Health Care for the Homeless

September 2018 Financial Summary

Encounters

September encounters declined and were less than the 2017 levels. Overall encounters are down 3.5% year-to-date from 2017. Addictions, Behavioral Health, and Psychiatry are still negatively impacting 2018 (See Revenue analysis below).

Cash

General cash remained consistent with the balance from September 2017. Cash increased from the August 2018 balances from 135 to 140 days of operating reserves.

Patient Billing AR

Patient billing days increased in 2018 due to the timing of the Medicare payments. While we recently completed a successful audit process, it slowed the billing payment. Amounts will correct in October.

Revenue

Grants revenue exceeded budget for the month of September but was still under budget year-to-date by $90,000. This is a result of underspending of the client assistance portion of these grants. This was offset in September by some new grants received in 2018 and some carryover funds from the prior year.

Patient services revenue had a negative variance of $149,000 for the month of September (net of the allowance reserve).

The following areas were down for the month: Addictions ($51k), Behavior Health Fallsway ($39k), Occupational Therapy ($13k) and Psychiatry ($27k). These trends were higher than projected 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 less than budget but were just a result of normal timing differences, while 340b revenue slowed to only outpace the budget by $150,000 year-to-date. We over-accrued the 340b revenue in August as the actual results were less than originally expected.

Expenses

Salary expense was $16,000 under budget for the nine months ending in September. We had a number of vacancies during the year including two Psychiatrists, and a Medical Director- North Fallsway.

This variance would be even higher but we utilized temporary employees and some locum tenens to fill some vacant positions. Staffing vacancies are slightly lower than the projected 12% for September causing the negative expense variance for the month.

Employee benefit expense is under budget by $297,000, 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 $311,000 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. The 340b revenue slowdown also hurt September results

The operating surplus for the nine months is below of budget by $64,000.

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, United Way, Battye and HRSA Carryover) and expect positive contribution revenue in the remaining 4 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 to continue to be under budget for the remainder of 2018. Salary expenses may 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 surplus as originally budgeted.