



Monterey County

Item No.

Board Report

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

Legistar File Number: BC 21-013

February 24, 2021

Introduced: 2/9/2021

Current Status: Agenda Ready

Version: 3

Matter Type: Budget Committee

Receive Natividad Medical Center's Financial Report for the second quarter (October thru December 2020) of fiscal year 2020-21.

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 2020) of fiscal year 2020-21.

SUMMARY/DISCUSSION:

The average daily inpatient census (ADC) for the quarter was 129.0 compared to budget of 112.0. NICU, PEDs, and Acute Rehabilitation patient days were below budget, while Med/Surg, ICU, and Mental Health were higher than budget. Patient days for the quarter were 13.9% higher than budget due to the significant surge of COVID-19 patients. The ADC for COVID-treated patients during the first quarter was 15.6. The ADC for COVID-treated patients was 24.0 for the second quarter. In December, the ADC for COVID-treated patients was 47.0. The average adjusted patient days (including both inpatient and outpatient volumes) were 15,872 compared to budget of 15,045 which was favorable by 5.5%. Emergency Department visits were significantly lower than budget by 26.1% for the quarter.

Total net margin for the quarter was positive (revenues higher than expenses) by \$5.8 million compared to the budget net margin of \$2.6 million. The continuation of COVID-19 pandemic since mid-March of 2020 impacted outpatient revenues caused by suspension of appointments to specialty and primary care clinics, lower volume coming to the emergency department for non-COVID related services, reduction and cancellation of non-emergency elective cases and decreased volume for outpatient services. Outpatient revenue was 12.6% under budget for the second quarter and 0.5% less than the last quarter.

Net patient revenues totaled \$73.1 million for the quarter compared to budget of \$66.8 million. Net patient revenues were higher than budget by 9.5% despite an unfavorable outpatient revenues. Revenues from Government Funding were \$18.2 million compared to budget of \$14.3 million. Additional revenues above budget are primarily due to strong inpatient days and distribution from CARES Act and Family First COVID-19 response funds. Other operating revenue totaled \$2.2 million close to budget. Operating expenses for the quarter October 2020 thru December 2020 were \$87.8 million compared to budget of \$80.8 million. A significant portion of the \$7.0 million negative expense variance is attributable to COVID-19 RN registry usage, PPE and cleaning supplies, high

cost medication for COVID-19 patients, and purchased services. Labor expenses (include registry RNs, technicians and therapists) were higher due to providing patient care, increased patient days, and increased resources to treat patients with the virus.

The year-to-date for FY 2020-21 (six months), the average daily inpatient census as of December 2020 was 127.6 compared to budget of 112.0 or favorable by 13.9%. Adjusted patient days (including both inpatient and outpatient volumes) totaled 31,490 compared to budget of 29,766, a favorable variance of 5.8%. Emergency Department was lower than budget by 22.0%.

Net positive margin year-to-date was \$9.0 million compared to budget of \$5.1 million. Net patient revenues totaled \$144.1 million compared to budget of \$133.6 million. Net patient revenues were higher than budget by \$10.5 million or 7.9%. Revenues from Government Funding totaled \$36.0 million and were 25.7% higher than budget. Other operating revenue totaled \$4.6 million and was 4.1% higher than budget due to actual higher Q1 interest income recorded in October 2020. Operating expenses year-to-date were \$175.7 million compared to budget of \$161.6 million. The negative expense variance of \$14.2 million or 8.8% was attributed to a year-to-date expenditures for registry of \$7.7 million, purchased services of \$1.9 million, and supplies of \$4.3 million. \$9.5 million of the \$14.1 million negative expense variance are COVID-19 related expenses.

Collections from patients and payers were \$65.2 million year-to-date. Balance in cash Fund 451 was \$75.1 million, State and Federal Intergovernmental Fund was \$97.0 million, Capital Fund was \$67.0 million and the Strategic Reserve was \$25.0 million.

Net patient receivables were \$45.9 million or 57.7 days in receivables. Distribution by payer: 5.5% Medi-Cal, 10.5% Medi-Cal Managed Care, 16.4% Medicare, 64.6% Commercial, 0.5% Self-Pay, and 2.5% Short Doyle. Distribution by aging: 30.5% In-House and under process, 43.5% between 0-60 days, 25.8% between 60-181 days and 0.2% 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 9, 2021

Attachment: NMC's Financial Statements