



County of Monterey

Item No.6

Board Report

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

Legistar File Number: BC 25-081

August 28, 2025

Introduced: 8/20/2025

Current Status: Agenda Ready

Version: 1

Matter Type: Budget Committee

Receive Natividad Medical Center's Financial Report for the third quarter (January thru March 2025) of fiscal year 2025.

RECOMMENDATION:

It is recommended that the Board of Supervisors Budget Committee receive Natividad Medical Center's Financial Report for the third quarter January thru March 2025) of fiscal year 2025.

SUMMARY/DISCUSSION:

The average daily inpatient census (ADC) for the quarter was 120.2 compared to budget of 128.6. Med/Surg, OBGYN, NICU, PEDs, and PSY patient days were below budget for this period, while ICU, and ARU census were higher than budget. Patient days for the quarter were 6.6% lower than budget due to decreased patients in the quarter. The average adjusted patient days (including both inpatient and outpatient volumes) were 16,100 compared to budget of 17,550 which was unfavorable by 8.3%. Emergency Department visits were lower than budget by 9.0% for the quarter.

Total net margin for the quarter was negative (revenues less than expenses) at \$2.6 million compared to the budget net margin of \$279 thousand due to lower census and less than favorable payor mix.

Net patient revenues totaled \$75.9 million for the quarter compared to budget of \$77.2 million. Net patient revenues were slightly lower than budget by 1.6% due to unfavorable inpatient revenues. Revenues from Government Funding of \$25.1 million exceeded budget by \$1.5 million. The other operating revenues were \$1.7 million or 54.6% higher than budget due mainly to higher interest rates, reimbursement from foundations for equipment purchase and quality incentive compensation received from Central California Alliance Health for the quarter. Interest income was higher than budget by \$1.1 million for the quarter. Rent income were slightly higher than budget. Operating expenses for the quarter were \$108.6 million compared to budget of \$103.7 million or increase of 4.7%. The increase in costs were related to volume of patients, COLA, continued usage of nurse travelers to back fill for sick employees especially in Labor, ICU, Med Surg and Emergency Room. Costs for salaries and benefits showed higher than budget by \$2.4 million, nurse travelers increased as compared to budget by \$126 thousand, physician costs increased by \$651 thousand, purchased services were lower by \$261 thousand and supplies including medications increased by \$1.3 million and other expenses including patient equipment rentals increased by \$140 thousand.

For the nine months ending March 2025, the average daily inpatient census was 121.7 compared to

budget of 128.6 or less than favorable by 5.4%. Adjusted patient days (including both inpatient and outpatient volumes) totaled 50,046 compared to budget of 51,708, an unfavorable variance of 3.21%. Emergency Department visits of 46,549 was less than prior year by 1.2% and less than budget by 4.0%.

Net negative margin YTD March 2025 was \$2.7 million compared to positive budget of \$1.1 million. Net patient revenues totaled \$ 233.1 million compared to budget of \$235.0 million. Net patient revenues were lower than budget by \$1.9 million or 0.8%. Revenues from Government Funding totaled \$73.7 million and were 4.1% higher than budget. Other operating revenue totaled \$13.8 million and was 44.3% higher than budget due to higher actual interest rates and income recorded for the three quarters. Operating expenses year-to-date were \$323.3 million compared to budget of \$314.4 million. The negative expense variance of \$8.9 million or 2.9% was attributed to expenditures for salaries and wages of \$390 thousand, registry of \$2.5 million, physician and contract fees of \$303 thousand, purchased services of \$607 thousand and supplies of \$4.6 million offset with reduction of \$230 thousand in depreciation.

Collections from patients and payers were \$308.9 million year-to-date. Balance in cash Fund 451 was \$49.8 million, State and Federal Intergovernmental Fund was \$48.8 million, Capital Fund was \$176.8 million, and the Strategic Reserve was \$33.5 million.

Accounts receivable for Short Doyle as of September and December 2024 was \$20.8 million and \$21.5 million. Accounts receivable for Short Doyle as of March 2025 was \$18.6 million. Net estimated amount due from Short Doyle as of March 2025 was \$3.1 million.

Short Doyle accounts over 180 days were \$8.8 million for this quarter. Staff from Natividad had several meetings with Behavior Health to resolve the payment of these old accounts.

Net patient receivables were \$67.5 million or 79.9 days in receivables. Distribution by payer: 3.5%, Medi-Cal, 16.1% Medi-Cal Managed Care, 13.0% Medicare, 61.0% Commercial, 0.01% Self-Pay, and 6.3% Short Doyle. Distribution by aging: 25.6% In-House and under process, 40.3% between 0-60 days, 33.7% between 60-181 days and 0.4% over 181 days.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

Funding provided by NMC's Enterprise Fund.

Daniel Leon

Daniel Leon, CFO
Natividad Medical Center

Date: June 15, 2025

Attachment: NMC's Financial Statements