



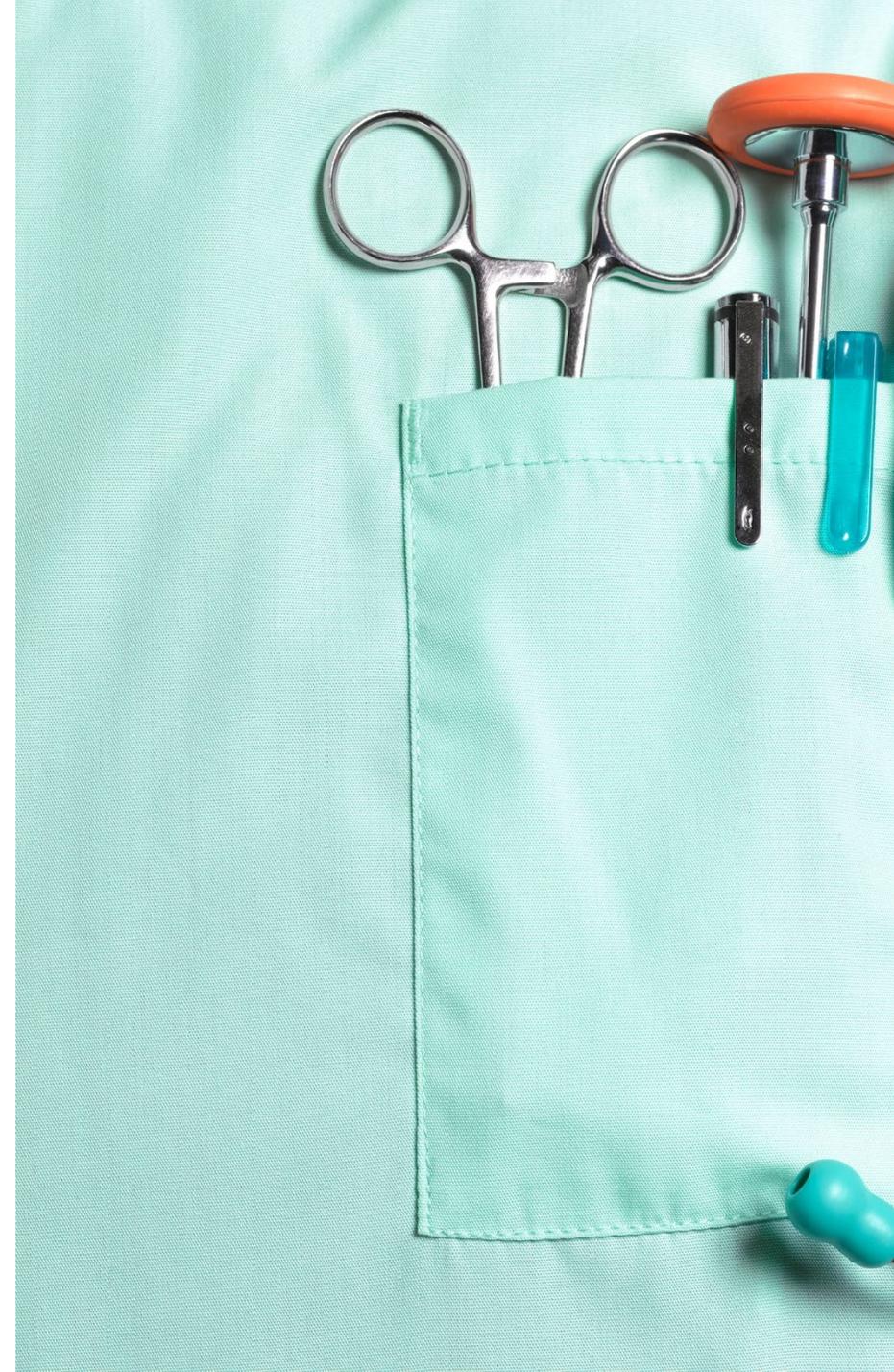
Montana CAH Financial Operational Report

March 2026



Overview

- Analysis of MT CAH financial and operational indicators
 - Years ending 7/1/2023 – 6/30/24
 - Follow up to report with 7/1/2021 – 6/30/2022 year ends
- Review of potential indications of financial and operational stress



Indicators Included in Analysis

- Total Margin < 3%
- Cash Flow Margin < 5%
- Return on Equity < 4.5%
- Operating Margin < 2%
- Current Ratio < 2.3
- Days Cash on Hand < 60
- Days in Net Accounts Receivable > 53
- Equity Financing < 60%
- Debt Service Coverage < 3
- Long Term Debt to Capitalization > 25%
- Average Age of Plant > 10 years
- Medicare Payor Mix > 75%
- Salaries to Net Patient Revenues > 50%
- ED Visits Per Day
- IP Acute Census Per Day
- Swing Bed Census Per Day (Skilled and Non-Skilled Separately and Combined)
- RHC Visits Per Day
- Average Daily Expense

Data Source

- Submitted Medicare Cost Reports were the source for all data points except ED Visits Per Day
- Same source used by numerous external data miners
 - External forces utilize data to:
 - Make conclusions
 - Report to the general public and governmental agencies
 - Influence Federal and State policy
 - Analysis of MT CAH financial and operational indicators
- Contact your cost report preparer regarding and questions on the accuracy of financial and operational reporting.



Facility Identifiers

- Data is reported by facility in a graphic format.
- Each MT CAH has been assigned an numerical identify to allow for privacy of facility specific data.
 - Each provider has been provided their facility specific identifier.



Indicators with Benchmarks

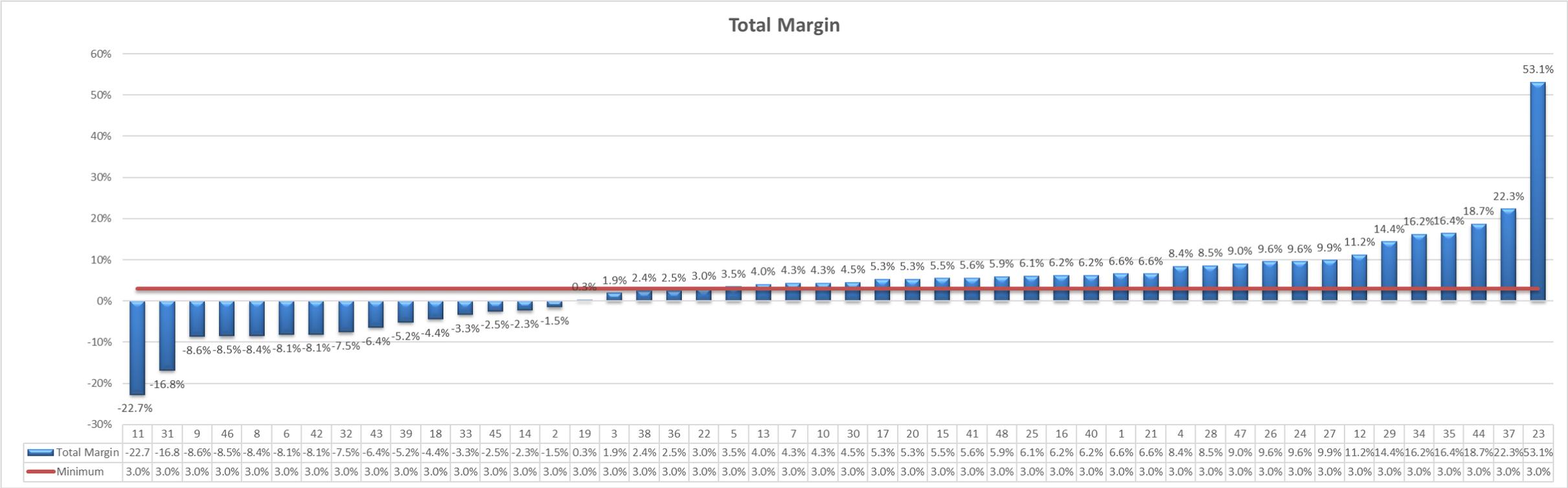
Total Margin

Net Income / Total Revenue

Measures the control of expenses relative to revenues



Montana CAH Financial/Operational Indicators - 2025



Strategy – Total Margin

- Drive up net revenues
 - Contracts
 - Market Share
 - Service Lines
- Control costs
 - Labor productivity
 - Value analysis teams



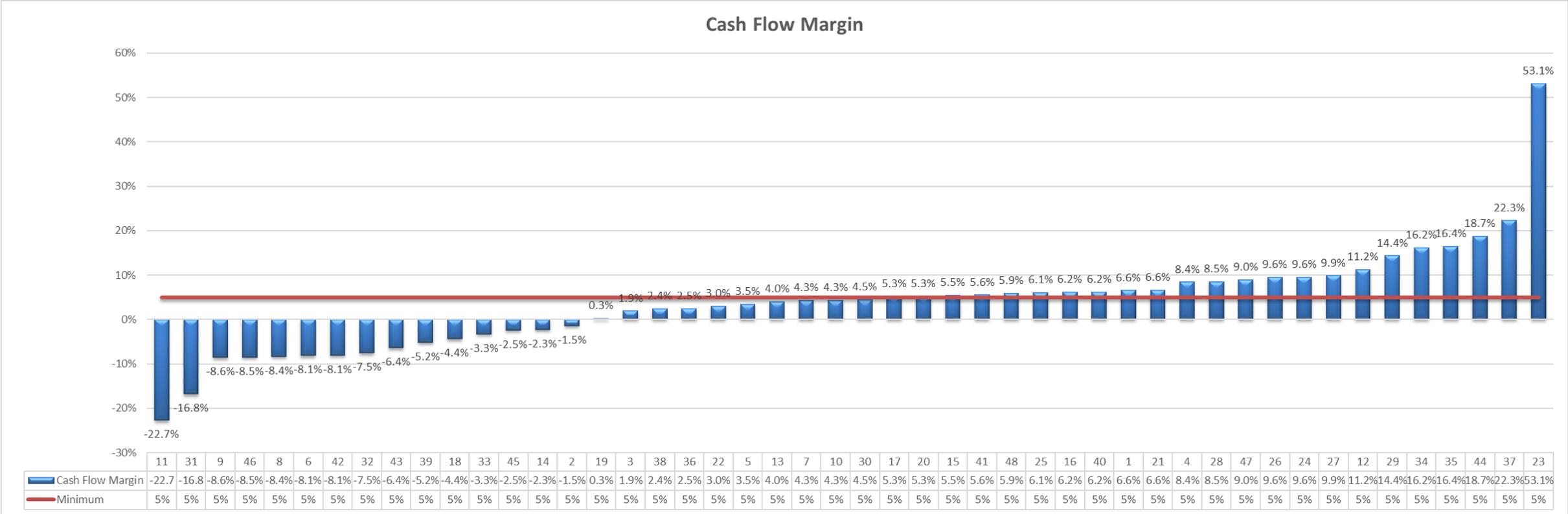
Cash Flow Margin

(Net Income – Contributions, Investments and Appropriations + Depreciation Expense + Interest Expense) / (Net Patient Revenue + Other Income – Contributions, Investments and Appropriations)

Measures the cash inflow per dollar of revenue from providing patient care services



Montana CAH Financial/Operational Indicators - 2025



Strategy – Cash Flow Margin

- Drive up net revenues
 - Contracts
 - Market Share
 - Service Lines
- Control costs
 - Labor productivity
 - Value analysis teams



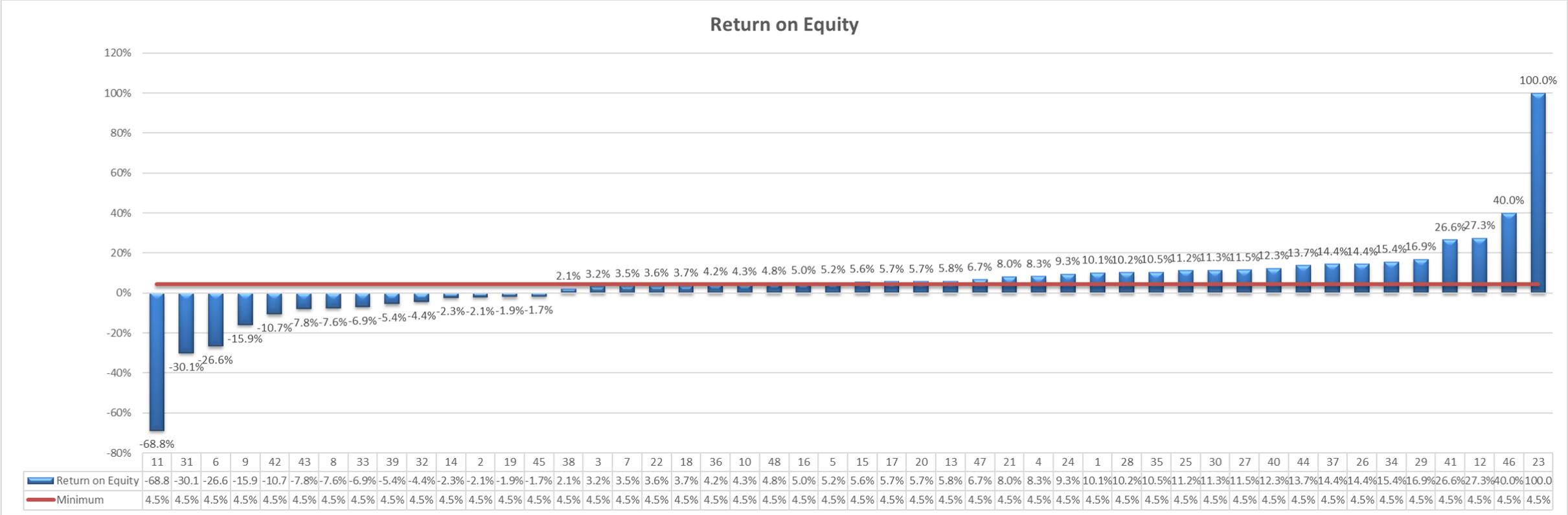
Return on Equity

Net Income / Net Assets

Measures the net income generated by equity investment



Montana CAH Financial/Operational Indicators - 2025



Strategy – Return on Equity

- Drive up net revenues
 - Contracts
 - Market Share
 - Service Lines
 - Investments
- Control costs
 - Labor productivity
 - Value analysis teams
 - Interest
 - Long term capital costs



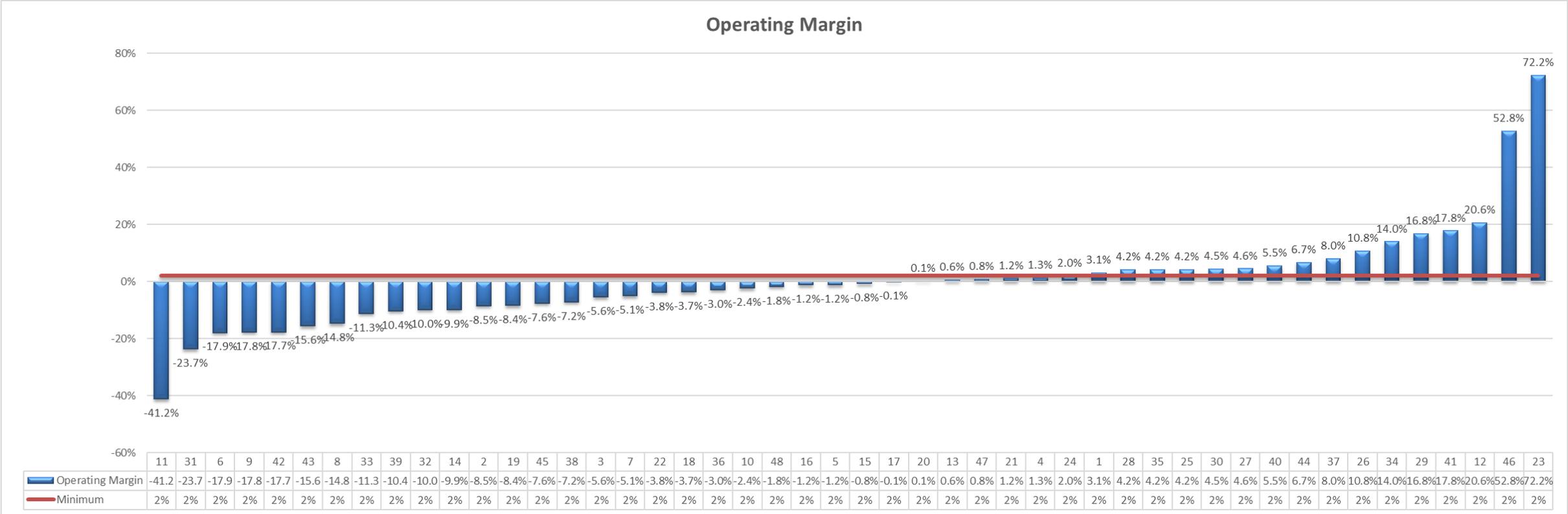
Operating Margin

$(\text{Net Patient Revenue} + \text{Other Revenue} - \text{Total Operating Expenses}) / (\text{Net Patient Revenue} + \text{Other Revenue})$

Measures the control of operating expenses relative to operating revenue (net patient and other revenue)



Montana CAH Financial/Operational Indicators - 2025



Strategy – Operating Margins

- Drive up net revenues
 - Contracts
 - Market Share
 - Service Lines
- Control costs
 - Labor productivity
 - Value analysis teams
 - Debt related



Current Ratio

Current Assets / Current Liabilities

Measures the number of times short-term obligations can be paid using short-term assets



Strategy – Current Ratios

- Strategies in other areas will drive performance improvements in this area.



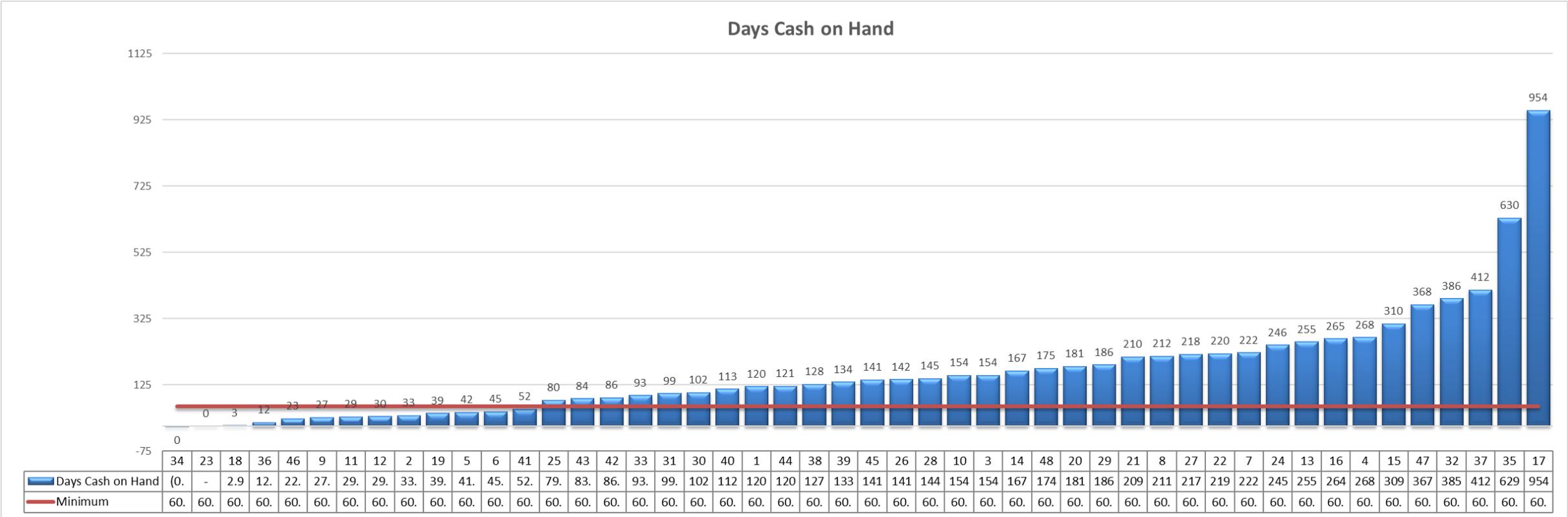
Days Cash On Hand

$(\text{Cash} + \text{Temporary Investments} + \text{Investments}) / (\text{Total Expenses} - \text{Depreciation}) / (\text{Days in Period})$

Measures the number of days an organization could operate if not cash were collected or received



Montana CAH Financial/Operational Indicators - 2025



Strategy – Days Cash on Hand

- Strong strategic plan
 - Organizational
 - Day cash
- Adherence to benchmarks
- Drive up net revenues
 - Contracts
 - Market Share
 - Service Lines
- Control costs
 - Labor productivity
 - Value analysis teams
 - Debt related
 - Expenditure priorities



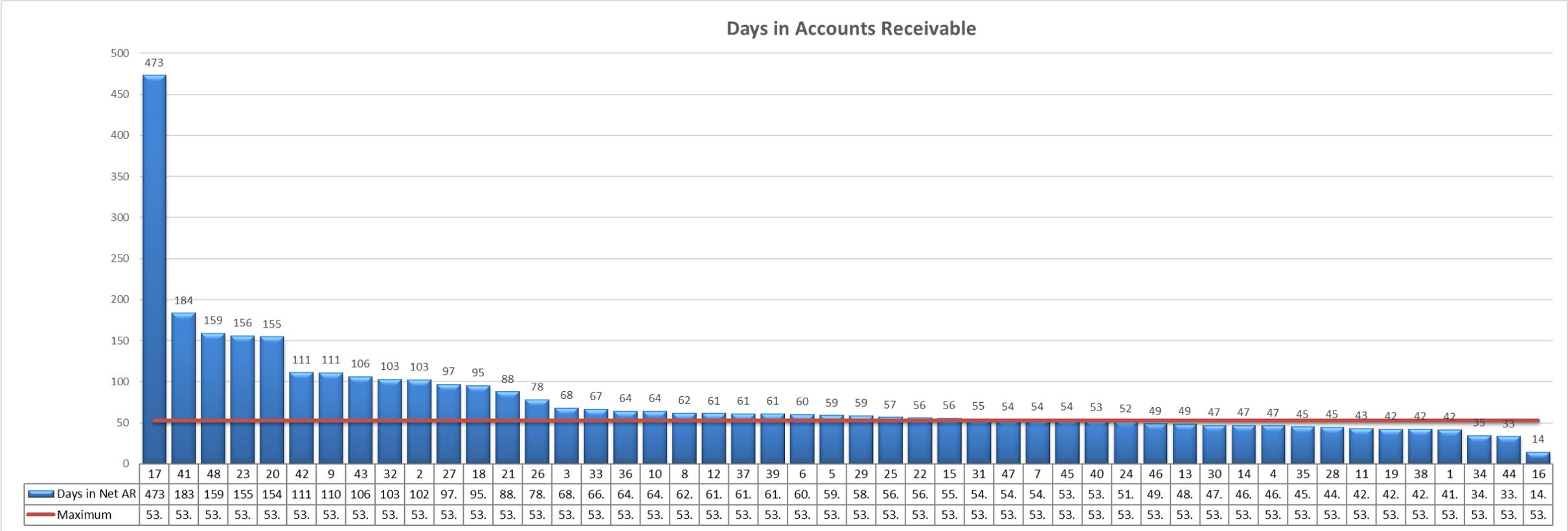
Net Days In Accounts Receivable

Net Patient Accounts Receivable / (Net Patient Revenue / Days in Period)

Measures the number of days that it takes an organization, on average, to collect receivables



Montana CAH Financial/Operational Indicators - 2025



Strategy – Net Days In Accounts Receivable

- Decrease account balances and/or increase net revenues
- Understand your billing system/processes
 - CDM Maintenance
 - Up front collections
 - Denials management
 - Monitoring tools
 - Corrective action
- Instill organizational accountability
 - Demographics
 - Pre-authorization
 - Documentation
 - Timely charge capture
 - Timely coding
 - Account follow up
- Staff education



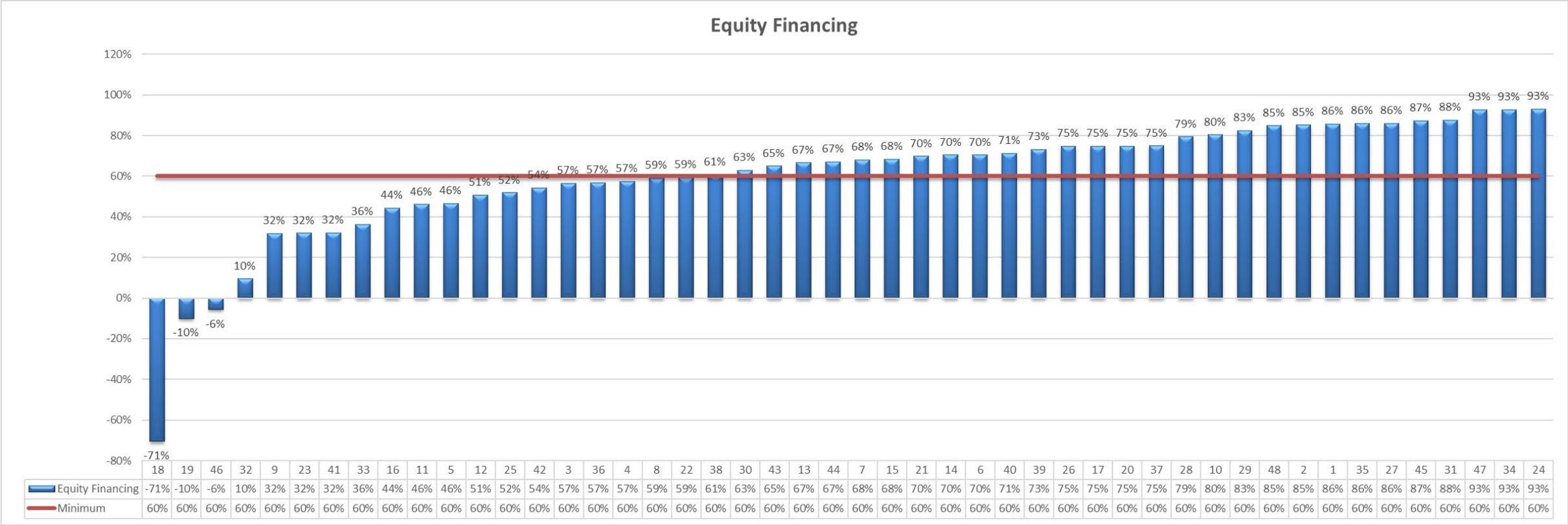
Equity Financing

Net Assets / Total Assets

Measures the percentage of total assets financed by equity



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Strategy – Equity Financing

- Increase equity
- Manage external financing



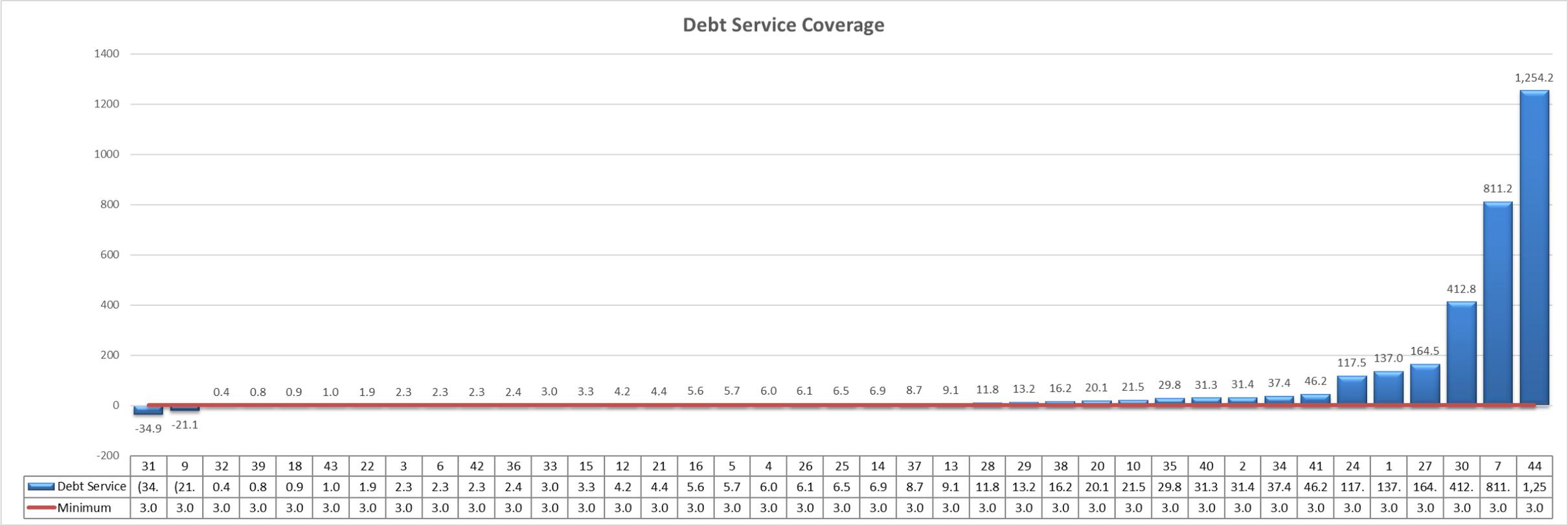
Debt Service Coverage

$(\text{Net Income} + \text{Depreciation} + \text{Interest Expense}) / ((\text{Notes and Loans Payable (Short Term)}) * (365 / \text{Days in Period}) + \text{Interest Expense})$

Measures the cash inflow per dollar of principal payments and interest expense



Montana CAH Financial/Operational Indicators - 2025



Strategy – Debt Service Coverage

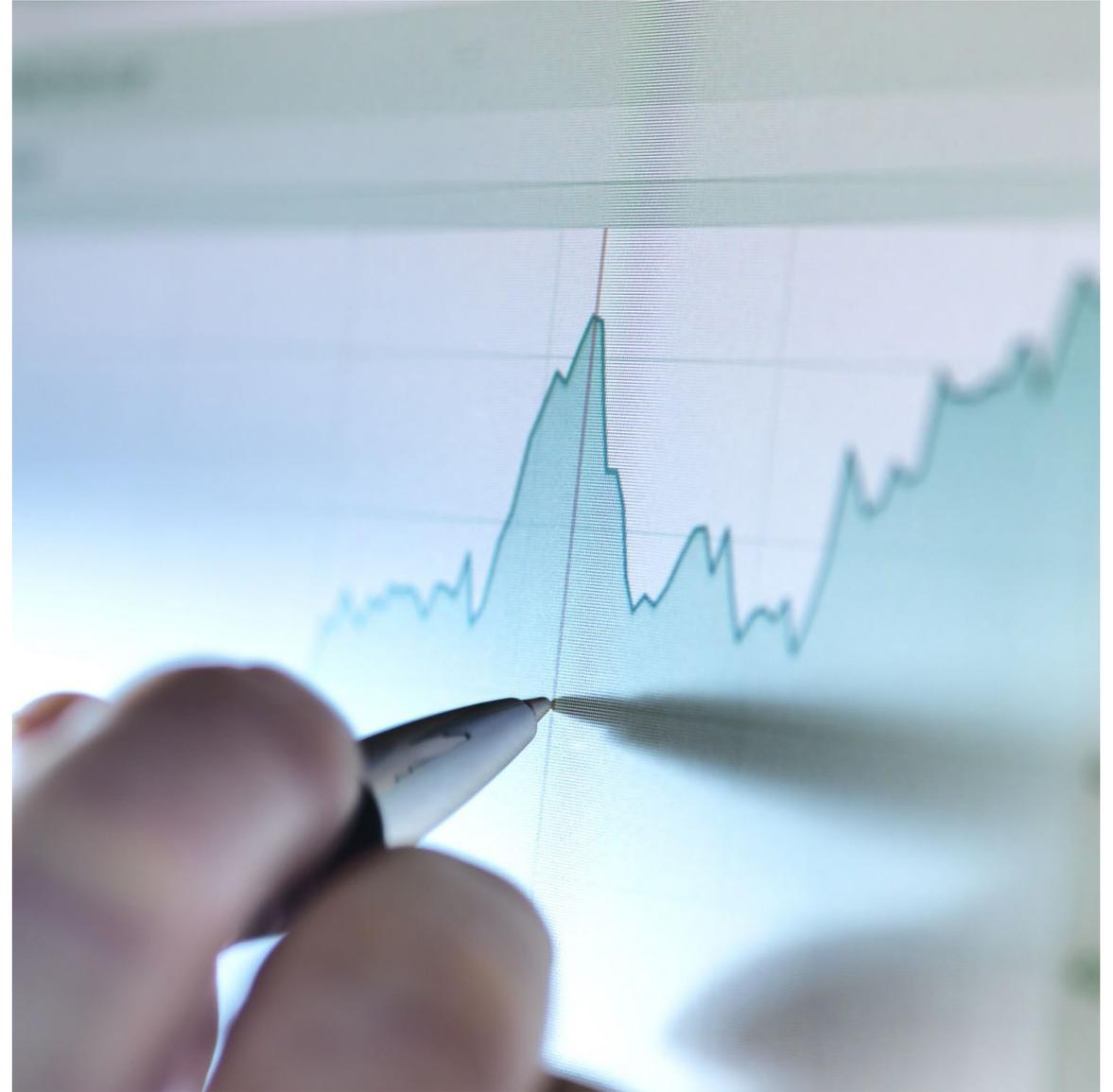
- Increase income
- Manage debt load
- Manage interest costs



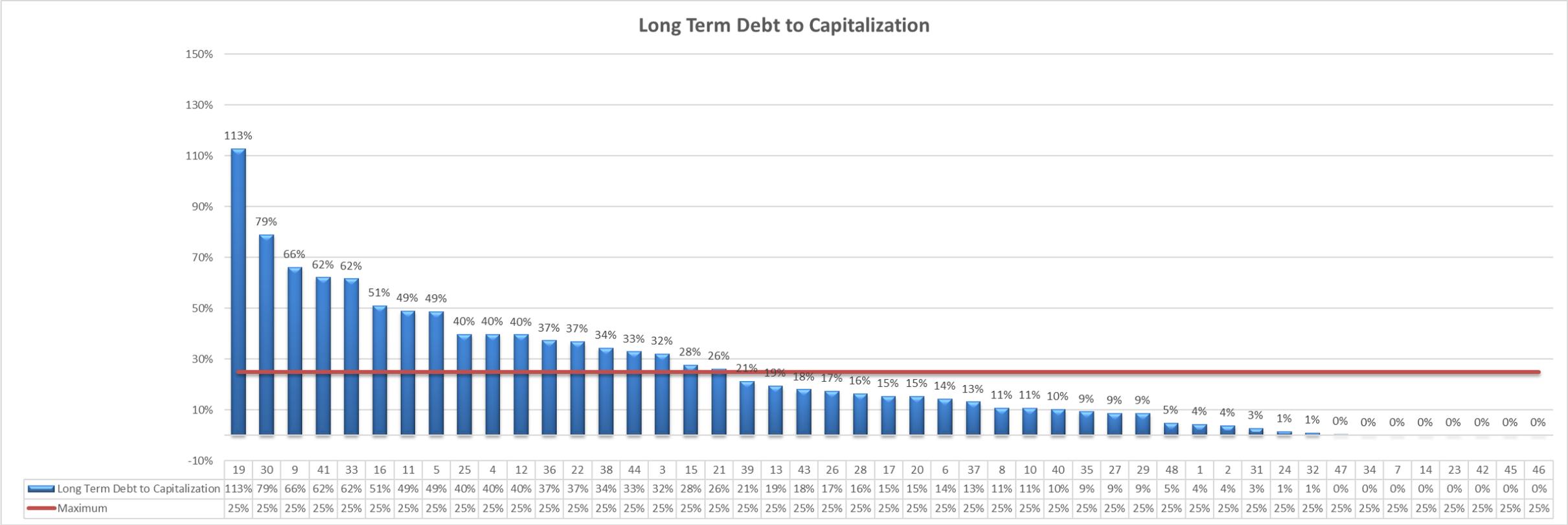
Long Term Debt to Capitalization

Long Term Debt / (Long Term Debt + Net Assets)

Measures the percentage of total capital that is debt



Montana CAH Financial/Operational Indicators - 2025



Strategy – Long Term Debt to Capitalization

- Manage long term debt load
- Increase net assets



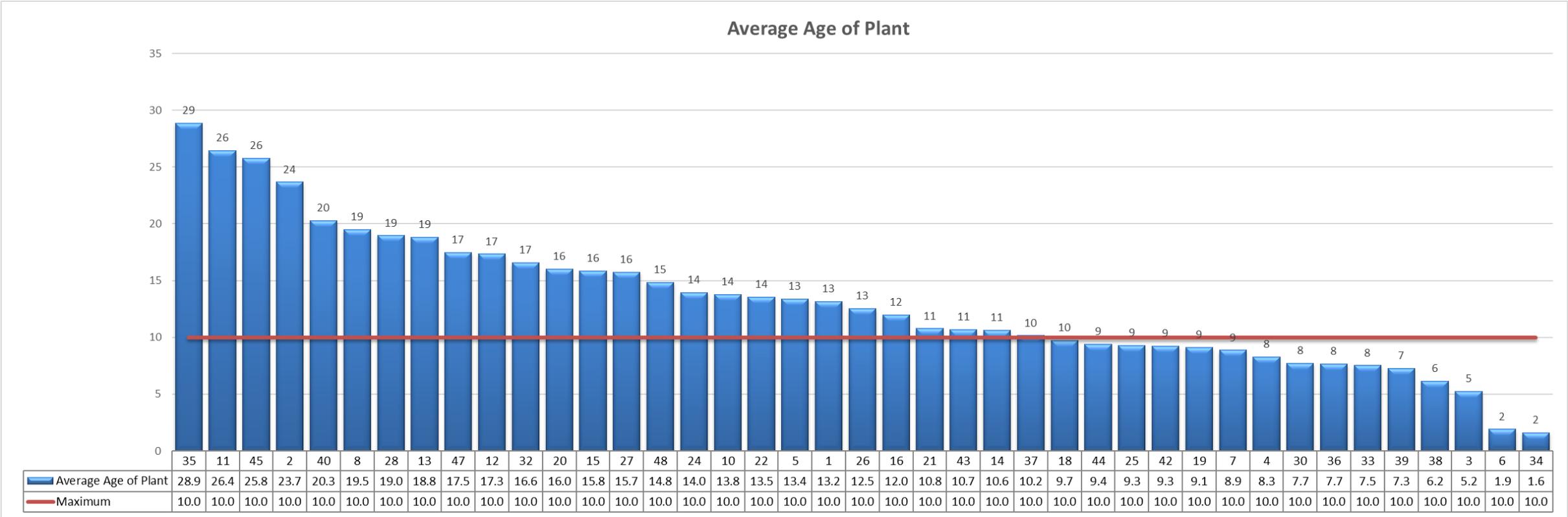
Average Age of Plan

Accumulated Depreciation / Depreciation Expense * (365 / Days in Period)

Measures the average accounting age in years of the fixed assets of an organization



Montana CAH Financial/Operational Indicators - 2025



Strategy – Age of Plant

- Monitor status/adequacy of plant and equipment:
 - Balancing act
 - Need for new technology versus level of expense
 - Need to dress the part
- Keep asset schedules up to date:
 - Eliminate disposed assets



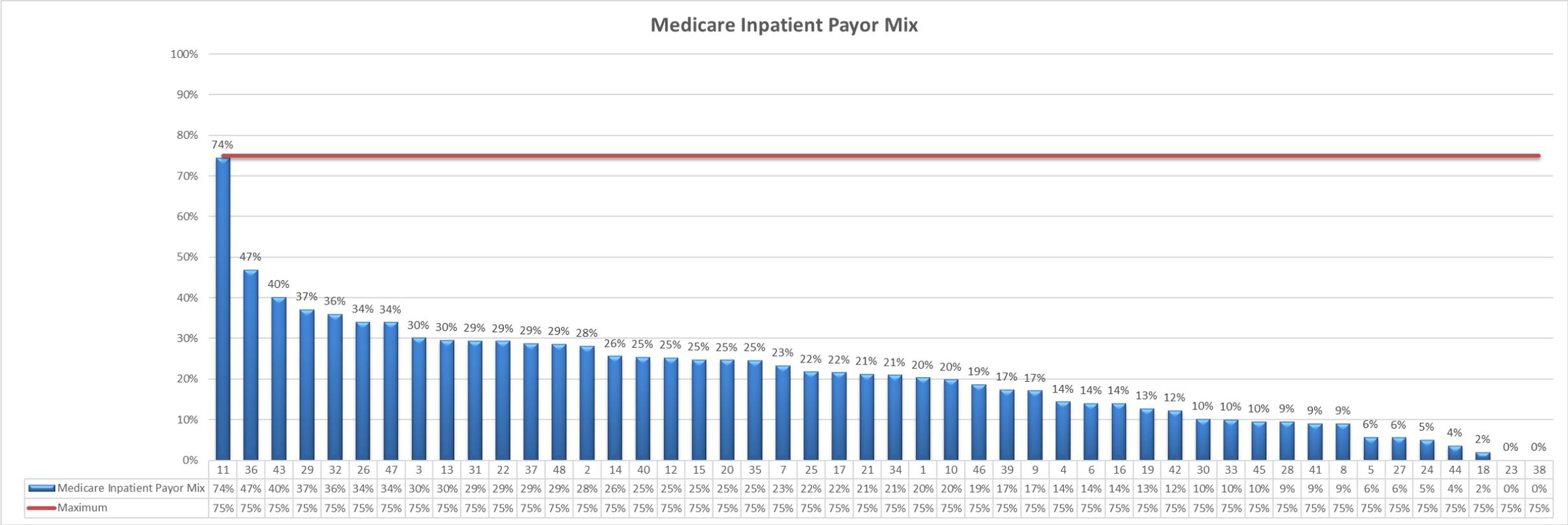
Medicare Inpatient Payer Mix

Medicare Inpatient Days / (Total Inpatient Days – Nursery Bed Days – NF Swing Bed Days)

Measures the percentage of total inpatient days that is provided to Medicare Patients



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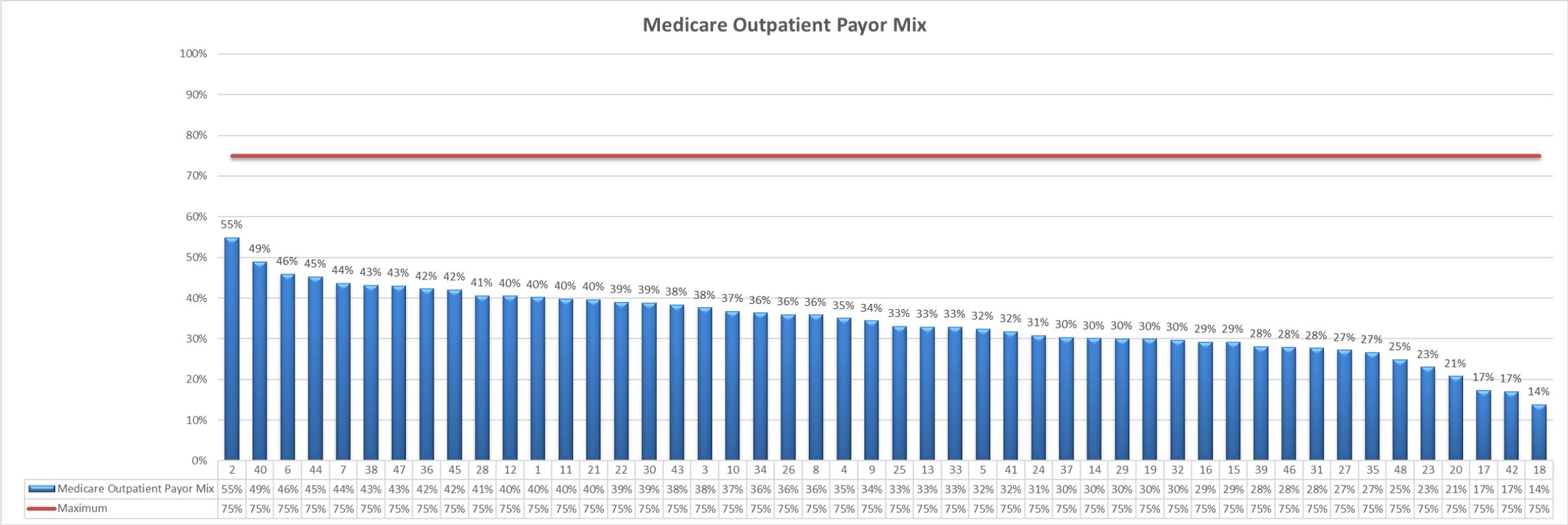
Medicare Outpatient Payer Mix

Hospital Outpatient Medicare Charges /
Hospital Total Outpatient Charges

Measures the percentage of total outpatient charges that is for Medicare patients



Montana CAH Financial/Operational Indicators - 2025



Strategy – Medicare Payor Mix

- Focus on increasing non-Medicare market share:
 - Only area you can make a profit.
- Strategic Plan aligned with Community Health Needs Assessment and Marketing Plan.



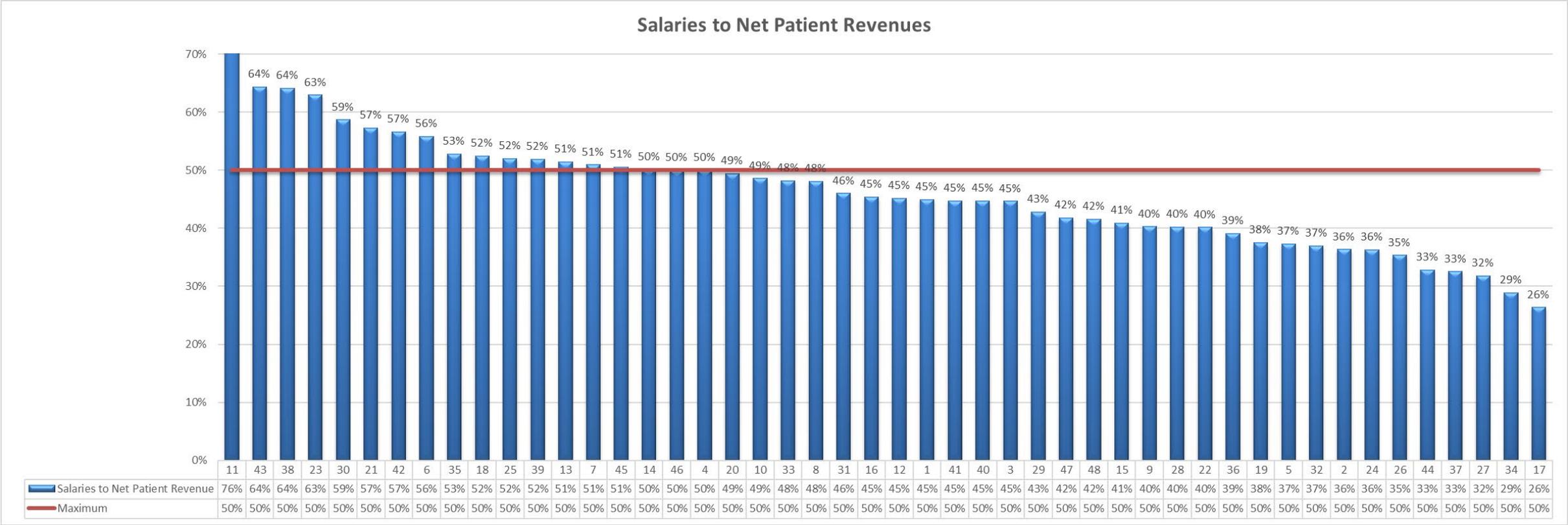
Salaries to Net Patient Revenue

Salary Expense / Net Patient Revenue

Measures the percentage of net patient revenue that is labor costs



Montana CAH Financial/Operational Indicators - 2025



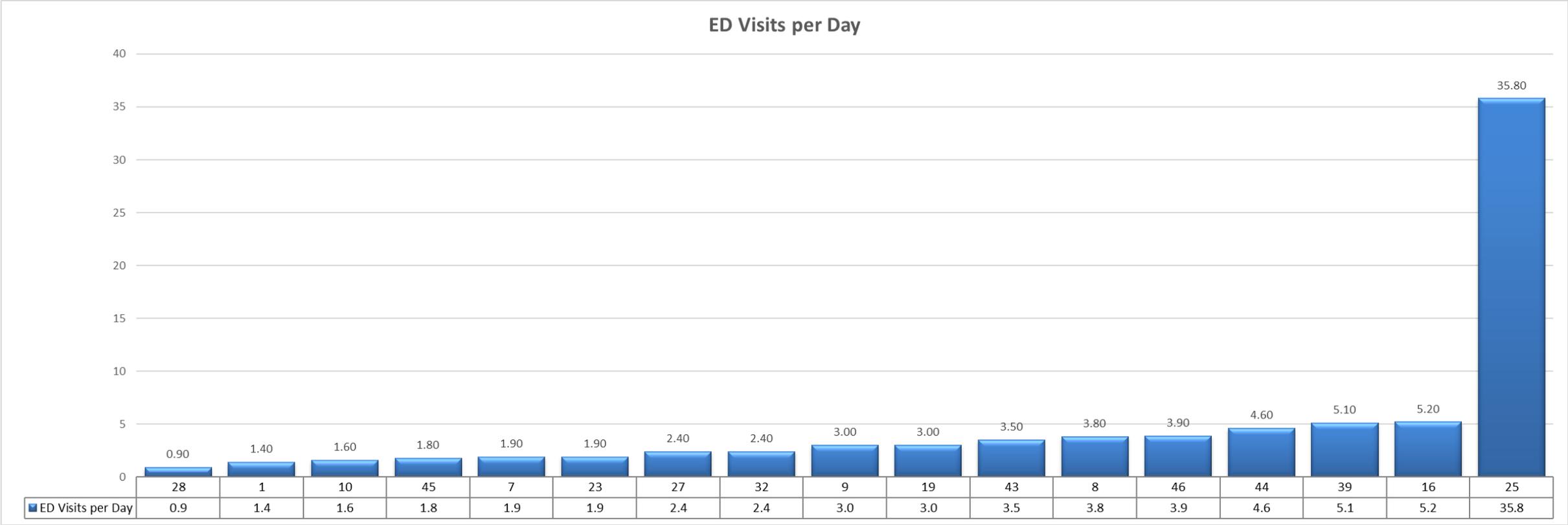
Strategy – Salaries to Net Patient Revenue

- Focus on managing staffing and compensation levels while also increasing net revenues.
 - Accessing external and/or developing internal benchmarking.
 - Establish accountability for staffing levels/volume.

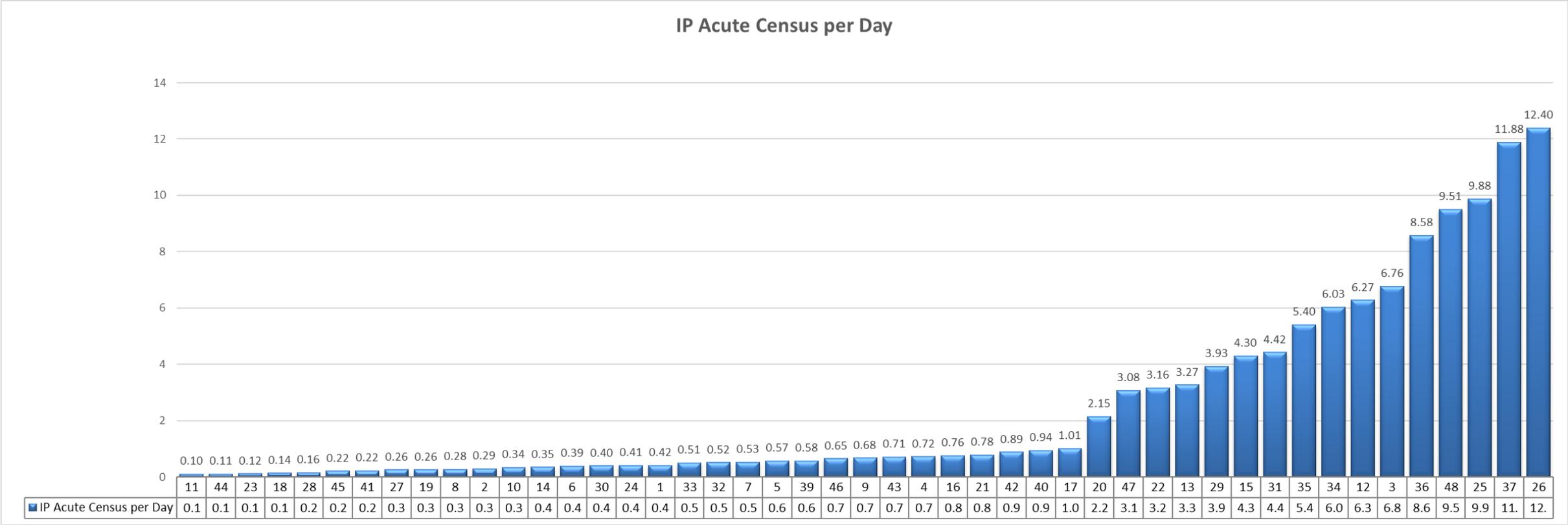


Other Indicators

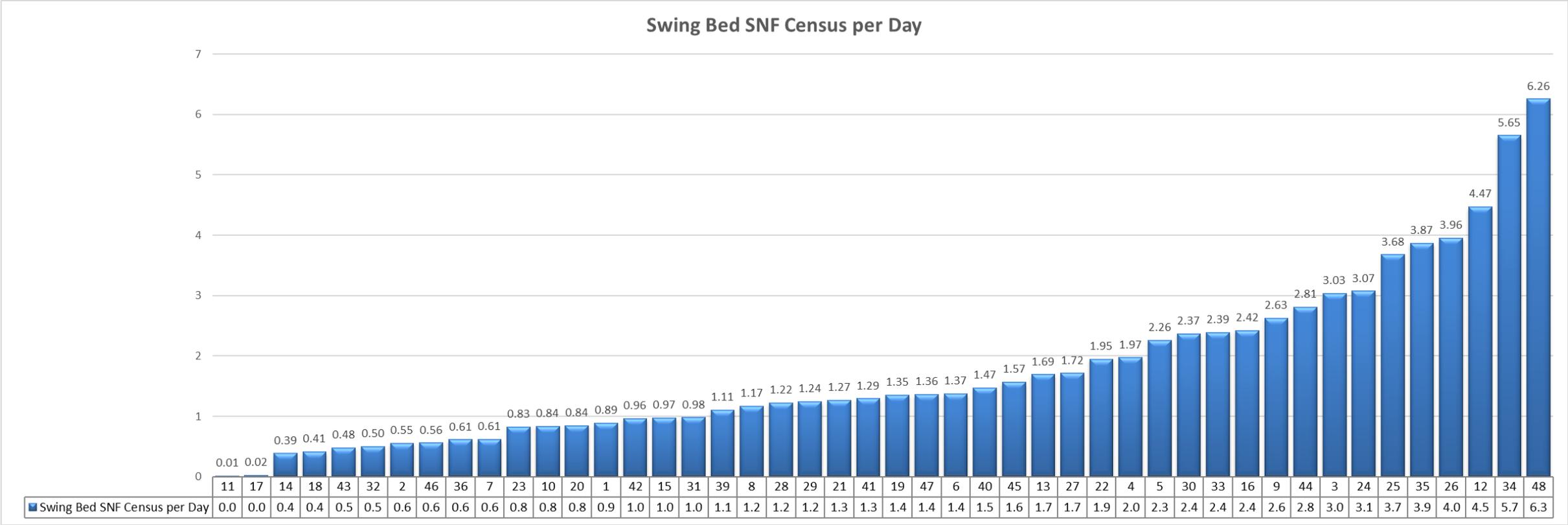
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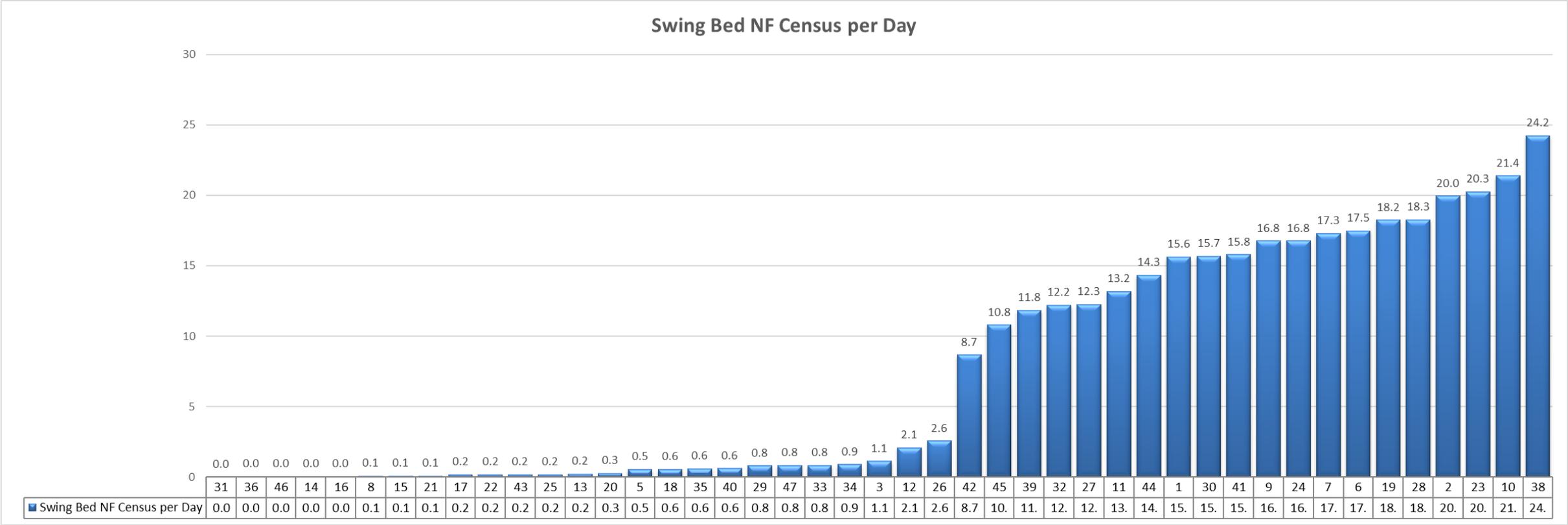
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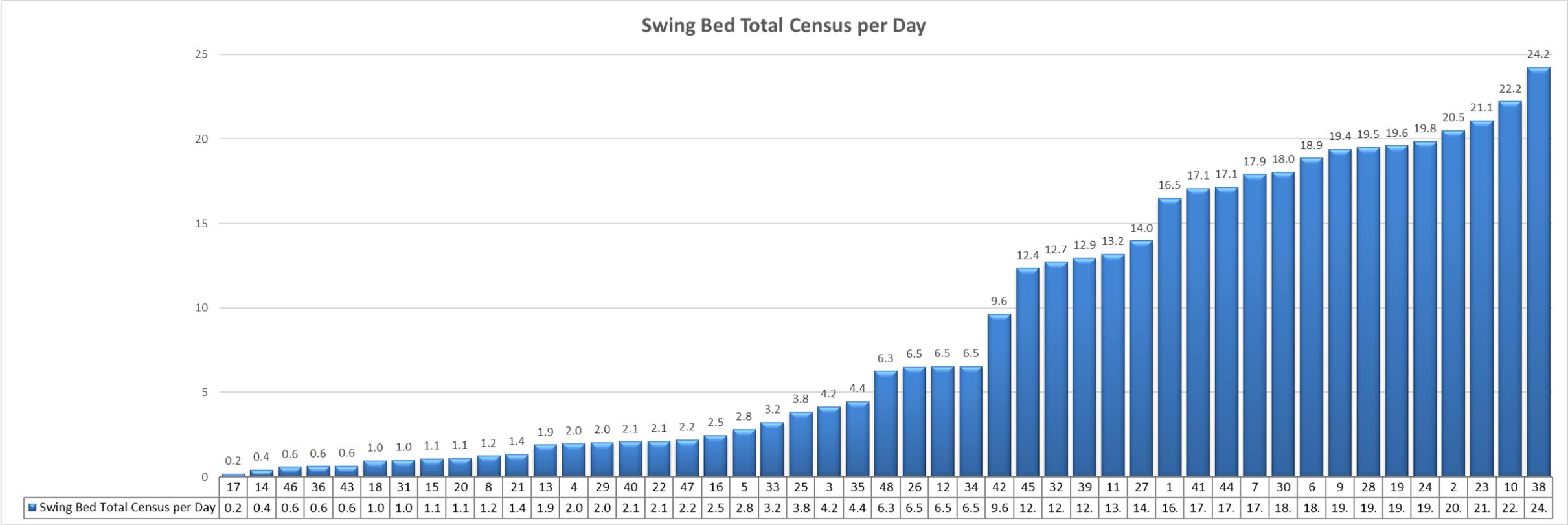
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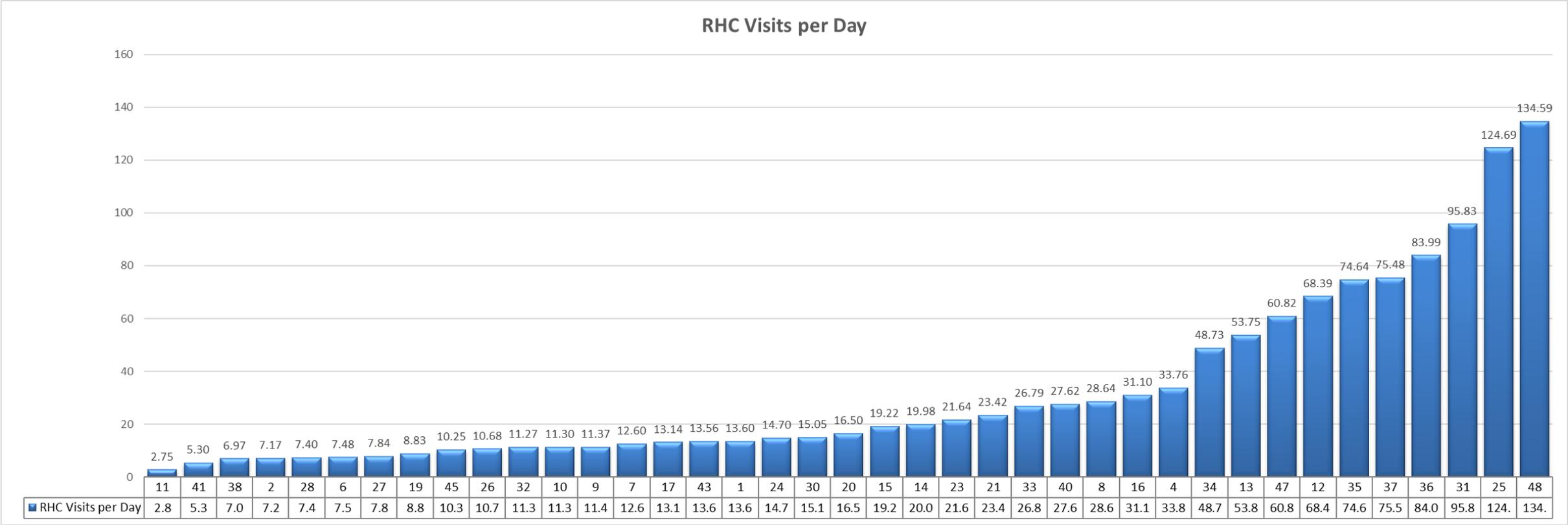
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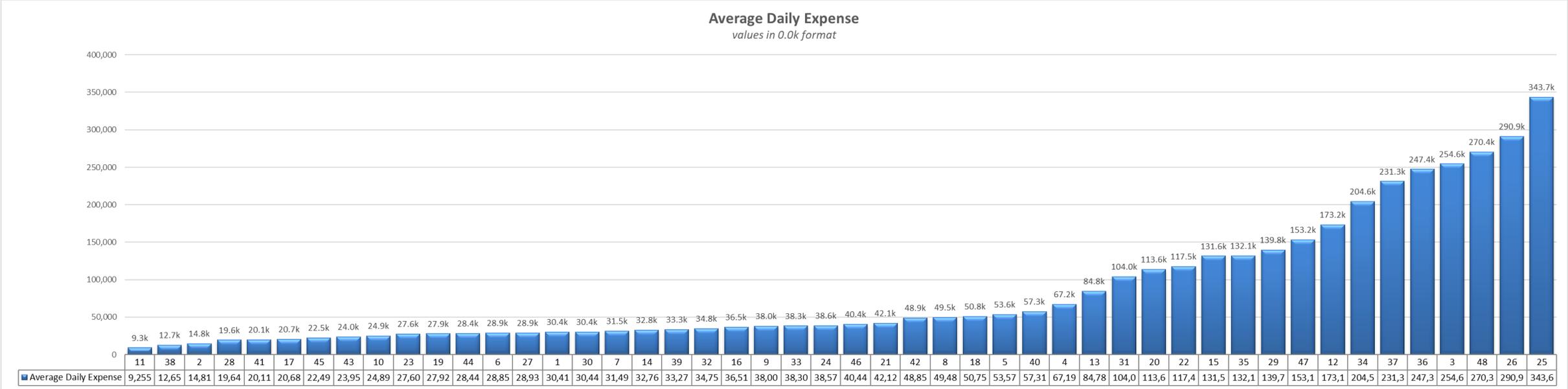
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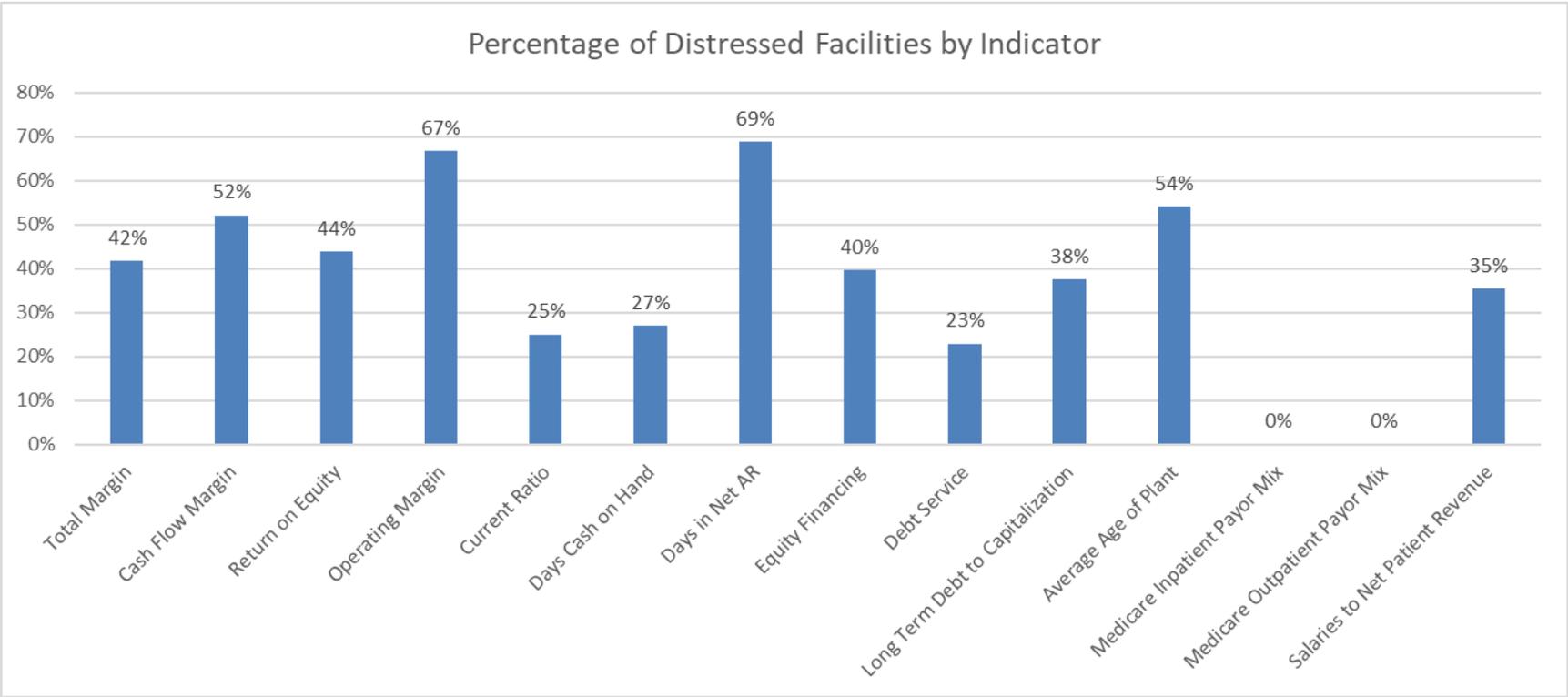


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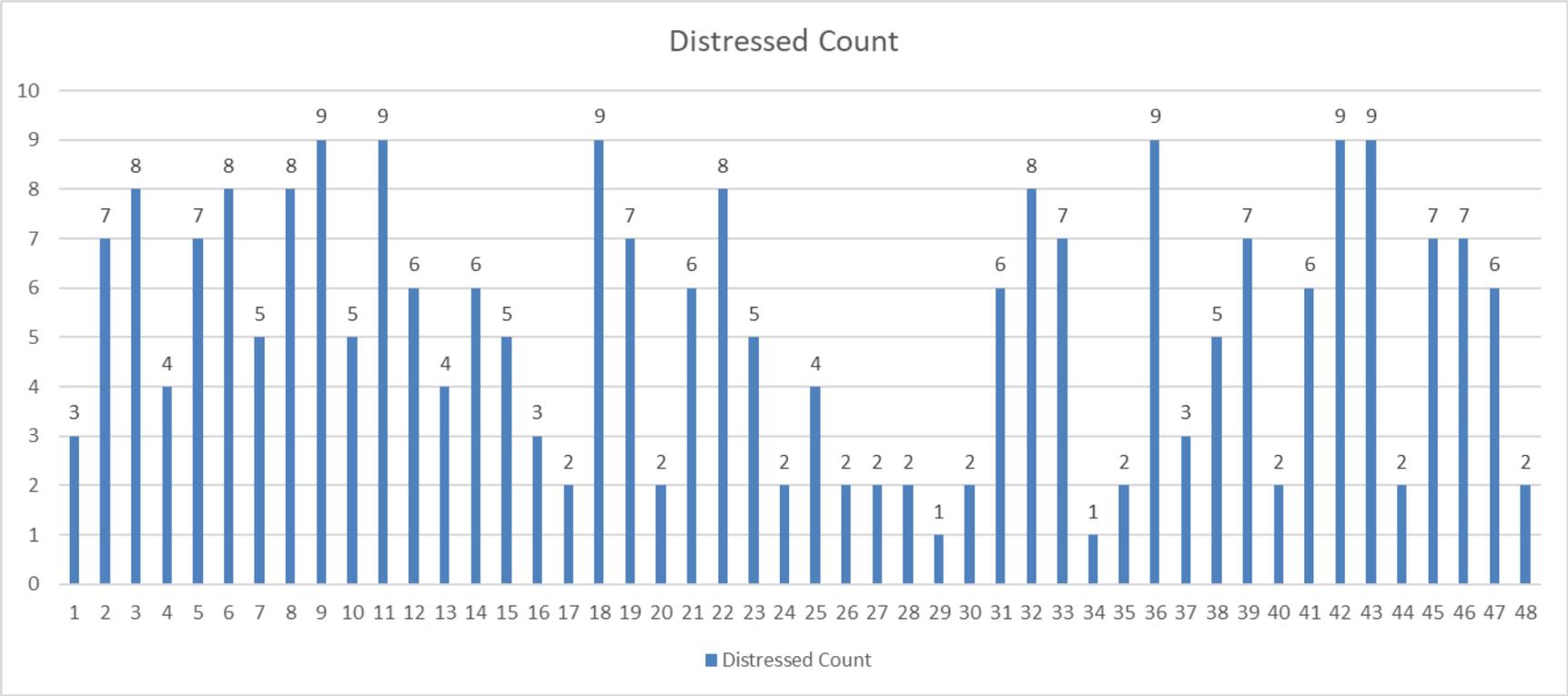


Summary

Montana CAH Financial/Operational Indicators - 2025



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Montana CAH Financial/Operational Indicators - 2025

# of Indicators of Potential Stress	7/1/2023 – 6/30/2024 Facilities	7/1/2021 – 6/30/2022 Facilities with PRF Revenues	7/1/2021 – 6/30/2022 Facilities without PRF Revenues
0-2	13	11	7
3-5	11	17	15
6-8	18	14	18
9-11	7	4	6
12-14	0	1	1
Total	48	47	47



Thank you

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