budgeted amounts.

Overall expectations are for HCH to end the 2018 year with a small surplus as originally budgeted.