



County of Monterey

Item No.

Board Report

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

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Matter Type: Budget Committee

Receive Natividad Medical Center's Financial Report for the third quarter (January thru March 2024) of fiscal year 2024.

RECOMMENDATION:

It is recommended that the Board of Supervisors' Budget Committee receive Natividad Medical Center's Financial Report for the third quarter (January thru March 2024) of fiscal year 2024.

SUMMARY/DISCUSSION:

The average daily inpatient census (ADC) for the quarter was 129.7 compared to budget of 124.0. Med/Surg, ICU, and PEDS patient days were below budget for this period, while NICU, OBGYN, ARU and PSY census were higher than budget. Patient days for the quarter were 4.6% higher than budget due to increased NICU, OBGYN, ARU, and PSY patients in the quarter. The average adjusted patient days (including both inpatient and outpatient volumes) were 17,234 compared to budget of 16,237 which was favorable by 6.1%. Emergency Department visits were lower than budget by 5.6% for the quarter.

Total net margin for the quarter was negative (revenues less than expenses) at a loss of \$1.1 million compared to the budget net margin of \$743 thousand.

Net patient revenues totaled \$76.5 million for the quarter compared to budget of \$75.2 million. Net patient revenues were slightly higher than budget by 1.7% due to strong inpatient days. Revenues from Government Funding were \$24.1 million compared to budget of \$19.9 million. The other operating revenues are \$3.7 million or 40.8% higher than budget due mainly to higher interest rate. Interest income was higher than budget by \$835 thousand for the quarter. Operating expenses for the quarter were \$105.3 million compared to budget of \$97.1 million or increase of 8.5%. Unfavorable operating expense variances were noted in the areas of salaries and benefits of \$3.7 million, physician costs of \$1.5 million, purchased services of \$1.6 million, supplies including medications of \$1.4 million and other expenses of \$465 thousand including patient equipment rentals of \$98 thousand, physician recruitment of \$49 thousand and bank fees of \$380 thousand offset by reduction of \$73 thousand in advertising.

For the nine months ending March 2024, the average daily inpatient census was 130.0 compared to budget of 124.0 or favorable by 4.84%. Adjusted patient days (including both inpatient and outpatient volumes) totaled 52,133 compared to budget of 49,069, a favorable variance of 6.24%. Emergency Department visits of 45,229 were more than prior year by 2.43% and higher than budget by 0.28%.

Net positive margin YTD March 2024 was \$3.3 million compared to budget of \$2.4 million. Net patient revenues totaled \$235.8 million compared to budget of \$227.3 million. Net patient revenues were higher than budget by \$8.5 million or 3.7%. Revenues from Government Funding totaled \$69.1 million and were 15.4% higher than budget. Other operating revenue totaled \$10.9 million and was 38.6% higher than budget due to higher actual interest income recorded. Operating expenses year-to-date were \$312.5 million compared to budget of \$292.7 million. The negative expense variance of \$19.8 million or 6.8% was attributed to expenditures for SWB of \$7.3 million, registry of \$973 thousand, physician and contract fees of \$1.9 million, purchased services of \$5.1 million and supplies of \$4.5 million.

Collections from patients and payers were \$224.8 million year-to-date. Balance in cash Fund 451 was \$138.5 million, State and Federal Intergovernmental Fund was \$53.1 million, Capital Fund was \$62.7 million, and the Strategic Reserve was \$25.0 million.

Net patient receivables were \$55.2 million or 61.3 days in receivables. Distribution by payer: 5.4%, Medi-Cal, 12.9% Medi-Cal Managed Care, 15.0% Medicare, 58.5% Commercial, 0.00% Self-Pay, and 8.3% Short Doyle. Distribution by aging: 18.3% In-House and under process, 39.8% between 0-60 days, 41.3% between 60-181 days and 0.5% over 181 days.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

Funding provided by NMC's Enterprise Fund

Daniel Leon

Daniel Leon, CFO
Natividad Medical Center

Date: June 11, 2024

Attachment: NMC's Financial Statements