



# County of Monterey

**Item No.**

## Board Report

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

Legistar File Number: BC 24-108

September 25, 2024

**Introduced:** 9/9/2024

**Version:** 1

**Current Status:** Agenda Ready

**Matter Type:** Budget Committee

Receive Natividad Medical Center's Financial Report for the fourth quarter (April thru June 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 fourth quarter (April thru June 2024) 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, 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 6.4% 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 17,713 compared to budget of 16,237 which was favorable by 9.1%. Emergency Department visits were higher than budget by 1.3% for the quarter.

Total net margin for the quarter was positive (revenues more than expenses) at a gain of \$3.6 million compared to the budget net margin of \$743K.

Net patient revenues totaled \$80.8 million for the quarter compared to budget of \$75.2 million. Net patient revenues were higher than budget by 7.5% due to strong inpatient days. Revenues from Government Funding were \$23.0 million compared to budget of \$20.0 million. The other operating revenues are \$7.3 million or 178.6% higher than budget due mainly to both higher interest rate and the quality incentive received from Central California Alliance Health. Interest income was higher than budget by \$1.3 million for the quarter. Natividad received \$2.5 million of CCAH quality incentive for FY 2023 and an additional \$643K for first quarter of FY 2024. In addition, Natividad received \$246K of specialty care incentive. Operating expenses for the quarter were \$107.6 million compared to budget of \$97.1 million or increase of 10.8%. Unfavorable operating expense variances were noted in the areas of salaries and benefits of \$4.3 million, physician costs of \$1.4 million, purchased services of \$2.7 million, supplies including medications of \$2.3 million and other expenses of \$327K.

For the twelve months ending June 2024, the average daily inpatient census was 130.5 compared to budget of 124.0 or favorable by 5.2%. Adjusted patient days (including both inpatient and outpatient volumes) totaled 69,833 compared to budget of 65,306, a favorable variance of 6.9%. Emergency Department visits of 60,836 were more than prior year by 2.4% and higher than budget by 1.4%.

Net positive margin YTD June 2024 was \$7.0 million compared to budget of \$3.1 million. Of the \$7.0 million net margin, \$3.4 million were received from quality incentive programs. Net patient revenues totaled \$316.6 million compared to budget of \$302.5 million. Net patient revenues were higher than budget by \$14.1 million or 4.7%. Revenues from Government Funding totaled \$92.2 million and were 15.4% higher than budget. Other operating revenue totaled \$18.2 million and was 73.6% higher than budget due to higher actual interest income and \$3.4 million received from quality incentive programs. Operating expenses year-to-date were \$420.1 million compared to budget of \$389.8 million. The negative expense variance of \$30.3 million or 7.8% was attributed to expenditures for SWB of \$11.6 million, registry of \$802K, physician and contract fees of \$3.4 million, purchased services of \$7.8 million, supplies of \$6.8 million and other operating expenses of \$1.4 million.

Collections from patients and payers were \$299.8 million for the year. Balance in cash Fund 451 was \$263.0 million, State and Federal Intergovernmental Fund was \$52.4 million, Capital Fund was \$61.4 million, and the Strategic Reserve was \$25.0 million.

Net patient receivables were \$73.7 million or 82.9 days in receivables. Distribution by payer: 5.5% Medi-Cal, 16.5% Medi-Cal Managed Care, 14.5% Medicare, 55.3% Commercial, 0.00% Self-Pay, and 8.2% Short Doyle. Distribution by aging: 25.8% In-House and under process, 40.9% between 0-60 days, 32.9% between 60-181 days and 0.4% over 181 days.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

Funding provided by NMC's Enterprise Fund.



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Daniel Leon, CFO  
Natividad Medical Center

Date: August 30, 2024

Attachment: NMC's Financial Statements