

May 20, 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 **FINANCE COMMITTEE – COMMITTEE OF THE WHOLE** of the Salinas Valley Memorial Healthcare System will be held **MONDAY, MAY 24, 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 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: Richard Turner – Chair; Juan Cabrera – Vice Chair; Pete Delgado – President/Chief Executive Officer; Augustine Lopez – Chief Financial Officer; Clement Miller – Chief Operating Officer; Harry Wardwell – Community Member; Michael Wilson – Community Member; and Orlando Rodriguez, M.D. – Medical Staff Member

**FINANCE COMMITTEE MEETING – MAY 2021
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**MONDAY, MAY 24, 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 Finance Committee Meeting of April 26, 2021 (DELGADO)
 - Motion/Second
 - Action by Committee/Roll Call Vote
2. Consider Recommendation for Board Approval of Project Funding for the SVMHS Retail Pharmacy Project (MILLER/CHOI/SULLIVAN)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote
3. Review Balanced Scorecard – March 2021 (LOPEZ)
4. Capital Forecast for Fiscal Year 2021 – Information Only (LOPEZ/NORMAN)
5. Financial and Statistical Review (LOPEZ)
6. 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.
7. Closed Session
(See Attached Closed Session Sheet information)
8. Reconvene Open Session/Report on Closed Session

9. Review and Consider Recommendation for Board Approval of Fiscal Year 2022 Operating and Capital Budget (LOPEZ)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote

10. Adjournment – The June 2021 Finance Committee Meeting is scheduled for **Monday, June 21, 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, and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Committee.

FINANCE 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: (Specify description of position to be filled): _____

[] **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): _____

Employee organization: (Specify name of organization representing employee or employees in question): _____, 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): strategic planning/proposed new services and programs

Estimated date of public disclosure: (Specify month and year): unknown

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 APRIL 2021 FINANCE COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**MONDAY, APRIL 26, 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
(Visit svmh.com/virtualboardmeeting for Access Information)**

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.

Committee Members Present: Richard Turner, Chair; Pete Delgado, Clement Miller, Orlando Rodriguez, MD, in person; Juan Cabrera, Vice Chair; Augustine Lopez, and Michael Wilson by teleconference;

Committee Members Absent: Harry Wardwell.

Other Board Members Present, Constituting Committee of the Whole: Regina M. Gage and Victor Rey, Jr., by teleconference, constituting Committee of the Whole.

Also Present: Michelle Childs, Clint Hoffman, Dave Sullivan, Judi Melton, Scott Cleveland, David Kasting, MD, Karen Schroeder, Derek Ames, in person; Audrey Parks, Dave Sullivan, and Renee Jaenicke by teleconference.

A quorum was present and the meeting was called to order at 12:02 p.m. by Richard Turner, Committee Chair.

**APPROVAL OF MINUTES FROM THE FINANCE COMMITTEE MEETING OF
MARCH 22, 2021**

Pete Delgado, President/Chief Executive Officer, recommended the Finance Committee approve the minutes of the Finance Committee Meeting of March 22, 2021. This information was included in the Committee packet.

No Public Comment.

MOTION: The Finance Committee approves the minutes of the Finance Committee Meeting of March 22, 2021, as presented. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson; Noes: None; Abstentions: None; Absent: Wardwell, Rodriguez; Motion Carried.

CONSIDER RECOMMENDATION TO BOARD OF DIRECTORS TO ADOPT THE INITIAL STUDY AND THE MITIGATED NEGATIVE DECLARATION AND APPROVE THE MITIGATION MONITORING AND REPORTING PROGRAM FOR THE DOWNING RESOURCE CENTER PARKING GARAGE ANNEX AND ANCILLARY IMPROVEMENTS

Dave Sullivan, Facilities Management, reported on the recommendation for Board adoption of the Initial Study and the Mitigated Negative Declaration and approval of the Mitigation Monitoring and Reporting Program for the Downing Resource Center Parking Garage Annex and Ancillary Improvements. This information was included in the Committee packet.

As the lead agency for the construction project identified as the Downing Resource Center Parking Garage Annex and Ancillary Improvements (“DRC Annex”), the SVMHS Board of Directors is responsible for compliance with the California Environmental Quality Act (CEQA). Prior to taking action to approve the project, the Board of Directors must adopt the Initial Study and Mitigated Negative Declaration (IS/MND) and approve the Mitigation Monitoring and Reporting Program. Following action by the Board, the City of Salinas Planning Commission must also consider the adopted IS/MND prior to issuing planning approvals and permits. The Mitigation Monitoring and Reporting Program summarizes the mitigation measures of the construction project.

Orlando Rodriguez, MD, joined the meeting at 12:10 p.m.

No Public Comment.

The Committee inquired about what the reporting mechanisms consist of and for how long. Mr. Sullivan noted that reporting begins prior to construction. There will be a number of measures implemented by the City of Salinas Planning Division related to construction noise and traffic mitigation, etc., during the construction phase of the parking structure. All of those measures will be documented by SVMH Facilities Management and reported to the City of Salinas Planning Division to ensure neighbors and area medical offices are minimally impacted by the construction. There is no long-term program after completion of the project.

No Public Comment.

MOTION: The Finance Committee recommends that the SVMHS Board of Directors adopt the Initial Study and the Mitigated Negative Declaration and approve the Mitigation Monitoring and Reporting Program for the Downing Resource Center Parking Garage Annex and Ancillary Improvements, as presented. Moved/Seconded/ Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Rodriguez; Noes: None; Abstentions: None; Absent: Wardwell, Motion Carried.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF THE THREE-YEAR LICENSING AND SUPPORT AGREEMENT RENEWAL OF DRFIRST AS SOLE SOURCE JUSTIFICATION AND CONTRACT AWARD

Audrey Parks, Chief Information Officer, and David Kasting, MD, Chief Medical Information Officer, reported on the recommendation for Board approval of the three-year Licensing and

Support Agreement Renewal of DrFirst as sole source justification and contract award. This information was included in the Committee packet.

DrFirst is Salinas Valley Memorial's platform for e-prescribing of all controlled and non-controlled substances. This software provides physicians with a seamless experience in prescribing medication for their patients upon discharge from the hospital, completion of an outpatient procedure, or the conclusion of an outpatient clinic visit. One minor correction to the Board paper is the term of the three year agreement beginning in March 2021 rather than December 2021.

DrFirst has developed two additional enhancements – My Benefit Check and Electronic Prior Authorization. Sole source justification is recommended because DrFirst is Meditech's only fully integrated e-prescribing software and has provided excellent service in ensuring patients' electronic prescriptions are managed safely and efficiently. A three-year licensing and support renewal is recommended in the amount of \$484,335 over a three-year term.

No Public Comment.

There was brief discussion among the Committee and Executive Leadership regarding the renewal and current rates which are consistent. There was also discussion regarding the potential opportunity for Salinas Valley Medical Clinic and the Hospital to use the same platform for e-prescribing medications. It was noted that DrFirst is directly embedded into the Meditech ecosystem while Surescripts is provided within the Epic system.

Orlando Rodriguez, MD, excused himself from the meeting at 12:25 p.m.

MOTION: The Finance Committee recommends that the Board of Directors approve the three-year licensing and support agreement renewal of DrFirst as sole source justification and contract award in the amount of \$484,335 over the three-year term, as presented.
Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson; Noes: None; Abstentions: None; Absent: Wardwell, Rodriguez; Motion Carried.

REVIEW BALANCED SCORECARD – FEBRUARY 2021

Augustine Lopez, Chief Financial Officer, reviewed the Balanced Scorecard Summary for fiscal year 2021, year-to-date February 2021, which provided an overview of the metrics and performance of the SVMHS organizational goals for Service, People, Quality, Finance, Growth, and Community. This information was included in the Committee packet.

FINANCIAL AND STATISTICAL REVIEW

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

Key highlights of the financial summary for March were: (1) consolidated income from operations was \$3.9 million with an operating margin of 7.1%, including \$0.4 million total normalizing items (net); (2) SVMH gross revenues were favorable to budget; (3) SVMH payor mix was unfavorable to budget; (4) SVMH total normalized net patient revenues were favorable to budget; (5) average daily census was higher than expected; (6) total admissions were above budget; (7) outpatient volumes were higher than expected; (8) total acute average length of stay was favorable to budget; (9) inpatient and outpatient surgeries were above budget; (10) ER outpatient visits were below budget; (11) worked FTEs and paid FTE were unfavorable to budget; however, data compares favorably to the prior month variance; (12) the Medicare average length of stay case mix index adjusted was unfavorable to budget; and (13) total capital expenditures were \$1,231,051.

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

The Committee discussed labor productivity, reduction of contracted staff, comparison to other health care facilities, and work by management to continue to flex staff relative to patient volumes, while managing complex patient acuity and providing quality patient care services. Additional information regarding capital expenditures for SVMHS will be presented to the Committee in May.

PUBLIC INPUT

None.

CLOSED SESSION

Richard Turner, Committee Chair, announced that the item to be discussed in Closed Session is Conference with Real Property Negotiators. The meeting was recessed into Closed Session under the Closed Session protocol at 12:39 p.m.

RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Committee reconvened Open Session at 1:00 p.m. Mr. Turner reported that in Closed Session, the Committee discussed: Conference with Real Property Negotiators. No action was taken in the Closed Session.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF LEASE WITH THE LUGO FAMILY LIVING TRUST FOR 650 WORK STREET SUITE B SALINAS, CA

Pete Delgado, President/Chief Executive Officer, recommended the Finance Committee recommend Board approval of the Lease Agreement between Salinas Valley Memorial Healthcare System and the Lugo Family Living Trust for real property located at 650 Work Street, Suite B, Salinas, California. This information was included in the Committee packet.

No Public Comment.

Following brief discussion among the Committee and Executive Leadership regarding possible options for structuring leases in the future, the Committee determined it prudent to move forward at this time with the lease with the Lugo Family Living Trust for real property located at 650 Work Street, Suite B, in Salinas, as presented.

MOTION: The Finance Committee recommends that the Board of Directors approve the Lease with the Lugo Family Living Trust for 650 Work Street, Suite B, Salinas, California, as presented. Moved/ Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson; Noes: None; Abstentions: None; Absent: Wardwell, Rodriguez; Motion Carried.

ADJOURNMENT

There being no other business, the meeting was adjourned at 1:06 p.m. The May 2021 Finance Committee Meeting is scheduled for **Monday, May 24, 2021, at 12:00 p.m.**

Richard Turner
Chair, Finance Committee

/ks

**RECOMMENDATIONS OF THE APRIL 2021
FINANCE COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**April Committee Meeting
Meeting of April 26, 2021
To the Board of Directors**

1. **RECOMMEND TO BOARD OF DIRECTORS TO ADOPT THE INITIAL STUDY AND THE MITIGATED NEGATIVE DECLARATION AND APPROVE THE MITIGATION MONITORING AND REPORTING PROGRAM FOR THE DOWNING RESOURCE CENTER PARKING GARAGE ANNEX AND ANCILLARY IMPROVEMENTS**

RECOMMENDATION: Recommends that the SVMHS Board of Directors adopt the Initial Study and the Mitigated Negative Declaration and approve the Mitigation Monitoring and Reporting Program for the Downing Resource Center Parking Garage Annex and Ancillary Improvements, as presented.

This item will be considered under Board Agenda Item IX. of the April 29, 2021 Meeting.

2. **RECOMMEND BOARD APPROVAL OF THE THREE-YEAR LICENSING AND SUPPORT AGREEMENT RENEWAL OF DRFIRST AS SOLE SOURCE JUSTIFICATION AND CONTRACT AWARD**

RECOMMENDATION: Recommends that the Board of Directors approve the three-year licensing and support agreement renewal of DrFirst as sole source justification and contract award in the amount of \$484,335 over the three-year term, as presented.

3. **RECOMMEND BOARD APPROVAL OF LEASE WITH THE LUGO FAMILY LIVING TRUST FOR 650 WORK STREET SUITE B SALINAS, CA**

RECOMMENDATION: Recommends that the Board of Directors approve the Lease with the Lugo Family Living Trust for 650 Work Street, Suite B, Salinas, California, as presented.

Board Paper: Finance Committee

Agenda Item: Consider Recommendation for Board Approval of Project Funding for the SVMHS Retail Pharmacy Project

Executive Sponsor: Clement Miller, Chief Operating Officer / Interim CNO
John S. Choi, Director of Pharmacy
Dave Sullivan, Construction Management

Date: March 9, 2021

Executive Summary

SVMHS is pursuing tenant improvements to the first level portion of the parking structure located at 450 E Romie, Salinas, CA. The planned renovations include architectural finish replacements (flooring, paint, drywall finishes), low voltage cabling, office furniture, technology equipment, office equipment, and furnishings necessary to facilitate the retail pharmacy use of the space. Facilities Management is approaching the Board to request approval of capital funding to complete renovations and procure furnishings, furniture, and equipment. The total estimated cost for the project planning, design, permitting, construction, and equipment is \$450,000.

Background/Situation/Rationale

The primary objectives of the retail pharmacy are to support (i) employees & covered lives prescription program, (ii) fulfill discharge prescriptions & medications to hospital beds, (iii) 340B contract pharmacy to SVMH and qualifying clinics and (iv) support SVMH Infusion Center & specialty medications.

Timeline/Review Process to Date:

March 2021: Secure City of Salinas Building Department approvals and commence construction
August 2021: Anticipated completion of renovations
November 2021: Board of Pharmacy approvals to operate pharmacy

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

Medication management and prescription plans continue to change and evolve in the US healthcare system. SVMHS' strategic plan to provide continuity of care and services to our community and employees and covered lives beyond acute care setting includes management of ambulatory prescription distribution and participation in specialty pharmacy program that is in a rapid growth. Our retail pharmacy plan meets the immediate needs of patient's discharge prescriptions, convenience of employee prescription plans. The plan will also provide a long-term business growth in support of the infusion center pharmacy and their needs for specialty pharmacy procurement.

Pillar/Goal Alignment:

Service People Quality Finance Growth Community

Financial Summary

Proforma to be reviewed at the Finance Committee meeting.

Recommendation

Consider recommendation for Board Approval of project funding for the SVMHS Retail Pharmacy Project in the total project estimate amount of \$450,000.

Attachments

1. Project Cost Model prepared March 3, 2021
2. Retail Pharmacy Overview Presentation

Salinas Valley Memorial Healthcare System (10348)

Project Cost Summary: DRC Retail Pharmacy Renovations

Architect/Engineering: WRD Architects

Budget Generated at Procurement Phase

Budget Date: 3/3/2021



BUDGET SUMMARY			
Line Item	Description	A Original Budget	Notes
	1 Construction		
0100	Construction Contract	\$160,000	Multi-Prime Contract Delivery Method
0102	Owner Construction Contingency	\$7,500	Owner Held Contingency
	2 Design		
0200	Professional Fees - Fixed	\$75,000	Architectural & Consulting Engineers
	3 Inspections and Consultation		
0301	Special Inspections	\$5,000	Agency Required Inspection
	4 AHJ Fees		
0401	City Fees (Entitlement and Permitting)	\$9,000	Agency Fees
	5 Soft Costs		
0502	Construction Management - PM/CM	\$78,500	Program Management
	7 FF&E		
0703	Technology Infrastructure	\$95,000	Pioneer Rx Point of Sale Software and IT Infrastructure
	99 Contingency		
9900	Contingency	\$20,000	~5% of Project
Totals		\$450,000	

Retail Pharmacy – Overview and Business case

John Choi, Director of Pharmacy

Rolf J. Norman, Director of Financial Planning & Decision Support

Retail Pharmacy – Overview

Provide:

- Discharge prescriptions at Bedside (Meds to Bed)
- Indigent Prescription Program – 340B
- Employee Prescriptions – convenience
- Specialty Pharmacy Program

Retail Pharmacy – Key Assumptions

- Base retail volumes, COGS and staffing (FTE) is included as projected by CPS (Pharmacy Consultant in 2020) across the 5 year period. The volumes include discharge prescriptions for Inpatient and ED, as well as retail sales to staff.
- Staff salaries have been updated to reflect current SVMH rates for Pharmacist and Pharmacy Tech, as well as higher SVMH benefit rates.
- Oncology Oral drug volume is included as projected by SVMH Pharmacy Management based on usage data from the SVMC Oncology Clinic for specific drugs.
- Oncology drug revenue and COGS is based on Retail Cost (revenue), and SVMH 340b pricing (COGS) to project a conservative picture. In addition, the Retail Pharmacy profitability is reduced by an estimate from SVMC of current profits from the Oncology Drugs. The increased margin arises from SVMH's ability to purchase the drugs at a lower cost than what is available to SVMC.
- The up-front investment consists of the \$450k estimate for the buildout of the location, and other non-capital startup costs estimated by the CPS Consultants.
- The proforma is calculated excluding revenue/expense inflation on the SVMH base revenue/expense

Retail Pharmacy – Financial Forecast

	Initial investment	Year 1	Year 2	Year 3	Year 4	Year 5	5 year Total
CPS Baseline Prescription		17,749	41,412	52,586	56,603	60,406	228,756
Oral Oncology Prescriptions		203	203	203	203	203	1,015
Total Prescriptions	\$	17,952	\$ 41,615	\$ 52,789	\$ 56,806	\$ 60,609	229,771
Capital Investment Retail Pharmacy	\$ 450,000						
Other Startup Expense	\$ 62,500						
CPS Baseline Retail Pharmacy Revenue	\$	599,626	\$ 1,633,073	\$ 2,270,304	\$ 2,553,032	\$ 2,828,508	\$ 9,884,543
Oncology Oral Drug Revenue	\$	1,327,086	\$ 1,327,086	\$ 1,327,086	\$ 1,327,086	\$ 1,327,086	\$ 6,635,430
Total Revenue	\$	1,926,712	\$ 2,960,159	\$ 3,597,390	\$ 3,880,118	\$ 4,155,594	\$ 16,519,973
CPS Baseline Retail Pharmacy COGS	\$	404,747	\$ 1,183,765	\$ 1,677,025	\$ 1,892,760	\$ 2,104,536	\$ 7,262,833
Oncology Oral Drug COGS	\$	658,666	\$ 658,666	\$ 658,666	\$ 658,666	\$ 658,666	\$ 3,293,330
Salaries and Benefits Total	\$	416,044	\$ 464,199	\$ 607,625	\$ 694,822	\$ 797,822	\$ 2,980,512
Other Operating Expense (CPS Estimate)	\$	119,822	\$ 136,744	\$ 147,791	\$ 153,017	\$ 158,114	\$ 715,488
<i>Lost Contribution Margin From SVMC</i>	\$	305,993	\$ 305,993	\$ 305,993	\$ 305,993	\$ 305,993	\$ 1,529,967
Total Expense	\$	512,500	\$ 1,905,272	\$ 2,749,367	\$ 3,397,100	\$ 4,025,132	\$ 15,782,130
Operating Income	\$	(512,500)	\$ 21,440	\$ 210,792	\$ 200,290	\$ 174,860	\$ 737,843
Target Rate - ROI		15.0%					
NPV		(\$32,987)					
IRR		12.2%					
Payback in Years		3.5					

QUESTIONS?

SVMH Balanced Scorecard



FY 2021 YTD March



Organizational Goals by Pillar		FY 2021 Act/Proj	TARGET	Var %		FY 2020 Baseline	
Weight 30%	I. Service						
	Average of Inpatient HCAHPS Scores	74.2	74.2	0.1%		73.7	
	Emergency Room Press Ganey Score	60.6	59.7	1.5%		59.2	
20%	Average of Ambulatory HCAHPS Scores	90.6	91.8	-1.3%		91.3	
	III. Quality & Safety Processes						
	Emergency Room Efficiencies						
	Median length of stay for non-admits (in minutes)	163.0	153.0	-6.5%		154.0	
	Median time from admit decision to time of admission to nursing unit (in minutes)	94.0	85.0	-10.6%		88.0	
	Operating Room Efficiencies						
	Turnover Time (Wheels out / Wheels in) (in minutes)	30.4	29.5	-3.1%		29.0	
	Percentage of 1st Case On Time Start Time	89.4%	89.0%	0.5%		90.4%	
	Hospital Acquired Conditions Average	0.30	0.49	38.2%		0.44	
	20%	IV. Finance					
Income from Operations (Normalized) (\$ in Millions)		\$88,868	\$50,933	74.5%		\$113,306	
Operating Margin (Normalized)		14.9%	9.9%	50.3%		19.2%	
10%	V. Growth						
	I. Increase Aspire Health Plan Medicare Advantage membership to →	5,800	6,069	-4.4%		5,459	
	II. Increase % of patients adopting of EPIC MyChart to →	36.5%	30.0%	21.7%		14.7%	
0%	VI. Community						
	Community activity hours by SVMHS Staff	1,378	-			12,644	

Monthly Scorecard

IP Service (15%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	FY 2021 Act/Proj	TARGET	Var %
I. Service												
1. Communication with Nurses	81.7	80.1	75.3	81.6	82.2	86.2	84.1	81.8	77.9	81.2	82.6	-1.6%
# of Reponses	161	145	138	125	115	155	113	95	159			
2. Communication with Doctors	79.6	82.0	78.5	81.1	80.1	82.6	87.7	86.6	81.6	82.2	81.8	0.5%
# of Reponses	159	145	137	125	115	155	112	95	158			
3. Responsiveness of Hospital Staff	69.9	63.8	68.4	75.3	67.2	72.1	72.0	65.9	65.5	68.9	68.2	1.0%
# of Reponses	156	134	135	114	108	148	109	89	150			
4. Communication About Medicines	68.8	66.9	64.9	71.6	71.7	67.4	69.2	70.5	66.9	68.7	69.7	-1.5%
# of Reponses	107	98	88	83	78	98	88	60	100			
5a. Cleanliness of hospital environment	86.1	73.4	75.7	79.2	77.7	85.0	78.6	77.9	80.5	79.3	81.5	-2.6%
# of Reponses	158	143	136	125	112	153	112	95	159			
5b. Quietness of hospital environment	58.2	59.6	53.6	55.3	50.0	50.0	52.3	52.6	50.0	53.5	48.7	9.9%
# of Reponses	158	141	138	123	112	152	111	95	158			
6. Discharge Information	86.1	89.8	89.2	91.8	89.6	91.6	92.2	88.7	91.3	90.0	90.3	-0.3%
# of Reponses	153	136	127	116	107	151	110	93	153			
7. Care Transitions	54.1	61.3	53.9	56.0	56.2	62.2	65.0	60.5	56.9	58.5	57.0	2.6%
# of Reponses	162	144	137	125	115	154	112	95	158			
8. Overall Rating of Hospital	78.2	73.6	74.8	76.8	77.2	79.6	77.7	85.4	79.3	78.1	78.6	-0.7%
# of Reponses	156	140	135	125	114	152	112	96	159			
Average of Inpatient HCAHPS Scores	73.8	73.0	71.2	75.2	73.5	76.1	76.7	75.6	73.1	74.2	74.2	0.1%
# of Total Reponses - IP	162	145	138	125	115	155	113	96	159			

Notes / Assumptions:

- Source: Press Ganey
- Based on monthly **received date**
- Based on top box scores (highest response possible on the survey scale: Yes, Definitely Yes, Always)
- IP HCAHPS Score FY 2020 Baseline was 73.7. Rationale: Baseline = Threshold is based on 7 month Pre-Covid Average (Aug19 to Feb20; Jul19 not included due to sterilizer event) = 73.7. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline.
- ER Press Ganey Score FY 2020 Baseline was 59.2. Rationale: Baseline = Threshold is based on average of July 2020 Actual, MTD August 18, 2020 Actual, September estimated Average of Jul and Aug, and remainder of the year using 8 month Pre-Covid Average (Jul19 to Feb20) = 59.2. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline
- Ambulatory HCAHPS Score FY 2020 Baseline was 91.3. Rationale: Baseline = Threshold is based on 8 month Pre-Covid Average excluding August 2019 (anomaly) = 91.3. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline

Monthly Scorecard

ER Service (10%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	FY 2021 Act/Proj	TARGET	Var %
I. Service												
Emergency Room Press Ganey Score	56.4	57.9	59.7	64.5	57.7	60.6	62.0	63.7	63.0	60.6	59.7	1.5%
# of Total Responses - ER	269	204	201	177	110	194	207	144	201			

Notes / Assumptions:

- Source: Press Ganey
- Based on monthly **received date**
- Based on top box scores (highest response possible on the survey scale: Yes, Definitely Yes, Always)
- IP HCAHPS Score FY 2020 Baseline was 73.7. Rationale: Baseline = Threshold is based on 7 month Pre-Covid Average (Aug19 to Feb20; Jul19 not included due to sterilizer event) = 73.7. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline.
- ER Press Ganey Score FY 2020 Baseline was 59.2. Rationale: Baseline = Threshold is based on average of July 2020 Actual, MTD August 18, 2020 Actual, September estimated Average of Jul and Aug, and remainder of the year using 8 month Pre-Covid Average (Jul19 to Feb20) = 59.2. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline
- Ambulatory HCAHPS Score FY 2020 Baseline was 91.3. Rationale: Baseline = Threshold is based on 8 month Pre-Covid Average excluding August 2019 (anomaly) = 91.3. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline

Monthly Scorecard

Ambulatory Service (5%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	FY 2021 Act/Proj	TARGET	Var %
I. Service												
1. Communication	81.1	87.6	82.9	93.6	91.5	86.5	87.5	90.1	92.9	88.2	90.3	-2.3%
# of Reponses	65	66	52	64	63	55	40	33	64			
2. Discharge	91.9	94.0	91.4	95.9	92.2	93.2	92.1	94.0	96.1	93.4	94.6	-1.2%
# of Reponses	64	66	53	64	62	55	39	33	64			
3. Facility rating	72.3	87.3	86.8	96.8	82.3	80.0	89.5	78.8	88.9	84.7	85.6	-1.0%
# of Reponses	65	63	53	62	62	55	38	33	63			
4. Facility/Personal Treatment	89.7	97.2	97.5	98.4	96.2	96.3	93.1	97.0	98.7	96.0	96.8	-0.8%
# of Reponses	65	66	53	64	62	55	39	33	64			
Average of Ambulatory HCAHPS Scores	83.7	91.5	89.6	96.2	90.5	89.0	90.5	90.0	94.2	90.6	91.8	-1.3%
# of Total Reponses - Ambulatory	65	66	53	64	63	55	40	33	64			

Notes / Assumptions:

- Source: Press Ganey
- Based on monthly **received date**
- Based on top box scores (highest response possible on the survey scale: Yes, Definitely Yes, Always)
- Includes Departments: Cath Lab, Endoscopy, Angio/Special Procedures Radiology, Outpatient Surgery
- IP HCAHPS Score FY 2020 Baseline was 73.7. Rationale: Baseline = Threshold is based on 7 month Pre-Covid Average (Aug19 to Feb20; Jul19 not included due to sterilizer event) = 73.7. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline.
- ER Press Ganey Score FY 2020 Baseline was 59.2. Rationale: Baseline = Threshold is based on average of July 2020 Actual, MTD August 18, 2020 Actual, September estimated Average of Jul and Aug, and remainder of the year using 8 month Pre-Covid Average (Jul19 to Feb20) = 59.2. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline
- Ambulatory HCAHPS Score FY 2020 Baseline was 91.3. Rationale: Baseline = Threshold is based on 8 month Pre-Covid Average excluding August 2019 (anomaly) = 91.3. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline

Monthly Scorecard

Quality & Safety Processes – ER (8%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	FY 2021 Act/Proj	TARGET	Var %
III. Quality & Safety Processes												
Emergency Room Efficiencies												
Median length of stay for non-admits (in minutes)	124.0	141.0	158.0	172.0	167.0	179.0	181.0	176.0	172.0	163.0	153.0	-6.5%
Median time from admit decision to time of admission to nursing unit (in minutes)	87.0	87.0	86.0	87.0	94.0	120.0	115.5	98.5	87.0	94.0	85.0	-10.6%

Source: Meditech

ER - LOS for Non-Admits in Minutes: Data Criteria: Calculate the median LOS in minutes for ER Outpatients for each month & YTD for cases in ER (excludes inpatients and patients leaving against medical advice or left without being seen.) The Baseline for FY20 was 154.0 minutes; Rationale: Baseline = Threshold is based on FY 2020 Actuals. The Target is a 1 minute improvement from the Baseline, and the Max is a 2 minute improvement from the Baseline.

ER - Time to Admit in Minutes: Data Criteria: Calculate the median time for inpatients from admit decision to time of admission to nursing unit in minutes (includes observation cases). Actuals for FY 2020 was 81.0 minutes. However, Baseline used to determine Threshold for FY 2021 is 88.0, based on July 2020 Actual and MTD 8-18-20 Actual. Rationale: It is expected that Flu & Covid will generate more complexity for ER admissions. The isolation rooms in the ER are limited. When a patient leaves the isolation room, there is a need for terminal cleaning for at least 1 hour which causes a delay to flow of patients. The admission process has become more complicated with patients going to COVID & isolation rooms because of the need for more resources for transport depending on patient's need. Also, COVID testing can take up to an hour so a patient cannot leave ER until COVID results are available to place a patient in proper rooms. FY21 Threshold is a 2.0 minutes improvement from Baseline = 86.0 minutes; FY21 Target = 85.0 minutes; FY21 Max = 84.0 minutes.

Monthly Scorecard

Quality & Safety Processes – OR (8%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	FY 2021 Act/Proj	TARGET	Var %
III. Quality & Safety Processes												
Operating Room Efficiencies												
Turnover Time (Wheels out / Wheels in) (in minutes)	30.7	28.7	29.3	30.3	31.3	33.1	31.6	29.9	28.9	30.4	29.5	-3.1%
Percentage of 1st Case On Time Start Time	92.2%	86.7%	94.2%	83.5%	89.5%	75.9%	87.0%	98.1%	97.8%	89.4%	89.0%	0.5%

Turnover Time Measurement: New Methodology FY 2021 - Calculate minutes elapsed between the PICIS OR Nurse Record wheels out & wheels in of the next case. Historically based on predictive anesthesia end time by the circulating RN in the OR record, this metric was updated to use the anesthesia actual documented end time as a more precise variable to capture and measure data more accurately. The PICIS 8.6 Upgrade in March 2020 prevents modification of time in the Nurse Record and requires the Anesthesia End Time to be documented in the PACU as the patient begins the recovery process rendering it no longer an accurate capture of the TOT wheels out data point. Only cases where the time difference is less than or equal to 60 minutes will be included because breaks are often scheduled in a day. Due to MD availability, cases that exceed 60 threshold minutes will not count as a turnover. Excludes non-scheduled cases. Measurement applies to cases for the same physician and same room only. Data will be partition by actual date rather than previously scheduled date. **National benchmarks range from 25 to 38 minutes.** FY 20 Baseline = 29.0 under the new methodology. Rationale: FY 2021 Goals are: Threshold = 30.5, Target = 29.5, Max = 28.5 in order to achieve sustainability.

Percentage of 1st case On Time Start Time

- 1st scheduled case of the day in each OR room where the scheduled time is between 07:00 AM and 08:59 AM
- Cases in which the patient is Wheeled In at least zero minutes prior to the case
- FY20 Baseline was 90.4%. FY 2021 Goals are: Threshold = 87.0%. Target = 89.0%. Max = 91.0%. Rationale: Increased targets from prior year by 1 percentage point in order to achieve sustainability and maintain patient safety as the priority focus for Perioperative Services.
- **National benchmark goals range from 70% to 80%**

Monthly Scorecard

Quality & Safety Processes – HAC (4%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	FY 2021 Act/Proj	TARGET	Var %
III. Quality & Safety Processes												
Hospital Acquired Conditions												
CLABSI SIR (Standard Infection Ratio)	0.00			0.44			0.00			0.15	0.41	64.2%
# of CLABSI EVENTS	0	0	0	0	1	0	0	0	0	1		
CAUTI SIR (Standard Infection Ratio)	0.91			0.81			0.00			0.57	0.43	-34.5%
# of CAUTI EVENTS	1	0	1	1	0	1	0	0	0	4		
CDI SIR (Standard Infection Ratio)	0.54			0.00			0.00			0.18	0.62	70.8%
# of CDI EVENTS	0	2	1	0	0	0	0	0	0	3		
Hospital Acquired Conditions Average	0.49			0.42			0.00			0.30	0.49	38.2%

- **Source:** NHSN & Medline Interface
- Hospital Acquired Conditions will be measured **quarterly**
- **Rationale for Targets:** The FY 2021 Target is set to meet Leapfrog requirements, which will then align with CMS requirements.
- **Acronyms:**
 1. **CLABSI (Central Line Associated Bloodstream Infection).**
 2. **CAUTI (Catheter Associated Urinary Tract Infection).**
 3. **CDI (Clostridium Difficile Infection).**

Monthly Scorecard

Finance (20%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	FY 2021 Act/Proj	TARGET	Var %
IV. Finance												
Income from Operations (Normalized) (\$ in Millions)	\$7,663	\$8,131	\$7,328	\$6,224	\$8,606	\$10,189	\$10,275	\$1,670	\$6,566	\$88,868	\$50,933	74.5%
Operating Margin (Normalized)	15.3%	16.7%	15.4%	12.9%	17.6%	19.3%	19.3%	4.1%	13.7%	14.9%	9.9%	50.3%

- Target Methodology is based on SVMH's 100% of FY 2021 Board Approved Annual Operating Budget

Monthly Scorecard

Growth (10%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	FY 2021 Act/Proj	TARGET	Var %
V. Growth												
I. Increase Aspire Health Plan Medicare Advantage membership to →	5,497	5,529	5,545	5,559	5,571	5,591	5,814	5,817	5,800	5,800	6,069	-4.4%
II. Increase % of patients adopting of EPIC MyChart to →	-	-	21.1%	21.8%	22.7%	24.7%	28.6%	32.4%	36.5%	36.5%	30.0%	21.7%

- **Aspire:** Our target for FY21 is based on detail provided by the executive team at Aspire Health Plan. We are using the current Aspire sales goals for the Special Election Period (SEP) and Annual Election Period (AEP) in line with our current business plan and bid targets. The projected increase of 610 members from our baseline of 5,459 in June is less than our prior year target of a 949 member increase. The primary driver behind the reduction in member growth projection is major changes in the plan design (benefits) to all of the plans, but to the Plus Plan in particular. The changes reflect a desire to improve plan profitability and mitigate risk. Our corridor for minimum and maximum thresholds is proportional to our targets last year with a +/- 20% of the targeted increase in members or 122 members over or under the target. The final result will be based on CMS paid members for the month of June in the July report from CMS.
- **Epic MyChart:** Our target for FY21 is based on benchmarks provided by Epic when compared to our peers that are using Epic MyChart and the recommendations from Epic Ambulatory Advisory Council. The middle 50% of Epic installations from our peer group ranges from 28% to 48% with a median of 38%, our current performance is 14.7% and is improving as we continue to push adoption and implement strategies to engage our patients through MyChart as our primary telemedicine platform. The 30% target was set by the Epic Ambulatory Advisory Council on February 20, 2020. The corridor for minimum and maximum thresholds is +/- 5% for a range from 25% to 35%. The final result will be based on patients with visits in FY21 that have an active MyChart account.

Monthly Scorecard

Community (0%)



Organizational Goals by Pillar	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>FY 2021 Act/Proj</u>	TARGET	Var %
VI. Community												
Community activity hours performed by SVMH Staff	164	120	41	264	96	77	109	56	107	1,378	-	-
Increase participation in the Blue Zones Project										NA	844	0.0%

Notes / Assumptions:

- **Community Activity Hours Performed by SVMHS Staff:** Source: SVMH Activity Tracker Application. As a result of the challenging times during the pandemic, there will not be an established target for FY 2021 to dismiss the pressures of performing community activity hours.

Questions / Comments?



May 2021 – Finance Committee

Capital Status Update FY21, April YTD

FY21 Capital Spending Forecast Summary

FY 21 Capital Budget Summary	Budget	Forecast
Total Routine Capital	\$ 21.9m	\$ 18.0m
Total Strategic Capital (Including SVMC, Epic)	\$ 18.0m	\$ 3.4m
Master Facility Planning & Design (Pre Covid Estimate)	\$ 25.6m	\$ 0.2m
Total Capital Budget	\$ 65.5m	\$ 21.6m

Key Changes with impact on capital spending FY21

- Routine capital spending was slowed down due to continuing impact from Covid-19.
- Strategic capital budget projects budgeted in FY21 with changes:
 - \$4.7m to build out 420 E. Romie lane. Minor spending only, the project is on hold due to changes in market conditions for specialty drugs.
 - \$4.0m to build out 588 Abbott street. This project was reduced to \$820k
 - \$600k for Ryan Ranch MRI, Postponed.
 - \$6.0m for 212 San Jose street buildout, postponed to FY 22.
- The Master Facility Plan spending was put on hold due to Covid and has restarted with minor planning and design expense in late Q4 of FY2021.

Strategic Capital Forecast Includes:	
Epic:	\$342k
Taylor Farms:	\$940k
420 E. Romie:	\$107k
588 Abbott St:	\$820k
MPSC Share:	\$526k
<u>SVMC Est. Cap:</u>	<u>\$650k</u>
Total	\$3.4m

FY21 Capital Spending Overview – Spending By Project, April YTD

Board Approvals Capital Projects From FY2018, FY2019, FY2020, & FY2021 BOD Minutes* WITH SPENDING IN FY21 >\$10k (except recent projects)							
(1) Project Name	(2) Board Approved Month	(3) Board Approved Amount	(4) FY2021 Spend YTD April	(5) Total Project Spend Since Inception	(6) Total Project Spend Since Inception vs Board Approval Under / (Over) Spend	(7) Type	

Projects with Board Approval and Spending in FY2021

1	Epic Ambulatory Software - Capital Only (5 years)	19-Mar	\$20,987,529	\$341,732	\$18,098,778	\$2,888,751	Epic
2	Taylor Farms Health and Wellness Center Expansion	19-Apr	\$9,737,396	\$940,453	\$9,642,195	\$95,201	Strategic
3	HOK and Kaufman Hall (Master Plan Consulting)	19-Aug/19-Sep	\$9,370,809	\$34,491	\$4,257,426	\$5,113,383	Facility MP
4	OP Specialty Clinic and Retail Pharmacy (420 E Romie)	19-Sep / 20-Mar	\$5,369,790	\$107,362	\$245,687	\$5,124,103	Strategic
5	Cath Lab Construction Project	19-Jun	\$3,835,000	\$141,701	\$3,632,213	\$202,787	Routine
6	212 San Jose Street Renovation/Development	21-Jan	\$3,825,281	\$0	\$0	\$3,825,281	Strategic
7	Nurse Call System Replacement	18-Oct / 20-Feb	\$3,114,140	\$49,670	\$1,826,767	\$1,287,373	Routine
8	Diagnostic Imaging Room 3 Equipment Replacement project	20-Feb / 20-Jun	\$2,500,000	\$1,881,927	\$2,133,520	\$366,480	Routine
9	Lab Analyzer Replacement Project	20-Oct / 21-Mar	\$2,200,000	\$142,469	\$142,469	\$2,057,531	Routine
10	Heart Center Air Handler Unit Upgrade Project	21-Mar	\$1,700,000	\$137,571	\$212,209	\$1,487,791	Routine
11	PBX Department Relocation Project	20-Sep	\$1,680,000	\$854,578	\$963,969	\$716,031	Routine
12	Surgery Video Tower System Replacement	20-Aug	\$1,425,289	\$1,425,289	\$1,425,289	\$0	Routine
13	Hospital Campus - Fire Pump Replacement	19-Apr	\$1,228,273	\$30,667	\$1,168,036	\$60,237	Routine
14	Parking Garage Annex Design/Build	20-Mar / 21-Jan	\$1,142,285	\$130,807	\$130,807	\$1,011,478	Facility MP
15	OB Cesarean Conversion Project	21-Mar	\$1,030,202	\$80,265	\$80,265	\$949,937	Routine
16	558 Abbott Street Leasehold Improvements	20-Sep	\$820,000	\$719,570	\$719,570	\$100,430	Strategic
17	GE Cardiac Ultrasound Replacement	21-Mar	\$771,375	\$842,727	\$842,727	(\$71,352)	Routine
18	3 Rossi Circle Leasehold Improvements	20-Jul	\$572,171	\$597,902	\$597,902	(\$25,731)	Routine
19	Redi-Kit Bedside Monitoring Expansion	20-Dec	\$461,365	\$491,927	\$491,927	(\$30,562)	Routine
20	Styker Large Bone Power Tools	20-Jul	\$448,376	\$497,327	\$497,327	(\$48,951)	Routine
21	Conference Rooms Video Conferencing Solution	20-Oct	\$430,989	\$252,450	\$252,450	\$178,539	Routine
22	Air Handler Unit - Coil Replacement Project	20-Jun	\$381,583	\$21,697	\$381,143	\$440	Routine

Total			\$73,031,853	\$9,722,580	\$47,742,676	\$25,289,177	
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FY21 Capital Spending Overview – Spending By Project, April YTD

Board Approvals Capital Projects From FY2018, FY2019, FY2020, & FY2021 BOD Minutes* WITH SPENDING IN FY21 >\$10k (except recent projects)							
	(1) Project Name	(2) Board Approved Month	(3) Board Approved Amount	(4) FY2021 Spend YTD April	(5) Total Project Spend Since Inception	(6) Total Project Spend Since Inception vs Board Approval Under / (Over) Spend	(7) Type
Projects With CEO Approval and Spending > \$100k in FY2021, YTD April							
23	Centrak Temperature and Humidity Monitoring	-	-	\$64,608	\$325,852	-	Routine
24	Server,NET OPS: Servers (Capacity)	-	-	\$255,076	\$255,076	-	Routine
25	Network,NET ENG: Wireless Access Points (Lifecycle)	-	-	\$230,858	\$230,858	-	Routine
26	Server,NET OPS: Storage	-	-	\$213,475	\$213,475	-	Routine
27	Other IT,SYS SEC: Checkpoint Upgrade	-	-	\$204,673	\$204,673	-	Routine
28	Other Miscellaneous,Foundation Office Move to West Market	-	-	\$160,926	\$160,926	-	Routine
29	Repeater,Digital Radio Communication System	-	-	\$115,917	\$115,917	-	Routine
30	Computer,TECH SVCS: Laptops Lifecycle	-	-	\$113,167	\$113,167	-	Routine
All Other SVMH (Routine)/SVMC Capital Spending				\$3,869,753			
Grand Total				\$14,951,033.00			

Financial Performance Review

April 2021

Augustine Lopez
Chief Financial Officer



Consolidated Financial Summary

For the Month of April 2021

Profit/Loss Statement

\$ in Millions	For the Month of April 2021					
			Variance fav (unfav)			
	Actual	Budget	\$VAR	%VAR		
Operating Revenue	\$ 46.6	\$ 52.9	\$ (6.3)	-11.9%		
Operating Expense	\$ 48.8	\$ 50.9	\$ 2.1	4.1%		
Income from Operations*	\$ (2.2)	\$ 2.0	\$ (4.2)	-210.0%		
Operating Margin %	-4.7%	3.7%	-8.4%	-227.03%		
Non Operating Income**	\$ 3.8	\$ 0.6	\$ 3.2	533.3%		
Net Income	\$ 1.6	\$ 2.6	\$ (1.0)	-38.5%		
Net Income Margin %	3.4%	4.9%	-1.5%	-30.6%		

*No Normalizing items in April

**Favorable variance in non-operating income is predominantly due to realized gain of \$3.4M on sale of Salinas Valley Assisted Living

Repayment of Interest-Free Loans:

- Medicare recoupment has begun
- CCAH loan was repaid in November 2020
- Blue Shield loan is scheduled to be repaid by May 2021

Unfavorable results due to:

- Lower than expected inpatient and outpatient volumes
- Unfavorable payor mix where commercial insurance admissions were below budget by 16%
- Higher than budgeted FTEs on a per adjusted ADC basis
 - However, an improvement in labor productivity and overtime management was achieved

Consolidated Financial Summary

Year-to-Date April 2021

Profit/Loss Statement

\$ in Millions	FY 2021 YTD April				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 549.3	\$ 488.5	\$ 60.8	12.4%	
Operating Expense	\$ 511.5	\$ 489.4	\$ (22.1)	-4.5%	
Income from Operations*	\$ 37.8	\$ (0.9)	\$ 38.7	4300.0%	
<i>Operating Margin %</i>	6.9%	-0.2%	7.1%	3550.0%	
Non Operating Income**	\$ 14.2	\$ 7.9	\$ 6.3	79.7%	
Net Income	\$ 52.0	\$ 7.0	\$ 45.0	642.9%	
<i>Net Income Margin %</i>	9.5%	1.4%	8.1%	578.6%	

*** Income from Operations includes:**

- \$0.2M** Prior Year Medicare Cost Report Settlement
- \$1.4M** AB113 Intergovernmental Transfer Payment
Related to FY18 & FY19 (ACA Pop Health Supplement)
- \$5.8M** Hospital Quality Assurance Fee, net
- \$0.4M** AB113 Intergovernmental Transfer Payment
Related to FY16 (ACA Pop Health Supplement)

\$7.8M Total Normalizing Items, Net

Favorable 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

Consolidated Financial Summary

Year-to-Date April 2021 - Normalized

Profit/Loss Statement

\$ in Millions	FY 2021 YTD April				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 541.5	\$ 488.5	\$ 53.0	10.8%	
Operating Expense	\$ 511.5	\$ 489.4	\$ (22.1)	-4.5%	
Income from Operations	\$ 30.0	\$ (0.9)	\$ 30.9	3433.3%	
<i>Operating Margin %</i>	5.5%	-0.2%	5.7%	2850.0%	
Non Operating Income**	\$ 14.2	\$ 7.9	\$ 6.3	79.7%	
Net Income	\$ 44.2	\$ 7.0	\$ 37.2	531.4%	
<i>Net Income Margin %</i>	8.2%	1.4%	6.8%	485.7%	

SVMH Financial Highlights April 2021

Gross Revenues were favorable

- **Gross Revenues** were **5% favorable** to budget
- **IP gross revenues** were **1% unfavorable** to budget
 - **ED gross revenues** were **8.5% unfavorable** to budget

- **OP gross revenues** were **21% favorable** to budget in the following areas:

- Infusion Therapy
- Other OP Pharmacy
- Cardiology
- Surgery
- Other OP Services

- **Commercial:** **16% below** budget
- **Medicaid:** **7% above** budget
- **Medicare:** **16% above** budget

Payor Mix - **unfavorable** to budget

Total Net Patient Revenues were \$38.0M, which was **unfavorable** to budget by \$6.4M or 14.4%

COVID Inpatient Discharge Cases Payor Mix Analysis July 2020 thru April 2021

Payor	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21
Medicare	42	28	17	21	36	105	150	50	9	2
Medi-Cal	35	34	19	22	28	62	84	23	12	1
Commercial	29	22	22	10	27	48	53	13	5	5
Other	2	5		2	2	7	2	3	1	1
Grand Total	108	89	58	55	93	222	289	89	27	9

COVID Inpatient cases decreased during April compared to prior months.

Note: COVID Criteria is based on any DX U07.1 diagnosis code

Financial Summary – April 2021



1) Strong Outpatient business:

- Stronger than expected patient volumes in Infusion Therapy, Cardiology, and Surgery

2) Outpatient Surgeries were 11% (27 cases) above budget at 275

3) Total Acute ALOS was 3% favorable at 4.0 vs 4.1 days budgeted

4) Medicare ALOS CMI adjusted was 1% favorable at 2.4 days with a Case Mix Index of 1.7



5) Lower than expected Inpatient business:

- Average daily census was at 109, 8% below budget of 119

6) Total admissions were 6% or 49 admits below budget; driven mostly by 32 (16%) fewer commercial admissions

- ER admissions were 11% below budget (75 admits)
- ER admissions (including OB ED) were 84% of total acute admissions

7) ER Outpatient visits were below budget by 2% (48 visits);

- Compared to July, visits decreased from 4,456 to 3,090 (a 31% decline)

8) Inpatient Surgeries were 8% (14 cases) below budget at 150

9) Deliveries were 16% (24 deliveries) below budget at 128

- 10) OP Observation cases were 5% (8 cases) above budget at 167

CMI – All Discharges (with & without COVID)

Based on Discharges

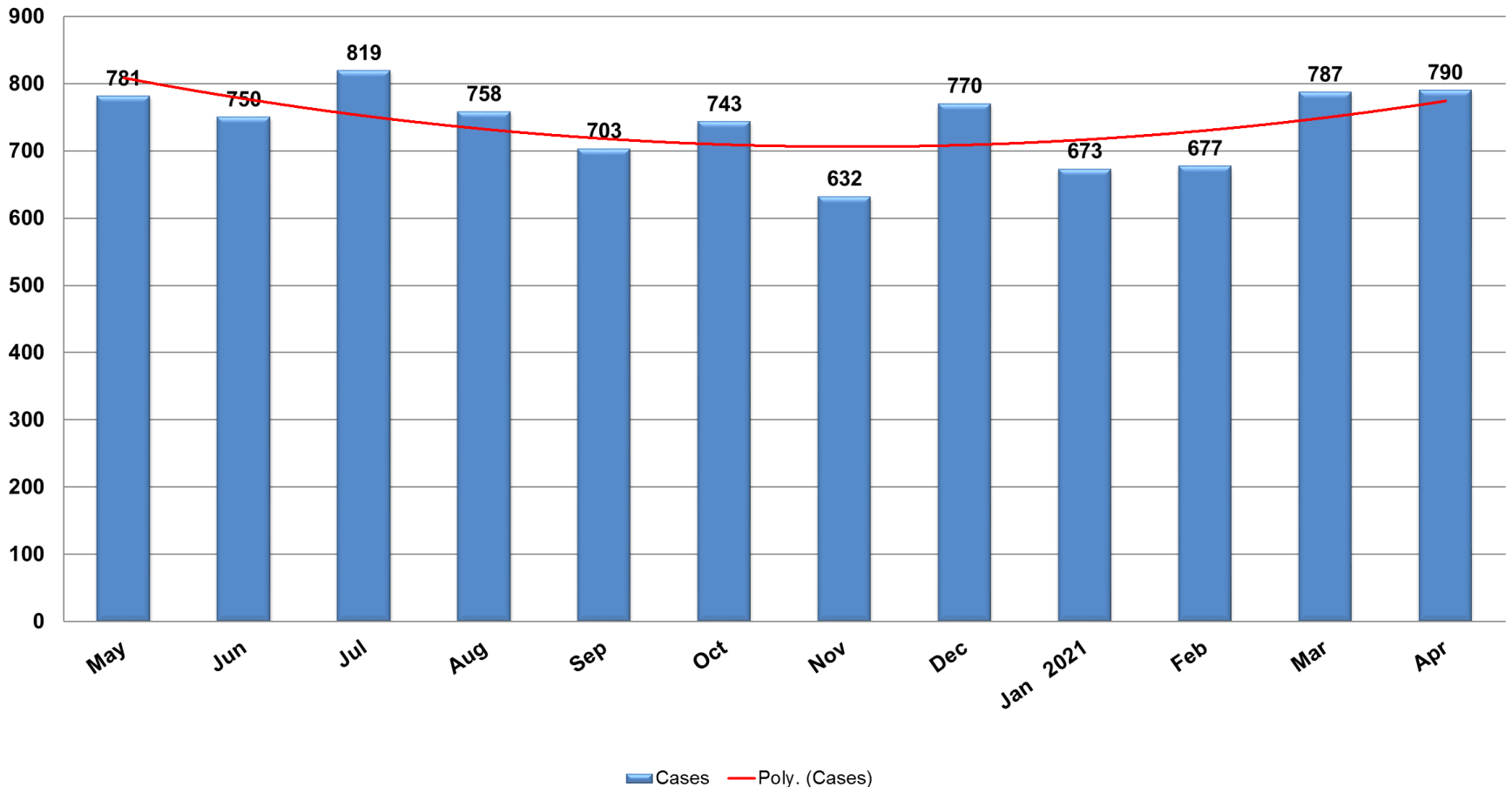
July 2020 thru April 2021

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	891	139	4.8	2.33	289	65	7.0	1.56	602	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
Total	1.70	8,440	117	4.2	2.33	1,039	23	6.8	1.62	7,401	94	3.9

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	1.69	334	44	4.1	1.82	32	5	5.0	1.68	302	39	4.0
8/31/2020	1.82	315	51	5.1	2.41	27	7	8.1	1.76	288	44	4.8
9/30/2020	1.90	286	45	4.8	2.11	16	4	7.9	1.89	270	41	4.6
10/31/2020	1.80	332	47	4.4	2.45	19	4	7.1	1.76	313	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	359	65	5.6	2.31	133	30	6.9	1.77	226	35	4.9
2/28/2021	1.96	277	50	5.0	2.42	40	12	8.7	1.88	237	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	1.70	321	44	4.1	1.86	2	0	6.5	1.70	319	44	4.1
Total	1.85	3,188	50	4.7	2.43	401	9	7.0	1.80	2,787	40	4.4

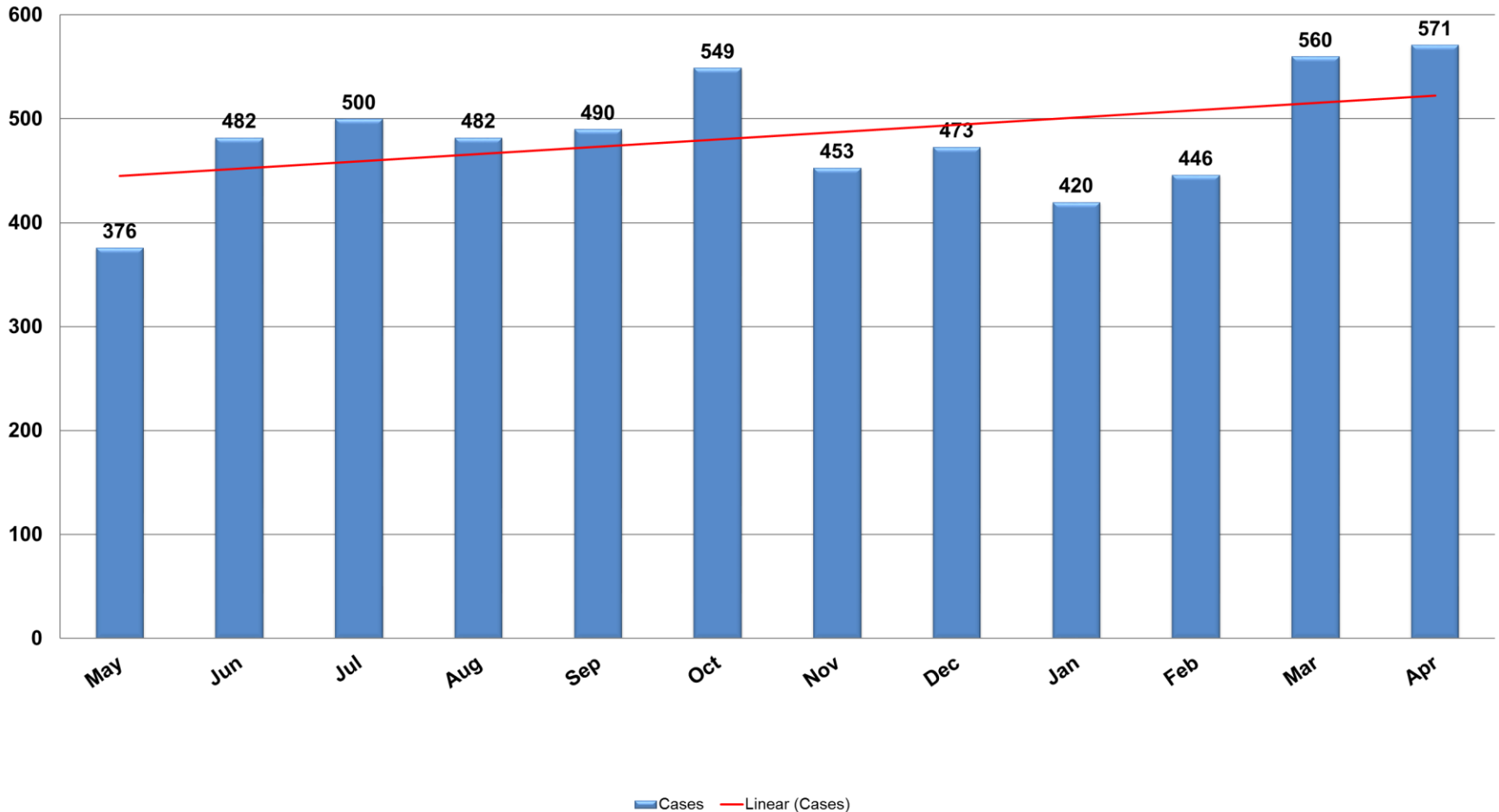
OP Infusion Service Line

OP Infusion
Cases Trend - May 2020 thru Apr 2021



Cardiac Diagnostic O/P Center (CDOC)

Cases - Rolling 12 Month Trend
May 2020 thru Apr 2021



Labor Productivity – April 2021



1) **Worked FTEs** on a PAADC basis were 7.3% **unfavorable** to budget at **(6.76 actual vs. 6.31 budget)**; however, this compares favorably to the prior month variance of 9.4%

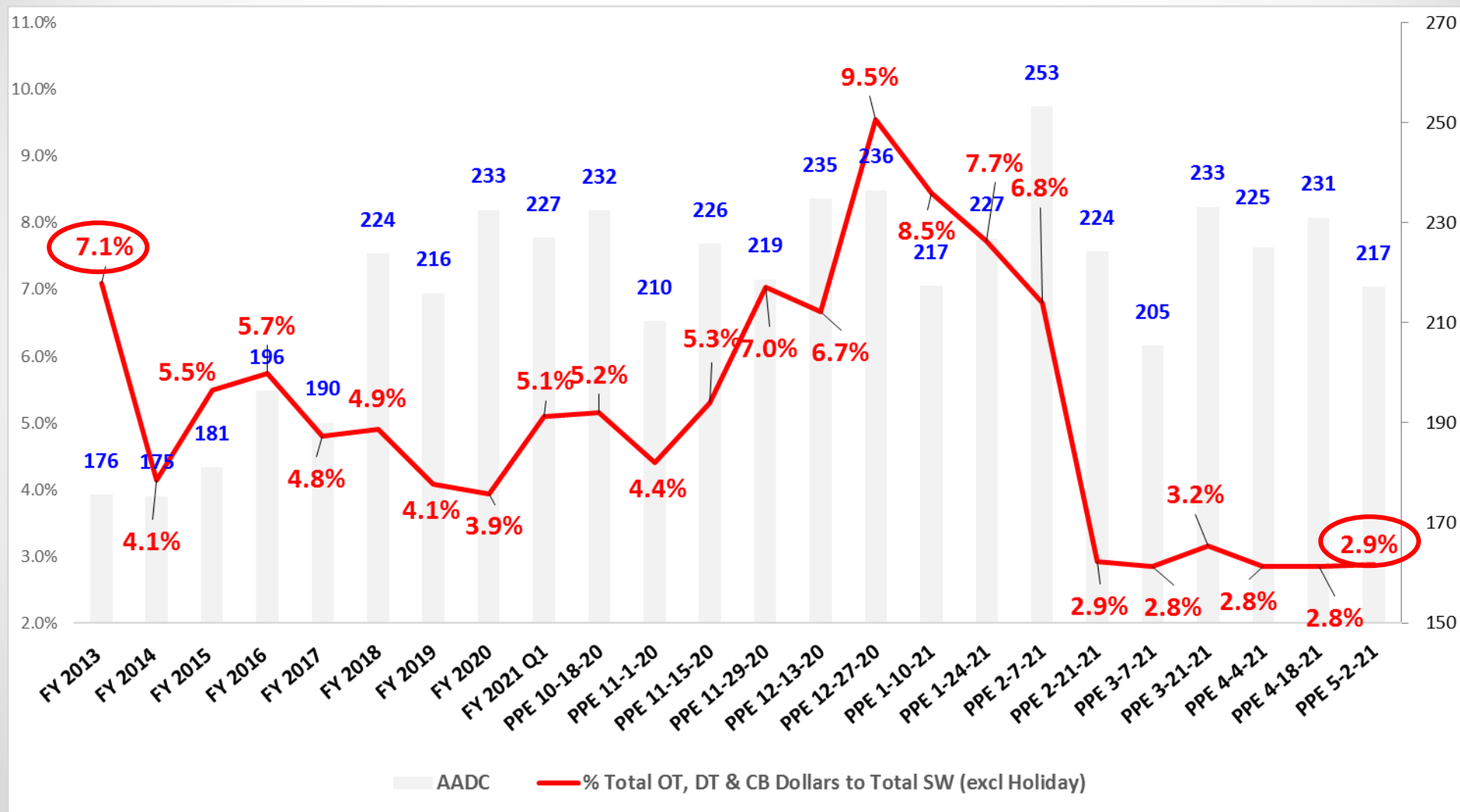
2) **Paid FTEs** on a PAADC basis were 10.9% **unfavorable** to budget at **(7.93 actual vs. 7.15 budget)**; however, this compares favorably to the prior month variance of 13.0%

✓ *When reviewed on a unit by unit level, the value of the negative variance for salaries, wages and benefits for **April** was **82 FTEs and \$1.5M**. This was driven by higher than expected staffing levels to support the increase in leave of absences, sick calls, and additional resources needed to support the Covid environment and readiness.*

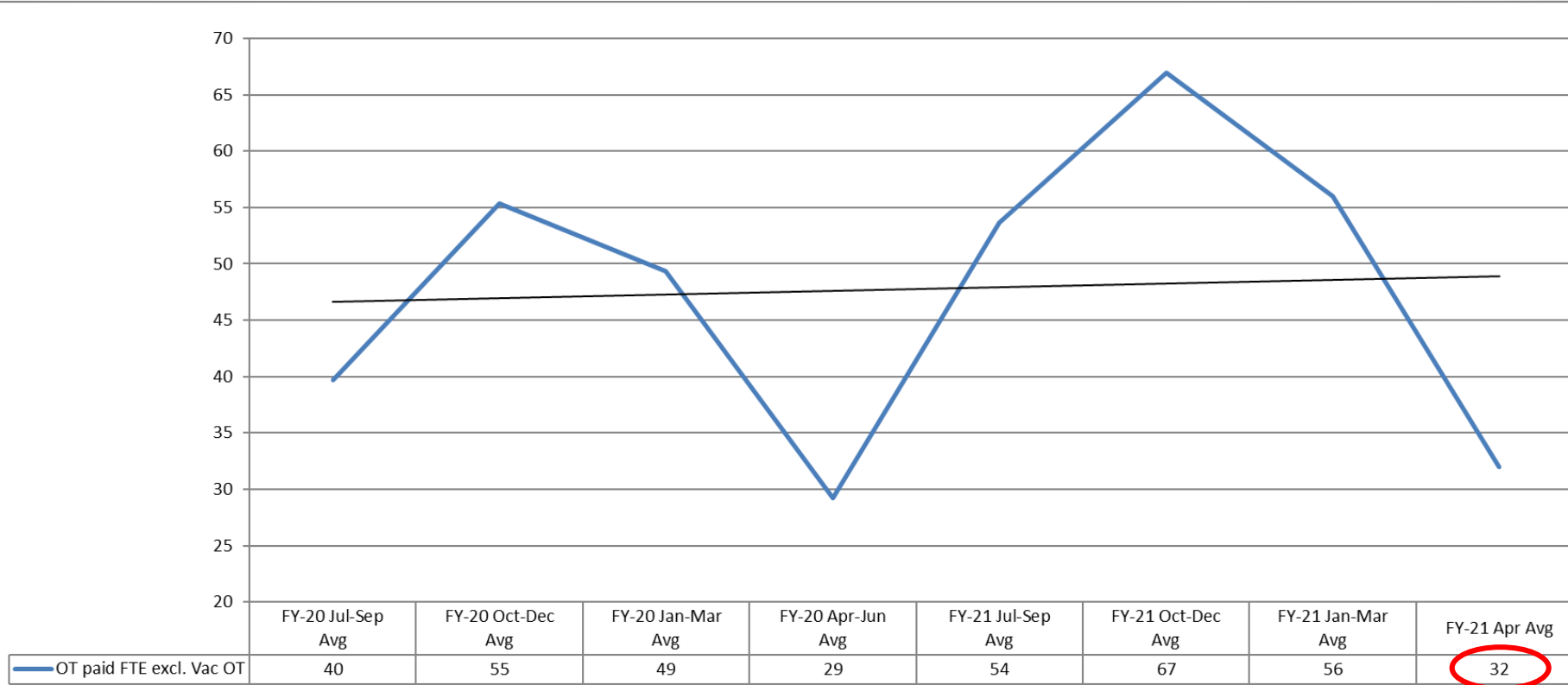
✓ *Management continues to address the opportunities to flex staff relative to patient volumes, including a reduction of contracted staff.*

% of Total OT, DT & CB Dollars to Total S&W

Updated Thru PPE 5-2-21



Overtime Paid FTEs

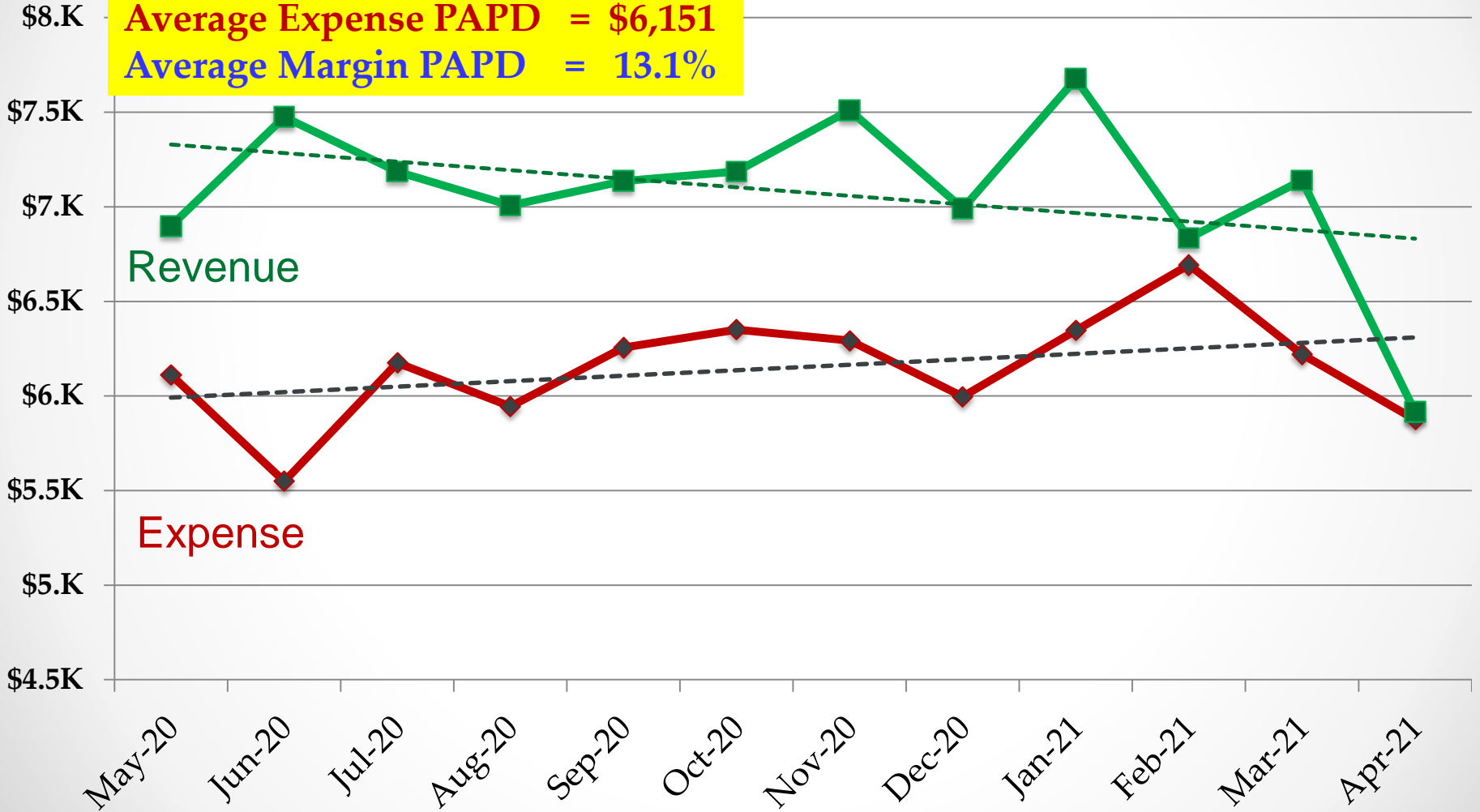


Note that overtime FTEs exclude holiday pay

SVMH Revenues & Expenses Per Adjusted Patient Day (Normalized)

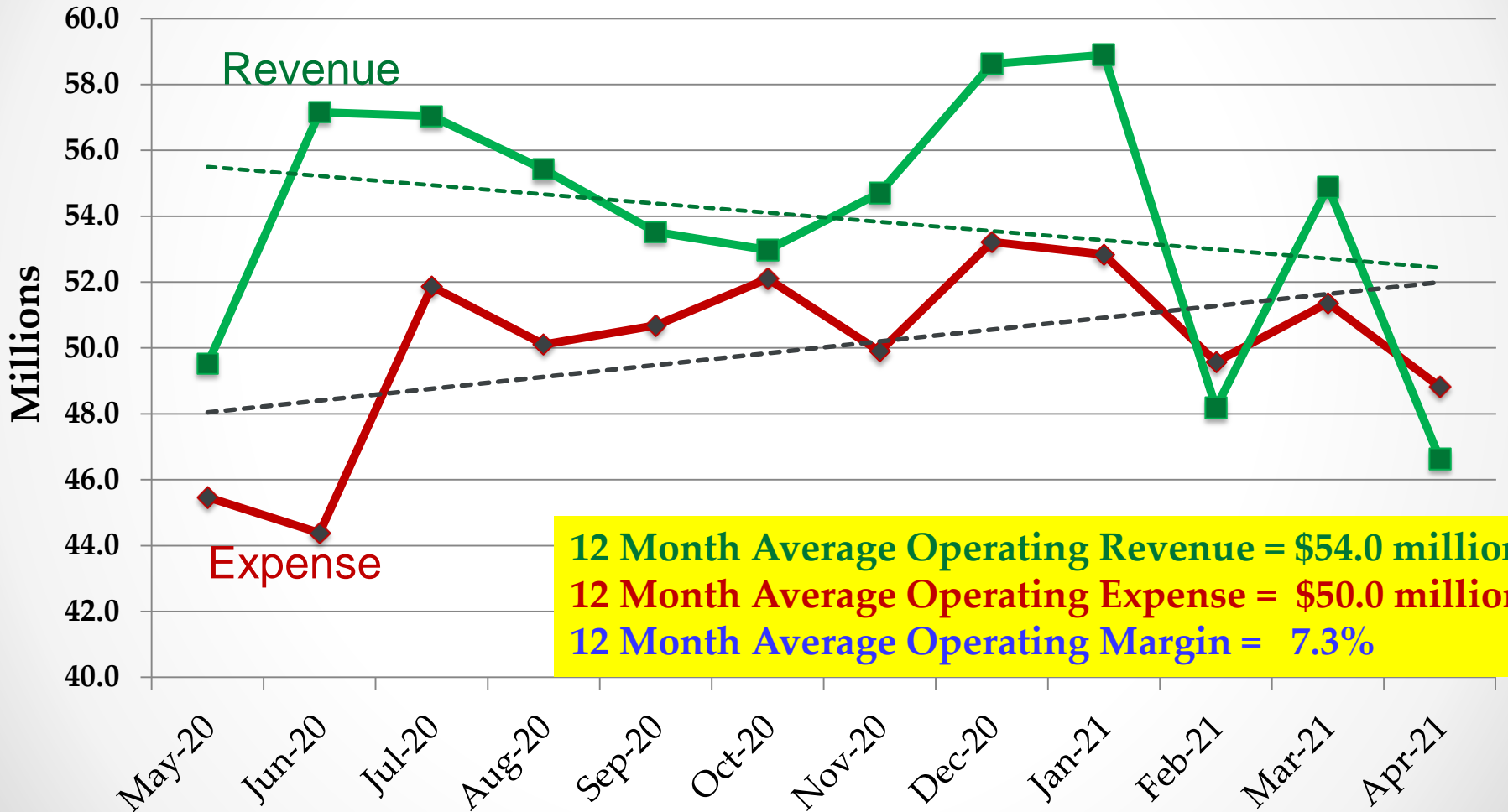
Rolling 12 Months: May 20 to April 21

Average Revenue PAPD = \$7,080
Average Expense PAPD = \$6,151
Average Margin PAPD = 13.1%



SVMHS Operating Revenues & Expenses (Normalized)

Rolling 12 Months: May 20 to April 21



SVMHS Key Financial Indicators

April cash collections were \$50.7M or 15% favorable to budget

Statistic	YTD	SVMHS		S&P A+ Rated		YTD	
	Apr-21	Target	+/-	Hospitals	+/-	Apr-20	+/-
Operating Margin*	5.5%	9.0%		4.0%		13.9%	
Total Margin*	8.2%	10.8%		6.6%		16.3%	
EBITDA Margin**	9.8%	13.4%		13.6%		17.2%	
Days of Cash*	362	305		249		346	
Days of Accounts Payable*	42	45		-		51	
Days of Net Accounts Receivable***	47	45		49		45	
Supply Expense as % NPR	13.0%	15.0%		-		12.3%	
SWB Expense as % NPR	53.9%	53.0%		53.7%		50.7%	
Operating Expense per APD*	6,203	4,992		-		5,426	

*These metrics have been adjusted for normalizing items

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

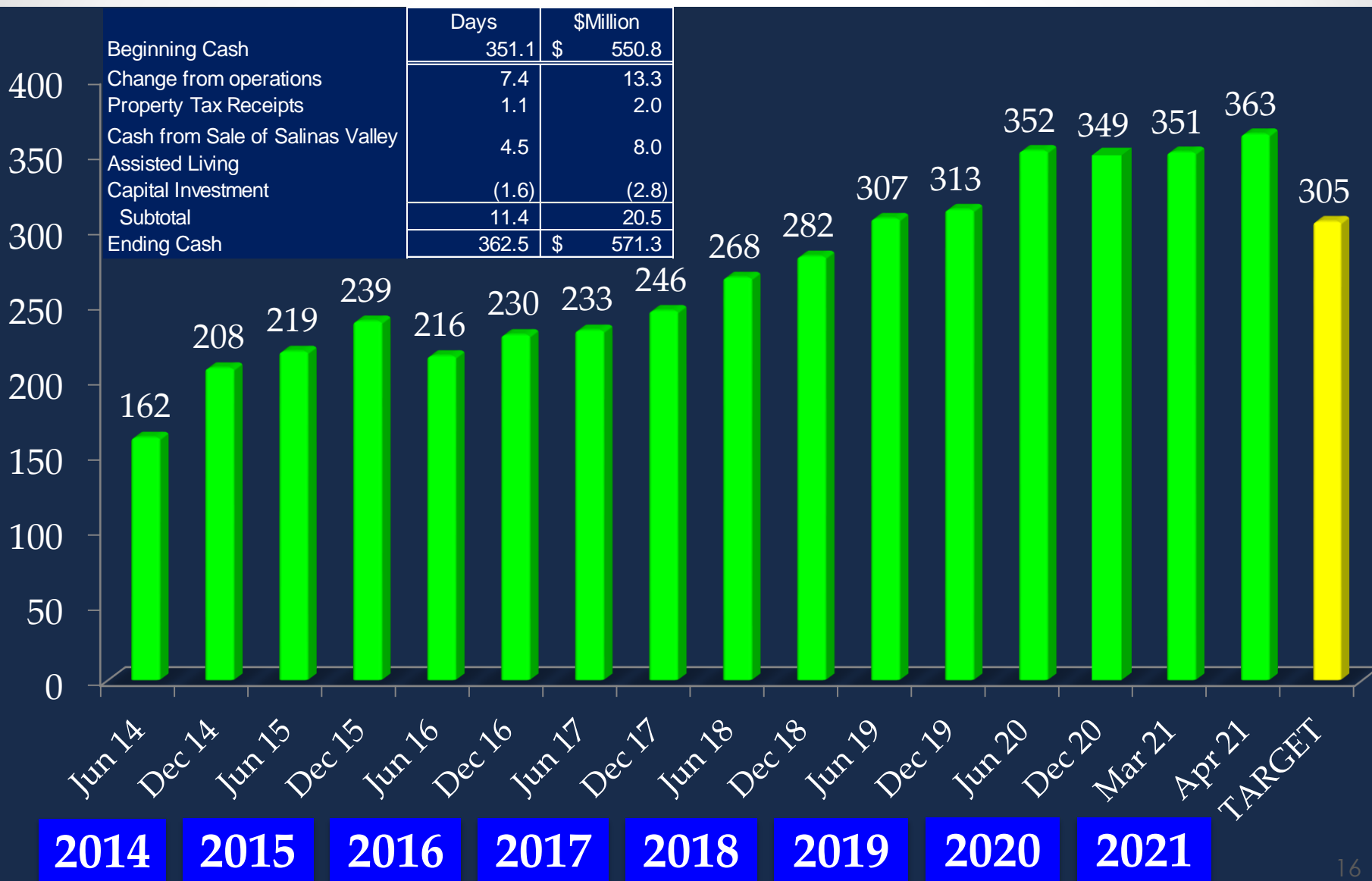
***Metric based on 90 days average net revenue (consistent with industry standard)

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

Salinas Valley Memorial Healthcare System

Days Cash on Hand = 363 Days (\$571M)

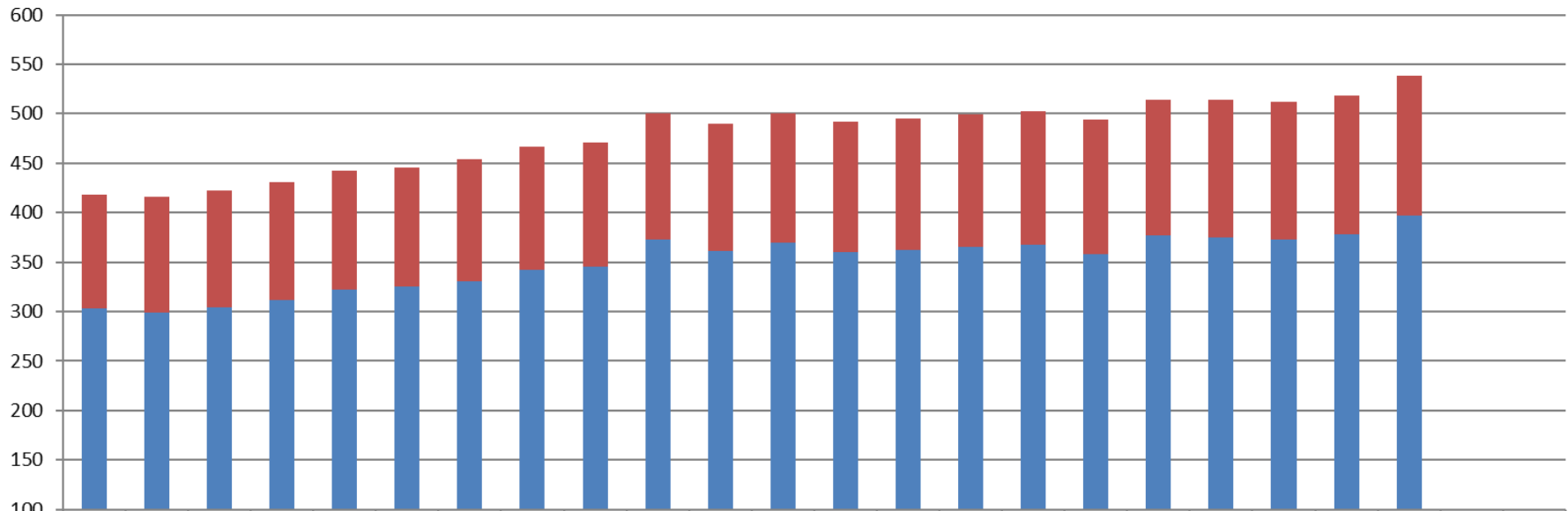
April 2021



SVMH - Cash and Investments

Hospital Cash and Investments

in millions



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total	418	416	422	431	442	446	454	467	471	500	490	500	492	495	499	502	494	514	514	512	518	538	0	0
Restricted	115	117	118	119	120	121	123	125	126	127	129	130	132	133	134	135	136	137	139	139	140	141		
Operating	303	299	304	312	322	325	331	342	345	373	361	370	360	362	365	367	358	377	375	373	378	397		

ASSETS WHOSE USE IS LIMITED

		<u>April-21</u>		<u>YTD</u>
Beginning balance	\$	139,617,494	\$	130,408,693
Investment income or (loss)		537,818		746,620
Transfer		1,000,000		10,000,000
Ending balance	\$	<u>141,155,312</u>	\$	<u>141,155,312</u>

ROUTINE CAPITAL EXPENDITURES Through April 2021

Fiscal Month	2020-21 Approved Budget *	Total Purchased Expenditures	Remaining	Project	Amount
July	1,825,000	123,919	1,701,081		
August	1,825,000	1,370,100	2,155,981	Nurse Call Replacement System	340,847
September	1,825,000	306,189	3,674,792	Telecom/PBX Relocation Project	119,965
October	1,825,000	1,048,209	4,451,583	XRay Room Remodel	60,720
November	1,825,000	1,731,024	4,545,559	Other CIP	88,506
December	1,825,000	2,282,165	4,088,394	Total Improvements	610,037
January	1,825,000	1,234,713	4,678,681		
February	1,825,000	1,254,714	5,248,967	Cardiac Ultrasound Replacement	878,321
March	1,825,000	1,231,051	5,842,916	Cisco Wireless Phones	24,492
April	1,825,000	1,548,148	6,119,768	Epidural Positioning Device	10,918
May	1,825,000		7,944,768	Other Equipment	24,380
June	1,825,000		9,769,768	Total Equipment	938,111
YTD TOTAL	21,900,000	12,130,232	9,769,768	Grand Total	1,548,148

QUESTIONS / COMMENTS

SALINAS VALLEY MEMORIAL HOSPITAL
SUMMARY INCOME STATEMENT
April 30, 2021

	Month of April,		Ten months ended April 30,	
	current year	prior year	current year	prior year
Operating revenue:				
Net patient revenue	\$ 38,023,958	\$ 46,094,423	\$ 473,326,514	\$ 476,095,738
Other operating revenue	984,136	11,383,400	11,839,162	22,735,888
Total operating revenue	<u>39,008,094</u>	<u>57,477,823</u>	<u>485,165,676</u>	<u>498,831,626</u>
Total operating expenses	37,767,175	37,194,223	409,492,349	388,062,977
Total non-operating income	<u>169,535</u>	<u>327,862</u>	<u>(26,282,400)</u>	<u>(13,179,796)</u>
Operating and non-operating income	<u>\$ 1,410,454</u>	<u>\$ 20,611,462</u>	<u>\$ 49,390,927</u>	<u>\$ 97,588,854</u>

SALINAS VALLEY MEMORIAL HOSPITAL
 BALANCE SHEETS
 April 30, 2021

	<u>Current year</u>	<u>Prior year</u>
ASSETS:		
Current assets	\$ 410,604,300	\$ 372,593,795
Assets whose use is limited or restricted by board	141,155,312	127,184,754
Capital assets	251,757,480	256,153,130
Other assets	192,703,438	186,341,739
Deferred pension outflows	<u>83,379,890</u>	<u>62,468,517</u>
	<u>\$ 1,079,600,420</u>	<u>\$ 1,004,741,935</u>
LIABILITIES AND EQUITY:		
Current liabilities	143,281,283	147,609,915
Long term liabilities	14,780,976	16,189,004
	126,340,336	108,929,468
Net assets	<u>795,197,825</u>	<u>732,013,548</u>
	<u>\$ 1,079,600,420</u>	<u>\$ 1,004,741,935</u>

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

	<u>Month of April,</u>		<u>Ten months ended April 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,720	1,381	17,092	18,478
Medi-Cal	1,003	1,064	10,513	10,756
Commercial insurance	463	761	7,581	8,068
Other patient	82	32	1,221	1,095
Total patient days	<u>3,268</u>	<u>3,238</u>	<u>36,407</u>	<u>38,397</u>
Gross revenue:				
Medicare	\$ 92,604,186	\$ 65,540,854	\$ 837,662,927	\$ 835,069,168
Medi-Cal	55,220,953	45,046,155	533,244,531	523,649,976
Commercial insurance	40,095,134	40,893,525	478,737,208	473,308,666
Other patient	9,040,889	3,651,680	83,415,984	79,643,774
Gross revenue	<u>196,961,162</u>	<u>155,132,214</u>	<u>1,933,060,650</u>	<u>1,911,671,584</u>
Deductions from revenue:				
Administrative adjustment	350,266	219,510	3,303,702	3,600,193
Charity care	1,454,212	555,119	10,201,070	9,171,026
Contractual adjustments:				
Medicare outpatient	28,465,111	18,325,300	246,421,490	249,854,164
Medicare inpatient	37,283,623	29,284,065	372,816,155	388,015,512
Medi-Cal traditional outpatient	2,661,545	1,941,269	21,076,259	28,270,667
Medi-Cal traditional inpatient	4,349,427	8,676,794	70,669,624	63,588,096
Medi-Cal managed care outpatient	21,625,200	11,546,157	183,390,354	195,690,124
Medi-Cal managed care inpatient	21,225,579	9,474,633	186,646,017	166,541,819
Commercial insurance outpatient	19,151,873	12,334,998	158,712,331	143,678,154
Commercial insurance inpatient	17,739,136	14,777,633	161,890,141	144,090,333
Uncollectible accounts expense	3,889,018	2,617,483	35,670,540	33,761,892
Other payors	742,214	(715,171)	8,936,453	9,313,864
Deductions from revenue	<u>158,937,204</u>	<u>109,037,791</u>	<u>1,459,734,136</u>	<u>1,435,575,846</u>
Net patient revenue	<u>\$ 38,023,958</u>	<u>\$ 46,094,423</u>	<u>\$ 473,326,514</u>	<u>\$ 476,095,738</u>
Gross billed charges by patient type:				
Inpatient	\$ 99,760,333	\$ 90,671,663	\$ 1,065,771,045	\$ 1,025,350,565
Outpatient	74,245,737	49,946,401	656,073,575	635,907,559
Emergency room	22,955,090	14,514,150	211,216,030	250,413,460
Total	<u>\$ 196,961,160</u>	<u>\$ 155,132,214</u>	<u>\$ 1,933,060,650</u>	<u>\$ 1,911,671,584</u>

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

	<u>Month of April,</u>		<u>Ten months ended April 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 38,023,958	\$ 46,094,423	\$ 473,326,514	\$ 476,095,738
Other operating revenue	984,136	11,383,400	11,839,162	22,735,888
Total operating revenue	<u>39,008,094</u>	<u>57,477,823</u>	<u>485,165,676</u>	<u>498,831,626</u>
Operating expenses:				
Salaries and wages	14,728,428	14,035,384	157,699,250	145,894,157
Compensated absences	2,933,549	3,046,476	26,509,506	26,412,643
Employee benefits	7,428,676	5,374,048	72,783,553	71,728,580
Supplies, food, and linen	6,226,309	5,740,656	62,019,123	57,109,778
Purchased department functions	3,953,150	3,196,180	32,513,734	30,764,232
Medical fees	(2,326,614)	1,933,235	13,263,607	17,341,404
Other fees	1,572,439	1,007,829	14,692,076	10,463,954
Depreciation	1,825,421	1,739,797	17,926,148	16,962,312
All other expense	1,425,817	1,120,618	12,085,352	11,385,917
Total operating expenses	<u>37,767,175</u>	<u>37,194,223</u>	<u>409,492,349</u>	<u>388,062,977</u>
Income from operations	<u>1,240,919</u>	<u>20,283,600</u>	<u>75,673,327</u>	<u>110,768,649</u>
Non-operating income:				
Donations	166,667	166,667	2,166,667	1,670,867
Property taxes	333,333	333,333	3,333,333	3,333,333
Investment income	2,793,943	1,153,096	2,934,168	4,851,281
Taxes and licenses	0	(29,074)	0	(29,074)
Income from subsidiaries	(3,124,408)	(1,296,160)	(34,716,568)	(23,006,203)
Total non-operating income	<u>169,535</u>	<u>327,862</u>	<u>(26,282,400)</u>	<u>(13,179,796)</u>
Operating and non-operating income	1,410,454	20,611,462	49,390,927	97,588,854
Net assets to begin	<u>793,787,372</u>	<u>711,402,085</u>	<u>745,806,898</u>	<u>634,424,694</u>
Net assets to end	<u>\$ 795,197,825</u>	<u>\$ 732,013,548</u>	<u>\$ 795,197,825</u>	<u>\$ 732,013,548</u>
Net income excluding non-recurring items	\$ 1,410,454	\$ 14,010,030	\$ 41,609,783	\$ 90,757,048
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	<u>0</u>	<u>6,601,432</u>	<u>7,781,144</u>	<u>6,831,806</u>
Operating and non-operating income	<u>\$ 1,410,454</u>	<u>\$ 20,611,462</u>	<u>\$ 49,390,927</u>	<u>\$ 97,588,854</u>

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

	Month of April,		Ten months ended April 30,	
	current year	prior year	current year	prior year
Detail of other operating income:				
Dietary revenue	\$ 129,968	\$ 55,166	\$ 1,326,455	\$ 1,571,560
Discounts and scrap sale	15,559	952	770,777	1,375,915
Sale of products and services	141,281	7,686	320,371	134,433
Clinical trial fees	7,282	0	109,426	0
Stimulus Funds	0	10,941,377	0	10,941,377
Rental income	152,065	137,694	1,595,685	1,427,967
Other	537,981	240,525	7,716,448	7,284,636
	<u>\$ 984,136</u>	<u>\$ 11,383,400</u>	<u>\$ 11,839,162</u>	<u>\$ 22,735,888</u>
Detail of investment income:				
Bank and payor interest	\$ 90,102	\$ 235,719	\$ 1,160,273	\$ 2,436,129
Income from investments	(474,094)	917,377	(1,442,533)	2,408,496
Gain or loss on property and equipment	3,177,935	0	3,216,429	6,657
	<u>\$ 2,793,943</u>	<u>\$ 1,153,096</u>	<u>\$ 2,934,168</u>	<u>\$ 4,851,281</u>
Detail of income from subsidiaries:				
Salinas Valley Medical Center:				
Pulmonary Medicine Center	\$ (111,611)	\$ 1,946,784	\$ (1,791,440)	\$ 286,597
Neurological Clinic	(179,365)	(66,322)	(795,041)	(712,399)
Palliative Care Clinic	(97,409)	(40,195)	(783,339)	(547,249)
Surgery Clinic	(202,085)	(14,731)	(1,702,499)	(1,055,021)
Infectious Disease Clinic	(10,602)	(37,824)	(270,088)	(262,885)
Endocrinology Clinic	(154,951)	(174,512)	(1,758,812)	(1,433,008)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(530,408)	(501,921)	(4,816,947)	(4,430,997)
OB/GYN Clinic	(470,386)	(124,613)	(3,577,435)	(1,825,984)
PrimeCare Medical Group	(983,978)	(928,558)	(8,651,433)	(6,295,099)
Oncology Clinic	(201,742)	(319,115)	(2,667,006)	(2,273,349)
Cardiac Surgery	(172,771)	(130,944)	(1,638,223)	(1,102,196)
Sleep Center	(62,888)	(69,676)	(579,583)	(730,538)
Rheumatology	(82,760)	(101,556)	(537,205)	(303,260)
Precision Ortho MDs	458,487	(418,237)	(2,827,312)	(2,866,702)
Precision Ortho-MRI	78	(9,084)	(1,492)	(19,762)
Precision Ortho-PT	(51,248)	(49,471)	(490,589)	(98,965)
Dermatology	(27,014)	(9,042)	(304,373)	(163)
Hospitalists	0	0	0	0
Behavioral Health	(78,949)	(54,474)	(753,354)	(505,840)
Pediatric Diabetes	(29,766)	(41,359)	(335,569)	(325,676)
Neurosurgery	4,443	(25,047)	(255,618)	(197,926)
Multi-Specialty-RR	11,300	(8,060)	45,611	107,166
Radiology	(238,292)	0	(1,994,263)	0
Salinas Family Practice	(16,529)	0	(30,511)	0
Total SVMC	(3,228,446)	(1,177,956)	(36,516,521)	(24,593,256)
Doctors on Duty	69,000	(389,532)	196,825	(56,808)
Assisted Living	(4,685)	(9,614)	(66,031)	(57,836)
Salinas Valley Imaging	0	15,674	(19,974)	35,578
Vantage Surgery Center	33,310	(29,478)	210,071	133,937
LPCH NICU JV	0	0	0	0
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	256,805	(84,476)	1,049,476	1,130,491
Aspire/CHI/Coastal	(308,966)	292,487	(369,545)	(117,756)
Apex	(583)	(63,314)	69,948	46,564
21st Century Oncology	6,713	148,273	(49,803)	308,131
Monterey Bay Endoscopy Center	52,443	1,777	778,986	164,752
	<u>\$ (3,124,408)</u>	<u>\$ (1,296,160)</u>	<u>\$ (34,716,568)</u>	<u>\$ (23,006,203)</u>

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

	Current year	Prior year
A S S E T S		
Current assets:		
Cash and cash equivalents	\$ 319,601,383	\$ 293,279,167
Patient accounts receivable, net of estimated uncollectibles of \$19,179,565	73,262,199	63,426,231
Supplies inventory at cost	8,354,961	7,402,360
Other current assets	9,385,757	8,486,038
Total current assets	410,604,300	372,593,795
Assets whose use is limited or restricted by board	141,155,312	127,184,754
Capital assets:		
Land and construction in process	41,211,080	65,007,168
Other capital assets, net of depreciation	210,546,400	191,145,963
Total capital assets	251,757,480	256,153,130
Other assets:		
Investment in Securities	148,333,295	145,674,324
Investment in SVMC	10,907,131	11,570,317
Investment in Aspire/CHI/Coastal	4,264,404	4,766,439
Investment in other affiliates	24,897,312	21,285,626
Net pension asset	4,301,296	3,045,033
Total other assets	192,703,438	186,341,739
Deferred pension outflows	83,379,890	62,468,517
	\$ 1,079,600,420	\$ 1,004,741,935
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 52,118,232	\$ 54,847,039
Due to third party payers	73,745,527	75,840,874
Current portion of self-insurance liability	17,417,524	16,922,002
Total current liabilities	143,281,283	147,609,915
Long term portion of workers comp liability	14,780,976	16,189,004
Total liabilities	158,062,259	163,798,919
Pension liability	126,340,336	108,929,468
Net assets:		
Invested in capital assets, net of related debt	251,757,480	256,153,130
Unrestricted	543,440,345	475,860,418
Total net assets	795,197,825	732,013,548
	\$ 1,079,600,420	\$ 1,004,741,935

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

	Month of April,				Ten months ended April 30,			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:								
Gross billed charges	\$ 196,961,162	\$ 187,590,865	9,370,297	5.00%	\$ 1,933,060,650	\$ 1,714,004,566	219,056,084	12.78%
Deductions from revenue	158,937,204	143,177,208	15,759,996	11.01%	1,459,734,136	1,302,285,851	157,448,285	12.09%
Net patient revenue	38,023,958	44,413,658	(6,389,700)	-14.39%	473,326,514	411,718,715	61,607,799	14.96%
Other operating revenue	984,136	919,590	64,546	7.02%	11,839,162	9,195,896	2,643,266	28.74%
Total operating revenue	39,008,094	45,333,247	(6,325,153)	-13.95%	485,165,676	420,914,610	64,251,066	15.26%
Operating expenses:								
Salaries and wages	14,728,428	15,094,242	(365,814)	-2.42%	157,699,250	142,249,359	15,449,891	10.86%
Compensated absences	2,933,549	2,332,342	601,207	25.78%	26,509,506	26,579,646	(70,140)	-0.26%
Employee benefits	7,428,676	7,899,753	(471,077)	-5.96%	72,783,553	73,915,348	(1,131,795)	-1.53%
Supplies, food, and linen	6,226,309	5,321,989	904,320	16.99%	62,019,123	51,074,339	10,944,784	21.43%
Purchased department functions	3,953,150	3,115,228	837,922	26.90%	32,513,734	31,093,676	1,420,058	4.57%
Medical fees	(2,326,614)	1,678,265	(4,004,879)	-238.63%	13,263,607	16,950,129	(3,686,522)	-21.75%
Other fees	1,572,439	824,350	748,089	90.75%	14,692,076	8,442,123	6,249,953	74.03%
Depreciation	1,825,421	1,789,255	36,166	2.02%	17,926,148	17,892,553	33,595	0.19%
All other expense	1,425,817	1,387,859	37,958	2.73%	12,085,352	14,021,852	(1,936,500)	-13.81%
Total operating expenses	37,767,175	39,443,284	(1,676,109)	-4.25%	409,492,349	382,219,026	27,273,323	7.14%
Income from operations	1,240,919	5,889,964	(4,649,045)	-78.93%	75,673,327	38,695,585	36,977,742	95.56%
Non-operating income:								
Donations	166,667	166,667	0	0.00%	2,166,667	1,666,666	500,001	30.00%
Property taxes	333,333	333,333	(0)	0.00%	3,333,333	3,333,333	(0)	0.00%
Investment income	2,793,943	160,094	2,633,850	1645.19%	2,934,168	1,600,935	1,333,233	83.28%
Income from subsidiaries	(3,124,408)	(3,999,365)	874,957	-21.88%	(34,716,568)	(38,544,634)	3,828,066	-9.93%
Total non-operating income	169,535	(3,339,272)	3,508,807	-105.08%	(26,282,400)	(31,943,699)	5,661,300	-17.72%
Operating and non-operating income \$	1,410,454	\$ 2,550,692	(1,140,238)	-44.70%	\$ 49,390,927	\$ 6,751,885	42,639,042	631.51%

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Apr and ten months to date

	Month of Apr		Ten months to date		Variance
	2020	2021	2019-20	2020-21	
<u>NEWBORN STATISTICS</u>					
Medi-Cal Admissions	55	36	455	428	(27)
Other Admissions	112	94	1,091	945	(146)
Total Admissions	167	130	1,546	1,373	(173)
Medi-Cal Patient Days	77	63	728	653	(75)
Other Patient Days	173	142	1,844	1,532	(312)
Total Patient Days of Care	250	205	2,572	2,185	(387)
Average Daily Census	8.3	6.8	8.5	7.2	(1.3)
Medi-Cal Average Days	1.6	1.8	1.7	1.6	(0.1)
Other Average Days	0.7	1.6	1.7	1.6	(0.1)
Total Average Days Stay	1.6	1.6	1.7	1.6	(0.1)
<u>ADULTS & PEDIATRICS</u>					
Medicare Admissions	260	313	3,779	3,180	(599)
Medi-Cal Admissions	264	214	2,510	2,340	(170)
Other Admissions	401	280	3,196	2,778	(418)
Total Admissions	925	807	9,485	8,298	(1,187)
Medicare Patient Days	1,176	1,359	16,544	1,344	(15,200)
Medi-Cal Patient Days	1,005	1,012	10,837	1,048	(9,789)
Other Patient Days	863	894	9,767	33,992	24,225
Total Patient Days of Care	3,044	3,265	37,148	36,384	(764)
Average Daily Census	101.5	108.8	122.2	119.7	(2.5)
Medicare Average Length of Stay	4.4	4.0	4.4	0.4	(3.9)
Medi-Cal Average Length of Stay	4.0	4.0	3.7	0.4	(3.3)
Other Average Length of Stay	2.2	2.4	2.3	9.2	6.9
Total Average Length of Stay	3.4	3.4	3.4	3.7	0.4
Deaths	22	34	258	382	124
Total Patient Days	3,294	3,470	39,720	38,569	(1,151)
Medi-Cal Administrative Days	1	0	67	165	98
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	1	0	67	165	98
Percent Non-Acute	0.03%	0.00%	0.17%	0.43%	0.26%

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Apr and ten months to date

	<u>Month of Apr</u>		<u>Ten months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2019-20</u>	<u>2020-21</u>	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	228	247	2,848	2,656	(192)
Heart Center	348	342	3,525	3,404	(121)
Monitored Beds	688	473	8,762	8,095	(667)
Single Room Maternity/Obstetrics	380	317	4,066	3,441	(625)
Med/Surg - Cardiovascular	466	679	7,302	7,368	66
Med/Surg - Oncology	270	245	2,546	1,716	(830)
Med/Surg - Rehab	335	374	4,041	4,299	258
Pediatrics	68	69	1,043	957	(86)
Nursery	250	205	2,572	2,185	(387)
Neonatal Intensive Care	195	161	1,236	1,315	79
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	58.46%	63.33%	71.83%	66.99%	
Heart Center	77.33%	76.00%	77.05%	74.40%	
Monitored Beds	84.94%	58.40%	106.40%	98.30%	
Single Room Maternity/Obstetrics	34.23%	28.56%	36.03%	30.49%	
Med/Surg - Cardiovascular	34.52%	50.30%	53.20%	53.68%	
Med/Surg - Oncology	69.23%	62.82%	64.21%	43.28%	
Med/Surg - Rehab	42.95%	47.95%	50.96%	54.21%	
Med/Surg - Observation Care Unit	0.00%	70.20%	0.00%	60.42%	
Pediatrics	12.59%	12.78%	19.00%	17.43%	
Nursery	50.51%	41.41%	25.55%	21.71%	
Neonatal Intensive Care	59.09%	48.79%	36.84%	39.20%	

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Apr and ten months to date

	<u>Month of Apr</u>		<u>Ten months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2019-20</u>	<u>2020-21</u>	
<u>DELIVERY ROOM</u>					
Total deliveries	155	127	1,519	1,357	(162)
C-Section deliveries	52	50	481	431	(50)
Percent of C-section deliveries	33.55%	39.37%	31.67%	31.76%	0.10%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	16,964	20,061	217,518	199,610	(17,908)
Out-Patient Operating Minutes	14,824	27,494	254,974	226,910	(28,064)
Total	31,788	47,555	472,492	426,520	(45,972)
Open Heart Surgeries	11	12	116	115	(1)
In-Patient Cases	124	150	1,634	1,422	(212)
Out-Patient Cases	158	275	2,678	2,422	(256)
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	21	25	299	323	24
High Risk	441	418	6,090	4,981	(1,109)
More Than One Resource	1,466	2,350	25,781	21,322	(4,459)
One Resource	1,035	1,078	15,213	12,052	(3,161)
No Resources	31	34	476	361	(115)
Total	<u>2,994</u>	<u>3,905</u>	<u>47,859</u>	<u>39,039</u>	<u>(8,820)</u>

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Apr and ten months to date

	Month of Apr		Ten months to date		Variance
	2020	2021	2019-20	2020-21	
CENTRAL SUPPLY					
In-patient requisitions	12,261	14,775	148,284	148,817	533
Out-patient requisitions	7,289	10,270	102,101	96,828	-5,273
Emergency room requisitions	1,158	1,460	28,328	15,389	-12,939
Interdepartmental requisitions	5,848	5,934	69,986	68,237	-1,749
Total requisitions	<u>26,556</u>	<u>32,439</u>	<u>348,699</u>	<u>329,271</u>	<u>-19,428</u>
LABORATORY					
In-patient procedures	27,889	32,828	342,626	355,343	12,717
Out-patient procedures	7,463	12,074	100,639	110,406	9,767
Emergency room procedures	5,272	9,222	97,008	87,254	-9,754
Total patient procedures	<u>40,624</u>	<u>54,124</u>	<u>540,273</u>	<u>553,003</u>	<u>12,730</u>
BLOOD BANK					
Units processed	<u>255</u>	<u>266</u>	<u>2,838</u>	<u>2,858</u>	<u>20</u>
ELECTROCARDIOLOGY					
In-patient procedures	775	909	10,264	9,302	-962
Out-patient procedures	259	399	4,510	3,971	-539
Emergency room procedures	576	901	9,154	8,768	-386
Total procedures	<u>1,610</u>	<u>2,209</u>	<u>23,928</u>	<u>22,041</u>	<u>-1,887</u>
CATH LAB					
In-patient procedures	71	83	836	765	-71
Out-patient procedures	61	83	838	846	8
Emergency room procedures	0	0	0	1	1
Total procedures	<u>132</u>	<u>166</u>	<u>1,674</u>	<u>1,612</u>	<u>-62</u>
ECHO-CARDIOLOGY					
In-patient studies	239	310	2,996	2,962	-34
Out-patient studies	85	206	1,877	1,836	-41
Emergency room studies	2	0	14	18	4
Total studies	<u>326</u>	<u>516</u>	<u>4,887</u>	<u>4,816</u>	<u>-71</u>
NEURODIAGNOSTIC					
In-patient procedures	171	148	1,732	1,558	-174
Out-patient procedures	17	24	215	240	25
Emergency room procedures	0	0	1	0	-1
Total procedures	<u>188</u>	<u>172</u>	<u>1,948</u>	<u>1,798</u>	<u>-150</u>

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Apr and ten months to date

	Month of Apr		Ten months to date		Variance
	2020	2021	2019-20	2020-21	
SLEEP CENTER					
In-patient procedures	0	0	0	1	1
Out-patient procedures	47	187	1,887	1,892	5
Emergency room procedures	0	0	0	0	0
Total procedures	<u>47</u>	<u>187</u>	<u>1,887</u>	<u>1,893</u>	<u>6</u>
RADIOLOGY					
In-patient procedures	1,178	1,128	13,261	13,360	99
Out-patient procedures	400	474	4,328	5,657	1,329
Emergency room procedures	716	1,050	13,833	10,867	-2,966
Total patient procedures	<u>2,294</u>	<u>2,652</u>	<u>31,422</u>	<u>29,884</u>	<u>-1,538</u>
MAGNETIC RESONANCE IMAGING					
In-patient procedures	103	122	1,323	1,249	-74
Out-patient procedures	57	132	815	1,380	565
Emergency room procedures	6	5	101	103	2
Total procedures	<u>166</u>	<u>259</u>	<u>2,239</u>	<u>2,732</u>	<u>493</u>
MAMMOGRAPHY CENTER					
In-patient procedures	693	3,168	33,068	30,354	-2,714
Out-patient procedures	690	3,145	32,950	30,168	-2,782
Emergency room procedures	0	0	7	3	-4
Total procedures	<u>1,383</u>	<u>6,313</u>	<u>66,025</u>	<u>60,525</u>	<u>-5,500</u>
NUCLEAR MEDICINE					
In-patient procedures	11	16	179	130	-49
Out-patient procedures	55	97	820	738	-82
Emergency room procedures	2	0	6	7	1
Total procedures	<u>68</u>	<u>113</u>	<u>1,005</u>	<u>875</u>	<u>-130</u>
PHARMACY					
In-patient prescriptions	70,658	77,825	880,653	878,283	-2,370
Out-patient prescriptions	11,556	16,267	159,582	144,694	-14,888
Emergency room prescriptions	3,427	5,606	73,809	52,846	-20,963
Total prescriptions	<u>85,641</u>	<u>99,698</u>	<u>1,114,044</u>	<u>1,075,823</u>	<u>-38,221</u>
RESPIRATORY THERAPY					
In-patient treatments	14,180	11,890	158,834	201,490	42,656
Out-patient treatments	224	439	5,215	4,621	-594
Emergency room treatments	82	150	3,936	1,689	-2,247
Total patient treatments	<u>14,486</u>	<u>12,479</u>	<u>167,985</u>	<u>207,800</u>	<u>39,815</u>
PHYSICAL THERAPY					
In-patient treatments	2,172	2,407	24,253	23,213	-1,040
Out-patient treatments	130	256	2,560	2,591	31
Emergency room treatments	0	0	0	0	0
Total treatments	<u>2,302</u>	<u>2,663</u>	<u>26,813</u>	<u>25,804</u>	<u>-1,009</u>

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Apr and ten months to date

	Month of Apr		Ten months to date		Variance
	2020	2021	2019-20	2020-21	
OCCUPATIONAL THERAPY					
In-patient procedures	1,345	1,653	14,538	14,281	-257
Out-patient procedures	90	142	1,239	1,273	34
Emergency room procedures	0	0	0	0	0
Total procedures	<u>1,435</u>	<u>1,795</u>	<u>15,777</u>	<u>15,554</u>	<u>-223</u>
SPEECH THERAPY					
In-patient treatments	376	460	3,739	3,953	214
Out-patient treatments	26	27	241	279	38
Emergency room treatments	0	0	2	0	-2
Total treatments	<u>402</u>	<u>487</u>	<u>3,982</u>	<u>4,232</u>	<u>250</u>
CARDIAC REHABILITATION					
In-patient treatments	0	0	1	0	-1
Out-patient treatments	373	526	4,591	4,241	-350
Emergency room treatments	0	0	0	1	1
Total treatments	<u>373</u>	<u>526</u>	<u>4,592</u>	<u>4,242</u>	<u>-350</u>
CRITICAL DECISION UNIT					
Observation hours	<u>259</u>	<u>356</u>	<u>3,020</u>	<u>2,818</u>	<u>-202</u>
ENDOSCOPY					
In-patient procedures	80	106	899	948	49
Out-patient procedures	62	33	365	242	-123
Emergency room procedures	0	0	0	0	0
Total procedures	<u>142</u>	<u>139</u>	<u>1,264</u>	<u>1,190</u>	<u>-74</u>
C.T. SCAN					
In-patient procedures	480	600	6,235	5,537	-698
Out-patient procedures	314	389	2,690	4,860	2,170
Emergency room procedures	306	524	5,733	4,646	-1,087
Total procedures	<u>1,100</u>	<u>1,513</u>	<u>14,658</u>	<u>15,043</u>	<u>385</u>
DIETARY					
Routine patient diets	14,440	16,469	192,709	164,129	-28,580
Meals to personnel	18,703	19,525	243,870	202,351	-41,519
Total diets and meals	<u>33,143</u>	<u>35,994</u>	<u>436,579</u>	<u>366,480</u>	<u>-70,099</u>
LAUNDRY AND LINEN					
Total pounds laundered	<u>81,215</u>	<u>93,920</u>	<u>1,233,184</u>	<u>994,239</u>	<u>-238,945</u>

PUBLIC INPUT

CLOSED SESSION

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

*RECONVENE OPEN SESSION/
REPORT ON CLOSED SESSION*

Salinas Valley Memorial Healthcare System

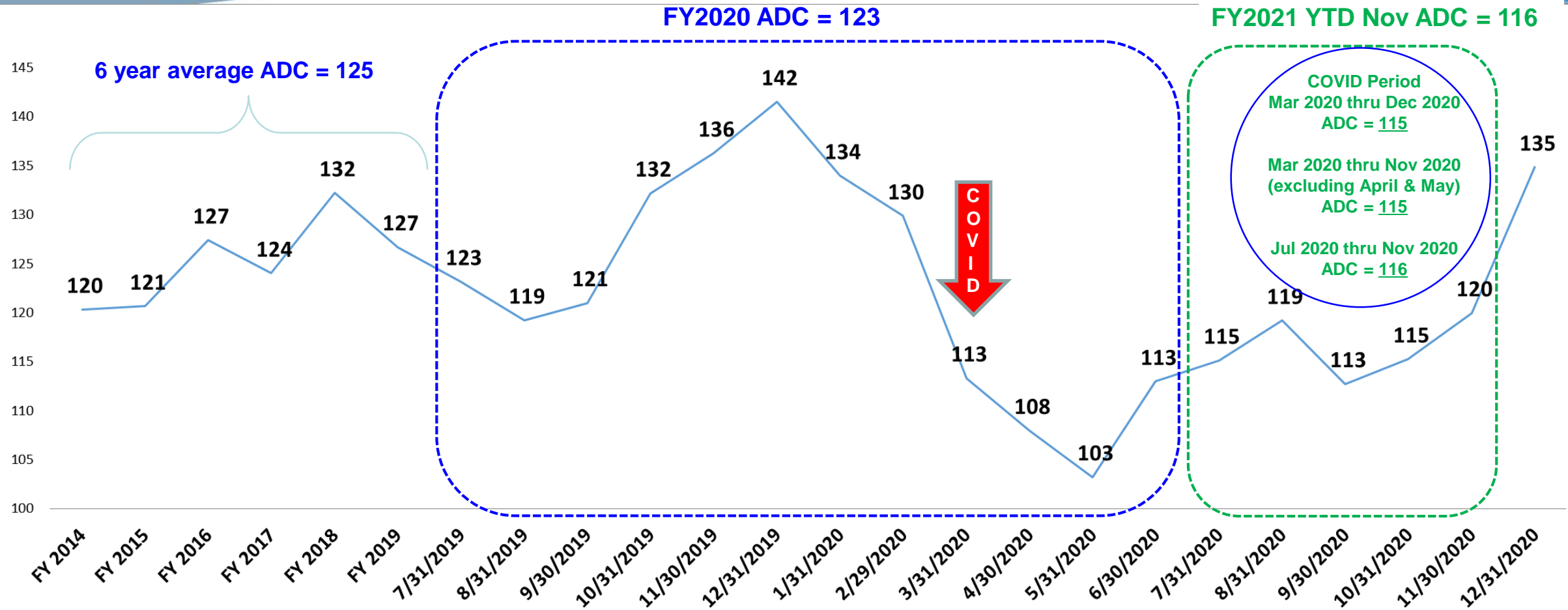
“An Integrated Healthcare Delivery System”

Operating & Capital Budget Fiscal Year 2022

**Augustine Lopez
Chief Financial Officer**

Salinas Valley Memorial Hospital Average Daily Census (ADC) Trend FY 2014 thru FY 2021 YTD December

**Proposed ADC
Budget for
FY 2022 is 115.**



Consolidated FY 2022 Budget Compared to FY 2021 Projection

PL SUMMARY	FY 2022 Budget	FY 2021 Projection	CONSOLIDATED Variance	% Change
	CONSOLIDATED TOTAL	CONSOLIDATED TOTAL		
GROSS PATIENT REVENUE	2,500,660,155	2,514,408,597	(13,748,442)	-0.5%
NET PATIENT REVENUE	615,908,549	647,184,125	(31,275,576)	-4.8%
Yield	24.6%	25.7%	-1.1%	-4.3%
OTHER REVENUE	17,844,758	20,129,664	(2,284,907)	-11.4%
TOTAL REVENUE	633,753,307	667,313,790	(33,560,482)	-5.0%
TOTAL OPERATING EXPENSES	619,778,972	622,355,888	2,576,916	0.4%
OPERATING MARGIN	13,974,335	44,957,901	(30,983,566)	-68.9%
OPERATING MARGIN %	2.2%	6.7%	-4.5%	-67.3%
EBITDA	41,881,039	71,872,586	(29,991,547)	-41.7%
EBITDA %	6.6%	10.8%	-4.2%	-38.6%
OTHER NON OPERATING INCOME	13,036,993	13,190,580	(153,587)	-1.2%
TOTAL MARGIN	27,011,329	58,148,482	(31,137,153)	-53.5%
TOTAL MARGIN %	4.3%	8.7%	-4.5%	-51.1%

Salinas Valley Memorial Healthcare System Executive Summary - Key Budget Assumptions FY 2022 Budget

- **FY 2022 Operating Margin: 2.2% or \$14.0M**
(Projected FY 2021: 6.7% or \$45.0M)
- **FY 2022 Total Margin: 4.3% or \$27.0M**
(Projected FY 2021: 8.7% or \$58.1M)
- **FY 2022 Total Operating Revenues: \$634M**
(<5.0%> or <\$33.6M> Decrease over Projected FY 2021)
- **FY 2022 Total Operating Expenses: \$620M**
(0.4% or \$2.6M Decrease over Projected FY 2021)

Statement of Cash Flow - Consolidated

FY14 Actuals – FY22 Budget

Dollar amounts in 000's


	Audited <u>2014</u>	Audited <u>2015</u>	Audited <u>2016</u>	Audited <u>2017</u>	Audited <u>2018</u>	Audited <u>2019</u>	Audited <u>2020</u>	Projected <u>2021*</u>	Budget <u>2022*</u>	
Sources of cash:										
Net income (loss) from operations	15,190	29,150	31,502	43,317	70,065	69,173	89,435	44,958	13,974	↓ \$31.0M
Add back depreciation	21,131	20,107	20,225	20,267	20,729	21,970	22,385	26,915	27,907	
Add back non-cash pension expense	11,311	10,799	12,900	17,860	16,800	24,300	24,069	22,200	23,700	
Proceeds from Bonds										
Sale of assets (SVAL)	0	0	0	0	0	0	0	8,000	0	
Non-operating income (loss)	13,986	9,170	9,822	6,568	15,396	9,187	24,679	13,191	13,037	
Change in net current assets	1,658	5,337	2,124	(541)	(18,445)	27,945	4,677	(20,358)	5,250	
Total Sources of Cash	63,276	74,563	76,573	87,471	104,545	152,575	165,245	94,906	83,868	↓ \$11.0M
Uses of cash:										
Capital and strategic investments	7,855	7,268	28,142	19,854	13,324	34,067	45,225	30,446	57,500	↑ \$27.1M
Pension plan deposits	11,311	10,799	12,900	22,860	20,723	27,300	26,809	26,000	25,397	
Payments on long-term debt	115	776	776	41	43	46	48	48	48	
Total uses of cash	19,281	18,843	41,818	42,755	34,090	61,413	72,082	56,494	82,945	↑ \$25.5M
Net cash flow	43,995	55,720	34,755	44,716	70,455	91,162	93,163	38,412	923	↓ \$36.5M
Beginning cash and investments	95,543	139,538	195,258	230,013	274,729	345,184	436,346	529,509	567,921	
Ending cash and investments	139,538	195,258	230,013	274,729	345,184	436,346	529,509	567,921	568,844	↑ \$0.9M
Days cash on hand	162	219	216	233	268	307	352	348	351	↑ 3 days

*Projection & Budget are normalized

Salinas Valley Memorial Healthcare System

Key Financial Indicators

Statistic	S&P A+ Rated Hospitals	AUDITED									2021 Projected Normalized	2022 Budget Normalized
		2013	2014	2015	2016	2017	2018	2019	2020			
Operating Margin	4.0%	6.8%	4.3%	7.8%	7.1%	8.8%	12.5%	10.8%	13.5%	6.7%	2.2%*	
Total Margin	6.6%	7.7%	7.5%	10.2%	9.3%	10.1%	14.8%	12.0%	17.2%	8.7%	4.3%*	
EBITDA	13.6%	14.2%	13.5%	15.5%	13.9%	14.2%	18.5%	19.6%	20.6%	12.7%	8.7%*	
Days of Cash and Investments	291	116	162	219	216	233	268	269	352	348	351	
Debt Service Coverage Ratio	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Debt to Capitalization	42.4%	0.1%	0.7%	0.5%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	
Days of Accounts Receivable	49.0	49.4	49.2	44.1	52.7	54.5	46.0	51.0	47.0	52.0	50.0	
Supply Expense as % NPR	n/a	11.7%	11.7%	11.4%	13.0%	13.2%	12.1%	11.8%	11.9%	12.9%	13.2%	
SWB Expense as % NPR	53.7%	57.6%	60.1%	57.8%	54.0%	52.4%	49.2%	49.5%	49.8%	52.7%	56.0%	



SVMHS

Capital Budget

Fiscal Year 2022

Salinas Valley Memorial Healthcare System Capital Budget Summary FY 2022

FY2022 Capital Budget Summary		
Total Routine Capital	\$	18.7m
Total Strategic Capital (Including SVMC)	\$	30.7m
Master Facility Planning & Design <i>(Garage \$36m Total, Done FY24)</i>	\$	5.5m
Master Plan for Campus Expansion, Modernization, and Seismic Upgrade	\$	1.0m
Epic Connect Ambulatory Expansion <i>(\$4.1m Total, Done FY23)</i>	\$	1.6m
Total Proposed Capital Budget For FY2022	\$	57.5m

Salinas Valley Memorial Hospital

Routine Capital Budget Summary - DRAFT

FY 2022

Sources of Capital - Total Capital

General Operating funds	\$	56.0m
Estimated Foundation Contribution	\$	1.5m
Total Sources of Capital	\$	57.5m

Proposed Uses Of Routine Capital

Carryover Projects Started in FY2021

1 Nurse Call Upgrade First Floor (\$1.5m Total)	\$	1.3m
2 Second Obstetrical Operating Room (\$1m Total)	\$	0.8m
3 Chemistry Analyzers & Lab Automation (\$2.2m Total)	\$	0.6m
4 Heart Center Air Handler Unit Replacement- 1st flr (\$1.6m Total)	\$	0.4m
5 Starbucks 10 year remodel (per contract)	\$	0.3m
6 DRC Retail Pharmacy (\$0.5m Total)	\$	0.2m
7 Tower Roof Replacement (\$0.6m)	\$	0.2m

Subtotal Carryover Projects	\$	3.7m
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Salinas Valley Memorial Hospital FY 2022 Routine Capital Budget Summary

New Capital Under Consideration		
Facilities/Construction		
1	High Speed elevator modernization	\$ 2.4m
2	SVMHS Rebranding/Facility Signage and Wayfinding. <i>(Main Hospital, SVMH Clinics (13), SVMC Locations (17), DOD Offices (9), Other Locations (13))</i>	\$ 1.9m
3	Other Projects < \$200k	\$ 0.1m
Total New - Facilities/Construction		\$ 4.4m



Salinas Valley Memorial Hospital

FY 2022 Routine Capital Budget Summary

New Capital Under Consideration (Continued)

Equipment

1 Pharmacy automated medication storage and dispensing system replacement project	\$	3.3m
2 Cardiac Ultrasound Replacement	\$	0.7m
3 Nuclear Camera upgrade Ryan Ranch	\$	0.5m
4 CT Scanner and Nuclear Medicine Camera (\$6m total over FY22-23)	\$	0.5m
5 Patient Beds (25). House wide life-cycle replacement, with FY22 focus on 5-Main	\$	0.3m
6 IV Pump Replacement (\$0.6m over 2 years)	\$	0.3m
7 Blood Culture Biomerieux Virtuo System	\$	0.2m
8 Perfusion System - Cardiac Surgery	\$	0.2m
9 Oven and refrigeration equipment update/ replacement	\$	0.2m
10 Specialty Beds in Labor and Delivery	\$	0.2m
11 Other Equipment < \$200k	\$	0.5m
Total New - Equipment	\$	7.1m

Salinas Valley Memorial Hospital FY 2022 Routine Capital Budget Summary

New Capital Under Consideration (Continued)

Information Technology

1 Patient Room Interactive Education & AV System	\$	0.6m
2 Replacement Archive (350TB) – replacement storage for current storage that’s end of life	\$	0.4m
3 Desktop Computers/Lifecycle Replacement	\$	0.3m
4 Replacement of Windows 7 & High Risk Devices	\$	0.3m
5 Increased Server Capacity (Capacity Needs)	\$	0.2m
6 Video Conference Modernization (Remaining Rooms CMO/HR/Education, Finance)	\$	0.2m
7 Mobile devices – Laptops, iPads, WebEx Patient Devices and accessories	\$	0.2m
8 Other Information Technology < \$200k	\$	1.3m

Total New - Information Technology	\$	3.5m
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Total Fiscal Year 2022 Routine Capital	\$	18.7m
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QUESTIONS /COMMENTS

*ADJOURNMENT – THE JUNE 2021
FINANCE COMMITTEE MEETING
IS SCHEDULED FOR MONDAY,
JUNE 21, 2021, AT 12:00 P.M.*