



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, 2017

RECOMMENDATION:

It is recommended that the Monterey County Board of Supervisors' Budget Committee receive the Natividad Medical Center Financial Report for June 30, 2017.

SUMMARY:

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

The average daily inpatient census (ADC) for the month of June 30, 2017 was 100.7 compared to a budget of 104.5. NICU, ICU, OB/GYN and Mental Health patient days were below the budget for the month, while Medical/Surgical, Pediatrics and Acute Rehab were higher than budget for the month. Adjusted patient days (including both inpatient and outpatient volumes) totaled 4,258 compared to budget of 4,768, an unfavorable variance of 10.7%. Emergency Department was higher than budget by 2.4%.

Actual net income for the month was \$5.3 million compared to a budget net income of \$0.2 million. Net patient revenues totaled \$20.9 million compared to a budget of \$16.7 million. Net revenues improved by 25.0% from improved payer mix. Revenues from Government Funding totaled \$6.7 million compared to a budget of \$3.2 million. Additional revenues were received from Governmental Funding of \$3.0M from new enrollees \$1.0M, AB915 \$1.5M and SB1732 \$0.5M. Other operating revenue totaled \$0.5 million compared to a budget of \$0.5 million. Operating expenses for month were \$22.8 million compared to a budget of \$20.2 million. Unfavorable operating expense variances were noted in the areas of Salaries, Wages, & Benefits of \$965,929, Registry expense of \$325,750, Purchase Service of \$257,386, Supplies of \$803,237 and Other Operating Expense of \$185,010. Cost per adjusted patient day was higher than budget by \$1,126 or 26.5%. Net revenue per adjusted patient day was higher than budget by \$1,402 or 40.0%.

The average daily inpatient census (ADC) for the year-to-date ended June 30, 2017 was 105.6 compared to a budget of 104.5. ICU, OB/GYN, and Mental Health patient days were below the budget for the period, while NICU, Medical/Surgical, Pediatrics and Acute Rehabilitation were higher than budget for the period. Adjusted patient days (including both inpatient and outpatient volumes) totaled 57,210 compared to budget of 54,301, an unfavorable variance of 5.1%. Emergency Department visits year to date through June 30, 2017 were lower than budget by 1.7%.

Actual net income for the year-to-date ended June 30, 2017 was \$30.5 million compared to a budget net income of \$2.5 million. Net patient revenues totaled \$229.5 million compared to a budget of \$200.7 million. Net revenues improved by 14.3% from improved payer mix. Revenues from Government Funding totaled \$55.4 million compared to a budget of \$38.3 million. Other operating revenue totaled \$6.9 million compared to a budget of \$6.0 million. Operating expenses for the year-to-date ended June 30, 2017 were \$261.3 million compared to a budget of \$225.5 million. Unfavorable operating expense variances were noted in the areas of Salaries, Wages, & Benefits of \$9,310,581, Registry expense of \$3,236,787, Physicians of \$603,933, Purchased Services of \$3,285,304, and Supplies of \$3,486,147 and Other Operating Expenses of \$764,559. Cost per

adjusted patient day was higher than budget by \$572 or 13.5%. Net revenue per adjusted patient day was higher than budget by \$718 or 20.4%.

Year-to-date through June 30, 2017, the balance in cash -Fund 451 - including \$3.2 million for the Seaside Clinics reserve was \$92.3 million. Collections from patients and various payers were \$20.4 million for the month.

Year-to-date through June 30, 2017, the balance in cash Fund 404 was 23.6. Expenditures for Fund 404 as of June 30, 2017 was 6.3M.

Total expenditures for capital as of June 30, 2017 were \$13.8 million. Remaining balance for capital expenditures for the year is \$4.9 million. The positive cash balance is due to timing.

Patient receivables were \$32.1 million. Distribution by payer: 8.4% MediCal, 10.4% MediCal Managed Care, 12.9% Medicare, 66.8% Commercial, 0.1% Self Pay, and 1.3% Short Doyle. Distribution by aging: 25.0% In-House and under process, 50.0% between 0-60 days, 24.8% between 60-181 days and 0.3% over 181 days.

DISCUSSION:

NMC's Financial Statements as of June 30, 2017 are attached and will be presented by NMC staff at the scheduled meeting of the Budget Committee on August 30, 2017.

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 16, 2017

Attachment: June, 2017 NMC Financial Statements