



**FY 2027 Operating Budget
July 1, 2026 – June 30, 2027**

FY 2027 Consolidated Budget

Highlights

- Return to positive Operating Income
- 4.6% EBITDA Margin (\$12.2M)
- Hold ground on revenue in a difficult year for payor mix and reimbursement.
- Continue cost containment demonstrated in in H2 FY25 monthly run rate.

Legend

FY 24 Actual = Actual FY 24 Results

FY 25 Actual = Actual FY 25 Results

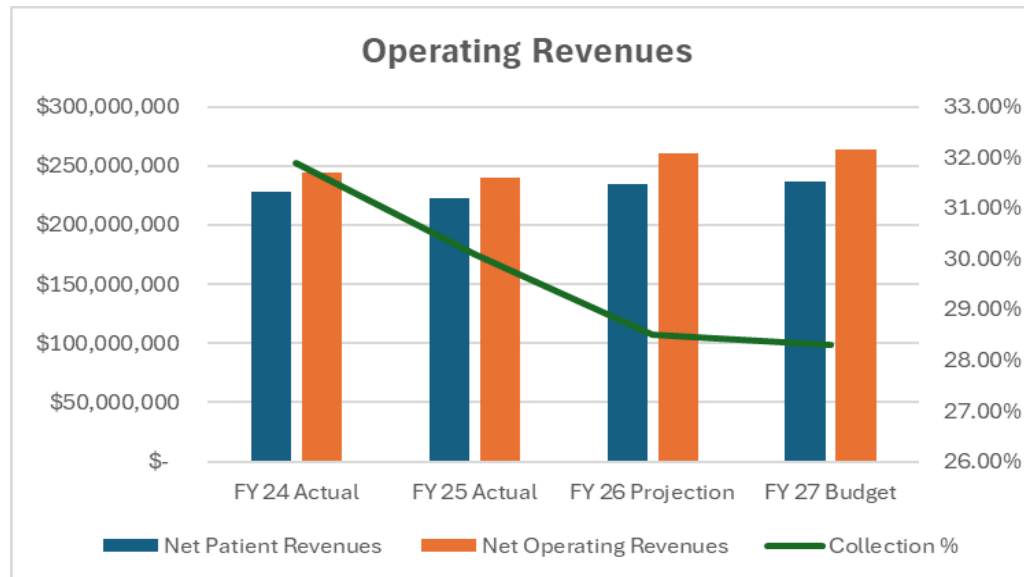
FY 26 Projection = first 3 quarters of actuals and 4Q projection

FY 27 Budget = Proposed Budget for FY 27

	Actual FY 24	Actual FY 25	Projection FY 26	Budget FY 27
Gross Patient Charges	\$ 714,209,255	\$ 739,721,662	\$ 822,873,083	\$ 1,000,455,672
Deductions	\$ 478,840,468	\$ 506,889,487	\$ 577,347,654	\$ 747,121,115
Bad Debt	\$ 5,484,941	\$ 2,549,383	\$ 7,862,348	\$ 9,477,935
Charity	\$ 2,210,447	\$ 7,466,368	\$ 2,994,570	\$ 6,863,989
Net Patient Revenues	\$ 227,673,399 31.88%	\$ 222,816,423 30.12%	\$ 234,668,511 28.52%	\$ 236,992,633 23.69%
Supplemental Payments	\$ 12,710,531	\$ 12,719,948	\$ 20,678,689	\$ 21,067,221
Other Operating Revenues	\$ 3,616,189	\$ 4,639,633	\$ 5,144,391	\$ 5,647,829
Net Operating Revenues	\$ 244,000,119	\$ 240,176,004	\$ 260,491,590	\$ 263,707,684
Operating Expenses				
Salaries	\$ 87,043,162	\$ 97,627,589	\$ 96,600,946	\$ 98,039,153
Contract Labor	\$ 23,794,604	\$ 20,838,910	\$ 14,345,408	\$ 10,515,938
Benefits	\$ 26,834,637	\$ 26,940,378	\$ 24,248,459	\$ 24,986,914
Physician & Prof Fees	\$ 19,364,100	\$ 18,531,404	\$ 19,153,094	\$ 19,208,080
Supplies	\$ 44,758,548	\$ 45,419,165	\$ 46,880,862	\$ 47,314,851
Purchased Services	\$ 19,039,903	\$ 27,035,055	\$ 26,185,493	\$ 27,771,294
Depreciation & Amortization	\$ 11,683,412	\$ 10,199,789	\$ 9,013,974	\$ 8,309,986
Lease/Rentals	\$ 186,175	\$ 218,157	\$ 311,708	\$ 305,446
Other Operating Expense	\$ 18,022,991	\$ 18,377,065	\$ 26,924,360	\$ 26,054,546
Total Operating Expenses	\$ 250,727,532	\$ 265,187,513	\$ 263,664,303	\$ 262,506,208
Total Operating Income / (Loss)	\$ (6,727,414)	\$ (25,011,509)	\$ (3,172,712)	\$ 1,201,475
Operating Margin	-2.8%	-10.4%	-1.2%	0.5%
Investment Income (loss)	\$ 1,702,241	\$ 2,224,152	\$ 1,339,803	\$ 840,000
Other Non-Operating Income (Expense)	\$ 2,477,328	\$ 13,207	\$ 841,574	\$ 1,812,293
Interest Expense	\$ (2,412,568)	\$ (2,354,563)	\$ (3,313,137)	\$ (3,080,000)
Net Income	\$ (4,960,412)	\$ (25,128,713)	\$ (4,304,472)	\$ 773,768
EBITDA	\$ 9,135,568	\$ (12,574,360)	\$ 8,022,639	\$ 12,163,755
EBITDA Margin	3.7%	-5.2%	3.1%	4.6%

Operating Revenues

	Actual FY 24	Actual FY 25	Projection FY 26	Budget FY 27
Gross Patient Charges	\$ 714,209,255	\$ 739,721,662	\$ 822,873,083	\$ 1,000,455,672
Deductions	\$ 478,840,468	\$ 506,889,487	\$ 577,347,654	\$ 747,121,115
Bad Debt	\$ 5,484,941	\$ 2,549,383	\$ 7,862,348	\$ 9,477,935
Charity	\$ 2,210,447	\$ 7,466,368	\$ 2,994,570	\$ 6,863,989
Net Patient Revenues	\$ 227,673,399	\$ 222,816,423	\$ 234,668,511	\$ 236,992,633
	31.88%	30.12%	28.52%	23.69%
Supplemental Payments	\$ 12,710,531	\$ 12,719,948	\$ 20,678,689	\$ 21,067,221
Other Operating Revenues	\$ 3,616,189	\$ 4,639,633	\$ 5,144,391	\$ 5,647,829
Net Operating Revenues	\$ 244,000,119	\$ 240,176,004	\$ 260,491,590	\$ 263,707,684



Highlights / Assumptions

Gross Charges

7/1/2027 CDM price adjustment to market.

Deductions

Charges clear at contracted/govt rates.

Payer Mix

Payor mix expected to decline due to impact to Medicaid and Commercial from HR1.

Volumes

10 case/mo increase in OR, 33 case/mo Cath Lab, otherwise used historical run rate.

Medicaid Churn

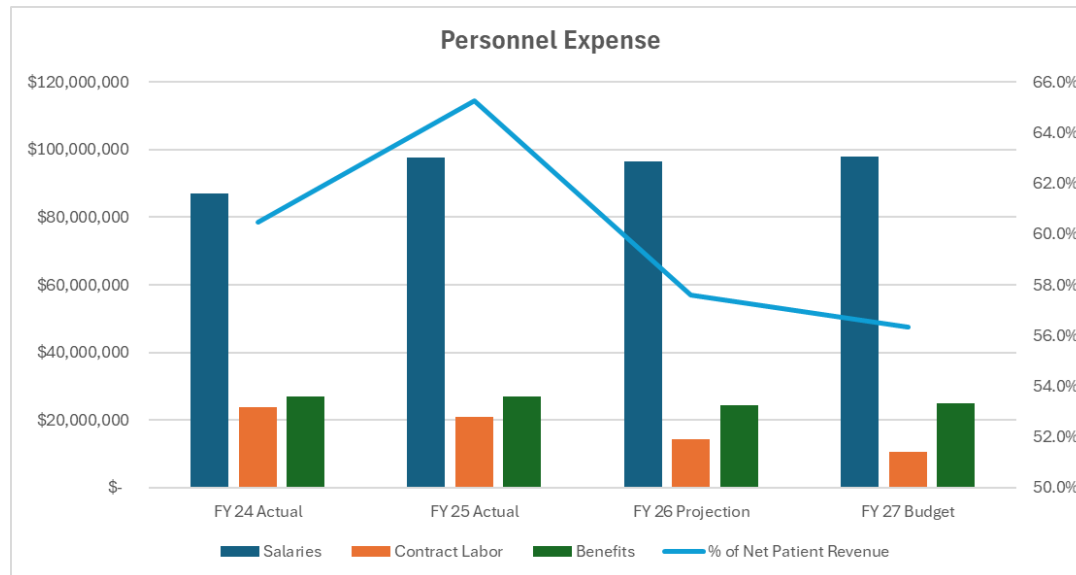
15% drop in Medicaid coverage expected beginning 1/1/2027.

Specialty Pharmacy

\$600k net in Other Operating Revenues

Personnel Expenses

	Actual FY 24	Actual FY 25	Projection FY 26	Budget FY 27
Salaries	\$ 87,043,162	\$ 97,627,589	\$ 96,600,946	\$ 98,039,153
Contract Labor	\$ 23,794,604	\$ 20,838,910	\$ 14,345,408	\$ 10,515,938
Benefits	\$ 26,834,637	\$ 26,940,378	\$ 24,248,459	\$ 24,986,914
Total Personnel Costs	\$ 137,672,404	\$ 145,406,877	\$ 135,194,813	\$ 133,542,005
% of Net Patient Revenue	60.5%	65.3%	57.6%	56.3%



Highlights / Assumptions

Personnel Expenses

New RN Staffing ratios require approximately \$1M.

FTEs

Worked Hours per Unit of Service (WHpUOS) standards are consistent with Financial Sustainability Project targets.

Salaries & Wages

3% Wage increases effective 7/1.

Contract Labor

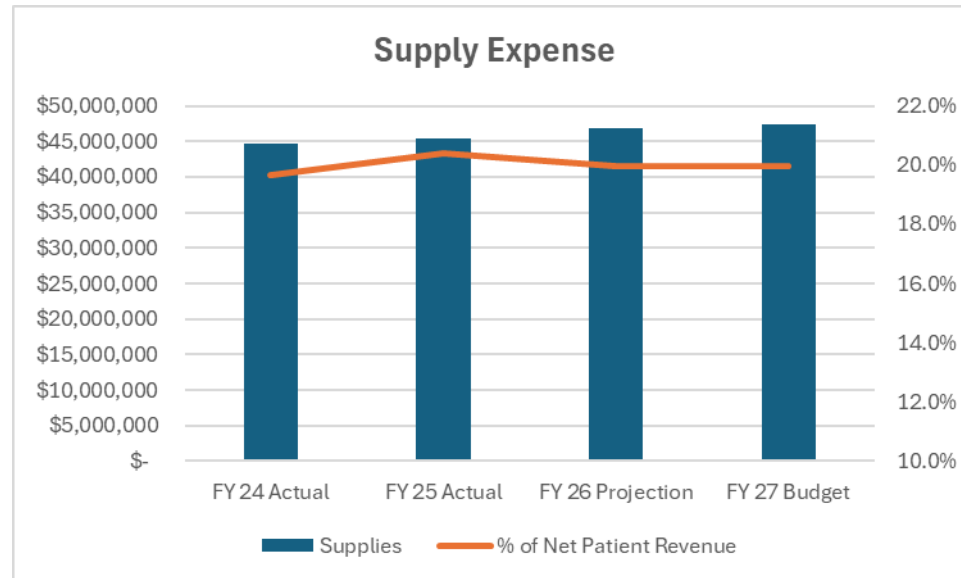
Budget is to maintain current run rate – avoiding new locums or agency positions.

Benefits

Consistent as % of salaries and wages.

Supplies

	Actual FY 24	Actual FY 25	Projection FY 26	Budget FY 27
Supplies	\$ 44,758,548	\$ 45,419,165	\$ 46,880,862	\$ 47,314,851
% of Net Patient Revenue	19.7%	20.4%	20.0%	20.0%



Highlights / Assumptions

Supply Expense

Efficiency initiatives driving 1% increase in expense budget despite inflation. BAH remains on the high end of supplies usage.

Inflation Assumptions

6.0% Drugs/Pharmacy

3.0% Medical Supplies

4.0% Food Prices

2.5% All Other Supplies

FSP Efficiency Initiatives

- Standardization / Committed Spend
 - Pharmacy Review
 - Par Levels
 - Copiers

Pro Fees & Purchased Services

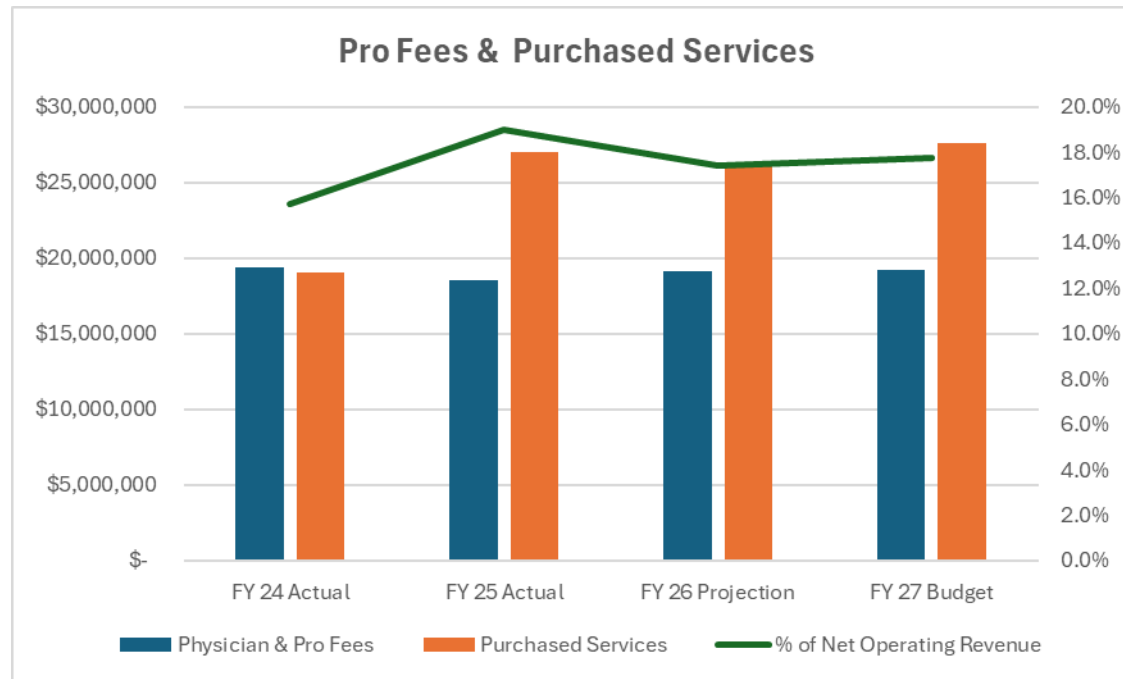
Highlights / Assumptions

EPIC/St. Charles increase in Spring 2027.

Supplier increases as contracted, otherwise 5% general assumption.

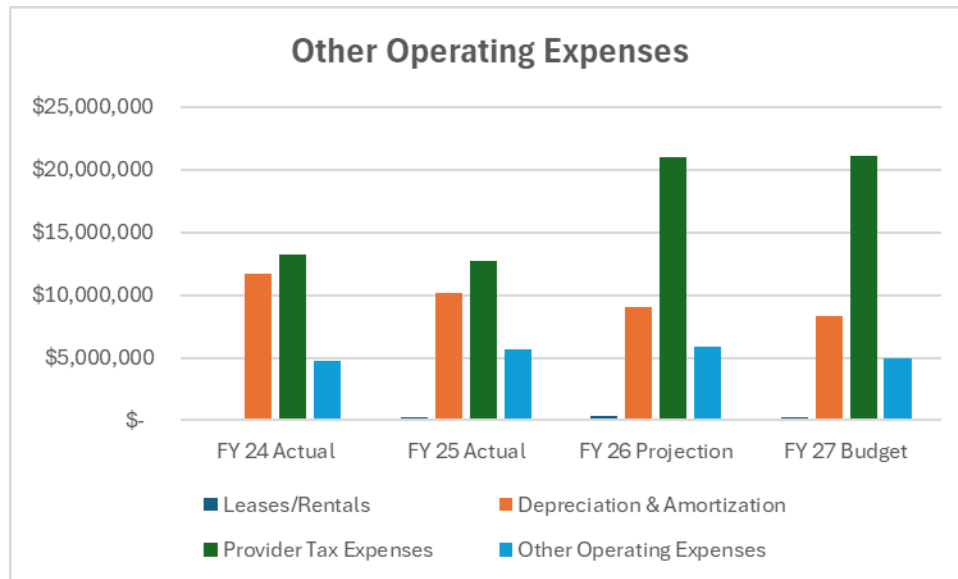
Savista (Revenue Cycle) increasing with 1:1 with net patient revenue.

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Physician & Pro Fees	\$ 19,364,100	\$ 18,531,404	\$ 19,153,094	\$ 19,208,080
Purchased Services	\$ 19,039,903	\$ 27,035,055	\$ 26,185,493	\$ 27,771,294
% of Net Operating Revenue	15.7%	19.0%	17.4%	17.8%



Other Operating Expenses

	Actual FY 24	Actual FY 25	Projection FY 26	Budget FY 27
Leases/Rentals	\$ 186,175	\$ 218,157	\$ 311,708	\$ 305,446
Depreciation & Amortization	\$ 11,683,412	\$ 10,199,789	\$ 9,013,974	\$ 8,309,986
Provider Tax Expenses	\$ 13,236,305	\$ 12,665,097	\$ 21,024,194	\$ 21,108,788
Other Operating Expenses	\$ 4,786,686	\$ 5,711,968	\$ 5,900,166	\$ 4,945,758



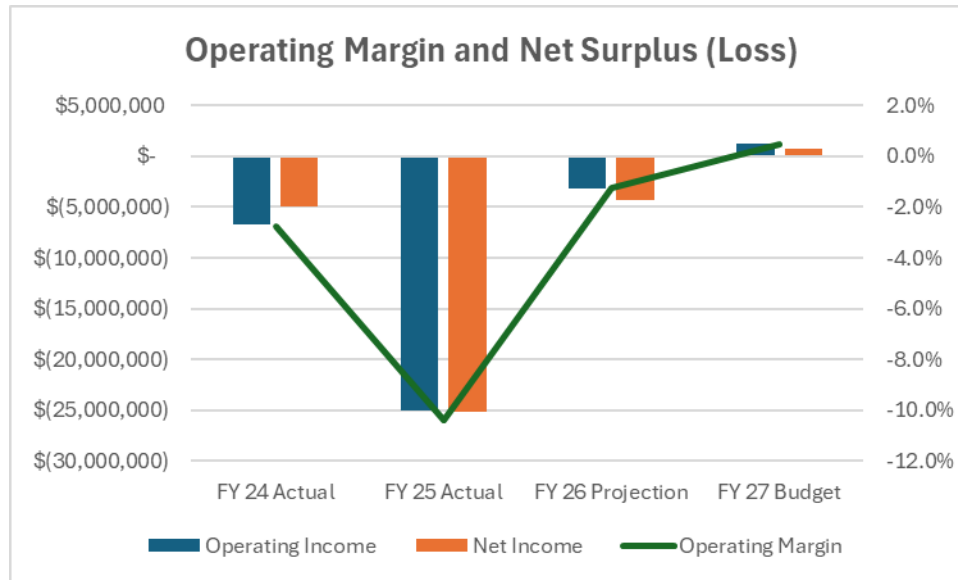
Highlights / Assumptions

Depreciation declining due to constriction of capital spend since 2020.

Other Operating Expense reflects a full year of the improvements from the Financial Sustainability Project. FY25 included \$1M related to legal and advisory fees related to the Quorum project. FY26 and FY27 include approximately \$500k related to general (non litigation) healthcare legal matters to support growth and workforce development.

Operating & Net Income

	Actual FY 24	Actual FY 25	Projection FY 26	Budget FY 27
Operating Income	\$ (6,727,414)	\$ (25,011,509)	\$ (3,172,712)	\$ 1,201,475
<i>Operating Margin</i>	-2.8%	-10.4%	-1.2%	0.5%
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Net Income	\$ (4,960,412)	\$ (25,128,713)	\$ (4,304,472)	\$ 773,768



Highlights / Assumptions

Operating Income - \$1.2M (0.5%)
operating margin reflects maintaining current run rate through what is expected to be a turbulent year.

Investment Income – 3.5% return on the \$28M portfolio.

Other Income – Includes Kid’s Hope Center funding and RHTP Direct Award.

Interest expense – 7% interest on \$44M.



**FY 2027 Capital Budget
July 1, 2026 – June 30, 2027**

Capital Budget – Next Two Years

- \$15.6M target for growth.
- Maintain break/fix for replacement capital. Expect 2-3% of NPR as replacement capital by FY28.

Growth Projects

- **\$3M – Cath Lab (new) – Representative Hoyle CDS**
- **\$1.5M – CT (new) – Representative Hoyle CDS**
- **\$2.1M Cath Lab (replacement) – Senators Merkley and Wyden CDS**
- **\$7M – EHR enhancements - \$1.4M RHTP**
- **\$2M – new DaVinci surgical robot**