REEVES COUNTY HOSPITAL DISTRICT
dba REEVES REGIONAL HEALTH
2027
PROPOSED BUDGET

TABLE OF CONTENTS

REEVES COUNTY HOSPITAL DISTRICT
2027
BUDGET NARRATIVE

REVIEW OF 2026
YEAR TO DATE

For RCHD, this year (through August 2026) has shown an increase in Total Patient Revenues over the same period last year by about 8% or $4.5 million. Inpatient days are lower from last year by 27%, however, the increase in 2027 budget reflects the annual 5% increase to the charge master as well as anticipated growth in services. Swing Bed revenue has increased by $650,493.00. The impact on Outpatient Revenues is an increase of $5.1 million year to date. This is mostly due to ER revenue.

The Deductions From Revenue (Contractual Adjustments, Bad Debts, Charity and Indigent Care) have remained relatively stable at about 55% of Total Patient Revenues.

Total Operating Expenses have increased by $1.84 million over same period last year. Of that, $1.2 million is in Salaries & Wages. The remaining 640,000 is spread between the other expenses with the exception of Purchased Services and Meeting and Travel. Those expenses decreased from prior year.

The Net Operating Loss year to date as of August 31, 2026 is $15.5 million compared to $11.4 million for the same 8 months of 2025. With property tax and sales tax revenues of $39,895,492.00 and Tobacco Settlement and Opioid Payment of $1,462,781.00, the District shows a Net Income of $26.0 million as of August 31, 2026.

THE 2027 BUDGET

The 2027 Budget has been prepared with the following assumptions:

Revenues have been budgeted conservatively with the usual annual 5% price increase factored in effective January 1, 2027.

Deductions From Revenue include a conservative estimate for the District's Disproportionate Share Hospital (DSH), Uncompensated Care (UC), Comprehensive Hospital Increase Reimbursement Program (CHIRP) and Rural Access to Primary and Preventive Services (RAPPS) Programs. Total Deductions From Revenue have been budgeted at about 55% of Total Patient Revenues.

Operating Expenses have been budgeted with the following assumptions:

- **Salaries, which have a 5% increase factored in. Additionally, this budget has been set up with fully staffed departments (also includes addition of providers and supporting staff in the clinic) along with the addition of the Urgent Care Clinic which will be funded mainly through RTSP grant funds.**
- **Purchased Services has been budgeted with a slight increase for new services and decreases to correlate with the fully staffed salaries budgets above.**
- **Property Tax has been budgeted at the proposed rate of $0.154746 ($.03 added to 2026 NNR rate per $100 of Assessed Value in the District with a 99.23% anticipated collection rate per RCAD. This rate (if adopted by the Board) will raise about $36 million for RCHD.**
- **Sales Tax has been budgeted at $12 million to be conservative. Current year (through August 2026) annualizes to about $16 million.**

- **The CAPITAL BUDGET has been prepared by the department managers with some replacements that will be needed as well as potential new services envisioned to be offered in the future.**

Finally, as required by law, we have also attached the Tax Rate computation worksheets prepared by the Reeves County Appraised District as part of RCHD's 2027 Budget package.

REEVES COUNTY HOSPITAL DISTRICT DBA REEVES REGIONAL HEALTH
COMPARATIVE HISTORICAL AND 2027 BUDGETED INCOME STATEMENT

	2025 Audited	2026 Annualized	2027 Budget
Patient Revenues			
Inpatient	6,657,761.00	5,639,134.78	6,248,228.75
Swing Bed	2,591,739.00	3,590,852.78	3,971,070.00
Outpatient	33,343,772.00	32,121,272.92	34,825,229.51
Observation	4,974,541.00	5,465,931.44	5,475,849.64
Aesthetic & Wellness	9,890.00	0.00	0.00
Testing & Mitigation	-	-	-
Emergency Room	27,930,730.00	33,373,606.18	35,217,006.83
Professional	4,897,022.00	5,030,662.94	5,151,468.08
Total Patient Revenue	80,405,455.00	85,221,461.04	90,888,852.81
Deductions from Revenue			
Medicare Contractuals	(7,131,704.00)	(12,221,079.10)	(12,709,922.26)
Medicaid Contractuals	6,138,287.57	(1,925,359.06)	(982,373.42)
BCBS Contractual	(14,734,849.00)	(14,485,748.56)	(15,065,178.50)
Dialysis Contractuals	(3,358,744.00)	(2,687,126.50)	(2,794,611.56)
Contractuals - HH Managed Care	-	0.00	0.00
Rural Health Contractuals	(318,865.00)	(408,598.06)	(424,941.98)
Other Contractuals	(2,707,640.00)	(2,501,084.18)	(2,601,127.55)
Provision for Doubtful Acct	(13,684,024.00)	(12,129,448.06)	(13,551,096.44)
Provision for Bad Debt Dialysis	(52,723.00)	(7,531.70)	(7,832.97)
Provision for Bad Debt RHC	(178,083.00)	(643,601.94)	(669,346.02)
Indigent Write Offs	(168,633.00)	(165,719.46)	(172,347.34)
Charity Care	(1,261,778.00)	(1,815,887.56)	(1,888,523.06)
Other Adjustments	(1,746,582.00)	(1,652,962.86)	(1,719,081.37)
Total Deductions From Revenue	(39,205,337.43)	(50,644,147.04)	(52,586,382.48)
Net Patient Revenue	41,200,117.57	34,577,314.00	38,302,470.33
Other Operating Revenue	19,738,464.00	21,219,475.12	20,257,050.00
Net Operating Revenue	60,938,581.57	55,796,789.12	58,559,520.33
Operating Expenses			
Salaries	30,130,504.00	31,681,700.06	37,323,047.70
Benefits	15,119,631.00	9,959,654.30	11,093,907.77
Purchased Services	16,382,399.57	16,292,868.98	15,956,275.00
Supplies	5,131,166.01	6,092,646.63	7,378,660.00
Utilities	1,557,838.00	1,533,415.06	1,799,800.00

Lease & Rentals		595,413.06	828,586.22	1,007,278.11
Insurance & Licenses		835,766.33	878,529.01	1,057,521.00
Meeting & Travel		601,186.40	800,652.78	729,700.00
Other Expenses		1,657,791.00	2,773,196.00	2,235,911.00
Depreciation Expense		7,765,910.87	7,301,289.44	9,532,301.24
Interest Expense		44,037.00	-	-
Total Operating Expenses		79,821,643.24	78,142,538.48	88,114,401.82
Net Income From Operations		(18,883,061.67)	(22,345,749.36)	(29,554,881.49)
Non-Operating Income/Expenses				
Property Tax Revenue		42,944,075.00	43,265,074.54	36,678,087.96
Sales Tax Revenue		17,458,432.66	15,754,419.79	12,000,000.00
Indigent Expense - Other		0.00	-	0.00
Ambulance Services		(14,833.00)	0.00	(25,000.00)
Hospice Donations		0.00	-	0.00
RAPPS		92,148.00	89,644.84	50,000.00
CHIRP		(107,836.00)	(8,304.17)	(50,000.00)
ATLIS		121,004.00	(36,300.68)	5,000.00
HARP		1,392.00	22,570.75	1,500.00
Medicaid UHRIP		0.00	-	0.00
MCR/MCD Meaningful Use		0.00	-	0.00
Tobacco Settlement		1,234,891.00	1,269,585.40	1,200,000.00
Opioid Settlement		1,056,198.00	193,195.25	0.00
HRSA Grant		0.00	-	-
Intercommunity Contributions		0.00	-	-
Other Non-Operating		(114,519.00)	(47,939.60)	(100,000.00)
Non-Operating Income/Expenses		62,670,952.66	60,501,946.12	49,759,587.96
Net Income (Loss)	*	43,787,890.99	38,156,196.76	20,204,706.47
	*	agrees w/ audit		
		43,787,891.00		

REEVES COUNTY HOSPITAL DISTRICT DBA REEVES REGIONAL HEALTH
CAPITAL EQUIPMENT BUDGET-SUMMARY 2027, 2028 & 2029

DEPARTMENT	2027	2028	2029
ANESTHESIA	$24,000	$35,000	$0
ADMIN - HR	$285,000	$0	$0
BIO-MED	$143,900	$0	$0
BONE DENSITY	$50,000	$0	$0
CAT SCAN	$150,000	$0	$0
COMPLIANCE	$0	$0	$0
DIALYSIS	$528,000	$16,000	$16,000
DIETARY	$65,948	$14,645	$0
EMERGENCY PREPAREDNESS	$0	$0	$0
EMERGENCY ROOM	$119,500	$46,720	$8,000
HOME HEALTH	$40,000	$30,000	$0
HOUSEKEEPING	$100,000	$50,000	$0
HOUSING	$10,260,000	$3,000,000	$0
INFORMATION TECHNOLOGY	$968,071	$0	$0
INTENSIVE CARE	$0	$40,626	$0
LABOR/DELIVERY ROOM & NURSERY	$50,000	$149,800	$147,800
LABORATORY	$235,000	$80,000	$0
LAUNDRY	$26,500	$0	$0
MAINTENANCE & SECURITY	$1,268,000	$90,000	$0
MAMMOGRAPHY	$40,000	$0	$0
MED/SURG & INF. CONTROL	$25,000	$6,000	$0
MRI	$200,000	$0	$0
PHARMACY	$22,400	$600,000	$0
PHYSICAL THERAPY / WOUND CARE	$15,000	$220,000	$0
PURCHASING	$1,100,000	$75,000	$50,000
RADIOLOGY	$122,900	$800,000	$0
RESPIRATORY THERAPY	$215,000	$130,000	$0
RURAL HEALTH CLINIC	$166,000	$67,800	$9,300
SAFETY	$150,000	$100,000	$100,000
SURGERY	$3,890,000	$440,000	$40,000
ULTRASOUND	$312,400	$0	$0
TOTALS	$20,260,219	$5,991,591	$371,100