



County of Monterey

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

Board Report

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Receive Natividad Medical Center's Financial Report for the fourth quarter (April 2022 thru June 2022) of fiscal year 2022.

RECOMMENDATION:

It is recommended that the Board of Supervisors' Budget Committee receive Natividad Medical Center's Financial Report for the fourth quarter (April 2022 thru June 2022) of fiscal year 2022.

SUMMARY/DISCUSSION:

The average daily inpatient census (ADC) for the quarter was 123.9 compared to the budget of 114.0. Psychiatric patient days were below budget for this period, while Med/Surg, NICU, PEDS, ICU, Rehab, and OBGYN census were higher than budget. Patient days for the quarter were 9.9% higher than budget due to increased Med Surg, OBGYN, ICU, and Rehab patients in the quarter; a portion of the increase is attributable to COVID patients. The average adjusted patient days (including inpatient and outpatient volumes) were 16,020 compared to a budget of 14,795, favorable by 8.3%. Emergency Department visits for the quarter were 13,787 or higher than budget by 3.3%.

The total net margin for the quarter was positive (revenues more than expenses) at a gain of \$16.1 million compared to the budget net margin of \$2.5 million. Included in revenues was a one-time payment from Kaiser of \$14.2 million from a Kaiser settlement related to trauma contract rates. Excluding the one-time settlement, the net margin for the quarter was positive at \$1.9 million.

Net patient revenues totaled \$90.9 million for the quarter compared to a budget of \$65.4 million. Net patient revenues were significantly higher than budget by 39.1% due to the Kaiser patient claims settlement of \$14.2 million, strong inpatient days, and professional fees revenues. Revenues from Government Funding were \$18.0 million compared to the budget of \$14.0 million. The lower revenues from other operating revenues resulted significantly from decreased interest income due to the lower interest rate for the quarter. Operating expenses for the quarter were \$94.9 million compared to a budget of \$79.0 million, or an increase of 20.0%. The increase in costs was related to treating COVID-19 patients. Expenditures for salaries and benefits increased by \$3.4 million compared to budget, nurse travelers increased significantly compared to budget by \$4.7 million, physician costs increased by \$3.1 million, supplies including medications increased by \$2.1 million, and other expenses including patient equipment rentals increased by \$104,000.

For the twelve months ending June 2022, the average daily inpatient census was 126.5 compared to a budget of 114.0 or favorable by 11.0%. Adjusted patient days (including inpatient and outpatient volumes) totaled 65,001 compared to a budget of 59,997, a favorable variance of 8.3%. Emergency Department visits of 53,072 were higher than the prior year by 26.0% but less than budget by 2.0%.

The net positive margin for FY 2021-22 was \$19.0 million compared to a budget of \$7.6 million. Net patient revenues totaled \$307.6 million compared to the budget of \$262.1 million. Net patient revenues were higher than budget by \$45.5 million or 17.4%. Revenues from Government Funding totaled \$73.1 million and were 10.3% higher than the budget. Other operating revenue totaled \$8.2 million and was 11.5% lower than budget

due to lower actual interest income recorded for the year. Operating expenses year-to-date were \$369.9 million compared to the budget of \$326.6 million. The negative expense variance of \$43.3 million or 13.3% was attributed to FY 2021-22 expenditures for registry of \$14.6 million, physician and contract fees of \$9.6 million, purchased services of \$1.2 million, and supplies of \$9.9 million. Of the \$43.3 million negative expense variance, \$8.7 million was COVID-19 related expenses. Registry expenses continued to trend high due to higher patient days, care of COVID-19 patients, and backfilling for nursing staff on sick leave and open positions.

Collections from patients and payers were \$280.4 million for the year. Balance in cash Fund 451 was \$146.0 million in June 2022, State and Federal Intergovernmental Fund was \$111.5 million, Capital Fund was \$68.5 million, and the Strategic Reserve was \$25.0 million.

Net patient receivables were \$60.7 million or 60.8 days in receivables. Distribution by payer: 8.4, Medi-Cal, 12.2% Medi-Cal Managed Care, 15.6% Medicare, 62.5% Commercial, 0.1% Self-Pay, and 1.3% Short Doyle. Distribution by aging: 23.7% In-House and under process, 43.3% between 0-60 days, 32.5% between 60-181 days and 0.4% over 181 days.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

Accepting this report has no financial impact.

Daniel Leon, CFO
Natividad Medical Center

Date: August 9, 2022

Attachment: NMC's Financial Statements