





Commissioners Court Annual Budget Presentation

JPS Health Network Fiscal Year 2022 Budget
September 7, 2021

JPS Health Network FY 2022 Introduction

The Fiscal Year 2022 budget will rely on the recently completed Strategic Plan to fund new initiatives and new directions for the Network.

Three key strategic imperatives that will be used throughout the budget process will be:

- Setting a New Standard for a Culture of Excellence
- Developing and Delivering Care Models of the Future
- Being at the Forefront of Shaping Thriving, Inclusive, Healthy Communities

This budget will specifically outline a new compensation initiative that will address living wage, equitable pay studies, and market based salary analysis, designed to retain and attract the best possible workforce. The budget also creates the Office of Connections Management to create the foundation for strong care models, improved cost effectiveness, and a better understanding of utilization.

The way our patients access care will be redesigned. This includes new education around the Connection program, and a journey mapping project to help us better understand how our patients interact with our healthcare system. Another component will be improved communication to key communities, with patients benefiting from greater information about JPS care, access, and services. This will be supported by additional Communications FTEs, dedicated to improving information sharing in and with the communities we serve.

The budget assumes a debt issuance late in FY 2022, pending future finalization of bond projects. As a placeholder, costs associated with a 30-year, \$200 million bond issue were included for interest expense and bond issue costs.

Combined Income Statement Budget FY 2022

	JPS Health Network	Acclaim	Foundation	Tarrant County Hospital District
Revenues				
Net Patient Revenue	\$ 504,065,951	\$ 74,619,156	\$ -	\$ 578,685,107
Ad Valorem Tax Revenue	503,883,111	-	-	503,883,111
Supplemental Medicaid Funding	159,019,298	-	-	159,019,298
Retail Pharmacy	67,072,481	-	-	67,072,481
Other Operating Revenue	42,871,536	53,604,837	3,374,716	99,851,089
Total Operating Revenue	1,276,912,377	128,223,993	3,374,716	1,408,511,086
Operating Expenses				
Total Compensation Costs	610,127,521	150,672,957	1,015,963	761,816,441
Professional Fees	155,411,234	10,278,653	204,720	165,894,607
Purchased Services	123,659,840	5,999,657	458,779	130,118,276
Medical Supplies and Drugs	159,440,147	460,548	-	159,900,695
Other Expenses	82,085,651	3,761,854	1,654,121	87,501,626
Depreciation	40,918,661	45,348	-	40,964,009
Total Operating Expenses	1,171,643,054	171,219,017	3,333,583	1,346,195,654
Operating Margin	105,269,323	(42,995,024)	41,133	62,315,432
<i>Operating Margin %</i>	8.2%	-33.5%	1.2%	4.4%
Non-Operating Income				
Other Non-Operating Revenue	125,488	-	-	125,488
Investment Income	2,712,597	-	376,222	3,088,819
Total Non-Operating Income	2,838,085	-	376,222	3,214,307
Excess of Revenue Over Expenses	\$ 108,107,408	\$ (42,995,024)	\$ 417,355	\$ 65,529,739
<i>Excess Margin %</i>	8.4%	-33.5%	11.1%	4.6%

Volumes

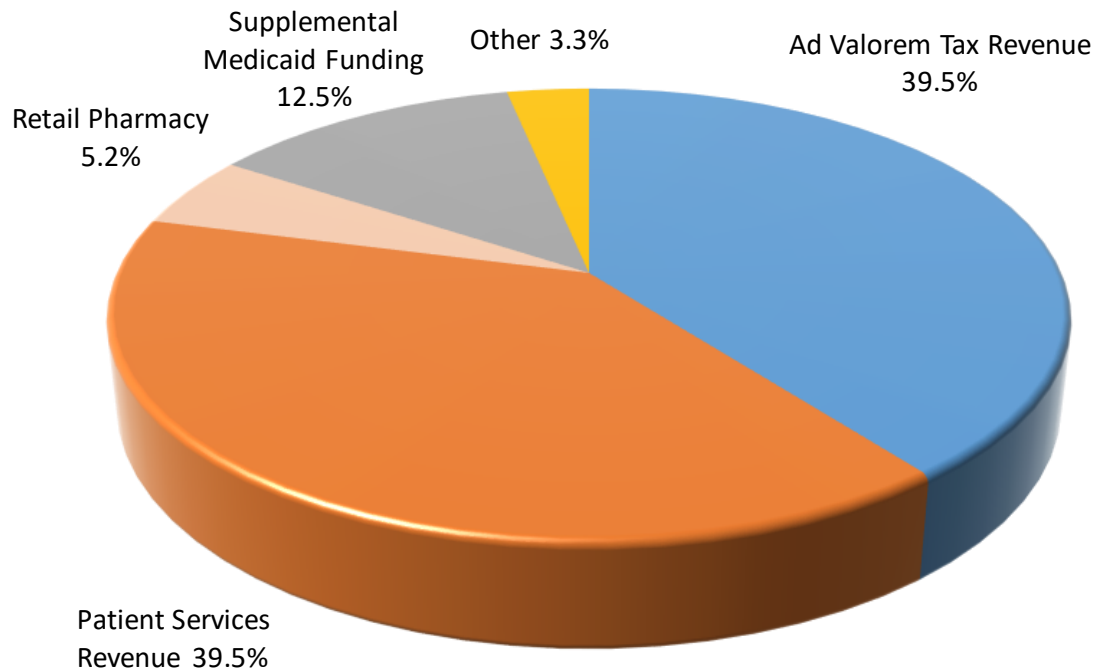


	FY 2021 Projected	FY 2022 Budget
<u>Medical:</u>		
Patient Days	134,261	138,856
Surgeries - Inpatient	5,894	6,293
Surgeries - Outpatient	7,895	7,990
Emergency Visits	108,300	114,700
Urgent Care Visits	31,678	35,000
Primary Care Visits	281,690	295,770
Specialty Care Visits	224,210	227,984
<u>Behavioral Health:</u>		
Patient Days	43,902	45,649
Emergency Visits	17,323	17,400
Clinic Visits	36,158	37,246
<u>Acclaim</u>		
Encounters	849,986	876,901
Providers	451	484

Revenue Sources

Total Operating Revenue is comprised of:

- 39.5% Medicare, Medicaid, commercial insurance plans and patient collections
- 39.5% Ad Valorem tax revenue
- 12.5% State and Federal payments including UC, DSH and Medicaid GME
- 5.2% Retail pharmacies
- 3.3% Grants, tobacco fund revenue, state funded mental health services, 340B retail program and other non-patient sources



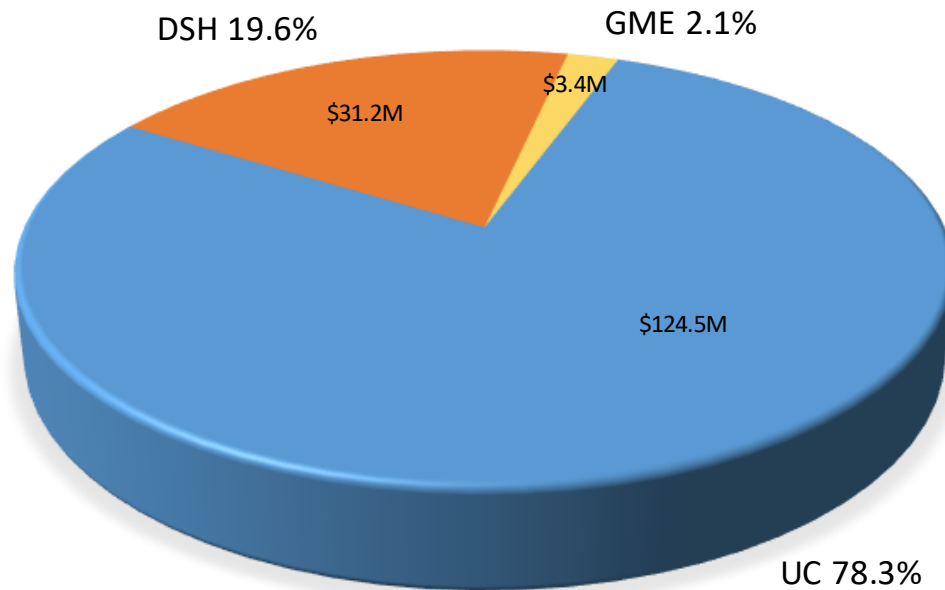
Ad Valorem Tax Revenue

	FY 2021 Projected	FY 2022 Budget	% Variance
M&O Rate	0.223490	0.223550	0.03%
I&S Rate	0.000939	0.000879	-6.39%
Proposed Tax Rate	0.224429	0.224429	0.00%
Net Tax Revenue	\$ 476,187,145	\$ 503,883,111	5.82%

Supplemental Medicaid Funding

Supplemental Medicaid funding is comprised of:

- Uncompensated Care (UC) payments are used to reduce the actual uncompensated cost of medical services provided to uninsured individuals who meet a provider's charity care policy
- Disproportionate Share (DSH) payments are to help cover the cost of care for Medicaid and low-income patients
- Medicaid Graduate Medical Education (GME) provides reimbursement to support teaching hospitals that operate approved medical residency training in recognition of the higher costs incurred by teaching hospitals

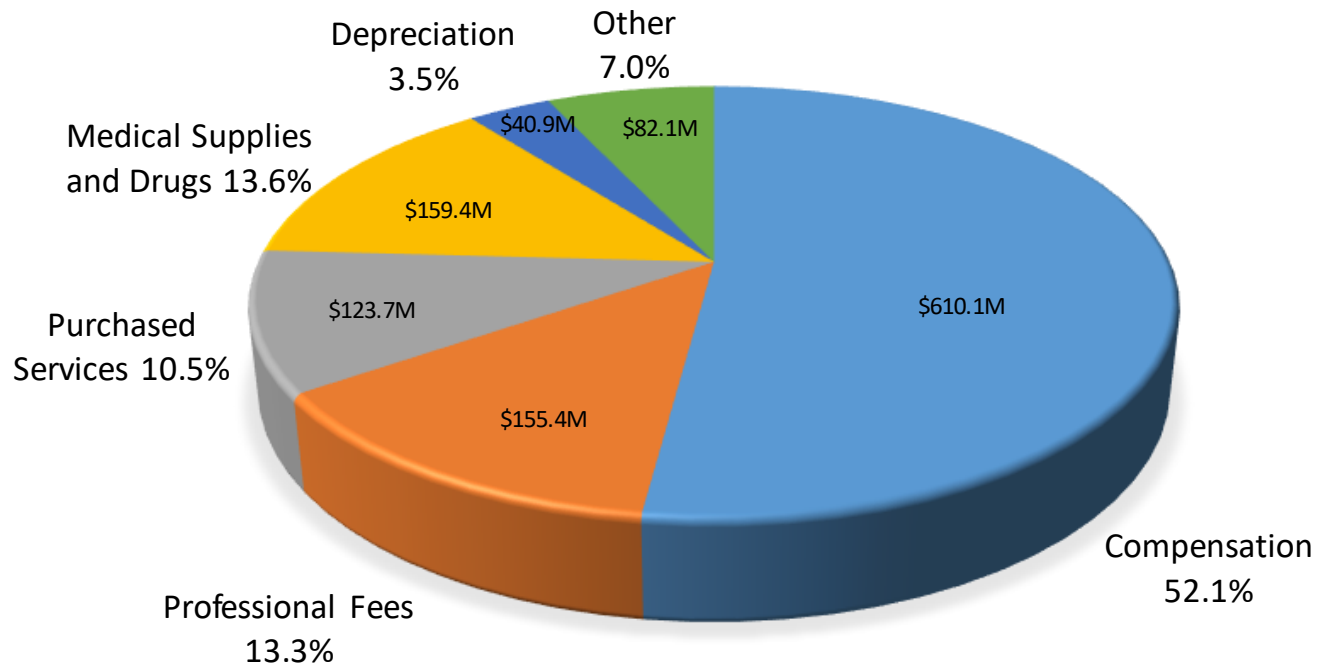


UC funding after FY 2022 is uncertain as the 1115 Waiver is currently set to expire September 30, 2022, and the program may change

Areas of Expense

Total Operating Expenses are comprised of:

- Compensation includes Salaries and Benefits for 6,205 budgeted FTEs
- Professional Fees are physician costs for Administration, Coverage, GME, and JPS Connection patient claims
- Purchased Services include Electronic Medical Record costs, service contracts to support patient care, and outsourced services
- Other Expenses include Public Health, Utilities, Repairs and Maintenance, Leases, and Insurance



Capital Budget



	Total
Patient Care Equipment	\$ 10,855
Facilities & Construction	10,603
Future Fund	10,000
Information Technology	3,742
Innovation	1,400
Contingency	1,000
Total FY 2022 Capital Budget	\$ 37,600

Upon the final approval of the Board of Managers and the Commissioners Court, JPS will break ground on a new medical home during this fiscal year. In addition JPS will continue to place an emphasis on mental and behavioral health expansion and construction.

Combined Income Statement Budget FY 2022

	FY 2022 Budget JPS Health Network	FY 2022 Budget Acclaim	FY 2022 Budget Foundation	FY 2022 Budget Tarrant County Hospital District	FY 2021 Projected Tarrant County Hospital District
Revenues					
Net Patient Revenue	\$ 504,065,951	\$ 74,619,156	\$ -	\$ 578,685,107	\$ 601,568,675
Ad Valorem Tax Revenue	503,883,111	-	-	503,883,111	476,187,145
Supplemental Medicaid Funding	159,019,298	-	-	159,019,298	212,772,744
Retail Pharmacy	67,072,481	-	-	67,072,481	66,716,000
Other Operating Revenue	42,871,536	53,604,837	3,374,716	99,851,089	102,052,770
Total Operating Revenue	1,276,912,377	128,223,993	3,374,716	1,408,511,086	1,459,297,334
Operating Expenses					
Total Compensation Costs	610,127,521	150,672,957	1,015,963	761,816,441	709,743,336
Professional Fees	155,411,234	10,278,653	204,720	165,894,607	155,028,945
Purchased Services	123,659,840	5,999,657	458,779	130,118,276	123,574,513
Medical Supplies and Drugs	159,440,147	460,548	-	159,900,695	149,063,965
Other Expenses	82,085,651	3,761,854	1,654,121	87,501,626	81,954,372
Depreciation	40,918,661	45,348	-	40,964,009	37,703,911
Total Operating Expenses	1,171,643,054	171,219,017	3,333,583	1,346,195,654	1,257,069,042
Operating Margin	105,269,323	(42,995,024)	41,133	62,315,432	202,228,292
<i>Operating Margin %</i>	<i>8.2%</i>	<i>-33.5%</i>	<i>1.2%</i>	<i>4.4%</i>	<i>13.9%</i>
Non-Operating Income					
Other Non-Operating Revenue	125,488	-	-	125,488	47,451,269
Investment Income	2,712,597	-	376,222	3,088,819	4,314,394
Total Non-Operating Income	2,838,085	-	376,222	3,214,307	51,765,663
Excess of Revenue Over Expenses	\$ 108,107,408	\$ (42,995,024)	\$ 417,355	\$ 65,529,739	\$ 253,993,955
<i>Excess Margin %</i>	<i>8.4%</i>	<i>-33.5%</i>	<i>11.1%</i>	<i>4.6%</i>	<i>16.8%</i>