



County of Monterey

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

Board Report

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Receive the Natividad Medical Center Financial Report for June 30, 2015

RECOMMENDATION:

It is recommended that the Monterey County Board of Supervisors' Budget Committee receive the Natividad Medical Center Financial Report for June 30, 2015.

SUMMARY:

The Monterey County Board of Supervisors Budget Committee has charged NMC Administration to report monthly on the financial status of the institution.

For the month of June 30, 2015 the average daily inpatient census (ADC) was 112.3 compared to a budget of 109.5. Medical/Surgical, ICU, and OB/GYN patient days were below the budget for the month, while NICU, Mental Health, Acute Rehabilitation, Pediatrics, and Trauma were higher than budget for the month. Adjusted patient days (including both inpatient and outpatient volumes) totaled 5,075 compared to budget of 4,624, a favorable variance of 9.8%. Emergency Department visits were higher than budget by 10.5%.

Actual net income for the month was \$5.5 million compared to a budget net loss of \$109,000. Net patient revenues totaled \$16.0 million compared to a budget of \$13.6 million. The increase in net revenues by 18.1% resulted from improved payer mix primarily from patients with trauma service needs. Revenues from Government funding totaled \$8.6 million compared to a budget of \$2.9 million. Other operating revenue totaled \$1.2 million compared to a budget of \$0.4 million. Operating expenses for the month were \$20.3 million compared to a budget of \$17.3 million. Unfavorable operating expense variances were noted in the areas of Salaries, Wages, & Benefits of \$991,000. Registry expenses of \$155,000 related to supplementing radiology technicians, surgery technicians, emergency room nurses, labor and delivery nurses, and intensive care nurses. Expenses in Physician SWB were higher than budget by \$130,000. Expenses in Purchased Services were higher than budget by \$979,000. Expenses in Supplies were higher than budget by \$919,000 from surgical devices, medical instruments and surgical supplies. Utilities were higher than budget by \$62,000. Other Operating Expenses were higher than budget by \$264,000. Cost per adjusted patient day was higher than budget by \$328.00 or 8.9% while net revenue per adjusted patient day was better than budget by \$225.00 or 7.6%.

The average daily inpatient census (ADC) for the year-to-date ended June 30, 2015 was 98.8 compared to a budget of 102.2. Medical/Surgical, ICU, OB/GYN, and Pediatric patient days were below the budget for the period, while NICU, Acute Rehabilitation, Trauma, and Mental Health were higher for the period. Adjusted patient days (including both inpatient and outpatient volumes) totaled 54,290 compared to budget of 52,495, a favorable variance of 3.4%. Emergency Department visits year to date through June 30, 2015 were higher than budget by 10.7%.

Actual net income for the year-to-date ended June 30, 2015 was \$7.1 million compared to a budget net loss of \$3.8 million. Net patient revenues totaled \$171.4 million compared to a budget of \$154.4 million. Net revenues improved by 11.1% from improved payer mix and estimate collections. Revenues from Government funding

totalled \$44.9 million compared to a budget of \$34.7 million. Funding improved from new enrollees from Medi-Cal resulting from the period of Healthcare Reform. Other operating revenue totaled \$5.7 million compared to a budget of \$5.0 million. Operating expenses for the year-to-date ended June 30, 2015 were \$215.0 million compared to a budget of \$198.1 million. Unfavorable operating expense variances were noted in the areas of Salaries, Wages, & Benefits of \$6,398,000, Registry expense of \$2,992,000, Physicians/Residents SWB & Contract Fees of \$613,000, Purchased Services of \$2,830,00, Supplies of \$4,166,000, Utilities & Telephone Expense of \$249,000, and Other Operating Expenses of \$403,000. Periods of high census in ICU, emergency department, surgery department and medical surgical units required additional Nursing coverage. Physician costs increased by 2.2% as compared to budget due to additional on-call coverage for surgery. Supplies exceeded budget by 24.7% resulting from increased surgical procedures. Utilities increased by 8.8% as compared to budget due to increase in utility rate per unit. Cost per adjusted patient day was higher than budget by \$187.00 or 5.0%. Net revenue per adjusted patient day was higher than budget by \$217.00 or 7.4%.

Year-to-date through June 30, 2015, the balance in cash including \$3.2 million for the Seaside Clinics reserve was \$53.7 million. This balance excludes the cash of \$14.2 million in the County of Monterey's NMC Reserve Fund. Collections from patients and various payers were \$17.9 million for the month. Expenditures for capital as of June 30, 2015 were \$14.0 million compared to a budget of \$17.8 million.

Patient receivables were \$25.5 million. Distribution by payer: 16.7% Medical, 13.1% MediCal Managed Care, 14.4% Medicare, 55.3% Commercial, 0.1% Self Pay, and 0.4% Short Doyle. Distribution by aging: 19.4% In-House and under process, 61.3% between 0-60 days, 19.2% between 60-181 days and 0.1% over 181 days.

DISCUSSION:

NMC's Financial Statements as of June 30, 2015 are attached and will be presented by NMC staff at the scheduled meeting of the Budget Committee on August 26, 2015.

OTHER AGENCY INVOLVEMENT:

No other County agency participates in this reporting.

FINANCING:

There is no impact on the General Fund.

Gary Gray DO, Interim Chief Executive Officer
Natividad Medical Center

Date: August 5, 2015
Prepared by Daniel Leon, CFO
Attachment: June 30, 2015 NMC Financial Statements