



County of Monterey

Item No.8

Board Report

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

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Receive Natividad Medical Center's Financial Report for the fourth quarter (April thru June 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 fourth quarter (April thru June 2025) of fiscal year 2025.

SUMMARY/DISCUSSION:

The average daily inpatient census (ADC) for the quarter was 120.8 compared to budget of 127.2. Med/Surg, OBGYN, NICU, and ICU patient days were below budget for this period, while PEDs, PSY and ARU census were higher than budget. Patient days for the quarter were 5.0% lower than budget due to decreased patients in the quarter. The average adjusted patient days (including both inpatient and outpatient volumes) were 16,616 compared to budget of 16,983 which was unfavorable by 2.2%. Emergency Department visits were lower than budget by 9.0% for the quarter.

Total net margin for the quarter was positive (revenues more than expenses) at \$4.6 million compared to the budget net margin of \$339 thousand due to strong outpatient volumes, favorable payor mix and increase in other operating income.

Net patient revenues totaled \$82.9 million for the quarter compared to budget of \$78.1 million. Net patient revenues were better than budget by 6.3% due to improved collection rates and stronger outpatient revenue. Revenues from Government Funding of \$26.3 million exceeded budget by \$2.8 million. The other operating revenues were \$5.1 million or 161.3% higher than budget due mainly to higher interest rates, specialty care incentive and quality incentive compensation received from Central California Alliance Health for the full quarter of Q4 and remaining amount for Q3. Interest income was higher than budget by \$3.2 million for the quarter. Rent income were slightly higher than budget. Operating expenses for the quarter were \$113.0 million compared to budget of \$104.5 million or increase of 8.2%. The increase in costs were related to volume of patients and continued usage of nurse travelers to back fill for sick employees especially in Labor, ICU, Radiology and Emergency Room. Costs for salaries and benefits showed higher than budget by \$3.4 million, nurse travelers decreased as compared to budget by \$189 thousand, physician costs increased by \$504 thousand, purchased services were higher by \$2.5 million and supplies including medications increased by \$1.8 million and other expenses including patient equipment rentals increased by \$72 thousand.

For the twelve months ending June 2025, the average daily inpatient census was 121.4 compared to budget of 128.6 or less than favorable by 5.6%. Adjusted patient days (including both inpatient and outpatient volumes) totaled 66,638 compared to budget of 68,881, an unfavorable variance of 3.2%. Emergency Department visits of 59,149 was less than prior year by 2.8% and less than budget by 4.6%.

FY 2025 showed a net positive margin of \$1.9 million compared to budget of \$1.4 million. Net patient revenues totaled \$ 316.1 million compared to budget of \$313.1 million. Net patient revenues were higher than budget by \$2.9 million or 1.0%. Revenues from Government Funding totaled \$100.1 million and were 6.1% higher than budget. Other operating revenue totaled \$22.1 million and was 73.5% higher than budget due to higher actual interest rates and income, specialty care incentive and quality incentive compensation received from Central California Alliance Health for the year. Operating expenses year-to-date were \$436.3 million compared to budget of \$418.8 million. The negative expense variance of \$17.5 million or 4.2% was attributed to expenditures for salaries and wages of \$3.8 million, registry of \$2.3 million, physician and contract fees of \$806 thousand, purchased services of \$3.1 million and supplies of \$6.5 million offset with reduction of \$114 thousand in depreciation.

Collections from patients and payers were \$322.3 million for the year. Balance in cash Fund 451 was \$90.2 million, State and Federal Intergovernmental Fund was \$104.6 million, Capital Fund was \$177.8 million, and the Strategic Reserve was \$33.5 million.

Accounts receivable for Short Doyle totaled \$21.5 million as of December 2024 and \$21.3 million as of June 2025. Of the \$21.3 million due, Natividad is expected to collect \$3.5 million in current Accounts Receivable plus an additional \$2.1 million for accounts over 180 days based on recent settlement negotiations with Behavioral Health. The total net amount will be \$5.6 million. Short Doyle accounts over 180 days were \$9.7 million for this quarter. Staff from Natividad met with Behavioral Health on several occasions to address and resolve the payment of these old accounts.

Net patient receivables were \$67.5 million or 74.0 days in receivables. Distribution by payer: 2.8%, Medi-Cal, 12.5% Medi-Cal Managed Care, 13.4% Medicare, 64.2% Commercial, 0.01% Self-Pay, and 7.1% Short Doyle. Distribution by aging: 23.1% In-House and under process, 49.1% between 0-60 days, 27.5% between 60-181 days and 0.3% over 181 days.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

Funding provided by NMC's Enterprise Fund.

Daniel Leon

Daniel Leon, CFO
Natividad Medical Center

Date: August 5, 2025

Attachment: NMC's Financial Statements