



Month End Financial Narrative
For month ending September 30, 2024

Overall, Bay Area Hospital reported a loss of **\$1.9M** in September, against a budgeted loss of **\$138K**, compared to last year's loss of **\$1.5M**. Gross Revenue for September reached **\$61.2M**, below the budgeted **\$62.5M** by **\$1.3M** (approximately -2.1%). Net Revenue ended the month at **\$19.3M**, with a Net to Gross Revenue Margin of **31.6%**, **\$2.5M** below the budgeted **\$21.8M**.

September 2024	Month To Date					Year to Date				
	Actual	Budget	Variance	Prior Year	Variance	Actual	Budget	Variance	Prior Year	Variance
Total Gross Patient Revenue	61,161,939	62,491,803	(1,329,864)	54,932,928	6,229,011	187,084,503	190,880,055	(3,795,552)	165,984,485	21,100,018
Total Deductions	42,327,355	40,923,256	1,404,099	34,967,673	7,359,683	126,578,907	124,993,113	1,585,793	107,893,724	18,685,182
Other Revenue	468,640	272,730	195,910	236,561	232,079	932,287	818,190	114,097	626,982	305,305
Total Net Revenue	19,303,223	21,841,277	(2,538,053)	20,201,816	(898,593)	61,437,884	66,705,132	(5,267,249)	58,717,742	2,720,141
Wages, Benefits, Contract Labor	11,570,147	11,634,720	64,573	11,037,339	(532,809)	36,025,473	35,184,511	(840,962)	32,839,177	(3,186,297)
Supplies	3,926,175	3,963,393	37,218	3,608,148	(318,026)	11,144,643	11,911,723	767,080	10,406,961	(737,683)
Other Supplies	6,332,178	6,292,012	(40,167)	5,994,616	(337,562)	18,459,846	18,726,274	266,428	16,154,366	(2,305,479)
Total Operating Expenses	21,828,500	21,890,125	61,624	20,640,103	(1,188,397)	65,629,962	65,822,509	192,546	59,400,504	(6,229,459)
Net Operating Income	(2,525,277)	(48,848)	(2,476,429)	(438,287)	(2,086,990)	(4,192,079)	882,624	(5,074,703)	(682,761)	(3,509,318)
Non-Operating Income/Expense	616,242	(89,490)	705,732	(1,114,356)	1,730,597	1,586,163	(281,192)	1,867,355	(1,405,506)	2,991,669
Net Income	(1,909,035)	(138,338)	(1,770,697)	(1,552,643)	(356,392)	(2,605,916)	601,432	(3,207,348)	(2,088,267)	(517,649)

VOLUMES

Inpatient Discharges & Days

- For September, Inpatient discharges fell below budget by 66, actual was 527 against the budget of 593 (-11.1%) and 1 less than the 528 (0.2%) from last year. Patient days were 99 (-4%) lower than budget (2,379 vs 2,2478) but 106 above last year (2,273). The average length of stay (ALOS) was 4.51, above the budget of 4.18 and above last year's 4.30.
- Year to date (YTD) discharges came in under budget by 135 but above last year by 126 (1,683 vs. 1,818 budgeted vs. 1557 last year). YTD Patient Days are lower than budget but higher than last year (7,383 vs 7,600 vs 6,330). ALOS YTD is 4.39 vs 4.18 budget vs 4.07 last year.

ED Visits

- ED visits were above budget for the month and 309 above last year (2,513 visits this month vs. 2,204 budgeted vs. 2,095 last year). 17.8% of all ED Visits were admitted in September, compared to 19.5% in September 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 0.76% in September. There is a very positive trend of hitting best practice numbers. Anything under 2% is considered best practice.
- YTD visits were 7,671 vs. 6,760 budgeted vs 6,677 last year-to-date.

Cardiac Cath Cases

- In September there were 75 Cath Lab cases vs. budget of 100. September of last year had 113. The lab was on divert for a few days this month and the main interventionalist was on vacation and covered by locum providers.
- 275 YTD cases brings us below our YTD budget of 295 and our prior year YTD actual of 311 cases.

Outpatient Visits

- OP Visits are down from budget (10,698 vs 11,533) and from the same month last year (11,219). The most substantial decrease this month was seen in Radiation Oncology, where visits dropped sharply from 280 in August to 167 in September, this is due to backlog in billing. Cardiology Clinic and Lab Visits also saw



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decreases, with Cardiology Clinic dropping from 605 in August to 600 in September, and Lab Visits slightly decreasing from 2,414 in August to 2,296 in September.

- Our YTD actual of 32,270 is below the budgeted YTD of 35,368 and last year’s YTD of 34,682. Radiation Oncology remains the most significant contributor to the YTD shortfall, again due to delays in billing, while Outpatient Infusion, Medical Oncology, and Ultrasound have shown more stability compared to the previous year.

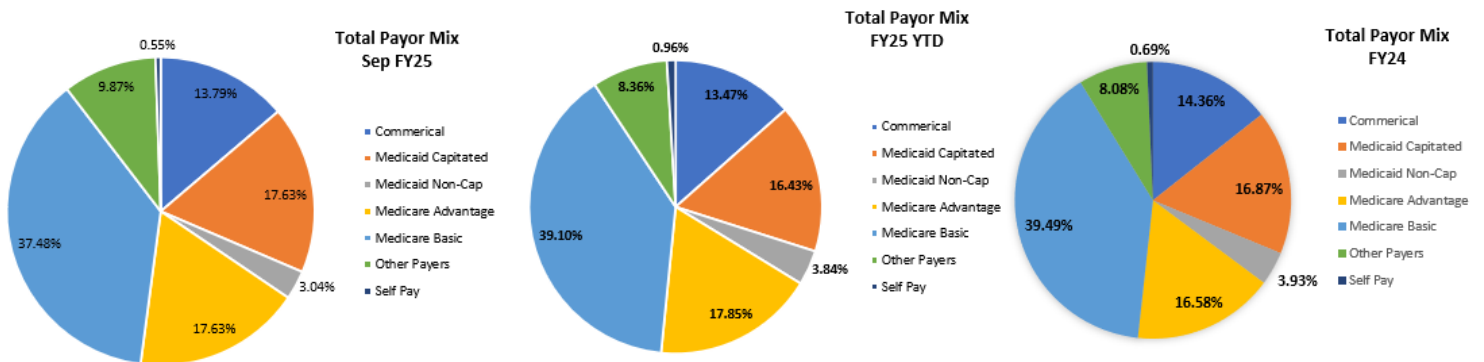
REVENUES

Gross Revenues

- September's Gross Revenues came in at \$61.2M, which is \$1.3M (-2.1%) below the budget of \$62.5M. Lower pharmacy revenues, Medical Oncology and Prefontaine revenues are the drives of the budget variance. Compared to last year, gross revenue was \$6.2M (11.3%) higher (\$61.2M vs. \$54.9M).

Deductions from Revenue

- As a %, Deductions from Revenue were higher than budget at 69.3% vs. 65.5% (31.4% vs 35% revenue realization rates. As has been the trend, we have seen a continued decline in Commercial payor mix; in September, we saw a decrease in Commercial Mix to 13.79%, compared to our FY24 rolling final rate of 14.36% our August rate of 14.41%.
- Other factors of lower Net Revenues are higher bad debt and 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 healthcare revenue was below budget by \$2.6M for the month.



Other Revenues

- Current month actuals were \$467K vs \$273K budget vs \$236K last year. Higher contract pharmacy revenue is the driver of the increase.
- YTD \$932K actual vs \$818K budget vs \$627K last year.



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Net Revenue

- Net Revenue for the month was below budget by \$2.5M and below last year by \$898k (actual of \$19.3M vs. budget of \$21.8M vs. last year of \$20.2M).
- YTD was below budget by \$5.3M but above last year by \$2.7M (actual of \$61.4M vs. budget of \$66.7M vs. last year of \$58.7M).

EXPENSES

Salaries

- Salaries were 3.9% over budget and 13.2% over last year (actual \$8M vs. budget \$7.7M vs. last year \$7.1M). The average hourly rate of \$59.76 is above the budgeted rate of \$58.13. Higher Nursing and physicians costs, including a shift of Pediatric Hospitals from purchase services to employed, are the drivers of the increase.
- Year to date salaries are \$734K over budget and \$2.4M over last year (\$24.2M vs \$23.5M vs \$21.8M).

Contract labor

- Over budget by \$400K and above last year by \$70K (\$2.08M vs \$1.7M budget and \$2.01M last year). Physician contract labor accounts for \$371K of this overage.
- Year to date contract labor is over budget by \$882K and above prior year by \$658K (\$6.06M vs \$5.17M vs \$5.40M).

Benefits

- Overall Benefits expense for the month of September under budget by \$762K, and under last year by \$466K (\$1.5M actual vs \$2.25M budget and \$1.96M last year). Lower insurance costs are the driver of the variance.
- Year to date benefits are under budget by \$775K and above prior year by \$101K (\$5.75M vs \$6.52M vs \$5.65M).

Overall, Salary/Wages/Benefits/Contract labor per Adjusted Patient Day for the month is \$2,018 above the budget of \$1,986 and below last year of \$2,115. YTD actual of \$2,035 is above budget of \$1,957 but below prior year of \$2,165.

Physician and Pro-fees

- Below budget by \$237k and \$394K favorable to last year for the month (\$1.37M actual vs. \$1.61M budget and \$1.77M last year).
- YTD is below budget by \$136K and above prior year by \$283K (\$4.77M actual vs \$4.90M budget and \$4.48M last year).



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Supplies

- For the current month, supply costs were \$37K favorable to budget (0.9%) but \$318K higher compared to the prior year (8.8%).
- Year to date, supply costs are tracking \$767K below budget (6.4% favorable) but remain above the prior year's costs by \$737K (7.1%).

Purchased Services

- For the current month, Purchased Services costs were \$186K above budget (9.0%) and \$587K above the prior year (-35.3%). Drug spend was below budget and the department also had lower revenues this month compared to budget.
- Year to date, Purchased Services costs are tracking \$12.7K above budget (0.2%) and 1.7M higher than the prior year (38.8%)

Lease/Rentals

- For the current month, Leases/Rentals costs were \$2,805 above budget (1.6%) but \$2,000 below the prior year (10.4%).
- Year to date, Leases/Rentals costs are tracking \$3,796 above budget (8.7%) and \$3,482 above the prior year (7.9%).

Depreciation

- For the current month, Depreciation costs were \$31K favorable to budget (3.2%) and \$40K favorable compared to the prior year (4.1%).
- Year to date, Depreciation costs are tracking \$107K below budget (3.7%) and \$127K below the prior year (4.3%).

Other Operating expense

- For the current month, Other Operating Expenses were \$120K unfavorable to budget (7.3%) and \$187K unfavorable compared to the prior year, due to higher utilities and provider tax.
- Year to date, Other Operating Expenses are tracking \$13.8K below budget (0.3%).

Non-Operating Income and Expense

- \$101K above Budget and \$251K above prior year due to favorable market conditions.

Balance Sheet

Cash and Cash Equivalents were \$9.6M at the end of September and Assets limited to use are \$43.6M. Overall cash increased about \$2.65M over last month from a catchup of the Savista backlog that is continuing. Current liabilities increased by \$2.4M compared to last month.

Days Cash on Hand is 78 days. Cash & Equivalents plus Board Designated funds totaled \$53.2M up from August 2024 of \$50M.

Bay Area Hospital
Balance Sheet (Including Foundation)
September 2024

	<u>Sep-24</u>	<u>Aug-24</u>	<u>Audited Jun-24</u>
Assets And Deferred Outflows Of Resources			
Current Assets			
Cash & Cash Equivalents	9,603,221	6,947,377	10,815,033
Accounts Receivable (Net)	32,852,801	36,393,260	28,459,041
Inventory	5,115,725	5,149,710	5,131,308
Other Current Assets	8,090,348	6,372,309	7,400,592
Total Current Assets	55,662,094	54,862,657	51,805,974
Assets Limited As to Use	43,596,706	43,101,504	47,940,908
Capital Assets			
Depreciable Capital Assets (Net)	67,263,239	67,843,013	69,238,682
Nondepreciable Capital Assets	1,680,164	1,766,132	1,410,340
Total Capital Assets (Net)	68,943,403	69,609,145	70,649,022
Leases and Subscriptions (Net)	8,755,856	8,989,137	9,455,681
Other Non Current Assets	704,605	697,918	684,051
Total Assets	177,662,664	177,260,360	180,535,634
Deferred Outflows Of Resources	9,489,130	9,489,130	9,489,130
Total Assets And Deferred Outflows	187,151,794	186,749,490	190,024,764
Liabilities, Deferred Inflows of Resources, And Net Position			
Current Liabilities			
Accounts Payable	(8,662,590)	(7,730,926)	(9,869,356)
Accrued Liabilities			
Payroll, payroll taxes, withholdings	(3,258,599)	(2,646,737)	(4,234,648)
Paid Time Off	(5,580,132)	(5,668,977)	(5,770,522)
Other	(7,647,948)	(6,037,179)	(6,483,501)
3rd Party Settlements Payable (net)	(5,031,639)	(4,956,639)	(3,750,353)
Long-Term Obligations - Current Portion	(3,551,281)	(3,551,281)	(3,551,281)
Deferred Revenue	0	(700,000)	0
Total Current Liabilities	(33,732,190)	(31,291,740)	(33,659,662)
Long Term Obligations (Net of Current Portion)	(48,941,792)	(49,105,249)	(49,503,478)
Other Noncurrent Liabilities	(3,031,498)	(3,024,811)	(3,010,944)
Net Pension Liability	(3,855,240)	(3,827,580)	(3,652,580)
Total Liabilities	(89,560,720)	(87,249,381)	(89,826,663)
Deferred Inflows Of Resources	(11,397,373)	(11,397,373)	(11,397,373)
Total Liabilities & Deferred Cash Inlows	(100,958,093)	(98,646,754)	(101,224,036)
Net Position	(88,800,728)	(88,800,728)	(93,761,140)
Net Income/Loss	2,607,027	697,992	4,960,412
Total Liabilities, Deferred Inflows, Net Position	(187,151,794)	(186,749,490)	(190,024,764)

Bay Area Hospital
Compliance Certification
as of September 2024

	TTM Jun-23	TTM Sep-23	TTM Dec-23	TTM Mar-24	Audited TTM Jun-24	TTM Sep-24
A&D. Income Available for Debt Service (Quarterly)						
Excess Revenue over Expenses	\$ (35,099,115)	\$ (21,329,204)	\$ (12,940,039)	\$ (7,443,119)	\$ (4,960,412)	\$ (5,506,891)
Add:						
Interest Expense	\$ 2,535,806	\$ 2,715,478	\$ 2,446,531	\$ 2,479,855	\$ 2,412,568	\$ 2,339,585
Depreciation	\$ 12,062,287	\$ 12,021,636	\$ 11,965,125	\$ 11,775,739	\$ 11,683,412	\$ 11,556,031
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	\$ 215,664	\$ (207,689)	\$ (1,162,258)	\$ (1,597,199)	\$ (2,447,475)	\$ (5,442,645)
(Gains) or Losses - M2M derivatives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-recurring - Consultant, Severance, and Legal Fees	\$ 1,708,941	\$ 2,974,112	\$ 3,328,489	\$ 4,754,999	\$ 3,933,734	\$ 2,516,888
(D.1) Income Available for Debt Service	\$ (18,576,417)	\$ (3,825,668)	\$ 3,637,848	\$ 9,970,275	\$ 10,621,827	\$ 5,462,969
(A.2) Debt Service Requirements (MADS)	\$ 3,904,267	\$ 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	(4.76)	(0.98)	0.93	2.55	2.72	1.40
(D.2) Line D.1 must not be less than	\$ (25,000,000)	\$ (15,000,000)	\$ (5,000,000)	\$ 2,000,000	\$ 5,000,000	\$ 5,000,000
(D.3) Borrower is in Compliance (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes
B.1 Days Cash on Hand (Monthly)						
Cash & Equivalents	\$ 12,030,483	\$ 13,117,050	\$ 9,470,509	\$ 5,514,827	\$ 10,815,033	\$ 9,603,221
Add: Marketable Securities/Board designated Funds	\$ 53,401,226	\$ 48,303,977	\$ 50,938,357	\$ 50,606,776	\$ 47,940,908	\$ 43,596,706
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	\$ 65,431,709	\$ 61,421,027	\$ 60,408,866	\$ 56,121,603	\$ 58,755,941	\$ 53,199,926
B.2 Cash Operating Expenses						
Total Operating Expenses	\$ 240,424,619	\$ 243,196,104	\$ 244,669,983	\$ 247,865,831	\$ 250,727,532	\$ 256,768,443
Add: Interest Expenses	\$ 2,535,806	\$ 2,715,478	\$ 2,446,531	\$ 2,479,855	\$ 2,412,568	\$ 2,339,585
Less: Depreciation & Amortization	\$ 12,062,287	\$ 12,021,636	\$ 11,965,125	\$ 11,775,739	\$ 11,683,412	\$ 11,556,031
Less: Non-cash expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Losses on refinancing debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Provision for uncollectable accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Operating Expenses	\$ 230,898,139	\$ 233,889,947	\$ 235,151,388	\$ 238,569,947	\$ 241,456,689	\$ 247,551,998
B.3 Line B2 divided by 365	\$ 632,598	\$ 640,794	\$ 644,250	\$ 653,616	\$ 661,525	\$ 678,225
B.4 Ratio of Line B.1 to Line B3	103	96	94	86	89	78
B.5 Line B.4 must not be less than	75	70	70	70	70	70
B.6 Borrower is in Compliance (Yes/No)	N/A	Yes	Yes	Yes	Yes	Yes
C.1 Unrestricted Liquid Funds (Monthly)						
Cash & Equivalents	\$ 12,030,483	\$ 13,117,050	\$ 9,470,509	\$ 5,514,827	\$ 10,815,033	\$ 9,603,221
Add: Marketable Securities/Board designated Funds	\$ 53,401,226	\$ 48,303,977	\$ 50,938,357	\$ 50,606,776	\$ 47,940,908	\$ 43,596,706
Unrestricted Liquid Funds	\$ 65,431,709	\$ 61,421,027	\$ 60,408,866	\$ 56,121,603	\$ 58,755,941	\$ 53,199,926
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	\$ 45,000,000
C.3 Borrower is in Compliance (Yes/No)	N/A	Yes	Yes	Yes	Yes	Yes

Signature of Bay Area Hospital:

Name: Mary Lou Lee
 Title: CEO
 Date: 10/18/24