



AGENDA

REGULAR MEETING OF THE FINANCE COMMITTEE A COMMITTEE OF THE BOARD OF DIRECTORS

Tuesday, March 28, 2023 – 9:00 AM
Classroom B

600 N. Highland Springs Avenue, Banning, CA 92220

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at (951) 769-2101. **Notification 48 hours prior to the meeting** will enable the Hospital to make reasonable arrangement to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II].

TAB

- I. Call to Order S. DiBiasi
- II. Public Comment

A five-minute limitation shall apply to each member of the public who wishes to address the Finance Committee of the Hospital Board of Directors on any matter under the subject jurisdiction of the Committee. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Committee Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the San Gorgonio Memorial Hospital Board of Directors, we want you to know that the Board/Committee acknowledges the comments or concerns that you direct to this Committee. While the Board/Committee may wish to occasionally respond immediately to questions or comments if appropriate, they often will instruct the CEO, or other Administrative Executive personnel, to do further research and report back to the Board/Committee prior to responding to any issues raised. If you have specific questions, you will receive a response either at the meeting or shortly thereafter. The Board/Committee wants to ensure that it is fully informed before responding, and so if your questions are not addressed during the meeting, this does not indicate a lack of interest on the Board/Committee’s part; a response will be forthcoming.

OLD BUSINESS

- III. * **Proposed Action – Approval of Minutes** S. DiBiasi
- February 28, 2023, regular meeting A

NEW BUSINESS

San Gorgonio Memorial Hospital Board of Directors
Finance Committee – Regular Meeting
March 28, 2023

Certification of Posting

I certify that on January March 24, 2023, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Gorgonio Memorial Hospital - Finance Committee, and on the San Gorgonio Memorial Hospital website said time being at least 72 hours in advance of the regular meeting of the Finance Committee (*Government Code Section 54954.2*).

Executed at Banning, California, on March 24, 2023

A handwritten signature in cursive script that reads "Ariel Whitley".

Ariel Whitley, Executive Assistant

TAB A

REGULAR MEETING OF THE
SAN GORGONIO MEMORIAL HOSPITAL
BOARD OF DIRECTORS

FINANCE COMMITTEE
Tuesday, February 28, 2023

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors Finance Committee was held on Tuesday, February 28, 2023, in Classroom B, 600 N. Highland Springs Avenue, Banning, California.

Members Present: Susan DiBiasi, Ron Rader, Steve Rutledge

Members Absent: Dennis Tankersley

Required Staff: Steve Barron (CEO), Angela Brady (CNO/COO), Daniel Heckathorne (CFO), Annah Karam (CHRO) Ariel Whitley (Executive Assistant), Karan P. Singh, MD (CMO), John Peleuses (VP Support & Ancillary Svs.)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Call To Order	Susan DiBiasi called the meeting to order at 9:03 am.	
Public Comment	No public present.	
OLD BUSINESS		
Proposed Action - Approve Minutes January 31, 2023, regular meeting	Susan DiBiasi asked for any changes or corrections to the minutes of the January 31, 2023, regular meeting. There were none.	The minutes of the January 31, 2023, regular meeting will stand correct as presented.
NEW BUSINESS		

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP								
<p>Proposed Action – Recommend Approval to Hospital Board of Directors - Monthly Financial Report (Unaudited) – January 2023</p>	<p>Daniel Heckathorne, CFO, reviewed the Unaudited January 2023 finance report as included in the committee packets.</p> <p>The month of January resulted in negative \$822K EBIDA compared to budgeted EBIDA loss of \$912K. Adjustments and items of note include:</p> <ul style="list-style-type: none"> • The January Patient Days dropped to 653 compared to 910 in December. • Emergency visits and Surgery cases were below projections. • Labor Costs were under budget by \$417K, partially reflecting the low patient volumes. • Salaries, Benefits, and Contract Labor were over budget by \$114K, which was impacted by \$512K plus benefits, offset by 238K from the State Covid “Matching” Recognition program. • A YTD operating lease adjustment of \$121K was reclassified from Purchased Services Expense to Amortization and Interest Expenses. • A 100K YTD reduction in the Altera fee was made to conform with the contract. <p>It was noted that approval is recommended to the Hospital Board.</p> <p>ROLL CALL:</p> <table border="1" data-bbox="386 1142 1214 1211"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Tankersley</td> <td>Absent</td> </tr> </table> <p>Motion carried.</p>	DiBiasi	Yes	Rader	Yes	Rutledge	Yes	Tankersley	Absent	<p>M.S.C. (Rutledge/Rader), the SGMH Finance Committee voted to recommend approval of the Unaudited January 2023 Financial report to the Hospital Board of Directors.</p>
DiBiasi	Yes	Rader	Yes							
Rutledge	Yes	Tankersley	Absent							
<p>Proposed Action – Recommend Approval to Hospital Board and Healthcare District Board to enter a 5-year software lease with Premier, Inc., for a budgeting, financial reporting and forecasting system.</p>	<p>The contract calls for a 5-year agreement at a total cost of \$313,880 plus related taxes and travel costs related to installation.</p> <p>It was noted that approval is recommended to the Hospital Board and the Healthcare District Board.</p> <p>ROLL CALL:</p> <table border="1" data-bbox="386 1577 1214 1646"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Tankersley</td> <td>Absent</td> </tr> </table> <p>Motion carried.</p>	DiBiasi	Yes	Rader	Yes	Rutledge	Yes	Tankersley	Absent	<p>M.S.C. (Rader/Rutledge), the SGMH Finance Committee voted to recommend approval of the 5-year software lease with Premier, Inc., for a budgeting, financial reporting, and forecasting system to the Hospital Board of Directors and the Healthcare District Board of Directors.</p>
DiBiasi	Yes	Rader	Yes							
Rutledge	Yes	Tankersley	Absent							
<p>Future Agenda Items</p>	<ul style="list-style-type: none"> • Board Vacancies 									

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Next Meeting	The next regular Finance Committee meeting will be held on March 28, 2023 @ 9:00 am.	
Adjournment	The meeting was adjourned 9:59 am.	

In accordance with The Brown Act, *Section 54957.5*, all reports, and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Minutes respectfully submitted by Ariel Whitley, Executive Assistant

TAB B



SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA

Unaudited Financial Statements

for

EIGHT MONTHS ENDING FEBRUARY 28, 2023

FY 2023

Certification Statement:

To the best of my knowledge, I certify for the hospital that the attached financial statements, except for the uncertainty of IGT revenue accruals, do not contain any untrue statement of a material fact or omit to state a material fact that would make the financial statements misleading. I further certify that the financial statements present in all material respects the financial condition and results of operation of the hospital and all related organizations reported herein.

Note: Because these reports are prepared for internal users only, they do not purport to conform to the principles contained in U.S. GAAP.

Certified by:

Daniel R. Heckathorne

Daniel R. Heckathorne

CFO

San Geronio Memorial Hospital

Financial Report - Executive Summary

For the Month of February, 2023 and Eight Months Ended February 28, 2023 (Unaudited)

Profit/Loss (EBIDA) Summary (MTD) Positive and (YTD) Negative

The month of February resulted in positive \$319K Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted EBIDA loss of \$931K.

YTD – The YTD February results were a negative \$6.85M Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted EBIDA loss of \$9.75M.

Month – Adjustments and Items of Note:

- The February Average Daily Census was 21.3 compared to January's 21.1 (Budget = 34.7)
- Emergency visits and Surgery cases were also below projections.
- Labor Costs were under budget by \$378K, mostly reflecting the low patient volumes.
- There was a \$364K reversal of Health Insurance expense that was over accrued as Purchased Services in September, which favorably impacts the current month's EBIDA by this amount.
- There was a \$161K reversal of Drug expense that was over accrued in January which favorably impact's the current month's EBIDA by this amount.
- The Hospital received an additional \$185K from the IEHP quality award and \$172K from a 2018/19 DSH re-distribution.
- \$426K of HQAF Supplemental funding (received in January) was booked in February.
- The Medicare "Low Volume Adjustment" payment was reinstated by federal legislation. This had a favorable impact to Net Revenues in January of \$88K and will avoid the future loss of approximately \$712K on a yearly basis.
- The favorable EBIDA impact (excluding the labor variance) of the "Adjustments and Items of Note" was \$1.40M.

Month - February's inpatient average daily census was 21.3. Adjusted Patient Days were 15% under budget (1,644 vs. 1,935) which includes the Patient Days which were 38% below budget (597 vs. 972). Emergency Visits were 7.9% under budget (2,956 vs. 3,209), and Surgeries were under budget by 10.8 % (107 vs. 120).

YTD - Inpatient average daily census was 22.3. Adjusted Patient Days were 9% under budget (14,513 vs. 15,955) and Patient Days were 32% below budget (5,431 vs. 8,015). Emergency Visits were 6% over budget (28,115 vs. 26,467), and overall Surgeries were 4.4% under budget (946 vs. 990).

Patient Revenues (MTD) Negative (YTD) Negative

Month - Net Patient Revenues in February were \$554K (11%) below budget. This continues to be impacted by the Deductions from Revenues consisting of the higher-than-expected mix of Outpatient Revenues (compared to Inpatient Revenues), which generally pay about 10% of charges compared to Inpatient Revenues which generally pay about 18% of charges. This also directly relates to the much lower-than-expected count of Inpatient Days. The Residency Program recovery was \$41K and is included in the Deductions from Revenues.

YTD – Net Patient Revenues were \$4.9M (12%) below budget. This is markedly impacted by the Deductions from Revenues consisting of the higher-than-expected mix of Outpatient Revenues (compared to Inpatient Revenues), which generally pay about 10% of charges compared to Inpatient Revenues which generally pay about 18% of charges. This also directly relates to the lower- than-expected Inpatient Days. The Deductions are favorably offset by \$369K Residency Program recovery.

Total Operating Revenues (MTD) Negative & (YTD) Negative

Month – Operating Revenue in February was \$94K under budget. This is mostly impacted by the Net

Patient Revenues being \$554K under budget and the Non-Patient Revenues being \$460K over budget. YTD - Operating Revenue was \$3.41M below budget. This was impacted by the \$4.90M negative variance in Net Patient Revenues for the eight months and a \$1.49M positive variance in Other Income.

Operating Expenses (MTD) Positive & (YTD) Positive

Month - Operating Expenses in February were \$6.09M and were under budget by \$1.34M. Key items that impacted overall Expenses were as follows: 1) Salaries and Wages, Benefits, and Contract Labor were collectively \$378K under budget, however, this included an unfavorable Contract Labor variance of \$69K primarily from OB and Med-Surg; 2) Purchased Services were \$540K below budget which included a) the reversal of the \$364K amount that had been over accrued in September, b) favorable variances in Altera (Allscripts) fees (\$69K), along with favorable variances in I/T, Legal fees, and Plant Operations; 3) Supplies were under budget by \$383K, which can be attributed to a) reversal of January's over accrual for drug expense of \$161K, b) lower than expected Inpatient Admissions, and c) no covid surges. Key variances include general Medical Supplies (\$26K) and Non-Medical Supplies (\$40K); 4) Utilities and Repairs were over budget \$24K and \$26K respectively due to seasonal variances; 5) Other Expense had a positive variance of \$51K, impacted by no licensing fees or dues in February.

YTD - Operating Expenses were \$55.2M and were under budget by \$6.3M. Key items that impacted overall Expenses were as follows: 1) Salaries, Benefits, and Contract Labor were a combined \$1.82M under budget which was impacted by the PTO Flex-Down variance during the summer months along with the much lower than expected Patient Days workloads; 2) Physician fees were \$377K under budget and a significant portion of the variance relates to the Residency Program (\$247K) and Anesthesia fees (\$75K); 3) Purchased Services showed a favorable variance of \$1.79M due to Allscripts/Navigant (\$724K), I/T (\$296K), Dialysis (\$131K), along with various other Service Agreements being lower than expected; 4) Supplies were under budget by \$2.43M, which included Drugs (\$1.17M) and General Medical Supplies (\$758K) and can be attributable to a) much lower than expected Inpatient Admissions, b) no covid surges thus far, and c) not experiencing the full impact of inflation which is expected to accelerate over the remainder of the year. Note: Although there has been success in controlling expenses and there are some significant favorable variances, there may be some expenses which have not fully materialized in the first 8 months of the year, and this could have some impact on future months' expenses.

Balance Sheet/Cash Flow

Patient cash collections in February totaled \$5.64M compared to January (\$6.03M) and December (\$4.11M). The Gross A/R Days decreased to 69, down from 74.1 in January and 76.2 in December. A/R collections in January and February have started to recover from the I/T system down-time in November, the Christmas holiday time, and complications from the Altera 22.1 E.H.R. upgrade in early January.

Cash balances were \$6.26M compared to \$7.98M in December. Due to improved cash collections and receipt of the \$1.085M Quality performance payment, the Accounts Payable dropped from \$11.3M in January to \$8.6M in February; the Line of Credit balance remained at \$6M. Other items of note include a liability reflecting \$1.24M payable to Medicare for outliers and sequestration. Also, the semi-annual bond interest payments made in February caused a \$1.84M drop in Current Bond Interest Payable.

Concluding Summary

Positive takeaways:

- 1) EBIDA was positive due to the one-time adjustments/income totaling \$1.40M.
- 2) Assuming the prorated expected Supplemental Pay had been accrued through February, the YTD EBIDA (including allowance for payment of operating/software leases) would be \$2.85M. This positive performance is essential as we head into the next fiscal year, as the 2024 QIP revenues are projected to be reduced by over \$2M from the current year amount.

Negative takeaways: Inpatient Days were again below expectations for a "normal" February.

STATISTICS

Inpatient Admissions/Discharges (Monthly Average)

Represents number of patients admitted/discharged into and out of the hospital.

Patient Days (Monthly Average)

Each day a patient stays in the hospital is counted as a patient day. This count is normally done at midnight.

Average Daily Census (Inpatient)

Equals the average number of inpatients in the hospital on any given day or month.

Average Length of Stay (Inpatient)

Represents that average number of days that inpatients stay in the hospital.

Emergency Visits (Monthly Average)

Represents the number of patients who sought services at the emergency room.

Surgery Cases - Excluding G.I. (Monthly Average)

Equals the number of patients who had a surgical procedure(s) performed.

G.I. Cases (Monthly)

Number of patients who had a gastrointestinal exam performed.

Newborn Deliveries (Monthly)

Number of babies delivered.

PRODUCTIVITY

Worked FTEs (includes Registry FTEs)

Represents an equivalency of full-time staff worked. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 173.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours worked by the number of hours in the respective work period (40, 80, etc.) Example: 340 hours worked in an 80 hour pay period = 4.25 FTE's

Worked FTEs per APD

Divides the Total Worked FTE's by the daily average of the Adjusted Patient Days.

Paid FTEs (includes Registry FTEs)

Represents an equivalency of full-time staff paid. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 173.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours paid (includes all hours paid consisting of worked hours, PTO hours, sick pay, etc.) by the number of hours in the respective work period (40, 80, etc.) Example: 500 hours paid in an 80 hour pay period = 6.25 FTE's.

Paid FTEs per APD

Divides the Total Paid FTE's by the daily average of the Adjusted Patient Days.

ADJUSTED PATIENT DAYS

This is a blend of total patient days stayed in the hospital for a month, plus an equivalency factor (based on average inpatient revenue per patient day) applied to the outpatient revenues in order to account for outpatient workloads.

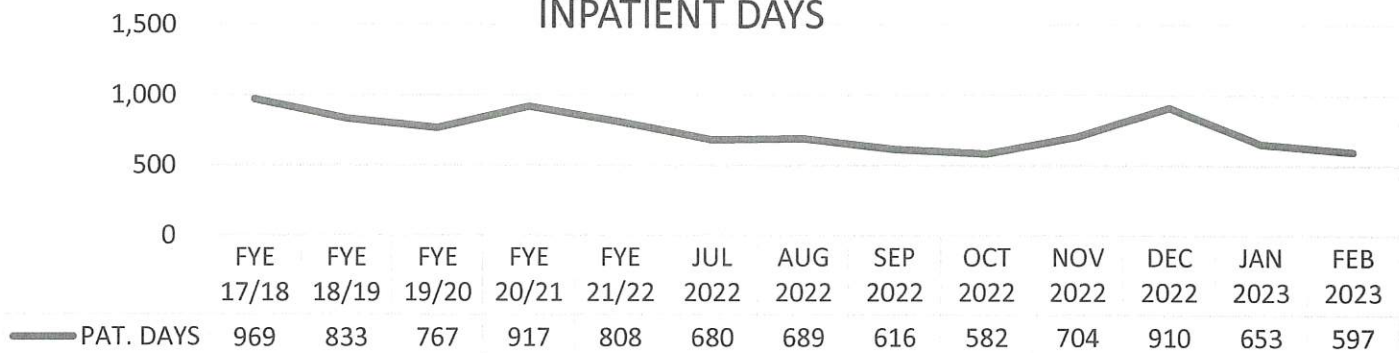
3-A

SAN GORGONIO MEMORIAL HOSPITAL

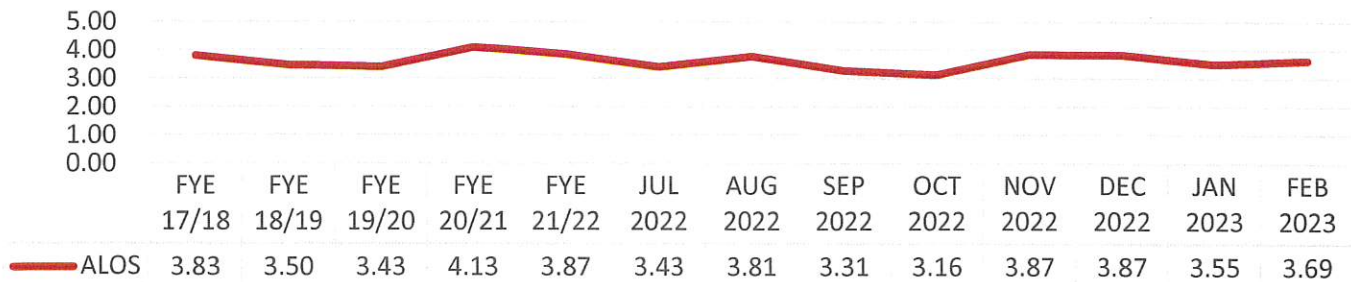
INPATIENT DISCHARGES



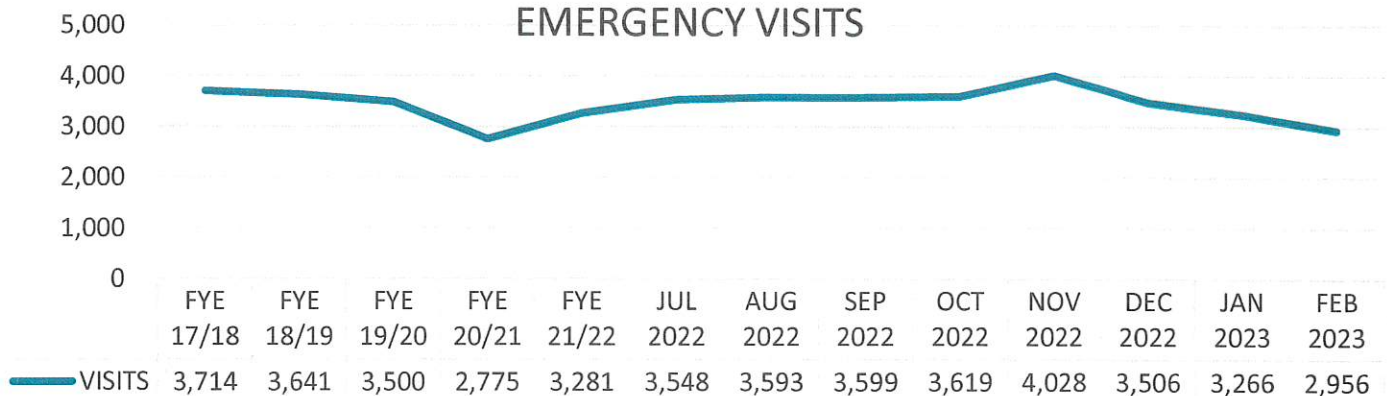
INPATIENT DAYS



AVERAGE LENGTH OF STAY



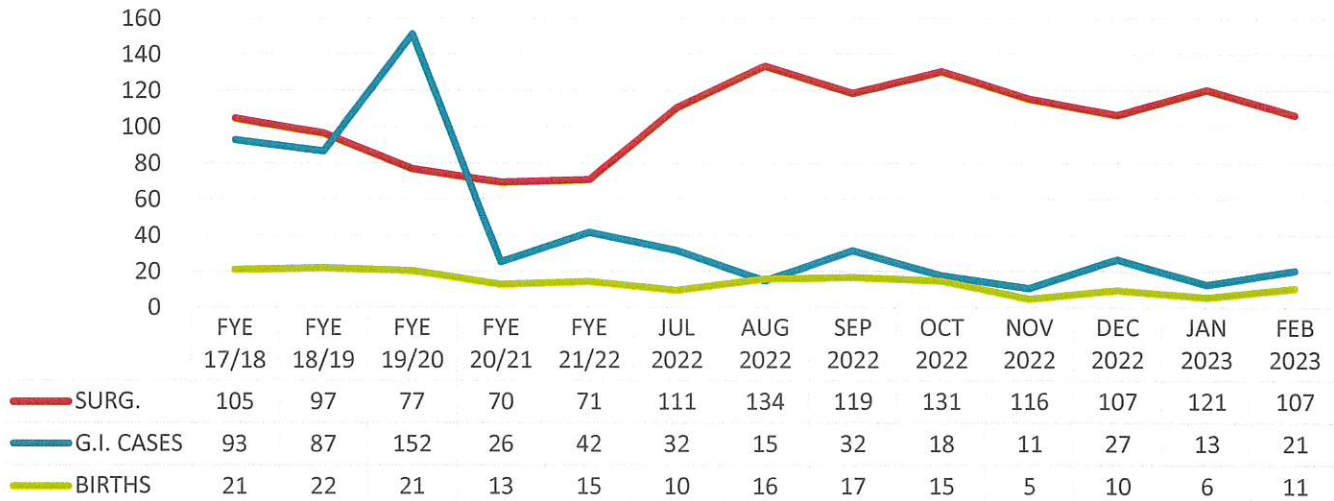
EMERGENCY VISITS



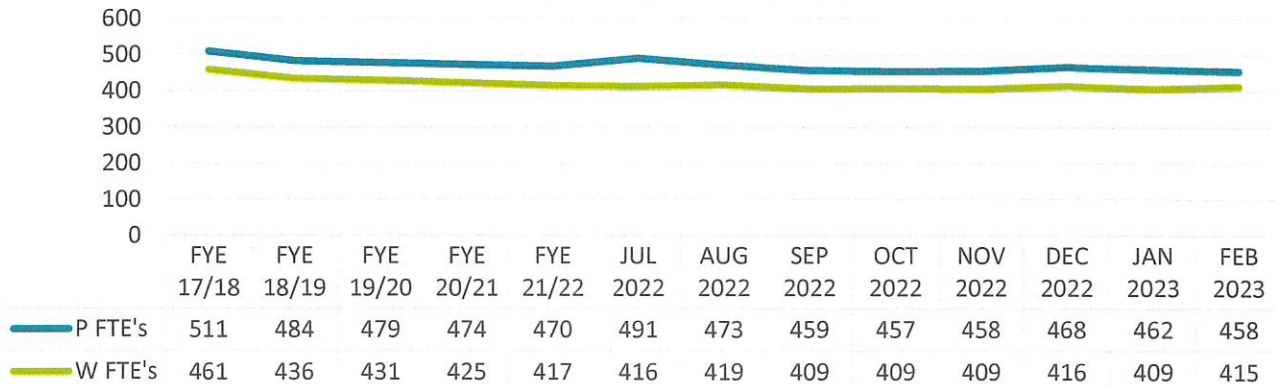
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SAN GORGONIO MEMORIAL HOSPITAL

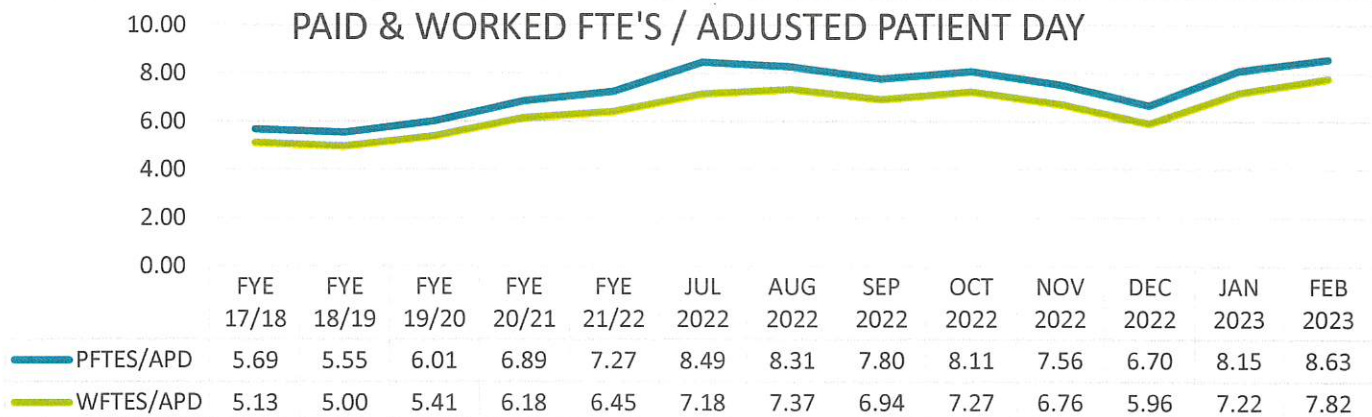
SURGERY CASES, G.I. CASES, N/B DELIVERIES



PAID & WORKED FTE'S



PAID & WORKED FTE'S / ADJUSTED PATIENT DAY



3-C

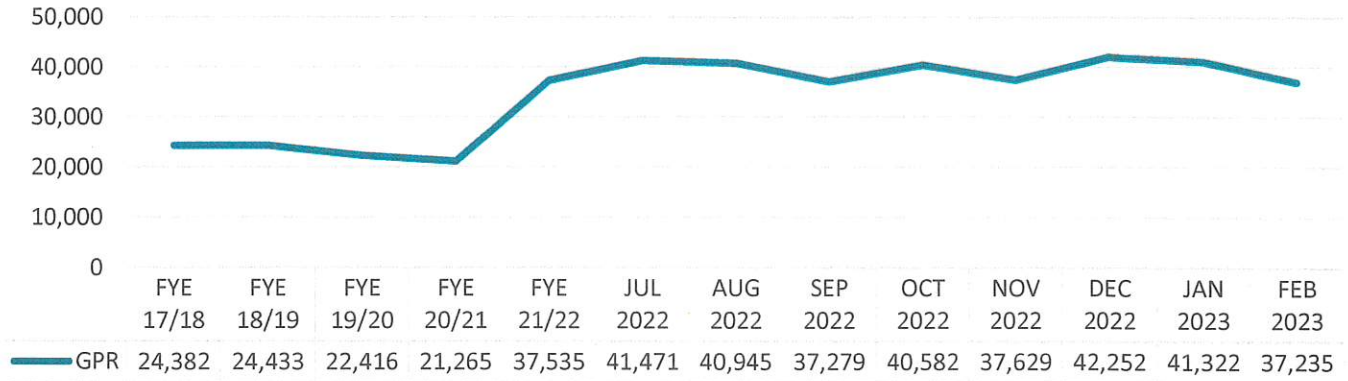
INCOME STATEMENT

Gross Patient Revenue (000's) (Monthly Ave.)	Represents total charges (before discounts and allowances) made for all patient services provided.
Net Patient Revenue (NPR) (000's) (Monthly Ave.)	Equals the sum of all (patient) charges for services provided that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.
NPR as % of Gross	Reflects the percentage of Gross Patient Revenues (charges) that are expected to be collected. Calculated by dividing Net Patient Revenue by the Gross Patient Revenue.
Total Operating Revenue (000's) (Monthly Ave.)	This reflects all Revenues available for payment of Operating Expenses. This includes Net Patient Revenue plus all other forms of miscellaneous Revenues.
Salaries, Wages, Benefits & Contract Labor (000's) (Monthly Ave.)	Represents the total staffing expenses of the Hospital
SWB + Contract Labor as % of Total Operating Revenue	Identifies what portion the Operating Revenues are spent on staffing costs.
Total Operating Expense (TOE) (000's)(Monthly Ave.)	Operating Expense reflects all costs needed to fund the Hospital's business operations.
TOE as % of Total Operating Revenue	Identifies the relationship that Operating Expenses have to the Total Operating Revenues.
EBIDA (000's)(Monthly Average)	Earnings Before Interest, Depreciation, and Amortization. This reflects the difference between Net Operating Revenues and Total Operating Expense. This is a quick measurement of the Hospital's ability to meet its financial obligations and have additional funds for equipment replacement and future growth of the organization.
EBIDA as % of NPR	This measurement is a gauge of the surplus (or deficit) of funds available for operations and future growth.
Net Patient Revenue vs. Total Labor Expense	This measurement illustrates that Net Patient Revenues basically only cover Total Labor Expense, and that all of the Other Revenues and Supplemental Incomes are necessary to cover the remaining operational Expenses and EBIDA required to operate the Hospital.
Operating Revenues (Normalized), Expenses, Staffing Expenses, and EBIDA (Normalized)	This graph illustrates the "normalization" of Operating Revenues and EBIDA, by reallocating proportionate Supplemental Revenues and related Expenses into the current month and YTD results.

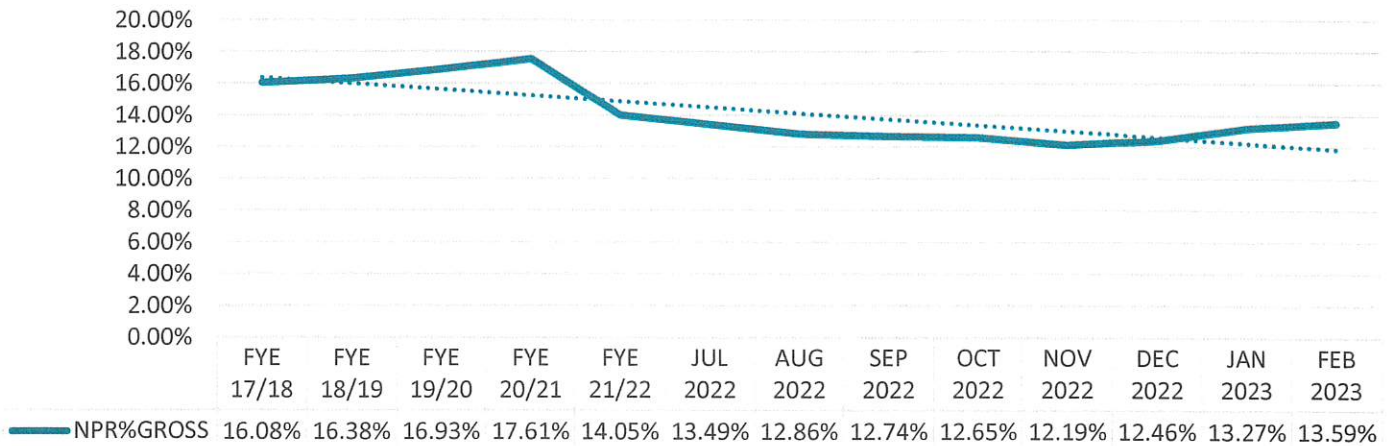
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SAN GORGONIO MEMORIAL HOSPITAL

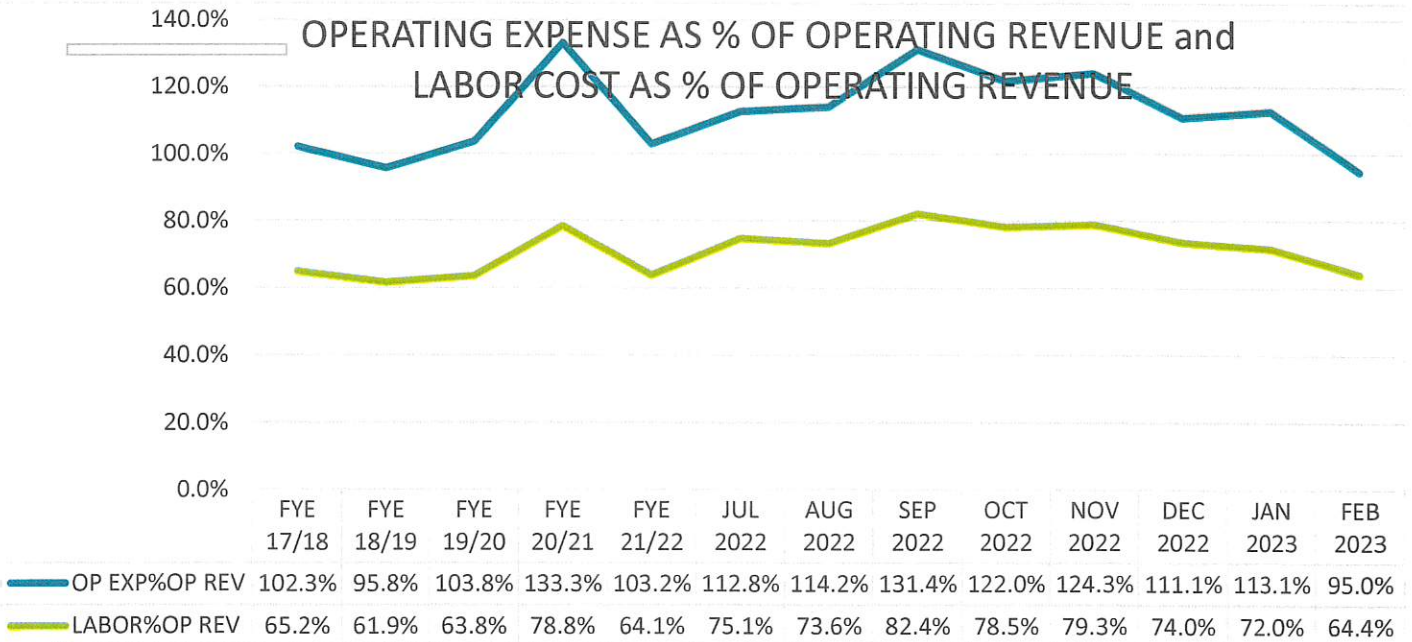
GROSS PATIENT REVENUE (000's)



NET PATIENT REVENUE AS % OF GROSS

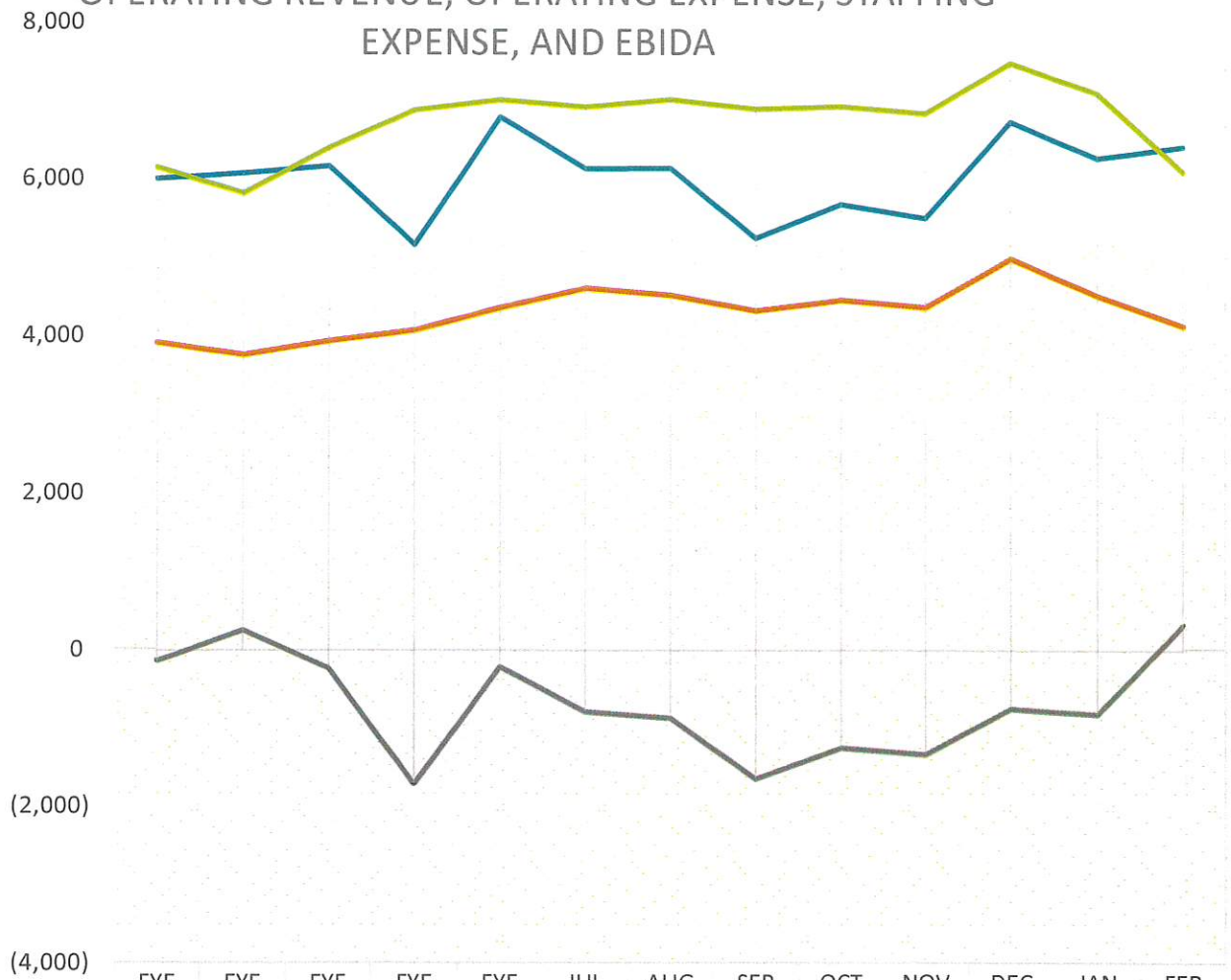


OPERATING EXPENSE AS % OF OPERATING REVENUE and LABOR COST AS % OF OPERATING REVENUE

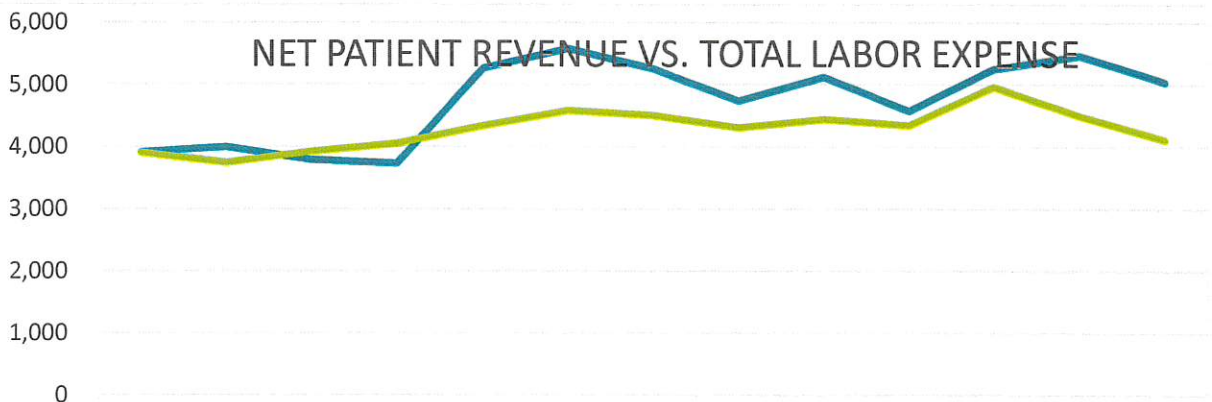


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SAN GORGONIO MEMORIAL HOSPITAL OPERATING REVENUE, OPERATING EXPENSE, STAFFING EXPENSE, AND EBIDA



	FYE	FYE	FYE	FYE	FYE	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
	17/18	18/19	19/20	20/21	21/22	2022	2022	2022	2022	2022	2022	2023	2023
OP REV	6,006	6,069	6,165	5,160	6,791	6,132	6,137	5,246	5,674	5,499	6,728	6,269	6,413
OP EXP	6,147	5,817	6,398	6,878	7,007	6,920	7,010	6,893	6,923	6,834	7,475	7,091	6,094
STAFF EXP	3,915	3,755	3,932	4,065	4,354	4,604	4,515	4,322	4,452	4,359	4,980	4,513	4,129
EBIDA	(141)	252	(233)	(1,719)	(216)	(788)	(873)	(1,648)	(1,249)	(1,335)	(747)	(822)	319

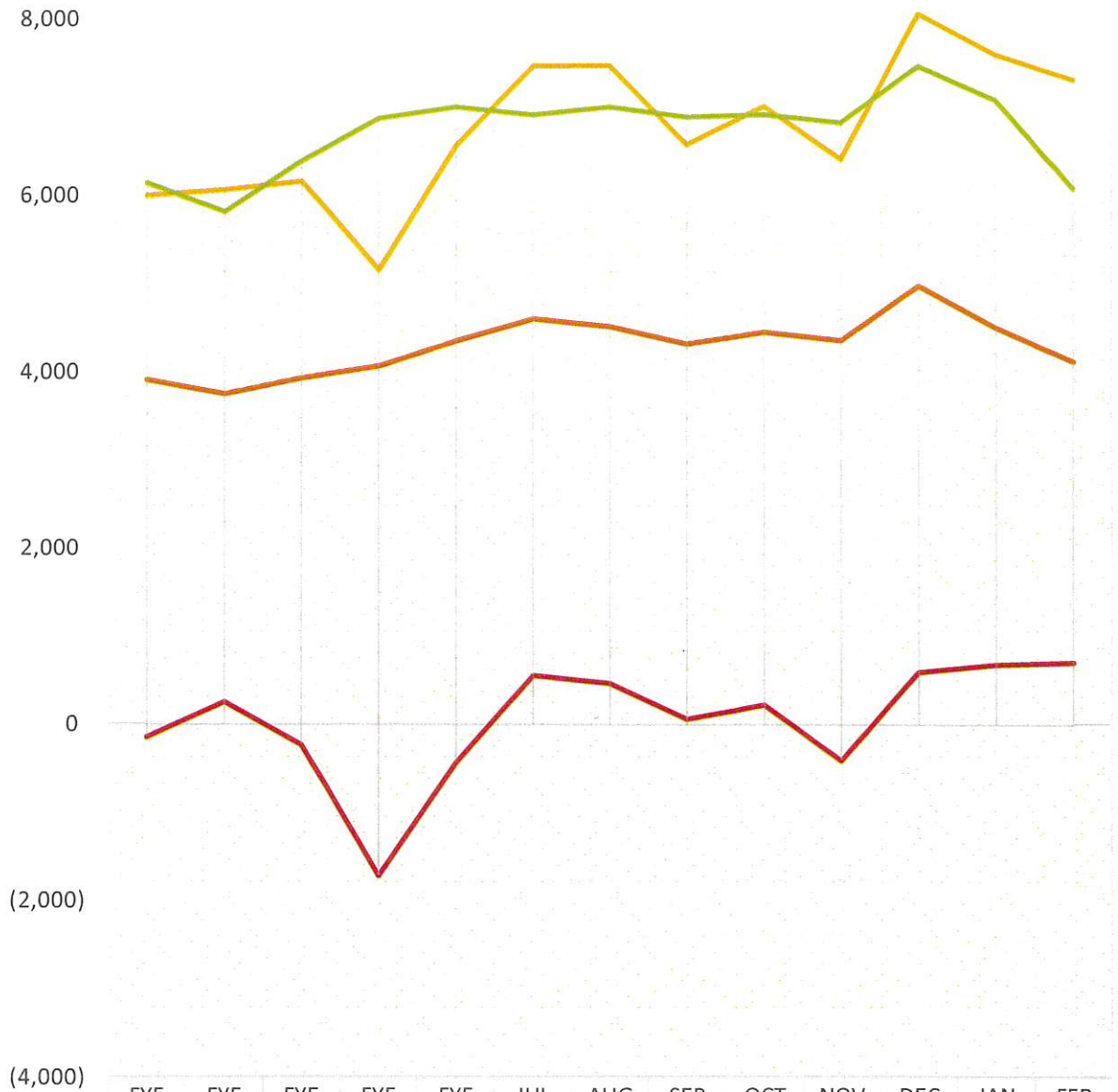


	FYE	FYE	FYE	FYE	FYE	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
	17/18	18/19	19/20	20/21	21/22	2022	2022	2022	2022	2022	2022	2023	2023
NET PAT REV	3,921	4,003	3,795	3,744	5,275	5,594	5,267	4,751	5,134	4,585	5,266	5,485	5,060
LABOR EXP	3,915	3,755	3,932	4,065	4,354	4,604	4,515	4,322	4,452	4,359	4,980	4,513	4,129

3-F

SAN GORGONIO MEMORIAL HOSPITAL

OPERATING REVENUE (NORMALIZED), OPERATING EXPENSE,
STAFFING EXPENSE, AND EBIDA (NORMALIZED) (000's)



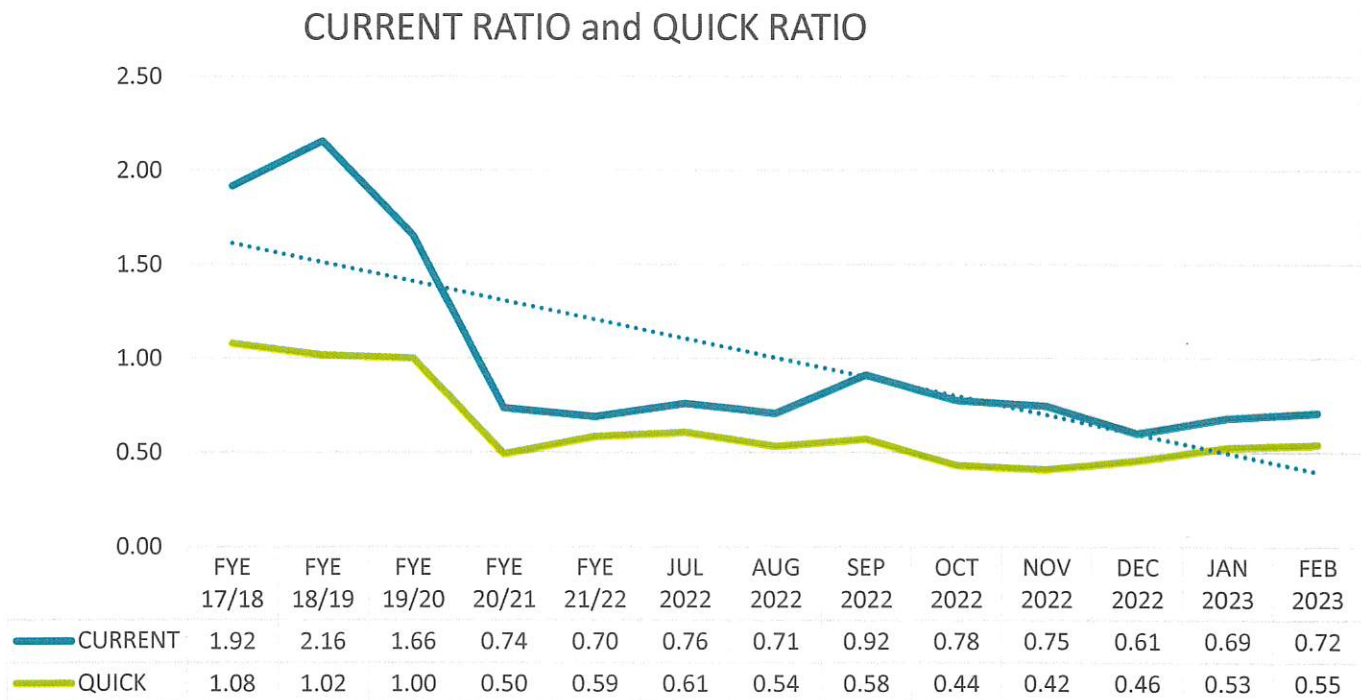
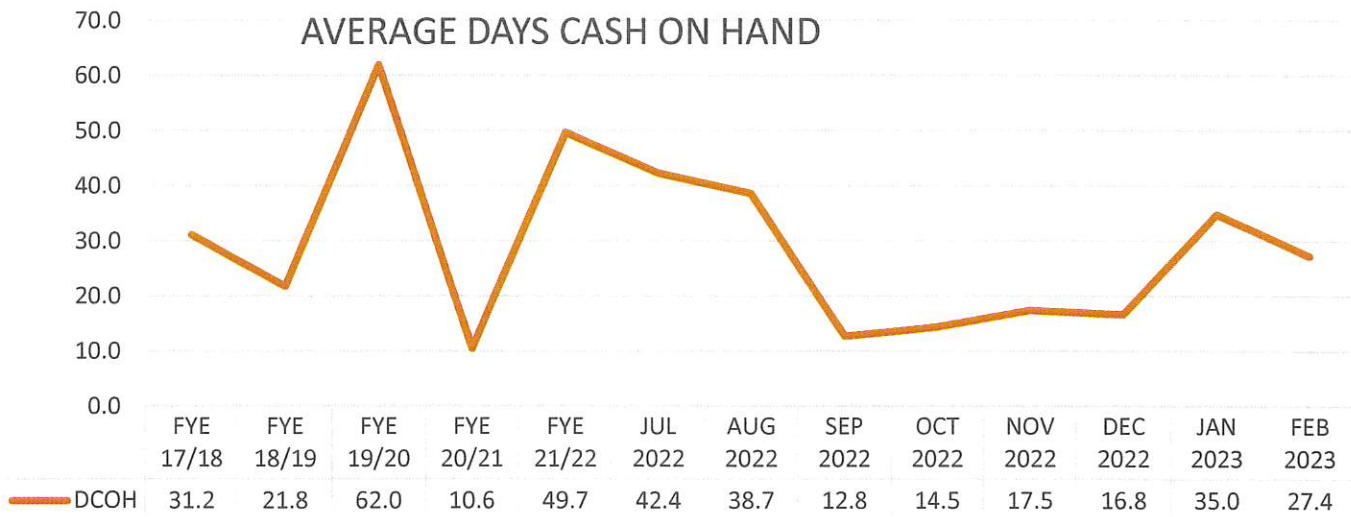
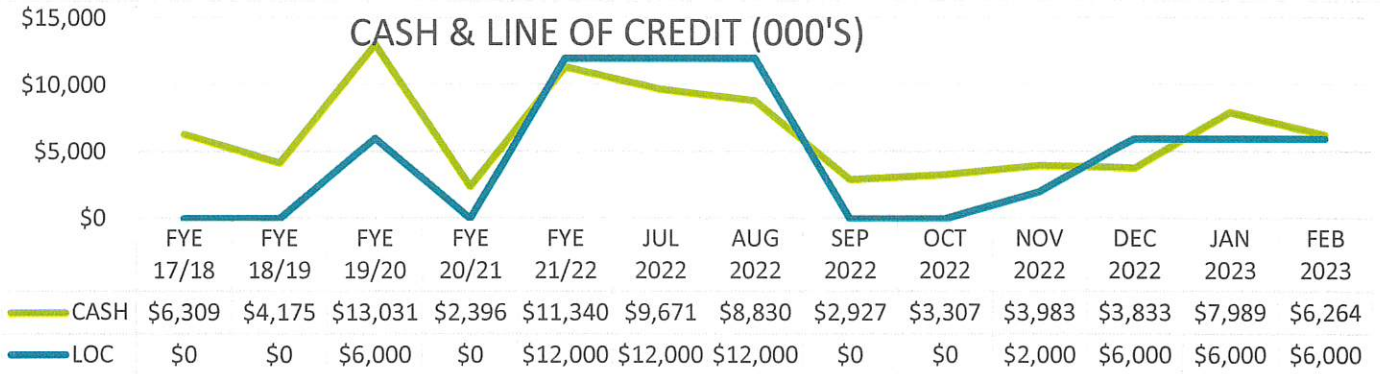
	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	FYE 21/22	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023
REV NORMAL	6,006	6,069	6,165	5,160	6,569	7,472	7,477	6,586	7,014	6,418	8,067	7,609	7,326
OP EXP	6,147	5,817	6,398	6,878	7,007	6,920	7,010	6,893	6,923	6,834	7,475	7,091	6,094
LABOR EXP	3,915	3,755	3,932	4,065	4,354	4,604	4,515	4,322	4,452	4,359	4,980	4,513	4,129
EBIDA NORMAL	(141)	252	(233)	(1,719)	(438)	552	467	56	215	(416)	593	679	708

BALANCE SHEET (Period End)

Cash (000's)	Represents all unrestricted cash in the bank at each month-end.
Days Cash on Hand	Calculated by dividing amount of Cash on Hand by the historical average daily amount of cash requirements to cover operating expenses.
Accounts Receivable - Net (000's)	Equals the sum of all (patient) accounts that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.
A/R Days - Net	This measures the average number of days it takes to collect payment of the Net Accounts Receivable. Lower values are desired.
Current Ratio (Current Assets/Current Liabilities)	A measure that illustrates the ability for the hospital to pay its obligations that come due over the course of the next year. The greater the Current Assets as compared to the Current Liabilities, the stronger position the organization is in to pay its upcoming obligations. Desired position is greater than 1:00 to 1:00, preferably at least 1:25 to 1:00 or greater.
Quick Ratio	This measures the Cash + Net Accounts Receivable compared to the Current Liabilities. Desired ratio is greater than 1.00 : 1.00.
Accounts Payable (000's)	Reflects payment obligations of the Hospital as of a point in time. Excludes Loans, Payroll and other Debt obligations. Lower values are desired.
Accounts Payable Days	Reflects the average number of days that it takes to pay routine bills. Lower numbers are desired. Calculated by dividing the Accounts Payable amount by the historical average daily cost of routine expenses.
Line of Credit Balance (000's)	The amount that is currently borrowed from a lending institution as of a given point in time.

3-5

SAN GORGONIO MEMORIAL HOSPITAL



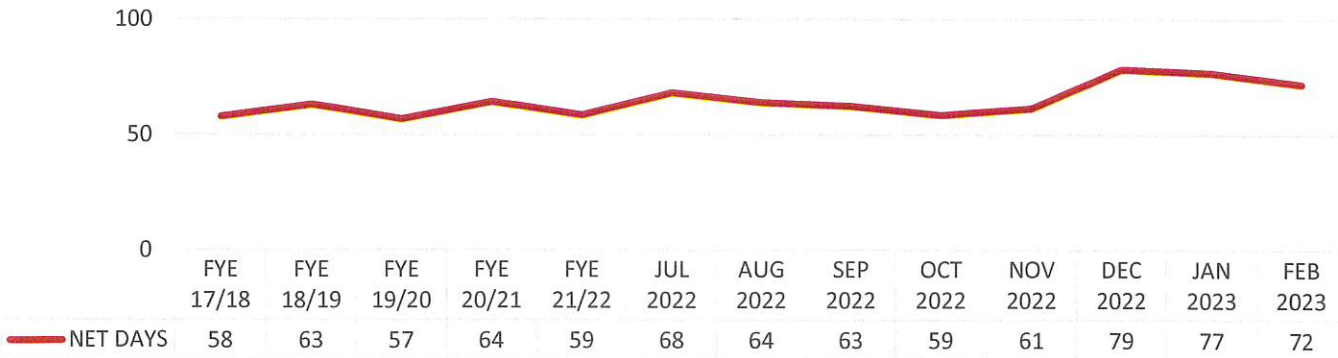
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SAN GORGONIO MEMORIAL HOSPITAL

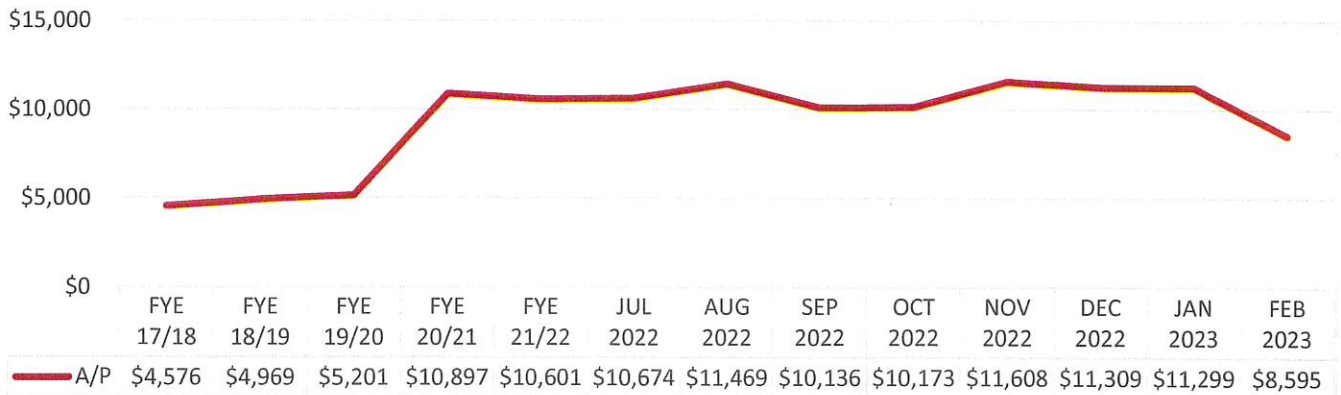
NET ACCOUNTS RECEIVABLE (000'S)



AVE. DAYS OF COLLECTIONS IN NET A/R



ACCOUNTS PAYABLE (000'S)



AVERAGE DAYS IN ACCOUNTS PAYABLE



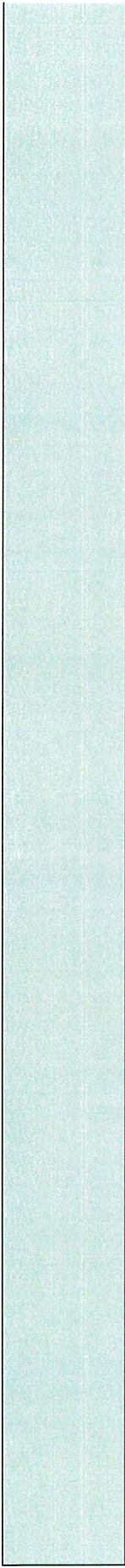
SAN GORGONIO MEMORIAL HOSPITAL
EXECUTIVE FINANCIAL SUMMARY
EIGHT MONTHS ENDING FEBRUARY 28, 2023

STATEMENT OF REVENUE AND EXPENSES - MONTH & YTD						
REF LINE#	02/28/23 ACTUAL	02/28/23 BUDGET	YTD ACTUAL	YTD BUDGET	YTD DIFFERENCE	
	Revenue:					
[1]	\$ 37,235,189	\$ 43,010,236	\$ 318,653,788	\$ 354,981,064	\$ (36,327,276)	
[2]	(32,175,562)	(37,396,444)	(277,226,253)	(308,648,143)	31,421,890	
[3]	5,059,628	5,613,792	41,427,534	46,332,921	(4,905,386)	
[4]	-	-	-	-	-	
[5]	1,353,216	893,094	6,955,347	5,464,431	1,490,916	
[6]	6,412,844	6,506,886	48,382,881	51,797,351	(3,414,470)	
	Total Operating Revenues					
	Expenses:					
[7]	3,986,752	4,433,522	35,097,242	37,082,274	1,985,032	
	141,964	72,873	775,303	607,107	(168,196)	
	329,986	365,231	2,545,325	2,921,848	376,523	
	476,515	1,016,002	6,335,926	8,125,478	1,789,553	
[8]	948,464	1,454,106	9,656,554	11,654,434	1,997,880	
[9]	723,243	1,106,725	6,590,790	9,023,931	2,433,141	
[10]	435,230	443,045	3,883,563	3,788,806	(94,756)	
[11]	-	-	-	-	-	
[12]	6,093,690	7,437,398	55,228,149	61,549,446	6,321,297	
	Total Expenses					
[13]	\$ 319,154	\$ (930,512)	\$ (6,845,267)	\$ (9,752,095)	\$ 2,906,827	
	EBIDA					
[14]	1,085,187	1,117,119	7,984,758	8,491,989	507,231	
[15]	629,228	1,092,982	6,678,580	8,743,853	(2,065,273)	
[16]	\$ (136,805)	\$ (954,649)	\$ (8,151,446)	\$ (9,500,231)	\$ 1,348,785	
	TOTAL NET SURPLUS (LOSS)					

SAN GORGONIO MEMORIAL HOSPITAL
EXECUTIVE FINANCIAL SUMMARY
EIGHT MONTHS ENDING FEBRUARY 28, 2023

BALANCE SHEET

	YTD 2/28/2023	Prior FYE 6/30/2022
ASSETS		
[1] Current Assets	\$ 21,977,288	\$ 23,401,085
[2] Assets Whose Use is Limited	11,212,210	12,704,494
[3] Property, Plant & Equipment (Net)	74,895,679	73,514,801
[4] Other Assets	(3,533,588)	503,000
[5] Total Unrestricted Assets	104,551,590	110,123,380
[6] Restricted Assets	0	0
[7] Total Assets	\$ 104,551,590	\$ 110,123,380
LIABILITIES AND NET ASSETS		
[8] Current Liabilities	\$30,718,361	\$33,649,575
[9] Long-Term Debt	111,282,503	105,323,946
[10] Other Long-Term Liabilities	4,852,624	2,231,626
[11] Total Liabilities	\$ 146,853,488	\$ 141,205,147
[12] Net Assets	\$ (42,301,898)	\$ (31,081,767)
[13] Total Liabilities and Net Assets	\$ 104,551,590	\$ 110,123,380



KEY STATISTICS AND RATIOS					
	01/31/23 ACTUAL FY 23	02/28/23 ACTUAL FY 23	02/28/23 BUDGET FY 23	2023 YTD FY 23	2022 YR END TOTAL FY 22
[1] Total Acute Patient Days	653	597	972	5,431	9,689
[2] Average Daily Census	21.1	21.3	34.7	22.3	26.5
[3] Average Acute Length of Stay	3.5	3.7	4.1	3.6	3.9
[4] Patient Discharges	184	162	240	1,512	2,502
[5] Observation Days	252	264	235	2,084	2,775
[6] Total Emergency Room Visits	3,266	2,956	3,209	28,115	39,374
[7] Average ED Visits Per Day	105	106	115	116	108
[9] Total Surgeries (Excluding G.I.'s)	121	107	120	946	855
[10] Deliveries/Births	6	11	10	90	175

Statement of Revenue and Expense
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
EIGHT MONTHS ENDING FEBRUARY 28, 2023

	DISTRICT ONLY	CURRENT MONTH			
		FY 23	FY 23	Positive	Percentage
		ACTUAL	CUR MO BUD	(Negative)	
ACTUAL	ACTUAL	ACTUAL	Variance	Variance	
	02/28/23	02/28/23	02/28/23		
Gross Patient Revenue					
[1] Inpatient Revenue	\$ -	\$ 13,691,246	\$ 21,095,135	\$ (7,403,889)	-54.1%
[2] Inpatient Psych/Rehab Revenue	-	-	-	-	-
[3] Outpatient Revenue	-	23,543,943	\$ 21,915,100	1,628,842	6.9%
[4] Long Term Care Revenue	-	-	-	-	-
[5] Home Health Revenue	-	-	-	-	-
[6] Total Gross Patient Revenue	\$ -	\$ 37,235,189	\$ 43,010,236	\$ (5,775,047)	-15.5%
Deductions From Revenue					
[7] Discounts and Allowances	-	(30,914,713)	\$ (35,803,910)	\$ 4,889,197	-15.8%
[8] Bad Debt Expense	-	(1,246,067)	\$ (1,514,610)	268,543	-21.6%
[9] Prior Year Settlements	-	-	\$ -	-	-
[10] Charity Care	-	(14,782)	\$ (77,924)	63,142	-427.2%
[11] Total Deductions From Revenue	-	(32,175,562)	(37,396,444)	\$ 5,220,882	-16.2%
[12]		86.4%	-86.9%		
[13] Net Patient Revenue	\$ -	\$ 5,059,628	\$ 5,613,792	\$ (554,164)	-11.0%
Non Patient Operating Revenues					
[14] IGT/DSH Revenues	-	-	\$ -	\$ -	0.0%
[15] Grants & Other Op Revenues	-	951,722	\$ 480,350	471,372	49.5%
[16] Clinic Net Revenues	-	-	\$ -	-	-
[17] Tax Subsidies Measure D	246,994	246,994	\$ 246,994	(0)	0.0%
[18] Tax Subsidies Prop 13	154,500	154,500	\$ 154,500	-	0.0%
[19] Tax Subsidies County Supplemental Funds	-	-	\$ 11,250	(11,250)	0.0%
Non- Patient Revenue	\$ 401,494	\$ 1,353,216	\$ 893,094	\$ 460,122	34.0%
Total Operating Revenue	\$ 401,494	\$ 6,412,844	\$ 6,506,886	\$ (94,042)	-1.5%
Operating Expenses					
[20] Salaries and Wages	-	3,077,122	3,528,499	\$ 451,376	14.7%
[21] Fringe Benefits	-	909,630	905,024	(4,607)	-0.5%
[22] Contract Labor	-	141,964	72,873	(69,090)	-48.7%
[23] Physicians Fees	-	329,986	365,231	35,245	10.7%
[24] Purchased Services	-	476,515	1,016,002	539,487	113.2%
[25] Supply Expense	-	723,243	1,106,725	383,482	53.0%
[26] Utilities	-	105,867	82,231	(23,636)	-22.3%
[27] Repairs and Maintenance	8,200	101,598	75,564	(26,034)	-25.6%
[28] Insurance Expense	-	117,116	122,979	5,862	5.0%
[29] All Other Operating Expenses	-	48,806	99,325	50,519	103.5%
[30] Supplemental and Grant Expense	-	-	0	-	0.0%
[31] Leases and Rentals	-	61,844	62,946	1,103	1.8%
[32] Clinic Expense	-	-	0	-	0.0%
[33] Total Operating Expenses	\$ 8,200	\$ 6,093,690	\$ 7,437,398	\$ 1,343,708	22.1%
[34] EBIDA	\$ 393,294	\$ 319,154	\$ (930,512)	\$ 1,249,666	391.6%
Interest Expense and Depreciation					
[35] Depreciation	406,450	660,120	625,347	\$ (34,774)	-5.3%
[36] Interest Expense and Amortization	375,367	425,067	491,772	66,706	15.7%
[37] Total Interest & depreciation	781,817	1,085,187	1,117,119	31,932	2.9%
Non-Operating Revenue:					
[38] Contributions & Other	1,523	1,875	466,744	(464,869)	-24788.5%
[39] Tax Subsidies for GO Bonds - M-A	627,353	627,353	626,237	1,116	0.2%
[40] Total Non Operating Revenue/(Expense)	628,876	629,228	1,092,982	\$ (463,753)	-73.7%
[41] Total Net Surplus/(Loss)	\$ 240,353	\$ (136,805)	\$ (954,649)	\$ 817,845	-597.8%
[42] Extra-ordinary loss on Financing	-	-	-	-	-
[43] Increase/(Decrease in Unrestricted Net Assets	\$ 240,353	\$ (136,805)	\$ (954,649)	\$ 817,845	-597.8%
[44] Total Profit Margin	59.86%	-2.13%	-14.67%		
[45] EBIDA %	97.96%	4.98%	-14.30%		

Statement of Revenue and Expense
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
EIGHT MONTHS ENDING FEBRUARY 28, 2023

		YEAR-TO-DATE				
		DISTRICT ONLY			Positive	Percentage
		Actual	Actual	Budget	(Negative)	Variance
		02/28/23	02/28/23	02/28/23	Variance	
Gross Patient Revenue						
[1]	Inpatient Revenue	\$ -	\$ 119,602,764	\$ 174,270,207	\$ (54,667,443)	-45.7%
[2]	Inpatient Psych/Rehab Revenue	-	-	-	-	
[3]	Outpatient Revenue	-	199,051,024	\$ 180,710,857	18,340,167	9.2%
[4]	Long Term Care Revenue	-	-	-	-	
[5]	Home Health Revenue	-	-	-	-	
[6]	Total Gross Patient Revenue	\$ -	\$ 318,653,788	\$ 354,981,064	\$ (36,327,276)	-11.4%
Deductions From Revenue						
[7]	Discounts and Allowances	-	(269,409,615)	\$ (295,504,309)	\$ 26,094,694	9.7%
[8]	Bad Debt Expense	-	(7,132,317)	\$ (12,500,696)	5,368,379	75.3%
[9]	Prior Year Settlements	-	-	\$ -	-	
[10]	Charity Care	-	(684,321)	\$ (643,138)	(41,183)	-6.0%
[11]	Total Deductions From Revenue	-	(277,226,253)	(308,648,143)	\$ 31,421,890	11.3%
[12]			87.0%	-86.9%		
[13]	Net Patient Revenue	\$ -	\$ 41,427,534	\$ 46,332,921	\$ (4,905,386)	-11.8%
Non Patient Operating Revenues						
[14]	IGT/DSH Revenues	-	-	\$ -	\$ -	0.0%
[15]	Grants & Other Op Revenues	-	3,743,396	\$ 2,162,480	1,580,916	42.2%
[16]	Clinic Net Revenues	-	-	\$ -	-	
[17]	Tax Subsidies Measure D	1,728,957	1,975,951	\$ 1,975,951	(0)	0.0%
[18]	Tax Subsidies Prop 13	1,081,500	1,236,000	\$ 1,236,000	-	0.0%
[19]	Tax Subsidies County Supplemental Funds	-	-	\$ 90,000	(90,000)	0.0%
	Non- Patient Revenue	\$ 2,810,457	\$ 6,955,347	\$ 5,464,431	\$ 1,490,916	21.4%
	Total Operating Revenue	\$ 2,810,457	\$ 48,382,881	\$ 51,797,351	\$ (3,414,470)	-7.1%
Operating Expenses						
[20]	Salaries and Wages	-	27,848,215	\$ 29,733,848	\$ 1,885,633	6.8%
[21]	Fringe Benefits	-	7,249,028	\$ 7,348,427	99,399	1.4%
[22]	Contract Labor	-	775,303	\$ 607,107	(168,196)	-21.7%
[23]	Physicians Fees	-	2,545,325	\$ 2,921,848	376,523	14.8%
[24]	Purchased Services	149,032	6,335,926	\$ 8,125,478	1,789,553	28.2%
[25]	Supply Expense	-	6,590,790	\$ 9,023,931	2,433,141	36.9%
[26]	Utilities	14,150	854,459	\$ 902,297	47,838	5.6%
[27]	Repairs and Maintenance	69,854	711,995	\$ 604,509	(107,485)	-15.1%
[28]	Insurance Expense	-	984,360	\$ 983,831	(529)	-0.1%
[29]	All Other Operating Expenses	159,379	802,657	\$ 794,597	(8,060)	-1.0%
[30]	Supplimental and Grant Expense	-	-	\$ -	-	0.0%
[31]	Leases and Rentals	-	530,092	\$ 503,572	(26,520)	-5.0%
[32]	Clinic Expense	-	-	\$ -	-	0.0%
[33]	Total Operating Expenses	\$ 392,415	\$ 55,228,149	\$ 61,549,446	\$ 6,321,297	11.4%
[34]	EBIDA	\$ 2,418,042	\$ (6,845,267)	\$ (9,752,095)	\$ 2,906,827	-42.5%
Interest Expense and Depreciation						
[35]	Depreciation	2,988,742	4,218,368	\$ 4,866,344	\$ 647,975	15.4%
[36]	Interest Expense and Amortization	2,647,307	3,766,390	\$ 3,625,645	(140,745)	-3.7%
[37]	Total Interest & depreciation	5,636,049	7,984,758	8,491,989	507,231	6.4%
Non-Operating Revenue:						
[38]	Contributions & Other	1,400,232	1,659,755	\$ 3,733,954	(2,074,199)	-125.0%
[39]	Tax Subsidies for GO Bonds - M-A	5,018,825	5,018,825	\$ 5,009,899	8,926	0.2%
[40]	Total Non Operating Revenue/(Expense)	6,419,057	6,678,580	8,743,853	(2,065,273)	-30.9%
[41]	Total Net Surplus/(Loss)	\$ 3,201,050	\$ (8,151,446)	\$ (9,500,231)	\$ 1,348,785	-16.5%
[42]	Extra-ordinary loss on Financing	-	-	-	-	
[43]	Increase/(Decrease in Unrestricted Net Assets)	\$ 3,201,050	\$ (8,578,020)	\$ (9,501,403)	\$ 923,383	-10.8%
[44]	Total Profit Margin	113.90%	-17.89%	-18.34%		
[45]	EBIDA %	86.04%	-15.16%	-18.83%		

Balance Sheet - Assets

SAN GORGONIO MEMORIAL HOSPITAL

BANNING, CALIFORNIA

EIGHT MONTHS ENDING FEBRUARY 28, 2023

		ASSETS				
		DISTRICT ONLY				
		Current Month 2/28/2023	Current Month 2/28/2023	Prior Month 1/31/2023	Positive/ (Negative) Variance	Prior Year End 6/30/2022
Current Assets						
[1]	Cash and Cash Equivalents	1,781,587	\$6,264,498	\$7,988,678	\$ (1,724,180)	\$ 11,340,002
[2]	Gross Patient Accounts Receivable	\$0	\$91,444,230	\$97,807,725	\$ (6,363,495)	77,594,807
[3]	Less: Bad Debt and Allowance Reserves	\$0	(\$80,958,024)	(\$86,625,874)	\$ 5,667,850	(69,099,845)
[4]	Net Patient Accounts Receivable	\$0	\$10,486,206	\$11,181,852	\$ (695,645)	8,494,961
[5]	Taxes Receivable	\$4,385,518	\$4,385,518	\$3,403,511	\$ 982,007	1,178,859
[6]	Other Receivables (includes advances)	660,465	(\$266,694)	\$738,402	\$ (1,005,096)	738,141
[7]	Inventories	\$0	\$2,438,089	\$2,440,789	\$ (2,700)	2,297,204
[8]	Prepaid Expenses	126,169	\$975,816	\$1,069,933	\$ (94,116)	1,197,395
[9]	Due From Third Party Payers-DSH	\$0	(\$2,306,145)	(\$2,051,479)	\$ (254,666)	(1,845,477)
[10]	Malpractice Receivable	\$0	\$0	\$0	\$ -	-
[11]	Supplemental Receivables	\$0	\$0	\$0	\$ -	-
	Total Current Assets	6,953,738	21,977,288	24,769,685	\$ (736,481)	\$ 23,401,085
Assets Whose Use is Limited						
[12]	Cash					
[13]	Investments					
[14]	Bond Reserve/Debt Retirement Fund	\$11,212,210	\$11,212,210	\$11,763,103	\$ (550,893)	12,704,494
[15]	Trustee Held Funds					
[16]	Funded Depreciation					
[17]	Board Designated Funds					
[18]	Other Limited Use Assets					0
	Total Limited Use Assets	11,212,210	11,212,210	11,763,103	\$ (223,324)	\$ 12,704,494
Property, Plant, and Equipment						
[19]	Land and Land Improvements	4,828,182	4,828,182	4,828,182	\$ -	\$ 4,828,182
[20]	Building and Building Improvements	129,281,491	129,281,491	129,281,491	\$ -	129,281,491
[21]	Equipment	27,119,506	29,994,174	29,994,174	\$ (0)	26,856,789
[22]	Construction In Progress	2,405,542	2,405,542	2,354,778	\$ 50,763	1,694,007
[23]	Capitalized Interest					
[24]	Gross Property, Plant, and Equipment	163,634,721	166,509,389	166,458,626	\$ 50,763	162,660,469
[25]	Less: Accumulated Depreciation	(\$91,613,709)	(\$91,613,709)	(\$91,207,260)	\$ (406,450)	(89,145,667)
[26]	Net Property, Plant, and Equipment	72,021,012	74,895,679	75,251,366	\$ (475,050)	\$ 73,514,801
Other Assets						
[27]	Unamortized Loan Costs	\$627,385	\$584,505	\$587,094	\$ (2,589)	\$ 614,440
[28]	Assets Held for Future Use		\$0	\$0	\$ -	485
[29]	Investments in Subsidiary/Affiliated Org.	\$21,343,036	\$0	\$0	\$ -	(111,925)
[30]	Other					
[31]	Total Other Assets	21,970,421	584,505	587,094	\$ (2,589)	\$ 503,000
[32]	TOTAL UNRESTRICTED ASSETS	112,157,381	108,669,687	112,371,249	\$ (3,701,562)	\$ 110,123,381
Restricted Assets						
		0	0	0	0	0
[33]	TOTAL ASSETS	\$112,157,381	\$108,669,687	\$112,371,249	\$ (3,701,562)	\$ 110,123,381

Balance Sheet - Liabilities and Net Assets
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
EIGHT MONTHS ENDING FEBRUARY 28, 2023

	DISTRICT ONLY	LIABILITIES AND FUND BALANCE			
	Current Month 2/28/2023	Current Month 2/28/2023	Prior Month 1/31/2023	Positive/ (Negative) Variance	Prior Year End 6/30/2022
Current Liabilities					
[1] Accounts Payable	\$ 506,662	\$ 8,594,770	\$ 11,298,723	\$ (2,703,954)	\$ 10,600,622
[2] Notes and Loans Payable (Line of Credit)	-	6,000,000	6,000,000	\$ -	12,000,000
[3] Accounts Payable- Tax advance	-	-	-	\$ -	-
[4] Accrued Payroll Taxes	-	6,412,510	6,146,096	\$ 266,415	5,597,527
[5] Accrued Benefits	-	-	-	\$ -	-
[6] Accrued Benefits Current Portion	-	-	-	\$ -	-
[7] Other Accrued Expenses	-	-	-	\$ -	-
[8] Accrued GO Bond Interest Payable	712,502	712,502	2,550,184	\$ (1,837,682)	2,526,756
[9] Lease Liabilities	-	3,551,621	3,738,924	\$ (187,304)	4,259
[10] Due to Third Party Payers (Settlements)	-	3,417,500	3,417,500	\$ -	-
[11] Advances From Third Party Payers	-	-	-	\$ -	-
[12] Current Portion of LTD (Bonds/Mortgages)	2,335,000	2,335,000	2,335,000	\$ -	2,335,000
[13] Current Portion of LTD (Leases)	-	-	-	\$ -	-
[14] Other Current Liabilities	-	585,931	585,931	\$ -	585,411
Total Current Liabilities	3,554,164	31,609,834	36,072,359	\$ (4,462,525)	33,649,575
Long Term Debt					
[15] Bonds/Mortgages Payable (net of Cur Portion)	99,543,964	\$102,330,387	\$ 101,432,619	\$ 897,768	\$ 103,030,598
[16] Leases Payable (net of current portion)	\$8,952,115	\$11,752,165	\$11,752,165	\$ -	\$2,293,348
[17] Total Long Term Debt (Net of Current)	108,496,079	114,082,552	113,184,784	\$ 897,768	105,323,946
Other Long Term Liabilities					
[18] Deferred Revenue	-	-	-	\$ -	-
[19] Accrued Pension Expense (Net of Current)	-	-	-	\$ -	-
[20] Other-Bridge Loan	0	4,852,624	4,852,624	\$ -	2,231,628
[21] Total Other Long Term Liabilities	0	4,852,624	4,852,624	\$ -	2,231,628
TOTAL LIABILITIES	\$ 112,050,243	\$ 150,545,010	\$ 154,109,768	\$ (3,564,757)	\$ 141,205,148
Net Assets:					
[22] Unrestricted Fund Balance	(3,093,912)	(33,723,878)	(33,723,878)	\$ -	\$ (25,347,940)
[23] Temporarily Restricted Fund Balance	-	-	-	\$ -	-
[24] Restricted Fund Balance	-	-	-	\$ -	-
[25] Net Revenue/(Expenses)	3,201,050	(8,151,446)	(8,014,641)	\$ (136,805)	(5,733,827)
[26] TOTAL NET ASSETS	107,137	(41,875,323)	(41,738,519)	\$ (136,805)	\$ (31,081,767)
[27] TOTAL LIABILITIES AND NET ASSETS	\$ 112,157,380	\$ 108,669,687	\$ 112,371,249	\$ (3,701,562)	\$ 110,123,381
	\$ (0)	\$ 0	\$ (0)	\$ 0	\$ -

Statement of Cash Flows

SAN GORGONIO MEMORIAL HOSPITAL BANNING, CALIFORNIA EIGHT MONTHS ENDING FEBRUARY 28, 2023

		CASH FLOW	
		Current Month 2/28/2023	
HEALTHCARE SYSTEM CASH FLOW			
BEGINNING CASH BALANCES			
[1]	Cash: Beginning Balances- HOSPITAL	\$	4,531,273
[2]	Cash: Beginning Balances- DISTRICT		3,457,405
[3]	Cash: Beginning Balances TOTALS	\$	7,988,678
Receipts			
[4]	Pt Collections	\$	5,640,936
[5]	Tax Subsidies Measure D/Prop 13		46,840
[6]	Misc Tax Subsidies		-
[7]	Donations/Grants		-
[8]	IGT & other Supplemental (Net)		1,310,905
[9]	Draws/(Paydown) of LOC Balances		-
[10]	Other Misc Receipts/Transfers		299,243
	TOTAL RECEIPTS	\$	6,212,924
Disbursements			
[11]	Payroll/ Benefits	\$	3,986,752
[12]	Other Operating Costs		2,331,397
[13]	Capital Spending		0
[14]	Debt serv payments (Hosp onlyw/ LOC interest)		
[15]	Other (increase) in AP /other bal sheet		2,703,954
[16]	TOTAL DISBURSEMENTS	\$	7,937,103
[17]	TOTAL CHANGE in CASH	\$	(1,724,180)
ENDING CASH BALANCES			
[18]	Ending Balances- HOSPITAL	\$	4,482,911
[19]	Ending Balances- DISTRICT		1,781,587
[20]	Ending Balances- TOTALS	\$	6,264,498
ADDITIONAL INFO			
[21]	LOC CURRENT BALANCES	\$	6,000,000
			\$96,000

TAB C

San Geronio Memorial Hospital and San Geronio Memorial Health Care District

To: Finance Committee, Board of Directors, and District Board

Agenda Item for March 28, 2023 Finance Committee and April 4, 2023 Board Meetings

Subject:

Authorization to declare the existing Siemens Somatom Sensation 64 CT Scanner Model #8377520, Serial Number #55296 as surplus property.

Background:

As the hospital will be acquiring two new Canon CT Scanners for the Primary Stroke Center Project, we will not have a need for the existing Siemens Somatom Sensation 64 CT Scanner, serial number #55296.

We request the district declare the above equipment as surplus and authorize the hospital to dispose of the unit as appropriate.

Recommended Action: We request the district declare the above equipment as surplus and authorize the hospital to dispose of the unit as appropriate at fair market value.

TAB D

San Gorgonio Memorial Hospital and San Gorgonio Memorial Health Care District

To: Finance Committee, Board of Directors, and District Board

Agenda Item for March 28, 2023 Finance Committee and April 4, 2023 Board Meetings

Subject:

Presentation of Women's Clinic Midwifery Program Forecast and Authorization to Commence Project

Opportunity:

San Gorgonio Memorial Hospital has an opportunity to establish a Hospital-based Clinic department (1206d clinic) to better serve the needs of women within the San Gorgonio Memorial Healthcare District.

Program Specifics:

The Certified Nurse Midwives Clinic program will allow many women in the District to receive the following care from the Midwives: prenatal, newborn delivery (in the Hospital's OB Department), and post-partum services, along with basic Gyn services. Establishment of a program such as this will be consistent with the Hospital's Community Needs assessment by expanding and improving its services to members of the District.

Development of this program requires several months of planning, recruiting, and preparation prior to opening the Clinic. The Hospital leadership team is excited about this opportunity and recommends that this program be initiated as soon as feasible. It is anticipated that it could take up to six months to get the program operational.

Prior to the services being opened, many steps will need to be accomplished, including recruitment of two Certified Nurse Midwives, development of Departmental policies and procedures, credentialing by the Medical Staff, approval by the Boards, and individual credentialing of the Midwives by all payers, including Medi-Cal, Medicare, and numerous Health Plans. Additionally, prior to opening, DHCS needs to inspect the entire service and review and approve all these matters along with physical inspection and approval of the clinic site.

Finally, an extensive and targeted marketing program will be developed emphasizing the "availability of Certified Nurse Midwives who can provide all your prenatal and postpartum treatments and who are expected to be available for the delivery of your baby here at SGMH", in addition to "less travel time required to receive your care" will be seen as necessary and strong selling points for the success of this program.

Recommended Action:

To approve the requisite steps outlined above and in the Exhibit for the establishment of a Hospital-based Midwifery Clinic service program.

A packet of program specifics is included as an Exhibit.

Women's Clinic & Midwifery Services

Background & Need

There are approximately 1,300 births per year (2020 & 2021) from the SGMHD zip code areas
SGMH capture was an average of 157 (2020 & 2021) or 12% of the total; (there were 175 births in 2022)

SGMH has an excellent, seismically compliant L&D, OB, and Nursery department.

Community Needs - More patients could avail themselves of SGMH (closer to home)

SGMH medical staff numbers are not positioned to capture significant additional volumes

Certified Nurse Midwives are qualified to work independently and deliver babies in the Hospital

The Hospital has the opportunity to establish a Certified Nurse Midwifery Program and Clinic

Patient studies report that women increasingly desire the care provided via the Certified Nurse Midwifery model

Assumptions - Operational:

SGMH opportunity for annual growth consists of 1,293 births less 267 Kaiser patients, or 1,026.

The forecast model projects 350 additional births (45 from OB physicians), thus capturing 34% more of the 1,026

After the full "ramp-up" year, these 350 births plus the current 175 totals 525 births

The 525 births equals 51% of the 1,026 births available

The 525 births equate to an average of 47 births per month, or 1.44 births per day.

After the "ramp-up" year, the Clinic visits are projected at 6,720, or 560/month, or 32 visits/day

It is anticipated that the Certified Nurse Midwives will also provide certain GYN services

The model includes 2 full-time Certified Nurse Midwives, 2 Medical Assistants, and an Office Manager starting the second year.

The Hospital will rent office space at Dr. Yu's office to house the Women's Clinic

The Hospital's OB services staffing are currently being underutilized, and as such, there is currently capacity to serve a greater number of inpatients before increasing staffing levels

Assumptions – Financial

The Hospital will bill the Midwifery Professional Fees to cover the Clinic operations

GYN services billings (potential additional revenue) are difficult to project and are not included in the model

The patient Payor Mix is projected as follows: Medi-Cal – 35%; Medi-Cal Managed Care – 42%; Insurance – 19%; and Self Pay/Other – 4%.

Clinic and Hospital Combined EBIDA will be \$624K after the first 24 months of operations

Supplemental Fundings are projected to increase by \$622K and are included in the first 2 year's EBIDA, however, the cash will not be completely received until years 3 – 6 of operations.

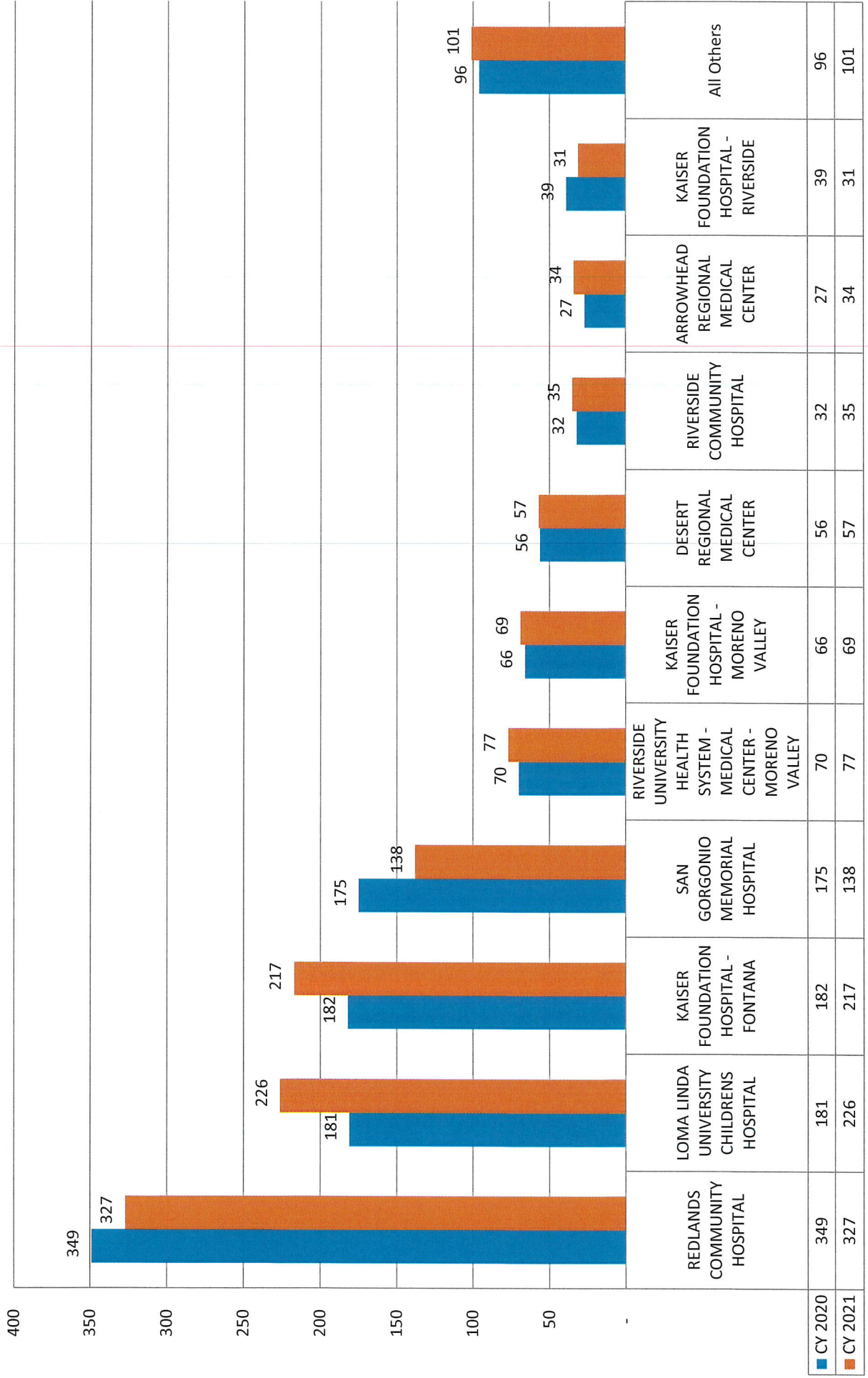
The peak Cash Flow needs are projected to be \$418K within the first 8 months of operation and will turn positive in the 3rd year of operation.

Prepared March 16, 2023

Market Share *(Summary)*

Facility Name	Patient Discharges		% of Market Share		Patient Discharges		% of Market Share	
	2020 & 2021		2020 & 2021		2020 & 2021		2020 & 2021	
	Combined - Average		Combined - Average		Combined - Average		Combined - Average	
REDLANDS COMMUNITY HOSPITAL	338		26.2%		338		33.0%	
LOMA LINDA UNIVERSITY CHILDRENS HOSPITAL	204		15.7%		204		19.8%	
KAISER FOUNDATION HOSPITAL - FONTANA	200		15.4%		-		0.0%	
SAN GORGONIO MEMORIAL HOSPITAL	157		12.1%		157		15.3%	
RIVERSIDE UNIVERSITY HEALTH SYSTEM - MEDICAL CENTER - MOREN	74		5.7%		74		7.2%	
KAISER FOUNDATION HOSPITAL - MORENO VALLEY	68		5.2%		-		0.0%	
DESERT REGIONAL MEDICAL CENTER	57		4.4%		57		5.5%	
RIVERSIDE COMMUNITY HOSPITAL	34		2.6%		34		3.3%	
ARROWHEAD REGIONAL MEDICAL CENTER	31		2.4%		31		3.0%	
KAISER FOUNDATION HOSPITAL - RIVERSIDE	35		2.7%		35		3.4%	
All Others	99		7.6%		99		9.6%	
Grand Total	1,293		100.0%		1,026		100.0%	

Discharge Case Volume & Trend



Percentage of Market Share based upon Discharge Cases



	A	S	V	AK	AN	AO	AP	AQ	AR	AS	AT	AU
2												
3												
4												
5	ADJUSTMENTS TO BUDGET - O/B											
6	Inpatient Revenue	9,969,203		18,564,623		28,533,826						
7	Outpatient Revenue	61,455		114,441		175,896						
8	Total Gross Patient Revenue	10,030,658		18,679,064		28,709,722						
9	New Deliveries	188		350		538						
10												
11	Discounts and Allowances	(8,530,006)		(15,884,554)		(24,414,560)						
12	Bad Debt Expense	0		0		0						
13	Charity Care	0		0		0						
14	Total Deductions From Revenue	(8,530,006)		(15,884,554)		(24,414,560)						
15		-85.04%		-85.04%								
16	Net Patient Revenue	1,500,652		2,794,510		4,295,162						
17												
18	Other Operating Revenue	218,159		403,800		621,959						
19												
20	Grant Income	0		0		0						
21	Total Non- Patient Revenue	218,159		403,800		621,959						
22	Total Operating Revenue	1,718,811		3,198,310		4,917,121						
23												
24	Salaries and Wages	430,665		1,330,950		1,761,614						
25	Market Adjustments (for All Staff)	134,829		134,829		269,658						
26	Fringe Benefits	96,943		366,445		463,388						
27	Contract Labor	0		0		0						
28	Physicians Fees	0		0		0						
29	Purchased Services	58,514		110,618		169,132						
30	Supply Expense	121,895		226,992		348,886						
31	Utilities	0		66		66						
32	Repairs and Maintenance	6,256		11,651		17,907						
33	Insurance Expense	93,889		174,840		268,730						
34	All Other Operating Expenses	978		1,822		2,800						
35	Leases and Rentals	10,796		20,103		30,899						
36	Total Operating Expenses	954,765		2,378,316		3,333,081						
37												
38	EBIDA	764,046		819,994		1,584,040						
39												
40												
41	CLINIC BUDGET											
42												
43												
44	Inpatient Revenue	0		0		0						
45	Outpatient Revenue	398,082		743,151		1,141,233						
46	Total Gross Patient Revenue	398,082		743,151		1,141,233						
47												
48	New Deliveries	259		480		739						
49	Clinic Visits	3,629		6,720		10,349						
50												
51	Discounts and Allowances	0		0		0						
52	Bad Debt Expense	0		0		0						
53	Charity Care	7,531		13,944		21,476						
54	Total Deductions From Revenue	7,531		13,944		21,476						
55												
56	Net Patient Revenue	390,550		729,206		1,119,757						
57												
58	Other Operating Revenue	0		0		0						
59	Grant Income	150,000		0		150,000						
60	Total Non- Patient Revenue	150,000		0		150,000						
61	Total Operating Revenue	540,550		729,206		1,269,757						
62												
63	Salaries and Wages	540,790		555,017		1,095,806						

	A	S	V	AK	AN	AO	AP	AQ	AR	AS	AT	AU
2												
3												
4												
64	Fringe Benefits											
65	Contract Labor											
66	Physicians Fees											
67	Purchased Services											
68	Supply Expense											
69	Utilities											
70	Repairs and Maintenance											
71	Insurance Expense											
72	All Other Operating Expenses											
73	Leases and Rentals											
74	Total Operating Expenses											
75												
76	EBIDA											
77												
78	CLINIC & HOSPITAL EBIDA											
79	COMBINED											
80												
81												
82	CASH FLOW HOSPITAL											
83	PATIENT REVENUES											
84	NON PATIENT REVENUES											
85	TOTAL RECEIPTS											
86	EXPENSES											
87	LABOR											
88	PHYSICIANS											
89	OTHER OPERATING EXPENSES											
90	LEASE AND RENTS											
91	TOTAL EXPENDITURES											
92	CASH SURPLUS (DEFICIT)											
93												
94	CUMULATIVE CASH POSITION											
95												
96												
97												
98												
99	CASH FLOW CLINICS											
100	PATIENT REVENUES											
101	GRANT REVENUES											
102	TOTAL RECEIPTS											
103	EXPENSES											
104	LABOR											
105	PHYSICIANS											
106	OTHER OPERATING EXPENSES											
107	LEASE AND RENTS											
108	TOTAL EXPENDITURES											
109	CASH SURPLUS (DEFICIT)											
110												
111	CUMULATIVE CASH POSITION											
112												
113	CLINIC & HOSPITAL CASH											
114	COMBINED											
115												

	ADD'L OIB	FY 24 & 25	COMBINED
	273,952	66	36,000
	386,671	137,505	144,703
	25,000	0	32,000
	66,334	169,000	2,229,531
	(959,775)		
	624,266		

	FY 24 & 25	COMBINED
	4,015,711	0
	4,015,711	2,494,661
	0	0
	0	763,683
	0	29,224
	0	0
	3,287,568	728,143
	507,582	

	FY 24	TOTAL 2024
	135,197	0
	18,000	249,166
	86,277	12,000
	16,000	0
	66,334	0
	91,000	78,000
	1,187,913	
	(647,362)	
	116,684	

	FY 25	TOTAL 2025
	138,754	2,785,369
	0	0
	2,785,369	0
	1,832,224	0
	524,617	20,089
	0	0
	2,376,930	408,439
	2,785,369	

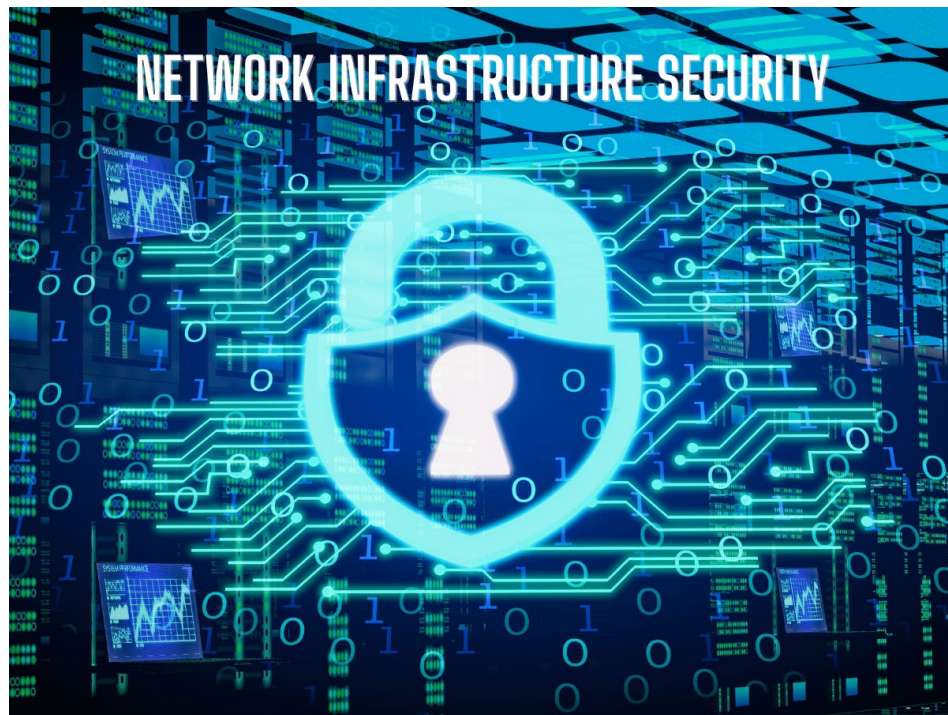
	FY 24 & 25	COMBINED
	1,041,619	727,211
	(312,412)	693,837
		18,000
		251,738
		78,000
		0
	2,208,383	1,041,575
	(1,011,547)	(314,364)
	(283,404)	

	FY 26	FY 27	FY 28	FY 29	TOTALS
	279,451	0	0	0	279,451
	155,588	287,280	62,571	116,520	621,959
	435,039	287,280	62,571	116,520	901,410
	0	0	0	0	0
	0	0	0	0	0
	43,838	0	0	0	43,838
	1,675	0	0	0	1,675
	45,513	0	0	0	45,513
	389,526	287,280	62,571	116,520	855,897
	1,117,669	1,404,949	1,467,520	1,584,040	

	FY 24 & 25	COMBINED
	1,046,836	72,921
	150,000	0
	1,196,836	72,921
	1,369,824	0
	34,500	0
	635,059	0
	169,000	0
	2,208,383	21,149
	(1,011,547)	51,772
	(283,404)	(959,775)
	157,894	445,174
	507,746	624,266

TAB E

SGMH Network and Infrastructure Recommendations



Cosmina Maja – IT Director
SAN GORGONIO MEMORIAL HOSPITAL

San Gorgonio Memorial Hospital and San Gorgonio Memorial Health Care District

To: Finance Committee, Board of Directors, and District Board

Subject: Recommendation to enter a 3-year Network and Infrastructure Consultant Services with HelixStorm INC and MDR Solution with Arctic Wolf

San Gorgonio Memorial Hospital have always used a 3rd party vendor for Network and Infrastructure. Prior to the current vendor, we had Loma Linda and in 2019 our former CFO/CIO contracted current vendor based on a friend's recommendation. That vendor has less experience with 24/7 operations like SGMH. During the unfortunate cyber incident in November of 2022, we were introduced by the forensic team – **Arctic Wolf**- assigned to us by the Cyber Insurance broker, to a much advanced approach of the systems security in general. In time, we built a business relationship with them, and besides the fact that they extended to us for 2 more months at no cost, the sentinel 1 licenses, they also introduced us to one of their partners – HelixStorm.

Process: In the last 3years we contacted other vendors for network and infrastructure and had numerous calls and demonstrations. Majority of them have unfortunately their team based offshore.

Recommendations: **HelixStorm Inc** is a partner of Arctic Wolf and comes highly recommended. A team of 3 partners came on site and discussed with the IT team along with Arctic **Wolf** team, all the options and possibilities to improve our network security as well as the daily operations.

Helixstorm has over 15 years of experience providing IT services to organizations. They specialize in providing technology consulting, implementation, and support services and has specific expertise and time-in-market with respect to technologies supporting advanced infrastructures, robust networking, security, and Information Worker Solutions for multiple hospitals, therefor they are familiar and can easily accommodate 24/7 operations with a timely response as well.

Arctic Wolf Networks is a cybersecurity company that provides security monitoring to detect and respond to cyber threats. The company monitors on-premises computers, networks and cloud-based information assets from malicious activity such as **cybercrime, ransomware, and malicious software attacks**. **NOTE: If SGMH would have had this prior to the cyber attack in November 2022, there would have been no interruptions in the hospital operations at all.**

MDR Solution: Managed detection and response – provide customers with remotely delivered security operations center (SOC) functions. These functions allow organizations to rapidly detect, analyze, investigate, and actively respond through threat disruption and containment.

Details: The attached proposal is for 3 years and includes also the sentinel1 licenses that was approved in February board meeting (Ex: quoted for \$8/license but the other vendors, we will be paying \$5/license with the new vendor). An outline of other expenses is attached as an Exhibit.

MDR through Arctic Wolf is a managed service that is layered on top of an EDR or XDR solution to provide 24/7 monitoring, detection, and response, including expertise, threat hunting, remediation, and prioritization of alerts. It also involves a human element: Security providers provide their MDR customers access to their pool of security researchers and engineers, who are responsible for monitoring networks, analyzing incidents, and responding to security cases.

There will be a one-time cost for onboarding of services and implementation.

Recommended Action: **To approve acquisition of services provided by HelixStorm INC as a replacement of current vendor. Current vendor requires a 60days notice which will allow sufficient time for all 3 parties to coordinate the transition.**

Exhibits: **Monthly expense report comparison, HelixStorm introduction package, Arctic Wolf services package and MDR definition, Ransomware article**

Network and Infrastructure

Monthly Expense report

Current Vendor

Proposed Vendors

Monthly	\$16, 675.86	Monthly	\$ 14,981
Sentinel1 (585 licenses)	\$8*585= \$4,680	Sentinel 1	included
Knowb4	\$ 666	Knowb4	included
AFH calls	\$ 225/hr	AFH calls	First 4hr included
MDR	Not available	MDR	\$5,567
Total	\$ 22,021.86		\$20,548



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 Service Delivery Manager 21

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Executive Summary

Helixstorm takes great honor and appreciation to be invited to respond to San Gorgonio Memorial Hospital (SGMH) Request for Proposal for Managed Services. We believe that our solutions, services, products, and programs naturally align with your strategic requirements and vision. Successful partnerships are built on a shared strategic vision and the ability to execute on all elements of that vision.

A strategic partner becomes an expert on its partner's strategy and end goals. The first step is to understand how they define success and then deliver solutions that help them achieve their goals in tangible, measurable ways. As we become that trusted partner for San Gorgonio Memorial Hospital, Helixstorm can build upon the strength of both organizations' while creating new pathways for innovation and leadership. Our proposal offers solutions that encompass Helixstorm Consulting, Professional Services, and Managed Services capabilities, to bring "Best-in-Class" solutions to San Gorgonio Memorial Hospital.

Helixstorm has over 15 years of experience providing IT services to organizations. We specialize in providing technology consulting, implementation, and support services. Helixstorm has specific expertise and time-in-market with respect to technologies supporting advanced infrastructures, robust networking, security, and Information Worker Solutions. With our experience, we bring a passion for customer satisfaction to the needs of budget-conscious organizations who have requirements for IT services.

Our culture is based on a core team of professionals always striving to deliver the best solutions for our clients. We value honesty, enthusiasm, respect, ownership, excellence, and a service-oriented attitude. This culture is essential to our success, distinguishing us from our competition and enabling us to hire and retain the best and brightest people in this business.

Our services are managed through methodology and processes that provide the greatest utility to your business. Helixstorm has a proven approach to ensuring that each of our new clients are brought onboard in a systematic manner that enables them to quickly begin to realize the benefits of our various managed services offerings. The expertise of our service engineers is supplemented by the extensive network of vendors that Helixstorm has developed over the years. The benefits of these relationships are automatically extended to you so that critical upgrades and enhancements are immediately accessible including the ability to escalate critical issues to the various technology companies. The result is that Helixstorm brings with it access to the best practices and solutions available in the market today.

Helixstorm believes in customer satisfaction. When we have completed a job for you, we don't want you to be worried about what you spent but thrilled with what you have received. Helixstorm works from our proven methodology, ensuring that the time spent on your project is efficient and effective.

At the end of the day, it's not about us - it's about you. In crafting a solution for you, we learn about your organization and your vision, your problems, and your goals. The formula is simple: We act with

integrity, we maintain accountabilities for all we do, and we earn your trust. The success of your business is our number one priority.

With this in mind, a few highlights to our proposals include:

- Helixstorm has a proven track record of delivering Information Technology services and focuses on helping our customers achieve enterprise class IT support services at an affordable price.
- Our operations are guided by the knowledge, experience, and judgment of the management team, and through a detailed system of administrative and task specific policies and procedures. We utilize a well-defined and mature delivery framework leveraging our SLO driven delivery model to ensure an effective and efficient service delivery. Our policies and procedures provide a logical, ethical, predictable, and effective system of control, reflecting common business standards and best operating practices.
- Our Help Desk Services are designed to provide a Single Point of Contact Model (SPOC) to manage all technology relationships support services that will extend to their employee community from a support perspective which ensures a single point of accountability for remediation of all issues no matter what systems or applications are affected including those of Third-Party Vendors. We provide a dedicated team approach to supporting our customers and all remote support staff are US based employees providing coverage 24/7/365.
- The proposal includes comprehensive operational management of your ecosystem including vendor management for your Line of Business (LOB) applications and related Third Party Vendors. We provide hosted enterprise class ticketing and change control systems that enable complete visibility of all service tickets and systems maintenance for your Information Technology Team and Management Staff.
- Helixstorm has extensive experience in deploying and managing an array of multi-layered security on premise and hosted technologies to ensure comprehensive security solutions and controls are in place to protect your technology ecosystem. Our Cyber Security Services provides a cost effective, rightsized, and scalable Information Security Program to ensure your institutions operations are in line with your risk strategy and meet regulatory requirements. This service has helped our clients stay increasingly competitive, while successfully maintaining regulatory compliance and implementing security measures to mitigate cyber threats.
- Our services are managed through methodology and processes that provide the greatest utility to your organization. Helixstorm has a proven approach to ensuring that each of our new clients are brought onboard in a systematic manner that enables them to quickly begin to realize the benefits of our various managed services offerings.

- Helixstorm provides Third Party Vendor management service if required for the resolution and remediation of an outage or issue to include but not limited to Software, Hardware, Networking, Telecommunications, Web, and other related IT Services being provided to the Client.
- Helixstorm approaches every project with a proven framework that starts with the initiation, moves into planning, execution, and the closure phases of a project to deliver the best solution for its clients. Helixstorm Project Management framework is built around the proven PMI PMBOK Methodology, ensuring that the time spent on your project is efficient and effective.
- Helixstorm has earned acclaim with its technology ecosystem partners that include leaders in their industry to include but not limited to Microsoft, VMware, Citrix, HPE, Aruba, Cisco, HP, Veeam, and Dell by repeatedly demonstrating a proven track record of successful hosted solutions as well as client premise projects and satisfied customers.
- Helixstorm will partner with San Gorgonio Memorial Hospital to develop a three-year technology roadmap that aligns the organizational requirements to technology spend and budget; this will ensure that ROI is achieved when technology projects are undertaken, or investment is made in applications or systems.

The overall goal of our program offering to San Gorgonio Memorial Hospital is to deliver the greatest value to you. We are proposing to act as your business partner, not just “another supplier.” Your goals will become our goals. We trust that, following a thorough evaluation, San Gorgonio Memorial Hospital will feel confident in Helixstorm’s ability to meet and exceed your business expectations.

By drawing from our vast experience and knowledge, we are confident that our proposed solution; award winning products, comprehensive service management programs, competitive prices, financing structure and our overall proposed partnership approach, will achieve the goal of providing to you, Complete Customer Satisfaction. We appreciate the opportunity to earn your business and for your consideration of our capabilities in your evaluations. Helixstorm looks forward to the opportunity to further discuss our capabilities as well as proving our value to you as your business partner.

Why Helixstorm

Since its inception in 2007, Helixstorm has been providing Managed IT services for infrastructure management, unified desktop management, data protections and business continuity. Helixstorm has expanded its services portfolio capabilities to provide security, application development, Cloud, and hosted unified communications services.

Today Helixstorm is a leading national Managed Services Provider (MSP), as well as a Managed Security Services Provider (MSSP) providing one of the most comprehensive services portfolios in the industry. Our capabilities, solutions and resources allow us to align extensively to San Gorgonio Memorial Hospital requirements. Our goal is to ensure that our managed services clients can leverage either the entire breadth of our services offering or just a single aspect of the service to complement their own employees support skills.

Helixstorm follows the ITIL (Information Technology Infrastructure Library) v3.0 framework to standardize the selection, planning, delivery, and support of IT services our existing and prospective clients. The goal is to improve efficiency and achieve predictable service levels. The ITIL framework enables us to be a business service partner, rather than just back-end support. The ITIL guidelines and best practices we follow allow us to align IT actions and expenses to business needs and change them as the business grows or shifts direction.

Helixstorm recommended operational approach to supporting San Gorgonio Memorial Hospital's IT Ecosystem is a combination of remote and local support to meet the requirements of the organization. The ability to provide 24x7 comprehensive remote support greatly minimizes the requirement of providing onsite support and is a more cost-effective solution for organizations today. Helixstorm's 24x7 remote support capabilities provide immediate proactive or reactive response to our clients. All support requests whether a phone call, email or chat are handled live by a Remote Support Engineer. Proactive responses are handled by our Network and Security Operations Centers.

Infrastructure Management

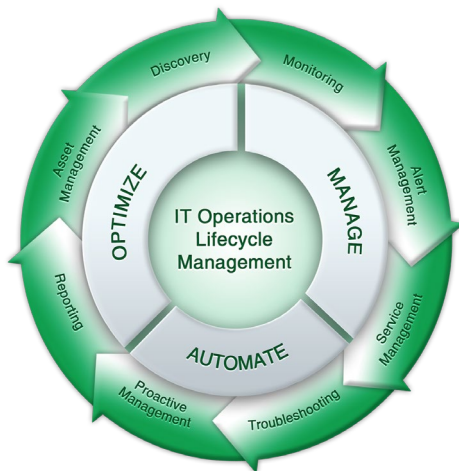
Helixstorm Network Operations Centers (NOC) monitor and manage the IT Ecosystem for our Clients 24x7x365. With our comprehensive solution Helixstorm's Network Operation Center (NOC) is enabled to see detailed processing of every event on your network. Helixstorm has deployed a "State of the Art" Information Technology Operations Management (ITOM) solution; OpsRamp is a comprehensive web-based monitoring, alerting, remediation, automation, reporting and service platform that covers the entire technology ecosystem.

OpsRamp's artificial intelligence for IT operations (AIOps) solution, OpsQ, is the world's first service centric AIOps platform with intelligent event management, powerful alert correlation, and rapid remediation. OpsRamp OpsQ applies machine learning and other data-driven approaches to correlate and infer alerts arising from the same underlying condition. OpsQ continuously learns patterns and applies learned models against incoming alert streams to make sense of cascading and parallel impacts. It groups related alerts into inferences based on the learning models. IT teams can then manage these

inferences instead of addressing individual alerts, reducing the “noise” that users need to sift through in everyday operations.

OpsRamp Overview

OpsRamp is the comprehensive SaaS platform for IT operations lifecycle management. IT operations lifecycle management is the set of capabilities that is required to operate your IT environment from “cradle to grave” so that your business has highly available applications and is getting the maximum value from its technology investment. Below is a list of the major functionality within OpsRamp.



Discovery	Automatically discover devices, applications and the relationships between them
Monitoring	Monitor any IT element, application or service, whether physical, virtual or in the cloud
Alert Management	Consolidate, correlate, and manage alerts generated by Vistara and by best-of-breed IT management tools
Service Management	Seamlessly tie service management to IT operations with integrated incident and problem management
Troubleshooting	Quickly identify root cause and remediate with automation and secure remote access
Proactive Management	Proactively maintain patching, network configuration back ups and runbooks management with automation and policies
Reporting	Operationalize dashboards and reporting that deliver actionable insights based on trends and analytics
Asset Management	Dynamically manage the complete inventory of on-premise, data center, private and public cloud assets in a single platform

Automated Discovery & Onboarding

- Automatically discover devices, applications, and the relationships between using standard protocols and APIs.
- Discover devices, applications, and cloud resources running across datacenters, business locations and cloud environments.
- Discover relationships between elements including network, virtualization, storage, and cloud topologies.
- Apply policies to continuously discover elements and automatically manage newly discovered elements against predefined service levels.

Support for Integrations

- OpsRamp supports API based integrations with third-party applications using SOAP and REST APIs.
- Alert, Email, and Incident based Integration capabilities.

Service Assurance

Monitoring & Management

- Monitor any IT element, application, or service, whether physical, virtual or in the cloud.
- Monitor the full spectrum of elements ranging from custom and packaged applications, physical and virtual servers, network devices, storage arrays, web services, and cloud instances and resources.
- Manage services as logical entities by using service maps that visualize the relationships between elements and services.
- Create service maps using flexible rule-based policies that allow for hybrid cloud applications that expand and shrink dynamically with new and decommissioned elements.
- Define composite services that integrate both internal and externally hosted elements and services.
- Define and measure availability, performance and responsiveness metrics that matter to you with customized definitions of availability, performance, and responsiveness metrics.

Alert Management

- Consolidate, correlate, and manage alerts generated by OpsRamp and by best-of-breed IT management tools.
- Correlate alerts and remove noise from the signal by consolidating alerts from like devices into a single incident. View which sites and services are impacted and other alerts of the same type.
- Select alerts that relate to a particular problem and assign them to a single ticket.
- Ensure critical alerts move up the chain with the escalation matrix. Duty specific notification based on schedules and the chain of command in a team.
- Define policies to automatically create Incidents from Alerts to optimize delivery to SLAs.

Runbook Automation

- Define scheduled and event-driven runbook automation scripts, policies, and schedules to execute.

Backup and restore

- Backup startup and runtime configurations and automatically backup network device configurations.
- Visualize and compare configurations to identify changes and restore to previous configurations when needed. Visualize and compare configurations.

Unified Centralized View

- Operationalize dashboards and reporting that deliver actionable insights based on trends and analytics.
- Integrate data from third-party monitoring products, hardware, and software elements to deliver actionable insights based on holistic trends and analytics. To measure service levels delivered against service level agreements.
- Report templates are applicable to different roles in an organization for making tactical and strategic decisions.

- Strategic insights enable IT managers to manage availability and performance of their infrastructure by using the right metrics.
- Tactical insights address issues with a particular element or device in your distributed infrastructure.
- Use pre-defined report templates for different technologies and roles. Schedule and automatically deliver reports. Output reports in a variety of ready to consume formats (PDF, PPT, CSV).
- Visualize the availability, health and performance of services and infrastructure with customizable dashboards. Define widgets by complete service or single entity and customized for size, trend history and metric specific parameters.

Asset Management/Live CMDB/Integration

- Dynamically manage the complete inventory of on-premises, data center, private and public cloud assets in a single platform.

SLA Management

- Define granular SLAs for specific business services.
- Define SLAs for response times and resolution times for Incidents.
- View real-time dashboards and historical reports on performance against SLAs.

Incident, Problem and Change Management

- Create a ticket, incident, problem, or change request as appropriate to manage issues through resolution.
- Seamlessly tie service management to operations management with single flow, one-click creation of tickets from the alert.
- Automate policies to group alerts, convert them into tickets and create incidents based on SLAs associated with devices.
- Display the entire queue of service requests across the organization with role-based access to assigned support engineers.
- Open APIs to integrate with any third-party solution.

Compliance Driven Remote Access Framework

- OpsRamp provides an integrated remote access framework that will allow IT personnel, business unit operations team, or any external providers to access instances for incident, problem or change management. Limitations for access can be set by policy for specific users or time periods, and all activity during access is automatically recorded, much like a TiVo video recording, and associated with the incident, problem or change request. This allows compliance auditors to play the recorded operations and can be used for HIPAA, PCI, and SOX compliance reports.

Data Protection / Disaster Recovery / Business Continuity

We recognize that there are multiple tiers of backup of active data. Years ago, we treated all data as being equal. All data originated on one type of storage and stayed there until it was deleted. We now understand that not all data is created equal. Some types of data are more important than others or accessed more frequently than others. Operationally critical data requires more frequent backups on higher performance devices. Less critical backups are relegated to less expensive, lower performance devices. Older versions of backup files are moved to slower devices to save costs.

Helixstorm has a proven approach and method to protecting not just your data but ensuring that you can recover from a wide variety of disasters. We offered solutions depending on the Client's infrastructure (Physical and/or Virtual), Recovery Time Objectives (RTO) and Recovery Point Objective (RPO) requirements.

All solutions involve using a local appliance or targeted storage, so it effectively becomes a complete replacement to existing tape or portable hard drive backup strategies and is installed at the end Client's premises where data needs to be protected. These solutions enable Helixstorm to provide multiple options for consideration; a Local and Cloud Managed Backup only or Backup capability that offers an offsite Business Continuity capability.

All data is encrypted – both in transit and while at rest – using AES-256 (Advanced Encryption Standard) with a unique encryption key that meets the government's FIPS 140-2 standard for top-secret documents. Also meets other compliance requirements such as HIPPA, PCI, SOC, etc.

Data can be restored either from the local appliance (which is the preferred method), but also can be restored from the Cloud. The process is to notify the NOC team that a file(s), folders, or databases need to be restored and they will restore those from the local appliance within 30-60 minutes, typically less than that at time of notification.

Helixstorm works with Clients to build Business Continuity plans in case of a disaster requiring site restoration of servers in the Cloud. Typical recovery efforts involve declaring a "site disaster" and spinning up in the designated Cloud operations. Helixstorm creates a Virtual Office in the management interface and begins rendering servers from their latest offsite backup. Once servers are rendered the team will boot all servers and correct any OS/Application issues to make sure they all are functioning normally. Multiple servers can be worked upon at the same time. DNS entries must be changed for proper email routing and other services.

After the Virtual Office setup is complete, we can provide access to the Cloud environment either via SSLVPN clients or direct IP address into the Terminal Server. Clients run within the Cloud environment until such time their onsite production environment is fully recovered.

Cyber Security

Helixstorm is a strategic solution provider who can help your organization identify, quantify, and manage the risk associated with information assets. Our unique approach begins with the assumption that effectively managing risk requires a balanced combination of process knowledge and appropriate technology. For this reason, we apply a structured approach that identifies risks and delivers effective solutions.

Many organizations struggle with the proper management of information security due to several factors. Stakeholders are often overwhelmed with day-to-day tactical projects and reacting to events within the environment. Because of the reactive nature of many security programs, strategy and long-term planning is often an afterthought. Helixstorm's approach to helping organizations manage their security program minimizes the roadblocks associated with strategic planning and provides subject matter expertise to help with governance, strategy, long term planning, process improvement, metrics, and even tactical security project execution.

Helixstorm provides a disciplined program management approach that increases the effectiveness of security investments and helps to provide measurable support for the protection of information assets. Helixstorm provides a security advisory consulting engagement to help Client with the maturity and continuous improvement with its security program overall.

The basic level of our offering provides an organization with a trusted security advisor on an on demand or limited basis. This tiered service is aimed at organizations that may only need assistance only on an as needed basis. They require help determining the most optimal security direction for their organization or just need help on a project-by-project basis.

Helixstorm has extensive experience in providing vulnerability management services to Clients. Our vulnerability management program is designed to implement tools and processes that validate the risk associated with information assets throughout their entire lifecycle. This process includes frequent auditing against standards, patch management, change control and other operational IT processes. A successful vulnerability management program allows interested parties to understand the relative risk levels of technology assets at any given time using baselines, monitoring for significant changes, and understanding if operational processes are effective at protecting information assets.

Helixstorm capabilities include several best of breed security products which are designed to minimize exposure to external threats such as malware, phishing, and poor web browsing practices. To help minimize email born threats and reduce unwanted SPAM, Helixstorm offers ProofPoint email protection and continuity solution. Helixstorm also provides the most recent release of SentinelOne Endpoint Protection Services (EDR) for anti-virus and to protect against Malware and Phishing attacks.

As part of a commitment to improving and maturing San Gorgonio Memorial Hospital's information security program, Helixstorm provides Managed Detection and Response (SIEM) solutions. An MDR program provides the tools and processes to help an organization monitor information asset for signs of malicious activity. Our program approach includes frequent assessment of log sources, standards, configurations, change controls, and other operational processes. A successful MDR program integrates

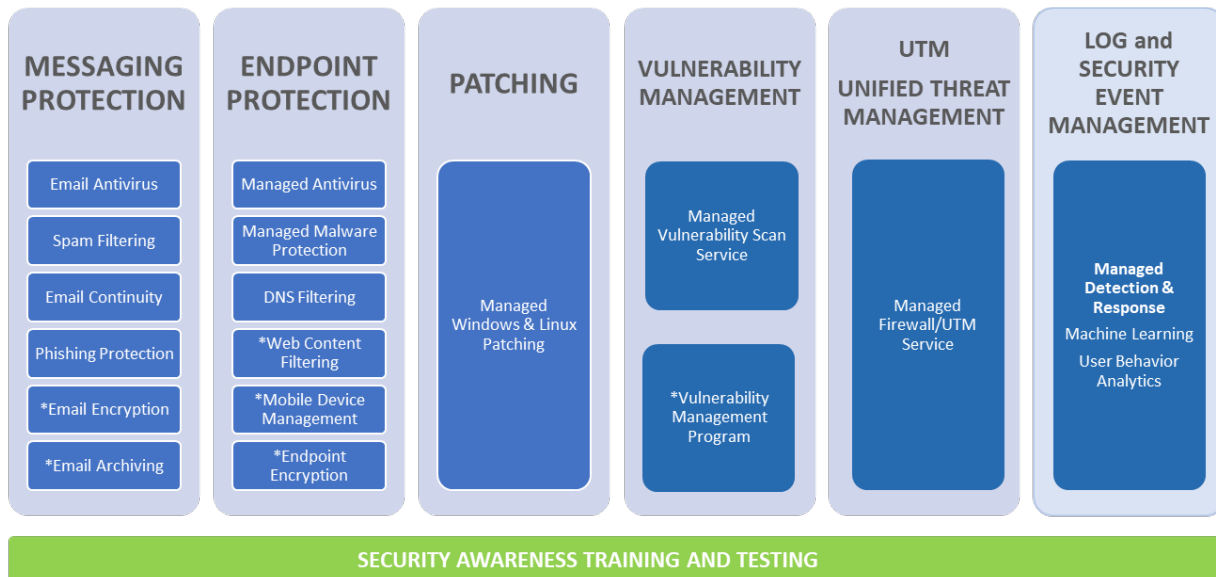
into the ongoing operations for an IT security organization and allows our clients to understand the relative risk levels of events and assets in their environment at any given time.

Helixstorm provides Security Awareness Management services based on the technology and leaning curriculum developed by KnowB4 <https://www.knowbe4.com/>. Helixstorm maintains the Platinum Subscription Level which provides us access to over 100+ training modules that Clients can choose from for their training requirements.

Initially Helixstorm rolls out a high quality, 45-minute web-based interactive training using common traps, live demonstration videos, short tests, and the new scenario-based Danger Zone exercise. Kevin Mitnick Security Awareness Training specializes in making sure employees understand the mechanisms of spam, phishing, spear-phishing, malware, ransomware, and social engineering, and are able to apply this knowledge in their day-to-day job.

Helixstorm also performs on-going simulated phishing attacks to test the security posture of the organization. Monthly reporting is generated on the results of the phishing campaigns and reviewed with San Gorgonio Memorial Hospital to identify those individuals that have a higher failure rate, so we can customize their training to improve their individual security posture for the organization.

Helixstorm Managed Security Model



IT Planning

Included in our comprehensive offering is our Virtual CIO role performed by the Senior Technical Account Manager assigned to San Gorgonio Memorial Hospital. These individuals are former Information Technology leaders that will provide consulting expertise to align your business and IT strategies.

- Business & Technology Assessment
- Technology Consulting & Management
- Strategy Development
- Process Development
- Enterprise Architecture
- IT Budgeting
- Business Continuity Planning (BCP)
- Disaster Recovery Planning (DRP)



Helixstorm ensures technology takes your business in the right direction. Your results are our number one priority, and Helixstorm continues to grow by focusing on the unique computing, networking, document, and applications needs of our customers.

Transition Services

A substantial on-boarding and transition project (“Transition Project”) will begin shortly after the Effective Date, which is to be determined. Depending on San Gorgonio Memorial Hospital’s scope of the Managed Services, the Transition Project will require a minimum a 30- 60 day duration to complete and would involve multiple workstream efforts on behalf of Helixstorm.

A team from Helixstorm Remote Support Operations, including Engineers, Project Management and Leadership, will be deployed. The team will travel to the hospital to begin the process of discovery, planning, documentation, setup, staffing and training. Templates will be used for data collection and discovery. The Team will work closely with your IT staff and leadership to ensure that complete and accurate information is transferred. Throughout the Transition Period, any gaps that are identified will be communicated to the IT Staff for resolution.

Helixstorm will utilize transition teams that have implemented services comparable to the scope of services identified by San Gorgonio Memorial Hospital. In addition, to maintain consistency, the service delivery resources utilized during the transition will continue to provide services after the transition activities have concluded to ensure knowledge preservation and service continuity.

The following will be created but not limited to, documented, reviewed, encoded and/or modified as necessary in the ITSM and ITOM systems; Standard Operating Procedures (SOPs), Decision Trees, Flow Charts, Escalation Paths, Application Support Plans, Scripts, Run Rules, Service Catalog, Knowledge Base Management, Change Management, and Reports. A configuration management database (CMDB) for San Gorgonio Memorial Hospital will be created, managed, and maintained. In addition, a RACI Matrix will be created that formally documents the roles and responsibilities of each party.

A project plan will be developed and managed using Microsoft Project Professional software. The project will be executed and managed in cooperation with Client to fully transition and establish the awarded services to Helixstorm capability by the mutually agreed Launch Date.

Project Management and Transition Methodology

Helixstorm approaches every project with a proven framework that starts with the initiation, moves into planning, execution, and the closure phases of a project in order to deliver the best solution for its clients. Helixstorm Project Management is built around the proven PMI PMBOK Methodology, ensuring that the time spent on your project is efficient and effective. PMI PMBOK is a worldwide standard that allows us to deliver projects that:

- Ensures that Helixstorm is aligned with your best interest
- Assumes that we will manage the solution, ensures that it is easily maintained
- Leverages the best elements of PMI and Technology Partner methodologies
- “Right-sized” to your needs, not monolithic and complicated

Helixstorm will be responsible for the overall project management for this implementation. The assigned Project Manager is responsible for ensuring the successful delivery of client facing projects. They manage the overall portfolio of active projects and provide analysis including resource forecasts, project schedules, project economics, and customer expectations. They leverage Helixstorm resources throughout the project lifecycle to gather information needed to ensure that each project is delivered to its specific documented scope and within timelines mutually established with client.

Project Organization and Management

Project Communications

Risk does exist in all technical projects. To mitigate potential risk in this project, Helixstorm will follow the following practices:

- **Defined Milestones** – Built into the project plan, these Milestones are designed to bring together all key stakeholders in the delivery of the technical solution to ensure agreement on the technical finding, detailed activities, work schedule, and interdependencies on the current production environment.
- **Issue Management and Resolution** - All issues discovered during the project will be documented, logged into a central issues repository, and resolved in a timely manner. Issue Resolution documentation will be created for each issue logged. Issues that may pose a risk to the project will be escalated to the management teams for risk mitigation analysis.
- **Project Management Meetings** – Regular project management meetings will be held to evaluate the status, quality, and timeliness (in relation to the schedule) of the work delivery. The project management team will evaluate on-going project risk as part of the project management process.

Project Schedule

Our skilled Project Manager will work with the team to develop a project schedule that is acceptable to your team, while also ensuring that the schedule will be well managed, and that quality is not compromised during the implementation. They ensure that your team is aware of project status through strong written communications, regular project status meetings, management of the project schedule and report overall status of project health.

Project Billing

The Helixstorm “Professional & Managed Services Time Recording Policy” is designed to ensure a consistent, accurate, and timely process for recording the work of the client-serving staff, especially around billable time for client work. As a company, Helixstorm “earns its living” from performing billable work for our clients. All members of the team understand that Time Recording is essential not only for Helixstorm purposes but is the starting point for customer satisfaction and retention due to its input to the billing process. The assigned Project Manager will monitor the budget closely and will be responsible for identifying and resolving all budgets and invoicing issues.

Project Management Documentation

Within the PMO structure, Helixstorm maintains an environment for all documentation related to the Client's project. The Helixstorm Project Manager will coordinate project work activities, conduct project status meetings, write project status reports, and coordinate all Solution Assurance activities:

- Design Review and Phase Signoffs
- Implementation Phases
- System Configuration Documentation

The most typical constraint in any IT project is the availability of the internal resource assigned to the project. Helixstorm understands that the IT staff has a production environment to maintain to high levels of availability and integrity, while the project is ongoing. Since the project approach submitted relies on a high level of IT work to the plan, the staff's availability will have to be monitored.

Services Transition

Helixstorm transition plays a vital role in delivering the proposed managed services approach to San Gorgonio Memorial Hospital. Helixstorm will implement a proven transition framework, to ensure a risk-free services transition from existing vendor to Helixstorm & San Gorgonio Memorial Hospital.

Key Principles

- A well-executed transition is critical for ensuring business continuity during the period of change
- Helixstorm has considered the key aspects like duration of transition, impact of transition on critical business process, service commencement in time and timelines for the promised improvements while planning the transition and transformation from one state of operations to another
- Helixstorm has an established, integrated, and consistent service transition capability across large and complex engagements
- Helixstorm has a proven transition and transformation methodology which underpin accelerated transition execution while minimizing transition risk to business
- The converged transition and transformation approach help in executing parallel phases for transition and transformation activities hence saving the time and cost of transition and transformation

Objectives

- Successful transition of Delivery and Management of the existing environment
- Establish the Service Management Framework between San Gorgonio Memorial Hospital, Helixstorm and any other Third-Party Vendors by institutionalizing defined SLAs, Service reporting and Governance structure
- Transformation to the desired/specified state of operations
- Manage risks during the period of transition
- Complete the transition programme on time and within budget

Major Deliverables

- Detailed Transition Plan sign-off
- Service Readiness sign-off pre-service transfer
- Acceptance Criteria sign-off at the end of the transition programme

Service Readiness

Helixstorm transition teams have implemented services comparable to the scope of services identified by SGMH. In addition, to maintain consistency, the service delivery resources utilized during the transition will continue to provide services after the transition activities have concluded to ensure knowledge preservation and service continuity.

Pre-Transition

This step will include:

Identify SGMH & Helixstorm Leads/SMEs

- Identify key work streams and workshops for transition
- Mobilise transition team -onsite/ offshore
- Complete all Logistics planning (User-ID mail-id, access and connectivity, laptops, desks, transition locations, onsite travel)
- Finalise transition governance & Communications
- Team size, resource profiles, skills, locations, Roles & Responsibilities
- Current Standards, Test Processes, test support, and Documentations
- Existing SLAs, KPIs, targets, metrics, and Reporting
- Delivery releases during transition period

Knowledge Transfer & Shadowing

This step will include:

SMEs gather key documentation

- System documentation
- Process documentation
- Key contacts – internal & external stakeholders

Recipient learns

- Schedule & attended workshops with SMEs to build knowledge
- Read and understand content

Transition lead

- Report on progress as per communication plan

SME demonstrates and records activities (for replay)

- Work Jointly
- Regular tasks performed by SME while recipient observes
- Activities are recorded and shared with recipient group
- Participate in daily Q&A session

Recipients observe and retrace steps to understand examples

- Watch and learn demonstrated techniques
- Use task log to retrace SME's activities and generate questions for daily Q&A session

Parallel Run & Steady State

This step will include:

SME oversees and validates

- Work jointly
- SME takes on back-up role
- Reviews daily task log
- Provides clarification / teaches as needed

Recipient performs tasks

- Assumes primary role
- Performs standard functions for the role
- Logs activities and results for review
- Discusses results and learn from feedback provided by SME
- Cascades knowledge to remaining team members
- Evaluate proficiency

Transition completed

- All communications process completed
- People enabled
- Work environment enabled
- Contract and financial management implemented
- Full handover of service
- Service Management implemented
- Unit operations implemented
- Existing Vendor resources released

Infrastructure On-Boarding and Integration

The Transition Methodology is based on years of experience and aligns with the Project Management Body of Knowledge to address the concerns and risks associated with services transition as well as to provide a step-by-step instruction guide to successfully migrate Operations from SGMH/vendor team. This involves a robust set of guidelines, activities, tasks, tools, and best practices. The key steps for San Gorgonio Memorial Hospital transition plan include:

Initiation and Planning

This step of the transition plan will include:

- Introductions to the key stake holders
- Data collection of items mentioned in San Gorgonio Memorial Hospital requirements template. Example: (Inventory details, Special instructions & SOP's, Access rights, Escalation matrix, ISP information, Exceptions...etc.)
- Technical and access requirements
- Define review and progress cadence (weekly status & phase gate review)
- Define roles and responsibilities for the transition
- Identify current processes being followed - Incident, Problem, Change, Release & Deployment, historical data, and trends
- Initial meetings with the respective tool owners
- Discuss the tool migration strategy (Infra Cloud migration.... etc.) if any
- Security and compliance requirements

Data Gathering & Validation

This step of the transition plan will include:

- Plan & prep for the deployment of ITOM Gateway (Prerequisites for the gateway, capacity analysis on the no. of gateways required...etc.)
- Understand integration requirements for other third-party tools
- Inventory breakup
- Review the Data collection sheet
- Technical and access requirements
- Jump box Setup (Windows Server)
- Provide Inbound/Outbound ports access
- Escalation contacts
- SOPs and Special Instructions
- Dashboard requirement
- Any customizations/exceptions for the service delivery team

Device Onboarding on the ITOM Platform

This step of the transition plan will include:

- Identify the priority list of sites/Devices and any other specific requirements
- Review the data collection sheet
- Deploy ITOM gateways
- Understanding the Network components, architecture, service dependency...etc.
- Monitoring and support considerations review
- Historic data and trend analysis
- SOP & Runbooks documentation
- Configurations: Network backups, reports, device groups, site creations, define policies...etc.
- Define service dependency maps
- Any customizations/exceptions for the service delivery team
- Implement assisted learning (Helixstorm team will sit with respective engineers and shadow learning)
- Knowledge build outs with remote teams and updating the service delivery manuals
- Service Delivery Readiness

QA & Alert Analysis

This step of the transition plan will include:

- Configuration validation (Network backups, reports, device groups, site creations, define policies... etc.)
- Template and graphs validations
- Alerts analysis and noise reduction
- Identify current gaps and finalize requirements for monitoring, management (Incident, problem, change, configuration) operational processes (support escalation, communication, reports), preventative maintenance, service maps...etc.

Backup and Business Continuity

At a high level Helixstorm's processes for on-boarding of the backup solution is as followed:

- Document requirements for applications, servers, and data structures
- Order Backup Target Appliance and Track Delivery
- Physically Install & Cable Target Appliance
- Onsite Configuration of the Appliance
- Configure Veeam to backup Servers to be Protected
- Confirm Onsite Backups are Working Properly
- Configure Offsite Cloud Backup
- Confirm Offsite Backups are Working Properly
- Verification acceptance all subsequent backups efficiently
- Test restore data and server from Onsite and Offsite repositories

After these processes are complete the service will be able to restore servers on premise within the allotted time periods, or in the Datto cloud in the case of a disaster.

Parallel operations

- Initiate the start of services including parallel operations offshore
- Weekly performance monitoring and reporting
- Adjust the thresholds required, tweak service delivery manuals as required
- Operating Model for San Gorgonio Memorial Hospital
 - Alert Management
 - Alert Monitoring Process
 - Alert monitoring process flow
 - Incident Management
 - Problem Management
 - Incident workflow
 - Escalation Management
 - Standard Operating Procedures (SOPs)
- Automation

Address privacy and security

- Authentication
- Access controls
- Authorizations/restrictions
- Audit controls
- Data backup and restore

Steady State Operations

- Steady state SLO driven activity
- Continuous governance, reporting and service improvement

Primary Client Account Team

The Client Account Management Team is the main focal point of Helixstorm engagement methodology. It is comprised of the following team members; Senior Account Manager, Service Delivery Manager, Primary and Secondary Engineers, and Executive Sponsor. The Account Team will orchestrate the engagement, collaboration, and involvement with other Helixstorm resources to provide ongoing technology business plans, operational support, and implementation services for variety technologies to meet the needs of San Gorgonio Memorial Hospital. All members of the Client Account Team are escalation points of contact for San Gorgonio Memorial Hospital. Prior to completion of the services transition, an escalation matrix with contact information will be provided to San Gorgonio Memorial Hospital.

Senior Account Manager

The Senior Account Manager (SAM) provides ongoing relationship management with Clients that are under contract for all or a subset of the Helixstorm managed services offerings. They are the primary relationship liaison between Helixstorm from initial onboard and throughout the term of the agreement (potential termination of services). They are both the client advocate and the client advisor. The primary objective of this position is to ensure retention of clients by managing expectations and satisfaction. They work closely (i.e., like a quarterback) with other members of the account team and service delivery team to ensure each client's individual needs are being adequately and consistently addressed. As necessary, this includes swift resolution to client escalated issues.

In addition, this role ensures continued affirmation of the value of the services provided by Helixstorm via a regular cadence of meetings with key contacts to review completed and planned activities. It is anticipated that the SAM will regularly attend cadence activities that are scheduled on a weekly, monthly and/or quarterly basis. The SAM must always engage the client in accordance with Helixstorm core values.

Service Delivery Manager

The Service Delivery Manager is responsible for the overall productivity and quality of work for their assigned team(s) and works to ensure that each of their team members have the skills and tools needed to be successful and addresses/expedites escalations when necessary. The Service Delivery Manager works closely with Helixstorm internal resources and the Client account stakeholders to ensure consistent quality service delivery and to identify and facilitate remediation of service quality issues as they arise. The Service Delivery Manager coordinates activities with the various matrixed functional leaders within Helixstorm to ensure alignment and effectiveness.

Executive Management Sponsor

The Executive Management Sponsor is a member of Helixstorm's Executive Management Team and responsible for executive level relationship management with Client's executive team. The Executive Sponsor will be expected to attend cadence activities on a monthly and/or quarterly basis.



Attachment A – Contract

HELIXSTORM

we make IT easier for you

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Number HLXQ5795-03

Date Mar 21, 2023

Sold To:
San Gorgonio Memorial Hospital Cosmina Maja 600 N Highland Springs Ave Banning, CA 92220 United States Phone: (951) 845-1121 Email: mmaja@sgmh.org

Ship To:
San Gorgonio Memorial Hospital Cosmina Maja 600 N Highland Springs Ave Banning, CA 92220 United States Phone: (951) 845-1121 Email: mmaja@sgmh.org

Consultant	P.O. Number	Ship Via	Terms
Stephen Hodges		Ground	Net 30

Qty	Description	Unit Price	Ext. Price
	ARCTIC WOLF MANAGED DETECTION RESPONSE (MDR) MONTHLY RECURRING COSTS - 12 MONTH TERM		
1	ARCTIC WOLF BASE PLATFORM MSPP SUBSCRIPTION LICENSE		
1	ARCTIC WOLF IR JUMPSTART SLIC RETAINER MSPP		
685	ARCTIC WOLF PLATFORM ACCESS SUBSCRIPTION LICENSE MSPP		
585	ARCTIC WOLF MDR PER USER CLOUD SUBSCRIPTION LICENSE MSPP		
100	ARCTIC WOLF MDR SVR CLDS LICMS MSP		
685	ARCTIC WOLF MDR LOG RETENTION 1YEAR SERVICES CLOUD SUBSCRIPTION MSPP		
1	ARCTIC WOLF HARDWARE 200SRS SENSOR MSPP		
	SubTotal		
	ARCTIC WOLF SECURITY AWARENESS MANAGEMENT MONTHLY RECURRING COSTS		
585	ARCTIC WOLF MANAGED AWARENESS CLOUD SUBSCRIPTION MSPP		

Managed Detection and Response

What is managed detection and response?

Managed detection and response (MDR) is an outsourced service that provides organizations with threat hunting services and responds to threats once they are discovered. It also involves a human element: Security providers provide their MDR customers access to their pool of security researchers and engineers, who are responsible for monitoring networks, analyzing incidents, and responding to security cases.

What challenges can MDR address?

MDR addresses significant problems that plague modern businesses. The most glaring issue is a lack of security skills within organizations. While training and setting up dedicated security teams that can do full-time threat hunting may be feasible for larger organizations that can afford it, most companies will find it a difficult proposition given their resource limitations. This is especially true for medium and large organizations that often find themselves being the target of cyberattacks but lack the resources or manpower for such teams.

Even organizations that are willing to spend both time and money might find it difficult to actually acquire the right personnel. In 2016, there were 2 million [unfilled cybersecurity positions](#), a number that is expected to [rise to 3.5 million](#) by 2021.

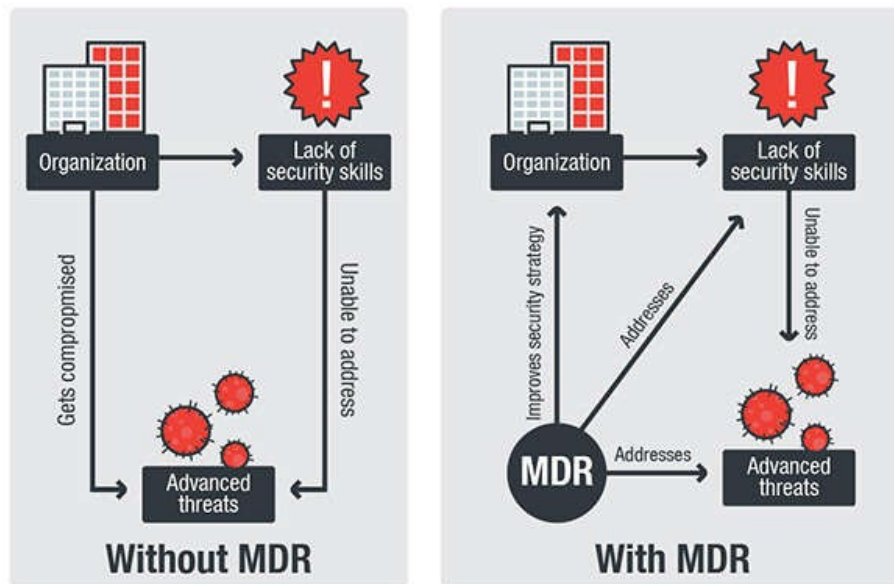
Enterprises also face challenges when deploying complex endpoint detection and response (EDR) solutions, which are usually not being maximized due to a lack of time, skills, and funds to train personnel to handle the EDR tools. MDR integrates EDR tools in its security implementation, making them an integral part of the detection, analysis, and response roles.

An often overlooked issue when it comes to cybersecurity is the sheer volume of alerts security and IT teams regularly receive. Many of these alerts cannot be readily identified as malicious, and have to be checked on an individual basis. In addition, security teams need to correlate these threats, since correlation can reveal whether seemingly insignificant indicators all add up as part of a larger attack. This can overwhelm smaller security teams, and take away precious time and resources from their other tasks.

MDR aims to address this problem not only by detecting threats but also by analyzing all the factors and indicators involved in an alert. MDR also provides recommendations and changes to the organizations based on the interpretation of the security events. One of the most important skills that security professionals need is the ability to contextualize and analyze indicators of compromise in order to better position the company against future attacks. Security technologies may have the ability to block threats, but digging deeper into the hows, whys, and whats of incidents requires a human touch.

MDR is designed to solve the problem of an organization's cybersecurity skills gap. It tackles the issue of more advanced threats that an in-house IT team cannot completely address, ideally at a cost that is less than what the

company will need to spend to build its own specialized security team. MDR can also offer the organization access to tools that it may not normally have access to. The diagram below illustrates what an organization stands to gain when MDR comes into play.



How do MDR providers compare with MSSPs?

Organizations have traditionally turned to managed security service providers (MSSPs) for their external security needs. In contrast with MDR providers, which can detect lateral movement within a network, MSSPs typically work with perimeter-based technology as well as rule-based detections to identify threats. Also, the kinds of threats that MSSPs deal with are known threats, such as vulnerability exploits, reoccurring malware, and high-volume attacks. MSSPs have security professionals who perform log management, monitoring, and analysis, but often not at a very in-depth level. In essence, MSSPs are able to manage an organization's security but typically only at the perimeter level, and their analysis does not involve extensive forensics, threat research, and analytics.

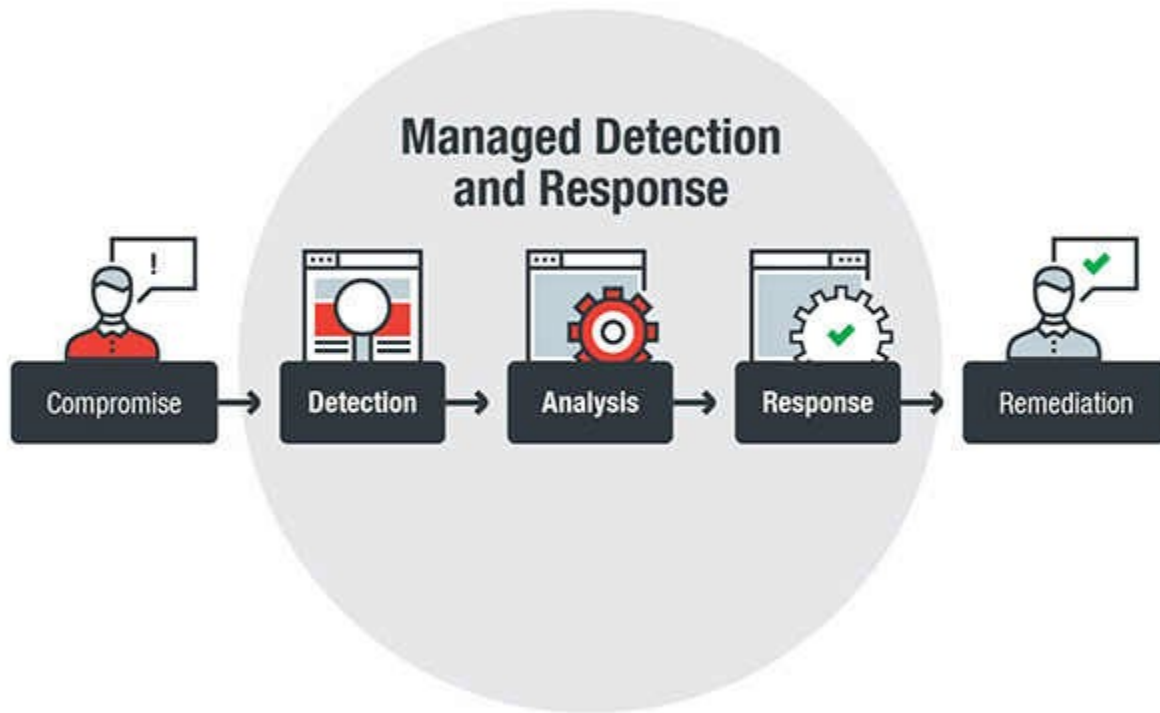
In terms of service, MSSPs usually communicate via email or phone, with security professionals as a secondary access, while MDR providers carry out 24/7 continuous monitoring, which may not be offered by some MSSPs.

However, MSSPs still provide value to organizations. For example, managing firewalls and other day-to-day security needs of an organization's network is a task that is more apt for an MSSP than an MDR provider, which offers a more specialized service. Accordingly, MSSPs and MDR providers can work in conjunction with each other — with MDR providers focusing on the proactive detection and behavioral analysis of more advanced threats and giving remediation recommendations for organizations once the threats are discovered.

How does Trend Micro's MDR work?

Trend Micro's MDR provides a wide array of security services, including alert monitoring, alert prioritization, investigation, and threat hunting. It uses artificial intelligence models and applies them to endpoint, network, and server data in order to correlate and prioritize advanced threats. By investigating prioritized alerts, Trend Micro threat researchers can then work with organizations to provide a detailed remediation plan.

The diagram below shows the basic process of how Trend Micro's MDR responds to threats.



Detection

Trend Micro threat researchers continuously monitor an organization's network and endpoint data — performing threat sweeps to look for specific indicators of compromise — and from there make decisions in terms of threat prioritization.

Analysis

Once a detected potential threat is correlated and prioritized, a team of qualified security operations center (SOC) personnel investigate the origin and scope of the attack, after which a detailed analysis of the threat and its impact is determined.

Response

Trend Micro threat researchers will alert the organization of the incident, and will also provide root cause analysis, mitigation recommendations, and toolkits to help the organization handle the incident.

Ransomware Gangs Release Naked Photos of Cancer Patients, Student Sexual Assault Records

Cybersecurity experts say ransomware groups are going to extremes as more organizations refuse to pay ransoms.



Photo: romaset, Adobe Stock

🕒 March 17, 2023 👤 Amy Rock 💬 [Jump to Comments](#)

A Russia-based ransomware group published naked photos of patients undergoing cancer treatment after a Pennsylvania healthcare organization refused to pay a ransom.

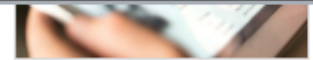
Lehigh Valley Health Network (LVHN) recently announced it was dealing with a **ransomware** attack that was detected on Feb. 6, reports [The HIPAA Journal](#). LVHN confirmed the BlackCat ransomware group was behind the attack and issued a ransom demand to prevent the release of stolen data.

LVHN President and CEO Brian Nester said when it refused, the group attacked the network used to support a physician practice in Lackawanna County. The healthcare group, one of the largest in the state, oversees 13 hospitals, 28 health centers, and dozens of other physicians' clinics, pharmacies, rehab centers, imaging, and lab services.

The hacked system contained clinically appropriate images of patients receiving oncology treatment and other sensitive patient data. To pressure LVHN into paying the ransom, BlackCat began releasing stolen data on its leak site, including screenshots of documents with patient diagnoses and images of three breast cancer patients, naked from the waist up.



Last week, one of the patients whose photos were stolen filed a [lawsuit](#) against LVHN, claiming it was negligent in its duty to safeguard patients' sensitive information and seeking class-action status for everyone whose data was exposed. The lawsuit alleges the patient was told that her physical and email addresses, date of birth, social security number, health insurance provider, medical diagnosis, treatment information, and lab results were also likely stolen in the [breach](#).



[Related: New Law Enables FDA to Regulate Medical Device Cybersecurity](#)

According to [Wired](#), cybersecurity experts say the situation at LVHN may indicate a shift in attackers' desperation as ransomware targets increasingly refuse to pay.

"As fewer victims pay the ransom, ransomware actors are getting more aggressive in their extortion techniques," said Allan Liska, an analyst for security firm Recorded Future. "I think we'll see more of that. It follows closely patterns in kidnapping cases, where when victims' families refused to pay, the kidnappers might send an ear or other body part of the victim."



[New Report! Campus Security Technology Trends to Watch in 2023](#)

This new free download, "Campus Security Technology Trends to Watch in 2023," gives an overview of the many promising opportunities as well as the challenges campus safety professionals are facing in 2023.

On March 7, another ransomware gang known as Medusa escalated its tactics by releasing data stolen from Minneapolis Public Schools in February after it refused to pay a \$1 million ransom. The group leaked photos that included screenshots of handwritten notes describing a sexual assault allegation and the names of three students allegedly involved in the incident. Medusa also posted a 50-minute video of attackers scrolling through all the data they stole from the district, which includes [records related to students](#), staff, and parents that date back to 1995. HIPAA Journal describes this as a "novel twist" as attackers don't typically reveal precisely what data they have stolen.

However, recent data suggests refusals to pay may be working. The FBI Internet Crime Complaint Center (IC3) said in its annual [Internet Crime Report](#) that it received 2,385 reports of ransomware attacks in 2022, totaling \$34.3 million in losses. In 2021, there were 3,729 ransomware complaints totaling \$49 million in losses.

According to Coveware, a ransomware recovery company, only 37% of victims paid a ransom following a ransomware attack in Q4 2022, compared to 76% of victims in 2019. Coveware says there are other factors driving down the profitability of ransomware attacks, including greater investment in security and incident response planning. The company also says that as revenue from ransomware attacks decreases, operating costs to carry out attacks increases, meaning fewer bad actors can make a living from issuing ransomware — hence the need to adopt new tactics.



[Related: This K-12 Cybersecurity Resource Offers Useful Guidance for School IT Professionals](#)

"We really haven't seen things like this before. Groups have done unpleasant things, but it was adults that were targeted, it wasn't sick cancer patients or school kids," said Brett Callow, a threat analyst for antivirus company Emsisoft. "I hope that these tactics will bite them in the butt and that companies will say no, we cannot be seen funding an organization that does these heinous things. That's my hope anyway."

TAB F

San Gorgonio Memorial Hospital and San Gorgonio Memorial Health Care District

To: Finance Committee, Board of Directors, and District Board

Agenda Item for March 28, 2023 Finance Committee and April 4, 2023 Board Meetings

Subject:

Approve Pharmacy 340B Program with The Craneware Group re: Outpatient Split Billing Rebate Program, Outpatient Retail Contract Pharmacy Rebates, and Inpatient Medications Rebate Program

Background:

CMS makes available a drug rebate program for Hospitals and other providers which serve a disproportionate number of Medicaid (Medi-Cal) patients. San Gorgonio Memorial Hospital has the opportunity to access this program via the services of The Craneware Group (TCG), a nationally recognized vendor which helps Hospitals and other providers obtain these rebates.

Program Structure: There are 3 program components for which SGMH will qualify:

- 1) Outpatient "split billing" rebate program. This is administered by a Craneware software product which "virtually" identifies rebates for drugs that are administered to SGMH outpatients;
- 2) Outpatient Retail Pharmacy Rebates. This program provides rebates via pharmacies which are contracted with SGMH for drugs disbursed from those pharmacies to SGMH outpatients;
- 3) Inpatient Medications Rebate Program. This program provides rebates for qualifying inpatients for qualifying drugs administered.

Additionally, within the terms of this agreement, TCG will continue to provide SGMH with price transparency information which is required per federal and state mandates. This information is continuously updated and loaded to the SGMH website.

Details: The projected financial contribution to SGMH, after estimated fees and costs of the program ranges from \$171K to \$578K for the first year, and the net contribution for the second year of the program ranges from \$203K to \$610K. A copy of the financial projections are included on Page 8 of the attached Exhibit.

The fees for TCG included in the equations above are as follows: One-time fees of \$31,675, and Annual Fees of \$56,600. Note: The net contribution forecasts allow for up to \$130K per year if additional Pharmacy staff is needed.

Recommended Action: That the CEO be authorized to enter an agreement with The Craneware Group for the provision of the listed services as outlined.

Exhibit: The Craneware Group 340B program and financial forecasting package.



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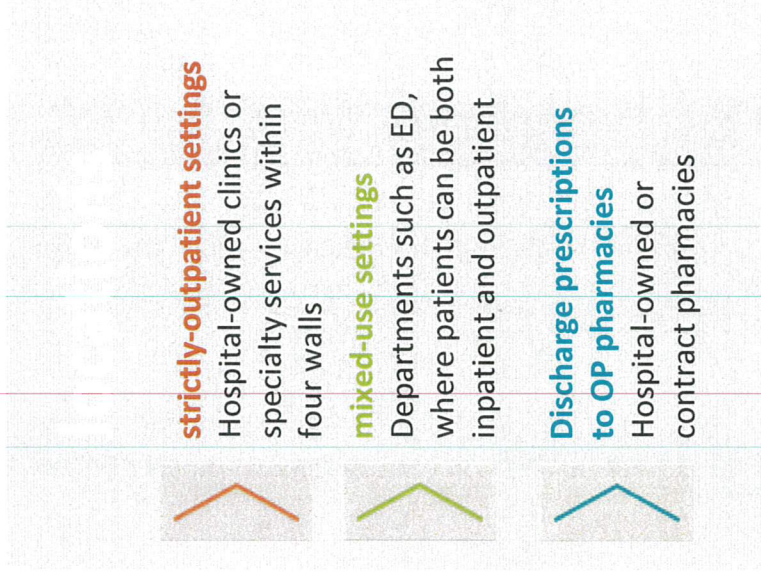




What is 340B?

A federally-mandated drug discount program established in 1992

- > **Requires** manufacturers to sell certain outpatient drugs at a greatly reduced price to eligible covered entities if they participate in Medicaid
- > **Administered by** Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs, which is an agency of the Department of Health and Human Services.





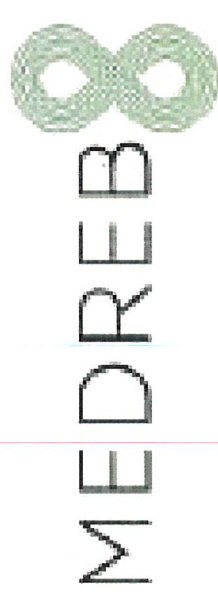
the intent of 340B

340B was created “to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services” by reducing the amount they spend on outpatient drugs.*

* H.R. Rep. No. 102-384(II), at 12 (1992)



3 Programs that will drive reduced costs and rebates





Savings

- **Annual Estimated Savings for 40 bed DSH Hospital**
- *Based on \$2M-\$5M drug spend

High	\$ 544,165
Average	\$ 361,662
Low (Current Savings for Top 8 Drugs)	\$ 179,159





Benefit

Estimated Annual Benefit

High	\$92,000
Average	\$71,000
Low	\$50,000

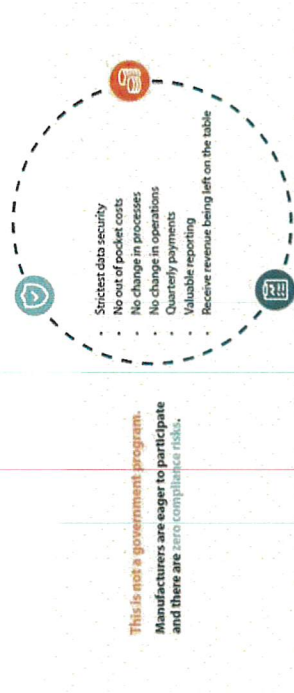
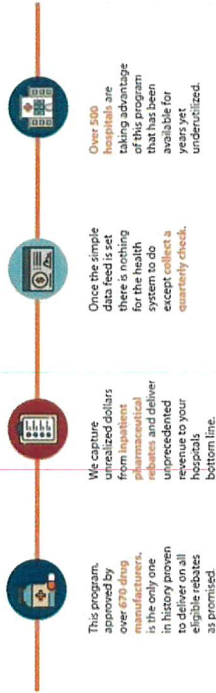


Estimated \$160,000 in rebates (annually)

*Run rate of about \$40k per quarter

Leaders in Capturing Inpatient Manufacturer Rebates

The Craneware Group had joined with a data aggregation and analytics partner to offer specialized pharmacy rebates not captured by third parties.





Summary of Estimated Savings/Benefit/Rebates



HIGH	
Product	Gross Value
Sentinel	\$544,165
Sentrex	\$92,000
Rebate Program	\$160,000
Gross Value	\$796,165
	Net Value (1st year)
TCG Fees	\$88,275
San G. FTE	\$130,000
Net Value	\$577,890
	Net Value (2nd year)
TCG Fees	\$56,600
San G. FTE	\$130,000
Net Value	\$609,565

AVERAGE	
Product	Gross Value
Sentinel	\$361,661
Sentrex	\$71,000
Rebate Program	\$160,000
Gross Value	\$592,661
	Net Value (1st year)
TCG Fees	\$88,275
San G. FTE	\$130,000
Net Value	\$374,386
	Net Value (2nd year)
TCG Fees	\$56,600
San G. FTE	\$130,000
Net Value	\$406,061

LOW	
Product	Gross Value
Sentinel	\$179,159
Sentrex	\$50,000
Rebate Program	\$160,000
Gross Value	\$389,159
	Net Value (1st year)
TCG Fees	\$88,275
San G. FTE	\$130,000
Net Value	\$170,884
	Net Value (2nd year)
TCG Fees	\$56,600
San G. FTE	\$130,000
Net Value	\$202,559



Pricing proposal

Products & Services	Description
Sentinel Split Billing Solution	Hospital pharmacy procurement and 340B compliance solution to drive savings
Sentrex™/eRx Pharmacy Solution	340B solution for managing contract pharmacy relationships
Trisus Medication Claim (TMC)	A pharmacy-focused claims solution to help reduce denials and improve processing
Senturion Services	Seasoned 340B experts to help review overall 340B program guidance/optimization
SM-Referral Verification Service	Service to capture 340B scripts for eligible patients referred to outside providers
Inpatient Drug Rebate Program	Solution and process for obtaining uncaptured Inpatient Pharmacy Rebates
Implementation & Training	Assigned resources to execute the deployment and training of your products
Trisus Pricing Transparency Solution	Provides hospital wide comparative pricing data and publication to ensure compliance with Federal and State laws
Total one-time fees	\$31,675
Total annual recurring fees	\$56,600

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Thank you!