



Finance Committee

Regular Meeting Agenda

Tuesday-April 25, 2023

12 Noon

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

Zoom: <https://us06web.zoom.us/j/81532952503>

Phone: +16694449171 Webinar ID: 81532952503# US

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75 Nielson Street
Watsonville, CA 95076

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**Pajaro Valley Health Care District Hospital Corporation Finance Committee
Regular Meeting Agenda- Tuesday- April 25, 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

Discussion

1. Financial Performance for March 2023

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

Contact: Julie Peterson, Chief Financial Officer

2. Turnaround Plan Status

Recommendation: Review and forward the Pajaro Valley Healthcare Turnaround Plan to the Pajaro Valley Healthcare District Hospital Corporation.

Contact: Julie Peterson, Chief Financial Officer

Adjournment

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Finance Committee Report

Meeting Date: April 25, 2023

Report Type: Discussion

Title: Financial Performance for March 2023

Recommendation: Review and forward the Pajaro Valley Healthcare District Consolidated financial reports for March 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
2023 CONSOLIDATED TRENDED BALANCE SHEET
(\$ in 000's)

	Jan-23	Feb-23	Mar-23
Assets			
Cash	\$ 5,984	\$ 6,079	\$ 1,916
A/R	48,240	48,526	47,549
Less: Allowance for BD	(8,134)	(7,325)	(6,587)
Prior yr Cost Report Settlement			
Supplies	2,079	2,073	2,118
Prepaid Expenses	1,185	1,209	1,104
Other Current Assets	722	1,197	2,553
Total Current Assets	\$ 50,076	\$ 51,759	\$ 48,653
Net PP&E	35,245	35,168	35,150
Operating Lease ROU, Net	1,676	1,634	1,491
Notes Receivable			
Deposits	5	5	5
Unamortized Loan Costs	50	50	50
Physician Recruitment Costs	-	-	-
Deferred MIS Charges	699	630	562
Goodwill (Placeholder)	(20,666)	(20,551)	(20,963)
Total Other Assets	\$ (18,236)	\$ (18,232)	\$ (18,855)
Total Assets	\$ 67,085	\$ 68,695	\$ 64,948
Liabilities and Equity			
Current maturities of LTD	\$ (47)	\$ (57)	\$ (68)
Accounts Payable	6,676	7,249	7,064
Accrued Emp. Comp.	9,401	10,052	7,793
Operating Lease - Current	30	20	319
Other Accrued Liabilities	5,844	7,716	7,006
Total Current Liabilities	\$ 21,904	\$ 24,980	\$ 22,114
Deferred Credits	6,935	6,880	6,405
Operating Lease Liabilities	1,693	1,655	1,194
Long Term Debt	39,836	39,847	40,358
Total Liabilities	\$ 70,368	\$ 73,362	\$ 70,071
Stockholders' Equity	(3,285)	(4,667)	(5,123)
Total Liabilities and Equity	\$ 67,085	\$ 68,695	\$ 64,948

**Watsonville Community Hospital
Consolidated Income Statement
For The Month of March, 31, 2023**

CURRENT PERIOD				YTD				
Mar-23	BUDGET	VARIANCE	% VARIANCE		ACTUAL	BUDGET	VARIANCE	% VARIANCE
				Operating Revenues				
7,024,913	9,334,737	(2,309,824)	-24.7%	Inpatient Routine	22,827,443	27,737,695	(4,910,252)	-17.7%
22,933,526	25,877,002	(2,943,476)	-11.4%	Inpatient Ancillary	68,599,076	76,486,468	(7,887,392)	-10.3%
53,877,521	52,269,644	1,607,877	3.1%	Outpatient	150,879,432	139,255,471	11,623,961	8.3%
29,958,439	35,211,739	(5,253,300)	-14.9%	Inpatient Revenue	91,426,519	104,224,163	(12,797,644)	-12.3%
53,877,521	52,269,644	1,607,877	3.1%	Outpatient Revenue	150,879,432	139,255,471	11,623,961	8.3%
83,835,960	87,481,383	(3,645,423)	-4.2%	Total gross patient revenue	242,305,951	243,479,634	(1,173,683)	-0.5%
				Deductions From Revenue:				
70,637,855	72,463,497	(1,825,642)	-2.5%	Contractual Allowances	204,155,326	200,985,421	3,169,905	1.6%
(1,599,179)	(1,599,179)		0.0%	QAF	(4,797,538)	(4,797,538)		0.0%
(128,059)	(128,059)		0.0%	Disproportionate Share DSH	(384,176)	(384,176)		0.0%
72,365,093	74,190,735	(1,825,642)	-2.5%	Total Deductions From Rev	209,337,039	206,167,134	3,169,905	1.5%
11,470,867	13,290,648	(1,819,781)	-13.7%	Net Revenue	32,968,912	37,312,500	(4,343,588)	-11.6%
(824,136)	113,353	(937,489)	-827.1%	Provision for Bad Dbt	(1,330,927)	318,182	(1,649,109)	-518.3%
12,295,003	13,177,295	(882,292)	-6.7%	Collectible Patient Revenue	34,299,839	36,994,319	(2,694,480)	-7.3%
193,034	136,542	56,492	41.4%	Other Revenue	2,804,429	396,414	2,408,015	607.5%
12,488,037	13,313,837	(825,800)	-6.2%	Total Net Operational Revenue	37,104,268	37,390,732	(286,464)	-0.8%
				Operating Expenses				
5,917,920	6,036,271	(118,351)	-2.0%	Salaries & Wages	17,635,348	17,072,286	563,062	3.3%
1,515,799	2,106,907	(591,108)	-28.1%	Benefits	4,650,893	6,118,869	(1,467,976)	-24.0%
717,370	570,000	147,370	25.9%	Contract Labor	1,771,476	1,765,000	6,476	0.4%
8,151,089	8,713,178	(562,089)	-6.5%	Subtotal Salaries Wages & Benefits	24,057,717	24,956,156	(898,439)	-3.6%
581,672	871,974	(290,302)	-33.3%	Medical Spec Fees	1,968,255	2,512,118	(543,863)	-21.6%
910,085	958,655	(48,570)	-5.1%	Supplies	2,964,892	2,676,696	288,196	10.8%
84,401	104,310	(19,909)	-19.1%	Repairs & Maintenance	277,588	302,836	(25,248)	-8.3%
178,090	166,897	11,193	6.7%	Utilities	884,059	485,067	398,992	82.3%
1,659,286	1,653,025	6,261	0.4%	Purchased Services	4,102,791	4,887,580	(784,789)	-16.1%
103,659	527,178	(423,519)	-80.3%	Lease Cost and Rent	324,766	1,565,286	(1,240,520)	-79.3%
174,621	351,948	(177,327)	-50.4%	Prop Taxes & Ins	534,140	1,030,711	(496,571)	-48.2%
495	4,167	(3,672)	-88.1%	Marketing	944	12,500	(11,556)	-92.3%
626,541	982,831	(356,290)	-36.3%	Other Operating Exp	1,957,071	3,056,846	(1,099,775)	-36.0%
12,469,939	14,334,162	(1,864,223)	-13.0%	Total Operating Exp	37,072,223	41,485,794	(4,413,571)	-10.6%
18,098	(1,020,324)	1,038,422	-101.8%	EBITDA	32,045	(4,095,062)	4,127,107	-100.8%
93,384	96,248	(2,864)	-3.0%	Depreciation and Amortization	287,051	96,117	190,934	198.6%
381,242	399,529	(18,287)	-4.6%	Interest	1,163,290	393,391	769,899	195.7%
474,626	495,777	(21,151)	-4.3%	Total Other Expenses	1,450,341	489,508	960,833	196.3%
(456,528)	(1,516,101)	1,059,573	-69.9%	Net Income/Loss from Operations	(1,418,296)	(4,584,570)	3,166,274	-69.1%

**Watsonville Community Hospital
Income Statement - Hospital Only
For The Month of March 31, 2023**

	Budget Mar-23	Actual Mar-23	Variance Mar vs Budget	Budget Mar YTD	Actual Mar YTD	Variance Mar YTD
Inpatient Revenue	35,211,739	29,958,439	(5,253,300)	104,224,163	91,426,519	(12,797,644)
Outpatient Revenue	51,759,004	53,368,161	1,609,157	137,843,899	149,347,724	11,503,825
Total Revenue	86,970,743	83,326,600	(3,644,143)	242,068,062	240,774,243	(1,293,819)
Deductions From Revenue:						
Contractual Allowances	73,906,033	72,050,248	(1,855,785)	205,372,838	208,392,990	3,020,152
Total Deductions From Rev	73,906,033	72,050,248	(1,855,785)	205,372,838	208,392,990	3,020,152
Net Revenue	13,064,710	11,276,352	(1,788,358)	36,695,224	32,381,253	(4,313,971)
Provision for Bad Debts	110,798	(808,680)	(919,478)	311,200	(1,319,014)	(1,630,214)
Collectible Patient Revenue	12,953,913	12,085,032	(868,881)	36,384,024	33,700,267	(2,683,757)
Other Revenue	116,792	125,922	9,130	339,072	2,601,633	2,262,561
Total Net Operational Revenue	13,070,704	12,210,954	(859,750)	36,723,096	36,301,900	(421,196)
Salaries & Wages	5,807,193	5,631,949	(175,244)	16,250,984	16,889,863	638,879
Employee Benefits	2,037,256	1,467,658	(569,598)	5,914,614	4,509,004	(1,405,610)
Registry	570,000	717,370	147,370	1,765,000	1,771,476	6,476
Labor Expense	8,414,449	7,816,977	(597,472)	23,930,597	23,170,343	(760,254)
Professional Fees Medical	843,983	643,708	(200,275)	2,450,273	1,965,316	(484,957)
Supplies	949,843	905,566	(44,277)	2,658,062	2,950,845	292,783
Repairs & Maintenance	104,189	84,401	(19,788)	302,485	277,511	(24,974)
Utilities	165,741	176,595	10,854	481,183	879,353	398,170
Purchased Services	1,618,689	1,633,350	14,661	4,786,929	3,955,846	(831,083)
Lease Cost and Rent	196,296	78,597	(117,699)	569,892	251,678	(318,214)
Property Taxes & Insurance	272,329	167,896	(104,433)	790,632	514,767	(275,865)
Marketing	-	495	495	-	944	944
Other Expenses	980,331	624,819	(355,512)	2,894,789	1,872,818	(1,021,971)
Management Fees	-	-	-	150,000	75,000	(75,000)
Total Operating Exp	13,545,851	12,132,404	(1,413,447)	39,014,844	35,914,421	(3,100,423)
EBITDA	(475,147)	78,550	553,697	(2,291,747)	387,479	2,679,226
Depreciation & Amortization	-	-	-	-	-	-
Interest/ Grants	14,543	(1,608)	(16,151)	41,703	16,516	(25,187)
Total Other Expenses	14,543	(1,608)	(16,151)	41,703	16,516	(25,187)
Net Income/Loss from Operations	(489,690)	80,158	569,848	(2,333,451)	370,963	2,704,414



Finance Committee Report

Meeting Date: April 25, 2023

Report Type: Discussion

Title: Turnaround Plan Update – April 2023

Recommendation: Receive and file.

Contact: Julie Peterson, Chief Financial Officer

Executive Summary

The Pajaro Valley Healthcare District Hospital Corporation DBA Watsonville Community Hospital became our community's not for profit Hospital on September 1, 2022, after 24 years of various for profit owners and after declaring bankruptcy in December 2021. Almost \$67 million dollars was raised by the Pajaro Valley Healthcare District Project to acquire the Hospital and turn around the operations.

After losing more than \$30 million dollars in 2022, the Hospital has created a turnaround plan that is currently in progress and on track and has experienced positive Earnings Before Interest, Depreciation and Amortization (EBIDTA) in three of the last six months. The hospital is expected to have consistently positive EBIDTA by the end of 2023.