



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 fourth quarter (April 2023 thru June 2023) of fiscal year 2023.

RECOMMENDATION:

It is recommended that the Board of Supervisors' Budget Committee receive Natividad Medical Center's Financial Report for the fourth quarter (April 2023 thru June 2023) of fiscal year 2023.

SUMMARY/DISCUSSION:

The average daily inpatient census (ADC) for the quarter was 129.3 compared to the budget of 123.0. NICU, Psychiatric, ICU and OBGYN patient days were below budget for this period, while Med/Surg, PEDS, and Rehab census were higher than budget. Patient days for the quarter were 5.1% higher than budget due to increased Med Surg and Rehab patients in the quarter. The average adjusted patient days (including inpatient and outpatient volumes) were 16,864 compared to a budget of 15,627, favorable by 7.9%. Emergency Department visits for the quarter were 15,353 or higher than budget by 15.2%.

The total net margin for the quarter was positive (revenues more than expenses) at a gain of \$1.6 million compared to the budget net margin of \$1.3 million. Included in revenues was a one-time remaining payment from Kaiser of \$981 thousand from a Kaiser settlement related to trauma contract rates and the excess reimbursement of provider fees of \$743 thousand.

Net patient revenues totaled \$78.8 million for the quarter compared to a budget of \$70.7 million. Net patient revenues were significantly higher than budget by \$8.2 million or 11.5% due to favorable trauma payor mix and collections, the Kaiser patient claims settlement of \$981 thousand, excess provider fees of \$743 thousand, strong inpatient days and outpatient visits. Revenues from Government Funding were \$20.4 million compared to the budget of \$17.0 million. The higher revenues from other operating revenues resulted significantly from increased interest income due to the higher interest rate for the third quarter.

Operating expenses for the quarter were \$101.0 million compared to a budget of \$88.4 million, or an increase of 14.2%. Expenditures for salaries and benefits increased by \$3.7 million compared to budget, nurse travelers were higher than budget by \$2.6 million, physician costs increased by \$2.8 million, purchased services costs increased by \$1.6 million, supplies including medications increased by \$1.7 million, and other expenses including patient equipment rentals increased by \$270 thousand. Registry expenses have stabilized in past few months but continued to backfill for nursing staff on sick

leave and open positions.

For the twelve months ending June 2023, the average daily inpatient census was 126.8 compared to a budget of 123.0 or favorable by 3.1%. Adjusted patient days (including inpatient and outpatient volumes) totaled 66,595 compared to a budget of 63,370, a favorable variance of 5.1%. Emergency Department visits of 59,510 were higher than the prior year by 12.1% and more than budget by 11.3%.

The net positive margin for FY 2023 was \$13.6 million compared to a budget of \$5.2 million. Net patient revenues totaled \$411.5 million compared to the budget of \$360.0 million. Net patient revenues were higher than budget by \$51.8 million or 14.4%. Revenues from Government Funding totaled \$94.4 million and were 38.5% higher than the budget. Other operating revenue totaled \$11.8 million and was 44.3% higher than budget due to significantly higher actual interest income recorded for the year.

Operating expenses year-to-date were \$397.9 million compared to the budget of \$354.5 million. The negative expense variance of \$43.5 million or 12.3% was attributed to FY 2023 expenditures for registry of \$18.7 million, physician and contract fees of \$8.7 million, purchased services of \$0.6 million, and supplies of \$7.9 million. Of the \$43.5 million negative expense variance, \$2.9 million was COVID-19 related expenses. Registry expenses have stabilized in past months but continue to backfill for nursing staff on sick leave and open positions.

Collections from patients and payers were \$304.4 million for the year. Balance in cash Fund 451 was \$160.8 million in June 2023, State and Federal Intergovernmental Fund was \$131.5 million, Capital Fund was \$64.1 million, and the Strategic Reserve was \$25.0 million.

Net patient receivables were \$58.2 million or 67.3 days in receivables. Distribution by payer: 5.6 Medi-Cal, 14.2% Medi-Cal Managed Care, 19.5% Medicare, 58.6% Commercial, 0.1% Self-Pay, and 2.0% Short Doyle. Distribution by aging: 30.4% In-House and under process, 46.3% between 0-60 days, 23.0% 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: October 1, 2023

Attachment: NMC's Financial Statements