



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, 2016

RECOMMENDATION:

It is recommended that the Monterey County Board of Supervisors' Budget Committee receive the Natividad Medical Center Financial Report for June 30, 2016.

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 ended June 30, 2016 the average daily inpatient census (ADC) was 104.5 compared to a budget of 102. NICU, Pediatrics, Acute Rehabilitation, ICU, and OB/GYN patient days were below the budget for the month, while Mental Health and Medical/Surgical were higher than budget for the month. Adjusted patient days (including both inpatient and outpatient volumes) totaled 4,651 compared to budget of 4,655, a favorable variance of 7.4%. Emergency Department visits were higher than budget by 3.6%.

Actual net income for the month was \$8,474,000 compared to a budget net income of \$211,000. Net patient revenues totaled \$25.8 million compared to a budget of \$14.7 million. The increase in net revenues by 75.1% resulted from increased census/volume. In addition, the percentage of patients with private or no insurance improved over the last second half of the fiscal year. While the average per day census for the second half of the year was higher than the first half (105.7 v 103.8), patients with no insurance decreased by \$1.1 million per month in the second half of the year. The change in payer mix during the fiscal year resulted in a positive adjustment of approximately \$8.0 million for the year. Revenues from Government funding totaled \$2.8 million compared to a budget of \$3.1 million. Other operating revenue totaled \$0.5 million compared to a budget of \$0.4 million. Operating expenses for the month were \$20.7 million compared to a budget of \$18.0 million. Unfavorable operating expense variances were noted in the areas of Salaries, Wages, & Benefits of \$1,259,000, Registry expenses of \$155,000 related to supplementing radiology technicians, surgery technicians, emergency room nurses, labor and delivery nurses, and intensive care nurses. Purchased Services were higher than budget by \$777,000. Expenses in Supplies were higher than budget by \$268,000 from surgical devices, medical instruments and surgical supplies. Cost per adjusted patient day was higher than budget by \$571.00 or 14.7% while net revenue per adjusted patient day was better than budget by \$2,384.00 or 75.2%.

The average daily inpatient census (ADC) for the year-to-date ended June 30, 2016 was 104.7 compared to a budget of 102. ICU, NICU, and OB/GYN patient days were below the budget for the period, while Mental Health, Pediatrics, Medical/Surgical and Acute Rehabilitation were higher than budget for the period. Adjusted patient days (including both inpatient and outpatient volumes) totaled 51,962 compared to budget of 51,200, a favorable variance of 1.5%. Emergency Department visits year to date through June 30, 2016 were lower than budget by 2.0%.

Actual net income for the year-to-date ended June 30, 2016 was \$21.4 million compared to a budget net income of \$2.5 million. Net patient revenues totaled \$211.3 million compared to a budget of \$177.0 million. Net

revenues improved by 19.4% from improved payer mix. Revenues from Government funding totaled \$40.8 million compared to a budget of \$37.5 million. Other operating revenue totaled \$7.2 million compared to a budget of \$4.7 million. Operating expenses for the year-to-date ended June 30, 2016 were \$238.0 million compared to a budget of \$216.7 million. Unfavorable operating expense variances were noted in the areas of Salaries, Wages, & Benefits of \$10,988,000, Registry expense of \$2,306,000, Purchased Services of \$4,083,000, Supplies of \$4,772,000, and Utilities & Telephone Expense of \$180,000. Cost per adjusted patient day was higher than budget by \$340.00 or 8.8%. Net revenue per adjusted patient day was higher than budget by \$578.00 or 18.2%.

Year-to-date through June 30, 2016, the balance in cash including \$3.2 million for the Seaside Clinics reserve was \$73.3 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 \$21.2 million for the month. Expenditures for capital as of June 30, 2016 were \$7.5 million. Remaining balance for capital expenditures for the year is \$7.5 million.

Patient receivables were \$20.5 million. Distribution by payer: 13.7% Medical, 8.6% MediCal Managed Care, 13.1% Medicare, 63.6% Commercial, 0.6% Self Pay, and 0.4% Short Doyle. Distribution by aging: 22.2% In-House and under process, 51.8% between 0-60 days, 25.8% between 60-181 days and 0.2% over 181 days.

DISCUSSION:

NMC's Financial Statements as of June 30, 2016 are attached and will be presented by NMC staff at the scheduled meeting of the Budget Committee on August 31, 2016.

OTHER AGENCY INVOLVEMENT:

No other County agency participates in this reporting.

FINANCING:

There is no impact on the General Fund.

Daniel Leon, CFO
Natividad Medical Center

Date: August 15, 2016

Attachment: June 30, 2016 NMC Financial Statements