

Fiscal Year  
2024 Budget

## Statement of Operations

| (In Thousands)                       | Audited<br>June 2021                   | Audited<br>June 2022 | Projected<br>2023 | Budget<br>2024  | Variance          | Variance %    |
|--------------------------------------|--|----------------------|-------------------|-----------------|-------------------|---------------|
| <b>Operating Revenue</b>             |  |                      |                   |                 |                   |               |
| Net Patient Service Revenue          | \$ 420,200                             | \$ 416,638           | \$ 422,413        | \$ 441,560      | \$ 19,147         | 4.5%          |
| Supplemental Funds/Settlements       | 61,159                                 | 44,864               | 78,451            | 69,784          | (8,666)           | -11.0%        |
| Other/Grants/Contributions           | 16,802                                 | 22,661               | 14,903            | 17,681          | 2,778             | 18.6%         |
| <b>Total Operating Revenue</b>       | <b>498,161</b>                         | <b>484,163</b>       | <b>515,767</b>    | <b>529,026</b>  | <b>13,259</b>     | <b>2.6%</b>   |
| <b>Operating Expenses</b>            |  |                      |                   |                 |                   |               |
| Salaries and Wages                   | \$ 200,364                             | \$ 207,034           | \$ 205,680        | \$ 216,301      | \$ 10,621         | 5.2%          |
| Nursing Contract Labor               | 22,971                                 | 10,632               | 23,882            | 12,685          | (11,197)          | -46.9%        |
| Benefits and FICA                    | 63,665                                 | 73,887               | 79,980            | 78,592          | (1,387)           | -1.7%         |
| Supplies                             | 56,441                                 | 54,812               | 57,843            | 59,024          | 1,181             | 2.0%          |
| Drugs                                | 18,720                                 | 16,549               | 15,208            | 15,769          | 562               | 3.7%          |
| Purchased Services                   | 33,641                                 | 34,496               | 36,397            | 36,402          | 5                 | 0.0%          |
| Professional Fees                    | 40,259                                 | 40,508               | 41,489            | 45,975          | 4,487             | 10.8%         |
| Rent, Insurance, Utilities           | 12,113                                 | 15,043               | 15,012            | 17,227          | 2,216             | 14.8%         |
| Intergovernmental Transfers (IGT)    | 3,483                                  | 3,022                | 3,621             | 12,282          | 8,661             | 239.2%        |
| Other Expenses                       | 4,444                                  | 4,927                | 4,972             | 4,822           | (150)             | -3.0%         |
| <b>Total Operating Expenses</b>      | <b>456,102</b>                         | <b>460,910</b>       | <b>484,082</b>    | <b>499,080</b>  | <b>14,997</b>     | <b>3.1%</b>   |
| <b>OPERATING EBIDA</b>               | <b>42,059</b>                          | <b>23,253</b>        | <b>31,684</b>     | <b>29,946</b>   | <b>(1,738)</b>    | <b>-5.49%</b> |
| Depreciation                         | 19,609                                 | 21,280               | 21,546            | 21,541          | (6)               | 0.0%          |
| Interest Expense                     | 6,405                                  | 6,338                | 5,837             | 5,763           | (74)              | -1.3%         |
|                                      | <b>26,014</b>                          | <b>27,618</b>        | <b>27,383</b>     | <b>27,304</b>   | <b>(80)</b>       | <b>-0.3%</b>  |
| <b>Income (Loss) From Operations</b> | <b>16,045</b>                          | <b>(4,365)</b>       | <b>4,301</b>      | <b>2,642</b>    | <b>(1,659)</b>    | <b>-38.6%</b> |
| Investment Income                    | 1,239                                  | (6,919)              | 3,986             | 664             | (3,322)           | -83.3%        |
| Capital Contributions                | 699                                    | 104                  | 63                | 134             | 71                | 113.9%        |
| <b>NET INCOME (LOSS)</b>             | <b>\$ 17,983</b>                       | <b>\$ (11,181)</b>   | <b>\$ 8,349</b>   | <b>\$ 3,440</b> | <b>\$ (4,909)</b> | <b>-58.8%</b> |
|                                      | <i>Income from Operations Margin %</i> | 3.2%                 | -0.9%             | 0.8%            | 0.5%              |               |
|                                      | <i>Operating EBIDA %</i>               | 8.4%                 | 4.8%              | 6.1%            | 5.7%              |               |
|                                      | <i>Excess Margin %</i>                 | 3.6%                 | -2.3%             | 1.6%            | 0.7%              |               |

## Statistics

|                                       | Audited<br>June 2021 | Audited<br>June 2022 | Projected<br>2023 | Budget<br>2024 | Variance    | Variance %   |
|---------------------------------------|----------------------|----------------------|-------------------|----------------|-------------|--------------|
| Discharges                            | 19,142               | 17,950               | 18,126            | 18,500         | 374         | 2.1%         |
| Adjusted Discharges                   | 28,156               | 25,747               | 26,059            | 26,690         | 631         | 2.4%         |
| Patient Days                          | 86,565               | 84,608               | 86,433            | 87,754         | 1,321       | 1.5%         |
| Adjusted Patient Days                 | 127,042              | 121,300              | 124,238           | 126,154        | 1,916       | 1.5%         |
| Observation Patient Days              | 3,740                | 1,374                | 626               | 633            | 7           | 1.1%         |
| Average Daily Census                  | 236.5                | 231.8                | 236.8             | 239.8          | 3.0         | 1.3%         |
| Adjusted Occupied Bed                 | 347.1                | 332.3                | 340.4             | 344.7          | 4.3         | 1.3%         |
| General Length of Stay                | 4.52                 | 4.71                 | 4.77              | 4.74           | (0.02)      | -0.5%        |
| All Payor CMI                         | 1.55                 | 1.60                 | 1.57              | 1.57           | -           | 0.0%         |
| Medicare Length of Stay               | 5.21                 | 5.65                 | 5.77              | 5.70           | (0.07)      | -1.3%        |
| Medicare CMI                          | 2.09                 | 2.23                 | 2.27              | 2.27           | -           | 0.0%         |
| Deliveries                            | 3,952                | 3,462                | 3,042             | 3,159          | 117         | 3.8%         |
| Inpatient Surgeries - Women's Center  | 1,346                | 1,207                | 1,044             | 1,098          | 54          | 5.2%         |
| Trauma Cases                          | 1,591                | 1,582                | 1,506             | 1,527          | 21          | 1.4%         |
| Emergency Room Visits                 | 106,154              | 115,917              | 122,555           | 128,030        | 5,475       | 4.5%         |
| Admissions from Emergency Room        | 13,694               | 13,279               | 13,654            | 14,083         | 429         | 3.1%         |
| <i>Conversion Rate to Admissions</i>  | 12.9%                | 11.5%                | 11.1%             | 11.0%          |             |              |
| <i>Percentage of Total Admissions</i> | 71.5%                | 74.0%                | 75.3%             | 76.1%          |             |              |
| Inpatient Surgeries                   | 3,692                | 3,428                | 3,365             | 3,357          | (8)         | -0.2%        |
| Outpatient Surgeries                  | 3,843                | 3,352                | 3,306             | 3,272          | (34)        | -1.0%        |
| <b>Total Surgeries</b>                | <b>7,535</b>         | <b>6,780</b>         | <b>6,671</b>      | <b>6,629</b>   | <b>(42)</b> | <b>-0.6%</b> |

## Key Operating Indicators

| (In Thousands)   | Audited<br>June 2021 | Audited<br>June 2022 | Projected<br>2023   | Budget<br>2024      |
|--|----------------------|----------------------|---------------------|---------------------|
| <b>Gross Revenue</b>                                   |                      |                      |                     |                     |
| <b>Inpatient</b>                                       | \$ 1,325,090         | \$ 1,334,351         | \$ 1,413,843        | \$ 1,534,605        |
| <b>Outpatient</b>                                      | 620,746              | 579,066              | 631,333             | 675,896             |
| <b>TOTAL</b>   | <b>\$ 1,945,836</b>  | <b>\$ 1,913,417</b>  | <b>\$ 2,045,176</b> | <b>\$ 2,210,501</b> |
| <b>Deductions</b>                                      |                      |                      |                     |                     |
| <b>Contractual Adjustments</b>                         | (1,498,520)          | (1,478,573)          | (1,601,449)         | (1,745,742)         |
| <b>Bad Debts and Charity Care</b>                      | (27,116)             | (18,207)             | (21,314)            | (23,199)            |
| <b>Net Patient Service Revenue</b>                     | <b>\$ 420,200</b>    | <b>\$ 416,638</b>    | <b>\$ 422,413</b>   | <b>\$ 441,560</b>   |
| <i>Realization Rate on Gross Charges</i>               | 21.6%                | 21.8%                | 20.7%               | 20.0%               |
| <i>Charity Care and Bad Debt %</i>                     | 1.4%                 | 1.0%                 | 1.0%                | 1.0%                |
| <b>Net Operating Revenue</b>                           | <b>\$ 498,161</b>    | <b>\$ 484,163</b>    | <b>\$ 515,767</b>   | <b>\$ 529,026</b>   |
| <b>Salaries</b>  | \$ 200,364           | \$ 207,034           | \$ 205,680          | \$ 216,301          |
| <b>Contract Labor</b>                                  | 22,971               | 10,632               | 23,882              | 12,685              |
| <b>TOTAL</b>   | <b>\$ 223,334</b>    | <b>\$ 217,665</b>    | <b>\$ 229,562</b>   | <b>\$ 228,986</b>   |
| <i>Contract Labor as % of Total Salaries</i>           | 10.3%                | 4.9%                 | 10.4%               | 5.5%                |
| <b>Benefits</b>  | \$ 63,665            | \$ 73,887            | \$ 79,980           | \$ 78,592           |
| <i>Benefits as % of Salaries (w/o contract labor)</i>  | 31.8%                | 35.7%                | 38.9%               | 36.3%               |
| <i>Total Labor Costs as % of Net Operating Revenue</i> | 57.6%                | 60.2%                | 60.0%               | 58.1%               |
| <b>Paid FTE's</b>                                      | 2,358                | 2,300                | 2,324               | 2,306               |
| <b>FTE'S per Adjusted Occupied Bed</b>                 | 6.79                 | 6.92                 | 6.83                | 6.69                |
| <b>Supplies and Drugs</b>                              | \$ 75,161            | \$ 71,361            | \$ 73,050           | \$ 74,793           |
| <i>Supplies as % of Net Operating Revenue</i>          | 15.1%                | 14.7%                | 14.2%               | 14.1%               |

## Payor Mix – Based on Gross Charges

|  | Audited<br>June 2021 | Audited<br>June 2022 | Projected<br>2023 | Budget<br>2024 |
|--|----------------------|----------------------|-------------------|----------------|
| Medicare Traditional                   | 15.8%                | 15.6%                | 17.4%             | 17.4%          |
| Medicare Managed Care                  | 20.4%                | 21.4%                | 21.5%             | 21.4%          |
| Medi-Cal                               | 10.9%                | 9.7%                 | 8.2%              | 8.4%           |
| Medi-Cal Managed Care                  | 28.1%                | 28.7%                | 30.5%             | 30.2%          |
| Commercial / Managed Care              | 21.7%                | 21.9%                | 19.6%             | 19.5%          |
| Other                                  | 2.0%                 | 2.1%                 | 2.2%              | 2.3%           |
| Self-Pay                               | 1.2%                 | 0.6%                 | 0.7%              | 0.8%           |
|  | <b>100.0%</b>        | <b>100.0%</b>        | <b>100.0%</b>     | <b>100.0%</b>  |
| <b>Percentage of Government Payors</b> | <b>75.1%</b>         | <b>75.4%</b>         | <b>77.5%</b>      | <b>77.4%</b>   |

## Supplemental Funds

|                                   | Audited<br>June 2021 | Audited<br>June 2022 | Projected<br>2023 | Budget<br>2024   |
|-----------------------------------|----------------------|----------------------|-------------------|------------------|
| NDPH (SB 1225)                    | \$ 3,385             | \$ 3,385             | \$ 3,385          | \$ 3,385         |
| SB 1100                           | 9,646                | 8,602                | 42,295            | 7,992            |
| AB915 Medi-Cal Outpatient         | 2,059                | 1,889                | 2,023             | 2,023            |
| AB 915 Expansion                  | 2,005                | 1,827                | 1,404             | 1,404            |
| Hospital Fee Program (HQAFS)      | 7,276                | 4,907                | 5,052             | 5,052            |
| Hospital Fee Program Direct Grant | 6,827                | 6,052                | 6,533             | 7,789            |
| Cost Report Settlement            | 121                  | 188                  | -                 | -                |
| IGT AB113                         | 5,971                | 1,420                | 1,297             | 1,297            |
| DHDP                              | -                    | -                    | -                 | 16,085           |
| Capitation Contract               | 4,486                | 4,582                | 4,502             | 4,153            |
| Cares Act                         | 10,200               | 1,632                | -                 | -                |
| Meaningful Use Medi-Cal/Medicare  | -                    | -                    | -                 | -                |
| Other                             | 51                   | 369                  | 178               | 162              |
| Trauma                            | 5,649                | 6,988                | 8,160             | 8,160            |
| <b>TOTAL (Net)</b>                | <b>\$ 57,676</b>     | <b>\$ 41,842</b>     | <b>\$ 74,829</b>  | <b>\$ 57,502</b> |
| <br>                              |                      |                      |                   |                  |
| Gross Receipts to AVH             | \$ 61,159            | \$ 44,864            | \$ 78,451         | \$ 69,784        |
| IGT Remittances to California     | (3,483)              | (3,022)              | (3,621)           | (12,282)         |
|                                   | <b>\$ 57,676</b>     | <b>\$ 41,842</b>     | <b>\$ 74,829</b>  | <b>\$ 57,502</b> |

Thank you

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**Antelope Valley**  
Medical Center