



County of Monterey

Item No.7

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 thru December 2023) of fiscal year 2024.

RECOMMENDATION:

It is recommended that the Board of Supervisors' Budget Committee receive Natividad Medical Center's Financial Report for the second quarter (October thru December 2023) of fiscal year 2024.

SUMMARY/DISCUSSION:

The average daily inpatient census (ADC) for the quarter was 132.0 compared to budget of 124.0. Med/Surg and ARU patient days were below budget for this period, while ICU, NICU, OBGYN, PEDS and PSY census were higher than budget. Patient days for the quarter were 6.5% higher than budget due to increased ICU, NICU, OBGYN and PSY patients in the quarter. The average adjusted patient days (including both inpatient and outpatient volumes) were 17,626 compared to budget of 16,593 which was favorable by 6.2%. Emergency Department visits were significantly higher than budget by 14.7% for the quarter. The increase could be partially linked to the termination of the contract between Anthem Blue Cross and SVMH during this quarter, prompting patients to opt for emergency care at Natividad Medical Center.

Total net margin for the quarter was positive (revenues more than expenses) at \$2.8 million compared to the budget net margin of \$820 thousand due to higher census and better payor mix.

Net patient revenues totaled \$81.7 million for the quarter compared to budget of \$76.0 million. Net patient revenues were significantly higher than budget by 7.5% due to strong inpatient days and favorable outpatient revenues and payor mix. Revenues from Government Funding were \$23.0 million compared to budget of \$19.9 million. The other operating revenues is \$1 million or 38.4% higher than budget due mainly to higher interest rate. Interest income was higher than budget by \$969 thousand for the quarter. Rent income were slightly lower than budget. Operating expenses for the quarter were \$105.6 million compared to budget of \$97.8 million or increase of 8.0%. The increase in costs were related to high volume of patients, higher usage of nurse travelers to back fill for sick employees especially in Labor, ICU, Med Surg and Emergency Room. Costs for salaries and benefits showed higher than budget of \$2.6 million, nurse travelers increased as compared to budget by almost \$258 thousand, physician costs increased by nearly \$243 thousand, purchased services were higher by \$2.8 million and supplies including medications increased by \$2.7 million and other expenses including patient equipment rentals increased by nearly \$306 thousand.

For the six months ending December 2023, the average daily inpatient census was 130.3 compared to budget of 124.0 or favorable by 5.1%. Adjusted patient days (including both inpatient and outpatient volumes) totaled 34,951 compared to budget of 32,832, a favorable variance of 6.4%. Emergency Department visits of 30,665 was less than prior year by 0.4% and higher than budget by 1.6%.

Net positive margin YTD December 2023 was \$4.4 million compared to budget of \$1.6 million. Net patient revenues totaled \$ 159.3 million compared to budget of \$152.1 million. Net patient revenues were higher than budget by \$7.3 million or 4.8%. Revenues from Government Funding totaled \$45.1 million and were 12.8% higher than budget. Other operating revenue totaled \$7.2 million and was 37.5% higher than budget due to higher actual interest income recorded for the two quarters. Operating expenses year-to-date were \$207.2 million compared to budget of \$195.6 million. The negative expense variance of \$11.6 million or 5.9% was attributed to expenditures for SWB of \$3.6 million, registry of \$876 thousand, physician and contract fees of \$512 thousand, purchased services of \$3.5 million and supplies of \$3.1 million.

Collections from patients and payers were \$149.5 million year-to-date. Balance in cash Fund 451 was \$151.1 million, State and Federal Intergovernmental Fund was \$114.6 million, Capital Fund was \$63.0 million, and the Strategic Reserve was \$25.0 million.

Net patient receivables were \$54.9 million or 59.3 days in receivables. Distribution by payer: 7.1%, Medi-Cal, 13.3% Medi-Cal Managed Care, 14.1% Medicare, 65.5% Commercial, 0.03% Self-Pay, and 0.3% Short Doyle. Distribution by aging: 22.5% In-House and under process, 44.2% between 0-60 days, 33.0% between 60-181 days and 0.3% over 181 days.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

Funding provided by NMC's Enterprise Fund

Daniel Leon

Daniel Leon, CFO
Natividad Medical Center

Date: April 8, 2024

Attachment: NMC's Financial Statements