



Finance Committee

Regular Meeting Agenda

Tuesday-March 28, 2023

12 Noon

Zoom: <https://us06web.zoom.us/j/85635021375>

Phone: +1 669 900 9128 WEBINAR ID: 856 3502 1375

75 Nielson Street, Watsonville, CA 95076- CR 2 & 3

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Watsonville, CA 95076

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**Pajaro Valley Health Care District Hospital Corporation Finance Committee
Regular Meeting Agenda- Tuesday- March 28, 2023**

**Call to Order
Roll Call**

Agenda Modification Consideration

Public Comment on Matters Not on the Agenda

Time is set aside for members of the public to address the Committee on any item not on the Agenda (not to exceed two minutes), which is within the subject matter jurisdiction of the Committee.

Comments regarding items included on the Agenda will be heard before the item is discussed by the Committee.

No action or discussion shall be taken on any item presented except that any Committee Member may respond to statements made or questions asked or may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters relating to the board will be noted in the minutes and may be scheduled for discussion at a future meeting or referred to staff for clarification and report.

Comments from Committee Members

Consent

1. Cash Advance

Recommendation: Forward the information to the Pajaro Valley Health Care District Hospital Corporation Board of Directors regarding \$1,000,000 cash advance through Central California Alliance for Health.

Contact: Julie Peterson, Chief Financial Officer

Discussion

2. Financial Performance for February 2023

Recommendation: Review and forward the Pajaro Valley Healthcare District Consolidated financial reports for Feb 2023 to the Pajaro Valley Healthcare District Hospital Corporation.

Contact: Julie Peterson, Chief Financial Officer

Adjournment

This agenda was posted in accordance with the California Brown Act. Any materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet will be made available to the public in accordance with Government Section 54957.5.



Finance Committee Report

Meeting Date: March 28, 2023

Report Type: Consent

Title: Cash Advance

Recommendation: Inform the Pajaro Valley Health Care District Hospital Corporation Board of Directors regarding \$1,000,000 cash advance through Central California Alliance for Health.

Contact: Julie Peterson, Chief Financial Officer

Executive Summary

Pajaro Valley Health Care District Hospital Corporation has secured a \$1,000,000 short term cash advance from Central California Alliance for Health to provide a financial cushion while all recently negotiated payer contracts are implemented.

Background

The Hospital negotiated new payer contracts with all of its major insurance companies. The contracts are being implemented in a staggered timeline to reduce the disruption of cashflow needed to cover daily operations. There were some delays by some payers in loading contract rates and/or other information into their claims payment systems which results in delays in payment to Watsonville Community Hospital.

The Hospital sought and received approval from Central California Alliance for Health to receive a \$1,000,000 cash advance against future claim payments to be received on March 23, 2023.

Financial Impact

The Hospital secured a \$1,000,000 cash advance against future claim payments. There is no additional cost to the organization to receive this advance. It is anticipated that the advance will be paid back in two payments, not to exceed \$500,000 each. The first payment will be recouped from claims being paid during the week of April 17, 2023. The second payment will be recouped from claims being paid during the week of May 15, 2023. If claim payments during either of these two periods do not cover \$500,000, the remaining amount due will be paid in a subsequent week in the same manner (recoupment from claim payment).



Finance Committee Report

Meeting Date: March 28, 2023

Report Type: Discussion

Title: Financial Performance for February 2023

Recommendation: Review and forward the Pajaro Valley Healthcare District Consolidated financial reports for Feb 2023 to the Pajaro Valley Healthcare District Hospital Corporation.

Contact: Julie Peterson, Chief Financial Officer

Attachments:

- A. Consolidated Profit & Loss
- B. Budget vs Actual

Watsonville Community Hospital
Consolidated Income Statement
For The Month of February 28, 2023

| | <u>Sep-22</u> | <u>Oct-22</u> | <u>Nov-22</u> | <u>Dec-22</u> | <u>Jan-23</u> | <u>Feb-23</u> | <u>Feb v PM</u> |
|--|--------------------|-------------------|--------------------|-------------------|--------------------|--------------------|--------------------|
| Inpatient Revenue | 32,985,779 | 30,531,597 | 27,355,169 | 32,334,156 | 33,266,747 | 28,201,333 | (5,065,414) |
| Outpatient Revenue | 51,111,993 | 52,131,349 | 52,238,996 | 49,439,769 | 49,697,862 | 47,304,049 | (2,393,813) |
| Total Revenue | 84,097,772 | 82,662,946 | 79,594,165 | 81,773,925 | 82,964,609 | 75,505,382 | (7,459,227) |
| Deductions From Revenue: | | | | | | | |
| Contractual Allowances | 73,961,016 | 71,101,042 | 70,788,379 | 72,878,907 | 73,139,178 | 67,287,244 | (5,851,934) |
| QAF | (1,686,268) | (1,686,268) | (1,686,268) | (1,686,268) | (1,599,179) | (1,599,179) | - |
| Disproportionate Share DSH | (108,462) | (108,462) | (108,462) | (108,462) | (128,059) | (128,059) | - |
| Total Deductions From Rev | 72,166,287 | 69,306,313 | 68,993,650 | 71,084,178 | 71,411,940 | 65,560,006 | (5,851,934) |
| Net Revenue | 11,931,485 | 13,356,633 | 10,600,515 | 10,689,747 | 11,552,669 | 9,945,376 | (1,607,293) |
| Provision for Bad Debts | 428,003 | 635,356 | 262,067 | (211,708) | 263,296 | (770,087) | (1,033,383) |
| Collectible Patient Revenue | 11,503,482 | 12,721,277 | 10,338,448 | 10,901,455 | 11,289,373 | 10,715,463 | (573,910) |
| Other Revenue | 115,757 | 91,107 | 61,210 | 96,831 | 2,493,573 | 117,822 | (2,375,751) |
| Total Net Operational Revenue | 11,619,239 | 12,812,384 | 10,399,658 | 10,998,286 | 13,782,946 | 10,833,285 | (2,949,661) |
| Salaries & Wages | 5,223,977 | 5,516,333 | 5,532,471 | 6,044,081 | 6,122,269 | 5,595,159 | (527,110) |
| Employee Benefits | 2,263,894 | 2,284,473 | 891,434 | 652,817 | 1,689,769 | 1,445,325 | (244,444) |
| Registry | 754,158 | 677,821 | 432,443 | 550,193 | 614,344 | 439,762 | (174,582) |
| Labor Subtotal | 8,242,029 | 8,478,627 | 6,856,348 | 7,247,091 | 8,426,382 | 7,480,246 | (946,136) |
| Professional Fees Medical | 737,060 | 765,919 | 654,876 | 718,204 | 710,337 | 676,246 | (34,091) |
| Supplies | 870,221 | 835,981 | 989,187 | 988,489 | 1,046,559 | 1,008,248 | (38,311) |
| Repairs & Maintenance | 89,300 | 45,704 | 105,305 | 74,932 | 94,605 | 98,582 | 3,977 |
| Utilities | 156,873 | 163,596 | 198,151 | 194,124 | 381,823 | 324,146 | (57,677) |
| Purchased Services | 1,247,768 | 1,274,674 | 1,676,050 | 1,361,661 | 1,209,836 | 1,233,669 | 23,833 |
| Lease Cost and Rent | 95,396 | 96,762 | 87,951 | 111,816 | 111,989 | 109,118 | (2,871) |
| Property Taxes & Insurance | 187,979 | 308,378 | 208,263 | 27,201 | 189,430 | 170,089 | (19,341) |
| Other Expenses | 633,703 | 625,548 | 636,707 | 663,295 | 629,914 | 626,065 | (3,849) |
| Management Fees | 57,139 | 75,000 | 75,000 | 75,000 | 75,000 | - | (75,000) |
| Total Operating Exp | 12,317,468 | 12,670,189 | 11,487,838 | 11,461,813 | 12,875,875 | 11,726,409 | (1,149,466) |
| EBITDA | (698,229) | 142,195 | (1,088,180) | (463,527) | 907,071 | (893,124) | (1,800,195) |
| Depreciation & Amortization | 96,239 | 96,248 | 96,182 | 96,117 | 96,432 | 97,235 | 803 |
| Interest/ Grants | 393,144 | 399,529 | 393,391 | 393,391 | 390,225 | 391,823 | 1,598 |
| Total Other Expenses | 489,383 | 495,777 | 489,573 | 489,508 | 486,657 | 489,058 | 2,401 |
| Net Income/Loss from Operations | (1,187,612) | (353,582) | (1,577,753) | (953,035) | 420,414 | (1,382,182) | (1,802,596) |
| TOTAL NORMALIZING ADJUSTMENTS | 620,916 | 1,221,964 | 12,259 | (439,781) | (2,167,181) | 272,000 | 2,439,181 |
| NORMALIZED EBITDA | (77,313) | 1,364,159 | (1,075,921) | (903,308) | (1,260,110) | (621,124) | 638,986 |

**Watsonville Community Hospital
Income Statement - Hospital Only
For The Month of Feb 28, 2023**

| | Budget Feb-23 | Actual Feb-23 | Variance Feb vs Budget | Budget Feb YTD | Actual Feb YTD | Variance Feb YTD |
|--|--------------------------|--------------------------|-----------------------------------|---------------------------|---------------------------|-----------------------------|
| Inpatient Revenue | 32,784,339 | 28,201,333 | (4,583,006) | 69,012,424 | 61,468,080 | (7,544,344) |
| Outpatient Revenue | 43,103,308 | 46,814,309 | 3,711,001 | 86,084,895 | 95,979,563 | 9,894,668 |
| Total Revenue | 75,887,647 | 75,015,642 | (872,005) | 155,097,319 | 157,447,643 | 2,350,324 |
| Deductions From Revenue: | | | | | | |
| Contractual Allowances | 64,598,827 | 65,258,636 | 659,809 | 131,466,805 | 136,342,742 | 4,875,937 |
| Total Deductions From Rev | 64,598,827 | 65,258,636 | 659,809 | 131,466,805 | 136,342,742 | 4,875,937 |
| Net Revenue | 11,288,820 | 9,757,006 | (1,531,814) | 23,630,514 | 21,104,901 | (2,525,613) |
| Provision for Bad Debts | 95,737 | (784,587) | (880,324) | 200,403 | (510,334) | (710,737) |
| Collectible Patient Revenue | 11,193,083 | 10,541,593 | (651,490) | 23,430,111 | 21,615,235 | (1,814,876) |
| Other Revenue | 105,489 | 49,994 | (55,495) | 222,281 | 2,475,711 | 2,253,430 |
| Total Net Operational Revenue | 11,298,572 | 10,591,587 | (706,985) | 23,652,392 | 24,090,946 | 438,554 |
| Salaries & Wages | 4,797,327 | 5,380,781 | 583,454 | 10,443,790 | 11,257,914 | 814,124 |
| Employee Benefits | 1,840,102 | 1,400,200 | (439,902) | 3,877,358 | 3,041,346 | (836,012) |
| Registry | 595,000 | 439,762 | (155,238) | 1,195,000 | 1,054,106 | (140,894) |
| Labor Subtotal | 7,232,429 | 7,220,743 | (11,686) | 15,516,148 | 15,353,366 | (162,782) |
| Professional Fees Medical | 762,307 | 643,760 | (118,547) | 1,606,290 | 1,321,608 | (284,682) |
| Supplies | 784,666 | 1,003,291 | 218,625 | 1,708,219 | 2,045,279 | 337,060 |
| Repairs & Maintenance | 94,107 | 98,556 | 4,449 | 198,296 | 193,110 | (5,186) |
| Utilities | 149,701 | 322,582 | 172,881 | 315,442 | 702,758 | 387,316 |
| Purchased Services | 1,421,031 | 1,184,582 | (236,449) | 3,168,240 | 2,322,496 | (845,744) |
| Lease Cost and Rent | 177,300 | 85,025 | (92,275) | 373,596 | 173,081 | (200,515) |
| Property Taxes & Insurance | 245,975 | 165,262 | (80,713) | 518,304 | 346,871 | (171,433) |
| Marketing | - | - | - | - | 449 | 449 |
| Other Expenses | 907,984 | 620,041 | (287,943) | 1,914,458 | 1,247,999 | (666,459) |
| Management Fees | 75,000 | - | (75,000) | 150,000 | 75,000 | (75,000) |
| Total Operating Exp | 11,850,499 | 11,343,842 | (506,657) | 25,468,993 | 23,782,017 | (1,686,976) |
| EBITDA | (551,927) | (752,255) | (200,328) | (1,816,601) | 308,929 | 2,125,530 |
| Depreciation & Amortization | - | - | - | - | - | - |
| Interest/ Grants | 13,516 | 8,966 | (4,550) | 27,160 | 18,124 | (9,036) |
| Total Other Expenses | 13,516 | 8,966 | (4,550) | 27,160 | 18,124 | (9,036) |
| Net Income/Loss from Operations | (565,443) | (761,221) | (195,778) | (1,843,761) | 290,805 | 2,134,566 |