

# Kaweah Delta Health Care District Board of Directors Meeting

*Health is our Passion. Excellence is our Focus. Compassion is our Promise.*



June 6, 2025

## SPECIAL NOTICE

The Board of Directors of the Kaweah Delta Health Care District will meet in the Support Services Building, Graduate Medical Education Conference Room 5<sup>th</sup> Floor {520 W. Mineral King Avenue, Visalia, CA} on Thursday, June 12, 2025:

- 4:00PM Open meeting

In compliance with the Americans with Disabilities Act, if you need special assistance to participate at this meeting, please contact the Board Clerk (559) 624-2330. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to the Kaweah Delta Health Care District Board of Directors meeting.

All Kaweah Delta Health Care District regular board meeting and committee meeting notices and agendas are posted 72 hours prior to meetings (special meetings are posted 24 hours prior to meetings) in the Kaweah Health Medical Center, Mineral King Wing near the Mineral King entrance.

The disclosable public records related to agendas can be obtained by contacting the Board Clerk at Kaweah Health Medical Center – Acequia Wing, Executive Offices (Administration Department/Executive Offices) {1st floor}, 400 West Mineral King Avenue, Visalia, CA via phone 559-624-2330 or email: [kedavis@kaweahhealth.org](mailto:kedavis@kaweahhealth.org), or on the Kaweah Delta Health Care District web page <http://www.kaweahhealth.org>.

KAWEAH DELTA HEALTH CARE DISTRICT  
David Francis, Secretary/Treasurer

Kelsie Davis  
Board Clerk / Executive Assistant to CEO

### DISTRIBUTION:

Governing Board, Legal Counsel, Executive Team, Chief of Staff, [www.kaweahhealth.org](http://www.kaweahhealth.org)

Mike Olmos • Zone 1  
President

Lynn Havard Mirviss • Zone 2  
Vice President

Dean Levitan, MD • Zone 3  
Board Member

David Francis • Zone 4  
Secretary/Treasurer

Armando Murrieta • Zone 5  
Board Member

# Kaweah Delta Health Care District

## Board of Directors Meeting

*Health is our Passion. Excellence is our Focus. Compassion is our Promise.*



## KAWEAH DELTA HEALTH CARE DISTRICT SPECIAL BOARD OF DIRECTORS MEETING

Graduate Medical Education Conference Room – West 5<sup>th</sup> Floor  
520 W Mineral King Avenue, Visalia, CA

**Thursday June 12, 2025 {Special Meeting}**

### OPEN MEETING AGENDA {4:00PM}

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **FLAG SALUTE**
4. **APPROVAL OF AGENDA**
5. **PUBLIC PARTICIPATION** – Members of the public may comment on agenda items before action is taken and after it is discussed by the Board. Each speaker will be allowed five minutes. Members of the public wishing to address the Board concerning items not on the agenda and within the jurisdiction of the Board are requested to identify themselves at this time.
6. **ANNUAL OPERATING & CAPITAL BUDGET AND FINANCIALS** – Review and discussion relative to the annual operating and capital budget strategies and the most current fiscal year financial results.  
*Malinda Tupper – Chief Financial Officer*
7. **ADJOURN**

# FY26 Preliminary Budget Presentation

## June 12, 2025

# FY2026 | Budget Update

---

**March 21<sup>st</sup>:** Volume, Capital and Operational budget workbooks

**April 21<sup>st</sup> - May 9<sup>th</sup>:** 1<sup>st</sup> round budget meetings (446 Budgets)

**May 21<sup>th</sup>:** Finance (FPSA) Board of Directors presented preliminary budget concepts

**May 22<sup>nd</sup> - June 11<sup>th</sup> :** Analysis and Breakout budget meetings

**June 5<sup>th</sup>:** Review of budgeted income statement with focus on FTEs

**June 9<sup>th</sup>:** Review of budget with focus on FTEs, operating expenses capital and strategic options

**June 12<sup>th</sup> :** Final Budget Discussions at Special Board meeting

**June 25<sup>th</sup>:** Final Presentation to the Board of Directors

# FY2026 Preliminary Budget Review

---

- **Current Assumptions**
- **Preliminary FY26 Budget Financial Reports**
- **Key items and discussion of options**
- **Employee Related Overview**
- **Contract Labor Overview**
- **Variance Analysis**
- **Financial Ratios and Cash Flow**

**Note:** The FY25 Projected amounts are based on 11 months of actual (July 2024-May 2025) plus a projected month for June 2025 using the average daily amount of May 2025

## Guiding Principles| FY 2026

---

- Bond Covenants: Budget must show a minimum of a 1.75 - Debt Service Coverage Ratio (MADS)
- Positive cash flow
- Days Cash on Hand to exceed 90 days
- Maintain or improve productivity ratios
- Reduce reliance on contract labor and use of premium pay
- Improve and stabilize patient quality

# Preliminary FY26 Budget - as of 6/11/2025

| FY26 Budget vs. FY25 Actual |                |           |          |
|-----------------------------|----------------|-----------|----------|
| Projected<br>FY 25          | Budget<br>FY26 | \$ Change | % Change |

| FY26 Budget vs. FY25 Budget |                |           |          |
|-----------------------------|----------------|-----------|----------|
| Budget<br>FY25              | Budget<br>FY26 | \$ Change | % Change |

## Operating Revenue

|                                |                  |                  |                 |             |
|--------------------------------|------------------|------------------|-----------------|-------------|
| Net Patient Service Revenue    | \$659,251        | \$690,735        | \$31,484        | 4.8%        |
| Other Operating Revenue        | \$236,709        | \$265,173        | \$28,464        | 12.0%       |
| <b>Total Operating Revenue</b> | <b>\$895,960</b> | <b>\$955,908</b> | <b>\$59,948</b> | <b>6.7%</b> |

|                  |                  |                 |             |
|------------------|------------------|-----------------|-------------|
| \$637,868        | \$690,735        | \$52,868        | 8.3%        |
| \$242,658        | \$265,173        | \$22,515        | 9.3%        |
| <b>\$880,525</b> | <b>\$955,908</b> | <b>\$75,383</b> | <b>8.6%</b> |

## Operating Expenses

|                                 |                  |                  |                 |             |
|---------------------------------|------------------|------------------|-----------------|-------------|
| Employment Expenses             | \$495,861        | \$513,472        | \$17,611        | 3.6%        |
| Other Expenses                  | \$434,733        | \$452,267        | \$17,533        | 4.0%        |
| <b>Total Operating Expenses</b> | <b>\$930,594</b> | <b>\$965,738</b> | <b>\$35,144</b> | <b>3.8%</b> |

|                  |                  |                 |             |
|------------------|------------------|-----------------|-------------|
| \$454,306        | \$513,472        | \$59,166        | 13.0%       |
| \$438,636        | \$452,267        | \$13,631        | 3.1%        |
| <b>\$892,942</b> | <b>\$965,738</b> | <b>\$72,796</b> | <b>8.2%</b> |

## Operating Margin

|               |            |           |            |  |
|---------------|------------|-----------|------------|--|
| Stimulus/FEMA | (\$34,634) | (\$9,830) | \$24,804   |  |
|               | \$48,412   | \$0       | (\$48,412) |  |

|            |           |           |  |
|------------|-----------|-----------|--|
| (\$12,416) | (\$9,830) | \$2,587   |  |
| \$6,600    | \$0       | (\$6,600) |  |

## Operating Margin after Stimulus/FEMA

|                             |          |           |            |  |
|-----------------------------|----------|-----------|------------|--|
| Nonoperating Revenue (Loss) | \$13,778 | (\$9,830) | (\$23,608) |  |
|                             | \$15,299 | \$10,175  | (\$5,123)  |  |

|           |           |           |  |
|-----------|-----------|-----------|--|
| (\$5,816) | (\$9,830) | (\$4,013) |  |
| \$7,916   | \$10,175  | \$2,259   |  |

## Excess Margin

|  |          |       |            |  |
|--|----------|-------|------------|--|
|  | \$29,076 | \$345 | (\$28,731) |  |
|--|----------|-------|------------|--|

|         |       |           |  |
|---------|-------|-----------|--|
| \$2,100 | \$345 | (\$1,754) |  |
|---------|-------|-----------|--|

# Preliminary FY26 Budget - as of 6/11/2025

|   | FY26 Budget vs. FY25 Actual |                  |                   |             | FY26 Budget vs. FY25 Budget |                  |                  |              |
|---|-----------------------------|------------------|-------------------|-------------|-----------------------------|------------------|------------------|--------------|
|   | Projected FY 25             | Budget FY26      | \$ Change         | % Change    | Budget FY25                 | Budget FY26      | \$ Change        | % Change     |
| <b>Operating Revenue</b>                    |                             |                  |                   |             |                             |                  |                  |              |
| Net Patient Service Revenue                 | \$659,251                   | \$690,735        | \$31,484          | 4.8%        | \$637,868                   | \$690,735        | \$52,868         | 8.3%         |
| Supplemental Gov't Programs                 | \$85,109                    | \$123,100        | \$37,991          | 44.6%       | \$89,717                    | \$123,100        | \$33,383         | 37.2%        |
| Prime Program                               | \$14,236                    | \$8,268          | (\$5,968)         | -41.9%      | \$9,502                     | \$8,268          | (\$1,234)        | -13.0%       |
| Premium Revenue                             | \$86,317                    | \$83,170         | (\$3,147)         | -3.6%       | \$90,567                    | \$83,170         | (\$7,397)        | -8.2%        |
| Other Revenue                               | \$51,047                    | \$50,635         | (\$412)           | -0.8%       | \$52,872                    | \$50,635         | (\$2,236)        | -4.2%        |
| Other Operating Revenue                     | \$236,709                   | \$265,173        | \$28,464          | 12.0%       | \$242,658                   | \$265,173        | \$22,515         | 9.3%         |
| <b>Total Operating Revenue</b>              | <b>\$895,960</b>            | <b>\$955,908</b> | <b>\$59,948</b>   | <b>6.7%</b> | <b>\$880,525</b>            | <b>\$955,908</b> | <b>\$75,383</b>  | <b>8.6%</b>  |
| <b>Operating Expenses</b>                   |                             |                  |                   |             |                             |                  |                  |              |
| Salaries & Wages                            | \$385,635                   | \$402,223        | \$16,588          | 4.3%        | \$375,604                   | \$402,223        | \$26,620         | 7.1%         |
| Contract Labor                              | \$24,792                    | \$19,832         | (\$4,960)         | -20.0%      | \$14,685                    | \$19,832         | \$5,148          | 35.1%        |
| Employee Benefits                           | \$85,433                    | \$91,416         | \$5,982           | 7.0%        | \$64,017                    | \$91,416         | \$27,398         | 42.8%        |
| <b>Total Employment Expenses</b>            | <b>\$495,861</b>            | <b>\$513,472</b> | <b>\$17,611</b>   | <b>3.6%</b> | <b>\$454,306</b>            | <b>\$513,472</b> | <b>\$59,166</b>  | <b>13.0%</b> |
| Medical & Other Supplies                    | \$166,784                   | \$173,219        | \$6,436           | 3.9%        | \$174,807                   | \$173,219        | (\$1,588)        | -0.9%        |
| Physician Fees                              | \$88,261                    | \$90,890         | \$2,630           | 3.0%        | \$86,628                    | \$90,890         | \$4,263          | 4.9%         |
| Purchased Services                          | \$20,851                    | \$22,594         | \$1,742           | 8.4%        | \$21,484                    | \$22,594         | \$1,110          | 5.2%         |
| Repairs & Maintenance                       | \$25,753                    | \$31,356         | \$5,603           | 21.8%       | \$24,899                    | \$31,356         | \$6,456          | 25.9%        |
| Utilities                                   | \$11,202                    | \$11,642         | \$440             | 3.9%        | \$10,987                    | \$11,642         | \$656            | 6.0%         |
| Rents & Leases                              | \$1,784                     | \$1,919          | \$135             | 7.6%        | \$1,843                     | \$1,919          | \$76             | 4.1%         |
| Depreciation & Amortization                 | \$39,705                    | \$41,805         | \$2,100           | 5.3%        | \$39,621                    | \$41,805         | \$2,183          | 5.5%         |
| Interest Expense                            | \$7,109                     | \$6,739          | (\$370)           | -5.2%       | \$7,163                     | \$6,739          | (\$424)          | -5.9%        |
| Other Expense                               | \$25,687                    | \$28,300         | \$2,613           | 10.2%       | \$26,858                    | \$28,300         | \$1,442          | 5.4%         |
| Humana Cap Plan Expenses                    | \$47,598                    | \$43,803         | (\$3,796)         | -8.0%       | \$44,345                    | \$43,803         | (\$543)          | -1.2%        |
| <b>Total Other Expenses</b>                 | <b>\$434,733</b>            | <b>\$452,267</b> | <b>\$17,533</b>   | <b>4.0%</b> | <b>\$438,636</b>            | <b>\$452,267</b> | <b>\$13,631</b>  | <b>3.1%</b>  |
| <b>Total Operating Expenses</b>             | <b>\$930,594</b>            | <b>\$965,738</b> | <b>\$35,144</b>   | <b>3.8%</b> | <b>\$892,942</b>            | <b>\$965,738</b> | <b>\$72,796</b>  | <b>8.2%</b>  |
| <b>Operating Margin</b>                     | <b>(\$34,634)</b>           | <b>(\$9,830)</b> | <b>\$24,804</b>   |             | <b>(\$12,416)</b>           | <b>(\$9,830)</b> | <b>\$2,587</b>   |              |
| <b>Stimulus/FEMA</b>                        | <b>\$48,412</b>             | <b>\$0</b>       | <b>(\$48,412)</b> |             | <b>\$6,600</b>              | <b>\$0</b>       | <b>(\$6,600)</b> |              |
| <b>Operating Margin after Stimulus/FEMA</b> | <b>\$13,778</b>             | <b>(\$9,830)</b> | <b>(\$23,608)</b> |             | <b>(\$5,816)</b>            | <b>(\$9,830)</b> | <b>(\$4,013)</b> |              |
| Investment Income                           | \$12,841                    | \$7,750          | (\$5,092)         |             | \$5,568                     | \$7,750          | \$2,182          |              |
| Net GOB Revenue                             | \$2,573                     | \$2,425          | (\$148)           |             | \$2,348                     | \$2,425          | \$77             |              |
| Gain (Loss) on Asset Disposal               | (\$116)                     | \$0              | \$116             |             | \$0                         | \$0              | \$0              |              |
| Nonoperating Revenue (Loss)                 | \$15,299                    | \$10,175         | (\$5,123)         |             | \$7,916                     | \$10,175         | \$2,259          |              |
| <b>Excess Margin</b>                        | <b>\$29,076</b>             | <b>\$345</b>     | <b>(\$28,731)</b> |             | <b>\$2,100</b>              | <b>\$345</b>     | <b>(\$1,754)</b> |              |



## Key Items | FY 2026

---

1. Includes full 401K Match = \$10.8M
2. Includes Defined Benefit expense of \$14.2M assumes \$4.5M contribution to the plan in FY26 and assumes 7.5% return on investments
3. Includes a 2% increase in annual employee merit increase \$6.2M
4. Includes a vacancy factor of 175 FTEs = \$15.9M
5. FTE reductions to initial requested budgets of 123 FTEs = \$11.2M
6. Includes remaining market rate increases due to minimum wage of \$1.14M
7. Includes At Risk Compensation of \$800K
8. Includes increase in employee insurance premiums \$980K
9. Reduction in denials and improvement in throughput \$1.5M
10. Tapering off the use of contract labor from by over 50% from current amount. Reduced \$1.7M from initial budgets
11. Assumes overall inflation 3.5%
12. Capital Budget \$18M and will depend on final budgeted cash flow results

# Key Statistical Indicators | FTEs

## FTE's BUDGET 2026 over 2025

| VP                 | Change Groupings FTE Bdgt26-Bdgt25 |                      |                       |            |                            | FTE Budget 26 | FTE Budget 25 | FTE 25 Annlzd May 25 | Bdgt FY 26 FTE over Annlzd FY25 |
|--------------------|------------------------------------|----------------------|-----------------------|------------|----------------------------|---------------|---------------|----------------------|---------------------------------|
|                    | New Position.                      | New Service / Close. | Other/ Add'l Staffing | Volume     | FY26 FTEs over FY25 budget |               |               |                      |                                 |
| ⊕ Ben Cripps       | 2                                  | 8                    | 0                     | 0          | 10                         | 73            | 63            | 56                   | 17                              |
| ⊕ Dianne Cox       | 7                                  | (2)                  | 0                     | 1          | 7                          | 271           | 264           | 257                  | 15                              |
| ⊕ Doug Leeper      | 7                                  | 0                    | 0                     | (0)        | 7                          | 138           | 131           | 123                  | 14                              |
| ⊕ Gary Herbst      | 0                                  | 0                    | 0                     | 0          | 0                          | 2             | 2             | 2                    | 0                               |
| ⊕ Jag Batth        | 12                                 | 13                   | (0)                   | 15         | 40                         | 1,192         | 1,152         | 1,130                | 62                              |
| ⊕ Malinda Tupper   | 5                                  | 24                   | (1)                   | 3          | 32                         | 362           | 330           | 340                  | 22                              |
| ⊕ Marc Mertz       | 8                                  | 8                    | 0                     | 16         | 28                         | 268           | 240           | 255                  | 13                              |
| ⊕ Paul Stefanacci  | 12                                 | 0                    | (1)                   | 1          | 12                         | 207           | 194           | 189                  | 18                              |
| ⊕ Ryan Gates       | 18                                 | 29                   | (11)                  | 6          | 43                         | 467           | 424           | 404                  | 63                              |
| ⊕ Schlene Peet     | 33                                 | 10                   | 99                    | 65         | 207                        | 1,823         | 1,616         | 1,688                | 135                             |
| <b>Grand Total</b> | <b>105</b>                         | <b>91</b>            | <b>87</b>             | <b>107</b> | <b>386</b>                 | <b>4,802</b>  | <b>4,417</b>  | <b>4,444</b>         | <b>358</b>                      |

Additional Reductions ET 6/9/25

|       |       |       |      |
|-------|-------|-------|------|
| (123) |       |       | -123 |
| 4,679 | 4,417 | 4,444 | 235  |

## Initial Assumptions | FY 2026 Contract Labor

|                      | Annualized<br>FY2025 | Budget 2025  | Budget 2026  | Bdgt 26 -<br>Actual25 | Bdgt26-Bdgt<br>25 |
|----------------------|----------------------|--------------|--------------|-----------------------|-------------------|
| Contract Costs       | \$24,792,172         | \$14,684,914 | \$19,832,468 | (\$4,959,703)         | \$5,147,554       |
| Contracted FTEs      | 103                  | 61           | 81           | (23)                  | 20                |
| Current FTEs 5/24/25 | 145                  |              |              |                       |                   |

| Departments with<br>Contracted FTEs>1 | FTEs<br>Annual<br>FY25 | FTEs<br>BDGT25 | FTEs<br>Bdgt 25<br>5/24/25 | FTEs<br>Bdgt 26 | Bdgt 26 -<br>FY25 | Bdgt 26 -<br>Bdgt 25 | Bdgt 26 -<br>Act 5/24 |
|---------------------------------------|------------------------|----------------|----------------------------|-----------------|-------------------|----------------------|-----------------------|
| 7010 Emergency-ED                     | 32.3                   | 13.5           | 53.0                       | 25.0            | (7.3)             | 11.5                 | (28.0)                |
| 6173 M/S Oncology-3S                  | 10.5                   | 8.1            | 13.0                       | 8.8             | (1.7)             | 0.7                  | (4.2)                 |
| 7400 Labor Delivery                   | 8.7                    | 0.6            | 16.0                       | 8.3             | (0.4)             | 7.8                  | (7.7)                 |
| 6172 Medical/Surgical-3N              | 5.0                    | 2.7            | 9.0                        | 5.9             | 0.8               | 3.2                  | (3.1)                 |
| 6181 M/S CDU-2S                       | 7.2                    | 8.1            | 10.0                       | 5.2             | (2.0)             | (2.9)                | (4.8)                 |
| 6341 Acute Psych                      | 0.0                    | 0.0            | 0.0                        | 4.5             | 4.5               | 4.5                  | 4.5                   |
| 6174 M/S Renal-4N                     | 4.3                    | 1.8            | 6.0                        | 4.5             | 0.2               | 2.7                  | (1.5)                 |
| 6070 Neonatal ICU-NICU                | 4.0                    | 3.2            | 6.0                        | 4.3             | 0.3               | 1.2                  | (1.7)                 |
| 6186 ICCU-15                          | 4.3                    | 2.7            | 3.0                        | 4.2             | (0.2)             | 1.5                  | 1.2                   |
| 7630 Radiology-KHMC                   | 2.5                    | 3.0            | 3.0                        | 3.0             | 0.5               | 0.0                  | 0.0                   |
| 6177 M/S Ortho Neuro-4S               | 7.7                    | 7.2            | 8.0                        | 2.7             | (5.0)             | (4.5)                | (5.3)                 |
| 6151 ICCU-3W                          | 2.0                    | 0.5            | 0.0                        | 2.3             | 0.3               | 1.8                  | 2.3                   |
| 6030 Cardiovascular ICU-CV            | 1.8                    | 0.9            | 0.8                        | 1.8             | 0.0               | 0.9                  | 1.0                   |

# Preliminary Capital | FY 2026

|  | Budget | FY24      | Budget | FY25      | Budget | FY26      |
|--|--------|-----------|--------|-----------|--------|-----------|
| <b>Total Capital Requests</b>                          |        | \$16,644  |        | \$19,613  |        | \$20,471  |
| <b>Total Rejected/Deferred</b>                         |        | (\$2,644) |        | (\$5,613) |        | (\$2,043) |
| <b>Total</b>   |        | \$14,000  |        | \$14,000  |        | \$18,428  |
| <b>Breakdown of Items in Review</b>                    |        |           |        |           |        |           |
| <i>Infrastructure Maintenance</i>                      |        | \$2,751   |        | \$6,146   |        | \$8,875   |
| <i>Facilities Construction Projects &amp; Planning</i> |        | \$560     |        |           |        |           |
| <i>Information Services (ISS)</i>                      |        | \$3,200   |        | \$1,591   |        | \$2,520   |
| <i>Director Requests</i>                               |        | \$7,489   |        | \$6,263   |        | \$7,033   |
| <b>In Review</b>                                       |        | \$14,000  |        | \$14,000  |        | \$18,428  |
| <b>Funding Sources</b>                                 |        |           |        |           |        |           |
| Capital  |        | \$14,000  |        | \$14,000  |        | \$18,428  |
| General Contingency Capital                            |        | 0         |        |           |        |           |
| <b>Total Capital Budget</b>                            |        | \$14,000  |        | \$14,000  |        | \$18,428  |

# Key Statistical Indicators | Variance Analysis

|   | FY25<br>Annualized | FY25 Budget | FY26 Budget | Variance<br>Budget 26 -<br>Projected 25 | % Change<br>FY25<br>Actual | % Change<br>FY25 Bdgt |
|---|--------------------|-------------|-------------|---|----------------------------|-----------------------|
| <b>Net Patient Service Revenue (000's)</b>                          | \$659,251          | \$637,868   | \$690,735   | <b>\$31,484</b>                         | 4.8%                       | <b>8.3%</b>           |
| Volume increase   |                    |             |             | \$54,042                                |                            |                       |
| Payer and service mix changes                                       |                    |             |             | (\$30,839)                              |                            |                       |
| Commercial Insurance Rate Increase                                  |                    |             |             | \$2,574                                 |                            |                       |
| Medi-Cal Managed Care   |                    |             |             | \$1,561                                 |                            |                       |
| Medicare Acute Inpatient Increase                                   |                    |             |             | \$2,430                                 |                            |                       |
| Medicare Acute Outpatient   |                    |             |             | \$1,424                                 |                            |                       |
| Increase in GME due to PRA increase and IME                         |                    |             |             | \$292                                   |                            |                       |
|   |                    |             |             | <b>\$31,484</b>                         |                            |                       |
|   |                    |             |             |   |                            |                       |
|   | FY25<br>Annualized | FY25 Budget | FY26 Budget | Variance<br>Budget 26 -<br>Projected 25 | % Change<br>FY25<br>Actual | % Change<br>FY25 Bdgt |
| <b>Other Operating Revenue (000's)</b>                              | \$236,709          | \$242,658   | \$265,173   | <b>\$28,464</b>                         | 12.0%                      | <b>9.3%</b>           |
| Change in Supplemental Revenue - Primarily Directed Payment Program |                    |             |             | \$37,991                                |                            |                       |
| Decrease in Prime/QIP program                                       |                    |             |             | (\$5,968)                               |                            |                       |
| Decrease in Humana Premium Revenue                                  |                    |             |             | (\$3,147)                               |                            |                       |
|   |                    |             |             | <b>28,876</b>                           |                            |                       |

# Key Statistical Indicators | Variance Analysis

|  | FY25<br>Annualized | FY25 Budget | FY26 Budget | Variance<br>Budget 26 -<br>Projected 25 | %<br>Change<br>FY25<br>Actual | %<br>Change<br>FY25 Bdgt |
|--|--------------------|-------------|-------------|---|-------------------------------|--------------------------|
| <b>Wages &amp; Contract Labor Expense (000's)</b>                                      | \$410,427          | \$390,289   | \$422,056   | <b>\$11,629</b>                         | <b>2.8%</b>                   | <b>8.1%</b>              |
| Change in FTEs : Increase in 235 FTEs  |                    |             |             | \$21,388                                | Hr Impact                     |                          |
| Vacancy Factor 175 FTEs  |                    |             |             | (\$15,967)                              | Hr Impact                     |                          |
| Increases in Employee Rates in Actual FY25   |                    |             |             | \$4,968                                 | Rate impact                   |                          |
| Change in Employee Rate - increase 2.0% rate October 2025                              |                    |             |             | \$6,200                                 | Rate impact                   |                          |
| Change in Contract Labor   |                    |             |             | (\$4,960)                               | \$ impact                     |                          |
|  |                    |             |             | <b>\$11,629</b>                         |                               |                          |
|  |                    |             |             |   |                               |                          |
|  |                    |             |             |   |                               |                          |
|  |                    |             |             |   |                               |                          |
|  | FY25<br>Annualized | FY25 Budget | FY26 Budget | Variance<br>Budget 26 -<br>Projected 25 | %<br>Change<br>FY25<br>Actual | %<br>Change<br>FY25 Bdgt |
| <b>Employee Benefit Expense (000's)</b>  | \$85,433           | \$64,017    | \$91,416    | <b>\$5,982</b>                          | <b>7.0%</b>                   | <b>42.8%</b>             |
| Retirement - Pension: Amortization of prior years' market differences (less than 7.5%) | 306                | 528         | 14,226      | <b>13,920</b>                           |                               |                          |
| Retirement - 401K: growth in match due to salaries (assume 100% both years)            | 10,250             | 4,820       | 10,763      | <b>513</b>                              |                               |                          |
| Employee Health Plan   | 29,118             | 21,702      | 24,076      | <b>(5,042)</b>                          |                               |                          |
| FICA   | 28,100             | 27,266      | 29,603      | <b>1,503</b>                            |                               |                          |
| SUI  | 848                | 970         | 815         | <b>(33)</b>                             |                               |                          |
| Life/ADD/LTDI  | 498                | 373         | 300         | <b>(198)</b>                            |                               |                          |
| Workers Comp: FY25 Actual increased due to prior years' recalculation                  | 11,722             | 6,415       | 7,659       | <b>(4,063)</b>                          |                               |                          |
| Misc   | 4,591              | 1,943       | 3,974       | <b>(618)</b>                            |                               |                          |
|  |                    |             |             | <b>5,982</b>                            |                               |                          |

# Key Statistical Indicators | Variance Analysis

|   | FY25<br>Annualized         | FY25 Budget        | FY26 Budget        | Variance<br>Budget 26 -<br>Projected 25          | %<br>Change<br>FY25<br>Actual | %<br>Change<br>FY25 Bdgt          |
|---|----------------------------|--------------------|--------------------|--|-------------------------------|-----------------------------------|
| <b>Other Operating Expense (000's)</b>  | \$434,733                  | \$438,636          | \$452,267          | <b>\$17,534</b>                                  | 4.0%                          | 3.1%                              |
| Supplies increases due to new services, expanded services and inflation                         |                            |                    |                    | \$6,436  |                               |                                   |
| Repairs/Maintenance: Service Contracts  |                            |                    |                    | \$5,603  |                               |                                   |
| Physician fee increases   |                            |                    |                    | \$2,630  |                               |                                   |
| Other expense increases   |                            |                    |                    | \$2,613  |                               |                                   |
| Purchased services  |                            |                    |                    | \$1,742  |                               |                                   |
| Depreciation and Amortization increase - new amortization on medical oncology purchase (\$930k) |                            |                    |                    | \$2,100  |                               |                                   |
| Reduction in Humana   |                            |                    |                    | (\$3,796)  |                               |                                   |
|   |                            |                    |                    | <b>\$17,328</b>                                  |                               |                                   |
| <b>Humana Medicare Advantage</b>  | <b>FY25<br/>Annualized</b> | <b>FY25 Budget</b> | <b>FY26 Budget</b> | <b>Variance<br/>Budget 26 -<br/>Projected 25</b> | <b>% Change</b>               | <b>%<br/>Change<br/>FY25 Bdgt</b> |
| <b>Humana Premium Revenue</b>   | \$86,317                   | \$90,567           | \$83,170           | <b>(3,147)</b>                                   | <b>(3.6%)</b>                 | <b>(8.2%)</b>                     |
| <b>3rd Party Expense (Claims)</b>   | \$47,598                   | \$44,345           | \$43,803           | <b>(3,795)</b>                                   | <b>(8.0%)</b>                 | <b>(1.2%)</b>                     |

# Other Options Discussed | FY 2026

---

- Record additional revenue due to growth in specific payers
- 10% cut on specific operating expenses to get closer to FY25
- Capital – look into deferred payment options
- Humana Options
  - CY2024 Actuals Operating Margin = (-\$5.27M) -\$32 PMPM
  - CY2024 if FFS Medicare = \$2.98M
  - CY2025 Jan-Mar (3 mo) Operating Margin = \$1.5M \$43 PMPM  
Wellcare DSNP impact
- Additional savings in Revenue Cycle, Case Management, HIM



# Financial Highlights (000's)

|                              | For Comparison to Budget<br>FY26 |                    |                 |                 |
|------------------------------|----------------------------------|--------------------|-----------------|-----------------|
|                              | FY 24                            | FY 25<br>Projected | FY 25<br>Budget | FY 26<br>Budget |
| Operating Margin %           | .8%                              | (3.9%)             | (1.4%)          | (1.0%)          |
| OM after Stimulus%           | .8%                              | 1.5%               | (0.7%)          | (1.0%)          |
| Excess Margin %              | 2.4%                             | 3.0%               | 0.2%            | 0.0%            |
| Operating Cash Flow Margin % | 6.1%                             | 5.6%               | 4.6%            | 3.2%            |
| Max Annual Debt Service %    | 2.59                             | 3.07               | 1.75            | 1.81            |
| Day's Cash on Hand           | 105.1                            | 108.9              | 89.7            | 107.8           |
| Total Surplus Cash (000's)   | \$237,245                        | \$265,919          | \$210,936       | \$275,114       |

# 2025-2026 Surplus Cash Flows (000's)

|  |                  |
|--|------------------|
| <b>Excess Margin – before GO Bond income</b>       | <b>(\$2,080)</b> |
| <u>Additional Sources (Uses) of Cash:</u>          |                  |
| Capital Expenditures (Annual recurring)            | (\$18,000)       |
| Depreciation/Amortization (Non-Cash)               | \$34,026         |
| Defined Benefit Plan Funding less than expense     | \$9,726          |
| Debt Service Payments (Principal)                  | (\$14,477)       |
| <b>Total Additional Net Sources (Uses) of Cash</b> | <b>\$11,275</b>  |
| <b>Projected Surplus Cash Flow (Deficit)</b>       | <b>\$9,195</b>   |

# General Fund Cash Reserves (000's)

Kaweah Health without Kaweah Delta Hospital Foundation

|   |                         |
|---|-------------------------|
| Projected Surplus Balance at July 1, 2025 | \$244,076               |
| Cash Flow from 2025-2026 Operations       | <u>\$9,195</u>          |
| Surplus Balance at June 30, 2026          | <u>\$253,271</u>        |
| Foundation                                | <u>\$21,843</u>         |
| Total including Foundation June 30, 2026  | <u><u>\$275,114</u></u> |

# Key Statistical Indicators | Timing of Changes

---

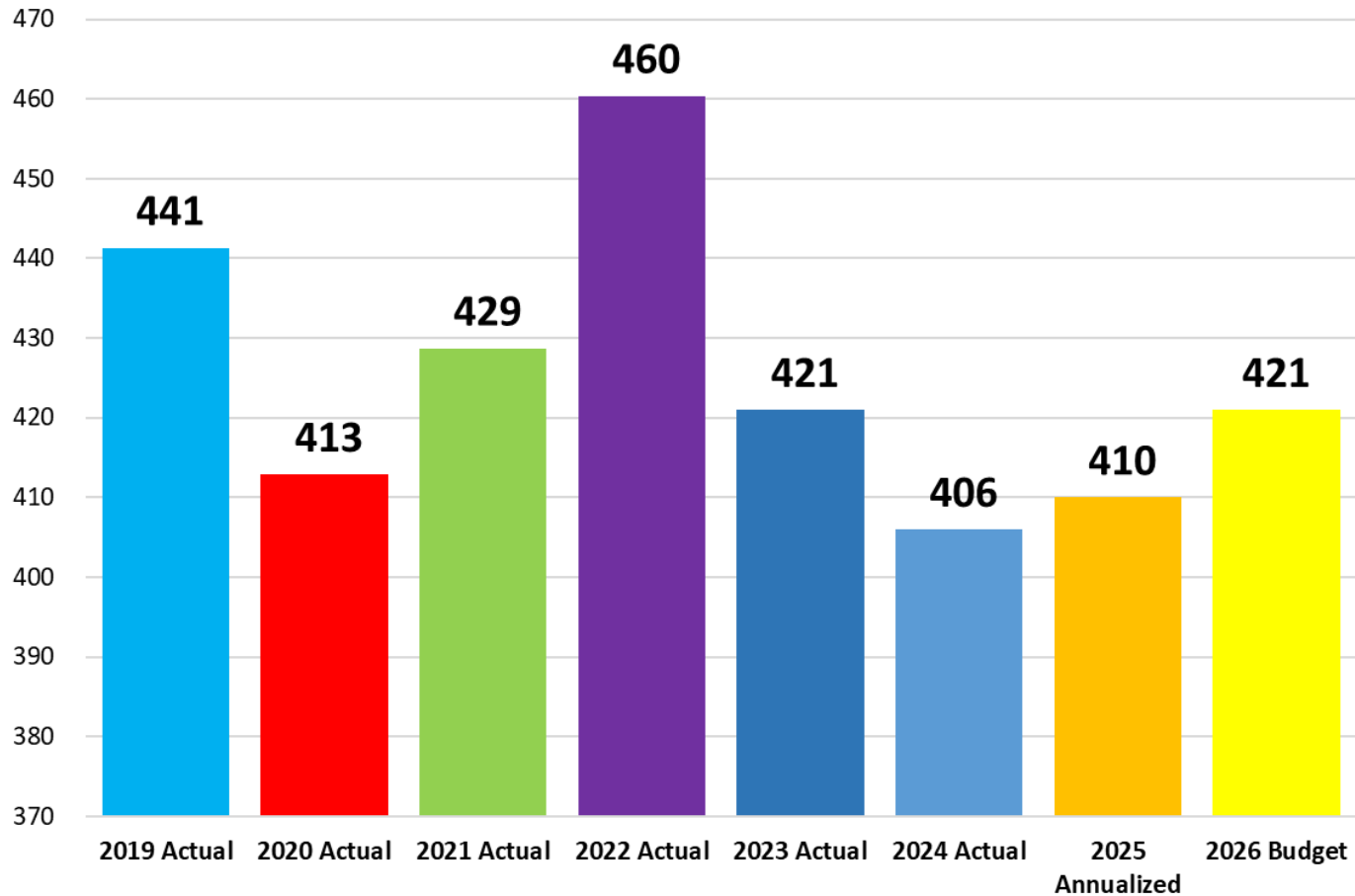
## FY25-FY26: New and Future Go Lives:

- Willow: Specialty Clinic: throughout FY25
- Willow: Women's Health: April 2025
- RHC Woodlake Clinic Valencia: June 2025
- Crisis Stabilization Unit: August/September 2025
- Tulare Therapy Clinic: October 2025
- Akers Clinic: October 2025
- Plaza: Occupational Medicine January 2026
- Plaza: Radiology Services – January 2026
- Plaza: Primary Care PCP - TBD
- Lindsey Mobile Clinic: February 2026

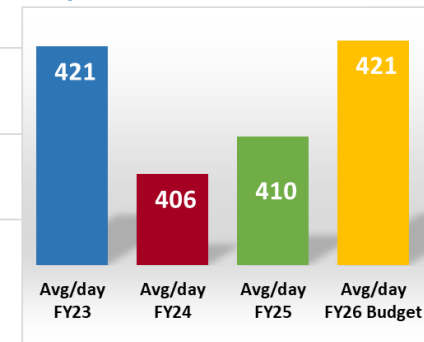
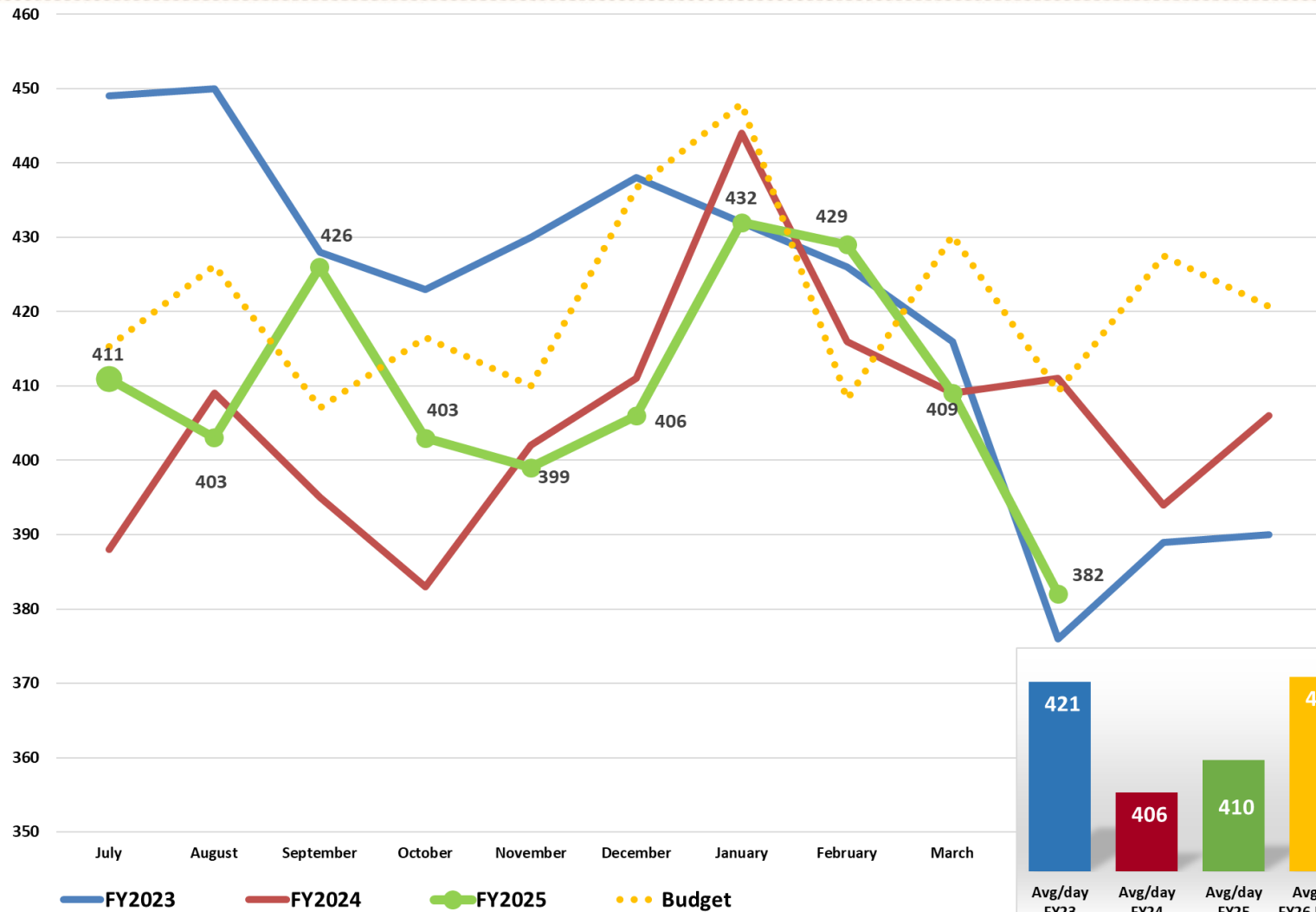
# Initial Assumptions | FY 2026 Supplemental Income

|                     | FY23         | FY24          | FY25<br>Projected | FY25<br>Budgeted | FY26 Budget   | BDGT FY 26 -<br>FY 25 |
|---------------------|--------------|---------------|-------------------|------------------|---------------|-----------------------|
| HQAF                | 23,344,900   | 20,607,238    | 18,534,800        | 20,767,913       | 16,200,000    | (2,334,800)           |
| Directed Payments   | 11,628,806   | 21,257,616    | 46,774,232        | 19,371,185       | 71,800,000    | 25,025,769            |
| MCO Tax ED only     | -            | -             | -                 | -                | 2,000,000     | 2,000,000             |
| Medi-Cal DSH        | 2,755,675    | 21,814,312    | (23,809,987)      | 17,250,000       | -             | 23,809,987            |
| Rate Range          | 16,538,463   | 27,080,346    | 38,346,476        | 25,615,558       | 27,400,000    | (10,946,476)          |
| Fee for Service     | 7,139,188    | 13,970,732    | 4,704,427         | 6,712,585        | 5,700,000     | 995,573               |
| Total Supplemental  | \$61,407,032 | \$104,730,244 | \$84,549,947      | \$89,717,241     | \$123,100,000 | \$38,550,053          |
| Prime (QIP) Program | 8,718,510    | 8,831,798     | 14,263,260        | 9,504,000        | 8,267,999     | (5,995,261)           |
| Total               | \$70,125,542 | \$113,562,042 | \$98,813,207      | \$99,221,241     | \$131,367,999 | \$32,554,792          |

# Key Statistical Indicators | Average Daily Census



## Key Statistical Indicators | Trended Avg. Daily Census



# Key Statistical Indicators | Inpatient days

| Actual Results |             |          | Budget       | Budget Variance |          |
|----------------|-------------|----------|--------------|-----------------|----------|
| FY2024         | FY2025 Proj | % Change | FY 2026 Bdgt | Change          | % Change |

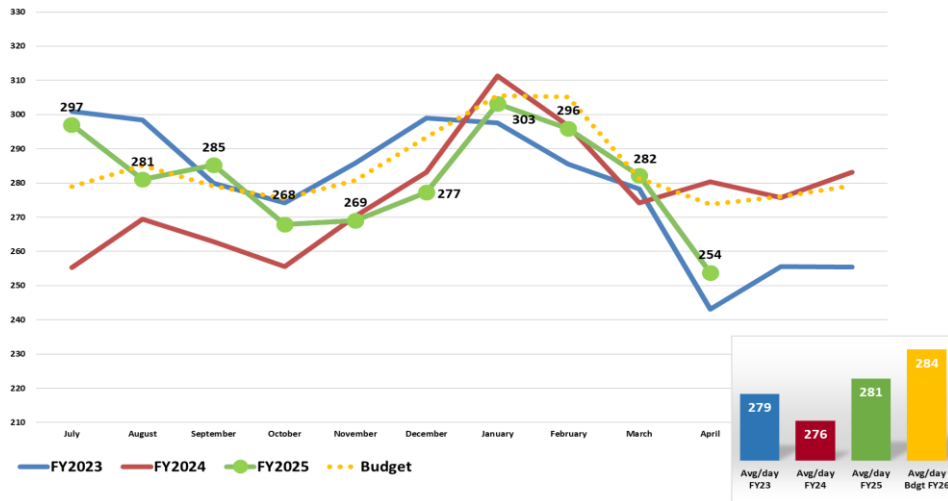
## Average Daily Census

|                              |            |            |             |            |           |             |
|------------------------------|------------|------------|-------------|------------|-----------|-------------|
| Medical Center               | 276.5      | 281.2      | 1.7%        | 284.5      | 3.3       | 1.2%        |
| Acute I/P Psych              | 41.8       | 36.8       | -12.0%      | 52.5       | 15.7      | 42.7%       |
| Sub-Acute                    | 30.0       | 29.7       | -1.0%       | 30.0       | 0.3       | 1.0%        |
| Rehab                        | 17.9       | 20.4       | 14.0%       | 21.5       | 1.1       | 5.4%        |
| TCS-Ortho (Short Stay Rehab) | 11.2       | 11.9       | 6.3%        | 12.6       | 0.7       | 5.9%        |
| NICU                         | 13.3       | 13.1       | -1.5%       | 13.5       | 0.4       | 3.1%        |
| Nursery                      | 16.3       | 16.8       | 3.07%       | 17.2       | 0.4       | 2.4%        |
| <b>Average Daily Census</b>  | <b>407</b> | <b>410</b> | <b>0.7%</b> | <b>432</b> | <b>22</b> | <b>5.3%</b> |

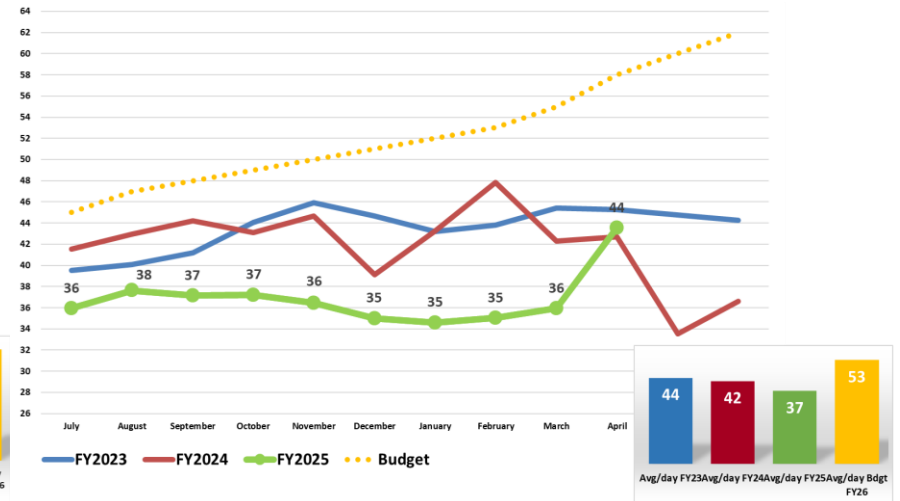


# FY 26 Budget

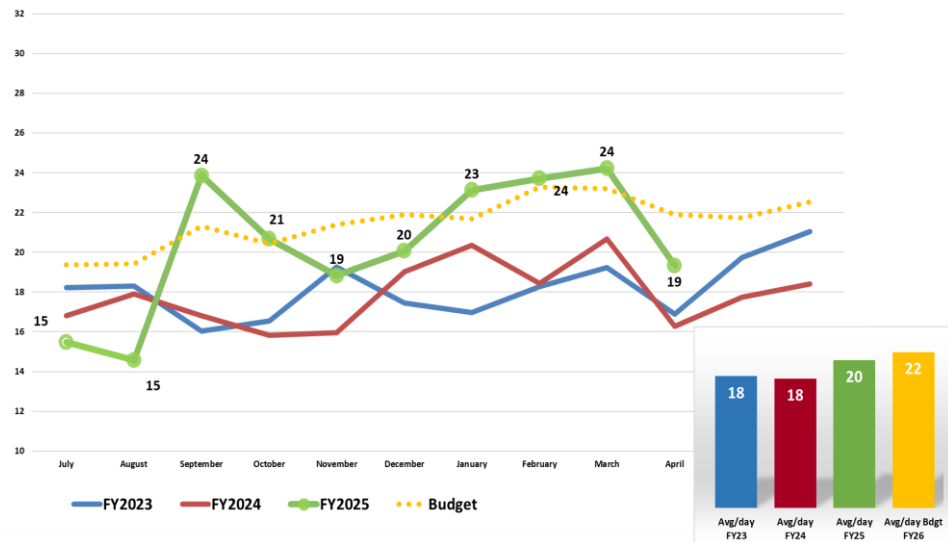
## Medical Center (Avg Patients Per Day)



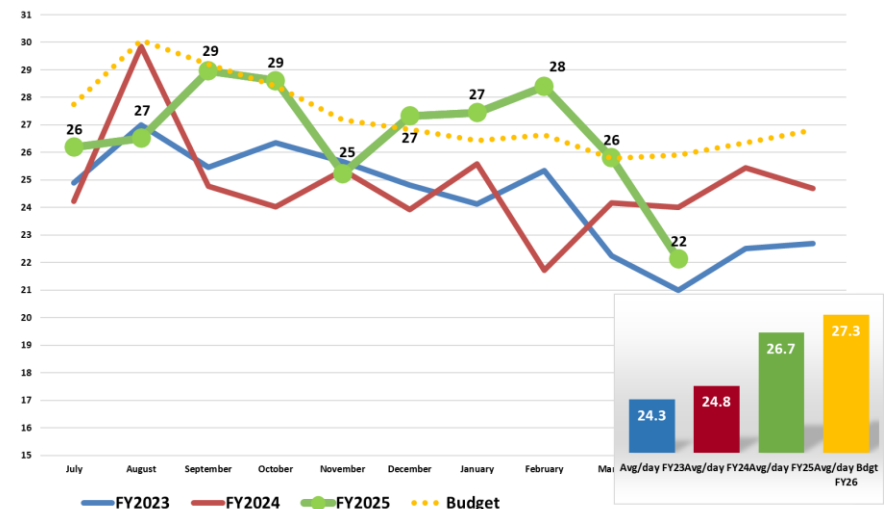
## Acute I/P Psych (Avg Patients Per Day)



## Rehabilitation Hospital - Avg Patients Per Day



## Obstetrics - Avg Patients Per Day

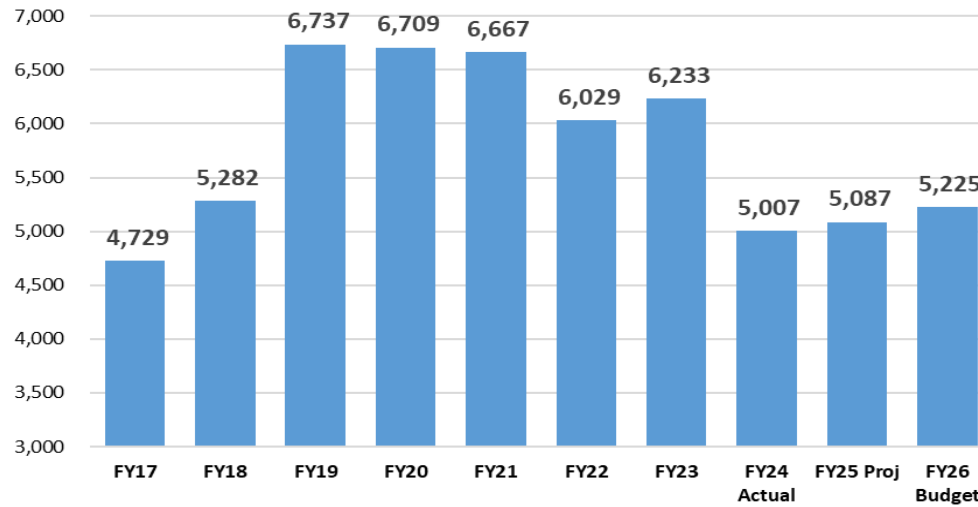


# Key Statistical Indicators | Volume

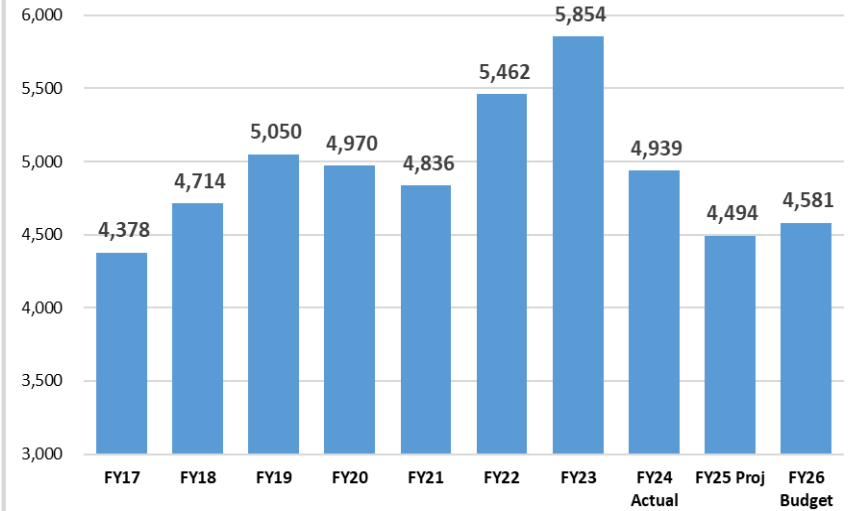
|                                      | FY 24<br>Actual | FY 25<br>Projected Jul-<br>Apr(10 mos) | FY 26 Budget | Change<br>Bdgt FY26-<br>Proj FY25 | % Change<br>from FY25<br>Proj |
|--------------------------------------|-----------------|--|--------------|-----------------------------------|-------------------------------|
| <b>Average Daily Census</b>          | 407             | 410                                    | 432          | 22                                | 5.3%                          |
| Emergency Department Avg Treated/Day | 261             | 262                                    | 278          | 16                                | 6.0%                          |
| Surgery Minutes                      | 9,946           | 9,581                                  | 9,806        | 225                               | 2.4%                          |
| Cath Lab Minutes                     | 3,887           | 4,253                                  | 4,326        | 73                                | 1.7%                          |
| Cardiac Surgery                      | 320             | 336                                    | 372          | 36                                | 10.7%                         |
| Endoscopy                            | 7,438           | 6,598                                  | 6,224        | (374)                             | (5.7%)                        |
| Deliveries                           | 4,675           | 4,847                                  | 4,991        | 144                               | 3.0%                          |
| Rural Health Clinic Visits           | 145,765         | 164,379                                | 173,739      | 9,360                             | 5.7%                          |
| Urgent Care - Court Visits/Day       | 103             | 83                                     | 97           | 13                                | 16.0%                         |
| Urgent Care - Demaree Visits/Day     | 71              | 51                                     | 66           | 15                                | 28.6%                         |
| KH Medical Clinic - Willow           | 115             | 8,107                                  | 12,870       | 4,763                             | 100.0%                        |
| Sequoia Cardiology Clinic            | 17,664          | 18,530                                 | 19,577       | 1,047                             | 5.6%                          |
| Neuroscience Center Registrations    | 121             | 364                                    | 480          | 116                               | 31.9%                         |
| Outpatient Rehabilitation Units      | 244,375         | 248,291                                | 249,148      | 857                               | 0.3%                          |
| Physical & Other Therapy Units       | 210,219         | 221,236                                | 244,236      | 23,000                            | 10.4%                         |
| Home Health Visits                   | 37,088          | 34,636                                 | 36,508       | 1,872                             | 5.4%                          |
| Hospice                              | 42,460          | 42,438                                 | 48,585       | 6,147                             | 14.5%                         |
| Radiation Oncology                   | 20,666          | 19,274                                 | 20,432       | 1,158                             | 6.0%                          |
| Radiology Xray                       | 115,420         | 116,202                                | 116,994      | 792                               | 0.7%                          |
| Radiology CT                         | 53,697          | 56,272                                 | 55,286       | (986)                             | (1.8%)                        |
| Radiology MRI                        | 10,070          | 10,429                                 | 10,520       | 90                                | 0.9%                          |
| Radiology US                         | 32,098          | 36,365                                 | 36,579       | 214                               | 0.6%                          |

# FY26 Trended Budget Volume Graphs

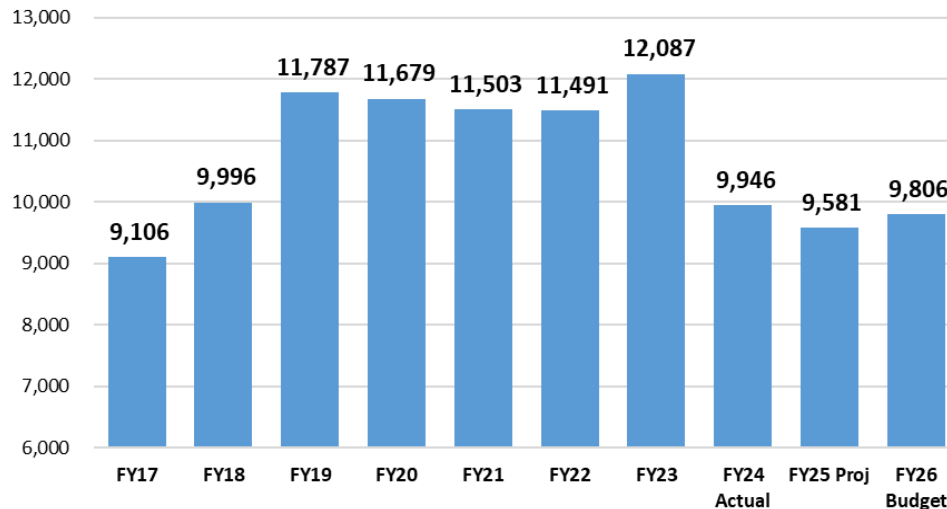
## Inpatient Surgery Minutes per 100



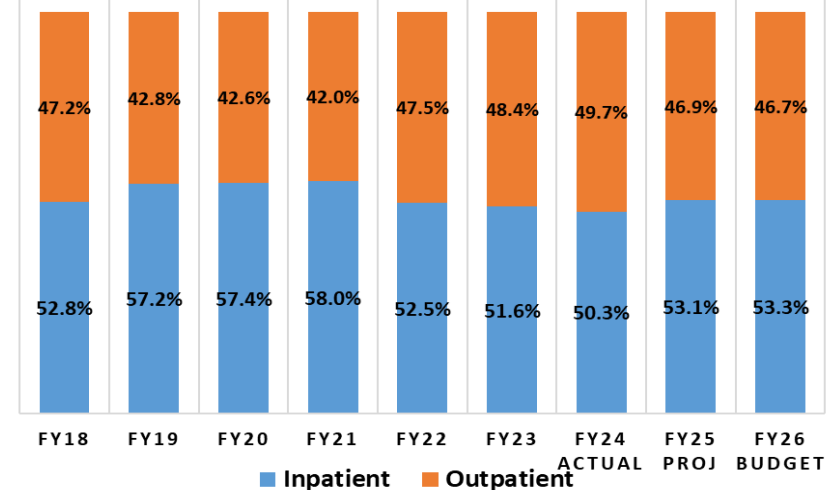
## Outpatient Surgery Minutes per 100



## Total Surgery Minutes per 100

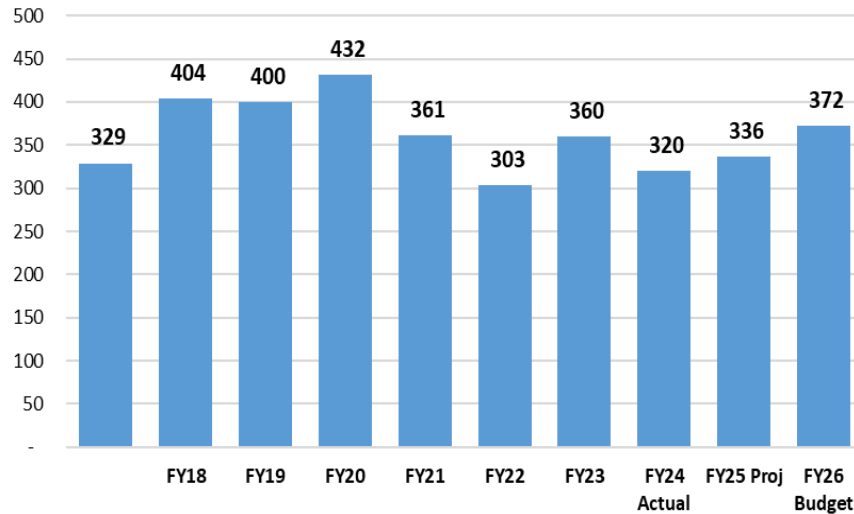


## Surgeries by Patient Type %

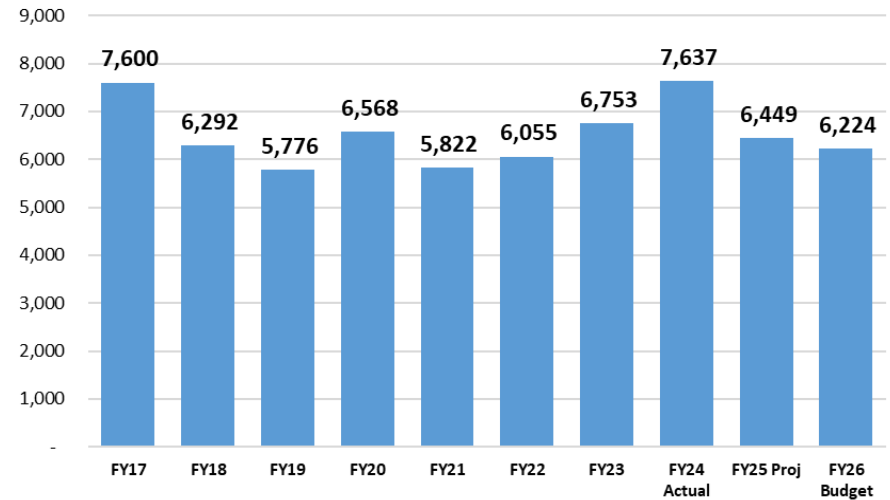


# FY26 Trended Budget Volume Graphs

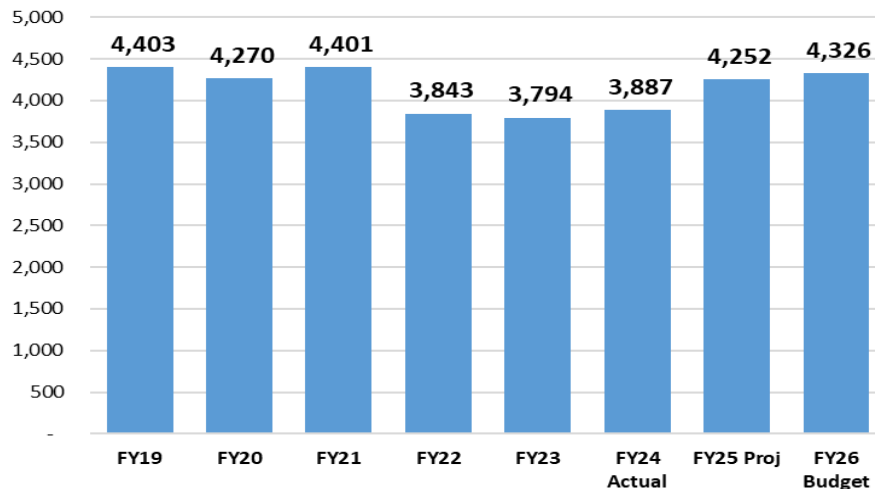
## Cardiac Surgeries



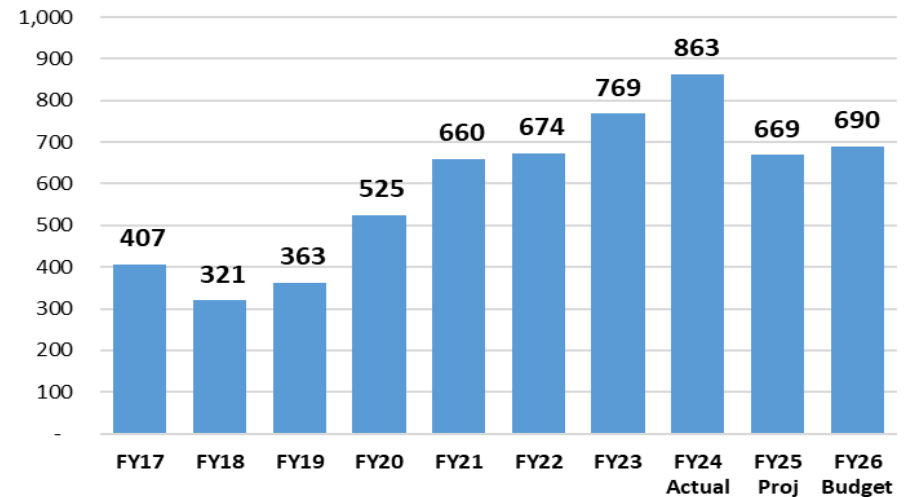
## Endoscopy Procedure Hours



## Cath Lab Minutes per 100

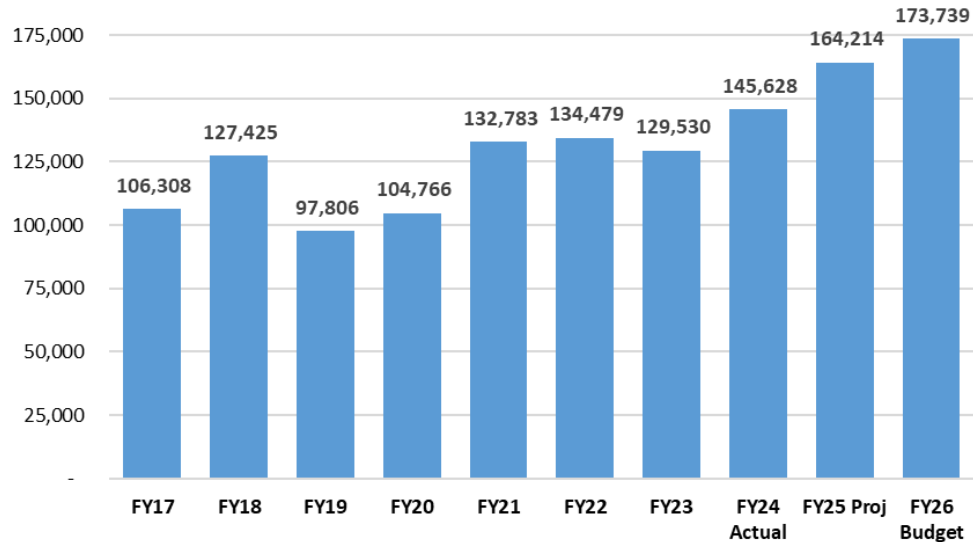


## Robotic Surgery Minutes per 100

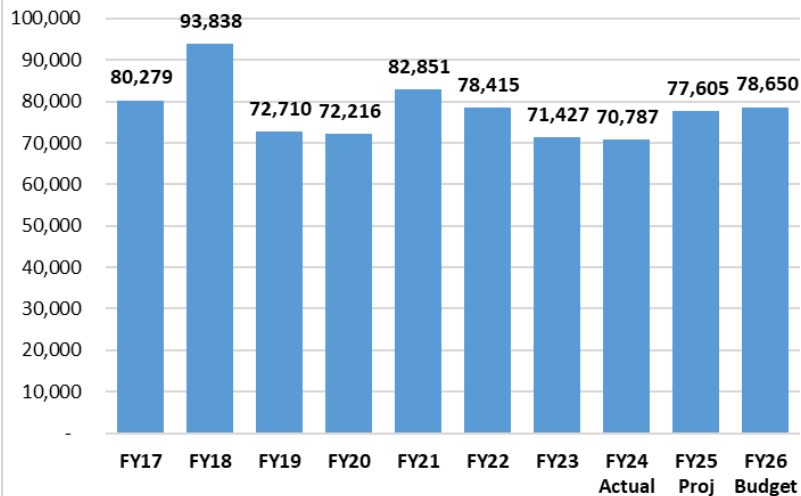


# FY26 Trended Budget Volume Graphs

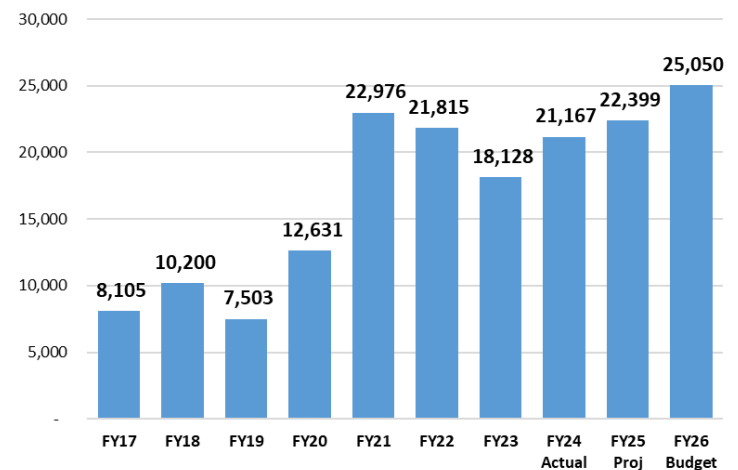
## Rural Health Clinics Registrations



## RHC Exeter

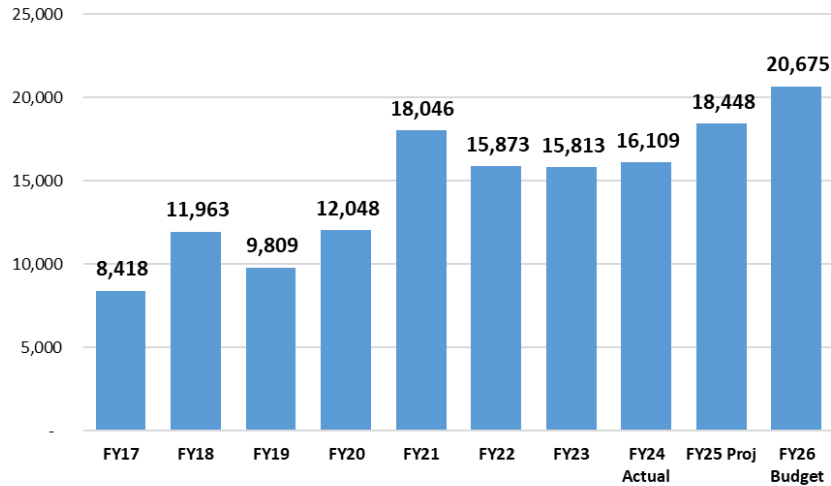


## RHC Lindsay

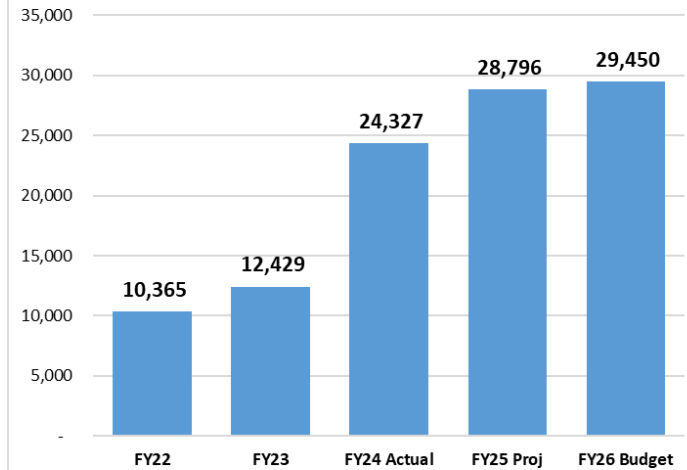


# FY26 Trended Budget Volume Graphs

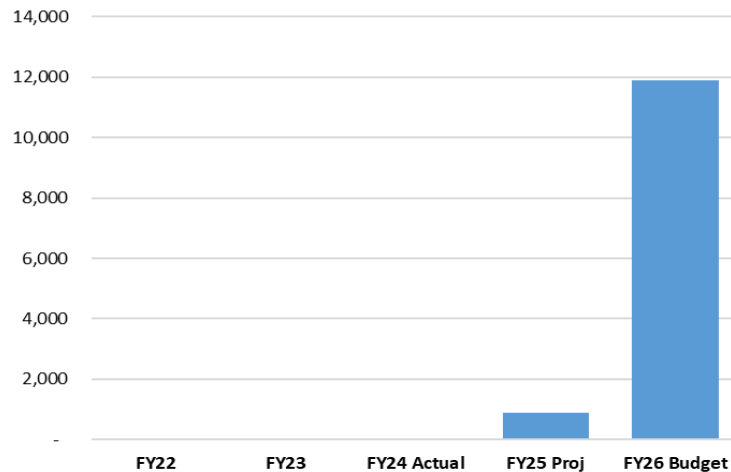
## RHC Dinuba



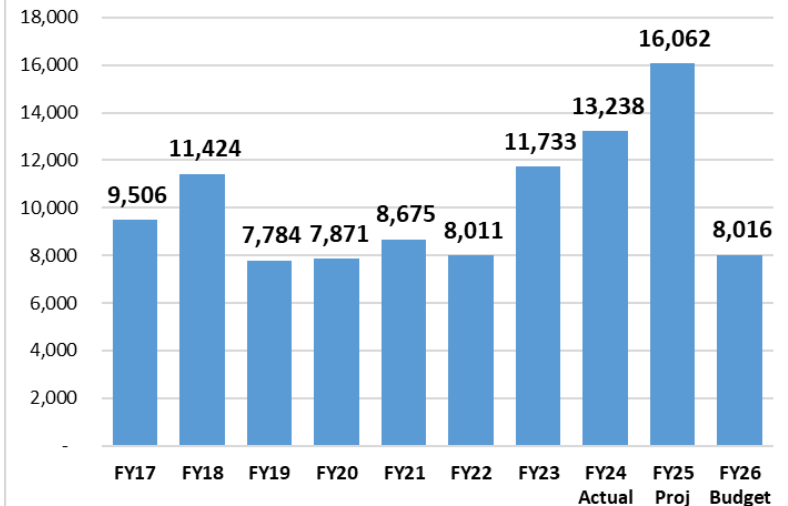
## RHC Tulare



## RHC Woodlake Valencia

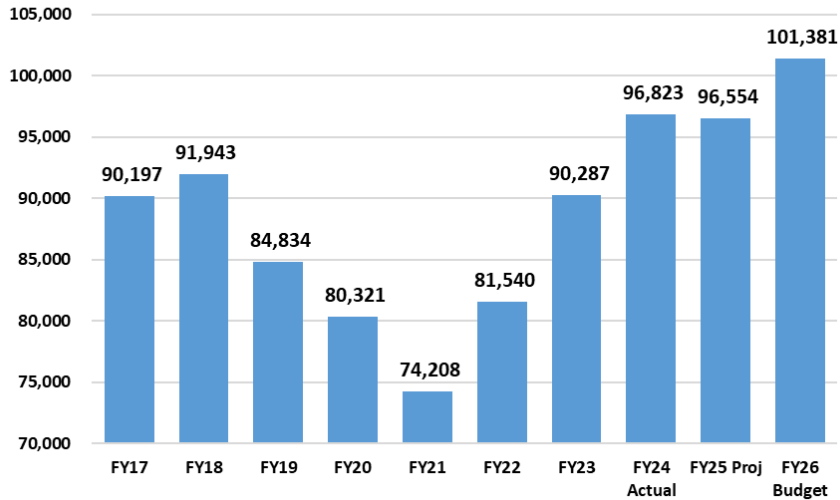


## RHC Woodlake Antelope

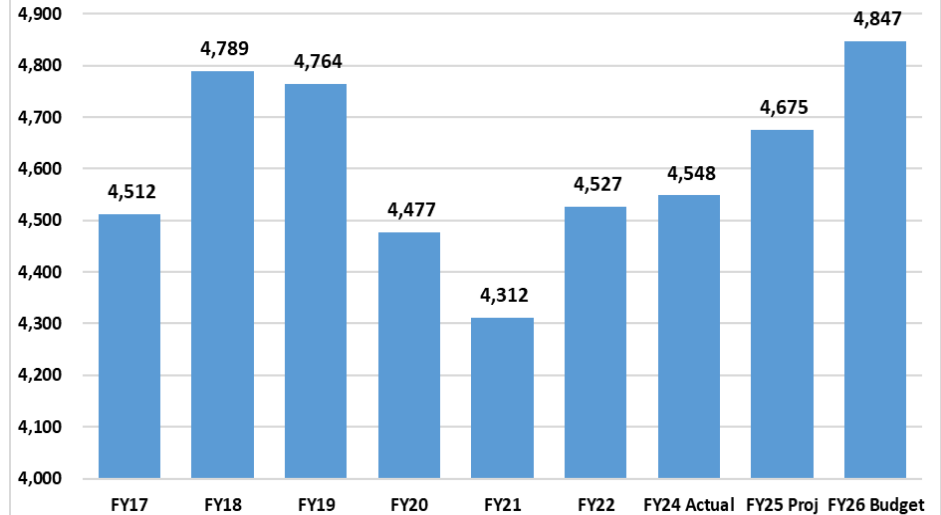


# FY26 Trended Budget Volume Graphs

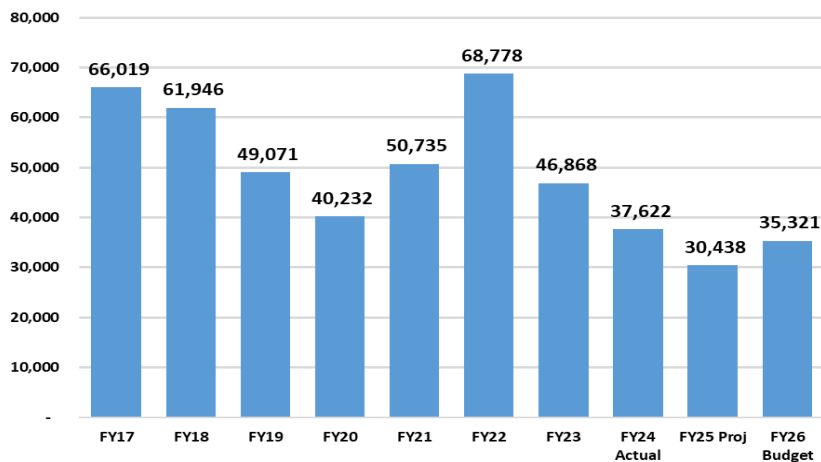
## Emergency Visits



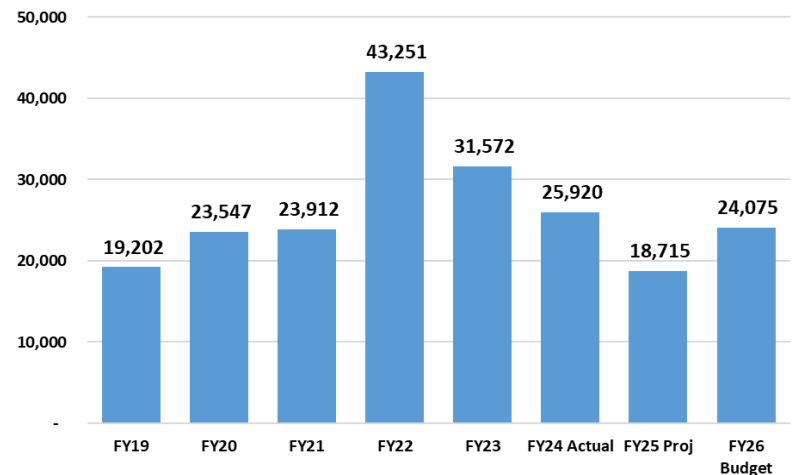
## Deliveries



## Urgent Care Registrations - Court Street

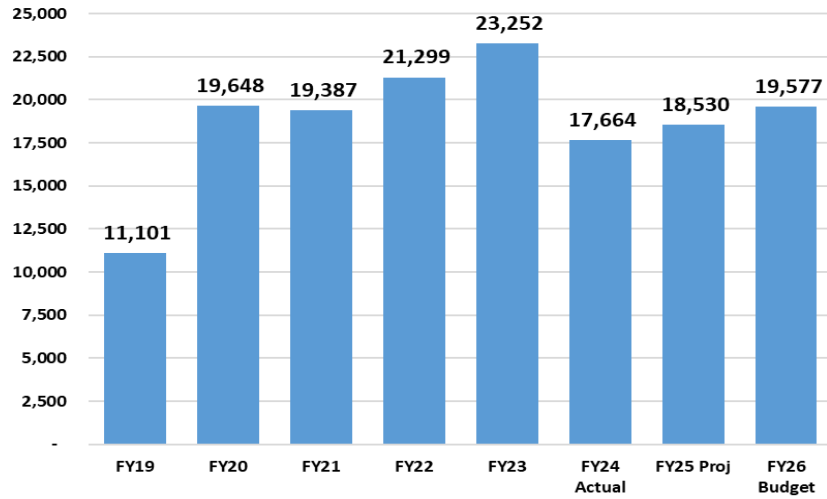


## Urgent Care Registrations - Demaree

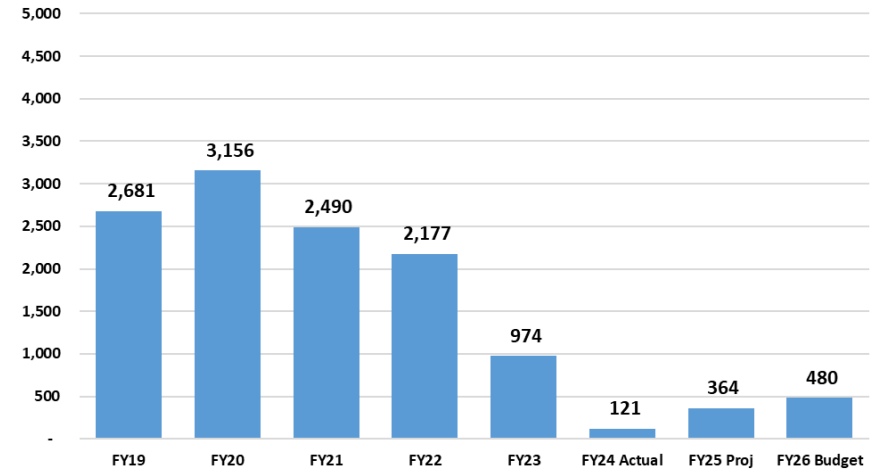


# FY26 Trended Budget Volume Graphs

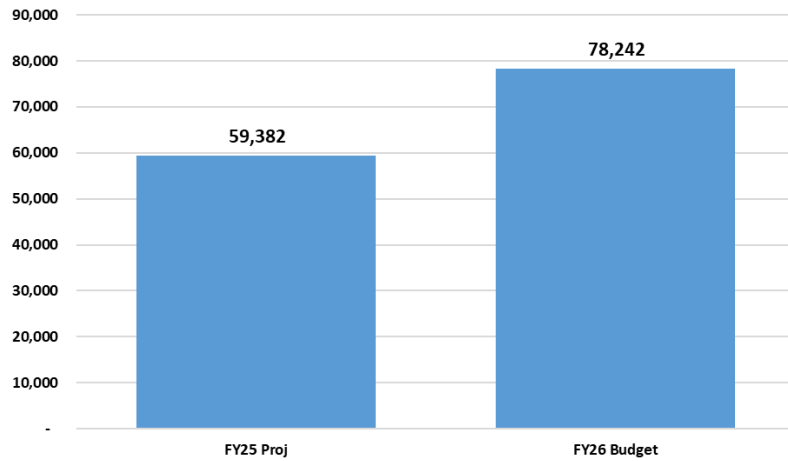
## Cardiology Clinic Registrations



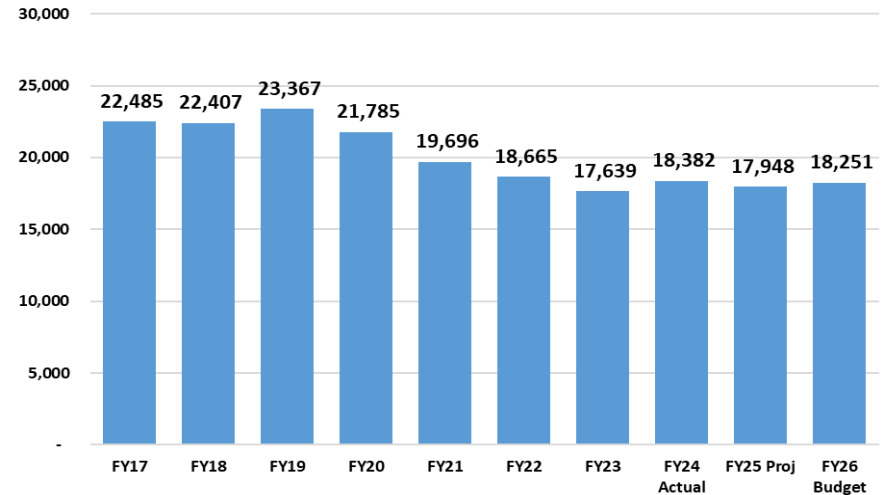
## Neuroscience Center Registrations



## Wound Care Visits



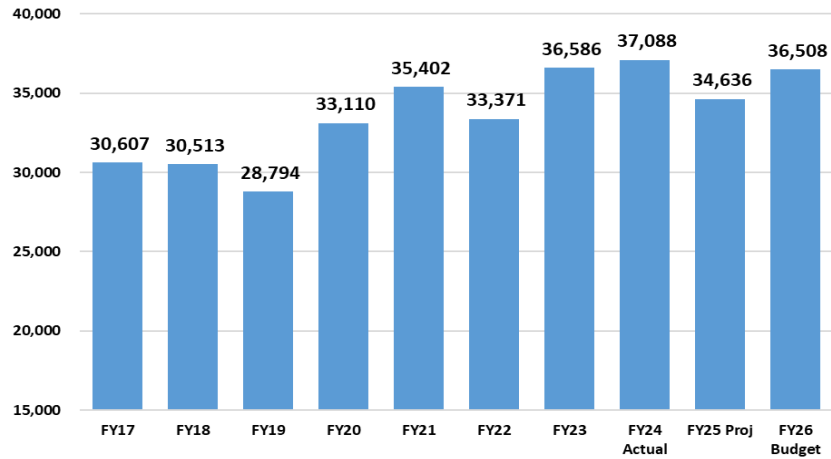
## Outpatient Dialysis Treatments



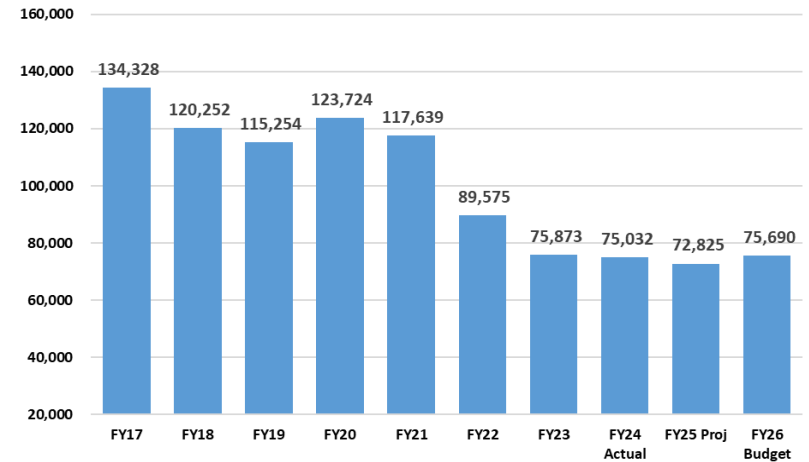


# FY26 Trended Budget Volume Graphs

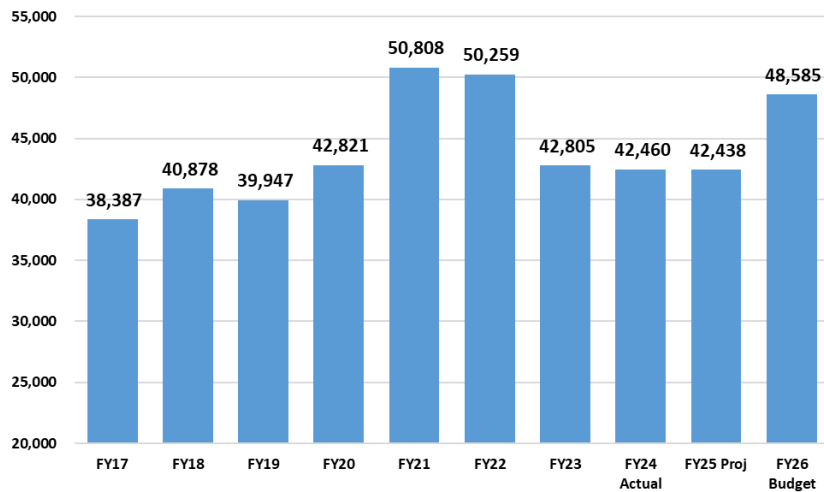
## Home Health Outpatient Visits



## Private Homecare Outpatient Hours



## Hospice Outpatient Days



## Specialty Home Care Hours

