

**(North Fulton Regional Hospital):**

<b>Actual EBITDA</b>	<b>\$1.422M</b>
<b>Budget EBITDA</b>	<b><u>\$2.503M</u></b>
<b>Variance</b>	<b>(\$1.081M)</b>

Consolidated EBITDA for the month of January was \$1.422M as compared to a budget of \$2.503M for a negative variance of (\$1.081M). This represents a 43.2% decline from budget. Significant issues contributing to the unfavorable variances are:

- **Volumes:**

- OB volumes of 145 were 22.8% lower than budget due to: Clinica de la Mama (physicians Frederick and Scineaux) and North Pointe OB/GYN
- Growth in Northside and Emory Johns Creek has impacted elective admissions
- Negative variance in admissions through ED
- Orthopedics experiencing negative variance due to absence of doctors for one week
- Continued negative impact of Ophthalmology and G/I shift to an outpatient setting within physician practices
- Less severe flu season
- Continued negative impact of Dr Barnett
- Northwoods Medical (NHE) continues to be plagued by declining volumes and competition from Northside Forsyth

**Actions:**

- Contacted Clinica leadership and physician to ensure that there is no redirect of business; by month end volumes were up to previous levels; an increased number of deliveries scheduled for February
- Meet with Resurgens (orthopedics) who indicated that there is no relationship issues, just slow volume
- Assisting Spectrum with search for Dr Barnett replacement; have identified candidates for two slots one each in 2008 & 2009
- Developing outreach program for EMT teams and more targeted marketing tactics for ED
- Speaking with current medical staff regarding shifts towards Northside and Emory Johns Creek where admit declines are noticeable
- Speaking with two GI surgeons about practice succession and growth in near term
- Scaling back the Northwoods operations to meet the obligations of the CON and minimize loss
- Facilitated placement of and relationship between one of our core market loyal IM physicians and a large, demographically favorable CCRC in our community; will be expanding this program in 2008
- Developing senior outreach program with specific community targets and engagement strategies
- Engaging a targeted business outreach and contract program for 100 + employee core and PSA market employers

- Meeting with a Marietta vascular group to explore the potential for a satellite office in Roswell or our core market
- Met with our largest cardiology group to discuss opportunities to work together toward service growth (i.e. increased utilization of cath lab)
- **Net Revenue:**
  - Net patient revenue of \$2,266 per APD (exclusive of the >180 day impact) is 3% below the budget of \$2,336
  - A favorable >180 day adjustment of \$314k brought the per APD revenue in line with budget
  - Overall revenue dollars are negatively impacted by a 7.2% decline in APD, a 4.6% decreased in OP visits and an overall 30% decline in surgeries
  - Rockbridge MSO benefited by appx \$109k in prior period charges posted in January

**Actions:**

- Business Development continues to meet and work with physicians to build volume
  - Emphasis on a more targeted marketing plan for ED
  - Review the process for uncompensated elective admissions to ensure that proper financial clearance is received
  - Business Development Officer is working with Rockbridge to ensure that charges are processed for billing in a more timely manner
  - Continue to assist in recruiting efforts for lost physicians; recruitment targets have been identified and a strategy has been engaged
- **Expenses:**
    - Negative impact of the consignment inventory reclass
    - SWB dollars in raw terms under budget but FTE's per PAPD were 32 over budget
    - Contract labor increased despite lower volume

**Actions:**

- Considering a plan to consolidate units during periods of low census
- Administration and the Region will meet with department directors of units that are over on FTE's and develop plans to bring productivity to acceptable levels
- Implement a daily review process of productivity by department
- Review utilization of Contract Labor
- More closely review of how consignment inventory is handled and developing a policy to reduce future errors
- Continue to review OCE expenditures for possible reduction of discretionary expenses
- Broadlane is reviewing the implant and spinal supply costs to ensure that we are within contract and for possible bulk savings

- **Bad Debt:**
  - Higher bad debt due to increase in uninsured

**Actions:**

- Review the process for Uncompensated elective admissions to ensure that financial clearance process is followed