

South Kenai Peninsula Hospital Service Area

FY2017 Proposed Budget

Operating Fund pages 307-311

Capital projects 326-327 & 338

Background information

- The service area is authorized to construct, maintain and operate a hospital or hospitals, to provide for acute inpatient and outpatient hospital services, personal care attendant services, inpatient long term care services, home and community based health care services, preventive medical care and wellness programs, and health education programs within the service area and for the administration and operation of the service area, subject to such conditions as may be established by ordinance of the Kenai Peninsula Borough.
- Serves a population of approximately 13,200 within a 9,600 square mile area
- Mgmt of the hospital is contracted out to SPH Inc. Current contract expires 12/31/2019, notification required by 4/1/2019
- Revenues
 - Mill rate 2.3 mills; \$4,604,560
 - Total revenue \$4,629,346
 - Oil & gas property increased \$75 million, generating an additional \$172,000 in revenue, a three year increase of \$117 million in taxable values
 - Real property increased approximately \$169 million, generating an additional \$389,000 in revenue

FY2017 Key Accomplishments

- Voter approval for issuance of debt for expansion and remodel of the Homer Medical Center facility and HVAC replace at the hospital
- Funding of \$1.7 million provided for capital projects in addition to the capital items authorized by the issuance of debt
- Funding of \$1.865 million provided for debt service
- Funding provided for community health care needs assessment & Kachemak Family Planning
- Attended Rural Hospital National Conference
 - Changing health care industry
 - Impacts to SPH

FY2018 Key Objectives & Budget Highlights

- Review of community health improvement plan and implementation
- Completion of the Homer Medical Clinic expansion/ remodel project and HVAC replacement project
- Reduction in property insurance \$50,502
- Providing funding for debt service \$2.2 million, new debt payment for HVAC/HMC projects estimated at \$414k
- Providing capital projects funding of \$1.8 million, an increase of \$200k from prior year

Expenditure summary – SKPHSA

	FY2017 Approved Budget	FY2018 Proposed Budget	Change
Personnel	\$ -0-	\$ -0-	\$ -0-
Services	254,945	204,443	(50,502)
Transfers	<u>3,465,338</u>	<u>4,043,265</u>	<u>577,927</u>
Total	\$ <u>3,720,283</u>	\$ <u>4,247,708</u>	\$ <u>527,425</u>
Increase of			14.2%

Long Term Issues & Concerns

- Changing health care needs
 - National
 - Reimbursement rates
 - Method payment, fee for services vs lump sum vs community based
 - Proposed changes to Accountable Care Act
 - Local
 - What services can the community provide and afford
 - Regional affiliations
- Hospital expenditures growing faster than net revenues
- Reductions in the State's budget and impact to local communities
 - Grants