



Fiscal Year 2018 Northwestern Medical Center

Enforcement Discussion

April 8, 2019

Overview

1. FY18 Actuals
2. FY19 Year-to-Date (as of February 28, 2019)
3. FY19 Forecast
4. 5-Year Results
5. Discussion with Northwestern Medical Center

Northwestern Medical Center

FY18 and FY19 Budgets¹ Submitted and Approved

Net Patient Revenue/Fixed Prospective Payment (NPR/FPP)

FY18			FY19		
Submitted	Approved*	% Change from FY17 Budget	Submitted	Approved	% Change from FY18 Budget
\$105,776,757	\$104,401,050	2.4%	\$112,773,980	\$112,773,980	3.2%

*Adjusted for DSH; if further adjusted for the physician acquisition and/or transfer, the NPR would be an additional increase of 2.1%.

In May 2018, Northwestern's budget was adjusted to reflect a provider acquisition- \$1,727,173 increase in NPR. Accordingly, the final FY18 approved NPR/FPP totals \$106,128,223.

Charge

FY18		FY19	
Submitted	Approved	Submitted	Approved
6.0%	3.5%	2.0%	2.0%

Data Sources:

¹ FY18 & FY19 Budget Orders and FY18 amended budget order.

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FY18 Actuals²

Budget-to-Actual FY18 % Variance		FY18 Year-End Results As of September 30, 2018		
NPR/FPP % Variance	Operating Expenses % Variance	Operating Margin	Total Margin	Days Cash on Hand
-2.6%	2.2%	-3.4%	0.5%	299.5

Actual-to-Actual FY17 to FY18 Comparison				
NPR/FPP % Change	Operating Expenses % Change	Operating Margin % Change (points)	Total Margin % Change (points)	Days Cash on Hand Change (days)
2.2%	5.5%	-2.2%	-6.3%	-32

Operating Margin and Total Margin, when expressed as a percentage (%): comparisons between years are represented as a % change in points, not a % change in value. Results represent the difference in % points between the original value and the comparison value.

Data Sources:

² [FY18 Year-End Actuals Report](#)

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FY19 Year-to-Date as of February 28, 2019³

Budget-to-Actual FY19 YTD February		FY19 YTD February As of February 28, 2019		
NPR/FPP % Variance	Operating Expenses % Variance	Operating Margin	Total Margin	Days Cash on Hand
-1.7%	2.2%	-2.6%	-10.2%	277.1

Actual-to-Actual FY18 to FY19 YTD Comparison		FY18 YTD February As of February 28, 2018		
NPR/FPP % Change	Operating Expenses % Change	Operating Margin	Total Margin	Days Cash on Hand*
5.6%	5.3%	-0.6%	5.4%	NA

FY19 Projection					
	NPR/FPP	Operating Expenses	Operating Margin	Total Margin	Days Cash on Hand
Projection (full-year)	\$111,979,436	\$117,304,132	0.7%	1.7%	285.0
Budget-to-Projection % Variance (% , points or days)	-0.7%	0.9%	(points)	(points)	-21.5

*Hospitals did not submit Days Cash on Hand as part of FY2018 year-to-date reporting.

Data Sources:

³ FY18 and FY19 year-to-date February submission from hospital

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5-Year Results^{2,4}

NPR/FPP							
	Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	5-Year CAGR	Budget FY2019
(\$)	\$91,165,412	\$97,798,763	\$99,895,760	\$101,110,424	\$103,317,768	3.2%	\$112,773,980
(% Change)		7.3%	2.1%	1.2%	2.2%		

Operating Expenses							
	Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	5-year CAGR	Budget FY2019
(\$)	\$87,861,917	\$93,499,518	\$102,319,706	\$107,683,791	\$113,575,304	6.6%	\$116,243,347
(% Change)		6.4%	9.4%	5.2%	5.5%		

Data Sources:

² [FY18 Year-End Actuals Report](#)

⁴ FY19 Hospital Budget Submissions

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5-Year Results^{2,4,5}

Operating Margin						
	Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	Budget FY2019
(\$)	\$7,570,123	\$10,064,415	\$3,655,142	-\$1,259,824	-\$3,729,620	\$2,696,711
(%)	7.9%	9.7%	3.4%	-1.2%	-3.4%	2.3%

Total Margin						
	Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	Budget FY2019
(\$)	\$11,026,987	\$8,198,715	\$6,731,753	\$7,890,152	\$618,694	\$3,848,130
(%)	11.2%	8.1%	6.2%	6.8%	0.5%	3.2%

Data Sources:

² [FY18 Year-End Actuals Report](#)

⁴ FY19 Hospital Budget Submissions

⁵ Adaptive Insights Planning

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- Swearing-in and Oath
- Discussion with Northwestern Medical Center
- Follow up with GMCB Staff