



Month End Financial Narrative
For month ending October 31, 2024

Overall, Bay Area Hospital reported a loss of **\$2.7M** in October, against a budgeted gain of **\$71K**. Gross Revenue for October is **\$61.8M** and Net Revenue ended the month at **\$20.3M**, with a Net to Gross Revenue Margin of **32.9%**.

October 2024	Month To Date					Year to Date				
	Actual	Budget	Variance	Prior Year	Variance	Actual	Budget	Variance	Prior Year	Variance
Total Gross Patient Revenue	61,769,790	64,682,095	(2,912,305)	58,351,628	3,418,162	248,854,293	255,562,150	(6,707,857)	224,336,113	24,518,180
Total Deductions	41,748,761	42,346,834	(598,073)	38,719,607	3,029,154	168,327,667	167,339,947	987,720	146,613,331	21,714,336
Other Revenue	273,998	272,730	1,268	236,850	37,148	1,206,285	1,090,920	115,365	863,832	342,454
Total Net Revenue	20,295,027	22,607,992	(2,312,964)	19,868,871	426,157	81,732,911	89,313,124	(7,580,213)	78,586,613	3,146,298
Wages, Benefits, Contract La	12,477,385	12,042,064	(435,321)	11,102,798	(1,374,588)	48,502,859	47,226,575	(1,276,283)	43,941,974	(4,560,884)
Supplies	4,263,386	4,008,364	(255,022)	3,189,337	(1,074,049)	15,408,030	15,920,087	512,057	13,596,298	(1,811,732)
Other Supplies	6,044,012	6,391,176	347,165	5,710,032	(333,980)	24,503,857	25,117,450	613,593	21,864,398	(2,639,459)
Total Operating Expenses	22,784,783	22,441,604	(343,179)	20,002,167	(2,782,616)	88,414,745	88,264,113	(150,633)	79,402,670	(9,012,075)
Net Operating Income	(2,489,756)	166,388	(2,656,143)	(133,296)	(2,356,460)	(6,681,835)	1,049,011	(7,730,846)	(816,057)	(5,865,777)
Non-Operating Income/Expen	(259,688)	(95,851)	(163,837)	(637,180)	377,491	1,326,475	(377,042)	1,703,517	(2,042,685)	3,369,160
Net Income	(2,749,444)	70,537	(2,819,981)	(770,476)	(1,978,968)	(5,355,360)	671,969	(6,027,329)	(2,858,743)	(2,496,617)

VOLUMES

Inpatient Discharges & Days

- For October, Inpatient discharges fell below budget by 32 and 13 more than last year (581 vs 613 vs 568). Patient days are 270 lower than budget and 220 lower than last year (2,291 vs 2,256 vs 2,511) The average length of stay (ALOS) is 3.94 below the budget of 4.18 and last year's 4.42.
- Year to date (YTD) discharges came in under budget by 169 but above last year by 137 (2,262 vs. 2,431 vs. 2,125). YTD Patient Days are lower than budget by 486 but higher than last year by 833 (9,674 vs 10,160 vs 8,841). ALOS YTD is 4.28 vs 4.18 budget vs 4.16 last year.

Admits continue to be behind budget due to the loss of some community providers that are included. We also have had fewer discharges on the Family Birth unit (20 less vs 1 year ago and 53 less YTD). One of our community physicians unexpectedly stopped practicing mid-month due to health issues. He is expected to be out for at least 3 months.

ED Visits

- ED visits are 132 above budget for the month and 273 above last year (2,410 vs 2,278 vs 2,137). 16.9% of all ED Visits are admitted in October, compared to 18.4% in October a year ago. Chief complaints include Abdominal pain, Shortness of Breath, Chest Pain and Falls.
- Patients leaving without being seen (LWBS) remained very low at 0.29% in October. Last October we are at 3.54%. We are on a 10-month trend of being below 2.0%. Anything under 2% is considered best practice.
- YTD visits are 10,081 vs. 9,038 budgeted vs 8,814 last year-to-date.

Cardiac Cath Cases

- In October there are 109 Cath Lab cases vs. budget of 110. October of last year had 106. There are a few partial days where the lab is on divert for maintenance issues or provider availability.
- 384 YTD cases brings us below our YTD budget of 405 and our prior year YTD actual of 417 cases. This is primarily due to the lab being down for about a week in September.



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Outpatient Visits

- OP Visits are down 69 from budget and 357 compared to a year ago (11,849 vs 11,918 vs 12,206). The most substantial decrease this month is seen in Lab, Cardiology Clinic, and Radiation Oncology. Outpatient visits are based on accounts with charges, since Radiation Oncology is still behind on charge entry due to the change in Coding vendors, the actual number of outpatients should increase once charges are caught up. This is expected to occur the 1st part of December. We are also changing vendors for the Radiation Oncology system that will allow for direct charge entry into the EPIC system.
- We continue to see more patients in Emergency Room, Mammography, Medical Oncology and Outpatient infusion vs same month last year.
- Our YTD is below budget by 2,183 and YTD last year of 1,799 (45,103 vs 47,286 vs 46,902). The same departments for the month are ahead/below for YTD.

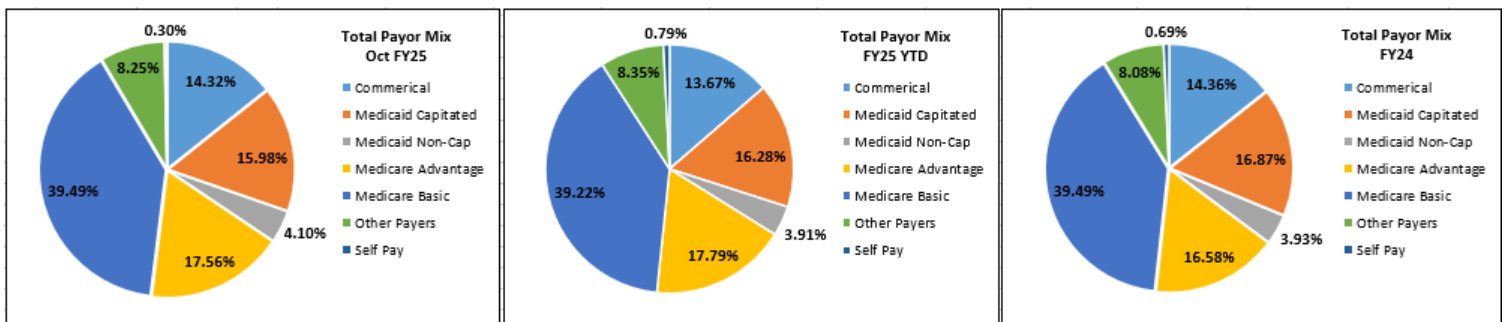
REVENUES

Gross Revenues

- October's Gross Revenues came in at \$61.8M, which is \$2.9M (-4.5%) below the budget of \$64.7. Cardiac Cath Lab, Radiation Oncology, Pharmacy, Family Birth Center and Prefontaine revenues are the drives of the budget variance. Compared to last year, gross revenue is \$3.4M (5.9%) higher (\$61.8M vs. \$58.4M).
- Variance in Gross Revenues vs budget is \$1.6M due to Volume and \$1.3M due to Rate.

Deductions from Revenue

- As a %, Deductions from Revenue are higher than budget at 67.1% vs. 65.0% (32.9% vs 35.0% revenue realization rates). As has been the trend, we have seen a continued decline in Commercial payor mix; in October, we saw a Commercial Mix of 14.32%, compared to our FY24 rolling final rate of 14.36%. Same month prior year is 15.04%
- Other factors of lower Net Revenues are the 4% price increase in July. Most payors will not pay more until later in the year. CMS and Medicaid will pay IP higher in October and OP higher in January. Key commercial payors rate increases are in December and February.
- Net Revenues are impacted this month by \$86.8K negative due to payor mix difference from Budget and \$810K negative impact from Budgeted Net Realization Rate.





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Other Revenues

- Current month actuals are \$274K vs \$273K budget vs \$237K last year. Higher purchasing rebates is the driver of the increase.
- YTD \$1.2K actual vs \$1.0 budget vs \$864K last year. The increase is due to Purchasing Rebates and 340B Pharmacy Revenues.

Net Revenues

- Net Revenue for the month is below budget by \$2.3M and above last year by \$426K (\$20.3M vs. \$22.6M vs. \$19.9M).
- YTD is below budget by \$7.6M and above last year by \$3.1M (\$81.7M vs. \$89.3M vs. \$78.6M).

EXPENSES

Salaries

- Salaries are \$211K over budget and \$948K over last year (\$8.1M vs. \$7.9M vs. \$7.2M). The average hourly rate of \$50.86 for employed staff is below the budgeted rate of \$51.04 and \$3.27 above last year's rate of \$47.59. Higher Nursing rates and pay rate increases, including a shift of Pediatric Hospitals from purchase services to employed, are the drivers of the increase.
- Year to date salaries are \$946K over budget and \$3.4M over last year (\$32.3M vs \$31.3M vs \$29.0M).

Contract labor

- Over budget by \$157K and above last year by \$105K (\$1.8M vs \$1.7M vs \$1.7M). Physician contract labor accounts for \$113K of this overage.
- Year to date contract labor is over budget by \$1.0M and above prior year by \$763K (\$7.9M vs \$6.8M vs \$7.1M). Physician costs account for \$444K of the budget and \$533K vs prior year variances.

Benefits

- Overall Benefits expense for the month of October over budget by \$68K, and over last year by \$321K (\$2.5M actual vs \$2.5M budget vs \$2.2M last year). Higher insurance costs are the driver of the variance.
- Year to date benefits are under budget by \$708K and above prior year by \$422K (\$8.3M vs \$9.0M vs \$7.9M).

Overall, Salary/Wages/Benefits/Contract labor per Adjusted Patient Day for the month is \$2,121 above the budget of \$1,995 and above last year of \$1,952. YTD actual of \$2,056 is above budget of \$1,967 and below prior year of \$2,105.

Physician and Pro-fees

- Below budget by \$75K and \$238K favorable to last year for the month (\$1.6M vs. \$1.7M vs \$1.8M) due to lower consulting and legal fees then budget and last year.
- YTD is below budget by \$211K and above prior year by \$45K (\$6.3M vs \$6.6M vs \$6.3M).



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Supplies

- For the current month, supply costs are \$255K unfavorable to budget and \$1.1M higher compared to the prior year (\$4.3M vs \$4.0M vs \$3.2M) due to higher Drug costs and Non-Medical Supplies. The Non-Medical Supplies are due to an X-ray Tube that needed to be emergently replaced.
- Year to date, supply costs are \$512K below budget and remain above the prior year's costs by \$1.8M (\$15.4M vs \$15.9M vs \$13.6M). Drug spend is the driver of the increase compared to prior year.

Purchased Services

- For the current month, Purchased Services costs are \$122K above budget and \$744K above the prior year (\$2.3M vs \$2.2M vs \$1.5M). This is due to the outsourcing of Revenue Cycle.
- Year to date, Purchased Services costs are \$110K above budget and \$2.4M higher than the prior year (\$8.2M vs \$8.1M vs \$5.8M). This is due to the outsourcing of Revenue Cycle.

Lease/Rentals

- For the current month, Leases/Rentals costs are at budget and \$1K below the prior year (\$15K vs \$15K vs \$16K)
- Year to date, Leases/Rentals costs are \$4K above budget and \$2.3K above the prior year (\$62K vs \$58K vs \$70K).

Depreciation

- For the current month, Depreciation costs are \$46K favorable to budget and \$56K favorable compared to the prior year (\$923K vs \$969K vs \$980K). We have been on a capital freeze since the beginning of the year. We lifted the freeze in November.
- Year to date, Depreciation costs are \$153K below budget and \$184K below the prior year (\$3.7M vs \$3.9M vs \$3.9M).

Other Operating expense

- For the current month, Other Operating Expenses are \$349K favorable to budget and \$86K favorable compared to the prior year (\$1.2M vs \$1.6M vs \$1.3M), due to lower provider tax and insurance refund.
- Year to date, Other Operating Expenses are \$363K below budget and \$443K above last year (\$6.1M vs \$6.5M vs \$5.7M). Compared to last year we have higher travel and provider taxes.

Non-Operating Income and Expense

- \$164K lower than Budget and \$377K above prior year (loss of \$260K vs budget loss of \$96K v last year loss of 637K). Variance is due to unfavorable market conditions and the Sale of the CHEC Building. The CHEC sale netted a \$595K gain.
 - Year to date, we are higher than budget by \$1.7M and last year by \$3.4M (\$1.3M vs budget loss of \$377K and last year loss of \$2.0M)
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Balance Sheet

Cash and Cash Equivalents are \$13.2M at the end of October and Assets limited to use are \$42.8M for an overall cash balance of \$56.1M. Overall cash increased about \$3.6M over last month from a catchup of the Savista backlog and a loss of \$753K in Assets limited to use due to market conditions.

As a result of increased cash collections, Account Receivable (net) decreased \$3.2M from the prior month to end at \$29.7M.

Days Cash on Hand is 82 days. Cash & Equivalents plus Board Designated funds totaled \$53.2M up from August 2024 of \$50M.

Current liabilities increased by \$2.0M compared to last month due to timing of payroll and the accrual of the provider tax that is due in November.

Bay Area Hospital
Balance Sheet (Including Foundation)
October 2024

	<u>Oct-24</u>	<u>Sep-24</u>	<u>Audited Jun-24</u>
Assets And Deferred Outflows Of Resources			
Current Assets			
Cash & Cash Equivalents	13,224,599	9,603,221	10,815,033
Accounts Receivable (Net)	29,691,333	32,852,801	28,459,041
Inventory	5,047,010	5,115,725	5,131,308
Other Current Assets	8,542,971	8,090,348	7,400,592
Total Current Assets	56,505,914	55,662,094	51,805,974
Assets Limited As to Use	42,843,800	43,596,706	47,940,908
Capital Assets			
Depreciable Capital Assets (Net)	66,446,585	67,263,239	69,238,682
Nondepreciable Capital Assets	1,696,760	1,680,164	1,410,340
Total Capital Assets (Net)	68,143,345	68,943,403	70,649,022
Leases and Subscriptions (Net)	8,522,576	8,755,856	9,455,681
Other Non Current Assets	700,217	704,605	684,051
Total Assets	176,715,852	177,662,664	180,535,634
Deferred Outflows Of Resources	9,489,130	9,489,130	9,489,130
Total Assets And Deferred Outflows	186,204,982	187,151,794	190,024,764
Liabilities, Deferred Inflows of Resources, And Net Position			
Current Liabilities			
Accounts Payable	(8,964,793)	(8,662,590)	(9,869,356)
Accrued Liabilities			
Payroll, payroll taxes, withholdings	(4,090,916)	(3,258,599)	(4,234,648)
Paid Time Off	(5,680,138)	(5,580,132)	(5,770,522)
Other	(8,355,436)	(7,647,948)	(6,483,501)
3rd Party Settlements Payable (net)	(5,106,639)	(5,031,639)	(3,750,353)
Long-Term Obligations - Current Portion	(3,551,281)	(3,551,281)	(3,551,281)
Deferred Revenue	0	0	0
Total Current Liabilities	(35,749,203)	(33,732,190)	(33,659,662)
Long Term Obligations (Net of Current Portion)	(48,705,340)	(48,941,792)	(49,503,478)
Other Noncurrent Liabilities	(3,027,110)	(3,031,498)	(3,010,944)
Net Pension Liability	(3,882,899)	(3,855,240)	(3,652,580)
Total Liabilities	(91,364,552)	(89,560,720)	(89,826,663)
Deferred Inflows Of Resources	(11,397,373)	(11,397,373)	(11,397,373)
Total Liabilities & Deferred Cash Inlows	(102,761,925)	(100,958,093)	(101,224,036)
Net Position	(88,800,728)	(88,800,728)	(93,761,140)
Net Income/Loss	5,357,671	2,607,027	4,960,412
Total Liabilities, Deferred Inflows, Net Position	(186,204,982)	(187,151,794)	(190,024,764)

**Bay Area Hospital
Compliance Certification
as of October 2024**

	TTM <u>Dec-23</u>	TTM <u>Mar-24</u>	Audited TTM <u>Jun-24</u>	TTM <u>Sep-24</u>	TTM <u>Oct-24</u>
A&D. Income Available for Debt Service (Quarterly)					
Excess Revenue over Expenses	\$ (12,940,039)	\$ (7,443,119)	\$ (4,960,412)	\$ (5,496,523)	\$ (7,476,691)
Add:					
Interest Expense	\$ 2,446,531	\$ 2,479,855	\$ 2,412,568	\$ 2,339,585	\$ 2,308,649
Depreciation	\$ 11,965,125	\$ 11,775,739	\$ 11,683,412	\$ 11,556,031	\$ 11,499,784
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -
(Gain) or Loss on extinguishment of debt	\$ -	\$ -	\$ -	\$ -	\$ -
(Gain) or Loss on disposition of assets	\$ -	\$ -	\$ -	\$ -	\$ -
(Gain) or Loss on discontinued operations	\$ -	\$ -	\$ -	\$ -	\$ -
Adj. to value of assets or liabilities (accounting adjustments)	\$ -	\$ -	\$ -	\$ -	\$ -
Unrealized (Gains) or Loss on marketable securities	\$ (1,162,258)	\$ (1,597,199)	\$ (2,447,475)	\$ (5,442,645)	\$ (5,200,716)
(Gains) or Losses - M2M derivatives	\$ -	\$ -	\$ -	\$ -	\$ -
Non-recurring - Consultant, Severance, and Legal Fees	\$ 3,328,489	\$ 4,754,999	\$ 3,933,734	\$ 2,516,888	\$ 2,154,233
(D.1) Income Available for Debt Service	\$ 3,637,848	\$ 9,970,275	\$ 10,621,827	\$ 5,473,337	\$ 3,285,259
(A.2) Debt Service Requirements (MADS)	\$ 3,904,267	\$ 3,904,267	\$ 3,904,267	\$ 3,904,267	\$ 3,904,267
(A.3) Ratio of Line D.1 to Line A.2	0.93	2.55	2.72	1.40	0.84
(D.2) Line D.1 must not be less than	\$ (5,000,000)	\$ 2,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
(D.3) Borrower is in Compliance (Yes/No)	Yes	Yes	Yes	Yes	No
B.1 Days Cash on Hand (Monthly)					
Cash & Equivalents	\$ 9,470,509	\$ 5,514,827	\$ 10,815,033	\$ 9,603,221	\$ 13,224,599
Add: Marketable Securities/Board designated Funds	\$ 50,938,357	\$ 50,606,776	\$ 47,940,908	\$ 43,596,706	\$ 42,843,800
Less: Trustee Held funds	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Outstanding Principal on short term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Proceeds from A/R factoring	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Collateral Posting for Interest Rate Agreements	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Outstanding Principal on Put Indebtedness	\$ -	\$ -	\$ -	\$ -	\$ -
Cash & Equivalents	\$ 60,408,866	\$ 56,121,603	\$ 58,755,941	\$ 53,199,926	\$ 56,068,399
B.2 Cash Operating Expenses					
Total Operating Expenses	\$ 244,669,983	\$ 247,865,831	\$ 250,727,532	\$ 256,974,342	\$ 259,758,158
Add: Interest Expenses	\$ 2,446,531	\$ 2,479,855	\$ 2,412,568	\$ 2,339,585	\$ 2,308,649
Less: Depreciation & Amortization	\$ 11,965,125	\$ 11,775,739	\$ 11,683,412	\$ 11,556,031	\$ 11,499,784
Less: Non-cash expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Losses on refinancing debt	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Provision for uncollectable accounts	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Operating Expenses	\$ 235,151,388	\$ 238,569,947	\$ 241,456,689	\$ 247,757,896	\$ 250,567,023
B.3 Line B2 divided by 365	\$ 644,250	\$ 653,616	\$ 661,525	\$ 678,789	\$ 686,485
B.4 Ratio of Line B.1 to Line B3	94	86	89	78	82
B.5 Line B.4 must not be less than	70	70	70	70	70
B.6 Borrower is in Compliance (Yes/No)	Yes	Yes	Yes	Yes	Yes
C.1 Unrestricted Liquid Funds (Monthly)					
Cash & Equivalents	\$ 9,470,509	\$ 5,514,827	\$ 10,815,033	\$ 9,603,221	\$ 13,224,599
Add: Marketable Securities/Board designated Funds	\$ 50,938,357	\$ 50,606,776	\$ 47,940,908	\$ 43,596,706	\$ 42,843,800
Unrestricted Liquid Funds	\$ 60,408,866	\$ 56,121,603	\$ 58,755,941	\$ 53,199,926	\$ 56,068,399
C.2 Line C.1 must not be less than	\$ 45,000,000	\$ 45,000,000	\$ 45,000,000	\$ 45,000,000	\$ 45,000,000
C.3 Borrower is in Compliance (Yes/No)	Yes	Yes	Yes	Yes	Yes

Signature of Bay Area Hospital:

Name: Mary Le Iota

Title: Chief Financial Officer

Date: 11/09/24