

Posted
Wednesday
May 3, 2023

FINANCE COMMITTEE MEETING

Agenda

THURSDAY, MAY 4, 2023
11:00 A.M.



SUPPLEMENTAL INFORMATION (SEE BELOW)

*PLEASE TURN OFF CELL PHONES OR SET THEM TO SILENT MODE
UPON ENTERING THE MEETING ROOM*

	<u>Time</u>	<u>Form A Page</u>	<u>Target</u>
CALL TO ORDER .....	.....	.....	11:00
❖ Public Comments ¹.....	..... 30	.....	11:00
1. Board Finance Committee Follow-ups.....	.....	..... 4	11:30
2. * Approval: Minutes – Finance Committee – Wednesday, July 27, 2022 (ADD A – Pp12-38).....	..... 2	..... 5	11:32
3. * Approval: Minutes – Finance Committee – Wednesday, August 24, 2022 (ADD B – Pp39-44).....	..... 2	..... 6	11:34
4. * Approval: Minutes – Special Finance Committee – Tuesday, September 27, 2022 (SEPARATE COVER).....	..... 2	..... 7	11:36
5. Approval: Executed Budgeted Routine Physician Agreements (ADD C – Pp45-51).....	..... 4	..... 8	11:40
6. * Review/Approval: Expenditure & Requisition Approval Authorities .....	..... 10	..... 10	11:50
7. * Review/Approval: March 2023 & YTD FY2023 Financial Report (ADD D – Pp92-117).....	..... 15	..... 11	12:05
FINAL ADJOURNMENT.....	.....	.....	12:05

NOTE: The meeting—without public comments—is scheduled to last 35 minutes, starting at 11:00 a.m., with adjournment at 11:35 a.m.

Board Finance Committee – Voting Members		
Laura Barry – Chair	Mike Pacheco – Director	Jeff Griffith, EMT-P - Director
Diane Hansen, President & CEO	Kanchan Koirala, MD, CoS Palomar Medical Center Escondido	Sam Filiciotto, MD, CoS Palomar Medical Center Poway
Board Finance Committee – Alternate Voting Members		
Laurie Edwards-Tate, MS Board Alternate	Andrew Nguyen, MD – CoS-Elect CoS Alternate – Palomar Medical Center Escondido	Mark Goldsworthy, MD – CoS-Elect CoS Alternate – Palomar Medical Center Poway
Board Finance Committee – Non-Voting Members		
Hugh King, CFO	Ryan Olsen, COO	Omar Khawaja, MD, CMO
Mel Russell, RN, CNE		Amanda Pape, Vice President of Finance

NOTE: If you have a disability, please notify us 72 hours prior to the event so that we may provide reasonable accommodations

**Item #4 is attached
as supplemental
information**

* Asterisks indicate anticipated action. Action is not limited to those designated items.

¹ See page 3

Meeting Minutes

BOARD FINANCE COMMITTEE CALENDAR YEAR 2022



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ATTENDANCE ROSTER						
MEMBERS	MEETING DATES:					
	SPECIAL 1/26/22	4/27/22	7/27/22	8/24/22	SPECIAL 9/27/22	10/26/22
DIRECTOR LAURA BARRY – CHAIR	V	V	V	V	V	
DIRECTOR JEFF GRIFFITH, EMT-P	V	V	E	V	*V	
DIRECTOR MIKE PACHECO	V	V	V	V	V	
DIANE HANSEN, PRESIDENT & CEO	V	V	V	E	V	
SABIHA PASHA, MD, CoS PMC ESCONDIDO	V	E	V	V	V	
EDWARD GURROLA, MD, CoS, PMC POWAY	V	V	V	V	V	
<i>DIRECTOR LAURIE EDWARDS-TATE, MS – ALTERNATE</i>		G				
<i>DIRECTOR TERRY CORRALES, RN – 2ND ALTERNATE</i>			V			
<i>KANCHAN KOIRALA – ALTERNATE CoS PMC ESCONDIDO</i>						
<i>SAM FILICIOTTO, MD – ALTERNATE CoS PMC POWAY</i>	V (GUEST)		G			
STAFF ATTENDEES						
HUGH KING, CHIEF FINANCIAL OFFICER		V	V	V	V	
OMAR KHAWAJA, MD, CHIEF MEDICAL OFFICER	V	V	V	E	V	
STEPHANIE BAKER, RN, CHIEF OPERATIONS OFFICER				E	V	
MEL RUSSELL, RN, CHIEF NURSE EXECUTIVE	V	V	V	V	V	
AMANDA PAPE, VP OF FINANCE			E	E	E	
TANYA HOWELL – COMMITTEE ASSISTANT	V	V	V	V	V	
SHEILA BROWN, CHIEF OPERATIONS OFFICER	V	V	E			
MICHAEL BOGERT, CHIEF FINANCIAL OFFICER	V					
JIM SMITH, VP OF FINANCE	E					
INVITED GUESTS	SEE TEXT OF MINUTES FOR NAMES OF INVITED GUESTS					

BOARD FINANCE COMMITTEE – SPECIAL MEETING MINUTES – TUESDAY, SEPTEMBER 27, 2022			
AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
DISCUSSION			
NOTICE OF MEETING			
<ul style="list-style-type: none"> The full agenda packet (as Notice of Meeting) was posted on Friday, September 23, 2022, at Palomar Health’s Administrative Offices, which is consistent with legal requirements The full agenda packet was also posted on the Palomar Health website; and notice of that posting was made via email to the Board and staff 			
CALL TO ORDER			
<ul style="list-style-type: none"> The meeting – held virtually – was called to order at 2:02 p.m. by Chair Laura Barry 			
ESTABLISHMENT OF QUORUM			
<ul style="list-style-type: none"> Quorum was established – see roster for details 			
PUBLIC COMMENTS			
<ul style="list-style-type: none"> None filed 			
INFORMATION ITEMS			
<ul style="list-style-type: none"> None 			
1. REVISION TO THE FISCAL YEAR 2023 CAPITAL BUDGET	MOTION: By Dr. Gurrola, seconded by Director Pacheco, and carried to recommend approval of the revisions to the Fiscal Year 2023 Capital Budget as presented. Vote taken by Roll Call: Dr. Pasha – Aye; Dr. Gurrola – Aye; Chair Barry –Aye; Ms. Hansen – Aye; Director Pacheco – Aye; Absent: Director Griffith	Forwarded to the October 10, 2022, Board of Directors meeting with a recommendation for approval	Y
<ul style="list-style-type: none"> Chair Barry asked CFO Hugh King to explain the reasoning behind the request for a revision Mr. King stated that there were some items of equipment used in the facility that were being delayed due to the world-wide supply chain problems, which had been exacerbated for more sophisticated pieces of equipment <ul style="list-style-type: none"> Under government accounting rules, issuing a purchase order encumbers funds, which counts against budget, but the purchase orders must be issued in order to be in line for equipment delivery <ul style="list-style-type: none"> COO Stephanie Baker stated that waiting time from order date to delivery for a linear accelerator (LINAC) was a year, and the timing for MRI’s was 6-9 months Mr. King added that a second LINAC was needed for the cancer program, and waiting to order until after the FY2024 budget was finalized meant that the equipment wouldn’t arrive until sometime in FY2025 <ul style="list-style-type: none"> The LINAC was needed sooner, as was the equipment for the upgrades to the 3 current cath labs and a brand new cath lab at PMCE The equipment would all be leased, but by government accounting rules, a revision to the budget would be required in order to encumber the funds 			

BOARD FINANCE COMMITTEE – SPECIAL MEETING MINUTES – TUESDAY, SEPTEMBER 27, 2022

• AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
<p>• DISCUSSION</p>			
<ul style="list-style-type: none"> ▪ Action by the Board on this request would allow the issuance of the POs in a total amount of \$10.3M, with likely no monies actually expended in FY2023, and equipment delivery late in FY2023 or in early FY2024 • Chair Barry asked if she understood correctly that the requirement of the accounting rules was that the funds had to be in this year’s capital budget, even though the costs probably wouldn’t hit until next fiscal year, and Mr. King replied that a purchase order was effectively a contract, and we had to have budgeted funds in order to enter into the capital commitment 			
<p>2. JOINT VENTURE FUNDING</p>	<p>MOTION: By Dr. Gurrola, seconded by Ms. Hansen, and carried to recommend approval of the requests for Joint Venture Funding as presented.</p> <p>Vote taken by Roll Call: Dr. Pasha – Aye; Dr. Gurrola – Aye; Chair Barry –Aye; Ms. Hansen – Aye; Director Pacheco – Aye; Director Griffith – Aye; Absent:</p> <p><i>*Director Griffith was able to join the meeting prior to this vote</i></p>	<p>Forwarded to the October 10, 2022, Board of Directors meeting with a recommendation for approval</p>	<p>Y</p>
<ul style="list-style-type: none"> • Chair Barry asked Mr. King to explain this request • Mr. King stated that Management was requesting approval to fund 3 Joint Venture (JV) activities <ul style="list-style-type: none"> ○ The first JV would be in Poway, where there was already an existing Ambulatory Surgery Center (ASC), owned by a nationally known surgical management company called AmSurg and a group of Orthopedic Surgeons (the Group), most of whom were contracted to or a part of PHMG <ul style="list-style-type: none"> – The Group and Palomar Management had agreed in principal on the partnership and were working on final terms, whereby the Group – who would soon be losing the lease on the property where their current ASC was located – would be relocated to the new ASC on the second floor of the POP – Palomar’s contribution to the JV would be around \$8M, and there might be a need for some additional working capital, so the maximum request would be \$10M – The existing ASC had a net income in excess of \$2M/year, and Mr. King believed that a newer center, in the same building with many of the physicians, where there was also going to be an Imaging Center, would likely generate more funds – The structure of the agreement would have the physicians owning 49%, Palomar owning 30%+, with AmSurg owning the remaining balance – An FMV appraisal had been done, all terms were within the legal constructs, and the ASC was anticipated to generate around \$1M/year • In response to an inquiry from Chair Barry, Mr. King suggested, and she agreed, that the vote be taken on all 3 JV requests at one time <ul style="list-style-type: none"> ○ The second JV was also for an ASC, to be located on the first floor of PHOC III, the MOB across the street from PMCE <ul style="list-style-type: none"> – This JV would also be between Palomar, AmSurg and physicians who practice at Palomar, with a structure of physicians owning 49%, and Palomar owning 30%+ – Management was requesting \$10M to fund Palomar’s contribution, which wouldn’t actually be paid in dollars, but would be paid via the construction of the ASC, the lease of the property and some working capital ○ The third JV would be for the construction and management of an Imaging Center on the first floor of the POP building, a project that had been in the works for 4-5 years 			

BOARD FINANCE COMMITTEE – SPECIAL MEETING MINUTES – TUESDAY, SEPTEMBER 27, 2022

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• DISCUSSION			
<ul style="list-style-type: none"> – The JV would be between Palomar (with a 40% interest), PHMG (with a 20% interest) and San Diego Imaging (SDI) (who had been offered but had not yet accepted a 20% interest) <ul style="list-style-type: none"> ▪ SDI is also a JV partner for the Imaging Center that is down the street from PMCE in Escondido – There are a number of benefits to placing the Imaging Center at the POP, for PMCP, the medical group and Palomar in general <ul style="list-style-type: none"> ▪ The Imaging Center will contain MRI and CT services, replacing the mobile MRI at the hospital, currently the only CT services available at that location ▪ Bond proceeds will be used to refurbish the connection and the elevator from the hospital to the POP so suitable according to State guidelines for patient transportation, which will provide the ability to provide MRI services to the hospital, and will provide a backup CT for the PMCE ER ▪ Most of the physicians that will refer to this MRI are currently referring to a for-profit standalone Imaging Center, so the new center will allow revenue to remain in-house – Most of the equipment would be leased, and Management was requesting \$4M, which would be used as working capital for the first few months of operation, until the center could begin generating its own cash flows ○ In response to an inquiry by Dr. Gurrola related to projected profitability for the Imaging Center, Mr. King stated that there had previously been a CT-only imaging center associated with the Orthopedic Group, that had been very profitable, and there had been plans to replace that CT when it reached end of life <ul style="list-style-type: none"> – Those plans had been placed on hold pending discussions with the physicians and hospital team regarding the actual wants and needs for equipment and services ○ Dr. Gurrola then asked what would happen if SDI didn't want to participate, and Mr. King stated SDI had no problem with contracting to do the imaging; however, it was hoped that they would manage the Imaging Center in the same manner as they were currently doing with the one in Escondido <ul style="list-style-type: none"> – Although Mr. King couldn't speak for them, he indicated that during meetings they had expressed an interest in doing so, but they needed all of their shareholders to participate in the decision – and if SDI declined, Management would obtain the same services elsewhere • In response to a question from Director Pacheco about whether the total amount for the second ASC would actually be \$12M, Mr. King clarified that it would only be \$10M, and he anticipated that—based on experience—the valuation of Palomar's ownership interest would be \$8M, and the requested funding would pay for leasehold improvements on the first floor of the MOB, as well as some cash cushion for working capital for the first 30-60 days, until the ASC was bringing in cash flows on its own 			
3. PRE-AUDIT JUNE 2022 & YTD FY2022 FINANCIAL REPORT	MOTION: By Dr. Gurrola, seconded by Ms. Hansen, and carried to recommend approval of the Pre-Audit June 2022 & YTD FY2022 Financial Report as presented. Vote taken by Roll Call: Dr. Pasha – Aye; Dr. Gurrola – Aye; Chair Barry –Aye; Ms. Hansen – Aye; Director Pacheco – Aye; Director Griffith – Aye; Absent:	Forwarded to the October 10, 2022, Board of Directors meeting with a recommendation for approval	N
<ul style="list-style-type: none"> • Chair Barry stated that the third agenda item was to review and approve to send to the full Board the Pre-audit June 2022 and YTD FY2022 financial reports, then turned the floor over to Mr. King 			

BOARD FINANCE COMMITTEE – SPECIAL MEETING MINUTES – TUESDAY, SEPTEMBER 27, 2022

• AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
• DISCUSSION			
<ul style="list-style-type: none"> • Mr. King stated that the reason this Special Committee meeting had been called was the District has a statutory requirement to approve the unaudited financial statements within a certain timeframe, which normally would have occurred at the last meeting; however, the new rules related to lease accounting for governmental hospitals delayed that review <ul style="list-style-type: none"> ○ Not only were adjustments required in the current fiscal year, but since comparative data was also being reviewed, prior fiscal years also had to be restated under the new guidelines <ul style="list-style-type: none"> – That work was completed yesterday, the auditors had reviewed it earlier today, and all indications were that the numbers presented at this meeting would be accurate and included in the audited financial statements for presentation to the Board at a Special Full Board Audit & Compliance Meeting next month • Mr. King then presented the financial information (<i>Attachment 1</i>), focusing on the year-to-date slides • INCOME STATEMENT: YEAR-TO-DATE UNAUDITED (<i>PAGE 10</i>) <ul style="list-style-type: none"> ○ Net Patient Revenue was budgeted at \$797M, actual was \$790M, an unfavorable variance vs. budget of \$6.4M ○ Total Net Revenue was budgeted at \$805.8M, actual was \$800.1M, an unfavorable variance vs. budget of \$5.7M ○ Operating Expense was budgeted at \$767.7M, actual was \$758, a favorable variance vs. budget of \$9.7M ○ Income from Operations was budgeted at \$38M, actual was \$42.1M, a favorable variance vs. budget of \$4.1M, a remarkable improvement over income from 2 to 3 years ago, in fact, even going back 5 or 6 years ago ○ Net Income was budgeted at \$32.8M, actual was \$42.8M, a favorable variance vs. budget of almost \$10M (at \$9.73M), driven to some extent by the swap income • STATEMENT OF NET POSITION: INCLUDES G.O. BONDS (AKA BALANCE SHEET) (<i>PAGE 17</i>) <ul style="list-style-type: none"> ○ Cash position at the end of the year was \$238.4M, compared to \$219.4M in May, and \$285.7M at the end of the prior year <ul style="list-style-type: none"> – A large portion of that negative variance to prior year was due to the Board-designated funds, which held the Medicare Advanced Payments <ul style="list-style-type: none"> ▪ There were about \$30M more of those funds last year, but most had now been recaptured by Medicare ○ Accounts Receivable had also gone up, from \$130.1M in prior year to \$149M <ul style="list-style-type: none"> – There were a number of payor shifts this fiscal year, both from regular Medicare to Medicare Advantage and from regular Medi-Cal to Medi-Cal Advantage programs, and the Advantage programs tended to pay more slowly than the regular programs <ul style="list-style-type: none"> ▪ The regular programs are mandated by law to pay within 14 days of receipt of a clean claim; however, the Advantage programs do not have that mandate and have usually taken 30 days or more before paying ○ Right of Use Assets was a new category that contained \$238.5M, a direct result of the new lease accounting rules <ul style="list-style-type: none"> – Under the new rules, any lease that lasts for more than one year must be booked as an asset, and the District has the right to use that asset – Most of the District’s leases are for long-term leases related to the MOBs (e.g., the POP building and PHOCI & PHOCIII), which must be recorded at net present value of future lease payments as both a liability and an offsetting asset – Total Long-Term Liabilities now contains a row titled Lease Liabilities in which the \$247M in liability related to the Right of Use Assets was booked <ul style="list-style-type: none"> ▪ Current Liabilities now also contains a row titled Current Portion of Lease Liability, which was \$5.7M 			

BOARD FINANCE COMMITTEE – SPECIAL MEETING MINUTES – TUESDAY, SEPTEMBER 27, 2022

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• DISCUSSION			
<ul style="list-style-type: none"> – There was also an impact on the Income Statement, the leasehold the right of use asset had to be amortized, and there was a related interest expense, accrued based on had the building been purchased rather than leased – Bottom line was that the expense now was broken into amortization of the asset and rent expense, in a very convoluted process • Before moving forward Mr. King provided a further explanation related to the new lease accounting rules <ul style="list-style-type: none"> ○ As previously discussed, there are differences between governmental accounting standards and other financial accounting standards, which are very similar, with nuances related to interest expense, capitalized interest, etc., but with regard to lease accounting, both were virtually the same – The main difference was that for-profit organizations had to convert their leases two years ago, non-profit organizations converted one year ago, and then governmental organizations were required to convert their lease accounting in the current year – Another difference was that the for-profit and non-profit entities were not required to restate the prior year for comparative purposes, where governmental entities did • CONDENSED COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION (AKA CONSOLIDATED INCOME STATEMENT) (PAGE 20) <ul style="list-style-type: none"> ○ Consolidated Total Operating Revenue was at \$913M, and Mr. King stated that it would not surprise him to see it surpass \$1M next year ○ Consolidated Total Operating Expenses were \$905.9M ○ Consolidated Income from Operations was \$7.3M, a positive improvement from several years ago ○ Consolidated Change in Net Position (<i>basically Consolidated Net Income</i>) was \$19.2M • In response to an inquiry by Dr. Gurrola about Days Cash on Hand, Mr. King again referenced the Income Statement, noting that the Total Cash, Cash Equivalents & Investments were at \$238.4M <ul style="list-style-type: none"> ○ Operating cash requirements were about \$2M/day, so \$238.4M divided by \$2M would equal 117 days of cash on hand; however, as most of the Board Designated total was for the Medicare payments that haven't yet been recouped, Mr. King would normally remove that \$21M from the equation, bringing the total down to 111 days of cash • Mr. King then confirmed that the requested approval today would be for the unaudited financial report, and that the audited financials would be presented by the auditors at the combined Board & Audit Committee meeting on October 18th 			
4. COMMITTEE COMMENTS	<ul style="list-style-type: none"> • Chair Barry asked when the Charter for the Finance Committee was scheduled for presentation and approval, and Mr. King noted that it would be soon; however, as the underwriters had recommended acceleration of the bond issue by two weeks, that process had taken precedence over the time of the finance team and the auditors <ul style="list-style-type: none"> ○ After being recognized by the Chair, Secretary Howell notified the Committee that the drafted charter had been received from CLO Kevin DeBruin and was scheduled for presentation at the October 26th meeting • Ms. Hansen thanked Mr. King for stepping in and hitting the ground running, taking on some enormous financial challenges in terms of a bond refunding, handling the GASB 87 and the significant amount of work that went into that accounting change that should have already been occurring, all in the midst of an audit <ul style="list-style-type: none"> ○ VP of Finance Amanda Pape, including her team and the folks from the PHMG accounting team, could not have made those things happen without Mr. King's leadership, guidance and overall experience with managing through so many of these difficult things 		Y



ATTACHMENT I

Fiscal Year 2022 Financial Performance

*Supplemental Section includes Palomar Health Medical Group (PHMG) and Consolidating Schedules

June 2022 (Unaudited)

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Income from operations for the month was \$4.1 million, favorable to budget by \$1.0 million. The year-to-date income from operations was \$42.0 million and has a \$4.0 million favorable variance. Net income for the month was \$11.4 million, favorable to budget by \$7.0 million. Net income year-to-date was \$42.8 million, a favorable variance of \$9.9 million.

EBIDA margin for the month of June was favorable to budget by 18.4% and year-to-date EBIDA margin was favorable to budget by 1.7%. Additional comments and further analyses are presented in the following sections.

Patient Utilization

Inpatient (IP) Services

For the month of June, Acute Discharges for the District were (2.8%) unfavorable to budget. Average Daily Census was (10.5%) unfavorable to budget. Adjusted Discharges were 3,900, which was 225 (6.0%) favorable to budget. Adjusted Patient Days were 17,140, which was 605 (3.4%) unfavorable to budget. Case Mix Index for both campuses, excluding deliveries, was 1.63, which was (2.1%) unfavorable to budget.

IP surgeries for PMC Escondido and PMC Poway for the month were 449 cases (includes CVS), which were 80 cases (15.1%) unfavorable to budget.

Deliveries for PMC Escondido and PMC Poway for the month were 329, which were 19 deliveries (6.1%) favorable to budget. For the month, Trauma admissions were 111, which was 8.8% favorable to budget.

Outpatient (OP) and Ancillary Services

OP surgeries for PMC Escondido and PMC Poway for the month were 501 cases, which were 15 cases (3.1%) favorable to budget. Outpatient ER visits for the month were 9,983 visits (includes trauma), which were 984 visits (10.9%) favorable to budget. OP registrations for the month were 10,269, which were 5.4% favorable to budget. ER admissions for the month were 1,482, which were (1.0%) favorable to budget.

Financial Performance

Operating Revenue

Net Patient Revenue for the month was \$61.6 million, which was \$4.1 million (6.2%) unfavorable to budget.

Other Operating Revenue

Other Operating Revenue for the month was \$1.3 million, which was \$457 thousand (53.5%) favorable to budget.

Operating Expenses

Total Operating Expenses for the month were \$58.8 million, which was \$4.6 million (7.3%) favorable to budget.

Salaries, Wages & Contract Labor for the month were \$24.9 million, which was \$3.2 million (11.5%) favorable to budget.

Benefits for the month were \$8.2 million, which was \$196 thousand (2.4%) unfavorable to budget.

Professional Fees and Purchased Services for the month were \$12.6 million, which was \$1.9 million (18.3%) unfavorable to budget.

Supplies for the month were \$9.9 million, which was \$1 million (11.5%) unfavorable to budget.

Depreciation & Amortization for the month was \$9.6 million, which was \$6.1 million (173.9%) unfavorable to budget.

Other Direct Expenses for the month were (\$6.6 million), which was \$10.7 million (261.8%) favorable to budget.

Monthly Management Discussion and Analysis

Summary Results of Operations for the Period Ended June 30, 2022 (Unaudited)

Net Non-Operating Income/Expense

Net Non-Operating Income for the month was \$7.3 million, which was \$6.0 million favorable to budget mainly due to investment market performance, the reclassification of expenses related to building rental income which were originally budgeted as an operating expense and implementation of GASB 87.

Payor Mix, Net Days in Accounts Receivable (A/R) and Cash Collections

The percentages of Gross Patient Service Revenue from the Medicare, Managed Care Medicare, Managed Care, Medi-Cal and Managed Care Medi-Cal financial classes for the month were consistent with budget. Cash postings were \$61.0 million. Days in Net A/R are 70.7, a 5.1 days decrease from May.

Key Performance Indicators (KPI)	January 2021	Apr	May	Jun	Target
Total Net A/R (\$) ¹	\$137,851,805	\$160,943,521	\$162,671,740	\$148,997,819	
Net Days in A/R (Days) (3-months)	64.6	72.7	75.8	70.7	61.0-63.0
DNFB (Days)	2.0	1.5	1.2	1.2	3.0
Urgent Insurance Verification (DDC) (%)	98.9%	97.6%	98.1%	98.1%	98.0%
Elective IP Insurance Verification (Average Secure) (%)	93.8%	93.4%	91.6%	92.9%	98.0%
Elective OP Insurance Verification (Average Secure) (%)	97.9%	98.3%	98.4%	98.4%	98.0%
True Cash Denial (%)	5.2%	6.9%	4.9%	5.1%	6.0%

¹ Total Net A/R (\$) does not have a FY2022 Target as \$ is dependent on Gross Revenue

Please see Appendix A, which contains a glossary of the Key Performance Indicators presented above.

Balance Sheet

Cash, Cash Equivalents and Investments increased in June by \$22.6 million from the previous month due to requests for funding for projects related to the 2017 COPs and parking structure construction, and funding received through Medi-Cal supplemental programs.

The Days Cash On Hand ratio, which includes Medicare Advance Payments, decreased by 11.3 days from the prior month to 122.9 days. When the Medicare Advance Payments are excluded, Days Cash on Hand is 112.1 days.

Total Net A/R: This is the total amount of accounts receivable which management expects to collect from patients, insurance companies, Medicare and Medi-Cal, in future months, for services to patients through the end of the current accounting period. This number is computed by subtracting estimated contractual adjustments, bad debts and charity write-offs from gross accounts receivable.

Net Days in A/R (Days): The full name for this performance indicator is “Net Days of Revenue in Net Accounts Receivable.” This statistic is a measure of the effectiveness of the organization’s collections of revenue. For example, if the organization has average daily net revenues of \$2 million and \$140 million in Net A/R, then the organization has 70 days of net revenue/potential cash (\$140M divided by \$2M) tied up in its Accounts Receivable.

DNFB (Days): The full name for this performance indicator is **D**ischarged **N**ot **F**inal **B**illed Revenue. Before a hospital bill can be completed and sent to an insurance company, patient, Medicare or Medi-Cal certain information must be completed and entered in the system and submitted as components of the bill. This information includes specific codes for the services performed using the **C**urrent **P**rocedural **T**erminology codes (CPT-4) as defined by the American Medical Association or the **H**ealthcare **C**ommon **P**rocedure **C**oding **S**ystem (HCPCS) as defined by the Medicare Program. Additionally, the **I**nternational **C**lassification of **D**isease codes (ICD-10) which define a patient’s various illnesses must be included in the billing information. This information is inserted in the patient billing information by employees certified in these coding methodologies based on information in the patient’s medical record. Certified coding specialists rely heavily on clinical information supplied by the patient and physicians including History and Physical Reports, Operative Reports and Discharge Summaries. This performance indicator measures the effectiveness of the billing process. Bills cannot be collected if they are not submitted and this indicator shows the average time required between the time a patient is discharged and the time the bill is submitted. The lower the number the better the performance. A number below 3.0 is considered best practice.

Urgent Insurance Verification (DDC) (%): In order to ensure the organization is properly paid for its services it needs to confirm the patient is insured and whether the patient’s insurance covers the services to be rendered. Additionally, some insurers and HMOs require a pre-authorization or pre-certification before they will authorize payment for the services. This verification must be performed very quickly for certain patients. Failure to verify insurance and obtain pre-authorizations, if necessary, significantly reduces the probability of collecting for the services rendered. This performance metric measures the percentage of time insurance verification is obtained for urgent cases prior to the service being rendered. A higher percentage is better. A percentage in excess of 98% is considered best practice.

Elective IP Insurance Verification (Average Secure) (%): In order to ensure the organization is properly paid for its services it needs to confirm the patient is insured and whether the patient's insurance covers the services to be rendered. Additionally, some insurers and HMOs require a pre-authorization or pre-certification before they will authorize payment for services. For inpatient elective procedures/cases, this verification process is critical for payment. Failure to verify insurance and obtain pre-authorizations, if necessary, significantly reduces the probability of collecting for the services rendered. This performance metric measures the percentage of time insurance verification is obtained for elective inpatient cases prior the service billing rendered. A higher percentage is better. A percentage of 95% is considered best practice.

Elective OP Insurance Verification (Average Secure) (%): In order to ensure the organization is properly paid for its services it needs to confirm the patient is insured and whether the patient's insurance covers the services to be rendered. Additionally, some insurers and HMOs require a pre-authorization or pre-certification before they will authorize payment for services. For outpatient elective procedures/cases, this verification process is critical for payment. Failure to verify insurance and obtain pre-authorizations, if necessary, significantly reduces the probability of collecting for the services rendered. This performance metric measures the percentage of time insurance verification is obtained for elective outpatient cases prior the service billing rendered. A higher percentage is better. A percentage of 95% is considered best practice.

True Cash Denial Rate (%): Once claims (bills) are submitted, insurance companies, Medicare and Medi-Cal may deny those claims. Denials may occur for several reasons including:

- Insurance was not valid for the name patient
- The procedure performed was not covered by the patient's insurance
- The provider did not obtain pre-authorization to perform the procedure
- The procedure was not medically necessary
- The bill was received outside the contractually agreed upon timetable

This performance indicator measures whether the organization's processes for insurance verification, obtaining pre-authorization, medical necessity verification and timely billing are working effectively. The measurement is computed by dividing the dollar value of the denials for a twelve-month period by the total annual billings for that same period. A lower percentage indicates better performance with a percentage below 10% is considered best practice.

Prior to Fiscal Year 2021, gross charges were reflected instead of the true cash/AR balance at risk.

Executive Dashboard

	Month to Date				Year to Date			
	Unaudited	Budget	Variance	Prior Year	Unaudited	Budget	Variance	Prior Year
	Jun-22	Jun-22		Jun-21	Jun-22	Jun-22		Jun-21
Key Volumes								
Discharges - Total	2,270	2,326	(2.4%)	1,981	24,473	28,460	(14.0%)	24,803
Acute - General	2,157	2,195	(1.8%)	1,853	22,983	26,904	(14.6%)	22,947
Acute Behavioral Health	63	88	(28.1%)	80	801	1,067	(24.9%)	1,040
Total Acute Discharges	2,220	2,283	(2.8%)	1,933	23,784	27,971	(15.0%)	24,360
The Villas at Poway	50	43	16.3%	48	689	489	40.9%	443
Patient Days - Total	11,130	12,441	(10.5%)	11,168	146,650	150,106	(2.3%)	144,833
Acute - General	7,592	8,245	(7.9%)	7,489	100,402	100,606	(0.2%)	96,355
Acute Behavioral Health	651	776	(16.1%)	801	9,170	9,450	(3.0%)	9,210
Total Acute Patient Days	8,243	9,021	(8.6%)	8,290	109,572	110,056	(0.4%)	109,360
The Villas at Poway	2,887	3,420	(15.6%)	2,878	37,078	40,050	(7.4%)	35,473
Acute Adjusted Discharges	3,839	3,632	5.7%	3,342	38,709	44,506	(13.0%)	38,826
Total Adjusted Discharges*	3,900	3,675	6.1%	3,403	39,596	44,995	(12.0%)	39,310
Acute Adjusted Patient Days	14,253	14,325	(0.5%)	14,333	177,820	174,765	1.8%	173,489
Total Adjusted Patient Days*	17,140	17,745	(3.4%)	17,211	214,898	214,815	0.0%	208,962
Acute Average Daily Census	275	301	(8.6%)	276	300	302	(0.4%)	300
Total Average Daily Census*	371	415	(10.5%)	372	402	411	(2.3%)	397
Surgeries - Total	950	1,015	(6.4%)	1,021	11,518	12,320	(6.5%)	11,328
Inpatient	449	529	(15.1%)	484	5,584	6,572	(15.0%)	5,853
Outpatient	501	486	3.1%	537	5,934	5,748	3.2%	5,475
Deliveries	329	310	6.1%	295	4,012	4,244	(5.5%)	3,454
ER Visits (Includes Trauma) - Total	11,465	10,466	9.6%	11,678	120,043	124,665	(3.7%)	113,368
Inpatient	1,482	1,467	1.0%	1,611	16,998	18,097	(6.1%)	17,701
Outpatient	9,983	8,999	10.9%	10,067	103,045	106,568	(3.3%)	95,667

* Includes The Villas at Poway

	Month to Date				Year to Date			
	Unaudited	Budget	Variance	Prior Year	Unaudited	Budget	Variance	Prior Year
	Jun-22	Jun-22		Jun-21	Jun-22	Jun-22		Jun-21
Key Statistics								
Acute Average LOS - Days	3.71	3.95	6.0%	4.29	4.61	3.93	(17.1%)	4.49
Acute - General	3.52	3.76	6.3%	4.04	4.37	3.74	(16.8%)	4.20
Acute Behavioral Health	10.33	8.86	(16.7%)	10.01	11.45	8.86	(29.3%)	8.86
Average Observation Hours	31	23	(34.8%)	23	29	22	(31.8%)	22
Acute Case Mix-Excludes Deliveries	1.63	1.60	2.1%	1.60	1.62	1.66	(2.2%)	1.66
Acute Case Mix-Medicare Only	1.86	1.82	2.4%	1.82	1.83	1.84	(0.6%)	1.84
Labor Productivity by Hrs					106.2%	100.0%	6.2%	100.6%
Days Cash on Hand					122.9			150.6
Financial Performance								
Operating Income	4,101,839	3,093,145	1,008,694	4,251,882	42,070,594	38,000,086	4,070,508	32,295,701
Net Income	11,412,176	4,325,484	7,086,692	9,276,361	42,792,228	32,814,091	9,978,137	38,415,755
Oper. Expenses/Adj. Patient Days	2,867	3,377	15.1%	3,660	3,294	3,365	2.1%	3,314
EBIDA Margin-Excludes PHMG	33.7%	15.3%	18.4%	21.4%	14.8%	13.1%	1.7%	12.9%
EBIDA-Excludes PHMG	21,200,068	10,185,117	11,014,951	15,111,361	131,672,889	105,764,857	25,908,032	108,124,166

Note: Financial Performance excludes GO Bonds

Income Statement: Current Month Unaudited

Excludes PHMG

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Jun-22	Jun-22	Jun-22	Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	17,471	18,774	(1,303)					
Adjusted Discharges	3,900	3,675	225					
Operating Revenue								
Gross revenue	375,821,247	371,926,118	3,895,129	(25,813,345)	29,708,473.94	21,511.15	19,810.70	1,700
Deductions from revenue	(314,241,455)	(306,248,519)	(7,992,936)	21,255,024	(29,247,960)	(17,986.46)	(16,312.37)	(1,674)
Net patient revenue	61,579,792	65,677,599	(4,097,807)	(4,558,321)	460,514	3,525	3,498	26
Property Tax Revenue			-	-	-	-	-	-
Other operating revenue	1,310,521	853,945	456,576	(59,267.62)	515,843.80	75.01	45.49	30
Total net revenue	62,890,313	66,531,544	(3,641,231)	(4,617,588)	976,357	3,600	3,544	56
Operating Expenses								
Salaries, wages & contract labor	24,928,515	28,152,980	3,224,465	1,953,943	1,270,522	1,427	1,500	73
Benefits	8,232,869	8,036,458	(196,411)	557,766	(754,177)	471	428	(43)
Supplies	9,987,179	8,960,385	(1,026,794)	621,891	(1,648,685)	572	477	(94)
Prof fees & purch svcs	12,623,669	10,675,441	(1,948,228)	740,924	(2,689,152)	723	569	(154)
Depreciation	9,639,591	3,519,560	(6,120,031)	244,273	(6,364,304)	552	187	(364)
Other	(6,623,350)	4,093,575	10,716,925	284,113	10,432,813	(379)	218	597
Total expenses	58,788,473	63,438,399	4,649,926	4,402,910	247,016	3,365	3,379	14
Income from operations	4,101,840	3,093,145	1,008,695	(214,678)	1,223,374	235	165	70
Non-operating revenue(expense)								
Property tax revenues ¹	2,767,623	1,583,333	1,184,290					
Interest rate swap	13,152,115	-	13,152,115					
Investment income	(173,507)	634,347	(807,854)					
Revenue bond interest expense	(13,300,418)	(2,340,073)	(10,960,345)					
Other non-operating revenue(expense)	4,864,522	1,354,732	3,509,790					
Net Income²	11,412,176	4,325,484	7,086,692					
EBIDA Margin	33.7%	15.3%	33.7%					

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

Income Statement: Year-to-Date Unaudited

Excludes PHMG

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Jun-22	Jun-22	Jun-22	Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	215,229	197,070	18,159					
Adjusted Discharges	39,596	44,995	(5,399)					
Operating Revenue								
Gross revenue	4,555,802,341	4,532,789,939	23,012,402	417,673,580	(394,661,179)	21,167	23,001	(1,834)
Deductions from revenue	(3,764,923,098)	(3,735,480,092)	(29,443,006)	(344,205,526)	314,762,520	(17,493)	(18,955)	1,462
Net patient revenue	790,879,243	797,309,847	(6,430,604)	73,468,055	(79,898,659)	3,675	4,046	(371)
Other operating revenue	9,232,228	8,461,082	771,146	779,646	(8,500)	43	43	(0)
Total net revenue	800,111,471	805,770,929	(5,659,458)	74,247,700	(79,907,159)	3,717	4,089	(371)
Operating Expenses								
Salaries, wages & contract labor	345,319,216	340,460,618	(4,858,598)	(31,371,717)	26,513,119	1,604	1,728	123
Benefits	93,848,156	96,626,355	2,778,199	(8,903,628)	11,681,827	436	490	54
Supplies	110,289,837	108,353,888	(1,935,949)	(9,984,261)	8,048,311	512	550	37
Prof fees & purch svcs	130,550,998	128,658,855	(1,892,143)	(11,855,260)	9,963,118	607	653	46
Depreciation	50,267,077	44,861,153	(5,405,924)	(4,133,727)	(1,272,197)	234	228	(6)
Other	27,765,594	48,809,974	21,044,380	(4,497,591)	25,541,971	129	248	119
Total expenses	758,040,878	767,770,843	9,729,965	(70,746,185)	80,476,150	3,522	3,896	374
Income from operations	42,070,592	38,000,086	4,070,506	3,501,515	568,991	195	193	3
Non-operating revenue(expense)								
Property tax revenues ¹	20,184,290	19,000,000	1,184,290					
Interest Rate Swap	13,152,115	-	13,152,115					
Investment income	(5,508,550)	1,091,341	(6,599,891)					
Revenue bond interest expense	(38,613,581)	(28,089,613)	(10,523,968)					
Other non-operating revenue(expense)	11,507,363	2,812,277	8,695,086					
Net Income ²	42,792,228	32,814,091	9,978,137					
EBIDA Margin	14.8%	13.1%	1.7%					

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

Current vs. Prior Year-to-Date Unaudited Excludes PHMG

	Current Year	Prior Year	Change	Variance		Dollars/Adjusted Patient Day		
	Jun-22	Jun-21		Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	215,229	208,962	6,267					
Adjusted Discharges	39,596	39,310	286					
Operating Revenue								
Gross revenue	4,555,802,341	4,348,902,744	206,899,597	130,428,372	76,471,224	21,167	20,812	355
Deductions from revenue	(3,764,923,098)	(3,591,503,095)	(173,420,003)	(107,713,124)	(65,706,878)	(17,493)	(17,187)	(305)
Net patient revenue	790,879,243	757,399,649	33,479,594	22,715,248	10,764,346	3,675	3,625	50
Other operating revenue	9,232,228	9,899,382	(667,154)	296,893	(964,048)	43	47	(4)
Total net revenue	800,111,471	767,299,031	32,812,440	23,012,141	9,800,299	3,717	3,672	46
Operating Expenses								
Salaries, wages & contract labor	345,319,216	320,776,887	(24,542,329)	(9,620,451)	(14,921,878)	1,604	1,535	(69)
Benefits	93,848,156	88,951,674	(4,896,482)	(2,667,758)	(2,228,723)	436	426	(10)
Supplies	110,289,837	106,833,220	(3,456,617)	(3,204,046)	(252,572)	512	511	(1)
Prof fees & purch svcs	130,550,998	132,606,650	2,055,652	(3,977,019)	6,032,672	607	635	28
Depreciation	50,267,077	42,555,205	(7,711,872)	(1,276,277)	(6,435,595)	234	204	(30)
Other	27,765,594	43,279,694	15,514,100	(1,298,006)	16,812,105	129	207	78
Total expenses	758,040,878	735,003,330	(23,037,548)	(22,043,558)	(993,991)	3,522	3,517	(5)
Income from operations	42,070,592	32,295,701	9,774,891	968,584	8,806,308	195	155	41
Non-operating revenue(expense)								
Property tax revenues ¹	20,184,290	19,319,455	864,835					
Interest Rate Swap	13,152,115	9,444,610	3,707,505					
Investment income	(5,508,550)	(270,575)	(5,237,975)					
Revenue bond interest expense	(38,613,581)	(27,153,206)	(11,460,375)					
Other non-operating revenue(expense)	11,507,363	4,779,770	6,727,593					
Net Income ²	42,792,228	38,415,755	4,376,473					
EBIDA Margin	14.8%	12.9%	2.0%					

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

Income Statement: Current Fiscal Year Monthly Trend Unaudited

Excludes PHMG

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Fiscal Year 2022
Adjusted Patient Days	17,211	18,629	18,669	17,999	17,463	17,564	18,204	19,353	17,216	18,597	17,082	17,471	215,458
Adjusted Discharges	3,458	3,302	3,132	3,248	3,257	3,287	3,176	2,856	3,380	3,349	3,251	3,900	39,596
Operating Revenue													
Gross revenue	387,374,210	383,299,109	372,459,439	365,320,647	375,301,374	389,769,097	390,661,499	376,438,022	409,850,606	367,578,896	361,928,194	375,821,247	4,555,802,341
Deductions from revenue	(320,991,021)	(316,437,367)	(305,099,856)	(298,115,608)	(309,766,640)	(321,767,753)	(323,720,363)	(312,843,977)	(342,686,440)	(301,312,242)	(297,940,380)	(314,241,455)	(3,764,923,102)
Net patient revenue	66,383,189	66,861,742	67,359,583	67,205,039	65,534,734	68,001,344	66,941,136	63,594,045	67,164,166	66,266,654	63,987,814	61,579,792	790,879,239
Other operating revenue	723,078	665,385	581,112	799,323	577,425	906,377	623,210	767,618	784,547	852,459	641,173	1,310,521	9,232,228
Total net revenue	67,106,267	67,527,127	67,940,695	68,004,362	66,112,159	68,907,721	67,564,346	64,361,663	67,948,713	67,119,113	64,628,987	62,890,313	800,111,467
Operating Expenses													
Salaries, wages & contract labor	27,841,997	28,137,188	28,011,032	28,243,127	28,279,904	31,492,542	28,467,482	27,893,018	33,220,635	29,807,910	28,995,864	24,928,515	345,319,216
Benefits	7,994,579	7,160,148	7,948,340	7,955,702	7,825,197	8,894,153	8,652,948	9,556,671	5,430,822	6,823,078	7,373,649	8,232,869	93,848,156
Supplies	9,290,559	9,562,144	9,420,400	9,513,065	8,400,213	9,151,664	9,339,040	8,429,693	9,585,924	8,834,196	8,775,759	9,987,179	110,289,837
Prof fees & purch svcs	10,639,983	10,573,081	10,126,541	10,836,813	10,800,478	11,026,686	11,193,006	10,118,330	11,861,620	10,756,291	9,994,501	12,623,669	130,550,998
Depreciation	3,459,322	3,781,439	3,401,486	3,784,359	3,997,622	3,990,611	3,490,754	3,486,250	3,701,760	3,767,782	3,766,102	9,639,591	50,267,077
Other	4,131,873	4,269,534	4,568,296	4,385,408	3,389,195	(571,743)	1,605,162	1,483,063	3,899,706	3,601,095	3,627,356	(6,623,350)	27,765,595
Total expenses	63,358,313	63,483,534	63,476,095	64,718,474	62,692,609	63,983,913	62,748,392	60,967,025	67,700,467	63,590,352	62,533,231	58,788,473	758,040,879
Income from operations	3,747,954	4,043,593	4,464,600	3,285,888	3,419,550	4,923,808	4,815,954	3,394,638	248,246	3,528,761	2,095,756	4,101,840	42,070,588
Non-operating revenue (expense)													
Property tax revenues ¹	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	2,767,623	20,184,290
Investment Income	46,085	286,660	(327,243)	(702,331)	(56,188)	(237,337)	(1,292,932)	(683,825)	(2,146,500)	(1,089,763)	868,329	(173,507)	(5,508,550)
Interest Expense	2,348,441	2,325,324	2,317,642	2,356,806	2,255,950	2,279,111	2,289,448	2,242,609	2,328,900	2,269,055	2,299,876	13,300,418	38,613,581
Interest Rate Swap	-	-	-	-	-	-	-	-	-	-	-	13,152,115	13,152,115
Other	88,795	610,778	676,773	1,054,281	4,200,772	(705,521)	(850,110)	219,288	(580,961)	797,213	1,131,532	4,864,522	11,507,363
Net income ²	3,117,726	4,199,040	4,079,821	2,864,365	6,891,517	3,285,172	1,966,797	2,270,825	(3,224,782)	2,550,489	3,379,074	11,412,176	42,792,226
EBIDA Margin	13.3%	15.3%	14.4%	13.2%	19.9%	13.9%	11.5%	12.4%	4.1%	12.8%	14.6%	33.7%	14.8%

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

Income Statement: 13 Month Trend Unaudited

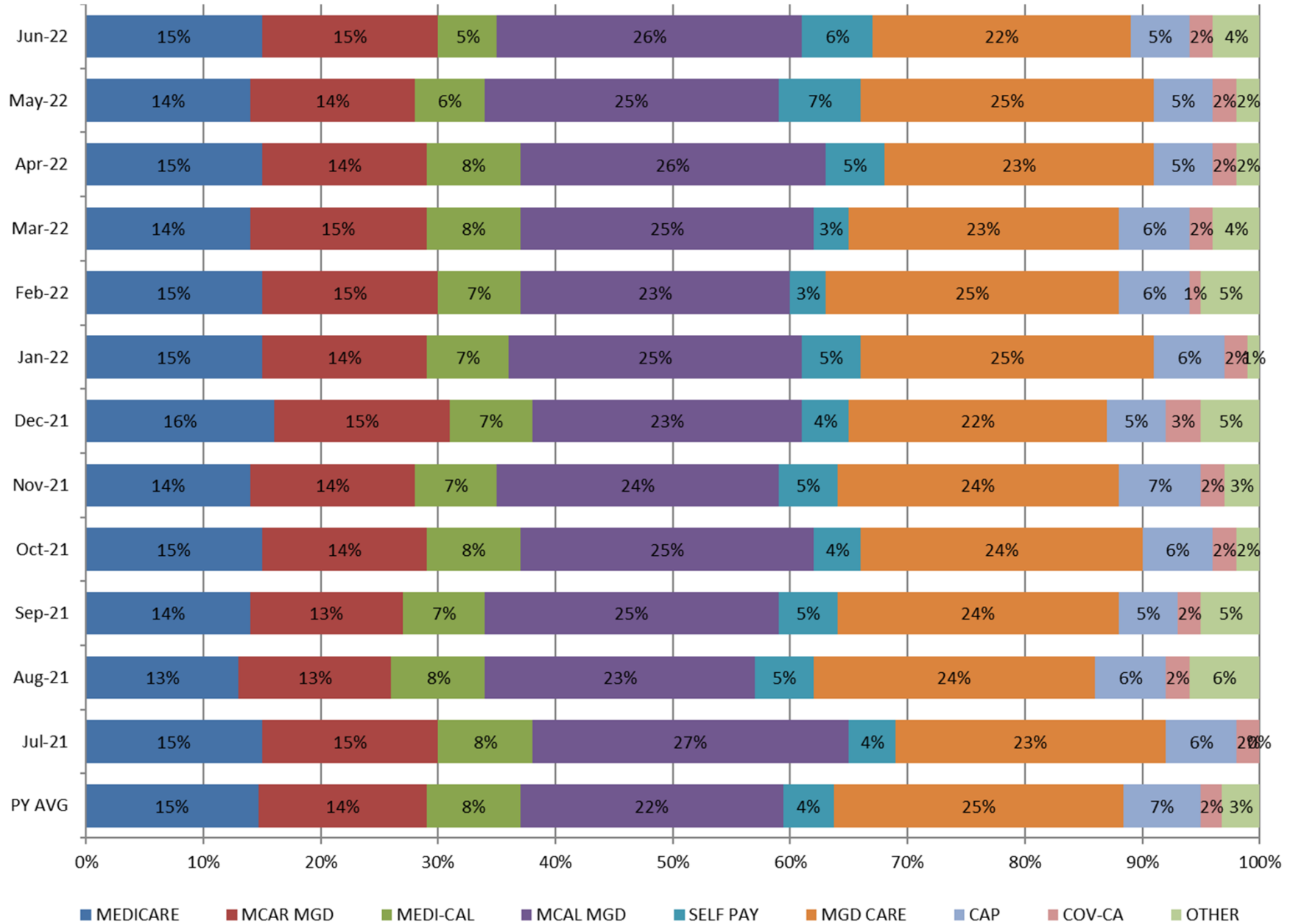
Excludes PHMG

	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Adjusted Discharges	3,403	3,458	3,302	3,132	3,248	3,257	3,287	3,176	2,856	3,380	3,349	3,251	3,900
Operating Revenue													
Gross revenue	373,525,995	387,374,210	383,299,109	372,459,439	365,320,647	375,301,374	389,769,097	390,661,499	376,438,022	409,850,606	367,578,896	361,928,194	375,821,247
Deductions from revenue	(304,355,494)	(320,991,021)	(316,437,367)	(305,099,856)	(298,115,608)	(309,766,640)	(321,767,753)	(323,720,363)	(312,843,977)	(342,686,440)	(301,312,242)	(297,940,380)	(314,241,455)
Net patient revenue	69,170,501	66,383,189	66,861,742	67,359,583	67,205,039	65,534,734	68,001,344	66,941,136	63,594,045	67,164,166	66,266,654	63,987,814	61,579,792
Other operating revenue	1,605,026	723,078	665,385	581,112	799,323	577,425	906,377	623,210	767,618	784,547	852,459	641,173	1,310,521
Total net revenue	70,775,527	67,106,267	67,527,127	67,940,695	68,004,362	66,112,159	68,907,721	67,564,346	64,361,663	67,948,713	67,119,113	64,628,987	62,890,313
Operating Expenses													
Salaries, wages & contract labor	27,667,108	27,841,997	28,137,188	28,011,032	28,243,127	28,279,904	31,492,542	28,467,482	27,893,018	33,220,635	29,807,910	28,995,864	24,928,515
Benefits	8,173,955	7,994,579	7,160,148	7,948,340	7,955,702	7,825,197	8,894,153	8,652,948	9,556,671	5,430,822	6,823,078	7,373,649	8,232,869
Supplies	10,015,641	9,290,559	9,562,144	9,420,400	9,513,065	8,400,213	9,151,664	9,339,040	8,429,693	9,585,924	8,834,196	8,775,759	9,987,179
Prof fees & purch svcs	10,863,007	10,639,983	10,573,081	10,126,541	10,836,813	10,800,478	11,026,686	11,193,006	10,118,330	11,861,620	10,756,291	9,994,501	12,623,669
Purchased Services	6,270,635	6,380,874	6,502,953	6,525,923	6,887,791	6,075,256	6,426,503	6,477,456	6,421,711	7,615,508	7,126,172	5,326,222	7,861,160
Depreciation	3,525,928	3,459,322	3,781,439	3,401,486	3,784,359	3,997,622	3,990,611	3,490,754	3,486,250	3,701,760	3,767,782	3,766,102	9,639,591
Other	6,278,006	4,131,873	4,269,534	4,568,296	4,385,408	3,389,195	(571,743)	1,605,162	1,483,063	3,899,706	3,601,095	3,627,356	(6,623,350)
Total expenses	66,523,645	63,358,313	63,483,534	63,476,095	64,718,474	62,692,609	63,983,913	62,748,392	60,967,025	67,700,467	63,590,352	62,533,231	58,788,473
Income from operations	4,251,882	3,747,954	4,043,593	4,464,600	3,285,888	3,419,550	4,923,808	4,815,954	3,394,638	248,246	3,528,761	2,095,756	4,101,840
Non-operating revenue (expense)													
Property tax revenues ¹	1,938,939	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	1,583,333	2,767,623
Investment Income	(624,380)	46,085	286,660	(327,243)	(702,331)	(56,188)	(237,337)	(1,292,932)	(683,825)	(2,146,500)	(1,089,763)	868,329	(173,507)
Interest Expense	(2,309,072)	(2,348,441)	(2,325,324)	(2,317,642)	(2,356,806)	(2,255,950)	(2,279,111)	(2,289,448)	(2,242,609)	(2,328,900)	(2,269,055)	(2,299,876)	(13,300,418)
Interest Rate Swap	9,444,610	-	-	-	-	-	-	-	-	-	-	-	13,152,115
Other	(3,425,618)	88,795	610,778	676,773	1,054,281	4,200,772	(705,521)	(850,110)	219,288	(580,961)	797,213	1,131,532	4,864,522
Net income ²	9,276,361	3,117,726	4,199,040	4,079,821	2,864,365	6,891,517	3,285,172	1,966,797	2,270,825	(3,224,782)	2,550,489	3,379,074	11,412,176
EBIDA Margin	8.0%	13.3%	15.3%	14.4%	13.2%	19.9%	13.9%	11.5%	12.4%	4.1%	12.8%	14.6%	33.7%

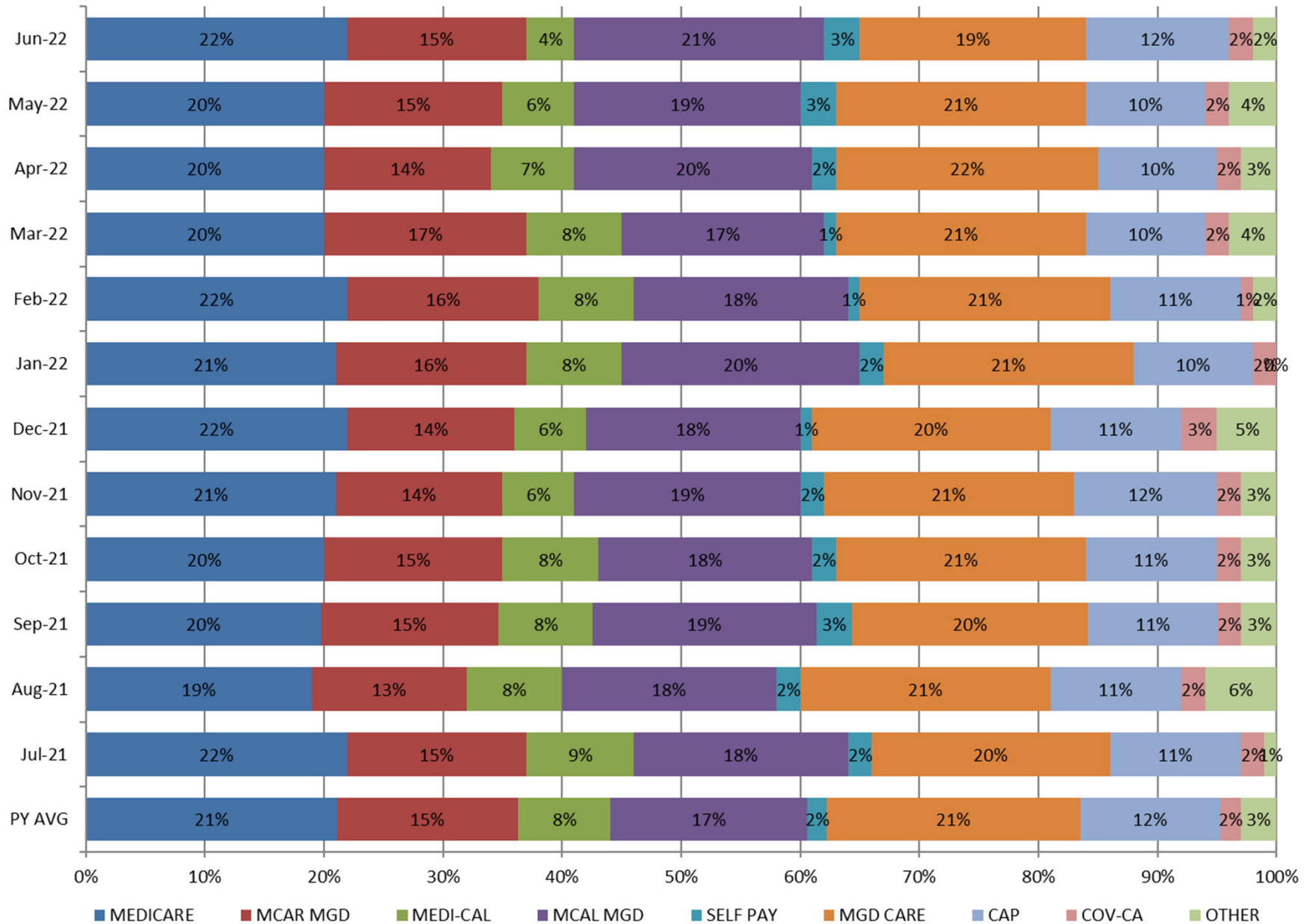
1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

Payor Mix: Emergency Department



Payor Mix: Gross Revenue



Statement of Net Position: Excludes G.O. Bonds

Excludes PHMG

Assets	Unaudited			
	Jun-22	May-22	Apr-22	Jun-21
Current Assets				
Cash and cash equivalents	30,997,521	1,032,320	17,909,241	48,941,403
Investments	186,291,158	193,640,579	189,291,145	185,998,115
Board Designated	21,107,606	24,708,723	28,193,300	50,792,517
Total cash, cash equivalents & investments	238,396,286	219,381,622	235,393,686	285,732,035
Patient Accounts Receivable	400,381,312	391,948,805	387,830,352	347,405,433
Allowance on accounts	(251,383,493)	(229,277,065)	(226,886,831)	(217,338,568)
Net accounts receivable	148,997,819	162,671,740	160,943,521	130,066,866
Inventories	12,480,465	13,164,519	13,317,533	12,670,827
Prepaid expenses	8,682,562	6,957,179	7,382,861	9,760,434
Est. third party settlements	58,713,877	52,843,690	55,644,914	40,617,516
Other	37,918,474	27,073,863	25,484,617	29,684,290
Total current assets	505,189,482	482,092,613	498,167,132	508,531,968
Non-Current Assets				
Restricted assets	58,256,063	70,401,309	81,506,760	89,518,168
Restricted other	14,031,154	14,031,033	14,030,918	2,602,061
Total restricted assets	72,287,217	84,432,343	95,537,679	92,120,229
Property, plant & equipment	1,511,183,820	1,499,913,486	1,499,827,806	1,482,581,189
Accumulated depreciation	(601,520,327)	(597,688,097)	(593,921,995)	(556,987,886)
Construction in process	64,486,109	63,978,635	53,084,214	39,826,871
Net property, plant & equipment	974,149,601	966,204,025	958,990,025	965,420,174
Right of Use Assets	238,533,505			
Investment related companies	6,903,551	7,830,321	7,865,098	5,777,485
Prepaid debt insurance costs	5,868,704	5,905,041	5,941,377	6,309,146
Other non-current assets	39,561,628	4,784,303	4,628,501	4,381,889
Total non-current assets	1,337,304,205	1,069,156,032	1,072,962,679	1,074,008,922
Total assets	1,842,493,687	1,551,248,645	1,571,129,811	1,582,540,890
Deferred outflow of resources-loss on refunding of debt	47,781,137	47,993,664	48,206,191	50,331,460
Total assets and deferred outflow of resources	1,890,274,824	1,599,242,308	1,619,336,001	1,632,872,350

Liabilities	Unaudited			
	Jun-22	May-22	Apr-22	Jun-21
Current Liabilities				
Accounts payable	67,371,368	46,229,029	46,712,830	40,426,707
Accrued payroll	30,182,511	33,235,026	38,128,864	31,110,754
Accrued PTO	24,932,792	25,196,549	25,073,983	25,501,129
Accrued interest payable	5,057,411	12,988,715	16,853,049	4,113,196
Current portion of bonds	14,425,000	14,425,000	14,425,000	13,855,000
Current portion of lease liab	5,744,577			
Est. third party settlements	27,984,699	31,545,769	35,030,347	50,792,516
Other current liabilities	61,780,721	30,098,109	31,281,156	35,553,590
Total current liabilities	237,479,079	193,718,198	207,505,229	201,352,892
Long Term Liabilities				
Other LT liabilities	1,302,956	1,343,762	1,361,429	1,789,204
Bonds & contracts payable	626,046,242	628,581,038	634,166,720	656,465,056
Lease liabilities	247,242,225			
Total long term liabilities	874,591,423	629,924,801	635,528,148	658,254,260
Total liabilities	1,112,070,501	823,642,998	843,033,377	859,607,152
Deferred inflow of resources-unearned revenue	6,877,684	7,638,575	7,647,426	7,485,936
Total liabilities and deferred inflow of resources	1,118,948,185	831,281,574	850,680,803	867,093,088
Net Position				
Unrestricted	757,295,485	753,929,702	754,624,279	765,427,202
Restricted for other purpose	14,031,154	14,031,033	14,030,918	352,061
Total net position	771,326,639	767,960,735	768,655,198	765,779,262
Total liabilities, deferred inflow of resources and net position	1,890,274,824	1,599,242,308	1,619,336,001	1,632,872,350

Statement of Net Position: Includes G.O. Bonds

Excludes PHMG

Assets	Unaudited			
	Jun-22	May-22	Apr-22	Jun-21
Current Assets				
Cash and cash equivalents	30,997,521	1,032,320	17,909,241	48,941,403
Investments	186,291,158	193,640,579	189,291,145	185,998,115
Board Designated	21,107,606	24,708,723	28,193,300	50,792,517
Total cash, cash equivalents & investments	238,396,286	219,381,622	235,393,686	285,732,035
Patient Accounts Receivable	400,381,312	391,948,805	387,830,352	347,405,433
Allowance on accounts	(251,383,493)	(229,277,065)	(226,886,831)	(217,338,568)
Net accounts receivable	148,997,819	162,671,740	160,943,521	130,066,866
Inventories	12,480,465	13,164,519	13,317,533	12,670,827
Prepaid expenses	8,682,562	6,957,179	7,382,861	9,760,434
Est. third party settlements	58,713,877	52,843,690	55,644,914	40,617,516
Other	38,118,475	17,728,258	17,722,219	29,895,657
Total current assets	505,389,483	472,747,009	490,404,734	508,743,334
Non-Current Assets				
Restricted assets	110,141,999	121,931,690	128,315,179	133,431,105
Restricted other	14,031,154	14,031,033	14,030,918	2,602,061
Total restricted assets	124,173,153	135,962,723	142,346,097	136,033,165
Property, plant & equipment	1,511,183,821	1,499,913,487	1,499,827,807	1,482,581,189
Accumulated depreciation	(601,520,327)	(597,688,097)	(593,921,995)	(556,987,886)
Construction in process	64,486,109	63,978,635	53,084,214	39,826,871
Net property, plant & equipment	974,149,602	966,204,026	958,990,026	965,420,174
Right of Use Assets	238,533,505			
Investment related companies	6,903,551	7,830,321	7,865,098	5,777,485
Prepaid debt insurance and other costs	7,491,373	7,541,684	7,591,994	8,099,951
Other non-current assets	39,561,628	4,784,303	4,628,501	4,381,889
Total non-current assets	1,390,812,812	1,122,323,057	1,121,421,716	1,119,712,664
Total assets	1,896,202,295	1,595,070,066	1,611,826,450	1,628,455,997
Deferred outflow of resources-loss on refunding of debt	50,799,553	51,029,940	51,260,328	53,564,201
Total assets and deferred outflow of resources	1,947,001,848	1,646,100,006	1,663,086,778	1,682,020,199

Liabilities	Unaudited			
	Jun-22	May-22	Apr-22	Jun-21
Current Liabilities				
Accounts payable	67,374,118	46,229,029	46,712,830	40,426,707
Accrued payroll	30,182,511	33,235,026	38,128,864	31,110,754
Accrued PTO	24,932,792	25,196,549	25,073,983	25,501,129
Accrued interest payable	21,425,246	26,792,403	28,092,590	18,999,682
Current portion of bonds	22,485,800	22,570,463	22,570,463	21,153,520
Current portion of lease liab	5,744,577			
Est. third party settlements	27,984,699	31,545,769	35,030,347	50,792,516
Other current liabilities	24,680,710	30,098,111	31,281,158	35,553,590
Total current liabilities	224,810,452	215,667,351	226,890,235	223,537,898
Long Term Liabilities				
Other LT liabilities	1,302,956	1,343,762	1,361,429	1,789,204
Bonds & contracts payable	1,277,787,416	1,279,830,700	1,285,009,531	1,311,247,872
Lease liabilities	247,242,225			
Total long term liabilities	1,526,332,597	1,281,174,462	1,286,370,960	1,313,037,077
Total liabilities	1,751,143,049	1,496,841,813	1,513,261,195	1,536,574,974
Deferred inflow of resources-unearned revenue	43,977,697	7,638,575	7,647,426	7,485,936
Total liabilities and deferred inflow of resources	1,795,120,746	1,504,480,388	1,520,908,621	1,544,060,910
Net Position				
Unrestricted	137,849,948	127,588,585	128,147,238	137,607,228
Restricted for other purpose	14,031,154	14,031,033	14,030,918	352,061
Total net position	151,881,102	141,619,618	142,178,157	137,959,289
Total liabilities, deferred inflow of resources and net position	1,947,001,848	1,646,100,006	1,663,086,778	1,682,020,199

Cash Flow Statement Unaudited

Excludes PHMG

	<u>Jun-22</u>	<u>YTD</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	9,844,483	47,812,593
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation Expense	16,630,719	57,258,206
Provision for bad debts	5,873,504	76,778,309
Changes in operating assets and liabilities:		
Patient accounts receivable	7,800,417	(95,709,263)
Property Tax and other receivables	(8,240,700)	(8,192,245)
Inventories	684,054	190,362
Prepaid expenses and other current assets	12,112,628	17,779,329
Accounts payable	21,145,089	26,947,411
Accrued compensation	(3,316,271)	(1,496,580)
Estimated settlement amounts due third-party payors	(9,431,257)	(40,904,178)
Other liabilities	(5,694,654)	(10,596,094)
Effect from Gasb 87	(5,759,801)	(5,759,801)
Net cash provided from (used by) operating activities	<u>41,648,211</u>	<u>64,108,049</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	22,740,108	41,251,881
Income (Loss) on investments	(161,424)	(5,492,335)
Investment in affiliates	(36,786,092)	(66,680,307)
Net cash provided from (used by) investing activities	<u>(14,207,408)</u>	<u>(30,920,761)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	343,473	44,412,845
Receipt of District Taxes	163,711	20,142,451
Net cash provided from non-capital financing activities	<u>507,184</u>	<u>64,555,296</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(24,422,714)	(66,539,049)
Redevelopment Trust Fund Distributions	515,151	2,684,127
G.O. Bond Interest paid	0	(22,464,568)
Revenue Bond Interest paid	(10,365,539)	(26,666,048)
Payments of Long Term Debt	36,316,347	(2,699,263)
Net cash used in capital and related financing activities	<u>2,017,214</u>	<u>(115,686,466)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,965,201	(17,943,882)
CASH AND CASH EQUIVALENTS - Beginning of period	<u>1,032,320</u>	<u>48,941,403</u>
CASH AND CASH EQUIVALENTS - End of period	<u>30,997,521</u>	<u>30,997,521</u>

Supplemental Information

CONDENSED COMBINING STATEMENT OF NET POSITION UNAUDITED

JUNE 30, 2022

	PH	PHMG	PAM	PAM-SD	PAC	Eliminations	Total
ASSETS							
Current assets	571,138,416	30,331,959	391,583	1,894,849	2,420,729	(25,484,126)	580,693,410
Capital assets - net	974,149,602	7,119,691	-	-	-	-	981,269,293
Right of use assets - net	238,533,505	20,772,033	-	-	-	-	259,305,538
Non-current assets	112,380,772	5,598,466	-	-	-	(8,158,451)	109,820,787
Total assets	1,896,202,295	63,822,149	391,583	1,894,849	2,420,729	(33,642,577)	1,931,089,028
Deferred outflow of resources	50,799,553	-	-	-	-	-	50,799,553
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	1,947,001,848	63,822,149	391,583	1,894,849	2,420,729	(33,642,577)	1,981,888,581
LIABILITIES AND NET POSITION							
Current liabilities	219,439,046	44,461,503	2,538,759	-	1,720,958	(25,887,677)	242,272,589
Long-term liabilities	1,531,704,003	18,790,442	-	-	-	(3,500,000)	1,546,994,445
Total liabilities	1,751,143,049	63,251,945	2,538,759	-	1,720,958	(29,387,677)	1,789,267,034
Deferred inflow of resources - deferred revenue	43,977,697	-	-	-	-	-	43,977,697
Total liabilities and deferred inflow of resources	1,795,120,746	63,251,945	2,538,759	-	1,720,958	(29,387,677)	1,833,244,731
Invested in capital assets - net of related debt	(204,444,106)	6,113,677	-	-	-	-	(198,330,429)
Restricted	52,302,904	-	-	-	-	-	52,302,904
Unrestricted	304,022,304	(5,543,473)	(2,147,176)	1,894,849	699,771	(4,254,900)	294,671,375
Total net position	151,881,102	570,204	(2,147,176)	1,894,849	699,771	(4,254,900)	148,643,850
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	1,947,001,848	63,822,149	391,583	1,894,849	2,420,729	(33,642,577)	1,981,888,581

Note: Financial Performance includes GO Bonds

**CONDENSED COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022 Unaudited**

	PH	PHMG	PAM	PAM-SD	PAC	Elimination	YTD Consolidated	Current Month 6/30/2022
OPERATING REVENUE:								
Net patient service revenue	725,526,691	65,643,284	-	-	4,721,004	-	795,890,979	61,924,817
Shared risk revenue	65,352,552	41,490,264	-	-	-	(6,852,360)	99,990,456	10,983,415
Other revenue	9,232,230	7,608,633	-	-	-	469,794	17,310,657	(1,975,052)
PH Program revenue	-	9,318,346	-	-	-	(9,318,346)	-	-
Total operating revenue	800,111,473	124,060,527	-	-	4,721,004	(15,700,912)	913,192,092	70,933,180
OPERATING EXPENSES								
DEPRECIATION AND AMORTIZATION	707,773,800	158,533,815	230,921	7,674	2,012,007	(15,816,143)	852,742,074	62,580,033
	50,267,077	2,883,248	-	-	-	-	53,150,325	9,906,625
Total operating expenses	758,040,877	161,417,063	230,921	7,674	2,012,007	(15,816,143)	905,892,399	72,486,658
INCOME (LOSS) FROM OPERATIONS	42,070,596	(37,356,536)	(230,921)	(7,674)	2,708,997	115,231	7,299,693	(1,553,478)
NON-OPERATING INCOME (EXPENSE):								
Investment income	(5,492,332)	2,814	-	-	-	-	(5,489,518)	(161,215)
Unrealized loss on interest rate swap	13,152,115	-	-	-	-	-	13,152,115	13,152,115
Interest expense	(74,654,465)	(173,698)	-	-	-	(115,231)	(74,943,394)	(16,534,990)
Property tax revenue	64,586,142	-	-	-	-	-	64,586,142	12,656,701
Other - net	11,520,126	3,115,667	35,935	7,674	-	-	14,679,402	4,570,528
Total non-operating expense - net	9,111,586	2,944,783	35,935	7,674	-	(115,231)	11,984,747	13,683,139
CHANGE IN NET POSITION	51,182,182	(34,411,753)	(194,986)	-	2,708,997	-	19,284,440	12,129,661
Interfund Capital Support - PHMG	(2,588,847)	2,588,847	-	-	-	-	-	-
Interfund Operating Support - PHMG	(26,911,721)	27,000,000	-	-	-	-	88,279	273,412
Interfund Support - Graybill	(2,000,000)	2,000,000	-	-	-	-	-	-
Interfund - PHMG	(31,500,568)	31,588,847	-	-	-	-	88,279	273,412
Net Position - Beginning of year	137,959,289	3,393,110	(1,952,190)	1,894,849	(2,009,226) #	(4,254,900)	135,030,932	-
Prior Period Adj-Assets								
Effect of adopting GASB 87	(5,759,801)	-	-	-	-	-	(5,759,801)	(5,759,801)
NET POSITION - Beginning of year	132,199,488	3,393,110	(1,952,190)	1,894,849	(2,009,226)	(4,254,900)	129,271,131	(5,759,801)
NET POSITION - Year to date	151,881,102	570,204	(2,147,176)	1,894,849	699,771	(4,254,900)	148,643,850	6,643,272
EBIDA							147,378,159	38,571,276
EBIDA Margin							16.1%	54.4%

Note: Financial Performance includes GO Bonds