



County of Monterey

Item No.

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 second quarter (October thru December 2024) of fiscal year 2025.

RECOMMENDATION:

It is recommended that the Board of Supervisors' Budget Committee receive Natividad Medical Center's Financial Report for the second quarter (October thru December 2024) of fiscal year 2025.

SUMMARY/DISCUSSION:

The average daily inpatient census (ADC) for the quarter was 123.0 compared to budget of 128.6. Med/Surg, OBGYN and PSY patient days were below budget for this period, while ICU, NICU, OBGYN, PEDS and ARU census were higher than budget. Patient days for the quarter were 4.4% lower than budget due to decreased patients in the quarter. The average adjusted patient days (including both inpatient and outpatient volumes) were 17,057 compared to budget of 17,550 which was unfavorable by 2.8%. Emergency Department visits were lower than budget by 4.0% for the quarter.

Total net margin for the quarter was negative (revenues less than expenses) at \$353 thousand compared to the budget net margin of \$400 thousand due to lower census and less than favorable payor mix.

Net patient revenues totaled \$79.5 million for the quarter compared to budget of \$78.9 million. Net patient revenues were slightly higher than budget by 0.7% due to favorable outpatient revenues. Revenues from Government Funding of \$23.6 million were on budget. The other operating revenues were \$1.8 million or 57.2% higher than budget due mainly to higher interest rates 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 \$108.4 million compared to budget of \$105.3 million or increase of 3.0%. The increase in costs were related to volume of patients, 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 lower than budget of \$288 thousand, nurse travelers increased as compared to budget by \$1.4 million, physician costs decreased by \$448 thousand, purchased services were higher by \$364 thousand and supplies including medications increased by \$1.8 million and other expenses including patient equipment rentals decreased by \$29 thousand.

For the six months ending December 2024, the average daily inpatient census was 122.5 compared to budget of 128.6 or less than favorable by 4.7%. Adjusted patient days (including both inpatient and outpatient volumes) totaled 33,960 compared to budget of 34,723, an unfavorable variance of 2.2%. Emergency Department visits of 30,317 was less than prior year by 1.1% and less than budget by 3.0%.

Net negative margin YTD December 2024 was \$123 thousand compared to positive budget of \$798 thousand. Net patient revenues totaled \$ 157.1 million compared to budget of \$157.8 million. Net patient revenues were lower than budget by \$736 thousand or 0.5%. Revenues from Government Funding totaled \$48.6 million and were 2.9% higher than budget. Other operating revenue totaled \$8.8 million and was 39.1% higher than budget due to higher actual interest rates and income recorded for the two quarters. Operating expenses year-to-date were \$214.6 million compared to budget of \$210.6 million. The negative expense variance of \$4.1 million or 1.9% was attributed to expenditures for registry of \$2.3 million, purchased services of \$866 thousand and supplies of \$3.2 million offset with reduction of \$2 million in SWB and physician and contract fees of \$348 thousand.

Collections from patients and payers were \$153.0 million year-to-date. Balance in cash Fund 451 was \$82.5 million, State and Federal Intergovernmental Fund was \$52.0 million, Capital Fund was \$177.7 million, and the Strategic Reserve was \$33.5 million.

Accounts receivable for Short Doyle as of September 2024 and December was \$20.8 million and \$21.5 million. Accounts over 180 days were \$6.5 million and \$9.3 million respectively. Staff from Natividad had several meetings with Behavior Health to resolve the payment of these old accounts. As of March 2025, Accounts receivable for Short Doyle has decreased to \$18.6 million and \$8.8 million over 180 days.

Net patient receivables were \$70.9 million or 82.1 days in receivables. Distribution by payer: 3.9%, Medi-Cal, 15.7% Medi-Cal Managed Care, 16.1% Medicare, 63.6% Commercial, 0.01% Self-Pay, and 0.6% Short Doyle. Distribution by aging: 30.7% In-House and under process, 42.6% between 0-60 days, 26.4% 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: April 15, 2025

Attachment: NMC's Financial Statements

