

PUBLIC INPUT SIGN UP SHEET

PUBLIC INPUT SHALL BE LIMITED TO
THREE (3) MINUTES PER PERSON.

EACH PERSON SHOULD:

- (1) STATE YOUR NAME
- (2) IN WHAT AREA OF THE COUNTY YOU LIVE
- (3) SPEAK IN A CLEAR AND COURTEOUS MANNER.

Please Print:

NAME

ADDRESS

ISSUE

1.			
2.	Bill Ramsey	583 Viewcrest Dr,	Co. Budget
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HAND-OUT
11-19-08

FY 2009-2010 Budget

Fiscal Year 2007-2008 Year End Summary

- Fund Balance Status

Fiscal Year 2008-2009 Mid-Year Financial Report

- Sales Tax Update

Fiscal Year 2009-2010 Financial Projections

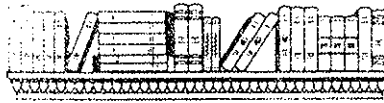
Capital Plan Update, Discussion, Direction

Energy Reduction Performance Report

Service Demand Trend Summary

Board of Commissioners Priority Setting

FRIENDS



of Henderson County Public Library, Inc.
301 North Washington Street
Hendersonville, North Carolina 28739

cc: B.o.C
Steve
Selena

NOV 18 2008

Mr. Bill Moyers, Chairman.
Henderson County Board of Commissioners,
100 N. King Street,
Hendersonville, NC 28792.
November 16, 2008

Mr. Chairman,

At the Library Board of Trustees meeting held on November 13, 2008 we again discussed the proposal to return the old library building on King Street back to its original purpose as part of the Henderson County Public Library. During the discussion Stan Shelley pointed out that, while the land was donated, the original construction costs were paid for by a personal check from Andrew Carnegie rather than by the Carnegie Foundation. This alone appears to be a good reason to make this change and to let this building return to library usage. To use this building as an extension of the main library would allow the library director to move certain "stand alone" functions into the building thus freeing up space in the main library.

As I am sure you are aware the Henderson County Public Library is rated second only to the University Library at Chapel Hill. Shortly the library will pass a milestone of one million transactions in a single year. The quality of the library and the service provided by the staff is an added attraction to new comers to the county while the popularity of the library in these current tough times puts addition pressure on the library facilities. This additional pressure would be mitigated by your approval of the proposal.

As president of the Friends of Henderson County Public Library I urge you to give this proposal strong favorable consideration. I renew the offer, originally made in a telephone conversation with County Manager, Steve Wyatt, that the Friends will pay all renovation costs for the building should it be returned to library usage. To me this seems to be a win/win situation for the library, the county commissioners and the community at large. Thanking you for you favorable consideration.

Ray McKenzie-Wilson
President FoL 2008

**HENDERSON COUNTY
HOSPITAL CORPORATION**

**APPROVED BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**BOARD OF DIRECTORS MEETING
SEPTEMBER 25, 2009**

HENDERSON COUNTY HOSPITAL CORPORATION

BUDGET INDEX

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HENDERSON COUNTY HOSPITAL CORPORATION
2009 OPERATING BUDGET KEY ASSUMPTIONS

1 Patient Volumes, Average Length of Stay (ALOS) & Case Mix Index (CMI)

Increased volumes are primarily driven by the addition of the OB/GYN physicians and surgeons.

	Admissions		Patient Days		ALOS		CMI	
2005	8,348		35,784		4.329		1.1520	
2006	8,233	-1.4%	34,992	-2.2%	4.261	-1.6%	1.1209	-2.7%
2007	8,634	4.9%	35,793	2.3%	4.148	-2.7%	1.0777	-3.9%
2008	8,212	-4.9%	33,711	-5.8%	4.106	-1.0%	1.1436	6.1%
2009	8,452	2.9%	34,702	2.9%	4.106	0.0%	1.1692	2.2%

	IP Surgeries		OP Surgeries		Total Surgeries		Endoscopies	
2005	2,345		4,333		6,678		4,682	
2006	2,087	-11.0%	4,580	5.7%	6,667	-0.2%	4,984	6.5%
2007	1,949	-6.6%	4,786	4.5%	6,735	1.0%	3,887	-22.0%
2008	1,905	-2.3%	4,758	-0.6%	6,663	-1.1%	4,167	7.2%
2009	1,930	1.3%	4,940	3.8%	6,870	3.1%	4,110	-1.4%

	ED Visits		Lab Procedures		MRI Procedures	
2005	29,508		360,629		7,025	
2006	30,558	3.6%	358,220	-0.7%	6,993	-0.5%
2007	31,817	4.1%	367,960	2.7%	6,901	-1.3%
2008	30,869	-3.0%	372,359	1.2%	6,343	-8.1%
2009	30,980	0.4%	377,000	1.2%	6,901	8.8%

2 Price Increase:

Overall average of 5% price increase, effective 10/1/08, which is within the 5% to 7% increase authorized by the Board in August 2008. Gross patient revenues for the hospital will increase \$22.7 million or 7.5% over the projected 2008, of which \$15.2 million or 5% is attributable to the price increase and \$7.5 million or 2.5% is attributable to volume increases. The price increase contributes approximately \$1,300,000 to the bottom line from Managed Care and Commercial Payors.

Medicare: Inpatient increase of \$493,000 or 1.71%; Outpatient: Increase of \$421,000 or 3.00%
 Medicaid: Inpatient assumed to increase by \$40,000, or 1.4%; Outpatient: No change in payment.

3 Assumes Medicaid Reimbursement Initiative (MRI) net payment of \$2,240,000 (a full year's anticipated payment).

	Payment	Reserved	Net	Change
2005	\$ 1,736,521	\$ (173,655)	\$ 1,562,866	
2006	1,998,926	(399,785)	1,599,141	2.3%
2007	2,849,000	(570,000)	2,279,000	42.5%
2008	2,795,000	(559,000)	2,236,000	-1.9%
2009	2,800,000	(560,000)	2,240,000	0.2%

Pardee Hospital has received an approximate \$2,800,000 payment (of which we reserve 20%) for the past two years. This payment is guaranteed proportionately through April 2009, after which the NCHA will discuss with the state and federal governments to extend the program as is or develop a new assessment based program.

HENDERSON COUNTY HOSPITAL CORPORATION
2009 OPERATING BUDGET KEY ASSUMPTIONS

4 Bad debt expense is projected to be 7.21% of total gross revenues.

In FY 2008, Pardee Hospital embarked upon strategies to achieve a \$3.6 million reduction in projected bad debt expense, including a complete re-structuring of the scheduling and registration process in order to provide financial counseling efforts up-front when interacting with patient prior to scheduled services; use of a new system (Passport) to better identify patient co-pays and deductibles at time of scheduling; collecting co-pays and deductibles at time of service; and collecting deposits from "true self pay" (i.e., no form of 3rd party coverage) patients in advance of services. These efforts were successful in 2008, with \$1.7 million collected up-front through the first eleven months of the year, in spite of these efforts only being effective from 1/1/08. These efforts will continue in FY 2009, and the proportion of bad debt expense to gross revenues has been held consistent to the level achieved in 2008 of 7.21%. The increase of 7.5% from 2008 to 2009 is caused by the volume increases and the average price increase, which together increased total charges by 7.5%.

5 FTEs, Salaries & Wages:

	Hospital FTEs		
	FTEs	Change	% Change
2005 Actual	940.4		
2006 Actual	958.4	18.0	1.9%
2007 Actual	1,004.8	46.4	4.8%
2008 Projected	985.3	(19.5)	-1.9%
2009 Budget	990.3	5.0	0.5%

The increase of 5.0 FTEs in 2009 includes the following:

Add Pardee OB/GYN Associates (New Program)	6.0
Add WCMA Fletcher (1 MD, 1 FNP, 1 Med Asst) (Expanded Program)	3.0
Add Info Tech CIO (contract fee in 2008) and Clinical Informatics Splclst	2.0
Add Trauma Level III Program (New Program)	1.8
Add Sleep Lab Tech (Expanded Program)	1.0
Move Employee Health to Urgent Care (Tfr for increased efficiency)	(2.4)
Move Insurance Billers to Urgent Care (Tfr for Increased efficiency)	(2.0)
Less Medical Transcriptionists to Contract Fee (reduces expenses)	(4.0)
Other Changes	(0.4)
Net Change	<u>5.0</u>

An average merit increase of 3.25% has been assumed for 2009.

6 Benefits / Employee Health Expenses

Premium increases assumed effective 1/1/09 will reduce the hospital's employee health costs by approximately \$100,000.

HENDERSON COUNTY HOSPITAL CORPORATION
2009 OPERATING BUDGET KEY ASSUMPTIONS

7 Subsidized Programs

The subsidized programs that were a focus during FY 2008 (Mental Health Unit, Detox and WCMA) have shown improvement in their financial performance in 2008 and/or in the FY 2009 budget, as shown below.

During FY 2009, the financial performance of these, and all other programs and services provided by the Hospital and the Urgent Care Center, will continue to be monitored.

		<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Mental Health	Net Revenues	2,750,113	2,897,923	3,387,716
	Direct Expenses	2,976,861	3,177,219	3,410,729
	Contribution Margin	(226,748)	(279,296)	(23,013)
	Overhead Allocation	(1,067,870)	(1,091,145)	(1,227,862)
	Fully Allocated Margin	<u>(1,294,618)</u>	<u>(1,370,441)</u>	<u>(1,250,875)</u>
Detox	Net Revenues	1,143,933	1,391,798	1,376,123
	Direct Expenses	1,381,608	1,073,450	1,119,459
	Contribution Margin	(237,675)	318,348	256,664
	Overhead Allocation	(411,590)	(319,341)	(333,138)
	Fully Allocated Margin	<u>(649,265)</u>	<u>(993)</u>	<u>(76,474)</u>
WCMA	Net Revenues	1,141,289	1,653,991	1,756,013
	Direct Expenses	1,623,938	2,010,021	1,578,045
	Contribution Margin	(482,649)	(356,030)	177,968
	Overhead Allocation	-	-	(473,414)
	Fully Allocated Margin	<u>(482,649)</u>	<u>(356,030)</u>	<u>(295,446)</u>

8 New Programs/Initiatives:

Pardee OB/GYN Associates

The hospital's recruitment efforts were realized in August 2008 with the opening of Pardee OB/GYN Associates. The volumes, revenues and expenses associated with the employment of two physicians and their related staff have been included in the 2009 budget.

Emergency Department Level III Trauma

1.80 additional FTE's have been added to the budget to begin the Level III Trauma data gathering phase of the certification.

WCMA Fletcher

Added one physician, one family nurse practitioner and a medical assistant.

CT Scan - 64-slice

A new 64 slice CT Scanner will be replacing an older unit. The entire project is expected to take 45 weeks and will require use of a mobile CT for four months at \$60,000 per month, which has been included in the operating budget. The completion of the project is scheduled for the last quarter of FY 2009. No change in volumes has been assumed in the FY2009 budget. Increased functionality, including cardiac and vascular applications, is projected to result in a volume increase of at least 5% in 2010.

Medical Staff Support

The hospital continues its efforts to attract new physicians.

HENDERSON COUNTY HOSPITAL CORPORATION
2009 OPERATING BUDGET KEY ASSUMPTIONS

9 Urgent Care Center

	<u>UCC Visits</u>		<u>Employee Health Visits</u>
2005 Actual	22,275		
2006 Actual	23,117	3.8%	
2007 Actual	24,736	7.0%	
2008 Projection	23,954	-3.2%	
2009 Budget	24,000	0.2%	3,800

FTEs, Salaries & Wages:

To improve operational efficiencies and to permit staff to move more easily between areas of responsibility, the Employee Health staff consisting of 2.4 FTEs and associated expenses are being moved from the hospital to Urgent Care. The staff involved with employee health have been physically located at UCC for the past several years. The UCC will charge the hospital for services at cost. The billing staff are moving to UCC from the hospital Patient Financial Services as of FY 2009, or 2 FTE's. An average merit increase of 3.25% has been assumed for 2008.

Overhead Allocation was new for FY2008 and reflects the allocated cost of corporate support

A corporate allocation of \$178,800 will be reflected as expense within the income statement of Urgent Care with an equal amount to be reflected as a reduction in expense within the hospital income statement. The affect of this allocation on the consolidated financial statements is \$0.

HENDERSON COUNTY HOSPITAL CORPORATION
2009 OPERATING BUDGET VERSUS 2008 PROJECTION and 2007 ACTUAL

	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Budget	FY09 Budget to FY08 Proj	FY09 Budget to FY08 Proj
GROSS PATIENT REVENUE						
1	Inpatient Revenue	\$ 137,295,499	\$ 142,947,896	\$ 141,995,443	\$ 139,326,299	\$ (2,669,144) -1.88%
2	Outpatient Revenue	159,301,966	173,428,057	174,140,735	189,756,770	15,616,035 8.97%
3	Total Gross Patient Revenue	296,597,465	316,375,953	316,136,178	329,083,069	12,946,891 4.10%
REVENUE DEDUCTIONS						
4	Bad Debt	20,626,044	22,730,801	22,143,888	23,711,493	1,567,605 7.08%
5	Medicare/Medicaid	117,813,306	132,764,010	135,103,221	142,646,426	7,543,205 5.58%
6	Managed Care/Comm'l	28,842,525	27,944,013	30,664,966	35,487,203	4,822,237 15.73%
7	Charity	3,186,323	3,492,091	3,244,652	3,442,076	197,424 6.08%
8	Other Deductions	960,734	800,000	976,958	762,498	(214,460) -21.95%
9	Total Revenue Deductions	171,428,932	187,730,915	192,133,685	206,049,696	13,916,011 7.24%
10	Rev Deduct as a % of Gross Rev	57.8%	59.3%	60.8%	62.6%	
11	Net Patient Service Revenue	125,168,533	128,645,038	124,002,493	123,033,373	(969,120) -0.78%
12	Other Operating Income	2,591,888	2,448,565	2,173,351	2,556,085	382,734 17.61%
13	Total Operating Revenue	127,760,421	131,093,603	126,175,844	125,589,458	(586,386) -0.46%
OPERATING EXPENSES						
14	Salaries and Wages	53,098,698	52,189,198	51,386,581	49,052,652	(2,333,929) -4.54%
15	Employee Benefits	15,774,863	15,348,293	14,540,410	14,417,522	(122,888) -0.85%
16	Contract Labor	1,364,468	1,220,766	2,203,839	1,307,407	(896,432) -40.68%
17	Physician Fees	1,555,298	1,423,900	1,698,432	1,615,965	(82,467) -4.86%
18	Contract Fees	7,825,612	8,007,855	8,421,845	8,137,211	(284,634) -3.38%
19	Billable Supplies	16,943,926	16,966,015	16,772,622	16,817,352	44,730 0.27%
20	Miscellaneous Supplies	6,987,789	7,015,462	6,568,252	6,417,163	(151,089) -2.30%
21	Minor Equipment	459,888	410,592	278,213	304,300	26,087 9.38%
22	Training & Travel	441,012	434,265	347,378	374,228	26,850 7.73%
23	Utilities	2,524,290	2,371,716	2,501,169	2,376,656	(124,513) -4.98%
24	Maintenance & Repairs	5,084,492	5,579,899	5,263,999	5,692,661	428,662 8.14%
25	Insurance	2,057,460	1,699,454	1,604,772	1,756,929	152,157 9.48%
26	Rentals & Leases	1,503,908	1,796,005	1,843,235	1,891,469	48,234 2.62%
27	Other Expense	1,710,507	1,966,215	1,646,768	1,845,244	198,476 12.05%
28	Total Operating Expenses	117,332,211	116,429,635	115,077,515	112,006,759	(3,070,756) -2.67%
29	Gross Operating Margin	10,428,210	14,663,968	11,098,329	13,582,699	2,484,370 22.39%
30	Depreciation	11,991,012	11,374,679	11,264,494	10,503,856	(760,638) -6.75%
31	Interest	599,909	650,000	445,295	566,200	120,905 27.15%
32	Net Operating Margin	(2,162,711)	2,639,289	(611,460)	2,512,643	3,124,103 510.93%
33	Investment Activity	1,293,354	872,960	133,724	1,116,566	982,842 734.98%
34	Grants and Donations	1,731,711	2,070,000	1,800,000	1,643,227	(156,773) -8.71%
35	Contributions to Foundation	(533,914)	(554,000)	(555,000)	(580,000)	(25,000) 4.50%
36	Other Non-Operating	437,797	-	5,360,000	-	(5,360,000) -100.00%
37	Total Non-Operating Income	2,928,948	2,388,960	6,738,724	2,179,793	(4,558,931) -67.65%
38	Net Income (Loss)	\$ 766,237	\$ 5,028,249	\$ 6,127,265	\$ 4,692,436	\$ (1,434,829) -23.42%
39	Net Oper Margin to Total Oper Rev	-1.69%	2.01%	-0.48%	2.00%	
40	Net Income to Total Operating Rev	0.60%	3.84%	4.86%	3.74%	
41	Avg FTE's (Employee and Contract)	1,186.7	1,119.0	1,005.3	1,014.6	9.3 0.92%

HENDERSON COUNTY HOSPITAL CORPORATION
2009 OPERATING BUDGET LINE ITEM PERCENTAGE ANALYSIS

		FY 2007			FY 2008			FY 2009		
	"A"	Actual	"B"	"A"	Projection	"B"	"A"	Budget	"B"	
GROSS PATIENT REVENUE										
1	Inpatient Revenue	46.3%	\$ 137,295,499		44.9%	\$ 141,995,443		42.3%	\$ 139,326,299	
2	Outpatient Revenue	53.7%	159,301,966		55.1%	174,140,735		57.7%	189,756,770	
3	Total Gross Patient Revenue	100.0%	296,597,465		100.0%	316,136,178		100.0%	329,083,069	
REVENUE DEDUCTIONS										
4	Bad Debt	7.0%	20,626,044		7.0%	22,143,888		7.2%	23,711,493	
5	Medicare/Medicaid	39.7%	117,813,306		42.7%	135,103,221		43.3%	142,646,426	
6	Managed Care/Comm'l	9.7%	28,842,525		9.7%	30,664,966		10.8%	35,487,203	
7	Charity	1.1%	3,186,323		1.0%	3,244,652		1.0%	3,442,076	
8	Other Deductions	0.3%	960,734		0.3%	976,958		0.2%	762,498	
9	Total Revenue Deductions	57.8%	171,428,932		60.8%	192,133,685		62.6%	206,049,696	
11	Net Patient Service Revenue	42.2%	125,168,533		39.2%	124,002,493		37.4%	123,033,373	
12	Other Operating Income	0.9%	2,591,888		0.7%	2,173,351		0.8%	2,556,085	
13	Total Operating Revenue	43.1%	127,760,421	100.0%	39.9%	126,175,844	100.0%	38.2%	125,589,458	100.0%
OPERATING EXPENSES										
14	Salaries and Wages	17.9%	53,098,698	41.6%	16.3%	51,386,581	40.7%	14.9%	49,052,652	39.1%
15	Employee Benefits	5.3%	15,774,863	12.3%	4.6%	14,540,410	11.5%	4.4%	14,417,522	11.5%
16	Contract Labor	0.5%	1,364,468	1.1%	0.7%	2,203,839	1.7%	0.4%	1,307,407	1.0%
17	Physician Fees	0.5%	1,555,298	1.2%	0.5%	1,698,432	1.3%	0.5%	1,615,965	1.3%
18	Contract Fees	2.6%	7,825,612	6.1%	2.7%	8,421,845	6.7%	2.5%	8,137,211	6.5%
19	Billable Supplies	5.7%	16,943,926	13.3%	5.3%	16,772,622	13.3%	5.1%	16,817,352	13.4%
20	Miscellaneous Supplies	2.4%	6,987,789	5.5%	2.1%	6,568,252	5.2%	2.0%	6,417,163	5.1%
21	Minor Equipment	0.2%	459,888	0.4%	0.1%	278,213	0.2%	0.1%	304,300	0.2%
22	Training & Travel	0.1%	441,012	0.3%	0.1%	347,378	0.3%	0.1%	374,228	0.3%
23	Utilities	0.9%	2,524,290	2.0%	0.8%	2,501,169	2.0%	0.7%	2,376,656	1.9%
24	Maintenance & Repairs	1.7%	5,084,492	4.0%	1.7%	5,263,999	4.2%	1.7%	5,692,661	4.5%
25	Insurance	0.7%	2,057,460	1.6%	0.5%	1,604,772	1.3%	0.5%	1,756,929	1.4%
26	Rentals & Leases	0.5%	1,503,908	1.2%	0.6%	1,843,235	1.5%	0.6%	1,891,469	1.5%
27	Other Expense	0.6%	1,710,507	1.3%	0.5%	1,646,768	1.3%	0.6%	1,845,244	1.5%
28	Total Operating Expenses	39.6%	117,332,211	91.8%	36.4%	115,077,515	91.2%	34.0%	112,006,759	89.2%
29	Gross Operating Margin	3.5%	10,428,210	8.2%	3.5%	11,098,329	8.8%	4.1%	13,582,699	10.8%
30	Depreciation	4.0%	11,991,012	9.4%	3.6%	11,264,494	8.9%	3.2%	10,503,856	8.4%
31	Interest	0.2%	599,909	0.5%	0.1%	445,295	0.4%	0.2%	566,200	0.5%
32	Net Operating Margin	-0.7%	(2,162,711)	-1.7%	-0.2%	(611,460)	-0.5%	0.8%	2,512,643	2.0%
33	Investment Activity	0.4%	1,293,354	1.0%	0.0%	133,724	0.1%	0.3%	1,116,566	0.9%
34	Grants and Donations	0.6%	1,731,711	1.4%	0.6%	1,800,000	1.4%	0.5%	1,643,227	1.3%
35	Contributions to Foundation	-0.2%	(533,914)	-0.4%	-0.2%	(555,000)	-0.4%	-0.2%	(580,000)	-0.5%
36	Gain on Sale of Asset	0.1%	437,797	0.3%	1.7%	5,360,000	4.2%	0.0%	-	-
37	Total Non-Operating Income	1.0%	2,928,948	2.3%	2.1%	6,738,724	5.3%	0.7%	2,179,793	1.7%
38	Net Income (Loss)	0.3%	\$ 766,237	0.6%	1.9%	\$ 6,127,265	4.9%	1.4%	\$ 4,692,436	3.7%
39	Net Oper Margin to Total Oper Rev		-1.69%			-0.48%			2.00%	
40	Net Income to Total Operating Rev		0.60%			4.86%			3.74%	
41	Avg FTE's (Employee and Contract)		1,186.7			1,005.3			1,014.6	

"A" Percentage of item as compared to Total Gross Patient Revenues

"B" Percentage of item as compared to Total Operating Revenues

MARGARET R PARDEE MEMORIAL HOSPITAL
2009 OPERATING BUDGET VERSUS 2008 PROJECTION and 2007 ACTUAL

	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Budget	FY09 Budget to FY08 Proj	FY09 Budget to FY08 Proj
GROSS PATIENT REVENUE						
1	Inpatient Revenue	\$ 126,501,369	\$ 137,328,621	\$ 132,596,618	\$ 139,326,299	\$ 6,729,681 5.08%
2	Outpatient Revenue	153,835,515	169,577,799	170,348,533	186,342,914	15,994,381 9.39%
3	Total Gross Patient Revenue	280,336,884	306,906,420	302,945,151	325,669,213	22,724,062 7.50%
REVENUE DEDUCTIONS						
4	Bad Debt	20,384,398	22,501,616	21,844,286	23,483,420	1,639,134 7.50%
5	Medicare/Medicaid	114,628,850	130,099,841	132,304,094	142,264,912	9,960,818 7.53%
6	Managed Care/Comm'l	27,892,927	27,873,349	29,860,186	34,746,615	4,886,429 16.36%
7	Charity	3,159,275	3,457,091	3,244,652	3,442,076	197,424 6.08%
8	Other Deductions	960,734	800,000	976,958	762,498	(214,460) -21.95%
9	Total Revenue Deductions	167,026,184	184,731,897	188,230,176	204,699,521	16,469,345 8.75%
10	Rev Deduct as a % of Gross Rev	59.6%	60.2%	62.1%	62.9%	
11	Net Patient Service Revenue	113,310,700	122,174,523	114,714,975	120,969,692	6,254,717 5.45%
12	Other Operating Income	2,476,257	2,378,565	2,085,130	2,303,195	218,065 10.46%
13	Total Operating Revenue	115,786,957	124,553,088	116,800,105	123,272,887	6,472,782 5.54%
OPERATING EXPENSES						
14	Salaries and Wages	45,629,638	47,900,703	45,885,646	47,541,940	1,656,294 3.61%
15	Employee Benefits	13,574,389	14,118,221	13,004,526	14,016,478	1,011,952 7.78%
16	Contract Labor	1,136,722	1,119,016	1,572,492	1,307,407	(265,085) -16.86%
17	Physician Fees	1,479,251	1,353,600	1,647,431	1,555,965	(91,466) -5.55%
18	Contract Fees	7,407,333	7,799,952	8,221,446	8,108,066	(113,380) -1.38%
19	Billable Supplies	16,129,608	16,492,190	16,133,712	16,617,723	484,011 3.00%
20	Miscellaneous Supplies	6,385,579	6,682,998	6,034,813	6,363,638	328,825 5.45%
21	Minor Equipment	438,384	395,492	255,433	300,000	44,567 17.45%
22	Training & Travel	393,976	401,215	318,107	350,000	31,893 10.03%
23	Utilities	2,241,127	2,232,875	2,293,825	2,361,956	68,131 2.97%
24	Maintenance & Repairs	4,973,330	5,525,220	5,192,035	5,678,111	486,076 9.36%
25	Insurance	2,001,065	1,669,078	1,574,080	1,697,700	123,620 7.85%
26	Rentals & Leases	1,273,947	1,701,651	1,747,352	1,846,408	99,056 5.67%
27	Other Expense	1,675,213	1,791,029	1,474,636	1,677,044	202,408 13.73%
28	Total Operating Expenses	104,739,562	109,183,240	105,355,534	109,422,436	4,066,902 3.86%
29	Gross Operating Margin	11,047,395	15,369,848	11,444,571	13,850,451	2,405,880 21.02%
30	Depreciation	11,683,258	11,175,984	10,991,494	10,431,501	(559,993) -5.09%
31	Interest	599,909	650,000	445,295	566,200	120,905 27.15%
32	Net Operating Margin	(1,235,772)	3,543,864	7,782	2,852,750	2,844,968 36557.37%
33	Investment Activity	1,293,354	872,960	133,724	1,116,566	982,842 734.98%
34	Grants and Donations	1,731,711	2,070,000	1,800,000	1,643,227	(156,773) -8.71%
35	Contributions to Foundation	(533,914)	(554,000)	(555,000)	(580,000)	(25,000) 4.50%
36	Other Non-Operating	437,797	-	5,360,000	-	(5,360,000) -100.00%
37	Total Non-Operating Income	2,928,948	2,388,960	6,738,724	2,179,793	(4,558,931) -67.65%
38	Net Income (Loss)	\$ 1,693,176	\$ 5,932,824	\$ 6,746,507	\$ 5,032,543	\$ (1,713,964) -25.41%
39	Net Oper Margin to Total Oper Rev	-1.07%	2.85%	0.01%	2.31%	
40	Net Income to Total Operating Rev	1.46%	4.76%	5.78%	4.08%	
41	Avg FTE's (Employee and Contract)	1,004.8	1,007.2	985.3	990.3	5.0 0.50%

MARGARET R PARDEE MEMORIAL HOSPITAL
2009 OPERATING BUDGET LINE ITEM PERCENTAGE ANALYSIS

	"A"	FY 2007 Actual	"B"	"A"	FY 2008 Projection	"B"	"A"	FY 2009 Budget	"B"
GROSS PATIENT REVENUE									
1		Inpatient Revenue	45.1%	\$ 126,501,369	43.8%	\$ 132,596,618	42.8%	\$ 139,326,299	
2		Outpatient Revenue	54.9%	153,835,515	56.2%	170,348,533	57.2%	186,342,914	
3		Total Gross Patient Revenue	100.0%	280,336,884	100.0%	302,945,151	100.0%	325,669,213	
REVENUE DEDUCTIONS									
4		Bad Debt	7.3%	20,384,398	7.2%	21,844,286	7.2%	23,483,420	
5		Medicare/Medicaid	40.9%	114,628,850	43.7%	132,304,094	43.7%	142,264,912	
6		Managed Care/Comm'l	9.9%	27,892,927	9.9%	29,860,186	10.7%	34,746,615	
7		Charity	1.1%	3,159,275	1.1%	3,244,652	1.1%	3,442,076	
8		Other Deductions	0.3%	960,734	0.3%	976,958	0.2%	762,498	
9		Total Revenue Deductions	59.6%	167,026,184	62.1%	188,230,176	62.9%	204,699,521	
11		Net Patient Service Revenue	40.4%	113,310,700	37.9%	114,714,975	37.1%	120,969,692	
12		Other Operating Income	0.9%	2,476,257	0.7%	2,085,130	0.7%	2,303,195	
13		Total Operating Revenue	41.3%	115,786,957	100.0%	116,800,105	100.0%	123,272,887	100.0%
OPERATING EXPENSES									
14		Salaries and Wages	16.3%	45,629,638	39.4%	45,885,646	39.3%	47,541,940	38.6%
15		Employee Benefits	4.8%	13,574,389	11.7%	13,004,526	11.1%	14,016,478	11.4%
16		Contract Labor	0.4%	1,136,722	1.0%	1,572,492	1.3%	1,307,407	1.1%
17		Physician Fees	0.5%	1,479,251	1.3%	1,647,431	1.4%	1,555,965	1.3%
18		Contract Fees	2.6%	7,407,333	6.4%	8,221,446	7.0%	8,108,066	6.6%
19		Billable Supplies	5.8%	16,129,608	13.9%	16,133,712	13.8%	16,617,723	13.5%
20		Miscellaneous Supplies	2.3%	6,385,579	5.5%	6,034,813	5.2%	6,363,638	5.2%
21		Minor Equipment	0.2%	438,384	0.4%	255,433	0.2%	300,000	0.2%
22		Training & Travel	0.1%	393,976	0.3%	318,107	0.3%	350,000	0.3%
23		Utilities	0.8%	2,241,127	1.9%	2,293,825	2.0%	2,361,956	1.9%
24		Maintenance & Repairs	1.8%	4,973,330	4.3%	5,192,035	4.4%	5,678,111	4.6%
25		Insurance	0.7%	2,001,065	1.7%	1,574,080	1.3%	1,697,700	1.4%
26		Rentals & Leases	0.5%	1,273,947	1.1%	1,747,352	1.5%	1,846,408	1.5%
27		Other Expense	0.6%	1,675,213	1.4%	1,474,636	1.3%	1,677,044	1.4%
28		Total Operating Expenses	37.4%	104,739,562	90.5%	105,355,534	90.2%	109,422,436	88.8%
29		Gross Operating Margin	3.9%	11,047,395	9.5%	11,444,571	9.8%	13,850,451	11.2%
30		Depreciation	4.2%	11,683,258	10.1%	10,991,494	9.4%	10,431,501	8.5%
31		Interest	0.2%	599,909	0.5%	445,295	0.4%	566,200	0.5%
32		Net Operating Margin	-0.4%	(1,235,772)	-1.1%	7,782	0.0%	2,852,750	2.3%
33		Investment Activity	0.5%	1,293,354	1.1%	133,724	0.1%	1,116,566	0.9%
34		Grants and Donations	0.6%	1,731,711	1.5%	1,800,000	1.5%	1,643,227	1.3%
35		Contributions to Foundation	-0.2%	(533,914)	-0.5%	(555,000)	-0.5%	(580,000)	-0.5%
36		Gain on Sale of Asset	0.2%	437,797	0.4%	5,360,000	4.6%	-	0.0%
37		Total Non-Operating Income	1.0%	2,928,948	2.5%	6,738,724	5.8%	2,179,793	1.8%
38		Net Income (Loss)	0.6%	\$ 1,693,176	1.5%	\$ 6,746,507	5.8%	\$ 5,032,543	4.1%
39		Net Oper Margin to Total Oper Rev		-1.07%		0.01%		2.31%	
40		Net Income to Total Operating Rev		1.46%		5.78%		4.08%	
41		Avg FTE's (Employee and Contract)		1,004.8		985.3		990.3	

"A" Percentage of item as compared to Total Gross Patient Revenues

"B" Percentage of item as compared to Total Operating Revenues

MARGARET R PARDEE MEMORIAL HOSPITAL
2009 OPERATING BUDGET ROLL FORWARD
FAVORABLE (UNFAVORABLE)

1	Projected 2008 Excess of Revenues Over Expenses	\$ 6,746,507
2	Net Patient Revenue: 5% rate increase	1,300,000
3	Net Patient Revenue: Volume growth and new business	4,903,000
4	Net Patient Revenue: Increased payor payments, primarily Medicare	1,889,000
5	Net Revenue Decrease: Bad Debt Increase	(1,639,000)
6	Net Revenue Decrease: Charity Care Increase	(198,000)
7	Salaries: average wage increase of 3.25%	(745,000)
8	Salaries and Benefit expense: New Positions and restructures Net Increase of 5.0 FTEs (See FTE Salaries and Wages Assumption)	(911,000)
9	Health insurance and other employee benefits Increase for salary increase and new positions, (\$460,000) Net increase in health insurance and other employee benefits (\$552,000)	(1,012,000)
10	Contract Labor - Reduced use of contract labor	265,000
11	Contract Fees Consulting Fees reduction for medical documentation assistance \$400,000 Cardiac Cath program cost reduction \$280,000 Resident physician contract increase (\$360,000) Medical transcription contract fee (\$226,000)	113,000
12	Supplies - Average of 4% price increase and 3% volume increase	(813,000)
13	Maintenance and Repairs Radiology Maintenance (\$200,000), Info Tech (\$200,000)	(486,000)
14	Other - Minor Equipment (\$45,000) Training and Travel (\$32,000) Utilities (\$68,000) 5% increase anticipated by Engineering Community Awareness/Marketing increase (\$200,000) Rentals and Leases (\$100,000) Insurance (\$124,000)	(569,000)
15	Depreciation and Interest Expense Primarily due to PACS Radiology System depreciation ending during FY2009	439,000
16	Investment income change	983,000
17	Gain for sale of Pardee Care Center and insurance settlements in 2008	(5,360,000)
18	Miscellaneous/Other	127,036
19	Budgeted 2009 Excess of Revenues Over Expenses	\$ 5,032,543

PARDEE URGENT CARE CENTER

2009 OPERATING BUDGET VERSUS 2008 PROJECTION and 2007 ACTUAL

APPROVED BY URGENT CARE CENTER BOARD OF DIRECTORS ON 9/23/08

	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Budget	FY09 Budget to FY08 Proj	FY09 Budget to FY08 Proj
GROSS PATIENT REVENUE						
1 Outpatient Revenue	\$ 3,223,269	\$ 3,273,626	\$ 3,214,559	\$ 3,413,856	\$ 199,297	6.20%
2 Total Gross Patient Revenue	<u>3,223,269</u>	<u>3,273,626</u>	<u>3,214,559</u>	<u>3,413,856</u>	<u>199,297</u>	<u>6.20%</u>
REVENUE DEDUCTIONS						
3 Bad Debt	115,912	167,710	216,796	228,073	11,277	5.20%
4 Medicare/Medicaid	444,531	1,175,449	327,002	381,514	54,512	16.67%
5 Managed Care/Comm'l	727,621	-	739,618	740,588	970	0.13%
6 Charity	-	-	-	-	-	0.00%
7 Other Deductions	-	-	-	-	-	0.00%
8 Total Revenue Deductions	<u>1,288,064</u>	<u>1,343,159</u>	<u>1,283,416</u>	<u>1,350,175</u>	<u>66,759</u>	<u>5.20%</u>
9 Rev Deduct as a % of Gross Rev	<u>40.0%</u>	<u>41.0%</u>	<u>39.9%</u>	<u>39.5%</u>		
10 Net Patient Service Revenue	<u>1,935,205</u>	<u>1,930,467</u>	<u>1,931,143</u>	<u>2,063,681</u>	<u>132,538</u>	<u>6.86%</u>
11 Other Operating Income	-	-	-	252,890	252,890	0.00%
12 Total Operating Revenue	<u>1,935,205</u>	<u>1,930,467</u>	<u>1,931,143</u>	<u>2,316,571</u>	<u>385,428</u>	<u>19.96%</u>
OPERATING EXPENSES						
13 Salaries and Wages	1,096,314	1,127,876	1,235,063	1,510,712	275,649	22.32%
14 Employee Benefits	323,627	327,985	330,367	401,044	70,677	21.39%
15 Contract Labor	-	-	-	-	-	0.00%
16 Physician Fees	76,047	70,300	51,001	60,000	8,999	17.64%
17 Contract Fees	144,324	131,883	118,414	29,145	(89,269)	-75.39%
18 Billable Supplies	156,074	149,000	145,080	199,629	54,549	37.60%
19 Miscellaneous Supplies	71,463	67,550	69,314	53,525	(15,789)	-22.78%
20 Minor Equipment	2,515	3,500	1,015	4,300	3,285	323.65%
21 Training & Travel	19,877	23,250	21,767	24,228	2,461	11.31%
22 Utilities	10,266	10,300	12,223	14,700	2,477	20.27%
23 Maintenance & Repairs	4,438	4,100	4,531	14,550	10,019	221.12%
24 Insurance	26,924	23,000	23,324	59,229	35,905	153.94%
25 Rentals & Leases	44,796	47,060	43,756	45,061	1,305	2.98%
26 Other Expense	15,079	16,900	12,739	13,200	461	3.62%
27 Corporate Overhead Allocation	-	150,000	150,000	155,000	5,000	3.33%
28 Total Operating Expenses	<u>1,991,744</u>	<u>2,152,704</u>	<u>2,218,594</u>	<u>2,584,323</u>	<u>365,729</u>	<u>16.48%</u>
29 Gross Operating Margin	<u>(56,539)</u>	<u>(222,237)</u>	<u>(287,451)</u>	<u>(267,752)</u>	<u>19,699</u>	<u>6.85%</u>
30 Depreciation	51,908	53,913	47,314	48,555	1,241	2.62%
31 Corporate Overhead Allocation	-	23,000	23,000	23,800	800	3.48%
32 Interest	-	-	-	-	-	0.00%
33 Net Operating Margin	<u>(108,447)</u>	<u>(299,150)</u>	<u>(357,765)</u>	<u>(340,107)</u>	<u>17,658</u>	<u>4.94%</u>
34 Net Income (Loss)	<u>\$ (108,447)</u>	<u>\$ (299,150)</u>	<u>\$ (357,765)</u>	<u>\$ (340,107)</u>	<u>\$ 17,658</u>	<u>4.94%</u>
35 Net Oper Margin to Total Oper Rev	<u>-5.60%</u>	<u>-15.50%</u>	<u>-18.53%</u>	<u>-14.68%</u>		
36 Net Income to Total Operating Rev	<u>-5.60%</u>	<u>-15.50%</u>	<u>-18.53%</u>	<u>-14.68%</u>		
37 Avg FTE's (Employee and Contract)	<u>23.1</u>	<u>18.9</u>	<u>20.0</u>	<u>24.3</u>	<u>4.3</u>	<u>21.50%</u>

PARDEE URGENT CARE CENTER
2009 OPERATING BUDGET ROLL FORWARD
FAVORABLE (UNFAVORABLE)

1	Projected 2008 Loss of Revenues Over Expenses	\$ (357,765)
2	Net Patient Revenues	132,538
3	Other Operating Income - Employee Health Services for Hospital	253,000
4	Salaries and Benefits: average wage increase of 3.25% Additional 2.4 FTE's for Employee Health Services Additional 2.0 FTE's for Patient Billing Services	(346,000)
5	Physician Fees	(9,000)
6	Contract Fees - Offset of patient billing salary	90,000
7	Supply expense - For Employee Health Services Test Supplies	(42,000)
8	Training and Travel	(2,500)
9	Maintenance & Repairs - Billing System Maintenance Charges	(10,000)
10	Insurance	(36,000)
11	Corporate Overhead Allocation	(5,800)
12	Depreciation	(1,200)
13	Other	(5,380)
14	Budgeted 2009 Loss of Revenues Over Expenses	\$ (340,107)

PARDEE CARE CENTER
2008 ACTUAL, 2008 BUDGET and 2007 ACTUAL

	FY 2007 Actual	FY 2008 Budget	FY 2008 Actual	FY 2009 Budget
GROSS PATIENT REVENUE				
1 Inpatient Revenue	\$ 10,794,130	\$ 5,619,275	\$ 9,398,825	\$ -
2 Outpatient Revenue	-	-	-	-
3 Total Gross Patient Revenue	<u>10,794,130</u>	<u>5,619,275</u>	<u>9,398,825</u>	<u>-</u>
REVENUE DEDUCTIONS				
4 Bad Debt	128,827	57,500	66,846	-
5 Medicare/Medicaid	2,212,044	1,311,335	2,359,212	-
6 Managed Care/Comm'l	61,315	15,000	18,285	-
7 Charity	27,048	35,000	-	-
8 Other Deductions	-	-	-	-
9 Total Revenue Deductions	<u>2,429,234</u>	<u>1,418,835</u>	<u>2,444,343</u>	<u>-</u>
10 Rev Deduct as a % of Gross Rev	<u>22.5%</u>	<u>25.2%</u>	<u>26.0%</u>	
11 Net Patient Service Revenue	<u>8,364,896</u>	<u>4,200,440</u>	<u>6,954,482</u>	<u>-</u>
12 Other Operating Income	115,631	70,000	88,221	-
13 Total Operating Revenue	<u>8,480,527</u>	<u>4,270,440</u>	<u>7,042,703</u>	<u>-</u>
OPERATING EXPENSES				
14 Salaries and Wages	5,129,952	2,831,395	3,976,774	-
15 Employee Benefits	1,514,339	809,447	1,120,497	-
16 Contract Labor	227,746	101,000	628,023	-
17 Physician Fees	-	-	-	-
18 Contract Fees	101,875	33,750	46,314	-
19 Billable Supplies	615,647	314,800	471,661	-
20 Miscellaneous Supplies	483,229	252,202	454,380	-
21 Minor Equipment	18,493	11,250	21,765	-
22 Training & Travel	8,359	5,800	6,837	-
23 Utilities	217,313	116,959	184,159	-
24 Maintenance & Repairs	89,679	48,950	64,293	-
25 Insurance	-	-	-	-
26 Rentals & Leases	42,201	18,360	23,595	-
27 Other Expense	10,779	5,413	8,439	-
28 Total Operating Expenses	<u>8,459,612</u>	<u>4,549,326</u>	<u>7,006,737</u>	<u>-</u>
29 Gross Operating Margin	<u>20,915</u>	<u>(278,886)</u>	<u>35,966</u>	<u>-</u>
30 Depreciation	243,788	119,655	200,207	-
31 Interest	-	-	-	-
32 Net Operating Margin	<u>(222,873)</u>	<u>(398,541)</u>	<u>(164,241)</u>	<u>-</u>
38 Net Income (Loss)	<u>\$ (222,873)</u>	<u>\$ (398,541)</u>	<u>\$ (164,241)</u>	<u>\$ -</u>
39 Net Oper Margin to Total Oper Rev	-2.63%	-9.33%	-2.33%	0.00%
40 Net Income to Total Operating Rev	-2.63%	-9.33%	-2.33%	0.00%
41 Avg FTE's (Employee and Contract)	141.5	75.3	-	-

WESTERN CAROLINA MEDICAL ASSOCIATES
2008 ACTUAL, 2008 BUDGET and 2007 ACTUAL

	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Budget
GROSS PATIENT REVENUE				
1	\$ -	\$ -	\$ -	\$ -
2	2,243,182	576,632	577,643	-
3	<u>2,243,182</u>	<u>576,632</u>	<u>577,643</u>	<u>-</u>
REVENUE DEDUCTIONS				
4	(3,093)	3,975	15,960	-
5	527,881	177,385	112,913	-
6	160,662	55,664	46,877	-
7	-	-	-	-
8	-	-	-	-
9	<u>685,450</u>	<u>237,024</u>	<u>175,750</u>	<u>-</u>
10	30.6%	41.1%	30.4%	
11	<u>1,557,732</u>	<u>339,608</u>	<u>401,893</u>	<u>-</u>
12	-	-	-	-
13	<u>1,557,732</u>	<u>339,608</u>	<u>401,893</u>	<u>-</u>
OPERATING EXPENSES				
14	1,242,794	329,224	289,098	-
15	362,508	92,640	85,020	-
16	-	750	3,324	-
17	-	-	-	-
18	172,080	42,270	35,671	-
19	42,597	10,025	22,169	-
20	47,518	12,712	9,745	-
21	496	350	-	-
22	18,800	4,000	667	-
23	55,584	11,582	10,962	-
24	17,045	1,629	3,140	-
25	29,471	7,376	7,368	-
26	142,964	28,934	28,532	-
27	9,436	2,873	954	-
28	<u>2,141,293</u>	<u>544,365</u>	<u>496,650</u>	<u>-</u>
29	<u>(583,561)</u>	<u>(204,757)</u>	<u>(94,757)</u>	<u>-</u>
30	12,058	2,127	2,479	-
31	-	-	-	-
32	<u>(595,619)</u>	<u>(206,884)</u>	<u>(97,236)</u>	<u>-</u>
38	<u>\$ (595,619)</u>	<u>\$ (206,884)</u>	<u>\$ (97,236)</u>	<u>\$ -</u>
39	-38.24%	-60.92%	-24.19%	0.00%
40	-38.24%	-60.92%	-24.19%	0.00%
41	17.2	17.6	-	-

HENDERSON COUNTY HOSPITAL CORPORATION

CAPITAL BUDGET FY 2009

Department	Type	Description	Funded by Operations	Grants and Donations	FY 2009 Budget
Radiology	Biomed	Digital Radiography Suite & Mobile Portable Unit	595,000		595,000
Cardiology	Biomed	Ultrasound System	121,672		121,672
Recovery Room	Biomed	Patient Bedside Monitor (14 ea)	120,000		120,000
Endoscopy	Biomed	Endo Tower: Processor and Light Source (3 ea)	114,000		114,000
Info Technology	IT	Medication Safety (Meditech, Pyxis, BMV and EMAR)	531,000		531,000
Info Technology	IT	Server Virtualization for effective Disaster Recovery	518,000		518,000
Info Technology	IT	Redundant Storage (SAN Duplication / Migration)	200,000		200,000
Info Technology	IT	Meditech Core System Installation	173,000		173,000
Info Technology	IT	Meditech Clinical Integration (Meditech, OB TraceVue, Dinamap, ED)	155,000		155,000
Accounting	IT	Healthcare Insights Costing and Clinical Reporting	141,000		141,000
Info Technology	IT	Quality Services IT Implementation of MIDAS/Meditech Interfaces	140,000		140,000
Info Technology	IT	Meditech Physician CPOE - Phase 1 of 2	137,000		137,000
Info Technology	IT	Content Management System and OptiLink Acuity System	136,000		136,000
MD Connect	IT	MD Connect Software Licensing and Tools (10 ea)	135,250		135,250
Info Technology	IT	Replace Failing/Old IT Hardware - PC's, Printers, Laptops	128,000		128,000
Radiation Therapy	IT	ADAC Pinnacle Planning Computer	108,699		108,699
Info Technology	IT	Network Growth Across All Systems - Phase 1 of 2	100,000		100,000
Orthopaedics	Other	Hill Rom VersaCare Beds (25 ea.) and Traction (35 ea)	327,117		327,117
ICU	Other	ICU Patient Beds - Hill Rom (8ea)	275,103		275,103
Cat Scan	Projects	64 Slice CT Scanner - Unit	1,300,000		1,300,000
Cat Scan	Projects	64 Slice CT Scanner - Construction	455,000		455,000
Engineering	Projects	Patient Room Upgrades (2nd year of 3 year spread)	450,000		450,000
Engineering	Projects	General Upfit FY2009	300,000		300,000
Engineering	Projects	8" Water Line from US64 to Fire Pumps	175,000		175,000
Engineering	Projects	Extend Sprinkler System In Main Hospital	150,000		150,000
Engineering	Projects	Relocate 350kw Generator to the Medical Office Building	100,000		100,000
Engineering	Projects	Upgrade Flooring on Ground Floor (Elev A to Day Surgery Hallway)	100,000		100,000
Engineering	Projects	Waiting Room Upgrades Throughout Hospital	100,000		100,000
Administration	Contingency	Contingency - FY2009	800,000		800,000
		Items less than \$100,000	1,413,056		1,413,056
			\$ 7,980,668	\$ 1,518,229	\$ 9,498,897

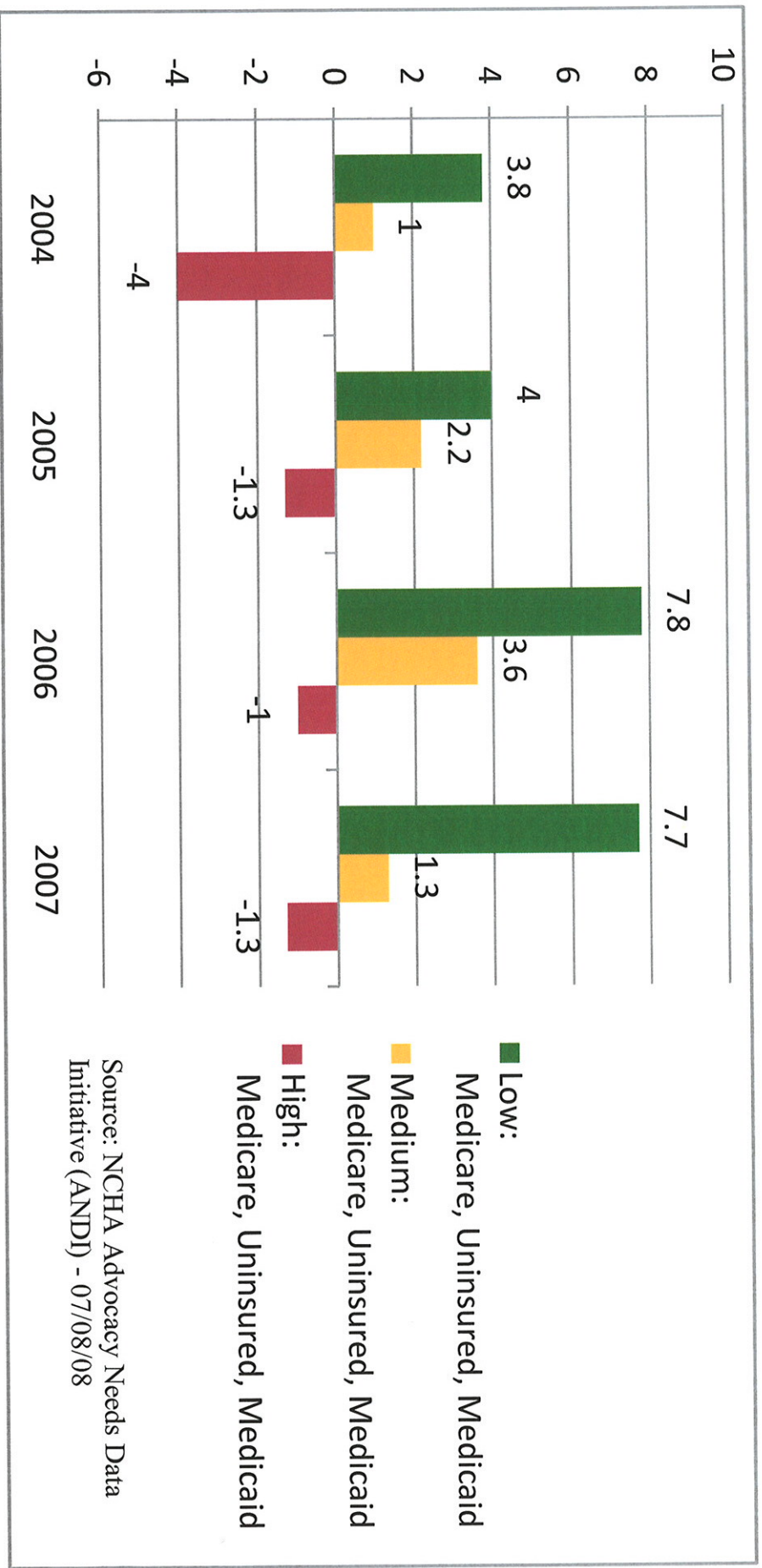
Previous Year Capital Budgets

FY2008	7,430,000	2,070,000	9,500,000
FY2007	7,715,238	1,217,351	8,932,589
FY2006	6,581,444	1,737,356	8,318,800
FY2005			11,828,643

HENDERSON COUNTY HOSPITAL CORPORATION
REVIEW AND APPROVAL OF ANY SINGLE NEW OPERATIONAL ITEMS
WITH A COST OF \$100,000 OR GREATER

Operating	Type	Total Agreement
CT Scan mobile unit rental	Rental Agreement	\$ 240,000
Transcription outsourcing	Contract Agreement	\$ 226,000

Hospitals with High Medicare, Uninsured and Medicaid Utilization Have Lower Average Operating Margins





NOV 3 4 2008

• North Carolina •
• 2008 •
• Child Health Report Card •

A circular black and white photograph of five children of various ethnicities smiling and looking towards the camera.

WITH FINANCIAL SUPPORT FROM:

Annie E. Casey Foundation

North Carolina Department of Health and Human Services



Access to Care and Preventive Health

Access to preventive and primary care is critical to assuring the health of our children. The data indicate that enrollment in public insurance programs has grown dramatically and that enrolled children are receiving preventive care. However, it is alarming to note that the uninsured rate for children increased by 12.9 percent between 2002 and 2007, largely because North Carolina has experienced one of the largest decreases of employer-based coverage in the nation. The North Carolina General Assembly has approved an expansion of children's health insurance, called N.C. Kids' Care, but this program cannot be implemented without an increase in federal matching funds, which the current federal administration has not made available. Providing more children with health insurance coverage will serve to further improve the health outcomes of children and, in turn, the health of their communities.

North Carolina's investments in prevention and early intervention have been exemplary. Public insurance enrollment is high, immunization rates are encouraging, the early intervention system for young children with special needs has received national acclaim, exposure to lead continues to diminish and serious chronic illnesses such as asthma are being identified earlier and managed more successfully. Access to dental care has improved somewhat but continues to be a major problem that warrants serious attention.

Health Indicator	Current Year	Benchmark Year	% Change	Grade	Trend
Insurance Coverage	2007	2002			
% of all children (age 0-17) uninsured	13.1%	11.6%	12.9%	D	Worse
Number of children (age 0-18) covered by public health insurance (Medicaid or Health Choice)	889,642	664,734	33.8%	B	Better
% of Medicaid-enrolled children (age 0-18) receiving preventive care	76.9%	72.5%	6.1%	B	Better
Breastfeeding¹	2005	2000			
% ever breastfed	66.2%	66.5%	-0.5%	C	No change
% breastfed at six months	37.5%	29.3%	28.0%	C	Better
Immunization Rates²	2007	2002			
% of children with appropriate immunizations:					
At age 2	77.3%	69.7%	10.9%	A	Better
At school entry	96.7%	99.4%	-2.7%	A	No Change
Early Intervention	2007	2002			
Number of children (age 0-3) enrolled in early intervention services to reduce effects of developmental delay, emotional disturbance and/or chronic illness	15,048	10,264	46.6%	B	Better
Environmental Health	2007	2002			
Lead ³ : % of children (age 12-36 months):					
Screened for elevated blood lead levels	44.9%	36.2%	24.0%	C	Better
Found to have elevated blood lead levels	0.6%	1.9%	-68.4%	B	Better
Asthma ⁴ :					
% of children diagnosed	15.7%	-	n/a	D	n/a
Hospital discharges per 100,000 children (age 0-14)	2006 152.8	2001 203.0	-24.7%	B	Better
Dental Health	2007	2002			
% of children:					
With untreated tooth decay (kindergarten)	19.0%	24.0%	-20.8%	D	Better
With one or more sealants (grade 5)	42.0%	37.0%	13.5%	C	Better
% of Medicaid-eligible children:					
Age 1-5 who use dental services	42.6%	16.6%	156.6%	C	Better
Age 6-14 who use dental services	49.3%	37.2%	32.5%	C	Better
Age 15-20 who use dental services	34.3%	25.5%	34.5%	D	Better

Health Risk Behaviors

Children's health behaviors and risk-taking (sexual activity, poor nutrition, physical inactivity, substance use, violence, etc.) are determined by a variety of factors. Governments, foundations, communities, schools, and adults all play important roles in supporting healthy behaviors among children. Implementing evidence-based programs and policies increases the impact of financial and resource investments and can improve child health outcomes.

Since 2002, there have been some improvements worth noting. The national decline in teen pregnancy rates (for girls age 15-17) continues to be experienced in North Carolina, although the wide racial disparity in the rates is of particular concern. The continued drop in congenital syphilis and the near elimination of perinatal transmission of HIV/AIDS are true public health success stories.

While there have been successes, there are also some areas of serious concern. In particular, the high percentages of overweight children and tobacco, alcohol and substance use among adolescents are troubling. Due to investments in evidence-based programs and policies as well as media outreach led by the N.C. Department of Health and Human Services and the N.C. Health and Wellness Trust Fund, the state has seen large declines in youth tobacco use. The lessons learned from these efforts are helping to shape similar multi-faceted interventions to address the issue of overweight children in North Carolina.

Health Indicator	Current Year	Benchmark Year	% Change	Grade	Trend
Teen Pregnancy	2007	2002			
Number of pregnancies per 1,000 girls (age 15-17):					
All	34.8	38.3	-9.1%	C	Better
White	27.7	30.8	-10.1%	C	Better
All Other Races	47.3	54.2	-12.7%	D	Better
Communicable Diseases	2007	2002			
Number of newly-reported cases:					
Congenital Syphilis at birth	7	16	-	B	-
Perinatal HIV/AIDS at birth	1	3	-	A	-
Tuberculosis (age 0-19)	41	42	-	C	-
Overweight⁵	2007	2002			
% of low-income children who are overweight:					
Age 2-4	15.3%	13.5%	13.3%	D	Worse
Age 5-11	24.9%	21.1%	18.0%	F	Worse
Age 12-18	29.9%	26.3%	13.7%	F	Worse
Physical Activity	2007	2005			
% of students (grades 9-12) who were physically active for a total of 60 minutes or more per day on five or more of the past seven days	44.3%	45.9%	n/a	D	n/a
Alcohol, Tobacco & Substance Abuse	2007	2003			
% of students (grades 9-12) who used the following in the past 30 days:					
Cigarettes	19.0%	27.3%	-30.4%	D	Better
Smokeless Tobacco	8.6%	9.5%	-9.5%	C	Better
Marijuana	19.1%	24.3%	-21.4%	D	Better
Alcohol (including beer)	37.7%	39.4%	-4.3%	F	No Change
Cocaine (lifetime)	7.0%	8.4%	-16.7%	F	No Change
Methamphetamines (lifetime)	4.7%	6.6%	-28.8%	D	No Change

Death and Injury

After dropping in 2006 to the lowest rate ever recorded in North Carolina, the infant death rate increased slightly in 2007. While this important indicator has dropped by a remarkable 25 percent in the past two decades, the rate has been relatively stagnant in recent years, and North Carolina still ranks poorly among all states. The N.C. Department of Health and Human Services, the N.C. Child Fatality Task Force, the March of Dimes, and other agencies are jointly providing increased attention to prematurity and low birthweight, which have been serious, relatively intractable components of infant mortality. The persistently wide racial disparity is cause for grave concern, meriting increased attention.

Similarly, the overall child death rate rose slightly in 2007 after dropping to its lowest level in 2006. This rate has dropped by almost 30 percent in the past two decades, helped largely by the passage of numerous child safety laws during this period. Injuries are the leading cause of death in children. The N.C. Child Fatality Task Force, as well as state and local review teams, continues to explore ways to prevent child deaths. Increases in homicides and firearm-related deaths command increased attention.

In an attempt to deal with child abuse and neglect more effectively, all 100 counties now participate in the Multiple Response System. Since this has changed many data definitions, trend data on assessments and substantiations are not available. However, the recurrence of maltreatment continues to decline, which is encouraging. Child abuse homicide is perhaps the most tragic of all indicators. In 2007, 25 children who were murdered died at the hands of a parent or caregiver.

Health Indicator	Current Year	Benchmark Year	% Change	Grade	Trend
Infant Mortality	2007	2002			
Number of infant deaths per 1,000 live births:					
All	8.5	8.2	3.7%	B	No Change
White	6.3	5.9	6.8%	B	Worse
All Other Races	13.9	14.2	-2.1%	D	No Change
Low Birthweight Infants	2007	2002			
% of infants born weighing 5 lbs., 8 ozs. (2,500 grams) or less:					
All	9.2%	8.9%	3.4%	D	No Change
White	7.5%	7.4%	1.4%	D	No Change
All Other Races	13.8%	13.3%	3.8%	F	No Change
Child Fatality	2007	2002			
Number of deaths (age 0-17) per 100,000					
Deaths Due to Injury	2007	2002			
Number of deaths (age 0-17):					
Motor vehicle-related	142	174	-	C	-
Drowning	26	23	-	C	-
Fire/Burn	24	23	-	C	-
Bicycle	4	5	-	B	-
Suicide	26	19	-	D	-
Homicide	61	43	-	F	-
Firearm	52	32	-	F	-
Child Abuse and Neglect (Including Deaths)	2007	2002			
Number of children:					
Receiving assessments for abuse and neglect	121,521	-	n/a	-	n/a
Substantiated as victims of abuse and neglect	14,475	-	n/a	-	n/a
Found in need of services	13,193	-	n/a	-	n/a
% of children experiencing recurrence of maltreatment within six months	4.09%	7.95%	-49%	B	Better
Confirmed child deaths due to abuse	25	26	-	F	-

The purpose of the *North Carolina Child Health Report Card* is to heighten awareness — among policymakers, practitioners, the media and the general public — of the health of children and youth across our state. All of the leading child health indicators are summarized in this one easy-to-read document. This is the 14th annual *Report Card*, and we hope it will once again encourage everyone concerned about young North Carolinians to see the big picture and rededicate their efforts to improving the health and safety of the children whose lives they affect.

Statewide data are presented for the most current year available (usually 2007) with a comparative year (usually 2002) as a benchmark. Unless otherwise noted, data are presented for calendar years. The specific indicators were chosen not only because they are important, but also because data are available. In time, we hope expanded data systems will begin to produce more comprehensive data that will allow the “picture” of child health and safety to expand. To facilitate review, the indicators have been grouped into three broad categories — Access to Care and Preventive Health, Health Risk Behaviors, and Death and Injury. However, it should be recognized that virtually all of the indicators are interrelated.

“Don’t worry that children never listen to you; worry that they are always watching you.”
— Robert Fulghum

There are 2.2 million children (age 0-17) in North Carolina, more than ever before. Approximately 20 percent continue to live in poverty. This represents a growing challenge to adults — in the home, in the community, and collectively through government — who are responsible for protecting children from harm and providing opportunities for healthy growth. The data in this *Report Card* serve as indicators of how North Carolina is collectively discharging these responsibilities.

The data provide reason for celebration, tempered by both caution and concern. For the majority of the indicators, the trend is toward improvement, and for several — the immunization rate; the lead poisoning rate; the number of children with access to early intervention services — the data are truly encouraging. For other indicators — the uninsured rate; infant and child death rates; the breastfeeding initiation rate — the data indicate possible stagnation, and this warrants caution. Finally, the data for some indicators — child abuse homicide; access to dental care; overweight children; the use of alcohol, tobacco and illegal substances — reflect unacceptable risks to children and youth, and should be cause for grave concern. When data are available, they indicate that racial disparities remain disturbingly wide.

While North Carolina still has a long way to go, it is heartening that all of the indicators in the *Report Card* are being addressed. Through new safety statutes, additional legislative appropriations, and innovative programs introduced by state and local agencies, North Carolina continues to invest in its children.

Action for Children North Carolina and the North Carolina Institute of Medicine are pleased to support this effort through the production of study reports and participation in evidence-based decision-making. The North Carolina Institute of Medicine has sponsored task force studies on access to care, adolescent health, prevention and many others.

Children are 20 percent of our population, but they are 100 percent of our future. They will soon be our leaders, our producers and our consumers. Now is the time for adults — both collectively and individually — to make the investments that will assure a bright future for our state.

Grades and Trends

Grades are assigned to bring attention to the current status of each indicator of child health and safety. Grades are assigned by a group of health experts from the sponsoring organizations. “A” indicates that the current status is “very good”; “B” is “satisfactory”; “C” is “mediocre”; “D” is “unsatisfactory”; “F” is “very poor.”

Data trends are described as “Better,” “Worse” or “No Change.” Indicators with trends described as “Better” or “Worse” experienced a change of more than 5 percent between the given data points. A percentage change of 5 percent or less between the two years of data is described as “No Change.” Percent change and trends have not been given for population count data. Due to data limitations, only the indicators for alcohol and drug use have been tested for statistical significance. Grades and trends are based on North Carolina’s performance year-to-year and what level of child health and safety North Carolina should aspire to, regardless of how we compare nationally.

Tom Vitaglione, Alexandra Forter Sirota and Angella Belliotta from Action for Children North Carolina and Mark Holmes, Berkeley Yorkery, Jennifer Hastings and David Jones from the North Carolina Institute of Medicine led the development of this publication, with valuable contributions from many staff members of the North Carolina Department of Health and Human Services.

This project was supported by the Annie E. Casey Foundation’s KIDS COUNT project, the North Carolina Department of Health and Human Services, the Blue Cross and Blue Shield of North Carolina Foundation and Novo Nordisk. Action for Children and the North Carolina Institute of Medicine thank them for their support but acknowledge that the findings and conclusions do not necessarily reflect the opinions of financial supporters.

Data Sources

Access to Care and Preventive Health

Uninsured: Annual Social and Economic Supplement, Current Population Survey, U.S. Census Bureau and Bureau of Labor Statistics; *Public Health Insurance:* Special data request to the Division of Medical Assistance, N.C. Department of Health and Human Services, August 2008; *Medicaid-Enrolled Preventive Care:* Calculated using data from the Division of Medical Assistance, N.C. DHHS, "Health Check Participation Data." Available online at: <http://www.dhhs.state.nc.us/dma/healthcheck.htm>; *Breastfeeding:* Centers for Disease Control and Prevention. "Breastfeeding Practices—Results from the National Immunization Survey." Available online at: http://www.cdc.gov/breastfeeding/data/NIS_data/index.htm; *Immunization Rates and Early Intervention:* Data for 2-year-olds from the Centers for Disease Control and Prevention, National Immunization Survey, Available online at: <http://www.cdc.gov/vaccines/stats-surv/imz-coverage.htm#nis>. Kindergarten data are from a special data request to the Women and Children's Health Section, Division of Public Health, N.C. DHHS, August 2008; *Lead:* Special data request to the Childhood Lead Poisoning Prevention Program, N.C. Department of Environment and Natural Resources, August 2008; *Asthma Diagnosed:* State Center for Health Statistics, N.C. DHHS Child Health Assessment and Monitoring Program. Available online at: <http://www.schs.state.nc.us/SCHS/champ/2007/topics.html>; *Asthma Hospitalizations:* State Center for Health Statistics, N.C. DHHS. County Health Data Book. Available online at: <http://www.schs.state.nc.us/SCHS/data/databook/>; *Dental Health:* Special data request to the Oral Health Section, Division of Public Health and Division of Medical Assistance, N.C. DHHS, August 2008.

Health Risk Behaviors

Teen Pregnancy: State Center for Health Statistics, N.C. DHHS, "North Carolina Reported Pregnancies." Available online at: <http://www.schs.state.nc.us/SCHS/data/county.cfm>; *Communicable Diseases:* Special data request to the HIV/STD Section and Epidemiology Section, Division of Public Health, N.C. DHHS, August 2008; *Overweight:* 2007 NC-NPASS Data. "Proportion of Overweight (BMI \geq 95th Percentile) Children by Age, Race and Gender, NC-NPASS* 2007." Available online at: <http://www.eatsmartmovereenc.com/data/index.html>; *Tobacco Use:* N.C. Tobacco Prevention and Control Branch, N.C. DHHS, N.C. Youth Tobacco Survey. Available online at: <http://www.tobaccopreventionandcontrol.ncdhhs.gov/data/index.htm>; *Physical Activity, Alcohol and Substance Abuse:* 2007 Youth Risk Behavior Survey, North Carolina High School Survey, detailed tables. Available online at: <http://www.nchealthyschools.org/data/>.

Death and Injury

Infant Mortality: State Center for Health Statistics, N.C. DHHS, "North Carolina Infant Mortality Report." Available online at: <http://www.schs.state.nc.us/SCHS/deaths/ims/2007/>; *Low Birth-Weight Infants:* State Center for Health Statistics, N.C. DHHS, "Infant Mortality Report, Table 10: Risk Factors and Characteristics for North Carolina Resident Live Births." Available online at: <http://www.schs.state.nc.us/SCHS/deaths/ims/2007/>; *Child Fatality and Deaths Due to Injury:* Women's and Children's Health Section, Division of Public Health, N.C. DHHS, and the State Center for Health Statistics. "Child Deaths in North Carolina." <http://www.schs.state.nc.us/SCHS/data/vitalstats.cfm>; *Child Abuse and Neglect:* Special data request to the Division of Social Services, N.C. DHHS, October 2008; *Recurrence of Maltreatment:* Duncan, D.F., Kum, H.C., Flair, K.A., Stewart, C.J., Weigensberg, E.C. (2008). N.C. Child Welfare Program. Retrieved 8/4/08, from University of North Carolina at Chapel Hill Jordan Institute for Families website. Available online at: <http://ssw.unc.edu/cwf/>; *Child Abuse Homicide:* information was obtained from the N.C. Child Fatality Prevention Team (Office of the Chief Medical Examiner) for this report. However, the analysis, conclusions, opinions and statements expressed by the author and the agency that funded this report are not necessarily those of the CFPT or OCME.

Data Notes

- Breastfeeding** has been introduced as an indicator because evidence is growing that breastfeeding decreases the incidence and severity of childhood infectious diseases and is also associated with decreases in the occurrence of Sudden Infant Death Syndrome (SIDS). The N.C. Department of Health and Human Services has adopted a Blueprint for Action to promote breastfeeding statewide. The Department is collaborating with the N.C. Child Fatality Task Force and the Carolina Breastfeeding Institute to improve this indicator.
- Immunization** measured for 2-year-olds is the 4:3:1:3:3:1 series, the current CDC immunization recommendation, which includes four or more doses of DtaP/DTP/DTd, three or more doses of polio virus vaccine, one or more doses of any measles-mumps-rubella vaccine, three or more doses of Haemophilus influenzae type b (Hib) vaccine, three or more doses of hepatitis B vaccine, and one or more doses of varicella. In previous years of this *Report Card*, the 2-year-old immunization series measured a different immunization series. The Kindergarten data measure the percentage of children meeting the N.C. School Immunization Requirements. More information on the immunization requirements is available online at: <http://immunizenc.com/parentschoolreqs.htm>.
- Elevated Blood Lead Level** is defined as 10 micrograms per deciliter or greater. The 2007 percentage of 0.6 percent is the lowest ever reported in North Carolina, largely due to awareness campaigns and the continued reduction in exposure to products containing lead, and lead paint in particular.
- Asthma** remains the leading chronic illness among our children and is also one of the leading health reasons for school absence. The continued, dramatic decline in the hospital discharge rate reflects the success of the Community Care of North Carolina initiative in educating primary care providers and families in the management of the illness.
- Overweight** is conservatively defined as a body mass index equal to or greater than the 95th percentile using federal guidelines. The children represented in these data are those who receive services in local health departments or school health centers and are primarily low-income. They may not be representative of the state as a whole. These data send an important signal that must be heeded.

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