



August 13, 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 3:00PM on Wednesday August 18, 2021 in the Kaweah Health Support Services Building, 520 West Mineral King Avenue, Copper Room (2nd Floor), 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

Wednesday August 18, 2021

Kaweah Health Support Services Building
520 West Mineral King – Copper Room (2nd floor)

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, Coby LaBlue, Director of Finance for Population Health; Jag Batth, VP Ancillary & Post-Acute Services, Deborah Volosin, Director of Community Engagement; Cindy Moccio, Recording

1. OPEN MEETING – 3:00PM

2. CALL TO ORDER – *David Francis*

3. 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.

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

Malinda Tupper – Vice President & Chief Financial Officer

5. SEQUOIA SURGERY CENTER – Annual review of Sequoia Surgery Center.

Gary Herbst, Chief Executive Officer

6. 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 and Coby LaBlue, Director of Finance for Population Health

7. OPEN ARMS HOSPICE – Discussion regarding the future operations of the Open Arms Hospice facility.

Jag Batth, Vice President Ancillary & Post-Acute Services and Coby LaBlue, Director of Finance for Population Health

8. 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

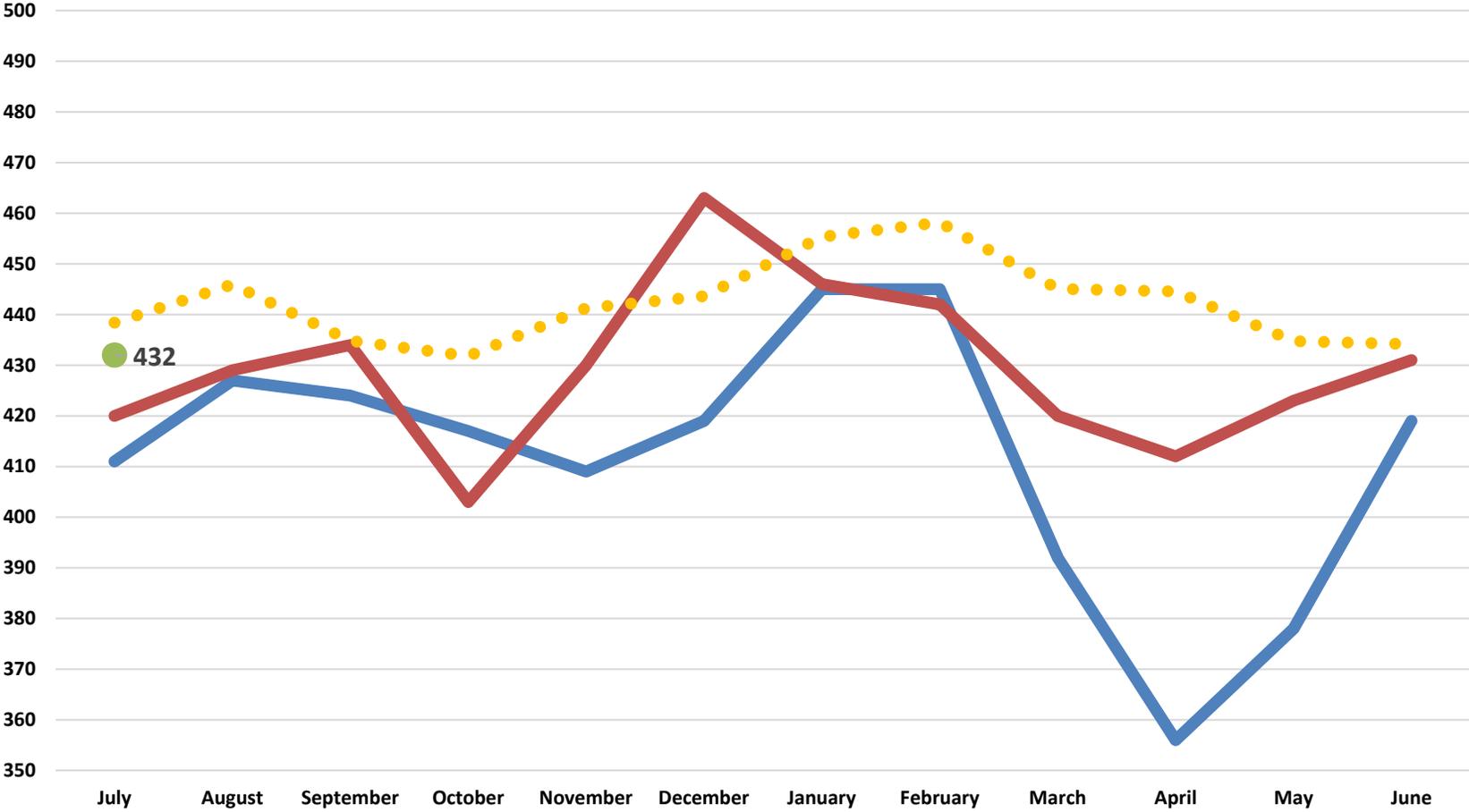
August 18, 2021



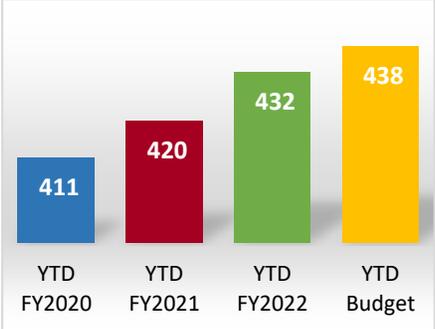
[kawahhealth.org](https://www.kawahhealth.org)



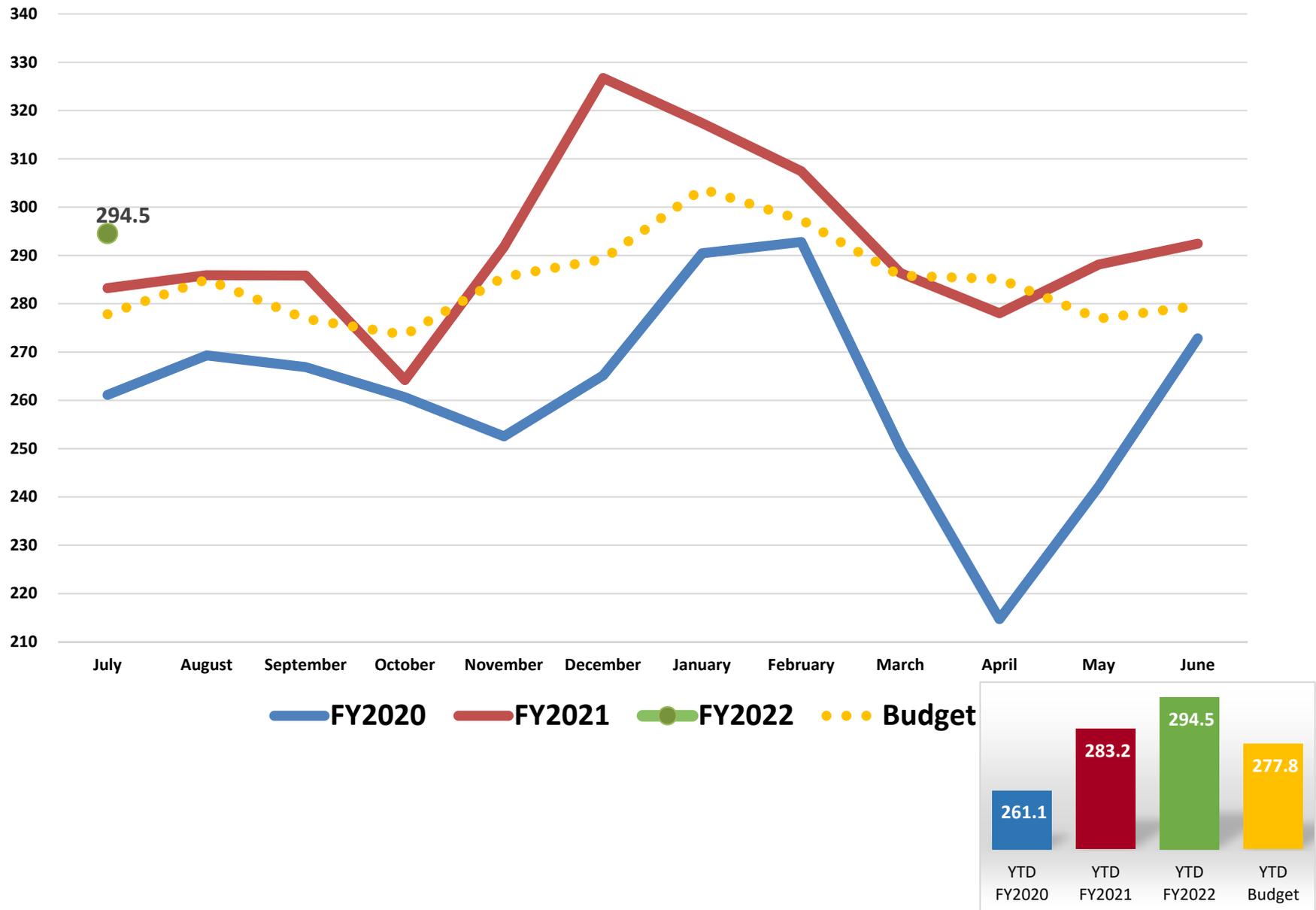
Average Daily Census



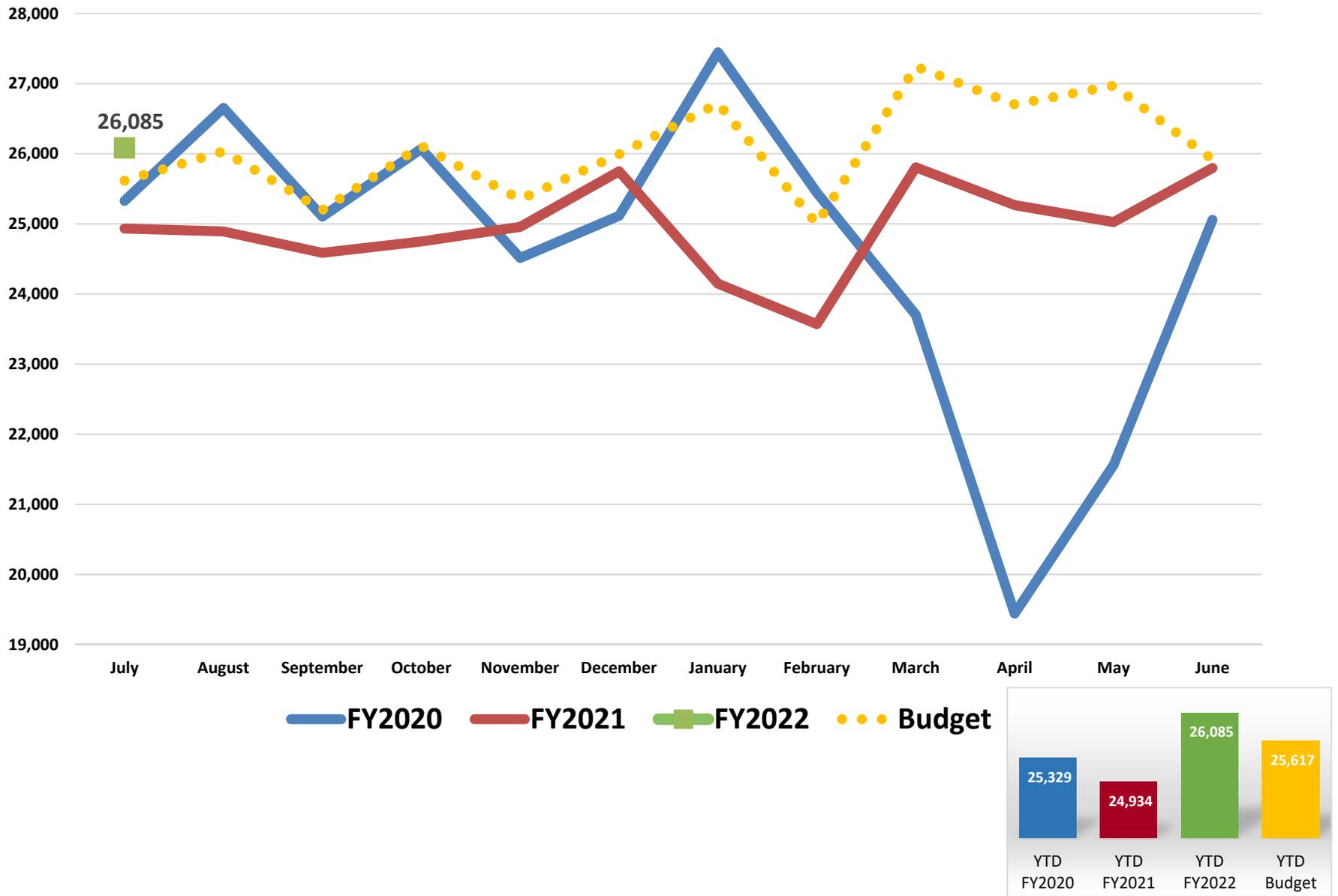
—●— FY2020
 —●— FY2021
 —●— FY2022
 ●●● Budget



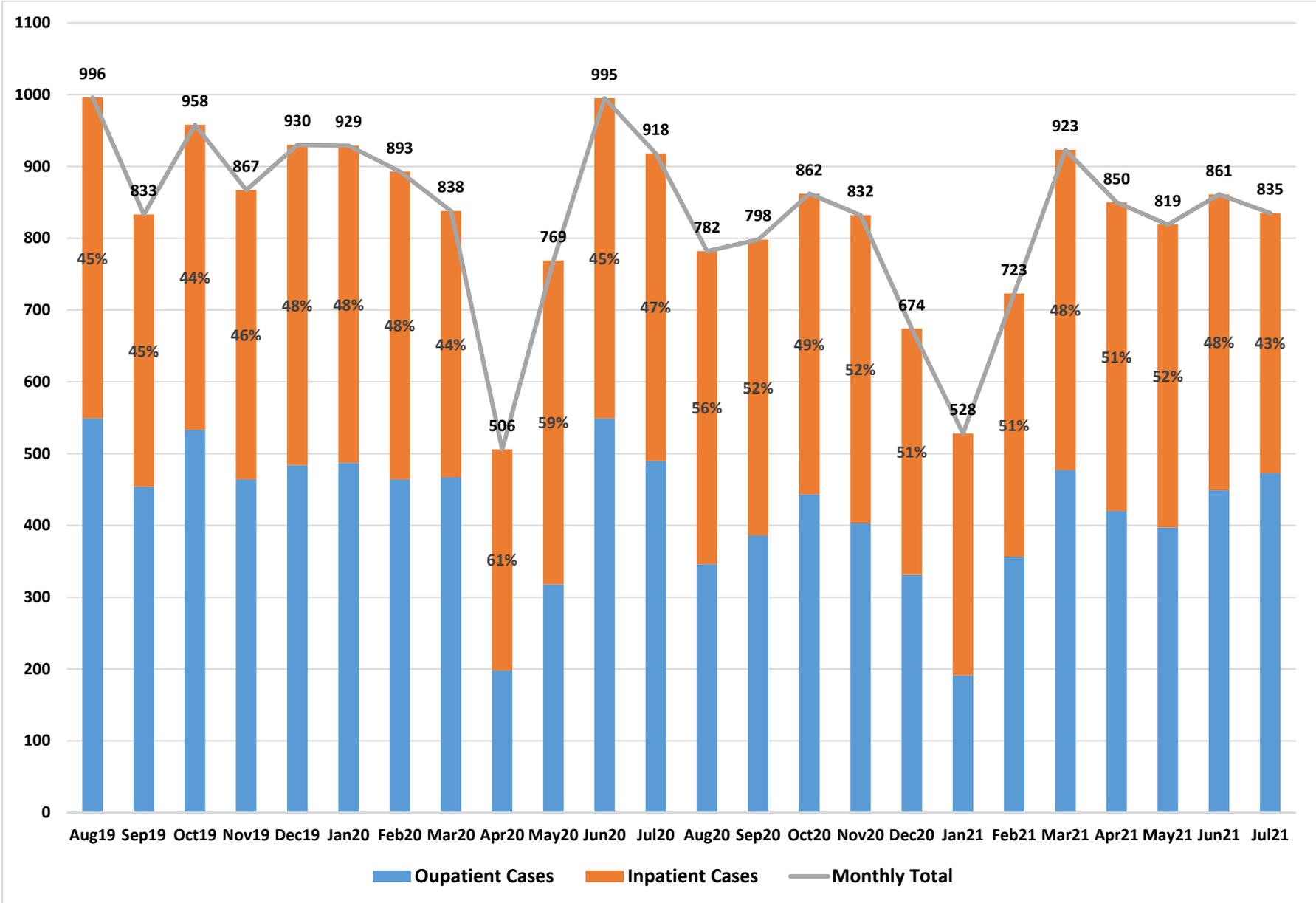
Medical Center – Average Daily Census



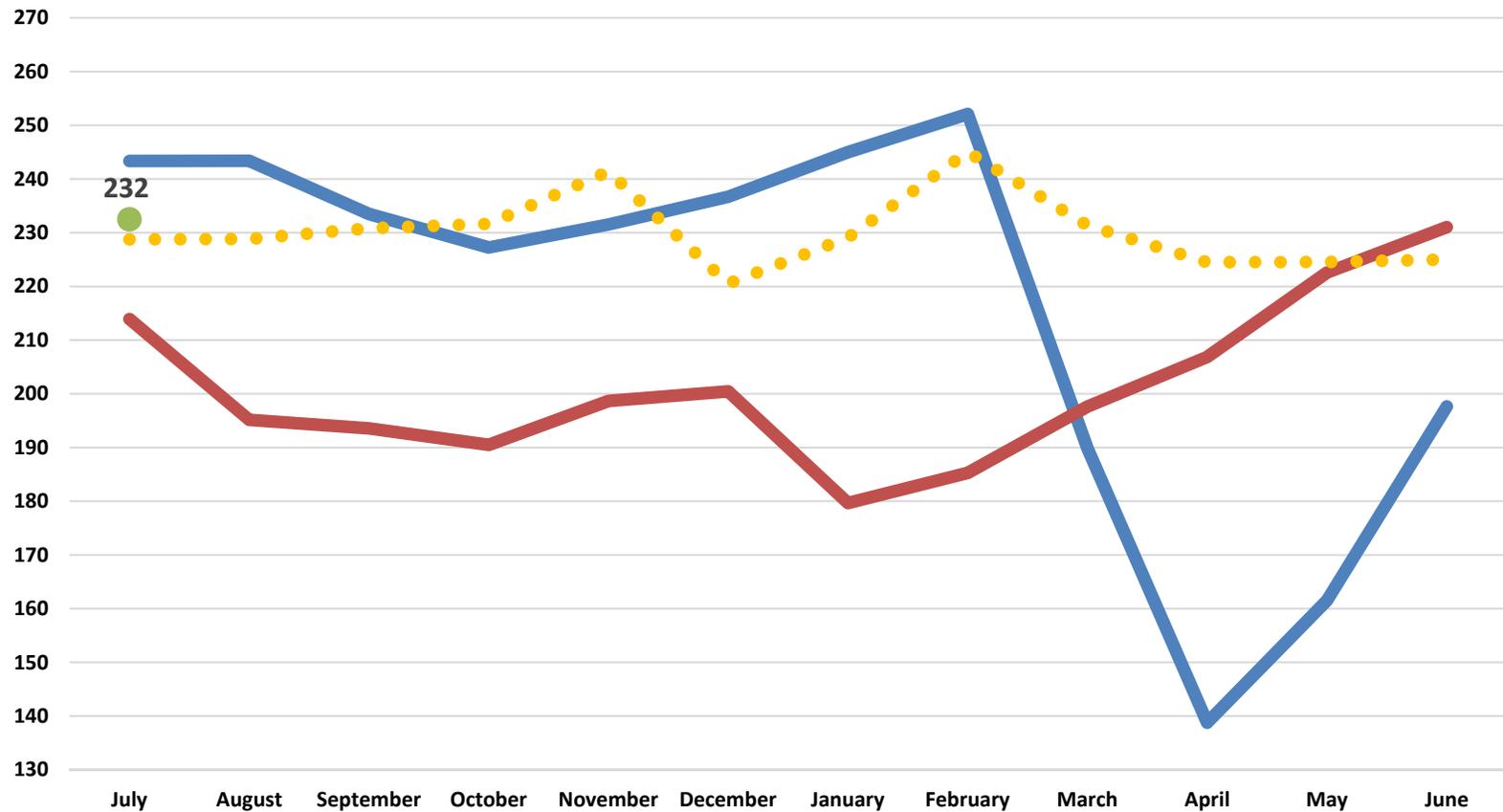
Adjusted Patient Days



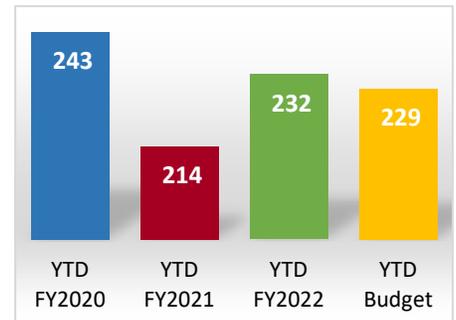
Surgery Volume



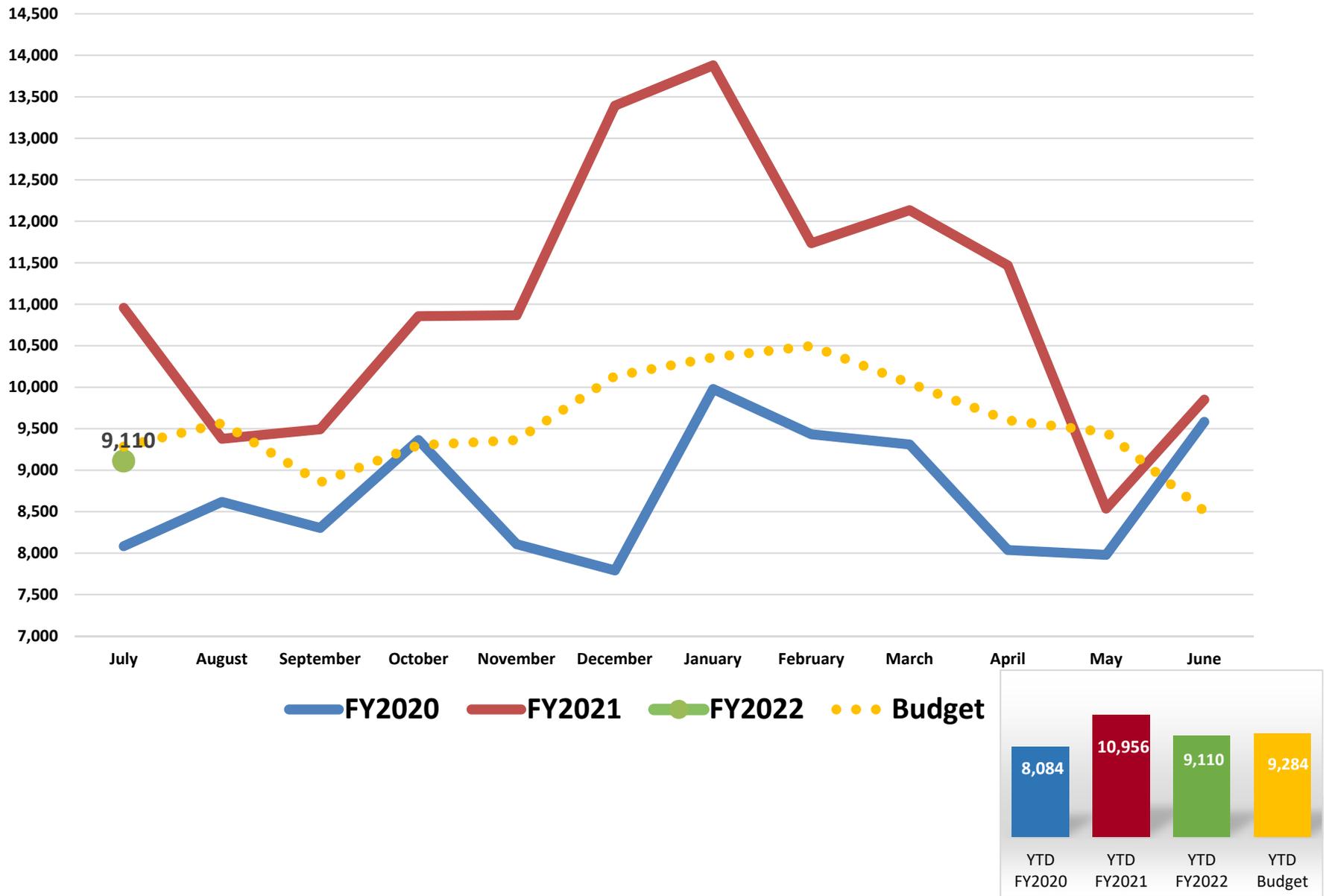
Emergency Department – Average # Treated Per Day



—●— FY2020
 —●— FY2021
 —●— FY2022
 ●●● Budget



Rural Health Clinic Registrations



Statistical Results – Fiscal Year Comparison (July)

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

Average Daily Census	420	432	2.9%	438	(7)	(1.5%)
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KDHCD Patient Days:

Medical Center	8,780	9,131	4.0%	8,613	518	6.0%
Acute I/P Psych	1,426	1,063	(25.5%)	1,461	(398)	(27.2%)
Sub-Acute	904	829	(8.3%)	951	(122)	(12.8%)
Rehab	385	533	38.4%	578	(45)	(7.8%)
TCS-Ortho	201	384	91.0%	413	(29)	(7.0%)
TCS	416	409	(1.7%)	514	(105)	(20.4%)
NICU	466	533	14.4%	460	73	15.9%
Nursery	438	506	15.5%	600	(94)	(15.7%)

Total KDHCD Patient Days	13,016	13,388	2.9%	13,590	(202)	(1.5%)
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Total Outpatient Volume	45,260	44,454	(1.8%)	47,657	(3,203)	(6.7%)
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Other Statistical Results – Fiscal Year Comparison (July)

	Actual Results				Budget	Budget Variance	
	Jul 2020	Jul 2021	Change	% Change	Jul 2021	Change	% Change
Adjusted Patient Days	24,934	26,085	1,151	4.6%	26,934	(849)	(3.2%)
Outpatient Visits	45,260	44,454	(806)	(1.8%)	47,657	(3,203)	(6.7%)
Urgent Care - Demaree	1,171	3,150	1,979	169.0%	2,002	1,148	57.3%
Urgent Care - Court	3,242	5,683	2,441	75.3%	3,157	2,526	80.0%
Infusion Center	348	433	85	24.4%	357	76	21.3%
Physical & Other Therapy Units	16,434	18,806	2,372	14.4%	19,258	(452)	(2.3%)
OB Deliveries	342	381	39	11.4%	391	(10)	(2.6%)
Radiology/CT/US/MRI Proc (I/P & O/P)	15,310	16,923	1,613	10.5%	15,836	1,087	6.9%
ED Total Registered	6,669	7,307	638	9.6%	7,091	216	3.0%
Cath Lab Minutes (IP & OP)	335	367	32	9.6%	391	(24)	(6.1%)
Endoscopy Procedures (I/P & O/P)	505	538	33	6.5%	471	67	14.2%
Hospice Days	4,250	4,308	58	1.4%	3,879	429	11.1%
O/P Rehab Units	19,751	19,497	(254)	(1.3%)	19,065	432	2.3%
GME Clinic visits	1,253	1,203	(50)	(4.0%)	1,378	(175)	(12.7%)
Dialysis Treatments	1,773	1,693	(80)	(4.5%)	1,801	(108)	(6.0%)
Surgery Minutes-General & Robotic (I/P & O/P)	1,138	1,069	(69)	(6.1%)	1,308	(239)	(18.3%)
Home Health Visits	3,100	2,865	(235)	(7.6%)	2,897	(32)	(1.1%)
Radiation Oncology Treatments (I/P & O/P)	2,283	2,010	(273)	(12.0%)	2,505	(495)	(19.8%)
KDMF RVU	33,603	29,264	(4,339)	(12.9%)	35,843	(6,579)	(18.4%)
RHC Registrations	10,956	9,110	(1,846)	(16.8%)	9,284	(174)	(1.9%)

Trended Financial Comparison (000's)

**Kaweah Delta Health Care District
Trended Income Statement (000's)**

	<i>Adjusted Patient Days</i>												
	24,934	24,893	24,587	24,749	24,958	25,750	24,148	23,570	25,807	25,268	25,026	25,797	26,085
	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21
Operating Revenue													
Net Patient Service Revenue	\$47,402	\$48,393	\$48,769	\$51,454	\$50,994	\$50,409	\$49,949	\$44,505	\$56,144	\$52,593	\$50,531	\$43,233	\$51,502
Supplemental Gov't Programs	3,979	3,979	3,979	3,980	3,979	3,979	4,822	5,279	5,279	4,990	4,990	6,845	4,286
Prime Program	429	429	429	429	429	429	713	358	715	4,872	715	721	667
Premium Revenue	4,239	4,561	4,351	4,408	4,271	4,318	4,690	5,027	4,894	4,710	5,036	6,584	4,902
Management Services Revenue	2,834	2,684	3,072	2,396	2,569	2,583	2,867	2,430	3,303	3,301	2,877	3,251	3,172
Other Revenue	2,127	1,686	1,716	1,871	1,471	2,008	1,022	1,425	2,915	1,810	2,074	2,188	2,009
Other Operating Revenue	13,608	13,339	13,548	13,083	12,719	13,317	14,115	14,519	17,106	19,684	15,692	19,589	15,036
Total Operating Revenue	61,009	61,732	62,317	64,537	63,713	63,726	64,064	59,024	73,250	72,277	66,223	62,822	66,537
Operating Expenses													
Salaries & Wages	26,540	26,671	26,449	27,583	25,984	28,026	28,111	25,134	28,879	26,741	27,786	26,249	27,474
Contract Labor	576	372	336	488	242	303	226	1,404	887	1,694	1,169	2,080	1,116
Employee Benefits	5,098	5,160	6,053	5,314	4,998	5,969	5,671	5,027	5,739	8,650	5,087	(7,812)	4,087
Total Employment Expenses	32,213	32,203	32,837	33,385	31,225	34,298	34,008	31,565	35,505	37,084	34,042	20,517	32,678
Medical & Other Supplies	10,036	10,720	11,619	10,713	10,999	11,492	12,014	9,685	10,923	11,011	10,170	11,772	9,596
Physician Fees	7,807	8,699	6,871	7,746	8,079	8,024	8,421	8,484	8,278	8,320	7,754	8,207	7,922
Purchased Services	1,239	1,518	988	1,685	1,592	1,628	1,935	1,507	1,538	1,520	1,383	2,697	1,100
Repairs & Maintenance	2,283	2,022	1,965	2,166	2,091	2,146	2,192	2,115	2,019	2,544	2,282	2,319	2,074
Utilities	506	606	646	644	491	439	537	467	523	630	729	1,175	688
Rents & Leases	503	516	517	529	543	504	546	519	487	535	489	504	475
Depreciation & Amortization	2,561	2,582	2,518	2,509	2,473	2,458	2,451	2,423	2,412	2,413	2,923	3,924	2,635
Interest Expense	555	555	557	556	555	555	555	555	555	555	555	666	555
Other Expense	1,478	1,347	1,266	1,747	1,863	1,610	1,808	1,280	2,762	1,840	1,537	2,053	1,450
Humana Cap Plan Expenses	1,562	3,040	3,137	2,750	2,677	2,935	2,217	2,707	3,164	3,771	3,780	3,018	3,472
Management Services Expense	2,815	2,559	3,050	2,447	2,553	2,876	2,860	2,256	3,531	3,088	2,892	3,521	2,768
Total Other Expenses	31,346	34,163	33,133	33,491	33,915	34,668	35,536	31,998	36,191	36,227	34,493	39,856	32,735
Total Operating Expenses	63,559	66,366	65,971	66,876	65,140	68,965	69,544	63,562	71,696	73,310	68,535	60,373	65,413
Operating Margin	(\$2,550)	(\$4,634)	(\$3,654)	(\$2,339)	(\$1,427)	(\$5,240)	(\$5,480)	(\$4,538)	\$1,554	(\$1,033)	(\$2,312)	\$2,449	\$1,124
Stimulus Funds	\$3,633	\$3,745	\$3,633	\$4,538	\$1,724	\$0	\$5,758	\$3,460	\$3,449	\$920	\$1,076	\$525	\$0
Operating Margin after Stimulus	\$1,083	(\$889)	(\$21)	\$2,199	\$297	(\$5,240)	\$278	(\$1,078)	\$5,003	(\$113)	(\$1,236)	\$2,974	\$1,124
Nonoperating Revenue (Loss)	909	699	(495)	638	1,083	1,963	605	513	(1,182)	1,725	753	248	582
Excess Margin	\$1,993	(\$191)	(\$515)	\$2,837	\$1,380	(\$3,276)	\$883	(\$565)	\$3,821	\$1,612	(\$483)	\$3,222	\$1,706

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

	Initial and Actual Results FY21 Jul-June		Variance FY21	
	Initial FY21	Actual FY21	Change	% Change
Operating Revenue				
Net Patient Service Revenue	\$598,105	\$594,375	(\$3,730)	(0.6%)
Other Operating Revenue	175,821	180,319	4,498	2.6%
Total Operating Revenue	773,926	774,694	768	0.1%
Operating Expenses				
Employment Expense	389,004	388,882	(122)	(0.03%)
Other Operating Expense	411,036	415,016	3,980	1.0%
Total Operating Expenses	800,040	803,898	3,858	0.5%
Operating Margin	(\$26,114)	(\$29,204)	(\$3,090)	
Stimulus Funds	32,461	32,461	0	
Operating Margin after Stimulus	\$6,347	\$3,257	(\$3,090)	
Nonoperating Revenue (Loss)	7,256	7,460	204	
Excess Margin	\$13,603	\$10,717	(\$2,886)	
Operating Margin %	(3.4%)	(3.8%)		
OM after Stimulus%	0.8%	0.4%		
Excess Margin %	1.7%	1.3%		
Operating Cash Flow Margin %	1.4%	1.2%		

July Financial Comparison (000's)

	Actual Results		Budget	Budget Variance	
	July 2020	July 2021	July 2021	Change	% Change
Operating Revenue					
Net Patient Service Revenue	\$47,402	\$51,502	\$53,173	(\$1,671)	(3.1%)
Other Operating Revenue	13,608	15,035	15,981	(947)	(5.9%)
Total Operating Revenue	61,009	66,537	69,154	(2,618)	(3.8%)
Operating Expenses					
Employment Expense	32,213	32,678	32,811	(133)	(0.4%)
Other Operating Expense	31,346	32,735	34,973	(2,238)	(6.4%)
Total Operating Expenses	63,559	65,413	67,784	(2,371)	(3.5%)
Operating Margin	(\$2,550)	\$1,124	\$1,370	(\$247)	(18.0%)
Stimulus Funds	3,633				
Operating Margin after Stimulus	\$1,083	\$1,124	\$1,370	(\$247)	(18.0%)
Non Operating Revenue (Loss)	909	582	542	40	7.4%
Excess Margin	\$1,993	\$1,706	\$1,912	(\$207)	(10.8%)

Operating Margin %	(4.2%)	1.7%	2.0%
OM after Stimulus%	1.8%	1.7%	2.0%
Excess Margin %	3.0%	2.5%	2.7%
Operating Cash Flow Margin %	0.9%	6.5%	6.4%

July Financial Comparison (000's)

	Actual Results			Budget	Budget Variance	
	Jul 2020	Jul 2021	% Change	Jul 2021	Change	% Change
Operating Revenue						
Net Patient Service Revenue	\$47,402	\$51,502	8.7%	\$53,173	(\$1,671)	(3.1%)
Supplemental Gov't Programs	7,612	4,286	(43.7%)	4,426	(139)	(3.1%)
Prime Program	429	667	55.4%	679	(13)	(1.9%)
Premium Revenue	4,239	4,902	15.6%	5,607	(705)	(12.6%)
Management Services Revenue	2,834	3,172	11.9%	3,082	89	2.9%
Other Revenue	(1,506)	2,009	(233%)	2,187	(179)	(8.2%)
Other Operating Revenue	13,608	15,035	10.5%	15,981	(947)	(5.9%)
Total Operating Revenue	61,009	66,537	9.1%	69,154	(2,618)	(3.8%)
Operating Expenses						
Salaries & Wages	26,540	27,474	3.5%	27,715	(241)	(0.9%)
Contract Labor	576	1,116	93.7%	516	601	116.5%
Employee Benefits	5,098	4,087	(19.8%)	4,580	(492)	(10.8%)
Total Employment Expenses	32,213	32,678	1.4%	32,811	(133)	(0.4%)
Medical & Other Supplies	10,036	9,596	(4.4%)	10,710	(1,113)	(10.4%)
Physician Fees	7,807	7,922	1.5%	8,307	(385)	(4.6%)
Purchased Services	1,239	1,100	(11.2%)	1,348	(247)	(18.3%)
Repairs & Maintenance	2,283	2,074	(9.2%)	2,398	(325)	(13.5%)
Utilities	506	688	36.1%	606	82	13.6%
Rents & Leases	503	475	(5.7%)	510	(35)	(6.9%)
Depreciation & Amortization	2,561	2,635	2.9%	2,431	204	8.4%
Interest Expense	555	555	(0.0%)	614	(60)	(9.7%)
Other Expense	1,478	1,450	(1.9%)	1,922	(472)	(24.5%)
Humana Cap Plan Expenses	1,562	3,472	122.3%	3,079	393	12.8%
Management Services Expense	2,815	2,768	(1.7%)	3,049	(281)	(9.2%)
Total Other Expenses	31,346	32,735	4.4%	34,973	(2,238)	(6.4%)
Total Operating Expenses	63,559	65,413	2.9%	67,784	(2,371)	(3.5%)
Operating Margin	(\$2,550)	\$1,124	144.1%	\$1,370	(\$247)	(18.0%)
Stimulus Funds	3,633					
Operating Margin after Stimulus	\$1,083	\$1,124	3.7%	\$1,370	(\$247)	(18.0%)
Nonoperating Revenue (Loss)	909	582	(36.0%)	542	40	7.4%
Excess Margin	\$1,993	\$1,706	(14.4%)	\$1,912	(\$207)	(10.8%)

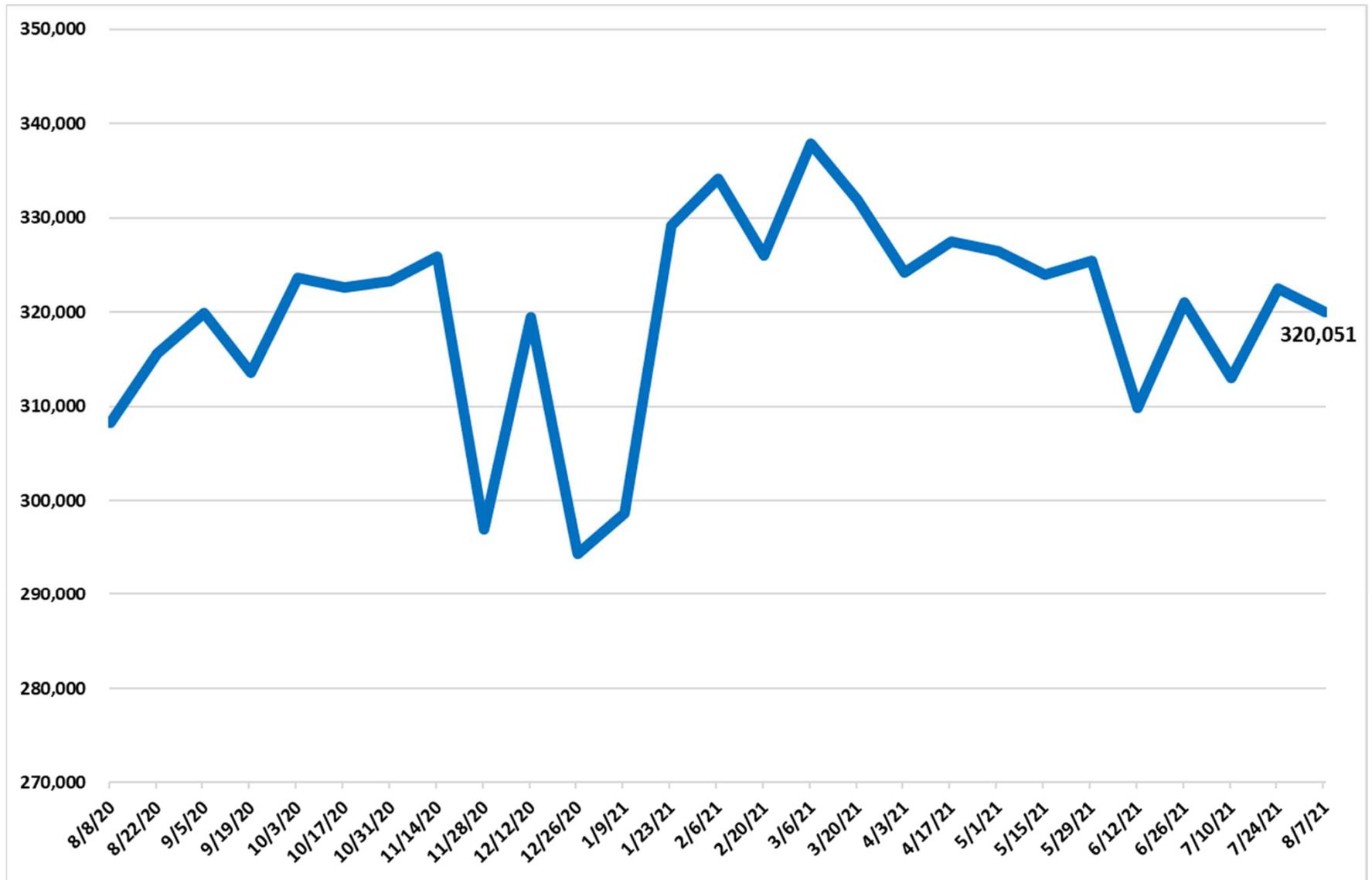
Operating Margin %	(4.2%)	1.7%		2.0%
OM after Stimulus%	1.8%	1.7%		2.0%
Excess Margin %	3.0%	2.5%		2.7%
Operating Cash Flow Margin %	0.9%	6.5%		6.4%

Kaweah Health Medical Group

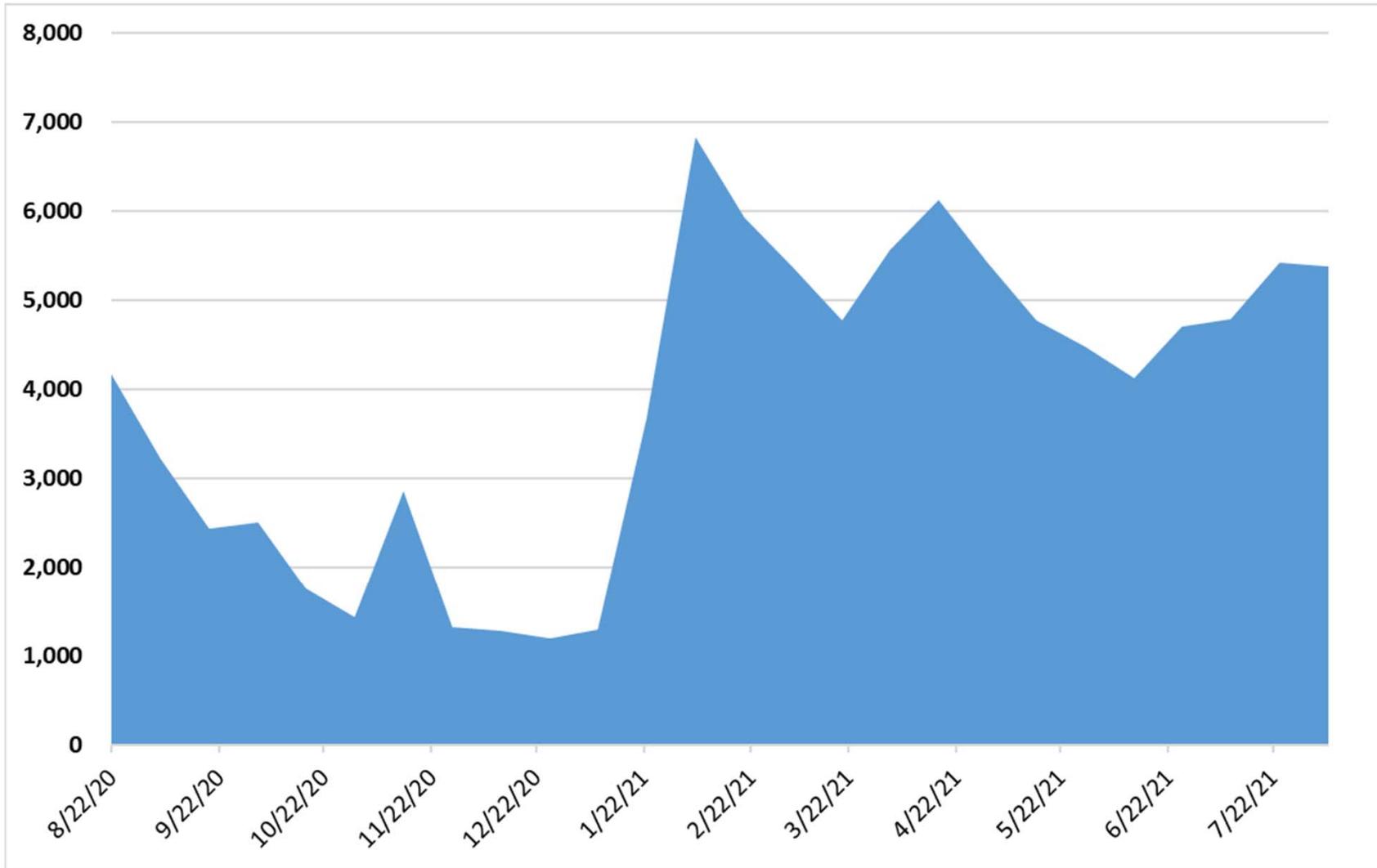
Fiscal Year Financial Comparison (000's)

	Actual Results FYTD July - June			Budget FYTD	Budget Variance	FYTD
	Jul 2020	Jul 2021	% Change	Jul 2021	Change	% Change
Operating Revenue						
Net Patient Service Revenue	\$3,883	\$3,269	(15.8%)	\$4,175	(\$906)	(21.7%)
Other Operating Revenue	44	61	38.1%	71	(11)	(15.2%)
Total Operating Revenue	3,926	3,329	(15.2%)	4,246	(917)	(21.6%)
Operating Expenses						
Salaries & Wages	935	955	2.1%	1,036	(81)	(7.8%)
Contract Labor	0	0	0.0%	0	0	0.0%
Employee Benefits	169	172	2.0%	169	3	2.0%
Total Employment Expenses	1,104	1,127	2.1%	1,205	(78)	(6.5%)
Medical & Other Supplies	459	454	(1.0%)	581	(127)	(21.8%)
Physician Fees	2,299	2,155	(6.3%)	2,525	(369)	(14.6%)
Purchased Services	44	74	69.6%	72	2	3.1%
Repairs & Maintenance	199	187	(5.9%)	228	(41)	(17.9%)
Utilities	35	34	(2.2%)	41	(7)	(16.5%)
Rents & Leases	228	206	(10.0%)	216	(11)	(5.0%)
Depreciation & Amortization	88	67	(23.6%)	92	(24)	(26.6%)
Interest Expense	0	0	(59.2%)	0	0	88.1%
Other Expense	78	97	23.6%	143	(47)	(32.5%)
Total Other Expenses	3,431	3,275	(4.5%)	3,898	(623)	(16.0%)
Total Operating Expenses	4,535	4,402	(2.9%)	5,103	(701)	(13.7%)
Stimulus Funds	0	0	0.0%	0	0	0.0%
Excess Margin	(\$608)	(\$1,073)	(76.4%)	(\$857)	(\$215)	(25.1%)
Excess Margin %	(15.5%)	(32.2%)		(20.2%)		

Productive Hours

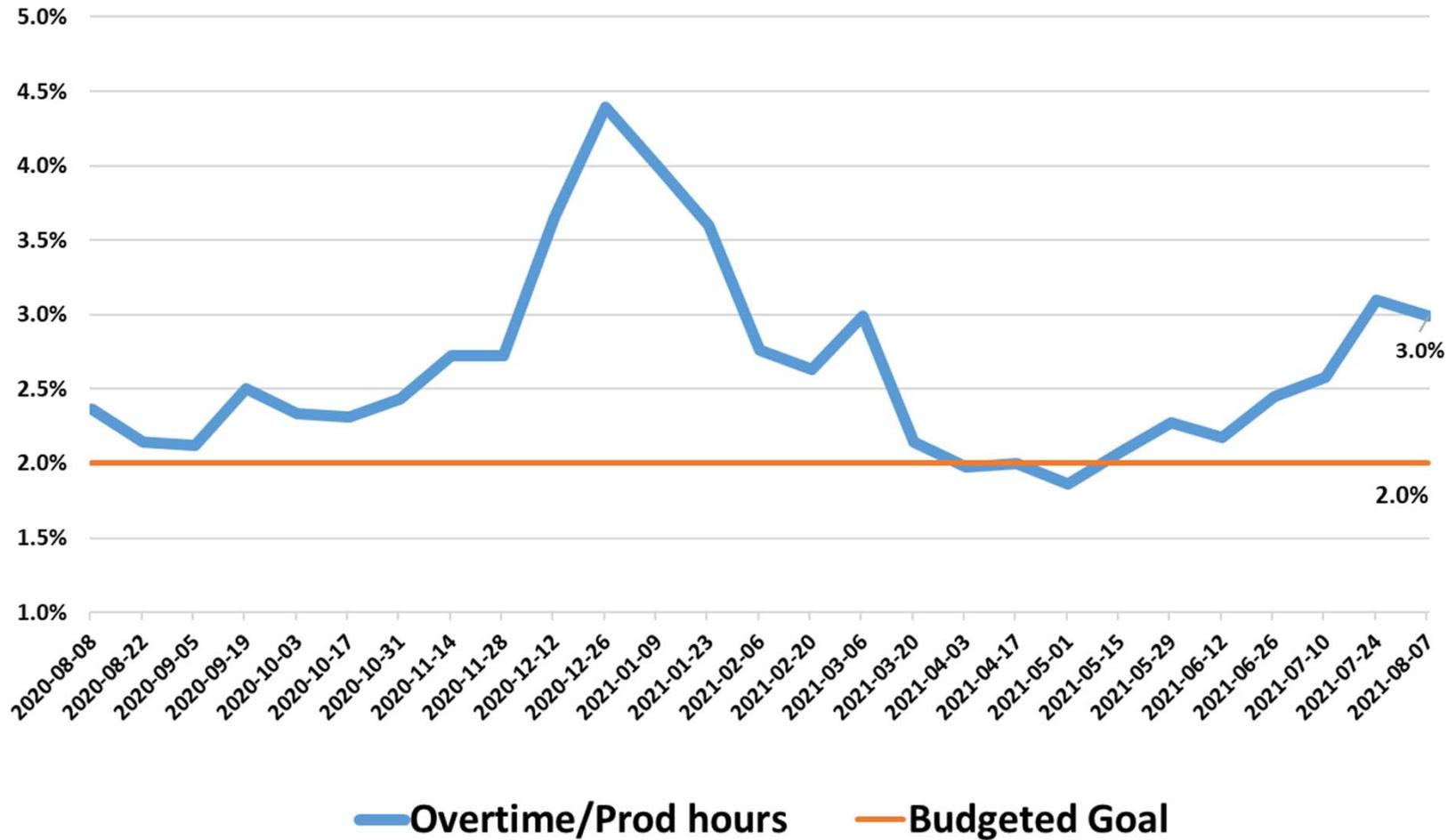


Contract Labor Hours

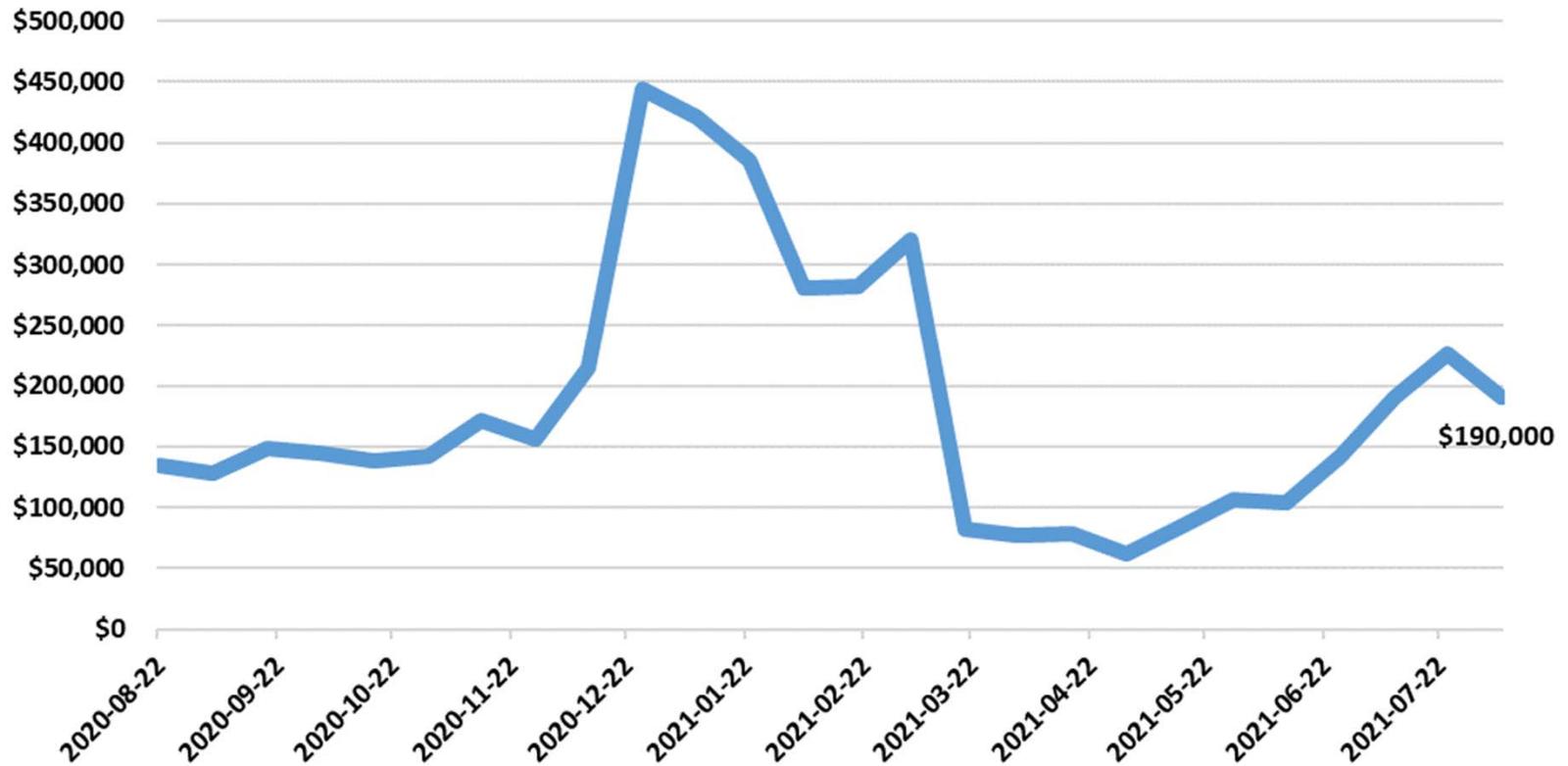


Overtime

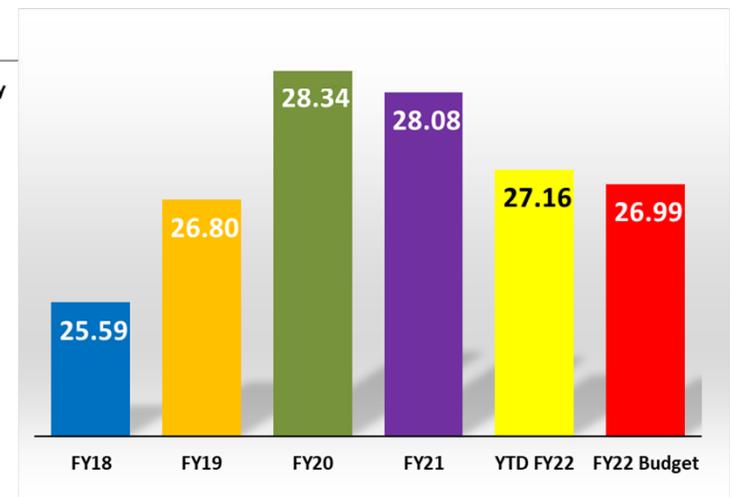
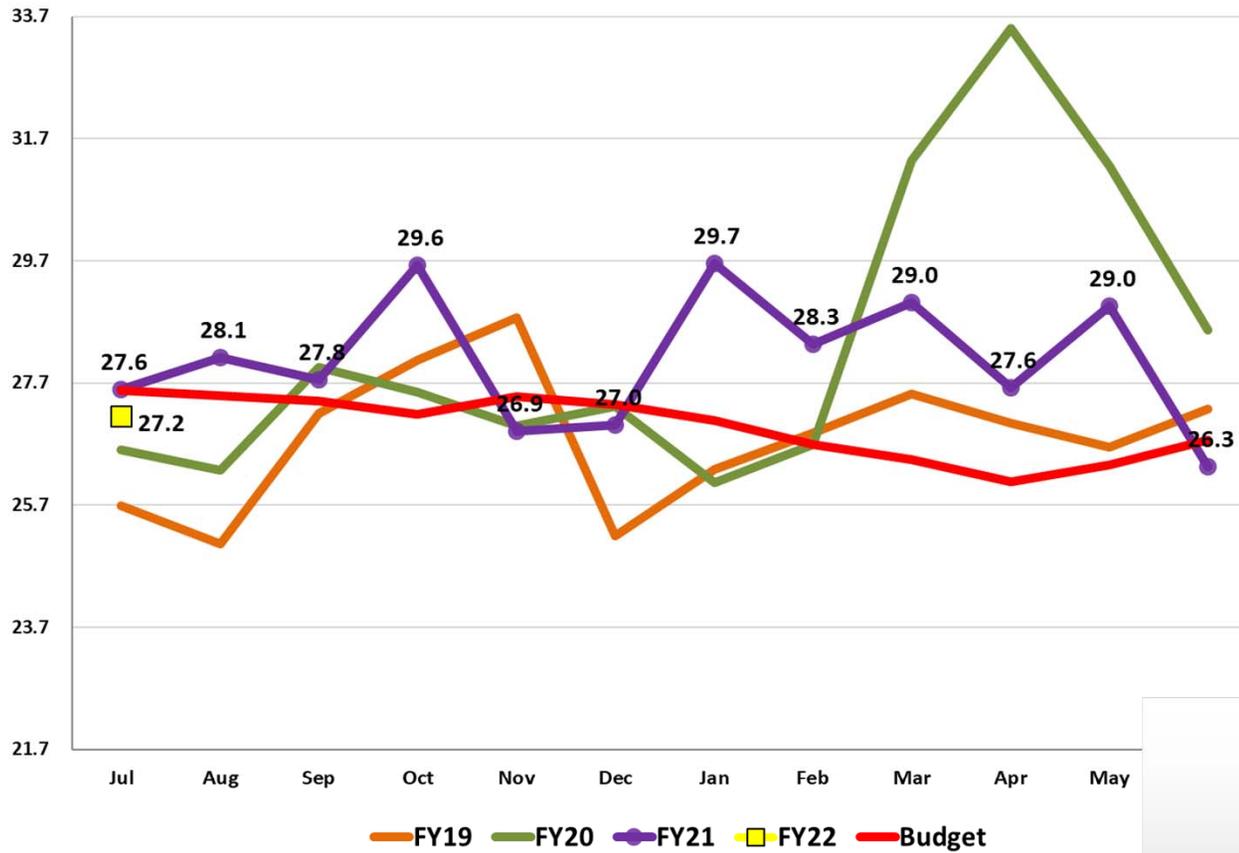
Overtime as a % of Productive Hours



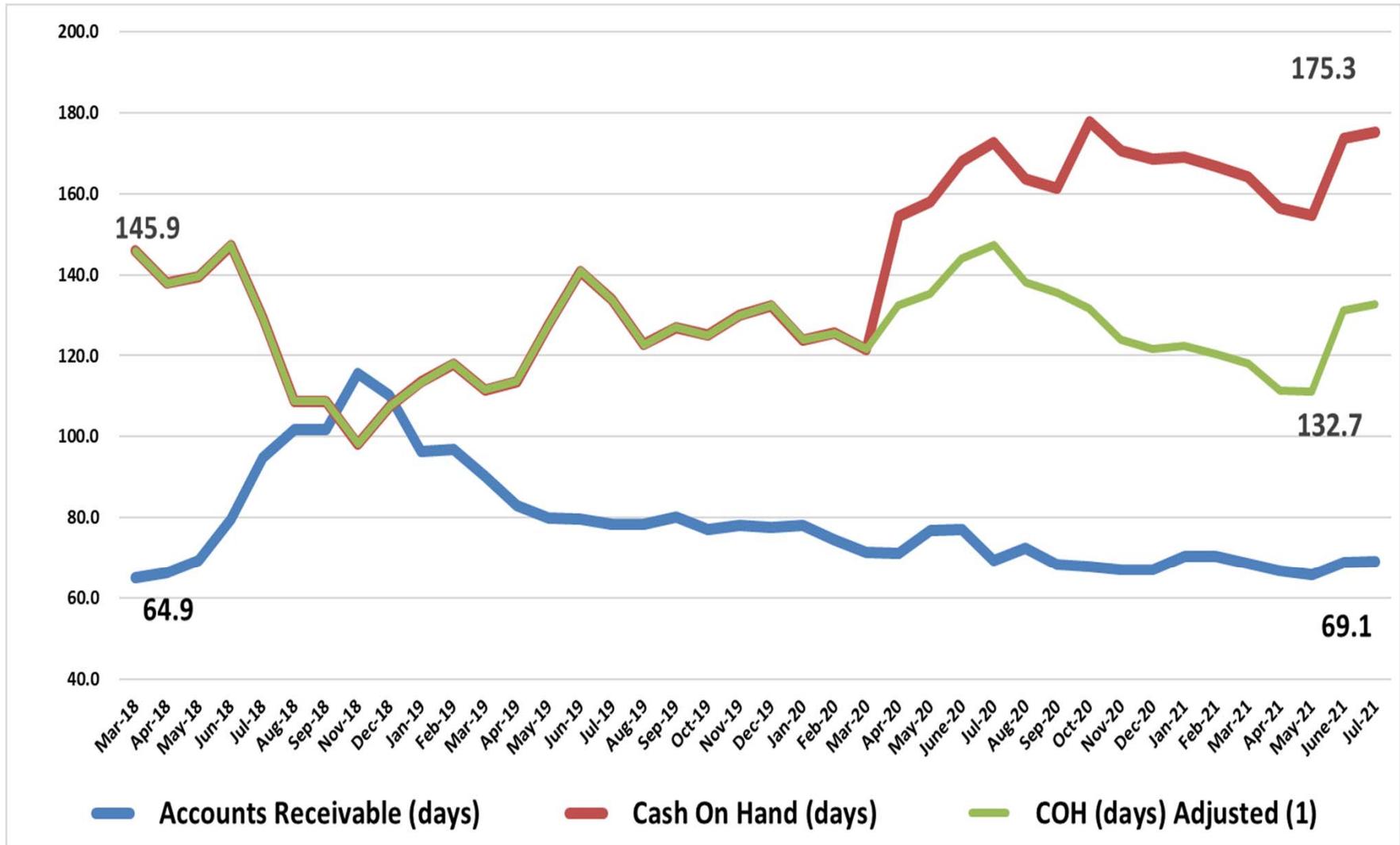
Shift Bonus Per Pay Period



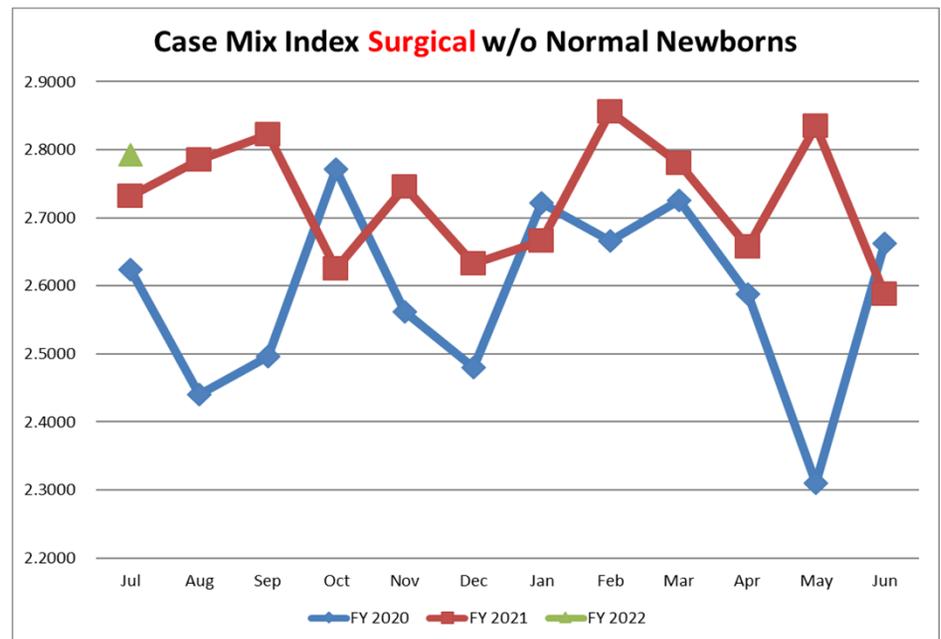
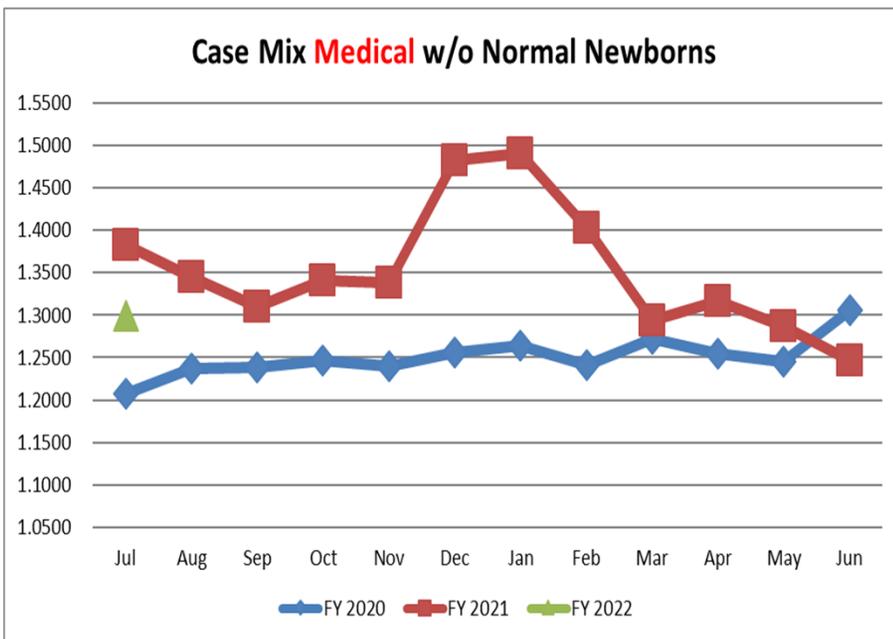
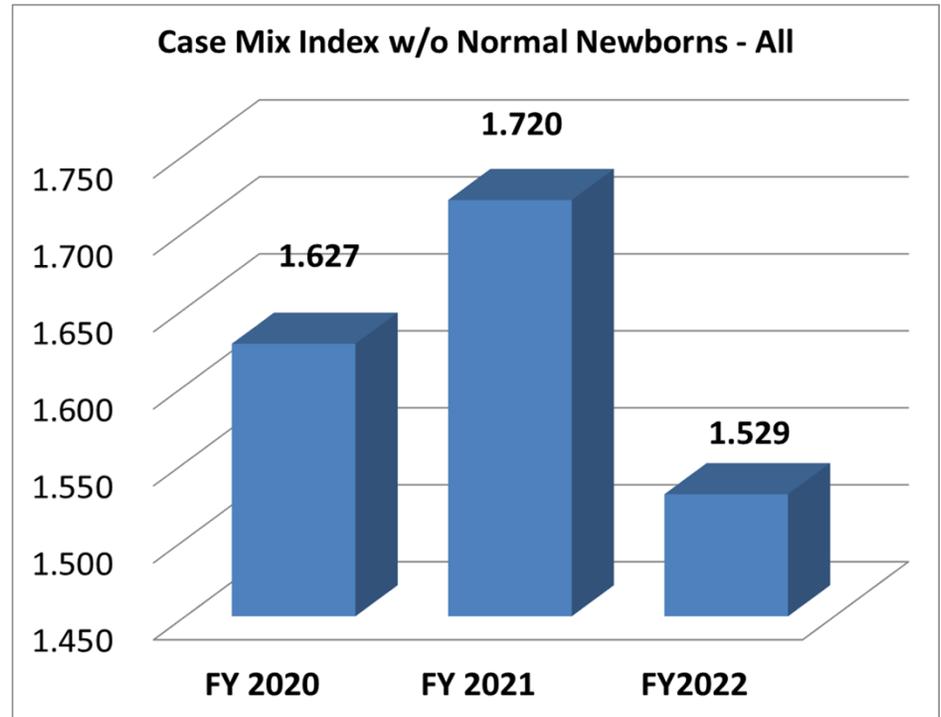
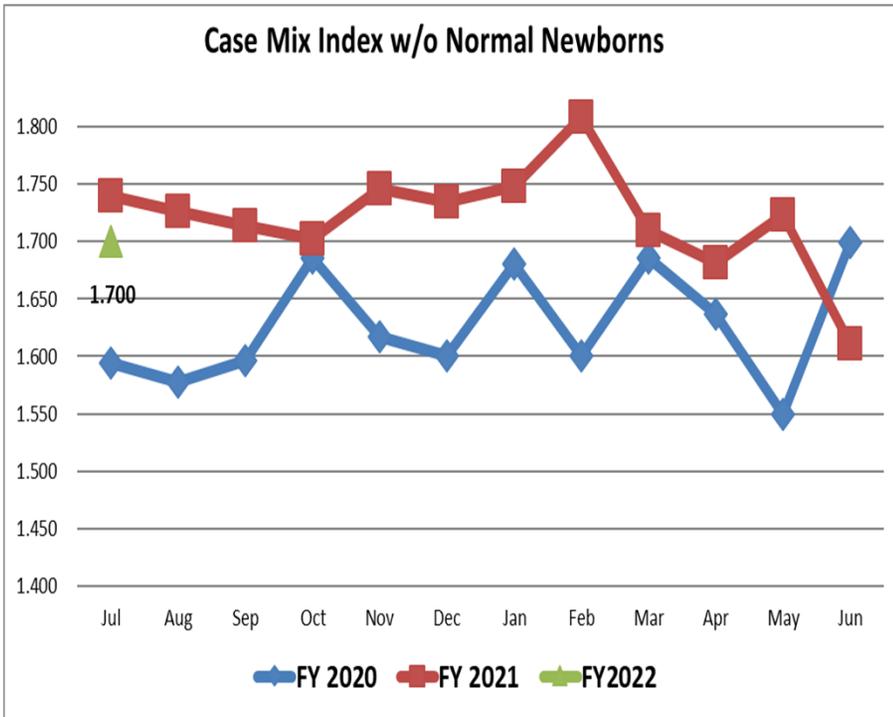
Productivity: Worked Hours/Adjusted Patient Days



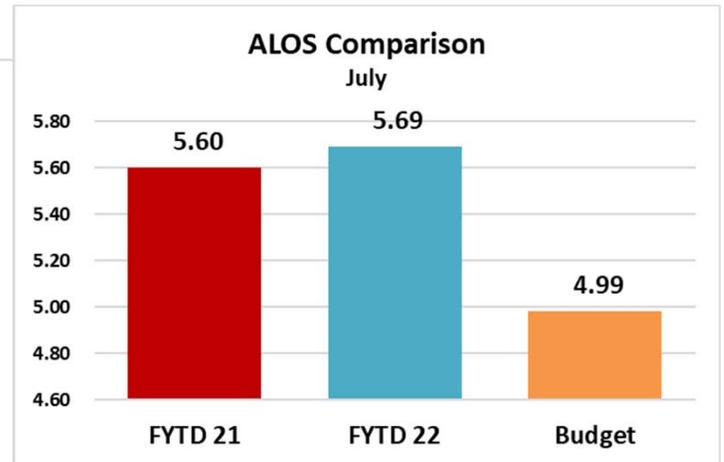
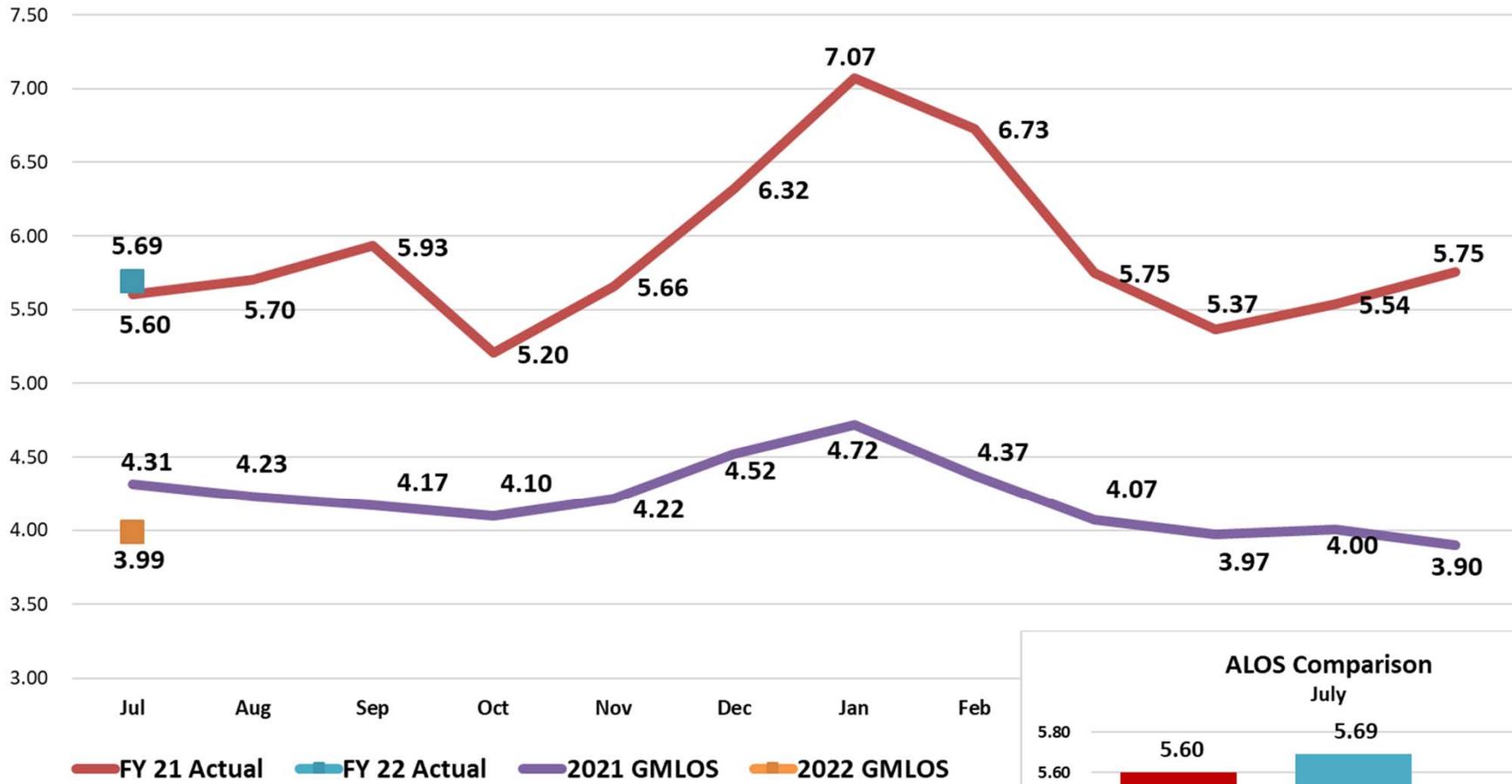
Trended Liquidity Ratios



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

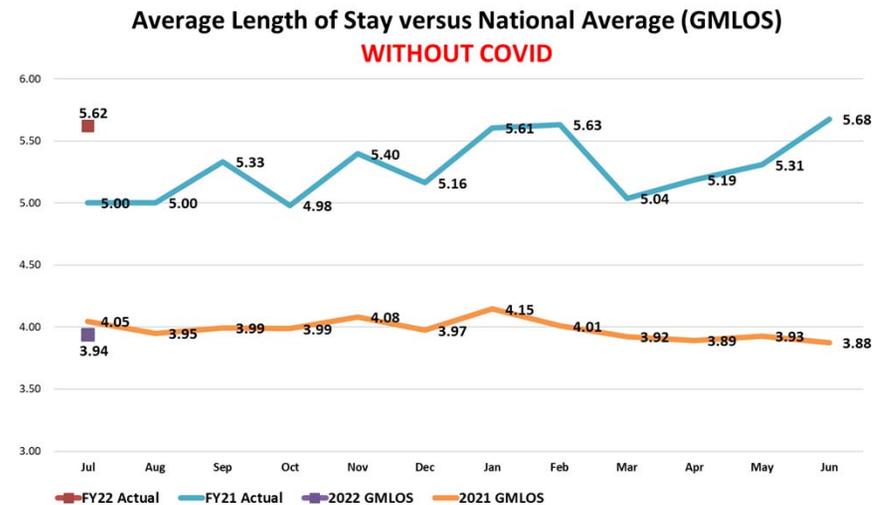
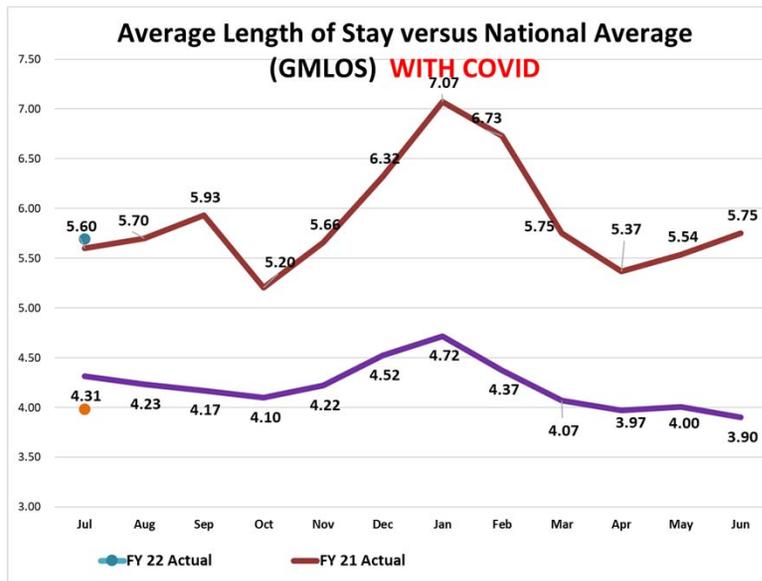


Average Length of Stay versus National Average (GMLOS)



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	4.06	0.68	0.40	37%
Jun-20	5.60	4.11	1.49	4.98	3.95	1.03	0.46	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	4.10	1.11	4.98	3.99	0.99	0.12	10%
Nov-20	5.66	4.22	1.44	5.40	4.08	1.31	0.13	9%
Dec-20	6.32	4.52	1.80	5.16	3.97	1.19	0.61	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	1.40	5.19	3.89	1.30	0.10	7%
May-21	5.51	4.00	1.51	5.31	3.93	1.38	0.13	9%
Jun-21	5.75	3.90	1.85	5.68	3.88	1.80	0.05	3%
Jul-21	5.69	3.99	1.70	5.62	3.94	1.68	0.02	1%
Average	5.74	4.18	1.56	5.24	4.00	1.24	0.32	20%



Opportunity Cost of Reducing LOS to National Average - \$62.7M FY21



KAWEAH DELTA HEALTH CARE DISTRICT

CONSOLIDATED INCOME STATEMENT (000's)

FISCAL YEAR 2021 & 2022

Fiscal Year	Operating Revenue			Operating Expenses				Operating Expenses Total	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						
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%)	4.1%
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%)	2.1%
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%)	(5.0%)
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%)	1.3%
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%)	(0.9%)
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%	5.1%
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	43,233	19,589	62,822	20,517	8,207	11,772	19,877	60,373	2,449	773	3,222	3.9%	5.1%
2021 FY Total	\$ 594,375	\$ 180,319	\$ 774,694	\$ 388,882	\$ 96,690	\$ 131,154	\$ 187,172	\$ 803,898	\$ (29,204)	\$ 39,921	\$ 10,717	(3.8%)	1.3%
2022													
Jul-21	51,502	15,035	66,537	32,678	7,922	9,596	15,217	65,413	1,124	582	1,706	1.7%	2.5%
2022 FY Total	\$ 51,502	\$ 15,035	\$ 66,537	\$ 32,678	\$ 7,922	\$ 9,596	\$ 15,217	\$ 65,413	\$ 1,124	\$ 582	\$ 1,706	1.7%	2.5%
FYTD Budget	53,173	15,981	69,154	32,811	8,307	10,710	15,957	67,784	1,370	542	1,912	2.0%	2.7%
Variance	\$ (1,671)	\$ (947)	\$ (2,618)	\$ (133)	\$ (385)	\$ (1,113)	\$ (740)	\$ (2,371)	\$ (247)	\$ 40	\$ (207)		
Current Month Analysis													
Jul-21	\$ 51,502	\$ 15,035	\$ 66,537	\$ 32,678	\$ 7,922	\$ 9,596	\$ 15,217	\$ 65,413	\$ 1,124	\$ 582	\$ 1,706	1.7%	2.5%
Budget	53,173	15,981	69,154	32,811	8,307	10,710	15,957	67,784	1,370	542	1,912	2.0%	2.7%
Variance	\$ (1,671)	\$ (947)	\$ (2,618)	\$ (133)	\$ (385)	\$ (1,113)	\$ (740)	\$ (2,371)	\$ (247)	\$ 40	\$ (207)		

KAWEAH DELTA HEALTH CARE DISTRICT

FISCAL YEAR 2021 & 2022

Fiscal Year	Patient Days	ADC	Adjusted Patient Days	I/P Revenue %	DFR & Bad Debt %	Net Patient	Personnel	Physician	Supply	Total	Personnel	Physician	Supply	Total
						Revenue/ Ajusted Patient Day	Expense/ Ajusted Patient Day	Fees/ Ajusted Patient Day	Expense/ Ajusted Patient Day	Operating Expense/ Ajusted Patient Day	Expense/ Net Patient Revenue	Fees/ Net Patient Revenue	Expense/ Net Patient Revenue	Operating Expense/ Net Patient Revenue
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%	80.5%	1,676	795	318	456	2,340	47.5%	19.0%	27.2%	139.6%
2021 FY Total	156,674	429	299,648	52.3%	76.0%	1,984	1,298	323	438	2,683	65.4%	16.3%	22.1%	135.3%
2022														
Jul-21	13,388	432	26,085	51.3%	76.2%	1,974	1,253	304	368	2,508	63.4%	15.4%	18.6%	127.0%
2022 FY Total	13,388	432	26,085	51.3%	76.2%	1,974	1,253	304	368	2,508	63.4%	15.4%	18.6%	127.0%
FYTD Budget	13,590	438	26,934	50.5%	75.3%	1,974	1,218	308	398	2,599	61.7%	15.6%	20.1%	127.5%
Variance	(202)	(7)	(849)	0.9%	0.9%	0	35	(5)	(30)	(91)	1.7%	(0.2%)	(1.5%)	(0.5%)
Current Month Analysis														
Jul-21	13,388	432	26,085	51.3%	76.2%	1,974	1,253	304	368	2,508	63.4%	15.4%	18.6%	127.0%
Budget	13,590	438	26,934	50.5%	75.3%	1,974	1,218	308	398	2,599	61.7%	15.6%	20.1%	127.5%
Variance	(202)	(7)	(849)	0.9%	0.9%	0	35	(5)	(30)	(91)	1.7%	(0.2%)	(1.5%)	(0.5%)

KAWEAH DELTA HEALTH CARE DISTRICT

RATIO ANALYSIS REPORT

JULY 31, 2021

	Current Month Value	Prior Month Value	June 30, 2021 Unaudited Value	2019 Moody's Median Benchmark		
				Aa	A	Baa
LIQUIDITY RATIOS						
Current Ratio (x)	1.2	1.2	1.2	1.5	1.8	1.9
Accounts Receivable (days)	69.1	66.7	66.7	48.2	46.2	46.6
Cash On Hand (days)	175.3	173.6	173.6	276.1	215.1	162.5
Cushion Ratio (x)	22.2	22.9	22.9	37.8	23.5	14.6
Average Payment Period (days)	89.6	93.1	93.1	74.6	60.5	61.1
CAPITAL STRUCTURE RATIOS						
Cash-to-Debt	158.8%	164.4%	164.4%	244.9%	176.8%	121.2%
Debt-To-Capitalization	31.3%	31.3%	31.3%	24.4%	30.9%	38.4%
Debt-to-Cash Flow (x)	4.0	4.7	4.7	2.1	2.7	4.0
Debt Service Coverage	3.3	2.8	2.8	8.2	5.5	3.4
Maximum Annual Debt Service Coverage (x)	3.3	2.8	2.8	7.1	4.7	3.1
Age Of Plant (years)	13.9	13.5	13.5	10.6	12.0	12.2
PROFITABILITY RATIOS						
Operating Margin	1.7%	(3.8%)	(3.8%)	4.4%	2.7%	0.5%
Excess Margin	2.5%	1.3%	1.3%	7.6%	5.2%	2.6%
Operating Cash Flow Margin	6.5%	1.2%	1.2%	10.0%	8.7%	6.3%
Return on Assets	2.1%	1.1%	1.1%	5.3%	4.4%	2.6%

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

	Jul-21	Jun-21	Change	% Change	Jun-21 (Unaudited)
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 20,002	\$ 30,081	\$ (10,079)	(33.5%)	\$ 30,081
Current Portion of Board designated and trusted assets	13,394	13,695	(301)	(2.2%)	13,695
Accounts receivable:					
Net patient accounts	120,495	119,553	942	0.8%	119,553
Other receivables	10,022	14,616	(4,594)	(31.4%)	14,616
	130,517	134,169	(3,653)	(2.7%)	134,169
Inventories	11,620	11,095	525	4.7%	11,095
Medicare and Medi-Cal settlements	35,941	37,339	(1,398)	(3.7%)	37,339
Prepaid expenses	13,036	12,210	826	6.8%	12,210
Total current assets	224,510	238,589	(14,079)	(5.9%)	238,589
NON-CURRENT CASH AND INVESTMENTS -					
less current portion					
Board designated cash and assets	347,800	349,986	(2,186)	(0.6%)	349,986
Revenue bond assets held in trust	22,275	22,271	4	0.0%	22,271
Assets in self-insurance trust fund	2,077	2,073	4	0.2%	2,073
Total non-current cash and investments	372,153	374,331	(2,178)	(0.6%)	374,331
CAPITAL ASSETS					
Land	17,542	17,542	-	0.0%	17,542
Buildings and improvements	384,399	384,399	-	0.0%	384,399
Equipment	316,636	316,636	-	0.0%	316,636
Construction in progress	54,593	53,113	1,480	2.8%	53,113
	773,170	771,690	1,480	0.2%	771,690
Less accumulated depreciation	429,208	426,652	2,556	0.6%	426,652
	343,963	345,038	(1,076)	(0.3%)	345,038
Property under capital leases -					
less accumulated amortization	(342)	(279)	(63)	22.5%	(279)
Total capital assets	343,621	344,759	(1,138)	(0.3%)	344,759
OTHER ASSETS					
Property not used in operations	1,631	1,635	(4)	(0.3%)	1,635
Health-related investments	5,137	5,066	70	1.4%	5,066
Other	11,858	11,569	289	2.5%	11,569
Total other assets	18,625	18,270	355	1.9%	18,270
Total assets	958,909	975,949	(17,040)	(1.7%)	975,949
DEFERRED OUTFLOWS					
	8,865	8,900	(35)	(0.4%)	8,900
Total assets and deferred outflows	\$ 967,774	\$ 984,849	\$ (17,075)	-1.73%	\$ 984,849

KAWEAH DELTA HEALTH CARE DISTRICT

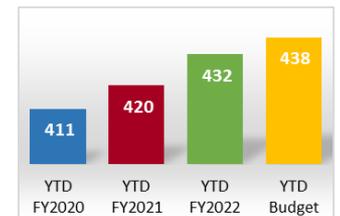
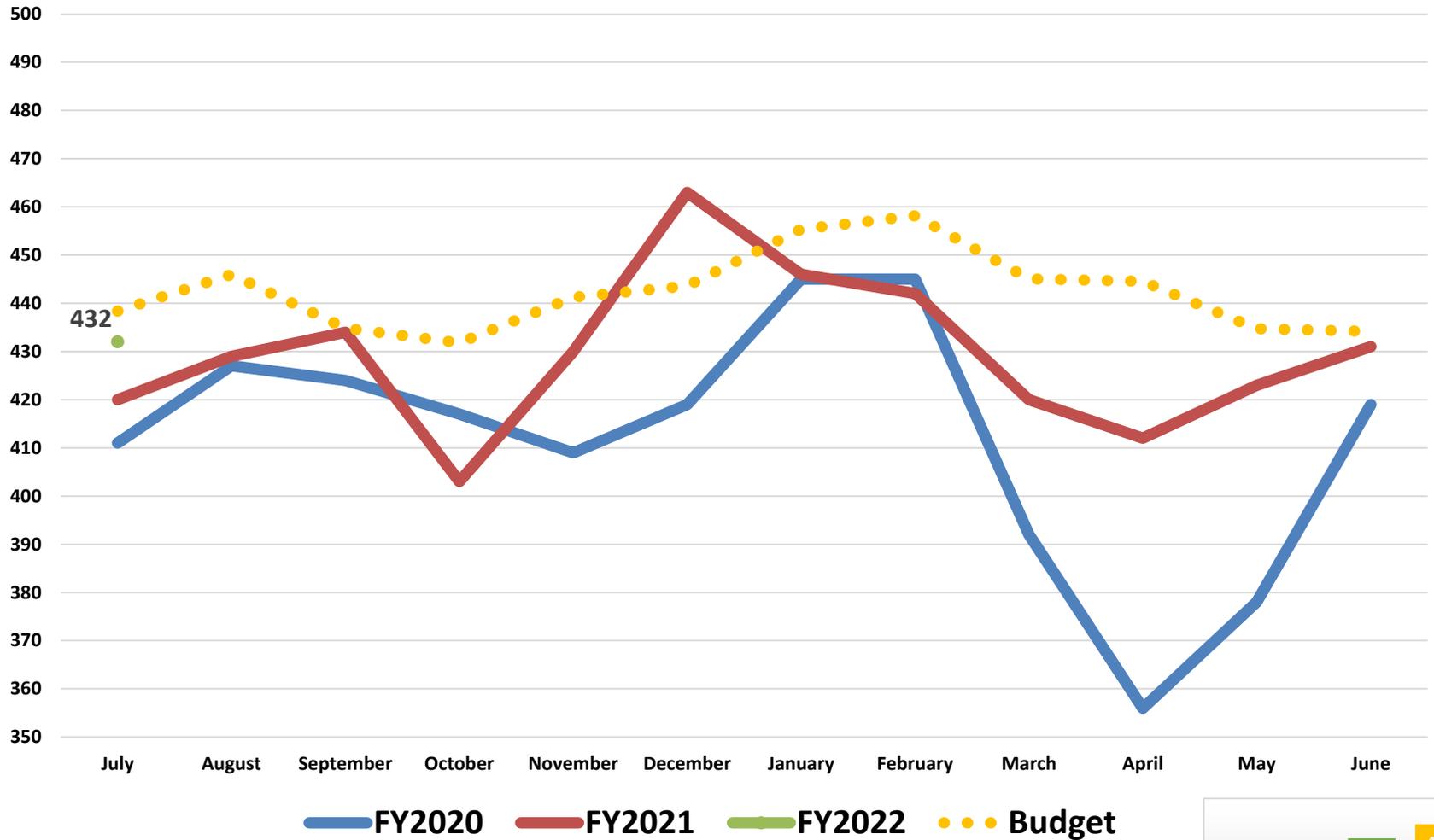
CONSOLIDATED STATEMENTS OF NET POSITION (000's)

	Jul-21	Jun-21	Change	% Change	Jun-21
					(Unaudited)
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	104,532	114,405	(9,873)	(8.6%)	114,405
Accrued payroll and related liabilities	65,746	71,537	(5,791)	(8.1%)	71,537
Long-term debt, current portion	11,257	11,128	128	1.2%	11,128
Total current liabilities	181,535	197,070	(15,535)	(7.9%)	197,070
LONG-TERM DEBT, less current portion					
Bonds payable	248,705	250,675	(1,970)	(0.8%)	250,675
Capital leases	123	123	-	0.0%	123
Total long-term debt	248,827	250,797	(1,970)	(0.8%)	250,797
NET PENSION LIABILITY	19,377	21,418	(2,041)	(9.5%)	21,418
OTHER LONG-TERM LIABILITIES	31,578	30,894	684	2.2%	30,894
Total liabilities	481,317	500,179	(18,862)		500,179
NET ASSETS					
Invested in capital assets, net of related debt	108,627	107,949	677	0.6%	107,949
Restricted	31,490	31,885	(396)	(1.2%)	31,885
Unrestricted	346,341	344,836	1,505	0.4%	344,836
Total net position	486,457	484,670	1,787	0.4%	484,670
Total liabilities and net position	\$ 967,774	\$ 984,849	\$ (17,075)	-1.73%	\$ 984,849

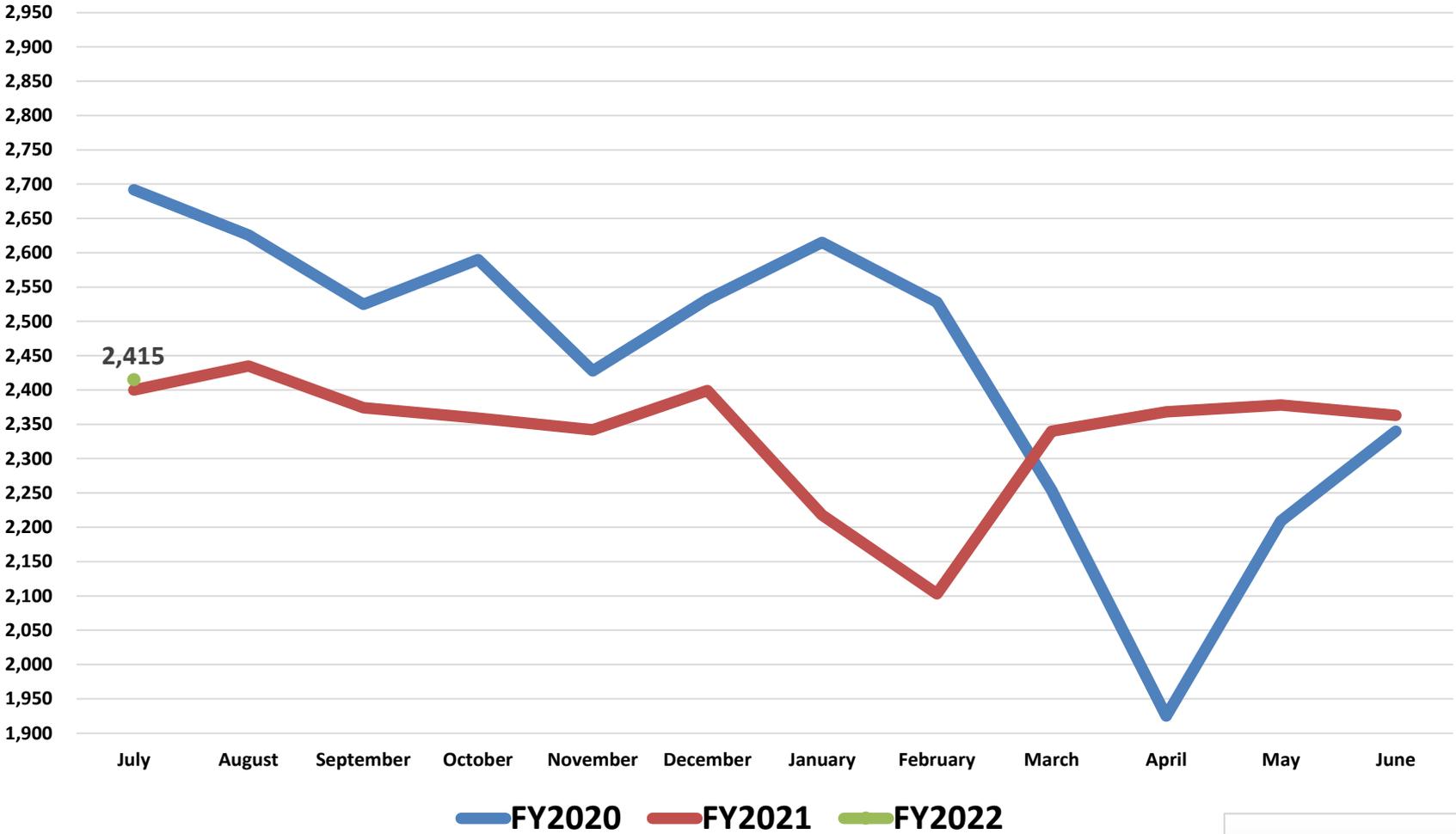
Statistical Report

August 2021

Average Daily Census

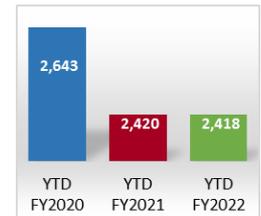
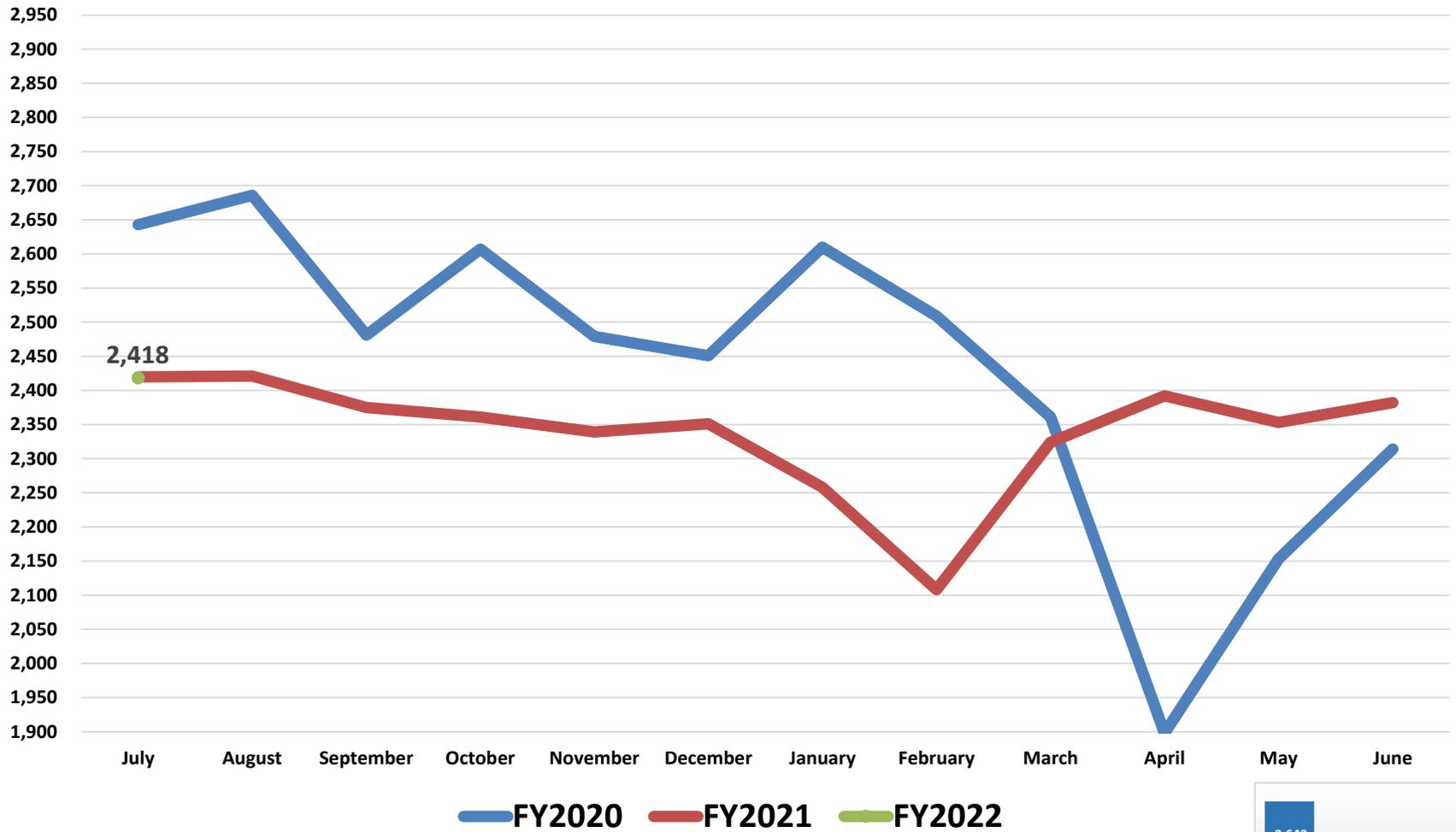


Admissions

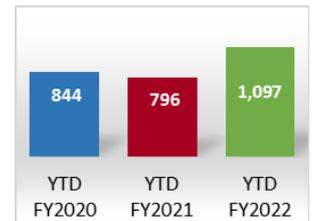
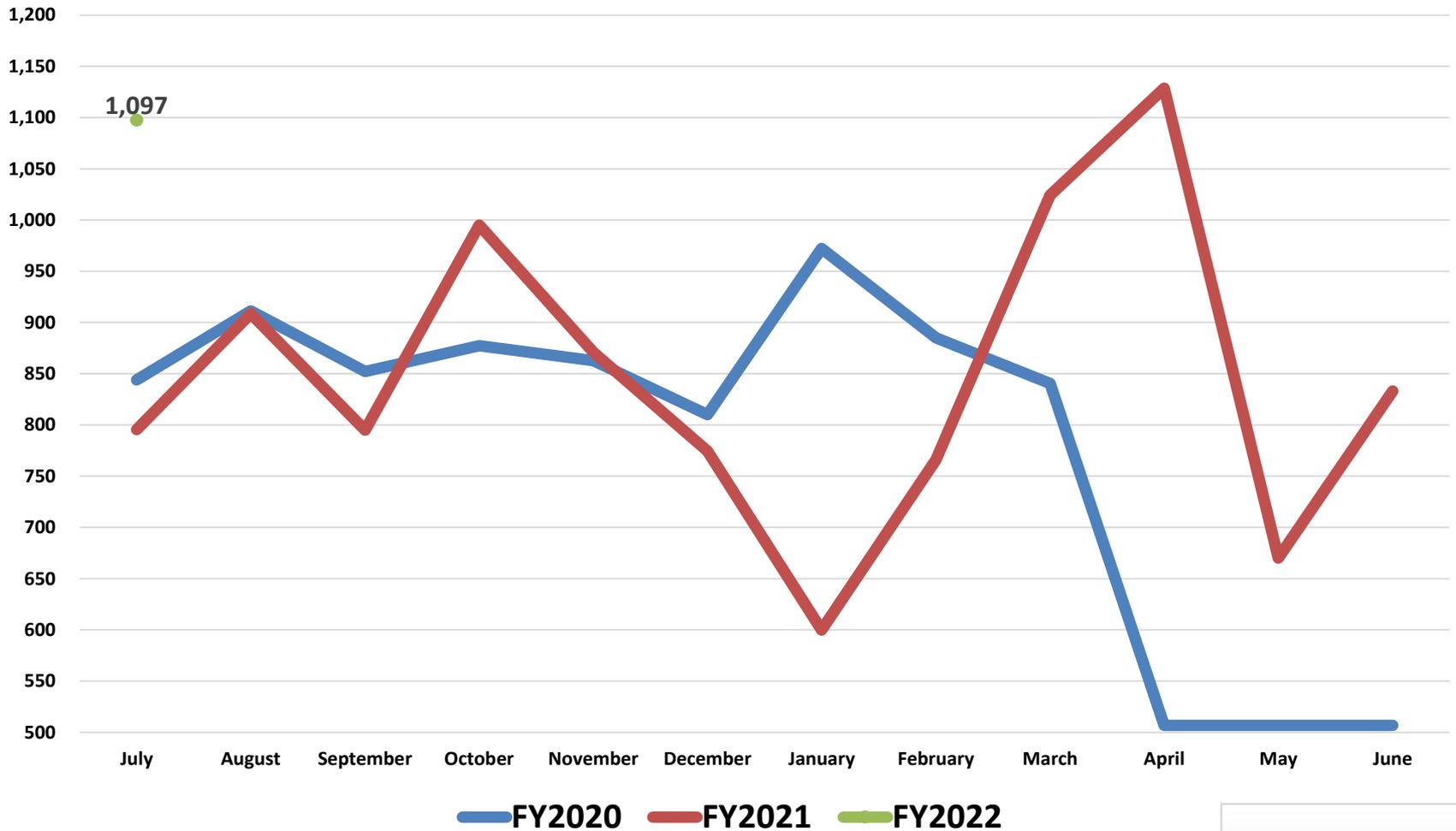


2,692	2,400	2,415
YTD FY2020	YTD FY2021	YTD FY2022

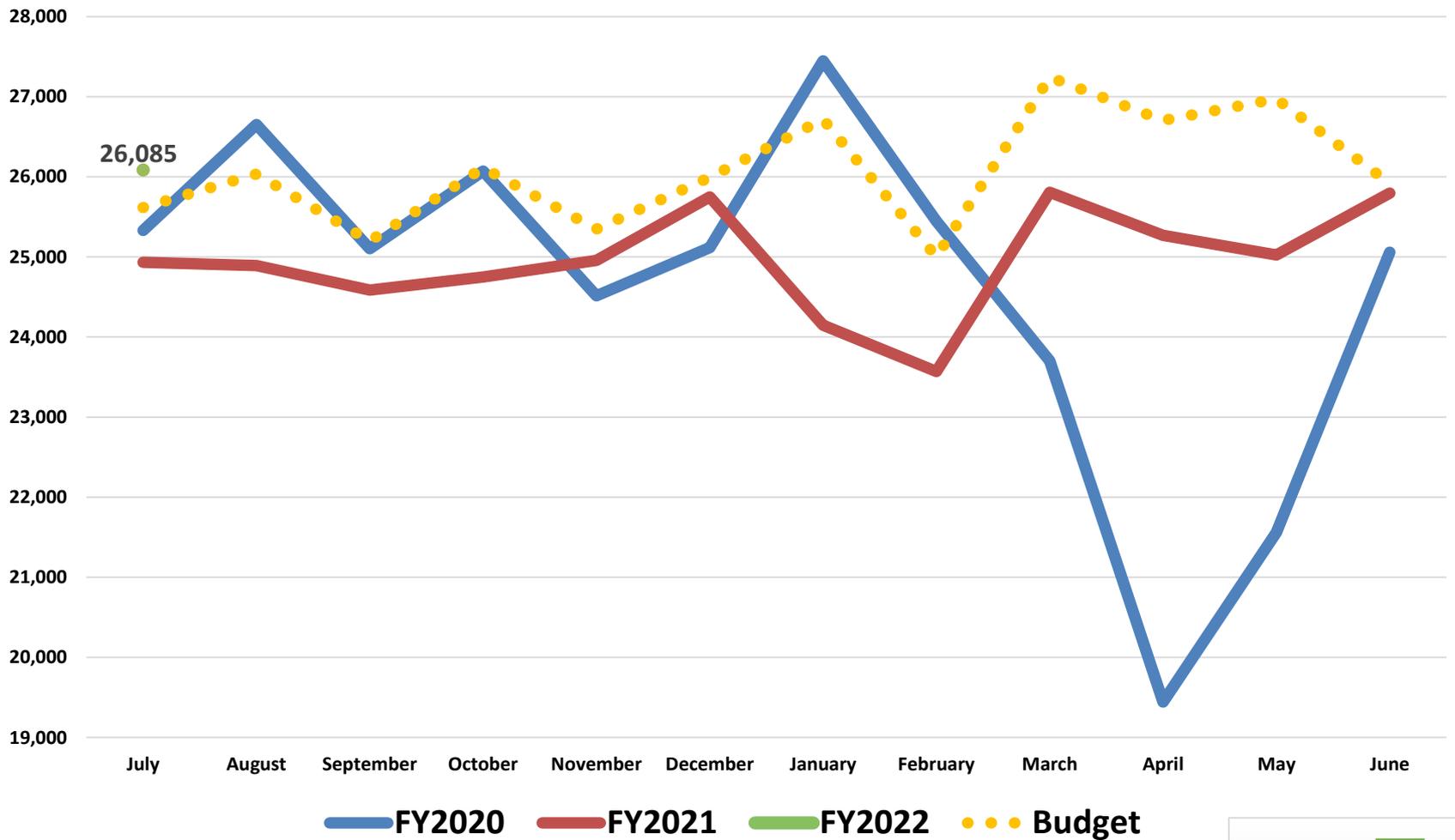
Discharges



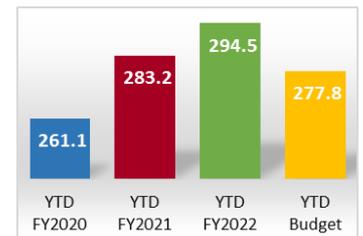
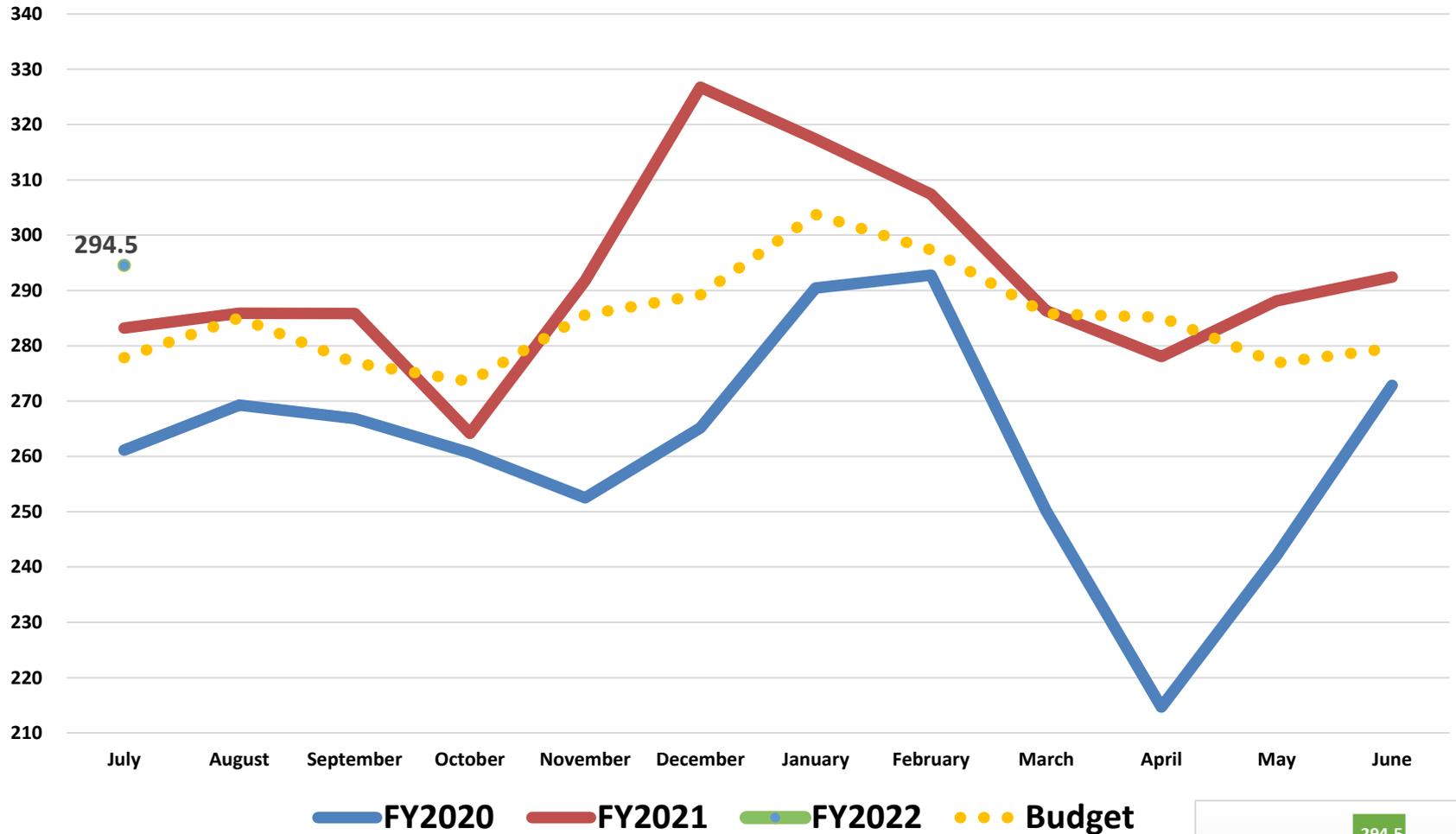
Observation Days



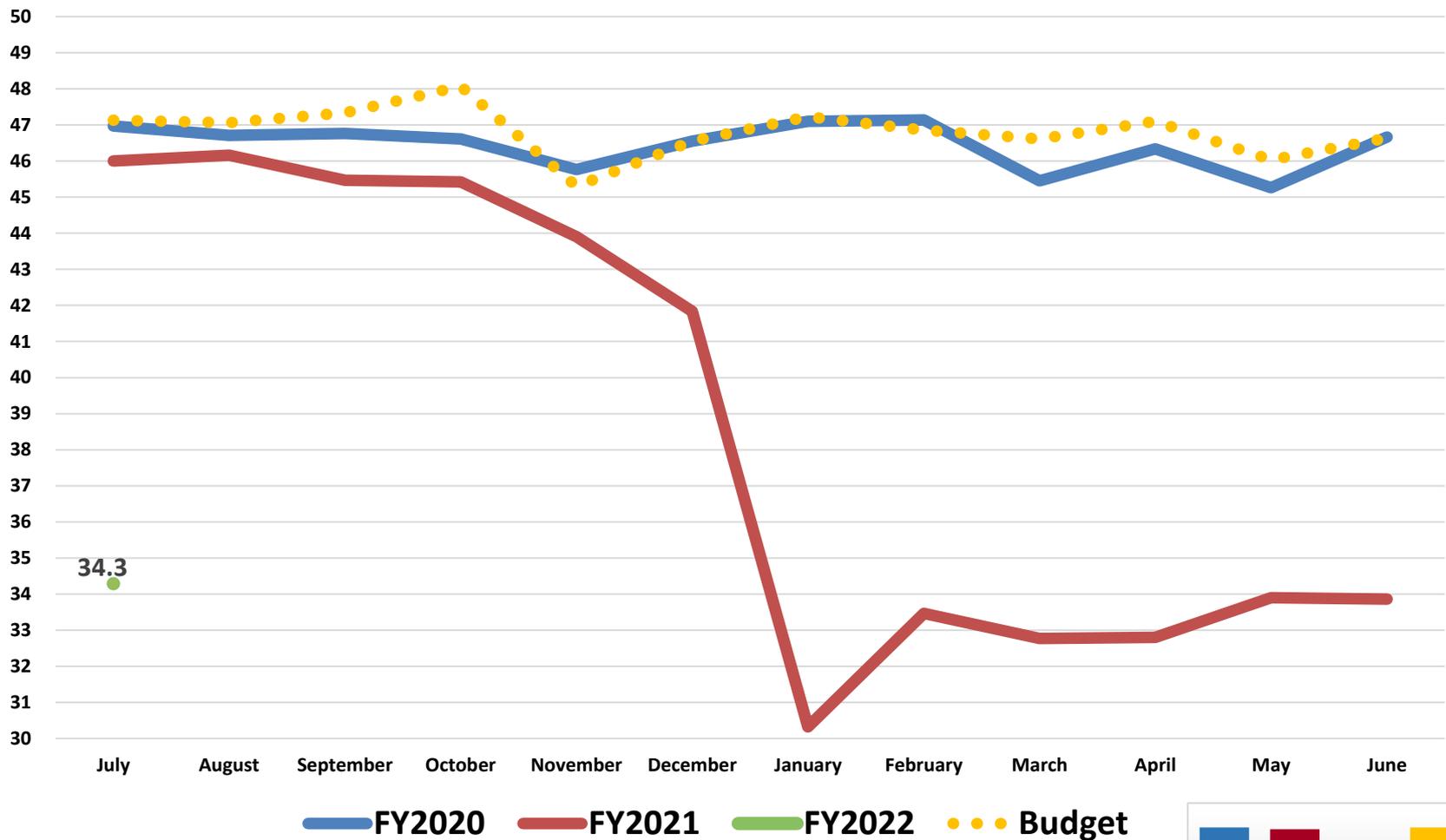
Adjusted Patient Days



Medical Center – Avg. Patients Per Day

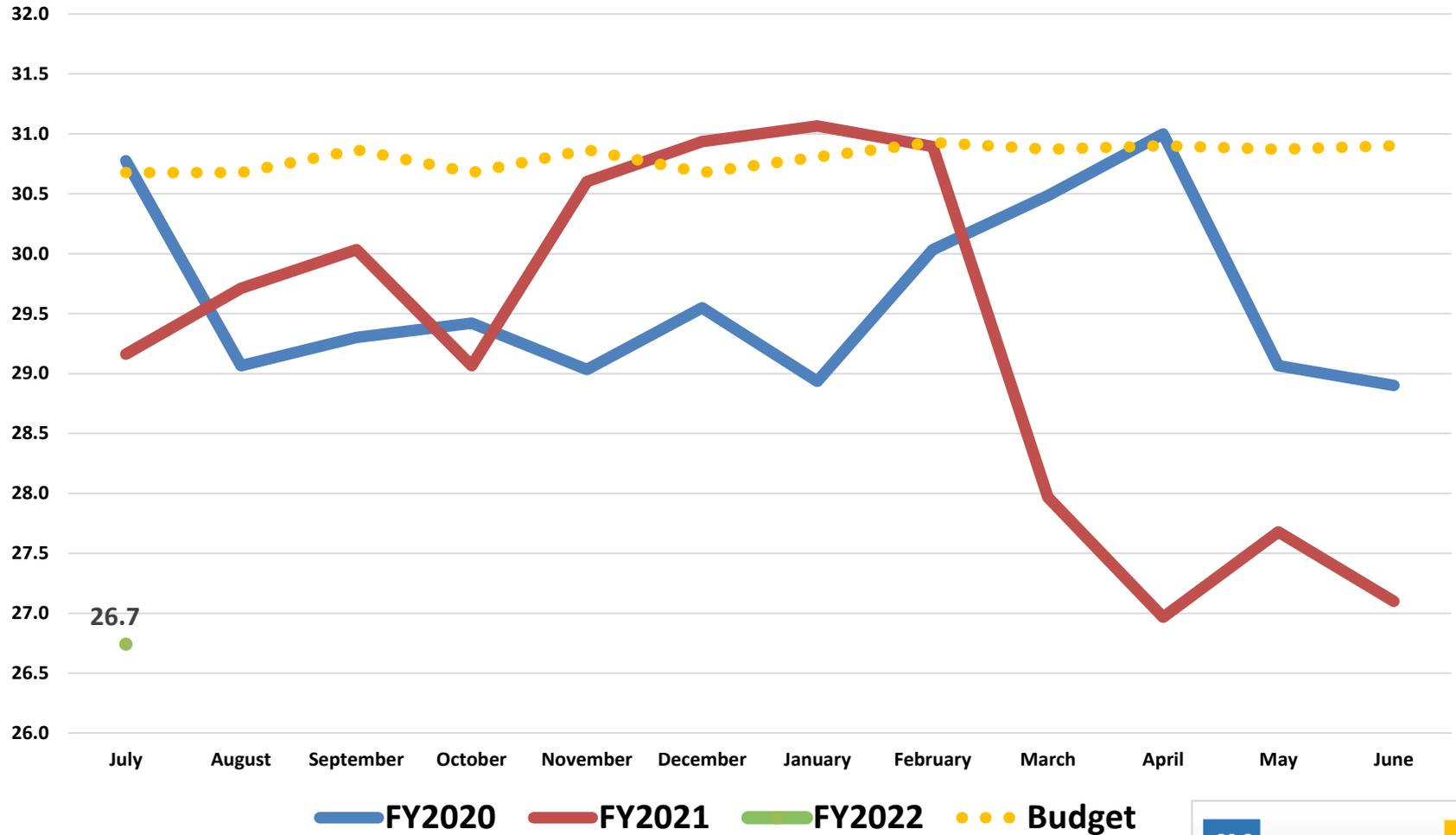


Acute I/P Psych - Avg. Patients Per Day

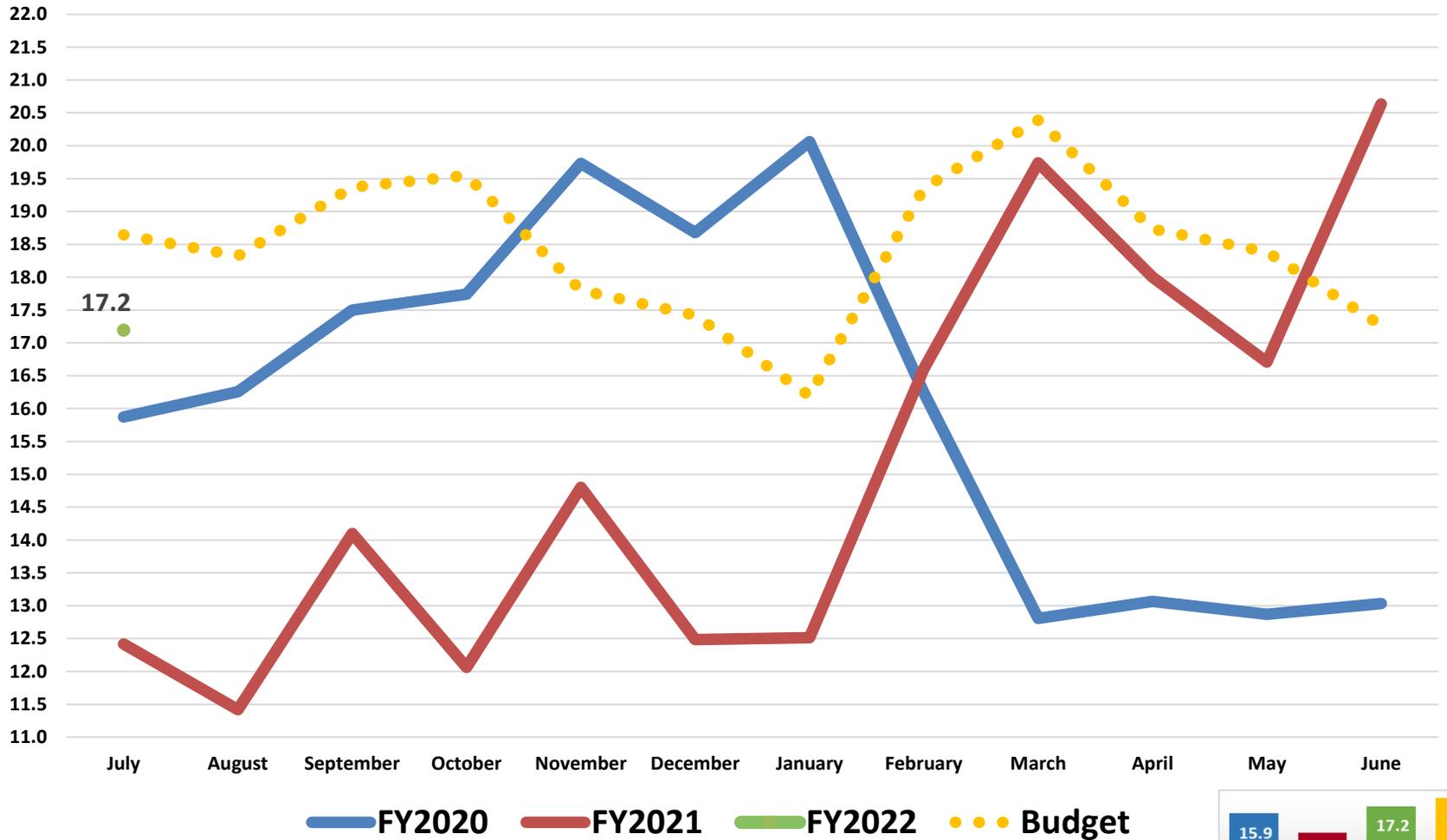


47.0	46.0	34.3	47.1
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Sub-Acute - Avg. Patients Per Day

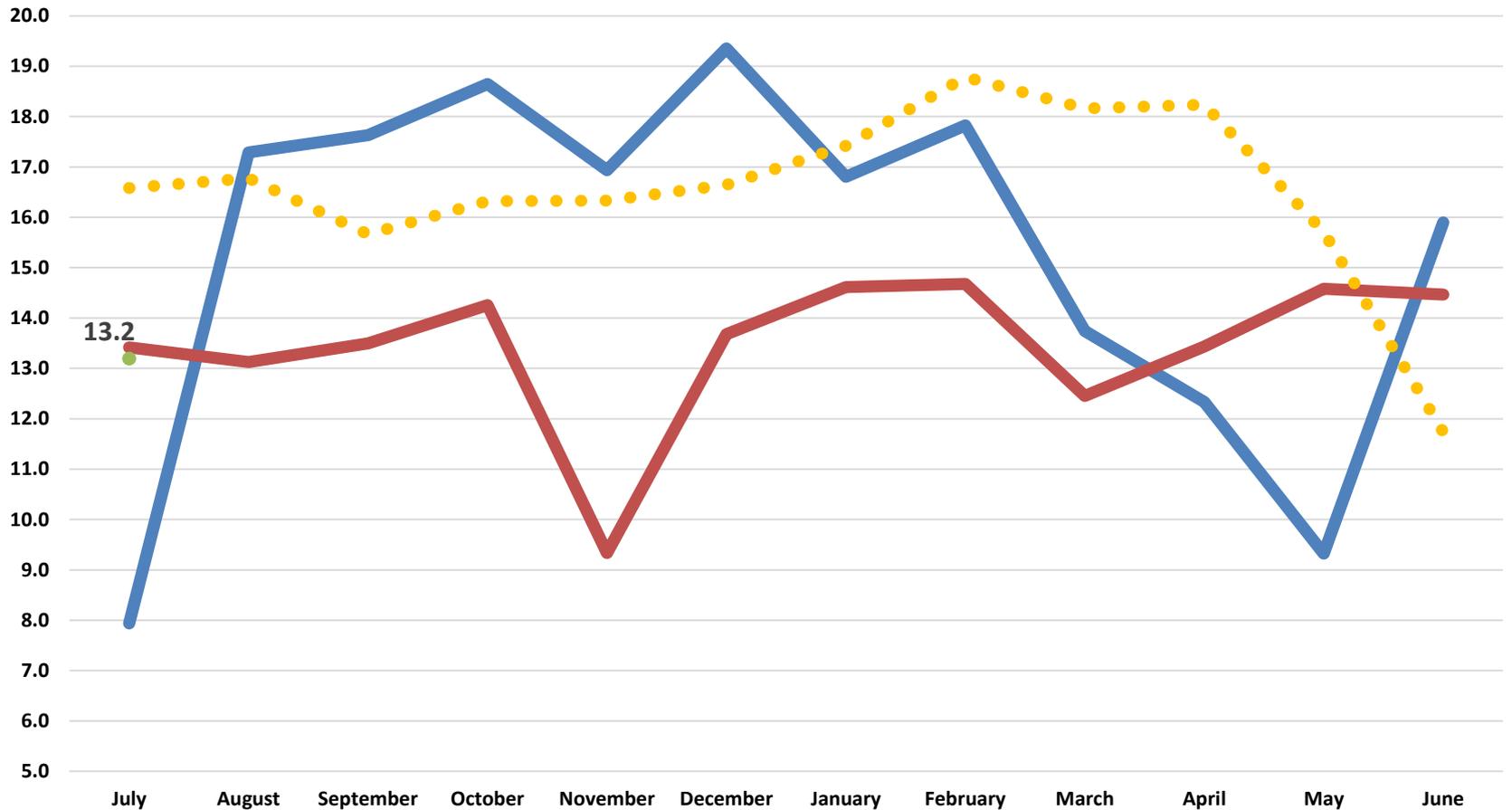


Rehabilitation Hospital - Avg. Patients Per Day



15.9	12.4	17.2	18.6
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

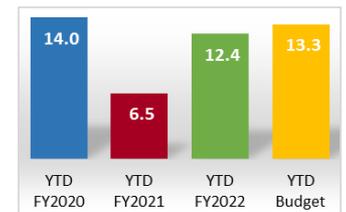
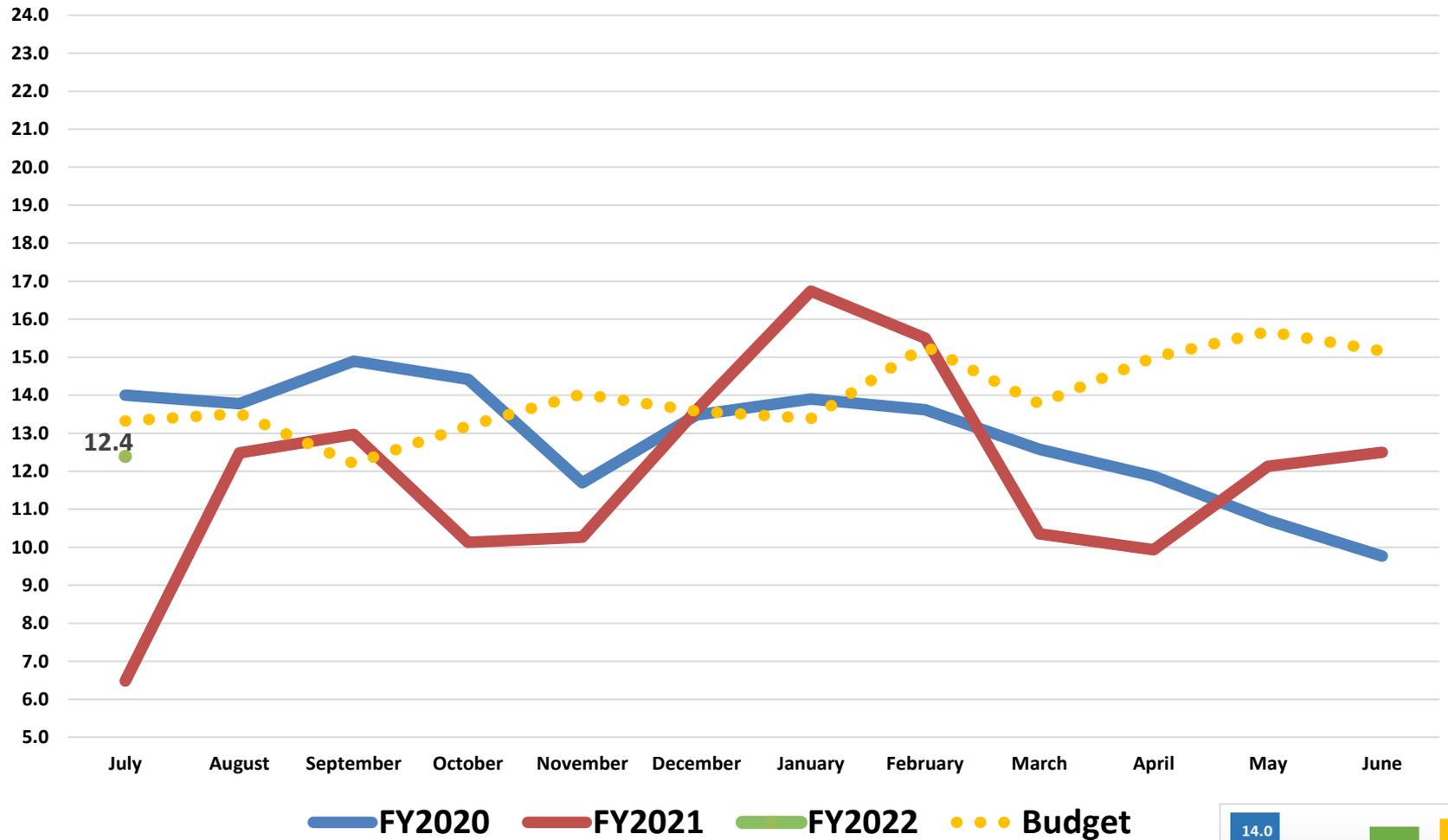
Transitional Care Services (TCS) - Avg. Patients Per Day



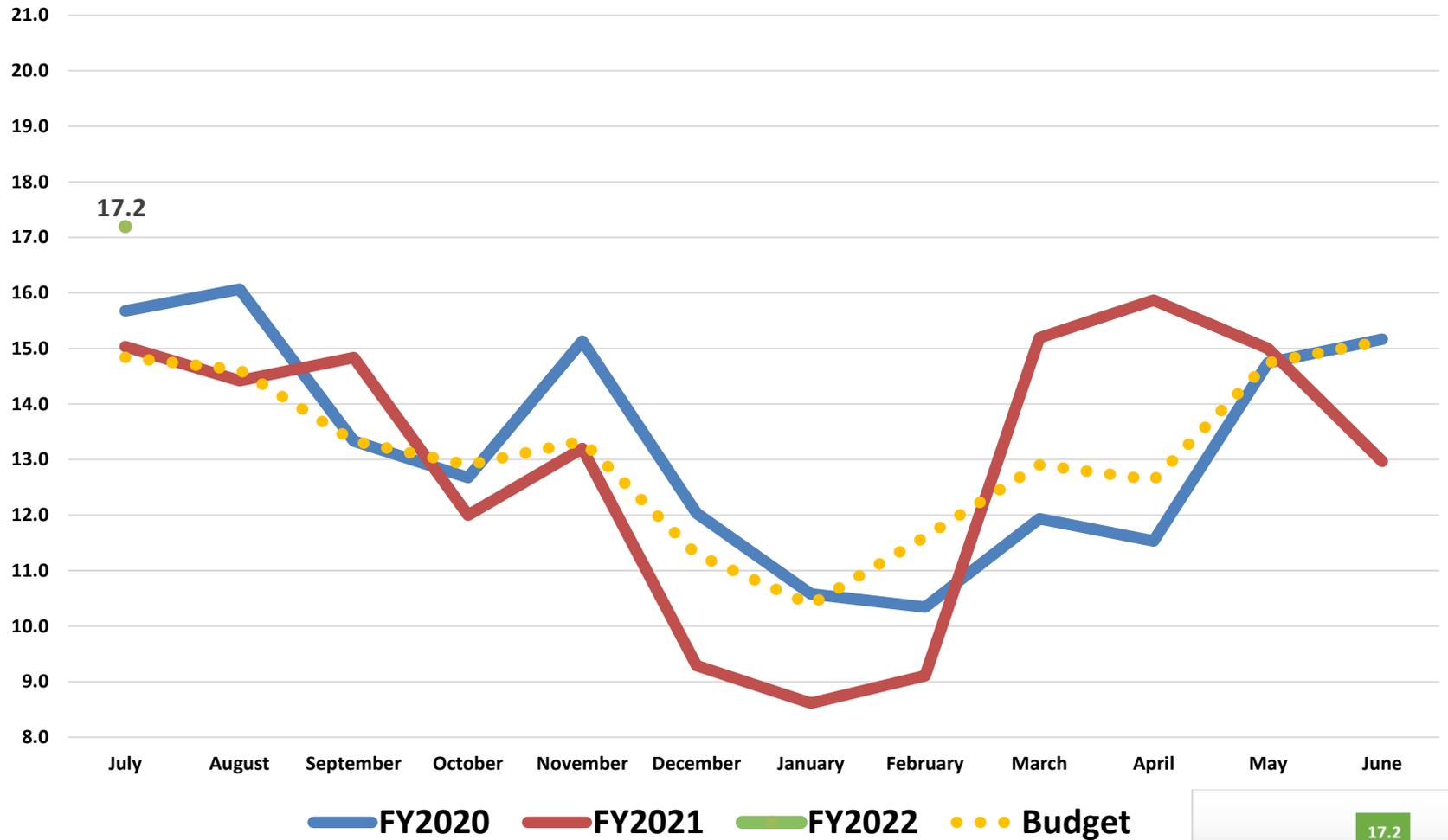
—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**



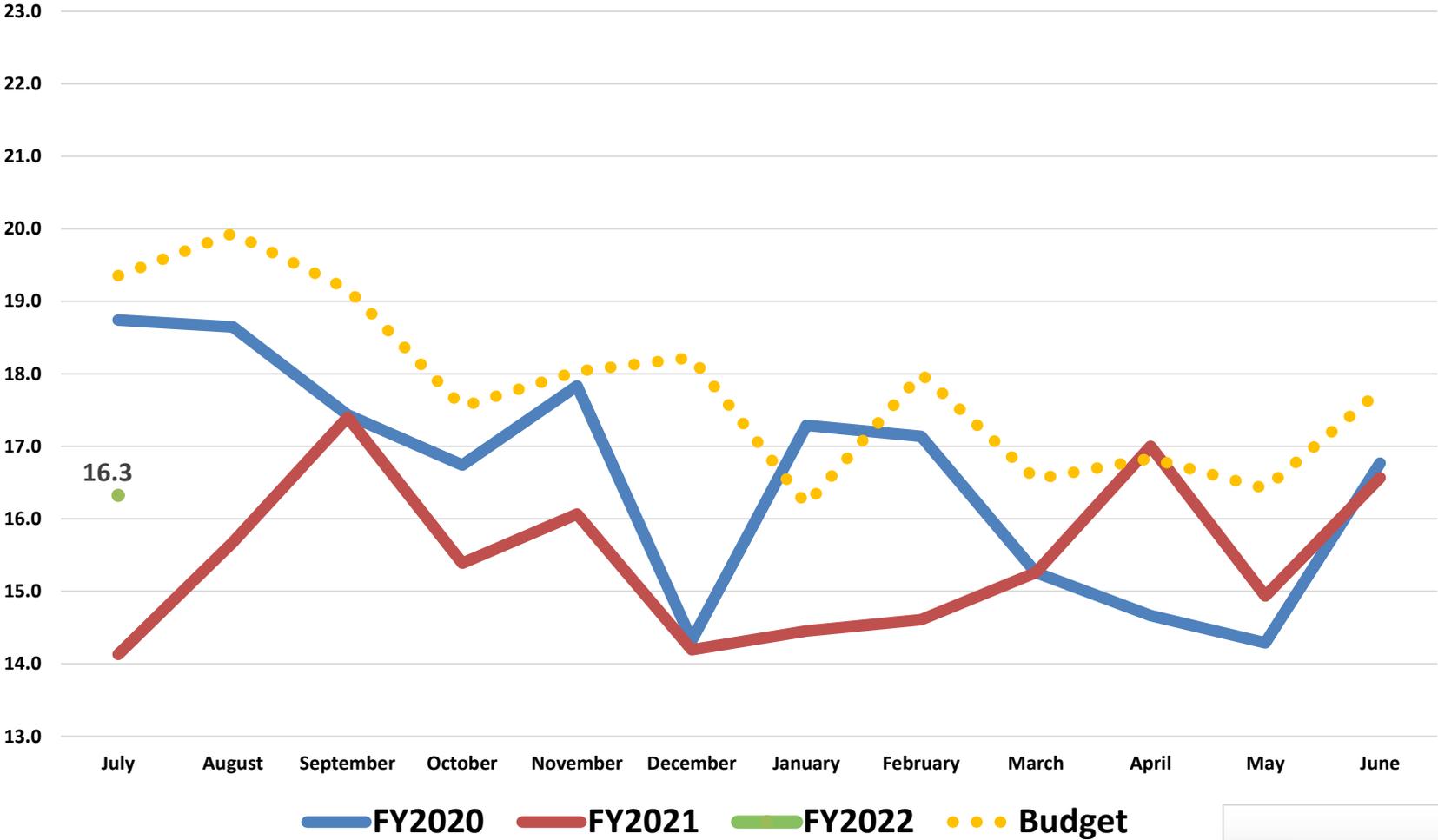
TCS Ortho - Avg. Patients Per Day



NICU - Avg. Patients Per Day

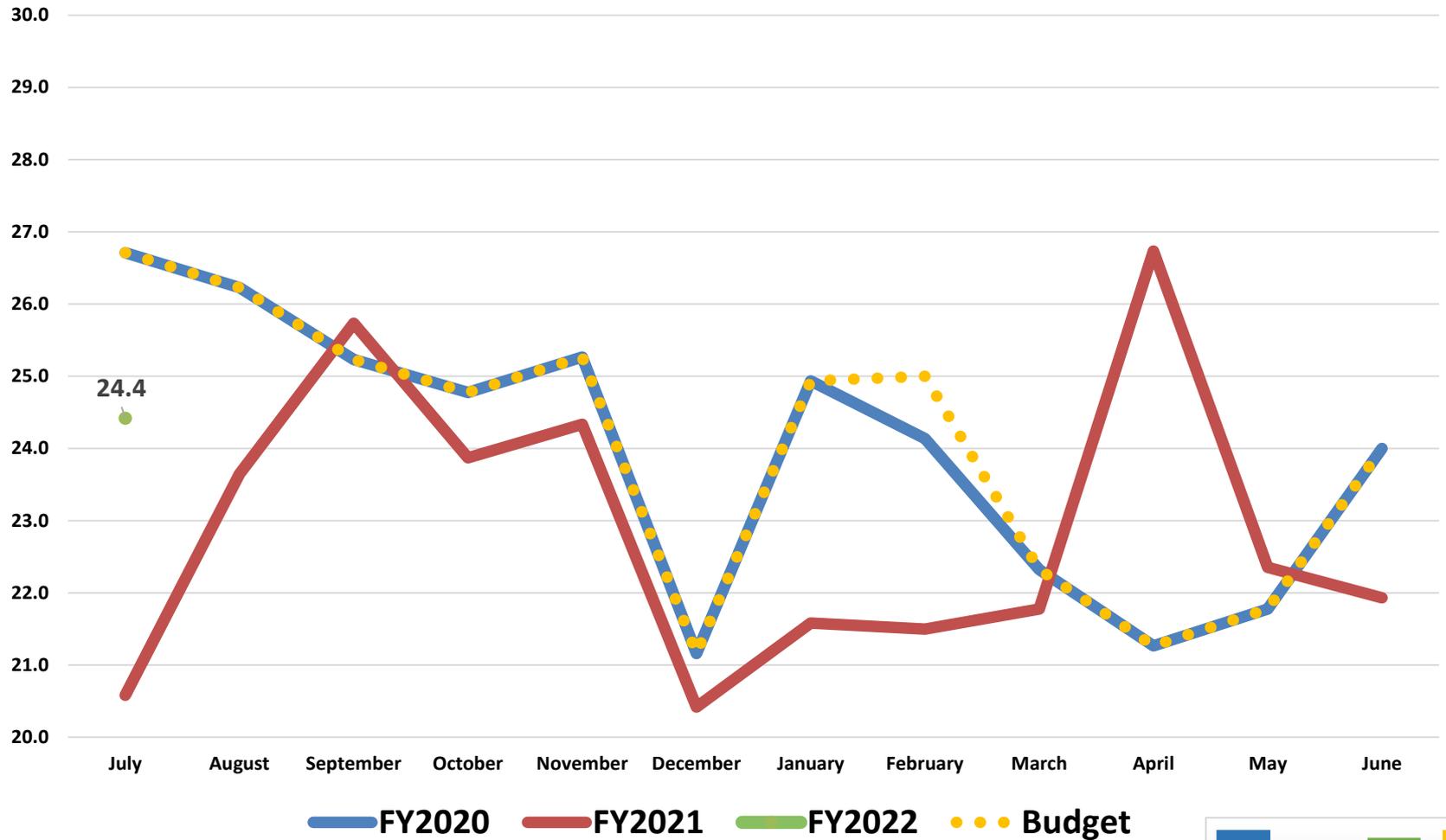


Nursery - Avg. Patients Per Day



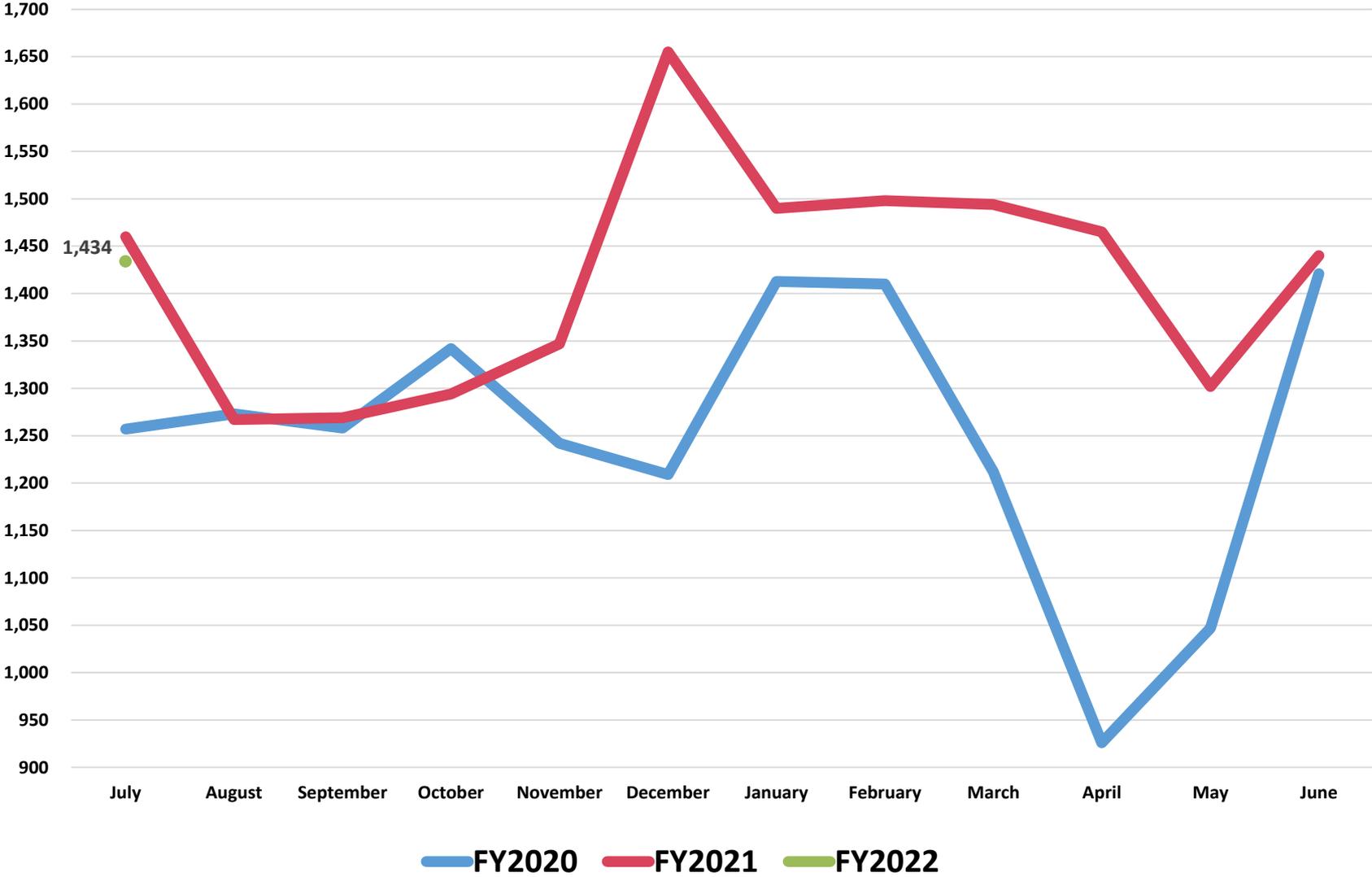
18.7	14.1	16.3	19.4
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Obstetrics - Avg. Patients Per Day

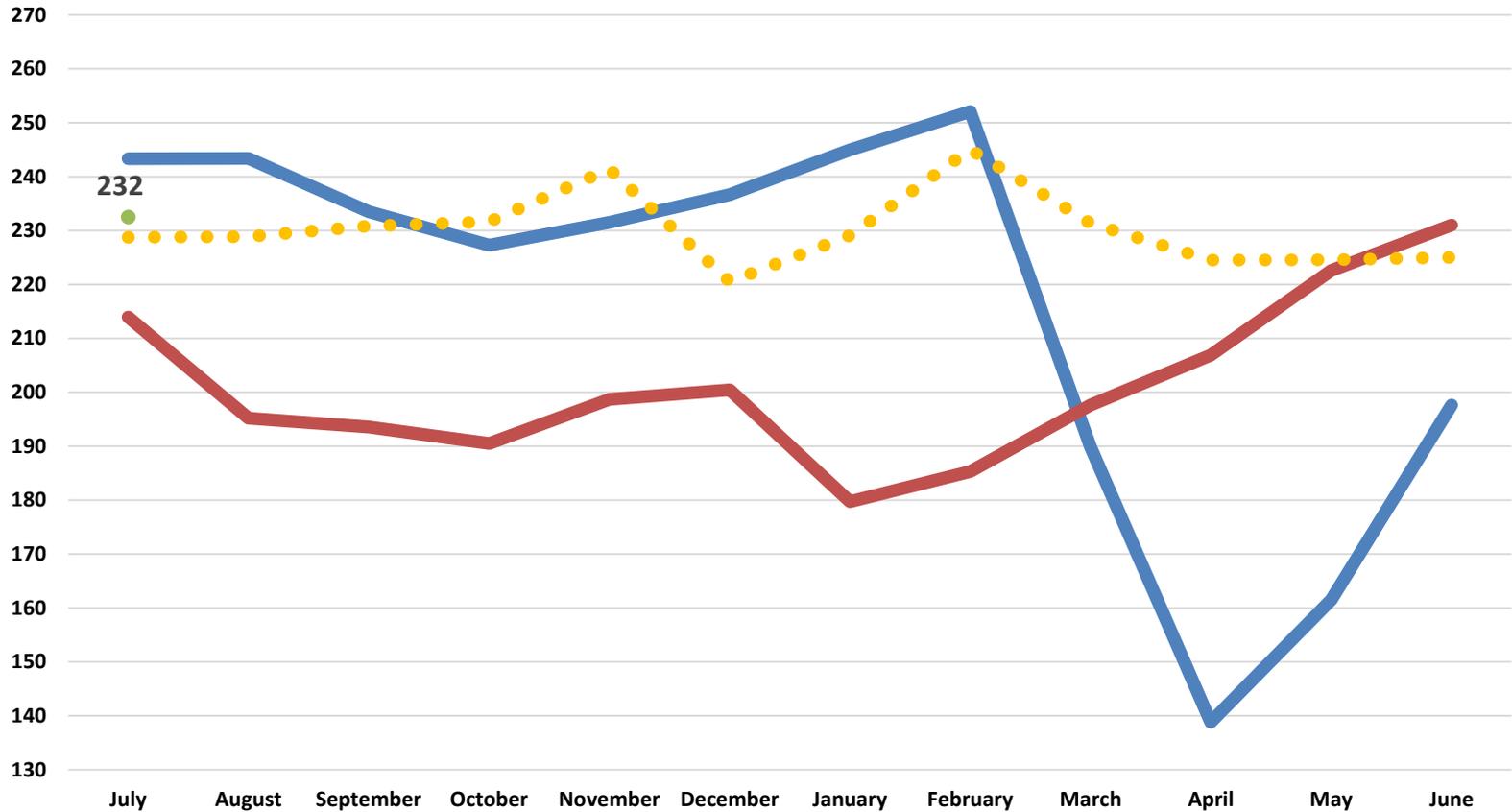


26.7	20.6	24.4	26.7
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Outpatient Registrations per Day



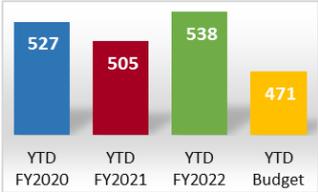
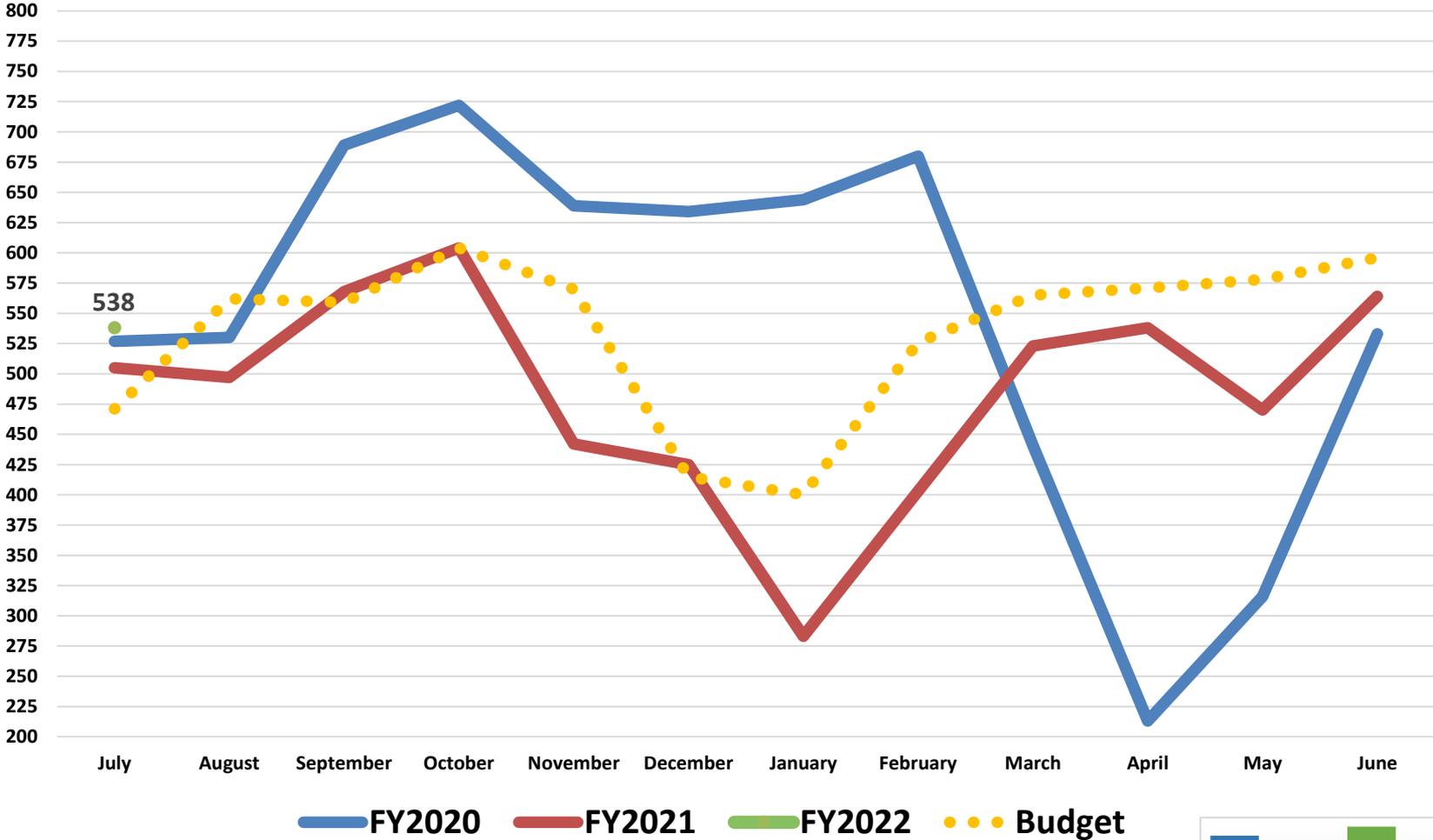
Emergency Dept – Avg Treated Per Day



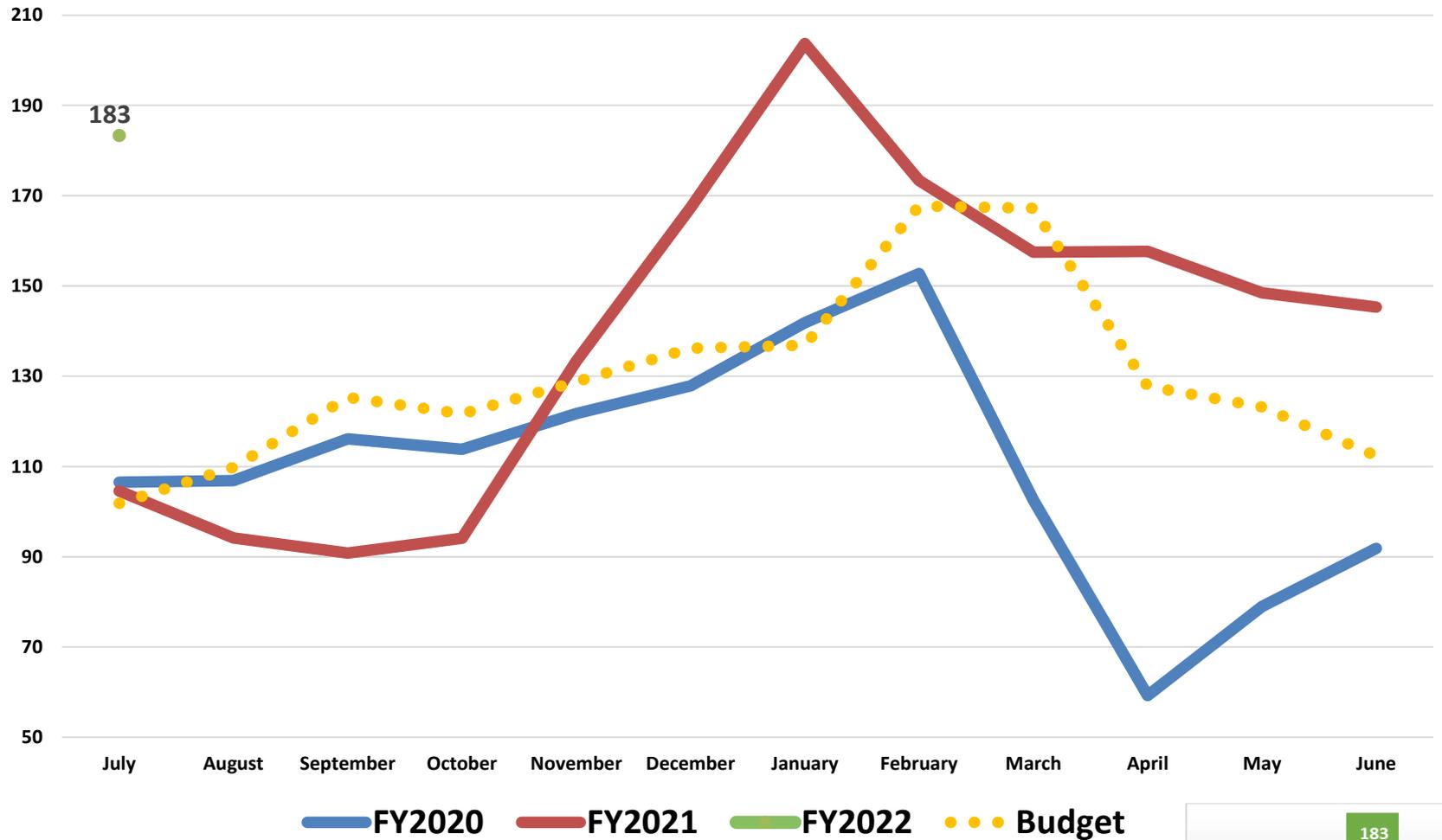
—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**

243	214	232	229
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Endoscopy Procedures

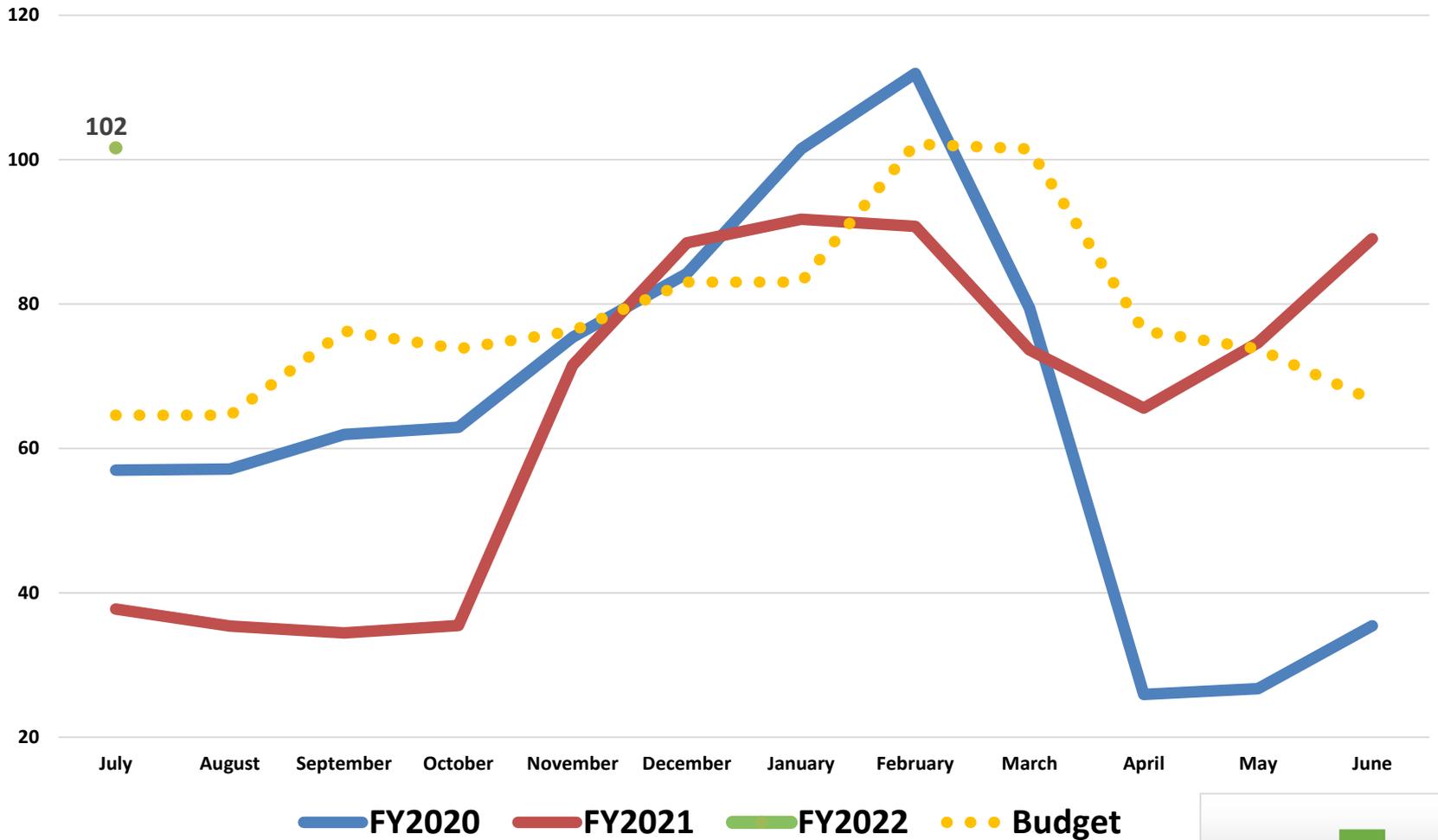


Urgent Care – Court Average Visits Per Day

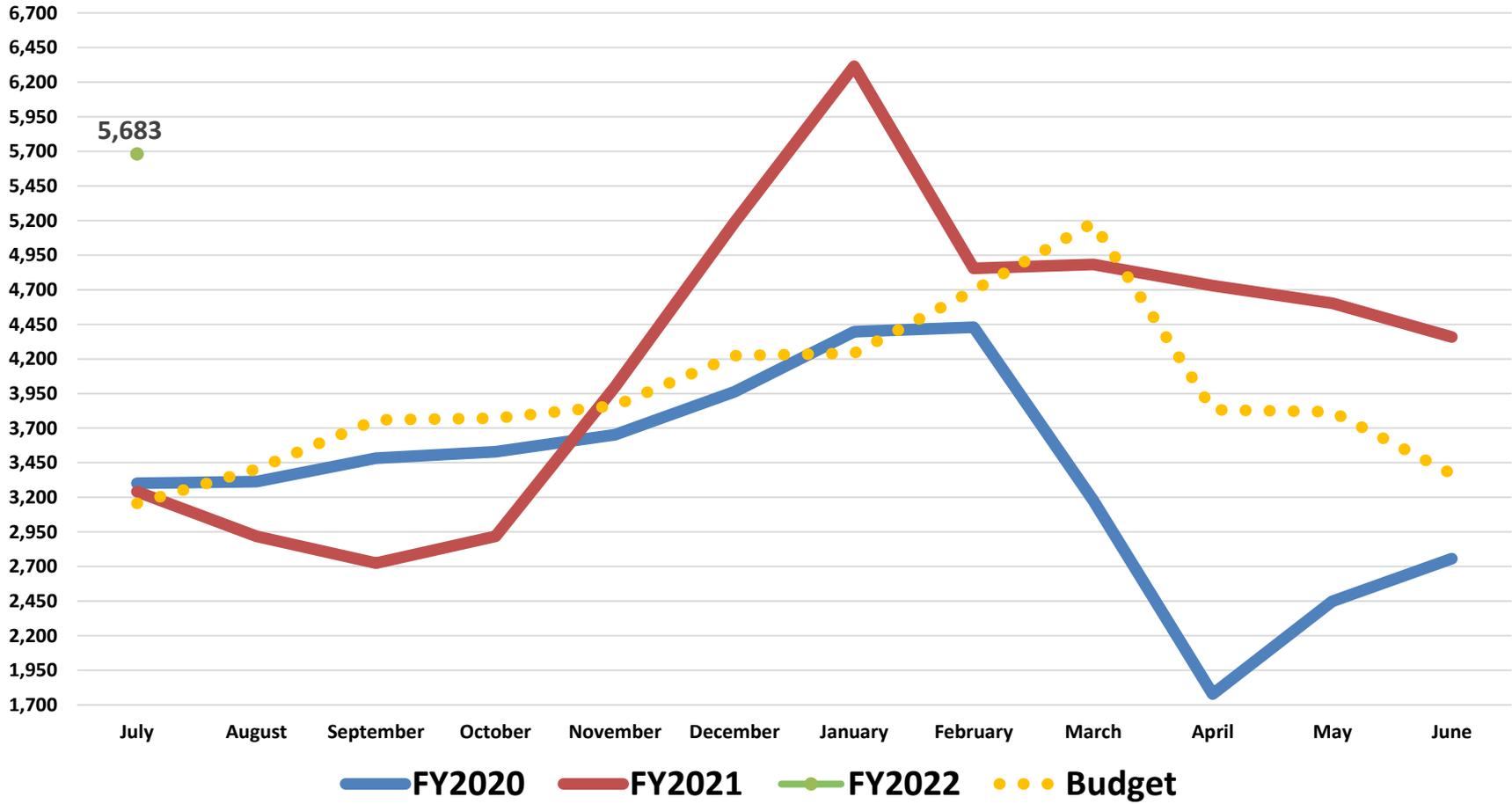


107	105	183	102
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

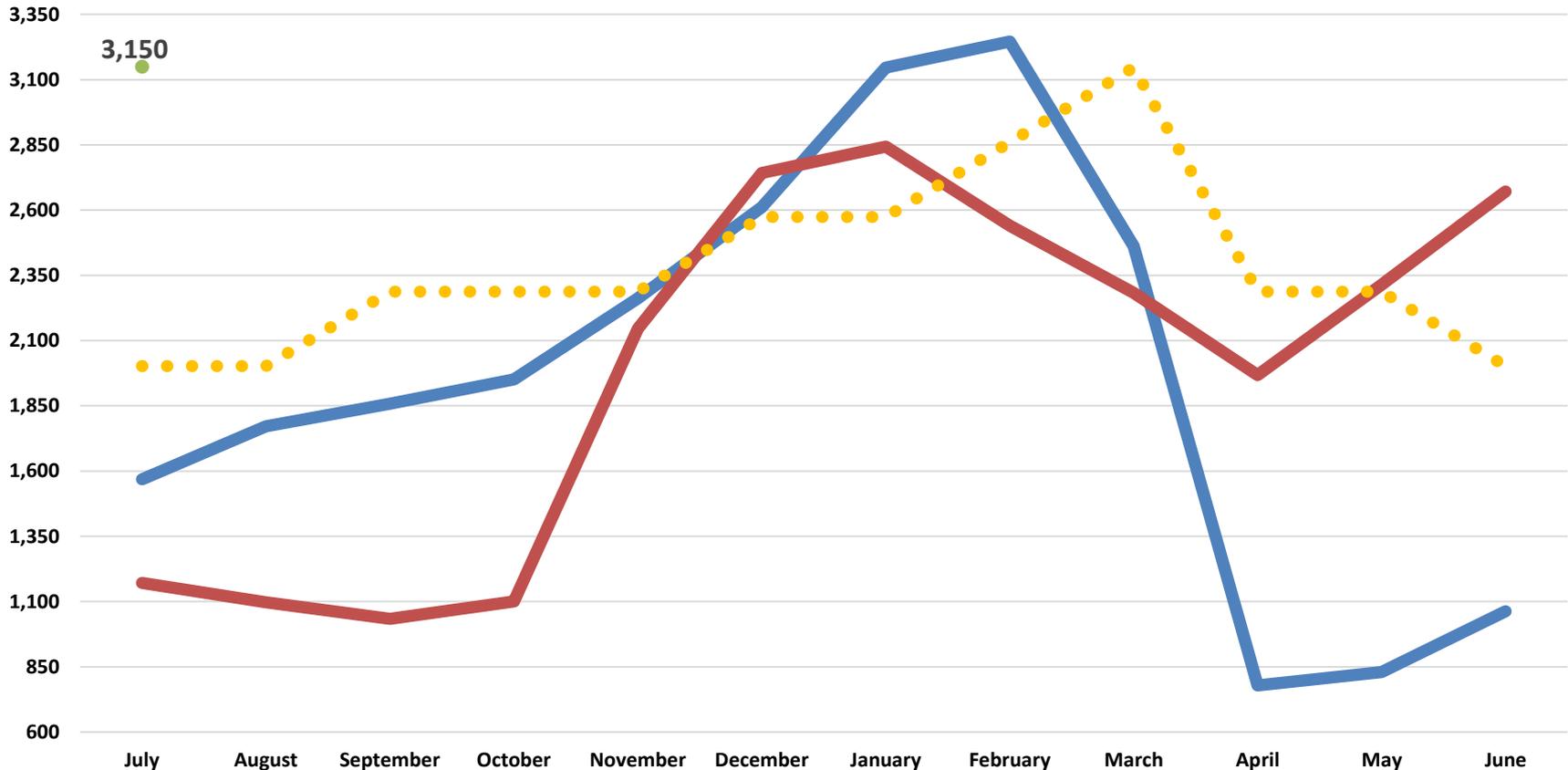
Urgent Care – Demaree Average Visits Per Day



Urgent Care – Court Total Visits



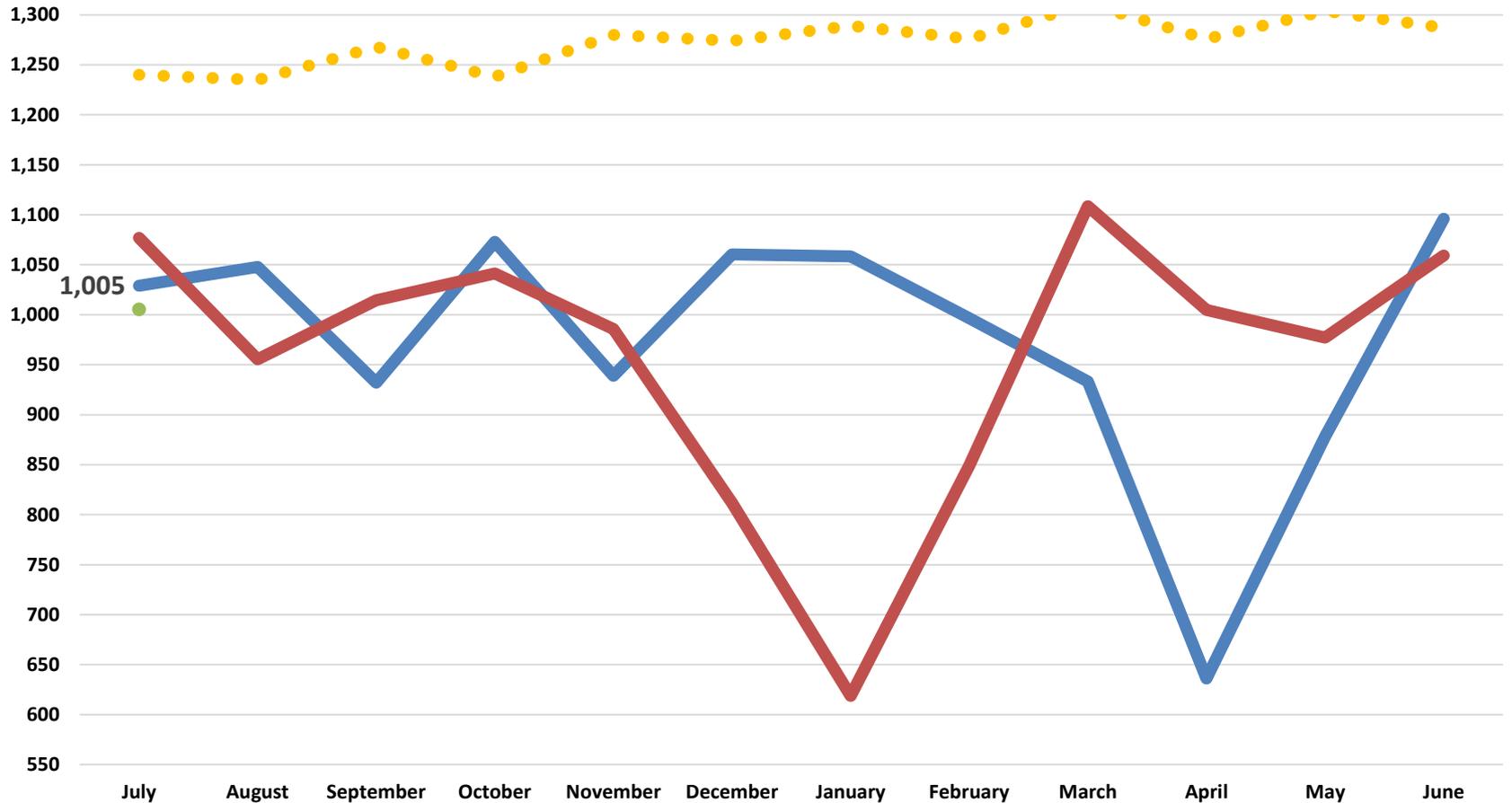
Urgent Care – Demaree Total Visits



— FY2020
 — FY2021
 — FY2022
 ●●● Budget

1,569	1,171	3,150	2,002
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

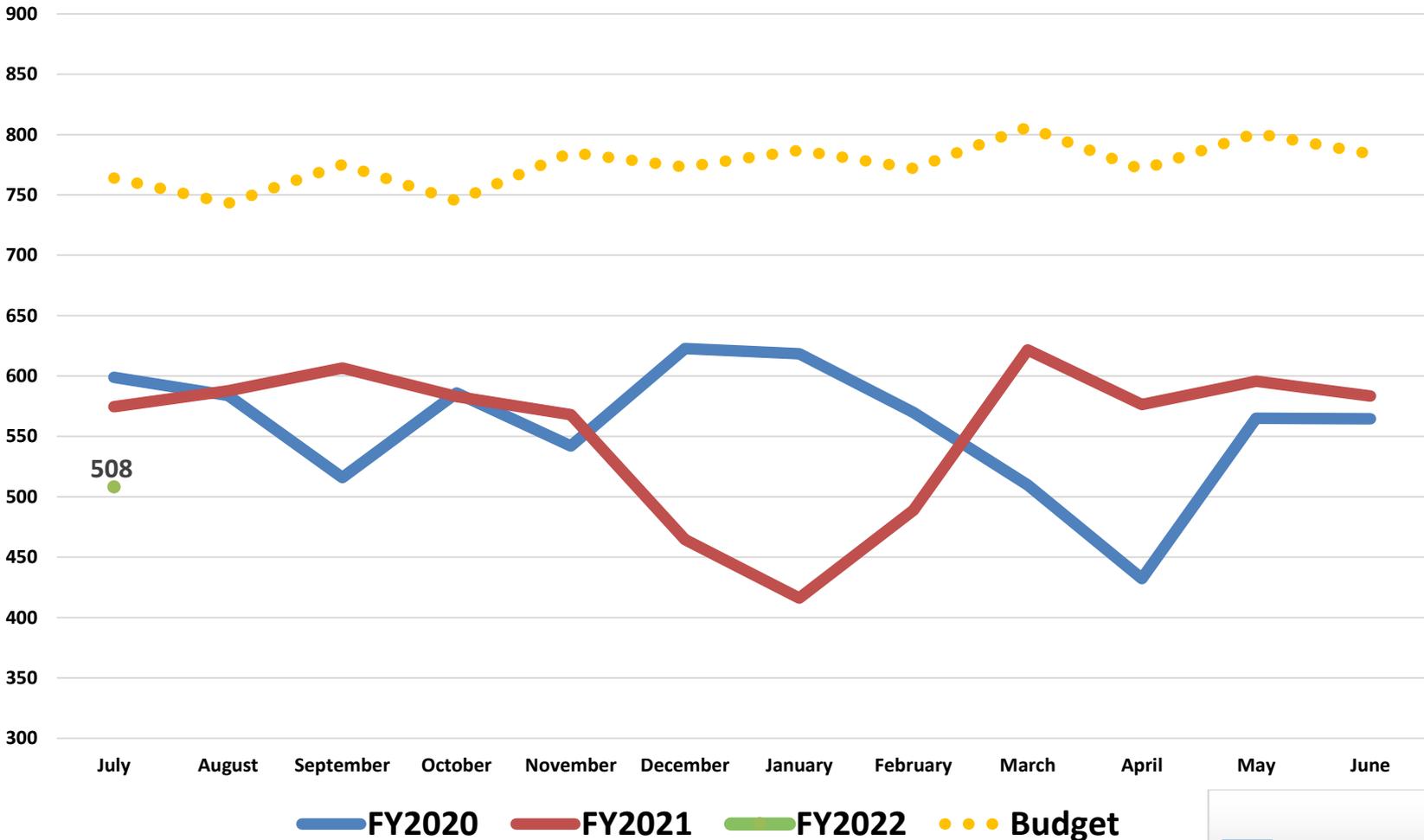
Surgery (IP & OP) – 100 Min Units



— **FY2020**
 — **FY2021**
 — **FY2022**
 ●●● **Budget**

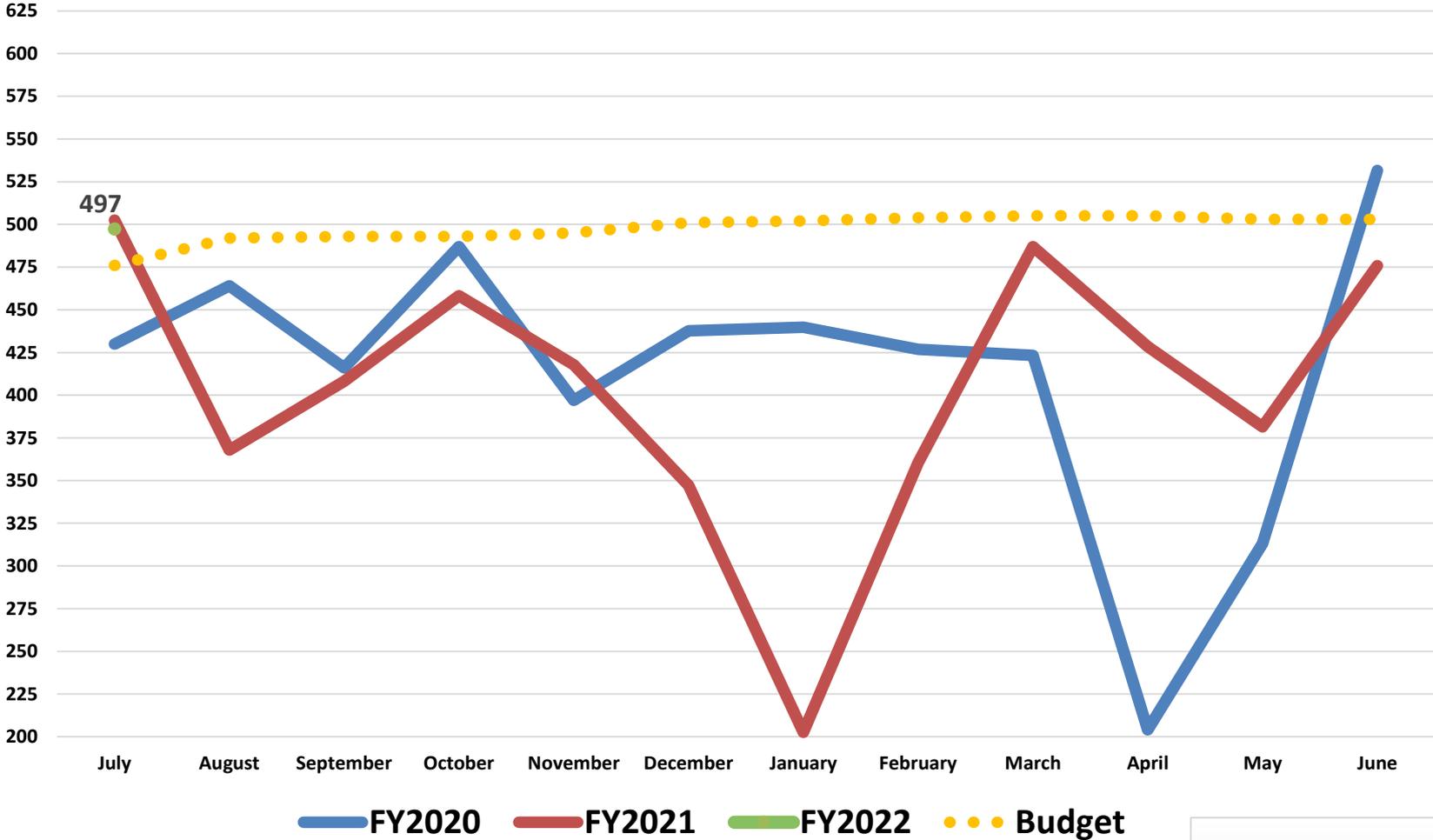
1,029	1,077	1,005	1,240
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Surgery (IP Only) – 100 Min Units



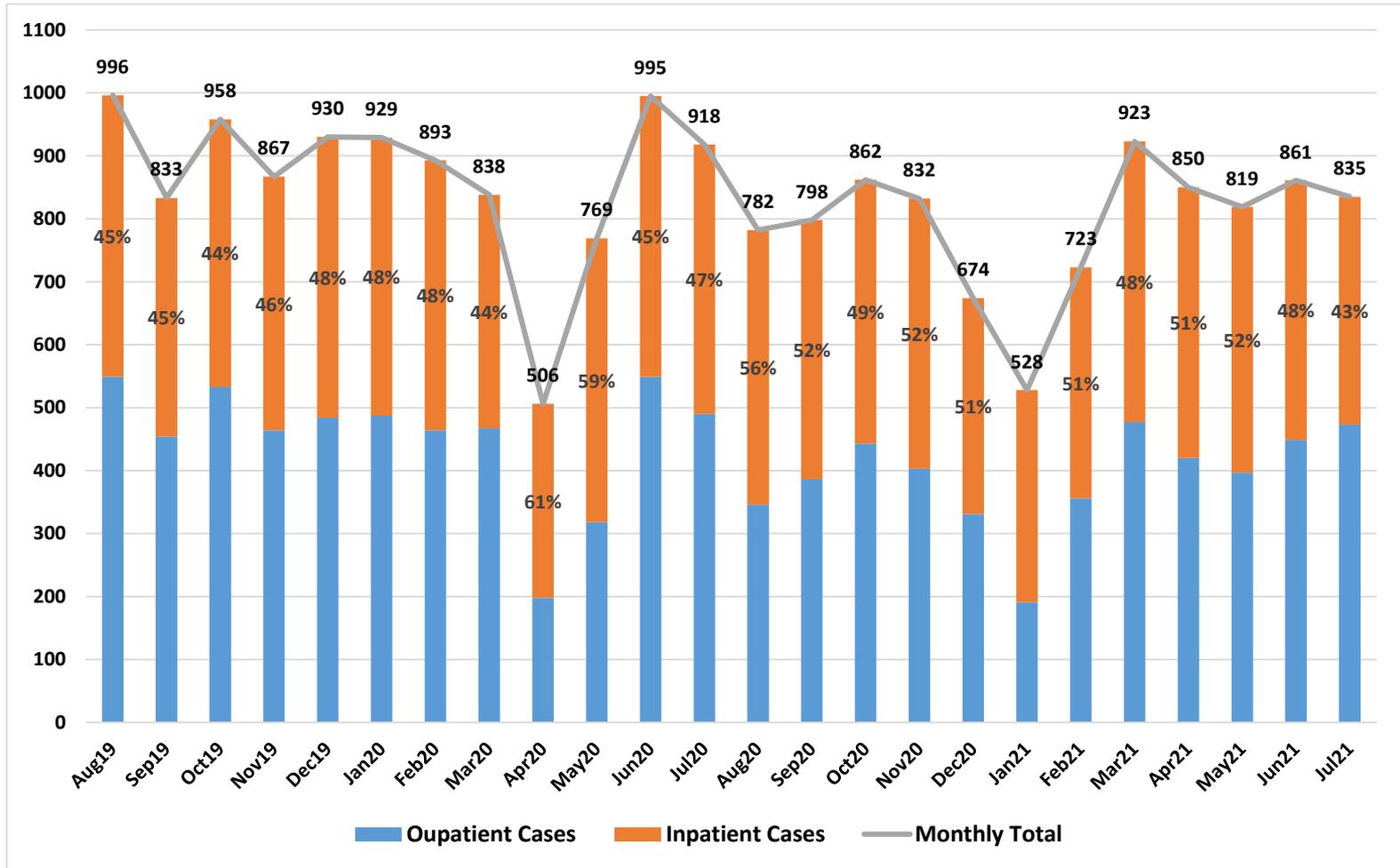
599	575	508	764
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Surgery (OP Only) – 100 Min Units

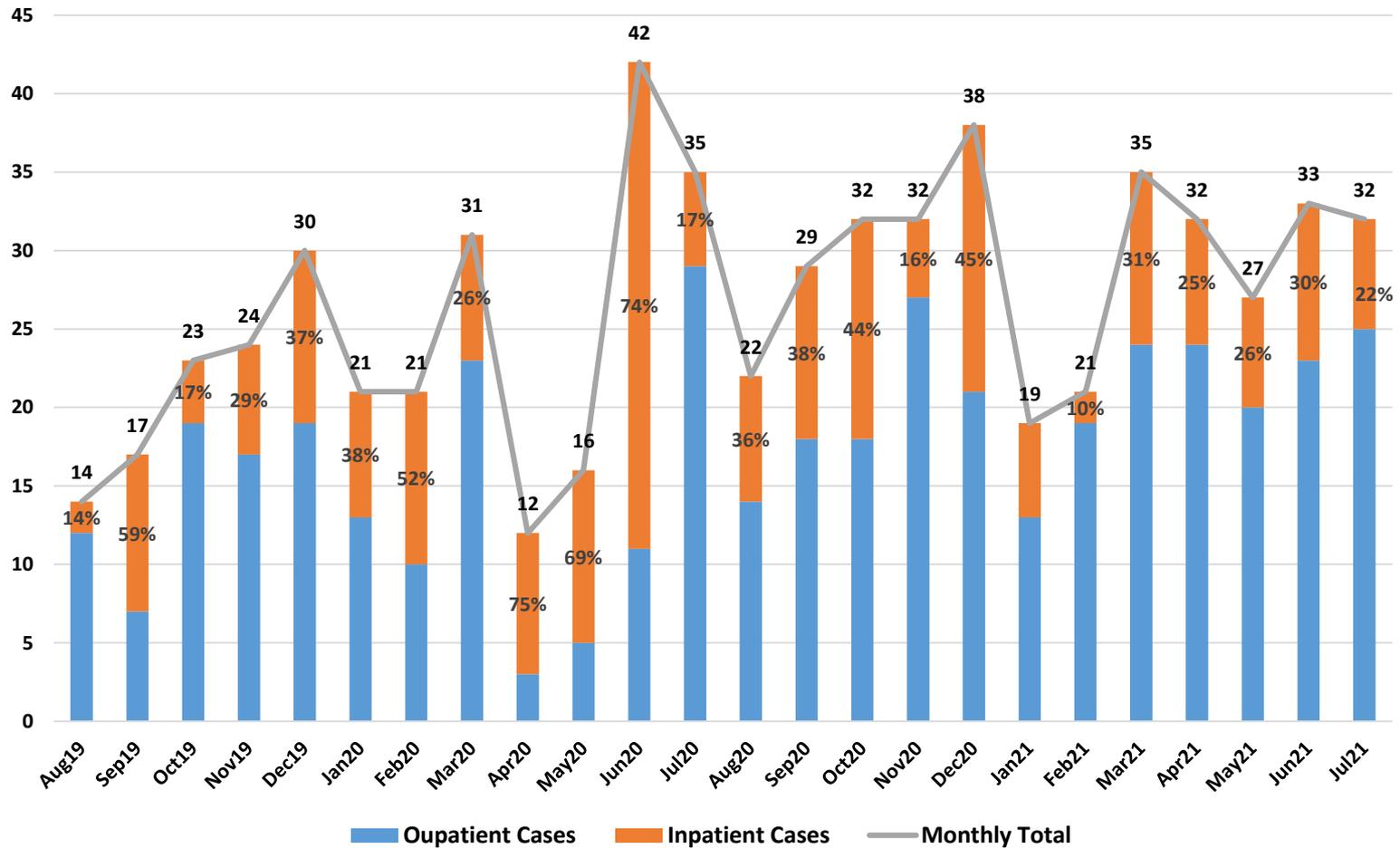


430	502	497	476
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

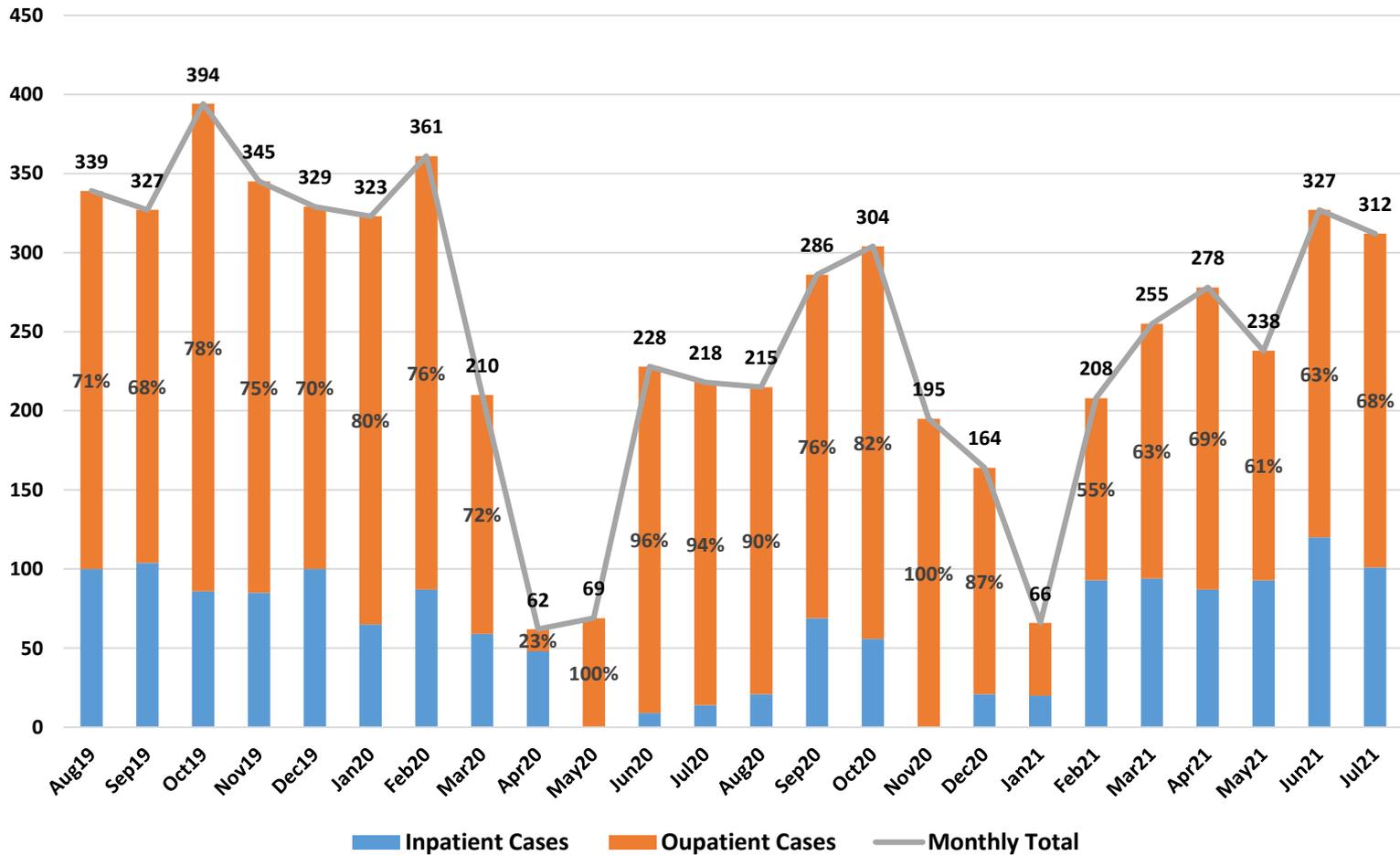
Surgery Cases



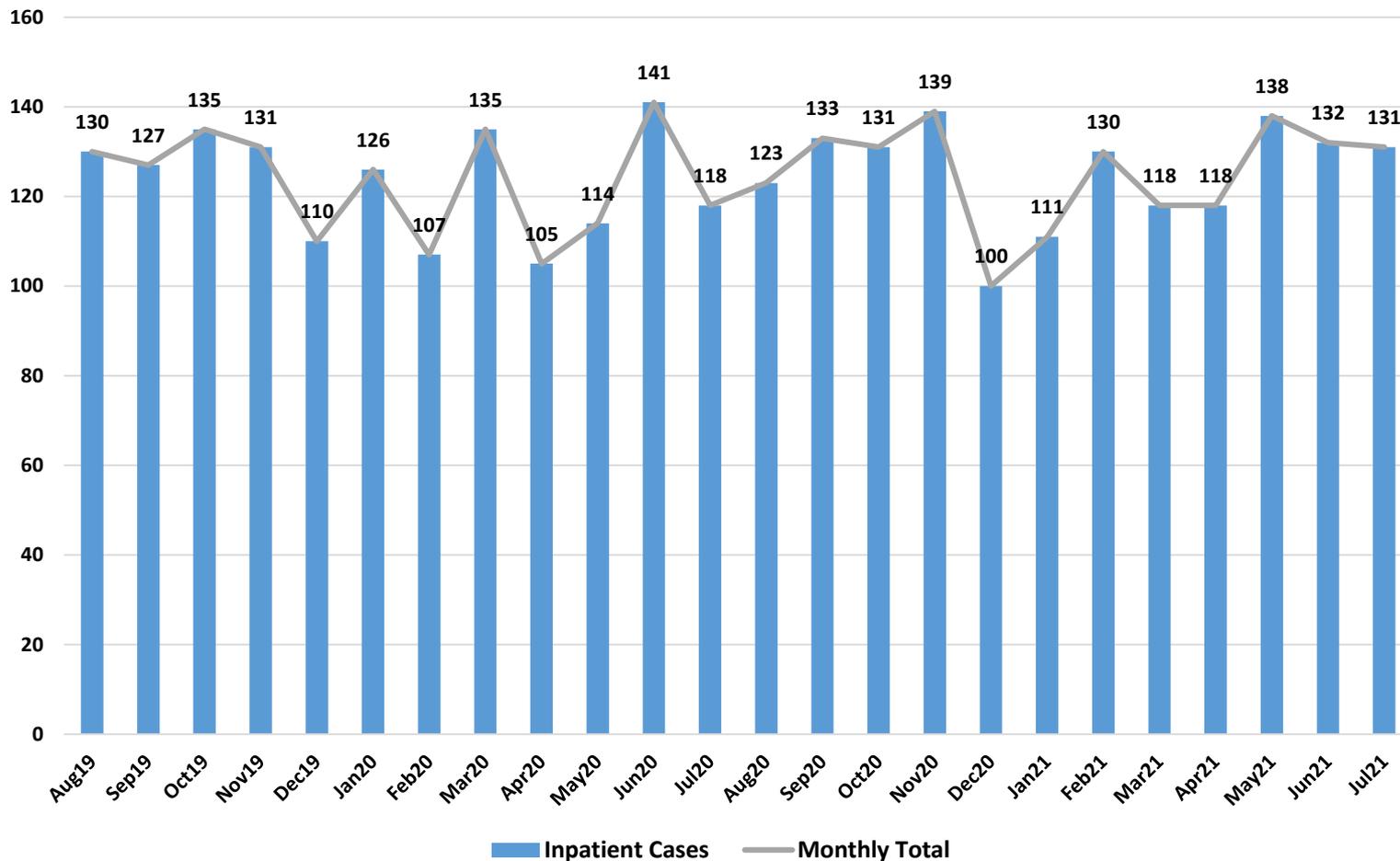
Robotic Cases



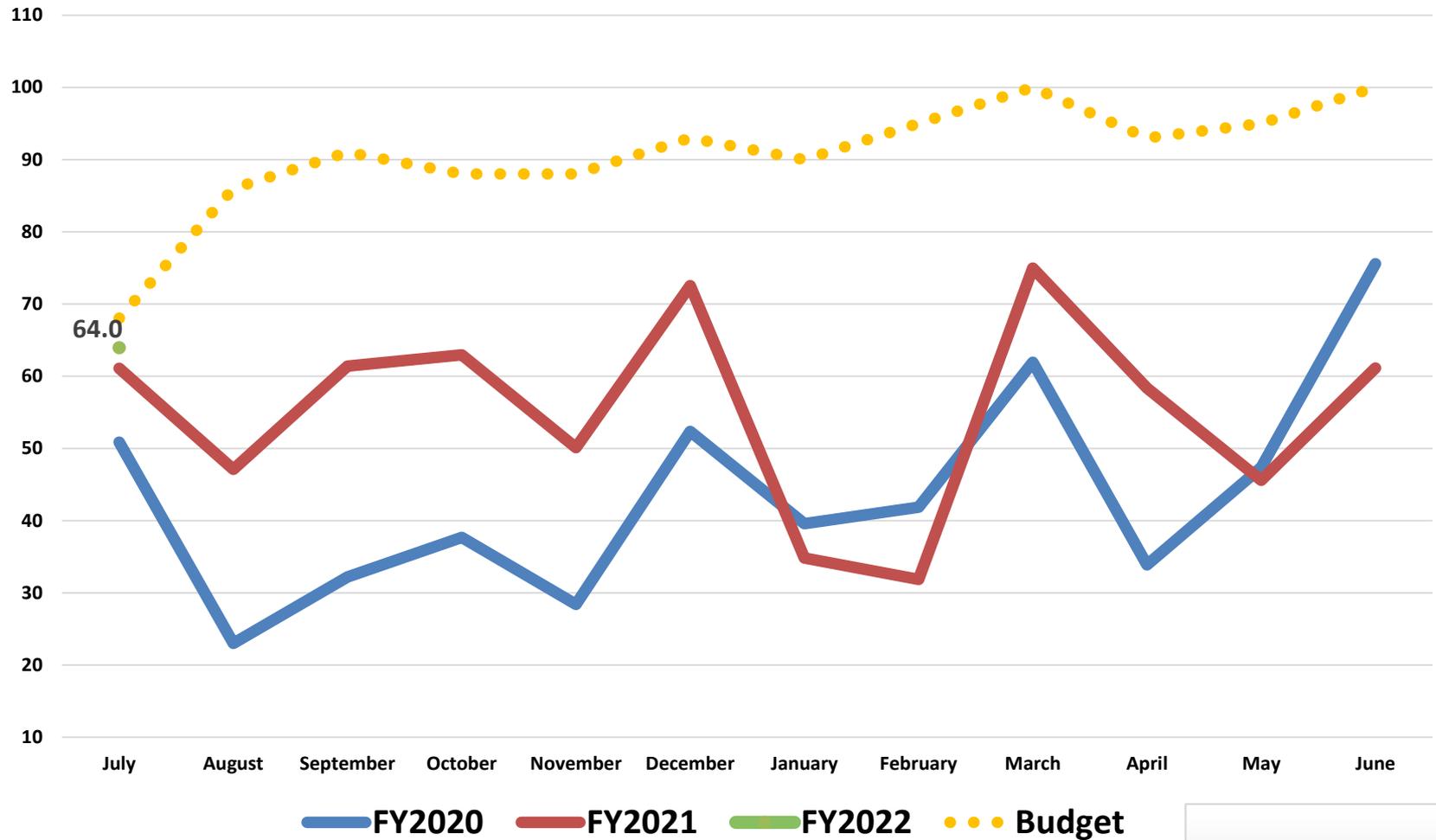
Endo Cases (Endo Suites)



OB Cases

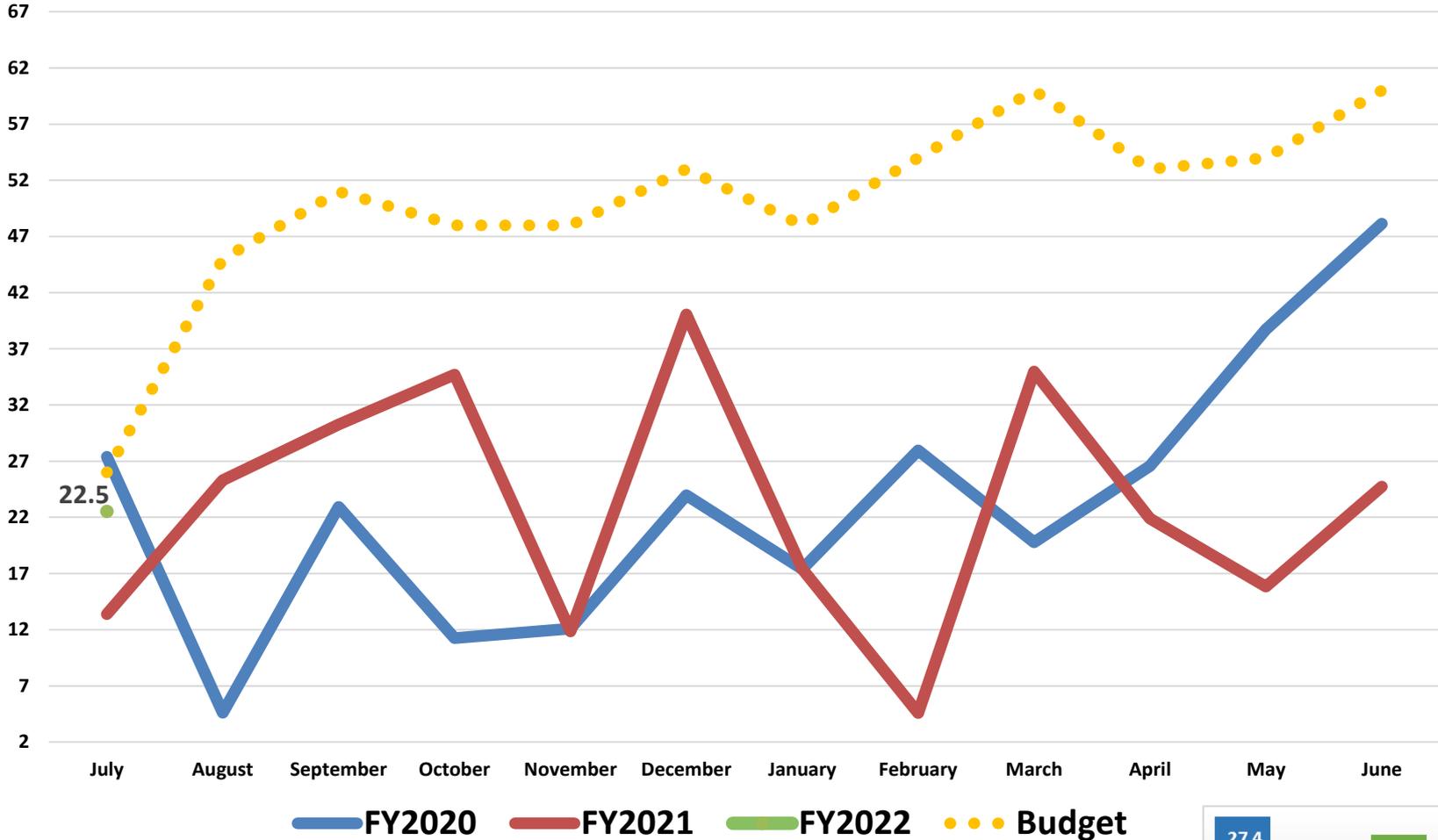


Robotic Surgery (IP & OP) – 100 Min Units



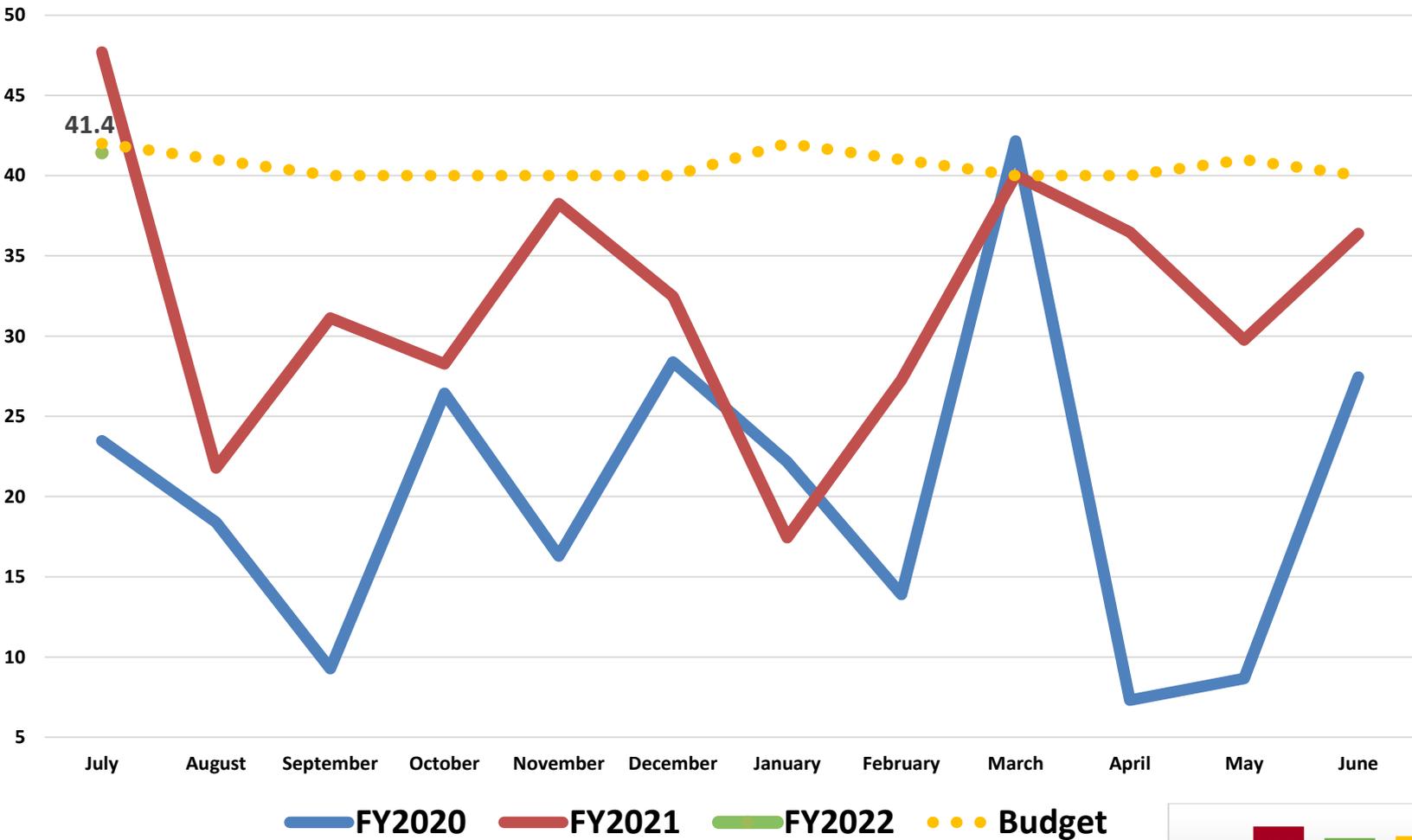
50.9	61.1	64.0	68.0
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Robotic Surgery (IP Only) – 100 Min Units



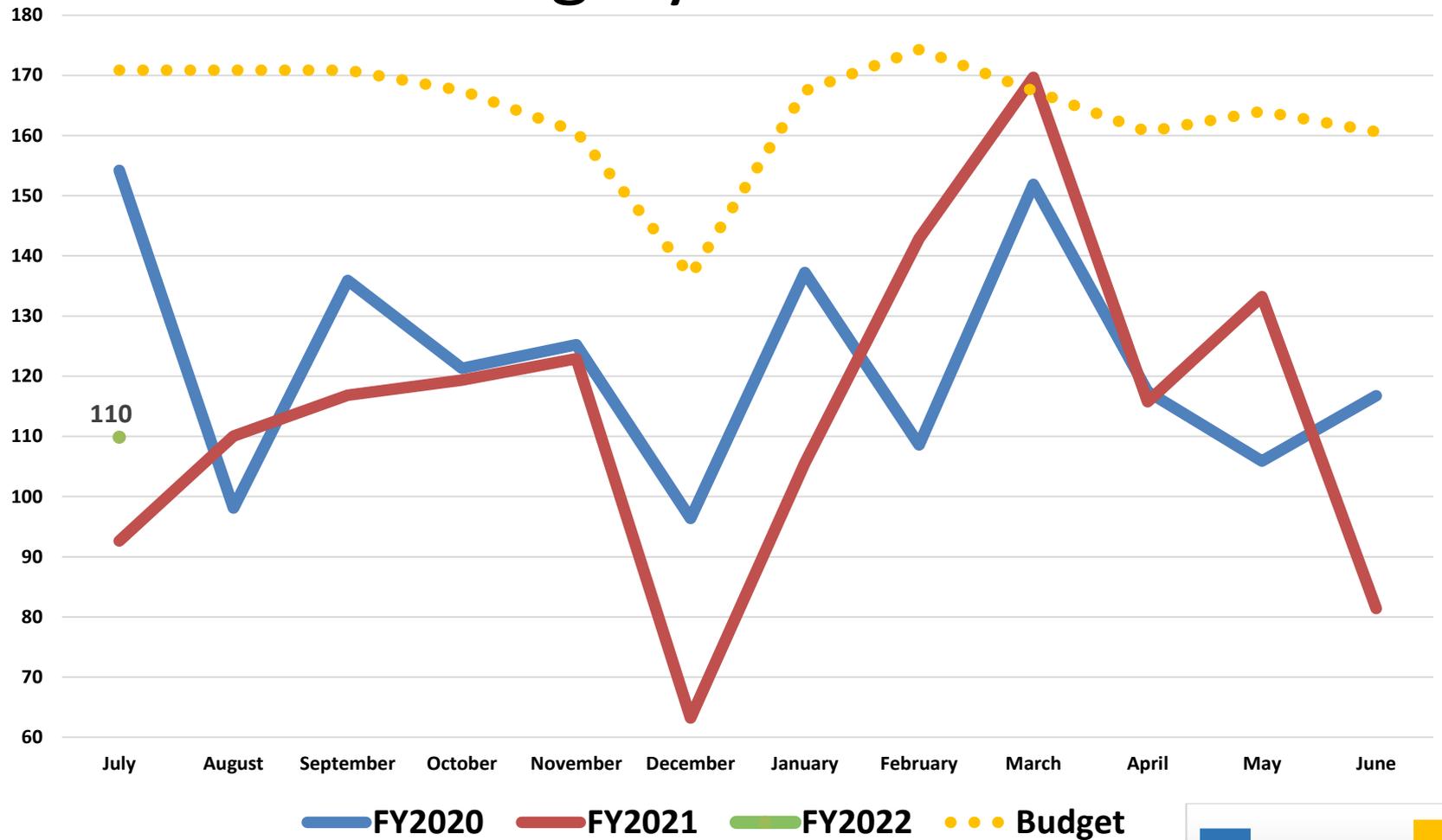
27.4	13.4	22.5	26.0
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Robotic Surgery (OP Only) – 100 Min Units



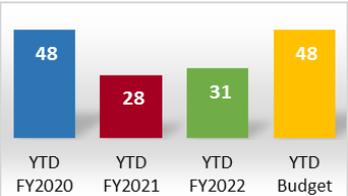
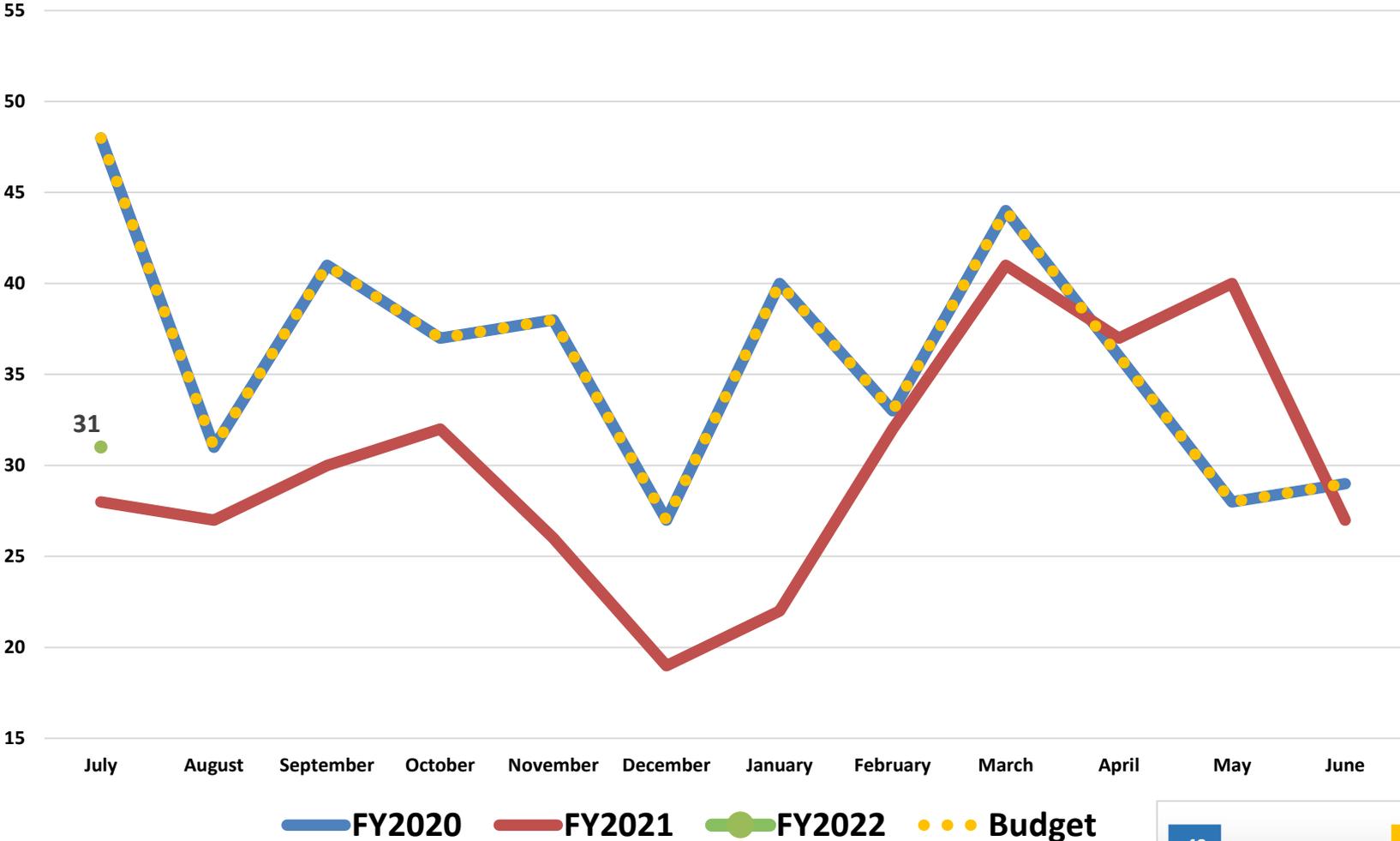
23.5	47.7	41.4	42.0
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Cardiac Surgery – 100 Min Units



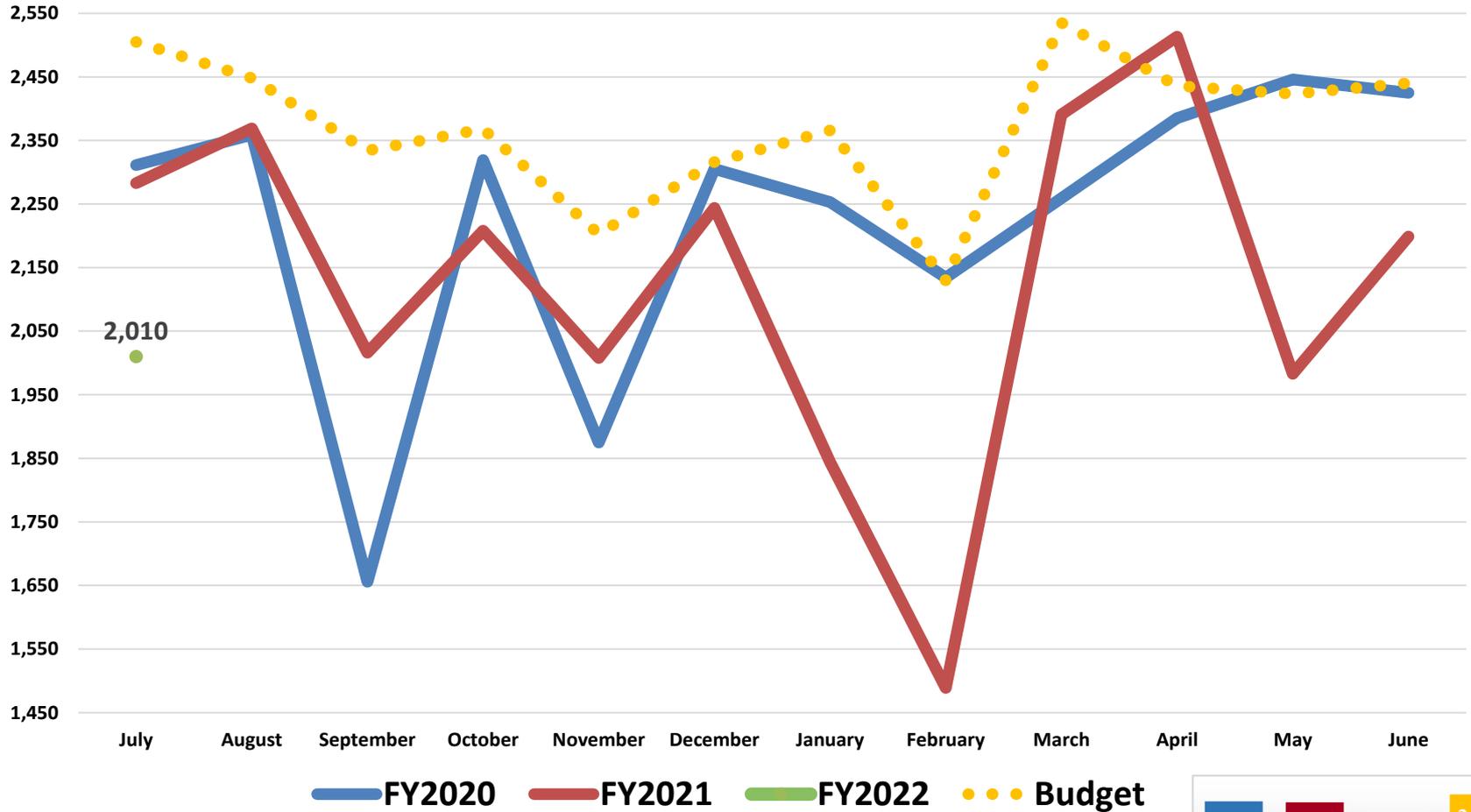
154	93	110	171
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Cardiac Surgery – Cases



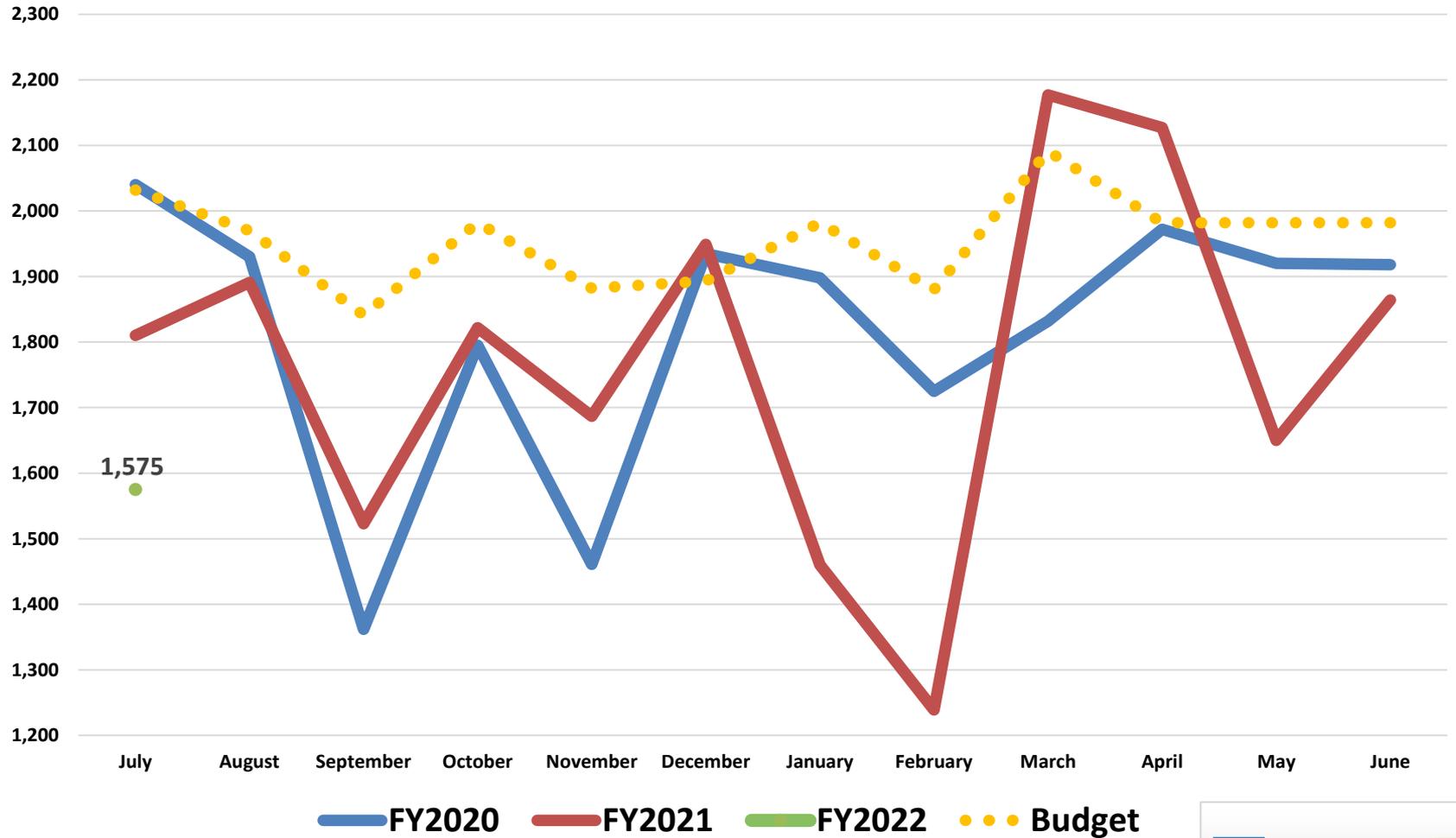
Radiation Oncology Treatments

Hanford and Visalia



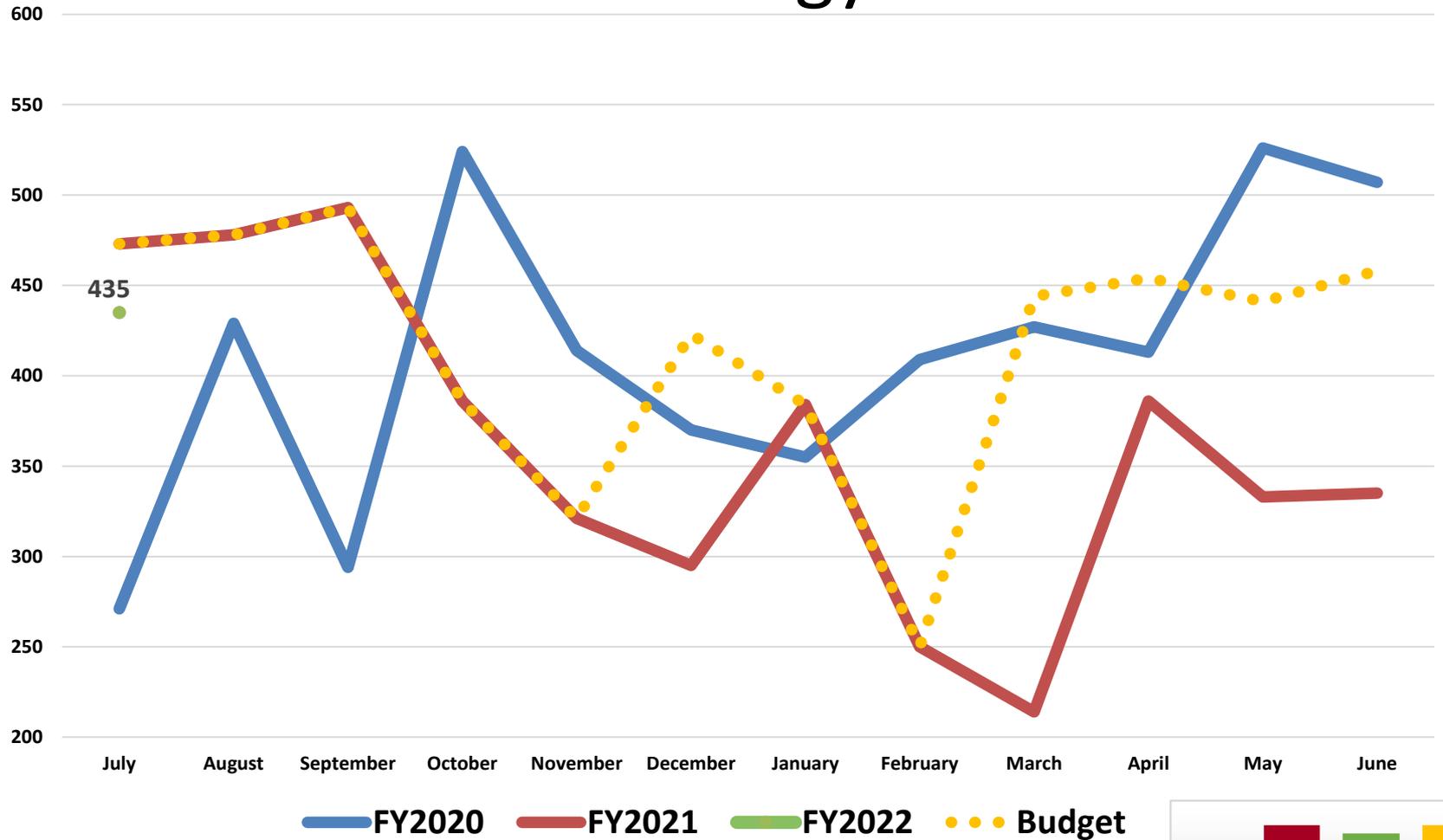
2,311	2,283	2,010	2,505
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Radiation Oncology - Visalia



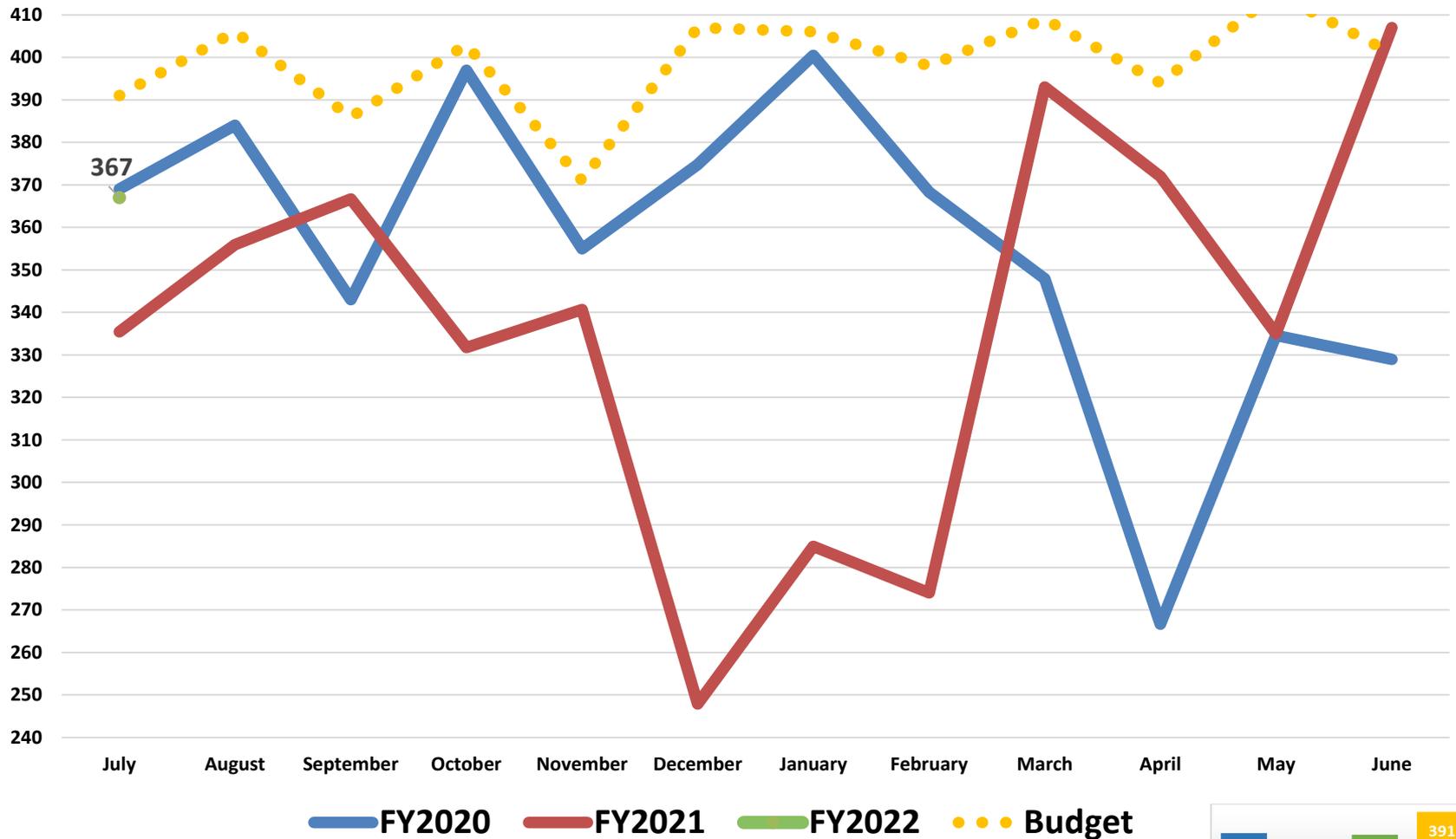
2,040	1,810	1,575	2,032
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Radiation Oncology - Hanford



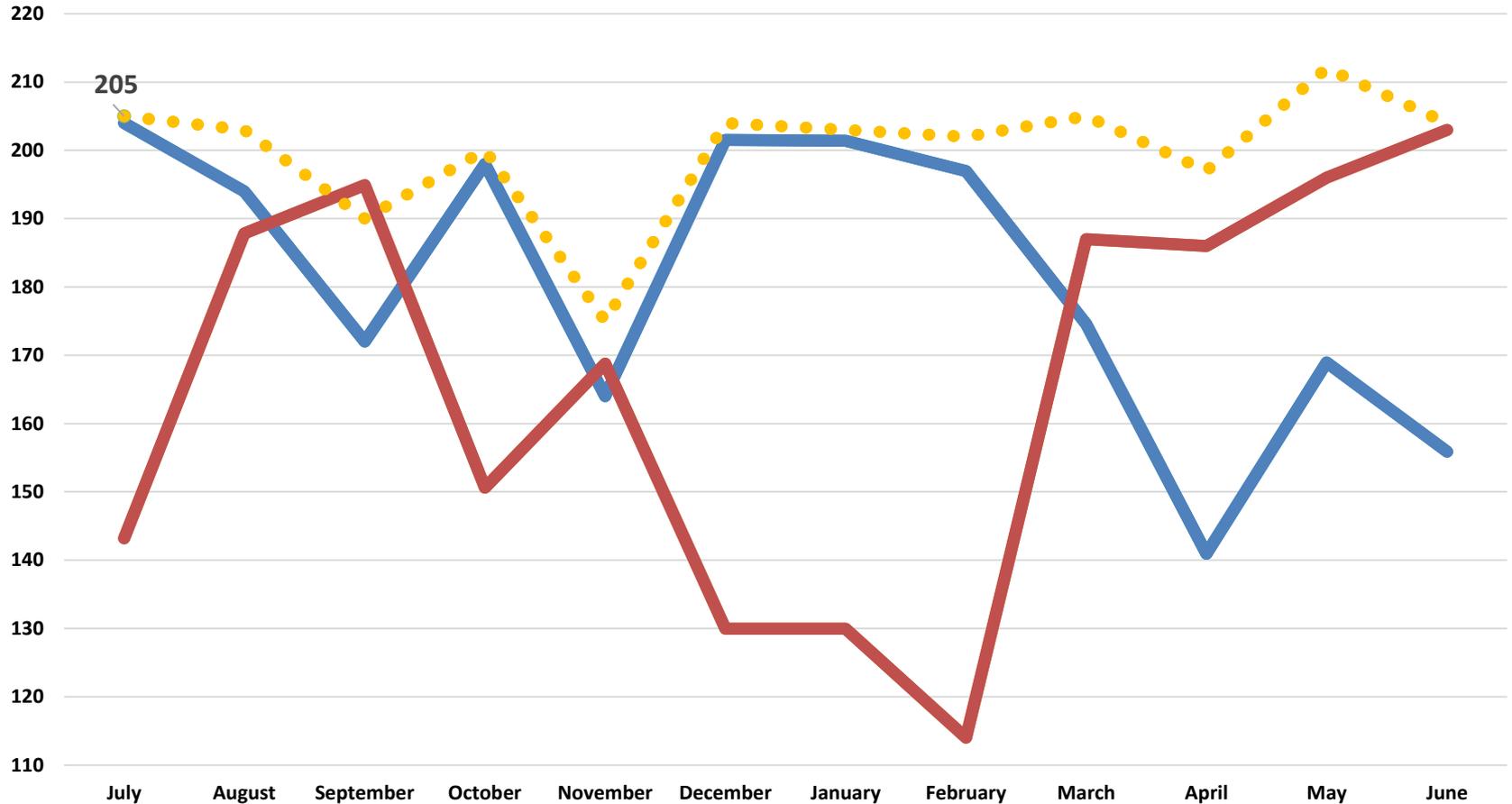
271	473	435	473
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Cath Lab (IP & OP) – 100 Min Units



369	335	367	391
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

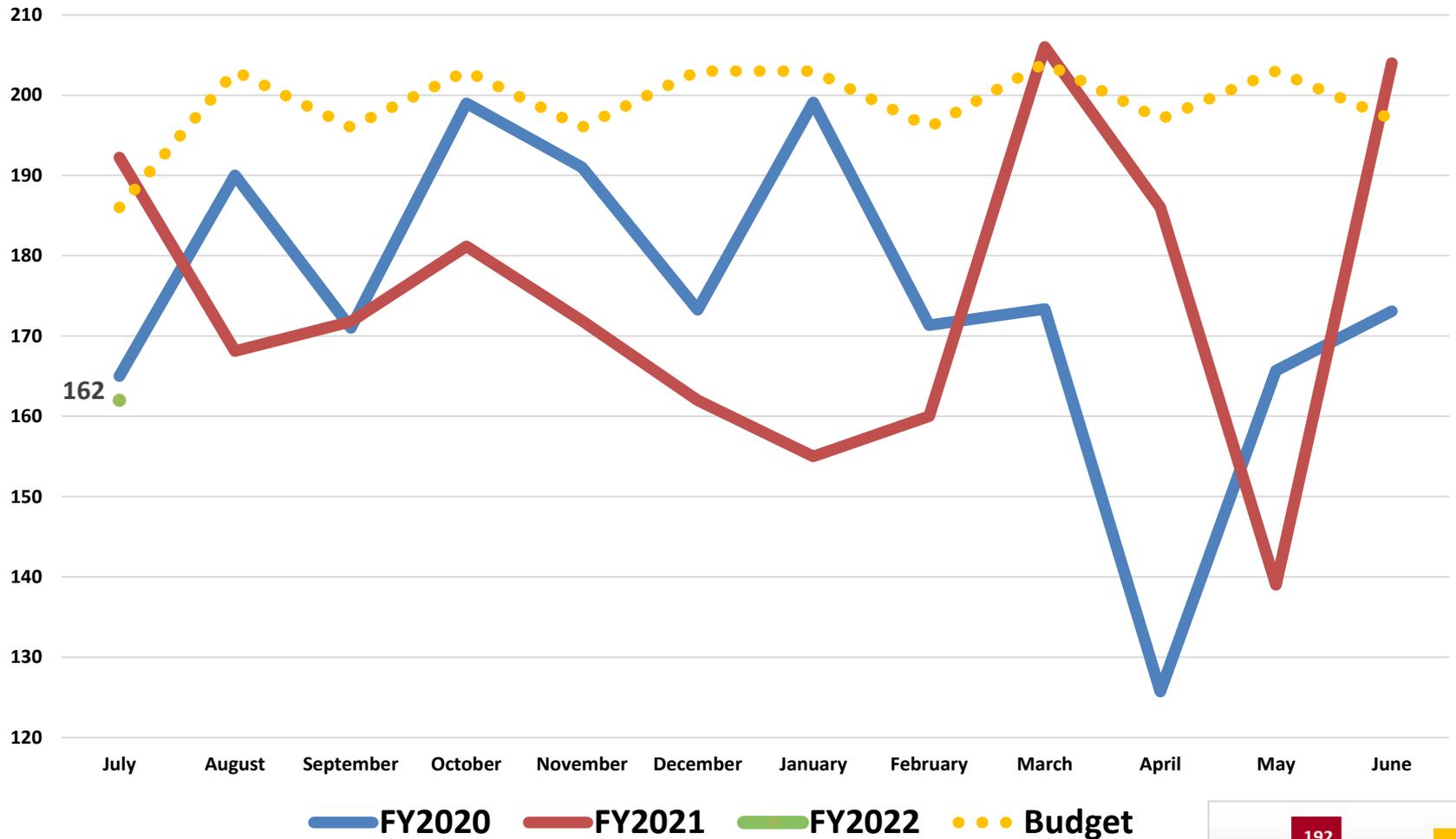
Cath Lab (IP Only) – 100 Min Units



—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**

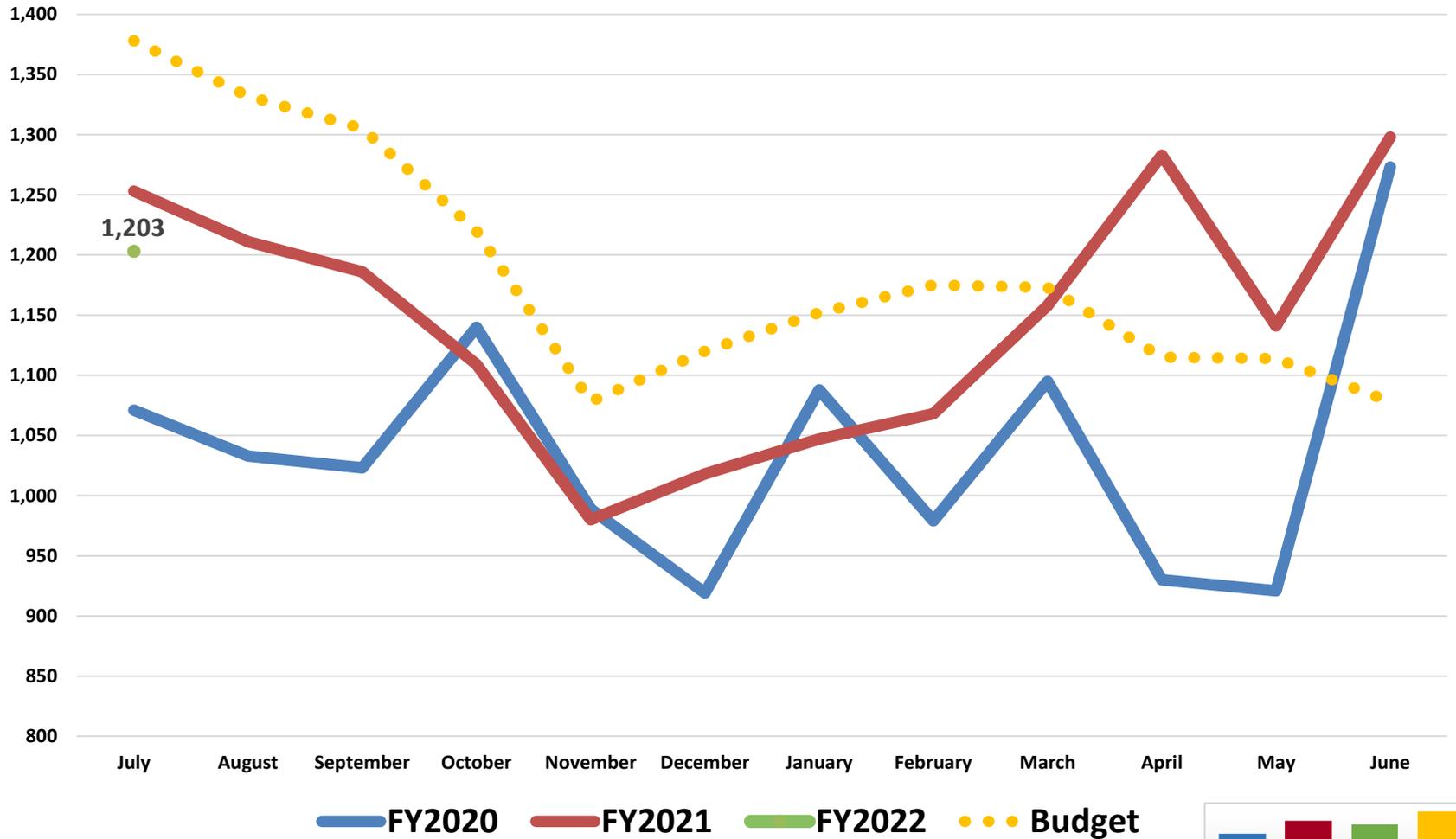
204	143	205	205
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Cath Lab (OP Only) – 100 Min Units



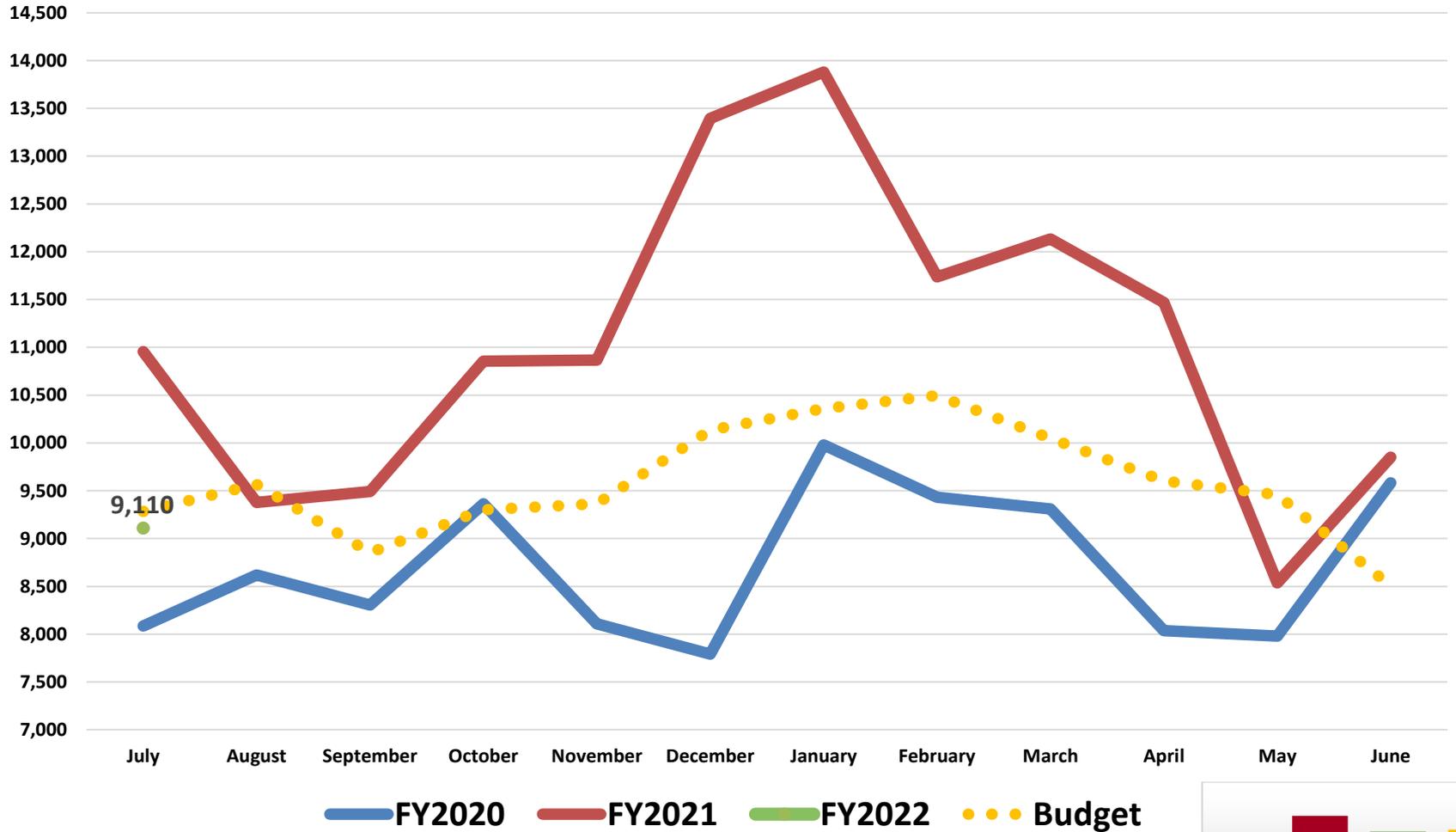
165	192	162	186
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

GME Family Medicine Clinic Visits



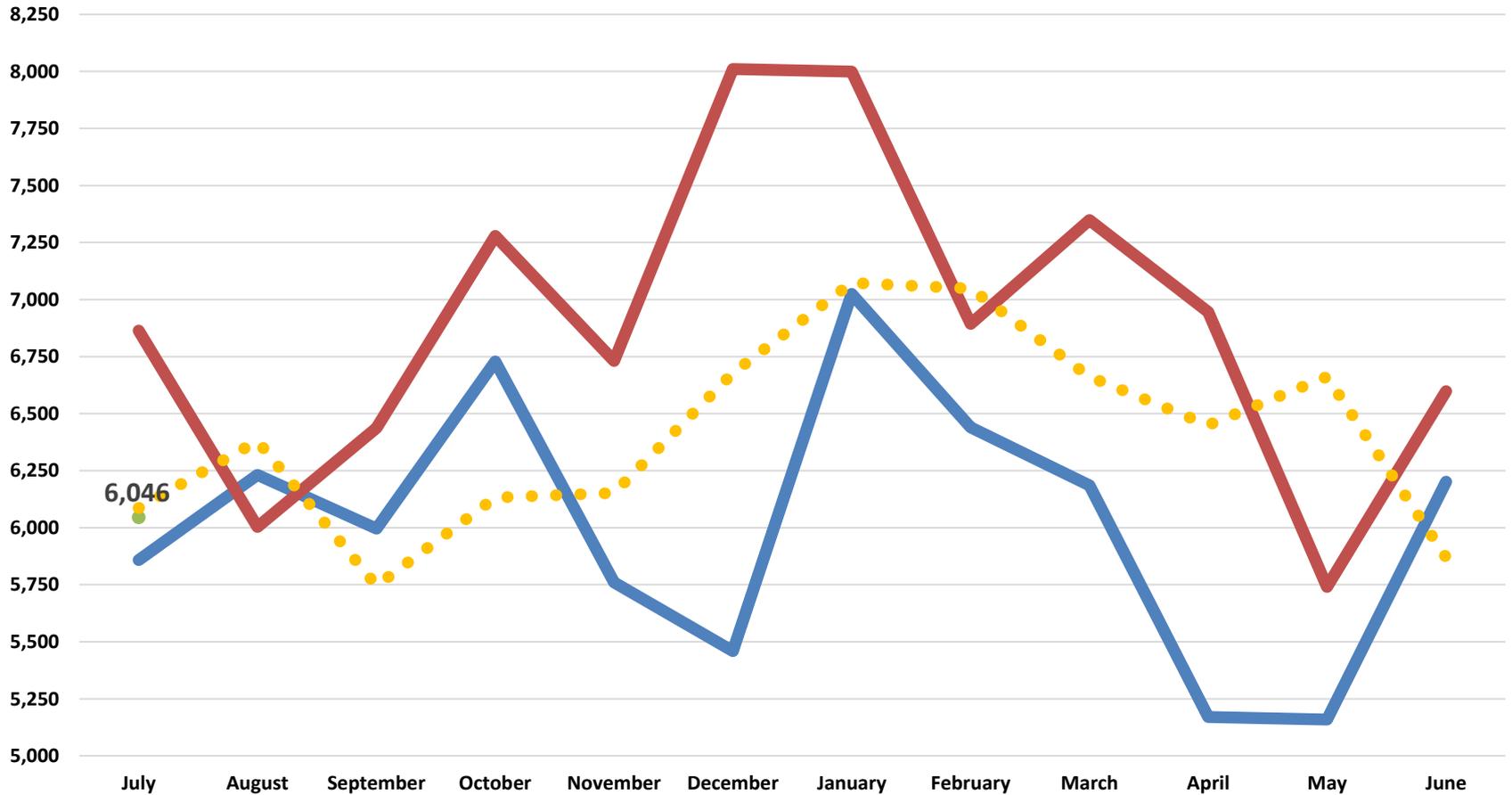
1,071	1,253	1,203	1,378
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Rural Health Clinic Registrations



8,084	10,956	9,110	9,284
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

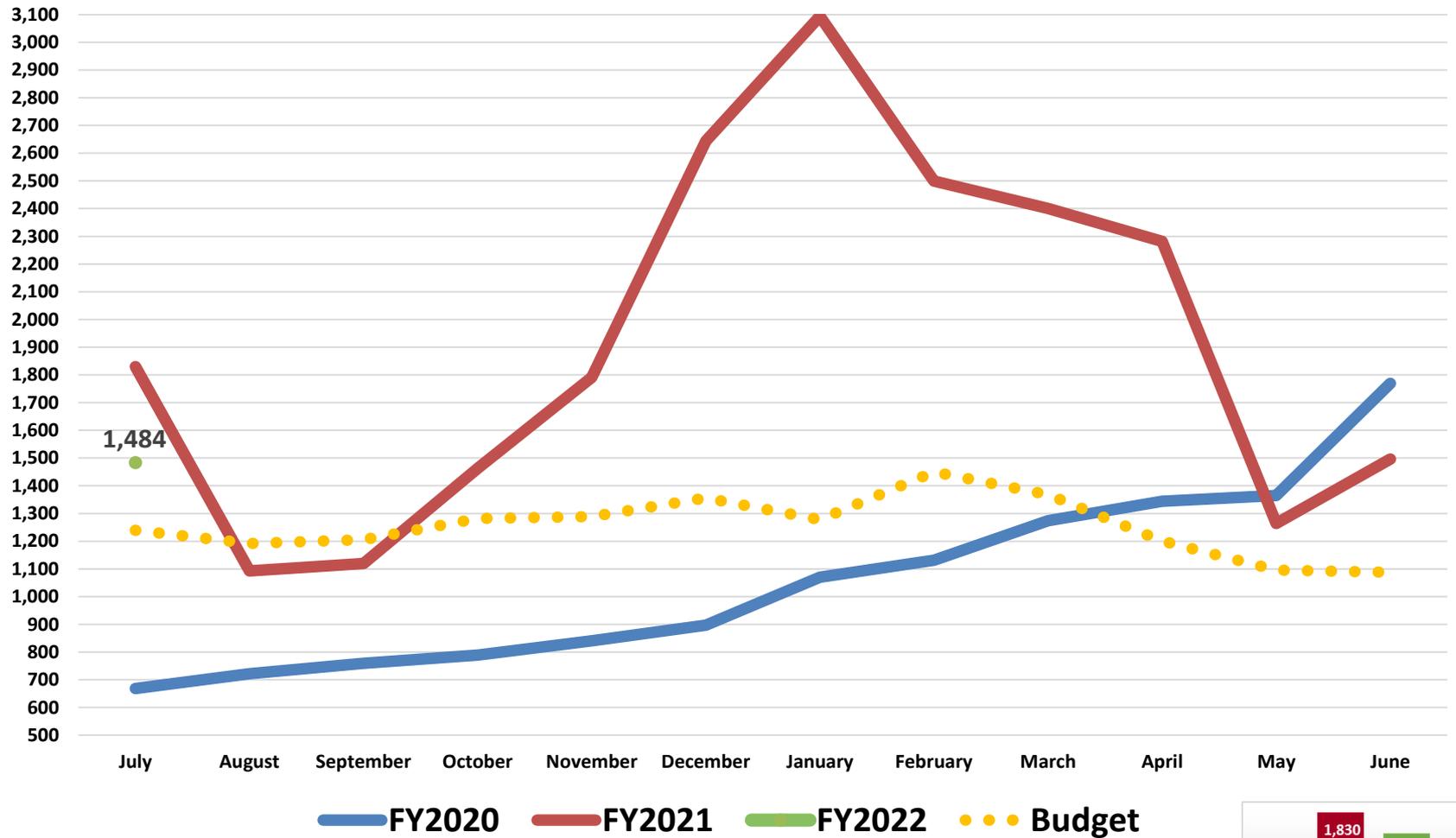
Exeter RHC - Registrations



—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**

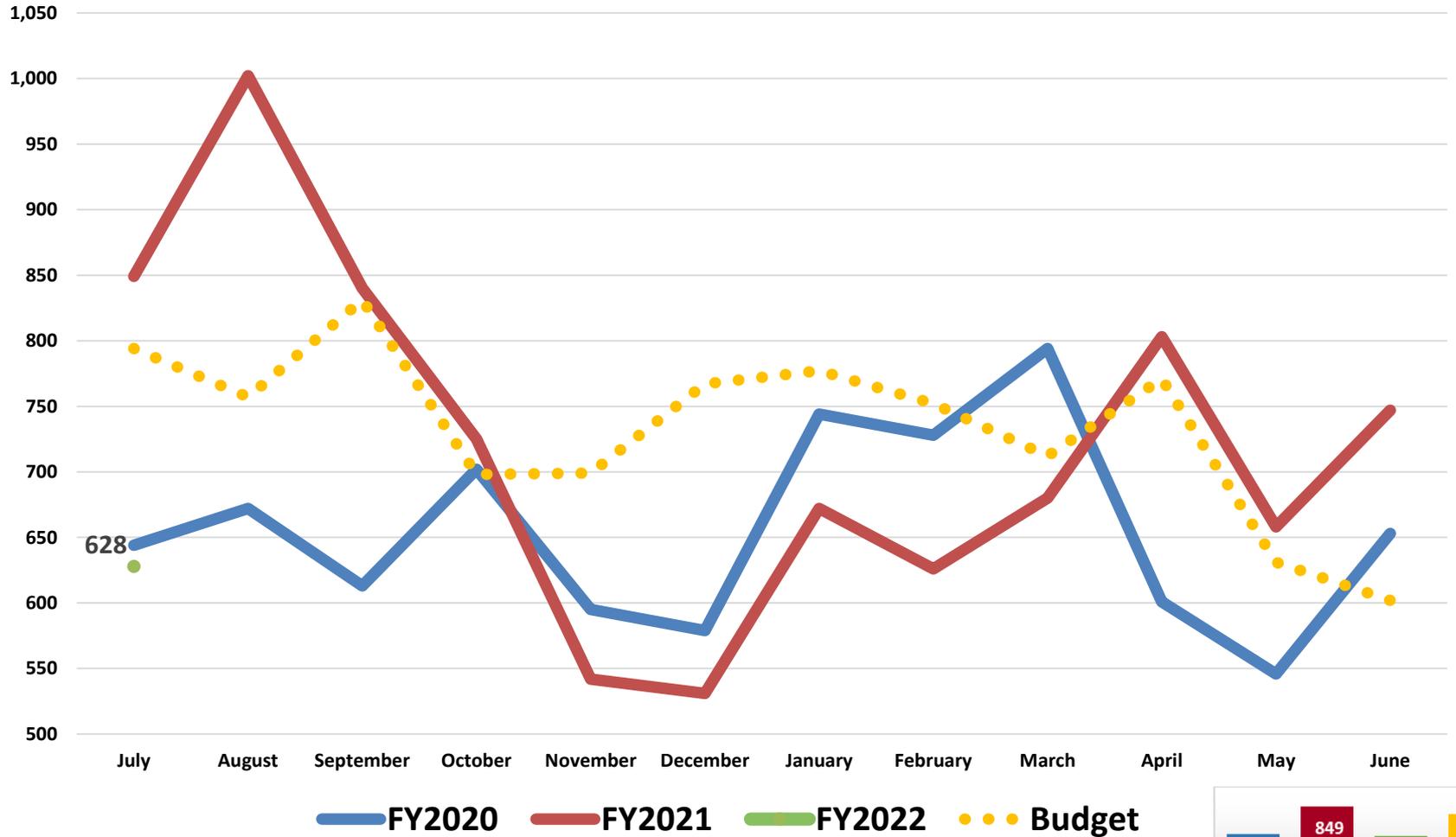
5,858	6,864	6,046	6,087
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Lindsay RHC - Registrations



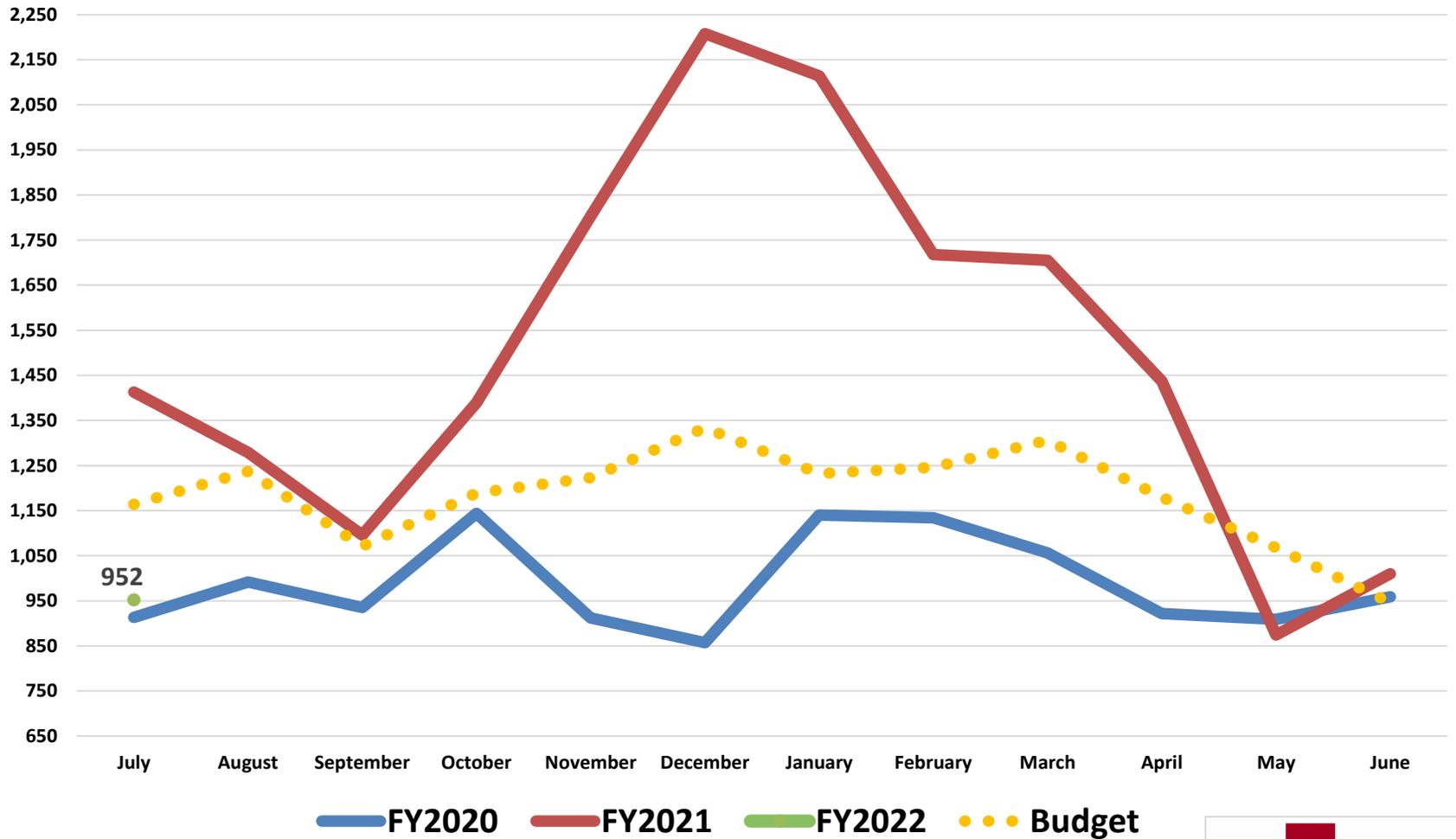
669	1,830	1,484	1,239
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Woodlake RHC - Registrations



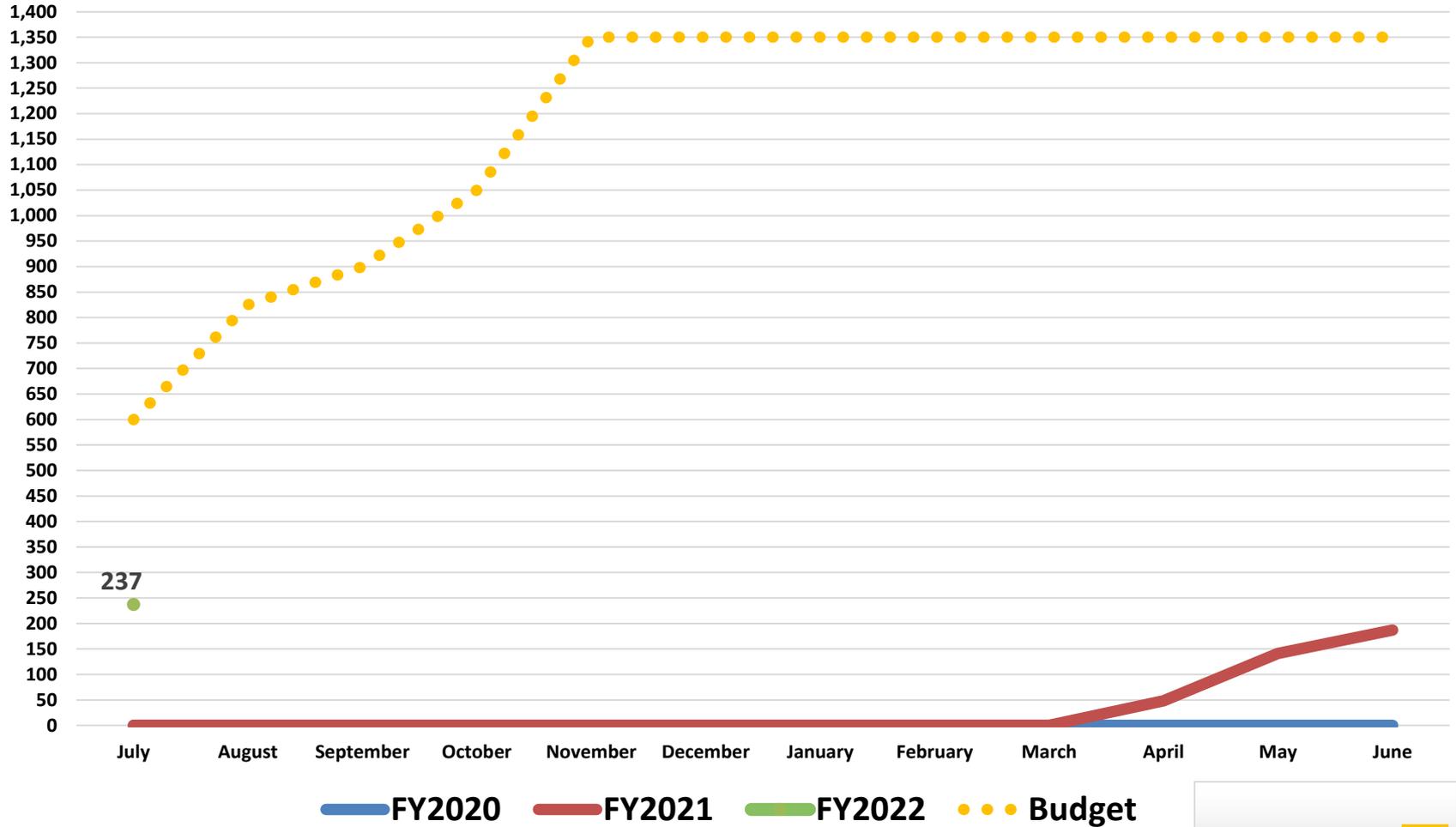
644	849	628	794
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Dinuba RHC - Registrations



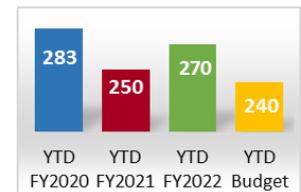
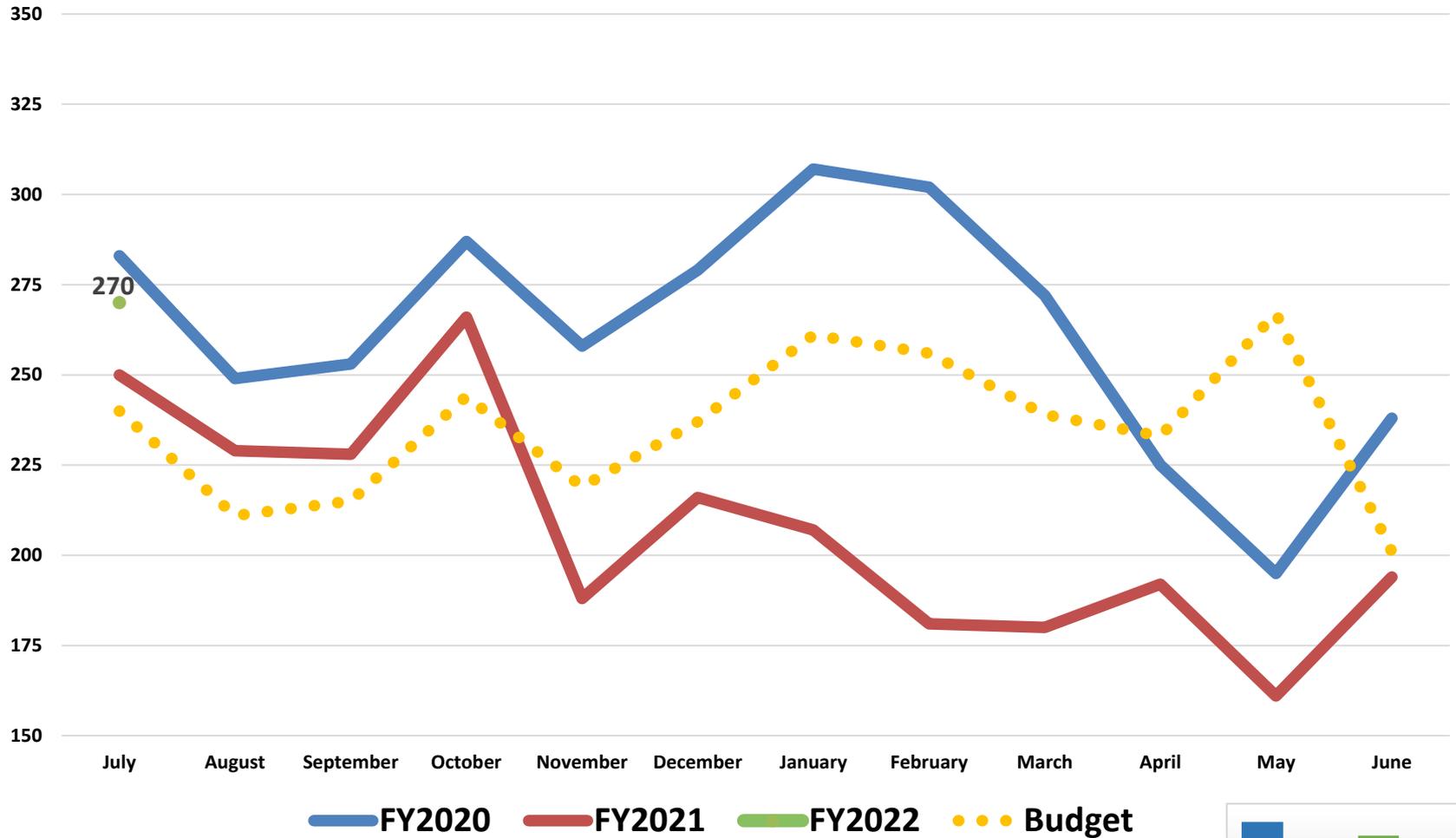
913	1,413	952	1,164
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Tulare RHC - Registrations

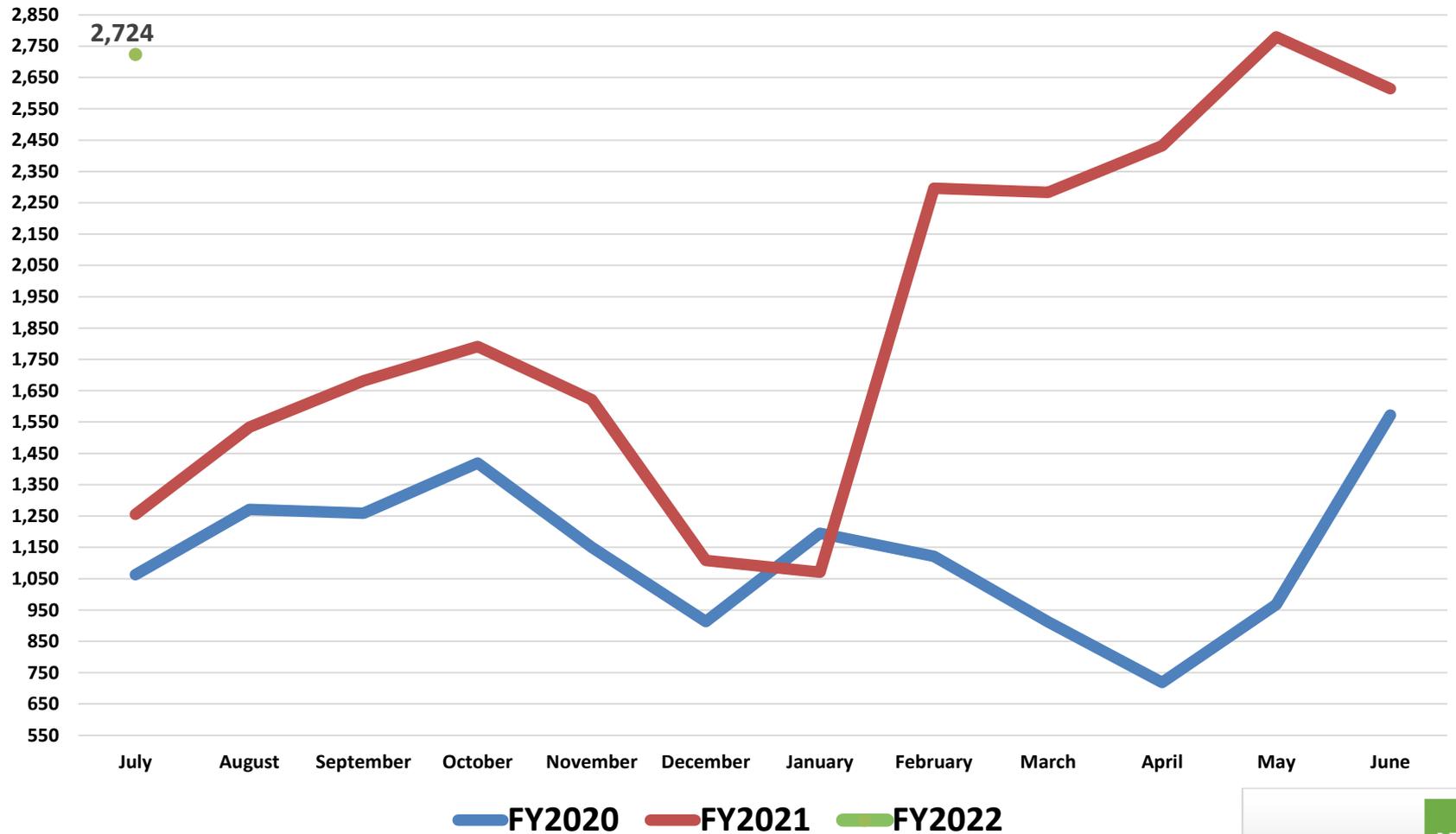


YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget
		237	600

Neurosurgery Clinic - Registrations

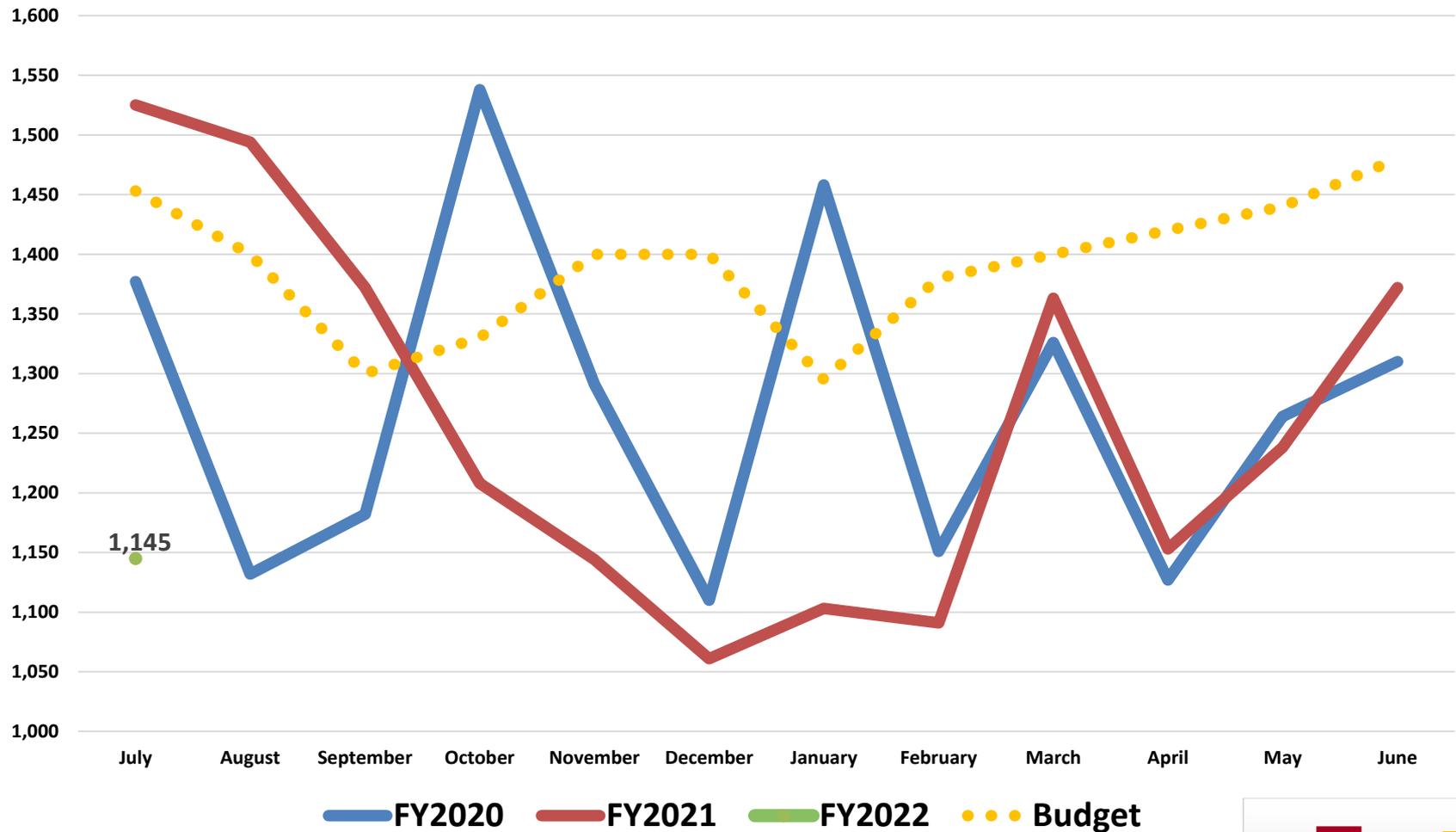


Neurosurgery Clinic - wRVU's

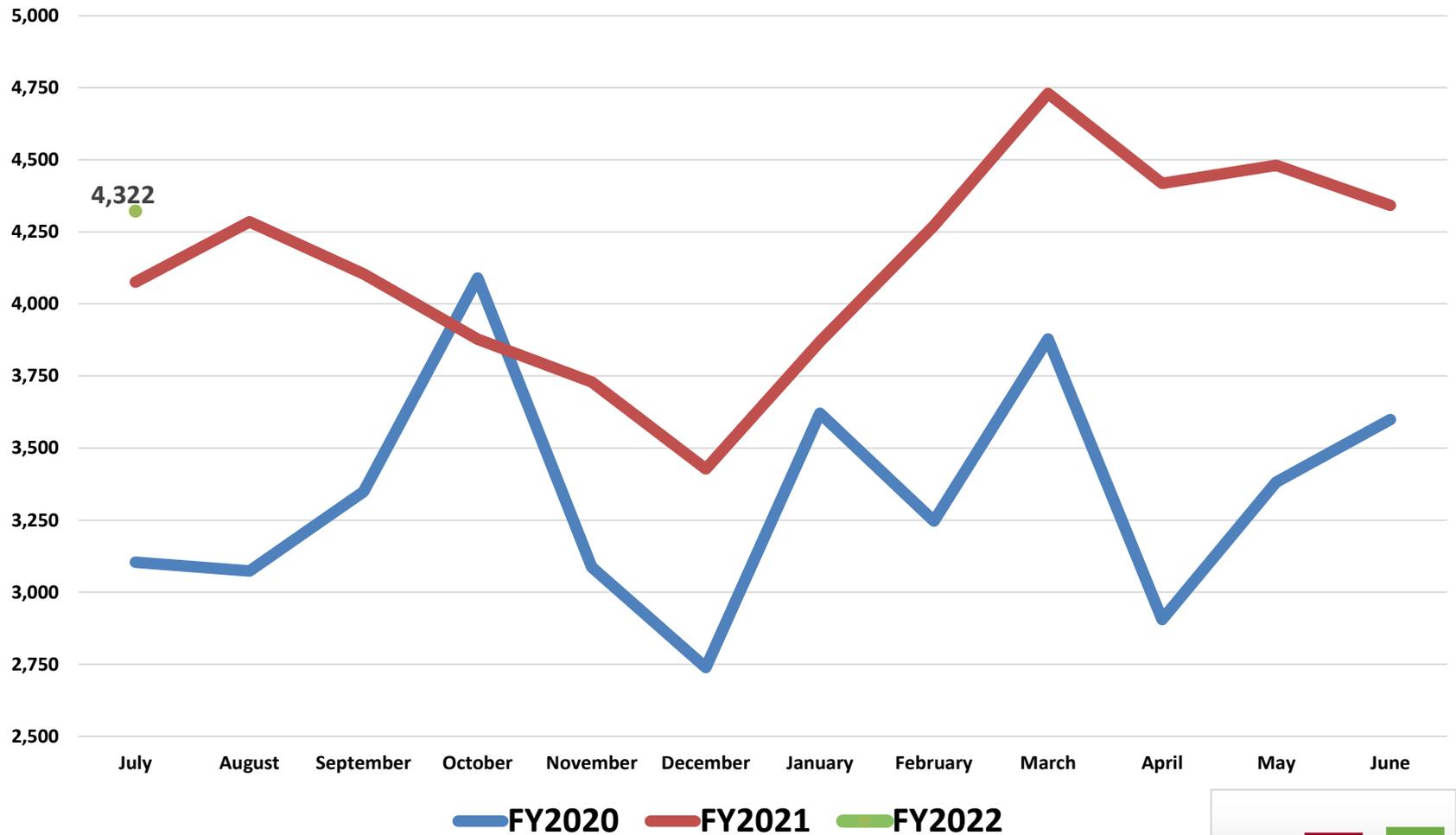


1,063	1,255	2,724
YTD FY2020	YTD FY2021	YTD FY2022

Sequoia Cardiology - Registrations

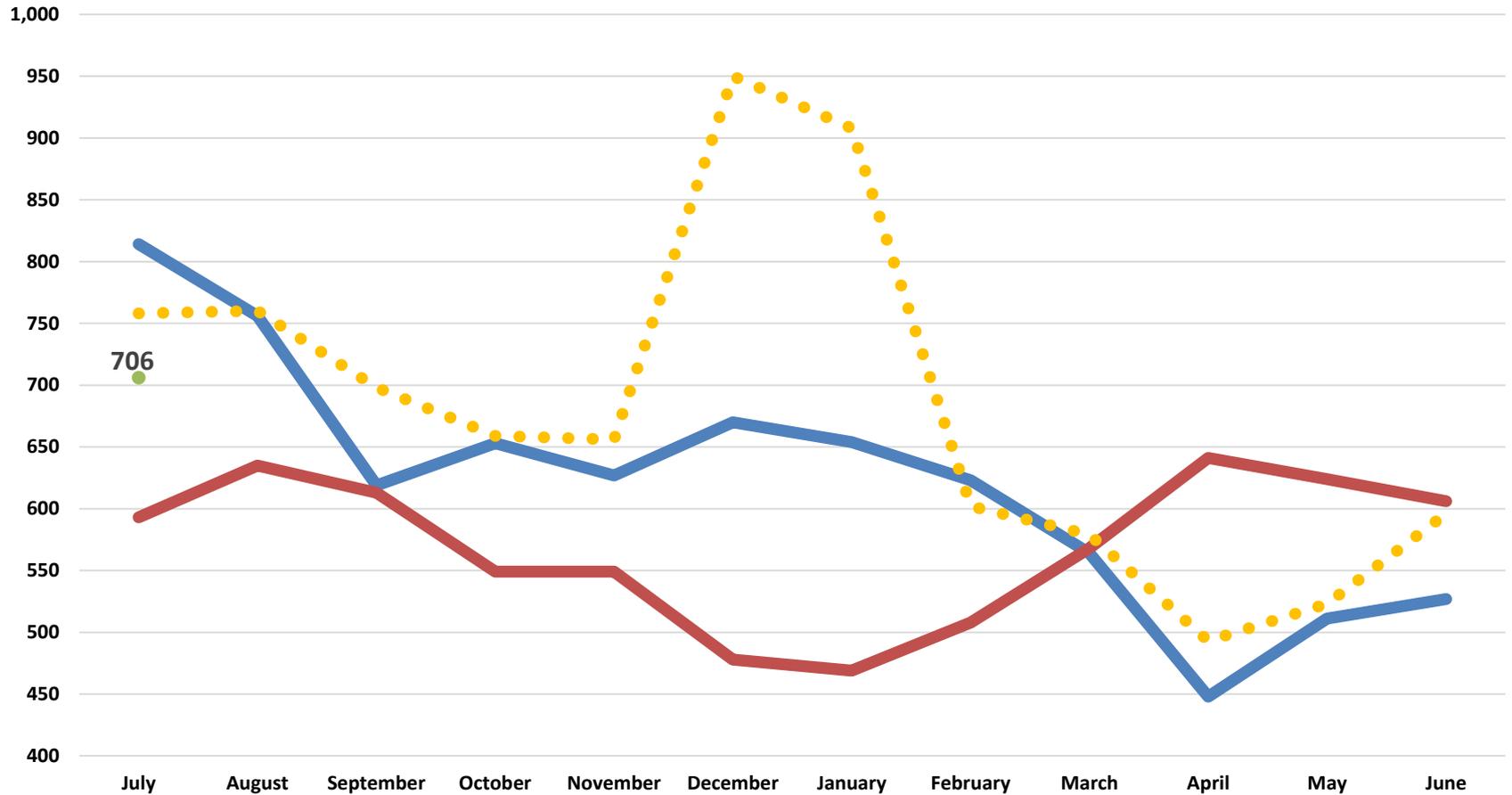


Sequoia Cardiology – wRVU's

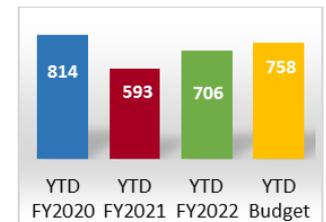


3,104	4,076	4,322
YTD FY2020	YTD FY2021	YTD FY2022

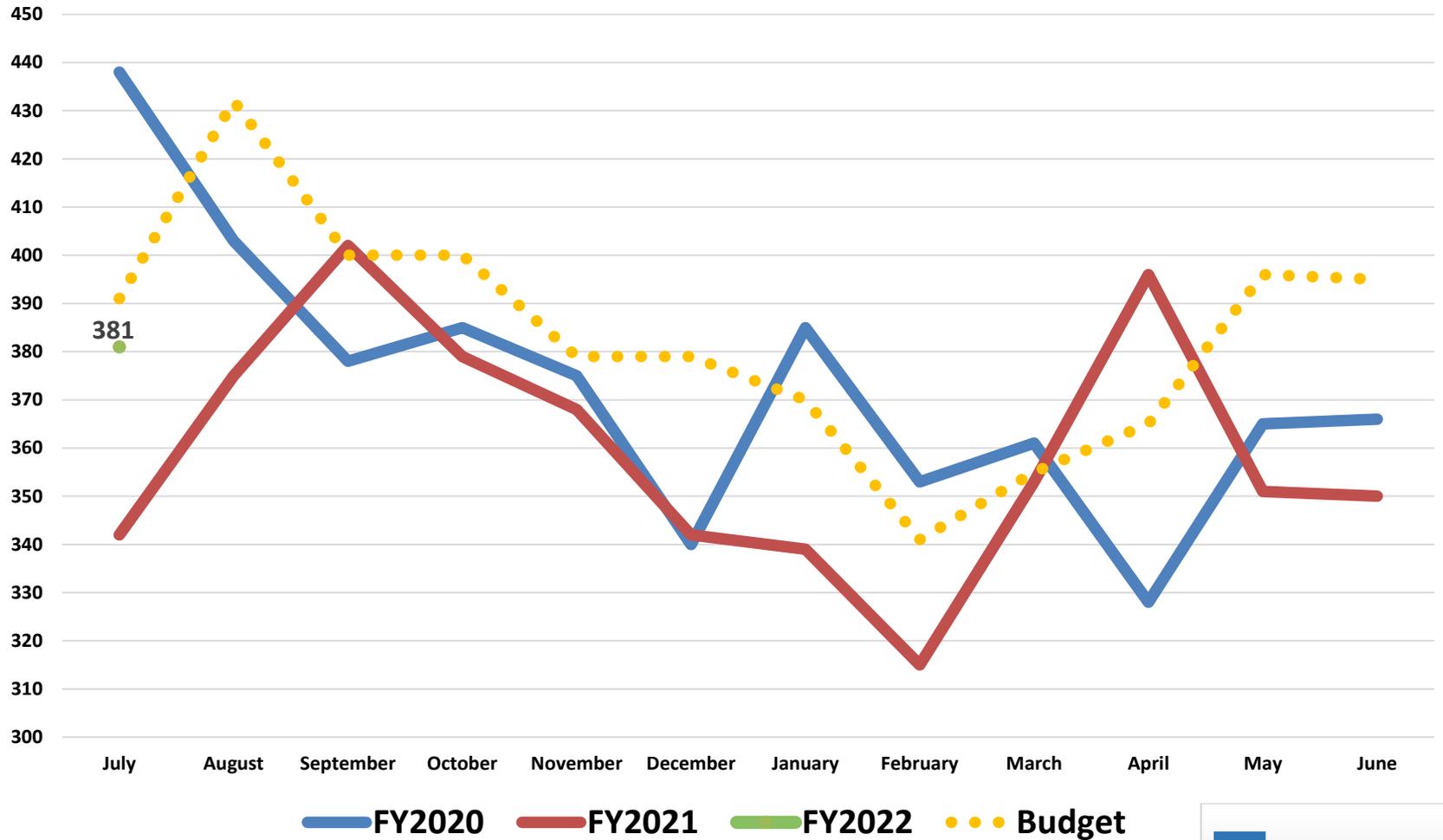
Labor Triage Registrations



—● **FY2020**
 —● **FY2021**
 —● **FY2022**
 ●●● **Budget**



Deliveries

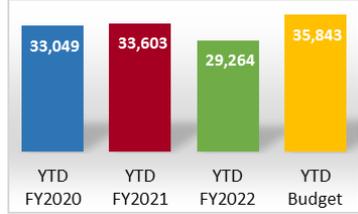


438	342	381	391
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

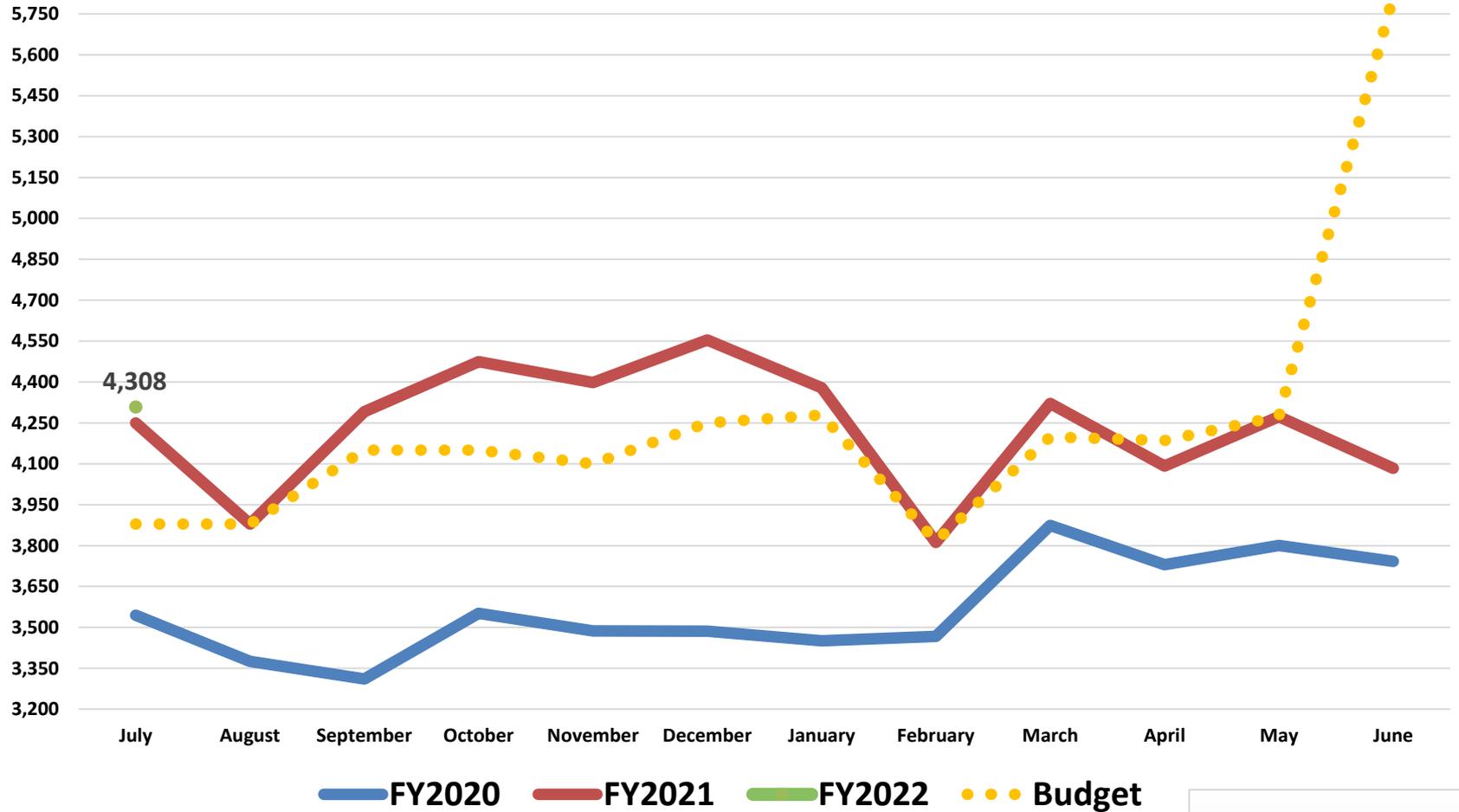
KDMF RVU's



—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**

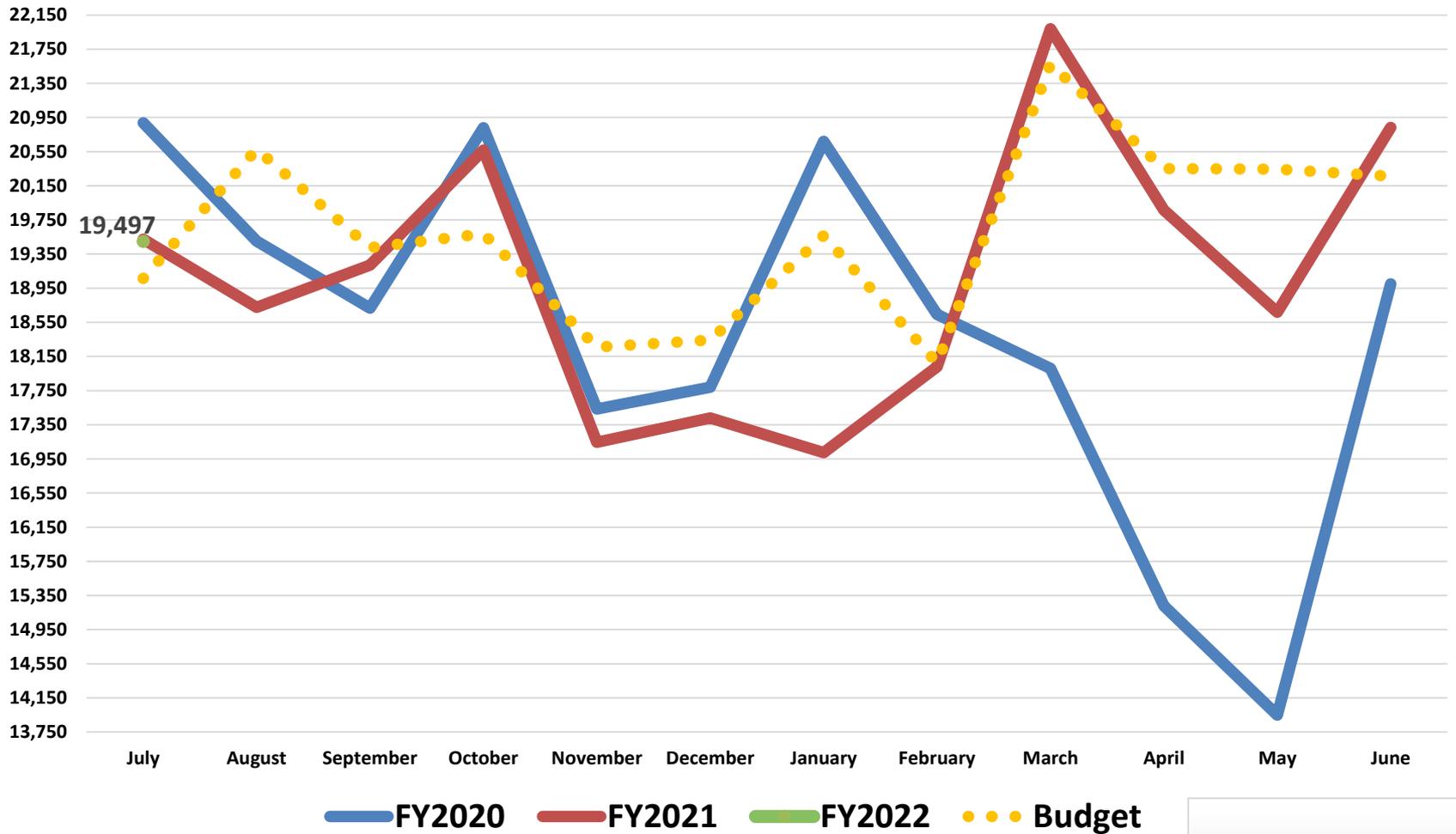


Hospice Days

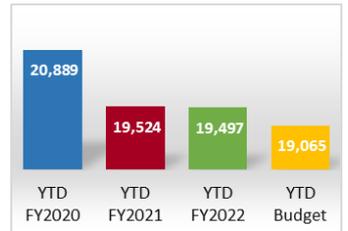


3,545	4,250	4,308	3,879
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

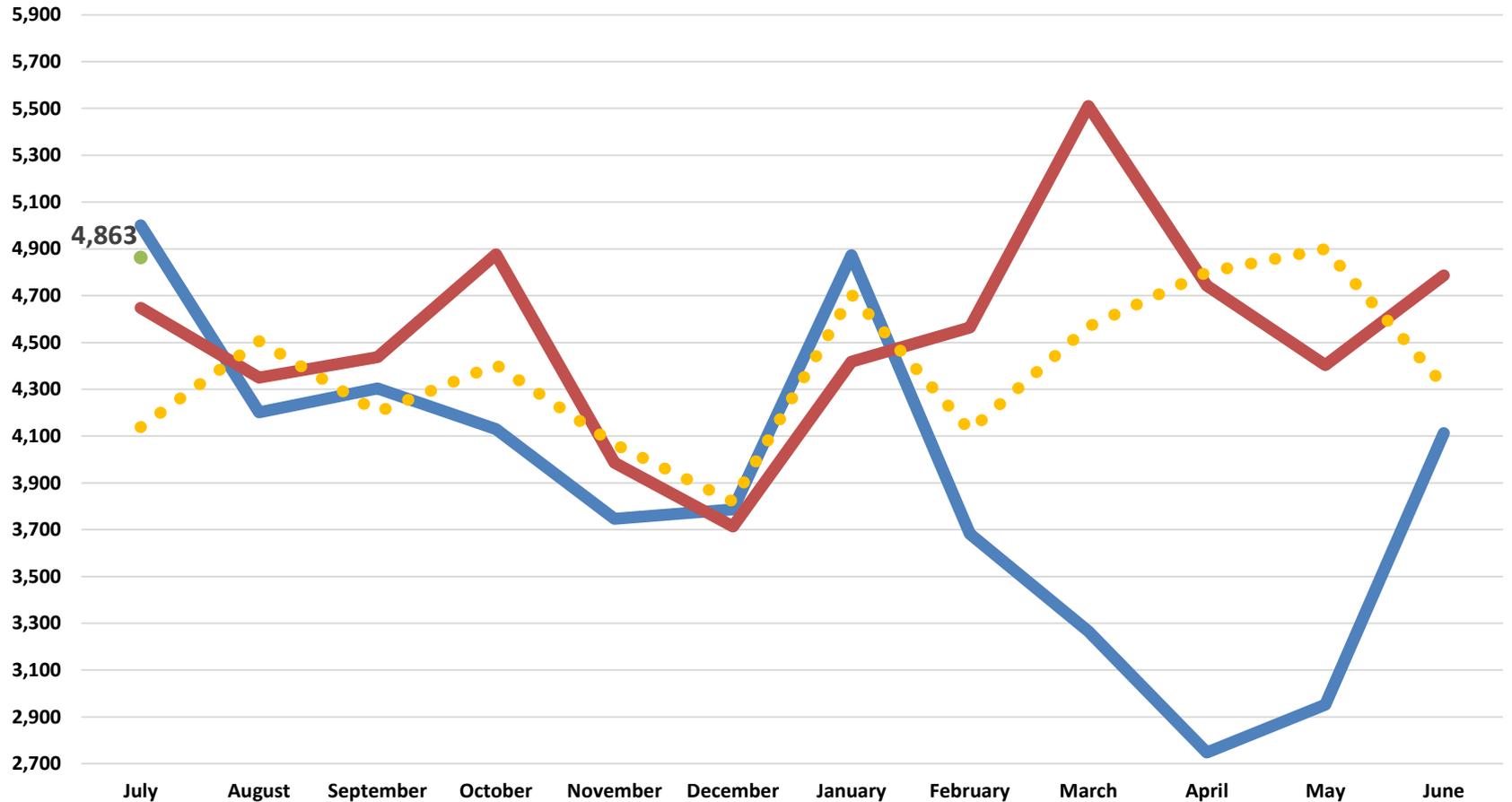
All O/P Rehab Services Across District



— FY2020
 — FY2021
 — FY2022
 ●●● Budget



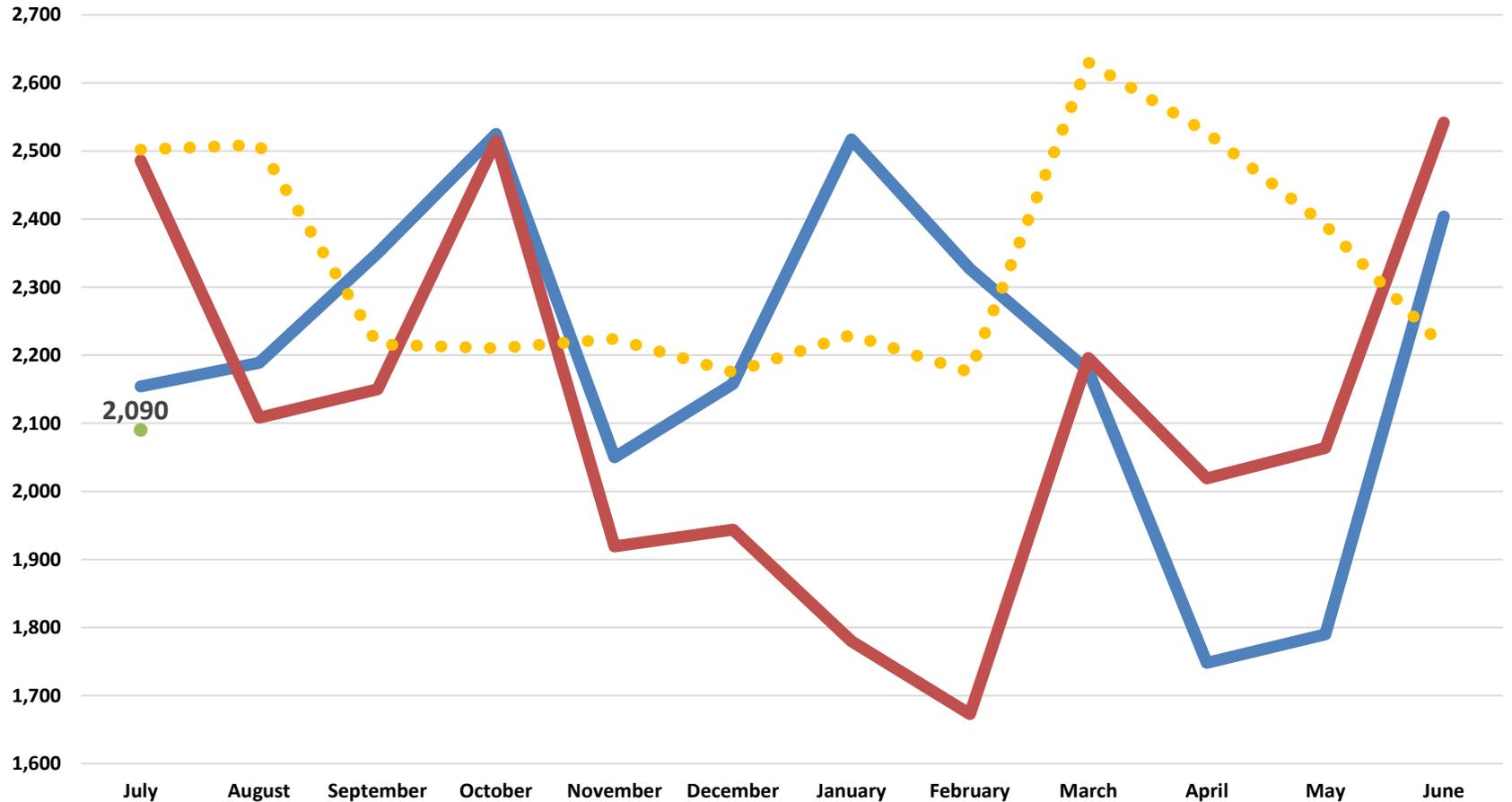
O/P Rehab Services



— **FY2020**
 — **FY2021**
 — **FY2022**
 ••• **Budget**

5,001	4,648	4,863	4,138
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

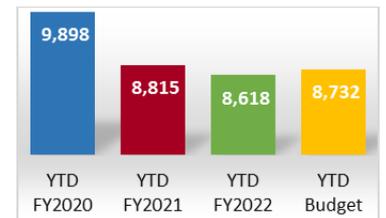
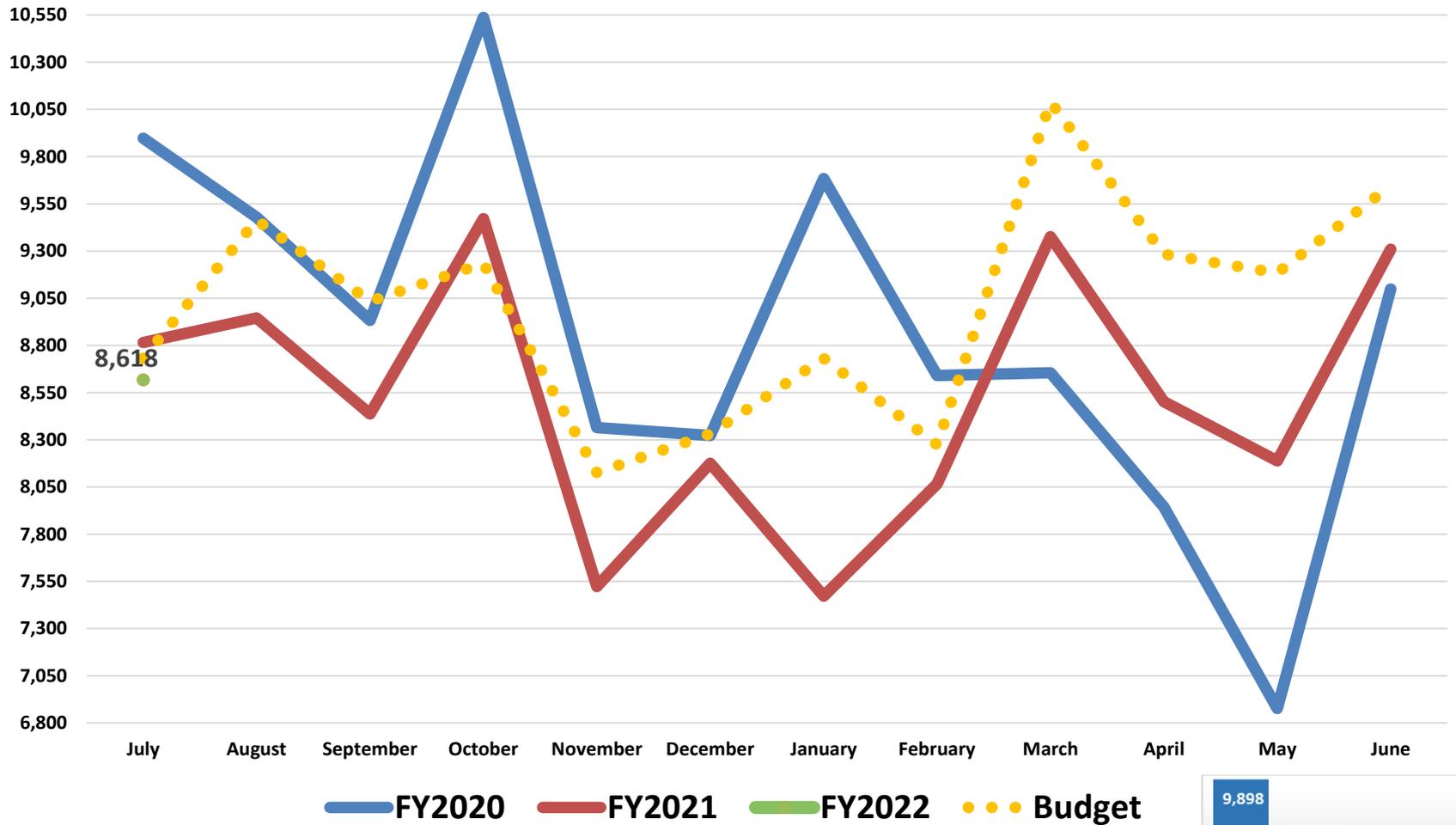
O/P Rehab - Exeter



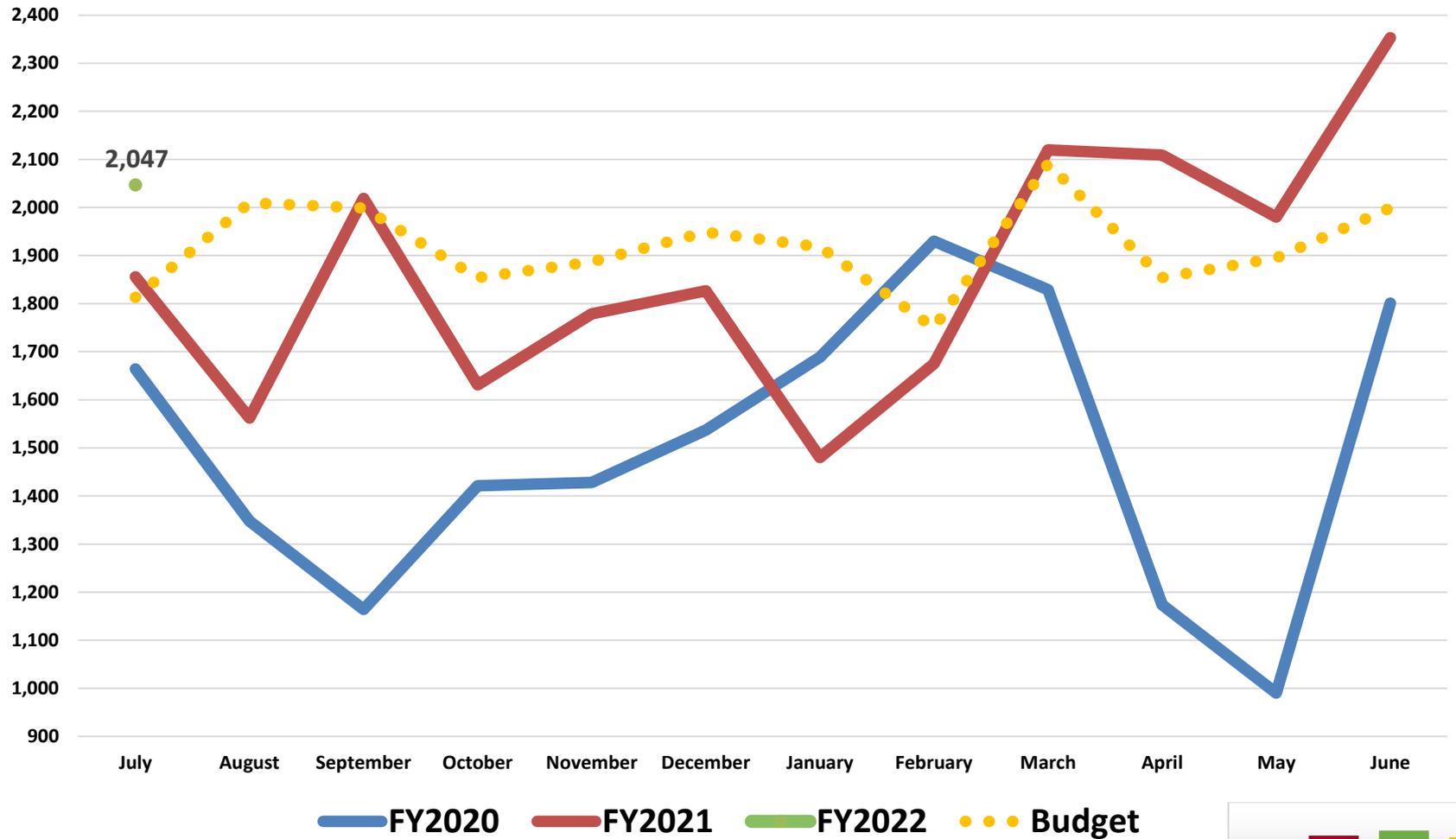
—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**



O/P Rehab - Akers

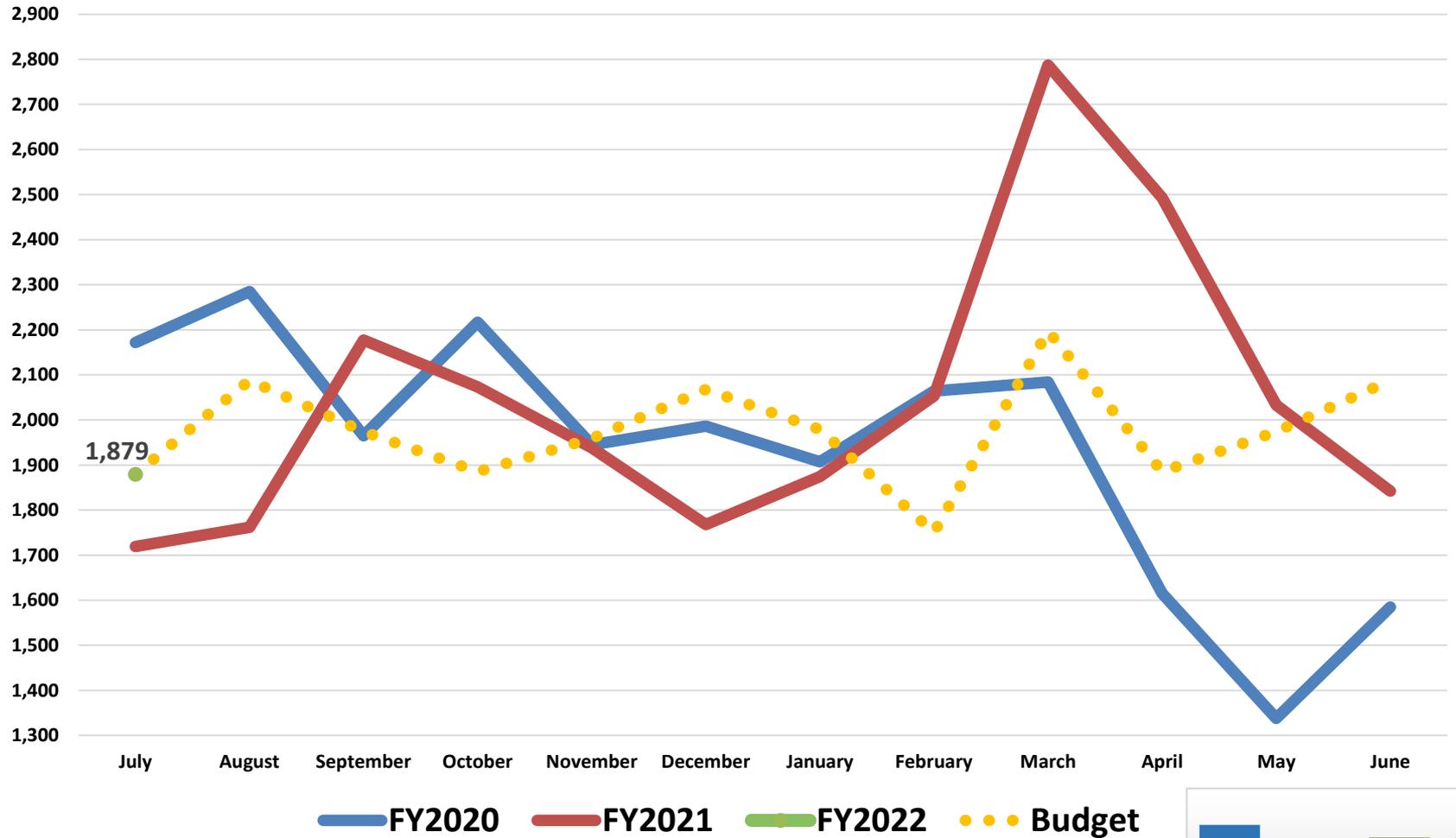


O/P Rehab - LLOPT



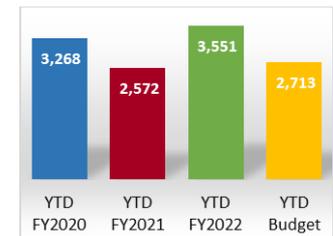
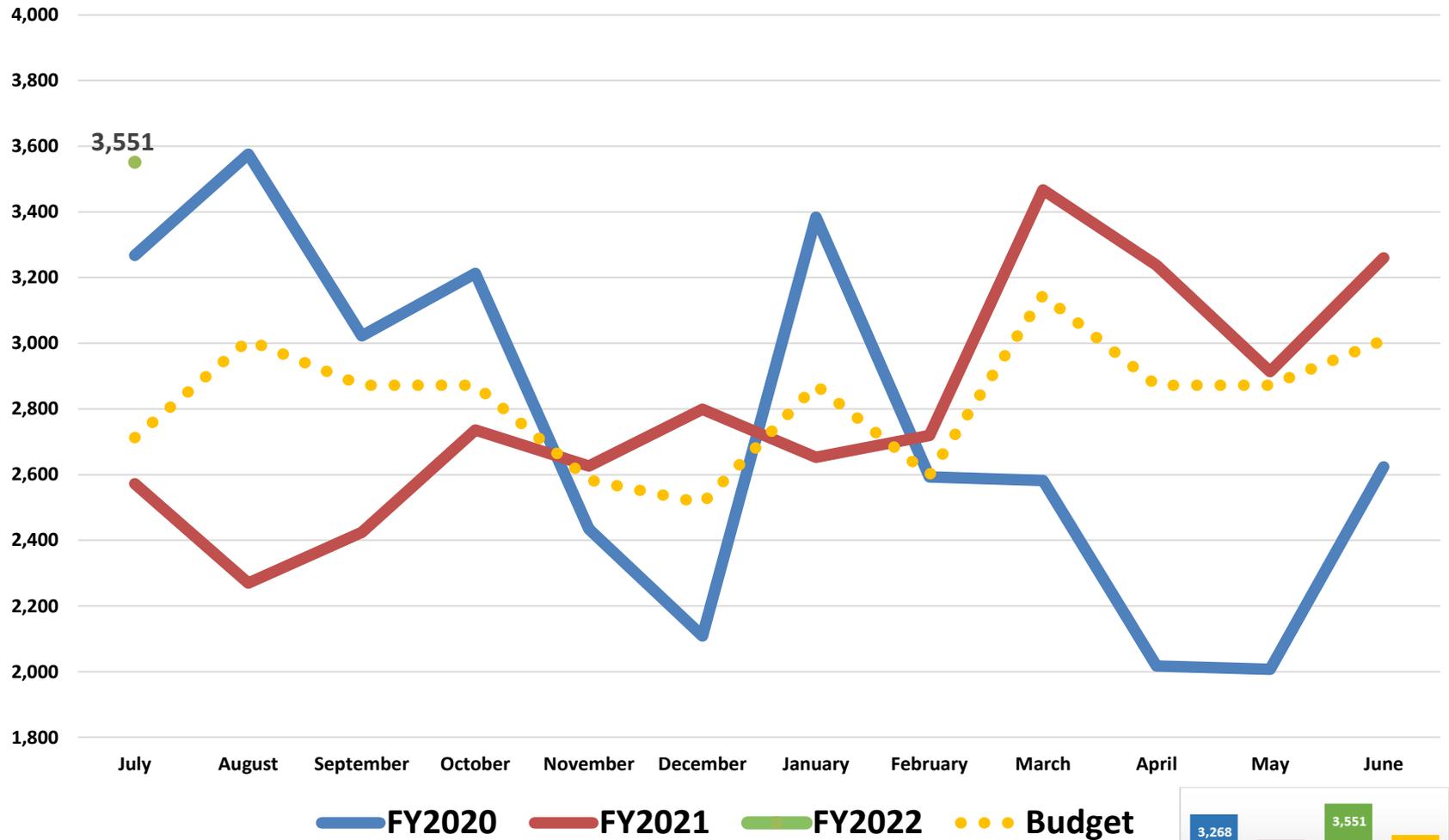
1,664	1,856	2,047	1,813
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

O/P Rehab - Dinuba

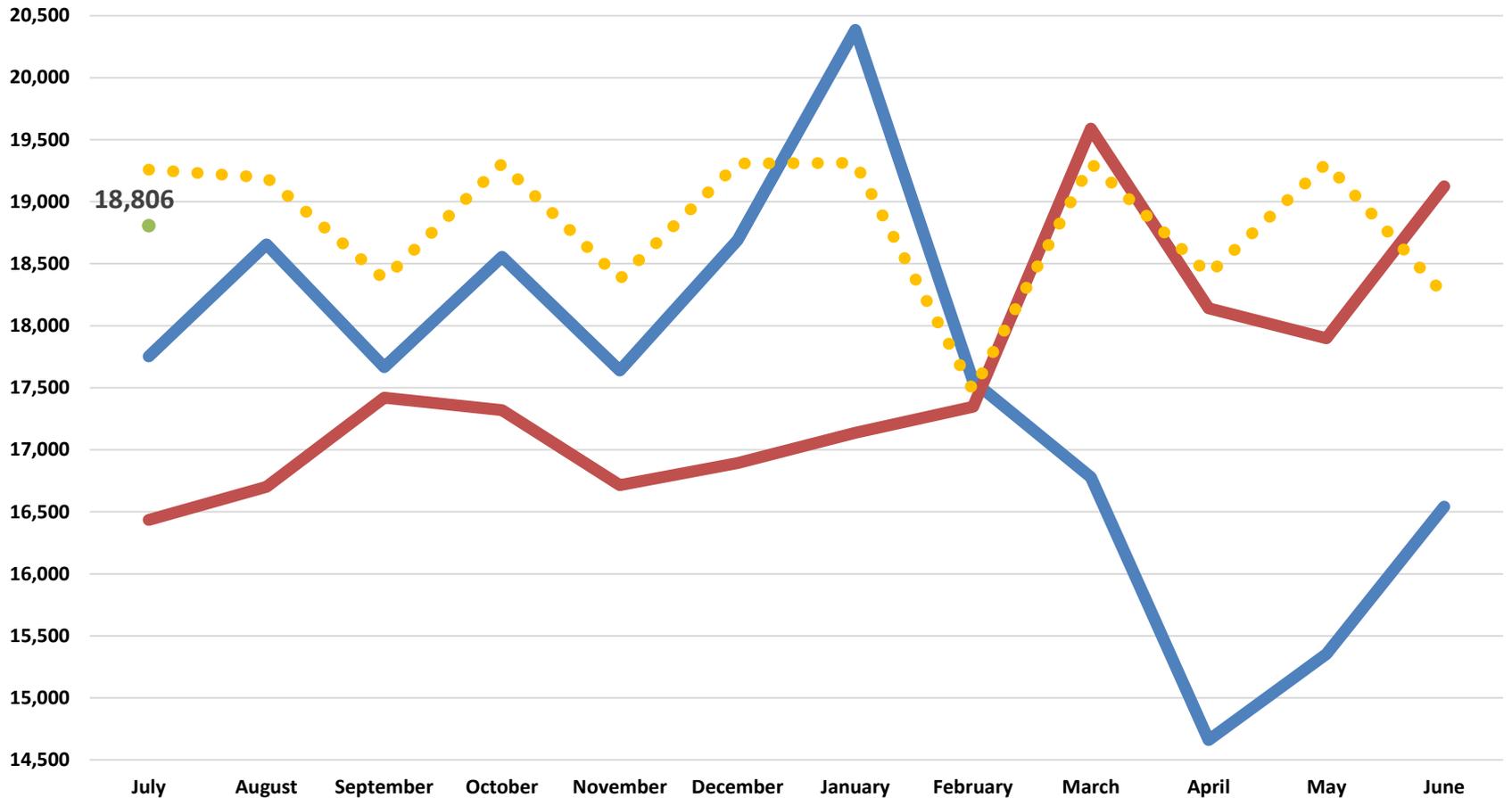


2,172	1,719	1,879	1,880
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Therapy - Cypress Hand Center



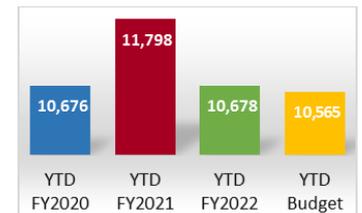
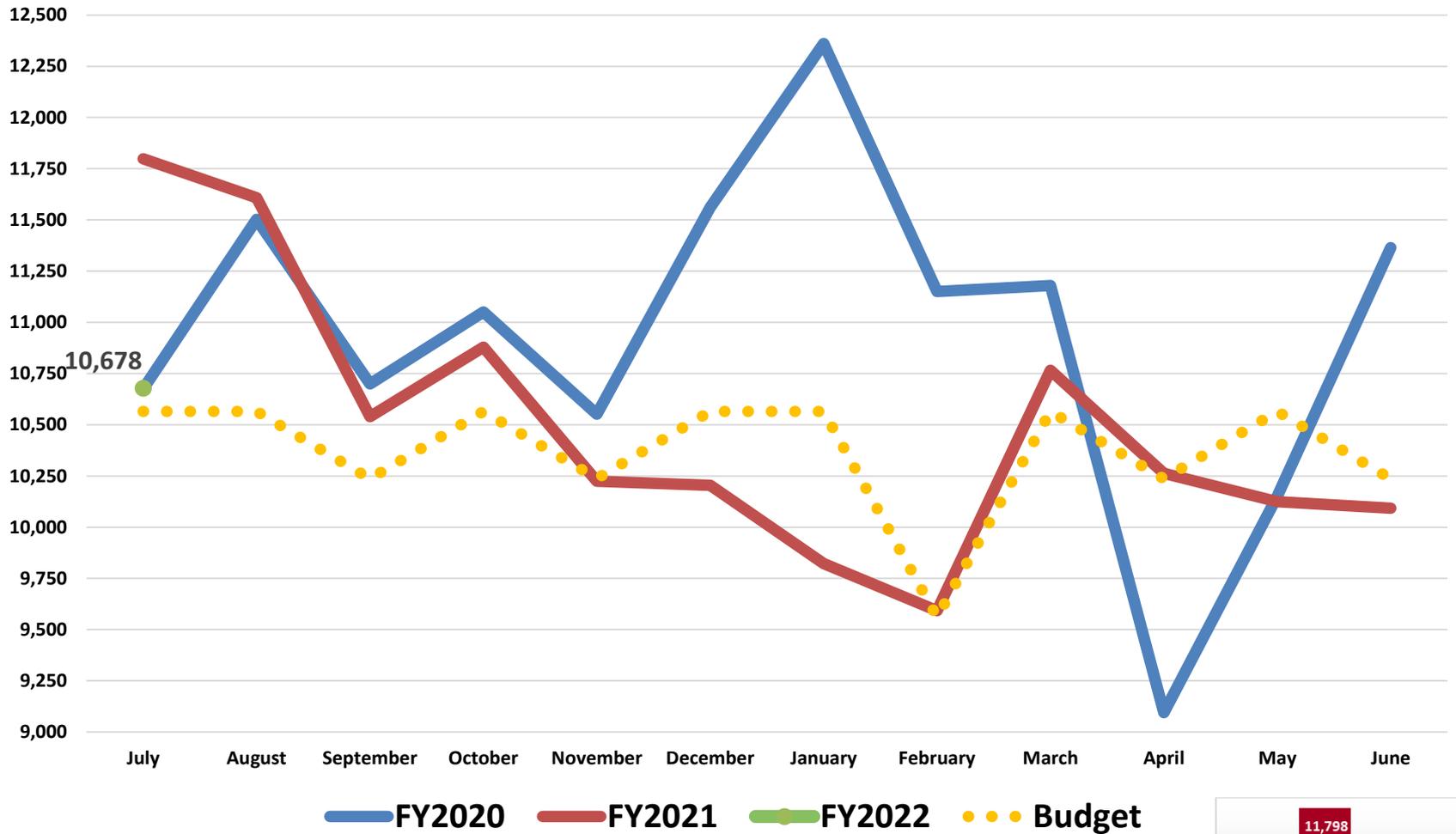
Physical & Other Therapy Units (I/P & O/P)



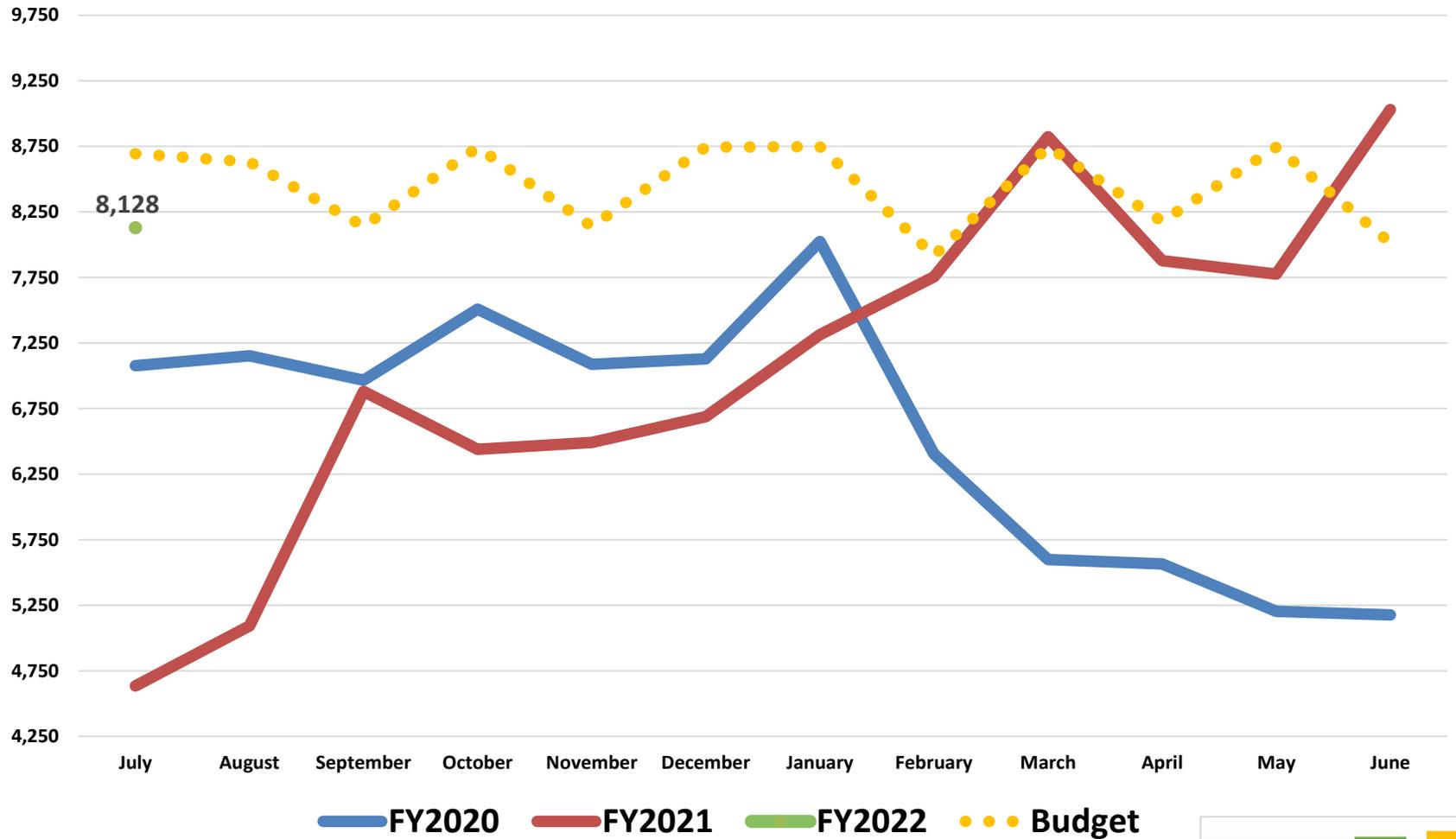
—● **FY2020**
 —● **FY2021**
 —● **FY2022**
 ●●● **Budget**



Physical & Other Therapy Units (I/P & O/P)-Main Campus

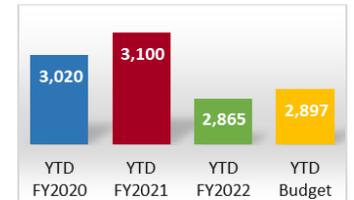
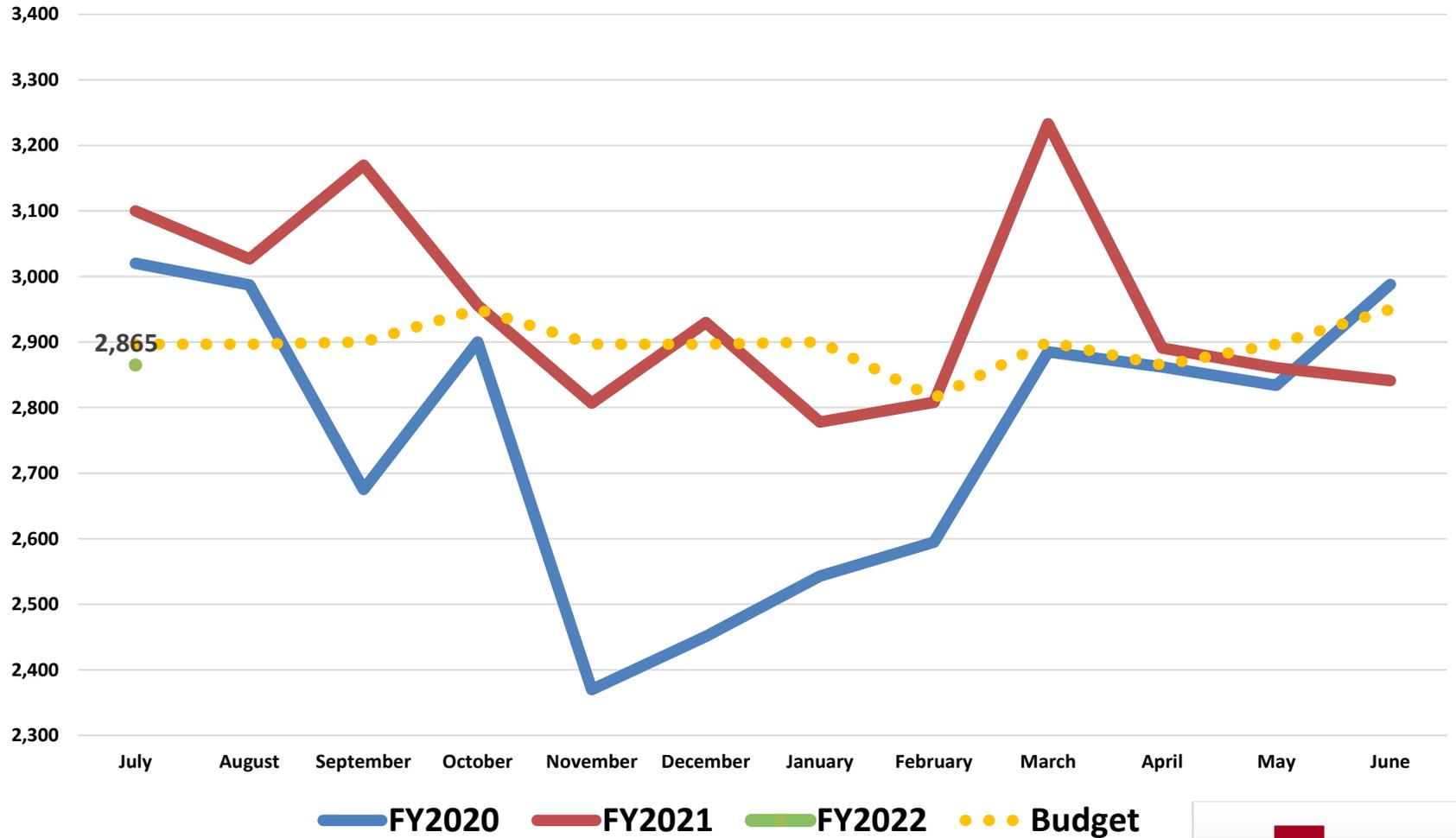


Physical & Other Therapy Units (I/P & O/P)-KDRH & South Campus

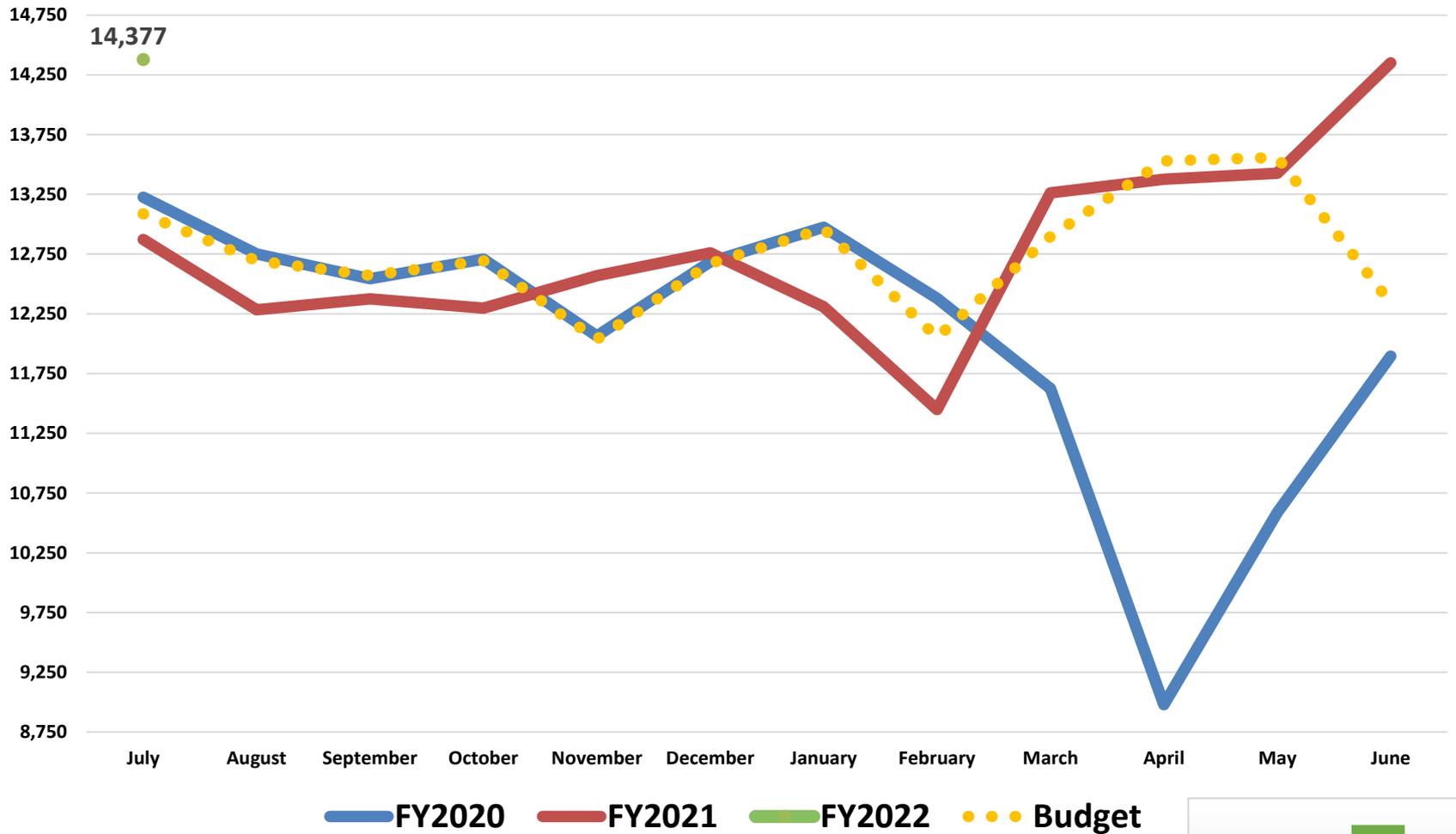


7,078	4,636	8,128	8,693
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

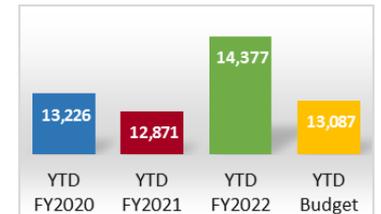
Home Health Visits



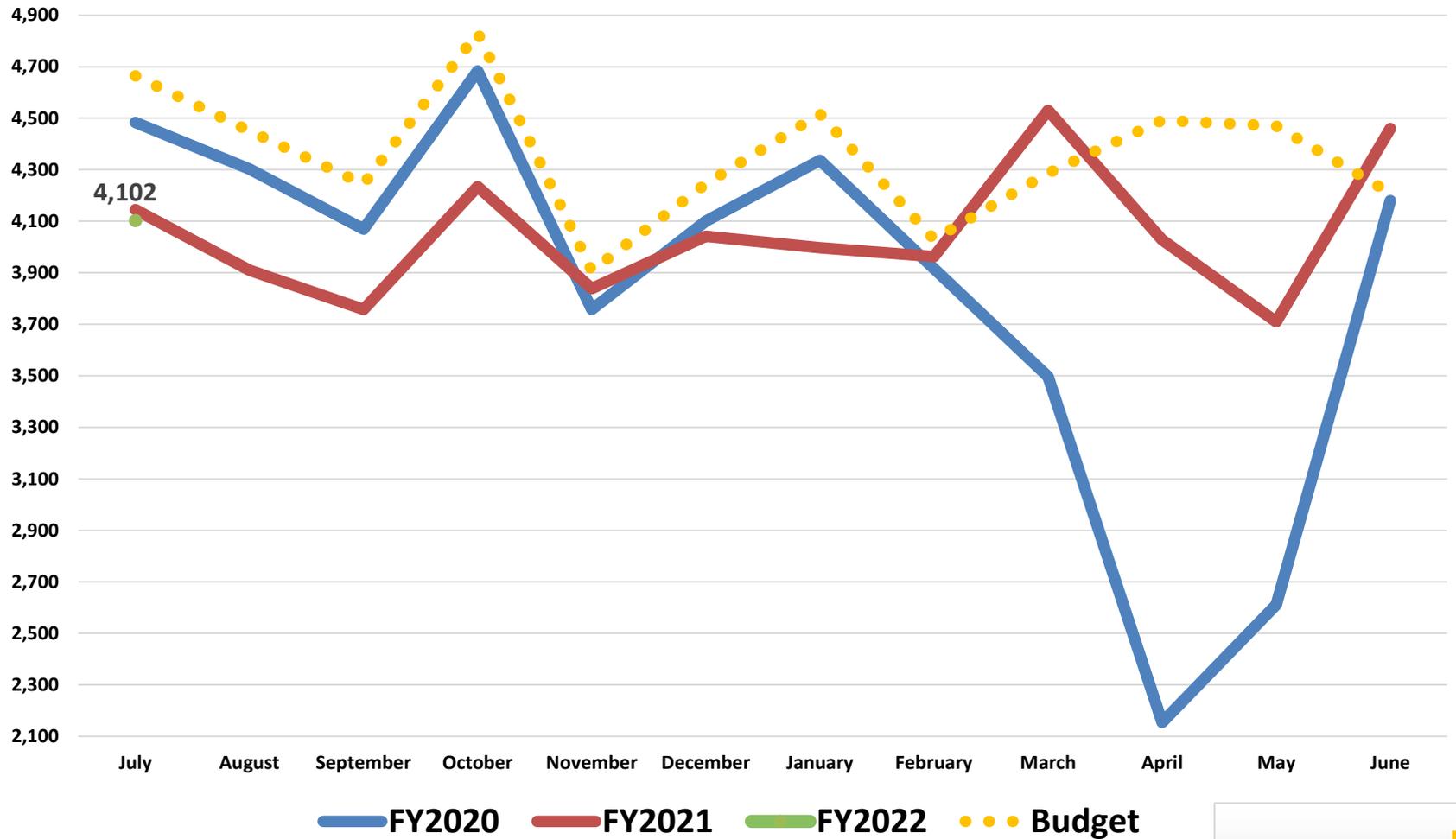
Radiology – Main Campus



—● FY2020
 —● FY2021
 —● FY2022
 ●●● Budget

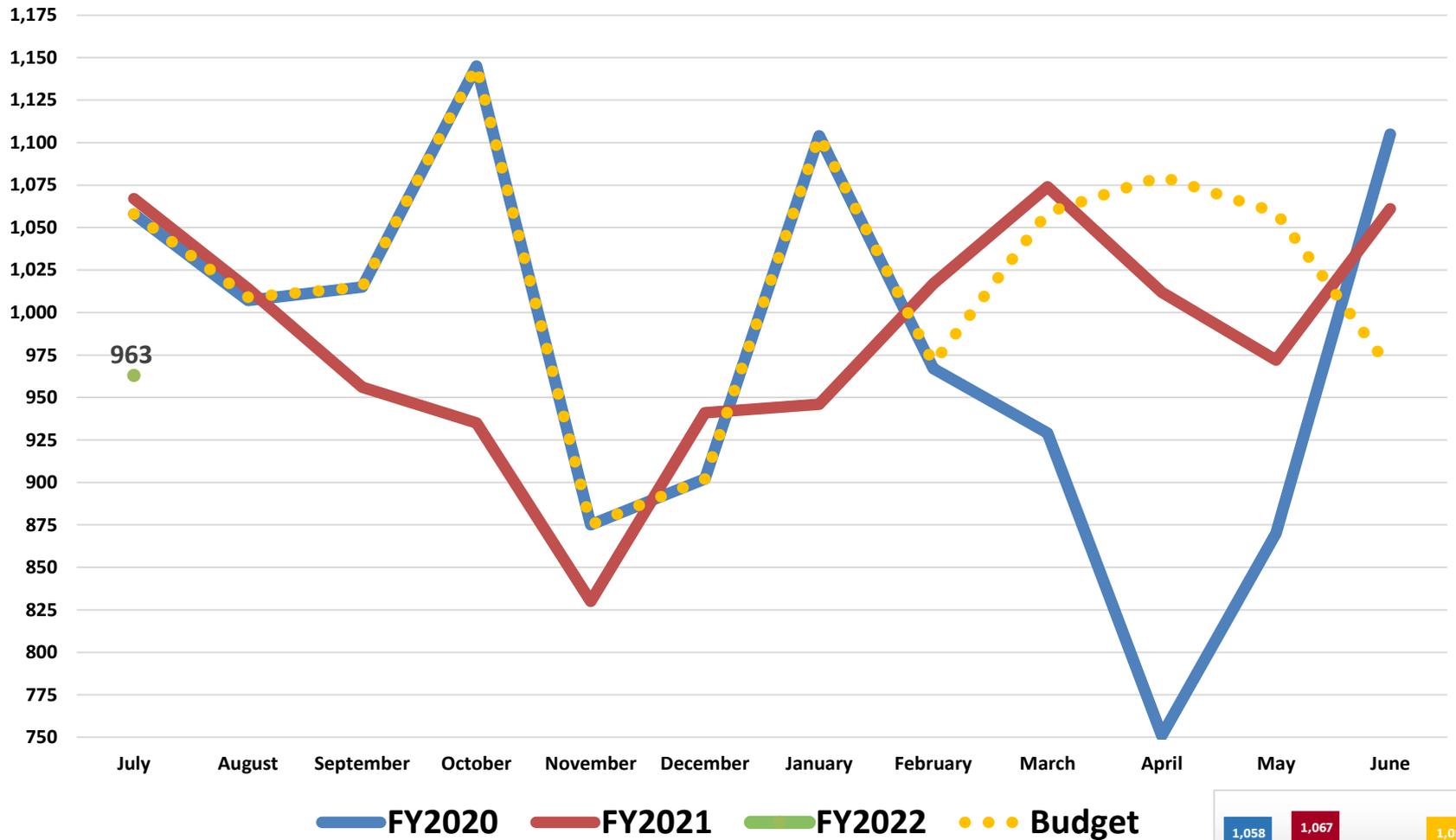


Radiology – West Campus Imaging



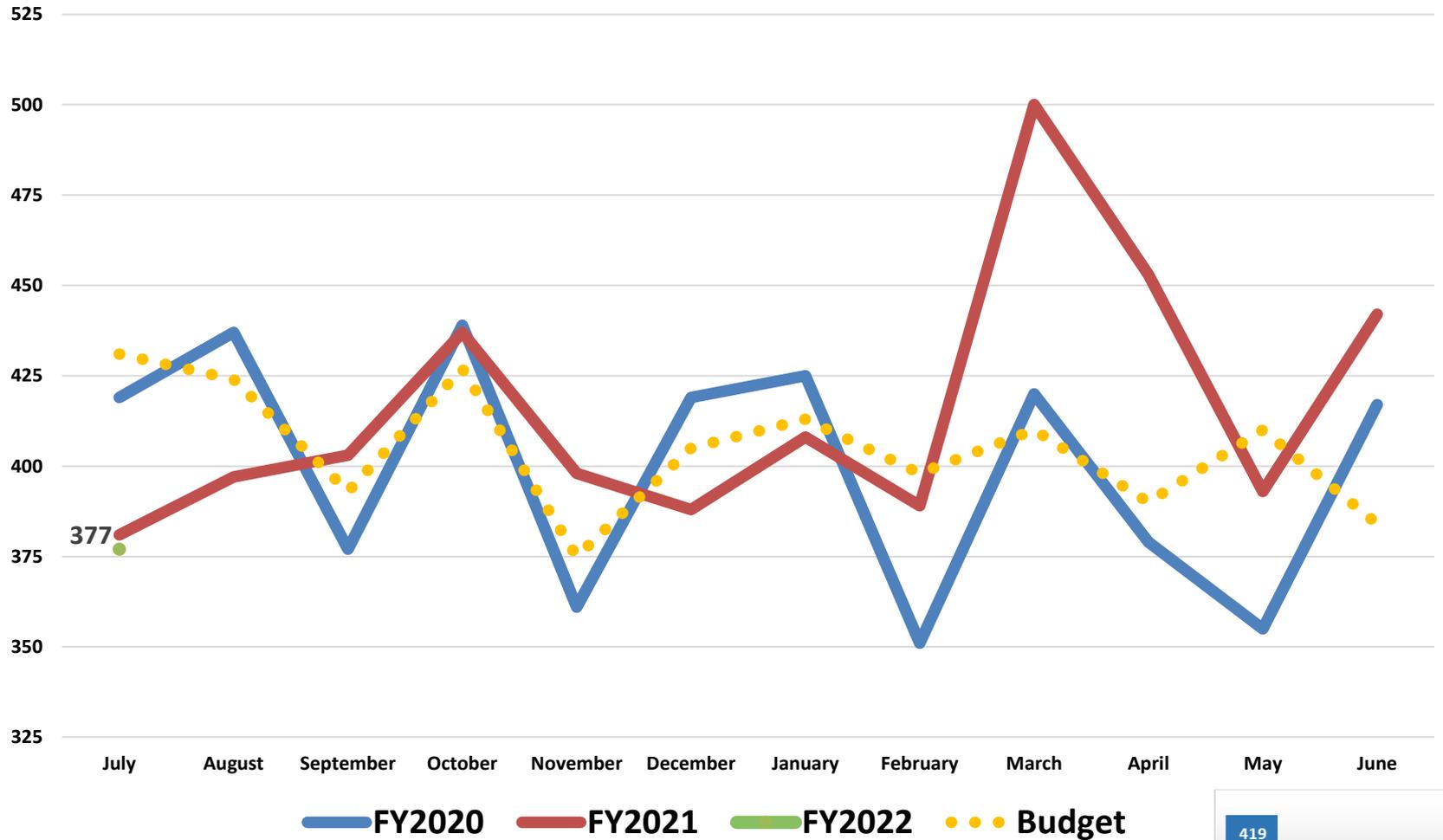
4,483	4,145	4,102	4,664
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

West Campus – Diagnostic Radiology

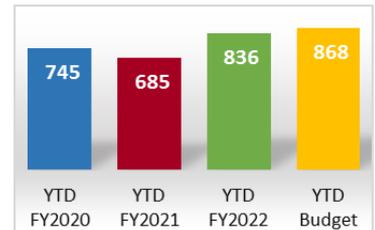
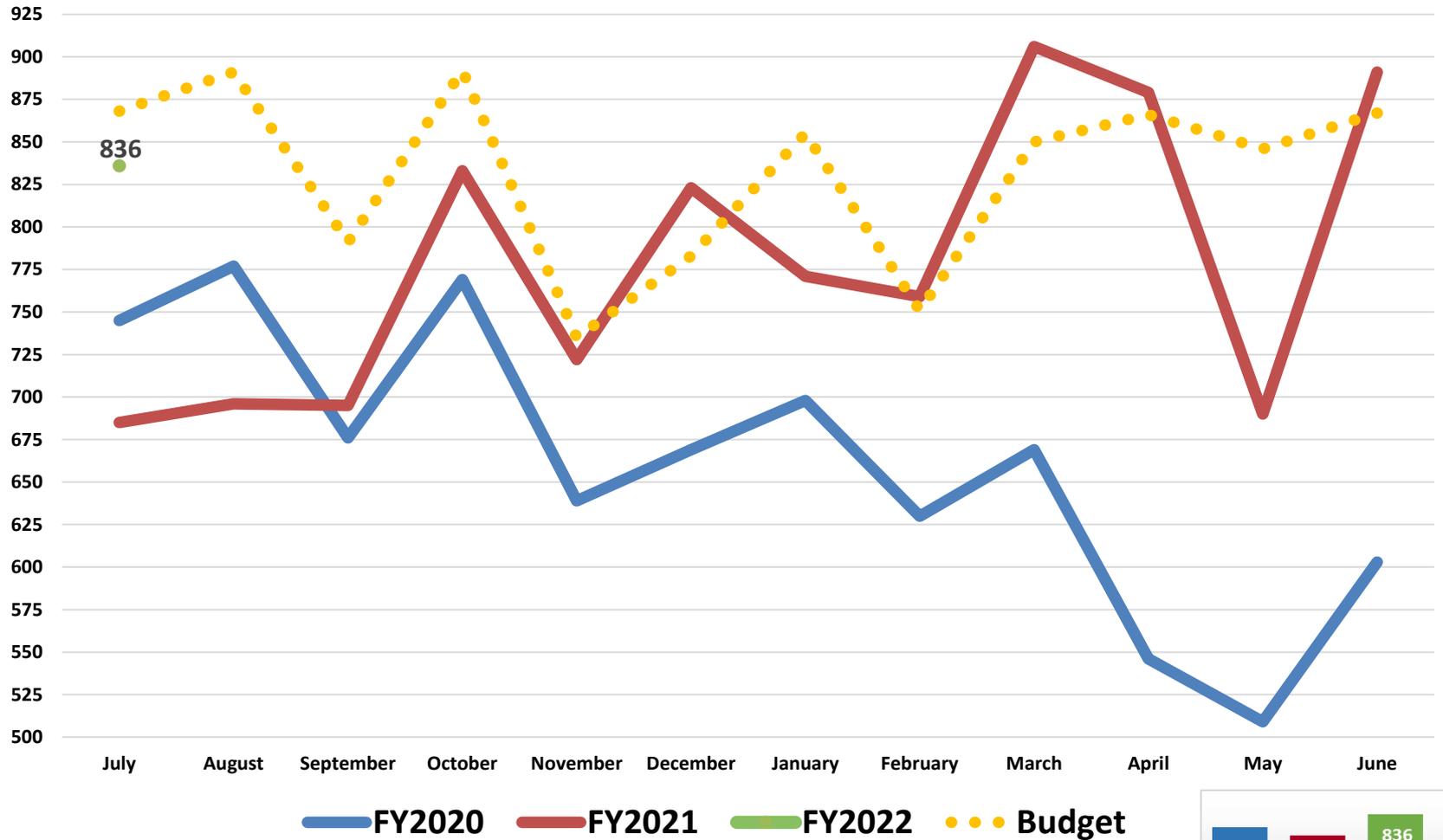


1,058	1,067	963	1,058
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

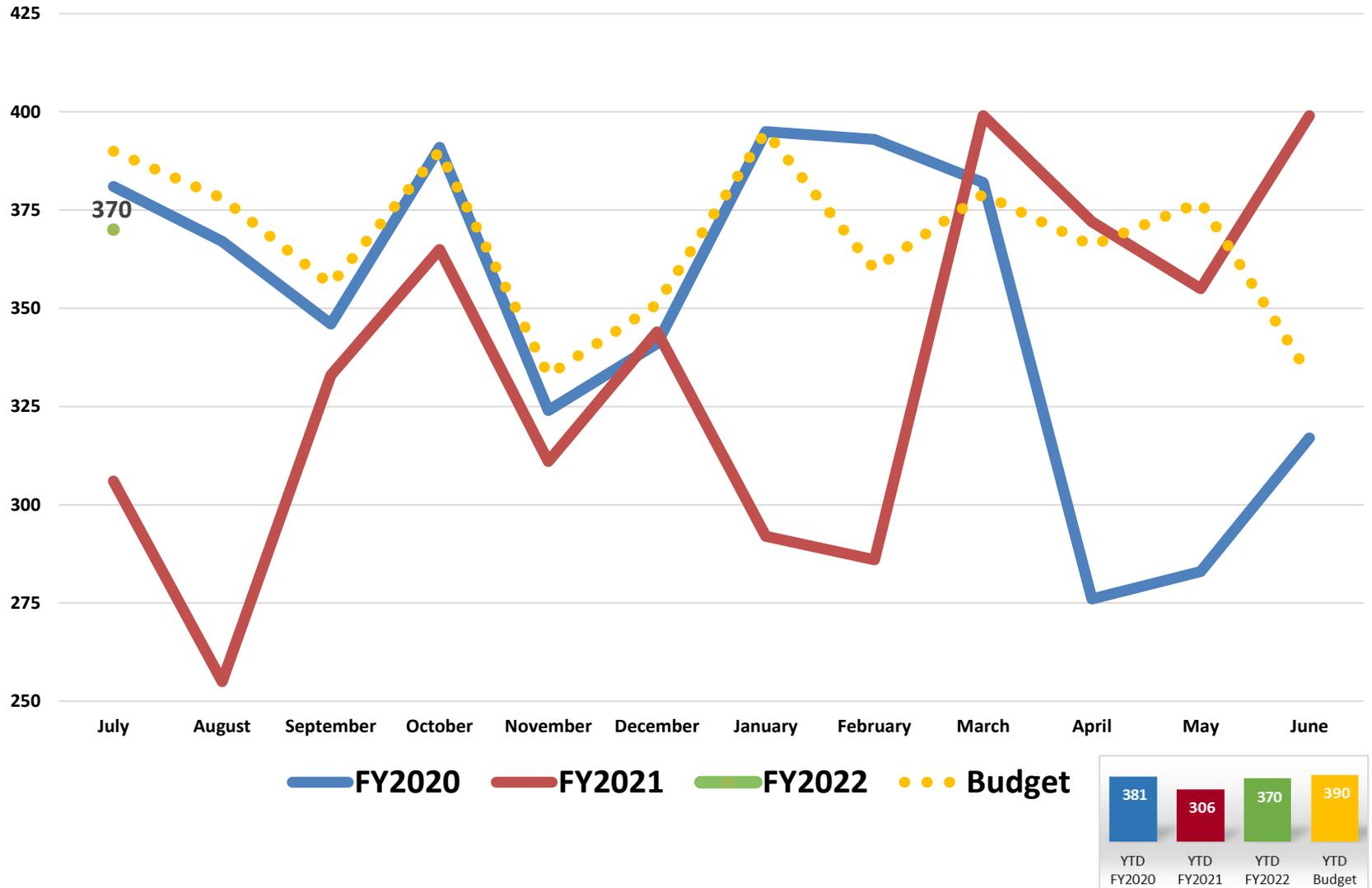
West Campus – CT Scan



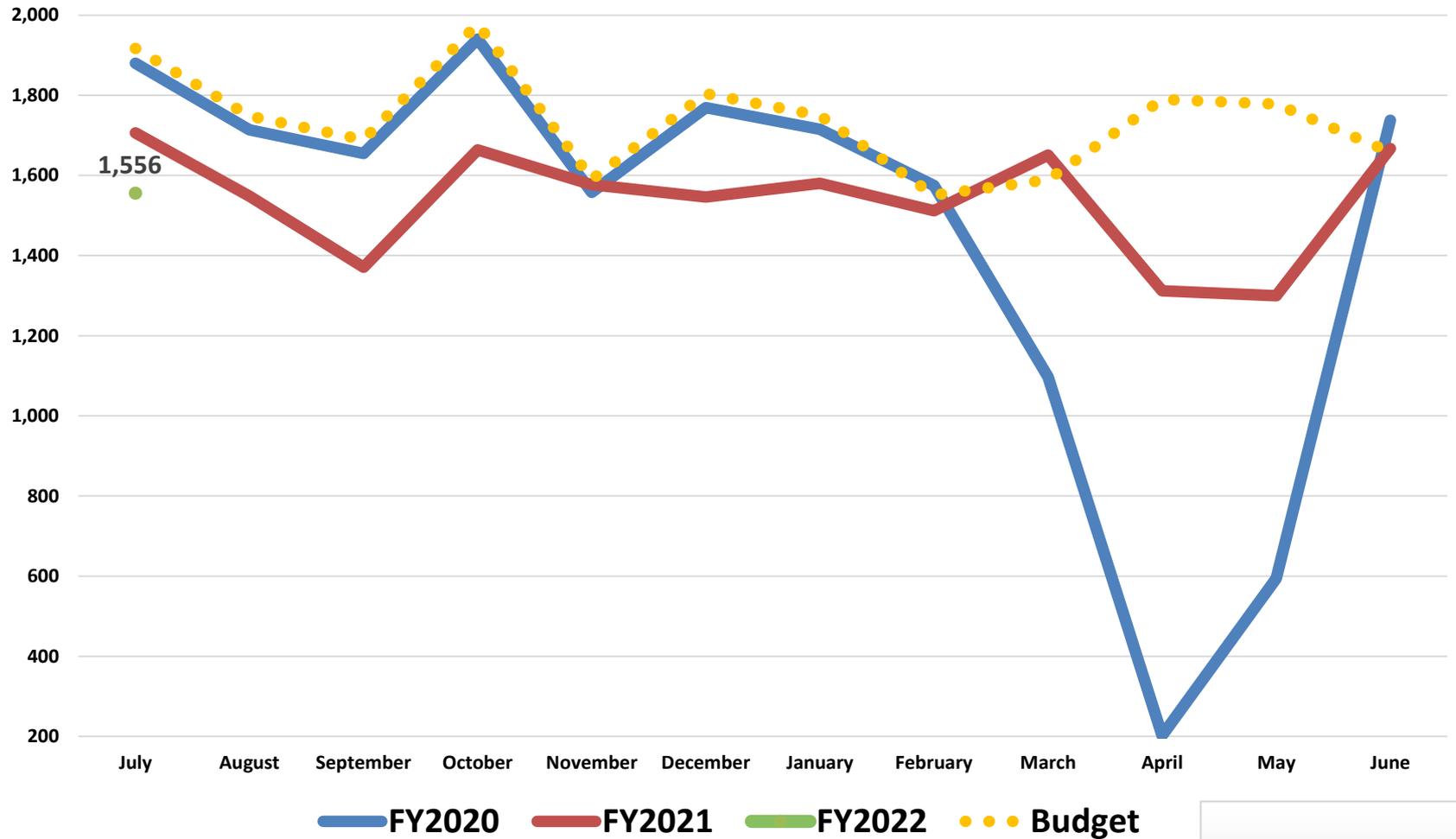
West Campus - Ultrasound



West Campus - MRI

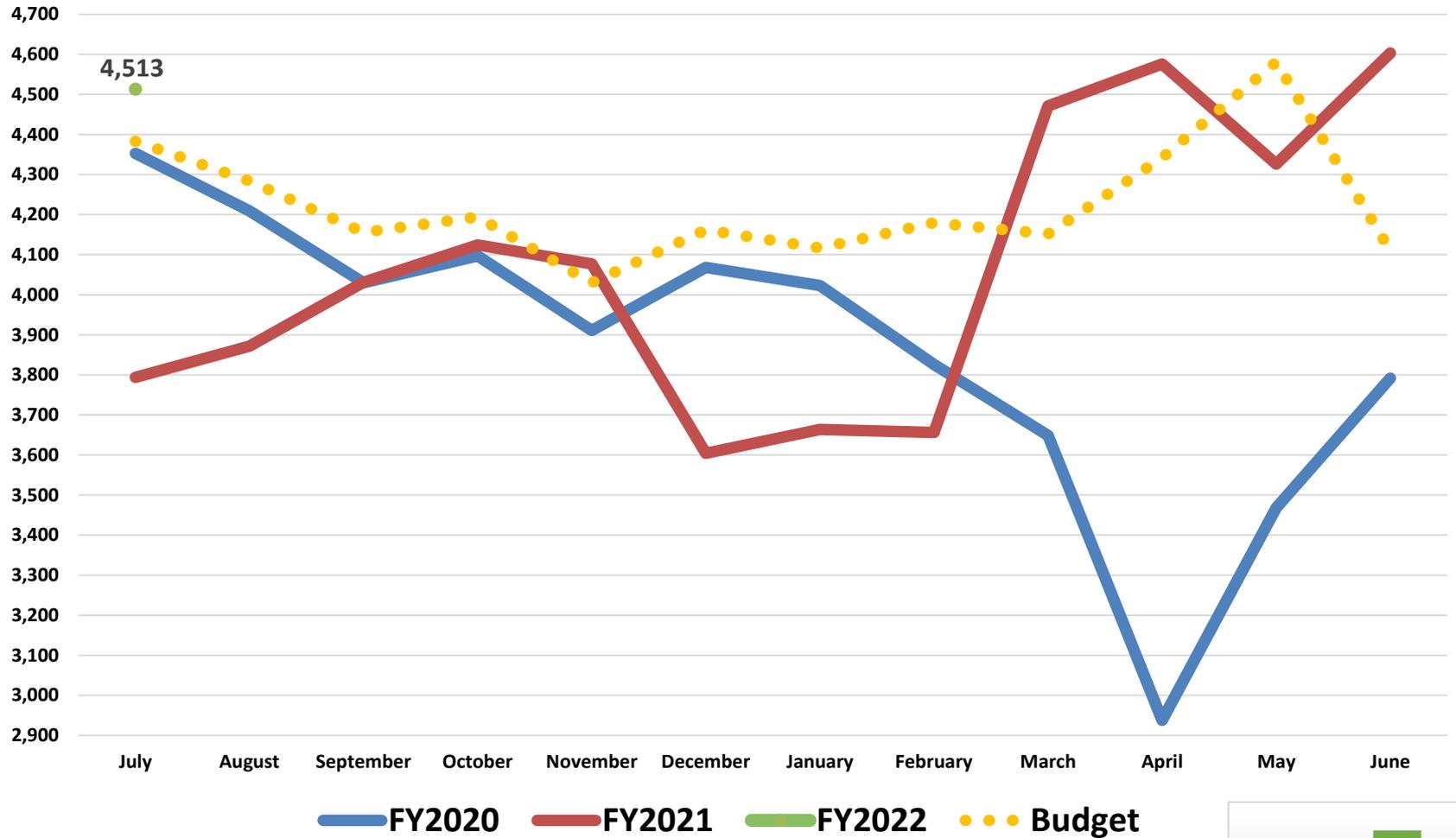


West Campus – Breast Center



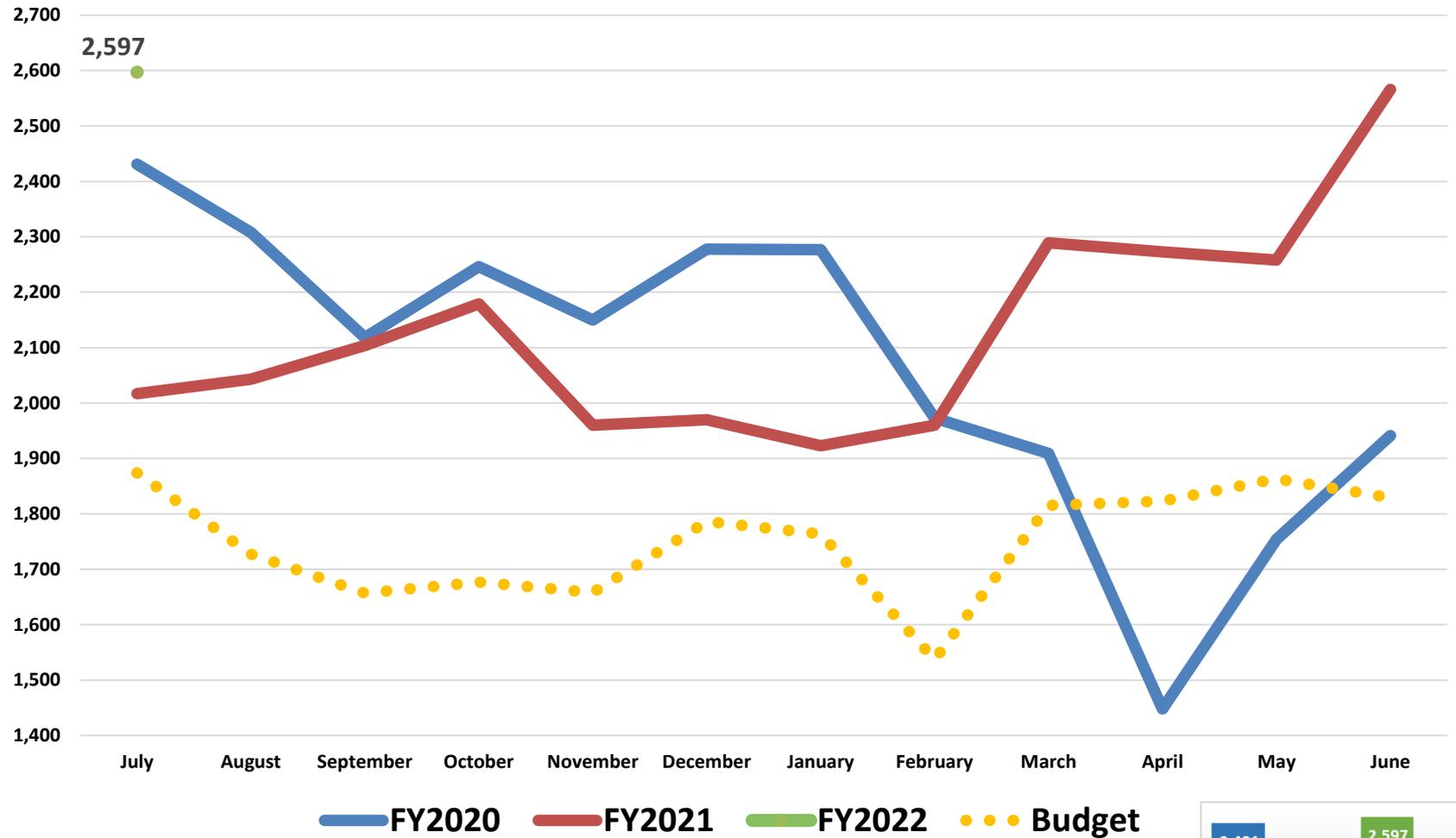
1,880	1,706	1,556	1,917
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Radiology all areas – CT



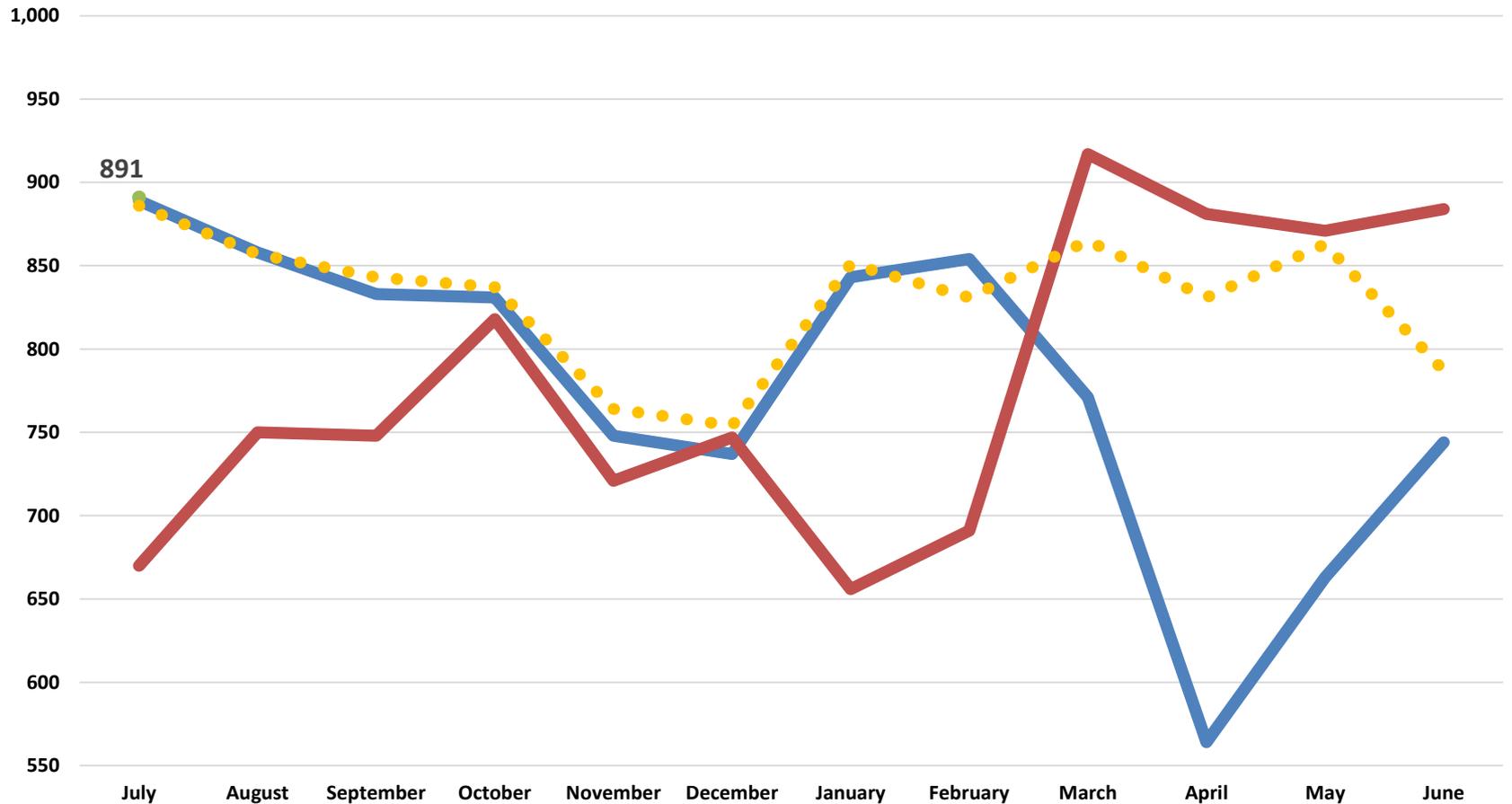
4,353	3,794	4,513	4,383
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Radiology all areas – Ultrasound



2,431	2,017	2,597	1,874
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

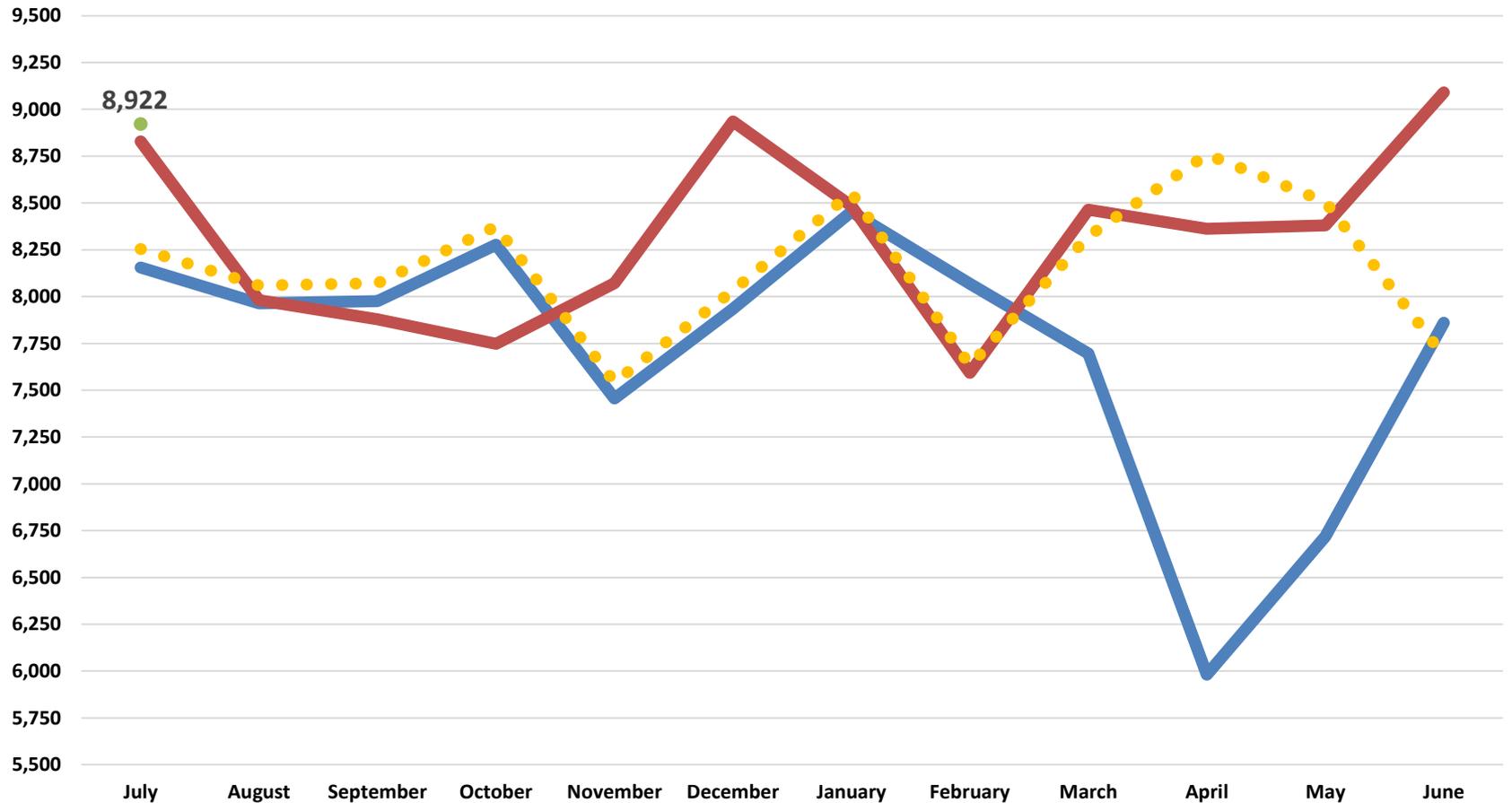
Radiology all areas – MRI



—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**

889	670	891	886
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

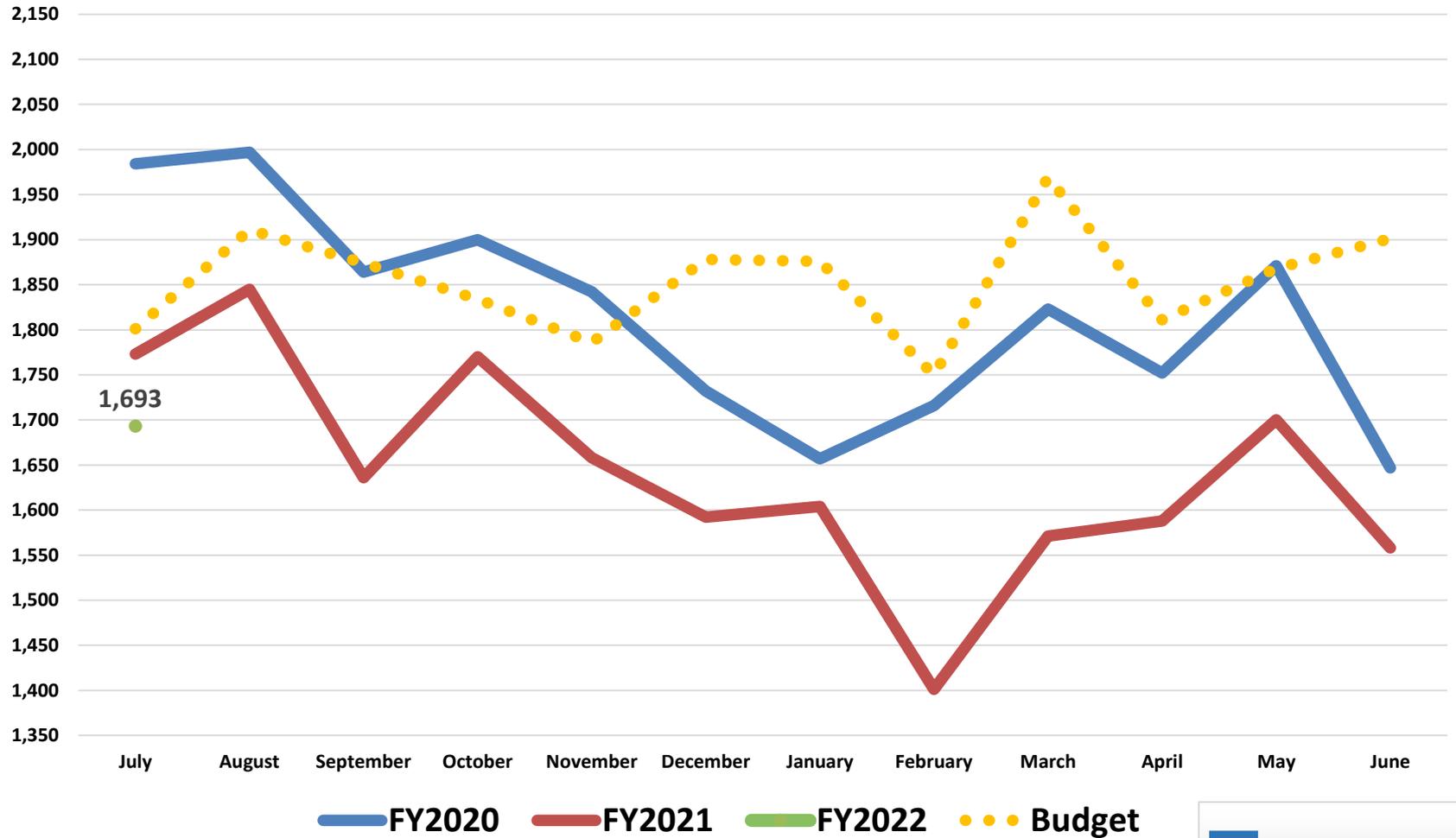
Radiology Modality – Diagnostic Radiology



—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**

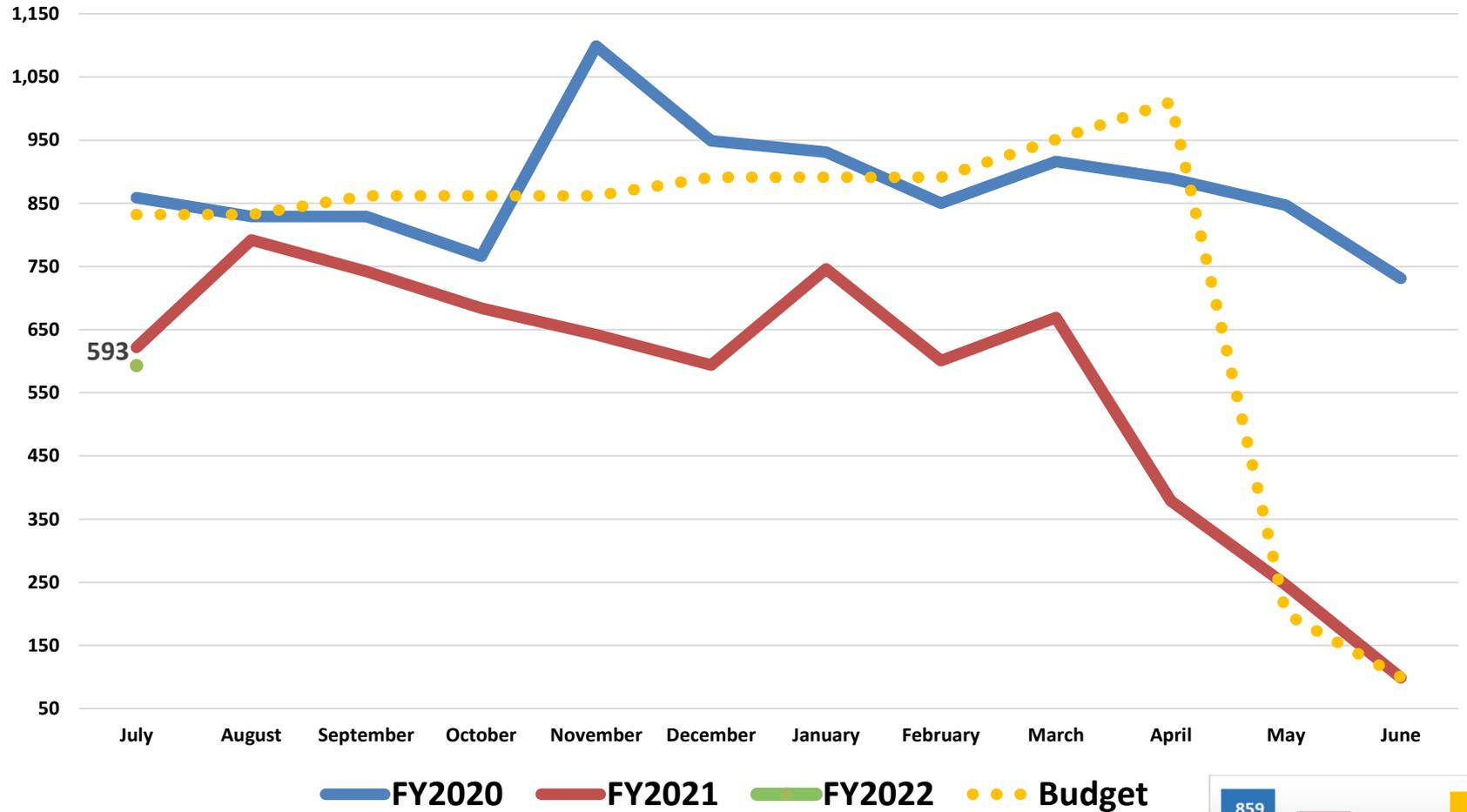


Chronic Dialysis - Visalia



CAPD/CCPD – Maintenance Sessions

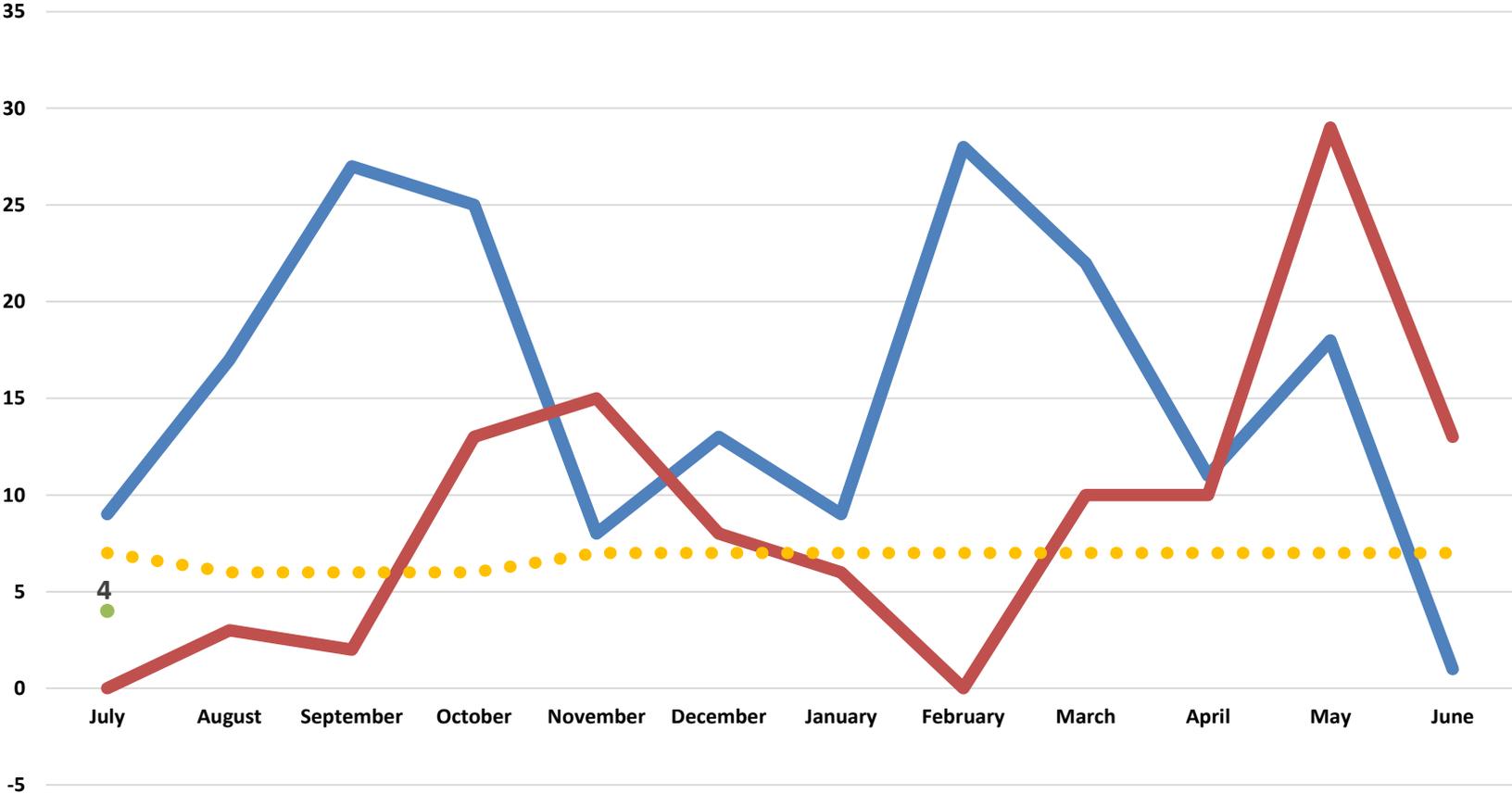
(Continuous peritoneal dialysis)



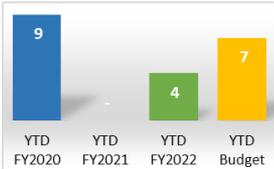
859	622	593	832
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

CAPD/CCPD – Training Sessions

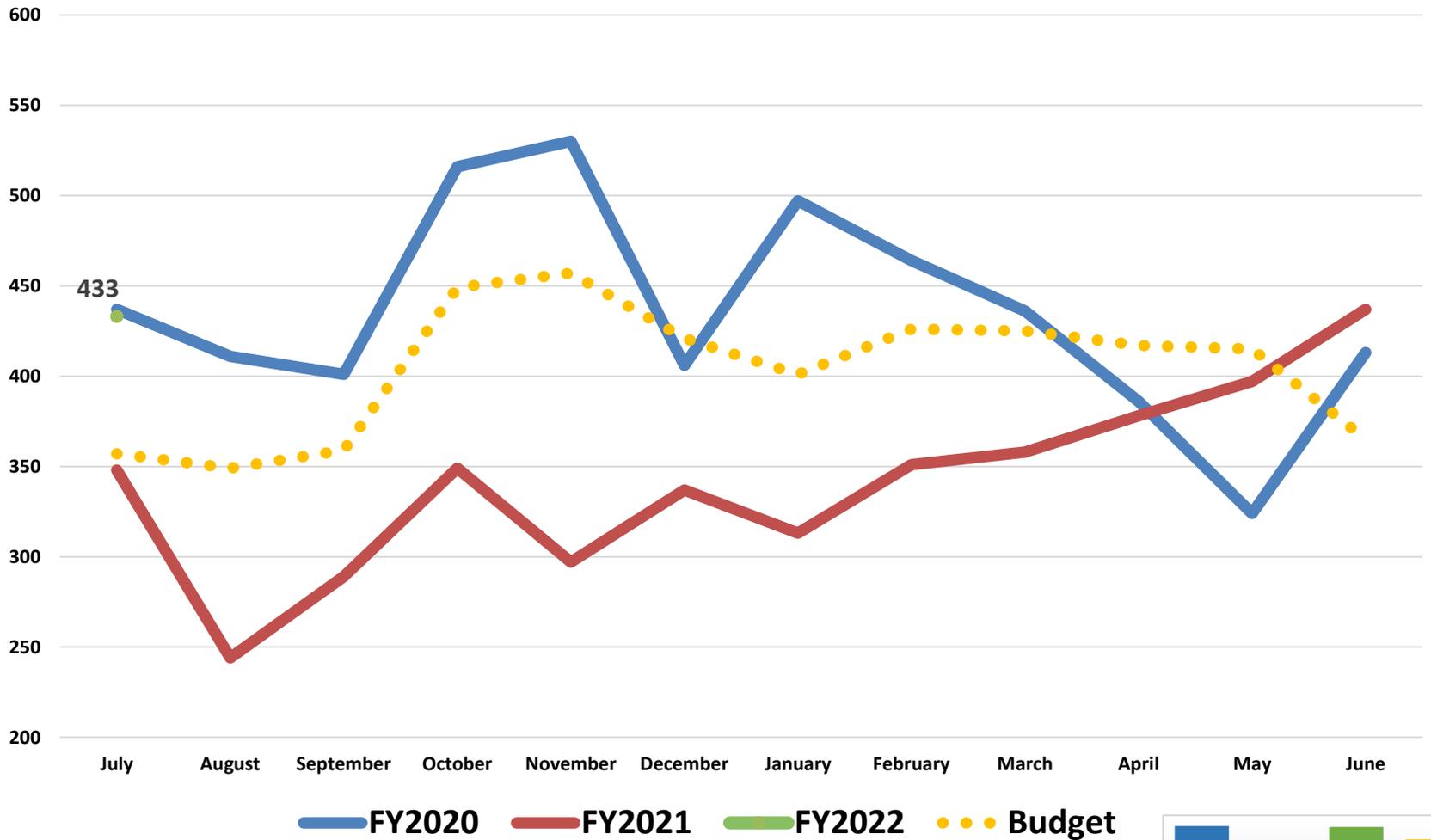
(Continuous peritoneal dialysis)



FY2020 FY2021 FY2022 Budget



Infusion Center – Outpatient Visits



437	348	433	357
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

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

**Sequoia Surgery Center
August 2021**

**Gary Herbst, CEO
624-2330**

Summary Issue/Service Considered

Sequoia Surgery Center (SSC), a California limited liability company (LLC), was formed on August 1, 2010 upon the merger of Cypress Surgery Center (CSC) and the Center for Ambulatory Medicine & Surgery (CAMS). SSC operates a four-suite ambulatory surgery center where they performed approximately 5,600 outpatient surgeries and endoscopic procedures during 2019 but finished 2020 down more than 14% due to the coronavirus pandemic. Surgery services include orthopedics, general, gynecological, urological, plastic, podiatric, pain management and ENT. SSC gastroenterologists also perform a significant number of endoscopic procedures at the Center, primarily colonoscopies, which accounted for approximately 28% and 21% of SSC's annual case volume in 2019 and 2020, respectively.

SSC is owned by seventeen (17) surgeons and Kaweah Delta Health Care District. SSC is owned 69.4% by physicians and 30.6% by the District. SSC is governed and managed by a formal Board of LLC members, including the District, elected to the Board by the LLC members, and chaired by Dr. Frank Feng, orthopedic surgeon. Director Garth Gibson serves as the District representative on the SSC Board of Members. Anesthesiology services are provided by independent anesthesiologists and certified registered nurse anesthetists. Dr. Burton Redd, orthopedic surgeon, serves as SSC's Medical Director, and Tricia Vetter, a former charge nurse with Kaweah Delta Health Care District, serves as the Center's Administrator.

In conjunction with the merger of CSC and CAMS, CSC created a separate limited liability company, Cypress Company, LLC (CyCo), to which it transferred all real estate assets (land and building), along with the associated mortgage debt, as well as cash, accounts receivable and certain debt incurred with the buy-out of partner interests. CyCo leases the surgery facility to SCC under a long-term operating lease. CyCo is owned by ten (10) surgeons (all former members of CSC) and Kaweah Delta Health Care District. CyCo is owned 60.0% by physicians and 40.0% by the District.

Financial/Statistical Information

January 1 to December 31 (Compiled Financial Statements):

Year	Case Volume	Net Revenue	Operating Costs	Net Income
2021 (May YTD)	2,211	\$5,035,214	\$4,361,206	\$674,008
2020	4,824	12,274,762	10,244,565	2,030,196
2019	5,583	11,995,271	10,178,721	1,816,550
2018	5,004	10,684,620	9,352,295	1,332,325

Note: 2020 and 2021 case volume and net income was significantly impacted by the arrival of the coronavirus pandemic in March 2020 which caused many outpatient surgeries and procedures to be cancelled by physicians and/or patients. The biggest drop in cases occurred in the months of April, May and June 2020 but began to return to historical levels later in the summer and fall. Included in the 2020 results above is approximately \$708,000 in Payroll Protection Program (PPP) funds received by SSC from the federal government in the summer of 2020. Given that SSC has fully satisfied all of the use and reporting requirements of the PPP program, SSC is entitled to retain all of these funds and record it as income to help offset payroll costs that continued to be incurred throughout the pandemic, despite the significant decline in patient volumes.

Quality/Performance Improvement Data

1. SSC is accredited by the Accreditation Association for Ambulatory Health Care (AAAHC). AAAHC awards three-year accreditations similar to the Joint Commission. SSC was just recently surveyed by AAAHC in December 2020 and in July 2021 received notice that they cleared all survey deficiencies and are now fully accredited for the next three years.

Policy, Strategic or Tactical Issues

1. SSC's primary competition for outpatient surgery includes the District, Sierra Pacific Orthopedic Center (Fresno), and private physician offices.
2. SSC's primary strategy for growing and retaining its business is to selectively offer ownership interests to active, community surgeons with an interest in actively managing and using the Center. Additionally, SSC management and physician leaders actively reach out to new physicians that enter the marketplace, offering SSC as an alternative to Kaweah Health and other surgical facilities. As of July 31, 2021, SSC has approximately 14% of its 10,000 shares held in treasury and available for sale to existing owners or new potential owners. At SSC's recent Board meeting, the Board took action to allow existing owners to increase their ownership percentages up to 5% through the purchase, at fair market value, of shares held in treasury. We the upcoming repurchase of additional shares from retired surgeons (e.g., Dr. Joseph Chidi), SSC intends to offer the balance of any unsold treasury and newly-repurchased shares to new surgeon prospects.

3. Over the last two years or so, SSC and CyCo have been evaluating the physical expansion of its facility through the construction of a new 4-suite ambulatory surgical center to be located approximately 30 feet from the current SSC facility. However, after extensive discussion and debate back in December 2020, a super-majority of the members present voted to defer the project for an indefinite period of time. It was felt that given the current pandemic environment, the great uncertainty associated with it, and the existence of excess surgical capacity within the current SSC facility, this was not the time to take on a major construction project and the debt that comes with it.

However, at the most recent separate meetings of the SSC and CyCo Board of Directors, approval was given to explore a “modernization” project that would bring an aesthetic facelift to the interior of SSC as well as add modular buildings for administrative, support and storage space. If this project is eventually approved, it would be initially funded by CyCo but incorporated into the monthly rent paid by SSC. CyCo will commence discussions with Citizens’ Business Bank to explore options to finance these expenditures in conjunction with a refinancing of its \$1.3 million loan with the Bank that comes due next year.

Recommendations/Next Steps/Approvals/Conclusions

SSC will continue to emphasize high-quality, customer-oriented, and personal outpatient surgery services to physicians and patients of Visalia with the objective of differentiating itself from the more institutional feel of a large hospital system. It will actively evaluate opportunities to recruit new physicians to its Center and offer membership ownership opportunities when appropriate. It will continue to evaluate low margin services and replace them with high margin services. It will continue to evaluate opportunities to reduce supply costs through consolidation or change of vendors and more efficient utilization and it will focus on improving overall economies of scale made possible by the merger of CSC and CAMS.

**The Open Arms House
Proforma Profit and Loss**

THE OPEN ARMS HOUSE - PROPOSED

	Projected				
	Year 1	Year 2	Year 3	Year 4	Year 5
Volumes:					
Resident Days	1,278	1,460	1,643	1,734	1,825
Income					
Donations	\$ 130,000	\$ 143,000	\$ 157,300	\$ 173,030	\$ 190,333
Program Income	415,188	474,500	533,813	563,469	593,125
Total Income	\$ 545,188	\$ 617,500	\$ 691,113	\$ 736,499	\$ 783,458
Expenses					
Payroll Expenses	\$ 506,417	\$ 519,078	\$ 532,055	\$ 545,356	\$ 558,990
Operating Expenses	25,000	29,143	33,441	36,005	38,658
Business Expenses	8,000	9,326	10,701	11,522	12,371
Contract Services	8,000	9,326	10,701	11,522	12,371
Marketing	6,000	6,994	8,026	8,641	9,278
Travel and Meetings	1,000	1,166	1,338	1,440	1,546
Other Expenses	-	-	-	-	-
	\$ 554,417	\$ 575,032	\$ 596,262	\$ 614,486	\$ 633,214
Net Income/(Loss)	\$ (9,230)	\$ 42,468	\$ 94,850	\$ 122,013	\$ 150,244

OCCUPATIONAL HEALTH & PRIMARY CARE - INDUSTRIAL PARK

PROPOSED

	Year 1	Year 2	Projected Year 3	Year 4	Year 5
Annual Other Occ Health Visits	1,122	1,156	1,190	1,226	1,263
Annual Work Comp Visits	1,395	1,437	1,480	1,525	1,570
Annual Urgent Care Visits	8,330	8,580	8,837	9,102	9,375
Annual Primary Care Visits	2,888	2,975	3,064	3,156	3,251
	<u>13,736</u>	<u>14,148</u>	<u>14,572</u>	<u>15,009</u>	<u>15,460</u>
Net Revenue	\$ 1,545,471	\$ 1,591,835	\$ 1,639,590	\$ 1,688,778	\$ 1,739,441
<i>Per Paid UOS</i>	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113
Direct Expenses:					
Salaries	593,944	608,793	624,012	639,613	655,603
Benefits	154,425	158,286	162,243	166,299	170,457
Physician fees	316,015	324,200	332,630	341,312	350,256
Supplies and other	93,206	97,922	102,877	108,083	113,552
Purchased service	42,000	42,840	43,697	44,571	45,462
Utilities	20,400	20,808	21,224	21,649	22,082
Start Up	35,267	-	-	-	-
Depreciation	36,608	36,608	36,608	10,441	10,441
Lease - Building	215,040	215,040	215,040	215,040	215,040
Total Direct Expense	<u>1,506,906</u>	<u>1,504,497</u>	<u>1,538,331</u>	<u>1,547,008</u>	<u>1,582,893</u>
<i>Direct Cost per Visit</i>	\$ 110	\$ 106	\$ 106	\$ 103	\$ 102
Contribution Margin	<u>\$ 38,565</u>	<u>\$ 87,338</u>	<u>\$ 101,259</u>	<u>\$ 141,770</u>	<u>\$ 156,548</u>
Capital Cost	<u>\$ 164,563</u>				