



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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Receive Natividad Medical Center's Financial Report for the second quarter (October 2022 thru December 2022) of fiscal year 2023.

RECOMMENDATION:

It is recommended that the Board of Supervisors' Budget Committee receive Natividad Medical Center's Financial Report for the second quarter (October 2022 thru December 2022) of fiscal year 2023.

SUMMARY/DISCUSSION:

The average daily inpatient census (ADC) for the quarter was 127.8 compared to budget of 123.0 or a 3.9% higher than budget. Services for medical surgical and rehabilitation experienced an increase in census while specialty services for neonatal intensive care, adult intensive care, labor and delivery and behavioral services had a lower census than budget. Patients affected by Covid continues to be treated an average of 3 patients per day during the first two months of the quarter and a slight increase to 5 patients per day in the last month of the quarter or in December.

The average adjusted patient days (including both inpatient and outpatient volumes) were 16,920 compared to budget of 15,974 which was favorable by 5.9%. Emergency Department visits were higher than budget by 18.8% for the quarter.

Net revenues for the quarter were lower than expenses by \$1.3 million compared to the budget net margin of \$1.4 million.

Registry expenses were significantly high during the quarter at \$7.2 million or an average of \$2.4 million per month while a typical month is around \$1.2 million. Registry is used to contract clinical personnel primarily nurses to assist with caring of patients in the hospital. Factors contributing to the increase of contracted nurses were higher census, higher vacancies and additional staffing needs from employees on vacation during the past holidays during the quarter.

Net patient revenues totaled \$76.0 million for the quarter compared to budget of \$71.4 million. Net patient revenues were significantly higher than budget by 6.4% due to higher inpatient days and outpatient volumes. Revenues from Government Funding were \$19.6 million compared to budget of \$17.0 million. The higher revenues from other operating revenues resulted from increased interest income related to improvement in the rates. Operating expenses for the quarter were \$99.7 million compared to budget of \$89.1 million or increase of 11.9%. Higher costs were in registry, physicians,

and supplies categories. Contracted physician costs increased from additional locums to provide coverage for several specialty services. Supplies were higher from laboratory reagents supplies. Medical equipment rentals were higher by \$157,000 to accommodate equipment needs to patients in the hospital.

For the six months ending December 2022, the average daily inpatient census was 127.1 compared to budget of 122.3 or favorable by 1.7%. Adjusted patient days (including both inpatient and outpatient volumes) totaled 34,127 compared to budget of 33,538, a favorable variance of 4.1%. Emergency Department visits of 30,785 was higher than prior year by 15.0% and budget by 14.8%.

Net positive margin YTD December 2022 was \$15.3 million compared to budget of \$2.7 million. Net patient revenues totaled \$ 152.6 million compared to budget of \$142.8 million. Net patient revenues were higher than budget by \$9.7 million or 6.8%. Revenues from Government Funding totaled \$54.3 million and were 59.6% higher than budget. The high positive variance from government revenue was due to a \$15.9 million one-time state grant received in July of 2022. Other operating revenue totaled \$4.9 million and was 20.3% higher than budget due to higher actual interest income recorded for the two quarters. Operating expenses year-to-date were \$196.6 million compared to budget of \$178.3 million. The negative expense variance of \$18.3 million or 10.3% was attributed to expenditures for registry of \$11.8 million, physician and contract fees of \$2.8 million, and supplies of \$4.6 million. \$2.6 million of the \$18.3 million negative expense variance was Covid-19 related expenses.

Collections from patients and payers were \$156.6 million year-to-date. Balance in cash Fund 451 was \$134.3 million, State and Federal Intergovernmental Fund was \$111.5 million, Capital Fund was \$65.5 million, and the Strategic Reserve was \$25.0 million.

Net patient receivables were \$52.6 million or 64.0 days in receivables. Distribution by payer: 4.4% Medi-Cal, 14.3% Medi-Cal Managed Care, 14.7% Medicare, 65.6% Commercial, 0.1% Self-Pay, and 0.9% Short Doyle. Distribution by aging: 25.5% In-House and under process, 39.1% between 0-60 days, 35.1% between 60-181 days and 0.3% over 181 days.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

Accepting this report has no financial impact.

Daniel Leon

Daniel Leon, CFO
Natividad Medical Center

Date: February 1, 2023

Attachment: NMC's Financial Statements