



July 16, 2021

NOTICE

The Board of Directors of the Kaweah Delta Health Care District will meet in an open Finance, Property, Services and Acquisition Committee meeting at 2:00PM on Thursday July 22, 2021 in the Kaweah Health Medical Center – Executive Office Conference Room – 305 West Acequia, Visalia, CA.

All Kaweah Delta Health Care District regular board meeting and committee meeting notices and agendas are posted 72 hours prior to meetings (special meetings are posted 24 hours prior to meetings) in the Kaweah Health Medical Center, Mineral King Wing entry corridor between the Mineral King lobby and the Emergency Department waiting room.

The disclosable public records related to agendas are available for public inspection at Kaweah Health Medical Center – Acequia Wing, Executive Offices (Administration Department) {1st floor}, 400 West Mineral King Avenue, Visalia, CA and on the Kaweah Delta Health Care District web page <https://www.kaweahhealth.org>.

KAWEAH DELTA HEALTH CARE DISTRICT
Garth Gipson, Secretary/Treasurer

A handwritten signature in black ink that reads "Cindy Moccio".

Cindy Moccio
Board Clerk, Executive Assistant to CEO

DISTRIBUTION:
Governing Board
Legal Counsel
Executive Team
Chief of Staff

<http://www.kaweahdelta.org>

**KAWEAH DELTA HEALTH CARE DISTRICT BOARD OF DIRECTORS
FINANCE, PROPERTY, SERVICES & ACQUISITION COMMITTEE**

Thursday July 22, 2021

Kaweah Health Medical Center
305 West Acequia – Executive Office Conference Room

ATTENDING: Directors: David Francis (chair) & Mike Olmos; Gary Herbst, CEO; Malinda Tupper, VP & CFO; Marc Mertz, VP Chief Strategy Officer; Jennifer Stockton, Director of Finance, Julieta Moncada, Facilities Planning Director; Deborah Volosin, Director of Community Engagement; Cindy Moccio, Recording

OPEN MEETING – 2:00PM

CALL TO ORDER – David Francis

PUBLIC PARTICIPATION – Members of the public may comment on agenda items before action is taken and after it is discussed by the Board. Each speaker will be allowed five minutes. Members of the public wishing to address the Board concerning items not on the agenda and within the jurisdictions of the Board are requested to identify themselves at this time. For those who are unable to attend the beginning of the Board meeting during the public participation segment but would like to address the Board, please contact the Board Clerk (Cindy Moccio 559-624-2330) or cmoccio@kaweahhealth.org to make arrangements to address the Board.

1. **FINANCIALS** – Review of the most current fiscal year financial results and budget.

Malinda Tupper – Vice President & Chief Financial Officer

2. **PROFORMA FOR INTERNAL MEDICINE & CHILD AND ADOLESCENT PSYCHIATRY FELLOWSHIP** – Review and discussion of Kaweah Health opportunities to grow graduate medical education in the Central Valley and review of proforma for proposed internal medicine & child and adolescent psychiatry fellowship

Lori Winston, M.D., Vice President Medical Education & Designated Institutional Officer & Jennifer Stockton, Director of Finance

3. **KAWEAH HEALTH MEDICAL GROUP** – Annual review of Kaweah Health Medical Group.

Paul Schofield, CEO – Kaweah Delta Medical Foundation

4. **VISALIA INDUSTRIAL PARK** – Review and discussion relative to potential projects in the industrial park.

Marc Mertz, VP & Chief Strategy Officer, Malinda Tupper, Vice President & Chief Financial Officer

ADJOURN – David Francis

In compliance with the Americans with Disabilities Act, if you need special assistance to participate at this meeting, please contact the Board Clerk (559) 624-2330. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to the Kaweah Delta Health Care District Board of Directors meeting.

*Mike Olmos – Zone I
Board Member*

*Lynn Havard Mirviss – Zone II
Vice President*

*Garth Gipson – Zone III
Secretary/Treasurer*

*David Francis – Zone IV
President*

*Ambar Rodriguez – Zone V
Board Member*

MISSION: Health is our Passion. Excellence is our Focus. Compassion is our Promise.

CFO Financial Report

July 22, 2021

June Overview

- **Volume:** Overall inpatient days exceeded budget by 1.3%. The census at the downtown campus was 11.5% above budget but was offset by our other inpatient areas such as the Mental Health Hospital and Skilled Nursing. Overall outpatient volume, as measured by patient registrations, also exceeded budget by 9.3%.
- **Revenue:** Net patient revenue fell short of budget by \$2.0M (4.1%) due to a lower acuity of inpatient volumes experienced in June. Other revenue was higher than budget by \$1.3M as we recorded higher-than-expected Humana Medicare Advantage premium revenue due to mid-year and year end payment adjustments.
- **Expenses:** The main items contributing to the \$6.9M favorable budget variance:
 - We recognized a **(\$12.1M)** reduction to pension expense based upon the actuary's estimate, which includes investment returns that were much larger than projected.
 - We recognized an additional \$1.5M in contract labor expense than budgeted. Also, we experienced additional shift bonuses and supplemental sick leave of \$265K that was not budgeted.
 - There was an increased utilization of capitated third party providers of \$888K due to increase in higher acuity patients and the impact on the timing of services due to COVID.
 - The unfavorable variance in physicians fees by \$757K was due to the agreements that were not finalized and in process when the FY21 budget was made.

COVID-19 Financial Activity

Stimulus Funds Received

Red indicates changes since last reviewed

Stimulus Funds – Kaweah Delta	\$11,420,930	Received 4/11/20
Stimulus Funds – KDMF	\$684,104	Received 4/11/20
Stimulus Funds – KD 2 nd payment	\$1,225,939	Received 4/24/20
Stimulus Funds – KDMF 2 nd payment	\$198,091	Received 5/26/20
California Hospital Association - PPE	\$28,014	Received 6/3 and 6/9/20
Stimulus Funds – 4 Physician Groups	\$332,017	Received April 2020
Stimulus Funds -Testing at RHC	\$197,846	Received 5/20/20
Stimulus Funds - Skilled Nursing Facility	\$225,000	Received 5/22/20
Stimulus Funds – Rural Providers	\$413,013	Received 6/25/20
Stimulus Funds – Due to servicing Rural Areas	\$813,751	Received 7/21/20
Stimulus Funds – High Impact Areas	\$10,900,000	Received 7/29/20
California Hospital Association – PPE II	\$150,243	Received 8/25/20
Stimulus Funds – Skilled Nursing Facility	\$111,500	Received 8/27/20
Stimulus Funds – Skilled Nursing Facility	\$184,388	Received 5 out of 5 payments
Stimulus Funds – KD 3 rd wave of federal payments	\$11,120,347	Received 1/27/21
Stimulus Funds – KDMF 3 rd wave of federal payments	\$920,477	Received 4/16/21
Business Interruption Insurance	\$125,000	Received 5/25/21
Stimulus Funds – RHC Testing and Mitigation	\$400,000	Received 6/10/21
Impact to Net Revenue	\$39,118,643	

COVID-19 Financial Activity - Reimbursement and In Kind Impact

Red indicates changes since last reviewed

20% increase in Medicare inpatient payments	\$ 1,350,000	Public health emergency extended through April 20, 2021
6.2% increase in FMAP - IGT matching	\$ 1,200,000	Extended through the 1 st quarter in which emergency ends
10% increase in Medi-Cal rates in SNF payments	\$ 997,000	Calendar year 2020
5% increase Blue Shield rates for certain procedures	\$ 12,000	4 Month Estimate
Uninsured COVID Patients – Medicare Rates	\$ 1,025,102	Payments to date - \$385K add'l since last month
Department of Defense	\$ 250,000	In kind clinical support staff
2% sequestration	\$ 2,100,000	Calendar year 2020 – extended through March 31, 2021
Unemployment benefit costs ½ covered	\$ 1,057,000	4 quarters – extended through Mar 14 th 2021
5 County agreements – Lab testing, PPE, Pharmaceuticals, vaccination	\$ 5,383,573	\$8,578,800 max , the County will cover related costs as we submit invoices
COVID Payer Grants	\$ 3,065,000	October deposit
Repayment period of Medicare Advanced Payments extended - Initial funding \$46.6M (4/7/2020)	Balance must be repaid in full 29 months from the first payment.	Medicare payments will be reduced by 25% for the first 11 months and 50% during the next 6 months.
Additional payments received from Medicare Advanced Payments Program - \$40.2M (10/28/20) Total to date \$86.8M	(\$7.1M) recouped in April-June 2021.	10/28/20 We received \$40,173,945 additional funds to be repaid in 1 year
Social Security Tax Deferral – \$13.5M		Repayment of 50% due 12/31/21 and 50% 12/31/22
DSH cuts were delayed through FFY2023 - \$5,200,000 in FY2021		DSH cuts were delayed through FFY2023
Impact to Bottom Line	\$ 16,439,675	

Financial Analysis - COVID-19 Inpatients

January 2020 - June 2021 Discharged COVID Inpatients								
Payer Group	Patient Volume	% of Total Visits	ALOS	GMLOS	Est. Net Revenue	Direct Cost	Contribution Margin	Net Income
Medicare	1335	51%	10.4	5.7	\$30,144,473	\$29,665,316	\$479,156	(\$8,533,940)
Medi-Cal Managed Care	530	20%	9.3	5.6	\$12,584,763	\$11,603,423	\$981,341	(\$2,496,768)
Commercial/Other	486	18%	9.7	5.9	\$16,247,273	\$11,108,211	\$5,139,062	\$1,820,292
Medi-Cal	240	9%	11.6	5.5	\$3,842,958	\$5,320,833	(\$1,477,874)	(\$3,112,908)
Work Comp	23	1%	11.6	7.2	\$662,730	\$780,673	(\$117,943)	(\$340,463)
Cash Pay	14	1%	4.6	4.8	\$8,082	\$130,003	(\$121,921)	(\$163,391)
Tulare County	1	0%	7.0	4.9	\$9,219	\$6,660	\$2,558	\$241
Grand Total	2,629	100%	10.1	5.7	\$63,499,499	\$58,615,119	\$4,884,379	(\$12,826,936)
Typical Contribution Margin on 2,629 Inpatient visits							\$6,622,451	
LOS GAP				4.4	Difference		(\$1,738,072)	

COVID IMPACT (000's)

March 2020 - June
2021

Operating Revenue

Net Patient Service Revenue	\$753,565
Supplemental Gov't Programs	71,993
Prime Program	18,687
Premium Revenue	76,058
Management Services Revenue	45,352
Other Revenue	28,367
Other Operating Revenue	240,457
Total Operating Revenue	994,023

Operating Expenses

Salaries & Wages	428,292
Contract Labor	11,879
Employee Benefits	77,734
Total Employment Expenses	517,904

Medical & Other Supplies	169,663
Physician Fees	128,453
Purchased Services	25,597
Repairs & Maintenance	34,793
Utilities	8,842
Rents & Leases	8,306
Depreciation & Amortization	41,132
Interest Expense	9,036
Other Expense	27,413
Humana Cap Plan Expenses	43,041
Management Services Expense	45,466

Total Other Expenses **541,742**

Total Operating Expenses **1,059,646**

Operating Margin **(\$65,624)**

Stimulus Funds \$47,427

Operating Margin after Stimulus **(\$18,197)**

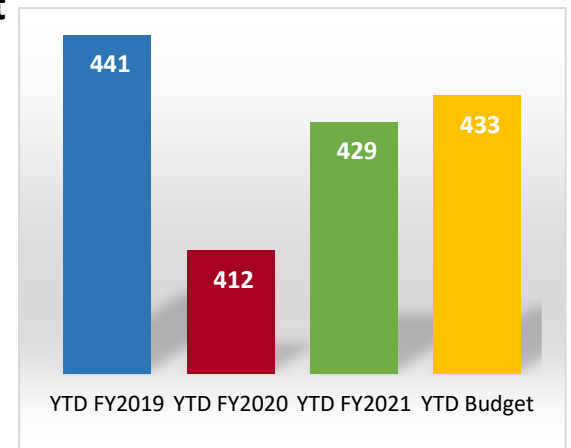
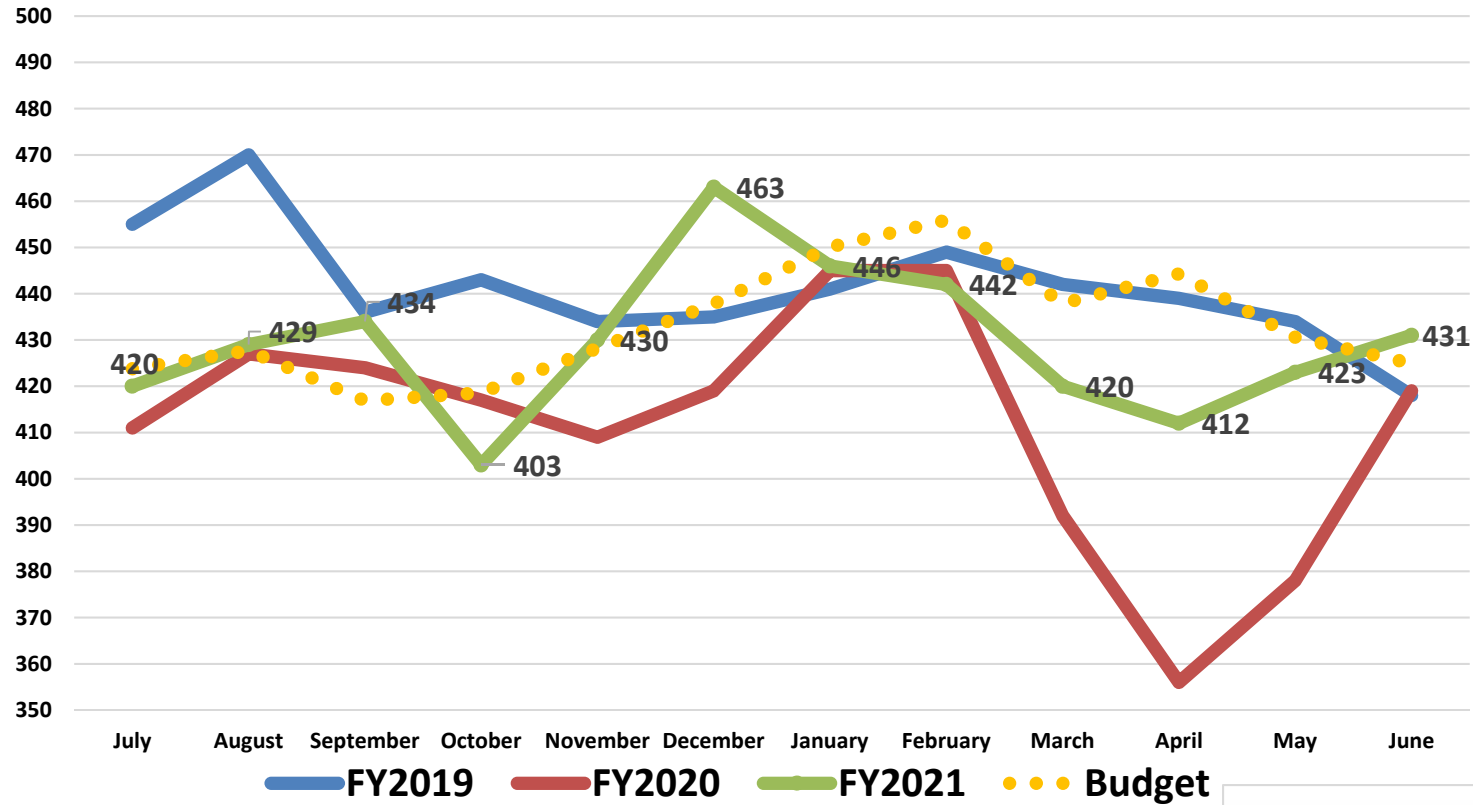
Nonoperating Revenue (Loss) 14,435

Excess Margin **(\$3,762)**

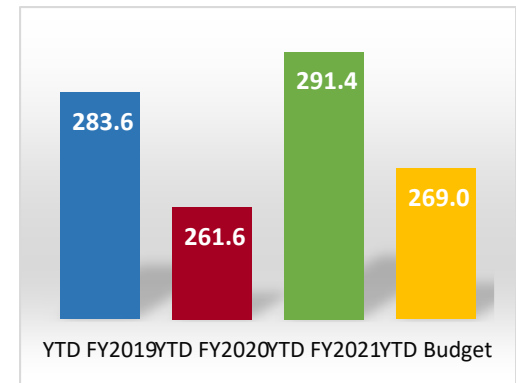
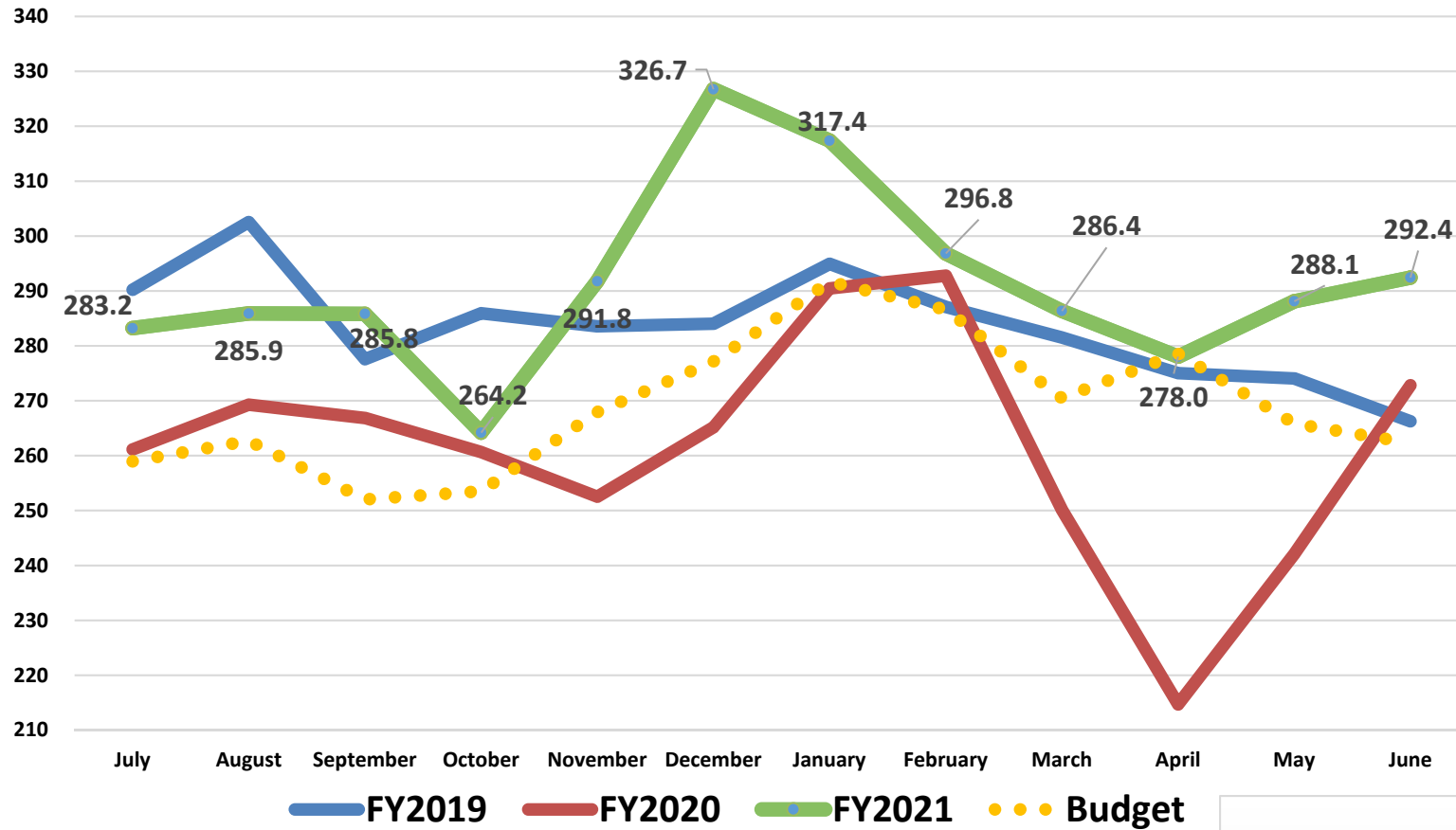
YTD Financial Comparison (000's) – adjusted for COVID

	Actual Results FYTD Jul-June			Budget FYTD	Budget Variance	FYTD
	with COVID	COVID	w/out COVID	FYTD2021	Change	% Change
Operating Expenses						
Salaries & Wages	324,151	(5,722)	318,429	319,187	(758)	(0.2%)
Contract Labor	9,778	(10)	9,768	6,733	3,035	45.1%
Employee Benefits	55,075		55,075	66,763	(11,688)	(17.5%)
Total Employment Expenses	389,004	(5,732)	383,272	392,683	(9,411)	(2.4%)
Medical & Other Supplies	129,595	(9,493)	120,102	122,838	(2,736)	(2.2%)
Physician Fees	96,624	(20)	96,604	89,707	6,897	7.7%
Purchased Services	18,827	(1,092)	17,735	17,555	180	1.0%
Repairs & Maintenance	26,222	(281)	25,941	27,492	(1,551)	(5.6%)
Utilities	6,966		6,966	6,434	532	8.3%
Rents & Leases	6,188	(18)	6,170	6,540	(371)	(5.7%)
Depreciation & Amortization	30,333		30,333	32,173	(1,840)	(5.7%)
Interest Expense	6,769		6,769	6,861	(92)	(1.3%)
Other Expense	20,325	(54)	20,271	13,529	6,742	49.8%
Humana Cap Plan Expenses	34,758		34,758	24,089	10,669	44.3%
Management Services Expense	34,427		34,427	31,985	2,442	7.6%
Total Other Expenses	411,036	(10,958)	400,077	379,204	20,873	5.5%
Total Operating Expenses	800,040	(16,690)	783,350	771,887	11,463	1.5%

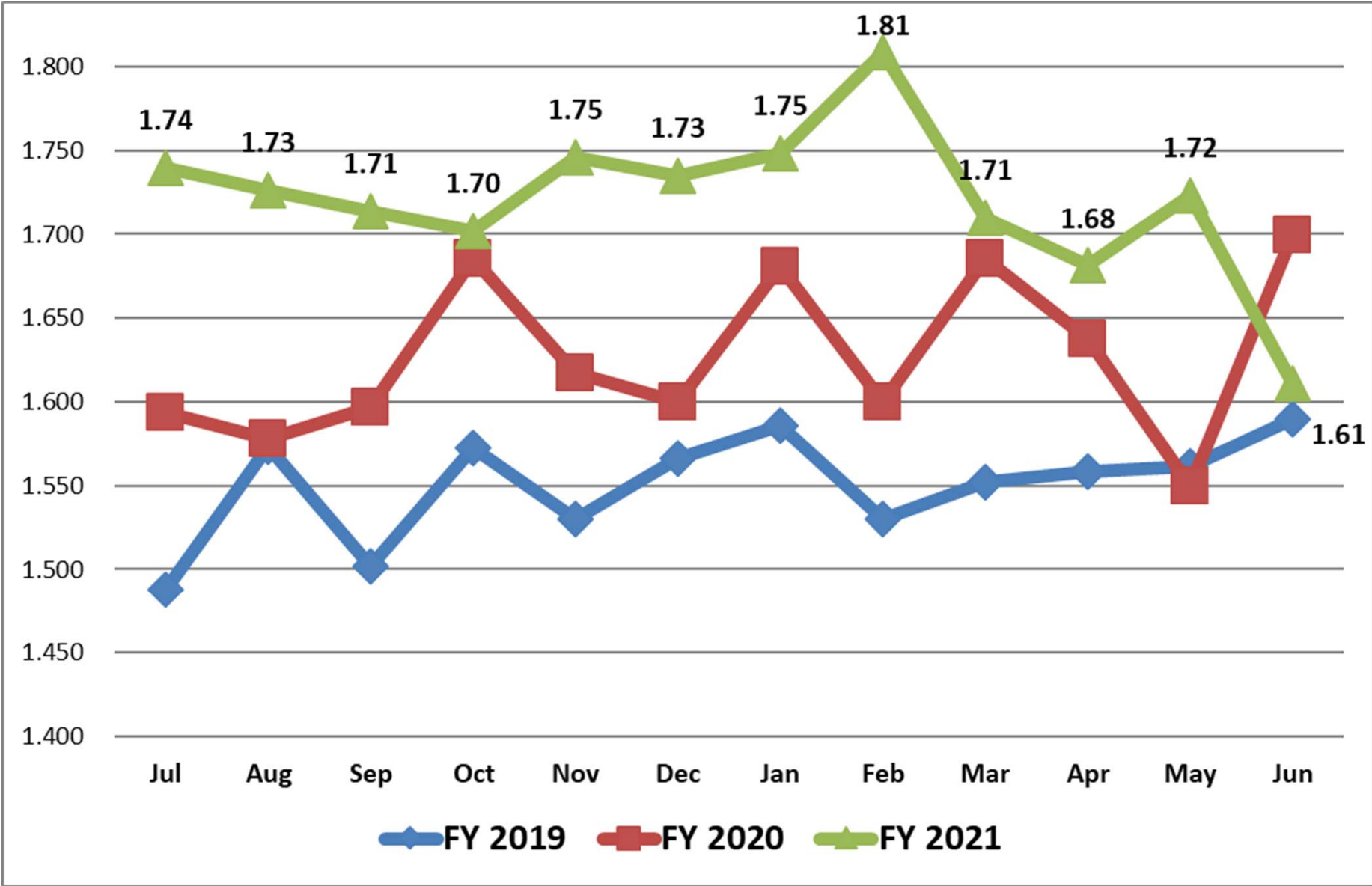
Average Daily Census



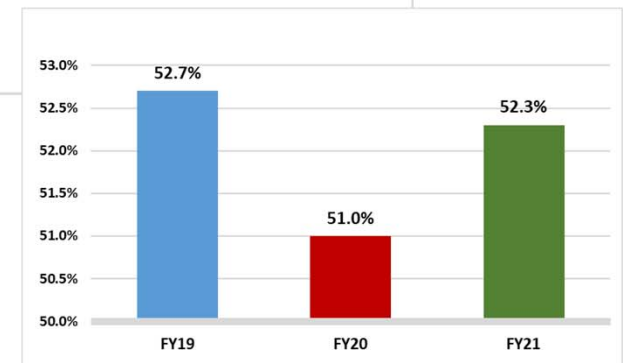
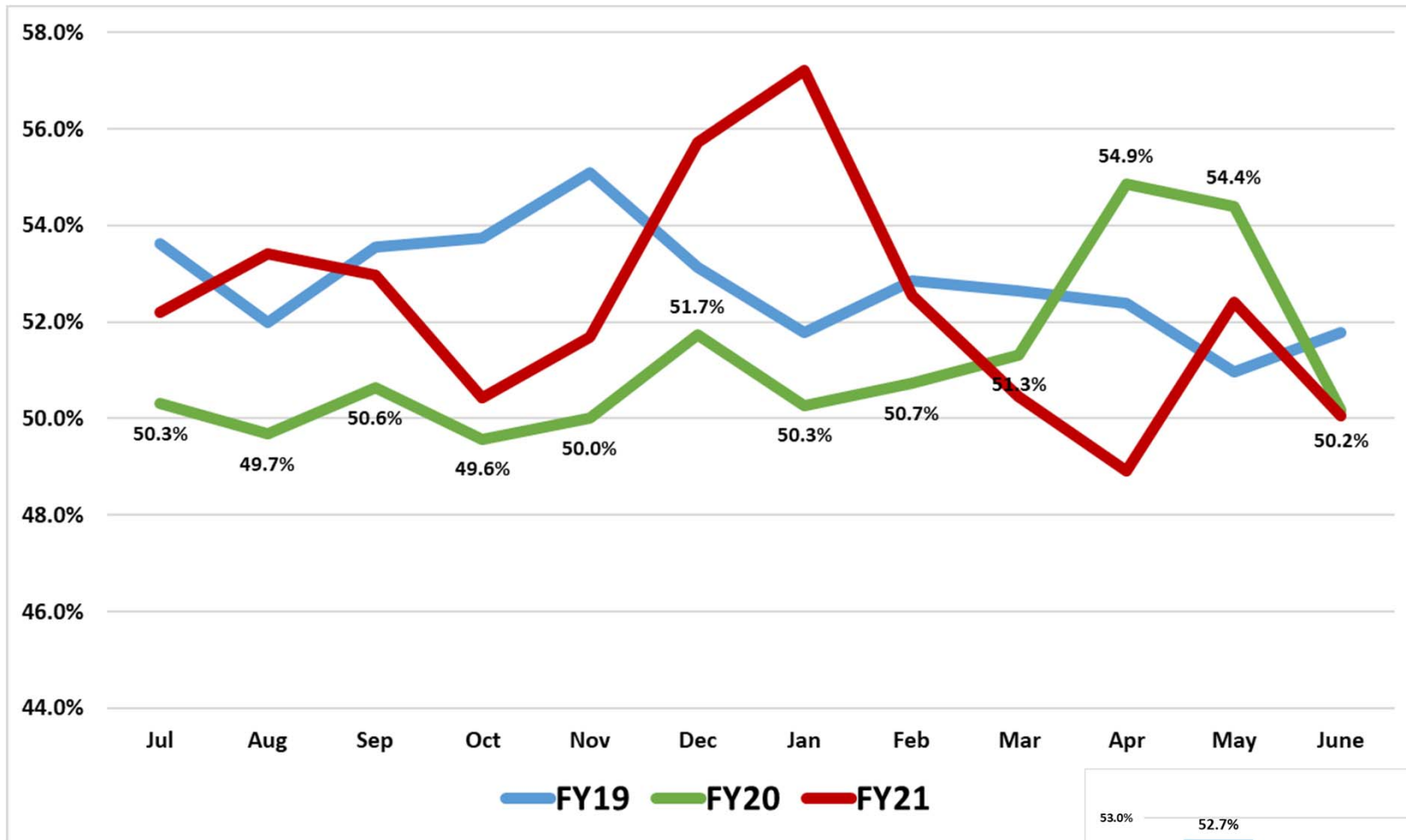
Medical Center – Average Daily Census



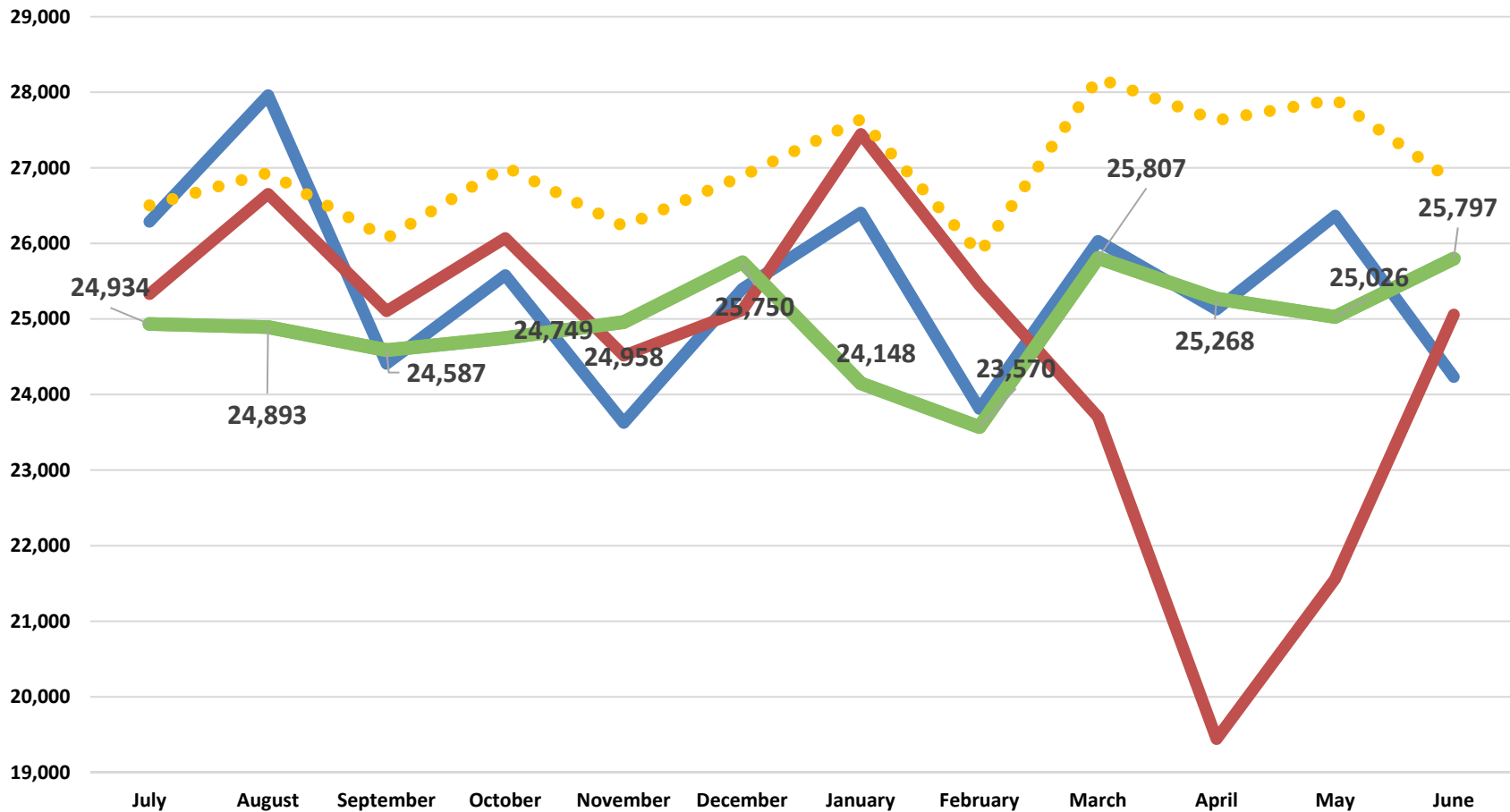
Case Mix Index



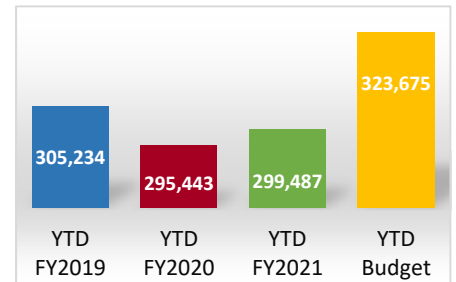
% of Inpatient Charges to Total Charges



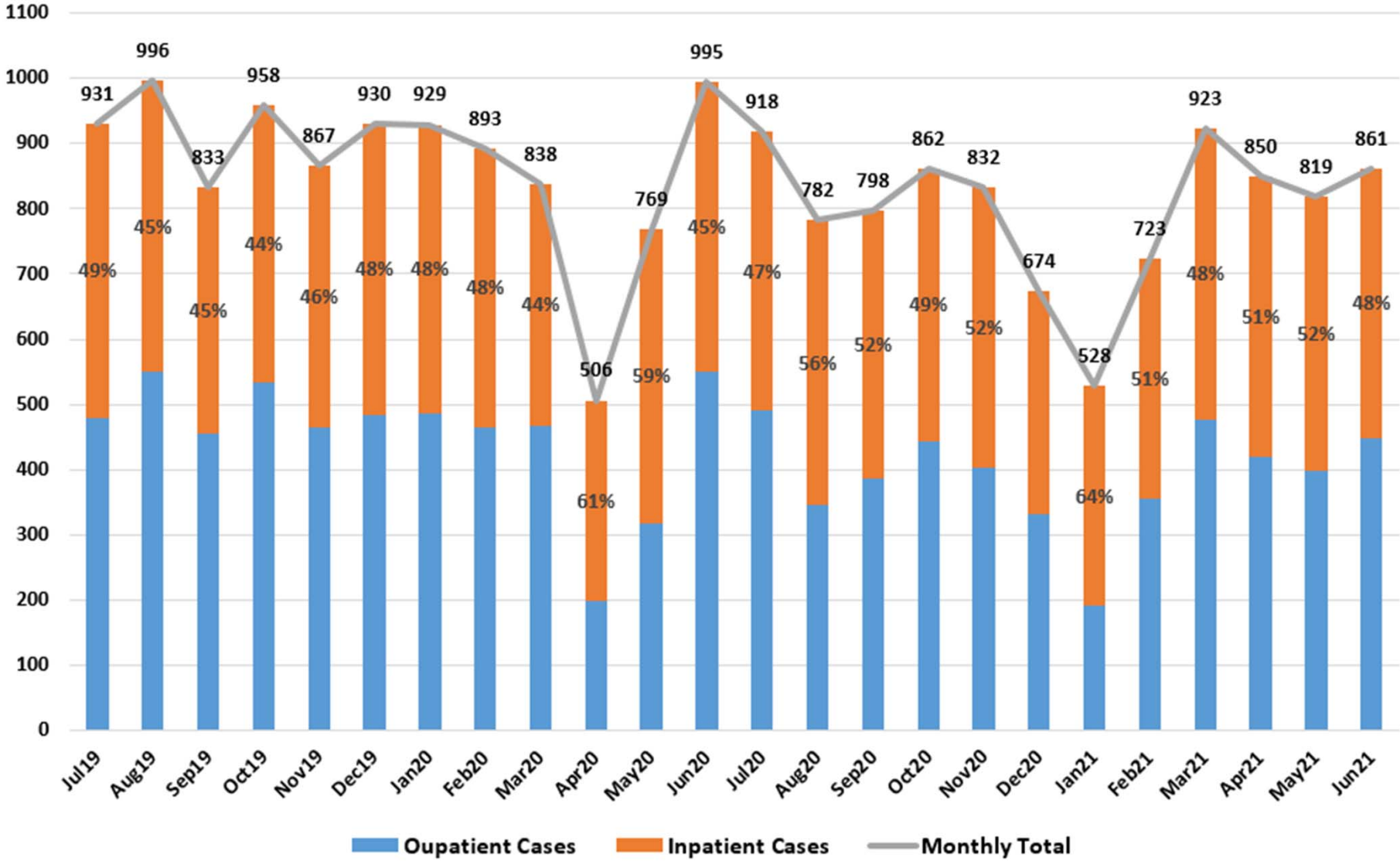
Adjusted Patient Days



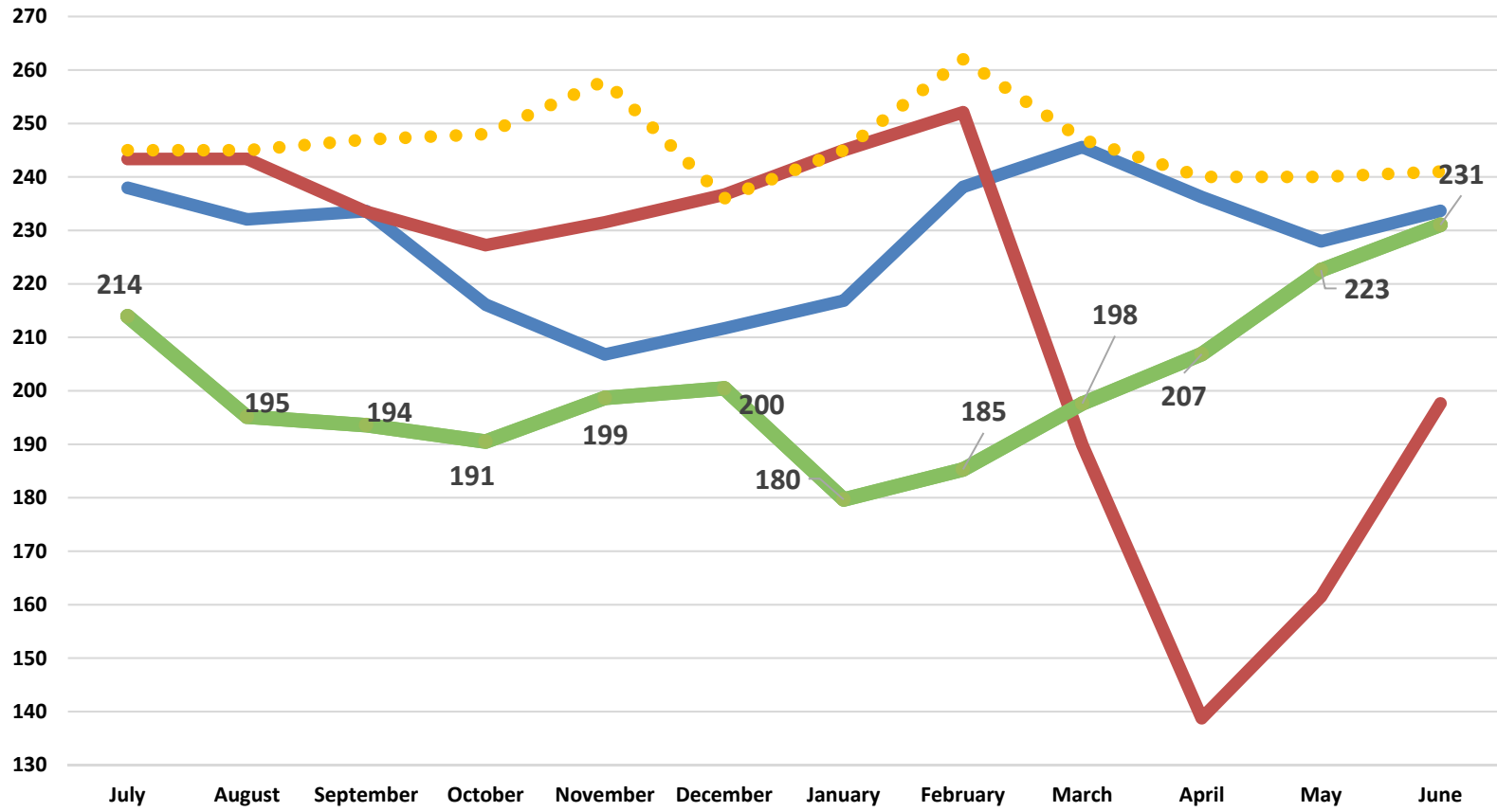
—●— FY2019
 —●— FY2020
 —●— FY2021
 ●●● Budget



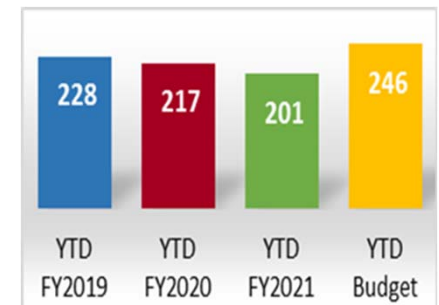
Surgery Volume



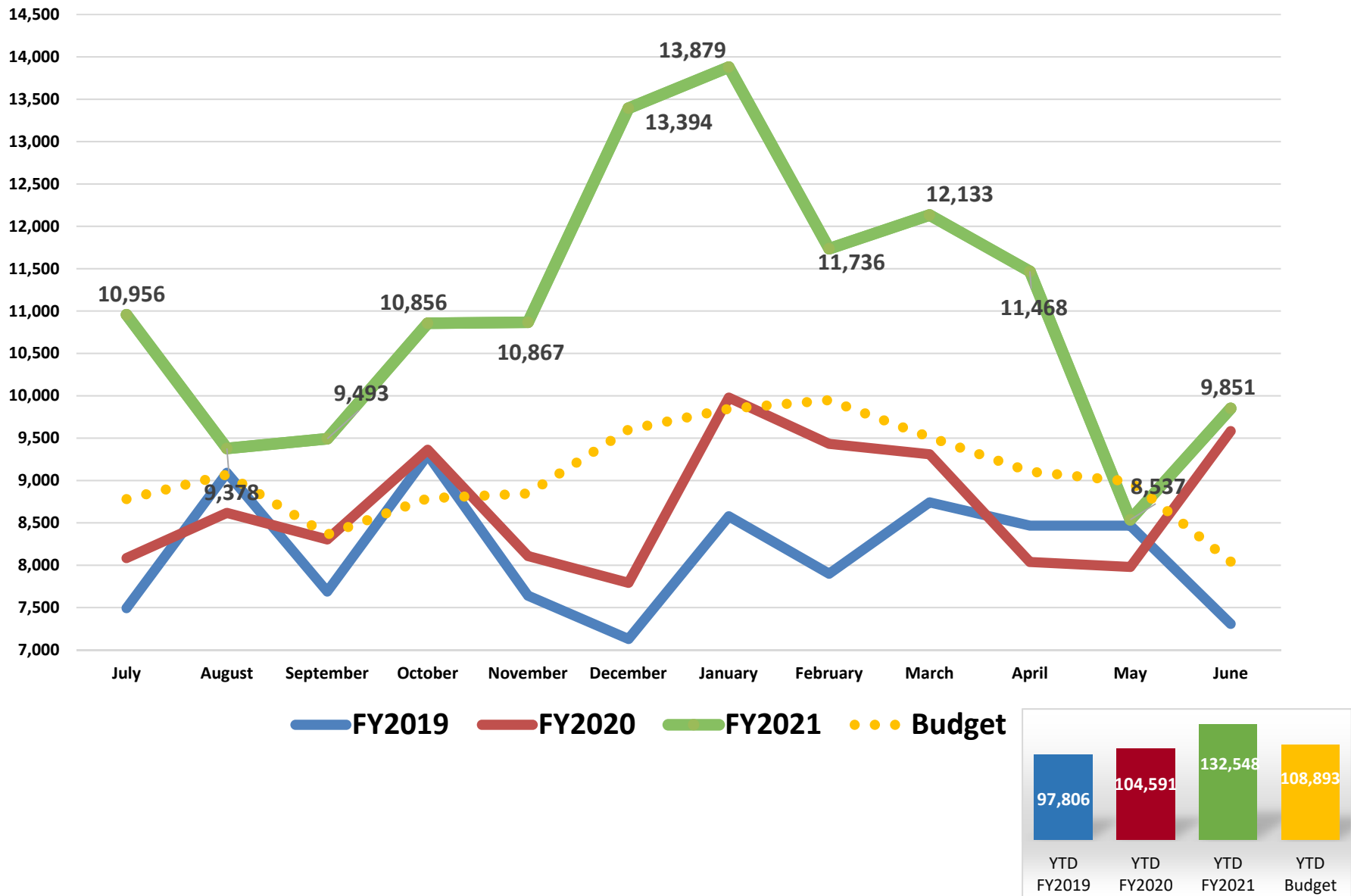
Emergency Department – Average # Treated Per Day



— FY2019
 — FY2020
 — FY2021
 ••• Budget



Rural Health Clinic Registrations



Statistical Results – Fiscal Year Comparison (June)

Actual Results			Budget	Budget Variance	
June 2020	June 2021	% Change	June 2021	Change	% Change

Average Daily Census	419	431	2.7%	425	6	1.3%
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KDHCD Patient Days:

Medical Center	8,185	8,773	7.2%	7,869	904	11.5%
Acute I/P Psych	1,400	1,016	(27.4%)	1,399	(383)	(27.4%)
Sub-Acute	867	813	(6.2%)	930	(117)	(12.6%)
Rehab	391	619	58.3%	509	110	21.6%
TCS-Ortho	293	375	28.0%	645	(270)	(41.9%)
TCS	477	434	(9.0%)	352	82	23.3%
NICU	455	389	(14.5%)	511	(122)	(23.9%)
Nursery	503	497	(1.2%)	533	(36)	(6.8%)

Total KDHCD Patient Days	12,571	12,916	2.7%	12,748	168	1.3%
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Total Outpatient Volume	42,630	42,990	0.8%	39,336	3,654	9.3%
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Statistical Results – Fiscal Year Comparison (Jul-Jun)

	Actual Results			Budget	Budget Variance	
	FYTD 2020	FYTD 2021	% Change	FYTD 2021	Change	% Change
Average Daily Census	412	429	4.2%	433	(4)	(0.8%)
KDHCD Patient Days:						
Medical Center	95,705	106,660	11.4%	98,141	8,519	8.7%
Acute I/P Psych	16,997	14,187	(16.5%)	17,092	(2,905)	(17.0%)
Sub-Acute	10,844	10,679	(1.5%)	11,289	(610)	(5.4%)
Rehab	5,914	5,509	(6.8%)	6,624	(1,115)	(16.8%)
TCS-Ortho	4,721	4,344	(8.0%)	7,300	(2,956)	(40.5%)
TCS	5,597	4,913	(12.2%)	6,031	(1,118)	(18.5%)
NICU	4,860	4,737	(2.5%)	5,030	(293)	(5.8%)
Nursery	6,072	5,645	(7.0%)	6,509	(864)	(13.3%)
Total KDHCD Patient Days	150,710	156,674	4.0%	158,016	(1,342)	(0.8%)
Total Outpatient Volume	457,643	516,186	12.8%	478,588	37,598	7.9%

Other Statistical Results – Fiscal Year Comparison (June)

	Actual Results				Budget	Budget Variance	
	Jun 2020	Jun 2021	Change	% Change	Jun 2021	Change	% Change
Adjusted Patient Days	25,057	25,797	740	3.0%	26,821	(1,024)	(3.8%)
Outpatient Visits	42,630	42,990	360	0.8%	39,336	3,654	9.3%
Urgent Care - Demaree	1,063	2,671	1,608	151.3%	2,002	669	33.4%
Urgent Care - Court	2,756	4,359	1,603	58.2%	3,370	989	29.3%
KDMF RVU	26,990	34,475	7,485	27.7%	34,656	(181)	(0.5%)
Cath Lab Minutes (IP & OP)	329	407	78	23.7%	394	13	3.3%
Radiology/CT/US/MRI Proc (I/P & O/P)	14,338	17,143	2,805	19.6%	15,075	2,068	13.7%
ED Total Registered	5,958	7,067	1,109	18.6%	7,327	(260)	(3.5%)
Physical & Other Therapy Units	16,541	19,123	2,582	15.6%	18,740	383	2.0%
O/P Rehab Units	19,000	20,832	1,832	9.6%	20,595	237	1.2%
Hospice Days	3,742	4,084	342	9.1%	4,114	(30)	(0.7%)
Endoscopy Procedures (I/P & O/P)	533	564	31	5.8%	702	(138)	(19.7%)
Infusion Center	413	437	24	5.8%	455	(18)	(4.0%)
RHC Registrations	9,583	10,038	455	4.7%	8,043	1,995	24.8%
GME Clinic visits	1,273	1,298	25	2.0%	1,585	(287)	(18.1%)
OB Deliveries	366	350	(16)	(4.4%)	405	(55)	(13.6%)
Surgery Minutes-General & Robotic (I/P & O/P)	1,172	1,120	(52)	(4.4%)	1,015	105	10.3%
Home Health Visits	2,988	2,841	(147)	(4.9%)	2,623	218	8.3%
Dialysis Treatments	1,647	1,558	(89)	(5.4%)	1,901	(343)	(18.0%)
Radiation Oncology Treatments (I/P & O/P)	2,425	2,199	(226)	(9.3%)	2,308	(109)	(4.7%)

Other Statistical Results – Fiscal Year Comparison (Jul-Jun)

	Actual Results				Budget	Budget Variance	
	FY 2020	FY 2021	Change	% Change	FY 2021	Change	% Change
Adjusted Patient Days	295,371	299,648	4,277	1.4%	323,675	(24,027)	(7.4%)
Outpatient Visits	457,643	516,186	58,543	12.8%	478,588	37,598	7.9%
RHC Registrations	104,591	132,735	28,144	26.9%	108,893	23,842	21.9%
Urgent Care - Court	40,232	50,735	10,503	26.1%	47,323	3,412	7.2%
Hospice Days	42,821	50,808	7,987	18.7%	46,166	4,642	10.1%
GME Clinic visits	12,461	13,752	1,291	10.4%	16,171	(2,419)	(15.0%)
KDMF RVU	377,471	410,549	33,078	8.8%	440,250	(29,701)	(6.7%)
Home Health Visits	33,110	35,402	2,292	6.9%	32,636	2,766	8.5%
Radiology/CT/US/MRI Proc (I/P & O/P)	173,070	183,510	10,440	6.0%	187,808	(4,298)	(2.3%)
O/P Rehab Units	220,759	230,621	9,862	4.5%	241,503	(10,882)	(4.5%)
Urgent Care - Demaree	23,547	23,912	365	1.6%	28,600	(4,688)	(16.4%)
Physical & Other Therapy Units	210,234	210,717	483	0.2%	230,810	(20,093)	(8.7%)
Surgery Minutes-General & Robotic (I/P & O/P)	12,203	12,163	(40)	(0.3%)	14,429	(2,266)	(15.7%)
OB Deliveries	4,477	4,312	(165)	(3.7%)	4,723	(411)	(8.7%)
Cath Lab Minutes (IP & OP)	4,270	4,094	(176)	(4.1%)	4,723	(629)	(13.3%)
Radiation Oncology Treatments (I/P & O/P)	26,727	25,547	(1,180)	(4.4%)	26,489	(942)	(3.6%)
ED Total Registered	80,321	74,208	(6,113)	(7.6%)	91,112	(16,904)	(18.6%)
Dialysis Treatments	21,785	19,696	(2,089)	(9.6%)	22,259	(2,563)	(11.5%)
Endoscopy Procedures (I/P & O/P)	6,568	5,822	(746)	(11.4%)	7,743	(1,921)	(24.8%)
Infusion Center	5,221	4,098	(1,123)	(21.5%)	6,041	(1,943)	(32.2%)

Trended Financial Comparison (000's)

	<i>Adjusted Patient Days</i>												
	25,057	24,934	24,893	24,587	24,749	24,958	25,750	24,148	23,570	25,807	25,268	25,026	25,797
	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Operating Revenue													
Net Patient Service Revenue	\$35,360	\$47,402	\$48,393	\$48,769	\$51,454	\$50,994	\$50,409	\$49,949	\$44,505	\$56,144	\$52,593	\$50,531	\$46,962
Supplemental Gov't Programs	5,406	3,979	3,979	3,979	3,980	3,979	3,979	4,822	5,279	5,279	4,990	4,990	2,363
Prime Program	6,908	429	429	429	429	429	429	713	358	715	4,872	715	721
Premium Revenue	5,911	4,239	4,561	4,351	4,408	4,271	4,318	4,690	5,027	4,894	4,710	5,036	6,584
Management Services Revenue	2,954	2,834	2,684	3,072	2,396	2,569	2,583	2,867	2,430	3,303	3,301	2,877	3,251
Other Revenue	826	2,127	1,686	1,716	1,871	1,471	2,008	1,022	1,425	2,915	1,810	2,074	2,172
Other Operating Revenue	22,005	13,608	13,339	13,548	13,083	12,719	13,317	14,115	14,519	17,106	19,684	15,692	15,091
Total Operating Revenue	57,365	61,009	61,732	62,317	64,537	63,713	63,726	64,064	59,024	73,250	72,277	66,223	62,054
Operating Expenses													
Salaries & Wages	26,208	26,540	26,671	26,449	27,583	25,984	28,026	28,111	25,134	28,879	26,741	27,786	26,249
Contract Labor	426	576	372	336	488	242	303	226	1,404	887	1,694	1,169	2,080
Employee Benefits	2,109	5,098	5,160	6,053	5,314	4,998	5,969	5,671	5,027	5,739	8,650	5,087	(7,691)
Total Employment Expenses	28,743	32,213	32,203	32,837	33,385	31,225	34,298	34,008	31,565	35,505	37,084	34,042	20,638
Medical & Other Supplies	13,315	10,036	10,720	11,619	10,713	10,999	11,492	12,014	9,685	10,923	11,011	10,170	10,213
Physician Fees	8,486	7,807	8,699	6,871	7,746	8,079	8,024	8,421	8,484	8,278	8,320	7,754	8,141
Purchased Services	3,093	1,239	1,518	988	1,685	1,592	1,628	1,935	1,507	1,538	1,520	1,383	2,293
Repairs & Maintenance	2,544	2,283	2,022	1,965	2,166	2,091	2,146	2,192	2,115	2,019	2,544	2,282	2,397
Utilities	586	506	606	646	644	491	439	537	467	523	630	729	749
Rents & Leases	483	503	516	517	529	543	504	546	519	487	535	489	500
Depreciation & Amortization	3,072	2,561	2,582	2,518	2,509	2,473	2,458	2,451	2,423	2,412	2,413	2,923	2,612
Interest Expense	779	555	555	557	556	555	555	555	555	555	555	555	665
Other Expense	2,046	1,478	1,347	1,266	1,747	1,863	1,610	1,808	1,280	2,762	1,840	1,537	1,786
Humana Cap Plan Expenses	1,912	1,562	3,040	3,137	2,750	2,677	2,935	2,217	2,707	3,164	3,771	3,780	3,018
Management Services Expense	2,732	2,815	2,559	3,050	2,447	2,553	2,876	2,860	2,256	3,531	3,088	2,892	3,501
Total Other Expenses	39,048	31,346	34,163	33,133	33,491	33,915	34,668	35,536	31,998	36,191	36,227	34,493	35,876
Total Operating Expenses	67,791	63,559	66,366	65,971	66,876	65,140	68,965	69,544	63,562	71,696	73,310	68,535	56,514
Operating Margin	(\$10,426)	(\$2,550)	(\$4,634)	(\$3,654)	(\$2,339)	(\$1,427)	(\$5,240)	(\$5,480)	(\$4,538)	\$1,554	(\$1,033)	(\$2,312)	\$5,539
Stimulus Funds	\$4,817	\$3,633	\$3,745	\$3,633	\$4,538	\$1,724	\$0	\$5,758	\$3,460	\$3,449	\$920	\$1,076	\$525
Operating Margin after Stimulus	(\$5,609)	\$1,083	(\$889)	(\$21)	\$2,199	\$297	(\$5,240)	\$278	(\$1,078)	\$5,003	(\$113)	(\$1,236)	\$6,064
Nonoperating Revenue (Loss)	4,412	909	699	(495)	638	1,083	1,963	605	513	(1,182)	1,725	753	44
Excess Margin	(\$1,197)	\$1,993	(\$191)	(\$515)	\$2,837	\$1,380	(\$3,276)	\$883	(\$565)	\$3,821	\$1,612	(\$483)	\$6,108

FY21 Financial Comparison between Projection and Actual (000's)

	Projections and Actual Results FY21 Jul-June		Variance FY21	
	Proj. FY21	Actual FY21	Change	% Change
Operating Revenue				
Net Patient Service Revenue	\$600,043	\$598,105	(\$1,938)	(0.3%)
Other Operating Revenue	176,249	175,821	(428)	(0.2%)
Total Operating Revenue	776,292	773,926	(2,366)	(0.3%)
Operating Expenses				
Employment Expense	389,382	389,004	(378)	(0.1%)
Other Operating Expense	409,203	411,036	1,833	0.4%
Total Operating Expenses	798,585	800,040	1,455	0.2%
Operating Margin	(\$22,293)	(\$26,114)	(\$3,821)	
Stimulus Funds	31,938	32,461	523	
Operating Margin after Stimulus	\$9,645	\$6,347	(\$3,298)	
Nonoperating Revenue (Loss)	6,422	7,256	834	
Excess Margin	\$16,067	\$13,603	(\$2,464)	
Operating Margin %	(2.9%)	(3.4%)		
OM after Stimulus%	1.2%	0.8%		
Excess Margin %	2.0%	1.7%		
Operating Cash Flow Margin %	1.8%	1.4%		

June Financial Comparison (000's)

	Actual Results		Budget	Budget Variance	
	June 2020	June 2021	June 2021	Change	% Change
Operating Revenue					
Net Patient Service Revenue	\$35,360	\$46,962	\$48,965	(\$2,002)	(4.1%)
Other Operating Revenue	22,005	15,091	13,788	1,303	9.5%
Total Operating Revenue	57,365	62,054	62,753	(699)	(1.6%)
Operating Expenses					
Employment Expense	28,744	20,638	32,150	(11,511)	(35.8%)
Other Operating Expense	39,048	35,876	31,216	4,660	14.9%
Total Operating Expenses	67,791	56,514	63,366	(6,852)	(10.8%)
Operating Margin	(\$10,427)	\$5,539	(\$613)	\$6,152	1004%
Stimulus Funds	4,817	525	0	525	100%
Operating Margin after Stimulus	(\$5,610)	\$6,064	(\$613)	\$6,677	1089%
Non Operating Revenue (Loss)	4,412	44	630	(586)	(93.1%)
Excess Margin	(\$1,198)	\$6,108	\$17	\$6,092	36761%

Operating Margin %	(18.2%)	8.9%	(1.0%)
OM after Stimulus%	(9.8%)	9.8%	(1.0%)
Excess Margin %	(1.8%)	9.8%	0.0%
Operating Cash Flow Margin %	(11.5%)	14.2%	4.3%

YTD (Jul-June) Financial Comparison (000's)

	Actual Results FYTD Jul-June		Budget FYTD	Budget Variance	
	FYTD2020	FYTD2021	FYTD2021	Change	% Change
Operating Revenue					
Net Patient Service Revenue	\$557,860	\$598,105	\$608,722	(\$10,617)	(1.7%)
Other Operating Revenue	182,718	175,821	163,234	12,588	7.7%
Total Operating Revenue	740,578	773,926	771,956	1,970	0.3%
Operating Expenses					
Employment Expense	392,520	389,004	392,683	(3,679)	(0.9%)
Other Operating Expense	382,834	411,036	379,204	31,832	8.4%
Total Operating Expenses	775,353	800,040	771,887	28,153	3.6%
Operating Margin	(\$34,775)	(\$26,114)	\$69	(\$26,183)	(38004%)
Stimulus Funds	10,149	32,461	0	32,461	100.0%
Operating Margin after Stimulus	(\$24,626)	\$6,347	\$69	\$6,278	9113%
Nonoperating Revenue (Loss)	16,975	7,256	7,632	(377)	(4.9%)
Excess Margin	(\$7,651)	\$13,603	\$7,701	\$5,902	76.6%

Operating Margin %	(4.7%)	(3.4%)	0.0%
OM after Stimulus%	(3.3%)	0.8%	0.0%
Excess Margin %	(1.0%)	1.7%	1.0%
Operating Cash Flow Margin %	0.2%	1.4%	5.1%

June Financial Comparison (000's)

	Actual Results			Budget	Budget Variance	
	Jun 2020	Jun 2021	% Change	Jun 2021	Change	% Change
Operating Revenue						
Net Patient Service Revenue	\$35,360	\$46,962	32.8%	\$48,965	(\$2,002)	(4.1%)
Supplemental Gov't Programs	5,406	2,363	(56.3%)	4,111	(1,749)	(42.5%)
Prime Program	6,908	721	(89.6%)	429	293	68.2%
Premium Revenue	5,911	6,584	11.4%	4,538	2,047	45.1%
Management Services Revenue	2,954	3,251	10.1%	2,634	617	23.4%
Other Revenue	826	2,172	163%	2,077	95	4.6%
Other Operating Revenue	22,005	15,091	(31.4%)	13,788	1,303	9.5%
Total Operating Revenue	57,365	62,054	8.2%	62,753	(699)	(1.1%)
Operating Expenses						
Salaries & Wages	26,208	26,249	0.2%	26,129	119	0.5%
Contract Labor	426	2,080	388%	533	1,548	291%
Employee Benefits	2,109	(7,691)	(465%)	5,488	(13,178)	(240%)
Total Employment Expenses	28,744	20,638	(28.2%)	32,150	(11,511)	(35.8%)
Medical & Other Supplies	13,315	10,213	(23.3%)	9,829	385	3.9%
Physician Fees	8,486	8,141	(4.1%)	7,384	757	10.3%
Purchased Services	3,093	2,293	(25.9%)	1,445	848	58.7%
Repairs & Maintenance	2,544	2,397	(5.8%)	2,287	111	4.8%
Utilities	586	749	27.9%	588	161	27.4%
Rents & Leases	483	500	3.5%	546	(47)	(8.5%)
Depreciation & Amortization	3,072	2,612	(15.0%)	2,722	(110)	(4.0%)
Interest Expense	779	665	(14.7%)	572	93	16.2%
Other Expense	2,046	1,786	(12.7%)	1,113	673	60.5%
Humana Cap Plan Expenses	1,912	3,018	57.8%	2,130	888	41.7%
Management Services Expense	2,732	3,501	28.1%	2,600	901	34.7%
Total Other Expenses	39,048	35,876	(8.1%)	31,216	4,660	14.9%
Total Operating Expenses	67,791	56,514	(16.6%)	63,366	(6,852)	(10.8%)
Operating Margin	(\$10,427)	\$5,539	153%	(\$613)	\$6,152	1004%
Stimulus Funds	4,817	525	89.1%	0	525	100%
Operating Margin after Stimulus	(\$5,610)	\$6,064	208%	(\$613)	\$6,677	1089%
Nonoperating Revenue (Loss)	4,412	44	(99.0%)	630	(586)	(93.1%)
Excess Margin	(\$1,198)	\$6,108	610%	\$17	\$6,092	36761%

Operating Margin %	(18.2%)	8.9%		(1.0%)
OM after Stimulus%	(9.8%)	9.8%		(1.0%)
Excess Margin %	(1.8%)	9.8%		0.0%
Operating Cash Flow Margin %	(11.5%)	14.2%		4.3%

YTD Financial Comparison (000's)

	Actual Results FYTD Jul-June			Budget FYTD	Budget Variance	FYTD
	FYTD2020	FYTD2021	% Change	FYTD2021	Change	% Change
Operating Revenue						
Net Patient Service Revenue	\$557,860	\$598,105	7.2%	\$608,722	(\$10,617)	(1.7%)
Supplemental Gov't Programs	61,392	51,598	(16.0%)	49,334	2,264	4.6%
Prime Program	16,196	10,668	(34.1%)	5,146	5,522	107%
Premium Revenue	50,903	57,089	12.2%	51,312	5,777	11.3%
Management Services Revenue	32,805	34,167	4.2%	32,398	1,769	5.5%
Other Revenue	21,422	22,299	4.1%	25,043	(2,745)	(11.0%)
Other Operating Revenue	182,718	175,821	(3.8%)	163,234	12,588	7.7%
Total Operating Revenue	740,578	773,926	4.5%	771,956	1,970	0.3%
Operating Expenses						
Salaries & Wages	308,594	324,151	5.0%	319,187	4,964	1.6%
Contract Labor	9,767	9,778	0.1%	6,733	3,045	45.2%
Employee Benefits	74,158	55,075	(25.7%)	66,763	(11,688)	(17.5%)
Total Employment Expenses	392,520	389,004	(0.9%)	392,683	(3,679)	(0.9%)
Medical & Other Supplies	119,490	129,595	8.5%	122,838	6,757	5.5%
Physician Fees	92,595	96,624	4.4%	89,707	6,917	7.7%
Purchased Services	20,096	18,827	(6.3%)	17,555	1,272	7.2%
Repairs & Maintenance	25,488	26,222	2.9%	27,492	(1,270)	(4.6%)
Utilities	6,001	6,966	16.1%	6,434	532	8.3%
Rents & Leases	6,373	6,188	(2.9%)	6,540	(353)	(5.4%)
Depreciation & Amortization	30,678	30,333	(1.1%)	32,173	(1,840)	(5.7%)
Interest Expense	5,886	6,769	15.0%	6,861	(92)	(1.3%)
Other Expense	20,422	20,325	(0.5%)	13,529	6,796	50.2%
Humana Cap Plan Expenses	23,441	34,758	48.3%	24,089	10,669	44.3%
Management Services Expense	32,363	34,427	6.4%	31,985	2,442	7.6%
Total Other Expenses	382,834	411,036	7.4%	379,204	31,832	8.4%
Total Operating Expenses	775,353	800,040	3.2%	771,887	28,153	3.6%
Operating Margin	(\$34,775)	(\$26,114)	24.9%	\$69	(\$26,183)	(38004%)
Stimulus Funds	10,149	32,461	220%	0	32,461	100%
Operating Margin after Stimulus	(\$24,626)	\$6,347	126%	\$69	\$6,278	9113%
Nonoperating Revenue (Loss)	16,975	7,256	(57.3%)	7,632	(377)	(4.9%)
Excess Margin	(\$7,651)	\$13,603	278%	\$7,701	\$5,902	76.6%

Operating Margin %	(4.7%)	(3.4%)		0.0%
OM after Stimulus%	(3.3%)	0.8%		0.0%
Excess Margin %	(1.0%)	1.7%		1.0%
Operating Cash Flow Margin %	0.2%	1.4%		5.1%

Kaweah Health Medical Group

Fiscal Year Financial Comparison (000's)

	Actual Results FYTD July - June			Budget FYTD	Budget Variance	FYTD
	Jun 2020	Jun 2021	% Change	Jun 2021	Change	% Change
Operating Revenue						
Net Patient Service Revenue	\$42,475	\$47,343	11.5%	\$49,897	(\$2,554)	(5.1%)
Other Operating Revenue	1,210	387	(68.0%)	780	(393)	(50.4%)
Total Operating Revenue	43,684	47,730	9.3%	50,677	(2,947)	(5.8%)
Operating Expenses						
Salaries & Wages	11,419	11,481	0.5%	11,919	(438)	(3.7%)
Contract Labor	54	0	(100%)	9	(9)	0.0%
Employee Benefits	2,773	2,228	(19.6%)	2,489	(261)	(10.5%)
Total Employment Expenses	14,245	13,709	(3.8%)	14,418	(708)	(4.9%)
Medical & Other Supplies	6,041	6,327	4.7%	7,087	(760)	(10.7%)
Physician Fees	24,516	26,677	8.8%	28,085	(1,408)	(5.0%)
Purchased Services	1,143	882	(22.8%)	899	(16)	(1.8%)
Repairs & Maintenance	2,228	2,397	7.6%	2,709	(312)	(11.5%)
Utilities	400	435	8.7%	400	35	8.6%
Rents & Leases	2,790	2,754	(1.3%)	2,775	(21)	(0.7%)
Depreciation & Amortization	1,190	947	(20.4%)	985	(38)	(3.8%)
Interest Expense	12	4	(68.9%)	4	(0)	(6.5%)
Other Expense	1,584	1,371	(13.5%)	1,194	177	14.8%
Total Other Expenses	39,904	41,794	4.7%	44,138	(2,344)	(5.3%)
Total Operating Expenses	54,149	55,503	2.5%	58,556	(3,052)	(5.2%)
Stimulus Funds	0	1,158	100%	0	1,158	100%
Excess Margin	(\$10,465)	(\$6,616)	36.8%	(\$7,879)	\$1,263	16.0%
Excess Margin %	(24.0%)	(13.9%)		(15.5%)		

Comparison between Budget FY22 and Actual FY21

	For Comparison to Budget FY22					
	FY 19 Actual	FY 21 Actual	FY 21 Budget	FY 22 Budget	Variance Budget FY22-Actual FY21	
Operating Revenue						
Net Patient Service Revenue	\$561,911	\$598,105	\$608,722	\$634,620	\$36,515	6.1%
Supplemental Gov't Programs	76,471	51,598	49,334	53,106	1,508	2.9%
Prime Program	17,717	10,668	5,147	8,000	(2,668)	(25.0%)
Premium Revenue	40,871	57,089	51,312	66,017	8,928	15.6%
Management Services Revenue	31,751	34,167	32,398	36,290	2,123	6.2%
Other Revenue	24,245	22,299	24,960	24,560	2,261	10.1%
Other Operating Revenue	191,056	175,821	163,151	187,973	12,152	6.9%
Total Operating Revenue	752,967	773,926	771,873	822,593	48,667	6.3%
Operating Expenses						
Salaries & Wages	287,902	324,151	319,079	330,396	6,245	1.9%
Contract Labor	14,997	9,778	6,733	6,204	(3,574)	(36.5%)
Employee Benefits	73,216	55,075	66,763	53,922	(1,153)	(2.1%)
Total Employment Expenses	376,115	389,004	392,575	390,522	1,518	0.4%
Medical & Other Supplies	112,866	129,595	122,797	125,503	(4,092)	(3.2%)
Physician Fees	85,521	96,624	89,801	99,783	3,159	3.3%
Purchased Services	21,151	18,827	17,552	15,866	(2,961)	(15.7%)
Repairs & Maintenance	25,878	26,222	27,492	28,699	2,477	9.4%
Utilities	5,642	6,966	6,434	7,308	342	4.9%
Rents & Leases	6,119	6,188	6,576	6,169	(19)	(0.3%)
Depreciation & Amortization	30,851	30,333	32,173	33,552	3,219	10.6%
Interest Expense	5,453	6,769	6,861	7,234	465	6.9%
Other Expense	17,260	20,325	13,538	22,630	2,305	11.3%
Humana Cap Plan Expenses	19,151	34,758	24,089	36,254	1,496	4.3%
Management Services Expense	31,359	34,427	31,985	35,899	1,472	4.3%
Total Other Expenses	361,250	411,036	379,298	418,897	7,861	1.9%
Total Operating Expenses	737,366	800,040	771,873	809,419	9,379	1.2%
Operating Margin	15,601	(26,114)	0	13,174	39,288	
Stimulus Funds	0	32,461	0	1,195	(31,266)	
Operating Margin after Stimulus	15,601	6,347	0	14,369	8,022	
Nonoperating Revenue (Loss)	12,306	7,256	5,793	4,568	(2,688)	
Excess Margin	\$27,907	\$13,603	\$5,793	\$18,937	\$5,334	

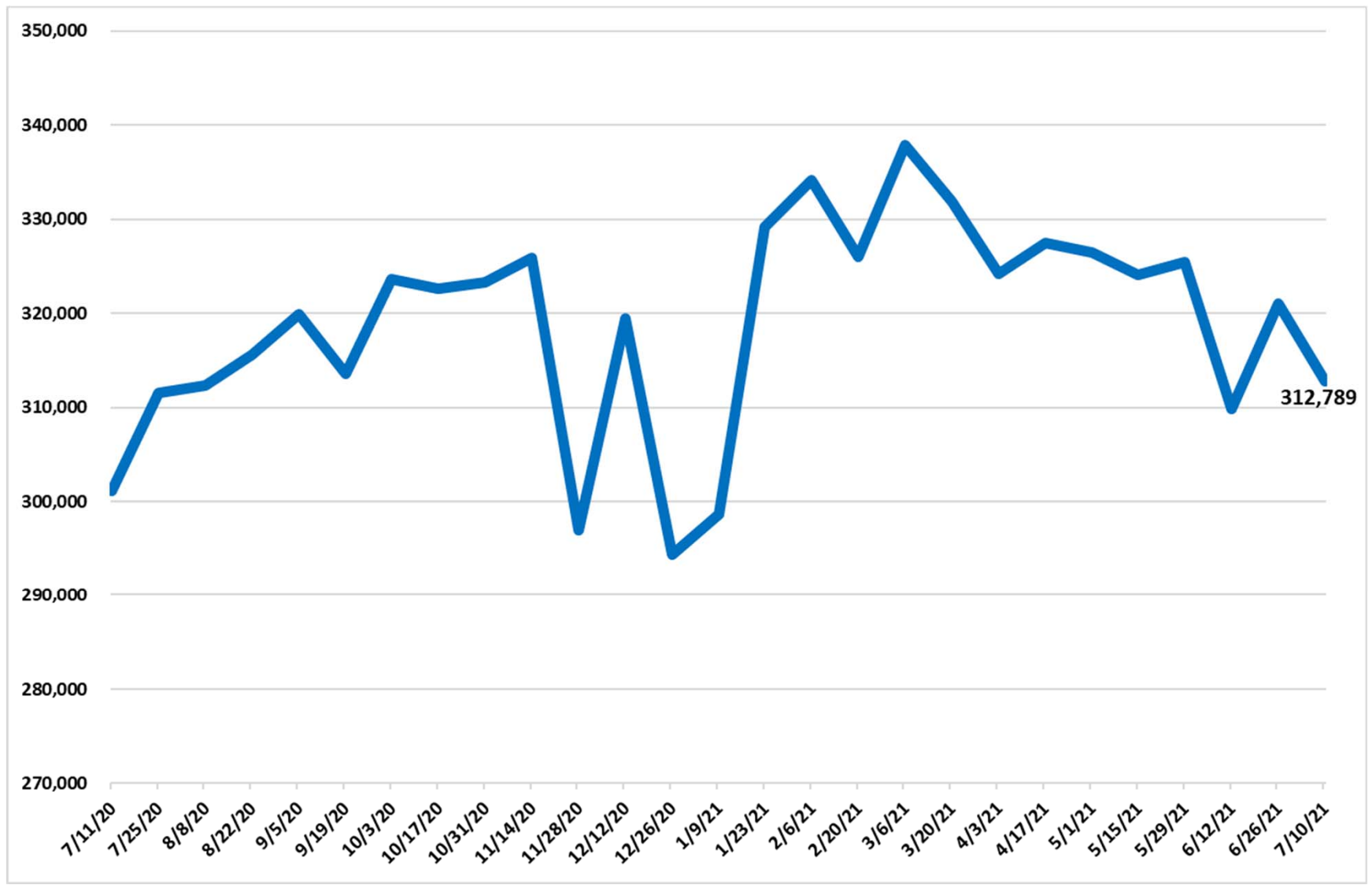
Month of June - Budget Variances

- **Net Patient Revenues:** Net patient revenue fell short of budget expectations by \$2.0M primarily due to caring for lower acuity patients in the month of June.
- **Other Operating Revenues:** Other Revenue was \$1.3M higher than budget in total as we recognized additional premium revenue of \$2.6M for additional mid-year and year-end payments, offset by a decrease in supplemental funds to true up several programs.
- **Salaries and Contract Labor:** We experienced an unfavorable budget variance of \$1.7M in June. The unfavorable variance is primarily due to the rates associated with contract labor hours, shift bonuses and COVID supplemental pay.
- **Employee Benefits:** In June we recorded one half (\$800K) of the actuarially determined reduction to our workers compensation liability due to favorable claims experience and a (\$12.1M) reduction to pension expense based upon the actuary's estimate, which includes investment returns that were much larger than projected.
- **Physician Fees:** Due to new unbudgeted contracts, this area continues to be over budget and experienced a \$757K unfavorable variance in June.
- **Purchased services:** Exceeded budget by \$387K due to the reference laboratory, ISS applications, and maintenance purchased service expenditures in June.
- **Humana Cap Plan Expenses:** The \$888K unfavorable variance resulted from higher utilization of non-Kawah medical care provided to members during the month of June.
- **Stimulus Income:** In June we recognized \$400K of RHC COVID testing and mitigation funds and \$125K of business interruption insurance proceeds.
- **Other Non-operating Revenue:** Was under budget by \$586K in June for quarter 4 of fiscal year 2021 as we recognized \$1.1M of unrealized losses on our fixed income investment portfolio.

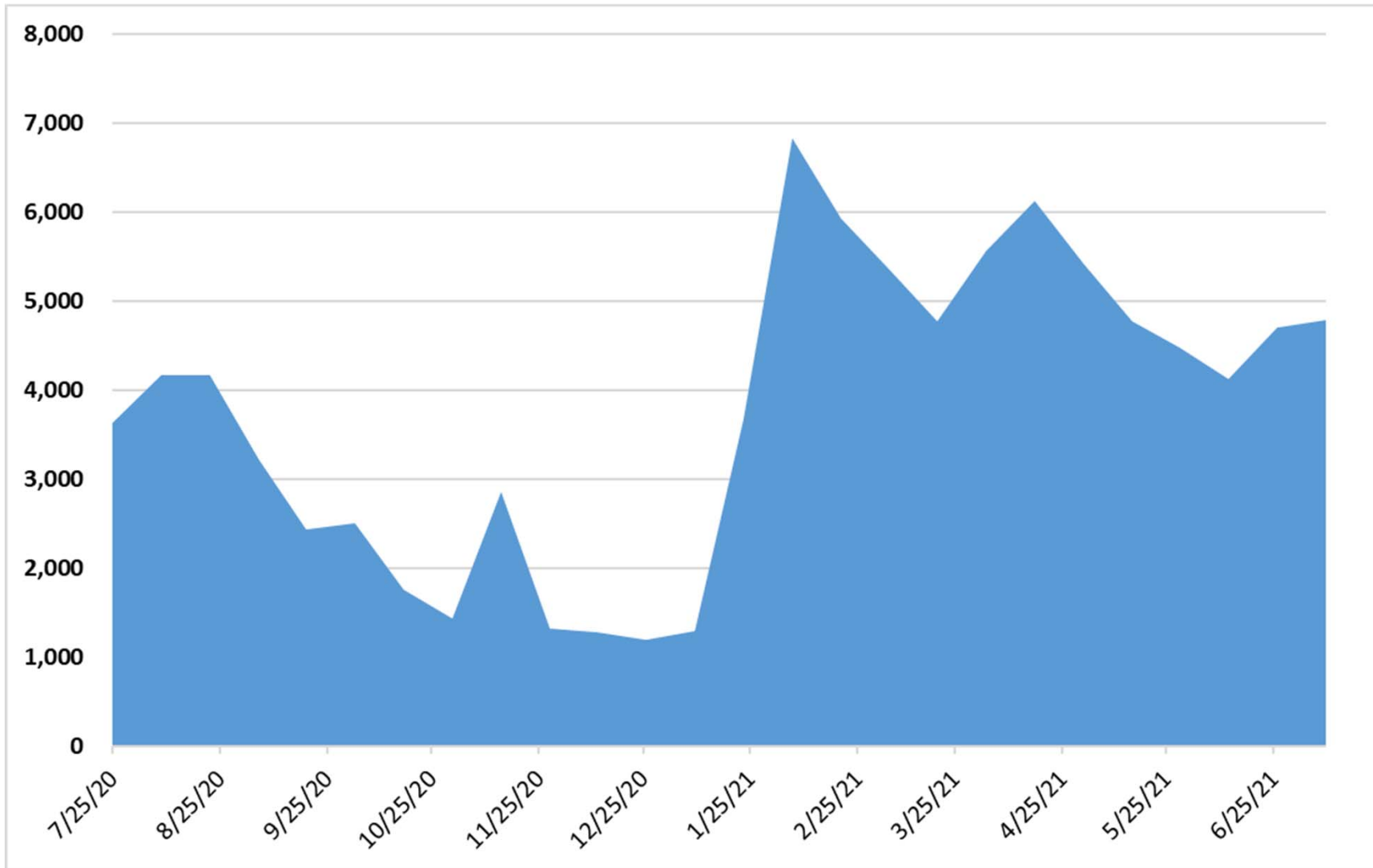
Fiscal Year 21- Budget Variances

- **Net Patient Revenues:** Net patient revenue fell short of budget expectations by \$10.6M as inpatient volumes did not meet budget expectations and elective procedures, including surgeries, were not performed during COVID peak periods during FY21.
- **Other Operating Revenues:** Other Revenue was \$12.6M higher than the FY21 budget in total as we recognized additional premium revenue of \$5.8M due to higher enrollment, we received PRIME high performance funds of \$4.1M and supplemental programs revenue exceeded budget expectations by \$2.3 M.
- **Salaries and Contract Labor:** We experienced an unfavorable budget variance of \$8.0M in FY21. This budget overage included \$5.7M salaries allocated to COVID related duties, the rates associated with contract labor hours, shift bonuses and COVID supplemental pay.
- **Employee Benefits:** Employee Benefits was under budget by \$11.7M in FY21. In June we recorded a (\$12.1M) credit to pension expense based upon the actuary's estimate, which includes investment returns that were much larger than projected.
- **Medical and Other Supplies:** Due to COVID related supply expenses of \$9.5M in FY21, medical supplies exceeded budget by \$6.8M in FY21.
- **Physician Fees:** Due to new unbudgeted contracts, this area was over budget and experienced a \$6.9M unfavorable variance in FY21.
- **Purchased Services:** We recognized \$1.1M of COVID related expenses contributing to the \$1.3M budget overage in purchases service expense in FY21.
- **Other Expense:** Other expenses exceeded budget by \$6.8M due to the budgeted length of stay cost efficiencies not realized in FY21.
- **Humana Cap Plan Expenses:** The \$10.7M unfavorable variance resulted from higher utilization of non-Kaweah medical care provided to members during FY21 and the impact of COVID.
- **Stimulus Income:** In FY21 we recognized a total of \$32.5M of stimulus funding including amounts received directly from the Federal government, Tulare County, CHA, and insurance proceeds.

Productive Hours

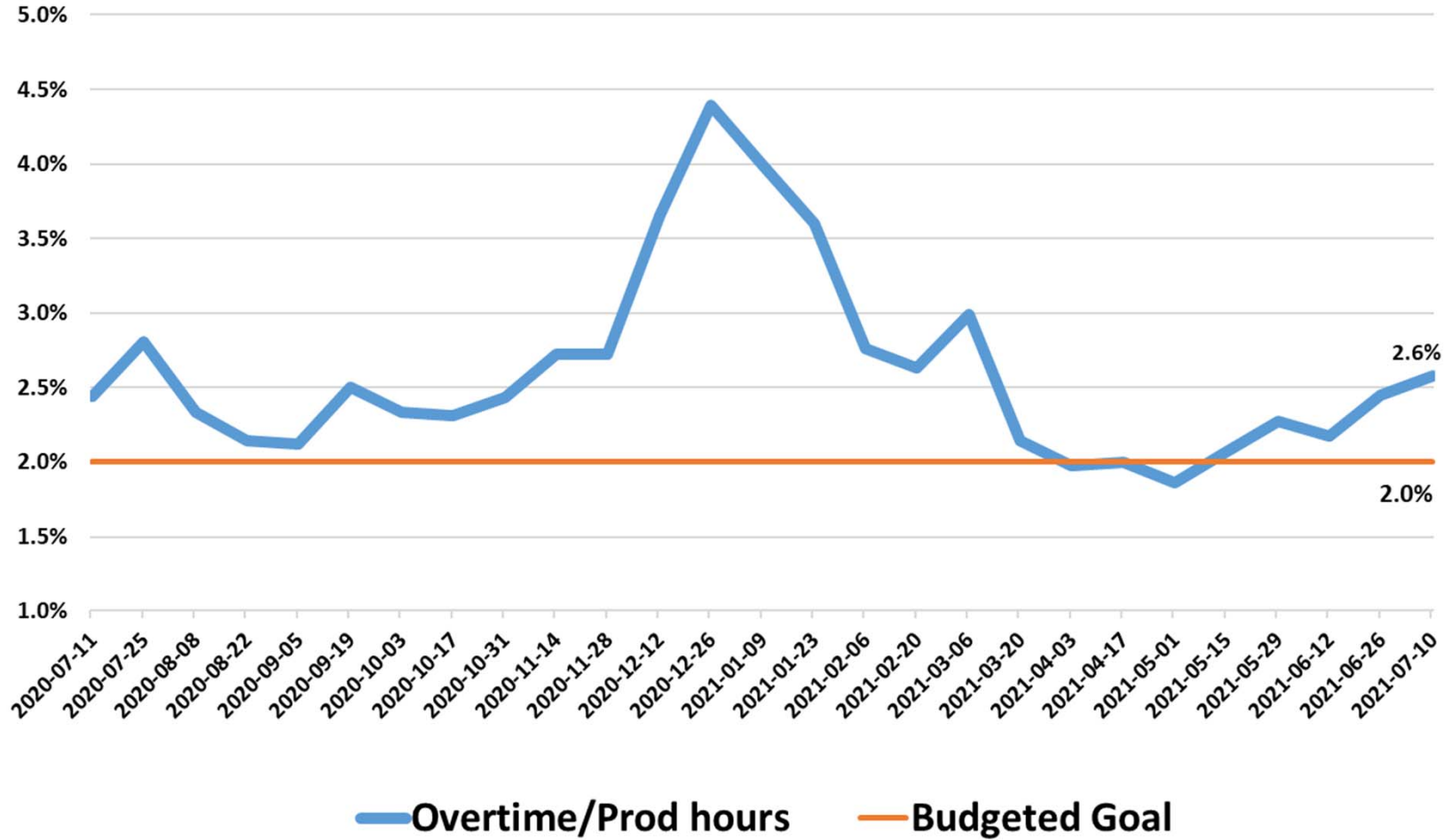


Contract Labor Hours

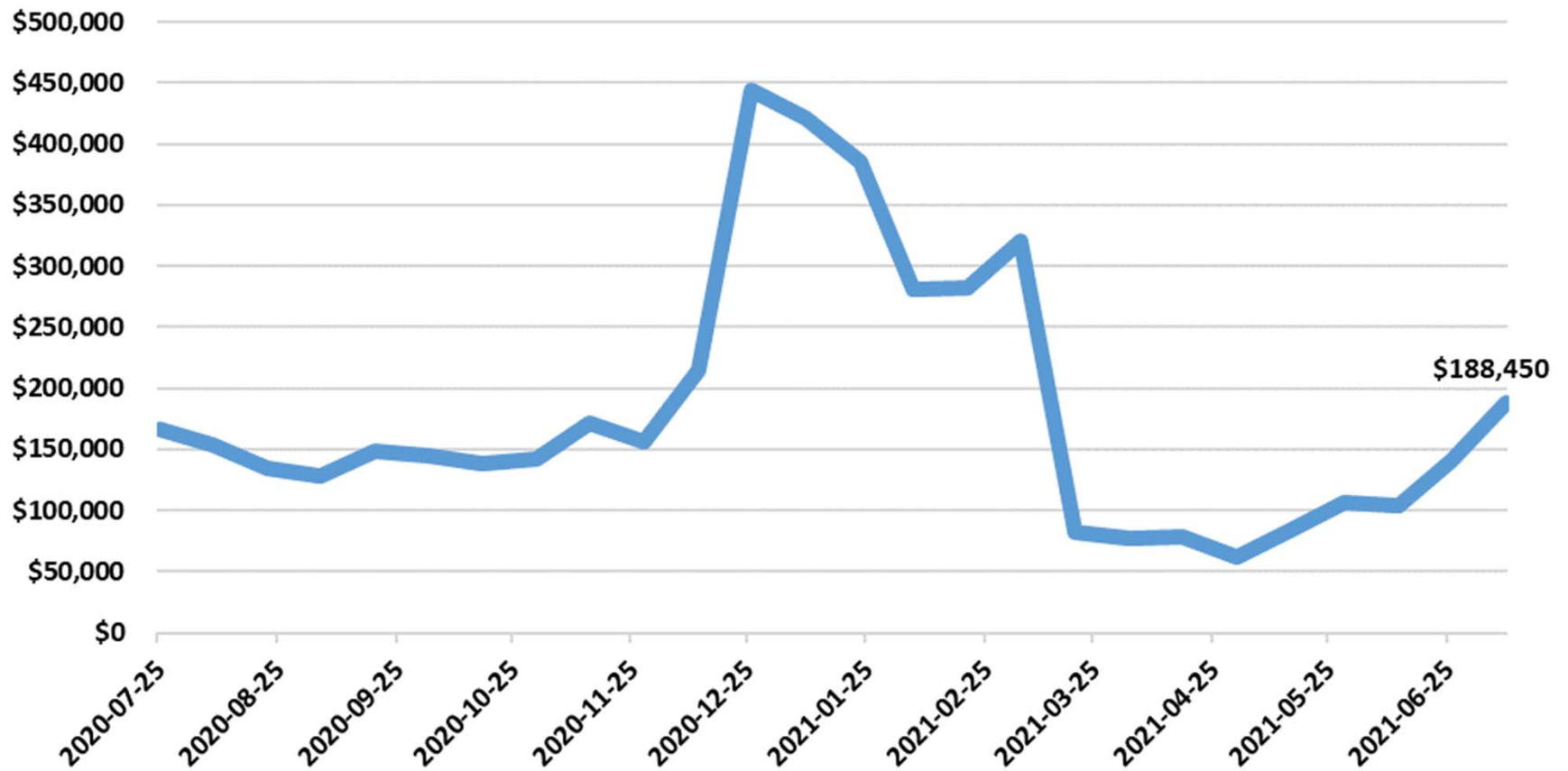


Overtime

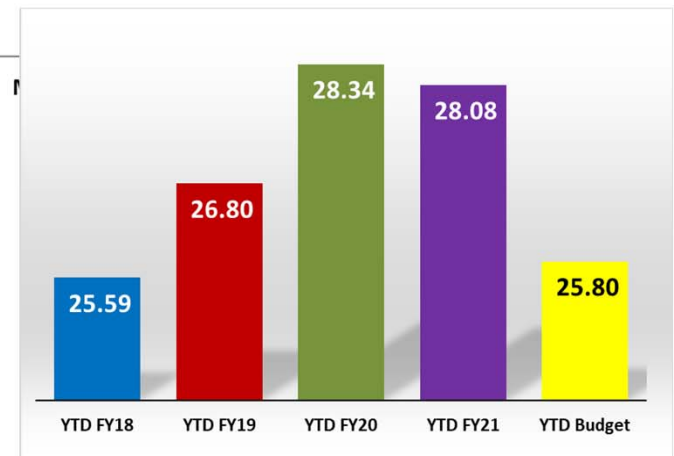
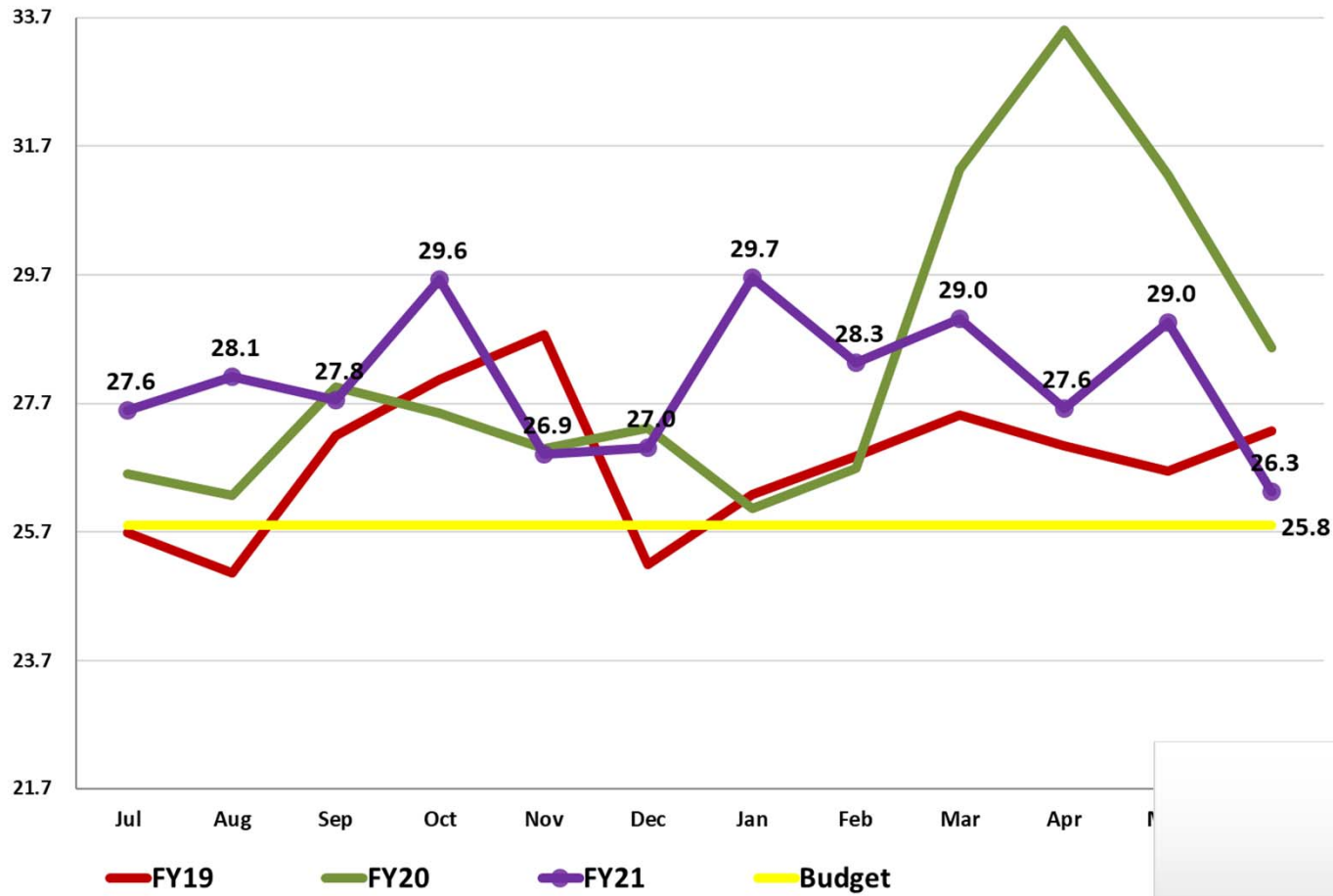
Overtime as a % of Productive Hours



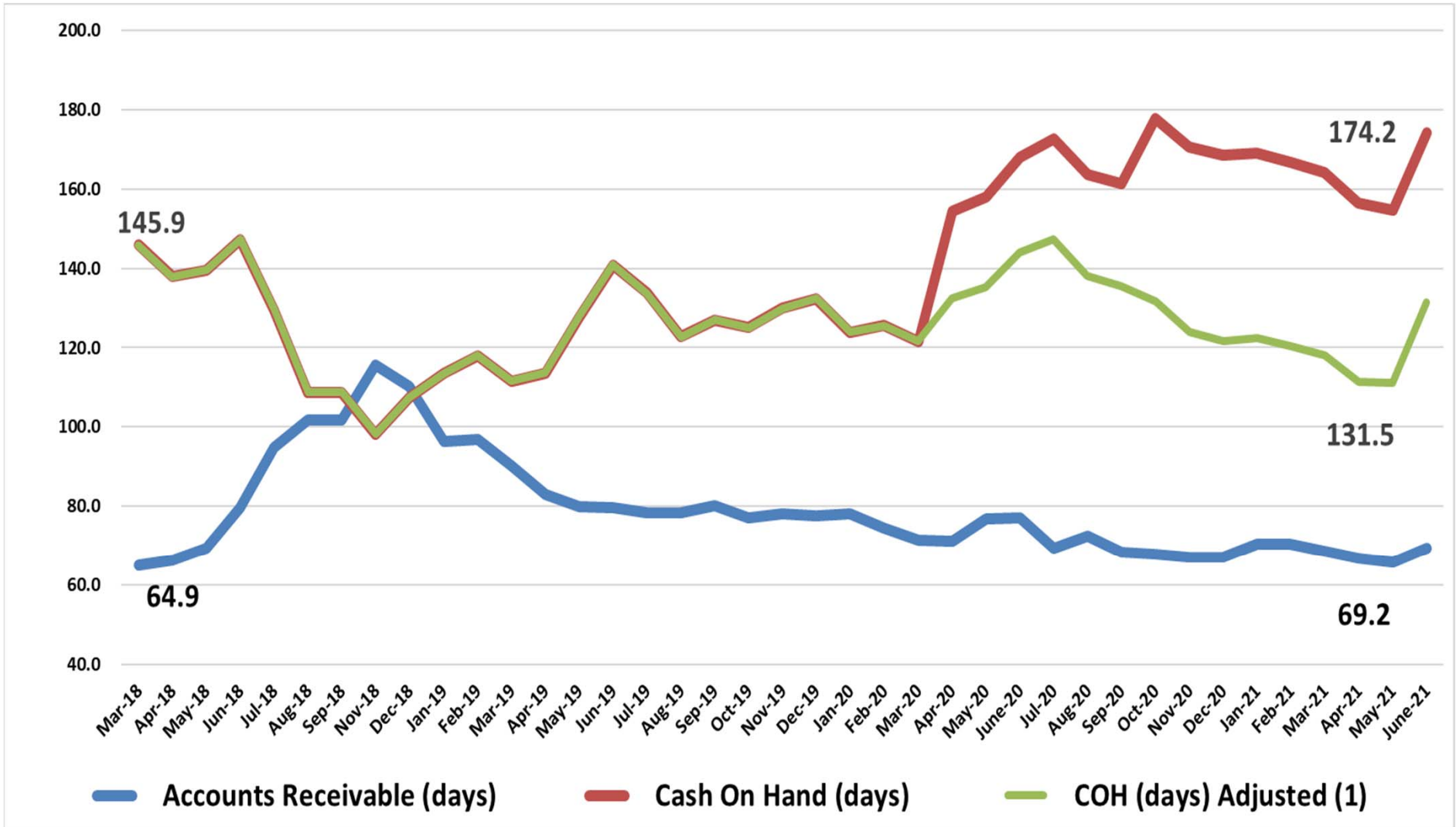
Shift Bonus Per Pay Period



Productivity: Worked Hours/Adjusted Patient Days

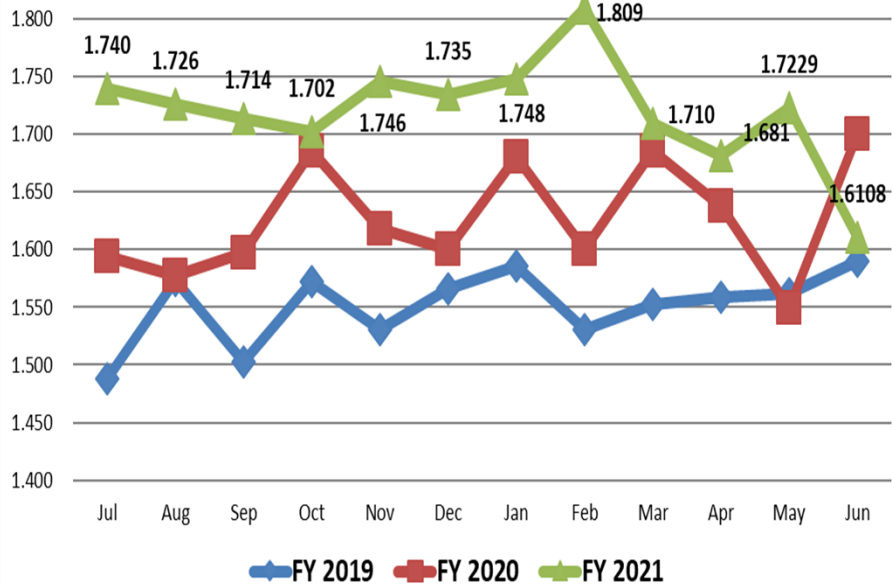


Trended Liquidity Ratios

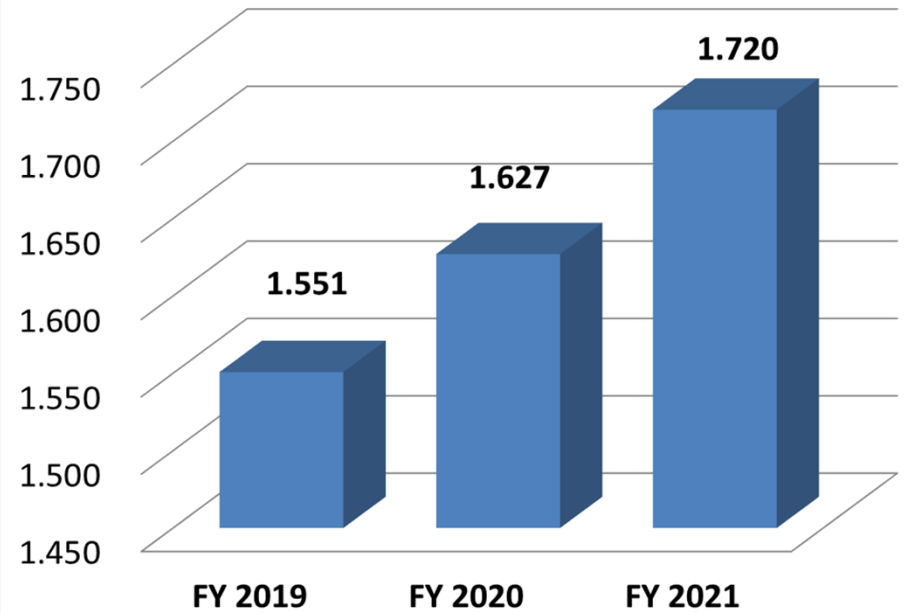


(1) Adjusted for Medicare accelerated payments and the deferral of employer portion of FICA as allowed by the CARES act.

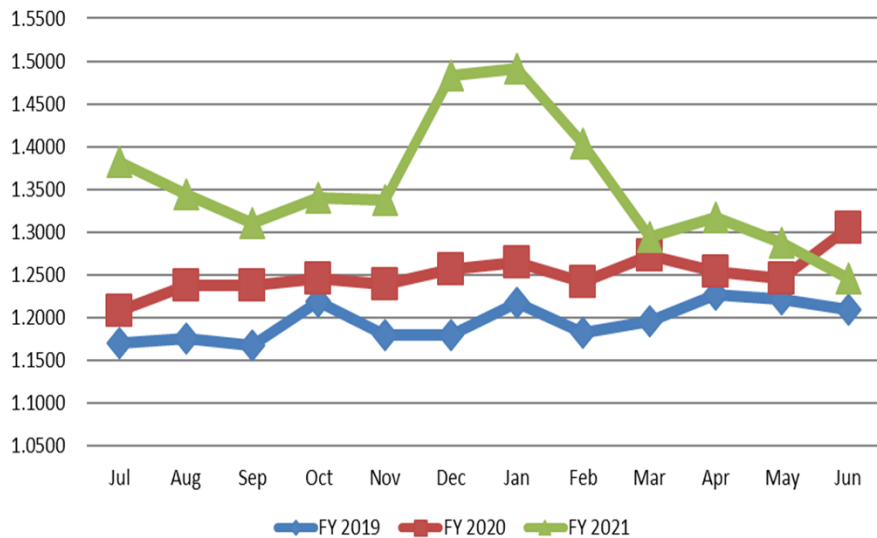
Case Mix Index w/o Normal Newborns



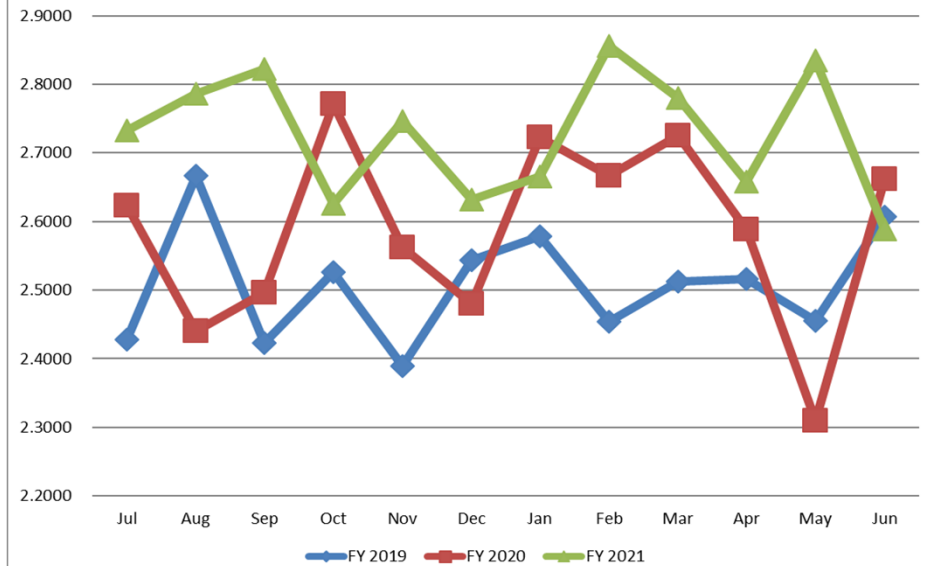
Case Mix Index w/o Normal Newborns - All



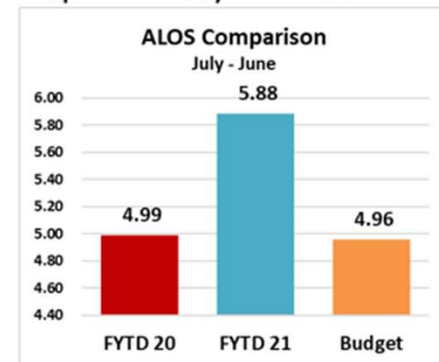
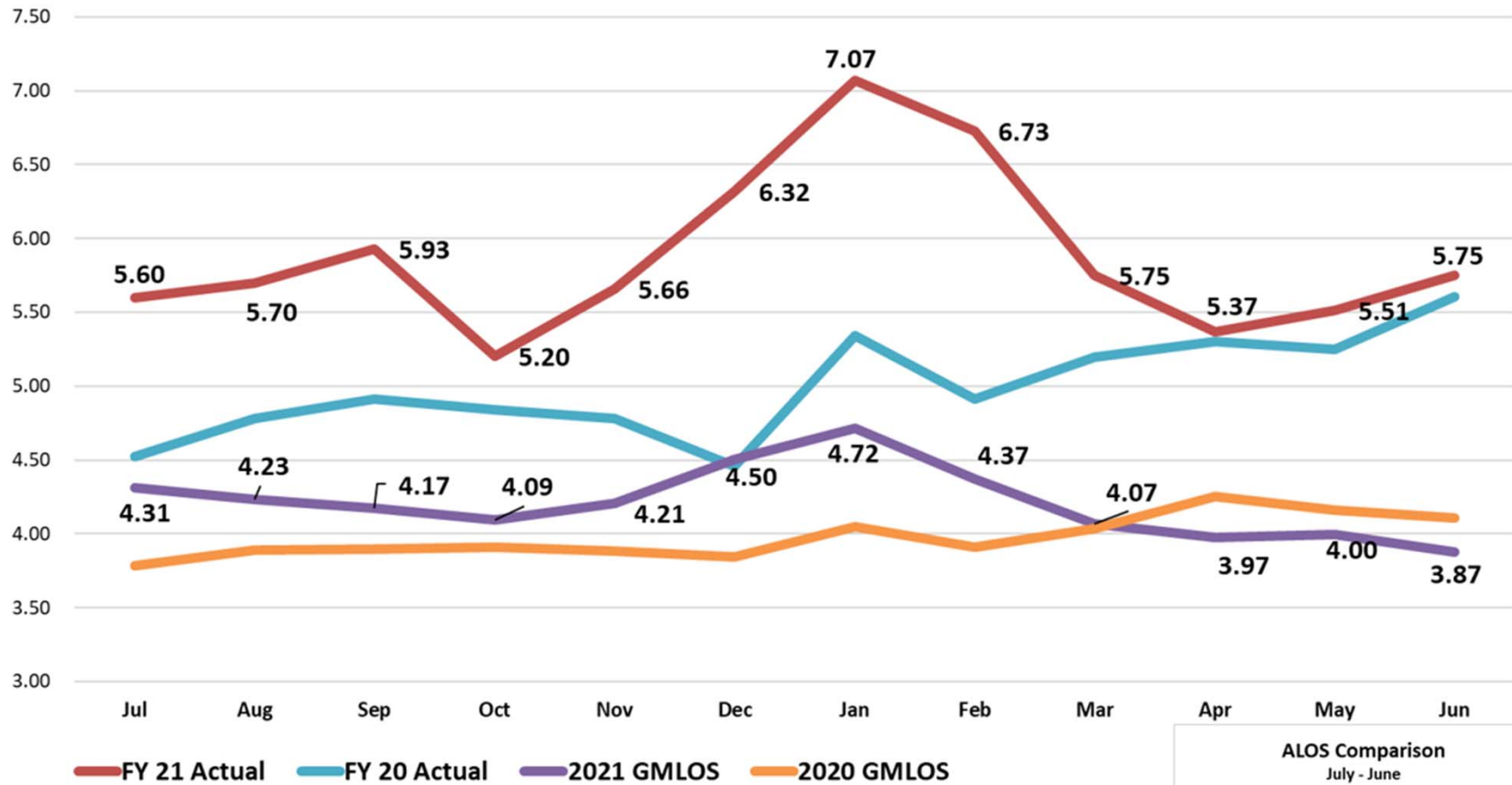
Case Mix **Medical w/o Normal Newborns**



Case Mix Index **Surgical w/o Normal Newborns**



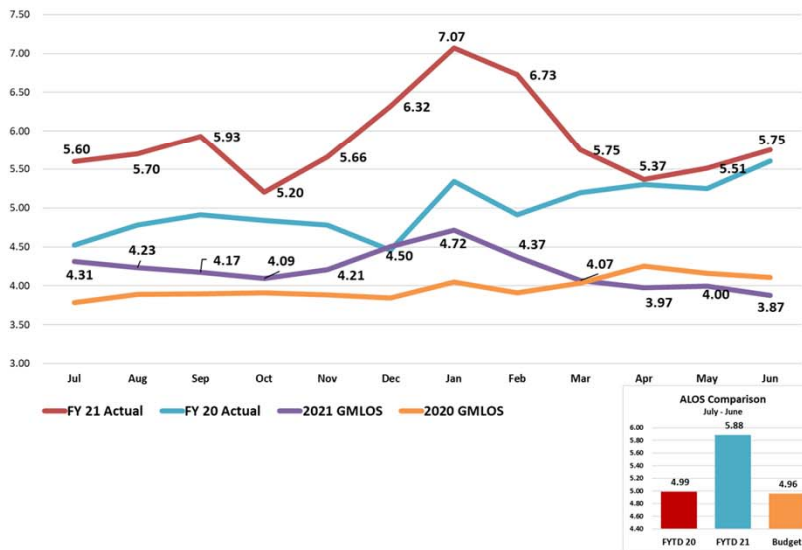
Average Length of Stay versus National Average (GMLOS)



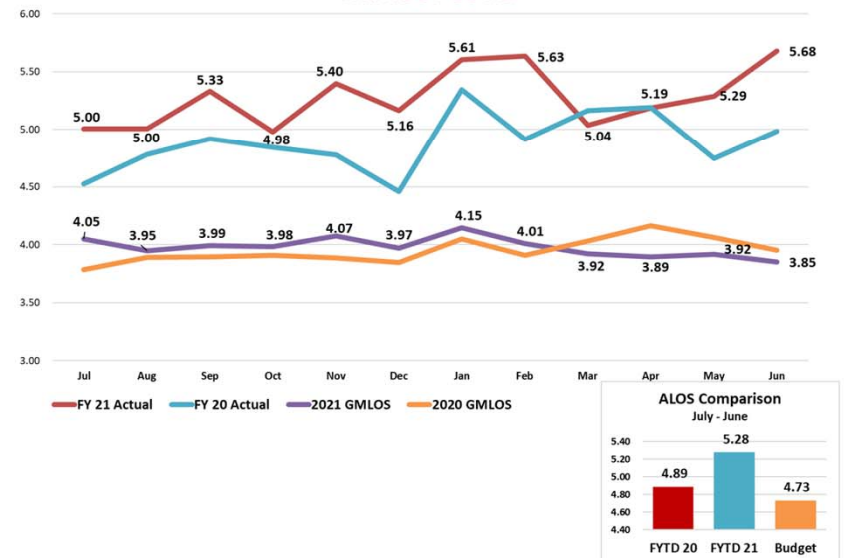
Average Length of Stay versus National Average (GMLOS)

	Including COVID Patients			Excluding COVID Patients			Gap Diff	%
	ALOS	GMLOS	GAP	ALOS	GMLOS	GAP		
Mar-20	5.20	4.04	1.16	5.16	4.03	1.13	0.03	2%
Apr-20	5.30	4.25	1.05	5.19	4.17	1.03	0.02	2%
May-20	5.25	4.16	1.09	4.74	4.07	0.68	0.41	38%
Jun-20	5.60	4.11	1.49	4.98	3.96	1.02	0.47	31%
Jul-20	5.60	4.31	1.29	5.00	4.05	0.96	0.33	26%
Aug-20	5.70	4.23	1.47	5.00	3.95	1.05	0.42	28%
Sep-20	5.93	4.17	1.76	5.33	3.99	1.34	0.42	24%
Oct-20	5.20	4.09	1.11	4.98	3.98	1.00	0.11	10%
Nov-20	5.66	4.21	1.45	5.40	4.07	1.33	0.12	9%
Dec-20	6.32	4.50	1.82	5.16	3.97	1.20	0.62	34%
Jan-21	7.07	4.72	2.35	5.61	4.15	1.46	0.89	38%
Feb-21	6.73	4.37	2.36	5.63	4.01	1.62	0.73	31%
Mar-21	5.75	4.07	1.68	5.04	3.92	1.11	0.57	34%
Apr-21	5.37	3.97	1.39	5.19	3.89	1.29	0.10	7%
May-21	5.51	4.00	1.52	5.29	3.92	1.37	0.15	10%
Jun-21	5.75	3.87	1.88	5.68	3.85	1.83	0.05	3%
Average	5.88	4.21	1.67	5.18	4.01	1.17	0.50	30%

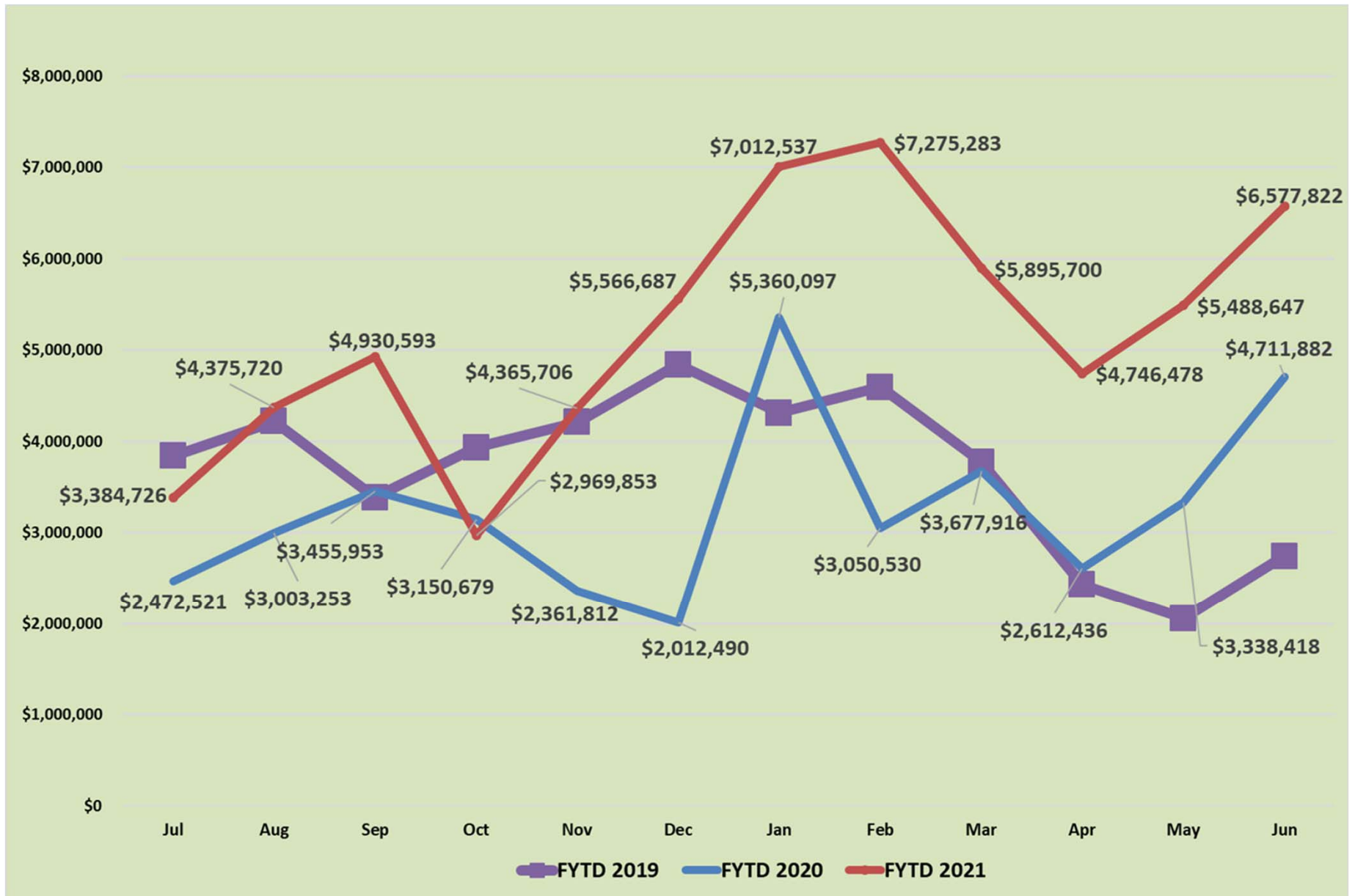
Average Length of Stay versus National Average (GMLOS)



Average Length of Stay versus National Average (GMLOS)
WITHOUT COVID



Opportunity Cost of Reducing LOS to National Average - \$39.2M FY20



KAWEAH DELTA HEALTH CARE DISTRICT
CONSOLIDATED INCOME STATEMENT (000's)
FISCAL YEAR 2020 & 2021

Fiscal Year	Operating Revenue			Operating Expenses							Operating Income	Non-Operating Income	Net Income	Operating Margin %	Excess Margin
	Net Patient Revenue	Other Operating Revenue	Operating Revenue Total	Personnel Expense	Physician Fees	Supplies Expense	Other Operating Expense	Operating Expenses Total							
2020															
Jul-19	51,799	13,802	65,601	32,948	7,266	8,683	13,597	62,494	3,107	744	3,852	4.7%	5.8%		
Aug-19	50,243	13,937	64,181	33,307	7,284	9,986	14,583	65,160	(980)	662	(318)	(1.5%)	(0.5%)		
Sep-19	48,185	13,994	62,179	31,582	7,486	8,571	14,182	61,822	356	4,429	4,785	0.6%	7.2%		
Oct-19	52,165	13,896	66,061	33,546	8,287	10,551	14,477	66,862	(801)	774	(27)	(1.2%)	(0.0%)		
Nov-19	49,354	12,823	62,177	31,690	6,974	9,635	13,616	61,916	261	699	960	0.4%	1.5%		
Dec-19	51,458	13,542	65,001	32,939	7,113	10,521	13,476	64,049	951	726	1,678	1.5%	2.6%		
Jan-20	52,382	15,305	67,687	34,899	7,653	11,127	14,469	68,148	(461)	682	221	(0.7%)	0.3%		
Feb-20	46,813	15,966	62,778	32,707	8,702	10,347	13,539	65,295	(2,516)	733	(1,783)	(4.0%)	(2.8%)		
Mar-20	48,523	13,650	62,173	35,596	8,202	10,216	13,716	67,729	(5,555)	4,465	(1,091)	(8.9%)	(1.6%)		
Apr-20	35,582	14,227	49,809	32,263	7,950	8,115	13,768	62,097	(12,288)	4,461	(7,827)	(24.7%)	(14.4%)		
May-20	35,995	14,754	50,750	32,299	7,191	8,423	14,078	61,991	(11,241)	4,339	(6,902)	(22.2%)	(12.5%)		
Jun-20	35,360	22,005	57,365	28,744	8,486	13,315	17,247	67,791	(10,427)	9,229	(1,198)	(18.2%)	(1.8%)		
2020 FY Total	\$ 557,860	\$ 177,901	\$ 735,761	\$ 392,520	\$ 92,595	\$ 119,490	\$ 170,748	\$ 775,353	\$ (39,592)	\$ 31,941	\$ (7,651)	(5.4%)	(1.0%)		
2021															
Jul-20	47,402	13,608	61,009	32,213	7,807	10,036	13,502	63,559	(2,550)	4,542	1,993	(4.2%)	3.0%		
Aug-20	48,393	13,339	61,732	32,203	8,699	10,720	14,744	66,366	(4,634)	4,444	(191)	(7.5%)	(0.3%)		
Sep-20	48,769	13,548	62,317	32,837	6,871	11,619	14,643	65,971	(3,654)	3,138	(515)	(5.9%)	(0.8%)		
Oct-20	51,454	13,083	64,537	33,385	7,746	10,713	15,033	66,876	(2,339)	5,177	2,837	(3.6%)	4.4%		
Nov-20	50,994	12,719	63,713	31,225	8,079	10,999	14,837	65,140	(1,427)	2,807	1,380	(2.2%)	2.2%		
Dec-20	50,409	13,317	63,726	34,298	8,024	11,492	15,152	68,965	(5,240)	1,963	(3,276)	(8.2%)	(5.1%)		
Jan-21	49,949	14,115	64,064	34,008	8,421	12,014	15,101	69,544	(5,480)	6,363	883	(8.6%)	1.4%		
Feb-21	44,505	14,519	59,024	31,565	8,484	9,685	13,829	63,562	(4,538)	3,973	(565)	(7.7%)	(1.0%)		
Mar-21	56,144	17,106	73,250	35,505	8,278	10,923	16,990	71,696	1,554	2,267	3,821	2.1%	5.2%		
Apr-21	52,593	19,684	72,277	37,084	8,320	11,011	16,895	73,310	(1,033)	2,645	1,612	(1.4%)	2.2%		
May-21	50,531	15,692	66,223	34,042	7,754	10,170	16,569	68,535	(2,312)	1,829	(483)	(3.5%)	(0.7%)		
Jun-21	46,962	15,091	62,054	20,638	8,141	10,213	17,521	56,514	5,539	569	6,108	8.9%	9.8%		
2021 FY Total	\$ 598,105	\$ 175,821	\$ 773,926	\$ 389,004	\$ 96,624	\$ 129,595	\$ 184,816	\$ 800,040	\$ (26,114)	\$ 39,717	\$ 13,603	(3.4%)	1.7%		
FYTD Budget	608,722	163,234	771,956	392,683	89,707	122,838	166,658	771,887	69	7,632	7,701	0.0%	1.0%		
Variance	\$ (10,617)	\$ 12,588	\$ 1,970	\$ (3,679)	\$ 6,917	\$ 6,757	\$ 18,158	\$ 28,153	\$ (26,183)	\$ 32,084	\$ 5,902				
Current Month Analysis															
Jun-21	\$ 46,962	\$ 15,091	\$ 62,054	\$ 20,638	\$ 8,141	\$ 10,213	\$ 17,521	\$ 56,514	\$ 5,539	\$ 569	\$ 6,108	8.9%	9.8%		
Budget	48,965	13,788	62,753	32,150	7,384	9,829	14,003	63,366	(613)	630	17	(1.0%)	0.0%		
Variance	\$ (2,002)	\$ 1,303	\$ (699)	\$ (11,511)	\$ 757	\$ 385	\$ 3,518	\$ (6,852)	\$ 6,152	\$ (61)	6,092				

KAWEAH DELTA HEALTH CARE DISTRICT

FISCAL YEAR 2020 & 2021

Fiscal Year	Patient		Adjusted Patient	I/P Revenue %	DFR & Bad Debt %	Net Patient Revenue/ Ajusted Patient Day	Personnel Expense/ Ajusted Patient Day	Physician Fees/ Ajusted Patient Day	Supply Expense/ Ajusted Patient Day	Total Operating Expense/ Ajusted Patient Day	Personnel Expense/ Net Patient Revenue	Physician Fees/ Net Patient Revenue	Supply Expense/ Net Patient Revenue	Total Operating Expense/ Net Patient Revenue
	Days	ADC	Days											
2020														
Jul-19	12,744	411	25,329	50.3%	73.8%	2,045	1,301	287	343	2,467	63.6%	14.0%	16.8%	120.6%
Aug-19	13,240	427	26,654	49.7%	74.8%	1,885	1,250	273	375	2,445	66.3%	14.5%	19.9%	129.7%
Sep-19	12,712	424	25,104	50.6%	74.1%	1,919	1,258	298	341	2,463	65.5%	15.5%	17.8%	128.3%
Oct-19	12,924	417	26,070	49.6%	74.6%	2,001	1,287	318	405	2,565	64.3%	15.9%	20.2%	128.2%
Nov-19	12,260	409	24,515	50.0%	74.4%	2,013	1,293	285	393	2,526	64.2%	14.1%	19.5%	125.5%
Dec-19	12,993	419	25,116	51.7%	73.8%	2,049	1,311	283	419	2,550	64.0%	13.8%	20.4%	124.5%
Jan-20	13,799	445	27,447	50.3%	75.3%	1,908	1,271	279	405	2,483	66.6%	14.6%	21.2%	130.1%
Feb-20	12,909	445	25,445	50.7%	76.9%	1,840	1,285	342	407	2,566	69.9%	18.6%	22.1%	139.5%
Mar-20	12,164	392	23,703	51.3%	74.1%	2,047	1,502	346	431	2,857	73.4%	16.9%	21.1%	139.6%
Apr-20	10,665	356	19,442	54.9%	76.1%	1,830	1,659	409	417	3,194	90.7%	22.3%	22.8%	174.5%
May-20	11,729	378	21,561	54.4%	79.5%	1,669	1,498	334	391	2,875	89.7%	20.0%	23.4%	172.2%
Jun-20	12,571	419	25,057	50.2%	81.9%	1,411	1,147	339	531	2,706	81.3%	24.0%	37.7%	191.7%
2020 FY Total	150,710	412	295,371	51.0%	75.7%	1,889	1,329	313	405	2,625	70.4%	16.6%	21.4%	139.0%
2021														
Jul-20	13,016	420	24,934	52.2%	76.8%	1,901	1,292	313	403	2,549	68.0%	16.5%	21.2%	134.1%
Aug-20	13,296	429	24,893	53.4%	75.7%	1,944	1,294	349	431	2,666	66.5%	18.0%	22.2%	137.1%
Sep-20	13,024	434	24,587	53.0%	75.6%	1,984	1,336	279	473	2,683	67.3%	14.1%	23.8%	135.3%
Oct-20	12,478	403	24,749	50.4%	74.2%	2,079	1,349	313	433	2,702	64.9%	15.1%	20.8%	130.0%
Nov-20	12,898	430	24,958	51.7%	74.0%	2,043	1,251	324	441	2,610	61.2%	15.8%	21.6%	127.7%
Dec-20	14,346	463	25,750	55.7%	75.2%	1,958	1,332	312	446	2,678	68.0%	15.9%	22.8%	136.8%
Jan-21	13,817	446	24,148	57.2%	75.5%	2,068	1,408	349	498	2,880	68.1%	16.9%	24.1%	139.2%
Feb-21	12,384	442	23,570	52.5%	77.3%	1,888	1,339	360	411	2,697	70.9%	19.1%	21.8%	142.8%
Mar-21	13,023	420	25,807	50.5%	74.9%	2,176	1,376	321	423	2,778	63.2%	14.7%	19.5%	127.7%
Apr-21	12,361	412	25,268	48.9%	75.8%	2,081	1,468	329	436	2,901	70.5%	15.8%	20.9%	139.4%
May-21	13,115	423	25,026	52.4%	76.4%	2,019	1,360	310	406	2,739	67.4%	15.3%	20.1%	135.6%
Jun-21	12,916	431	25,797	50.1%	78.8%	1,820	800	316	396	2,191	43.9%	17.3%	21.7%	120.3%
2021 FY Total	156,674	429	299,648	52.3%	75.9%	1,996	1,298	322	432	2,670	65.0%	16.2%	21.7%	133.8%
FYTD Budget	158,016	433	323,675	48.8%	75.6%	1,881	1,213	277	380	2,576	64.5%	14.7%	20.2%	126.8%
Variance	(1,342)	(4)	(24,027)	3.5%	0.3%	115	85	45	53	94	0.5%	1.4%	1.5%	7.0%
Current Month Analysis														
Jun-21	12,916	431	25,797	50.1%	78.8%	1,820	800	316	396	2,191	43.9%	17.3%	21.7%	120.3%
Budget	12,748	425	26,821	47.5%	75.5%	1,826	1,199	275	366	2,456	65.7%	15.1%	20.1%	129.4%
Variance	168	6	(1,024)	2.5%	3.2%	(5)	(399)	40	29	(266)	(21.7%)	2.3%	1.7%	(9.1%)

KAWEAH HEALTH
RATIO ANALYSIS REPORT
JUNE 30, 2021

	Current Month Value	Prior Month Value	June 30, 2020 Audited Value	2019 Moody's Median Benchmark		
				Aa	A	Baa
LIQUIDITY RATIOS						
Current Ratio (x)	1.3	1.4	1.4	1.5	1.8	1.9
Accounts Receivable (days)	69.2	65.8	79.7	48.2	46.2	46.6
Cash On Hand (days)	174.2	154.8	167.5	276.1	215.1	162.5
Cushion Ratio (x)	22.9	20.7	21.2	37.8	23.5	14.6
Average Payment Period (days)	88.3	89.9	76.7	74.6	60.5	61.1
CAPITAL STRUCTURE RATIOS						
Cash-to-Debt	164.5%	142.3%	146.2%	244.9%	176.8%	121.2%
Debt-To-Capitalization	31.1%	32.7%	32.6%	24.4%	30.9%	38.4%
Debt-to-Cash Flow (x)	4.5	5.3	8.5	2.1	2.7	4.0
Debt Service Coverage	2.9	2.6	1.7	8.2	5.5	3.4
Maximum Annual Debt Service Coverage (x)	2.9	2.6	1.6	7.1	4.7	3.1
Age Of Plant (years)	14.1	14.0	12.9	10.6	12.0	12.2
PROFITABILITY RATIOS						
Operating Margin	(3.4%)	(4.4%)	(5.4%)	4.4%	2.7%	0.5%
Excess Margin	1.7%	1.0%	(1.0%)	7.6%	5.2%	2.6%
Operating Cash Flow Margin	1.4%	0.3%	(.4%)	10.0%	8.7%	6.3%
Return on Assets	1.4%	0.8%	(.8%)	5.3%	4.4%	2.6%

KAWEAH HEALTH
CONSOLIDATED STATEMENTS OF NET POSITION (000's)

	Jun-21	May-21	Change	% Change	Jun-20 (Audited)
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 30,081	\$ 15,851	\$ 14,230	89.78%	\$ 11,766
Current Portion of Board designated and trusted assets	13,776	25,096	(11,320)	-45.11%	13,954
Accounts receivable:					
Net patient accounts	123,553	124,898	(1,344)	-1.08%	118,451
Other receivables	14,312	26,065	(11,752)	-45.09%	16,669
	137,866	150,962	(13,097)	-8.68%	135,119
Inventories	11,695	8,454	3,240	38.33%	8,479
Medicare and Medi-Cal settlements	32,586	61,704	(29,118)	-47.19%	36,726
Prepaid expenses	12,210	10,613	1,597	15.05%	10,317
Total current assets	238,214	272,681	(34,467)	-12.64%	216,362
NON-CURRENT CASH AND INVESTMENTS -					
less current portion					
Board designated cash and assets	350,035	327,171	22,864	6.99%	338,785
Revenue bond assets held in trust	22,271	22,271	(0)	0.00%	36,092
Assets in self-insurance trust fund	2,073	2,468	(395)	-15.99%	3,727
Total non-current cash and investments	374,380	351,910	22,470	6.39%	378,604
CAPITAL ASSETS					
Land	17,542	17,542	-	0.00%	17,542
Buildings and improvements	379,566	378,640	926	0.24%	378,313
Equipment	310,339	300,072	10,267	3.42%	299,378
Construction in progress	64,669	73,664	(8,995)	-12.21%	38,837
	772,117	769,919	2,198	0.29%	734,071
Less accumulated depreciation	425,407	422,815	2,592	0.61%	396,060
	346,710	347,104	(394)	-0.11%	338,011
Property under capital leases -					
less accumulated amortization	(216)	696	(913)	-131.04%	389
Total capital assets	346,494	347,800	(1,306)	-0.38%	338,401
OTHER ASSETS					
Property not used in operations	1,639	1,639	-	0.00%	1,686
Health-related investments	5,066	5,348	(282)	-5.27%	6,888
Other	11,569	11,808	(240)	-2.03%	10,759
Total other assets	18,274	18,795	(521)	-2.77%	19,334
Total assets	977,362	991,187	(13,825)	-1.39%	952,700
DEFERRED OUTFLOWS					
	8,900	8,921	(21)	-0.23%	9,354
Total assets and deferred outflows	\$ 986,262	\$ 1,000,107	\$ (13,846)	-1.38%	\$ 962,054

KAWEAH HEALTH

CONSOLIDATED STATEMENTS OF NET POSITION (000's)

	Jun-21	May-21	Change	% Change	Jun-20 (Audited)
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 112,801	\$ 112,683	\$ 118	0.10%	\$ 81,897
Accrued payroll and related liabilities	71,543	68,702	2,841	4.13%	63,411
Long-term debt, current portion	1,878	10,710	(8,832)	-82.46%	10,647
Total current liabilities	186,221	192,094	(5,873)	-3.06%	155,955
LONG-TERM DEBT, less current portion					
Bonds payable	259,923	259,980	(57)	-0.02%	262,436
Capital leases	133	166	(33)	-20.03%	220
Total long-term debt	260,056	260,146	(90)	-0.03%	262,656
NET PENSION LIABILITY	21,418	34,057	(12,639)	-37.11%	40,378
OTHER LONG-TERM LIABILITIES	31,010	32,768	(1,758)	-5.36%	30,626
Total liabilities	498,705	519,065	(20,360)	-3.92%	489,615
NET ASSETS					
Invested in capital assets, net of related debt	109,676	102,076	7,600	7.45%	104,433
Restricted	31,885	42,343	(10,458)	-24.70%	30,567
Unrestricted	345,995	336,623	9,373	2.78%	337,439
Total net position	487,557	481,042	6,515	1.35%	472,439
Total liabilities and net position	\$ 986,262	\$ 1,000,107	\$ (13,846)	-1.38%	\$ 962,054

Graduate Medical Education Financial Analysis of Proposed Programs July 22, 2021



[kawahhealth.org](https://www.kawahhealth.org)



Child & Adolescent Psychiatry Fellowship Rural Training Track Scenario

	Fiscal Year				
	2022	2023	2024	2025	2026
Resident Count	0	3	6	6	6
<u>Projected Program Revenue</u>					
Projected direct GME payments	\$0	\$27,009	\$93,575	\$94,884	\$96,213
Projected indirect GME payments	0	0	148,112	509,123	514,214
	\$0	\$27,009	\$241,687	\$604,007	\$610,427
<u>Projected Program Expenses</u>					
Start-up expenses	\$81,800	\$0	\$0	\$0	\$0
Residents (wages, benefits, other)	0	256,476	527,008	528,048	528,048
Program Directors	197,500	255,100	255,100	255,100	255,100
GME admin wages & benefits	75,882	78,084	80,351	82,687	85,093
Faculty	0	105,800	105,800	105,800	105,800
GME admin office expenses	4,000	10,210	10,720	10,720	10,720
Total Projected Expenses	\$359,182	\$705,670	\$978,979	\$982,355	\$984,761
Contribution Margin of C & A Clinics	\$0	\$137,746	\$731,806	\$726,690	\$721,426
Net Projected Direct Financial Impact	(\$359,182)	(\$540,915)	(\$5,487)	\$348,342	\$347,092
Cumulative Total	(\$359,182)	(\$900,097)	(\$905,584)	(\$557,242)	(\$210,150)

Child & Adolescent Psychiatry Fellowship Visalia Based Scenario

	Fiscal Year				
	2022	2023	2024	2025	2026
Resident Count	0	3	6	6	6
<u>Projected Program Revenue</u>					
Projected direct GME payments	\$0	\$0	\$0	\$0	\$0
Projected indirect GME payments	0	0	0	0	0
	\$0	\$0	\$0	\$0	\$0
<u>Projected Expenses</u>					
Start-up expenses	\$81,800	\$0	\$0	\$0	\$0
Residents (wages, benefits, other)	0	256,476	527,008	528,048	528,048
Program Directors	197,500	255,100	255,100	255,100	255,100
GME admin wages & benefits	75,882	78,084	80,351	82,687	85,093
Faculty	0	105,800	105,800	105,800	105,800
GME admin office expenses	4,000	10,210	10,720	10,720	10,720
Total Projected Expenses	\$359,182	\$705,670	\$978,979	\$982,355	\$984,761
Contribution Margin of C & A Clinics	\$0	\$128,707	\$722,496	\$717,101	\$711,549
Net Projected Direct Financial Impact	(\$359,182)	(\$576,963)	(\$256,483)	(\$265,254)	(\$273,212)
Cumulative Total	(\$359,182)	(\$936,145)	(\$1,192,628)	(\$1,457,882)	(\$1,731,094)

Internal Medicine Residency

	Fiscal Year					
	2022	2023	2024	2025	2026	2027
Resident Count	0	0	8	16	24	24
<u>Projected Revenue</u>						
Projected direct GME payments	\$0	\$0	\$365,168	\$740,561	\$1,126,393	\$1,142,162
Projected indirect GME payments	0	0	328	991,549	1,993,234	3,006,977
	\$0	\$0	\$365,496	\$1,732,110	\$3,119,627	\$4,149,139
<u>Projected Expenses</u>						
Start-up expenses	\$171,800	\$0	\$0	\$0	\$0	\$0
Residents (wages, benefits, other)	0	0	669,828	1,347,438	2,049,482	2,107,806
Program Directors	173,500	269,500	462,100	486,220	486,220	486,220
GME admin wages & bens (director, support)	81,124	83,745	122,525	219,251	222,921	226,701
Faculty	0	129,000	626,700	735,600	735,600	735,600
GME admin office expenses	0	9,700	29,560	30,920	32,280	32,280
Total Projected Expenses	\$426,424	\$491,945	\$1,910,713	\$2,819,429	\$3,526,502	\$3,588,607
Net Impact of IM residency Clinic			\$148,479	\$323,572	\$457,970	\$394,197
Net Projected Direct Financial Impact	(\$426,424)	(\$241,945)	\$53,262	\$436,253	\$501,095	\$954,729
Cumulative Total	(\$426,424)	(\$668,369)	(\$615,107)	(\$178,854)	\$322,241	\$1,276,970
If Grant Revenue received:						
Grant Revenue	\$250,000	\$250,000	\$1,450,000	\$1,200,000	\$450,000	\$0
Net Projected Direct Financial Impact	(\$176,424)	\$8,055	\$1,503,262	\$1,636,253	\$951,095	\$954,729
Cumulative Total	(\$176,424)	(\$168,369)	\$1,334,893	\$2,971,146	\$3,922,241	\$4,876,970

Kaweah Delta Health Care District Annual Report to the Board of Directors

Kaweah Health Medical Group

Paul Schofield, CEO
Contact number: 559-738-7500, ext. 5545
pschofie@kaweahhealth.org
July 1, 2021

Summary Issue/Service Considered

1. Establishing an integrated delivery system whereby the Visalia Medical Clinic (VMC/Group) and Kaweah Health (KH) work in unison to deliver world class healthcare services in Visalia and the surrounding region.
2. Leading the expansion of the depth and breadth of medical services provided to the community.

Analysis of financial/statistical data:

1. For the first eleven months of fiscal year 2021, KH's net investment to fund KHMG is \$6,376,149 compared with a budgeted net investment of \$7,201,863.
2. For the first eleven months of fiscal year 2021, work relative value units (wRVUs) were 376,074, compared with 350,473 for the first eleven months of fiscal year 2020.
3. For the first eleven months of fiscal year 2021, total charges were \$73,463,802 compared with \$68,531,901 for the first eleven months of fiscal year 2020.
4. For the first eleven months of fiscal year 2021, total collections were \$42,299,900 compared with \$40,726,480 for the first eleven months of fiscal year 2020.
5. For the first eleven months of fiscal year 2021, patient encounters were 299,306 compared with 315,781 for the first eleven months of fiscal year 2020.
6. Total number of Visalia Medical Clinic physicians on July 7, 2021 is 47, one physician more than the 46 physicians we reported in the November 2020 Board report – with two additional physicians starting in August and September of 2021.
7. Total number of Visalia Medical Clinic providers on July 7, 2021 is 64, the same as reported in November 2020.
8. Fiscal year 2021 has continued to be heavily impacted by the COVID-19 pandemic throughout the first eleven months. Despite this, KHMG has been able to exceed budget expectations. Even excluding CARES Act funds recently received, KHMG would have essentially been right on budget through the first eleven months. KHMG is estimated to end fiscal year 2021 in June with a net investment of \$6,955,799 – with a budgeted net investment for fiscal year 2021 of \$7,853,975.

Policy, Strategic or Tactical Issues

The Kaweah Health Medical Group (KHMG) was established nearly 6 years ago by KH to provide a mechanism for KH and VMC to work collaboratively in the provision of health care services. Accordingly, both parties entered into a 10-year Professional Services Agreement (PSA), which will be renegotiated or terminated in June of 2025. Subject to California's Corporate Practice of Medicine Laws, KHMG is one of 14 medical foundations that currently exist in California. Just under two-thirds of California medical foundations are investing more annually, as a percent of the respective medical foundation's net revenue, than KH is currently investing in KHMG, with Adventist Health investing the most in its medical foundation than any other medical foundation in the State.

The primary purpose of KHMG is to establish a vehicle through which KH and VMC are able to work collaboratively to ensure better continuity of patient care from initial office visit, to inpatient and outpatient services – including surgery, to home health and hospice services (and everything in between). The two driving goals in forming KHMG (to strengthen physician alignment with KH and to enhance physician recruitment) have not yet been fully achieved.

For the first eleven months of fiscal year 2021, notwithstanding the global pandemic, KHMG has accelerated improvement beyond any other period since its inception.

1. Financial performance is better than budget by \$825,714 through the first eleven months of fiscal year 2021.
2. KHMG leadership has done a tremendous job of managing expenses and staff productivity throughout the COVID-19 pandemic, which has played a key role in our ability to meet our budget despite reduced volumes.
3. Hospital/physician collaboration within KHMG appears to be improving.
4. VMC has added 1 provider (and lost 1 provider), since November 2020.
5. Successfully renegotiated the physician compensation model that will be incorporated into the PSA for adoption on July 1, 2021.

Hospital/Physician Collaboration

A successful strategic planning session was held August 29, 2020, at which KHMG reaffirmed its prior adoption of the new Mission, Vision, and Pillars of KH. Five strategic initiatives were agreed upon: (1) Operational Efficiency, (2) Kaweah Care Culture, (3) Strategic Growth, (4) Innovation, and (5) Integration. Three strategies/tactics under each strategic initiative were identified. Champions for each of the five strategic initiatives were identified, including Malinda Tupper, KH CFO; Dianne Cox, KH VP Human Resources; Paul Schofield, KHMG CEO; Ralph Kingsford, M.D., Executive Director VMC; and Ben Brennan, M.D., Joint Operating Committee member. Progress continues in each of these areas.

Growth

The number of Visalia Medical Clinic providers on July 1, 2021 was 64, the same as our last report in November 2020.

Financial Performance (see financial data section above).

Recommendations/Next Steps

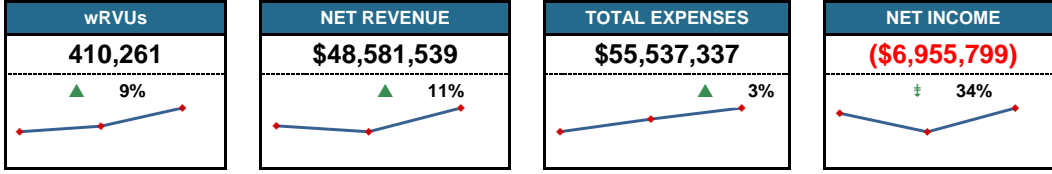
1. Continue implementation of the Strategies/Tactics identified in the 2021 Strategic Planning Process under each of the 5 Strategic Initiatives.
2. Continue implementation of the recommendations from the ECG report, as agreed to by the KHMG Board of Directors, including but not limited to the following:
 - a. Implementation of a referral management process that maximizes “in-house” referrals.
 - b. Renegotiation of commercial payer contracts to achieve rates at the 75th percentile.
 - c. Increase the efficiency of the revenue cycle by submitting clean claims, which will reduce days in accounts receivable.
 - d. Continue evaluation to better align ancillary services.
 - e. Invite other physician groups into KHMG, including hospital-based groups.
 - f. In conjunction with KH, develop an ASC joint venture opportunity.

Approvals/Conclusions

KHMG will focus on the following in the coming year:

1. Operate the Medical Foundation to exceed budget expectations.
2. Accelerate the recruitment of physicians into KHMG based on community need.
3. Look for additional opportunities for operational alignment to drive down cost in the future, as we have done this past year in the areas of Lab, IT, and management of physician benefits.
4. Focus on the implementation of Strategies/Tactics from the 5 Strategic Planning Initiatives, and the ECG recommendations.
5. Continue to support KH Rural Health Clinics and the new FQHC by supplying specialists as needed/available.
6. Identify geographic areas outside of Visalia in which to expand.

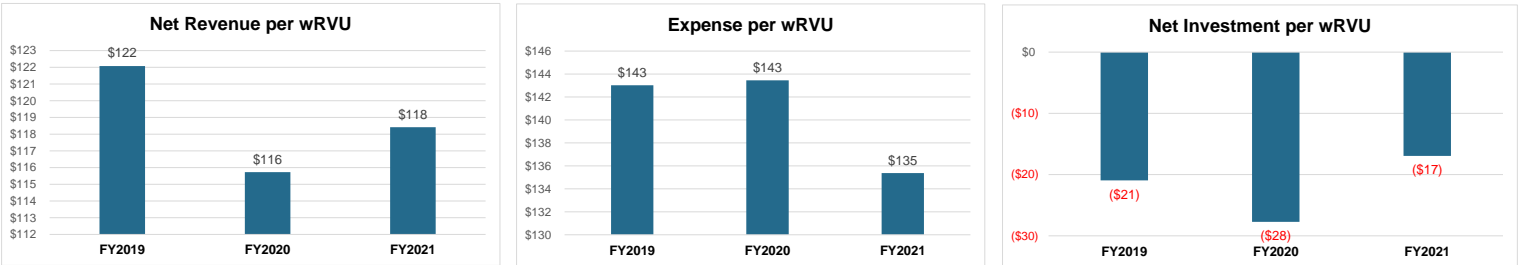
KEY METRICS - FY 2021 ANNUALIZED (July 2020 - May 2021)*



METRICS SUMMARY - 3 YEAR TREND

METRIC	FY2019	FY2020	FY2021	%CHANGE FROM PRIOR YR	3 YR TREND
Work RVUs (wRVUs)	367,674	377,472	410,261	▲ 9%	
Net Revenue	\$44,883,063	\$43,684,285	\$48,581,539	▲ 11%	
Total Expenses	\$52,583,954	\$54,149,364	\$55,537,337	▲ 3%	
Net Income (Investment)	(\$7,700,891)	(\$10,465,079)	(\$6,955,799)	▲ 34%	
Net Revenue per wRVU	\$122	\$116	\$118	2%	
Expense per wRVU	\$143	\$143	\$135	-6%	
Net Investment per wRVU	(\$21)	(\$28)	(\$17)	39%	

PER wRVU TRENDED GRAPHS



*Note: FY2021 is annualized in graphs and throughout the analysis based on actual results July 2020 - May 2021

PAYER MIX - 3 YEAR TREND

PAYER	FY2019	FY2020	FY2021
Medicare	23%	16%	16%
Medi-cal Managed Care	0%	0%	0%
Medicare Managed Care	6%	12%	12%
Managed Care/Other	68%	67%	67%
Medi-cal	0%	1%	1%
Cash Pay	1%	2%	2%
Work Comp	2%	2%	2%

FY 2021 Payer Mix - Annualized

