

**Patton - Fuller Community Hospital**  
**Operating Budget**  
**2009**  
 (In Thousands)  
 (Projection)

	<b>2008</b>	<b>Budget % Change from 2008</b>	<b>2009 (Projection)</b>	
<b>Revenues</b>				Based on these 2008 assumptions: a 3% overall "inflation rate" in 2009, with the cost of oil disproportionately affecting some expense items.
Net Patient Revenue	\$418,509	7%	\$447,805	Patient revenue will increase with little or no increase in patient volume, due to new managed care contracts
Other Revenue	\$2,805	15%	\$3,225	Marketing's plan to increase donations by 15%
<b>Total Revenues</b>	<b><u>\$421,314</u></b>	<b>7%</b>	<b><u>\$451,030</u></b>	
<b>Expenses</b>				
Salaries and benefits	\$214,129	3%	\$220,553	Salaries will hold to a 3% overall increase in cost, no increase in labor hours due to no increase in patient volume.
Supplies	\$71,346	3%	\$73,487	Supplies cost will increase more due to the rising cost of oil and its effect on the cost of plastics and transportation
Physician and professional fees	\$107,065	3%	\$110,277	Contracts for fees have a built-in 3% increase
Utilities	\$1,164	5%	\$1,222	Utilities cost will increase more due to the rising cost of oil.
Other	\$1,784	3%	\$1,838	
Depreciation & Amorization ("non-cash" expenses)	\$24,955	20%	\$29,946	Some high-cost equipment (air conditioning, telephone system, all patient beds and headwalls) will have to be replaced this year, and "depreciation" will rise sharply.

Interest	\$3,597	3%	\$3,705	The repayment plan for any monies borrowed in 2009 will not come due until 2010.
Provision for doubtful accounts	\$13,383	10%	\$14,721	The renegotiation of Managed Care plans could make collections less certain.
<b>Total Expenses</b>	<b><u>\$437,424</u></b>	<b>4%</b>	<b><u>\$455,749</u></b>	<b>Total expenses will rise 4%</b>
 <b>Operating Income</b>	 <b><u>(\$16,110)</u></b>		 <b><u>(\$4,719)</u></b>	Operating Income will improve, with the hospital's loss reduced by 2/3
 <b>Non-operating Income (Loss)</b>				
Investment Income	\$264	15%	\$304	The Market has been going up for years, the "bull market" should continue in 2009.
 <b>Net Income</b>	 <b><u><u>(\$15,846)</u></u></b>		 <b><u><u>(\$4,416)</u></u></b>	 The hospital's loss will be further reduced by good returns on investment income.