



FY 2021 Proposed Operating and Capital Budget

**Presentation to El Paso County
Commissioners' Court and UMC of El Paso
Board of Managers**

August 4, 2020

El Paso County Hospital District 2021 Budget Timetable



- ~~■ Thursday, July 23, 3pm~~ ~~UMC budget Work Session meeting~~
- ~~■ On or about July 25~~ ~~CAD releases 2020 Property Tax Values~~
- ~~■ Wednesday, July 29, 8:15am~~ ~~UMC Finance Committee meeting~~

- Tuesday, August 4, 1pm Joint UMC Board of Managers / Commissioners' Court Budget Work Session #1
- Tuesday, August 4 Commissioners' Court meeting to present No New Revenue and Voter Approved Tax Rates
- Monday, August 10/17, 9:30am Commissioners' Court to propose 2020 Tax Rates
- Tuesday, August 11, 3pm UMC Board of Manager's meeting
- Tuesday, August 18, 1pm Joint UMC Board of Managers / Commissioners' Court Budget Work Session #2 (if needed)
- Monday, August 17/24, 5:30pm Tax Rate Increase Public Hearing
- Wednesday, August 26, 8:15am UMC Finance Committee meeting

- Tuesday, September 8, 3pm UMC Board of Managers Board Meeting
- Monday, September 14, 9:30am Commissioners' Court meeting to approve Tax Rate and Budget
- September 15 Tax Rate Board Resolution due to County Tax Office



FY 2020 Operations Highlights

UMC of El Paso

Quality of Care



- **LeapFrog – “A” grade** – only safety net hospital in TX with an “A” grade
- American Heart Association/American Stroke Association’s Get With The Guidelines® **Target: Stroke Honor Roll Elite Plus Gold Plus Quality Achievement Award**
- American College of Surgeons National Surgical Quality Improvement Program (ACS NSQIP®) - **meritorious outcomes for surgical patient care**
- Texas Department of State Health Services **Level IV Designation for Maternal Care**
- Continued **Baldrige Journey** – Quality Texas Foundation
 - Progress Level Recognition
 - 1st Application for Texas Award for Performance Excellence to be submitted 8/20

UMC of El Paso

Service Line Expansion



- Neurosurgery Growth (7 physicians now in practice)
- Incorporated UMC El Paso Healthcare Inc.
 - 501A Organization
 - Contract with first two physicians
- Cath Lab Renovations – one complete, one in progress
- Received \$600K from TX HHSC for implementation & operation of mobile stroke unit
- Opened two satellite emergency departments (East and Northeast)



UMC of El Paso

Market Share



- Using the most recent year of data, market share increased in the following service lines:
 - Neurology
 - General Medicine
 - General Surgery
 - Orthopedics

El Paso Health

Continued Excellence



- Successful launch of the initial phase of overarching expansion plan for Medicare with Dual Eligible Special Needs Program (D-SNP)
- Continued El Paso service area market share leader; 58% market share for STAR and CHIP
- 1st in Texas for the following STAR and CHIP 2018 Quality of Care Rankings:
 - Adolescent Well Care Visits
 - Weight Assessment and Counseling for Nutrition and Physical Activity for Children/Adolescents
 - Well-Child Visits in the first 15 months of life (1st in CHIP, 2nd in STAR)
 - Immunizations for Adolescents
- Excellent 2019 provider satisfaction survey results- 92.8% satisfaction rating
 - Higher when compared to the Symphony Performance Health, Inc. d/b/a SPH Analytics Medicaid Benchmark (666.6%) nationwide and the Texas Association of Community Health Plans (TACHP) Benchmark (77.7%)

El Paso Children's Higher Levels of Service



- NICU Level 4 re-designation
- American Cleft Palate Association Approved Craniofacial Team
- Oral and Maxillofacial Surgery Craniofacial Fellowship – one of eight fellowships internationally
- Certified Children's Oncology Group (COG) with national protocols
- Expanded pediatric neurosurgery and craniofacial programs

El Paso Children's Market Share



- Using the most recent year of data, market share increased in the following service lines:
 - Cardiology
 - Gastroenterology
 - General Medicine
 - General Surgery
 - Hematology/Oncology
 - Neurology
 - Neurosurgery
 - Orthopedics
 - Pulmonary Medicine

El Paso Children's Hospital

Service Line	Q1 '19	Q4 '19	Market Share Shift
Cardiology	29.0%	33.1%	4.1%
Heart Surgery	23.0%	15.3%	-7.7%
Gastroenterology (GI)	24.9%	32.2%	7.3%
General Medicine	29.4%	32.2%	2.8%
General Surgery	35.3%	38.0%	2.7%
HemOnc	51.0%	54.1%	3.1%
Neonatology	11.2%	11.0%	-0.2%
Neurology	33.7%	39.1%	5.4%
Neurosurgery	30.3%	48.6%	18.3%
Orthopedics	35.2%	46.4%	11.2%
Otolaryngology (ENT)	42.4%	38.7%	-3.7%
Pulmonary Medicine	24.4%	26.9%	2.5%
Urology	22.7%	22.6%	-0.1%
Behavioral Health	23.4%	23.9%	0.5%

UMC Foundation and EPCH Foundation Continues to Grow

- Under New Direction with Estela Casas
- Re-energized Board with John Hjalmsquist at the helm
- Raised \$1 million during global COVID-19 Pandemic year from January through June 2020

FY 2020 Financial Update



El Paso County Hospital District Rating Agency Scores



- FitchRatings
 - A-, Stable outlook
 - October 2019
- Standard & Poors
 - BBB+, Negative outlook
 - October 2019
- Moody's
 - Baa2, Negative outlook
 - December 2019

	Moody's	S&P	Fitch	Meaning
Investment Grade	Aaa	AAA	AAA	Prime
	Aa1	AA+	AA+	High Grade
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	Upper Medium Grade
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Lower Medium Grade
	Baa2	BBB	BBB	
	Baa3	BBB-	BBB-	
Junk	Ba1	BB+	BB+	Non Investment Grade Speculative
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly Speculative
	B2	B	B	
	B3	B-	B-	
	Caa1	CCC+	CCC+	Substantial Risks
	Caa2	CCC	CCC	Extremely Speculative
	Caa3	CCC-	CCC-	In Default w/ Little Prospect for Recovery
	Ca	CC	CC+	
		C	CC	
			CC-	In Default
	D	D	DDD	

El Paso County Hospital District 2020 Performance to Budget

Actual results through February 2020 and June 2020



Year to Date Net Position Change Comparison to Budget

	<u>El Paso</u>					
	<u>UMC</u>	<u>El Paso Health</u>	<u>Children's</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Actual	\$ 952,757	\$ (2,111,179)	\$ 4,954,956	\$ 604,490	\$ 635,615	\$ 5,036,639
Budget	490,084	(2,541,424)	(75,964)	1,001,202	635,615	(490,487)
Variance	\$ 462,673	\$ 430,245	\$ 5,030,920	\$ (396,712)	\$ -	\$ 5,527,126

Year to Date Net Position Change Comparison to Budget

	<u>El Paso</u>					
	<u>UMC</u>	<u>El Paso Health</u>	<u>Children's</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Actual	\$ 18,409,566	\$ 5,374,963	\$ 10,826,061	\$ 779,334	\$ 1,144,107	\$ 36,534,031
Budget	(779,497)	(3,380,770)	1,218,541	1,149,685	1,144,107	(647,934)
Variance	\$ 19,189,063	\$ 8,755,733	\$ 9,607,520	\$ (370,351)	\$ -	\$ 37,181,965
Without CARES Act funding	\$ (5,730,184)	\$ 5,374,963	\$ 4,076,437	\$ 779,334	\$ 1,144,107	\$ 5,644,657
Variance	\$ (4,950,687)	\$ 8,755,733	\$ 2,857,896	\$ (370,351)	\$ -	\$ 6,292,591

El Paso County Hospital District

2020 Performance to Prior Year 2019

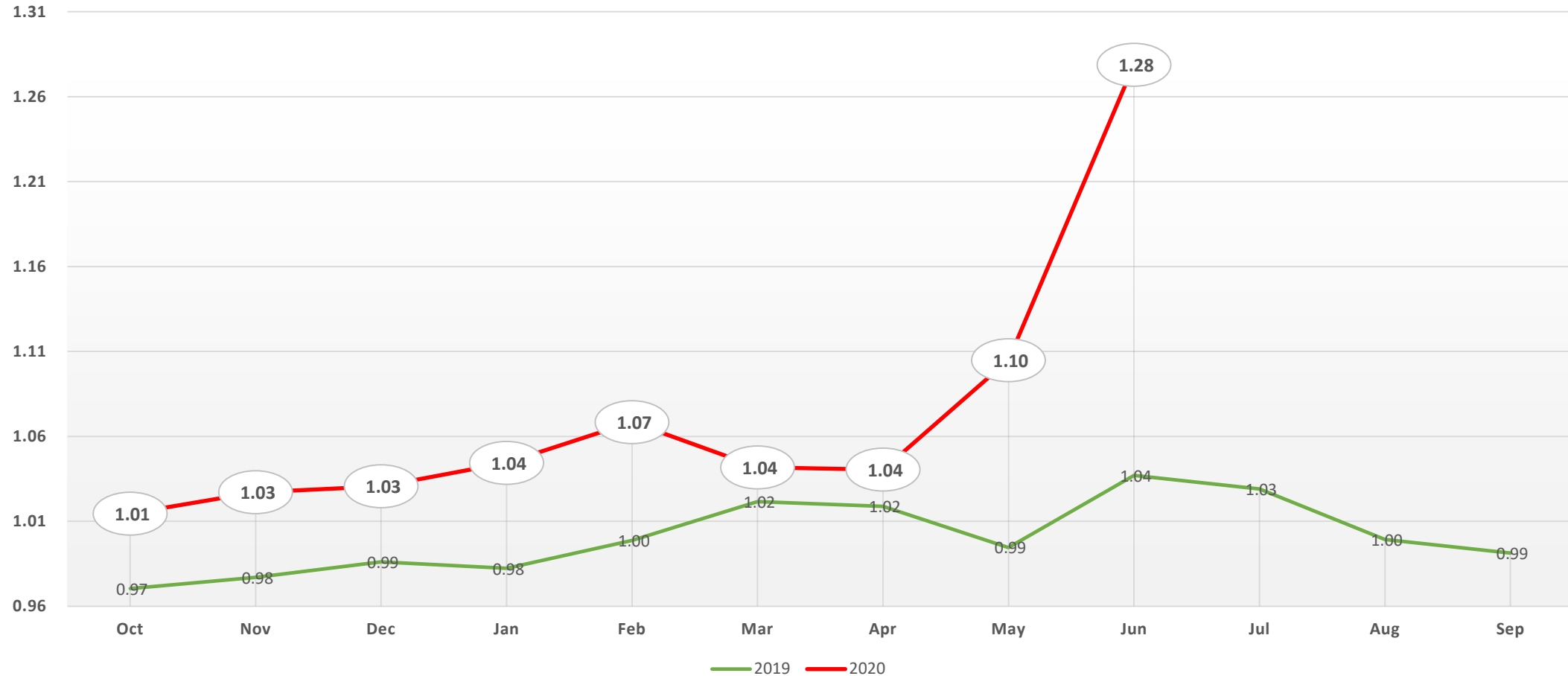
Actual results through February 2020 and June 2020



Year to Date Net Position Change Comparison to Prior Year						
	El Paso					
	UMC	El Paso Health	Children's	Foundation	Eliminations	Total
Actual	\$ 952,757	\$ (2,111,179)	\$ 4,954,956	\$ 604,490	\$ 635,615	\$ 5,036,639
Prior Year	(796,688)	(1,632,019)	(301,941)	(247,782)	635,615	(2,342,815)
Variance	\$ 1,749,445	\$ (479,160)	\$ 5,256,897	\$ 852,272	\$ -	\$ 7,379,454

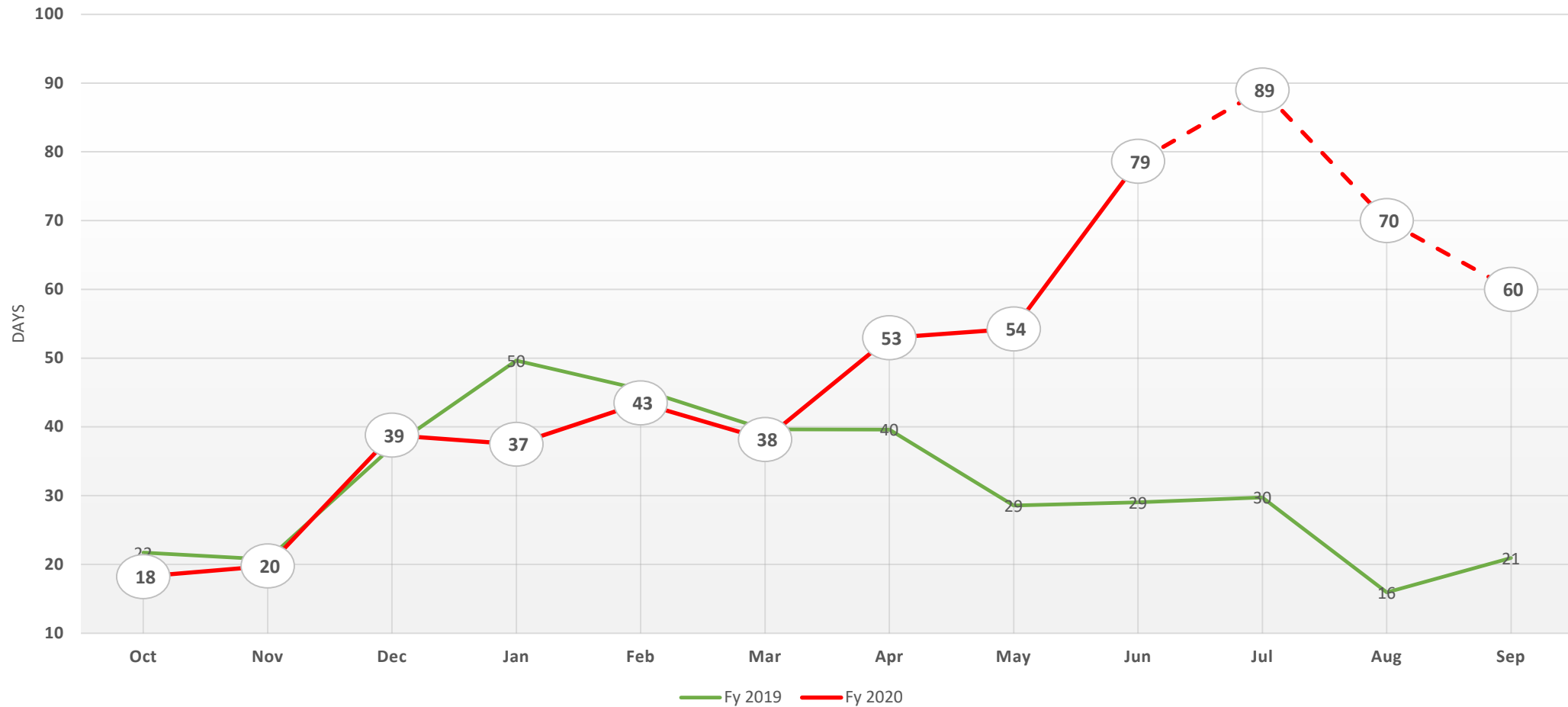
Year to Date Net Position Change Comparison to Prior Year						
	El Paso					
	UMC	El Paso Health	Children's	Foundation	Eliminations	Total
Actual	\$ 18,409,566	\$ 5,374,963	\$ 10,826,061	\$ 779,334	\$ 1,144,107	\$ 36,534,031
Prior Year	(5,904,003)	(1,762,375)	310,544	(320,563)	1,144,107	(6,532,290)
Variance	\$ 24,313,569	\$ 7,137,338	\$ 10,515,517	\$ 1,099,897	\$ -	\$ 43,066,321
Without CARES Act funding	\$ (5,730,184)	\$ 5,374,963	\$ 4,076,437	\$ 779,334	\$ 1,144,107	\$ 5,644,657
Variance	\$ 173,819	\$ 7,137,338	\$ 3,765,893	\$ 1,099,897	\$ -	\$ 12,176,947

El Paso County Hospital District Current Ratio

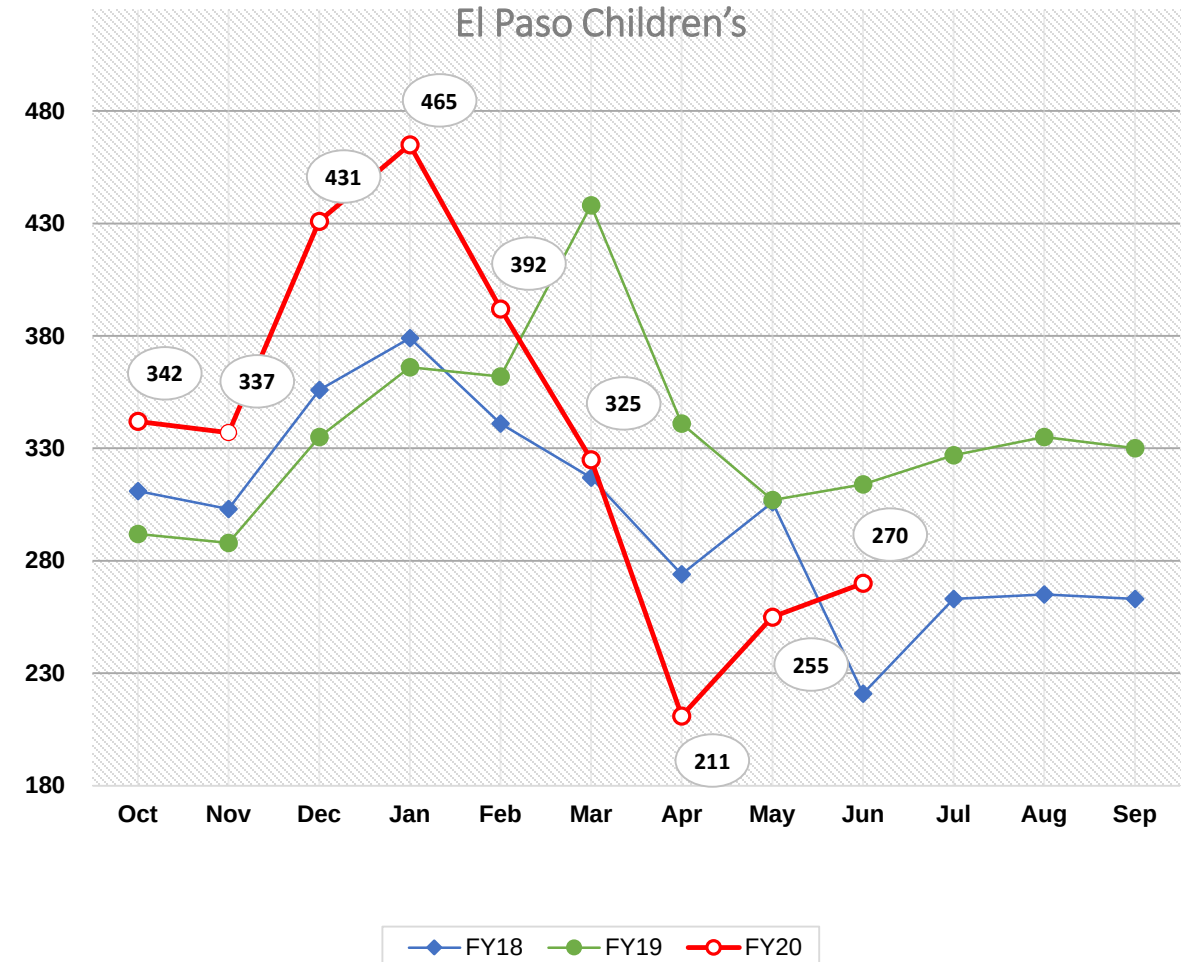
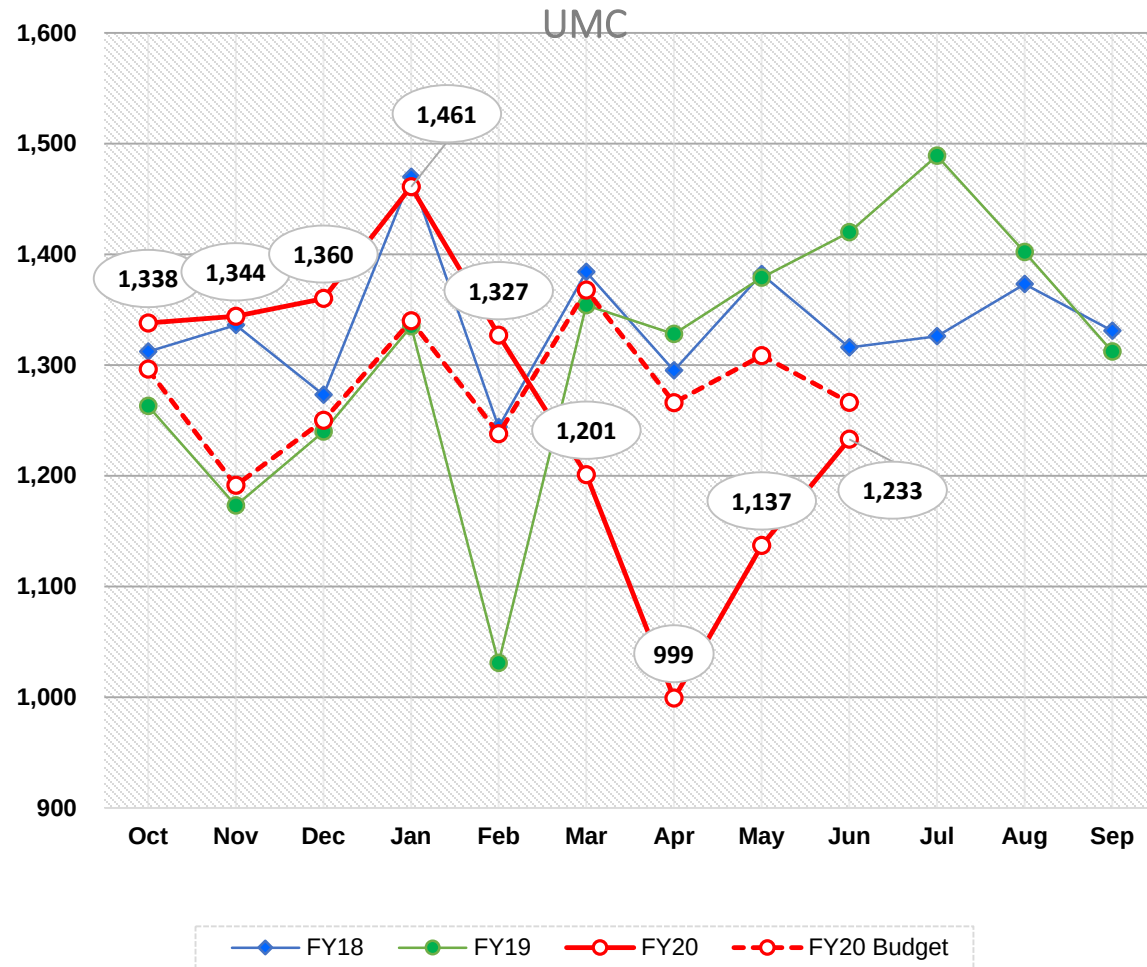


El Paso County Hospital District

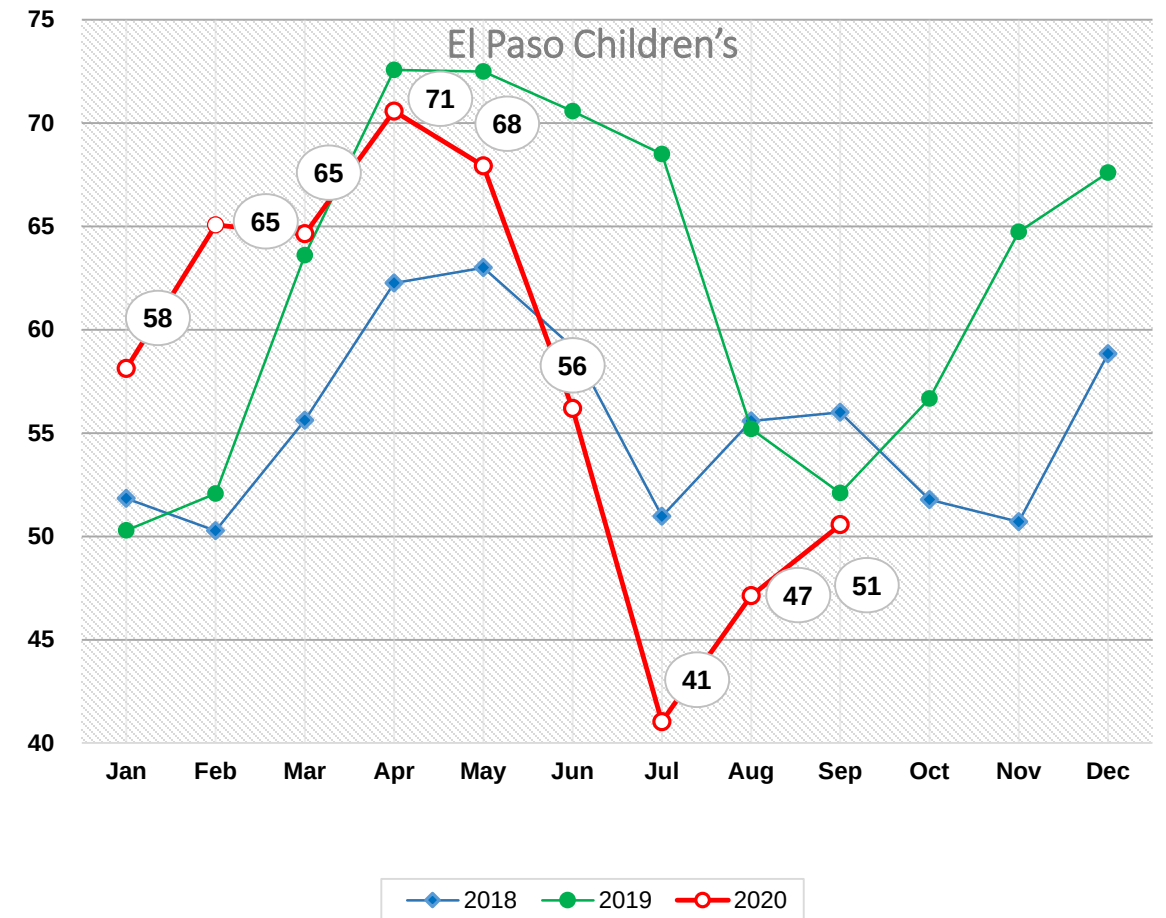
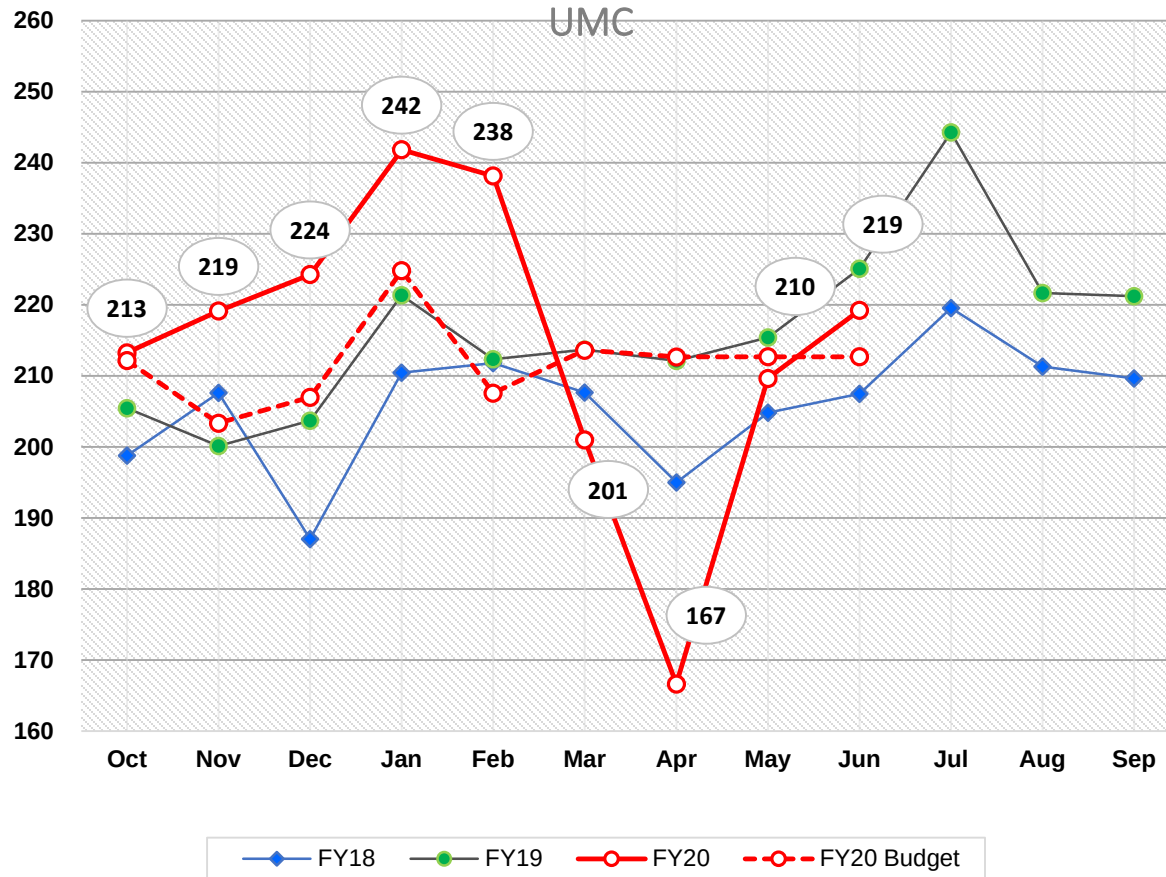
Days Unrestricted Cash on Hand



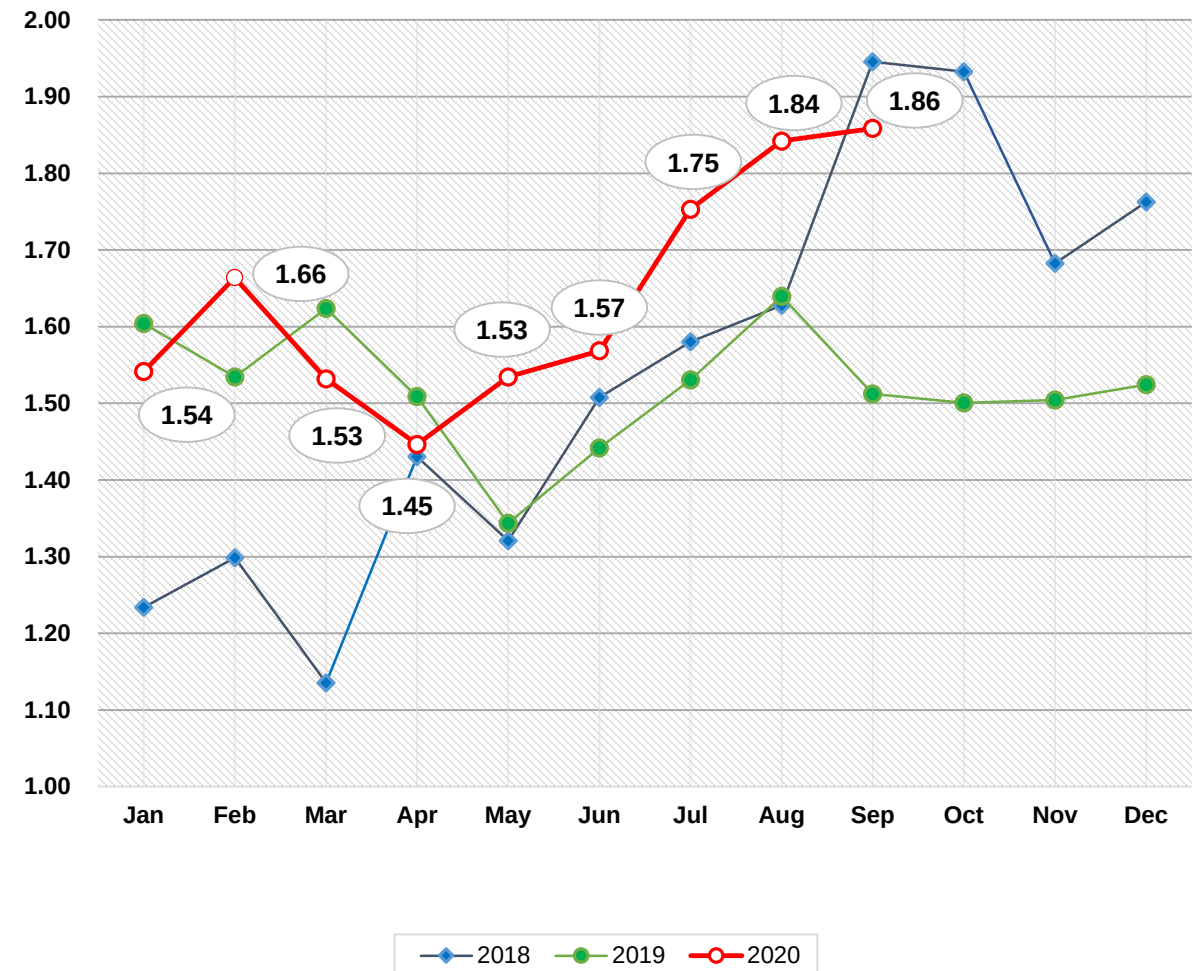
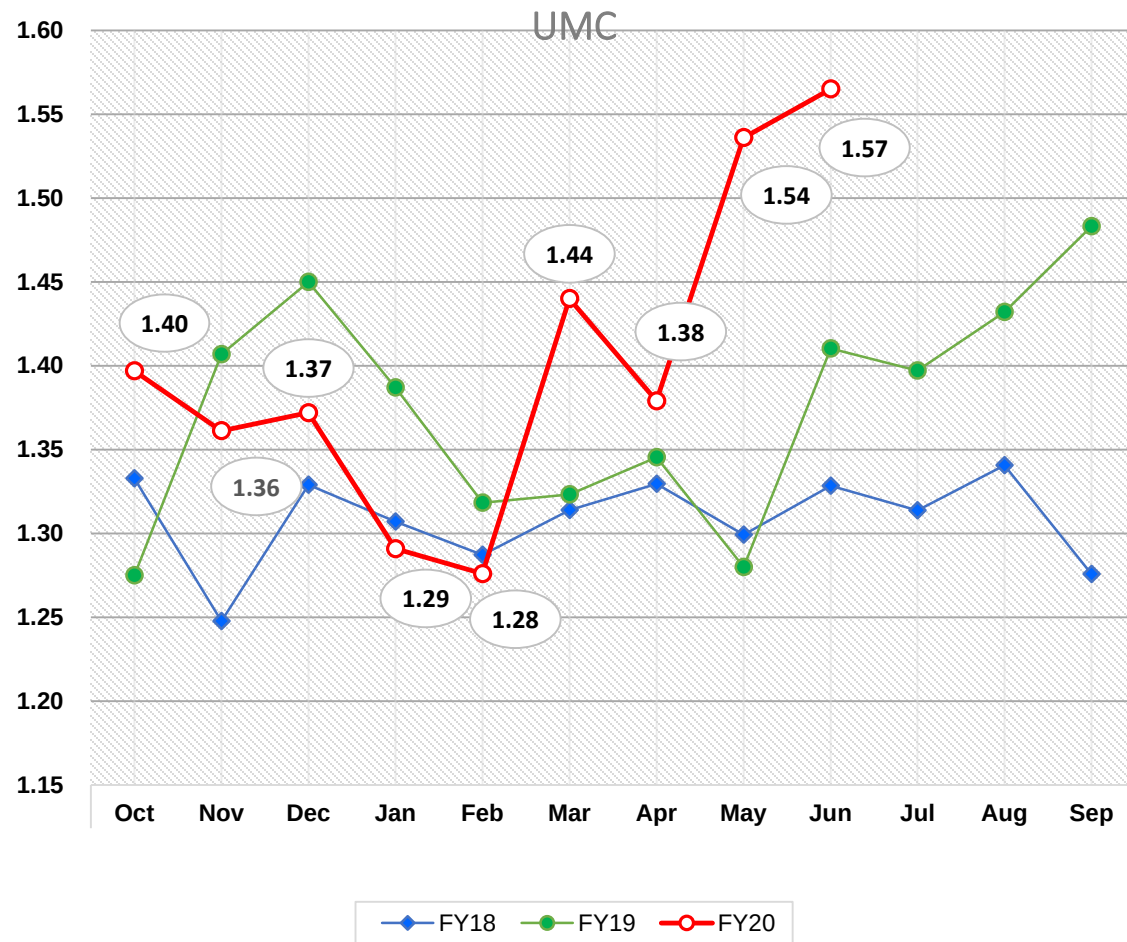
Admissions



Average Daily Census



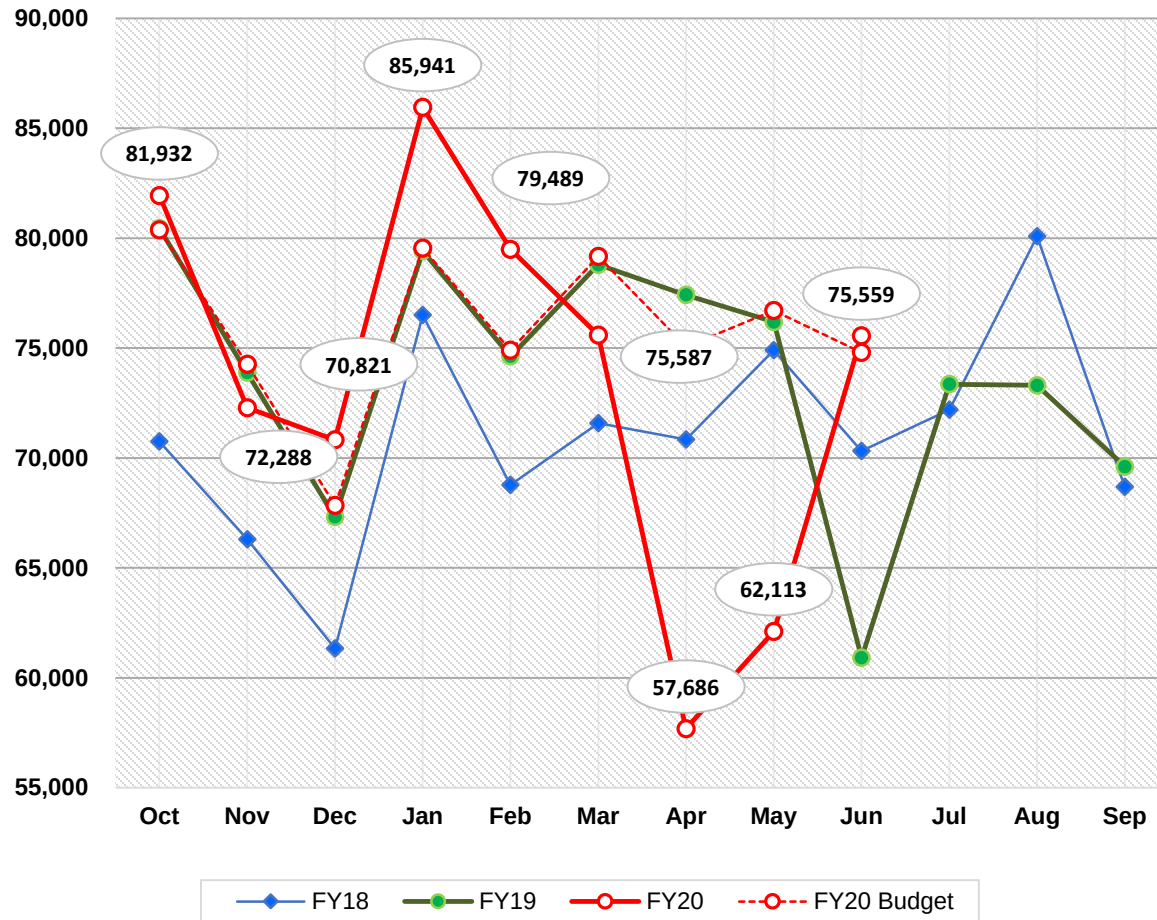
Average Case Mix Index



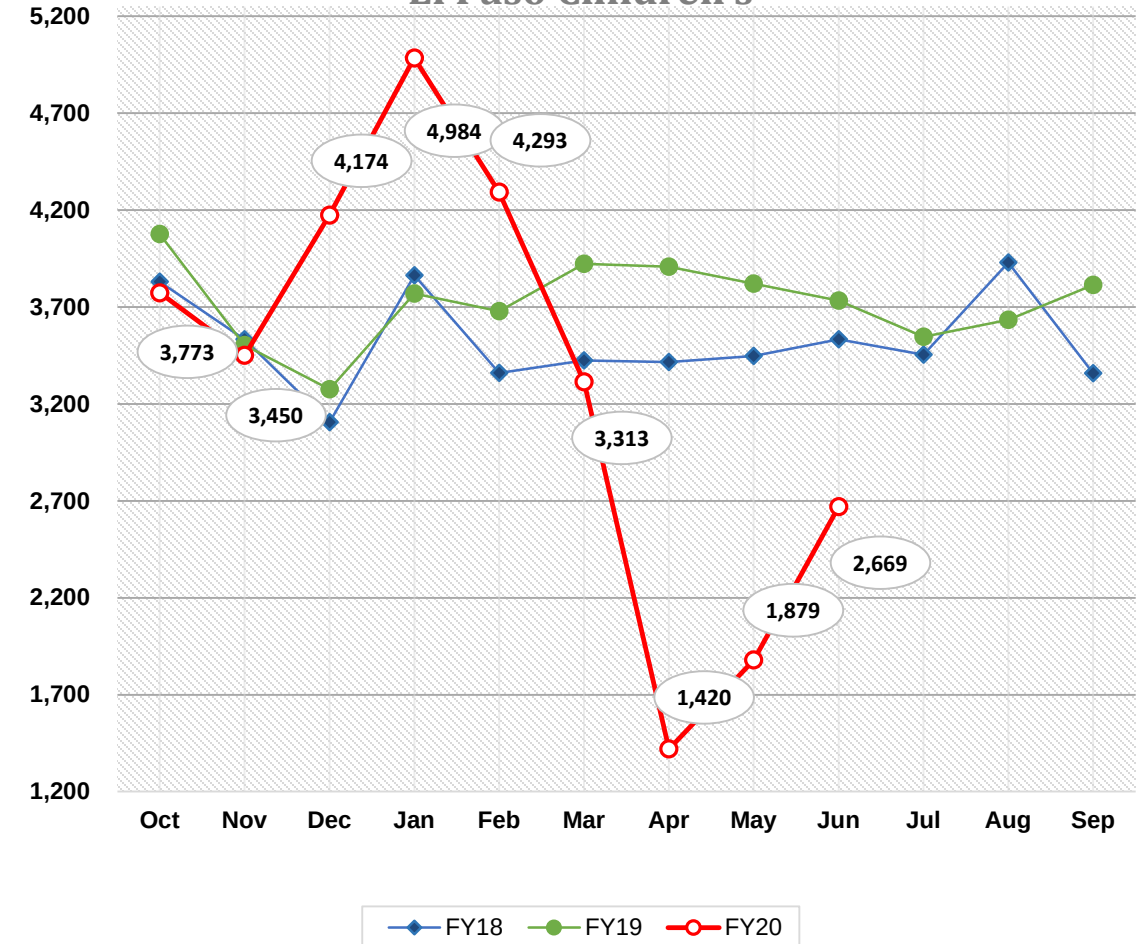
Outpatient Visits



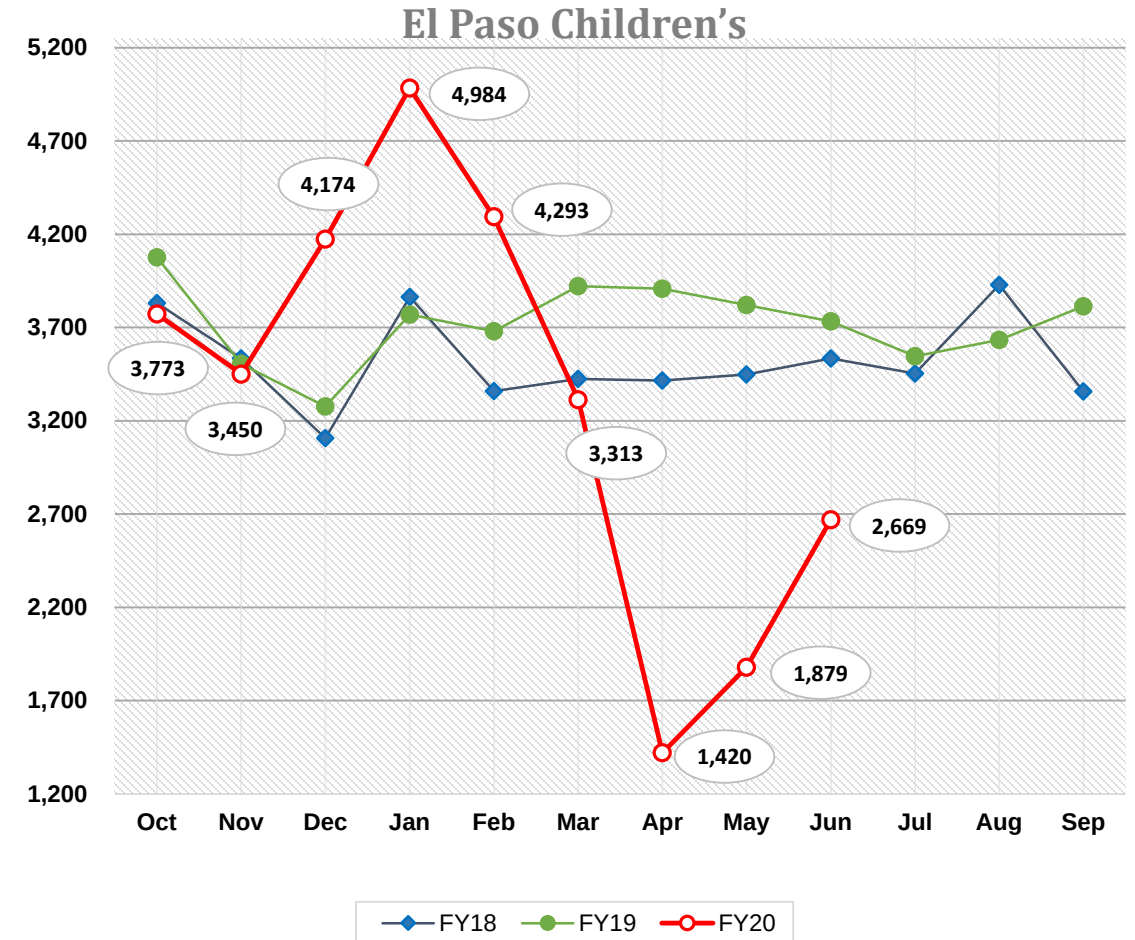
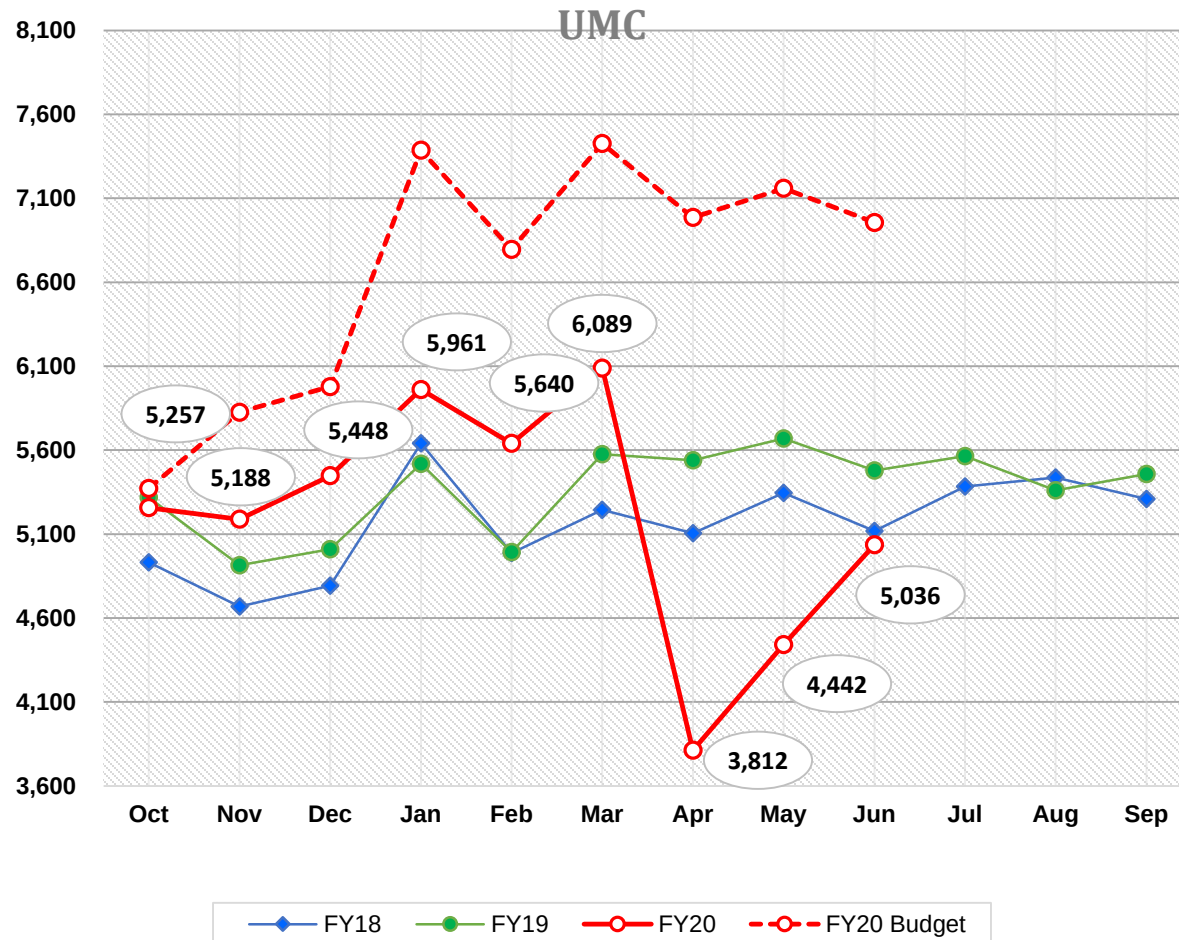
UMC



El Paso Children's

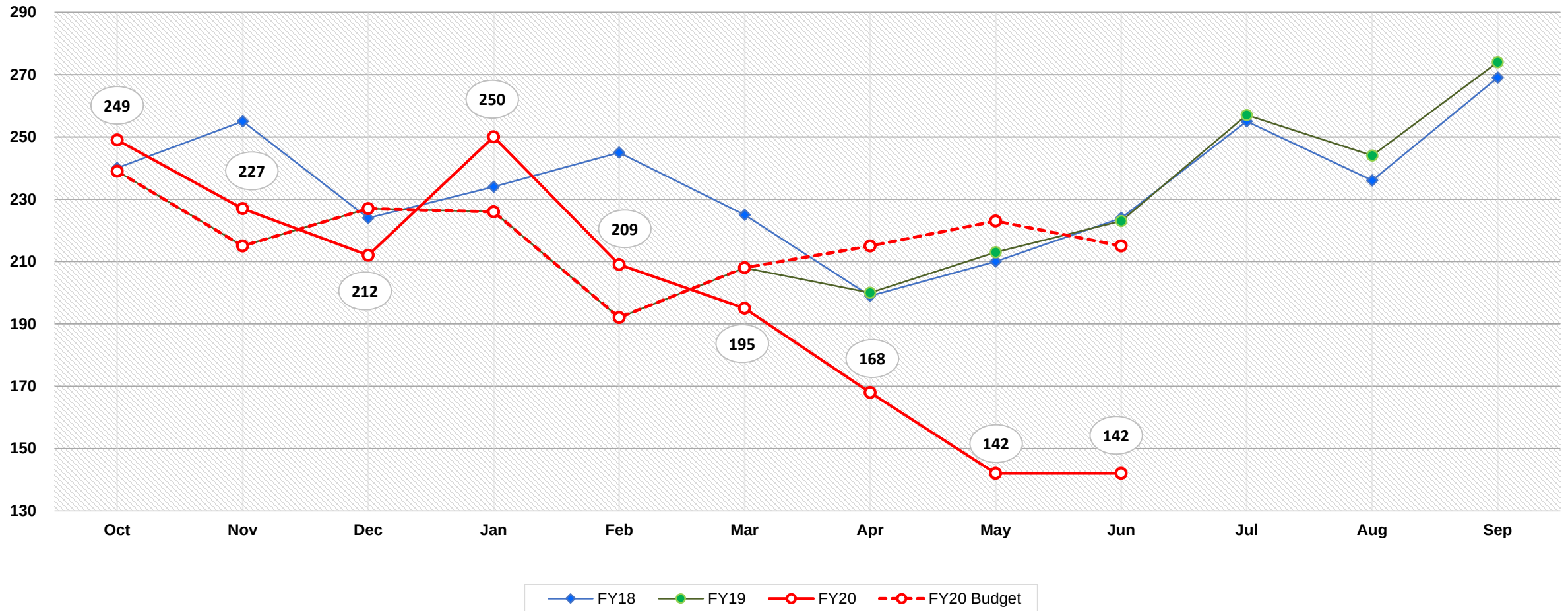


Emergency Room Visits

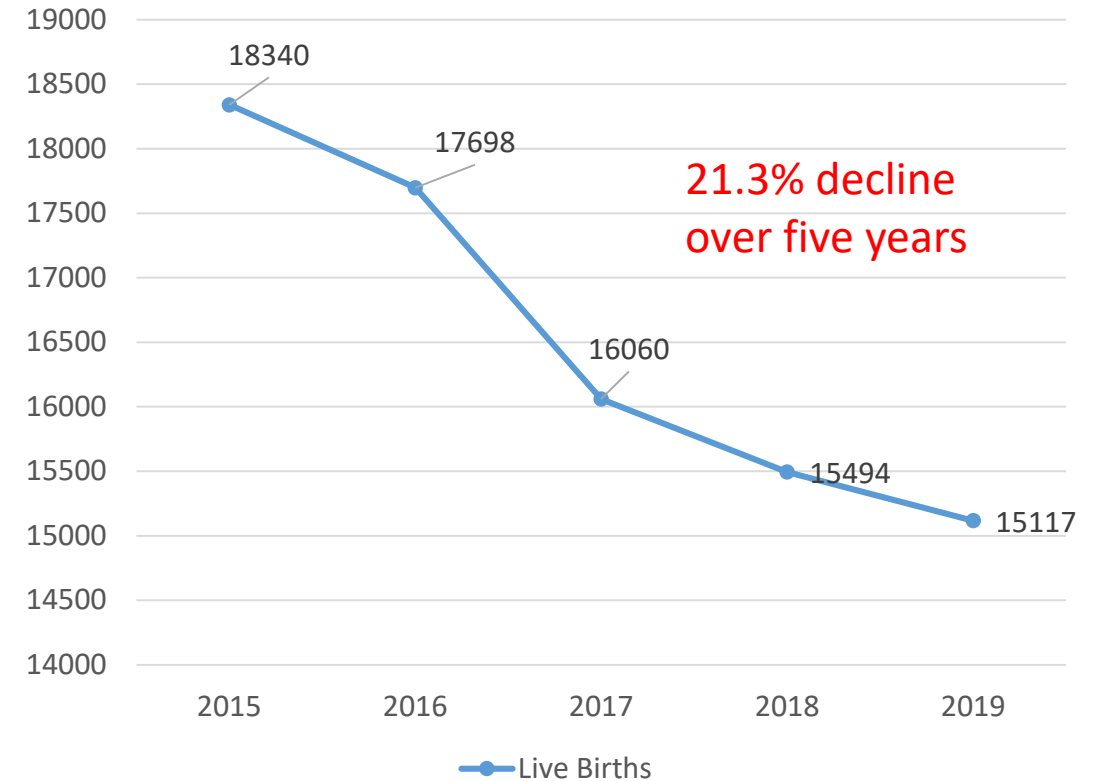
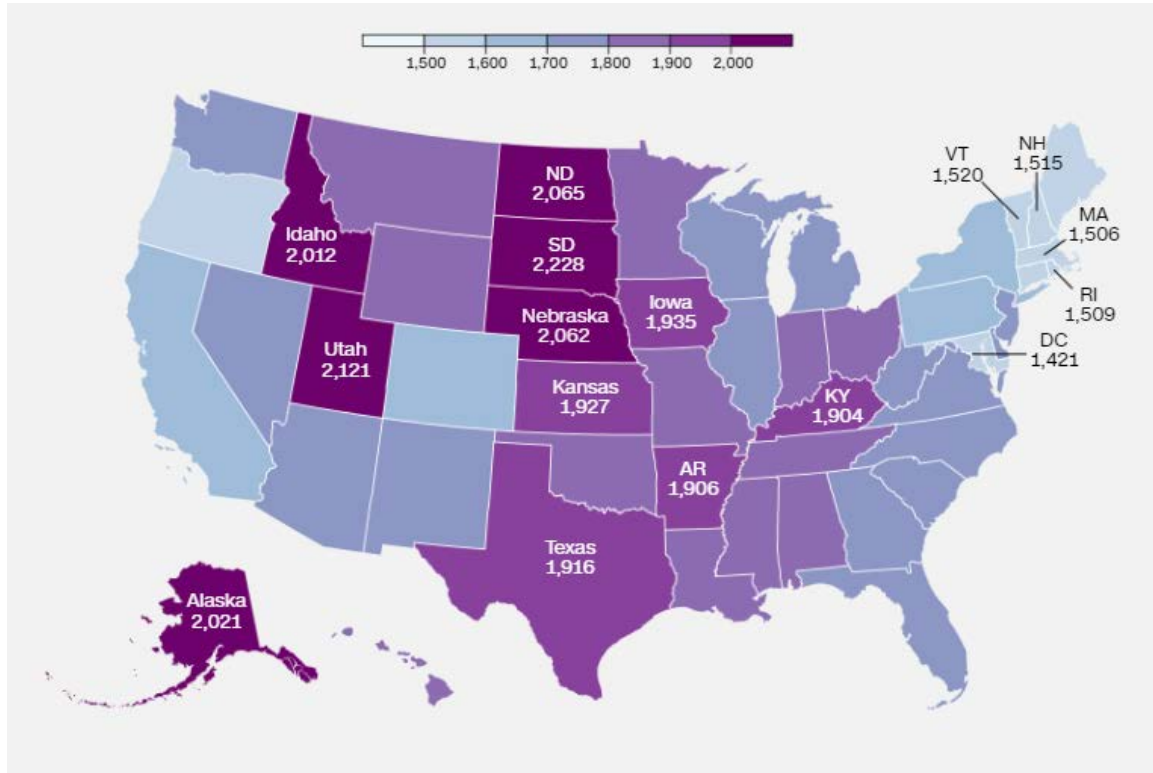


UMC of El Paso

Births

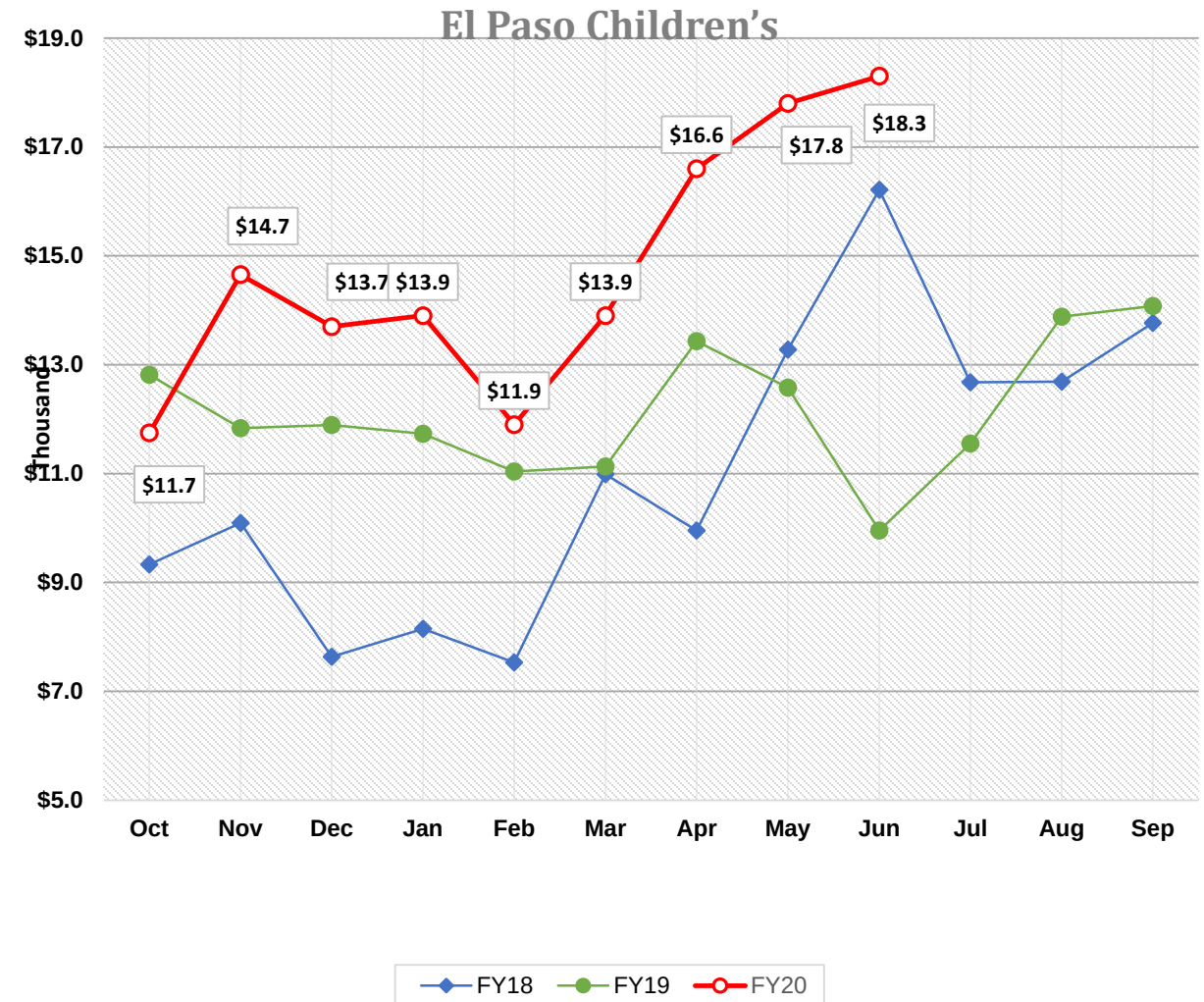
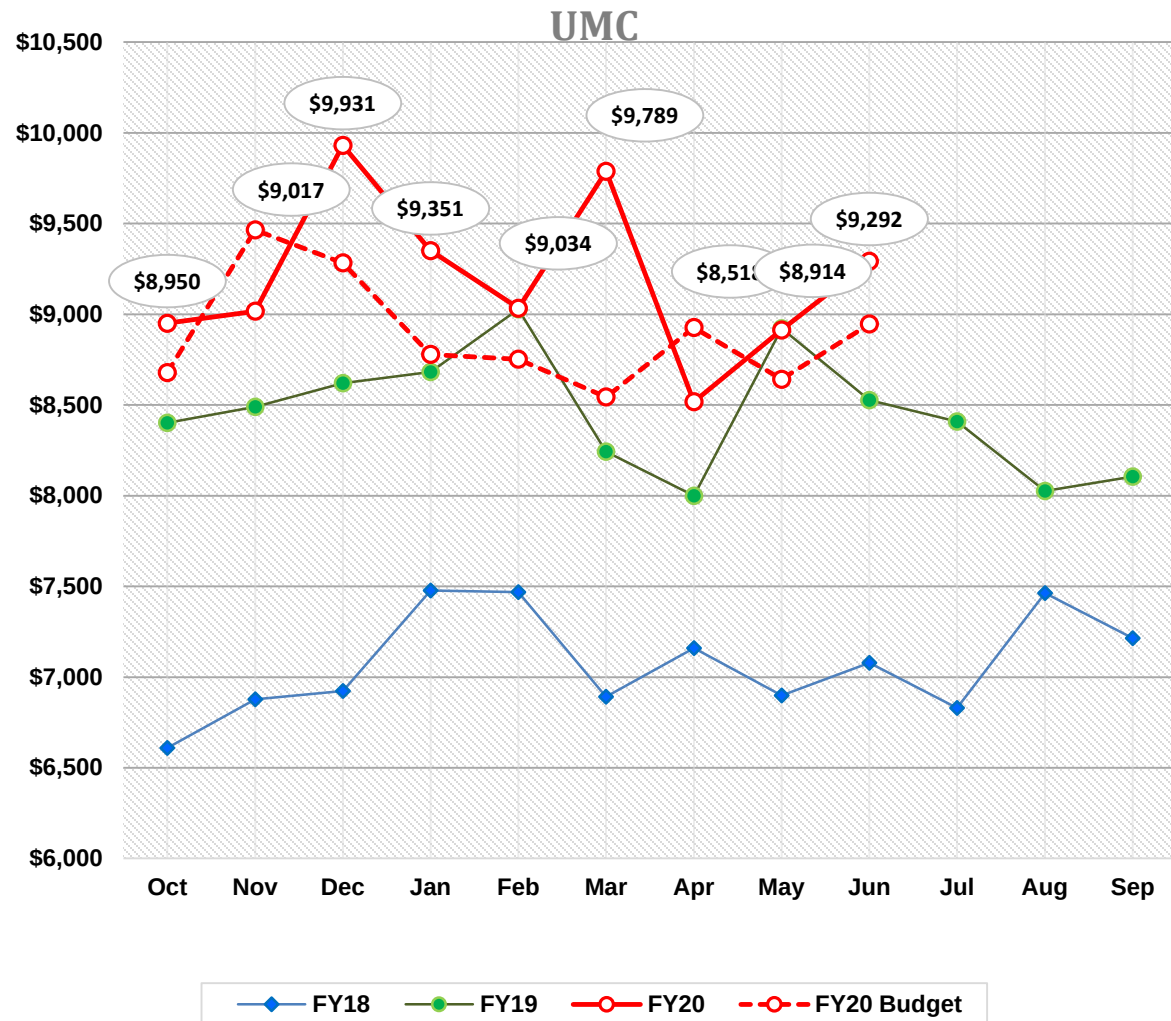


Declining Births Across U.S. & El Paso County



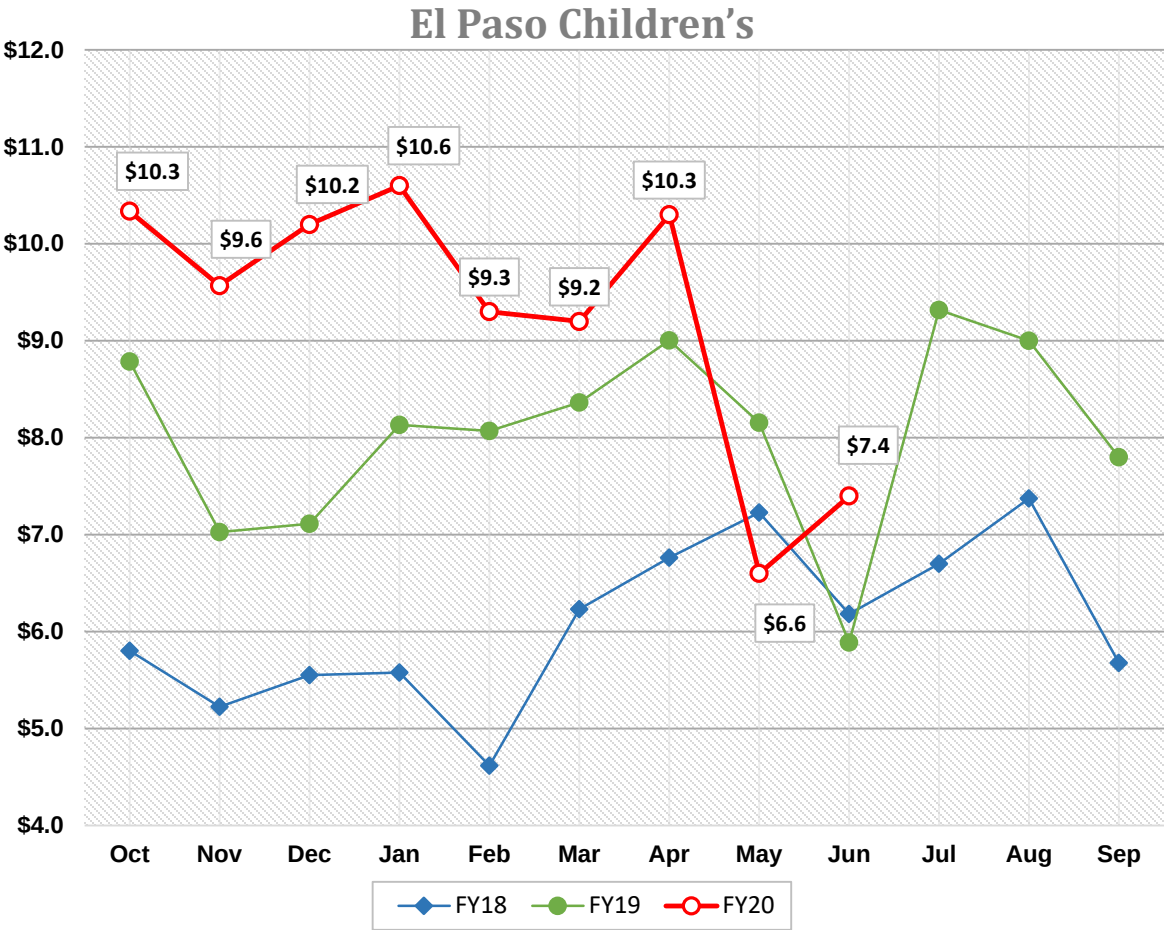
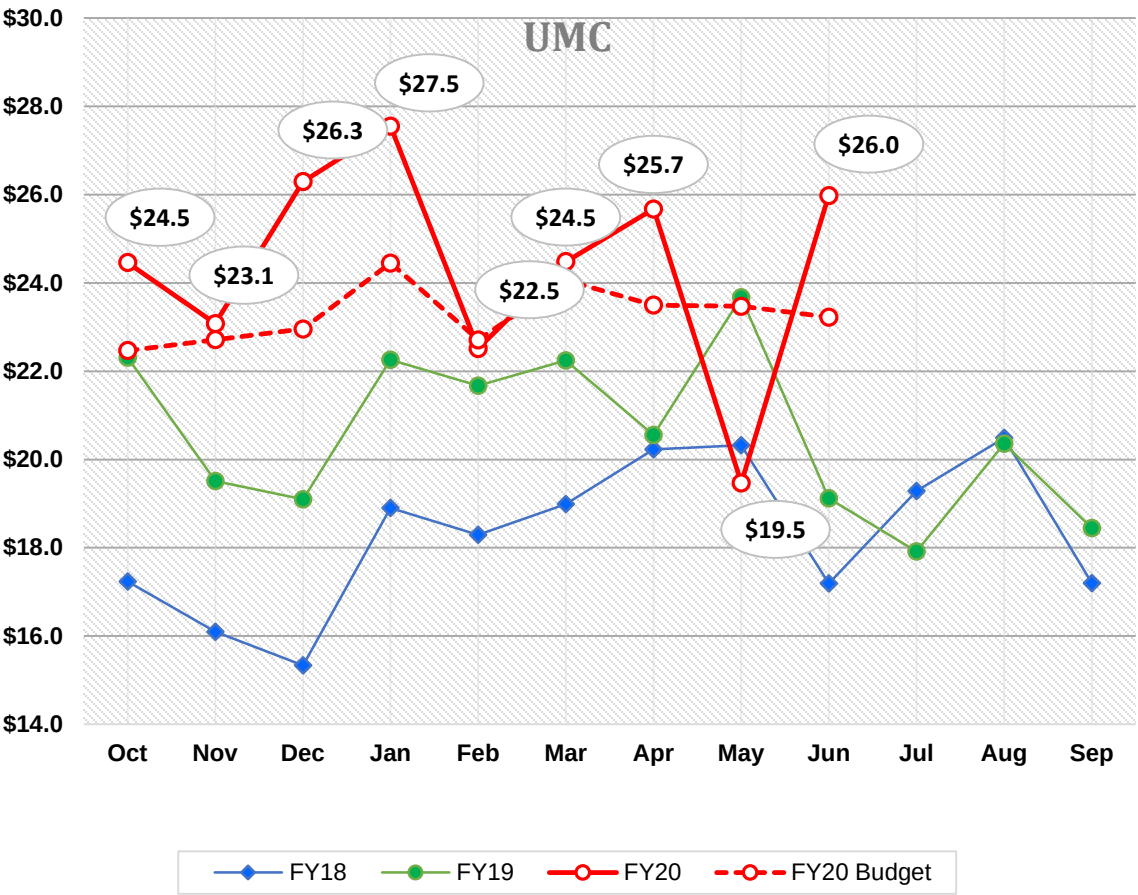
Data provided by Vitals Division, Office of the County Clerk – El Paso, TX

Net Patient Service Revenue Per Adjusted Admission



Cash Collections

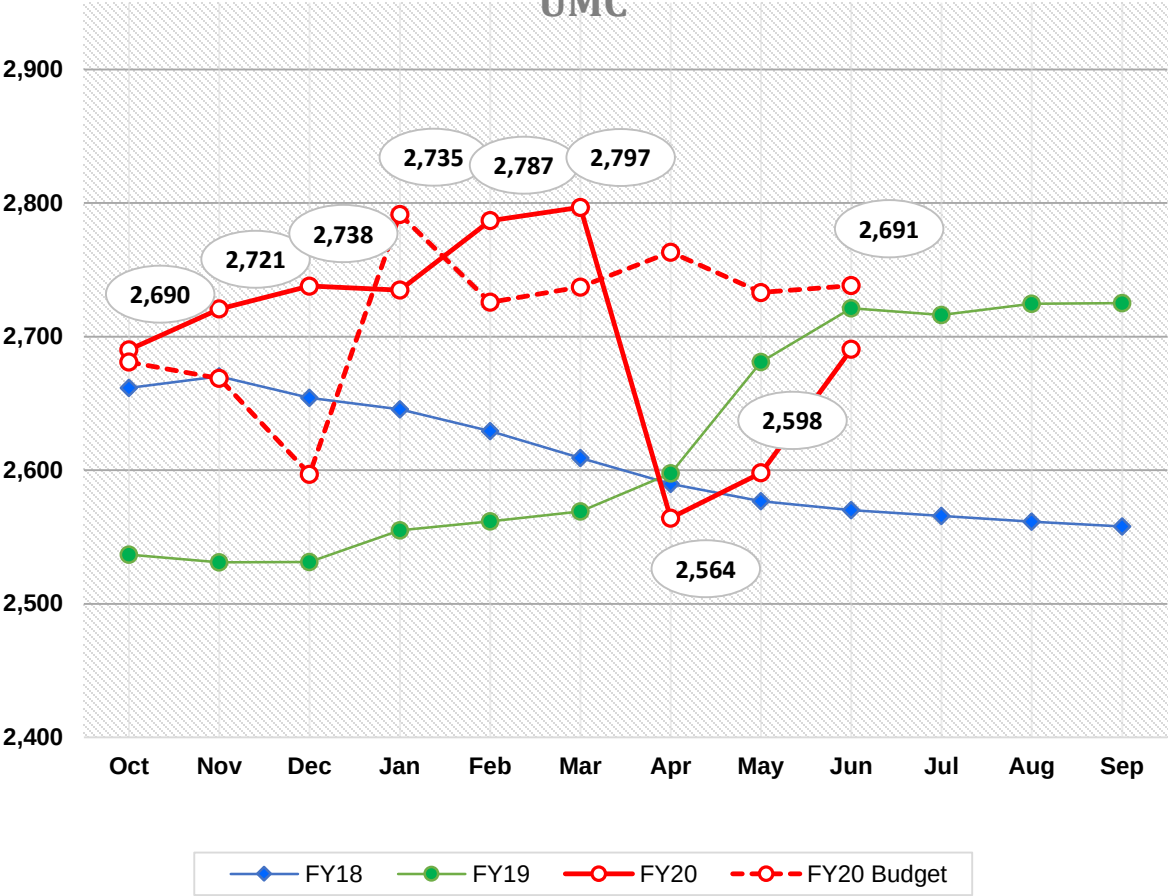
Strong Improvement



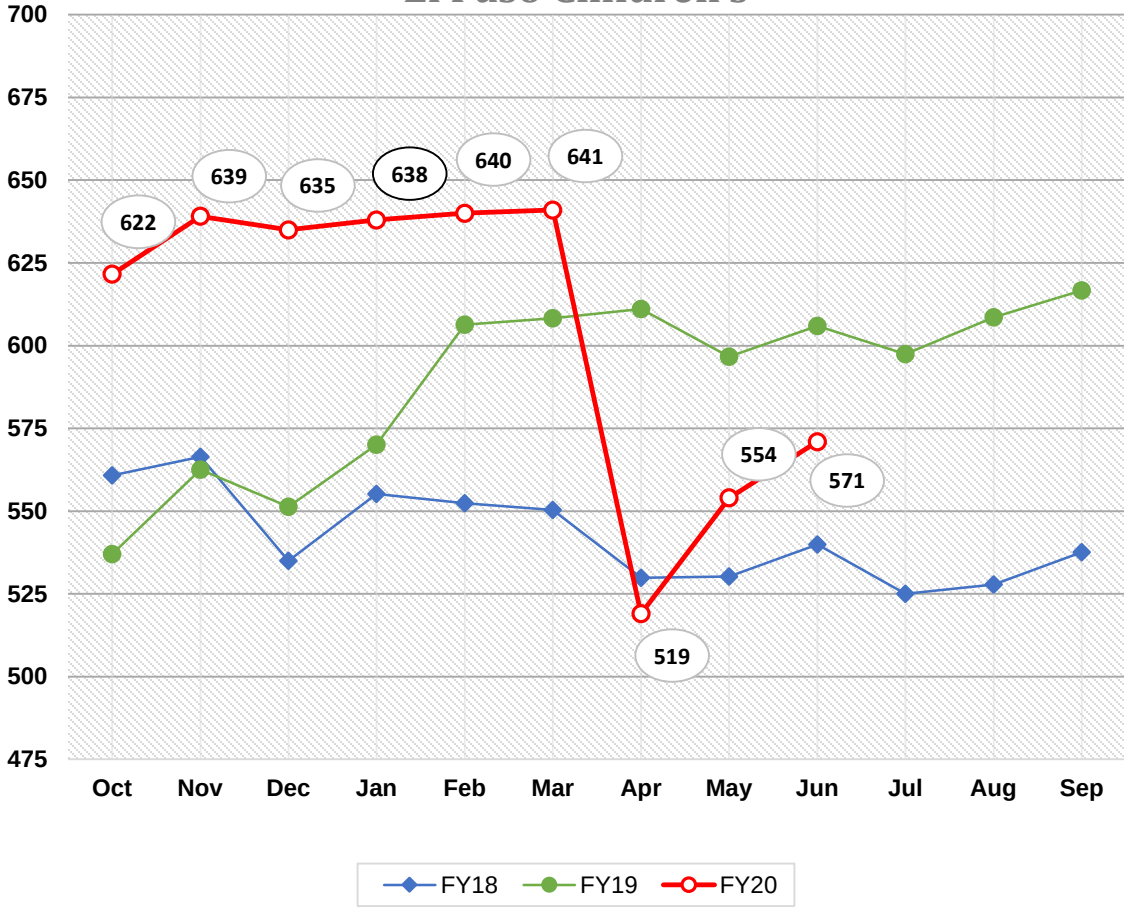
Paid FTEs



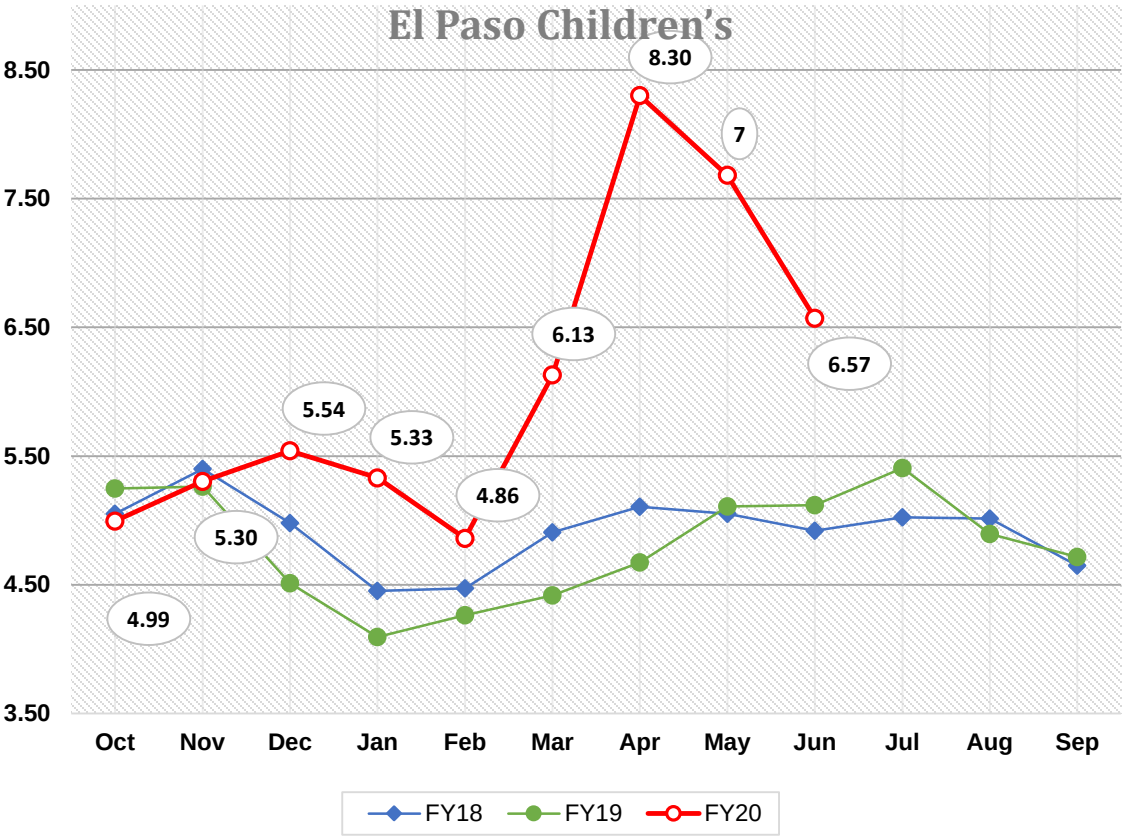
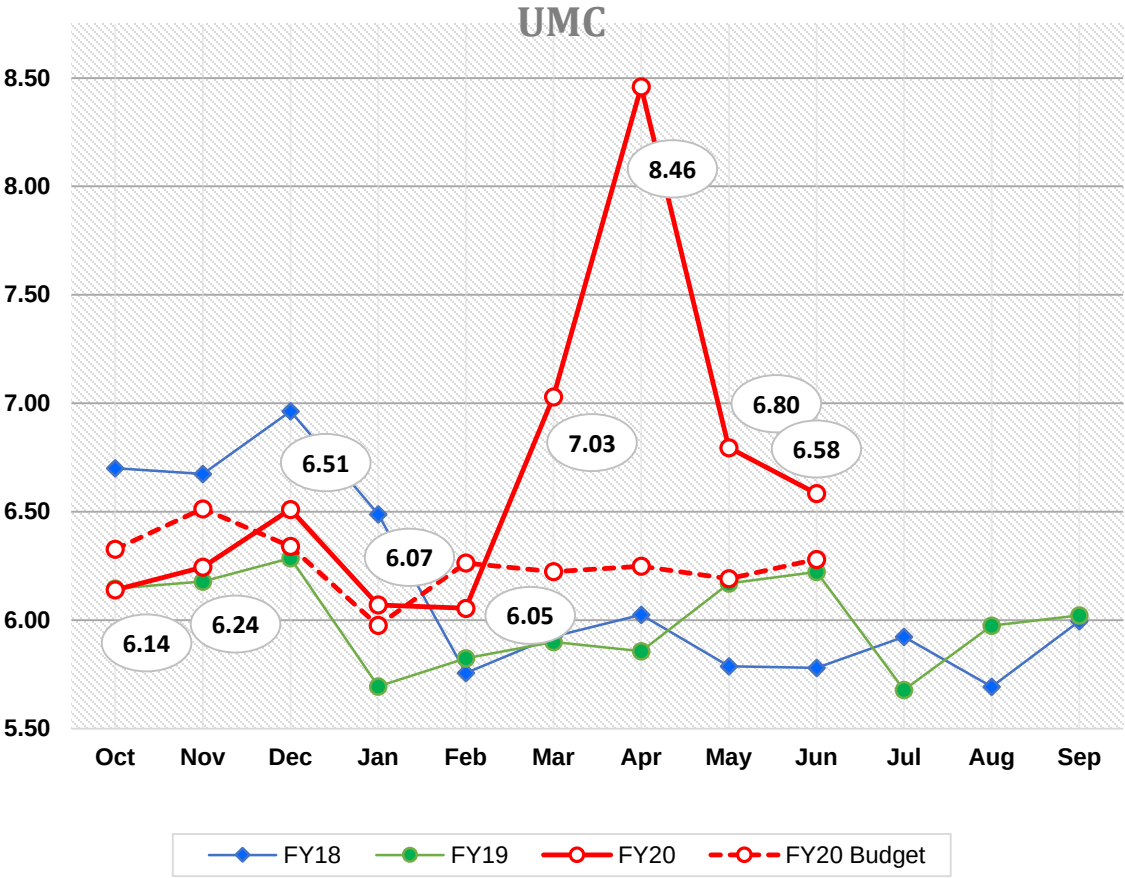
UMC



El Paso Children's



Paid FTEs Per Adjusted Occupied Bed



Excludes Correctional Health FTEs, El Paso Children's FTEs and Grant-funded department FTEs.

Proposed 2021 Operating Budget

University Medical Center of El Paso

El Paso Health

El Paso Children's Hospital

UMC of El Paso Foundation

UMC El Paso Healthcare, Inc.



COVID-19 Pandemic Impact

- 2021 Budget base volumes were based on 12-month activity from March 1, 2019 through February 29, 2020
- Uncertainty how long the Pandemic and Federal Emergency will last
- Elective Surgeries
 - Canceled by Governor
 - Patient volumes decreased as much as 40% after Pandemic began
 - Harmful to UMC and El Paso Children's revenues
 - Beneficial to El Paso Health medical claims expense
 - In late May, the Governor authorized elective surgeries to begin
 - In early July, Governor cancelled elective surgeries in major TX cities, with the exception of El Paso



2020 Coronavirus Aid, Relief and Economic Security (CARES) Act

- CARES 3.0
 - \$100 billion to reimburse hospitals for COVID-19 lost revenues and expenses
 - Accelerated and Advance Payment Program
 - Delayed scheduled \$8 billion Medicaid DSH cuts to hospitals
 - Increased Medicare payments to hospitals by 20% for COVID-19 patients
 - Expanded use of telemedicine
- Paycheck Protection Program and Health Care Enhancement Act
 - “CARES 3.5”
 - Additional \$75 billion to Provider Relief Fund



2020 Coronavirus Aid, Relief and Economic Security (CARES) Act

- Through June 30, 2020
 - UMC has received \$29 million in CARES funding
 - Revenue recognition of \$24 million
 - Deferred revenue of \$5 million
 - El Paso Children's has received \$16 million in CARES funding
 - Revenue recognition of \$6 million
 - Deferred revenue of \$10 million
- Subsequent to June 30th
 - UMC received an additional \$13.1 million in CARES funding in "Hot Spot" distribution

CMS Accelerating and Advance Payment Program



- Program characteristics
 - A loan that providers must pay back
 - Advance was based on six month's of Medicare payments from most recent filed cost report
 - Hospitals will have up to one year from disbursement to repay the loan
- UMC Advance
 - Received \$30 million in April 2020
 - Claims recoupment to begin in August 2020 at approximately \$5 million per month
 - Advance is forecasted to be repaid in full by February 2021
 - Advance must be repaid by April 2021

Federal Medicaid Assistance Percentage (FMAP)



- Families First Coronavirus Response Act
 - Authorized an increase of 6.2 percentage points to the FMAP, determined per each state for each calendar quarter occurring during the emergency period (“eFMAP”)
 - Has the impact of decreasing the IGT cost and increasing the amount of federal funds available for Medicaid Supplemental Programs
 - In effect from January 1, 2020 through September 30, 2020
 - eFMAP *may* continue if the emergency period is extended beyond September 30, 2020
 - FY2021 budget has no benefit of an extended eFMAP
 - FY2020 benefit was approximately \$6 million

Medicaid Disproportionate Share Program (DSH)



- Scheduled DSH Cuts
 - Authorized Medicaid DSH cuts to pay for ACA
 - Were scheduled to take in effect in FY2020
 - DSH Cuts were delayed by CARES Act 3.0 through November 2020
- Congress will have to revisit if scheduled DSH cuts will be extended beyond November 2020
- FY2021 budget assumes DSH cuts will *not* be extended
 - \$3 million reduction from 2020



Uniform Hospital Rate Increase Program (UHRIP)

- Applies to STAR and STAR+PLUS programs
- Through Intergovernmental Transfers and corresponding federal matching
 - Enables Managed Care Organizations (MCOs) to increase provider claims payment as an “add-on payment” to the provider base contract
- For FY2021, the state-wide pool is being increased from \$1.6b to \$2.6b

<u>Hospital Class</u>	<u>FY2020</u>	<u>FY2021</u>
■ Urban Public	52%	52%
■ Children's	2%	57%
■ Other	52%	59%

- El Paso Children's net revenue *incremental* benefit of \$9 million; however no DSH funds, for a net \$4 million increase
- UMC net revenue benefit remains at \$3 million – no *incremental* benefit



Current Legislative Topics

- House of Representatives passed a \$3 trillion Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act in May 2020
- Senate Republicans recently introduced legislation of a smaller \$1 trillion package
 - Some of the items included in this relief package
 - Additional \$25 billion allocation to the Provider Relief Fund
 - Extend Accelerating and Advance Payment Program recoupment period from August 2020 to January 2021
 - Extend Telehealth flexibilities through 2021
- Other Industry Legislative items being asked for
 - Forgive payments of Medicare Accelerated and Advance Payment Program and / or reduction of 10% interest penalty
 - Protect Medicaid Disproportionate Share (DSH) payments for FY2021 and FY2022
 - Delay implementation of Medicaid Fiscal Accountability and Responsibility (MFAR) rule

UMC of El Paso & El Paso Health

Key Budget Variable - GASB No. 68



- *Accounting and Financial Reporting for Pensions*
 - December 31 measurement date versus September 30 financial reporting date
 - FY2021 pension expense to be determined from December 31, 2020 Valuation Report
 - Funded Ratio
 - December 31, 2019 92.2%, with a 16.6% investment return
 - December 31, 2018 84.8%, with a -2% investment return
 - Funding percentage will decrease from 7.84% in 2020 to 7.57% in 2021
 - Investment return is a vital component of the plan's retirement expense
 - 4% return \$12.1 million
 - 0% return \$15.7 million
 - -4% return \$19.3 million

}

\$7.2 million range
 - Every 1% investment return change approximates \$900,000 change

El Paso Health

Budget Challenges & Uncertainties



- STAR+PLUS program
 - Contract awarded December 2019
 - HHSC canceled the state-wide contracts in March 2020
 - HHSC is now deliberating its next steps
 - Re-procurement possibility in 3rd or 4th quarter of 2021
- Medicare D-SNP program
 - Competitive market disadvantage with STAR+PLUS cancellation
- STAR and CHIP programs
 - Mid-year capitation rate adjustment potential at HHSC's discretion
 - At-Risk program 1% deferral due to quality metrics and performance levels

El Paso Children's Budget Challenges & Uncertainties



- Volumes uncertainty surrounding COVID-19 in the pediatric arena
- Capacity challenges in General Pediatrics Unit and Specialty Clinics
- UHRIP funding increase offset by decreases in DSH and UC
- Line of credit monthly payments of \$250,000 (\$3 million annually) to UMC started in October 2019 through 2024
 - Long-term debt monthly payments to UMC will begin in Fiscal 2024

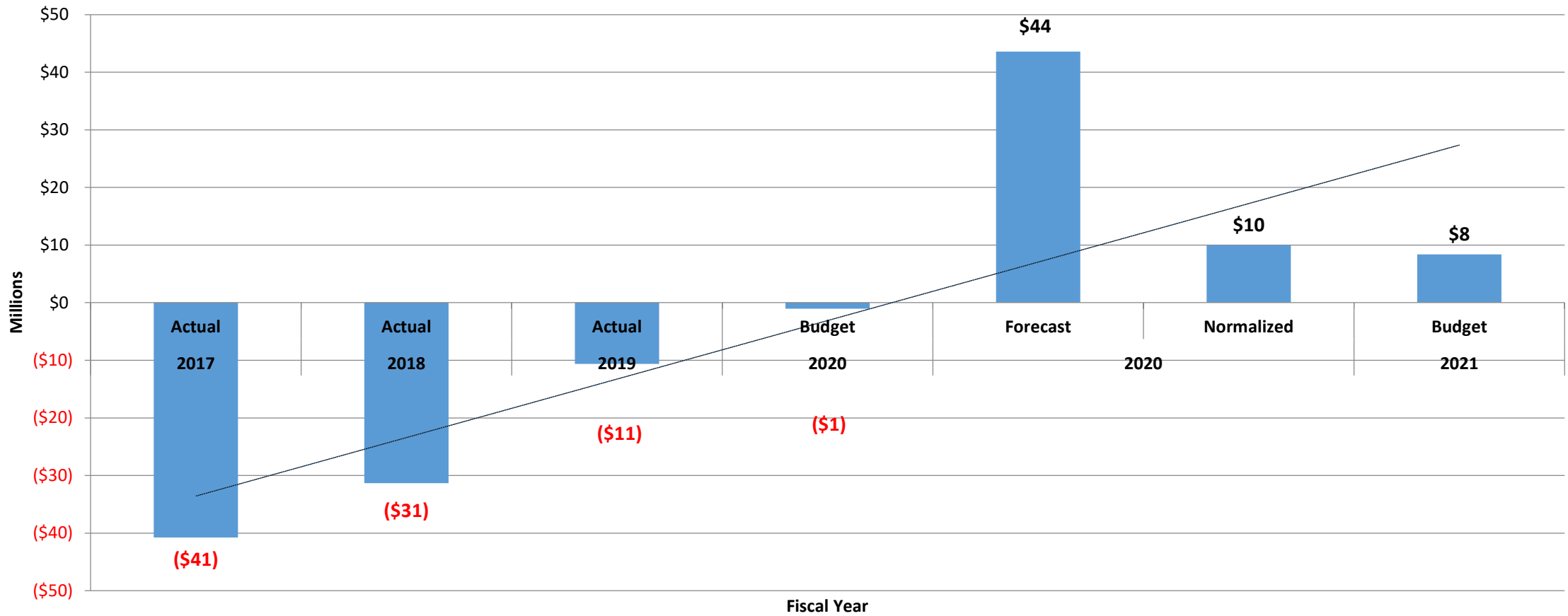
FY21 Service Expansion

- Mobile Stroke Unit
- UMC Surgery West
 - COVID overflow available
 - Endoscopy services moved to create room in hospital
- Two new DaVinci Xi Robots
- Employ two OB-GYN
- Expand enrollment into Medicare Dual Eligible Special Needs Plan (D-SNP)



El Paso County Hospital District

FY Net Position Change





El Paso County Hospital District

Change in Net Position by Component Unit

	2017	2018	2019	2020	2020	2021
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Projection</u>	<u>Budget</u>
Combined Total	\$ (40,747,009)	\$ (31,328,785)	\$ (10,642,066)	\$ (1,027,640)	\$ 43,562,072	\$ 8,391,871
UMC	(35,449,744)	(24,923,385)	(17,477,140)	(4,331,032)	23,641,643	(2,952,494)
El Paso Health	9,408,727	1,664,709	2,202,356	(956,682)	6,083,739	2,039,287
El Paso Children's	(16,072,839)	(10,497,681)	2,772,219	1,144,300	10,316,260	6,993,819
UMC Foundation	(85,296)	902,096	243,698	1,590,298	1,464,241	1,349,212
UMC El Paso Healthcare, Inc.	-	-	-	-	-	(563,429)
Eliminations	1,452,143	1,525,476	1,616,801	1,525,476	2,056,189	1,525,476
Depreciation expense	\$ 28,367,132	\$ 28,735,344	\$ 28,460,990	\$ 32,406,913	\$ 32,505,893	\$ 35,100,147
Earnings before depreciation expense	\$ (12,379,877)	\$ (2,593,441)	\$ 17,818,924	\$ 31,379,273	\$ 76,067,965	\$ 43,492,018

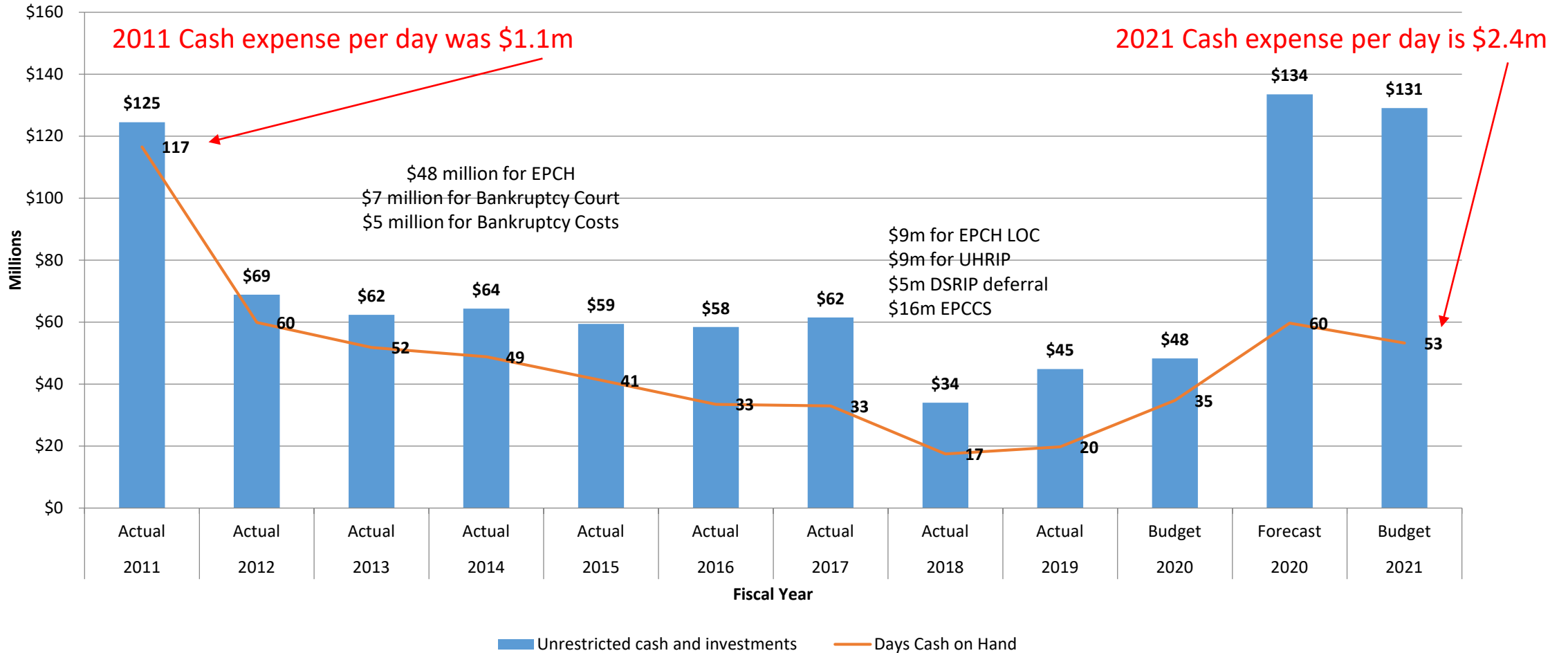
El Paso County Hospital District

Proposed FY 2021 Budget to Cash Reconciliation



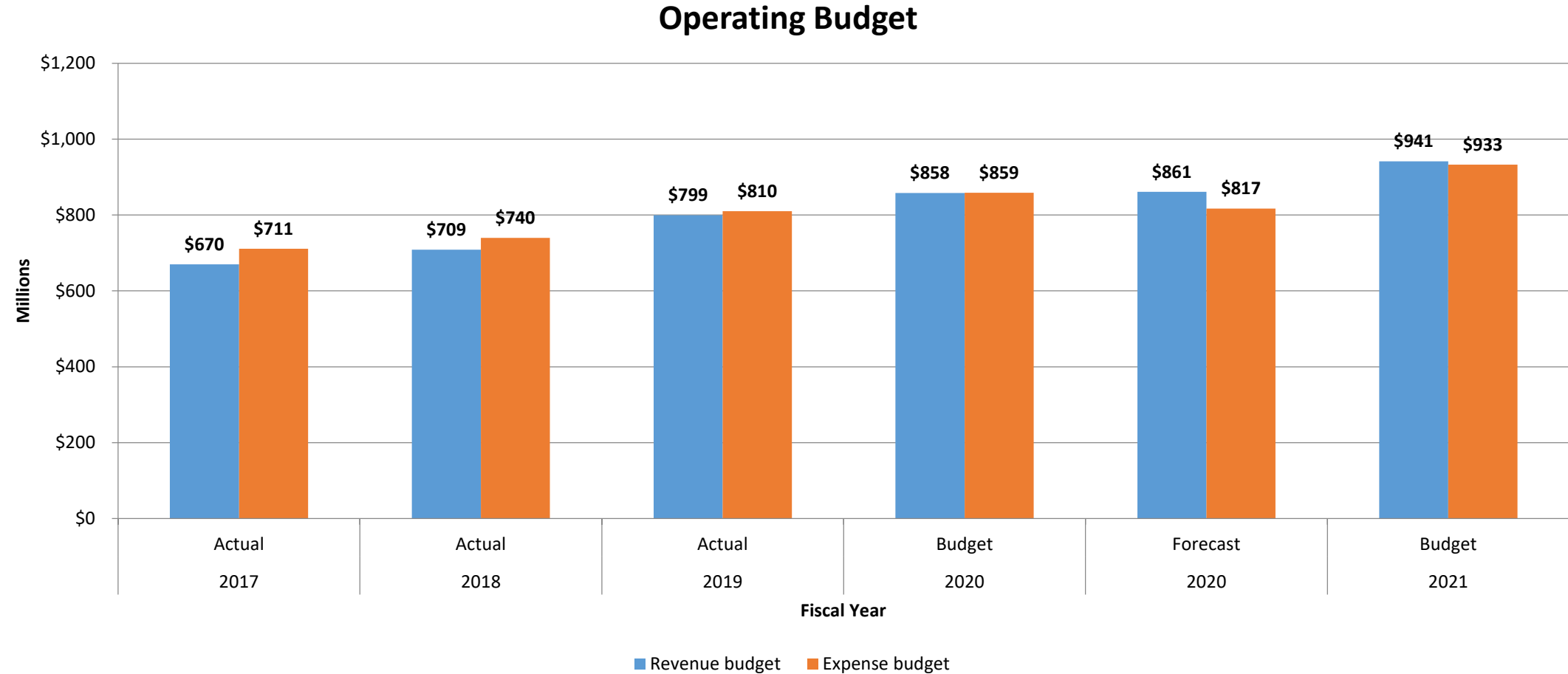
	UMC	El Paso Health	El Paso Children's	UMC Foundation	UMC Healthcare, Inc.	Eliminations	Total
Unrestricted cash, September 30, 2019	\$ 6,494,000	\$ 33,899,000	\$ 4,464,000				\$ 44,857,000
Change in Net Position	\$ (2,952,494)	\$ 2,039,287	\$ 6,993,819	\$1,349,212	(\$563,429)	\$ 1,525,476	\$ 8,391,871
Plus: Depreciation expense	30,687,279	2,410,501	1,982,463		19,904		35,100,147
Intercompany eliminations						(1,525,476)	(1,525,476)
Change in operating assets and liabilities	(7,968,711)	1,982,812	4,127,310	(1,349,212)			(3,207,801)
Cash Flow from operations	19,766,075	6,432,600	13,103,591	-	(543,525)	-	38,758,741
Principal payments on long-term debt	(8,020,000)						(8,020,000)
Interest payments on long-term debt	(15,655,219)						(15,655,219)
Intercompany receipts (payments)	3,000,000		(3,000,000)				-
Intercompany distributions	10,000,000	(10,000,000)					-
Cash flows for financing activities	(10,675,219)	(10,000,000)	(3,000,000)	-	-	-	(23,675,219)
Capital purchases	(15,000,000)	(1,559,362)	(2,738,292)				(19,297,654)
Investment income		24,000					24,000
Cash flows for investing activities	(15,000,000)	(1,535,362)	(2,738,292)	-	-	-	(19,273,654)
Net change in unrestricted cash	(5,909,144)	(5,102,762)	7,365,299	-	(543,525)	-	(4,190,132)
Unrestricted cash, September 30, 2020	59,506,469	44,411,427	30,577,744	-	-	-	134,495,640
Unrestricted cash, September 30, 2021	\$ 53,597,325	\$ 39,308,665	\$ 37,943,043	\$ -	\$ (543,525)	\$ -	\$ 130,305,508
Days Cash on Hand	32	61	126				52

El Paso County Hospital District Unrestricted Cash and Investments



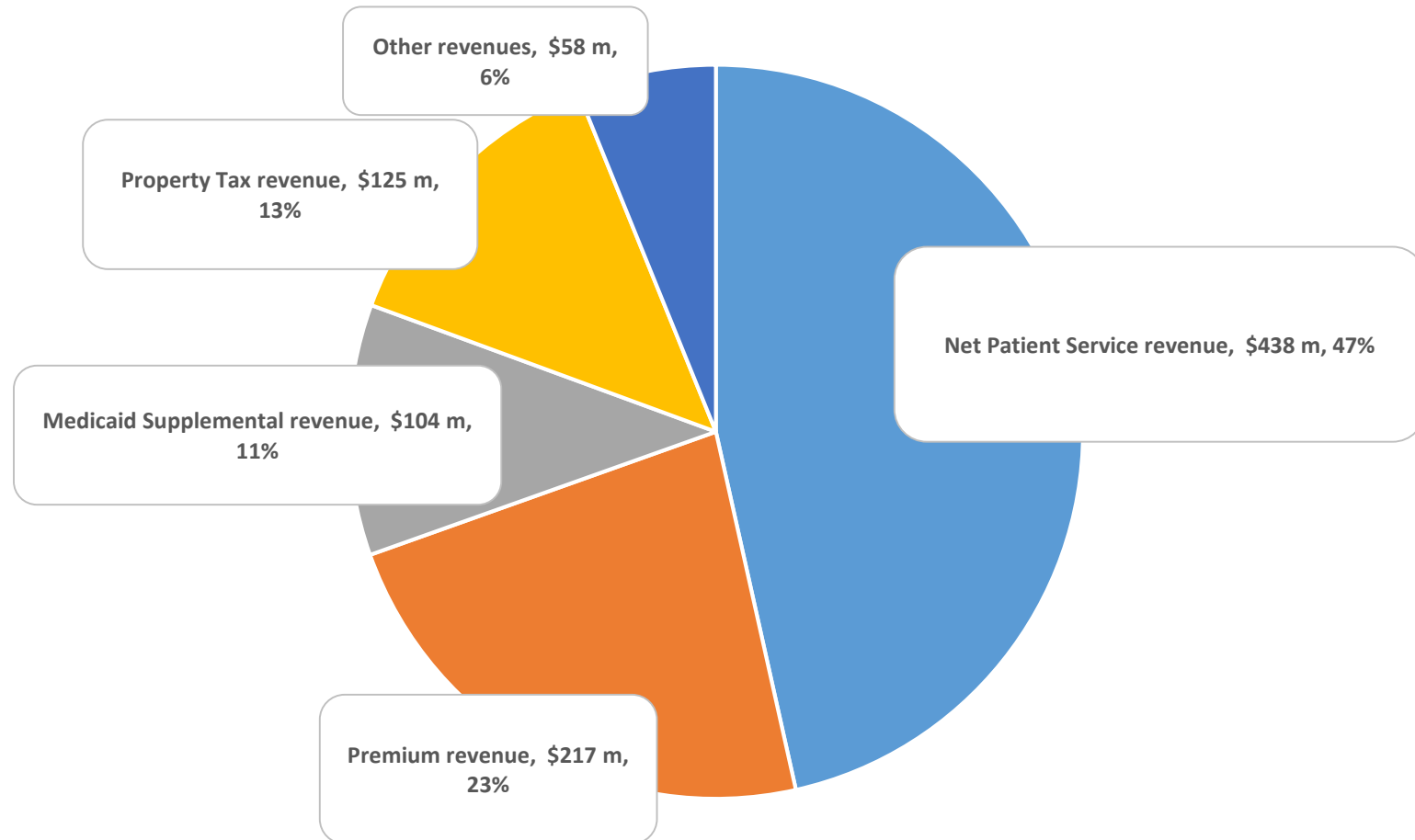
El Paso County Hospital District

Operating Budget



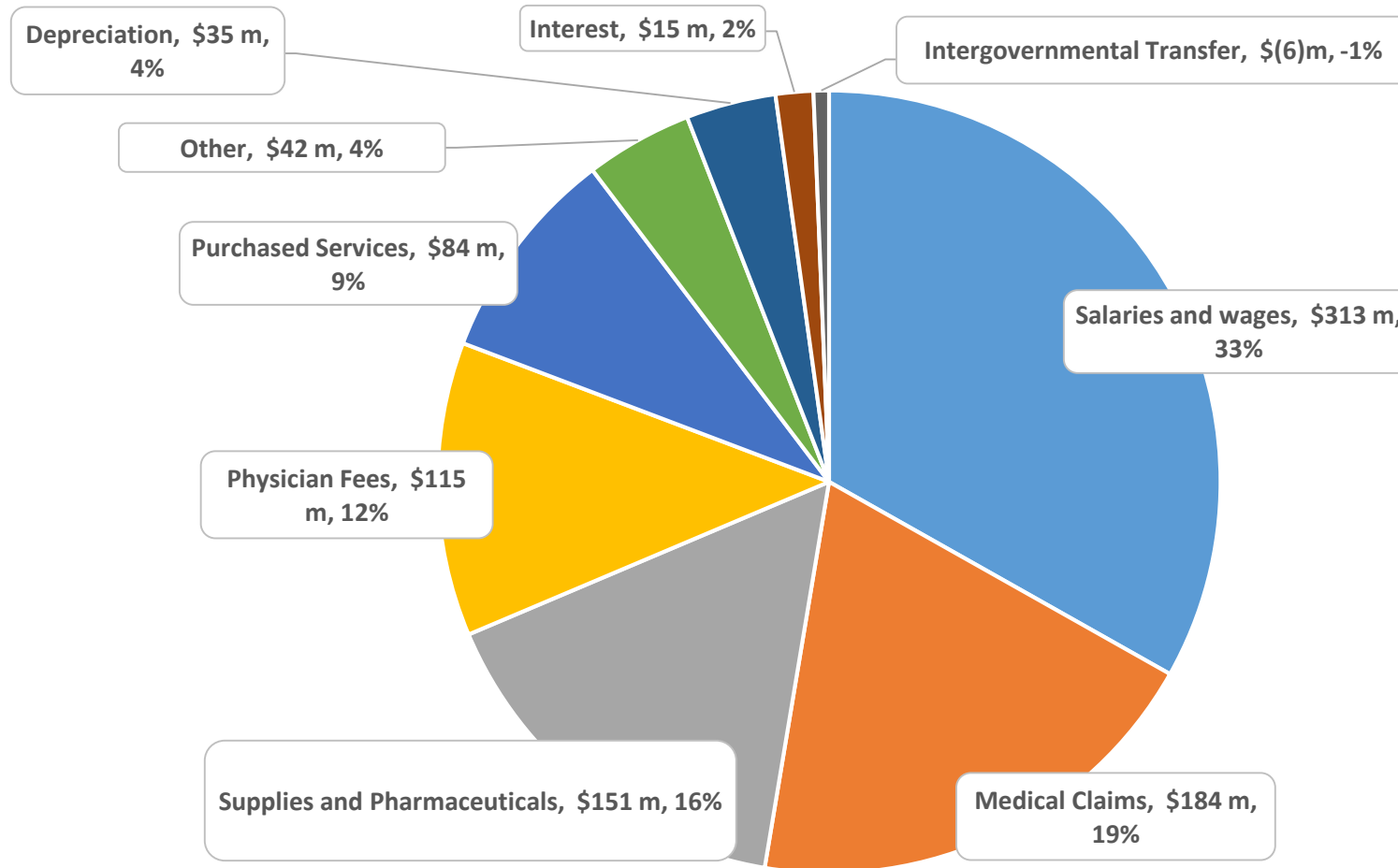
El Paso County Hospital District

Proposed FY 2021 Revenue Budget - \$941 million



El Paso County Hospital District

Proposed FY 2021 Expense Budget - \$933 million

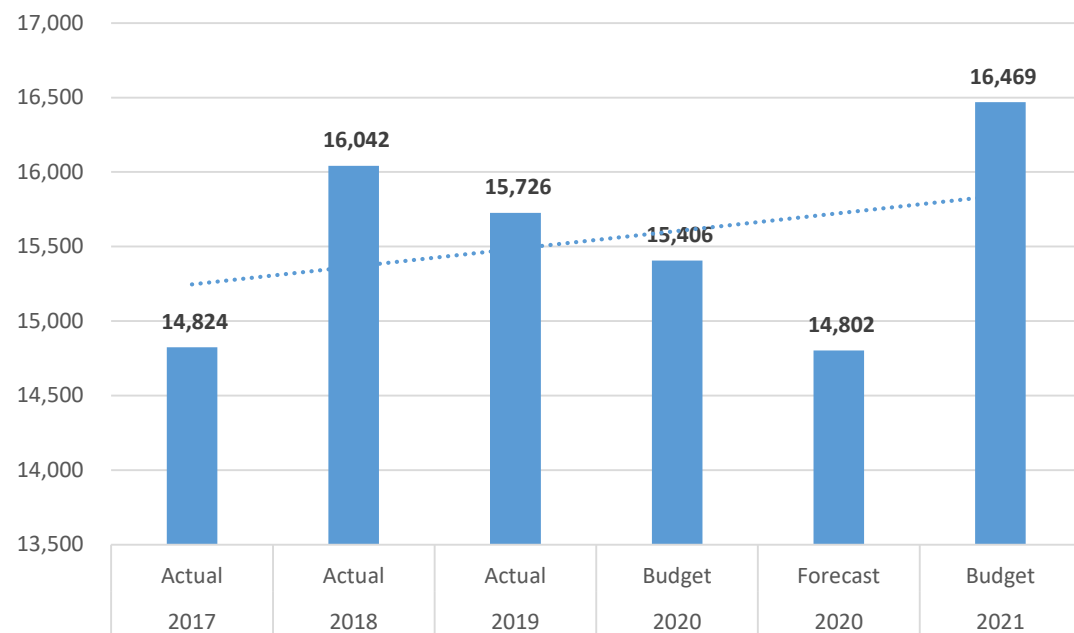


Admissions

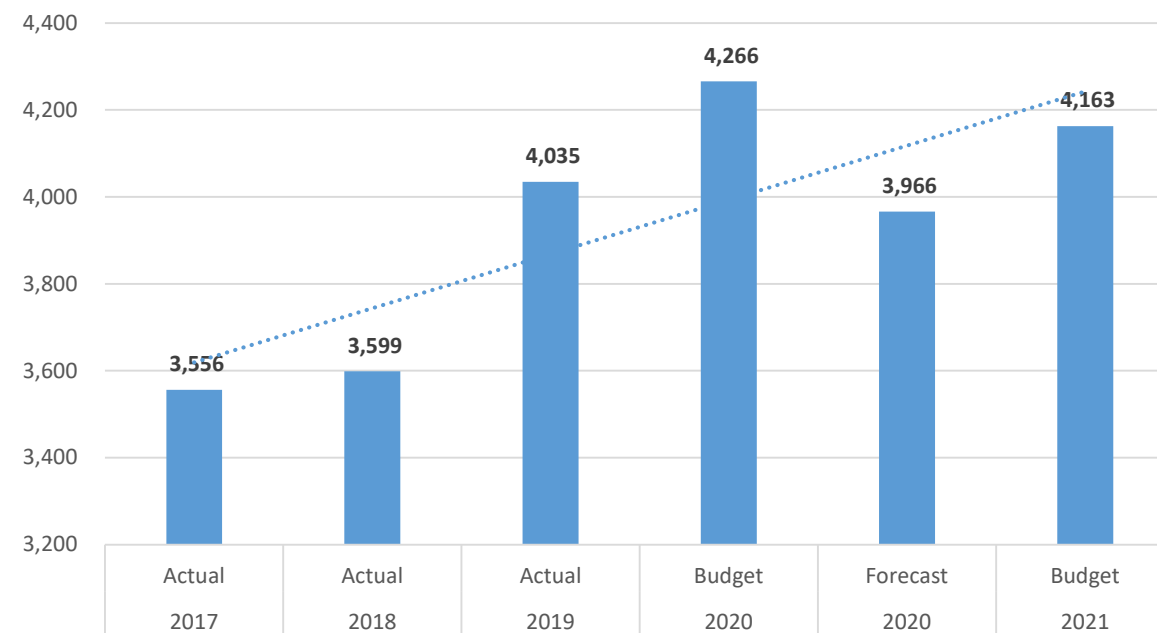
Continued Growth



UMC



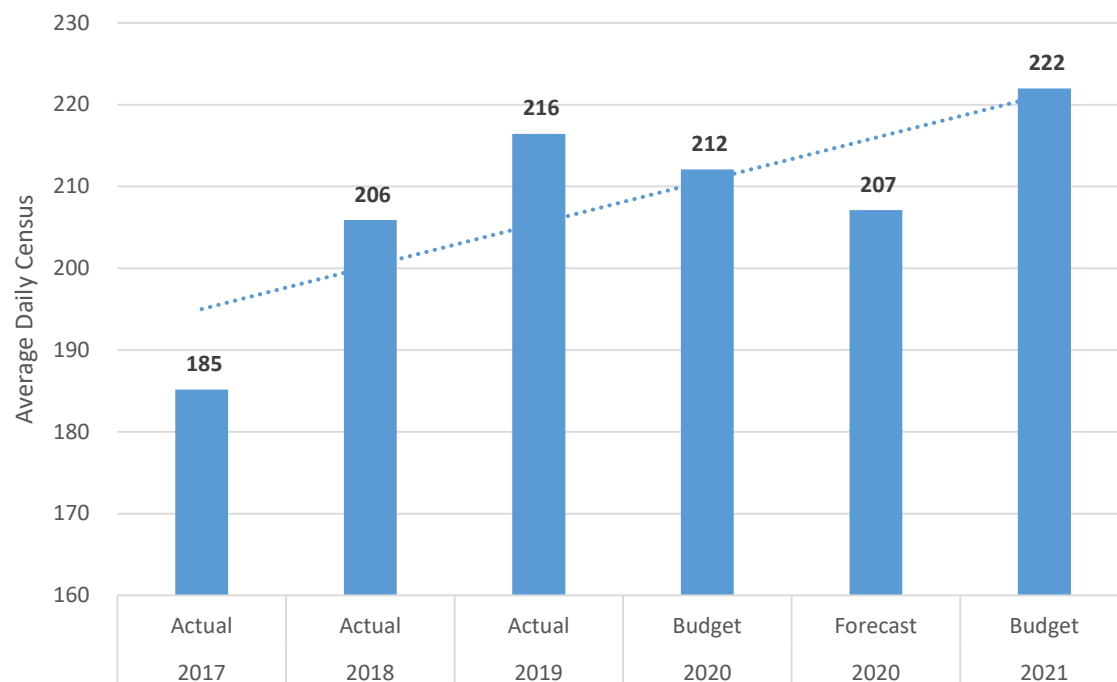
El Paso Children's



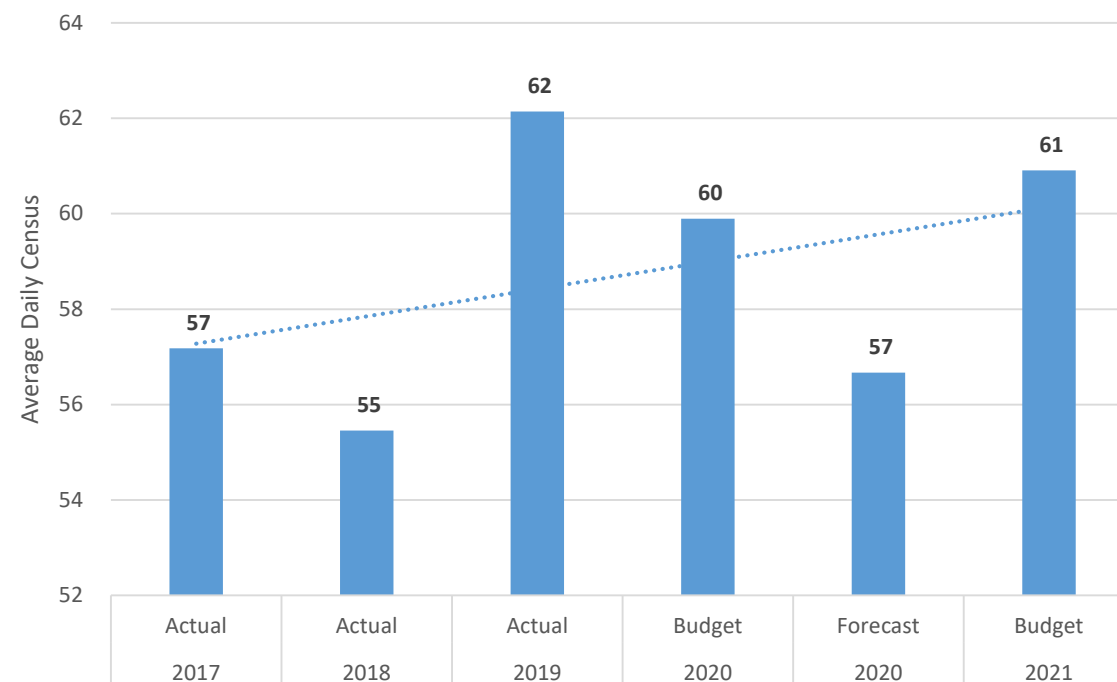
Average Daily Census Capacity Challenges



UMC



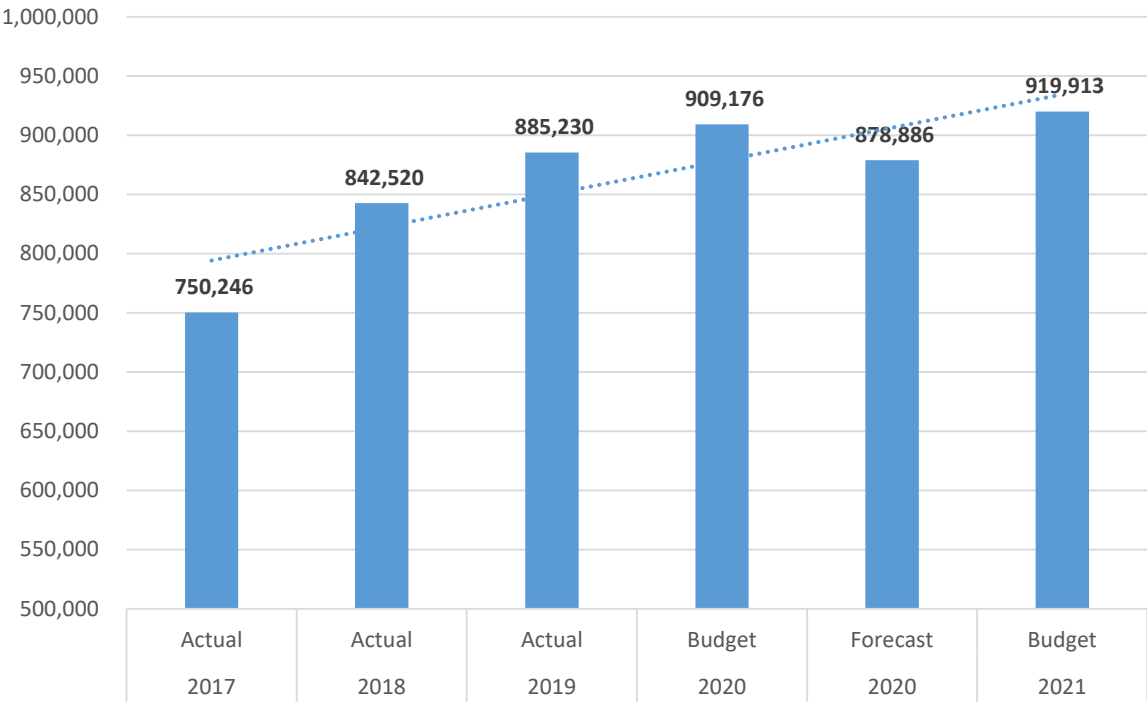
El Paso Children's



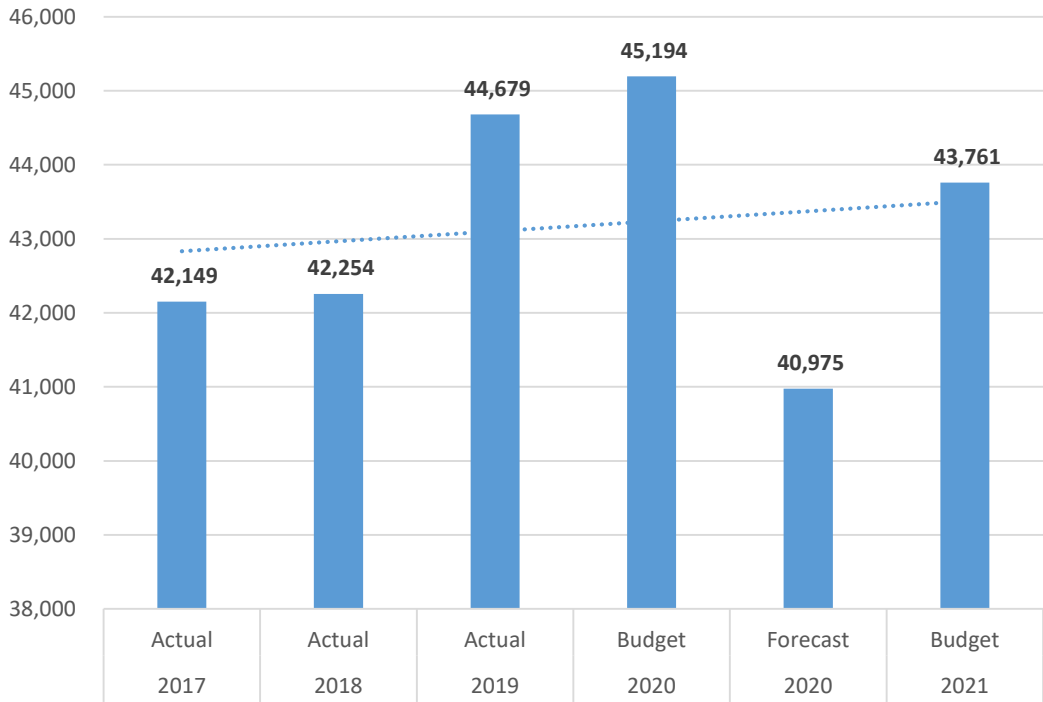
Outpatient Visits



UMC



EPCH Outpatient Visits



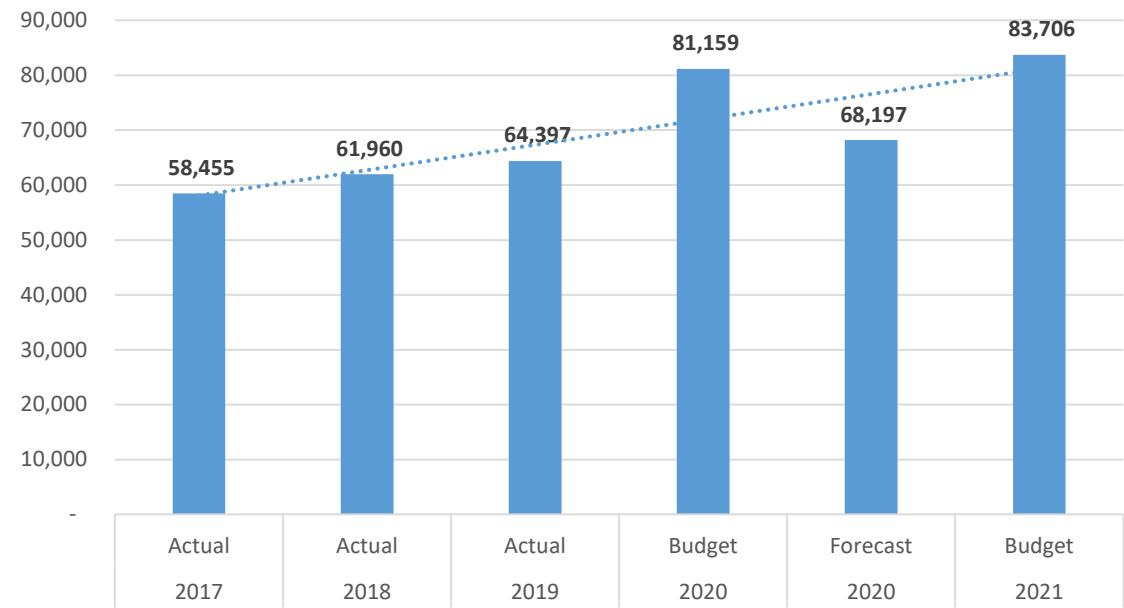
26% growth from 2016.

Emergency Room Visits

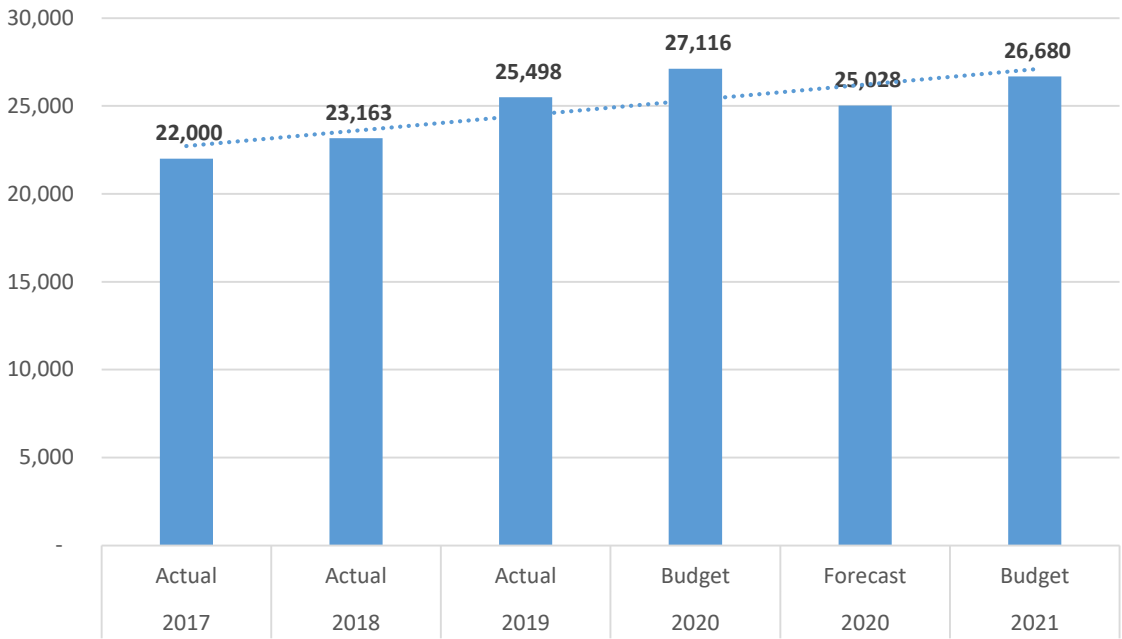
Continued Growth



UMC

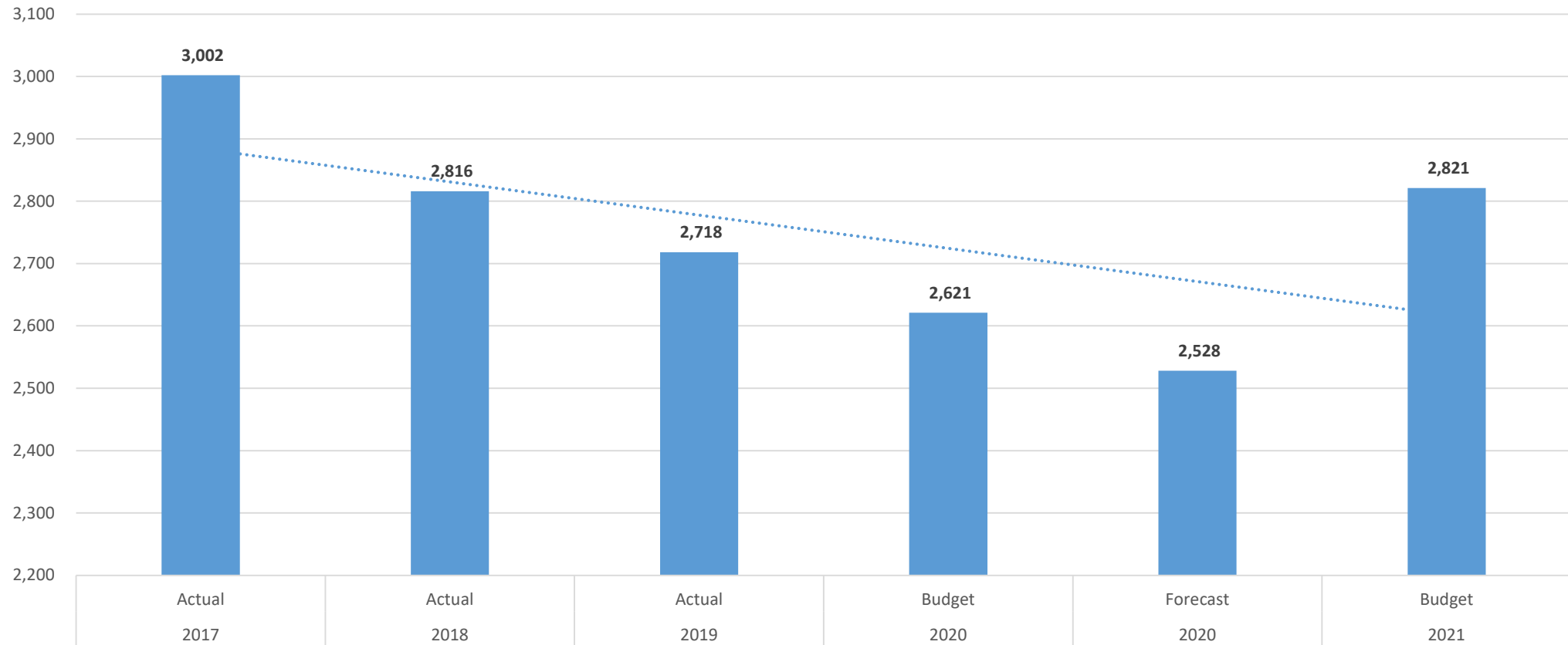


El Paso Children's



UMC Births

Ongoing Challenge



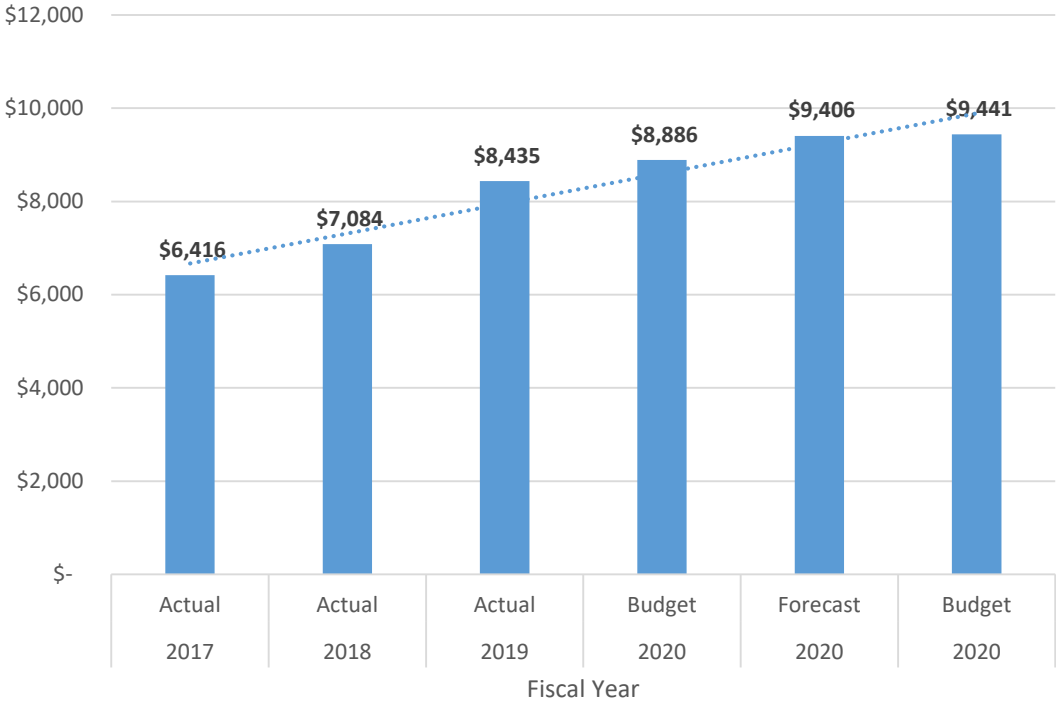
48% decrease from 2007.

Net Patient Revenue per AA

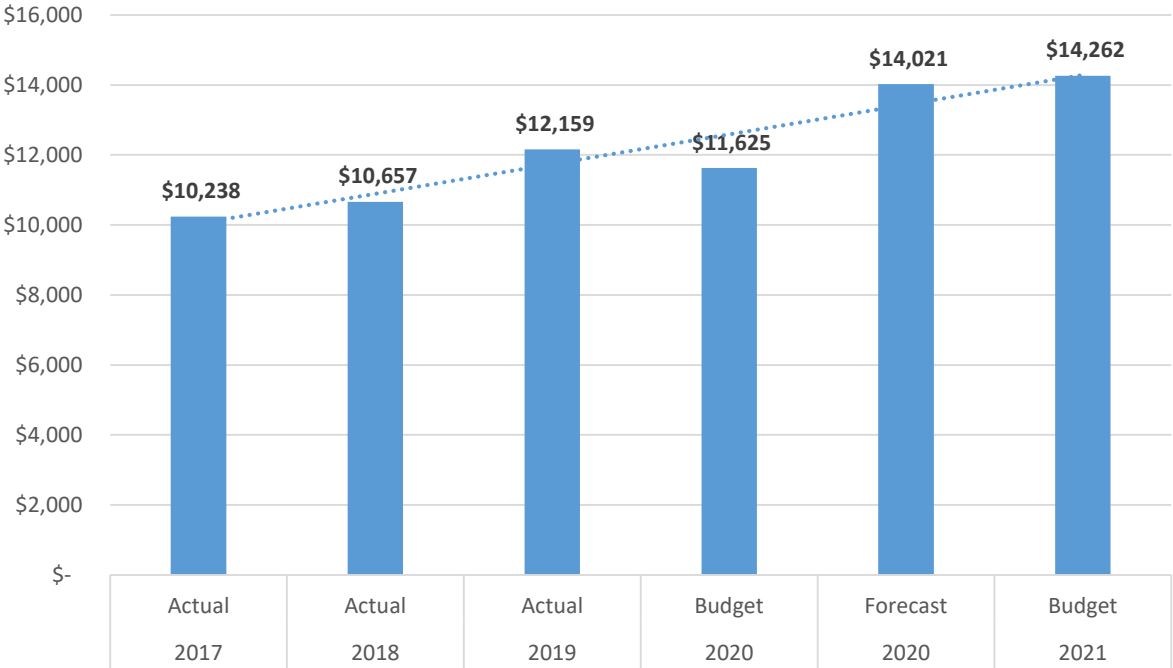
Sustained Annual Improvement



UMC



El Paso Children's



Significant Revenue Assumptions

- Net Patient Service revenue
 - 1.4% Inpatient admissions increase
 - 2% Inpatient surgery growth and 7% Outpatient surgery growth
 - Full year at Northeast and East Emergency Rooms, with expected visits of 8,700 and 7,900, respectively
 - 3% Outpatient visits increase
 - Payor mix - 64% funded and 36% unfunded
- Medicaid Supplemental revenue
 - \$10 million UC program decrease due to anticipated distribution formula changes
 - \$6 million DSH program decrease due to scheduled federal reductions and El Paso Children's UHRIP program increase
 - \$2.5 million DSRIP program decrease
- \$3 million Correctional Health contract increase due to expanded services

Significant Expense Assumptions

- Salaries and Wages
 - \$14.9 million increase
 - 1% merit increase approximating \$1.8 million, beginning December 2020
 - Full year of \$11 minimum wage, implemented July 2020, approximating \$3.7 million
 - Full year of 2020 market adjustments, implemented July 2020, approximating \$2.6 million
 - Paid FTE increase of 127 from Ambulatory Surgery Center, full year for two new Satellite ERs, Primary and Specialty Care growth at Neighborhood Health Clinics and Mobile Stroke Unit
- Employee Benefits
 - \$8.6 million increase
 - GASB No. 68 non-cash expense increase of \$8.5 million
 - Associate benefit plan amendment for Out of Network expenses
 - FICA and TCDRS increase due to salary and FTE increases

UMC

Significant Expense Assumptions



- Supplies and Pharmaceuticals
 - \$11.2 million increase
 - Ambulatory Surgery Center, ElectroPhysiology Lab, Operating Room volume and DaVinci Robot supply increases
 - Lower 2020 patient volumes
 - Pharmaceutical supply increase due to oncology drug price increase
- Computer Fees
 - \$10.3 million increase
 - 2020 Cerner settlement savings of \$6 million
 - Annual CPI increases
 - Operating Room and Telemedicine new system modules

Significant Revenue and Expense Assumptions

- STAR Program
 - 7.5% membership increase
 - STAR Premium capitation rate increase of 11%
 - UHRIP rate increase
- CHIP Program
 - 7% Premium capitation rate increase
- 85.9% Overall Medical Loss Ratio
- Salaries and Wages
 - 29 Paid FTE increase
 - 1% merit increase

El Paso Children's

Significant Revenue Assumptions



- Net Patient Service revenue
 - 7% Inpatient admissions increase, driven by Cardiology and Neuroscience service lines
 - Outpatient visit growth from strategic clinic expansion in Cardiology and Neuroscience
 - UHRIP add-on percentage increase from 2% to 52%
 - Average Length of Stay decrease of 4.7%
- Medicaid Supplemental Revenue
 - Uncompensated Care funding decrease due to formula distribution change to charity care
 - No DSH funding decrease as a result of UHRIP increase

El Paso Children's

Significant Expense Assumptions



- \$1.3 million increase in Salaries, Wages, and Benefits
 - 2% merit increase in 2nd quarter of FY21, approximating \$480 thousand
 - Market salary adjustments of \$350 thousand
 - Paid FTE increase of 33
 - Charge Nurse designation incremental wages
 - No proposed increases in health insurance premiums
- \$1.2 million Supplies increase, with 4% inflationary increase
- Decrease in leased equipment from UMC (agreement to term in December 2020)
- \$319 thousand increase in depreciation expense, due to budgeted capital expenditures

UMC of El Paso

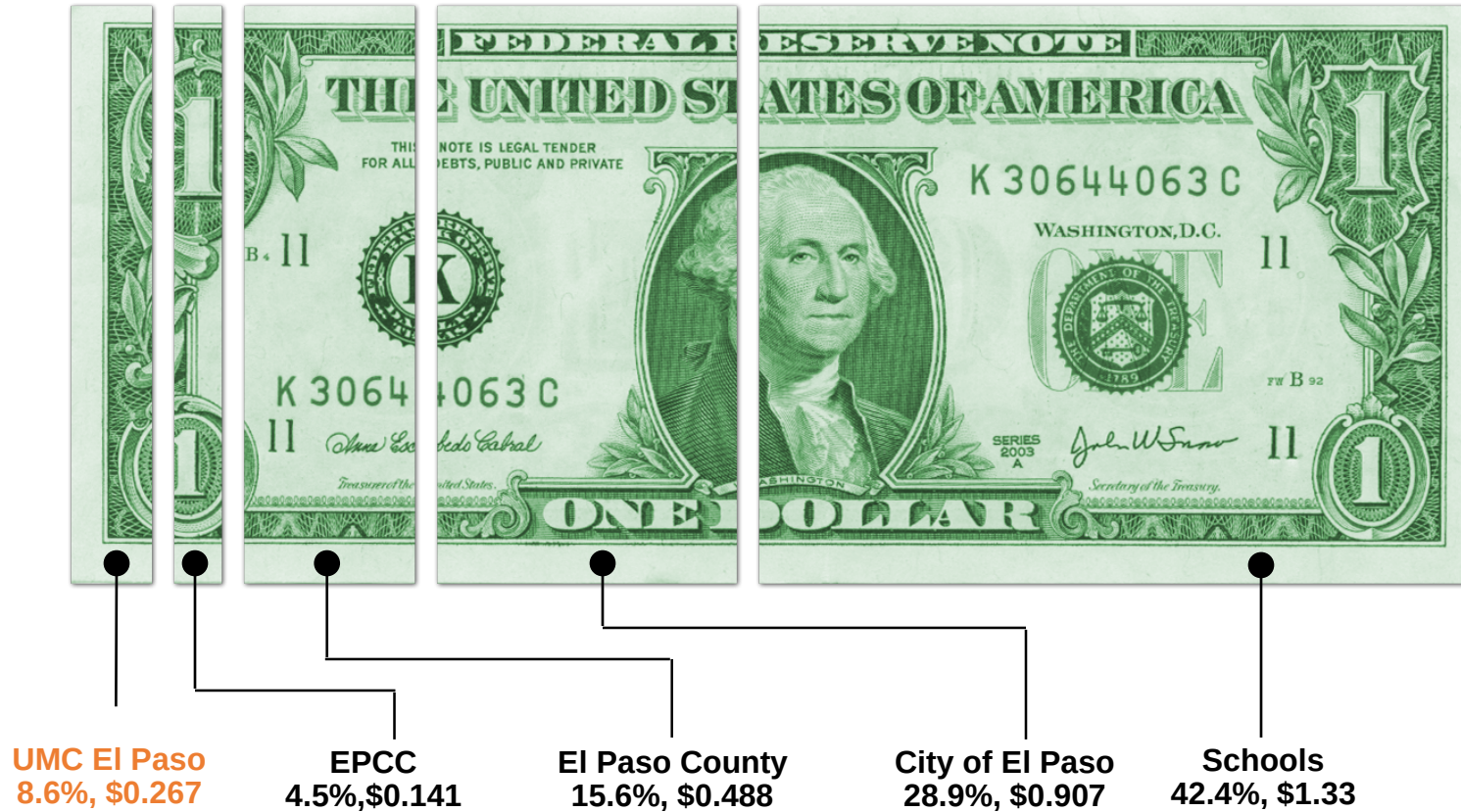
FY 2021 - 2020 Tax Rate Scenarios



	Fiscal year 2020	Fiscal Year 2021		
	Current Tax Rate	No New-Revenue Rate	Last year's rate	Voter-Approval Rate
Taxable value of existing properties	\$ 43,933,290,393	\$ 45,927,955,120	\$ 45,927,955,120	\$ 45,927,955,120
Taxable value of new properties/improvements	786,054,435	777,197,030	777,197,030	777,197,030
Total Taxable value	\$ 44,719,344,828	\$ 46,705,152,150	\$ 46,705,152,150	\$ 46,705,152,150
		4.44%		
Maintenance & Operations Tax Rate	\$ 0.214921	\$ 0.214718	\$ 0.217160	\$ 0.229979
Interest & Debt Service Tax Tax	0.052826	0.050587	0.050587	0.050587
Total Tax Rate	\$ 0.267747	\$ 0.265305	\$ 0.267747	\$ 0.280566
		\$ (0.002442)	\$ -	\$ 0.012819
Maintenance and Operations	\$ 96,111,263	\$ 100,284,369	\$ 101,424,908	\$ 107,412,042
Interest and Debt Service	23,623,441	23,626,735	23,626,735	23,626,735
Expected property tax revenue	\$ 119,734,704	\$ 123,911,104	\$ 125,051,644	\$ 131,038,777
Total variance from prior year-		\$ 4,176,400	\$ 5,316,940	\$ 11,304,073
Variance from new properties/improvements		2,061,943	2,080,922	2,180,551
Variance from prior year existing properties		2,114,457	3,236,018	9,123,522
Variance from Effective Tax Rate			\$ 1,140,540	\$ 7,127,673
Average home value	\$ 133,590	\$ 135,290	\$ 135,290	\$ 135,290
Annual property taxes due	\$ 357.68	\$ 358.93	\$ 362.23	\$ 379.58
Annual tax \$ change from prior year		\$ 1.25	\$ 4.55	\$ 21.89
Annual tax \$ change from effective rate			\$ 3.30	\$ 20.65

UMC of El Paso

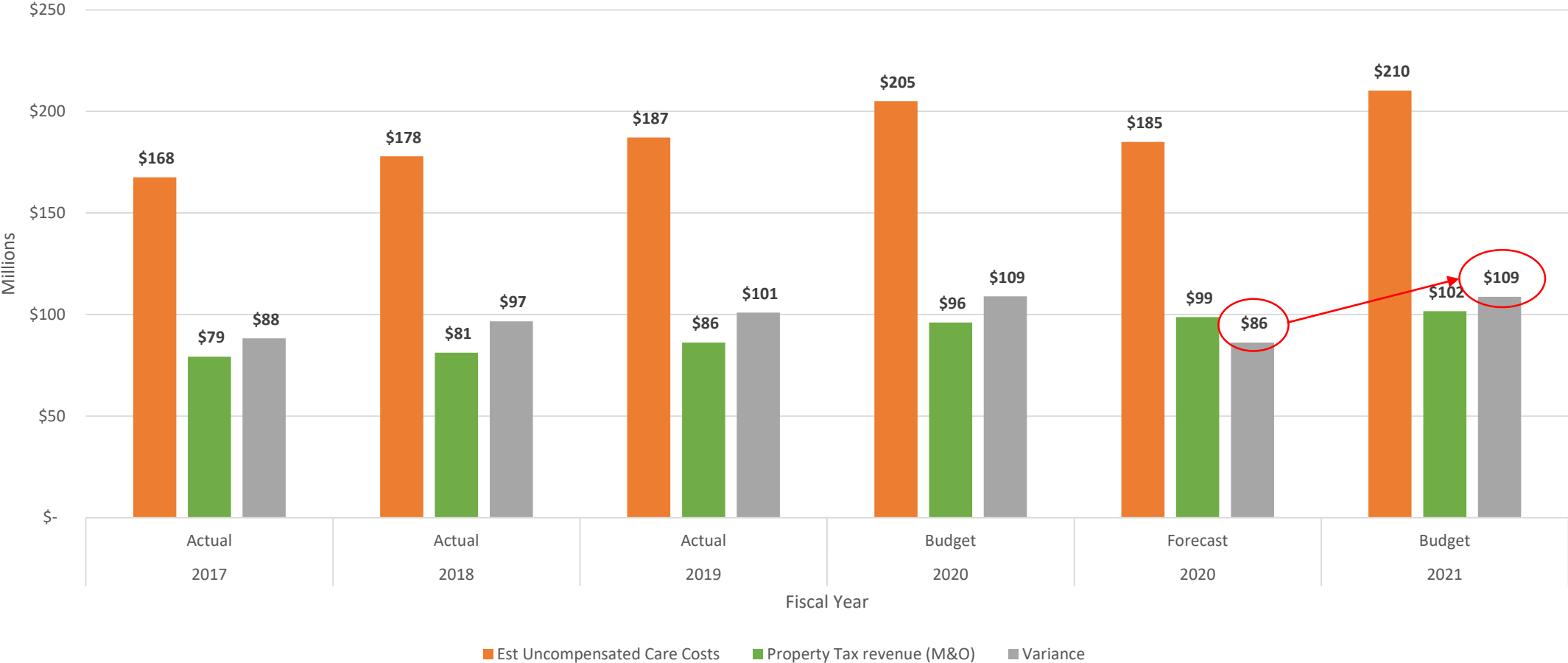
Taxing Entities 2019 Tax Rates



Source: Truth in Taxation Summary

UMC of El Paso

Estimated Uncompensated Care Costs and Maintenance & Operations Property Tax Revenue

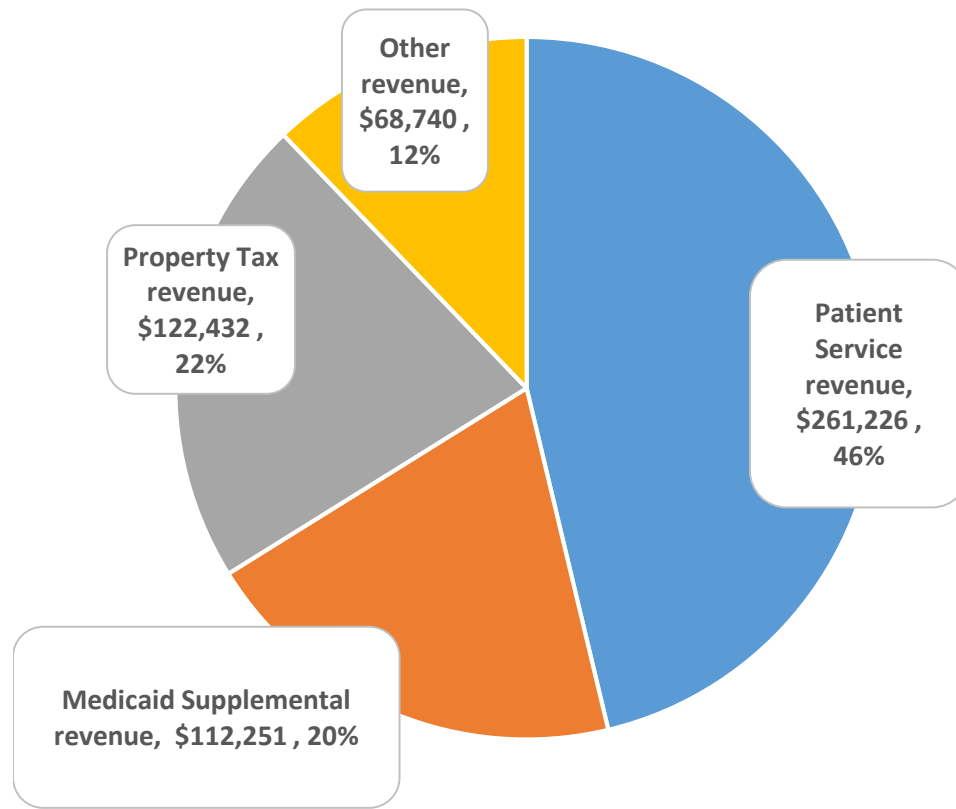


UMC of El Paso

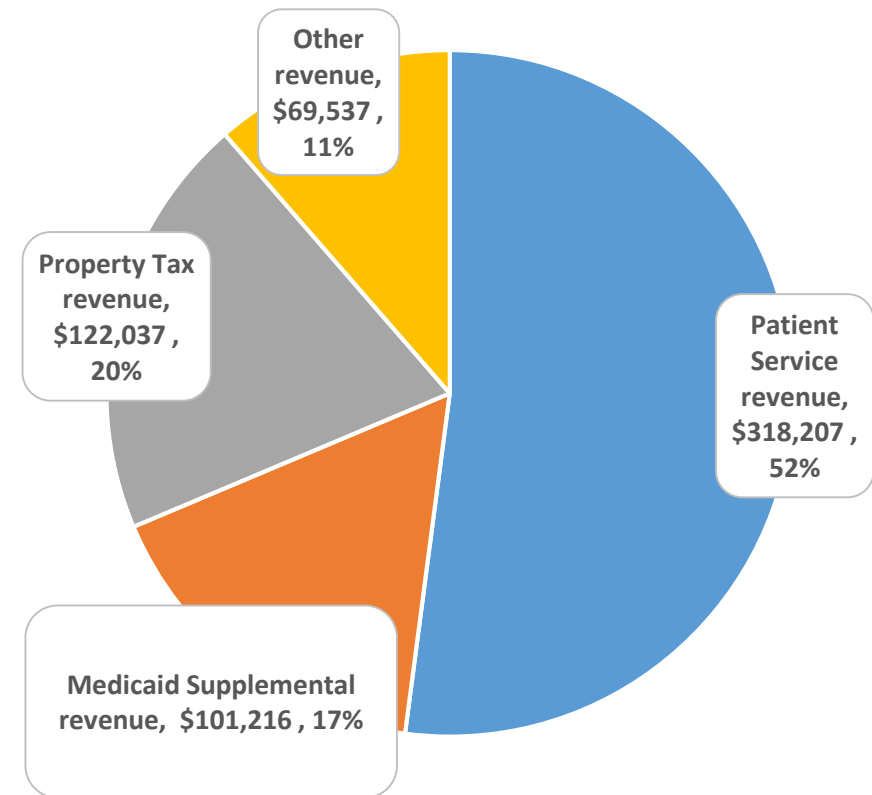
2020 Forecast and 2021 Proposed Budget



UMC El Paso, 9/30/2020 Forecast, \$565 million



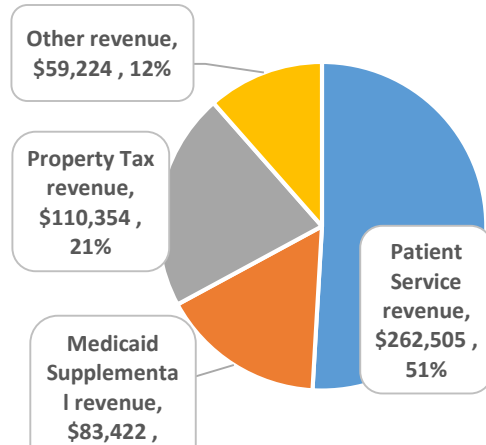
UMC El Paso, 9/30/2021 Proposed, \$611 million



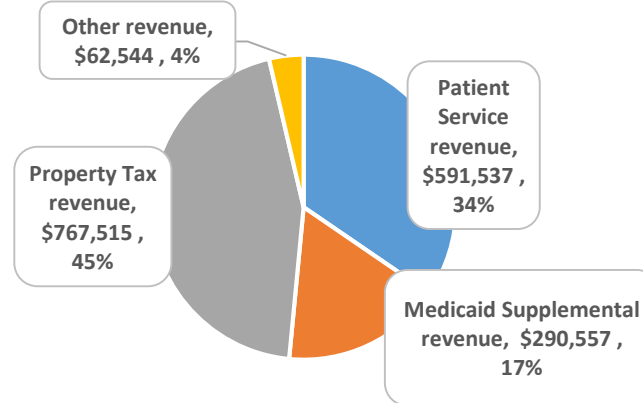
2019 Large Public Texas Hospital Comparison

(in thousands)

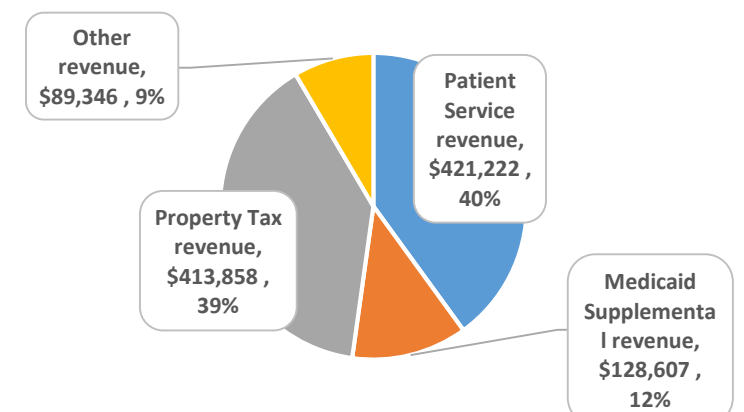
UMC El Paso
9/30/2019, \$516 million



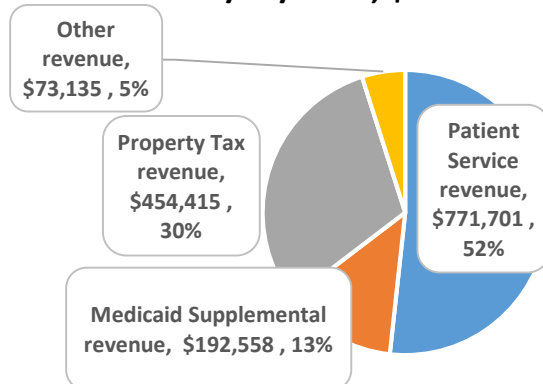
Harris Health System
2/28/2020, \$1.7 billion



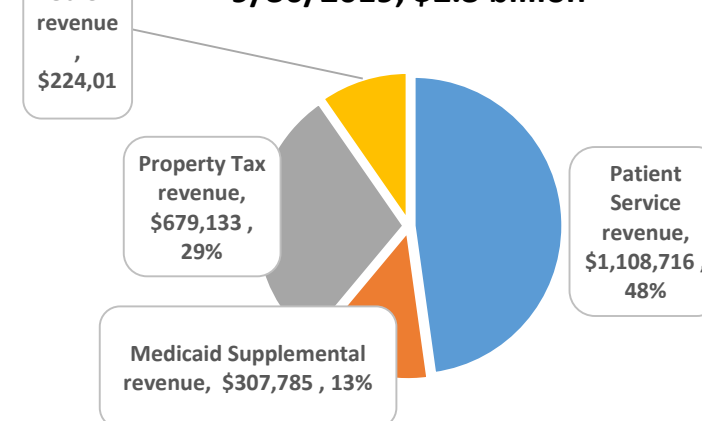
JPS Health Network
9/30/2019, \$1.1 billion



University Health System
12/31/2019, \$1.5 billion

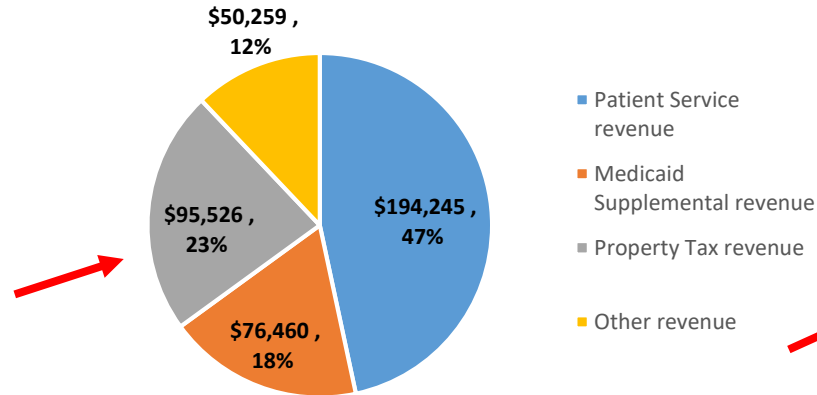


Parkland Health & Hospital System,
9/30/2019, \$2.3 billion

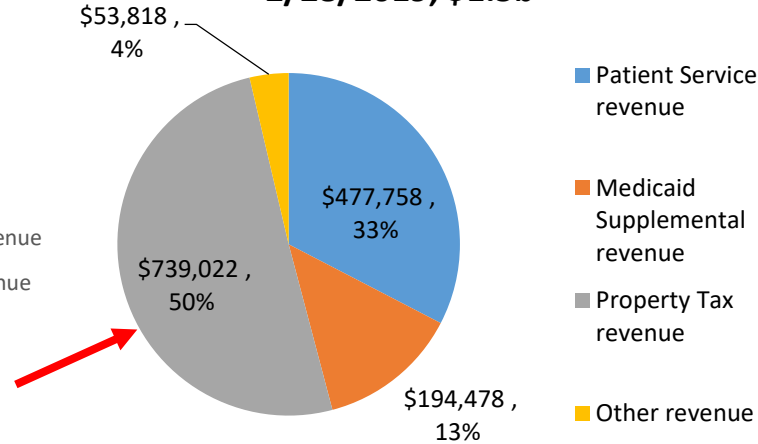


2018 Large Public Texas Hospital Comparison

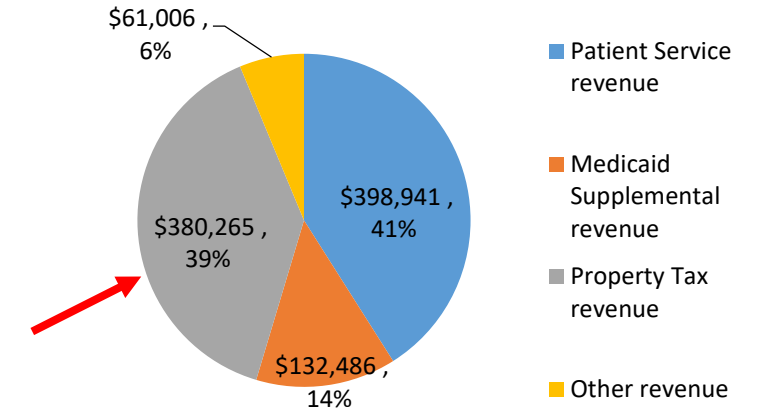
UMC El Paso
9/30/2018, \$456m



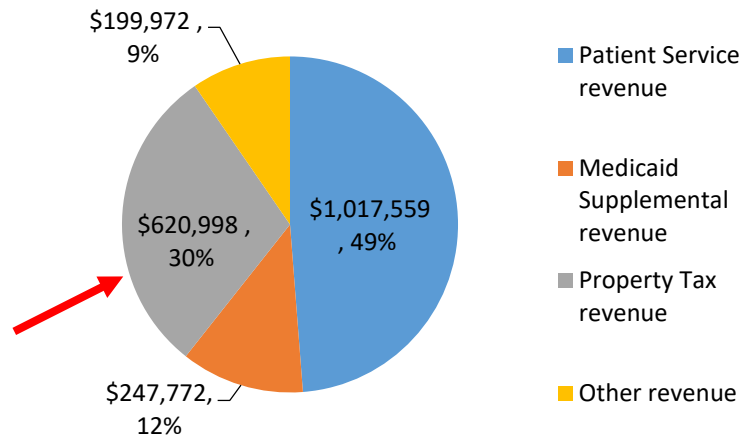
Harris Health, Houston
2/28/2019, \$1.5b



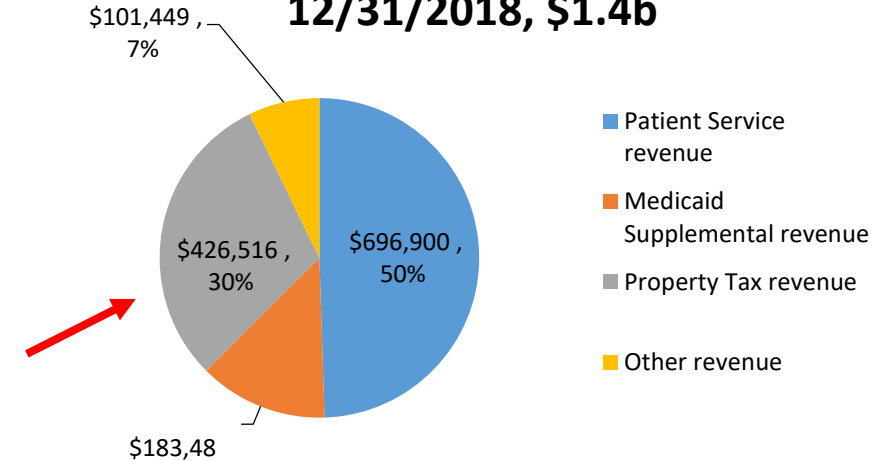
JPS Health, Fort Worth
9/30/2018 \$973m



Parkland Health, Dallas
9/30/2018, \$2.1b

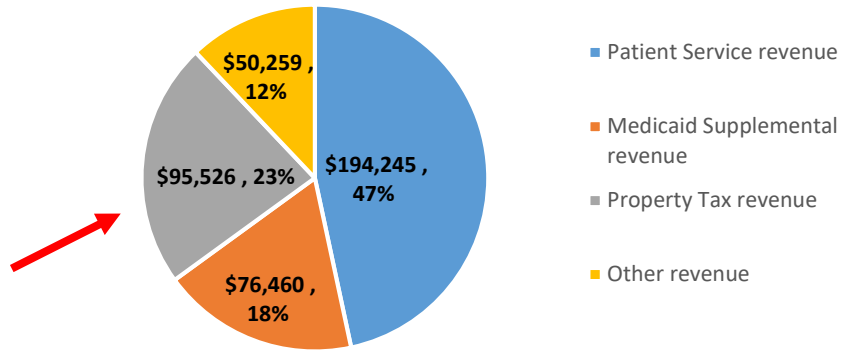


University Health, San Antonio
12/31/2018, \$1.4b

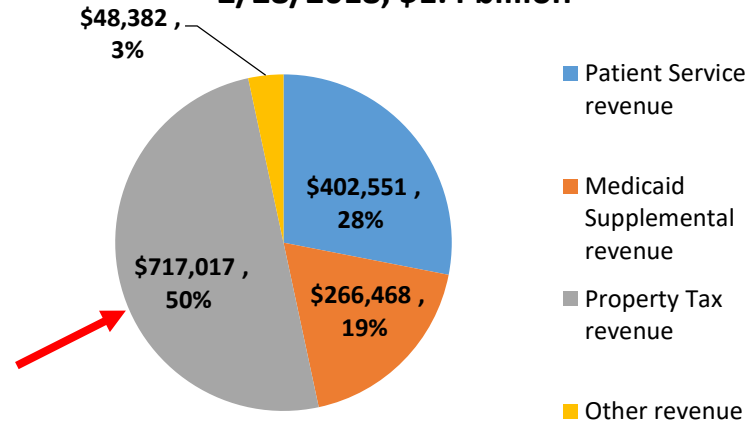


2017 Large Public Texas Hospital Comparison

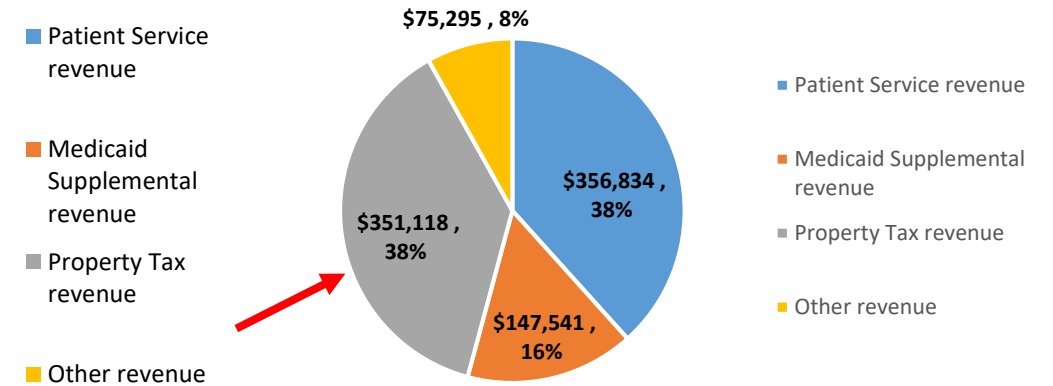
UMC El Paso
9/30/2017, \$416m



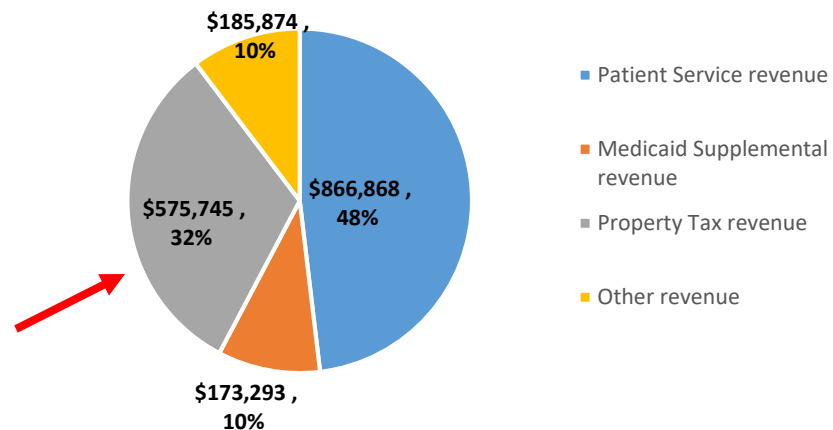
Harris Health, Houston
2/28/2018, \$1.4 billion



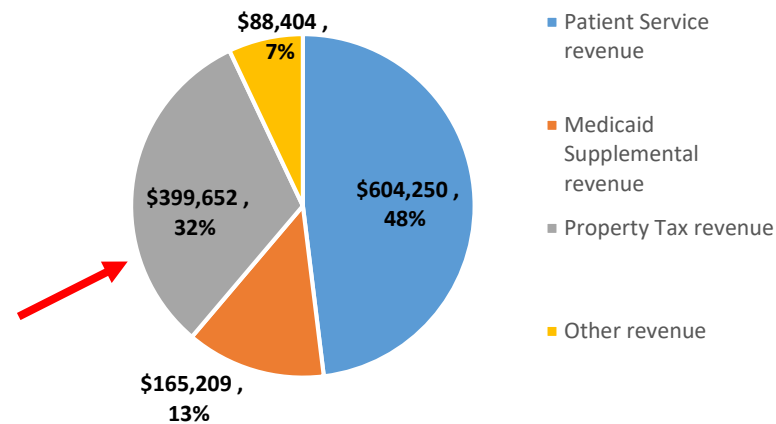
JPS Health, Forth Worth
9/30/2017, \$931m



Parkland Health, Dallas
9/30/2017, \$1.8b



University Health, San Antonio
12/31/2017, \$1.3b



2021 Proposed District Capital Budget

University Medical Center of El Paso

El Paso Health

El Paso Children's

UMC of El Paso Foundation

UMC Healthcare, Inc.



El Paso County Hospital District FY2021 Proposed Routine Capital Budget

■ UMC	\$ 15,000,000
■ El Paso Health	1,600,000
■ El Paso Children's	<u>2,700,000</u>
■ Total	<u>\$ 19,300,000</u>

■ 2017 Bond Funds

- The remaining Bond Fund proceeds, currently approximately \$15 million, are forecasted to be spent by September 30, 2020.

Questions and Thank you!