

## Community General Hospital

TO: Department Heads

FROM: Administrator & Board of Trustees

SUBJECT: Budget & Operating Plans

As you are aware, it is now the beginning of our planning for the 2018 budget year. Enclosed you will find information which will be used for the development of the fiscal operating budget. This information, forms, and data have been reviewed and approved by the Hospital Board of Trustees.

One of the primary goals for the year is to complete the establishment of a new 20 bed in patient psychiatric/behavioral unit to complement our out patient behavioral health services.

I urge you to review the information that is contained in this package and, if you have any questions on the general or technical natures of this information, please notify administration.

During the coming year for Community General Hospital, we do expect a slight increase in our inpatient census. We do plan some major changes in our outpatient services with the addition of an ambulatory care center. This meets our projections that patient visits for emergency and outpatient care will increase substantially. This action is being taken in an attempt to respond to defined community needs.

In addition, we wish to improve our overall departmental operations. We hope to improve the efficiency and effectiveness in performing functions within all departments. Changes will be made in admission scheduling. The Imaging Department will be updated and new equipment purchased to include a MRI scanner. It is expected that in our initial year of operation the Imaging Department will be open 12 hours per day to perform MRI scans, be open 7 days per week and conduct 1 scan per hour. The New In Patient Psychiatric unit will open on December 1, 2017.

As you know, additional space is urgently needed in the emergency room and renovations will be forthcoming. We expect an increase in our outpatient visits. The dietary department has made great improvements over the years in both quality and cost per unit of service. The dietary department has made a move to prepare meals for our county's meals on wheels program. The dietary department negotiated a contract with the county this past year and we plan to initiate a meals on wheels program, which is expected to reach about 500 (2 person per family) needy elderly families. Budget planning information indicates this is a very profitable new venture.

The hospital is also proud to initiate a new work-study program with the local secretarial school and additional manpower will be available. We are also happy to announce the initiation of a new tuition refund policy in which we will pay for 100% of the tuition for those who wish to

go back to school on a related subject that is connected to the delivery of healthcare. We are also looking into a cooperative arrangement with the local community college to educate more Registered Nurses to help meet our future nursing needs. It is also expected that during the upcoming fiscal year we will complete the three year process converting all of our nursing units to operate in a paperless mode with the continued improvement of our information technology capabilities.

We hope you will discuss these and all operating matters with your department personnel and review all future plans and activities with those responsible to you. It is also important for you to discuss with other department heads how your operations will impact on them and how their departments impact on yours.

As I am sure you are aware, this year's operations have been accomplished with a devoted and dedicated staff. This administration is well aware that we have delivered quality services within our prescribed manpower budget. Should the department heads feel that their services will be expanded or improved for the coming year, additional manpower will be approved if fully cost justified in their budgets and explanations.

The budget calendar and target dates are the same as last year's. Please begin preparations immediately and comply with the schedule as per the calendar.

The budget officer in this case, your course instructor will be available to assist you in any way.

**Community General Hospital**  
**Policies and Goals for the Hospital**

Community General Hospital recognizes itself as a community resource and believes in fostering community participation in identifying health care programs that will be responsive to the needs of the people it serves.

We, the Board of Trustees, commit ourselves to providing the community with high quality care at an acceptable level and at the lowest possible costs. The delivery of patient care will also be based on the appropriateness and timeliness, as well as its cost effectiveness.

We encourage teaching and research in our facility, feeling that this will create the environment to support excellence in patient care.

We will participate in the identifying and healthcare needs within the community and will seek to be responsive to the needs of the people of the community.

To the extent that we are financially able, the hospital will operate for the benefit of those not able to pay.

The hospital will seek to stress the benefits of ambulatory care as an alternative to inpatient care for the community.

The hospital will seek to examine and recommend participation in such regional programs as are appropriate for the health care needs of our patients and the community we serve.

*\* As approved by the Board of Trustees, July 1, 2015 and reviewed and affirmed as of July 1, 2016.*

*PACKET A3*

COMMUNITY GENERAL HOSPITAL

ECONOMIC, DEMOGRAPHIC, OTHER INFORMATION

Community General Hospital serves a suburban rural area of approximately 115,000 people. The area is referred to as a township and is located about 35 miles from the downtown area of a large city. The hospital enjoys a fine reputation in the community.

The hospital meets all health and fire safety codes and is currently accredited by the JCAHO. It has a continuing medical education program and is affiliated with a medical center in the city. All beds are licensed by the State Department of Health and the hospital has recently completed minor renovations to comply with new ADA standards.

The hospital offers general, medical and surgical inpatient services, as well as limited outpatient facilities. The hospital also provides limited facilities for drug and alcohol abuse patients in cooperation with the State Drug and Alcohol Abuse Center. The outpatient department has been a weak point for the hospital, but it is hoped that this will be brought up to high standards in the near future.

The hospital is organized with a Chief Executive Officer reporting to the Board of Trustees. The Chief Executive Officer has two Assistant Administrators, one responsible for professional services and the other for non-professional services. The Medical Staff is well organized and is concerned and interested in the hospital and community needs. The hospital currently has about 48 physicians on its active Medical Staff.

Financially, the hospital is in sound condition. It possesses a reserve sufficient to generate new programs and purchase new equipment. The hospital has a development program and a development fund has been established which contains a sizable amount for new construction.

The hospital plant is 25 years old and in good condition. The maintenance of the institution is well established and the grounds are well kept. There is space for expansion on to or close to the original plant.

The hospital has just recently recruited two young family practice physicians to move to the area and set up practice at Community General Hospital. Within the past year the hospital has also initiated the establishment of a Hospitalist Program to provide care to hospital

inpatients. The major project which the hospital wished to accomplish this year is the establishment of the ambulatory care center. The physical modifications should be completed by mid-August and a target date of September 1<sup>st</sup> has been set for the official opening date of the new ambulatory care center. The Board has also discussed the possibility of affiliating with the neighboring hospital in its family practice residency program. The New In Patient Psych Unit is the major project for the new budget year.

As mentioned, the hospital services an estimated population of 115,000 persons. The population has been relatively stable in size; however, the number of aging has increased while the number of younger families and individuals has declined since the last census. The community felt that it did not have enough primary care physicians which led the Board to recruit two family physicians. While it appears the population will remain stable, it is expected that the percentage shift to a more aged population will continue over the next five years.

Approximately 95% of all patients are covered by third party insurance. The percentage breakdown of patients by class of pay is as follows:

Medicare	44%
Blue Cross	15%
Medicaid	07%
Other Insurance	10%
Self Pay	05%
HMO	10%

The population of the area is broken down as follows:

Under 19 represents	27% of population
19 – 64	43%
65 and over	30%

The region is serviced by one other hospital in the area and it is located approximately 20 miles from Community General Hospital. It is a 400 bed institution and services much of the lower to middle income type group and has a high percentage of indigent patients. The Board of Community General Hospital wishes to maintain a working relationship with this hospital, which is something that had not been done in the past.

#### Physician Information

General Practitioners	Median Age is 62
Surgeons	Median Age is 46.5

The total median age for all physicians is 55.

## PACKET A4

### Community General Hospital

#### INSTRUCTIONS AND WORKSHEETS FOR DEPARTMENTAL ASSUMPTIONS & OBJECTIVES

- I. Please review the information provided in this packet. (The hospital's community, the policies of the board, the hospital's overall goals and the main objectives for the institution).
- II. From this information you should be able to list the factors which you feel should be taken into account when planning the budgets for the departments involved. These departments are Nursing, Emergency/Ambulatory Care, Pharmacy, Dietary, Imaging, and Laboratory. These factors, which we will call assumptions and objectives, will be the factors that you will use in planning the budgets. They are statements describing future events and developments which will affect your department's operations, some you will have control over, others you will not.
- III. Based on these assumptions and factors, you should develop a set of measurable objectives for the department involved. These objectives should spell out exactly what you wish to accomplish in the departments for the next fiscal year. Examples of sane objectives are:
  - improve the delivery of nursing services by installing a primary nursing program on all floors by November 10<sup>th</sup>
  - reduce the waiting time for outpatient visits by 5 minutes each month
  - Provide the community with increased access to primary care by expanding the outpatient services department by 2,000 visits.
- IV. Use the attached worksheets to list the factors for the five departments and then list the objectives for the departments. From this worksheet you will then prepare the statistical budget worksheet for each department. (This worksheet will be distributed to you separately and it should be used to project your departmental services and operations for the budget year).

PACKET A4

COMMUNITY GENERAL HOSPITAL

ASSUMPTIONS AND OBJECTIVES FOR DEPARTMENTS WORKSHEET

Department Name: \_\_\_\_\_

I. Assumptions – Factors (LIST)

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II. Objectives (LIST)

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## **Budgeting Case Study**

### Packet A

#### COMMUNITY GENERAL HOSPITAL

Community General Hospital is a medium size 145-bed acute care community hospital. There is one other hospital in the community, which is located about 20 miles from Community General Hospital. The hospital services only general medical and surgical patients along with emergency services and clinic patients. In the 2017- 2018 budget year, the hospital plans to open a 20-bed in-patient psychiatric unit in an area of the hospital that had originally been occupied by medical surgical beds.

Statistical data is provided in Chart 1.

Approximately 95% of the patients are covered by third party insurance. The breakdown of population by type of payment is listed in Packet A 1

The Emergency Room has increased its volume over the past few years and out patient ambulatory care needs have been identified.

The hospital has recruited two new family practice physicians who will begin working at the beginning of the budget year. The hospital has also initiated a Hospitalist Service to service the inpatient population.

The Laboratory has added new equipment and will be doing about 40% more tests at the hospital rather than sending out to a referral lab.

The Pharmacy is also planning on installing a new inventory control system. The pharmacy also plans on purchasing a new pharmacy robot to help with the daily dispensing of medications.

The hospital plans to open and establish an Ambulatory Care Center, which was opened in September of the current year.

The Imaging Department will add new sophisticated equipment in the new budget year. Currently the hospital sends all of its patients in need of a MRI Scan to a freestanding Imaging Center not far from the hospital. The Hospital has however decided to purchase its own MRI and expects it to be installed and up & running by December 31, 2017.

The Dietary Department is going to provide a meals-on-wheels program providing 2 meals per day.

## **BUDGETING CASE STUDY**

### **Community General Hospital**

#### **Student Information**

Six departments are involved in our sample case study. They are:

1. Nursing
2. Emergency/Out Patient
3. Laboratory
4. Dietary
5. Imaging
6. Pharmacy

Your task is to develop a statistical budget based on the economic, demographic and other information provided. Your group is to develop a statistical budget on each of the departments involved. Basic statistical information about the hospital is also provided.

Based on all of the information, and group discussion, you should determine how this economic, demographic, and other group information will affect the hospital's services and the department's activities during the coming year. This will, of course, affect your next step, which is preparing the expense budget for your departments.

A statistical budget worksheet has been provided for your use. Each group should complete its own worksheet with new projected statistics for the 2016 budget year.

After all groups have presented their results, the entire class should reach a consensus. This consensus statistical budget then becomes the basis for planning your expense budget.

**Packet A Chart 1**  
**Community General Hospital**  
**Current & Historical Data**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Number of Admissions	6352	6560	6300
Number of Discharges	6362	6556	6294
Patient Days of Service	29901	31468	30840
Average Daily Census	82	86	85
Percent of Occupancy	56.4%	59.4%	58.2%
Average Length of Stay	4.7	4.8	4.9
Out-Patient Visits	13200	11900	11000
Emergency Visits	16100	15250	14765
Number of Beds	145	145	145
Number of Employees	508	510	520
Number of FTE's	468	470	472

STATISTICAL WORKSHEET

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Number of Admissions		6352	6560	6300
Patient Days of Service		29901	1468	30840
Laboratory Tests		623085	643470	617967
Imaging		65235	67371	64260
Pharmacy		107984	111520	107100
Emergency/Out Patient		16100	15250	14765
Dietary		68722	62276	70932

*Notes: For all ancillary diagnostic departments that generate patient revenue approximately 65% of the units of service are from out patient services. (This statistic is needed to develop our service volumes for Lab and Imaging.)*

PACKET C1

COMMUNITY GENERAL HOSPITAL

POSITION CONTROL PLAN INFORMATION AND WORKSHEETS

You will prepare a Position Control Plan and budget for the department. You will have full authority to prepare this plan and budget; and submit it to the Comptroller upon its completion. The Comptroller, in this case, will be your course leader. Following, you will find some information about these departments, what has happened in the past, and some of the guidelines. Your Course leader may give you additional information; and he can verify any points or answer any questions.

Community General Hospital currently has 468 full-time equivalent employees; last year they had 462.

Attached you will find the current year's Job Classification and Authorized Positions Worksheet for the six (6) departments at Community General Hospital, along with the pay for each group of positions.

Using the information in the Job Classification and Authorized Positions Worksheet, you are to complete the - Position Control Plan for each department involved. A Position Control Plan For each department is included in your packet.

1. Assign an authorized position code along with a first and last name for each job position.
2. Determine by group consensus the current salary for each person in each of the six (6) departments, work hours, the amount and % salary increase for each person and the requested salary for each person for the budget year 2018. Planning – Information is provided for your use.

An additional column has been provided. This may be used to include additional information.

Appoint a group spokesperson who has not reported prior to this exercise. The spokesperson will present the Position Control Plan to the class and will hopefully be influential in the development of the class consensus position control for Community General Hospital.

## PACKET C2

### COMMUNITY GENERAL HOSPITAL

#### PLANNING INFORMATION

This is for your use in preparing the Position Control Plan.

##### General

All employees receive two (2) weeks vacation per year beginning after six (6) months of service, eighty (80) vacation hours, there are ten (10) paid holidays per year. Sick leave is earned on the basis of one (1) per month with no waiting period required. There is no shift differential or premium pay at this hospital. Overtime is paid on the basis of time and one-half. An automatic cost-of-living increase is given every year to every employee. It is fluctuated between two (2) and three (3) per cent; two (2) years ago, it was two (2) per cent and last year it was three (3) per cent. Merit increases are available and given in addition to the cost-of-living increases. You are authorized to allow for a \_\_\_\_\_ % salary increase for all eligible employees. (This percent is to be determined in your groups)

##### Nursing

Two Hundred Four (204) full-time positions. The Director is one of the highest paid in the state. Each Assistant Director received the same salary; although one (1) is eligible for a merit increase -- the other is not All part-time nurses work twenty (20) hours/week.

The Ward Clerk minimum salary is \$27,000. The two (2) part-time clerks earn \$14,000 each. The highest paid clerks have been there for three (3) years and earn \$30,560 per year.

##### Pharmacy

Five (5) full-time positions. The Director has requested a 15% increase in salary with one (1) of the Staff Pharmacists being made Assistant Director with an increase in salary of \$4,500.

##### Laboratory

19.5 full-time positions. The Pathologist has asked to go on contract instead of being paid as an employee.

##### Emergency/Ambulatory Care

Twenty-two (22) full-time positions. All nurses have requested to be paid a differential for working in this area.

##### Dietary

Twenty-six (26) full-time positions. The Chief Dietician will be retiring halfway through the budget year. She currently makes \$87,000 per year and has been with the hospital twenty-four (24) years. All part-time workers work twenty (20) hours/week with the exception of two (2) food service workers.

##### Imaging

Thirteen (13) full-time positions. The Radiologists are not part of the hospital complement. All clerks receive \$27,560 per year. The technologists average \$58,000 per year, with the highest salary being \$72,000 and the lowest being \$45,000 per year.

PACKET C

COMMUNITY GENERAL HOSPITAL

JOB CLASSIFICATION AND AUTHORIZED POSITION WORKSHEET

Job Title and Classification	Number of Authorized Positions	Salary For Each Position
<u>Nursing</u>		
Director of Nursing	1 f.t.	\$138,000
Assistant Director	2 f.t.	\$96,000
Nurse Supervisors	4 f.t.	\$85,000
Head Nurses	11 f.t.	\$69,000
Staff Nurses R.N.	65 f.t.	\$61,400
	23 f.t.	\$57,400
	20 f.t.	\$56,900
	10 f.t.	\$56,500
	10 p.t.	\$27.35/hour
L.P.N.'s	15 p.t.	\$38,000
	10 f.t.	\$33,000
	5 f.t.	\$28,000
	4 f.t.	\$14.46/hour
Orderlies	5 f.t.	\$27,560
	5 f.t.	\$23,560
	6 p.t.	\$12.32/hour
Nurses' Aides	15 f.t.	\$27,000
Ward Clerks	6 f.t.	\$27,560
	4 f.t.	\$26,000
Secretary	2 f.t.	\$28,560
<u>Pharmacy</u>		
Director of Pharmacy	1 f.t.	\$125,000
Pharmacist	2 f.t.	\$105,000
Pharmacy Aid	1 f.t.	\$29,560
Secretary	1 f.t.	\$28,560
<u>Laboratory</u>		
Director (Pathologist)	1 f.t.	\$340,000
Medical Technologist (Dept. Head)	1 f.t.	\$ 78,000
Medical Technologist	11 f.t.	\$ 51,000
	2 p.t.	\$ 24.11/hour
Laboratory Technologist	3 f.t.	\$ 39,200
Laboratory Assistant	1 f.t.	\$ 29,500
Clerk (Secretary)	1 f.t.	\$ 28,560
	1 p.t.	\$ 13.76/hour

Job Title and Classification	Number of Authorized Positions	Salary For Each Position
<u>ER/Ambulatory Care</u>		
Head Nurse	1 f.t.	\$ 69,000
Staff Nurses	10 f.t.	\$ 61,400
	5 f.t.	\$ 57,400
	6 p.t.	\$27.35/hour
Nurses' Aides	2 f.t.	\$ 27,000
Secretary	1 f.t.	\$ 28,560
<u>Dietary</u>		
Dietician	1 f.t.	\$ 87,000
Assistant Dietician	2 f.t.	\$ 56,500
Food Service Supervisors	3 f.t.	\$ 37,000
Cooks	4 f.t.	\$ 36,000
Food Service Workers	12 f.t.	\$ 27,560
	6 p.t.	\$ 13.76/hour
Secretary	1 f.t.	\$28,560
<u>Imaging</u>		
Radiologist	2 f.t.	Contract
Chief Technologist	1 f.t.	\$ 83,000
Assistant Chief Technologist	1 f.t.	\$ 64,000
Nuclear Medicine Technologist	1 f.t.	\$ 58,000
MRI Technologist	3 f.t.	\$ 61,000
Radiology Technicians	5 f.t.	\$ 58,000
File Clerks	1 f.t.	\$ 27,560
Transcriptionist/Secretary	2 f.t.	\$ 28,560
	2 p.t.	\$ 13.76/hour
Patient Transporter	1 f.t.	\$ 25,560