

Posted  
Friday  
October 20, 2023

FINANCE COMMITTEE MEETING  
**Agenda**  
WEDNESDAY, OCTOBER 25, 2023  
1:30 P.M.



**PLEASE SEE PAGE 2 FOR MEETING LOCATION**

*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>
<b>CALL TO ORDER</b> .....	.....	.....	<b>1:30</b>
❖ Public Comments <sup>1</sup> .....	..... 30	.....	2:00
1. Board Finance Committee Follow-ups .....	..... 3	..... 4	2:03
2. * Approval: Minutes – Finance Committee – Wednesday, May 31, 2023 ( <i>ADD A – Pp10-21</i> ).....	..... 3	..... 5	2:06
3. * Approval: Minutes – Finance Committee – Wednesday, July 26, 2023 ( <i>ADD B – Pp22-30</i> ).....	..... 3	..... 6	2:09
4. * Approval: Minutes – Finance Committee – Wednesday, August 23, 2023 ( <i>May be presented at the meeting</i> ).....	..... 2	..... 7	2:11
5. * Approval: Executed Budgeted Routine Physician Agreements ( <i>ADD C – Pp31-41</i> ).....	..... 5	..... 8	2:16
6. * Review: September 2023 & YTD FY2024 Pre-Audit Financial Report ( <i>To be distributed under separate cover</i> ).....	..... 15	..... 9	2:31
<b>ADJOURNMENT</b> .....	.....	.....	<b>2:31</b>

**NOTE: The meeting—without public comments—is scheduled to last 31 minutes, starting at 1:30 p.m., with adjournment at 2:01 p.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		Melissa Wallace, 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 #6 is attached  
as supplemental  
information

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

<sup>1</sup> See page 3



# Fiscal Year 2024 Financial Performance

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

September 2023

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The year-to-date net loss from operations was \$11.9 million with a \$24.8 million unfavorable variance. Net loss year-to-date was \$17.2 million and unfavorable variance of \$25.2 million.

EBIDA margin year-to-date EBIDA margin was unfavorable to budget by 10.2%. Additional comments and further analyses are presented in the following sections.

### **Patient Utilization**

#### Inpatient (IP) Services

For the quarter ended of September, Acute Discharges for the District were (6.1%) unfavorable to budget. Average Daily Census was (6.4%) unfavorable to budget. Adjusted Discharges were 10,005, which was 356 (5.1%) unfavorable to budget. Adjusted Patient Days were 53,616, which was 324 (4.2%) unfavorable to budget.

IP surgeries for PMC Escondido and PMC Poway for the quarter were 1,256 cases (includes CVS), which were 40 cases (3.3%) favorable to budget.

Deliveries for PMC Escondido and PMC Poway for the quarter were 987, which were 140 deliveries (12.4%) unfavorable to budget. For the quarter, Trauma admissions were 396, which was 0.2% favorable to budget.

#### Outpatient (OP) and Ancillary Services

OP surgeries for PMC Escondido and PMC Poway for the quarter were 762 cases, which were 717 cases 48.5% unfavorable to budget. Outpatient ER visits for the quarter were 19,993 visits (includes trauma), which were 11,579 visits (36.7%) unfavorable to budget. OP registrations for the quarter were 30,457, which were (0.1%) unfavorable to budget. ER admissions for the quarter were 3,245, which were (22.9%) unfavorable to budget.

### Financial Performance

#### Operating Revenue

Net Patient Revenue for the quarter was \$194.3 million, which was \$23.0 million (10.6%) unfavorable to budget.

#### Other Operating Revenue

Other Operating Revenue for the quarter was \$3.5 million, which was \$254 thousand (6.8%) unfavorable to budget.

#### Operating Expenses

Total Operating Expenses for the quarter were \$209.7 million, which was \$1.5 million (0.7%) favorable to budget.

Salaries, Wages & Contract Labor for the quarter were \$98.3 million, which was \$2.7 million (2.8%) unfavorable to budget.

Benefits for the quarter were \$23.3 million, which was \$1.3 million (5.3%) favorable to budget.

Supplies for the quarter were \$29.5 million, which was \$225 thousand (0.8%) favorable to budget.

Professional Fees and Purchased Services for the quarter were \$37.0 million, which was \$630 thousand (1.7%) unfavorable to budget.

Depreciation & Amortization for the quarter was \$13.0 million, which was \$926 thousand (7.7%) unfavorable to budget.

Other Direct Expenses for the quarter were \$8.7 million, which was \$1.3 million (12.9%) favorable to budget.

-Operating Income for the quarter was \$5.3 million, which was \$389 thousand unfavorable to budget due to non-operating depreciation.

### 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 quarter were consistent with budget. Cash postings were \$185 million. Days in Net A/R are 84, an increase of 2 days from the last quarter.

### Revenue Cycle - Key Performance Indicators (KPIs)

Key Performance Indicators (KPI)	January 2022	July 2023	August 2023	September 2023	Target
Total Net A/R (\$) <sup>1</sup>	\$162,042,993	\$184,849,418	\$178,334,100	\$177,503,553	
Net Days in A/R (Days) (3-months)	74.4	83.1	82.0	84.0	
DNFB (Days)	2.5	1.4	1.8	1.5	3.0
True Cash Denial (%)	5.0%	5.1%	4.6%	5.4%	6.0%

<sup>1</sup> 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 decreased in quarter ended September by \$80.3 million due a reduction in accounts payable of \$23.9 million, a reduction of accrued payroll of \$6.9M, and an overall decrease in cash collections.

**The Days Cash On Hand ratio** decreased by 37.2 days from the prior quarter end to 54.5 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.



	Year to Date			Prior Year Sep-22
	Actual Sep-23	Budget Sep-23	Variance	
<b>Key Volumes</b>				
<b>Discharges - Total</b>	<b>5,900</b>	<b>6,317</b>	<b>(6.6%)</b>	<b>6,181</b>
Acute - General	5,624	5,955	(5.6%)	5,868
Acute Behavioral Health	113	154	(26.6%)	166
<b>Total Acute Discharges</b>	<b>5,737</b>	<b>6,109</b>	<b>(6.1%)</b>	<b>6,034</b>
The Villas at Poway	163	208	(21.6%)	147
<b>Patient Days - Total</b>	<b>35,381</b>	<b>37,781</b>	<b>(6.4%)</b>	<b>35,403</b>
Acute - General	24,547	25,205	(2.6%)	24,807
Acute Behavioral Health	1,024	1,076	(4.8%)	1,550
<b>Total Acute Patient Days</b>	<b>25,571</b>	<b>26,281</b>	<b>(2.7%)</b>	<b>26,357</b>
The Villas at Poway	9,810	11,500	(14.7%)	9,046
Acute Adjusted Discharges	9,827	10,393	(5.5%)	10,307
Total Adjusted Discharges*	10,005	10,541	(5.1%)	10,490
Acute Adjusted Patient Days	43,806	44,756	(2.1%)	45,010
Total Adjusted Patient Days*	53,616	55,940	(4.2%)	54,056
Acute Average Daily Census	278	286	(2.7%)	286
Total Average Daily Census*	385	411	(6.4%)	385
<b>Surgeries - Total</b>	<b>2,018</b>	<b>2,695</b>	<b>(25.1%)</b>	<b>2,970</b>
Inpatient	1,256	1,216	3.3%	1,440
Outpatient	762	1,479	(48.5%)	1,530
Deliveries	987	1,127	(12.4%)	1,188
<b>ER Visits (Includes Trauma) - Total</b>	<b>23,238</b>	<b>35,781</b>	<b>(35.1%)</b>	<b>33,979</b>
Inpatient	3,245	4,209	(22.9%)	4,195
Outpatient	19,993	31,572	(36.7%)	29,784

\* Includes The Villas at Poway

	Year to Date			Prior Year
	Actual	Budget	Variance	
	Sep-23	Sep-23	Sep-22	
<b>Key Statistics</b>				
Acute Average LOS - Days	6.29	6.34	0.7%	4.37
Acute - General	4.36	4.23	(3.1%)	4.23
Acute Behavioral Health	9.06	6.99	(29.7%)	9.34
Average Observation Hours	34	34	0.0%	32
Acute Case Mix-Excludes Deliveries	1.77	1.77	(0.3%)	1.58
Acute Case Mix-Medicare Only	1.70	1.82	(6.7%)	1.80
Labor Productivity by Hrs	97.9%	100.0%	(2.1%)	102.0%
Days Cash on Hand	54.5			77.5
<b>Financial Performance</b>				
Operating Income	(11,879,332)	12,901,847	(24,781,179)	3,464,183
Net Income	(17,206,206)	7,963,616	(25,169,822)	(1,076,434)
Oper. Expenses/Adj. Patient Days	3,669	3,507	(4.6%)	3,464
EBIDA Margin-Excludes PHMG	5.8%	16.0%	(10.2%)	11.2%
EBIDA-Excludes PHMG	11,455,778	35,348,627	(23,892,849)	22,828,359

Note: Financial Performance excludes GO Bonds

# Income Statement: Quarter Ended September 30, 2023

Excludes PHMG

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Sep-23	Sep-23	Sep-23	Volume	Rate/Eff	Actual	Budget	Variance
<b>Adjusted Patient Days</b>	53,616	55,940	(2,324)					
<b>Adjusted Discharges</b>	10,005	10,541	(536)					
<b>Operating Revenue</b>								
Gross revenue	1,318,730,507	1,360,525,556	(41,795,049)	(56,522,370)	14,727,321	24,596	24,321	275
Deductions from revenue	(1,124,391,192)	(1,143,126,615)	18,735,423	47,490,637	(28,755,214)	(20,971)	(20,435)	(536)
Net patient revenue	194,339,315	217,398,941	(23,059,626)	(9,031,733)	(14,027,893)	3,625	3,886	(262)
Other operating revenue	3,503,889	3,757,742	(253,853)	(156,114)	(97,739)	65	67	(2)
<b>Total net revenue</b>	<b>197,843,204</b>	<b>221,156,683</b>	<b>(23,313,479)</b>	<b>(9,187,846)</b>	<b>(14,125,633)</b>	<b>3,690</b>	<b>3,953</b>	<b>(263)</b>
<b>Operating Expenses</b>								
Salaries, wages & contract labor	98,273,209	95,557,927	(2,715,282)	3,969,907	(6,685,189)	1,833	1,708	(125)
Benefits	23,280,935	24,575,609	1,294,674	1,020,982	273,692	434	439	5
Supplies	29,535,836	29,760,913	225,077	1,236,403	(1,011,326)	551	532	(19)
Prof fees & purch svcs	36,954,217	36,324,587	(629,630)	1,509,087	(2,138,717)	689	649	(40)
Depreciation	13,003,136	12,077,172	(925,964)	501,740	(1,427,704)	243	216	(27)
Other	8,675,203	9,958,628	1,283,425	413,726	869,699	162	178	16
<b>Total expenses</b>	<b>209,722,536</b>	<b>208,254,836</b>	<b>(1,467,700)</b>	<b>8,651,846</b>	<b>(10,119,546)</b>	<b>3,912</b>	<b>3,723</b>	<b>(189)</b>
Income from operations	(11,879,332)	12,901,847	(24,781,179)	(536,001)	(24,245,178)	(222)	231	(452)
<b>Non-operating revenue(expense)</b>								
Property tax revenues <sup>1</sup>	5,875,000	5,875,002	(2)					
Interest Rate Swap	-	-	-					
Investment income	4,556,725	2,204,190	2,352,535					
Revenue bond interest expense	(12,402,130)	(11,859,363)	(542,767)					
Non-operating depreciation	(3,256,718)	(3,448,476)	191,758					
Other non-operating revenue(expense)	(99,751)	2,290,415	(2,390,166)					
<b>Net Income <sup>2</sup></b>	<b>(17,206,206)</b>	<b>7,963,615</b>	<b>(25,169,821)</b>					
<b>EBIDA Margin</b>	<b>5.8%</b>	<b>16.0%</b>	<b>(10.2%)</b>					

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

2= Excludes G.O. Bonds income / expense

# Income Statement: Current Year vs. Prior Year

Excludes PHMG

	Current Year			Prior Year		Variance		Dollars/Adjusted Patient Day		
	Sep-23	Sep-22	Change	Volume	Rate/Eff	Actual	Budget	Variance		
<b>Adjusted Patient Days</b>	53,616	54,056	(440)							
<b>Adjusted Discharges</b>	10,005	10,490	(485)							
<b>Operating Revenue</b>										
Gross revenue	1,318,730,507	1,201,500,419	117,230,088	(9,779,861)	127,009,950	24,596	22,227	2,369		
Deductions from revenue	(1,124,391,192)	(1,000,620,164)	(123,771,028)	8,144,755	(131,915,783)	(20,971)	(18,511)	(2,460)		
Net patient revenue	194,339,315	200,880,255	(6,540,940)	(1,635,106)	(4,905,834)	3,625	3,716	(91)		
Other operating revenue	3,503,889	2,291,279	1,212,610	(18,650)	1,231,261	65	42	23		
Total net revenue	197,843,204	203,171,534	(5,328,330)	(1,653,757)	(3,674,573)	3,690	3,759	(69)		
<b>Operating Expenses</b>										
Salaries, wages & contract labor	98,273,209	98,202,772	(70,437)	799,342	(869,778)	1,833	1,817	(16)		
Benefits	23,280,935	21,420,374	(1,860,561)	174,356	(2,034,917)	434	396	(38)		
Supplies	29,535,836	27,499,863	(2,035,973)	223,841	(2,259,813)	551	509	(42)		
Prof fees & purch svcs	36,954,217	31,453,354	(5,500,863)	256,021	(5,756,884)	689	582	(107)		
Depreciation	13,003,136	12,467,125	(536,011)	101,479	(637,490)	243	231	(12)		
Other	8,675,203	8,663,863	(11,340)	70,521	(81,862)	162	160	(2)		
Total expenses	209,722,536	199,707,351	(10,015,185)	1,625,559	(11,640,744)	3,912	3,694	(217)		
Income from operations	(11,879,331)	3,464,183	(15,343,515)	(28,197)	(15,315,317)	(222)	64	(286)		
<b>Non-operating revenue(expense)</b>										
Property tax revenues <sup>1</sup>	5,875,000	4,750,000	1,125,000							
Interest Rate Swap	-	-	-							
Investment income	4,556,725	(616,774)	5,173,499							
Revenue bond interest expense	(12,402,130)	(9,691,353)	(2,710,777)							
Non-operating depreciation	(3,256,718)	(1,746,315)	(1,510,403)							
Other non-operating revenue(expense)	(99,751)	2,763,825	(2,863,575)							
Net Income <sup>2</sup>	(17,206,205)	(1,076,434)	(16,129,772)							

EBIDA Margin                      5.8%                      11.2%                      (5.5%)

1= Property Tax Revenue excludes G.O. Bonds Levy  
2= Excludes G.O. Bonds income / expense

# Income Statement: Current Fiscal Year Monthly Trend

Excludes PHMG

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	2024
<b>Adjusted Discharges</b>	3,393	3,424	3,188	-	-	-	-	-	-	-	-	-	10,005
<b>Operating Revenue</b>													
Gross revenue	442,758,079	456,484,340	419,488,088	-	-	-	-	-	-	-	-	-	1,318,730,507
Deductions from revenue	(372,333,793)	(392,500,394)	(359,557,005)	-	-	-	-	-	-	-	-	-	(1,124,391,192)
Net patient revenue	70,424,286	63,983,946	59,931,083	-	-	-	-	-	-	-	-	-	194,339,315
Other operating revenue	1,069,946	1,028,345	1,405,599	-	-	-	-	-	-	-	-	-	3,503,889
<b>Total net revenue</b>	<b>71,494,232</b>	<b>65,012,291</b>	<b>61,336,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197,843,204</b>
<b>Operating Expenses</b>													
Salaries, wages & contract labor	34,305,763	32,704,482	31,262,963	-	-	-	-	-	-	-	-	-	98,273,209
Benefits	9,564,231	7,472,768	6,243,936	-	-	-	-	-	-	-	-	-	23,280,935
Supplies	8,994,530	10,876,665	9,664,641	-	-	-	-	-	-	-	-	-	29,535,836
Prof fees & purch svcs	12,487,577	12,851,342	11,615,298	-	-	-	-	-	-	-	-	-	36,954,217
Depreciation	3,933,889	4,634,232	4,435,015	-	-	-	-	-	-	-	-	-	13,003,136
Other	2,205,082	2,760,571	3,709,550	-	-	-	-	-	-	-	-	-	8,675,203
<b>Total expenses</b>	<b>71,491,072</b>	<b>71,300,060</b>	<b>66,931,403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,722,536</b>
Income from operations	3,160	(6,287,769)	(5,594,721)	-	-	-	-	-	-	-	-	-	(11,879,331)
<b>Non-operating revenue (expense)</b>													
Property tax revenues <sup>1</sup>	1,958,333	1,958,333	1,958,333	-	-	-	-	-	-	-	-	-	5,875,000
Investment Income	1,376,417	1,425,149	1,755,159	-	-	-	-	-	-	-	-	-	4,556,725
Interest Expense	(4,076,719)	(4,214,312)	(4,111,099)	-	-	-	-	-	-	-	-	-	(12,402,130)
Interest Rate Swap	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating depreciation	(1,045,581)	(1,103,594)	(1,107,543)	-	-	-	-	-	-	-	-	-	(3,256,718)
Other non-operating revenue(expense)	6,742	(198,892)	92,399	-	-	-	-	-	-	-	-	-	(99,751)
<b>Net income <sup>2</sup></b>	<b>(1,777,648)</b>	<b>(8,421,085)</b>	<b>(7,007,473)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,206,206)</b>
EBIDA Margin	10.2%	2.4%	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%

<sup>1</sup>= Property Tax Revenue excludes G.O. Bonds Levy

<sup>2</sup>= Excludes G.O. Bonds income / expense

# Income Statement: 13-Month Trend

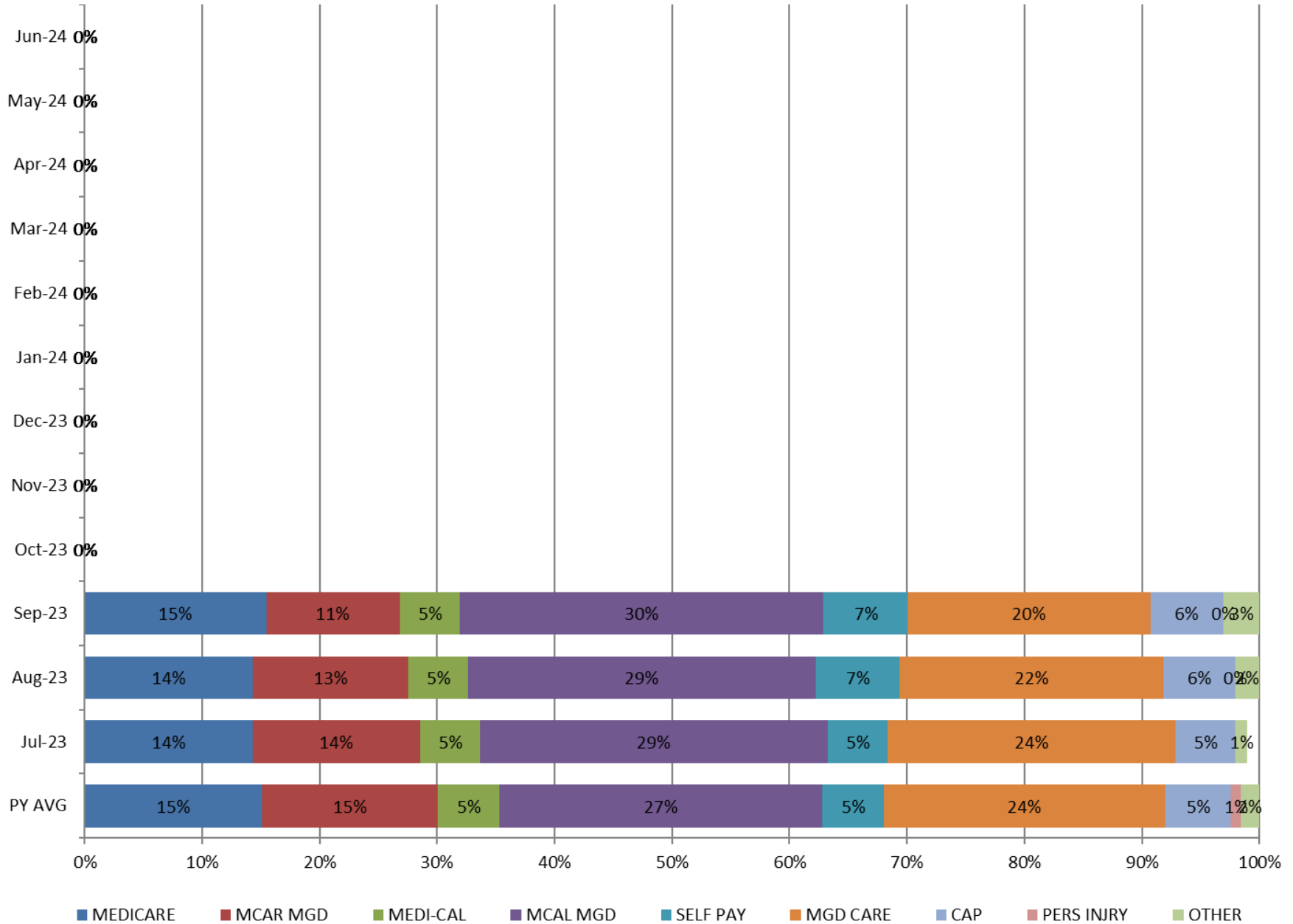
## Excludes PHMG

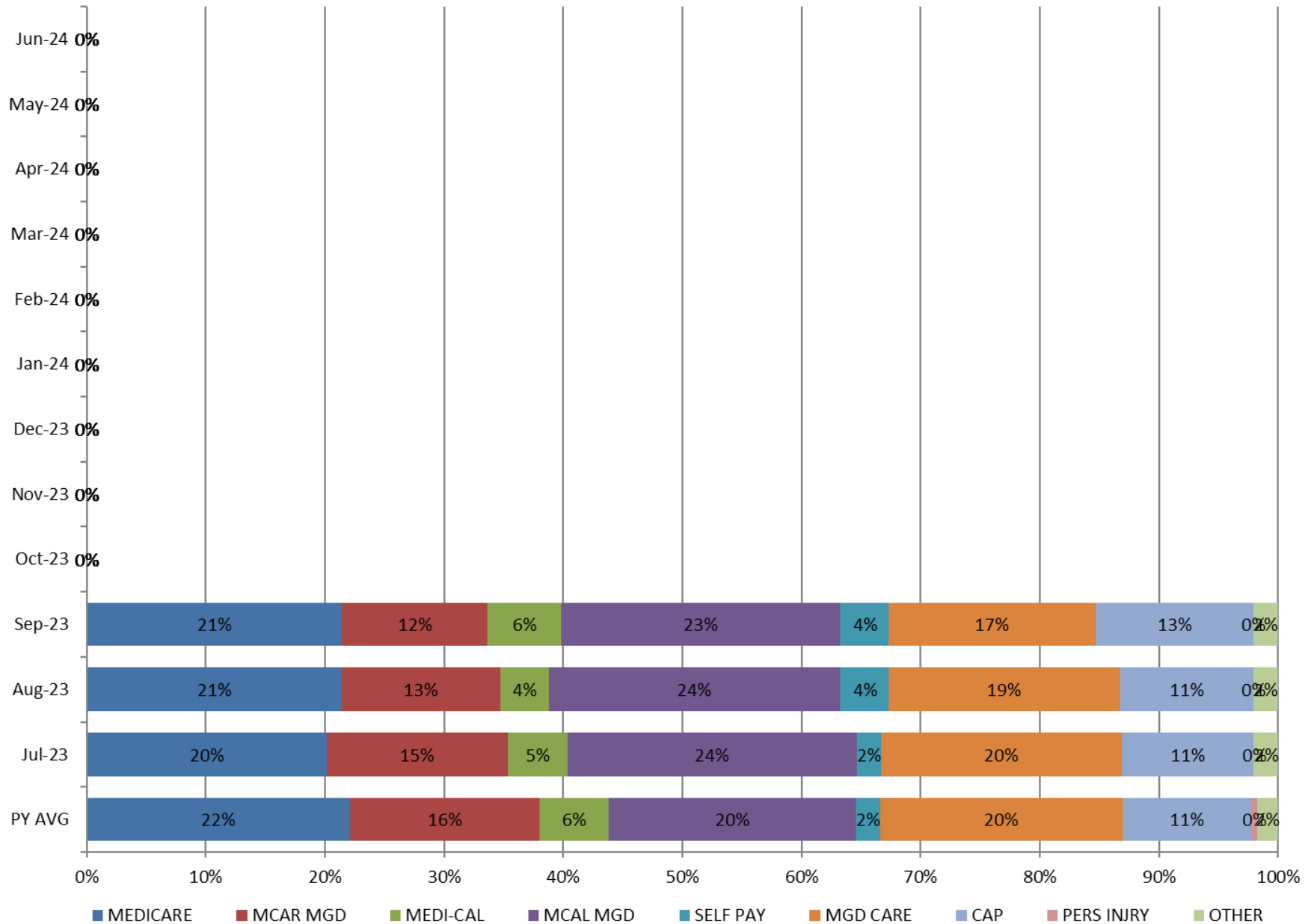
	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
<b>Adjusted Discharges</b>	3,514	3,664	3,578	3,645	3,554	3,243	3,577	3,349	3,561	3,391	3,393	3,424	3,188
<b>Operating Revenue</b>													
Gross revenue	400,045,463	398,360,268	410,607,111	431,599,958	432,150,986	403,081,594	443,600,042	399,948,109	425,241,602	418,042,260	442,758,079	456,484,340	419,488,088
Deductions from revenue	(333,966,875)	(324,930,831)	(340,408,016)	(361,166,691)	(358,776,424)	(334,505,916)	(370,303,205)	(329,956,915)	(356,617,762)	(352,377,727)	(372,333,793)	(392,500,394)	(359,557,005)
Net patient revenue	66,078,588	73,429,437	70,199,095	70,433,267	73,374,562	68,575,678	73,296,837	69,991,194	68,623,840	65,664,533	70,424,286	63,983,946	59,931,083
Other operating revenue	861,211	724,955	847,263	1,093,524	1,101,428	1,110,469	930,396	919,288	1,504,750	1,706,452	1,069,946	1,028,345	1,405,599
<b>Total net revenue</b>	<b>66,939,799</b>	<b>74,154,392</b>	<b>71,046,358</b>	<b>71,526,791</b>	<b>74,475,990</b>	<b>69,686,147</b>	<b>74,227,233</b>	<b>70,910,482</b>	<b>70,128,590</b>	<b>67,370,985</b>	<b>71,494,232</b>	<b>65,012,291</b>	<b>61,336,682</b>
<b>Operating Expenses</b>													
Salaries, wages & contract labor	32,924,892	33,775,849	34,989,349	33,013,527	35,061,254	31,394,286	36,067,614	34,108,438	33,443,819	33,649,709	34,305,763	32,704,482	31,262,963
Benefits	7,714,185	7,659,670	7,740,593	9,725,899	7,884,855	8,438,285	6,853,720	7,737,750	5,557,296	7,101,550	9,564,231	7,472,768	6,243,936
Supplies	9,540,971	10,911,278	9,664,535	10,502,911	10,644,566	9,956,573	11,110,027	9,181,613	9,659,172	10,259,179	8,994,530	10,876,665	9,664,641
Prof fees & purch svcs	10,136,393	12,681,563	11,523,340	11,459,778	13,010,935	12,541,818	12,017,813	12,609,433	12,560,771	14,850,803	12,487,577	12,851,342	11,615,298
Depreciation	4,081,665	3,872,660	3,871,656	3,791,637	3,823,741	3,835,247	3,871,878	3,841,392	4,383,355	11,588,244	3,933,889	4,634,232	4,435,015
Other	1,603,481	4,226,752	3,156,513	2,588,646	3,032,621	3,400,553	3,606,062	3,309,404	3,143,614	(4,981,386)	2,205,082	2,760,571	3,709,550
<b>Total expenses</b>	<b>66,001,587</b>	<b>73,127,772</b>	<b>70,945,986</b>	<b>71,082,398</b>	<b>73,457,972</b>	<b>69,566,762</b>	<b>73,527,114</b>	<b>70,788,030</b>	<b>68,748,027</b>	<b>72,468,099</b>	<b>71,491,072</b>	<b>71,300,060</b>	<b>66,931,403</b>
Income from operations	938,212	1,026,620	100,372	444,393	1,018,018	119,385	700,119	122,452	1,380,563	(5,097,114)	3,160	(6,287,769)	(5,594,721)
<b>Non-operating revenue (expense)</b>													
Property tax revenues <sup>1</sup>	1,583,333	1,583,333	2,041,667	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000	5,133,344	99,190	1,958,333	1,958,333	1,958,333
Investment Income	(906,583)	292,790	722,703	1,282,479	1,152,256	645,695	1,198,662	1,474,276	844,477	4,611,773	1,376,417	1,425,149	1,755,159
Interest Expense	(3,214,888)	(3,075,712)	(6,786,342)	(4,059,607)	(4,038,845)	(4,033,112)	(4,119,374)	(4,010,334)	(4,113,718)	(4,844,468)	(4,076,719)	(4,214,312)	(4,111,099)
Interest Rate Swap	-	-	5,324,960	-	-	-	-	-	-	-	-	-	-
Non-operating depreciation	(582,105)	(582,105)	(582,105)	(582,105)	(582,105)	(582,105)	(582,105)	(582,105)	(582,105)	(855,877)	(1,045,581)	(1,103,594)	(1,107,543)
Other non-operating revenue(exper	1,144,714	775,557	818,344	647,000	2,106,997	591,385	357,472	(241,823)	(1,914,314)	5,376,753	6,742	(198,892)	92,399
<b>Net income <sup>2</sup></b>	<b>(1,037,317)</b>	<b>20,483</b>	<b>1,639,599</b>	<b>(592,840)</b>	<b>1,331,321</b>	<b>(1,583,752)</b>	<b>(770,226)</b>	<b>(1,562,534)</b>	<b>748,247</b>	<b>(709,743)</b>	<b>(1,777,648)</b>	<b>(8,421,085)</b>	<b>(7,007,472)</b>
EBIDA Margin	10.2%	10.2%	10.6%	11.0%	13.1%	9.9%	10.5%	9.7%	14.0%	24.6%	10.2%	2.4%	4.3%

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

2= Excludes G.O. Bonds income / expense

# Payor Mix: Emergency Department







# Statement of Net Position: Excludes G.O. Bonds

## Excludes PHMG

Assets	Sep-23	Aug-23	Jun-23
<b>Current Assets</b>			
Cash and cash equivalents	610,238	10,426,818	64,696,934
Investments	110,503,682	120,421,214	119,515,170
Board Designated	6,495,823	6,495,823	13,678,054
Total cash,cash equivalents & investments	117,609,743	137,343,855	197,890,158
<b>Patient Accounts Receivable</b>	472,656,222	477,362,675	489,931,574
Allowance on accounts	(295,152,669)	(299,028,575)	(304,856,426)
Net accounts receivable	177,503,552	178,334,099	185,075,148
Inventories	12,628,603	12,787,701	12,821,349
Prepaid expenses	16,271,135	19,284,352	12,445,827
Est. third party settlements	96,658,546	82,786,470	71,203,136
Other	63,437,727	60,895,447	58,923,618
Total current assets	484,109,306	491,431,924	538,359,237
<b>Non-Current Assets</b>			
Restricted assets	143,336,762	142,747,189	141,325,098
Restricted other	356,386	356,386	356,226
Total restricted assets	143,693,148	143,103,575	141,681,325
Property, plant & equipment	1,509,282,904	1,509,040,133	1,502,491,970
Accumulated depreciation	(634,928,705)	(631,497,705)	(624,985,735)
Construction in process	100,118,517	96,628,679	94,719,898
Net property, plant & equipment	974,472,715	974,171,107	972,226,134
Right of Use Assets	282,319,980	294,480,435	275,542,766
Investment related companies	6,033,974	5,389,229	5,427,952
Prepaid debt insurance costs	7,532,277	7,558,316	7,610,393
Other non-current assets	46,392,016	47,375,993	47,276,630
Total non-current assets	1,460,444,110	1,472,078,655	1,449,765,200
<b>Total assets</b>	<b>1,944,553,416</b>	<b>1,963,510,579</b>	<b>1,988,124,437</b>
Deferred outflow of resources-loss on refunding of debt	51,691,911	51,924,720	52,390,338
<b>Total assets and deferred outflow of resources</b>	<b>1,996,245,327</b>	<b>2,015,435,299</b>	<b>2,040,514,775</b>

Liabilities	Sep-23	Aug-23	Jun-23
<b>Current Liabilities</b>			
Accounts payable	47,130,883	42,705,345	71,057,718
Accrued payroll	25,823,872	31,373,074	28,007,606
Accrued PTO	24,766,960	24,651,369	25,380,895
Accrued interest payable	18,041,012	15,158,719	9,200,926
Current portion of bonds	8,110,000	8,110,000	8,110,000
Current portion of lease liab	13,552,125	15,477,015	10,965,390
Est. third party settlements	15,470,193	13,868,899	15,470,193
Other current liabilities	103,777,947	105,279,553	108,925,212
Total current liabilities	256,672,993	256,623,974	277,117,938
<b>Long Term Liabilities</b>			
Other LT liabilities	2,871,051	2,892,956	2,971,429
Bonds & contracts payable	740,546,572	740,784,415	741,260,101
Lease liabilities	288,503,251	297,748,924	282,271,128
Total long term liabilities	1,031,920,874	1,041,426,295	1,026,502,657
<b>Total liabilities</b>	<b>1,288,593,868</b>	<b>1,298,050,268</b>	<b>1,303,620,595</b>
Deferred inflow of resources- unearned revenue	6,924,505	6,954,189	6,763,558
<b>Total liabilities and deferred inflow of resources</b>	<b>1,295,518,373</b>	<b>1,305,004,458</b>	<b>1,310,384,153</b>
<b>Net Position</b>			
Unrestricted	700,370,568	710,074,456	729,774,395
Restricted for other purpose	356,386	356,386	356,226
Total net position	700,726,955	710,430,842	730,130,621
<b>Total liabilities, deferred inflow of resources and net position</b>	<b>1,996,245,327</b>	<b>2,015,435,299</b>	<b>2,040,514,774</b>

# Statement of Net Position: Includes G.O. Bonds

## Excludes PHMG

Assets	Sep-23	Aug-23	Jun-23
<b>Current Assets</b>			
Cash and cash equivalents	610,238	10,426,818	64,696,934
Investments	110,503,682	120,421,214	119,515,170
Board Designated	6,495,823	6,495,823	13,678,054
Total cash, cash equivalents & investments	117,609,743	137,343,855	197,890,158
<b>Patient Accounts Receivable</b>	472,656,222	477,362,675	489,931,574
Allowance on accounts	(295,152,669)	(299,028,575)	(304,856,426)
Net accounts receivable	177,503,552	178,334,099	185,075,148
Inventories	12,628,603	12,787,701	12,821,349
Prepaid expenses	16,271,136	19,284,353	12,445,828
Est. third party settlements	96,658,546	82,786,470	71,203,136
Other	76,472,650	69,503,824	59,335,542
Total current assets	497,144,229	500,040,302	538,771,161
<b>Non-Current Assets</b>			
Restricted assets	177,627,048	176,740,004	203,456,651
Restricted other	356,386	356,386	356,226
Total restricted assets	177,983,434	177,096,390	203,812,877
Property, plant & equipment	1,509,282,904	1,509,040,133	1,502,491,970
Accumulated depreciation	(634,928,705)	(631,497,705)	(624,985,735)
Construction in process	100,118,517	96,628,679	94,719,898
Net property, plant & equipment	974,472,715	974,171,107	972,226,134
Right of Use Assets	282,319,980	294,480,435	275,542,766
Investment related companies	6,033,974	5,389,229	5,427,952
Prepaid debt insurance and other costs	8,953,507	8,992,458	9,070,918
Other non-current assets	46,392,016	47,375,993	47,276,630
Total non-current assets	1,496,155,627	1,507,505,613	1,513,357,277
<b>Total assets</b>	<b>1,993,299,856</b>	<b>2,007,545,915</b>	<b>2,052,128,438</b>
Deferred outflow of resources-loss on refunding of debt	54,442,421	54,693,090	55,194,429
<b>Total assets and deferred outflow of resources</b>	<b>2,047,742,276</b>	<b>2,062,239,006</b>	<b>2,107,322,868</b>

Liabilities	Sep-23	Aug-23	Jun-23
<b>Current Liabilities</b>			
Accounts payable	47,130,883	42,705,345	71,060,218
Accrued payroll	25,823,872	31,373,074	28,007,606
Accrued PTO	24,766,960	24,651,369	25,380,895
Accrued interest payable	23,806,880	18,041,652	27,289,238
Current portion of bonds	17,625,044	17,625,044	16,903,916
Current portion of lease liab	13,552,125	15,477,015	10,965,390
Est. third party settlements	15,470,193	13,868,899	15,470,193
Other current liabilities	36,588,718	61,663,381	65,286,498
Total current liabilities	204,764,676	225,405,780	260,363,951
<b>Long Term Liabilities</b>			
Other LT liabilities	2,871,052	2,892,957	2,971,430
Bonds & contracts payable	1,377,798,053	1,377,938,958	1,387,561,498
Lease liabilities	288,503,251	297,748,924	282,271,128
Total long term liabilities	1,669,172,356	1,678,580,839	1,672,804,055
<b>Total liabilities</b>	<b>1,873,937,032</b>	<b>1,903,986,619</b>	<b>1,933,168,006</b>
Deferred inflow of resources- unearned revenue	74,113,734	50,570,361	50,402,272
<b>Total liabilities and deferred inflow of resources</b>	<b>1,948,050,766</b>	<b>1,954,556,980</b>	<b>1,983,570,279</b>
<b>Net Position</b>			
Unrestricted	99,335,124	107,325,640	123,396,362
Restricted for other purpose	356,386	356,386	356,226
Total net position	99,691,510	107,682,026	123,752,588
<b>Total liabilities, deferred inflow of resources and net position</b>	<b>2,047,742,276</b>	<b>2,062,239,006</b>	<b>2,107,322,867</b>

	<u>Sep-23</u>	<u>YTD</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income (Loss) from operations	(5,594,721)	(11,879,330)
<b>Adjustments to reconcile change in net assets to net cash provided from operating activities:</b>		
Depreciation Expense	4,435,015	13,003,136
Provision for bad debts	10,006,887	22,949,513
<b>Changes in operating assets and liabilities:</b>		
Patient accounts receivable	(9,176,340)	(15,377,918)
Property Tax and other receivables	(765,644)	430,853
Inventories	159,098	192,746
Prepaid expenses and other current assets	1,834,382	(4,320,286)
Accounts payable	4,425,538	(23,929,335)
Accrued compensation	(5,433,612)	(4,478,929)
Estimated settlement amounts due third-party payors	(12,270,782)	(25,455,410)
Other liabilities	134,401	(4,182,517)
Net cash provided from (used by) operating activities	<u>(12,245,778)</u>	<u>(53,047,477)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (purchases) sales of investments	9,030,488	42,023,162
Income (Loss) on investments	1,895,842	5,186,741
Investment in affiliates	<u>(2,965,685)</u>	<u>(10,363,419)</u>
Net cash provided from (used by) investing activities	7,960,645	36,846,484
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Receipt of G.O. Bond Taxes	156,789	1,127,001
Receipt of District Taxes	<u>181,696</u>	<u>805,749</u>
Net cash provided from non-capital financing activities	338,485	1,932,750
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds on asset sale	0	6,000
Acquisition of property plant and equipment	(3,732,609)	(12,189,328)
G.O. Bond Interest paid	0	(20,804,366)
ROU Interest paid	(1,090,497)	(3,340,328)
Payments of Long Term Debt	0	(10,812,307)
Payments of Long Term Lease Liabilities	<u>(1,046,826)</u>	<u>(2,678,124)</u>
Net cash provided from (used by) capital and related financing activities	<u>(5,869,932)</u>	<u>(49,818,453)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(9,816,580)	(64,086,696)
<b>CASH AND CASH EQUIVALENTS - Beginning of period</b>	<u>10,426,818</u>	<u>64,696,934</u>
<b>CASH AND CASH EQUIVALENTS - End of period</b>	<u>610,238</u>	<u>610,238</u>

**CONDENSED COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

	PH	PHMG	PAC	Eliminations	Total
<b>ASSETS</b>					
Current assets	497,144,229	51,670,044	5,669,946	(41,806,252)	512,677,967
Capital assets - net	974,472,715	7,091,396	-	-	981,564,111
Right of use assets - net	282,319,980	32,377,064	-	(15,553,004)	299,144,040
Non-current assets	239,362,931	4,839,853	-	(5,433,813)	238,768,971
Total assets	1,993,299,855	95,978,357	5,669,946	(62,793,069)	2,032,155,089
Deferred outflow of resources	54,442,421	-	-	-	54,442,421
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>2,047,742,276</b>	<b>95,978,357</b>	<b>5,669,946</b>	<b>(62,793,069)</b>	<b>2,086,597,510</b>
<b>LIABILITIES AND NET POSITION</b>					
Current liabilities	204,764,675	63,724,869	1,777,544	(44,722,309)	225,544,779
Long-term liabilities	1,380,669,105	4,233,813	-	(4,233,813)	1,380,669,105
Right of use lease liabilities	288,503,251	28,234,151	-	(13,387,524)	303,349,878
Total liabilities	1,873,937,031	96,192,833	1,777,544	(62,343,646)	1,909,563,761
Deferred inflow of resources - deferred revenue	74,113,735	-	-	-	74,113,735
Total liabilities and deferred inflow of resources	1,948,050,766	96,192,833	1,777,544	(62,343,646)	1,983,677,496
Invested in capital assets - net of related debt	(255,560,271)	5,729,414	-	-	(249,830,857)
Restricted	29,593,536	-	-	-	29,593,536
Unrestricted	325,658,245	(5,943,890)	3,892,403	(449,423)	323,157,335
Total net position	99,691,510	(214,476)	3,892,403	(449,423)	102,920,014
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>	<b>2,047,742,276</b>	<b>95,978,357</b>	<b>5,669,946</b>	<b>(62,793,069)</b>	<b>2,086,597,510</b>

Note: Financial Performance includes GO Bonds

# Condensed Combining Statement of Revenue, Expenses, and Changes in Net Position

## CONDENSED COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023

	PH	PHMG	PAC	Elimination	YTD Consolidated
<b>OPERATING REVENUE:</b>					
Net patient service revenue	180,519,218	24,837,264	-	-	205,356,482
Shared risk revenue	13,820,097	14,096,498	-	(1,433,780)	26,482,815
Other revenue	3,503,889	2,792,093	1,677,455	(124,035)	7,849,402
PH Program revenue	-	3,740,095	-	(3,740,095)	-
Total operating revenue	197,843,204	45,465,950	1,677,455	(5,297,910)	239,688,699
<b>OPERATING EXPENSES</b>					
DEPRECIATION AND AMORTIZATION	196,719,400	53,762,231	680,785	(6,818,554)	244,343,862
	13,003,136	906,195	-	-	13,909,331
Total operating expenses	209,722,536	54,668,426	680,785	(6,818,554)	258,253,193
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>(11,879,332)</b>	<b>(9,202,476)</b>	<b>996,670</b>	<b>1,520,645</b>	<b>(18,564,494)</b>
<b>NON-OPERATING INCOME (EXPENSE):</b>					
Investment income	5,186,740	442	-	-	5,187,182
Interest expense	(21,442,055)	(48,017)	-	48,017	(21,442,055)
Property tax revenue	19,624,999	-	-	-	19,624,999
Other - net	(3,305,747)	166,798	-	(1,568,662)	(4,707,611)
Total non-operating expense - net	63,937	119,223	-	(1,520,645)	(1,337,485)
<b>CHANGE IN NET POSITION</b>	<b>(11,815,395)</b>	<b>(9,083,254)</b>	<b>996,670</b>	<b>-</b>	<b>(19,901,979)</b>
Interfund - PHMG	(12,080,496)	12,008,428	-	-	(72,068)
NET POSITION - Beginning of year	123,587,401	(3,139,650)	2,895,733	(449,423)	122,894,061
<b>NET POSITION - Year to date</b>	<b>99,691,510</b>	<b>(214,476)</b>	<b>3,892,403</b>	<b>(449,423)</b>	<b>102,920,014</b>
EBIDA					34,155,533
EBIDA Margin					14.3%

Note: Financial Performance includes GO Bonds

## Investment Fund - Quarter Ended September 30, 2023 Yield Analysis

<u>Investment Account:</u>	<u>% of Portfolio at 9/30/2023</u>	<u>Maturity Date</u>	<u>Yield</u>	<u>Benchmark</u>		<u>Actual to Benchmark Variance</u>	<u>Total Yield</u>
Fidelity-Institutional Portfolio Treasury Fund	21.02%	Demand	5.26%	5.46%	(1)	(0.20%)	1.11%
State Treasurer Local Agency Investment Fund	61.50%	Demand	3.59%	3.42%	(2)	0.17%	2.21%
Morgan Stanley	14.63%	Various	0.23%	0.21%	(3)	0.02%	0.03%
				(3.27%)	(4)	3.50%	
Chandler Asset Management	1.97%	Various	(0.62%)	0.21%	(3)	(0.83%)	(0.01%)
				(3.27%)	(4)	2.65%	
Goldman Sachs Asset Management	0.87%	Various	4.97%	5.46%	(1)	(0.49%)	0.04%
Total:	<u>100.00%</u>						

TOTAL YIELD: 3.38%

PRIOR QUARTER: 3.29%

PRIOR YEAR: (0.24%)

- (1) Approximate average of 90 day T-Bills
- (2) LAIF annual average return based upon monthly yields
- (3) BC Intermediate Government Credits
- (4) S&P 500