

July 15, 2021

TO: Legal Counsel

News Media

Salinas Californian  
El Sol  
Monterey County Herald  
Monterey County Weekly  
KION-TV  
KSBW-TV/ABC Central Coast  
KSMS/Entravision-TV

The next regular meeting of the **PERSONNEL, PENSION AND INVESTMENT COMMITTEE - COMMITTEE OF THE WHOLE** of the Salinas Valley Memorial Healthcare System will be held **TUESDAY, JULY 20, 2021, AT 12:00 P.M., IN THE DOWNING RESOURCE CENTER, ROOMS A, B & C, AT SALINAS VALLEY MEMORIAL HOSPITAL, 450 E. ROMIE LANE, SALINAS, CALIFORNIA, OR BY PHONE OR VIDEO (Visit [svmh.com/virtualboardmeeting](http://svmh.com/virtualboardmeeting) for Access Information).**

Please note: Pursuant to Executive Order N-25-20 issued by the Governor of the State of California in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.



Pete Delgado  
President/Chief Executive Officer

**Committee Members: Regina M. Gage – Chair; Richard Turner – Vice Chair; Pete Delgado – President/Chief Executive Officer; Augustine Lopez – Chief Financial Officer; Michelle Childs, Chief Human Resources Officer; and Glenn Berry, M.D. – Medical Staff Member**

**PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING  
JULY 2021 - COMMITTEE OF THE WHOLE  
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**TUESDAY, JULY 20, 2021  
12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C  
SALINAS VALLEY MEMORIAL HOSPITAL  
450 E. ROMIE LANE, SALINAS, CALIFORNIA  
OR BY PHONE OR VIDEO**

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**AGENDA**

1. Approval of Minutes from the Personnel, Pension and Investment Committee Meeting of June 29, 2021 (DELGADO)
  - Motion/Second
  - Action by Committee/Roll Call Vote
2. Review of 2021 SVMHS Engagement Staff Survey (DELGADO/CHILDS)
3. Financial and Statistical Review (LOPEZ)
4. Public Input

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on issues or concerns within the jurisdiction of this District Board which are not otherwise covered under an item on this agenda.

5. Closed Session  
(See Attached Closed Session Sheet information)
6. Reconvene Open Session/Report on Closed Session
7. Adjournment – The August 2021 Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, August 24, 2021, at 12:00 p.m.**

Notes: This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Executive Assistant during regular business hours at 831-755-0741. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

The Committee packet is available at the Committee Meeting, at [www.svmh.com](http://www.svmh.com), and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Committee.

**PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING OF THE BOARD OF DIRECTORS – COMMITTEE OF THE WHOLE**  
**AGENDA FOR CLOSED SESSION**

Pursuant to California Government Code Section 54954.2 and 54954.5, the board agenda may describe closed session agenda items as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items are described in substantial compliance with Section 54954.5 of the Government Code.

**CLOSED SESSION AGENDA ITEMS**

[ ] **LICENSE/PERMIT DETERMINATION**  
(Government Code §54956.7)

**Applicant(s):** (Specify number of applicants) \_\_\_\_\_

[ ] **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**  
(Government Code §54956.8)

**Property:** (Specify street address, or if no street address, the parcel number or other unique reference, of the real property under negotiation): \_\_\_\_\_

**Agency negotiator:** (Specify names of negotiators attending the closed session): \_\_\_\_\_

**Negotiating parties:** (Specify name of party (not agent): \_\_\_\_\_

**Under negotiation:** (Specify whether instruction to negotiator will concern price, terms of payment, or both): \_\_\_\_\_

[ ] **CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**  
(Government Code §54956.9(d)(1))

**Name of case:** (Specify by reference to claimant's name, names of parties, case or claim numbers): \_\_\_\_\_, or

**Case name unspecified:** (Specify whether disclosure would jeopardize service of process or existing settlement negotiations): \_\_\_\_\_

[ ] **CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION**  
(Government Code §54956.9)

Significant exposure to litigation pursuant to Section 54956.9(d)(2) or (3) (Number of potential cases): \_\_\_\_\_

Additional information required pursuant to Section 54956.9(e): \_\_\_\_\_

Initiation of litigation pursuant to Section 54956.9(d)(4) (Number of potential cases): \_\_\_\_\_

**LIABILITY CLAIMS**  
(Government Code §54956.95)

**Claimant:** (Specify name unless unspecified pursuant to Section 54961): \_\_\_\_\_

**Agency claimed against:** (Specify name): \_\_\_\_\_

**THREAT TO PUBLIC SERVICES OR FACILITIES**  
(Government Code §54957)

**Consultation with:** (Specify name of law enforcement agency and title of officer): \_\_\_\_\_

**PUBLIC EMPLOYEE APPOINTMENT**  
(Government Code §54957)

**Title:** (Specify description of position to be filled): \_\_\_\_\_

**PUBLIC EMPLOYMENT**  
(Government Code §54957)

**Title:** \_\_\_\_\_

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION**  
(Government Code §54957)

**Title:** (Specify position title of employee being reviewed): \_\_\_\_\_

**PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**  
(Government Code §54957)

(No additional information is required in connection with a closed session to consider discipline, dismissal, or release of a public employee. Discipline includes potential reduction of compensation.)

**CONFERENCE WITH LABOR NEGOTIATOR**  
(Government Code §54957.6)

**Agency designated representative:** (Specify name of designated representatives attending the closed session): Pete Delgado

**Employee organization:** (Specify name of organization representing employee or employees in question): National Union of Healthcare Workers, ESC Local 20, or

**Unrepresented employee:** (Specify position title of unrepresented employee who is the subject of the negotiations): \_\_\_\_\_

[ ] **CASE REVIEW/PLANNING**  
(Government Code §54957.8)

(No additional information is required to consider case review or planning.)

[ ] **REPORT INVOLVING TRADE SECRET**  
(Government Code §37606 & Health and Safety Code § 32106)

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility): \_\_\_\_\_

**Estimated date of public disclosure:** (Specify month and year): \_\_\_\_\_

[ ] **HEARINGS/REPORTS**  
(Government Code §37624.3 & Health and Safety Code §§1461, 32155)

**Subject matter:** (Specify whether testimony/deliberation will concern staff privileges, report of medical audit committee, or report of quality assurance committee):

[ ] **CHARGE OR COMPLAINT INVOLVING INFORMATION PROTECTED BY FEDERAL LAW** (Government Code §54956.86)

(No additional information is required to discuss a charge or complaint pursuant to Section 54956.86.)

**ADJOURN TO OPEN SESSION**

**MINUTES OF THE JUNE 2021 PERSONNEL, PENSION AND  
INVESTMENT COMMITTEE MEETING  
COMMITTEE OF THE WHOLE  
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**TUESDAY, JUNE 29, 2021**

**12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C  
SALINAS VALLEY MEMORIAL HOSPITAL  
450 E. ROMIE LANE, SALINAS, CALIFORNIA  
OR BY PHONE OR VIDEO**

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Committee Members Present: Regina M. Gage, Chair; Pete Delgado, Augustine Lopez, Michelle Childs, Glenn Berry, MD, in person; Richard Turner, Vice Chair, by teleconference.

Other Board Members Present, Constituting Committee of the Whole: Juan Cabrera and Joel Hernandez Laguna by teleconference, constituting Committee of the Whole.

Also Present: Adrienne Laurent, Clint Hoffman, Molly Heacox, Stacey Callahan, Steven Kjar, Gary Cline, Earlene Young, Lindsey Parnell, Karen Schroeder, Derek Ames in person; Renee Jaenicke and Audrey Parks by teleconference.

A quorum was present and the meeting was called to order at 12:02 p.m. by Regina M. Gage.

**APPROVAL OF MINUTES FROM THE PERSONNEL, PENSION AND INVESTMENT  
COMMITTEE MEETING OF APRIL 27, 2021**

Pete Delgado, President/Chief Executive Officer, recommended the Personnel, Pension and Investment Committee approve the minutes of the Personnel, Pension and Investment Committee Meeting of April 27, 2021. This information was included in the Committee packet.

No Public Comment.

MOTION: The Personnel, Pension and Investment Committee approves the minutes of the Personnel, Pension and Investment Committee Meeting of April 27, 2021, as presented. Moved/Seconded/Roll Call Vote: Ayes: Gage, Turner, Delgado, Lopez, Childs; Noes: None; Abstentions: None; Absent: Berry; Motion Carried.

**CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF (I) THE FINDINGS SUPPORTING RECRUITMENT OF BRITTANY CHAMBERLAIN, MD (II) THE CONTRACT TERMS FOR DR. CHAMBERLAIN'S RECRUITMENT AGREEMENT, AND (III) THE CONTRACT TERMS FOR DR. CHAMBERLAIN'S FAMILY MEDICINE PROFESSIONAL SERVICES AGREEMENT**

Stacey Callahan, Physician Services Coordinator, reported on the recommendation for Board approval of the recruitment of a family medicine physician to Salinas Valley Medical Clinic (SVMC). This information was included in the Committee packet.

In consultation with members of the medical staff, hospital executive management has identified the recruitment of a physician specializing in family practice as a recruiting priority for the hospital's service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in October 2019, the specialty of Family Medicine is recommended as a top priority for recruitment.

Brittany Chamberlain, MD, is the physician recommended for recruitment. This recruitment requires the execution of a two-year Professional Services Agreement, and a Recruitment Agreement for Dr. Chamberlain. The compensation proposed in those agreements has been reviewed against published industry benchmarks to confirm that the terms contemplated are fair market value and commercially reasonable.

No Public Comment.

There was brief discussion among the Committee regarding the excellent qualifications of Dr. Chamberlain.

**MOTION:** The Personnel, Pension and Investment Committee recommends that the Board of Directors make the following findings supporting recruitment of Brittany Chamberlain, MD: (i) the recruitment of a family medicine physician to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and (ii) the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District; and further, approve the contract terms of the Recruitment Agreement for Dr. Chamberlain, and the contract terms of the Family Medicine Professional Services Agreement for Dr. Chamberlain, as presented. Moved/Seconded/Roll Call Vote: Ayes: Gage, Turner, Delgado, Lopez, Childs; Noes: None; Abstentions: None; Absent: Berry; Motion Carried.

**FINANCIAL AND STATISTICAL REVIEW**

Augustine Lopez, Chief Financial Officer, provided a financial and statistical performance review for the month ending May 31, 2021. This information was included in the Committee packet.

Key highlights of the financial summary for May were: (1) consolidated income from operations was \$3.0 million with an operating margin of 5.6%, including \$5.1 million total normalizing items (net); (2) SVMH gross revenues were unfavorable to budget; (3) SVMH payor mix was unfavorable to budget; (4) SVMH total normalized net patient revenues were unfavorable to budget; (5) patient volumes in infusion therapy, cardiology and surgery were stronger than expected; (6) average daily census and total admissions were below budget; (7) total acute average length of stay was favorable to budget; and (8) inpatient surgeries were below budget.

The case mix index for all discharges (with and without COVID) based on discharges for July 2020 thru May 2021 was also reviewed.

Dr. Berry joined the meeting at 12:18 p.m.

**REVIEW INVESTMENT PERFORMANCE FOR QUARTER ENDING MARCH 2021 OF SVMHS'S EMPLOYEE PENSION PLAN, 403(B) PLAN AND 457 PLAN (LOPEZ/KJAR OF LOCKTON INVESTMENT ADVISORS, LLC)**

Augustine Lopez, Chief Financial Officer, introduced Steven Kjar, Vice President, Lockton Investment Advisors, LLC, (LIA), who provided an overview of the market, plan level analysis, asset allocation, and investment performance for the quarter ending March 2021 of SVMHS's 403(b) plan, 457 Deferred Compensation Plan, and the Employees' Defined Benefit Pension Plan. This information was included in the Committee packet.

**Market Commentary**

Mr. Kjar provided the following key highlights:

- Economic Growth - The strong recovery continued as vaccination rollouts and further stimulus supported economic reopening efforts.
- Employment - The shock brought on from COVID continues to subside with only the most impacted areas, such as restaurants and entertainment, still materially impacted.
- Inflation - Inflation accelerated as special election outcomes resulted in additional stimulus measures that could create additional inflationary pressures.
- Interest Rates - Rates increased dramatically creating the worst quarterly return for treasuries in 40 years. Global downward pressures should keep rates low historically.
- Markets - Stock markets continued to march higher with a healthy rotation in leadership from growth to value while bonds lagged as rates increased.

**Compliance Commentary**

Areas reviewed by Mr. Kjar were: (i) tax reform; (ii) retirement plan civil penalties; and (iii) cyber thefts that continue to invade retirement.



The 403(b) Retirement Plan and Section 457 Plan

The 403(b) Retirement Plan and 457 Deferred Compensation Plan utilize the same fund lineup. The Plan offers 13 funds plus the target date funds. The Plans are well diversified by industry standard offering a mix of alternatives that permit diversification by participants. Total assets of the 403(b) plan as of March 31, 2021 were \$100,252,340; and total assets of the 457 Deferred Compensation Plan were \$14,916,918. Approximately 47% of plan assets in the 403(b) Plan are invested in the target date funds, and approximately 38% of plan assets in the 457(b) Plan are invested in the target date funds.

Funds are currently meeting expectations and passing the scorecard metrics established for the funds. No funds are on the watch list at this time. The Transamerica Guaranteed Investment Option is a conservative stable value fund. The current crediting rate is 2.1%, which is a very competitive rate given the low interest rates available in the market.

Defined Benefit Pension Plan

Performance of the portfolio as of March 31, 2021, relative to the benchmark on a one-year, three-year and five-year basis was reviewed by Mr. Kjar as follows:

One year	34.87%
One year benchmark	33.07%
Three Year	9.81%
Three Year Benchmark	10.03%
Five Year	9.67%
Five Year Benchmark	9.61%
Annualized (since inception February 17, 2016)	10.57%

Total assets of the defined benefit plan as of March 31, 2021 were approximately \$397 million. Funds are well diversified in a number of different asset classes. The Invesco Real Estate Fund is on watch. All other investments are passing metrics at this time.

The Committee briefly discussed investment performance relative to various technology stocks and other risk based investments.

**ACTUARY'S PENSION VALUATION OF SVMHS'S DEFINED BENEFIT PENSION PLAN AS OF JANUARY 1, 2021**

Augustine Lopez, Chief Financial Officer, reported that the independent actuarial firm for Salinas Valley Memorial Healthcare District Employees' Defined Benefit Pension Plan is invited to provide a comprehensive actuarial review to the Personnel, Pension and Investment Committee on an annual basis. He introduced Gary Cline of Nicolay Consulting Group, who presented an overview of the actuary's pension valuation of the Defined Benefit Pension Plan as of January 1, 2021. This information was included in the Committee packet. Earlene Young of Nicolay Consulting Group was also present for this discussion.

Steven Kjar, Vice President, Lockton Investment Advisors, LLC, was present to provide commentary. Lockton Investment Advisors is the advisor for Salinas Valley Memorial Healthcare System's retirement plans.

The following areas were reviewed for the Committee:

- January 1, 2021 Valuation Results
  - Key Valuation Assumptions and Methods
    - Investment Return and Discount Rate: 6.5% per annum compounded annually
    - PubG-2010 Mortality Tables – first mortality study by SOA based on public sector employees (new); projected generationally using MP-2020 (new)
    - Actuarial Cost Methods: Actuarially Determined Contribution (ADC) Funding – Traditional Unit Credit (TUC) Cost Method for Classic and Entry Age Normal for the Public Employees' Pension Reform Act (PEPRA); GASB – Entry Age Normal Method – prescribed method
    - Actuarial Asset Methods: 5-year smoothing of investment gains/losses (expected versus actual earnings). GASB 68 Accounting – Market Value
- Impact of Extra Contributions Made in Last Four Plan Years
- Beyond 2021 Funded Status Projections
- Sensitivity of Pension Liability on Discount Rates
- 2022 PEPRA Contribution Rate

The District has reduced the discount rate and investment return assumption over time, and has now adopted an assumed 6.5% rate of return. The adoption of a lower discount rate aligns with the industry trend.

In summary, the financial position for the Plan has improved. This is a function of a reduction in the discount rate, the normal cost contributions made by the District plus additional ad hoc contributions to the Plan, and a solid investment return.

The Committee reviewed the funded status of the Plan and examined the impact on plan liabilities at various discount rates.

**CONSIDER RECOMMENDATION FOR BOARD APPROVAL TO FUND THE REQUIRED MINIMUM CONTRIBUTION TO THE SALINAS VALLEY MEMORIAL HEALTHCARE DISTRICT EMPLOYEES' PENSION PLAN FOR CALENDAR YEAR 2021, PLUS AN ADDITIONAL CASH CONTRIBUTION TO SALINAS VALLEY MEMORIAL HEALTHCARE DISTRICT EMPLOYEES' PENSION PLAN FOR CALENDAR YEAR 2021**

Augustine Lopez, Chief Financial Officer, reported on the recommendation for Board approval to fund the required minimum contribution of \$13,126,725 to the Salinas Valley Memorial Healthcare District Employees' Pension Plan as per the January 1, 2021 Actuarial Valuation Report, plus an additional cash contribution of \$10,000,000 to the Salinas Valley Memorial Healthcare District Employees' Pension Plan for calendar year 2021. This information was included in the Committee packet.

The combined total is \$23,126,725 to be made on or before December 31, 2021. Hospital Management will use this total to estimate monthly funding amounts beginning in calendar year 2022 until they receive the 2022 Actuarial Valuation Report estimated to be available in June of 2022.

No Public Comment.

There was brief discussion among the Committee regarding pension plan contributions.

**MOTION:** The Personnel, Pension and Investment Committee recommends that the Board of Directors approve funding the required minimum contribution in the amount of \$13,126,725, and depositing an additional contribution in the amount of \$10,000,000 to the Salinas Valley Memorial Healthcare District Employees' Pension Plan for Calendar Year 2021, for a total amount of \$23,126,725, as presented. Moved/Seconded/Roll Call Vote: Ayes: Gage, Turner, Delgado, Lopez, Childs, Berry; Noes: None; Abstentions: None; Absent: None; Motion Carried.

### **PUBLIC INPUT**

None.

### **NO CLOSED SESSION**

### **ADJOURNMENT**

There being no other business, the meeting was adjourned at 1:28 p.m. The July 2021 Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, July 20, 2021, at 12:00 p.m.**

Regina M. Gage, Chair  
Personnel, Pension and Investment Committee

/ks

**RECOMMENDATIONS OF THE JUNE 2021 PERSONNEL,  
PENSION AND INVESTMENT COMMITTEE MEETING  
COMMITTEE OF THE WHOLE  
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**June Committee Meeting  
Meeting of June 29, 2021  
To the Board of Directors**

1. **RECOMMEND BOARD APPROVAL OF (I) THE FINDINGS SUPPORTING RECRUITMENT OF BRITTANY CHAMBERLAIN, MD (II) THE CONTRACT TERMS FOR DR. CHAMBERLAIN'S RECRUITMENT AGREEMENT, AND (III) THE CONTRACT TERMS FOR DR. CHAMBERLAIN'S FAMILY MEDICINE PROFESSIONAL SERVICES AGREEMENT**

**RECOMMENDATION:** Recommends that the Board of Directors make the following findings supporting recruitment of Brittany Chamberlain, MD: (i) the recruitment of a family medicine physician to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and (ii) the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District; and further, approve the contract terms of the Recruitment Agreement for Dr. Chamberlain, and the contract terms of the Family Medicine Professional Services Agreement for Dr. Chamberlain, as presented.

2. **RECOMMEND BOARD APPROVAL TO FUND THE REQUIRED MINIMUM CONTRIBUTION TO THE SALINAS VALLEY MEMORIAL HEALTHCARE DISTRICT EMPLOYEES' PENSION PLAN FOR CALENDAR YEAR 2021, PLUS AN ADDITIONAL CASH CONTRIBUTION TO SALINAS VALLEY MEMORIAL HEALTHCARE DISTRICT EMPLOYEES' PENSION PLAN FOR CALENDAR YEAR 2021**

**RECOMMENDATION:** Recommends that the Board of Directors approve funding the required minimum contribution in the amount of \$13,126,725, and depositing an additional contribution in the amount of \$10,000,000 to the Salinas Valley Memorial Healthcare District Employees' Pension Plan for Calendar Year 2021, for a total amount of \$23,126,725, as presented.

*REVIEW OF 2021 SVMHS  
ENGAGEMENT STAFF SURVEY*

*(VERBAL)*

*(DELGADO/CHILDS)*

# Financial Performance Review

## June 2021

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**Augustine Lopez**  
**Chief Financial Officer**



# Consolidated Financial Summary

## For the Month of June 2021

### Profit/Loss Statement

\$ in Millions	For the Month of June 2021				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 63.5	\$ 52.8	\$ 10.7	20.3%	
Operating Expense	\$ 52.2	\$ 50.9	\$ (1.3)	-2.6%	
<b>Income from Operations*</b>	<b>\$ 11.3</b>	<b>\$ 1.9</b>	<b>\$ 9.4</b>	<b>494.7%</b>	
<i>Operating Margin %</i>	17.9%	3.5%	14.4%	411.43%	
Non Operating Income**	\$ (0.2)	\$ 0.8	\$ (1.0)	-125.0%	
<b>Net Income</b>	<b>\$ 11.1</b>	<b>\$ 2.7</b>	<b>\$ 8.4</b>	<b>311.1%</b>	
<i>Net Income Margin %</i>	17.6%	5.1%	12.5%	245.1%	

**\* Income from Operations includes:**

- \$0.7M** AB113 Intergovernmental Transfer (FY 17)
- \$0.4M** AB113 Intergovernmental Transfer (FY 21)
- \$0.9M** PRIME Payment (net) in excess of budget (FY 20)
- \$1.6M** AB915 M-Cal OP Supplemental (FY 20)
- \$3.4M** Prior period Year End Adjustments  
(Pension, A/R, AB 915, Old Master Facility Plan)

**\$7.0M Total Normalizing Items, Net**

\*\*Unfavorable variance in non-operating income is predominantly due to lower than expected returns on investments in subsidiaries

# Consolidated Financial Summary

## For the Month of June 2021 - Normalized

### Profit/Loss Statement

\$ in Millions	For the Month of June 2021				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 54.1	\$ 52.8	\$ 1.3		2.5%
Operating Expense	\$ 49.8	\$ 50.9	\$ 1.1		2.2%
<b>Income from Operations</b>	<b>\$ 4.3</b>	<b>\$ 1.9</b>	<b>\$ 2.4</b>		<b>126.3%</b>
<i>Operating Margin %</i>	8.0%	3.5%	4.5%		128.6%
Non Operating Income	\$ (0.2)	\$ 0.8	\$ (1.0)		-125.0%
<b>Net Income</b>	<b>\$ 4.1</b>	<b>\$ 2.7</b>	<b>\$ 1.4</b>		<b>51.9%</b>
<i>Net Income Margin %</i>	7.7%	5.1%	2.6%		51.0%

#### Favorable results predominantly due to:

- Much stronger than expected outpatient volumes in several programs
- Outpatient surgeries were (17%) 42 cases above budget
- ER outpatient visits were 455 visits (14%) above budget
- Exceptionally well managed length of stay in all payors
- Cost Saving Initiatives: material improvement in labor productivity was achieved



# Consolidated Financial Summary

## Year-to-Date June 2021

### Profit/Loss Statement

\$ in Millions	FY 2021 YTD June				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue*	\$ 667.1	\$ 595.1	\$ 72.0	12.1%	
Operating Expense	\$ 613.8	\$ 591.3	\$ (22.5)	-3.8%	
<b>Income from Operations</b>	<b>\$ 53.3</b>	<b>\$ 3.8</b>	<b>\$ 49.5</b>	<b>1302.6%</b>	
<i>Operating Margin %</i>	8.0%	0.6%	7.4%	1233.3%	
Non Operating Income**	\$ 14.2	\$ 9.2	\$ 5.0	54.3%	
<b>Net Income</b>	<b>\$ 67.5</b>	<b>\$ 13.0</b>	<b>\$ 54.5</b>	<b>419.2%</b>	
<i>Net Income Margin %</i>	10.1%	2.2%	7.9%	359.1%	

**\* Income from Operations includes:**

- \$7.5M AB113 Intergovernmental Transfer Payments (fiscal years ended 2014 through 2021)
- \$5.8M Hospital Quality Assurance Fee, net (18 months ended 12/31/2020)
- \$1.6M AB915 M-Cal OP Supplemental (FY 20)
- \$0.7M Other
- <\$6.2M> Prior Year Adjustments (AB 915, Old Master Facility Plan CIP)

**\$9.4M Total Normalizing Items, Net**

**Favorable performance results due to:**

- Higher than expected inpatient and outpatient volumes

\*\*Favorable variance in non-operating income is predominantly due to higher than expected returns on investments in subsidiaries (including realized gain on sale of Salinas Valley Assisted Living)

# Consolidated Financial Summary

## Year-to-Date June 2021 - Normalized

### Profit/Loss Statement

\$ in Millions	FY 2021 YTD June				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 651.7	\$ 595.1	\$ 56.6	9.5%	
Operating Expense	\$ 607.8	\$ 591.3	\$ (16.5)	-2.8%	
<b>Income from Operations</b>	<b>\$ 43.9</b>	<b>\$ 3.8</b>	<b>\$ 40.1</b>	<b>1055.3%</b>	
<i>Operating Margin %</i>	6.8%	0.6%	6.2%	1033.3%	
Non Operating Income	\$ 14.2	\$ 9.2	\$ 5.0	54.3%	
<b>Net Income</b>	<b>\$ 58.1</b>	<b>\$ 13.0</b>	<b>\$ 45.1</b>	<b>346.9%</b>	
<i>Net Income Margin %</i>	8.9%	2.2%	6.7%	304.5%	

# SVMH Financial Highlights June 2021

Gross Revenues were favorable

- **Gross Revenues** were **11% favorable** to budget
- **IP gross revenues** were **2% favorable** to budget
  - **ED gross revenues** were **7% favorable** to budget
  - **OP gross revenues** were **26% favorable** to budget in the following areas:
    - Infusion Therapy
    - Other OP Pharmacy
    - Cardiology
    - Surgery
    - Radiology
    - Other OP Services

- **Commercial:** **6% above** budget
- **Medicaid:** **5% above** budget
- **Medicare:** **21% above** budget

Payor Mix - **unfavorable** to budget

**Total Normalized Net Patient Revenues** were **\$45.9M**, which was **favorable** to budget by **\$1.5M** or **3.3%**

# Financial Summary – June 2021



## 1) Strong Outpatient business:

- Stronger than expected patient volumes in Infusion Therapy, Cardiology, Radiology, Surgery and Other Outpatient Services

2) Outpatient Surgeries were 17% (42 cases) above budget at 290

3) ER Outpatient visits were above budget by 14% (455 visits);

- Compared to July, visits decreased from 4,456 to 3,593 (a 19% decline)

4) Total Acute ALOS was 10% favorable at 3.7 vs 4.1 days budgeted

5) Medicare ALOS CMI adjusted was 18% favorable at 2.1 days with a Case Mix Index of 2.0



## 6) Lower than expected Inpatient business:

- Average daily census was at 108, 9% below budget of 119

7) Total admissions were 1 admit below budget

- ER admissions were 7% below budget (44 admits)
- ER admissions (including OB ED) were 82% of total acute admissions

8) Inpatient Surgeries were 7% (11 cases) below budget at 153

9) Deliveries were 7% (10 deliveries) below budget at 142

10) OP Observation cases were 13% (20 cases) above budget at 179

# CMI – All Discharges (with & without COVID)

## Based on Discharges July 2020 thru June 2021

All Payors Month	All Discharges				COVID Discharges Only				Discharges Excluding COVID			
	All Payor CMI	Discharges	ADC	ALOS	All Payor CMI	Discharges	ADC	ALOS	All Payor CMI	Discharges	ADC	ALOS
7/31/2020	1.58	906	118	4.0	2.08	108	17	4.8	1.51	798	101	3.9
8/31/2020	1.68	859	117	4.2	2.32	89	18	6.4	1.60	770	99	4.0
9/30/2020	1.71	818	112	4.1	2.27	58	15	7.7	1.66	760	98	3.8
10/31/2020	1.64	864	115	4.1	2.39	55	13	7.5	1.59	809	102	3.9
11/30/2020	1.76	784	110	4.2	2.32	93	18	5.7	1.68	691	92	4.0
12/31/2020	1.76	852	121	4.4	2.15	222	45	6.2	1.62	630	77	3.8
1/31/2021	1.81	890	139	4.8	2.33	289	65	7.0	1.56	601	74	3.8
2/28/2021	1.78	767	119	4.4	2.36	89	27	8.4	1.70	678	92	3.8
3/31/2021	1.74	875	116	4.1	3.11	27	11	12.8	1.69	848	105	3.8
4/30/2021	1.59	824	104	3.8	1.92	9	1	3.7	1.59	815	103	3.8
5/31/2021	1.70	816	100	3.8	2.19	7	1	5.1	1.69	809	99	3.8
6/30/2021	1.64	828	100	3.6	2.04	10	2	5.9	1.63	818	98	3.6
<b>Total</b>	<b>1.70</b>	<b>10,083</b>	<b>114</b>	<b>4.1</b>	<b>2.29</b>	<b>1,056</b>	<b>20</b>	<b>6.7</b>	<b>1.63</b>	<b>9,027</b>	<b>95</b>	<b>3.8</b>

Medicare Month	Medicare Discharges				Medicare COVID Discharges Only				Medicare Discharges Excluding			
	Medicare CMI	Discharges	ADC	ALOS	Medicare CMI	Discharges	ADC	ALOS	Medicare CMI	Discharges	ADC	ALOS
7/31/2020	1.70	335	44	4.1	1.82	32	5	5.0	1.69	303	39	4.0
8/31/2020	1.83	317	52	5.1	2.41	27	7	8.1	1.78	290	45	4.8
9/30/2020	1.90	285	45	4.8	2.11	16	4	7.9	1.89	269	41	4.6
10/31/2020	1.79	333	47	4.4	2.45	19	4	7.1	1.75	314	43	4.2
11/30/2020	1.88	302	47	4.7	2.29	30	8	7.9	1.83	272	39	4.3
12/31/2020	1.96	324	52	5.0	1.97	95	16	5.3	1.96	229	36	4.8
1/31/2021	1.97	360	65	5.6	2.31	133	30	6.9	1.77	227	35	4.8
2/28/2021	1.98	276	50	5.0	2.42	40	12	8.7	1.91	236	37	4.4
3/31/2021	1.84	338	50	4.6	4.62	7	5	22.9	1.78	331	45	4.2
4/30/2021	1.71	324	44	4.1	1.86	2	0	6.5	1.71	322	44	4.1
5/31/2021	1.96	326	46	4.3	3.95	2	1	9.0	1.95	324	45	4.3
6/30/2021	1.97	315	43	4.1		0	0		1.97	315	43	4.1
<b>Total</b>	<b>1.87</b>	<b>3,835</b>	<b>49</b>	<b>4.6</b>	<b>2.56</b>	<b>403</b>	<b>8</b>	<b>7.0</b>	<b>1.83</b>	<b>3,432</b>	<b>41</b>	<b>4.4</b>

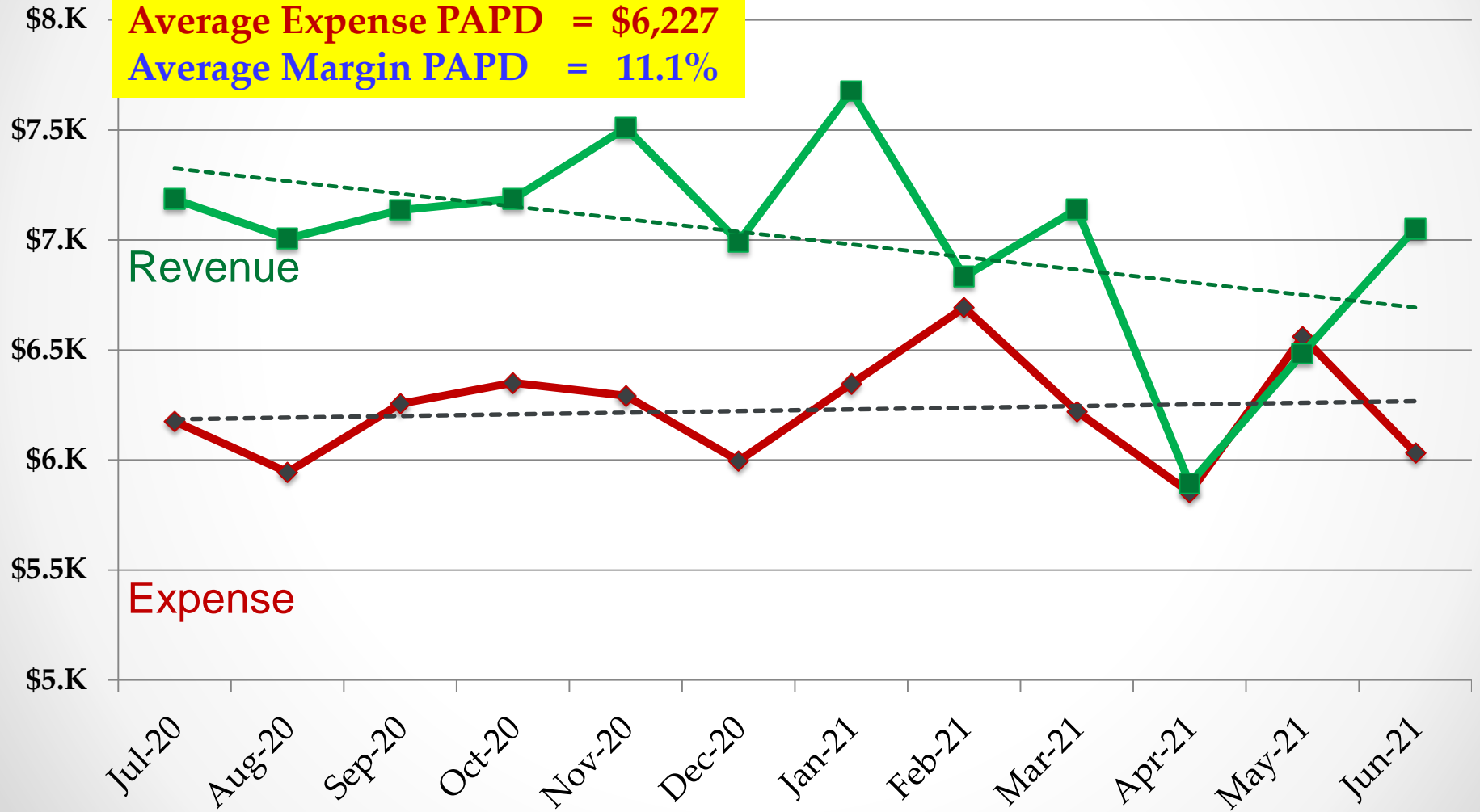
# SVMH Revenues & Expenses Per Adjusted Patient Day (Normalized by month)

## Rolling 12 Months: July 20 to June 21

**Average Revenue PAPD = \$7,008**

**Average Expense PAPD = \$6,227**

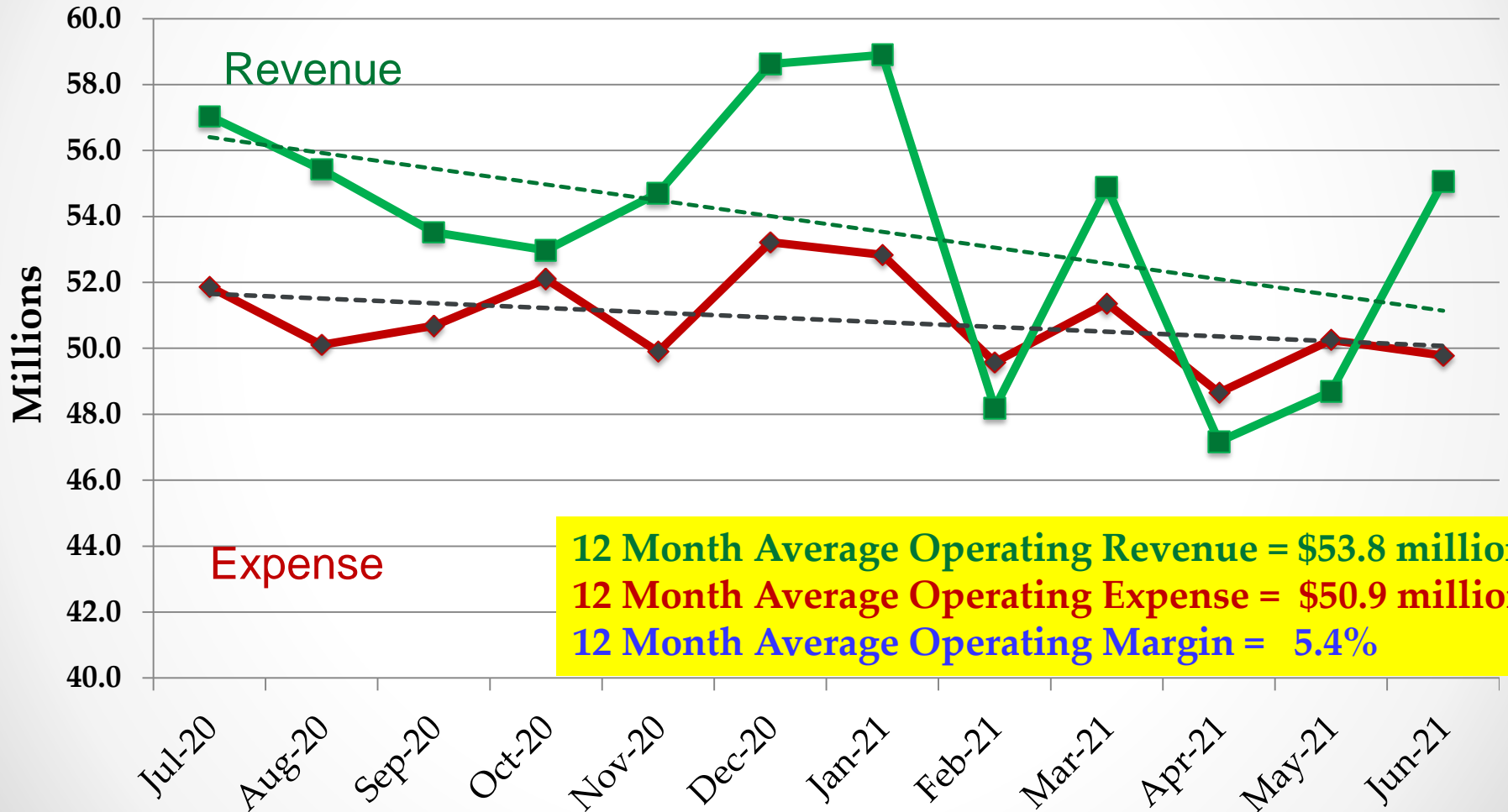
**Average Margin PAPD = 11.1%**



# SVMHS Operating Revenues & Expenses

**(Normalized by month)**

Rolling 12 Months: July 20 to June 21



# SVMHS Key Financial Indicators

June cash collections were \$50.2M

Statistic	YTD	SVMHS		S&P A+ Rated		YTD	
	Jun-21	Target	+/-	Hospitals	+/-	Jun-20	+/-
Operating Margin*	6.8%	9.0%		4.0%		12.4%	
Total Margin*	8.9%	10.8%		6.6%		14.8%	
EBITDA Margin**	11.0%	13.4%		13.6%		15.9%	
Days of Cash*	373	305		249		352	
Days of Accounts Payable*	47	45		-		53	
Days of Net Accounts Receivable***	45	45		49		50	
Supply Expense as % NPR	12.6%	15.0%		-		11.9%	
SWB Expense as % NPR	52.5%	53.0%		53.7%		50.0%	
Operating Expense per APD*	6,241	4,992		-		5,484	

\*These metrics have been adjusted for normalizing items

\*\*Metric based on Operating Income (consistent with industry standard)

\*\*\*Metric based on 90 days average net revenue (consistent with industry standard)

Days of Cash and Accounts Payable metrics have been adjusted to **exclude** accelerated insurance payments (COVID-19 assistance)



# *QUESTIONS / COMMENTS*

SALINAS VALLEY MEMORIAL HOSPITAL  
SUMMARY INCOME STATEMENT  
June 30, 2021

	<u>Month of June,</u>		<u>Twelve months ended June 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 54,346,443	\$ 48,585,682	\$ 572,005,259	\$ 566,355,541
Other operating revenue	1,660,083	645,043	14,604,068	14,656,370
Total operating revenue	<u>56,006,526</u>	<u>49,230,725</u>	<u>586,609,327</u>	<u>581,011,911</u>
Total operating expenses	41,638,956	36,650,380	490,856,433	461,636,279
Total non-operating income	<u>(2,905,703)</u>	<u>690,377</u>	<u>(30,618,754)</u>	<u>(7,254,253)</u>
Operating and non-operating income	<u>\$ 11,461,867</u>	<u>\$ 13,270,721</u>	<u>\$ 65,134,140</u>	<u>\$ 112,121,379</u>

SALINAS VALLEY MEMORIAL HOSPITAL  
 BALANCE SHEETS  
 June 30, 2021

	<u>Current year</u>	<u>Prior year</u>
<b>ASSETS:</b>		
Current assets	\$ 425,957,332	\$ 386,476,087
Assets whose use is limited or restricted by board	143,257,278	130,408,692
Capital assets	244,922,431	266,594,539
Other assets	187,105,312	186,905,448
Deferred pension outflows	<u>49,623,720</u>	<u>83,379,890</u>
	<u>\$ 1,050,866,073</u>	<u>\$ 1,053,764,656</u>
<b>LIABILITIES AND EQUITY:</b>		
Current liabilities	141,767,568	166,836,591
Long term liabilities	14,781,121	14,780,831
	83,376,347	126,340,336
Net assets	<u>810,941,037</u>	<u>745,806,898</u>
	<u>\$ 1,050,866,073</u>	<u>\$ 1,053,764,656</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
SCHEDULES OF NET PATIENT REVENUE  
June 30, 2021**

	<u>Month of June,</u>		<u>Twelve months ended June 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,585	1,435	20,286	21,257
Medi-Cal	914	1,018	12,355	12,825
Commercial insurance	695	827	8,727	9,618
Other patient	41	109	1,391	1,285
Total patient days	<u>3,235</u>	<u>3,389</u>	<u>42,759</u>	<u>44,985</u>
Gross revenue:				
Medicare	\$ 96,958,943	\$ 78,370,371	\$ 1,026,341,868	\$ 984,365,580
Medi-Cal	54,050,431	51,433,550	637,501,652	623,119,840
Commercial insurance	50,490,984	46,843,398	568,462,088	561,788,308
Other patient	6,160,119	8,569,002	98,523,566	94,118,105
Gross revenue	<u>207,660,477</u>	<u>185,216,322</u>	<u>2,330,829,174</u>	<u>2,263,391,834</u>
Deductions from revenue:				
Administrative adjustment	131,169	452,500	3,502,174	4,500,668
Charity care	1,193,690	413,789	12,808,167	10,484,590
Contractual adjustments:				
Medicare outpatient	30,778,098	25,276,652	306,057,790	297,142,477
Medicare inpatient	42,557,050	30,754,833	454,865,294	446,842,225
Medi-Cal traditional outpatient	2,989,944	2,429,345	26,518,159	32,499,887
Medi-Cal traditional inpatient	2,969,748	7,738,011	76,857,735	76,144,573
Medi-Cal managed care outpatient	22,017,776	18,352,771	225,050,608	230,379,747
Medi-Cal managed care inpatient	17,889,988	17,203,079	219,174,385	202,122,987
Commercial insurance outpatient	17,821,126	17,123,111	193,298,540	175,375,270
Commercial insurance inpatient	12,781,064	11,981,821	189,338,065	170,734,918
Uncollectible accounts expense	4,080,441	3,659,023	43,303,645	40,502,360
Other payors	(1,896,060)	1,245,707	8,049,353	10,306,590
Deductions from revenue	<u>153,314,034</u>	<u>136,630,640</u>	<u>1,758,823,915</u>	<u>1,697,036,293</u>
Net patient revenue	<u>\$ 54,346,443</u>	<u>\$ 48,585,682</u>	<u>\$ 572,005,259</u>	<u>\$ 566,355,541</u>
Gross billed charges by patient type:				
Inpatient	\$ 103,538,117	\$ 94,909,778	\$ 1,267,196,564	\$ 1,208,458,751
Outpatient	77,188,082	69,489,725	802,354,256	764,974,151
Emergency room	26,934,280	20,816,818	261,278,353	289,958,933
Total	<u>\$ 207,660,479</u>	<u>\$ 185,216,322</u>	<u>\$ 2,330,829,173</u>	<u>\$ 2,263,391,834</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
STATEMENTS OF REVENUE AND EXPENSES  
June 30, 2021**

	<u>Month of June,</u>		<u>Twelve months ended June 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 54,346,443	\$ 48,585,682	\$ 572,005,259	\$ 566,355,541
Other operating revenue	<u>1,660,083</u>	<u>645,043</u>	<u>14,604,068</u>	<u>14,656,370</u>
Total operating revenue	<u>56,006,526</u>	<u>49,230,725</u>	<u>586,609,327</u>	<u>581,011,911</u>
Operating expenses:				
Salaries and wages	14,905,415	15,074,646	187,979,910	175,692,111
Compensated absences	2,770,858	2,670,666	32,114,313	30,598,525
Employee benefits	3,633,410	4,879,472	82,903,545	82,954,002
Supplies, food, and linen	5,507,039	4,351,170	72,939,727	67,052,147
Purchased department functions	3,160,948	3,204,224	38,823,877	37,001,463
Medical fees	1,355,057	1,959,116	16,411,802	21,124,825
Other fees	7,057,348	1,234,422	23,292,341	12,876,335
Depreciation	1,819,768	1,765,614	21,553,620	20,535,967
All other expense	<u>1,429,113</u>	<u>1,511,050</u>	<u>14,837,298</u>	<u>13,800,904</u>
Total operating expenses	<u>41,638,956</u>	<u>36,650,380</u>	<u>490,856,433</u>	<u>461,636,279</u>
Income from operations	<u>14,367,570</u>	<u>12,580,345</u>	<u>95,752,894</u>	<u>119,375,632</u>
Non-operating income:				
Donations	(461,834)	492,492	2,168,234	13,278,902
Property taxes	1,345,713	915,796	5,012,380	4,582,462
Investment income	(2,113,889)	(1,224,548)	1,008,484	3,896,981
Taxes and licenses	0	0	0	(29,074)
Income from subsidiaries	<u>(1,675,693)</u>	<u>506,637</u>	<u>(38,807,852)</u>	<u>(28,983,524)</u>
Total non-operating income	<u>(2,905,703)</u>	<u>690,377</u>	<u>(30,618,754)</u>	<u>(7,254,253)</u>
Operating and non-operating income	11,461,867	13,270,721	65,134,140	112,121,379
Net assets to begin	<u>799,479,170</u>	<u>732,536,177</u>	<u>745,806,897</u>	<u>633,685,518</u>
Net assets to end	<u>\$ 810,941,037</u>	<u>\$ 745,806,898</u>	<u>\$ 810,941,037</u>	<u>\$ 745,806,898</u>
Net income excluding non-recurring items	\$ 7,807,152	\$ 11,223,277	\$ 48,630,807	\$ 103,242,129
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	<u>3,654,715</u>	<u>2,047,444</u>	<u>16,503,333</u>	<u>8,879,250</u>
Operating and non-operating income	<u>\$ 11,461,867</u>	<u>\$ 13,270,721</u>	<u>\$ 65,134,140</u>	<u>\$ 112,121,379</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
SCHEDULES OF INVESTMENT INCOME  
June 30, 2021**

	Month of June,		Twelve months ended June 30,	
	current year	prior year	current year	prior year
Detail of other operating income:				
Dietary revenue	\$ 128,027	\$ 117,994	\$ 1,606,186	\$ 1,772,036
Discounts and scrap sale	2,553	148,629	1,008,907	1,647,870
Sale of products and services	75,040	5,589	408,243	191,943
Clinical trial fees	760	3,174	110,186	3,174
Stimulus Funds	0	0	0	0
Rental income	127,771	92,604	1,951,216	1,835,326
Other	1,325,932	277,053	9,519,330	9,206,021
	<u>\$ 1,660,083</u>	<u>\$ 645,043</u>	<u>\$ 14,604,068</u>	<u>\$ 14,656,370</u>
Detail of investment income:				
Bank and payor interest	\$ 108,124	\$ 217,441	\$ 1,356,658	\$ 3,017,684
Income from investments	(2,201,203)	(1,437,361)	(3,263,480)	877,268
Gain or loss on property and equipment	(20,810)	(4,628)	2,915,307	2,029
	<u>\$ (2,113,889)</u>	<u>\$ (1,224,548)</u>	<u>\$ 1,008,484</u>	<u>\$ 3,896,981</u>
Detail of income from subsidiaries:				
Salinas Valley Medical Center:				
Pulmonary Medicine Center	\$ (128,966)	\$ 1,490,977	\$ (2,219,778)	\$ (1,310,243)
Neurological Clinic	(7,208)	(30,826)	(925,516)	(725,880)
Palliative Care Clinic	(80,974)	(21,997)	(924,013)	(603,916)
Surgery Clinic	(158,110)	(31,094)	(1,927,081)	(1,304,609)
Infectious Disease Clinic	(42,917)	(19,784)	(341,653)	(289,734)
Endocrinology Clinic	(124,731)	54,658	(2,062,837)	(1,534,378)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(586,677)	(272,626)	(5,654,070)	(5,142,957)
OB/GYN Clinic	(373,951)	54,139	(4,353,833)	(2,303,735)
PrimeCare Medical Group	1,210,971	(577,754)	(7,943,506)	(7,079,755)
Oncology Clinic	(233,934)	(303,750)	(3,235,177)	(2,753,651)
Cardiac Surgery	(303,628)	14,324	(2,043,030)	(1,377,995)
Sleep Center	(44,758)	99,058	(661,689)	(721,157)
Rheumatology	(65,803)	83,488	(665,674)	(254,342)
Precision Ortho MDs	(348,134)	(155,058)	(2,945,324)	(3,428,458)
Precision Ortho-MRI	0	(19,451)	(1,492)	(43,282)
Precision Ortho-PT	(68,136)	(2,191)	(609,168)	(115,955)
Dermatology	(22,427)	(3,523)	(351,332)	(83,847)
Hospitalists	0	0	0	0
Behavioral Health	(91,115)	38,235	(913,412)	(581,991)
Pediatric Diabetes	(30,618)	(50,358)	(409,766)	(325,878)
Neurosurgery	(29,191)	(13,343)	(325,650)	(272,732)
Multi-Specialty-RR	6,120	18,408	49,054	124,110
Radiology	2,494	(13,323)	(2,192,773)	(13,323)
Salinas Family Practice	(54,716)	0	(229,907)	0
Total SVMC	(1,576,409)	338,209	(40,887,627)	(30,143,708)
Doctors on Duty	(209,983)	460,731	612,871	546,896
Assisted Living	0	(11,542)	(65,904)	(88,318)
Salinas Valley Imaging	0	(9,659)	(19,974)	14,366
Vantage Surgery Center	9,975	38,770	261,875	187,175
LPCH NICU JV	0	369,588	0	369,588
Central Coast Health Connect	(96,947)	(90,226)	(96,947)	(90,226)
Monterey Peninsula Surgery Center	95,124	(98,352)	1,263,560	1,183,449
Aspire/CHI/Coastal	25,382	(199,002)	(815,691)	(1,332,341)
Apex	59,449	49,970	167,738	104,637
21st Century Oncology	(13,350)	(343,644)	(77,825)	234,363
Monterey Bay Endoscopy Center	31,066	1,794	850,071	30,596
	<u>\$ (1,675,693)</u>	<u>\$ 506,637</u>	<u>\$ (38,807,852)</u>	<u>\$ (28,983,524)</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
BALANCE SHEETS  
June 30, 2021**

	<b>Current year</b>	<b>Prior year</b>
<b>A S S E T S</b>		
Current assets:		
Cash and cash equivalents	\$ 340,058,708	\$ 301,810,759
Patient accounts receivable, net of estimated uncollectibles of \$21,318,690	70,975,794	69,081,906
Supplies inventory at cost	8,616,495	8,412,644
Other current assets	6,306,335	7,170,778
Total current assets	425,957,332	386,476,087
Assets whose use is limited or restricted by board	143,257,278	130,408,692
Capital assets:		
Land and construction in process	33,482,774	56,817,097
Other capital assets, net of depreciation	211,439,657	209,777,442
Total capital assets	244,922,431	266,594,539
Other assets:		
Investment in Securities	145,963,160	146,721,917
Investment in SVMC	14,018,873	14,438,120
Investment in Aspire/CHI/Coastal	3,904,049	3,821,881
Investment in other affiliates	22,687,057	21,391,357
Net pension asset	532,173	532,173
Total other assets	187,105,312	186,905,448
Deferred pension outflows	49,623,720	83,379,890
	\$ 1,050,866,073	\$ 1,053,764,656
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 60,443,616	\$ 61,960,734
Due to third party payers	63,747,156	87,393,325
Current portion of self-insurance liability	17,576,796	17,482,532
Total current liabilities	141,767,568	166,836,591
Long term portion of workers comp liability	14,781,121	14,780,831
Total liabilities	156,548,689	181,617,422
Pension liability	83,376,347	126,340,336
Net assets:		
Invested in capital assets, net of related debt	244,922,431	266,594,539
Unrestricted	566,018,606	479,212,359
Total net assets	810,941,037	745,806,898
	\$ 1,050,866,073	\$ 1,053,764,656

**SALINAS VALLEY MEMORIAL HOSPITAL**  
**STATEMENTS OF REVENUE AND EXPENSES - BUDGET VS. ACTUAL**  
**June 30, 2021**

	Month of June,				Twelve months ended June 30,			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:								
Gross billed charges	\$ 207,660,477	\$ 187,575,103	20,085,374	10.71%	\$ 2,330,829,174	\$ 2,095,322,007	235,507,167	11.24%
Deductions from revenue	153,314,034	143,167,055	10,146,979	7.09%	1,758,823,915	1,593,337,813	165,486,102	10.39%
Net patient revenue	54,346,443	44,408,047	9,938,396	22.38%	572,005,259	501,984,193	70,021,066	13.95%
Other operating revenue	1,660,083	919,590	740,493	80.52%	14,604,068	11,035,075	3,568,993	32.34%
<b>Total operating revenue</b>	<b>56,006,526</b>	<b>45,327,637</b>	<b>10,678,889</b>	<b>23.56%</b>	<b>586,609,327</b>	<b>513,019,268</b>	<b>73,590,059</b>	<b>14.34%</b>
Operating expenses:								
Salaries and wages	14,905,415	14,795,433	109,982	0.74%	187,979,910	172,459,861	15,520,049	9.00%
Compensated absences	2,770,858	2,593,922	176,936	6.82%	32,114,313	31,733,560	380,753	1.20%
Employee benefits	3,633,410	7,894,746	(4,261,336)	-53.98%	82,903,545	89,966,213	(7,062,668)	-7.85%
Supplies, food, and linen	5,507,039	5,322,395	184,644	3.47%	72,939,727	61,890,026	11,049,701	17.85%
Purchased department functions	3,160,948	3,115,228	45,720	1.47%	38,823,877	37,328,456	1,495,421	4.01%
Medical fees	1,355,057	1,678,265	(323,208)	-19.26%	16,411,802	20,306,659	(3,894,857)	-19.18%
Other fees	7,057,348	824,350	6,232,998	756.11%	23,292,341	10,101,997	13,190,344	130.57%
Depreciation	1,819,768	1,789,255	30,513	1.71%	21,553,620	21,471,064	82,556	0.38%
All other expense	1,429,113	1,388,612	40,501	2.92%	14,837,298	16,828,227	(1,990,929)	-11.83%
<b>Total operating expenses</b>	<b>41,638,956</b>	<b>39,402,207</b>	<b>2,236,749</b>	<b>5.68%</b>	<b>490,856,433</b>	<b>462,086,061</b>	<b>28,770,372</b>	<b>6.23%</b>
<b>Income from operations</b>	<b>14,367,570</b>	<b>5,925,430</b>	<b>8,442,140</b>	<b>142.47%</b>	<b>95,752,894</b>	<b>50,933,207</b>	<b>44,819,687</b>	<b>88.00%</b>
Non-operating income:								
Donations	(461,834)	166,667	(628,501)	-377.10%	2,168,234	2,000,000	168,234	8.41%
Property taxes	1,345,713	333,333	1,012,380	303.71%	5,012,380	4,000,000	1,012,380	25.31%
Investment income	(2,113,889)	160,094	(2,273,983)	-1420.41%	1,008,484	1,921,122	(912,638)	-47.51%
Income from subsidiaries	(1,675,693)	(3,935,149)	2,259,456	-57.42%	(38,807,852)	(46,129,653)	7,321,801	-15.87%
<b>Total non-operating income</b>	<b>(2,905,703)</b>	<b>(3,275,056)</b>	<b>369,352</b>	<b>-11.28%</b>	<b>(30,618,754)</b>	<b>(38,208,531)</b>	<b>7,589,777</b>	<b>-19.86%</b>
<b>Operating and non-operating income</b>	<b>\$ 11,461,867</b>	<b>\$ 2,650,374</b>	<b>8,811,492</b>	<b>332.46%</b>	<b>\$ 65,134,140</b>	<b>\$ 12,724,676</b>	<b>52,409,465</b>	<b>411.87%</b>



**SALINAS VALLEY MEMORIAL HOSPITAL**  
**PATIENT STATISTICAL REPORT**  
For the month of June and twelve months to date

	<u>Month of June</u>		<u>Twelve months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2019-20</u>	<u>2020-21</u>	
<u>NEWBORN STATISTICS</u>					
Medi-Cal Admissions	46	41	547	511	(36)
Other Admissions	97	102	1,295	1,138	(157)
Total Admissions	143	143	1,842	1,649	(193)
Medi-Cal Patient Days	69	65	880	784	(96)
Other Patient Days	155	150	2,168	1,843	(325)
Total Patient Days of Care	224	215	3,048	2,627	(421)
Average Daily Census	7.5	7.2	8.4	7.2	(1.2)
Medi-Cal Average Days	1.6	1.6	1.7	1.6	(0.1)
Other Average Days	0.6	1.4	1.6	1.6	(0.1)
Total Average Days Stay	1.6	1.5	1.7	1.6	(0.1)
<u>ADULTS &amp; PEDIATRICS</u>					
Medicare Admissions	310	334	4,356	3,844	(512)
Medi-Cal Admissions	280	224	2,940	2,789	(151)
Other Admissions	388	296	3,782	3,325	(457)
Total Admissions	978	854	11,078	9,958	(1,120)
Medicare Patient Days	1,231	1,417	18,919	1,344	(17,575)
Medi-Cal Patient Days	1,047	933	12,942	1,048	(11,894)
Other Patient Days	968	768	11,608	40,349	28,741
Total Patient Days of Care	3,246	3,118	43,469	42,741	(728)
Average Daily Census	108.2	103.9	119.1	117.1	(2.0)
Medicare Average Length of Stay	4.0	4.2	4.3	0.3	(4.0)
Medi-Cal Average Length of Stay	3.9	3.5	3.7	0.3	(3.4)
Other Average Length of Stay	2.6	2.1	2.3	9.2	6.9
Total Average Length of Stay	3.5	3.2	3.4	3.7	0.3
Deaths	32	19	311	432	121
Total Patient Days	3,470	3,333	46,517	45,368	(1,149)
Medi-Cal Administrative Days	8	2	78	178	100
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	8	2	78	178	100
Percent Non-Acute	0.23%	0.06%	0.17%	0.39%	0.22%

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	<u>2020</u>	<u>2021</u>	<u>2019-20</u>	<u>2020-21</u>	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	299	234	3,360	3,166	(194)
Heart Center	336	343	4,232	4,076	(156)
Monitored Beds	792	313	10,249	8,700	(1,549)
Single Room Maternity/Obstetrics	391	378	4,824	4,181	(643)
Med/Surg - Cardiovascular	489	728	8,285	8,857	572
Med/Surg - Oncology	230	221	3,018	2,218	(800)
Med/Surg - Rehab	368	379	4,765	5,064	299
Pediatrics	78	80	1,194	1,129	(65)
Nursery	224	215	3,048	2,627	(421)
Neonatal Intensive Care	143	89	1,504	1,530	26
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	76.67%	60.00%	70.62%	66.54%	
Heart Center	74.67%	76.22%	77.09%	74.24%	
Monitored Beds	97.78%	38.64%	103.71%	88.04%	
Single Room Maternity/Obstetrics	35.23%	34.05%	35.62%	30.87%	
Med/Surg - Cardiovascular	36.22%	53.93%	50.30%	53.78%	
Med/Surg - Oncology	58.97%	56.67%	63.43%	46.62%	
Med/Surg - Rehab	47.18%	48.59%	50.07%	53.22%	
Med/Surg - Observation Care Unit	0.00%	69.22%	0.00%	61.40%	
Pediatrics	14.44%	14.81%	18.12%	17.14%	
Nursery	45.25%	43.43%	25.24%	21.75%	
Neonatal Intensive Care	43.33%	26.97%	37.36%	38.00%	

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	<u>2020</u>	<u>2021</u>	<u>2019-20</u>	<u>2020-21</u>	
<u>DELIVERY ROOM</u>					
Total deliveries	148	159	1,816	1,628	(188)
C-Section deliveries	46	47	572	512	(60)
Percent of C-section deliveries	31.08%	29.56%	31.50%	31.45%	-0.05%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	27,464	22,559	261,403	243,618	(17,785)
Out-Patient Operating Minutes	22,425	30,077	299,206	285,341	(13,865)
Total	49,889	52,636	560,609	528,959	(31,650)
Open Heart Surgeries	8	16	129	147	18
In-Patient Cases	203	152	1,964	1,720	(244)
Out-Patient Cases	244	291	3,157	3,001	(156)
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	22	27	345	381	36
High Risk	448	496	6,958	5,899	(1,059)
More Than One Resource	2,126	2,503	29,876	26,240	(3,636)
One Resource	1,654	1,298	18,024	14,534	(3,490)
No Resources	55	93	571	510	(61)
Total	<u>4,305</u>	<u>4,417</u>	<u>55,774</u>	<u>47,564</u>	<u>(8,210)</u>

**SALINAS VALLEY MEMORIAL HOSPITAL**  
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	Month of June		Twelve months to date		Variance
	2020	2021	2019-20	2020-21	
<b>CENTRAL SUPPLY</b>					
In-patient requisitions	12,553	15,068	172,936	178,842	5,906
Out-patient requisitions	11,132	10,428	122,318	117,126	-5,192
Emergency room requisitions	1,687	1,744	31,597	18,844	-12,753
Interdepartmental requisitions	6,090	5,937	81,820	79,845	-1,975
Total requisitions	31,462	33,177	408,671	394,657	-14,014
<b>LABORATORY</b>					
In-patient procedures	30,975	32,668	402,272	419,915	17,643
Out-patient procedures	9,569	11,941	118,468	134,604	16,136
Emergency room procedures	7,396	10,389	111,602	106,977	-4,625
Total patient procedures	47,940	54,998	632,342	661,496	29,154
<b>BLOOD BANK</b>					
Units processed	237	279	3,339	3,386	47
<b>ELECTROCARDIOLOGY</b>					
In-patient procedures	910	1,009	11,990	11,274	-716
Out-patient procedures	419	513	5,237	4,970	-267
Emergency room procedures	759	1,016	10,598	10,698	100
Total procedures	2,088	2,538	27,825	26,942	-883
<b>CATH LAB</b>					
In-patient procedures	89	92	1,006	942	-64
Out-patient procedures	83	122	984	1,068	84
Emergency room procedures	0	0	0	1	1
Total procedures	172	214	1,990	2,011	21
<b>ECHO-CARDIOLOGY</b>					
In-patient studies	280	353	3,564	3,623	59
Out-patient studies	192	231	2,190	2,234	44
Emergency room studies	0	2	15	20	5
Total studies	472	586	5,769	5,877	108
<b>NEURODIAGNOSTIC</b>					
In-patient procedures	167	159	2,069	1,871	-198
Out-patient procedures	28	24	262	294	32
Emergency room procedures	0	0	1	0	-1
Total procedures	195	183	2,332	2,165	-167

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	2020	2021	2019-20	2020-21	
<b>SLEEP CENTER</b>					
In-patient procedures	0	0	0	2	2
Out-patient procedures	154	202	2,123	2,260	137
Emergency room procedures	0	0	0	0	0
Total procedures	<u>154</u>	<u>202</u>	<u>2,123</u>	<u>2,262</u>	<u>139</u>
<b>RADIOLOGY</b>					
In-patient procedures	1,181	1,297	15,511	15,754	243
Out-patient procedures	809	481	5,766	6,551	785
Emergency room procedures	956	1,242	15,689	13,168	-2,521
Total patient procedures	<u>2,946</u>	<u>3,020</u>	<u>36,966</u>	<u>35,473</u>	<u>-1,493</u>
<b>MAGNETIC RESONANCE IMAGING</b>					
In-patient procedures	118	129	1,558	1,476	-82
Out-patient procedures	138	123	1,062	1,614	552
Emergency room procedures	6	9	111	114	3
Total procedures	<u>262</u>	<u>261</u>	<u>2,731</u>	<u>3,204</u>	<u>473</u>
<b>MAMMOGRAPHY CENTER</b>					
In-patient procedures	2,759	3,758	38,130	37,647	-483
Out-patient procedures	2,742	3,733	37,987	37,402	-585
Emergency room procedures	0	0	7	3	-4
Total procedures	<u>5,501</u>	<u>7,491</u>	<u>76,124</u>	<u>75,052</u>	<u>-1,072</u>
<b>NUCLEAR MEDICINE</b>					
In-patient procedures	16	11	211	151	-60
Out-patient procedures	69	62	946	866	-80
Emergency room procedures	0	1	6	9	3
Total procedures	<u>85</u>	<u>74</u>	<u>1,163</u>	<u>1,026</u>	<u>-137</u>
<b>PHARMACY</b>					
In-patient prescriptions	75,836	77,253	1,027,727	1,032,105	4,378
Out-patient prescriptions	16,951	16,768	190,357	176,902	-13,455
Emergency room prescriptions	4,982	6,665	83,380	65,657	-17,723
Total prescriptions	<u>97,769</u>	<u>100,686</u>	<u>1,301,464</u>	<u>1,274,664</u>	<u>-26,800</u>
<b>RESPIRATORY THERAPY</b>					
In-patient treatments	19,733	15,453	193,401	230,319	36,918
Out-patient treatments	434	945	5,847	5,951	104
Emergency room treatments	45	197	4,061	2,036	-2,025
Total patient treatments	<u>20,212</u>	<u>16,595</u>	<u>203,309</u>	<u>238,306</u>	<u>34,997</u>
<b>PHYSICAL THERAPY</b>					
In-patient treatments	2,154	2,436	28,685	27,986	-699
Out-patient treatments	342	386	3,048	3,321	273
Emergency room treatments	0	0	0	4	4
Total treatments	<u>2,496</u>	<u>2,822</u>	<u>31,733</u>	<u>31,311</u>	<u>-422</u>

**SALINAS VALLEY MEMORIAL HOSPITAL**  
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	<u>2020</u>	<u>2021</u>	<u>2019-20</u>	<u>2020-21</u>	
<b>OCCUPATIONAL THERAPY</b>					
In-patient procedures	1,371	1,671	17,269	17,462	193
Out-patient procedures	208	178	1,524	1,653	129
Emergency room procedures	0	0	0	0	0
Total procedures	<u>1,579</u>	<u>1,849</u>	<u>18,793</u>	<u>19,115</u>	<u>322</u>
<b>SPEECH THERAPY</b>					
In-patient treatments	440	463	4,595	4,792	197
Out-patient treatments	52	34	317	348	31
Emergency room treatments	0	0	2	0	-2
Total treatments	<u>492</u>	<u>497</u>	<u>4,914</u>	<u>5,140</u>	<u>226</u>
<b>CARDIAC REHABILITATION</b>					
In-patient treatments	0	0	1	2	1
Out-patient treatments	433	542	5,415	5,302	-113
Emergency room treatments	0	0	0	1	1
Total treatments	<u>433</u>	<u>542</u>	<u>5,416</u>	<u>5,305</u>	<u>-111</u>
<b>CRITICAL DECISION UNIT</b>					
Observation hours	<u>263</u>	<u>332</u>	<u>3,546</u>	<u>3,497</u>	<u>-49</u>
<b>ENDOSCOPY</b>					
In-patient procedures	88	74	1,080	1,108	28
Out-patient procedures	44	26	459	317	-142
Emergency room procedures	0	0	0	0	0
Total procedures	<u>132</u>	<u>100</u>	<u>1,539</u>	<u>1,425</u>	<u>-114</u>
<b>C.T. SCAN</b>					
In-patient procedures	526	593	7,252	6,679	-573
Out-patient procedures	499	412	3,610	5,721	2,111
Emergency room procedures	404	602	6,541	5,778	-763
Total procedures	<u>1,429</u>	<u>1,607</u>	<u>17,403</u>	<u>18,178</u>	<u>775</u>
<b>DIETARY</b>					
Routine patient diets	16,282	17,213	223,724	198,283	-25,441
Meals to personnel	21,283	22,598	287,335	242,951	-44,384
Total diets and meals	<u>37,565</u>	<u>39,811</u>	<u>511,059</u>	<u>441,234</u>	<u>-69,825</u>
<b>LAUNDRY AND LINEN</b>					
Total pounds laundered	<u>89,436</u>	<u>92,016</u>	<u>1,413,705</u>	<u>1,181,422</u>	<u>-232,283</u>

# *PUBLIC INPUT*

*CLOSED SESSION*

*(Report on Item to be  
Discussed in Closed Session)*



*RECONVENE OPEN SESSION/  
REPORT ON CLOSED SESSION*

*ADJOURNMENT – THE AUGUST 2021  
PERSONNEL, PENSION AND  
INVESTMENT COMMITTEE MEETING  
IS SCHEDULED FOR TUESDAY,  
AUGUST 24, 2021, AT 12:00 P.M.*