

Fiscal Year 2020 Budget Update

Eric M. Peburn
Chief Financial Officer

Audit & Finance Committee
June 26, 2019



HALIFAX HEALTH

FY 2020 Budget Update Agenda

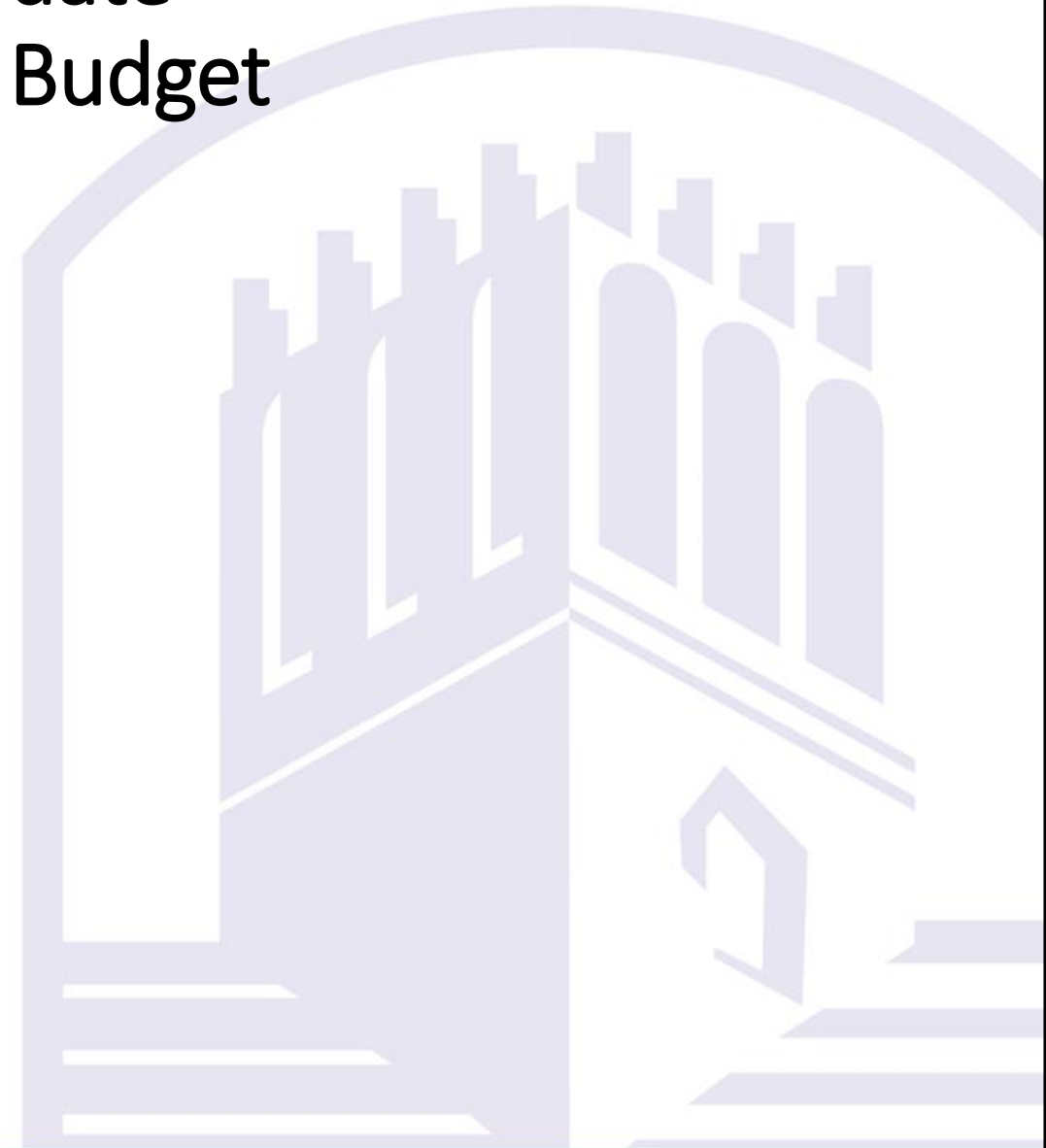
- Key Factors in Setting Budget
- Budget Status and Next Steps
- Ad valorem tax schedules



FY 2020 Budget Update

Key Factors in Setting Budget

- Achieve positive cash flow after capital and pension funding
- Targeting a 2% operating margin excluding Deltona Hospital
- Continuation of critical community services and benefits



FY 2020 Budget Update

Current Status and Next Steps

- Current budget gap has been identified at \$9.8M with \$2.0M remaining to be identified to achieve 2% operating margin
- Management is currently working through the following improvements and will be focused on the following strategies:
 - Appropriate patient classification
 - Throughput efficiency
 - Continued focus on reducing the Length of Stay
 - Reduced supply expense
 - Reduce costs in overhead, non-clinical areas
 - Evaluation of non essential programs and services
 - Attrition – not filling jobs as Team Members exit with the exception of direct patient care positions such as nursing
 - More effectively flexing staff on volumes and acuity – even in non-flex, overhead departments
- Restructuring patient care management along with consultant (Clinical Intelligence) to improve operating margin at a sustainable level above 3%

Halifax Health Medical Center
Preliminary Tax Base, Millage Rate and Estimated Tax Levies
FY 2020 Budget *
(\$ in thousands)

	Tax Base	Millage Rate, per 1,000				
		1.0000	0.7500	0.5000	Current Rate 0.3546	Rolled back Rate 0.3329
FY 2020	\$18,581,089,383	\$18,581,089	\$13,935,817	\$9,290,545	\$6,588,854	\$6,185,785

* Based on Preliminary assessed total taxable value.

Appendix



Halifax Hospital Medical Center
Schedule of Tax Bases, Tax Levies, and Millage Rates
FY 2007 - 2020
(\$ in thousands)

	Actual													Preliminary Budget
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 *
Tax Base (DR 420)	\$19,152,904	\$20,292,636	\$18,481,578	\$15,359,834	\$13,403,649	\$12,487,804	\$12,207,295	\$12,431,762	\$13,149,276	\$13,876,457	\$17,201,983	\$18,581,089	\$17,285,583	\$18,581,089
Gross Tax Levy	\$52,735	\$50,732	\$41,584	\$34,560	\$26,807	\$21,854	\$15,259	\$12,432	\$13,149	\$13,252	\$13,007	\$6,589	\$6,129	\$6,589
Millage Rate	2.750	2.500	2.250	2.250	2.000	1.750	1.250	1.000	1.000	0.9550	0.7561	0.3546	0.3546	0.3546

* FY 2020 Millage rate is estimated based on the information provided from the preliminary tax value.

Halifax Health Medical Center
Impact of Millage Rate
Non-Homesteaded Homeowner or Commercial/Investment Property
FY 2020 Preliminary Budget ¹

	<u>Prior Year</u>	<u>FY 2020 Budget</u>	<u>Percent Change</u>
Millage rate, per 1,000	0.3546	0.3546	0.0%
Property value ²	\$175,000	\$185,610	6.1%
Exemptions	\$0	\$0	0.0%
Property taxes	\$62	\$66	6.1%
Tax Levy impact to homeowner		\$4	

¹ FY 2020 Millage rate is estimated based on the information provided from the preliminary tax value.

² FY 2020 Property Value increased 6.1 % based on the average increase within the Halifax Taxing District excluding new construction.

Halifax Health Medical Center

Impact of Millage Rate

Homesteaded Homeowner

FY 2020 Preliminary Budget ¹

	Prior Year	FY 2020 Budget	Percent Change
Millage rate, per 1,000	0.3546	0.3546	0.0%
Homestead Property value ²	\$175,000	\$178,325	1.9%
Exemptions	(\$50,000)	(\$50,000)	0.0%
Property taxes	\$44	\$46	2.7%
Tax Levy impact to homeowner		\$1	

¹ FY 2020 Millage rate is estimated based on the information provided from the preliminary tax value.

² FY 2020 Property Value (Assessed value) increased 1.019% due to the Consumer Price Index being lower than the Save Our Homes max cap of 3%.

**Haliux Health Medical Center
Schedule of Uses of Property Taxes
FY 2020 Preliminary Budget ***

	FY 2019 Actual/Projected 0.3546 Mill	FY 2020 Budget 0.3546 Mill
Gross property tax levy	\$6,129,468	\$6,588,854
Tax discounts and uncollectible taxes	(108,996)	(117,000)
Net property taxes collected	6,020,472	6,471,854
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	(204,996)	(220,000)
Volusia County Medicaid matching assessment	(3,118,788)	(3,150,000)
Redevelopment taxes paid to Cities	(321,252)	(345,329)
Subtotal	(3,645,036)	(3,715,329)
Net taxes available for community health, wellness and readiness	2,375,436	2,756,525
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	(687,056)	(700,000)
Physician services	(8,820,874)	(8,950,000)
Trauma services	(6,355,646)	(6,500,000)
Pediatric and neonatal intensive care services	(429,962)	(450,000)
Child and adolescent behavioral services	(905,612)	(950,000)
Subtotal	(17,199,150)	(17,550,000)
Deficiency of net taxes available to fund hospital operating expenses	(14,823,714)	(14,793,475)
Uncompensated care, at cost:		
Halifax Health patients at facilities inside of the Halifax Health tax district	(30,885,761)	(31,967,000)
Non-Halifax Health taxing district patients and other write-offs	(21,622,695)	(22,379,000)
Subtotal	(52,508,456)	(54,346,000)
Total deficiency of net taxes available to fund hospital operating expenses and uncompensated care provided by Halifax Health, at cost	(\$67,332,170)	(\$69,139,475)

* Based on Preliminary assessed total taxable value.

Halifax Health Medical Center
 Uses of Tax Dollars FY08 - FY20
 FY 2020 Preliminary Budget @ 0.3546 Mill

