

BLOUNT MEMORIAL HOSPITAL
Maryville, Tennessee

REPORT TO BLOUNT COUNTY COMMISSION – OCTOBER 2017

I. Introduction:

This report to the Blount County Commission provides you with information on Hospital activities, services, and progress over the past three months. It includes Statistical and Financial Reports, and other relevant information.

We want you to know that healing begins here, close to home, right here in Blount County. I am very pleased to report to you about the exciting work that is being done at Blount Memorial. Please let me know if you have questions or need clarifications on this report or any other Hospital activity.

II. Statistical Reports: (Please see the attached Statistical Report.)

Admissions for the month of August 2017 were 981 versus a budget of 863, which is 13.7% above budget, and 12.9% above prior year.

Patient days were 4,046, or 3.2% above budget of 3,920, and also 6.5% above last year.

The length of stay for August 2017 was 4.11 days, which is below budget of 4.54 and below prior year of 4.44 days.

For the first two months of this fiscal year, the Hospital had 1,919 admissions, versus a budget of 1,741 which is 10.2% above budget and 8.2% above prior year. Patient days for the first two months of this fiscal year have been 8,098 days, which is 2.4% above budget and 5.4% above prior year.

The average length of stay for the year has been 4.26 days, which is below budget of 4.54 and 0.7% below prior year.

III. Financial Report: (Please see the attached Financial Report.)

Gross patient revenues were \$91,484,000 versus a budget of \$90,355,000, which is 1.2% above budget.

Net patient revenues were \$22,427,000, which is \$594,000 or 2.7% above budget. Total operating revenues were \$23,291,000 which is \$604,000 or 2.7% above budget.

Expenses of \$23,169,000 were \$312,000, or 1.4% above budget and operating

income for the month was \$122,000, which is \$292,000 above budget.

For the year, gross patient revenues, net patient revenues, and total operating revenues were 2.4%, 2.8%, and 2.8% below budget, respectively. Operating loss was \$834,000 which was \$473,000 more than the budgeted operating loss of \$361,000. Bottom line income of \$583,000 was \$429,000 above budget.

For the month, compared to August 2016, gross patient revenues, net patient revenues, and total operating revenues were 7.6%, 8.9% and 7.7% greater than prior year, respectively. Total expenses were 6.8% greater than prior year. Operating income of \$122,000 is \$176,000 greater than prior year.

For the year, salaries, benefits and contract salaries as a percent of operating revenue are 63.36% compared to a budget of 62.82% and prior year of 64.11%.

Significant balance sheet changes for the month were an increase in cash and cash equivalence of \$1,601,179 and an increase in current assets of \$2,158,239. Current liabilities increased by \$1,852,936.

The bond and equity portfolio, for the Hospital and Foundation combined, totaled \$101,411,053 as of August 2017. The Hospital portfolio posted a gain of 0.47% for the month. The Foundation portfolio posted a gain of 0.03% for the month.

IV. Other Hospital Matters:

- A. Annual Audit Report: The Hospital Board of Directors received the Annual Audited Financial Report for the Hospital at its September Board Meeting. I will be providing the report to Mayor Mitchell.
- B. Charity Care: Blount Memorial Hospital is committed to serving the people of Blount County. During the months of June, July, and August 2017, Blount Memorial's financial assistance program provided \$11,252,620 of charity care to patients with a primary residence in Blount County at the time service was rendered. (\$2,698,105 more than the \$8,554,515 provided during the same period in 2016) We continue with our mission to improve the health and quality of life in the community we serve.
- C. U.S. News & World Report's High Performing Hospital for Chronic Obstructive Pulmonary Disease (COPD): I am pleased to announce that Blount Memorial Hospital has been recognized as one of the Best Hospitals by U.S. News & World Report for the 2017-2018 year with a High-Performing Hospital Ranking in the area of COPD. A hospital's COPD score is based on multiple data categories, including the amount of patients treated, patient survival rate, and more. Hospitals received one of three ratings -- high performing, average

or below average -- unless they treated an insufficient number of patients to be rated. Hospitals that earned a high performing rating were significantly better than the national average. I am proud of the six pulmonologists on our medical staff, as well as our cardiopulmonary team at Blount Memorial for the work they do to take care of our pulmonary patients each day.

- D. Breast Tomosynthesis Equipment: The Hospital has purchased new equipment for our Breast Health Center: a GE Senographe Pristina 3D Mammography System. The addition of three-dimensional imaging allows for radiologists to have a greater visibility of breast tissue structures and possible cancers. Current studies have shown that, when compared with traditional 2D mammography, 3D tomosynthesis increases cancer detection in earlier stages, when the breast cancers are smaller, which allows removal of the cancer and treatment to begin much sooner.
- E. Blount Memorial Auxiliary Donation: The Hospital Auxiliary presented the Hospital with \$150,000 on August 21, 2017 at the Auxiliary's annual meeting. This donation was made from fund raising efforts throughout the previous twelve months. We are extremely fortunate to have a very active group of hospital volunteers who are very passionate about providing support to our hospital, staff and patients.
- F. Hospital Turned 70; Two Community Events: As I reported in my July report to the County Commission, Blount Memorial celebrated its 70th anniversary on July 24, 2017. With a week's worth of events to recognize our stories, we also held two community events. First, on Tuesday, July 25, we dedicated a new flag pole at our East Tennessee Medical Group location. If you'll recall, the "Memorial" in the Hospital's name is a tribute to our war dead, those missing in action, veterans who live in our community, as well as those who continue to serve our country.

Additionally, on Thursday, July 27, 2017, we hosted an open house and tours for our community, which allowed visitors to see a neurosurgery surgical suite, the interventional radiology suite, the Hospital's cardiac catheterization lab and the bronchoscopy lab, where state-of-the-art lung cancer diagnosis and treatment takes place. We also had more than 15 physicians onsite to talk to participants.

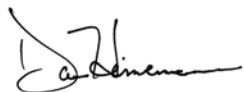
- F. Blount Memorial Wellness Center In August, the Blount Memorial Wellness Center at Springbrook celebrated its 20th anniversary. The Wellness Center at

Springbrook provides fitness options for families, but also serves as a stepping stone to regular exercise programs for a number of our patients who are returning to exercise after a health care issue.

V. Conclusion:

If you have questions or need any additional information regarding this report, please contact me. My office phone number is: 977-5533, and my office e-mail is: dheinema@bmnet.com. Please feel free to contact me at any time if I can be of service.

Best regards,

A handwritten signature in black ink, appearing to read "Don Heinemann", written over a horizontal line.

Don Heinemann
Chief Executive Officer

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