



September 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 10:00AM on Tuesday September 21, 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". The signature is written in a cursive, flowing style.

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**

Tuesday September 21, 2021

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

ATTENDING: Directors: Lynn Havard Mirviss (acting chair) & Mike Olmos; Gary Herbst, CEO; Malinda Tupper, VP & CFO; Marc Mertz, VP Chief Strategy Officer; Jennifer Stockton, Director of Finance, Deborah Volosin, Director of Community Engagement; Cindy Moccio, Recording

1. OPEN MEETING – 10:00AM

2. CALL TO ORDER – Lynn Havard Mirviss

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. QUAIL PARK (CYPRESS) AND LAUREL COURT AND QUAIL PARK AT SHANNON RANCH – Annual report for Quail Park Cypress and Laurel Court and Quail Park Cypress and Laurel Court.

6. ADJOURN – Lynn Havard Mirviss

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*

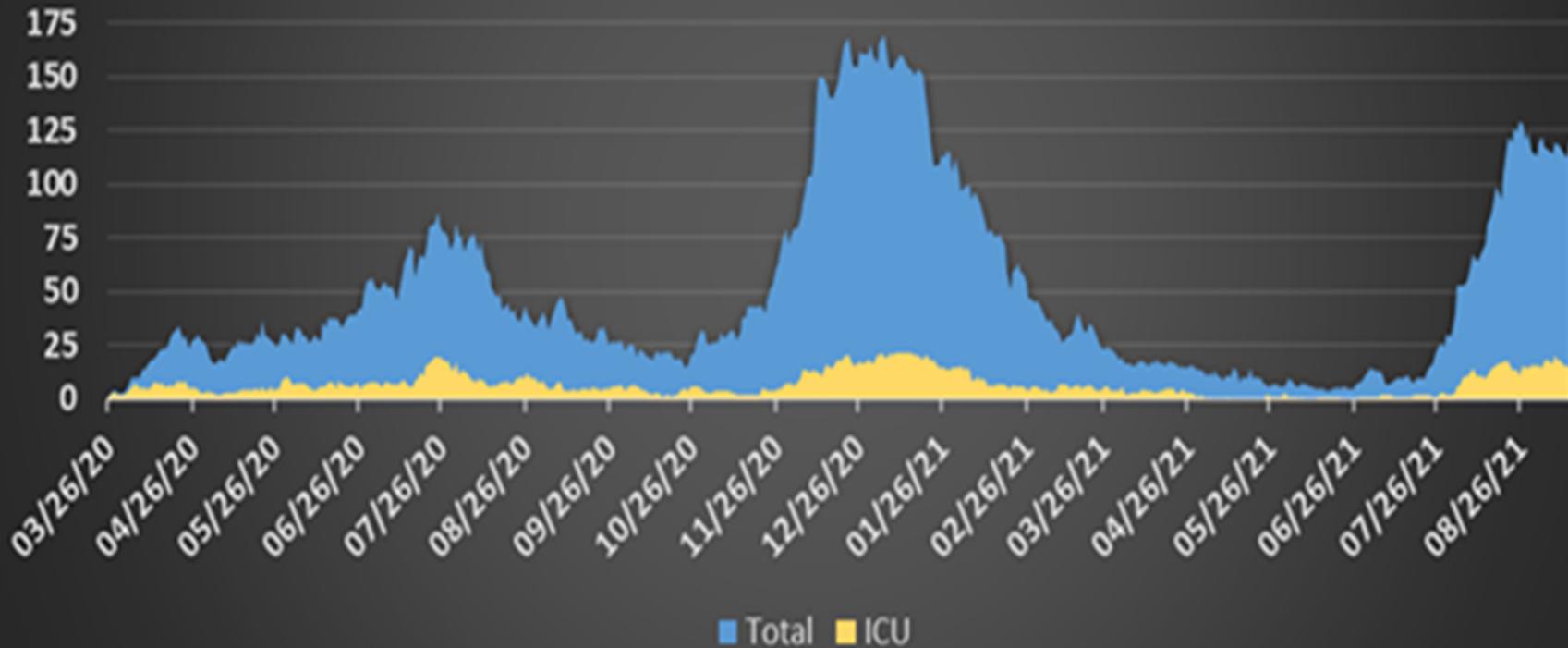
*Ambar Rodriguez – Zone V
Board Member*

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

CFO Financial Report

September 21, 2021

Kaweah Health COVID+ Inpatients (entire pandemic)



COVID-19 Financial Activity – **Round 4 Stimulus Funds**

On Friday September 10th, the U.S. Department of Health and Human Services announced it will allocate \$25.5 billion in additional COVID-19 relief funding for Providers

Allocation method

\$17B from the Provider Relief Fund

- 75% will be based on Revenue Losses and COVID-19 related expenses: Large providers will receive minimum payment amount that is based on their loss revenues and expenses. (Qtrs.3&4 2020 & Qtr.1 2021) Medium and small providers will receive a base payment plus a supplement
- 25% will be used for bonus payments to providers based on the amount and type of services delivered to Medicaid, Children's Health Insurance Program, and Medicare patients. Providers who serve any patients living in rural areas and who meet the eligibility requirement will receive a minimum payment

\$8.5B from the American Rescue Plan

- Providers who service Medicaid, CHIP and Medicare patients who live in rural communities, as defined by the Federal Office of Rural Health Policy are eligible. Payments will be based on the amount and type of services provided to rural patients.

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	\$ 1,266,823	Payments through 9/8/21
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	\$ 5,866,573	\$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	(\$15.1M) recouped in April-Sept 13, 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	\$ 17,164,396	

Financial Analysis - COVID-19 Inpatients

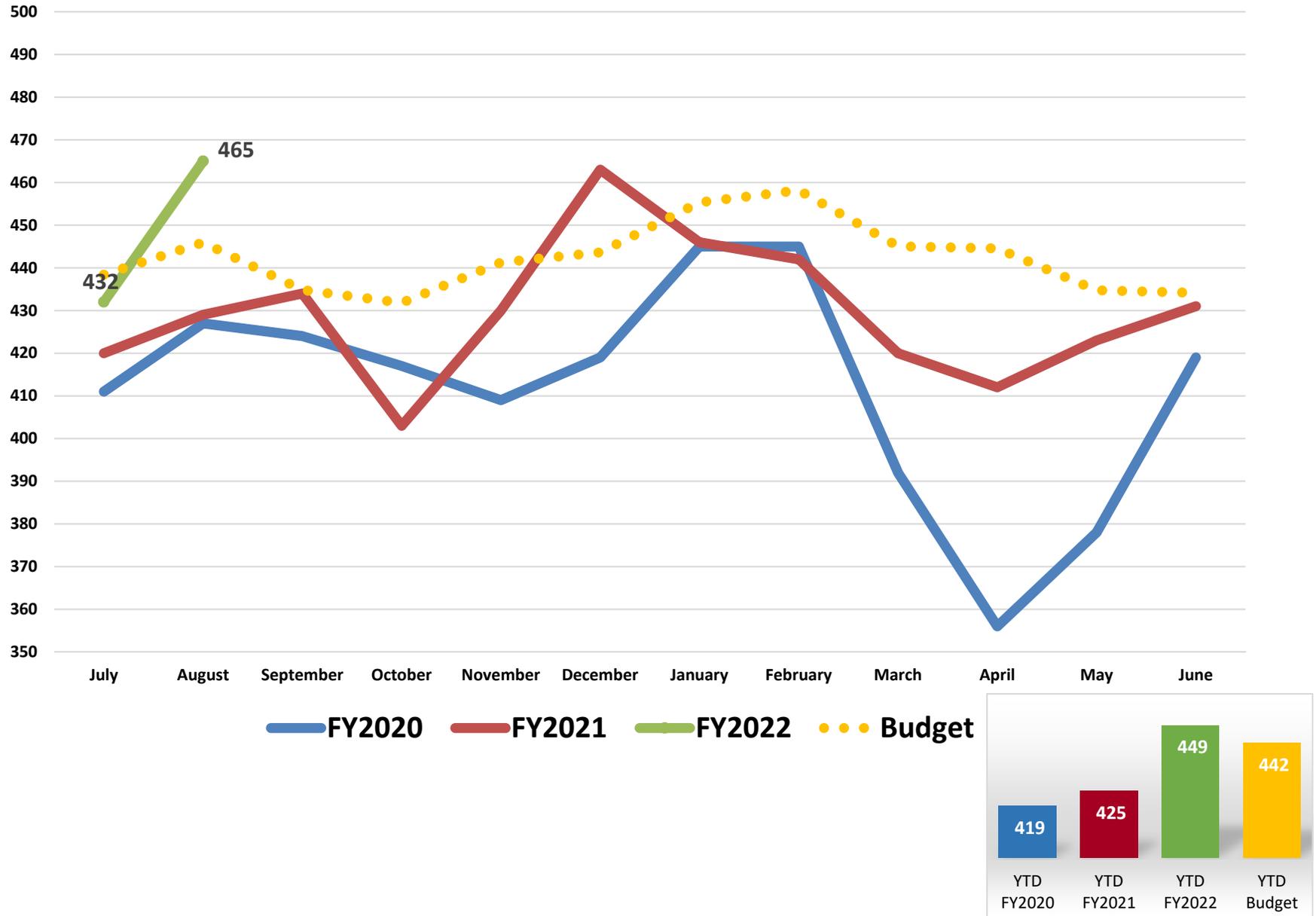
January 2020 - August 2021 Discharged COVID Inpatients								
Payer Group	Patient Volume	% of Total Visits	ALOS	GMLOS	Est. Net Revenue	Direct Cost	Contribution Margin	Net Income
Medicare	1472	49%	10.3	5.7	\$32,825,005	\$32,225,707	\$599,298	(\$8,679,351)
Medi-Cal Managed Care	613	20%	8.8	5.5	\$13,848,465	\$12,651,731	\$1,196,734	(\$2,394,323)
Commercial/Other	587	20%	9.2	5.9	\$18,687,245	\$12,664,922	\$6,022,322	\$2,439,434
Medi-Cal	272	9%	11.3	5.5	\$4,214,222	\$5,804,794	(\$1,590,571)	(\$3,285,360)
Work Comp	27	1%	11.4	7.1	\$875,726	\$922,707	(\$46,981)	(\$297,965)
Cash Pay	24	1%	5.3	5.3	\$8,082	\$277,585	(\$269,503)	(\$347,271)
Tulare County	1	0%	7.0	4.9	\$9,219	\$6,658	\$2,561	\$380
Grand Total	2,996	100%	9.8	5.7	\$70,467,963	\$64,554,104	\$5,913,859	(\$12,564,457)
			Typical Contribution Margin on 2,996 Inpatient visits				\$7,546,924	
			LOS GAP	4.2		Difference	(\$1,633,065)	

COVID IMPACT (000's)

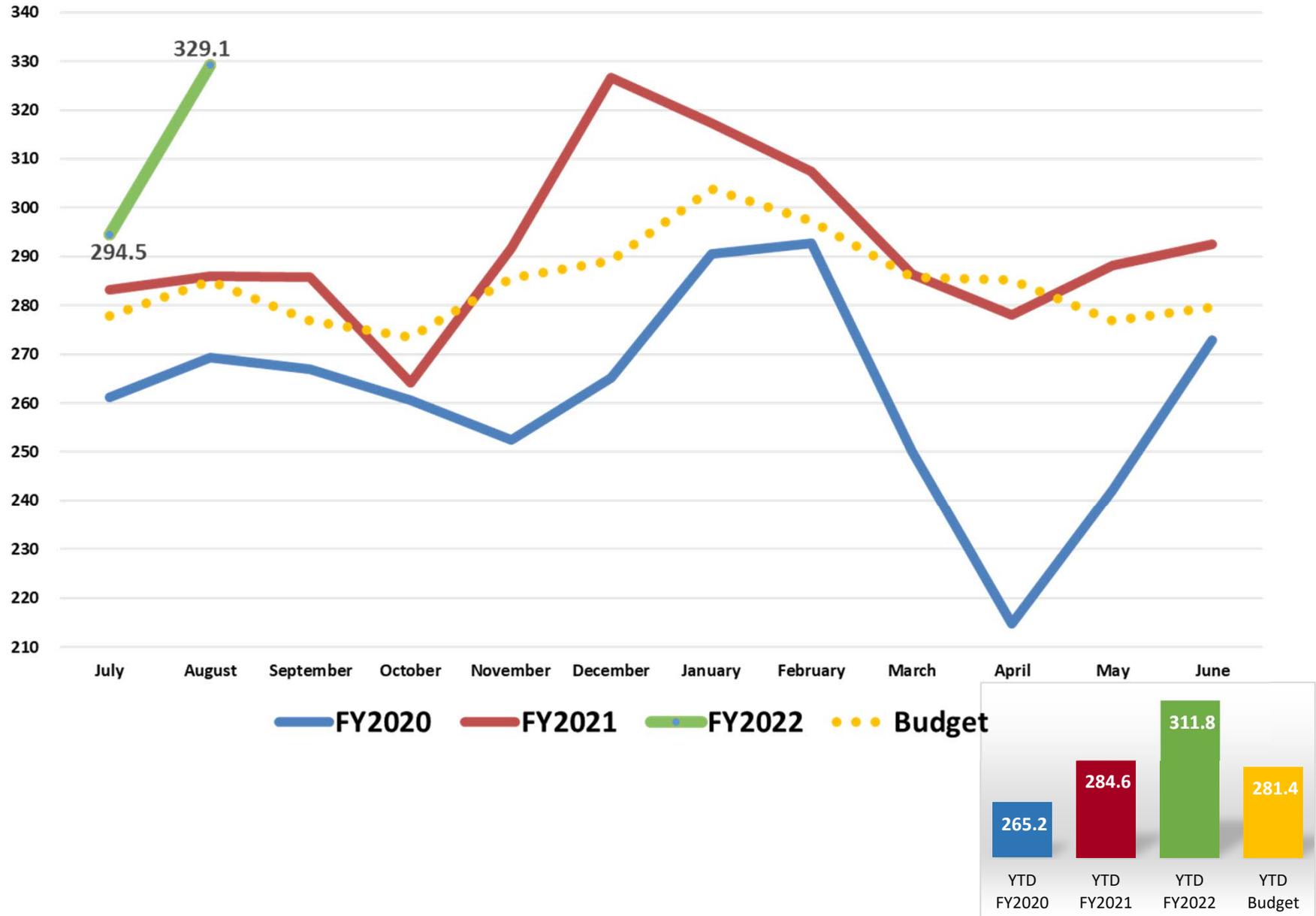
March 2020 - Aug
2021

Operating Revenue	
Net Patient Service Revenue	\$851,052
Supplemental Gov't Programs	85,047
Prime Program	20,021
Premium Revenue	86,385
Management Services Revenue	51,822
Other Revenue	32,740
Other Operating Revenue	276,015
Total Operating Revenue	1,127,065
Operating Expenses	
Salaries & Wages	483,964
Contract Labor	14,353
Employee Benefits	85,578
Total Employment Expenses	583,896
Medical & Other Supplies	193,822
Physician Fees	144,968
Purchased Services	28,469
Repairs & Maintenance	39,214
Utilities	10,696
Rents & Leases	9,304
Depreciation & Amortization	47,711
Interest Expense	10,238
Other Expense	30,596
Humana Cap Plan Expenses	49,016
Management Services Expense	51,369
Total Other Expenses	615,402
Total Operating Expenses	1,199,297
Operating Margin	(\$72,232)
Stimulus Funds	\$47,865
Operating Margin after Stimulus	(\$23,567)
Nonoperating Revenue (Loss)	15,773
Excess Margin	(\$8,593)

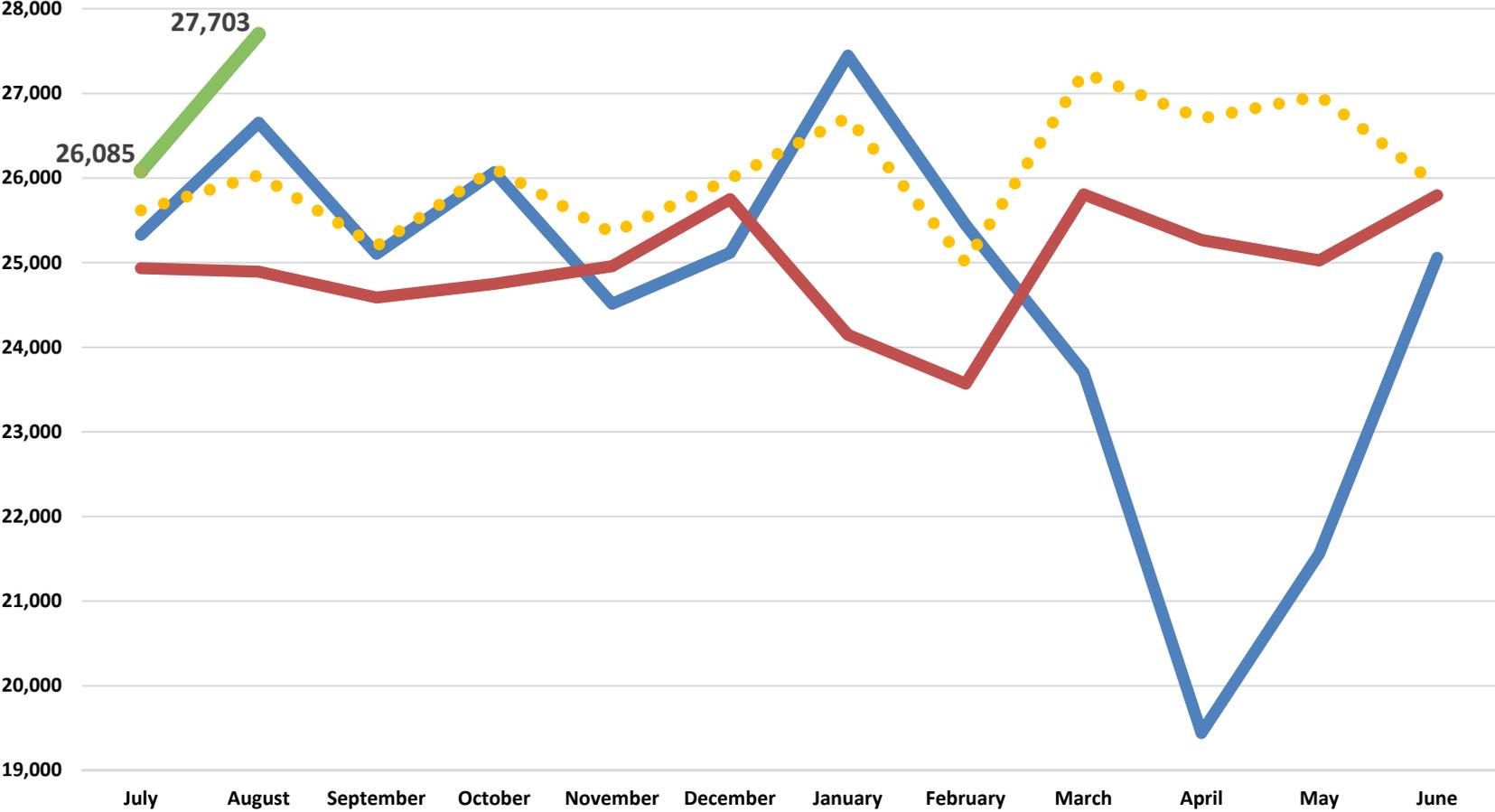
Average Daily Census



Medical Center – Average Daily Census



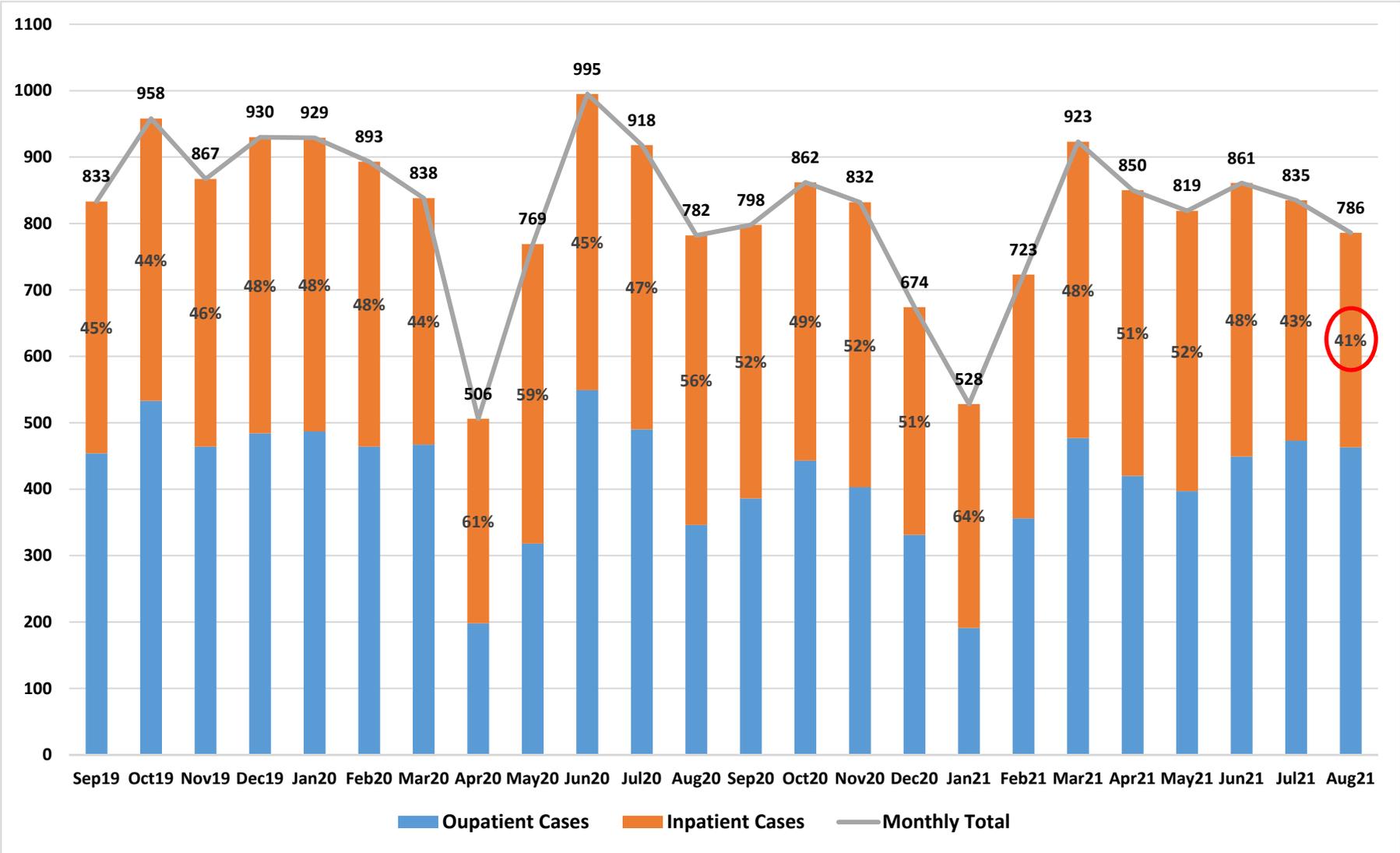
Adjusted Patient Days



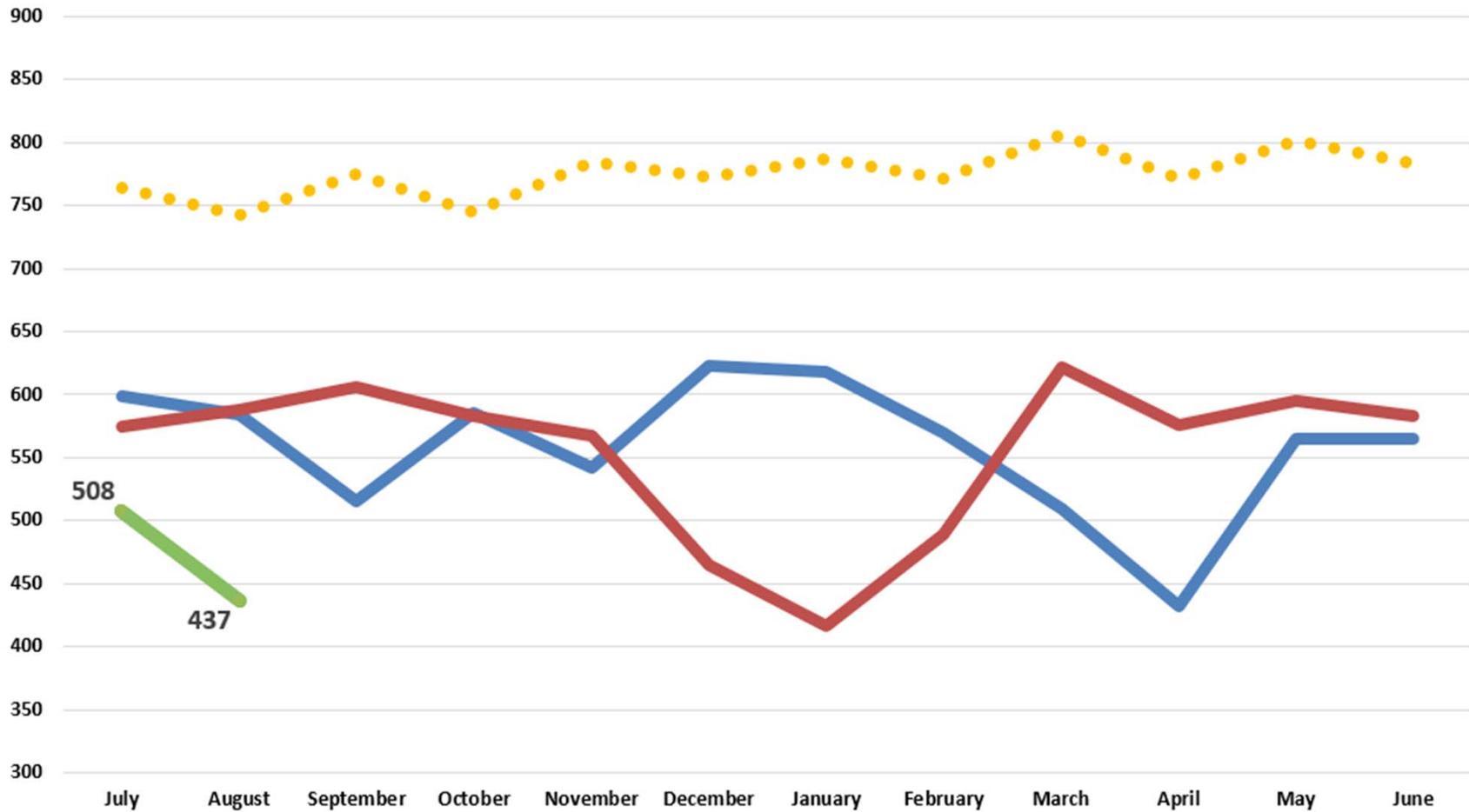
—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**



Surgery Volume



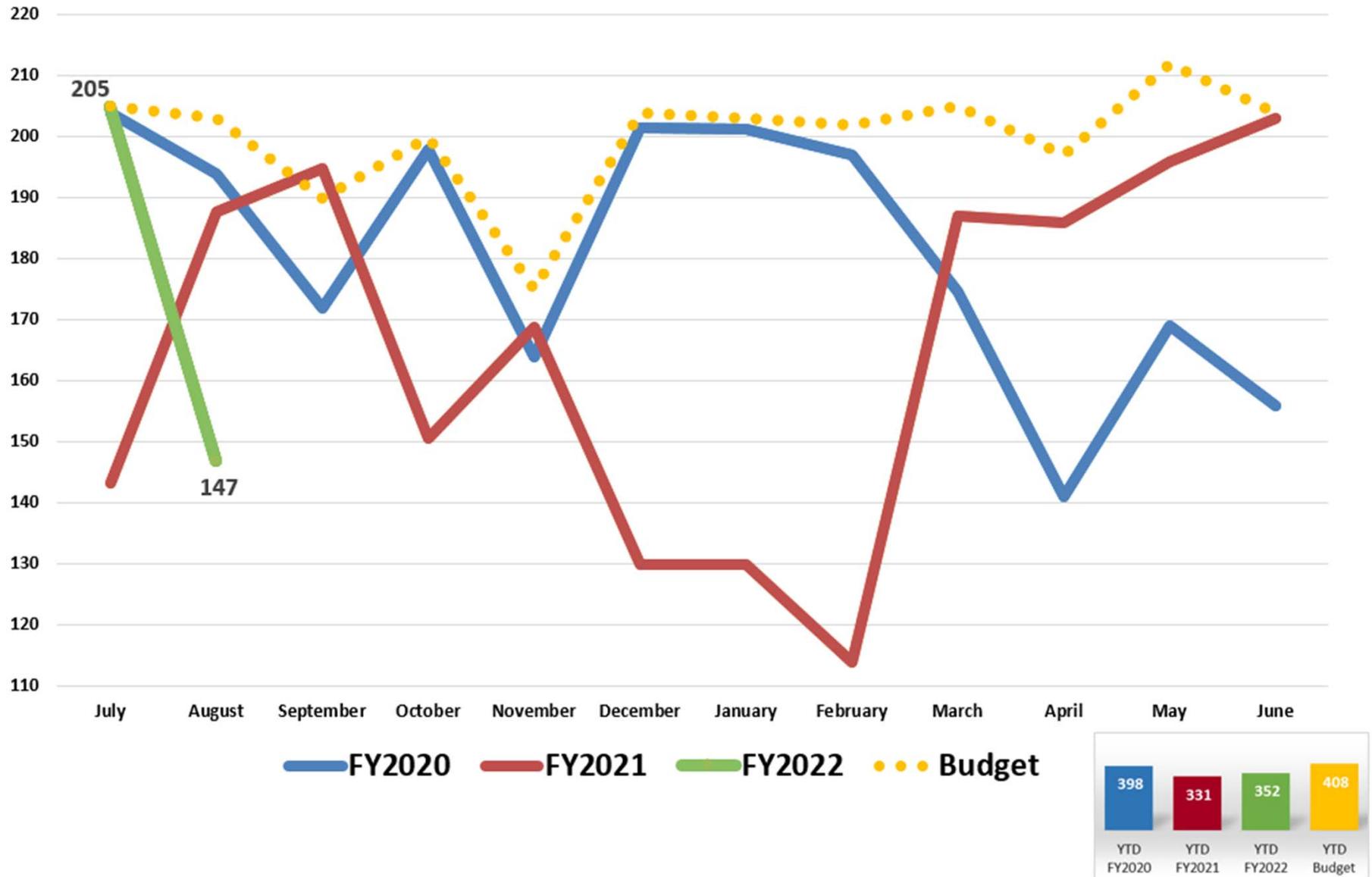
Surgery (IP Only) – 100 Min Units



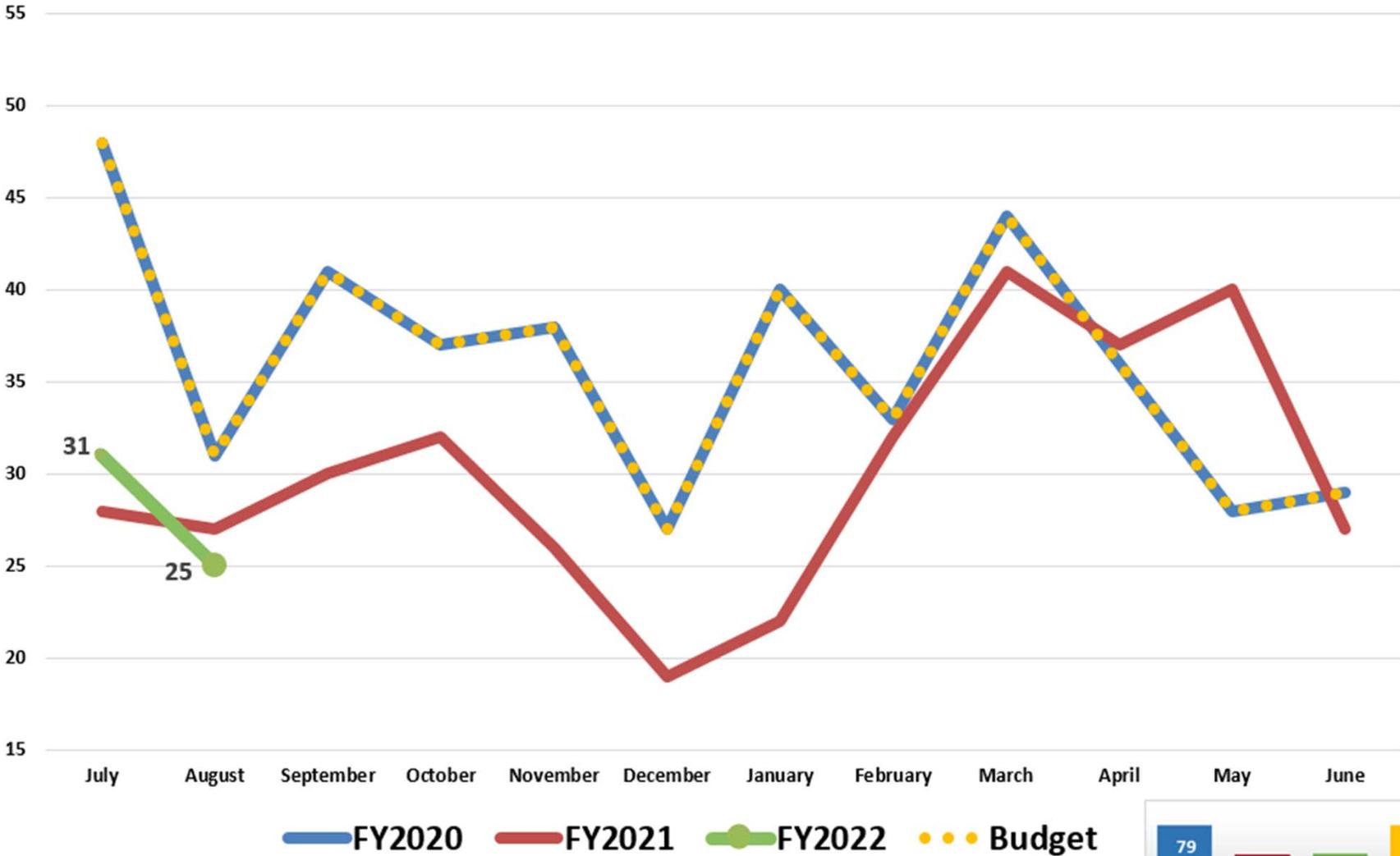
— FY2020
 — FY2021
 — FY2022
 ●●● Budget

1,183	1,162	945	1,507
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

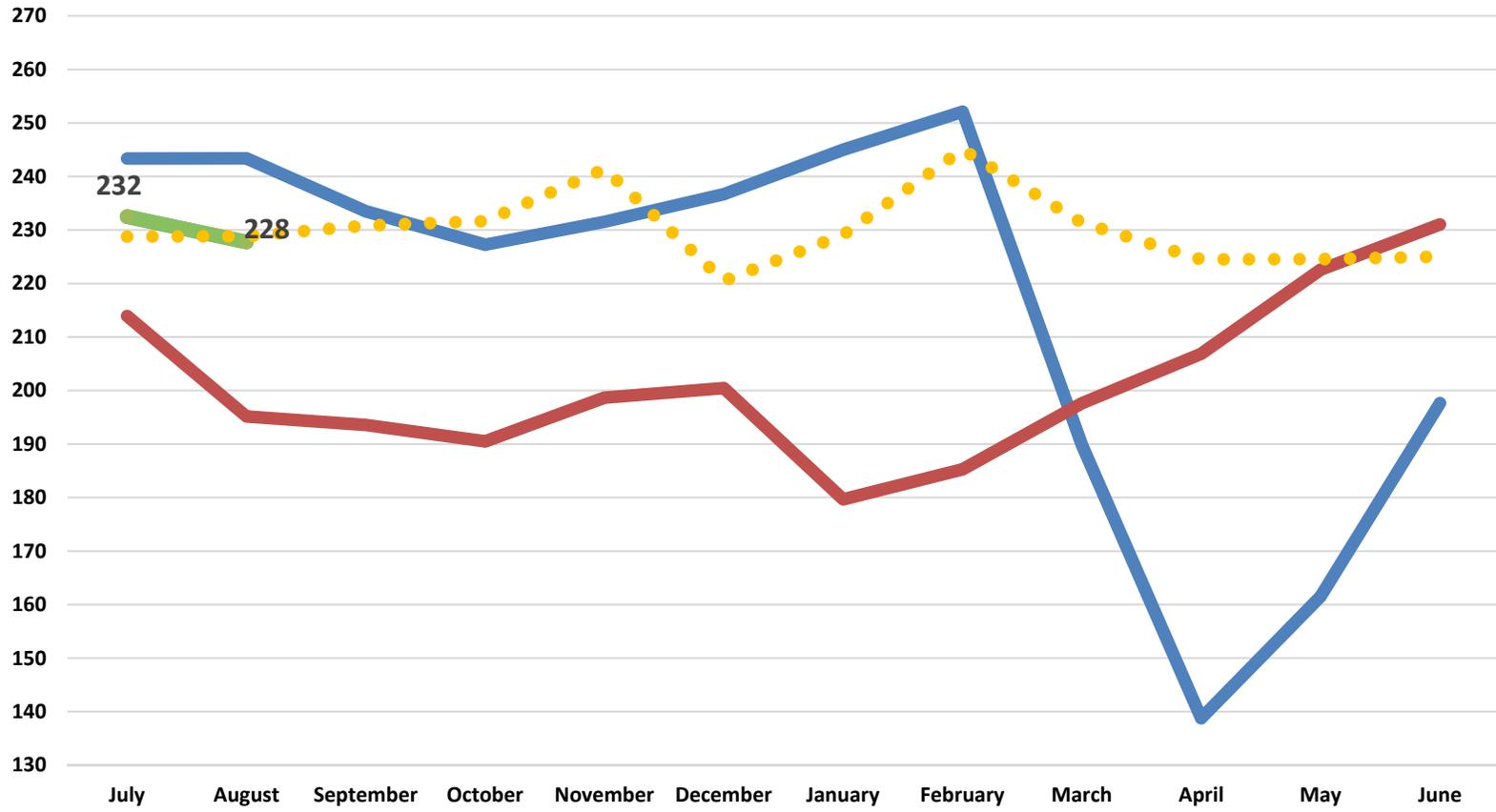
Cath Lab (IP Only) – 100 Min Units



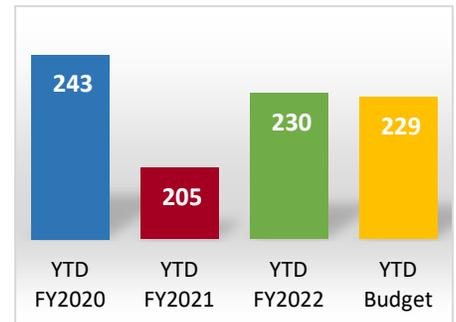
Cardiac Surgery – Cases



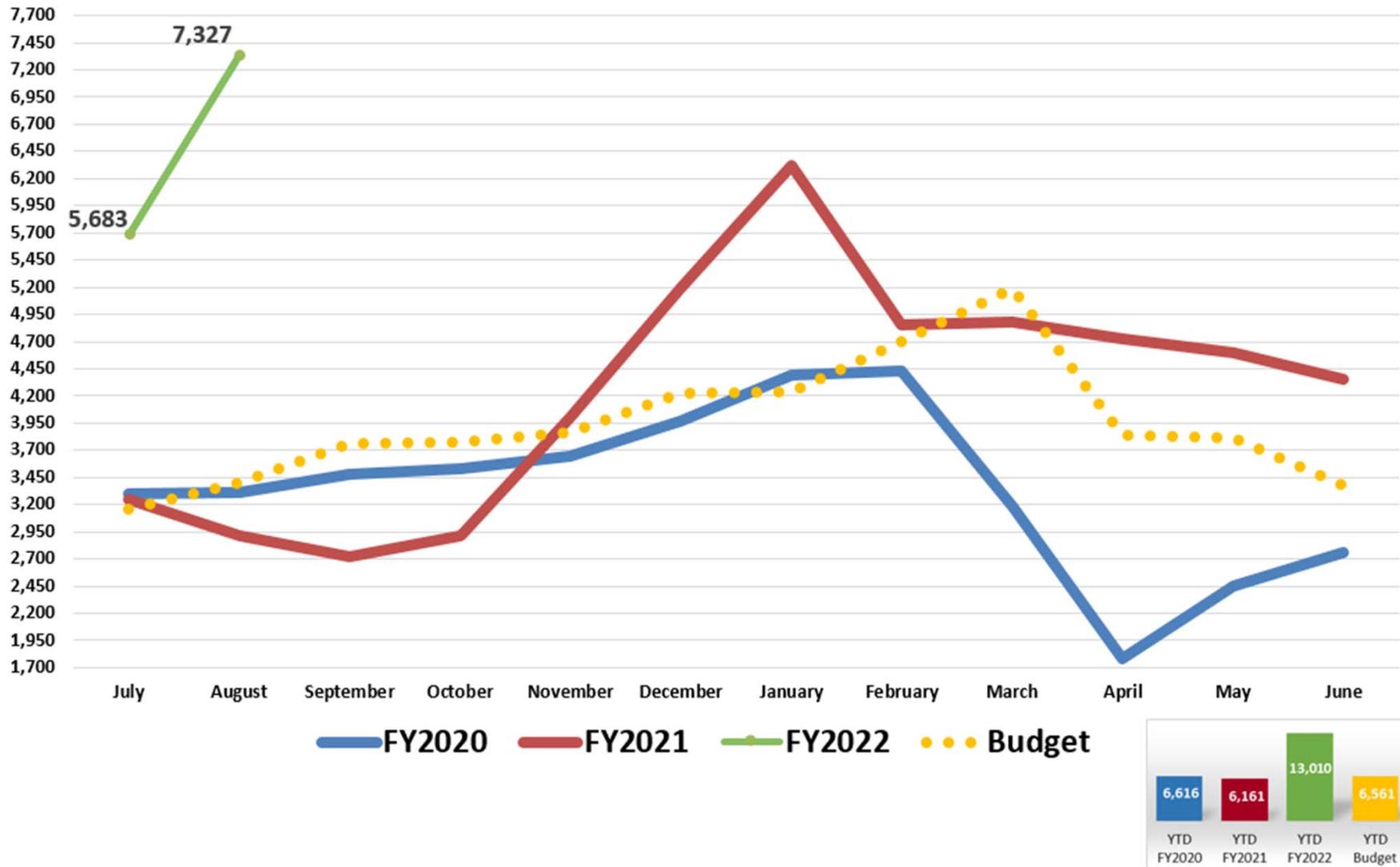
Emergency Department – Average # Treated Per Day



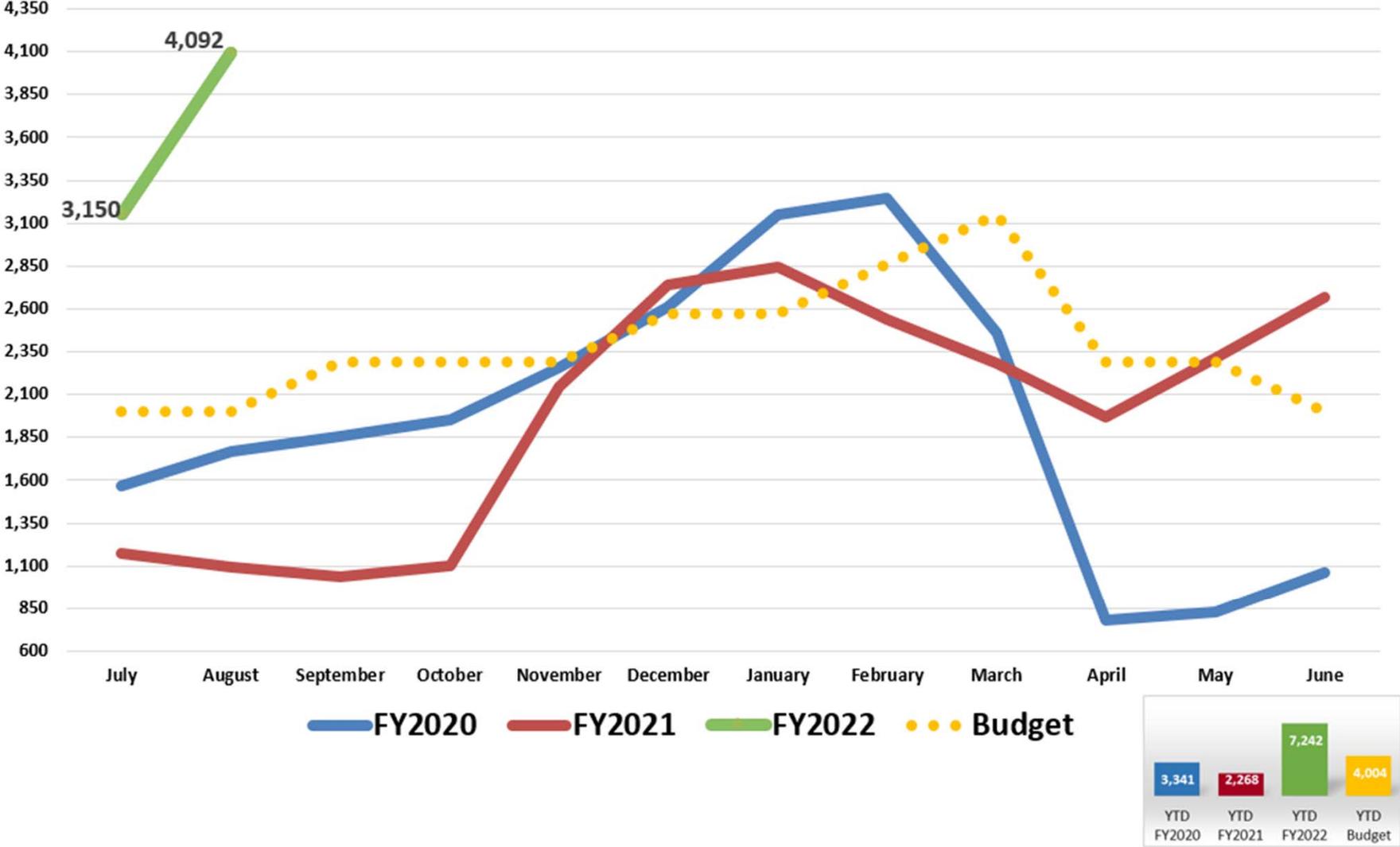
— **FY2020**
 — **FY2021**
 — **FY2022**
 ••• **Budget**



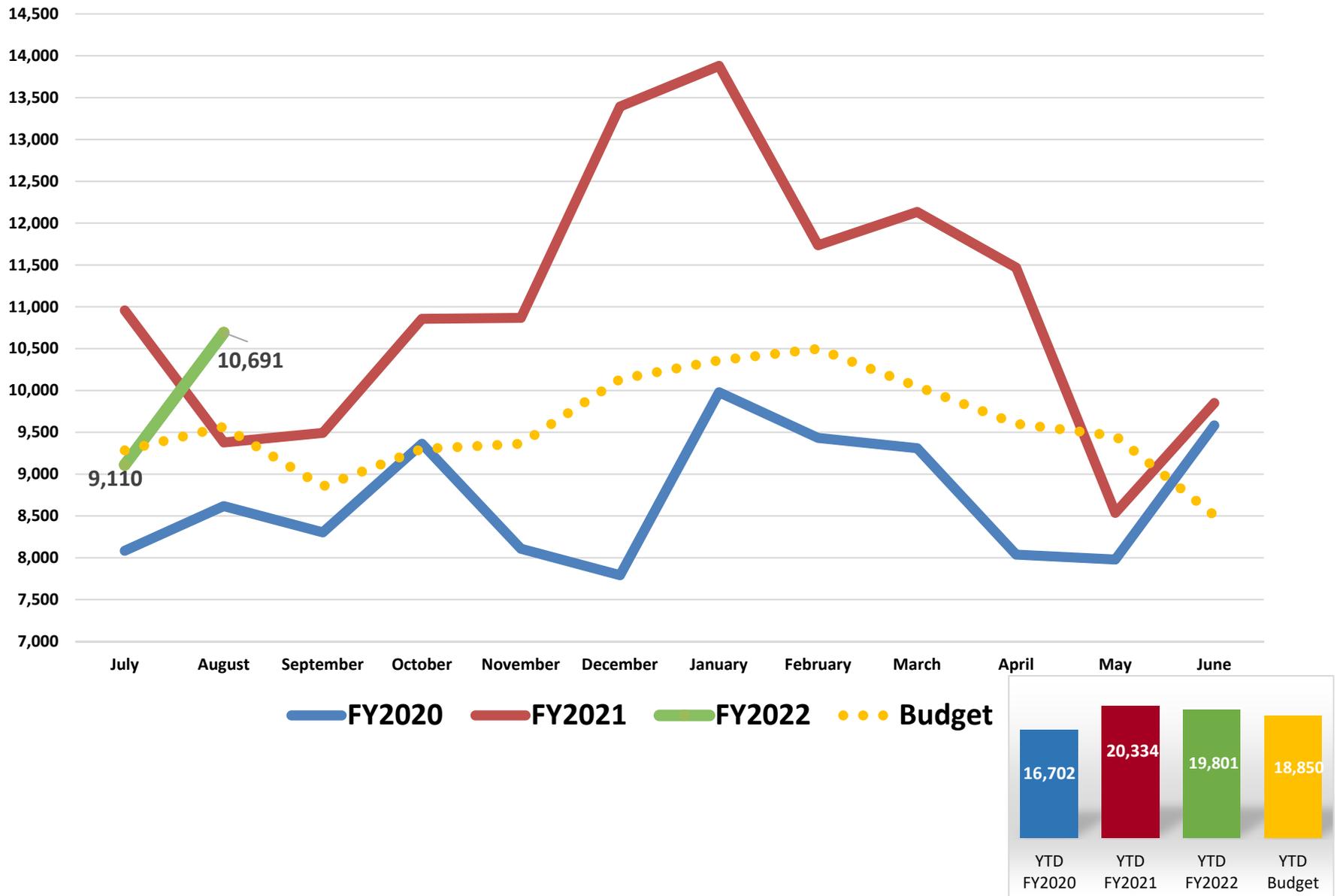
Urgent Care – Court Total Visits



Urgent Care – Demaree Total Visits



Rural Health Clinic Registrations



Statistical Results – Fiscal Year Comparison (Aug)

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

Average Daily Census	429	465	8.3%	446	19	4.2%
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KDHCD Patient Days:

Medical Center	8,863	10,203	15.1%	8,836	1,367	15.5%
Acute I/P Psych	1,431	1,137	(20.5%)	1,459	(322)	(22.1%)
Sub-Acute	921	819	(11.1%)	951	(132)	(13.9%)
Rehab	354	467	31.9%	568	(101)	(17.8%)
TCS-Ortho	387	402	3.9%	419	(17)	(4.1%)
TCS	407	267	(34.4%)	520	(253)	(48.7%)
NICU	447	550	23.0%	453	97	21.4%
Nursery	486	556	14.4%	618	(62)	(10.0%)

Total KDHCD Patient Days	13,296	14,401	8.3%	13,824	577	4.2%
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Total Outpatient Volume	39,277	49,569	26.2%	47,657	1,912	4.0%
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Statistical Results – Fiscal Year Comparison (Jul-Aug)

	Actual Results			Budget	Budget Variance	
	FYTD 2021	FYTD 2022	% Change	FYTD 2022	Change	% Change
Average Daily Census	424	448	5.6%	442	6	1.4%
KDHCD Patient Days:						
Medical Center	17,643	19,334	9.6%	17,449	1,885	10.8%
Acute I/P Psych	2,857	2,200	(23.0%)	2,920	(720)	(24.7%)
Sub-Acute	1,825	1,648	(9.7%)	1,902	(254)	(13.4%)
Rehab	739	1,000	35.3%	1,146	(146)	(12.7%)
TCS-Ortho	588	786	33.7%	832	(46)	(5.5%)
TCS	823	676	(17.9%)	1,034	(358)	(34.6%)
NICU	913	1,083	18.6%	913	170	18.6%
Nursery	924	1,062	14.9%	1,218	(156)	(12.8%)
Total KDHCD Patient Days	26,312	27,789	5.6%	27,414	375	1.4%
Total Outpatient Volume	84,537	95,728	13.2%	95,313	415	0.4%

Other Statistical Results – Fiscal Year Comparison (Aug)

	Actual Results				Budget	Budget Variance	
	Aug 2020	Aug 2021	Change	% Change	Aug 2021	Change	% Change
Adjusted Patient Days	24,893	27,703	2,810	11.3%	27,220	483	1.8%
Outpatient Visits	39,277	49,569	10,292	26.2%	47,657	1,912	4.0%
Urgent Care - Demaree	1,097	4,092	2,995	273.0%	2,002	2,090	104.4%
Urgent Care - Court	2,919	7,327	4,408	151.0%	3,404	3,923	115.2%
Infusion Center	244	456	212	86.9%	349	107	30.7%
ED Total Registered	6,095	7,224	1,129	18.5%	7,094	130	1.8%
OB Deliveries	375	438	63	16.8%	432	6	1.4%
Radiology/CT/US/MRI Proc (I/P & O/P)	14,645	16,900	2,255	15.4%	15,398	1,502	9.8%
RHC Registrations	9,378	10,691	1,313	14.0%	9,566	1,125	11.8%
KDMF RVU	32,879	36,380	3,501	10.6%	36,379	1	0.0%
Hospice Days	3,879	4,257	378	9.7%	3,879	378	9.7%
O/P Rehab Units	19,214	20,349	1,135	5.9%	20,577	(228)	(1.1%)
Physical & Other Therapy Units	16,701	17,333	632	3.8%	19,195	(1,862)	(9.7%)
GME Clinic visits	1,211	1,251	40	3.3%	1,332	(81)	(6.1%)
Home Health Visits	3,027	2,921	(106)	(3.5%)	2,897	24	0.8%
Endoscopy Procedures (I/P & O/P)	497	479	(18)	(3.6%)	562	(83)	(14.8%)
Surgery Minutes- General & Robotic (I/P & O/P)	1,003	956	(47)	(4.7%)	1,321	(365)	(27.6%)
Radiation Oncology Treatments (I/P & O/P)	2,369	2,205	(164)	(6.9%)	2,448	(243)	(9.9%)
Dialysis Treatments	1,845	1,645	(200)	(10.8%)	1,911	(266)	(13.9%)
Cath Lab Minutes (IP & OP)	356	303	(53)	(14.9%)	406	(103)	(25.4%)

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

	Actual Results				Budget	Budget Variance	
	FY 2021	FY 2022	Change	% Change	FY 2022	Change	% Change
Adjusted Patient Days	49,834	53,797	3,963	8.0%	54,154	(357)	(0.7%)
Outpatient Visits	84,537	95,728	11,191	13.2%	95,313	415	0.4%
Infusion Center	592	889	297	50.2%	706	183	25.9%
Urgent Care - Demaree	2,268	7,242	4,974	219.3%	4,004	3,238	80.9%
Urgent Care - Court	6,161	13,010	6,849	111.2%	6,561	6,449	98.3%
Physical & Other Therapy Units	33,135	36,139	3,004	9.1%	38,453	(2,314)	(6.0%)
OB Deliveries	717	819	102	14.2%	823	(4)	(0.5%)
Radiology/CT/US/MRI Proc (I/P & O/P)	29,955	33,823	3,868	12.9%	31,234	2,589	8.3%
ED Total Registered	12,764	14,531	1,767	13.8%	14,185	346	2.4%
Endoscopy Procedures (I/P & O/P)	1,002	1,017	15	1.5%	1,033	(16)	(1.5%)
Hospice Days	8,129	8,565	436	5.4%	7,758	807	10.4%
O/P Rehab Units	38,965	39,846	881	2.3%	39,642	204	0.5%
GME Clinic visits	2,464	2,454	(10)	(0.4%)	2,710	(256)	(9.4%)
Dialysis Treatments	3,618	3,338	(280)	(7.7%)	3,712	(374)	(10.1%)
Surgery Minutes – General & Robotic (I/P & O/P)	2,141	2,025	(116)	(5.4%)	2,629	(604)	(23.0%)
Home Health Visits	6,127	5,786	(341)	(5.6%)	5,794	(8)	(0.1%)
Radiation Oncology Treatments (I/P & O/P)	4,652	4,215	(437)	(9.4%)	4,953	(738)	(14.9%)
KDMF RVU	66,482	64,805	(1,677)	(2.5%)	72,222	(7,417)	(10.3%)
RHC Registrations	20,334	19,801	(533)	(2.6%)	18,850	951	5.0%
Cath Lab Minutes (IP & OP)	691	670	(21)	(3.0%)	797	(127)	(15.9%)

Trended Financial Comparison (000's)

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

	<i>Adjusted Patient Days</i>												
	24,893	24,587	24,749	24,958	25,750	24,148	23,570	25,807	25,268	25,026	25,797	26,085	27,703
	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
Operating Revenue													
Net Patient Service Revenue	\$48,393	\$48,769	\$51,454	\$50,994	\$50,409	\$49,949	\$44,505	\$56,144	\$52,593	\$50,531	\$43,233	\$51,502	\$49,714
Supplemental Gov't Programs	3,979	3,979	3,980	3,979	3,979	4,822	5,279	5,279	4,990	4,990	6,845	4,286	4,286
Prime Program	429	429	429	429	429	713	358	715	4,872	715	721	667	667
Premium Revenue	4,561	4,351	4,408	4,271	4,318	4,690	5,027	4,894	4,710	5,036	6,584	4,902	5,425
Management Services Revenue	2,684	3,072	2,396	2,569	2,583	2,867	2,430	3,303	3,301	2,877	3,251	3,172	3,298
Other Revenue	1,686	1,716	1,871	1,471	2,008	1,022	1,425	2,915	1,810	2,074	2,188	2,009	2,348
Other Operating Revenue	13,339	13,548	13,083	12,719	13,317	14,115	14,519	17,106	19,684	15,692	19,589	15,036	16,024
Total Operating Revenue	61,732	62,317	64,537	63,713	63,726	64,064	59,024	73,250	72,277	66,223	62,822	66,537	65,737
Operating Expenses													
Salaries & Wages	26,671	26,449	27,583	25,984	28,026	28,111	25,134	28,879	26,741	27,786	26,249	27,474	28,198
Contract Labor	372	336	488	242	303	226	1,404	887	1,694	1,169	2,080	1,116	1,358
Employee Benefits	5,160	6,053	5,314	4,998	5,969	5,671	5,027	5,739	8,650	5,087	(7,812)	4,087	3,878
Total Employment Expenses	32,203	32,837	33,385	31,225	34,298	34,008	31,565	35,505	37,084	34,042	20,517	32,678	33,434
Medical & Other Supplies	10,720	11,619	10,713	10,999	11,492	12,014	9,685	10,923	11,011	10,170	11,772	9,596	13,004
Physician Fees	8,699	6,871	7,746	8,079	8,024	8,421	8,484	8,278	8,320	7,754	8,207	7,922	8,527
Purchased Services	1,518	988	1,685	1,592	1,628	1,935	1,507	1,538	1,520	1,383	2,697	1,100	1,368
Repairs & Maintenance	2,022	1,965	2,166	2,091	2,146	2,192	2,115	2,019	2,544	2,282	2,319	2,074	2,425
Utilities	606	646	644	491	439	537	467	523	630	729	1,175	688	740
Rents & Leases	516	517	529	543	504	546	519	487	535	489	504	475	519
Depreciation & Amortization	2,582	2,518	2,509	2,473	2,458	2,451	2,423	2,412	2,413	2,923	3,924	2,635	2,632
Interest Expense	555	557	556	555	555	555	555	555	555	555	666	555	646
Other Expense	1,347	1,266	1,747	1,863	1,610	1,808	1,280	2,762	1,840	1,537	2,053	1,450	1,466
Humana Cap Plan Expenses	3,040	3,137	2,750	2,677	2,935	2,217	2,707	3,164	3,771	3,780	3,018	3,472	2,503
Management Services Expense	2,559	3,050	2,447	2,553	2,876	2,860	2,256	3,531	3,088	2,892	3,521	2,768	3,115
Total Other Expenses	34,163	33,133	33,491	33,915	34,668	35,536	31,998	36,191	36,227	34,493	39,856	32,735	36,945
Total Operating Expenses	66,366	65,971	66,876	65,140	68,965	69,544	63,562	71,696	73,310	68,535	60,373	65,413	70,379
Operating Margin	(\$4,634)	(\$3,654)	(\$2,339)	(\$1,427)	(\$5,240)	(\$5,480)	(\$4,538)	\$1,554	(\$1,033)	(\$2,312)	\$2,449	\$1,124	(\$4,642)
Stimulus Funds	\$3,745	\$3,633	\$4,538	\$1,724	\$0	\$5,758	\$3,460	\$3,449	\$920	\$1,076	\$525	\$0	\$438
Operating Margin after Stimulus	(\$889)	(\$21)	\$2,199	\$297	(\$5,240)	\$278	(\$1,078)	\$5,003	(\$113)	(\$1,236)	\$2,974	\$1,124	(\$4,204)
Nonoperating Revenue (Loss)	699	(495)	638	1,083	1,963	605	513	(1,182)	1,725	753	248	582	552
Excess Margin	(\$191)	(\$515)	\$2,837	\$1,380	(\$3,276)	\$883	(\$565)	\$3,821	\$1,612	(\$483)	\$3,222	\$1,706	(\$3,651)

August Financial Comparison (000's)

	Actual Results		Budget	Budget Variance	
	Aug 2020	Aug 2021	Aug 2021	Change	% Change
Operating Revenue					
Net Patient Service Revenue	\$48,392	\$49,714	\$52,946	(\$3,233)	(6.1%)
Other Operating Revenue	13,339	16,024	14,845	1,179	7.9%
Total Operating Revenue	61,732	65,737	67,791	(2,053)	(3.0%)
Operating Expenses					
Employment Expense	32,203	33,434	33,247	187	0.6%
Other Operating Expense	34,163	36,945	34,311	2,634	7.7%
Total Operating Expenses	66,366	70,379	67,557	2,822	4.2%
Operating Margin	(\$4,634)	(\$4,642)	\$233	(\$4,875)	(1358%)
Stimulus Funds	3,745	438	101	337	334%
Operating Margin after Stimulus	(\$889)	(\$4,204)	\$334	(\$4,538)	(1358%)
Non Operating Revenue (Loss)	699	552	542	11	2.0%
Excess Margin	(\$191)	(\$3,651)	\$876	(\$4,527)	(517%)

Operating Margin %	(7.5%)	(7.1%)	0.3%
OM after Stimulus%	(1.4%)	(6.4%)	0.5%
Excess Margin %	(0.3%)	(5.5%)	1.3%
Operating Cash Flow Margin %	(2.4%)	(2.1%)	4.8%

YTD (July-Aug) Financial Comparison (000's)

	Actual Results FYTD Jul-Aug		Budget FYTD	Budget Variance	
	FYTD2021	FYTD2022	FYTD2022	Change	% Change
Operating Revenue					
Net Patient Service Revenue	\$95,794	\$101,216	\$106,119	(\$4,903)	(4.6%)
Other Operating Revenue	26,947	31,058	30,724	131	0.4%
Total Operating Revenue	122,741	132,274	137,046	(4,772)	(3.5%)
Operating Expenses					
Employment Expense	64,417	66,112	66,077	35	0.1%
Other Operating Expense	65,508	69,680	69,286	394	0.6%
Total Operating Expenses	129,925	135,792	135,363	429	0.3%
Operating Margin	(\$7,184)	(\$3,518)	\$1,683	(\$5,201)	(309%)
Stimulus Funds	7,378	438	203	235	116%
Operating Margin after Stimulus	\$194	(\$3,080)	\$1,683	(\$4,763)	(283%)
Nonoperating Revenue (Loss)	1,608	1,134	1,083	51	4.7%
Excess Margin	\$1,802	(\$1,946)	\$2,766	(\$4,712)	(170%)

Operating Margin %	(5.9%)	(2.7%)	1.1%
OM after Stimulus%	0.2%	(2.3%)	1.2%
Excess Margin %	1.4%	(1.5%)	2.0%
Operating Cash Flow Margin %	(0.8%)	2.2%	5.5%

August Financial Comparison (000's)

	Actual Results			Budget	Budget Variance	
	Aug 2020	Aug 2021	% Change	Aug 2021	Change	% Change
Operating Revenue						
Net Patient Service Revenue	\$48,393	\$49,714	2.7%	\$52,946	(\$3,233)	(6.1%)
Supplemental Gov't Programs	3,979	4,286	7.7%	4,426	(139)	(3.1%)
Prime Program	429	667	55.4%	679	(13)	(1.9%)
Premium Revenue	4,561	5,425	18.9%	4,571	854	18.7%
Management Services Revenue	2,684	3,298	22.9%	3,082	216	7.0%
Other Revenue	1,686	2,348	39.3%	2,086	261	12.5%
Other Operating Revenue	13,339	16,024	20.1%	14,845	1,179	7.2%
Total Operating Revenue	61,732	65,737	6.5%	67,791	(2,053)	(3.0%)
Operating Expenses						
Salaries & Wages	26,671	28,198	5.7%	28,132	66	0.2%
Contract Labor	372	1,358	264.9%	529	829	156.8%
Employee Benefits	5,160	3,878	(24.9%)	4,586	(708)	(15.4%)
Total Employment Expenses	32,203	33,434	3.8%	33,247	187	0.6%
Medical & Other Supplies	10,720	13,004	21.3%	10,456	2,548	24.4%
Physician Fees	8,699	8,527	(2.0%)	8,182	346	4.2%
Purchased Services	1,518	1,368	(9.9%)	910	458	50.4%
Repairs & Maintenance	2,022	2,425	19.9%	2,398	27	1.1%
Utilities	606	740	22.2%	761	(21)	(2.8%)
Rents & Leases	516	519	0.5%	510	9	1.7%
Depreciation & Amortization	2,582	2,632	1.9%	2,432	200	8.2%
Interest Expense	555	646	16.5%	614	32	5.2%
Other Expense	1,347	1,466	8.9%	1,920	(454)	(23.6%)
Humana Cap Plan Expenses	3,040	2,503	(17.7%)	3,079	(576)	(18.7%)
Management Services Expense	2,559	3,115	21.7%	3,049	66	2.2%
Total Other Expenses	34,163	36,945	8.1%	34,311	2,634	7.7%
Total Operating Expenses	66,366	70,379	6.0%	67,557	2,822	4.2%
Operating Margin	(\$4,634)	(\$4,642)	(0.2%)	\$233	(\$4,875)	(2090%)
Stimulus Funds	3,745	438	(88.3%)	101	337	334%
Operating Margin after Stimulus	(\$889)	(\$4,204)	(373%)	\$334	(\$4,538)	(1358%)
Nonoperating Revenue (Loss)	699	552	(20.9%)	542	11	2.0%
Excess Margin	(\$191)	(\$3,651)	(1816%)	\$876	(\$4,527)	(517%)

Operating Margin %	(7.5%)	(7.1%)		0.3%
OM after Stimulus%	(1.4%)	(6.4%)		0.5%
Excess Margin %	(0.3%)	(5.5%)		1.3%
Operating Cash Flow Margin %	(2.4%)	(2.1%)		4.8%

YTD Financial Comparison (000's)

	Actual Results FYTD Jul-Aug			Budget FYTD	Budget Variance	FYTD
	FYTD2021	FYTD2022	% Change	FYTD2022	Change	% Change
Operating Revenue						
Net Patient Service Revenue	\$95,794	\$101,216	5.7%	\$106,119	(\$4,903)	(4.6%)
Supplemental Gov't Programs	7,958	8,573	7.7%	8,851	(278)	(3.1%)
Prime Program	858	1,333	55.4%	1,359	(26)	(1.9%)
Premium Revenue	8,800	10,327	17.3%	10,178	149	1.5%
Management Services Revenue	5,518	6,469	17.2%	6,164	305	4.9%
Other Revenue	3,813	4,356	14.3%	4,172	184	4.4%
Other Operating Revenue	26,947	31,058	15.3%	30,724	334	1.1%
Total Operating Revenue	122,741	132,274	7.8%	136,843	(4,569)	(3.3%)
Operating Expenses						
Salaries & Wages	53,211	55,673	4.6%	55,864	(191)	(0.3%)
Contract Labor	948	2,475	160.9%	1,045	1,430	136.9%
Employee Benefits	10,258	7,965	(22.4%)	9,169	(1,204)	(13.1%)
Total Employment Expenses	64,417	66,112	2.6%	66,077	35	0.1%
Medical & Other Supplies	20,756	22,600	8.9%	21,167	1,433	6.8%
Physician Fees	16,506	16,449	(0.3%)	16,489	(40)	(0.2%)
Purchased Services	2,756	2,467	(10.5%)	2,257	210	9.3%
Repairs & Maintenance	4,305	4,499	4.5%	4,796	(298)	(6.2%)
Utilities	1,111	1,428	28.5%	1,367	61	4.5%
Rents & Leases	1,019	993	(2.6%)	1,019	(26)	(2.6%)
Depreciation & Amortization	5,143	5,267	2.4%	4,864	403	8.3%
Interest Expense	1,110	1,201	8.2%	1,229	(28)	(2.3%)
Other Expense	2,825	2,916	3.2%	3,840	(924)	(24.1%)
Humana Cap Plan Expenses	4,602	5,976	29.9%	6,158	(182)	(3.0%)
Management Services Expense	5,374	5,883	9.5%	6,098	(215)	(3.5%)
Total Other Expenses	65,508	69,680	6.4%	69,286	394	0.6%
Total Operating Expenses	129,925	135,792	4.5%	135,363	429	0.3%
Operating Margin	(\$7,184)	(\$3,518)	51.0%	\$1,480	(\$4,998)	(338%)
Stimulus Funds	7,378	438	(94.1%)	203	235	116%
Operating Margin after Stimulus	\$194	(\$3,080)	(1687%)	\$1,683	(\$4,763)	(283%)
Nonoperating Revenue (Loss)	1,608	1,134	(29.5%)	1,083	51	4.7%
Excess Margin	\$1,802	(\$1,946)	(208%)	\$2,766	(\$4,712)	(170%)

Operating Margin %	(5.9%)	(2.7%)		1.1%
OM after Stimulus%	0.2%	(2.3%)		1.2%
Excess Margin %	1.4%	(1.5%)		2.0%
Operating Cash Flow Margin %	(0.8%)	2.2%		5.5%

Kaweah Health Medical Group

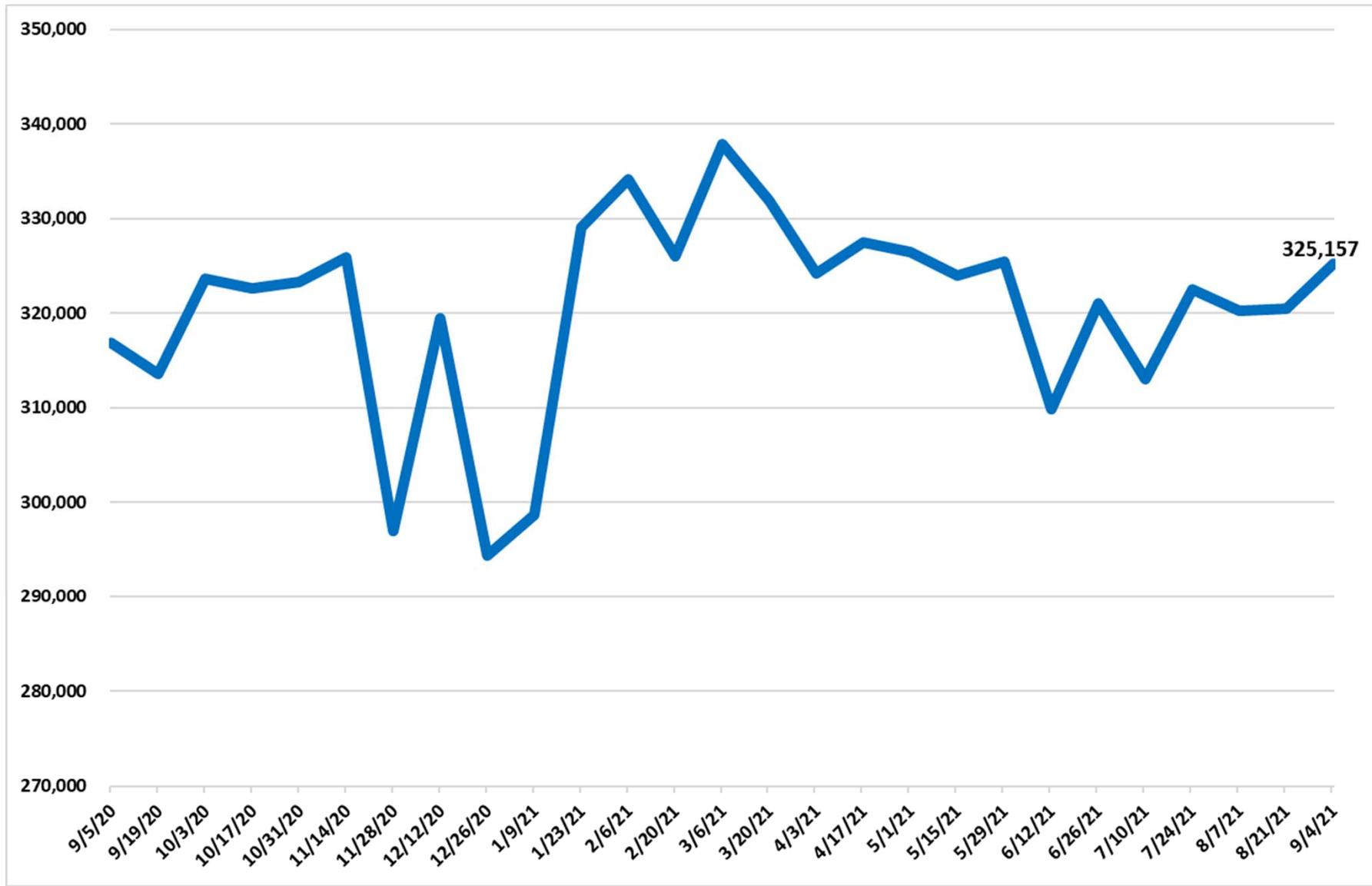
Fiscal Year Financial Comparison (000's)

	Actual Results FYTD July - Aug			Budget FYTD	Budget Variance	FYTD
	Aug 2020	Aug 2021	% Change	Aug 2021	Change	% Change
Operating Revenue						
Net Patient Service Revenue	\$7,552	\$7,267	(3.8%)	\$8,432	(\$1,165)	(13.8%)
Other Operating Revenue	66	159	140.0%	143	16	11.2%
Total Operating Revenue	7,618	7,425	(2.5%)	8,575	(1,149)	(13.4%)
Operating Expenses						
Salaries & Wages	1,858	1,949	4.9%	2,097	(148)	(7.1%)
Contract Labor	0	0	0.0%	0	0	0.0%
Employee Benefits	334	332	(0.5%)	342	(10)	(3.0%)
Total Employment Expenses	2,192	2,281	4.1%	2,440	(158)	(6.5%)
Medical & Other Supplies	865	1,153	33.3%	1,160	(7)	(0.6%)
Physician Fees	4,394	4,620	5.1%	4,925	(306)	(6.2%)
Purchased Services	126	160	26.6%	144	16	11.2%
Repairs & Maintenance	405	346	(14.7%)	457	(111)	(24.3%)
Utilities	96	82	(13.8%)	99	(16)	(16.7%)
Rents & Leases	440	417	(5.1%)	433	(16)	(3.6%)
Depreciation & Amortization	209	134	(35.9%)	184	(50)	(27.0%)
Interest Expense	1	0	(57.5%)	0	0	76.4%
Other Expense	178	181	1.8%	286	(105)	(36.7%)
Total Other Expenses	6,714	7,093	5.7%	7,687	(594)	(7.7%)
Total Operating Expenses	8,906	9,375	5.3%	10,127	(752)	(7.4%)
Stimulus Funds	0	0	0.0%	0	0	0.0%
Excess Margin	(\$1,287)	(\$1,949)	(51.4%)	(\$1,552)	(\$397)	(25.6%)
Excess Margin %	(16.9%)	(26.3%)		(18.1%)		

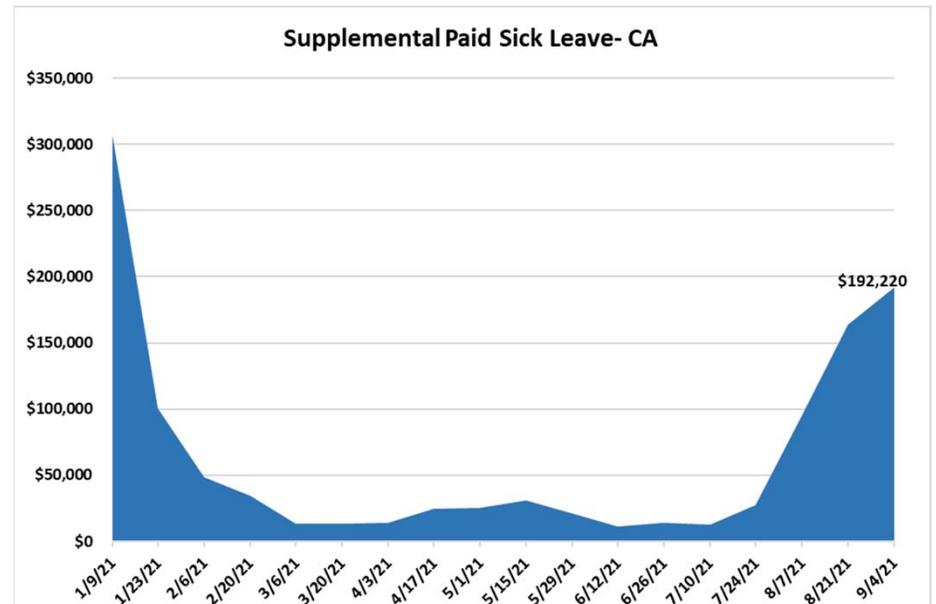
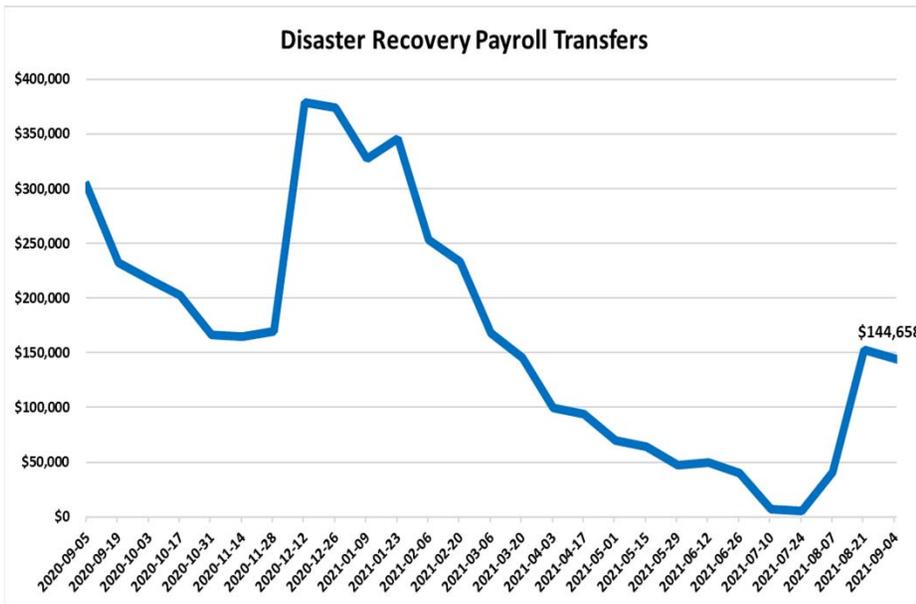
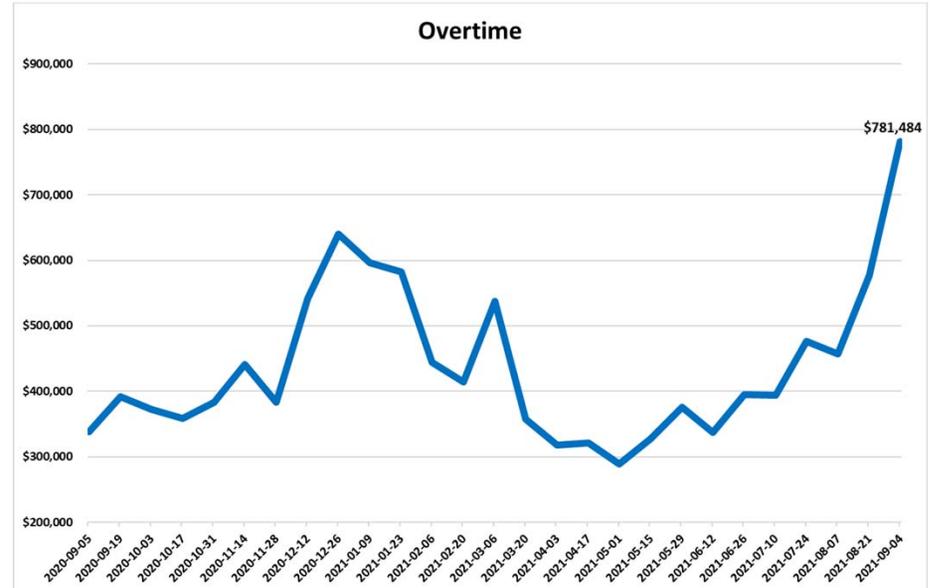
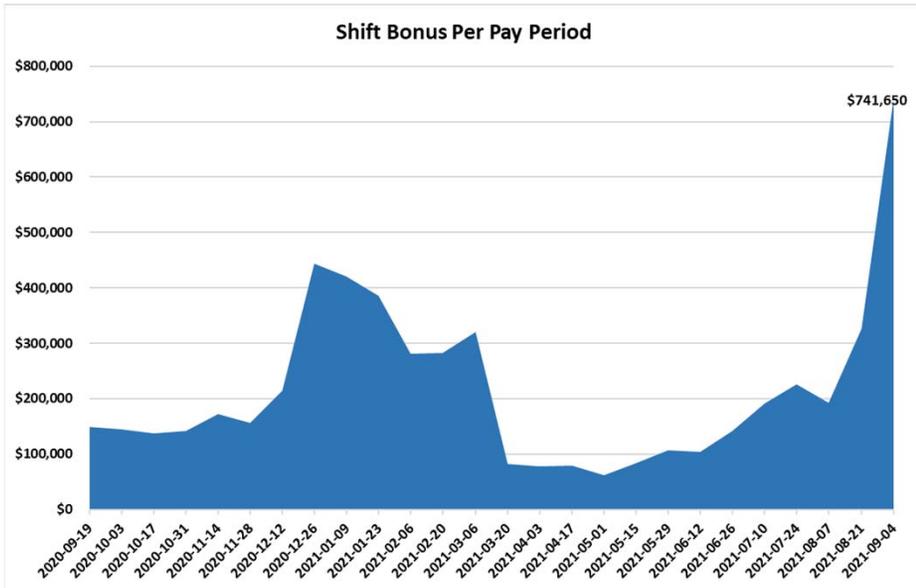
Month of August - Budget Variances

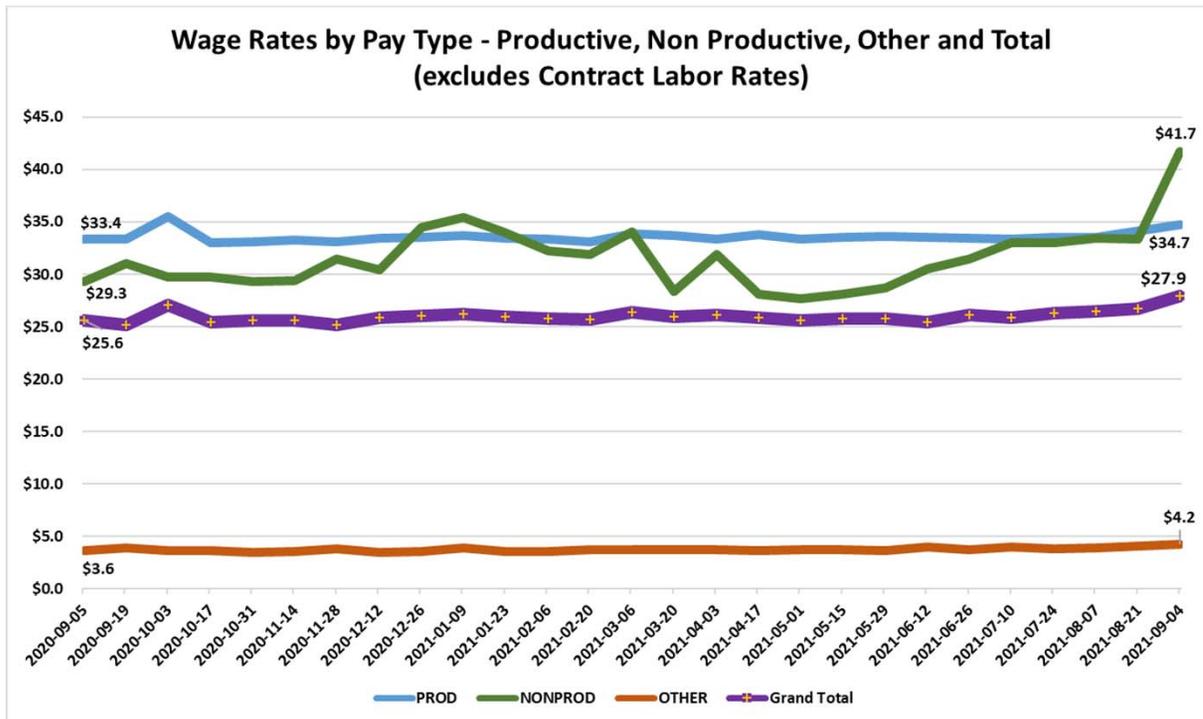
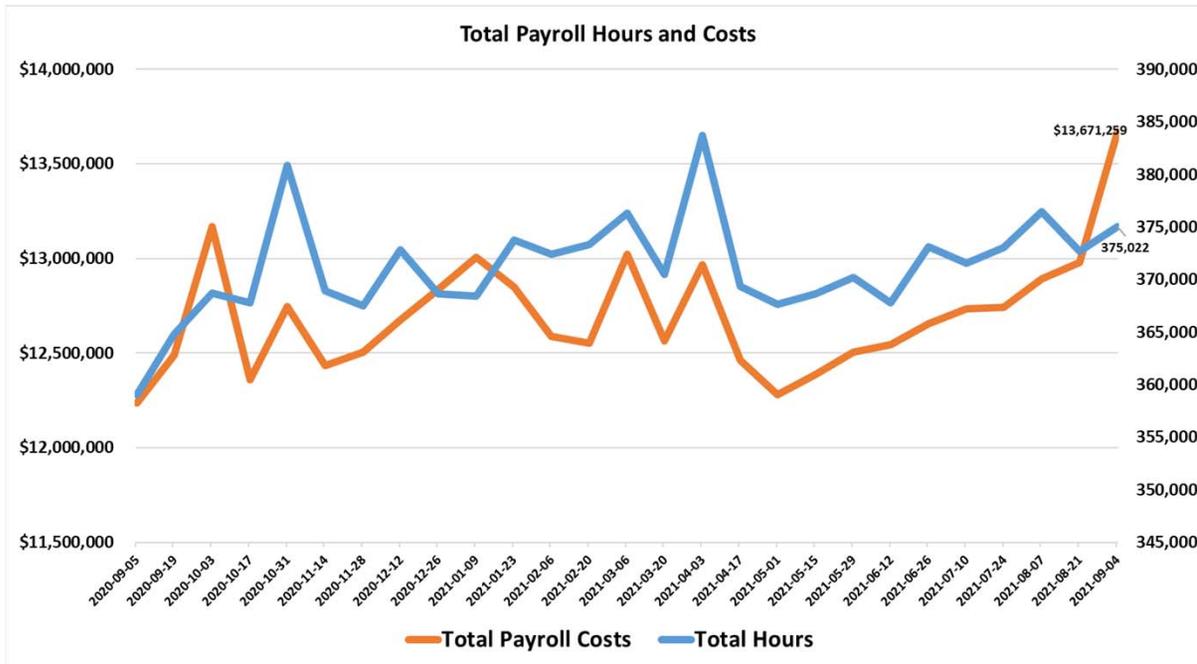
- **Net Patient Revenues:** Net patient revenue fell short of budget expectations by \$3.2M (6.1%). Inpatient days (4.2% increase) and outpatient volume (4.0% increase) both exceeded budget expectations but the mix of patient volumes (more medical than surgical), impacted net revenues.
- **Other Operating Revenues:** Other Revenue was \$1.2M more than budget mainly due to Humana premiums, grant funds received, and contributions received by the Hospital Foundation.
- **Salaries and Contract Labor:** We experienced an unfavorable budget variance of \$895K in August. The unfavorable variance is primarily due to the rates associated with contract labor hours, shift bonuses (\$515K) and COVID supplemental pay (\$245K).
- **Employee Benefits:** Employee benefit costs were under budget by \$708K in August primarily due to employee health insurance cost being lower than budget.
- **Medical Supplies:** The \$2.5M unfavorable budget variance is mainly due to supplies purchases for COVID (\$1.2M), and an increase in pharmacy and lab costs.
- **Physician Fees:** Physician fees were over budget by \$346K in August due to lower collections in some areas, increased stipends, and timing of payments.
- **Other Expense:** The \$454K favorable budget variance is mainly due to recruiting, travel, marketing and other areas that were under budget in August due to timing of these expenses.
- **Humana Cap Plan Expenses:** The \$576K favorable variance resulted from lower utilization of non-Kaweah medical care provided to members during the month of August.

Productive Hours

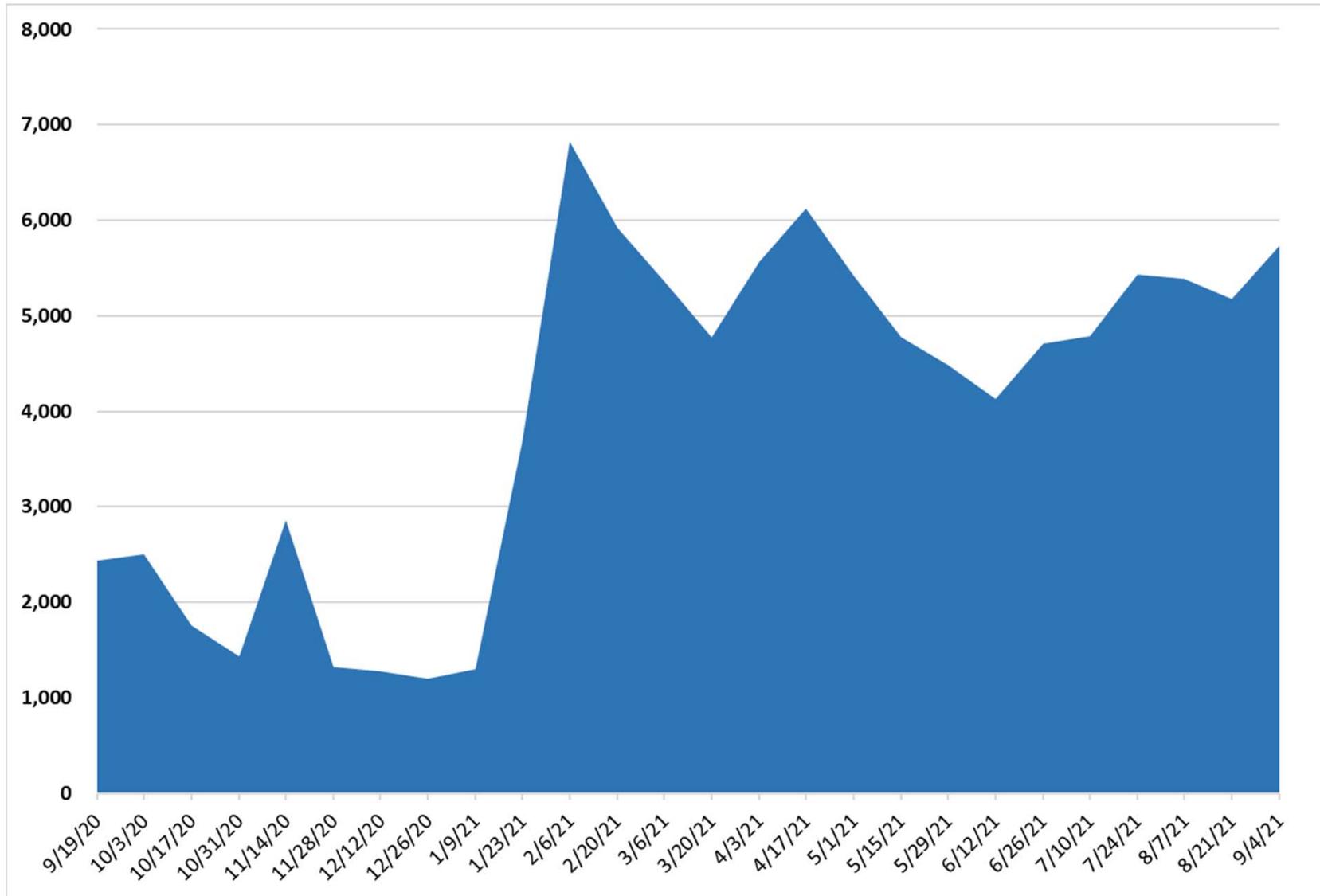


Premium & Extra Pay

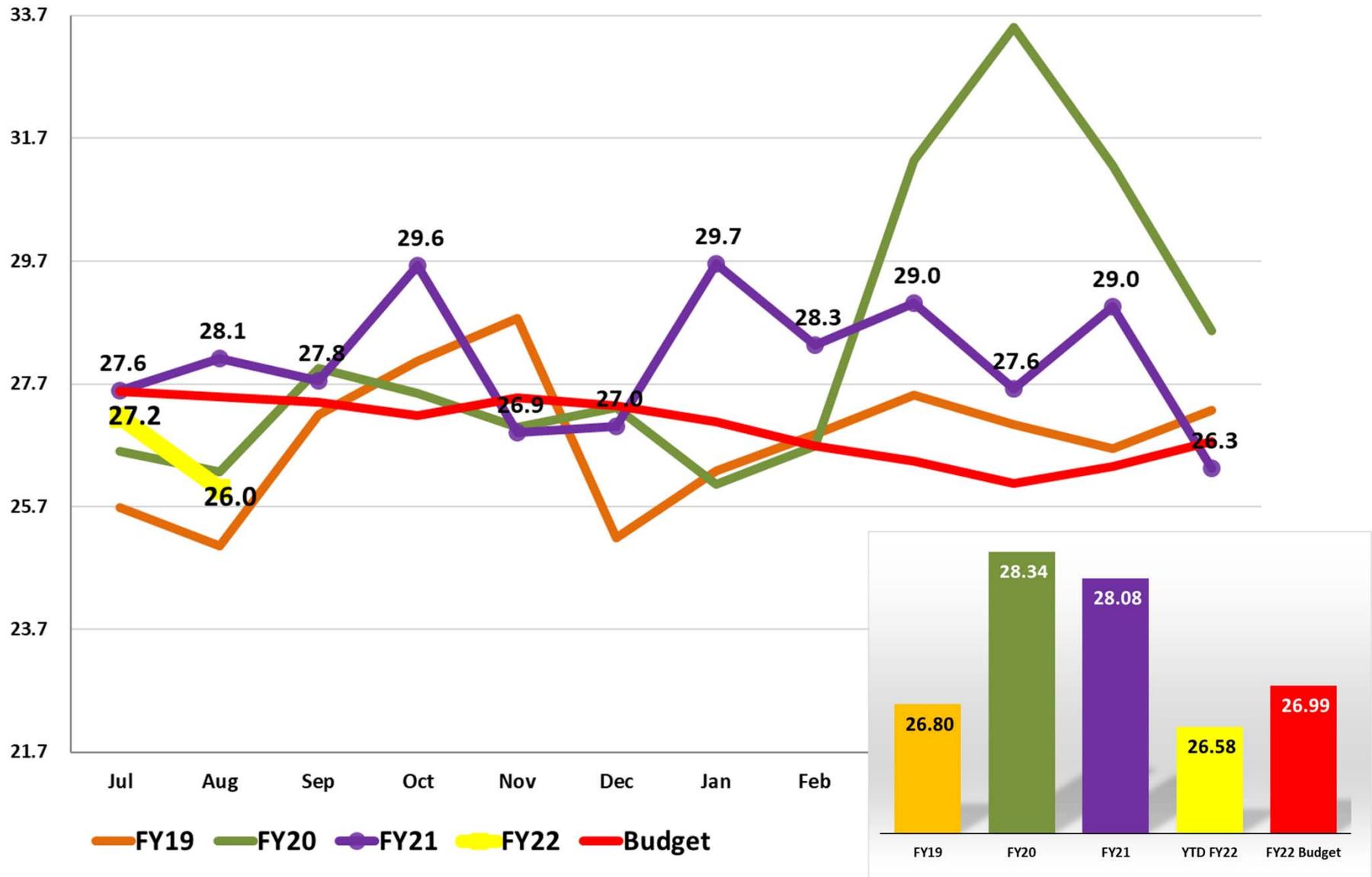


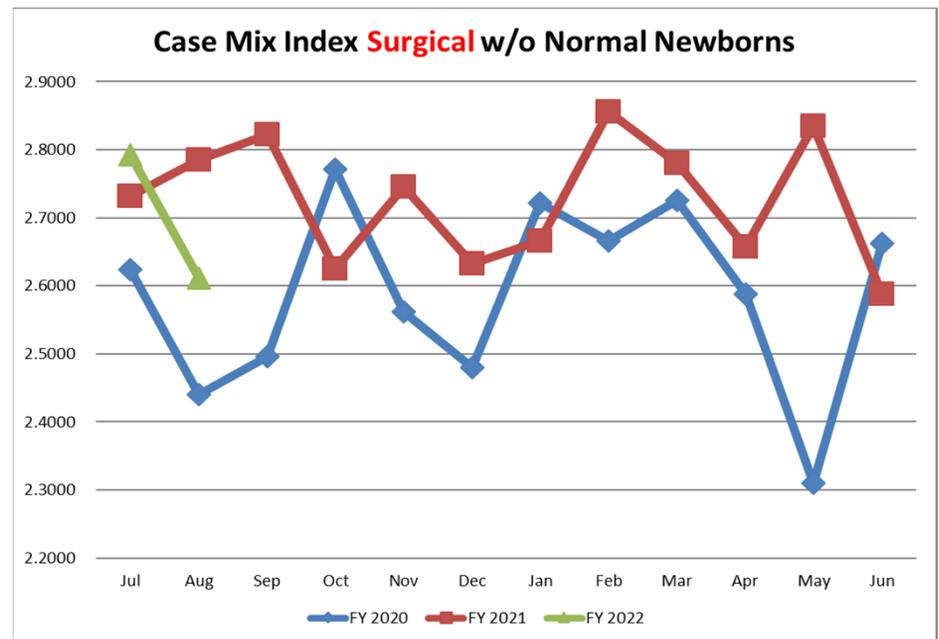
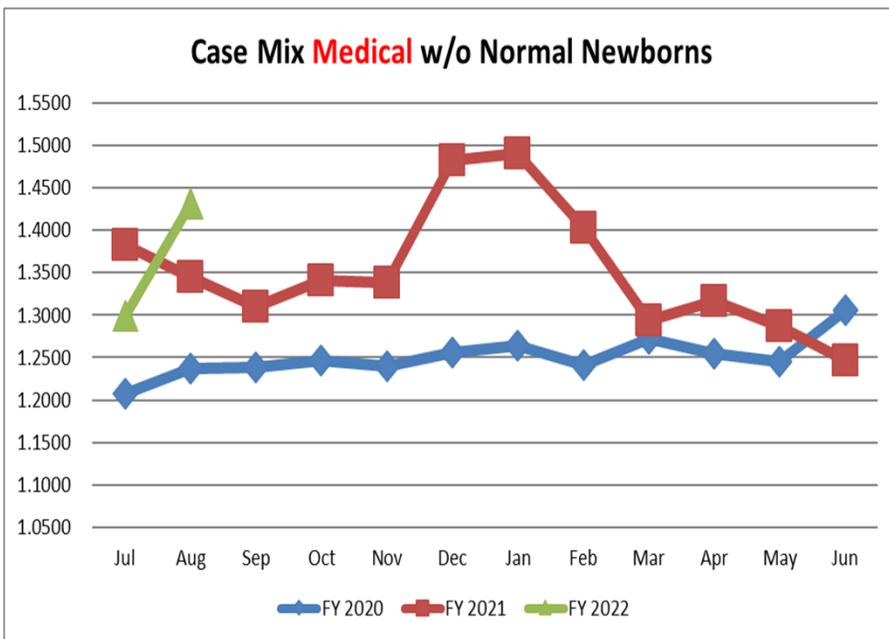
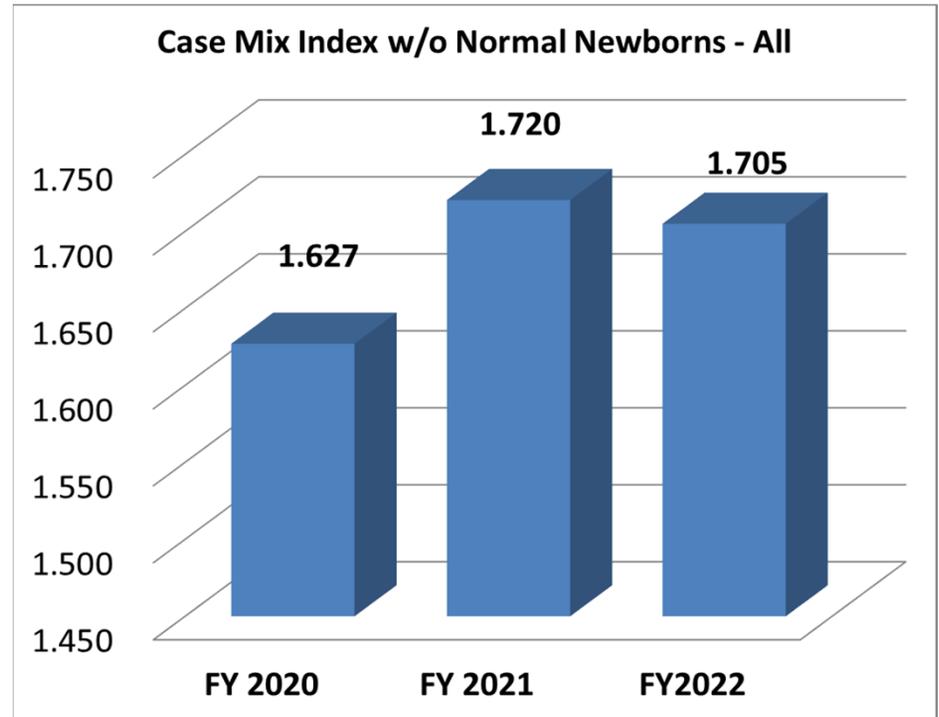
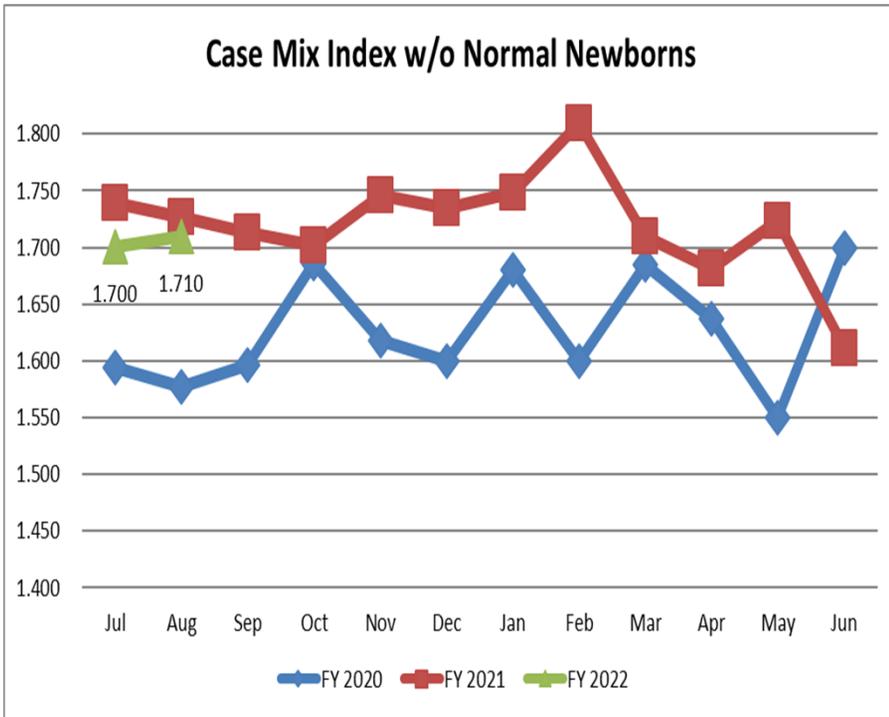


Contract Labor Hours

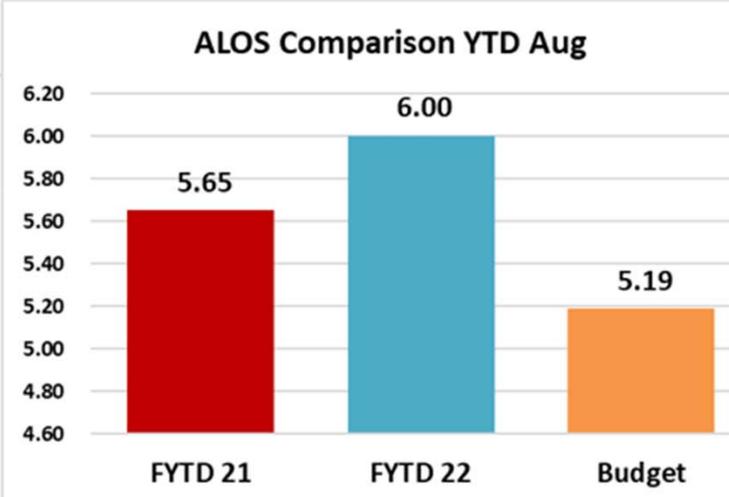
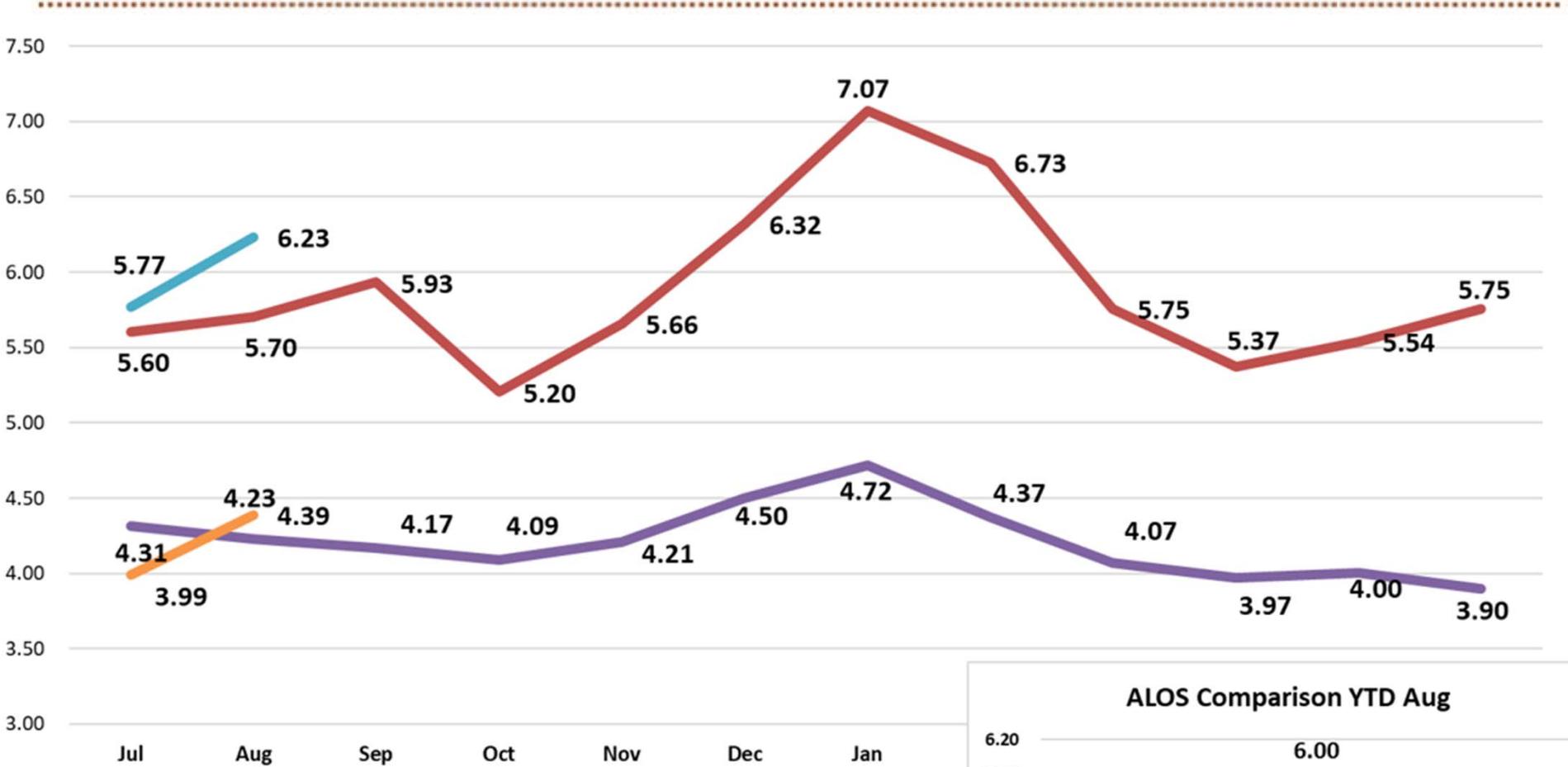


Productivity: Worked Hours/Adjusted Patient Days



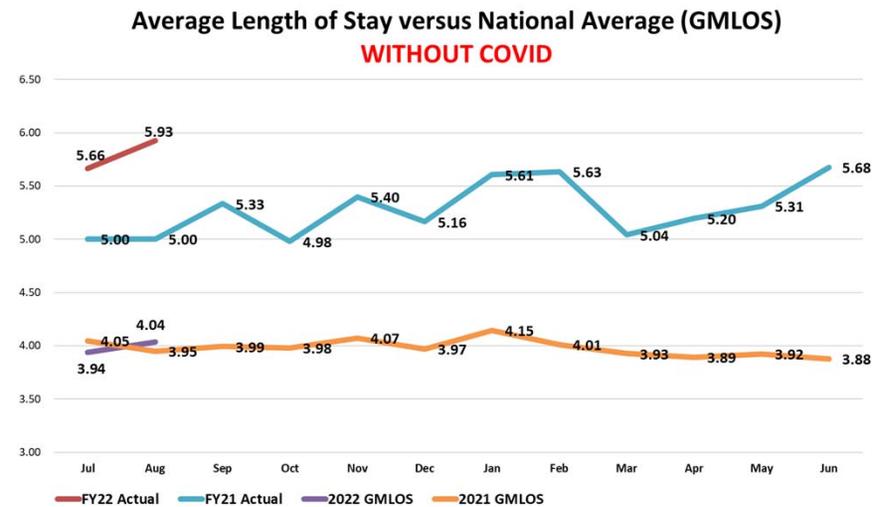
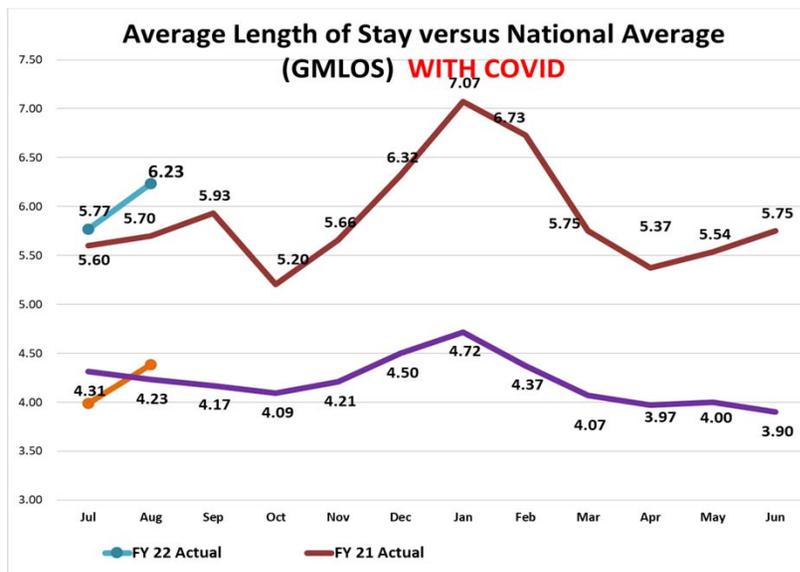


Average Length of Stay versus National Average (GMLOS)

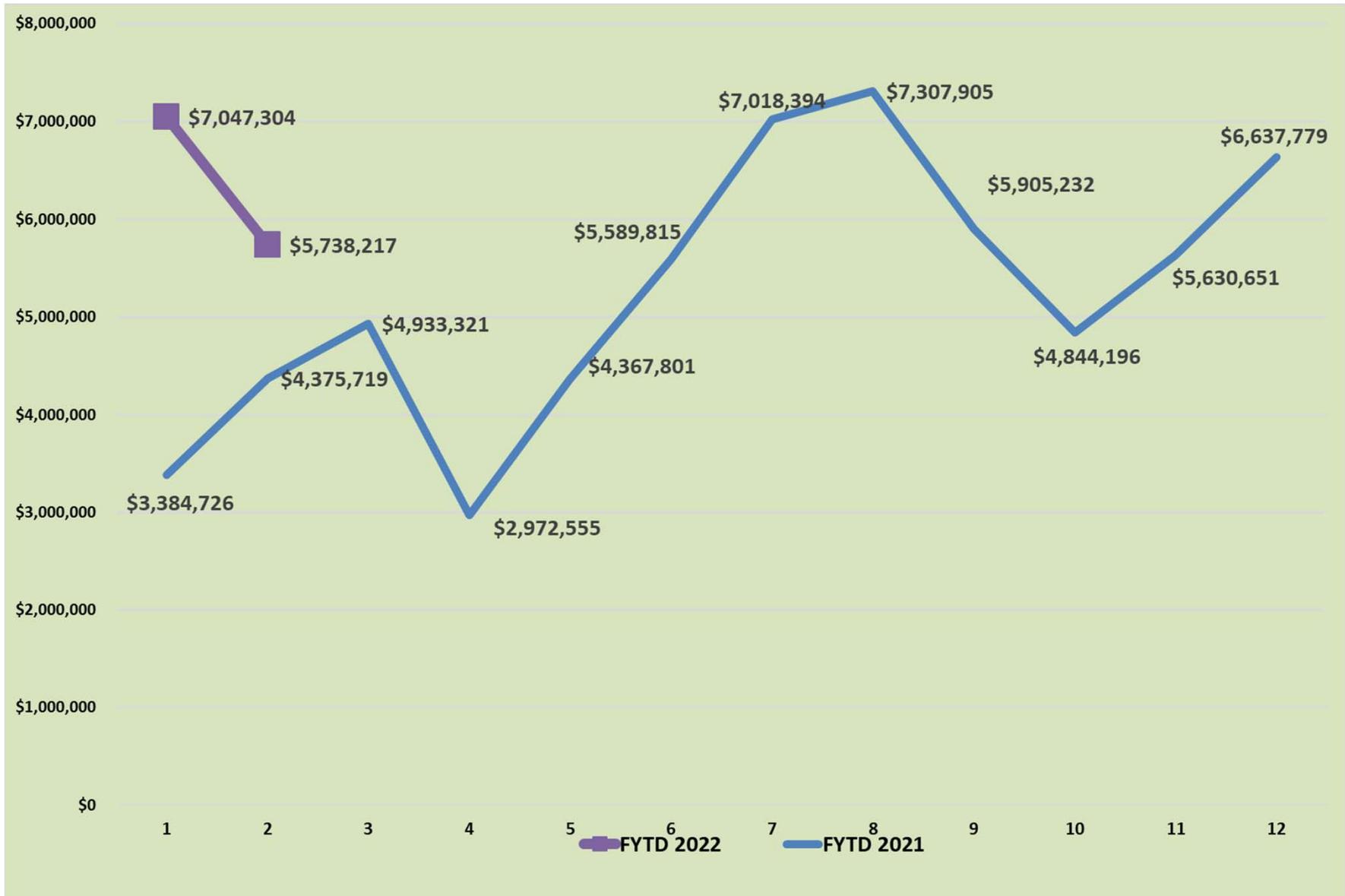


Average Length of Stay versus National Average (GMLOS)

	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	5.61	4.11	1.50	4.98	3.95	1.03	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	8%
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	1.12	0.56	33%
Apr-21	5.37	3.97	1.39	5.20	3.89	1.31	0.09	6%
May-21	5.54	4.00	1.54	5.31	3.92	1.39	0.15	10%
Jun-21	5.75	3.90	1.85	5.68	3.88	1.80	0.05	3%
Jul-21	5.77	3.99	1.78	5.66	3.94	1.72	0.06	3%
Aug-21	6.23	4.39	1.84	5.93	4.04	1.89	(0.05)	-3%
Average	5.78	4.19	1.58	5.28	4.00	1.28	0.30	19%

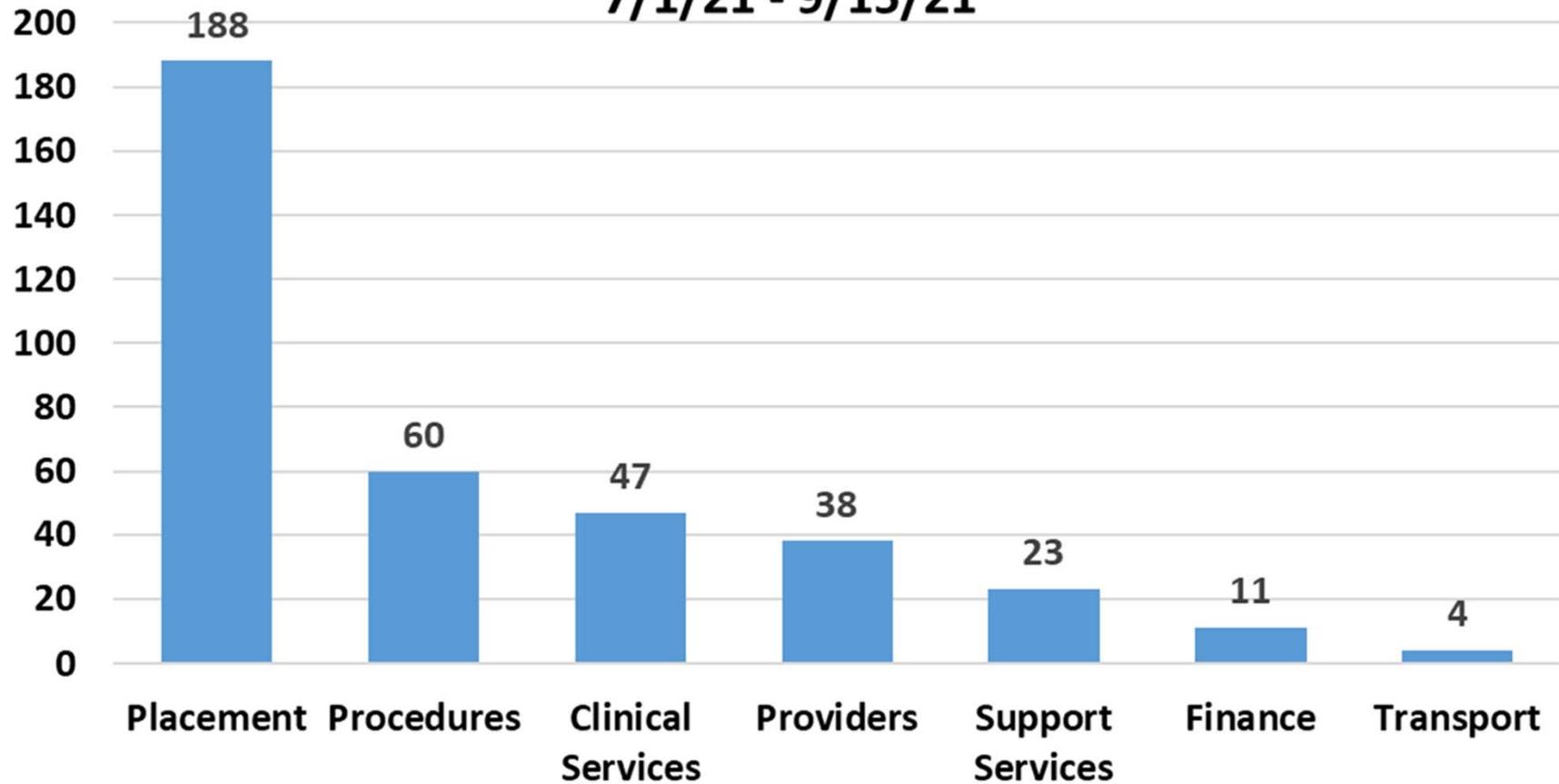


Opportunity Cost of Reducing LOS to National Average - \$62.7M FY21

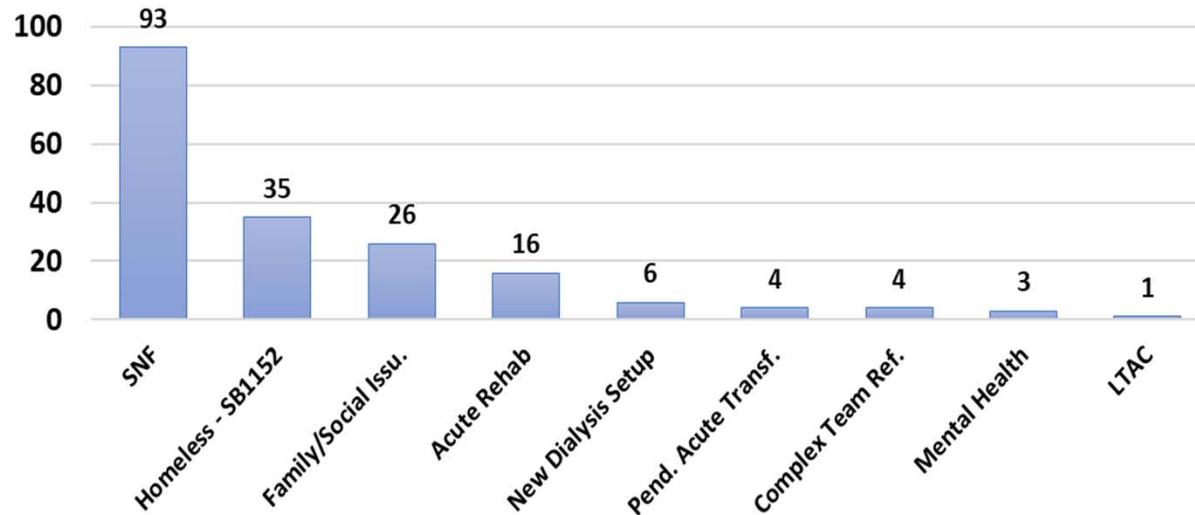


Throughput Rounding Tool (TRT)

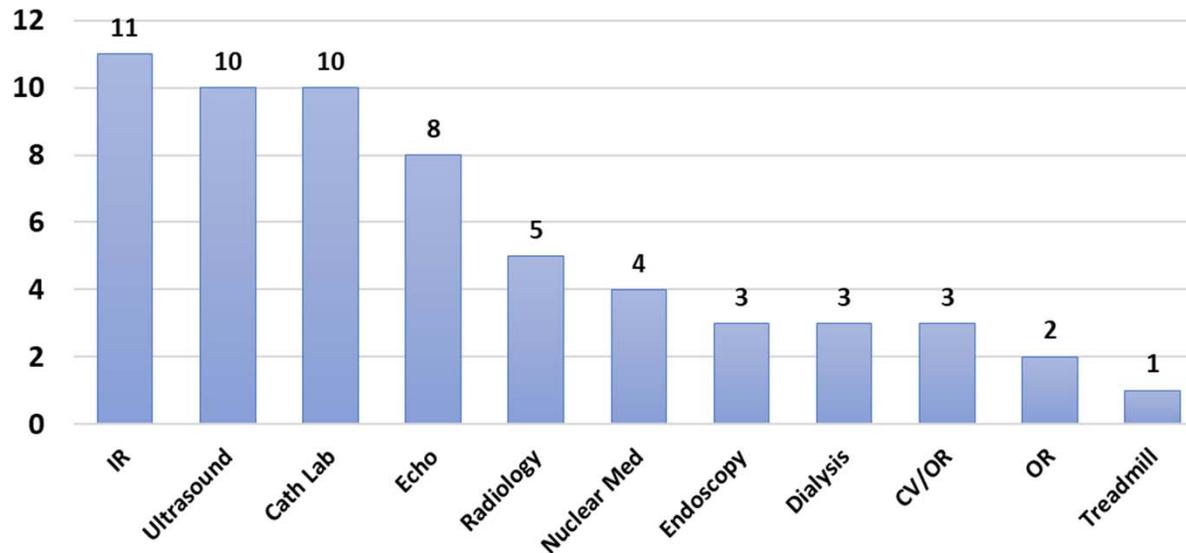
Barriers Opened by Category 7/1/21 - 9/15/21



Open Throughput Barriers by Category and Delay Reason 7/1/21-9/15/21

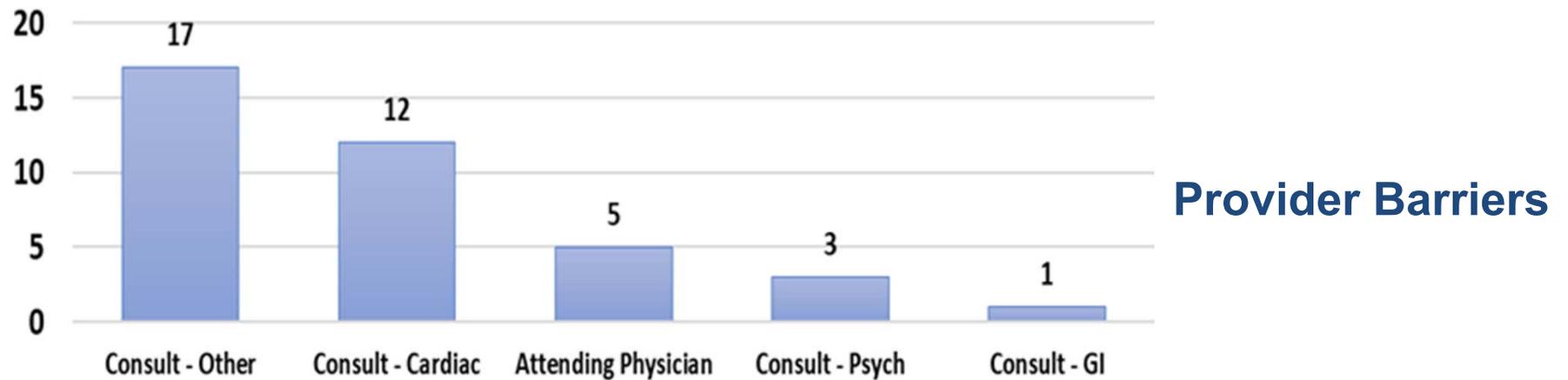
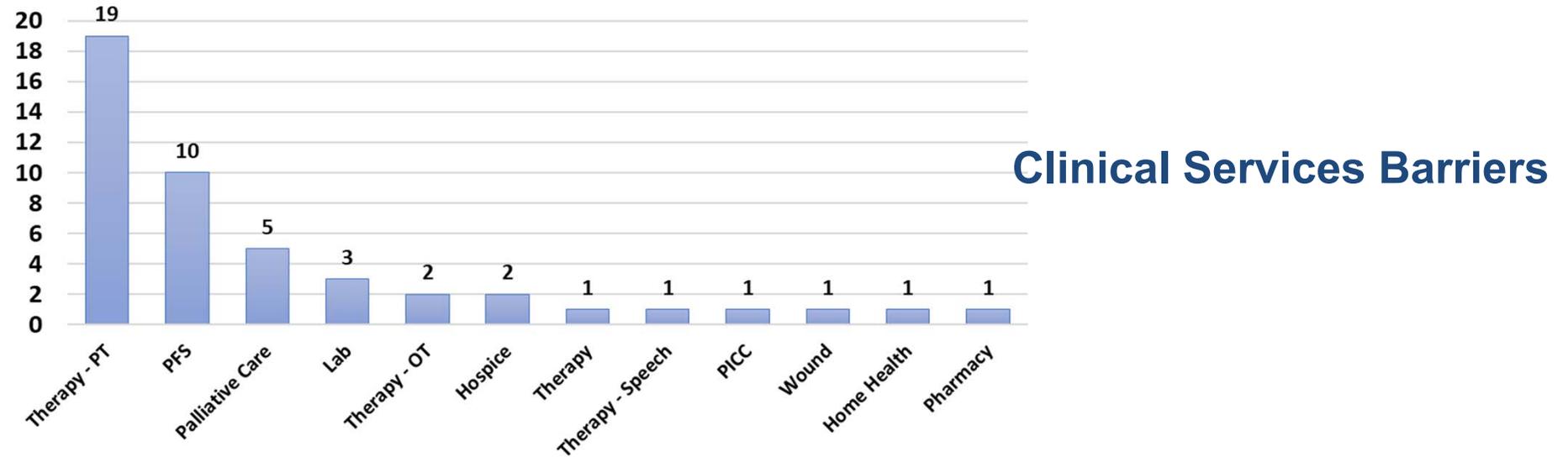


Placement Barriers



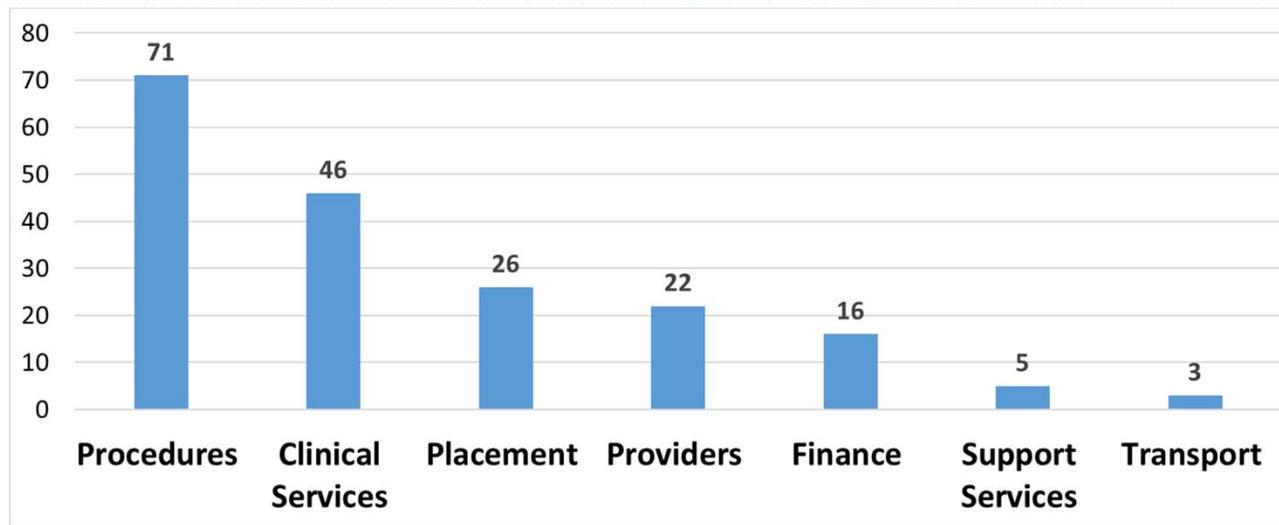
Procedure Barriers

Open Throughput Barriers by Category and Delay Reason 7/1/21-9/15/21



Escalations by Barrier Category

7/1/21-9/15/21



Escalated Delay Reason	Escalated Barrier	Count of ecd_no
⊖ Cath Lab	Procedures	26
⊖ Echo	Procedures	15
⊖ Therapy - Physical Therapy	Clinical Services	11
⊖ Skilled Nursing Facility	Placement	10
⊖ Patient Financial Services	Clinical Services	8
⊖ Consult - Psych	Providers	8
⊖ Radiology	Procedures	7
⊖ Consult - Other	Providers	7
⊖ Ultrasound	Procedures	7
⊖ Interventional Radiology	Procedures	6
⊖ Ins pending	Finance	6
⊖ Auth pndg	Finance	6
⊖ Lab	Clinical Services	6
⊖ Palliative Care	Clinical Services	5
⊖ Home Health	Clinical Services	5
⊖ Hospice	Clinical Services	5
⊖ Consult - Neurosurgery	Providers	4
⊖ Family/Social Issues	Placement	4
⊖ Durable Medical Equipment	Support Services	3
⊖ Therapy	Clinical Services	3
⊖ Endoscopy	Procedures	3
⊖ Nuclear Med	Procedures	3

⊖ Other	Finance	2
⊖ SNF Behavioral	Placement	2
⊖ Environmental Services	Support Services	2
⊖ Family delays	Transport	2
⊖ OR	Procedures	2
⊖ Attending Physician	Providers	2
⊖ New Dialysis Setup	Placement	2
⊖ Homeless – Board and Care	Placement	2
⊖ Acute Rehab	Placement	2
⊖ SNF Long Term	Placement	1
⊖ Homeless - SB1152 in program	Placement	1
⊖ American Ambulance	Transport	1
⊖ Pharmacy	Clinical Services	1
⊖ Consult - Cardiac	Providers	1
⊖ Dialysis	Procedures	1
⊖ Wound	Clinical Services	1
⊖ Respiratory	Clinical Services	1
⊖ Treadmill	Procedures	1
⊖ Self Pay-Change Insurance	Finance	1
⊖ Long Term Acute Care	Placement	1
⊖ No Income Source	Placement	1
⊖ Insurance Auth	Finance	1
Grand Total		189

2020-2021 Surgical Services Dashboard

Overall Surgical Services Throughput Initiatives	Goal	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21
First Case Delay Minutes in O.R.	650	1385	1507	925	594	757	429	715	926	719	695	800	777	1107
Block Utilization	60%	53%	46%	53%	53%	40%	22%	41%	51%	52%	54%	53%	44%	48%
O.R. Efficiency	Goal	Minutes												
Surgeon (Non-Op) Wait Time	70	83	85	82	78	86	83	80	86	73	73	79	77	77

Better than target
Within 10% of target
Does not meet target

1. First case delay minutes in O.R.: Problem Statement: Kaweah Health needs to reduce the daily average minutes related to first case delays in the Main OR from the baseline of 650 minutes.

- a. **Goal:** Decrease the daily average minutes related to first case delays by 10 minutes
- b. **August:** 1,107 minutes in first case delays
 - i. In the month of August we had 169 first case starts and out of that 169 cases we had 106 cases with some type of a delay.
 - ii. **Delay reasons:** Surgeon late, paperwork issues (consent or H&P), Anesthesia delays (anesthesia late, patient interview, pre-op block), Patient delays (pt. up to bathroom, pt. wanting to speak to surgeon), ASC delays (labs, manipulating cancelations), and Surgery dept. delays (difficult room set up, staffing challenges, cases not picked properly, and cancelations).
- c. **Critical issues:** Surgeons late and Surgeon needing to complete paperwork prior to proceeding with procedure. This accounted for 642 minutes of the first case delays, 58% of the delay reasons.
- d. **Next Steps:**
 - i. O.R. Governance will reviews June, July, and August data and determine surgeons who fall out of compliance.
 - ii. Morning block will be removed from surgeons for trends of delaying first cases.
 - iii. Moring blocks that were removed will be filled with surgeons who need more time.

2020-2021 Surgical Services Dashboard

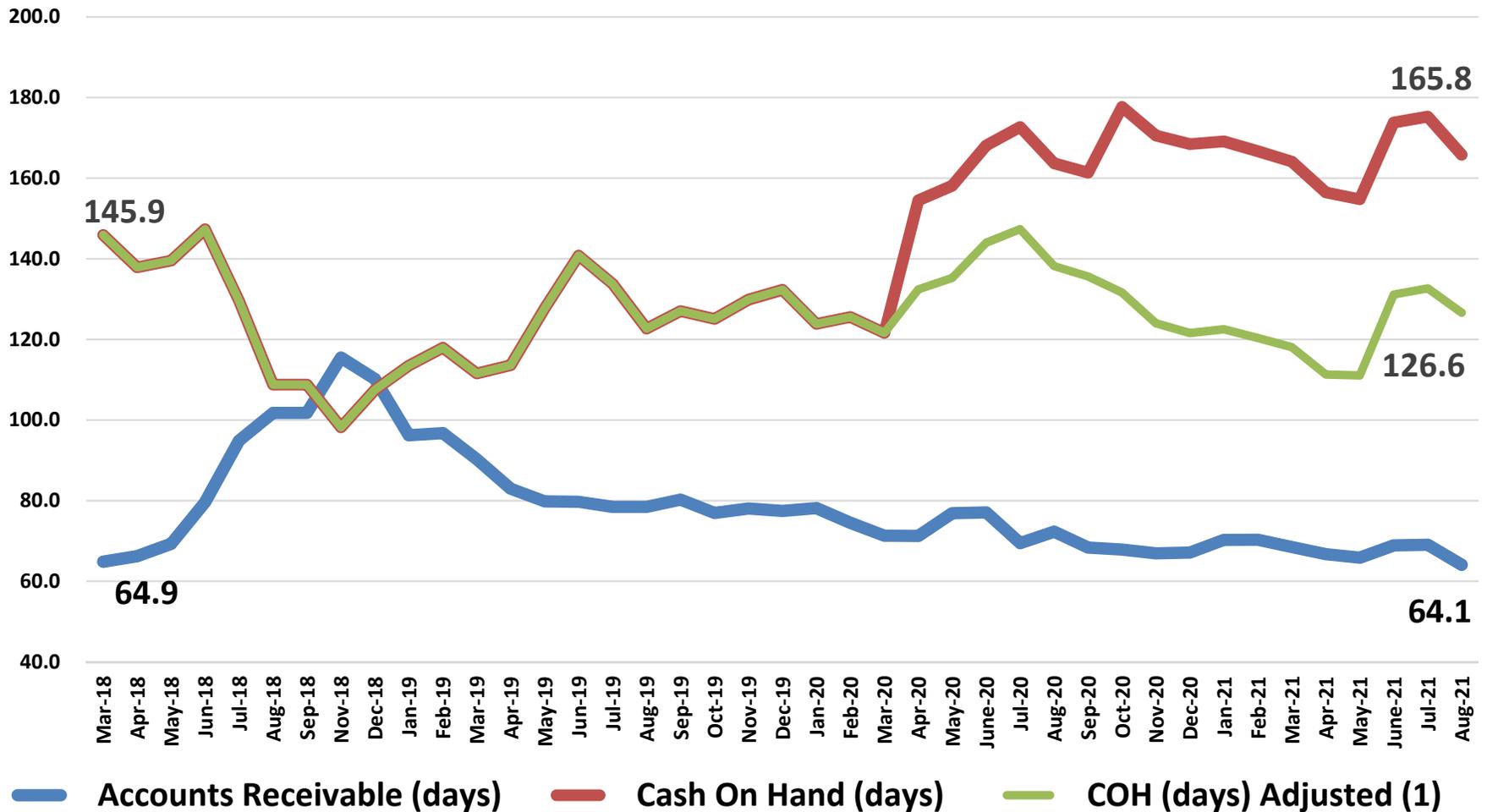
2 . Block Utilization: Problem Statement: Kaweah Health needs to increase Block Time Utilization in the Main OR

- a. **Goal:** Increase Block utilization to 60%.
- b. **August:** 48% of the block was utilized.
 - i. August 2021 we had a total of 763 main O.R. Procedures.
 - ii. August 2020 we had 760 main O.R. Procedures.
 - iii. August 2019 we had 981 main O.R. Cases.
- c. **Critical Issues:**
 - i. Surgery and Anesthesia Staffing challenges.
 - ii. In the month of July we had 3 O.R. rooms and 3 storage rooms down (Could not use). Currently have 1 O.R. room down and 2 Storage rooms down. Storage rooms will be back up the end of September and the O.R. room will be up at the end of October.
 - iii. In July we had air conditioning issues in 2 operating rooms and the PACU. We had to close the 2 rooms until we received a rental HVAC unit to supply appropriate air to the room. We are still utilizing the rental HVAC.
 - iv. Scheduling is impacted due to COVID. We are only able to have 3 admissions due to the hospital census. Prior to COVID would be admitting 10-15 cases a day. .
- d. **Next Steps:**
 - i. 7/13/21- An updated letter will be send to the surgeons.
 - ii. 9/21/21- O.R. Governance will review surgeons block utilization and decide if any surgeons will lose block.
 - iii. 9/29/21- Surgeons will receive August block utilization numbers
 - iv. 10/1/21- Surgeons will receive a letter of any changes.

2020-2021 Surgical Services Dashboard

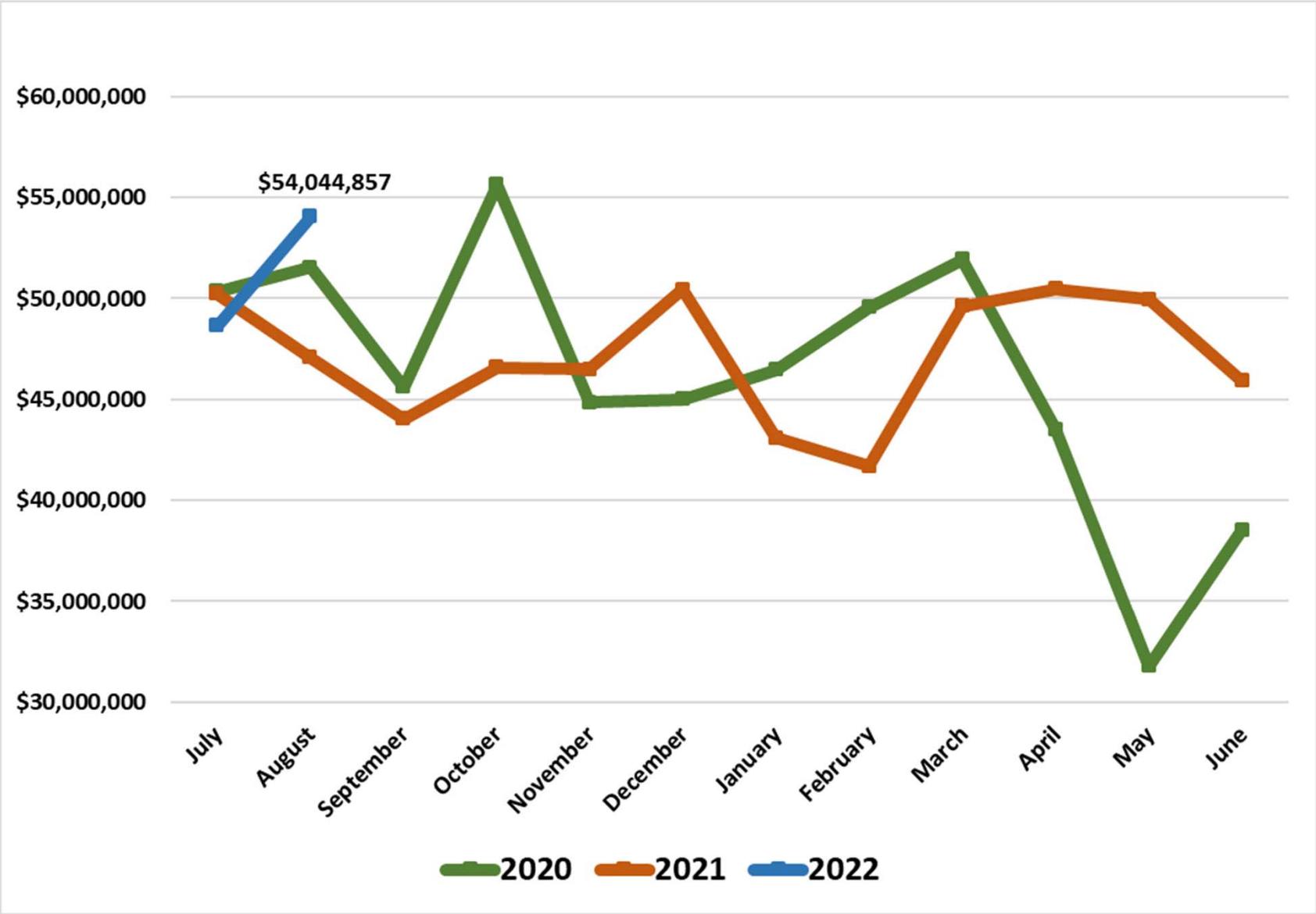
3. **Physician Non-Operative “Wait Times”:** Problem Statement: Kaweah Health needs to reduce the physician wait times between cases, as defined by surgery stop time in previous case to start time of the next case.
- a. **Goal: Decrease physician wait times between cases by 10% with a baseline of 86 minutes.**
 - b. **August:** 77 minute non-operative “wait time”.
 - i. This data is based on the time the surgeon finishes one case and when he/she starts the next case.
 - c. **Critical Issues:**
 - i. In the month of July we had 3 rooms and 3 storage rooms down (Could not use). Currently have 1 room down and 2 storage rooms down. Storage rooms will be back up the end of September and the room will be up at the end of October.
 - The old sterile processing is currently a surgery storage room. This has been taken away for 4-8 months due to the Acequia Sterile Processing Construction. Sterile processing will have to use the Old SPD until the project is completed.
 - If rooms are down, we cannot flip surgeons out to a second room to save on turnover time.
 - If storage rooms are down, staff do not have equipment or supply nearby which can cause a delay.
 - Do not have enough nearby storage, the OR and storage rooms are spread out from one another.
 - i. Air conditioning issues in 2 operating rooms and the PACU. We had to close the 2 rooms until we received a rental HVAC unit mid-July to supply appropriate air to the room. These areas still have a rental HVAC
 - ii. Anesthesia Staffing and Surgery staffing. Very few applicants and no travelers.
 - iii. Sterile Processing is across the hospital: We have hired 4 runners who run supply and instrumentation back and forth from sterile processing to surgery (this has been a huge benefit).
 - d. **Next Steps:**
 - i. Breaking data down to case specifics and develop an average goal that can be reached by staff. This is partially a manual process. Orthopedics, Neuro surgery, Vascular and Robotics will be the focus because they are bigger cases with more supply and equipment.
 - ii. Meet with specialty groups to come to a consensus on what each cases non-operative goal should be.
 - iii. Focus only on cases that tend to have longer non-operative “wait times” to see what can be standardized to decrease the time.

Trended Liquidity Ratios



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

Trended Patient Collections (Soarian System – excludes Medicare recoupments)



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%
Aug-21	49,714	16,024	65,737	33,434	8,527	13,004	15,414	70,379	(4,642)	990	(3,651)	(7.1%)	(5.5%)
2022 FY Total	\$ 101,216	\$ 31,058	\$ 132,274	\$ 66,112	\$ 16,449	\$ 22,600	\$ 30,631	\$ 135,792	\$ (3,518)	\$ 1,572	\$ (1,946)	(2.7%)	(1.5%)
FYTD Budget	106,119	30,927	137,046	66,077	16,489	21,167	31,629	135,363	1,683	1,083	2,766	1.2%	2.0%
Variance	\$ (4,903)	\$ 131	\$ (4,772)	\$ 35	\$ (40)	\$ 1,433	\$ (998)	\$ 429	\$ (5,201)	\$ 489	\$ (4,712)		
Current Month Analysis													
Aug-21	\$ 49,714	\$ 16,024	\$ 65,737	\$ 33,434	\$ 8,527	\$ 13,004	\$ 15,414	\$ 70,379	\$ (4,642)	\$ 990	\$ (3,651)	(7.1%)	(5.5%)
Budget	52,946	14,946	67,892	33,247	8,182	10,456	15,673	67,557	334	542	876	0.5%	1.3%
Variance	\$ (3,233)	\$ 1,078	\$ (2,154)	\$ 187	\$ 346	\$ 2,548	\$ (259)	\$ 2,822	\$ (4,976)	\$ 449	(4,527)		

KAWEAH DELTA HEALTH CARE DISTRICT

FISCAL YEAR 2021 & 2022

Fiscal Year	Patient Days	ADC	Adjusted Patient		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	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%
Aug-21	14,401	465	27,703	52.0%	77.3%	1,795	1,207	308	469	2,540	67.3%	17.2%	26.2%	141.6%
2022 FY Total	27,789	448	53,797	51.7%	76.7%	1,881	1,229	306	420	2,524	65.3%	16.3%	22.3%	134.2%
FYTD Budget	27,414	442	54,154	50.6%	75.4%	1,960	1,220	304	391	2,516	62.3%	15.5%	19.9%	127.6%
Variance	375	6	(357)	1.0%	1.3%	(78)	9	1	29	8	3.1%	0.7%	2.4%	6.6%
Current Month Analysis														
Aug-21	14,401	465	27,703	52.0%	77.3%	1,795	1,207	308	469	2,540	67.3%	17.2%	26.2%	141.6%
Budget	13,824	446	27,220	50.8%	75.5%	1,945	1,221	301	384	2,439	62.8%	15.5%	19.7%	127.6%
Variance	577	19	483	1.2%	1.7%	(151)	(15)	7	85	102	4.5%	1.7%	6.4%	14.0%

KAWEAH DELTA HEALTH CARE DISTRICT

RATIO ANALYSIS REPORT

AUGUST 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)	1.3	1.2	1.2	1.5	1.8	1.9
Accounts Receivable (days)	64.1	69.1	66.7	48.2	46.2	46.6
Cash On Hand (days)	165.8	175.3	173.6	276.1	215.1	162.5
Cushion Ratio (x)	21.8	22.2	22.9	37.8	23.5	14.6
Average Payment Period (days)	83.1	89.6	93.1	74.6	60.5	61.1
CAPITAL STRUCTURE RATIOS						
Cash-to-Debt	156.2%	158.8%	164.4%	244.9%	176.8%	121.2%
Debt-To-Capitalization	31.5%	31.3%	31.3%	24.4%	30.9%	38.4%
Debt-to-Cash Flow (x)	9.0	4.0	4.7	2.1	2.7	4.0
Debt Service Coverage	1.5	3.3	2.8	8.2	5.5	3.4
Maximum Annual Debt Service Coverage (x)	1.5	3.3	2.8	7.1	4.7	3.1
Age Of Plant (years)	14.0	13.9	13.5	10.6	12.0	12.2
PROFITABILITY RATIOS						
Operating Margin	(2.7%)	1.7%	(3.8%)	4.4%	2.7%	0.5%
Excess Margin	(1.5%)	2.5%	1.3%	7.6%	5.2%	2.6%
Operating Cash Flow Margin	2.2%	6.5%	1.2%	10.0%	8.7%	6.3%
Return on Assets	(1.2%)	2.1%	1.1%	5.3%	4.4%	2.6%

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

	Aug-21	Jul-21	Change	% Change	Jun-21
					(Unaudited)
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 20,706	\$ 20,002	\$ 704	3.52%	\$ 30,081
Current Portion of Board designated and trusted assets	14,800	13,394	1,405	10.49%	13,695
Accounts receivable:					
Net patient accounts	110,332	120,495	(10,163)	-8.43%	119,553
Other receivables	11,025	10,022	1,003	10.01%	14,616
	121,357	130,517	(9,160)	-7.02%	134,169
Inventories	11,855	11,620	235	2.02%	11,095
Medicare and Medi-Cal settlements	40,142	35,941	4,202	11.69%	37,339
Prepaid expenses	12,320	13,036	(716)	-5.49%	12,210
Total current assets	221,180	224,510	(3,330)	-1.48%	238,589
NON-CURRENT CASH AND INVESTMENTS -					
less current portion					
Board designated cash and assets	340,668	347,800	(7,132)	-2.05%	349,986
Revenue bond assets held in trust	22,288	22,275	12	0.06%	22,271
Assets in self-insurance trust fund	2,080	2,077	3	0.14%	2,073
Total non-current cash and investments	365,036	372,153	(7,117)	-1.91%	374,331
CAPITAL ASSETS					
Land	17,542	17,542	-	0.00%	17,542
Buildings and improvements	384,399	384,399	-	0.00%	384,399
Equipment	316,636	316,636	-	0.00%	316,636
Construction in progress	55,611	54,593	1,018	1.86%	53,113
	774,188	773,170	1,018	0.13%	771,690
Less accumulated depreciation	431,761	429,208	2,553	0.59%	426,652
	342,428	343,963	(1,535)	-0.45%	345,038
Property under capital leases -					
less accumulated amortization	(405)	(342)	(63)	18.40%	(279)
Total capital assets	342,023	343,621	(1,598)	-0.47%	344,759
OTHER ASSETS					
Property not used in operations	1,627	1,631	(4)	-0.26%	1,635
Health-related investments	5,262	5,137	126	2.44%	5,066
Other	11,862	11,858	5	0.04%	11,569
Total other assets	18,751	18,625	126	0.68%	18,270
Total assets	946,990	958,909	(11,919)	-1.24%	975,949
DEFERRED OUTFLOWS	8,830	8,865	(35)	-0.39%	8,900
Total assets and deferred outflows	\$ 955,821	\$ 967,774	\$ (11,953)	-1.24%	\$ 984,849

KAWEAH DELTA HEALTH CARE DISTRICT

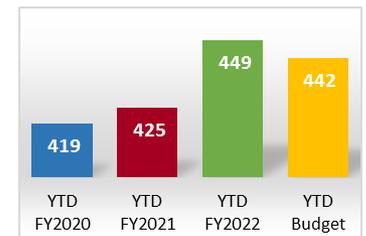
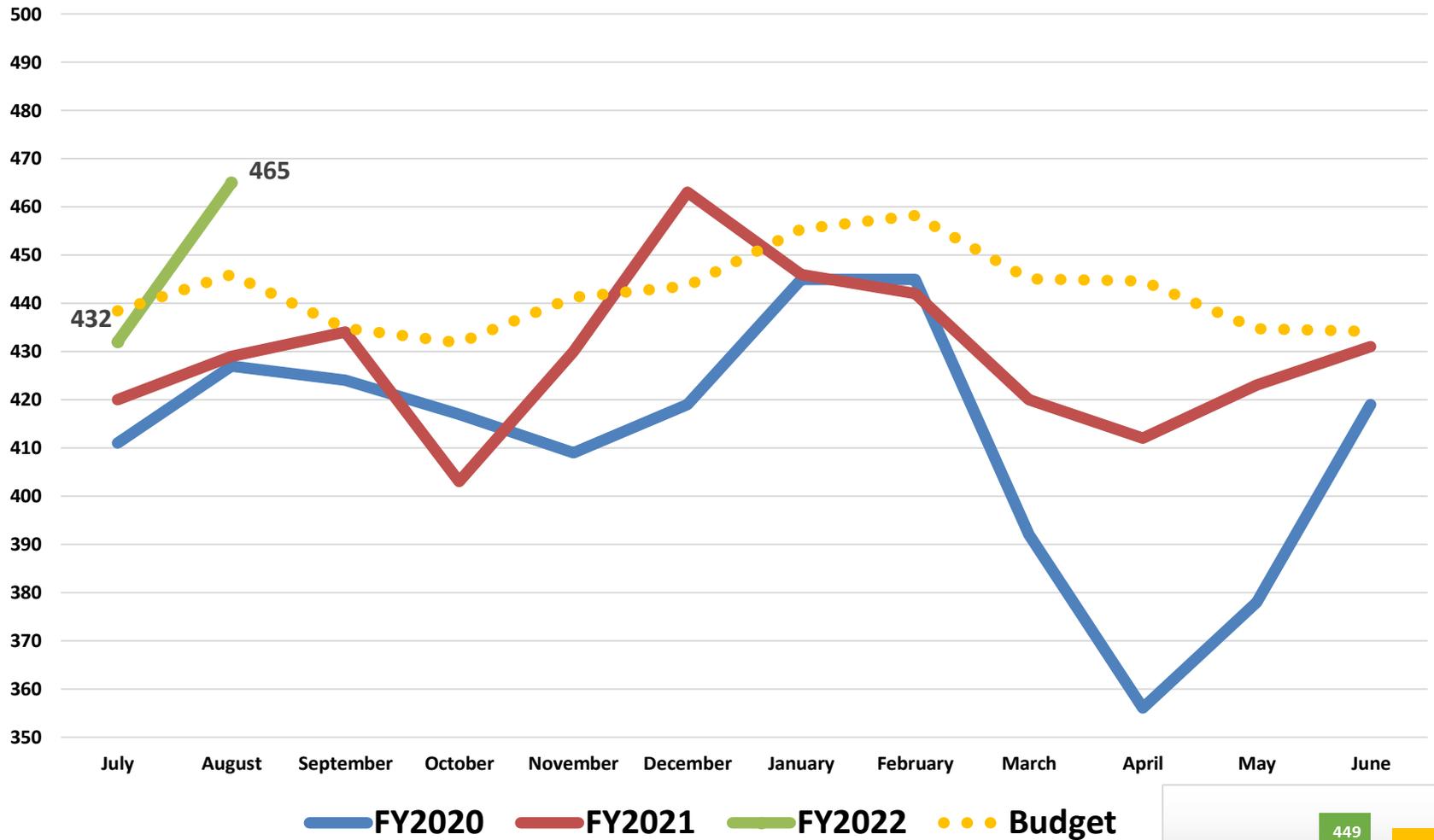
CONSOLIDATED STATEMENTS OF NET POSITION (000's)

	Aug-21	Jul-21	Change	% Change	Jun-21
					(Unaudited)
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 99,175	\$ 104,532	\$ (5,357)	-5.13%	\$ 114,405
Accrued payroll and related liabilities	64,545	65,746	(1,202)	-1.83%	71,537
Long-term debt, current portion	11,257	11,257	-	0.00%	11,128
Total current liabilities	174,976	181,535	(6,559)	-3.61%	197,070
LONG-TERM DEBT, less current portion					
Bonds payable	248,648	248,705	(57)	-0.02%	250,675
Capital leases	117	123	(6)	-4.75%	123
Total long-term debt	248,764	248,827	(63)	-0.03%	250,797
NET PENSION LIABILITY	17,336	19,377	(2,041)	-10.53%	21,418
OTHER LONG-TERM LIABILITIES	31,887	31,578	310	0.98%	30,894
Total liabilities	472,964	481,317	(8,353)		500,179
NET ASSETS					
Invested in capital assets, net of related debt	107,074	108,627	(1,553)	-1.43%	107,949
Restricted	32,944	31,490	1,454	4.62%	31,885
Unrestricted	342,839	346,341	(3,502)	-1.01%	344,836
Total net position	482,857	486,457	(3,600)	-0.74%	484,670
Total liabilities and net position	\$ 955,821	\$ 967,774	\$ (11,953)	-1.24%	\$ 984,849

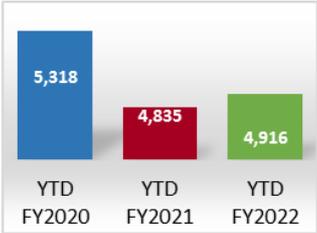
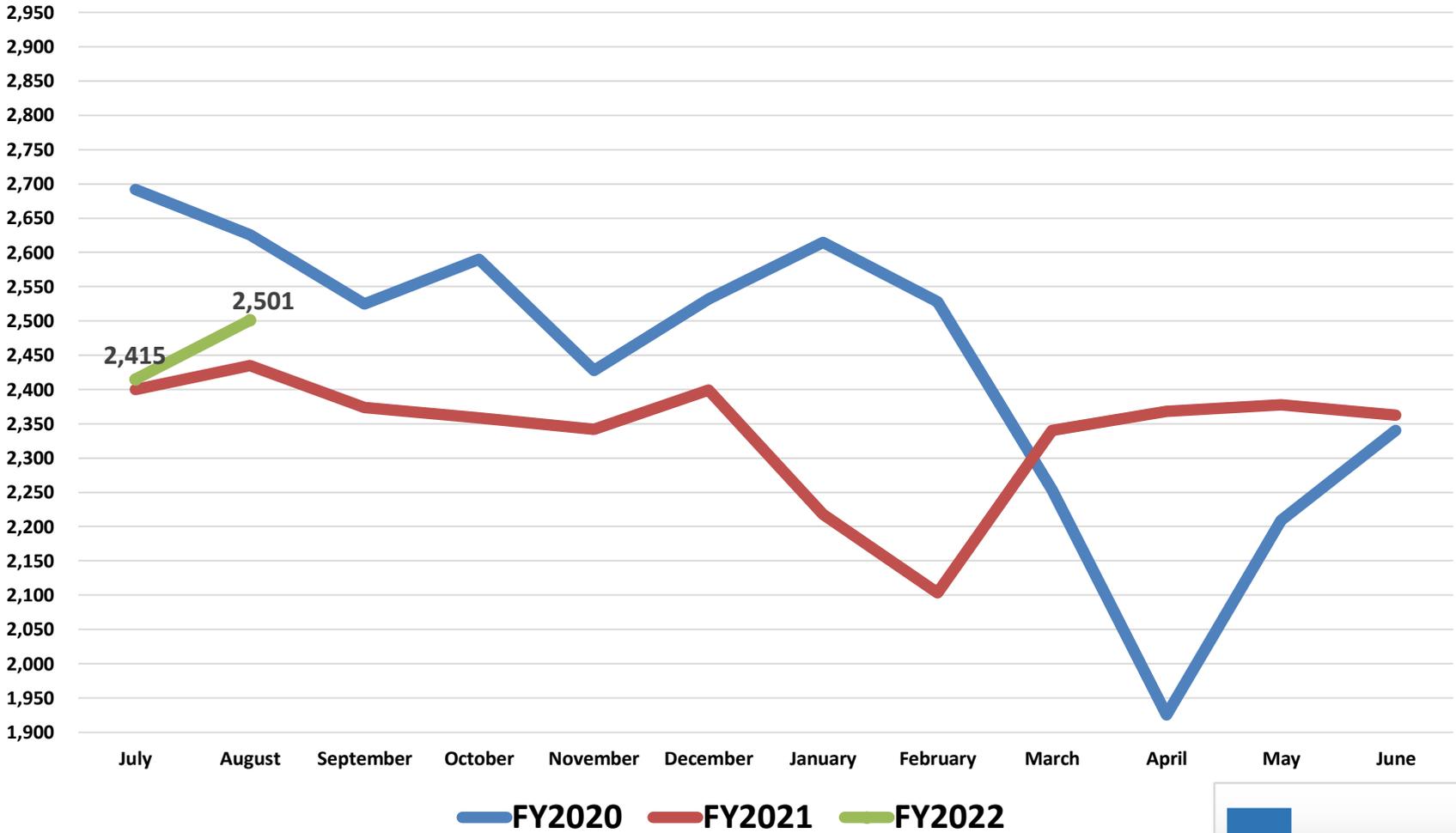
Statistical Report

September 2021

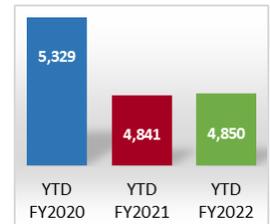
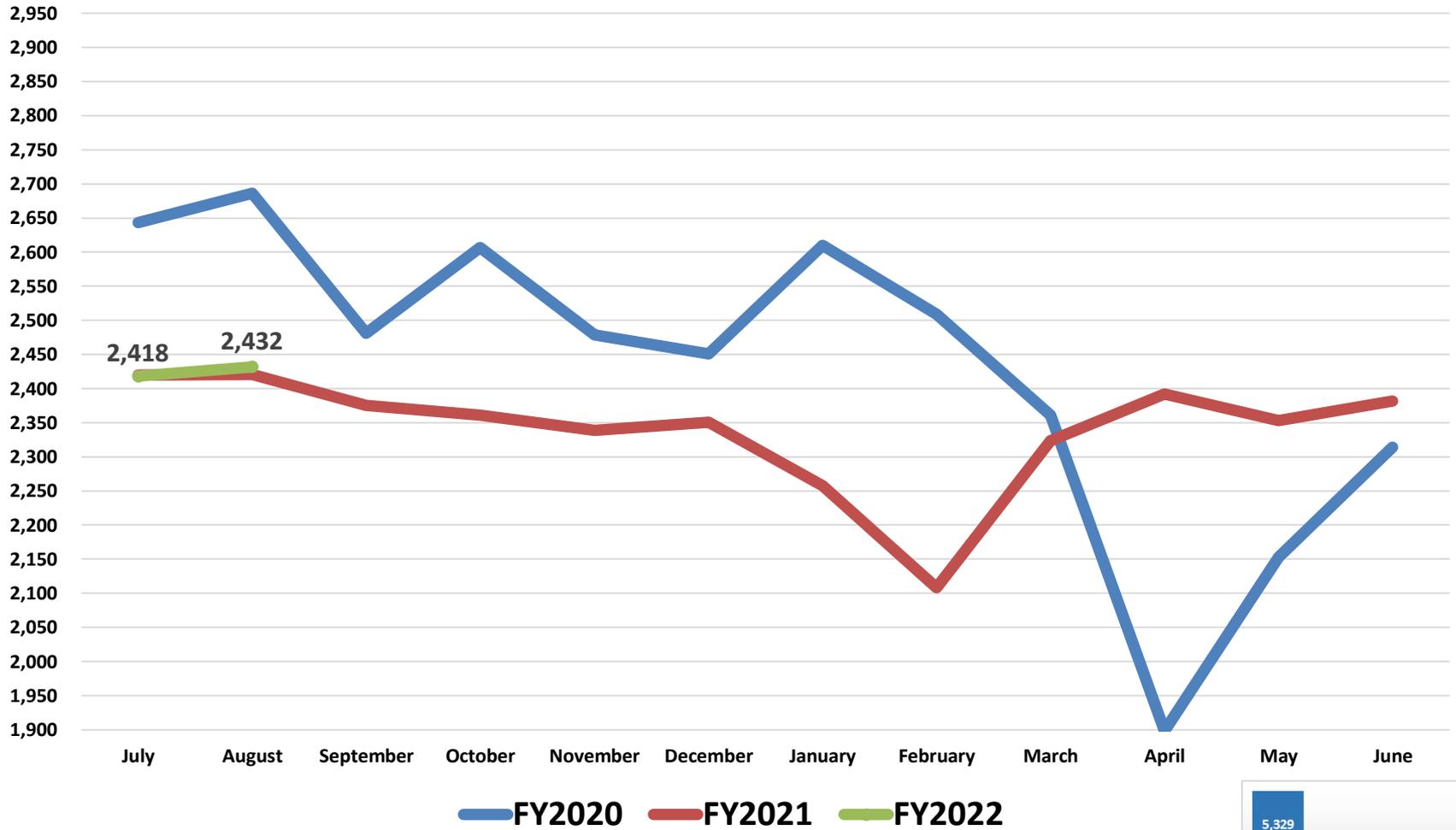
Average Daily Census



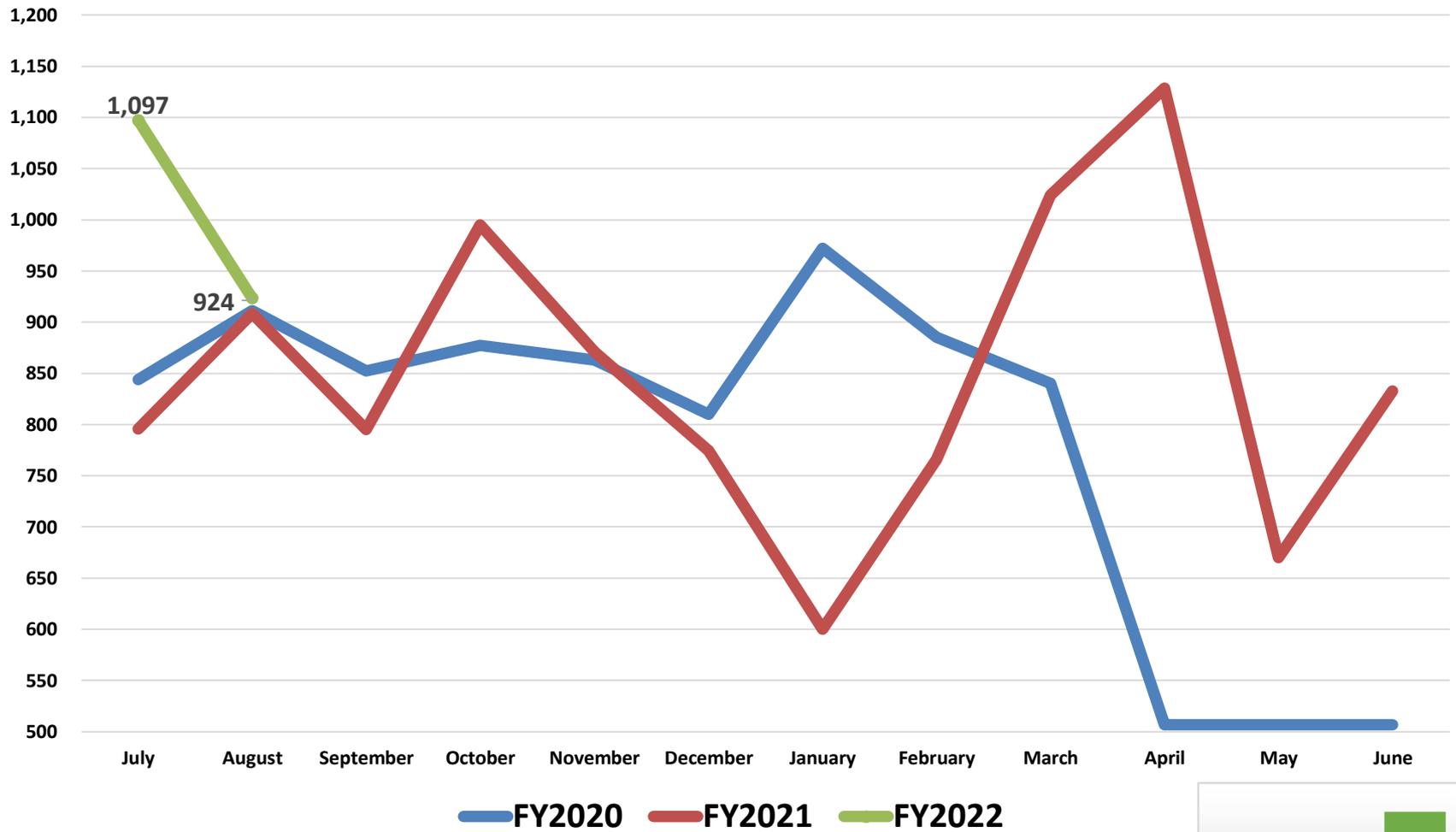
Admissions



Discharges

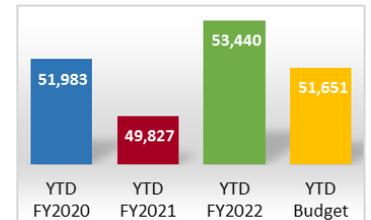
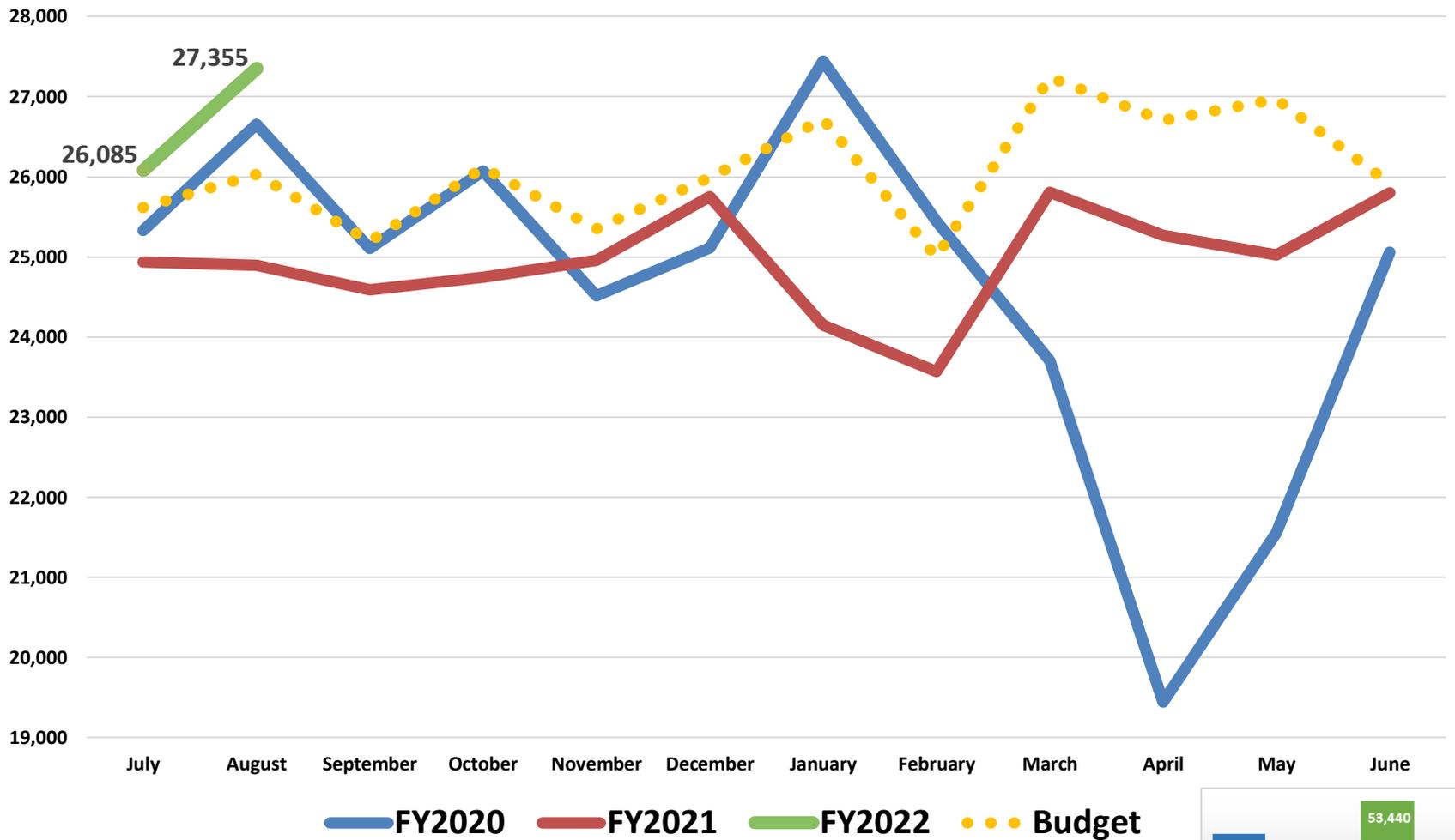


Observation Days

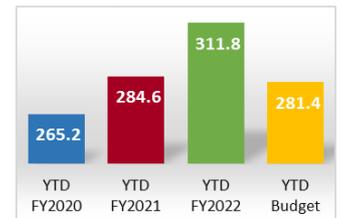
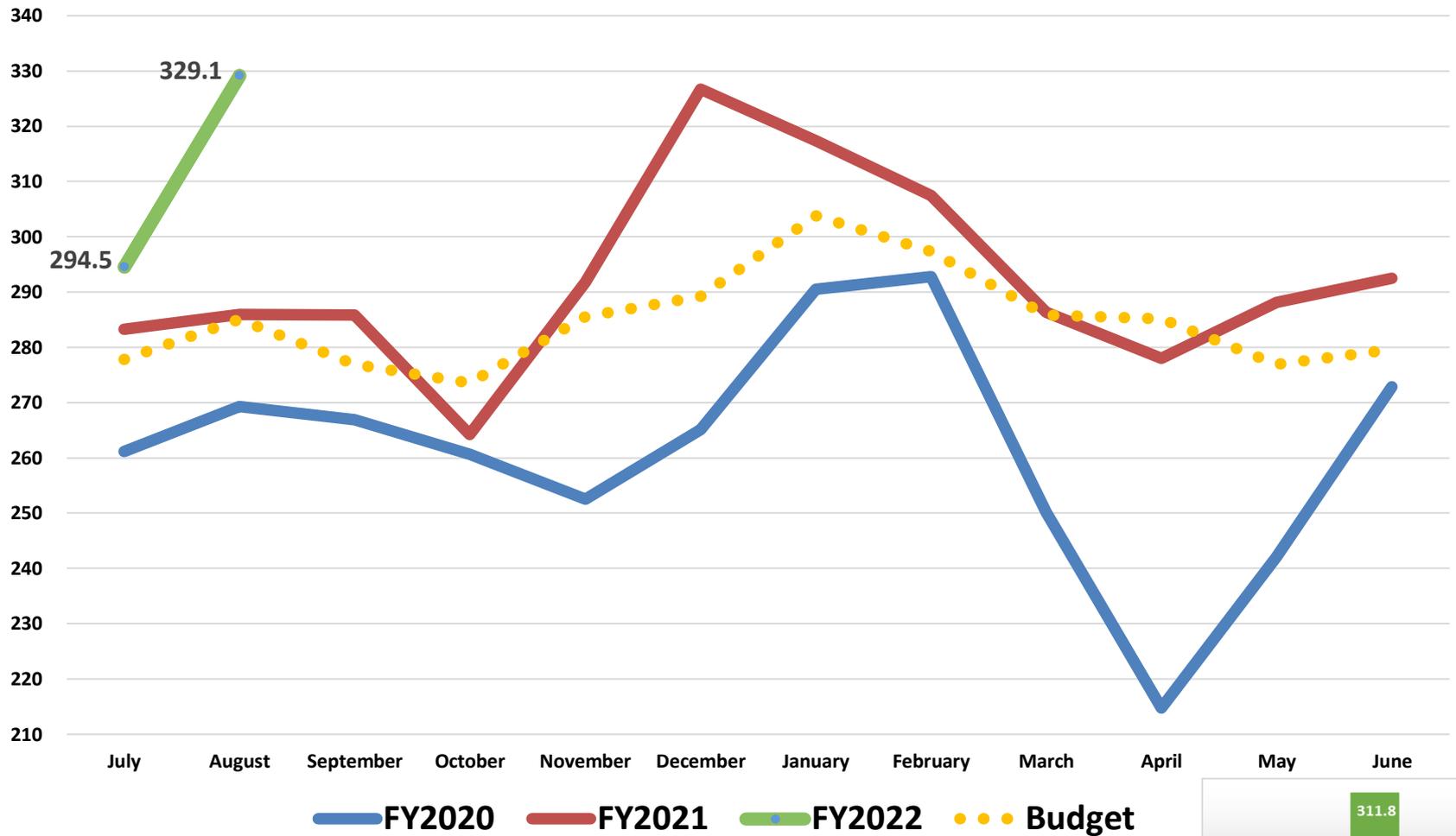


1,755	1,704	2,021
YTD FY2020	YTD FY2021	YTD FY2022

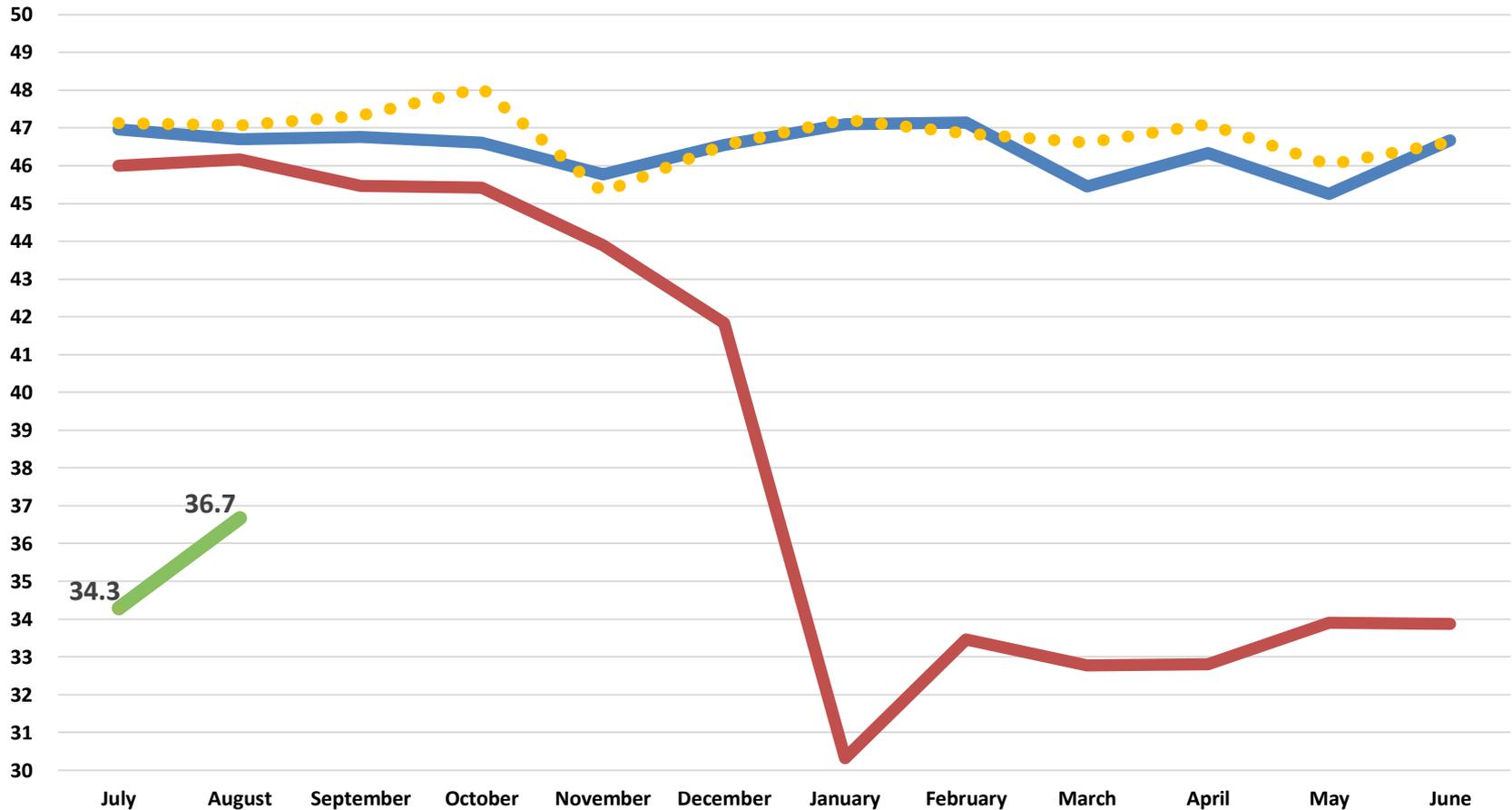
Adjusted Patient Days



Medical Center – Avg. Patients Per Day



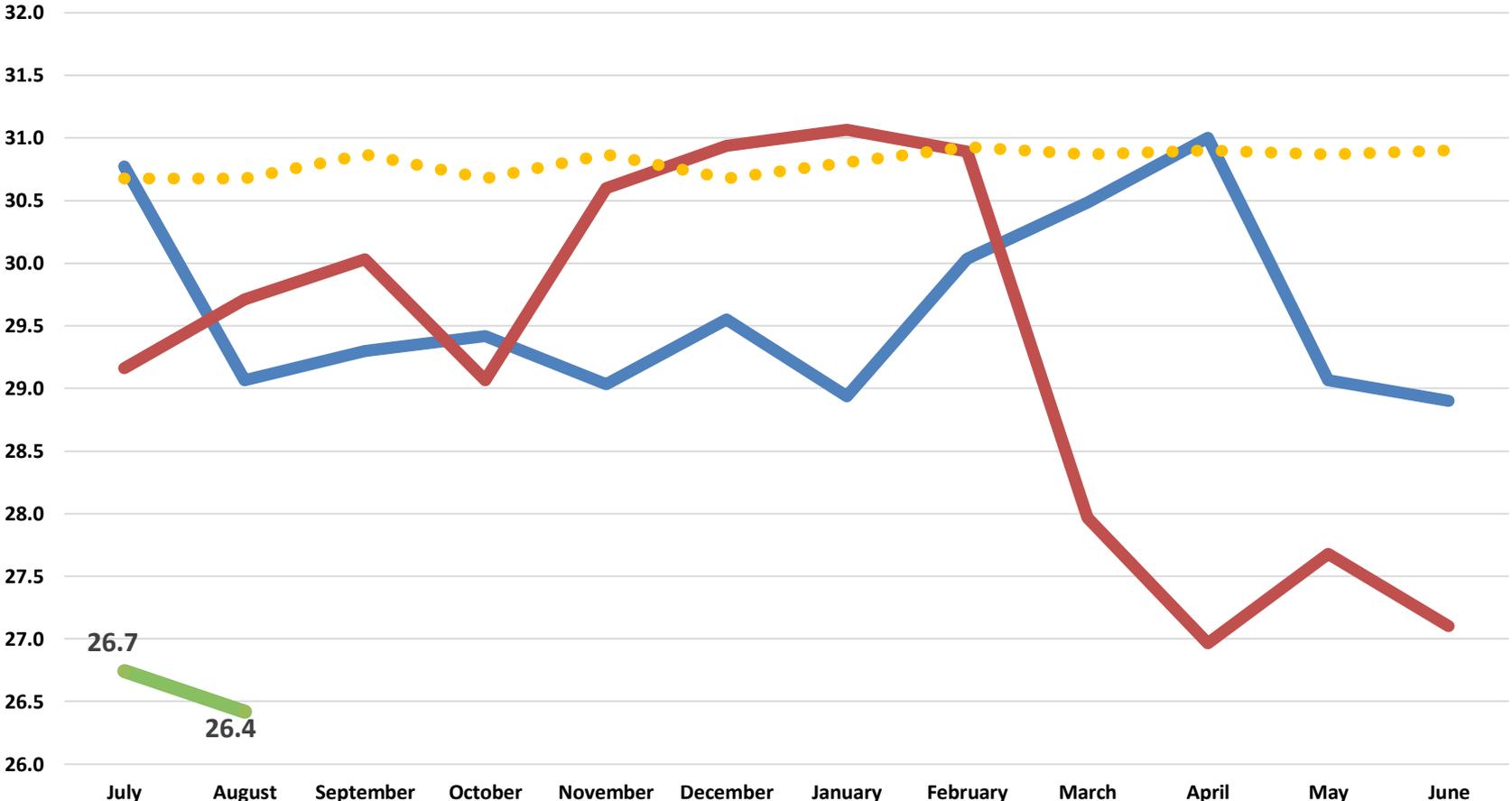
Acute I/P Psych - Avg. Patients Per Day



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

46.8	46.1	35.5	47.1
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

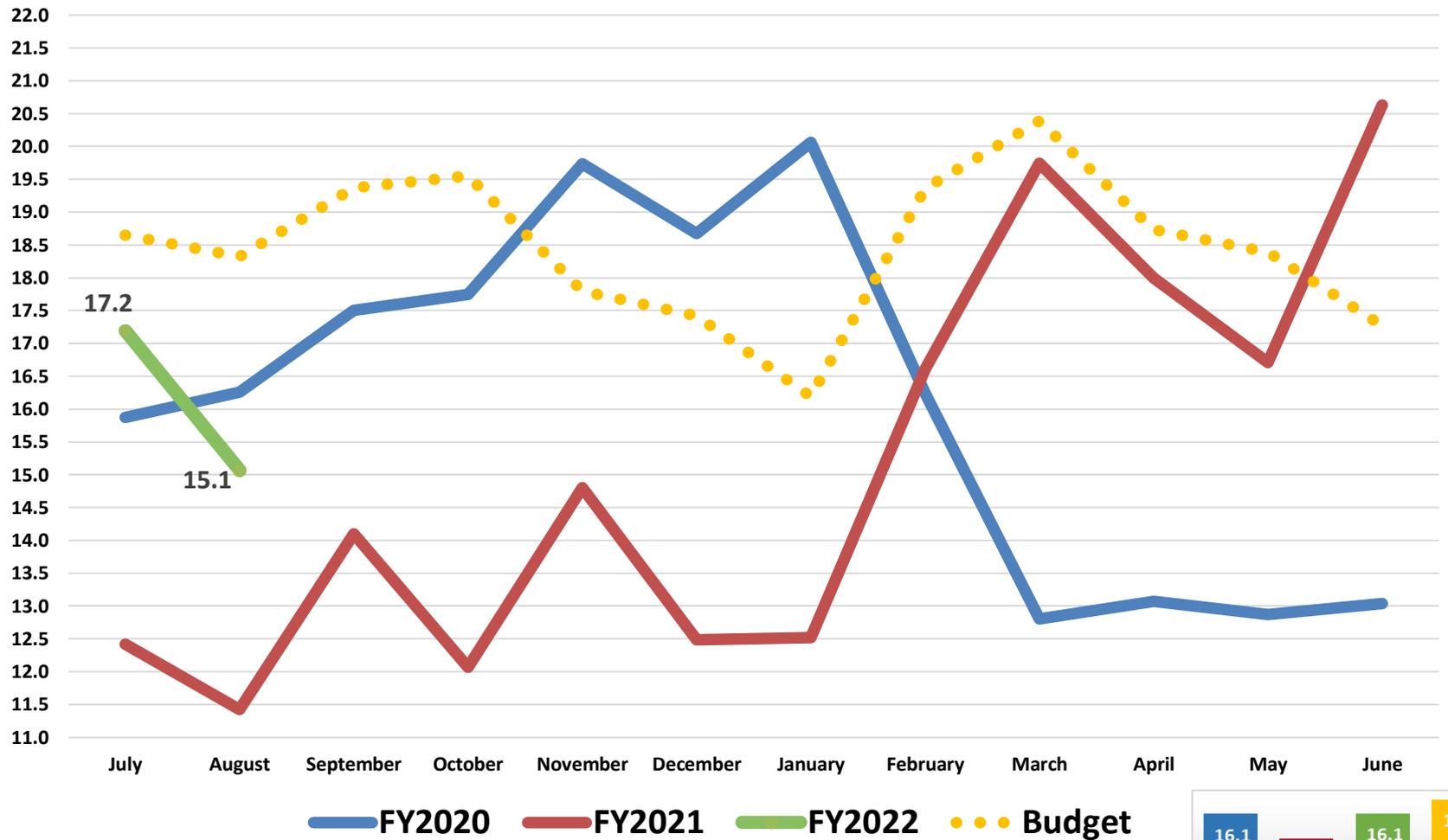
Sub-Acute - Avg. Patients Per Day



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

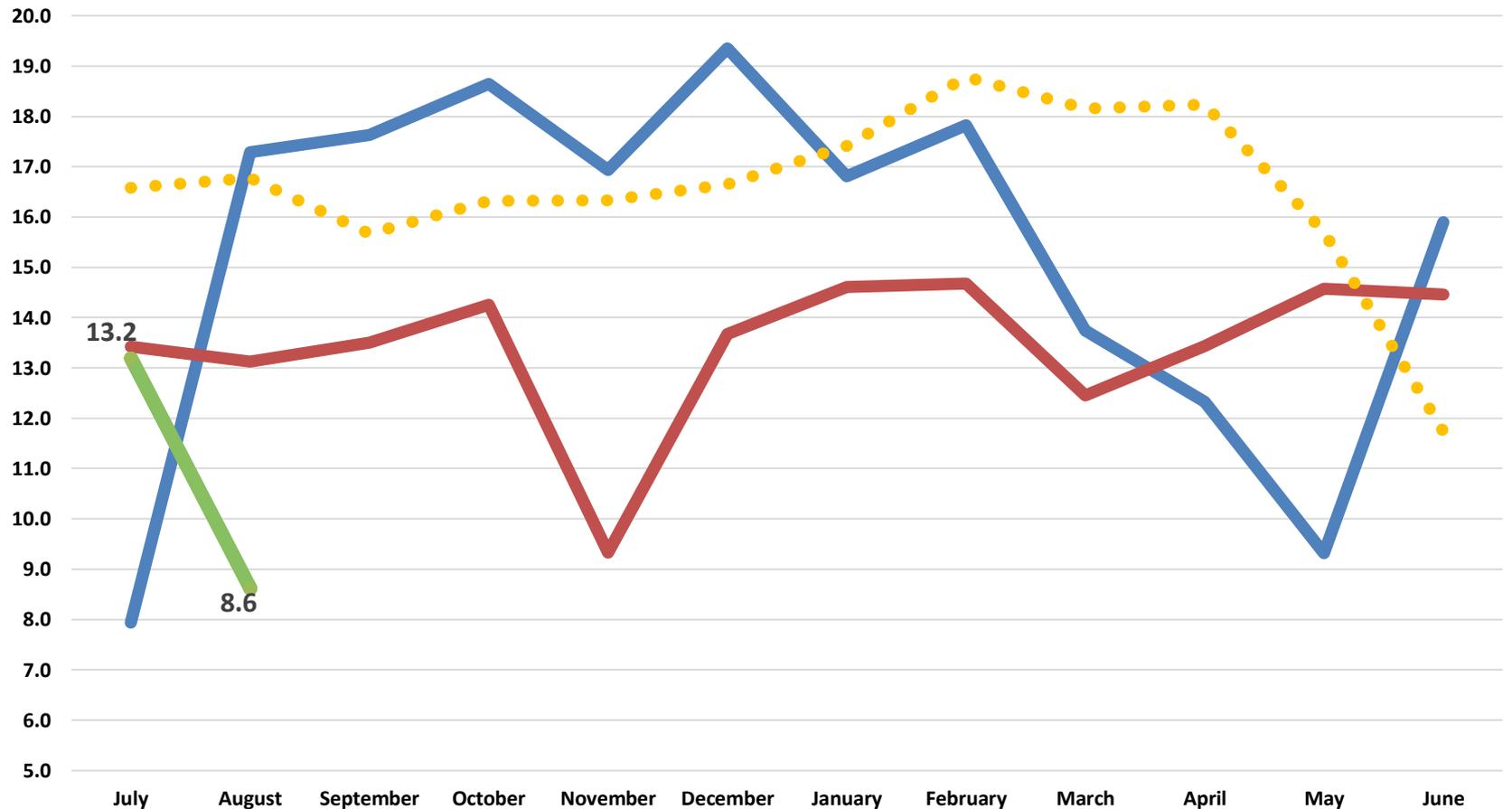
29.9	29.4	26.6	30.7
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Rehabilitation Hospital - Avg. Patients Per Day



16.1	11.9	16.1	18.5
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

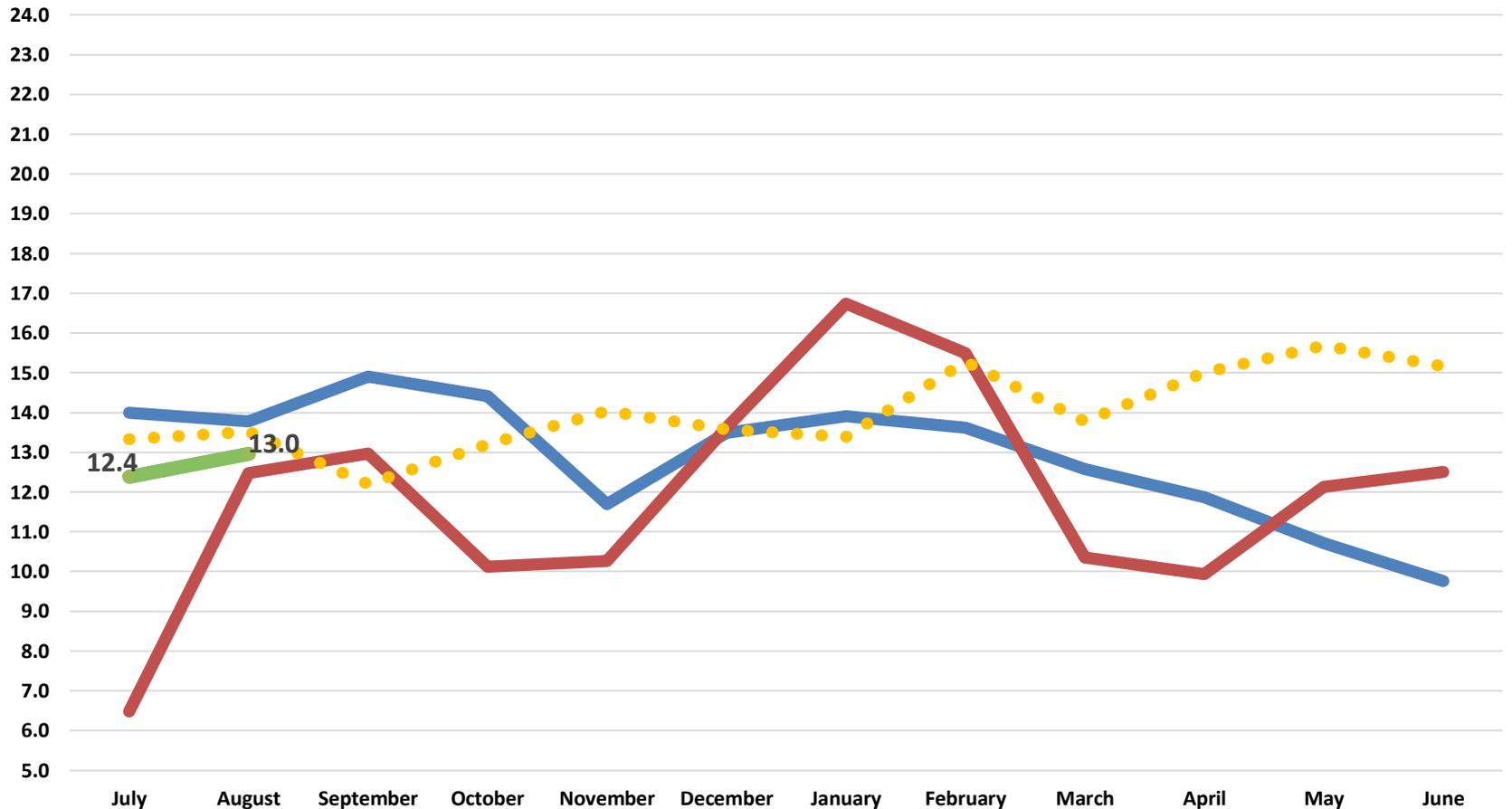
Transitional Care Services (TCS) - Avg. Patients Per Day



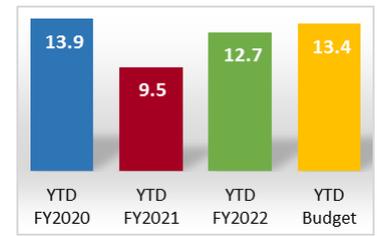
—● **FY2020**
 —● **FY2021**
 —● **FY2022**
 ●●● **Budget**

12.6	13.3	10.9	16.7
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

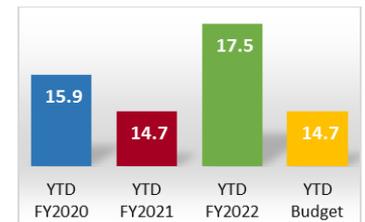
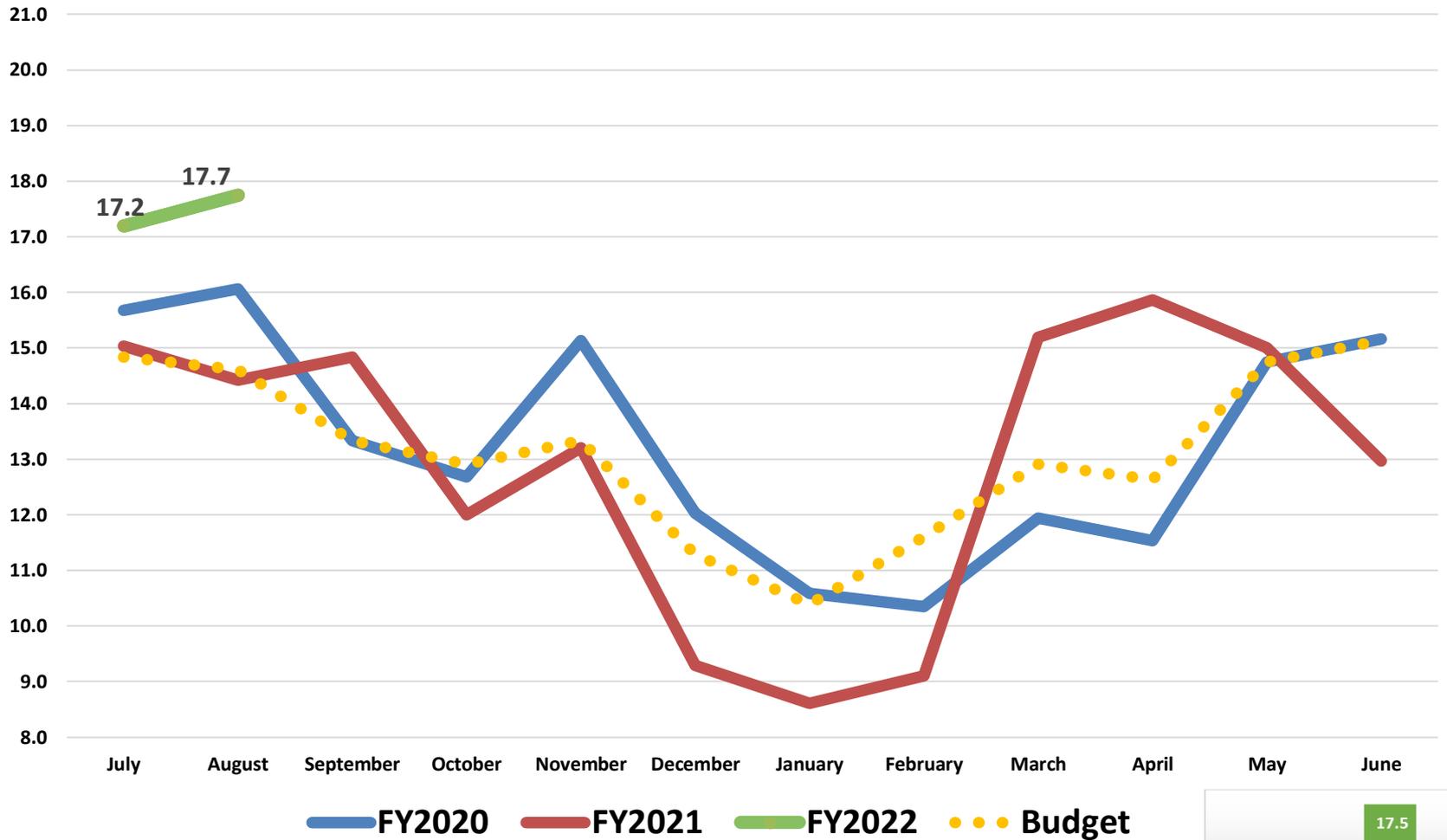
TCS Ortho - Avg. Patients Per Day



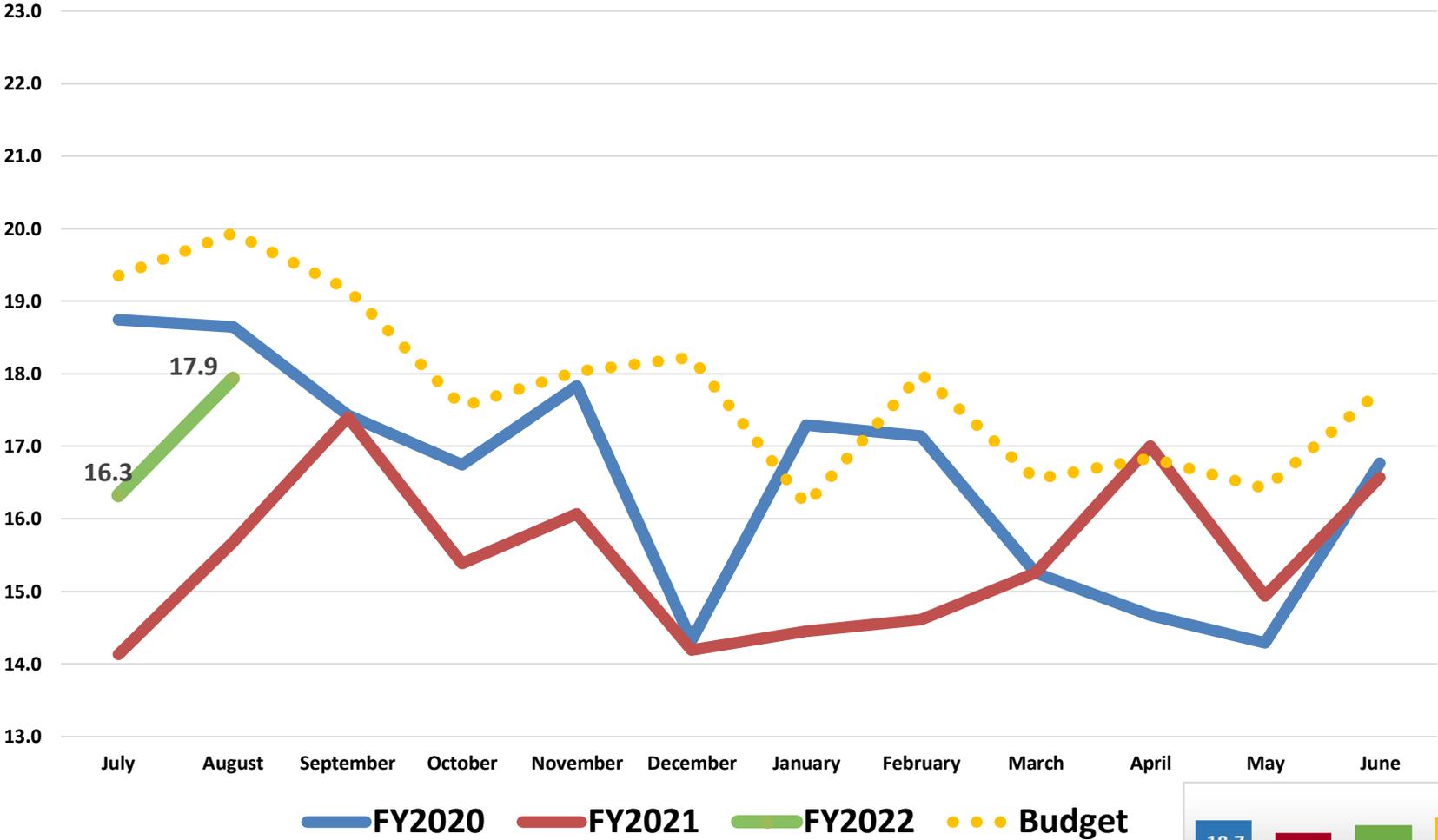
—● **FY2020**
 —● **FY2021**
 —● **FY2022**
 ●●● **Budget**



NICU - Avg. Patients Per Day

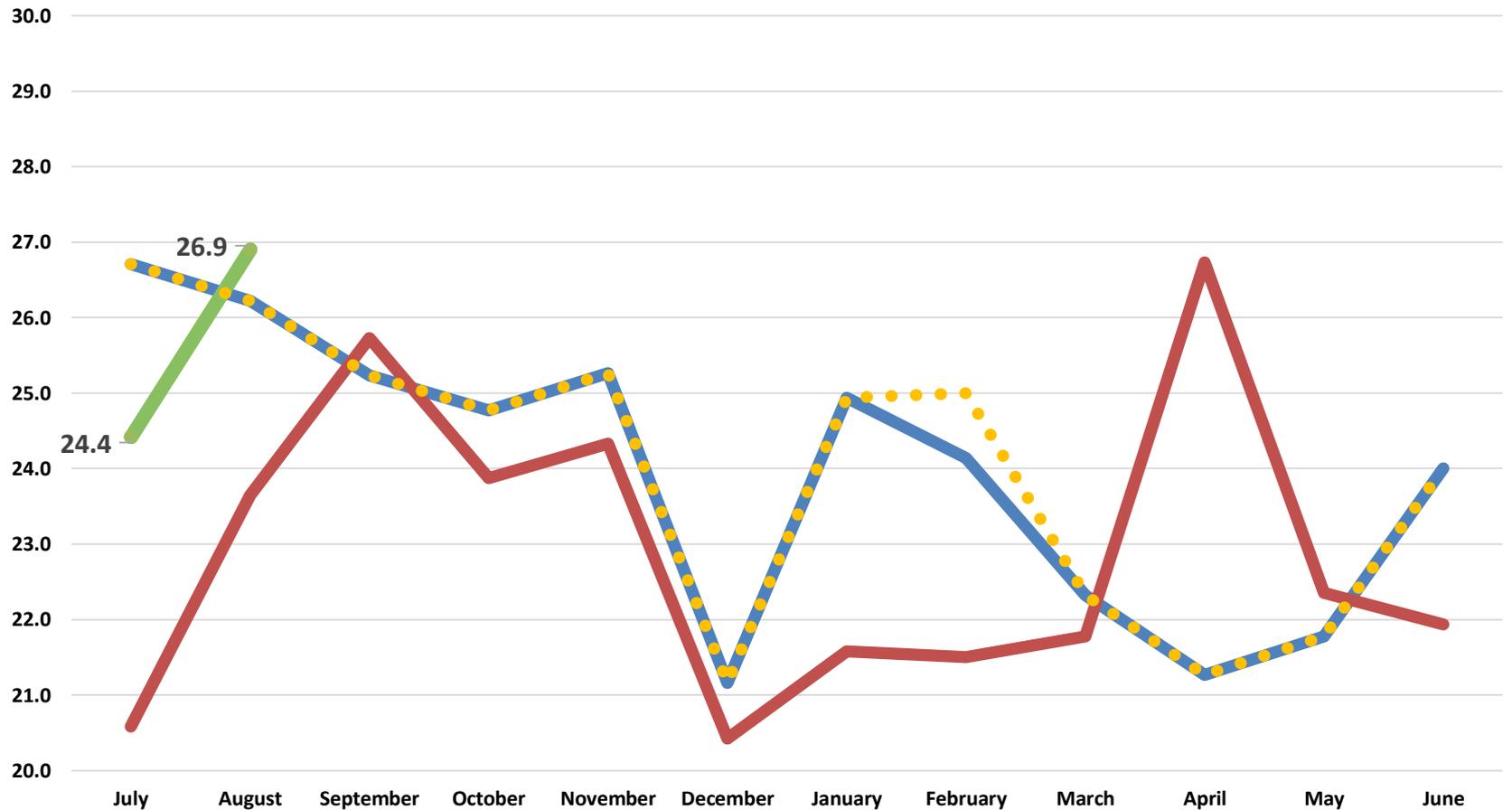


Nursery - Avg. Patients Per Day



18.7	14.9	17.1	19.6
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

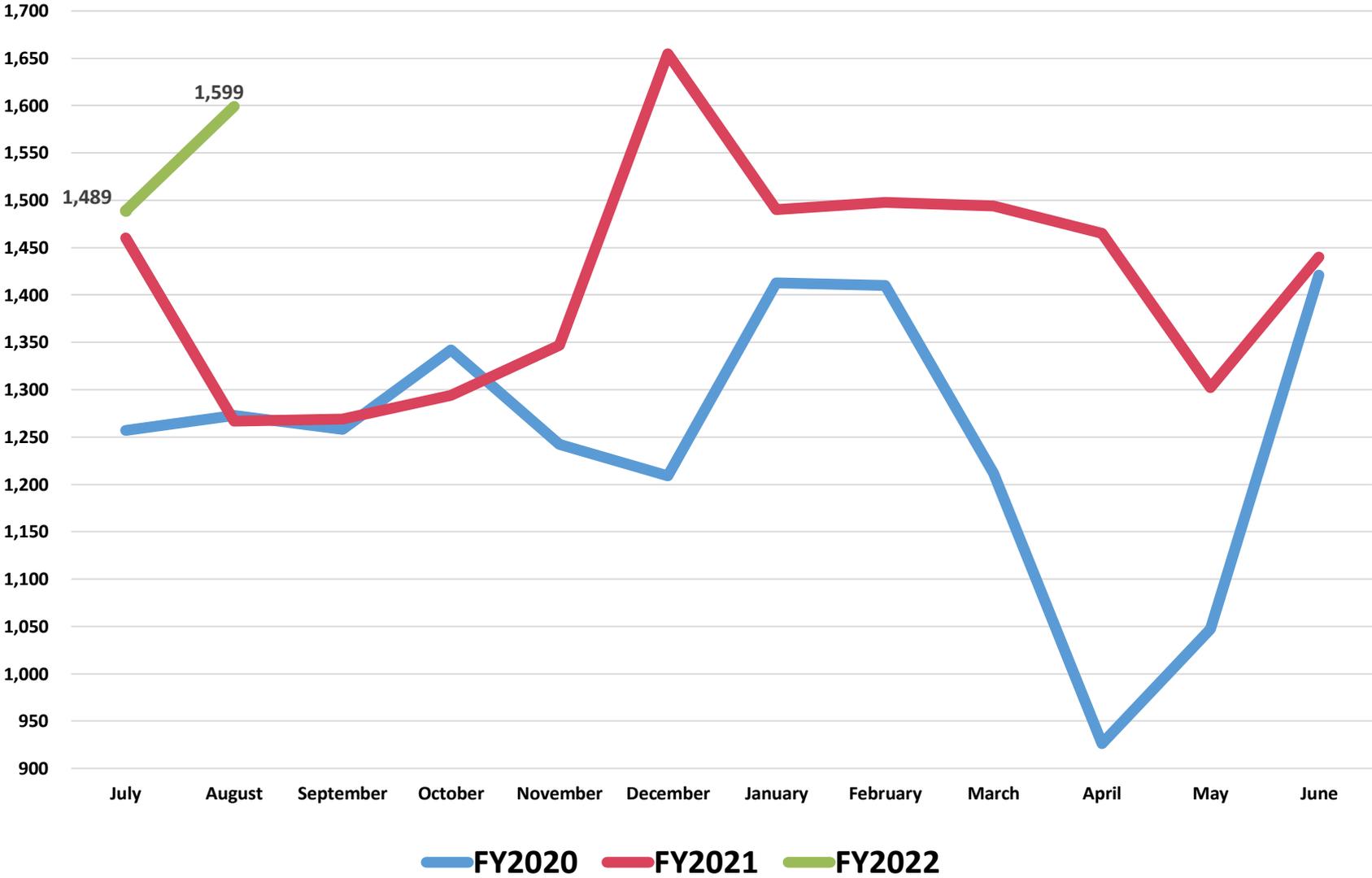
Obstetrics - Avg. Patients Per Day



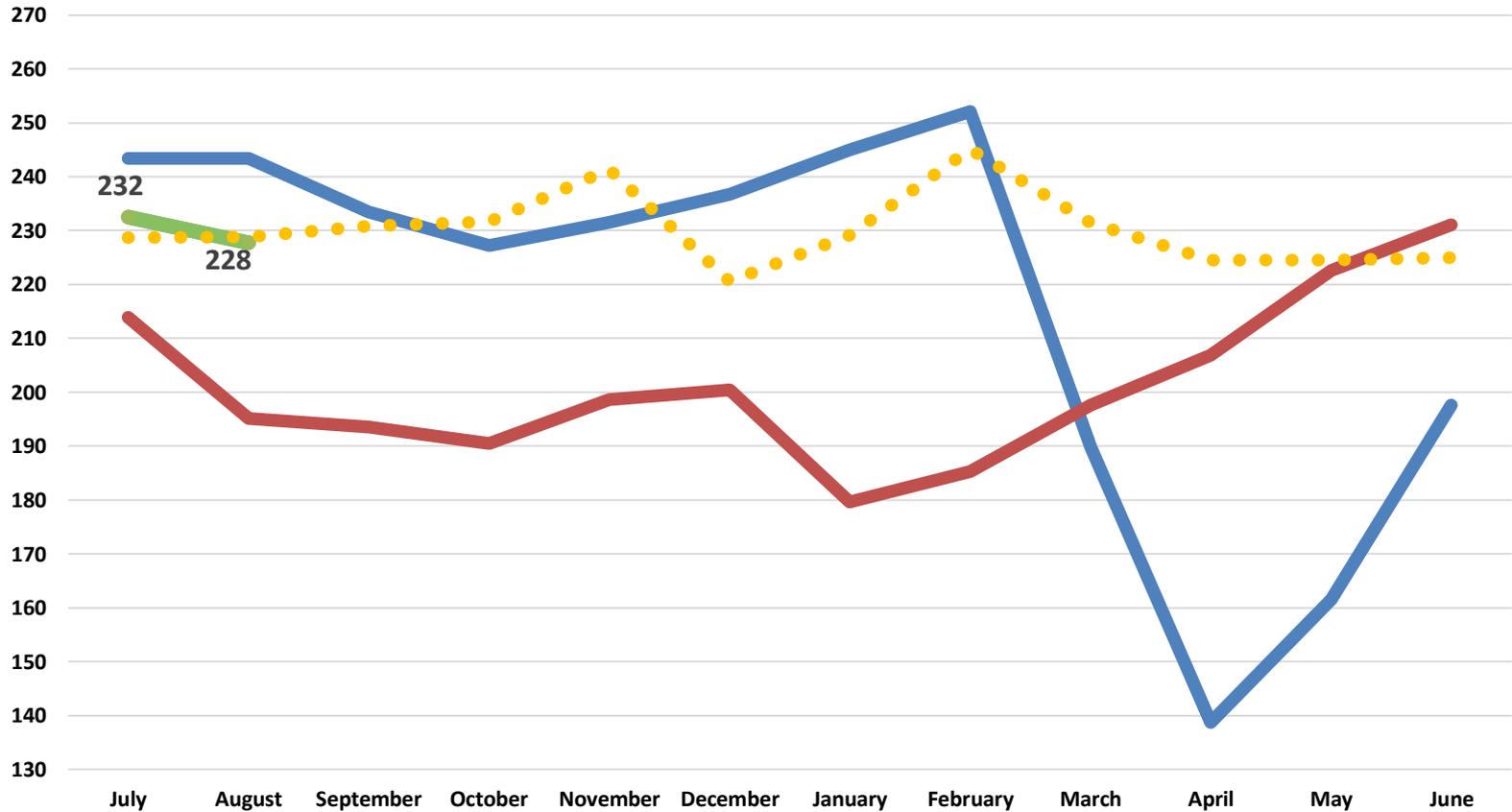
—● **FY2020**
 —● **FY2021**
 —● **FY2022**
 ●●● **Budget**

26.5	22.1	25.7	26.5
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Outpatient Registrations per Day



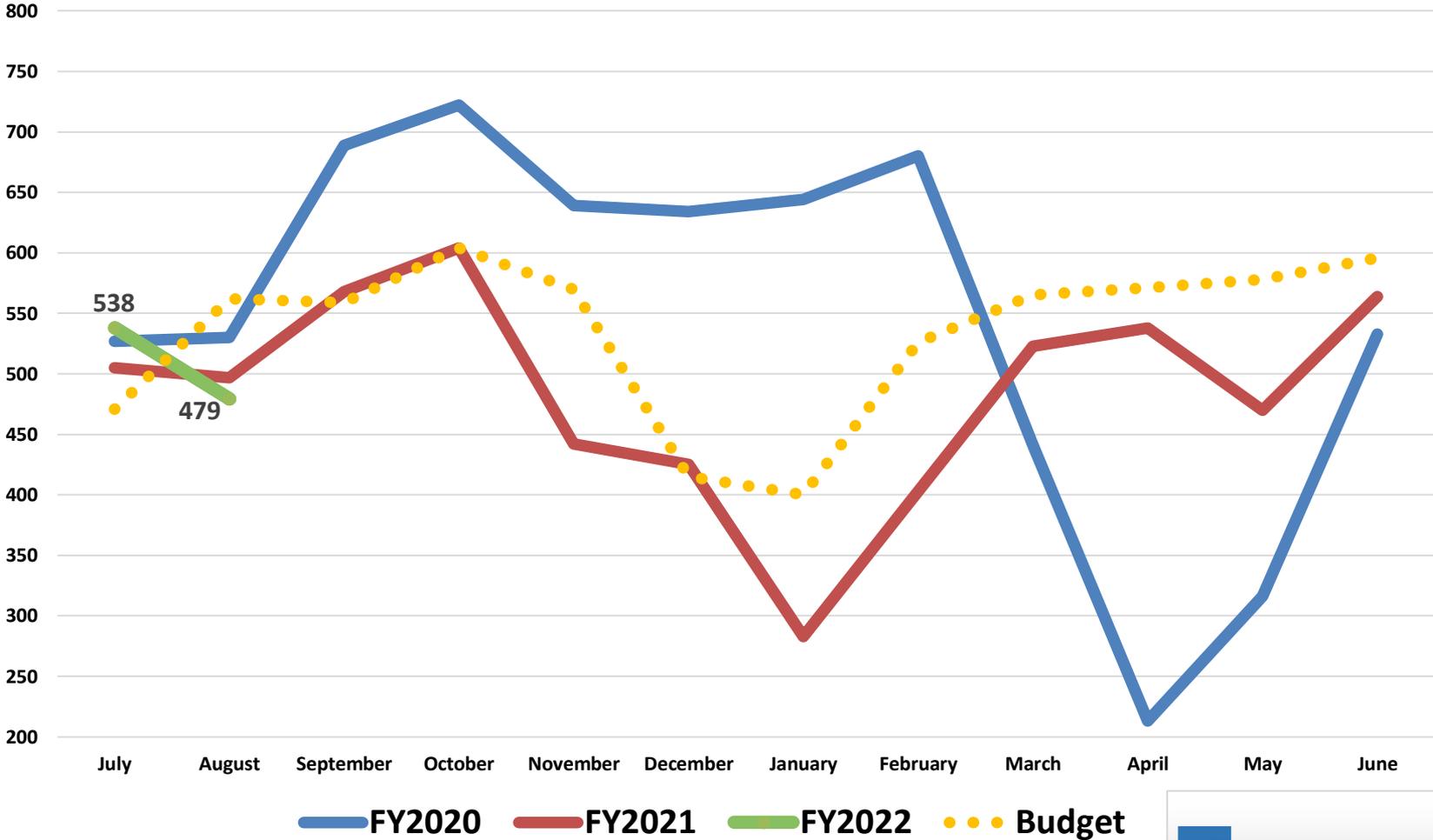
Emergency Dept – Avg Treated Per Day



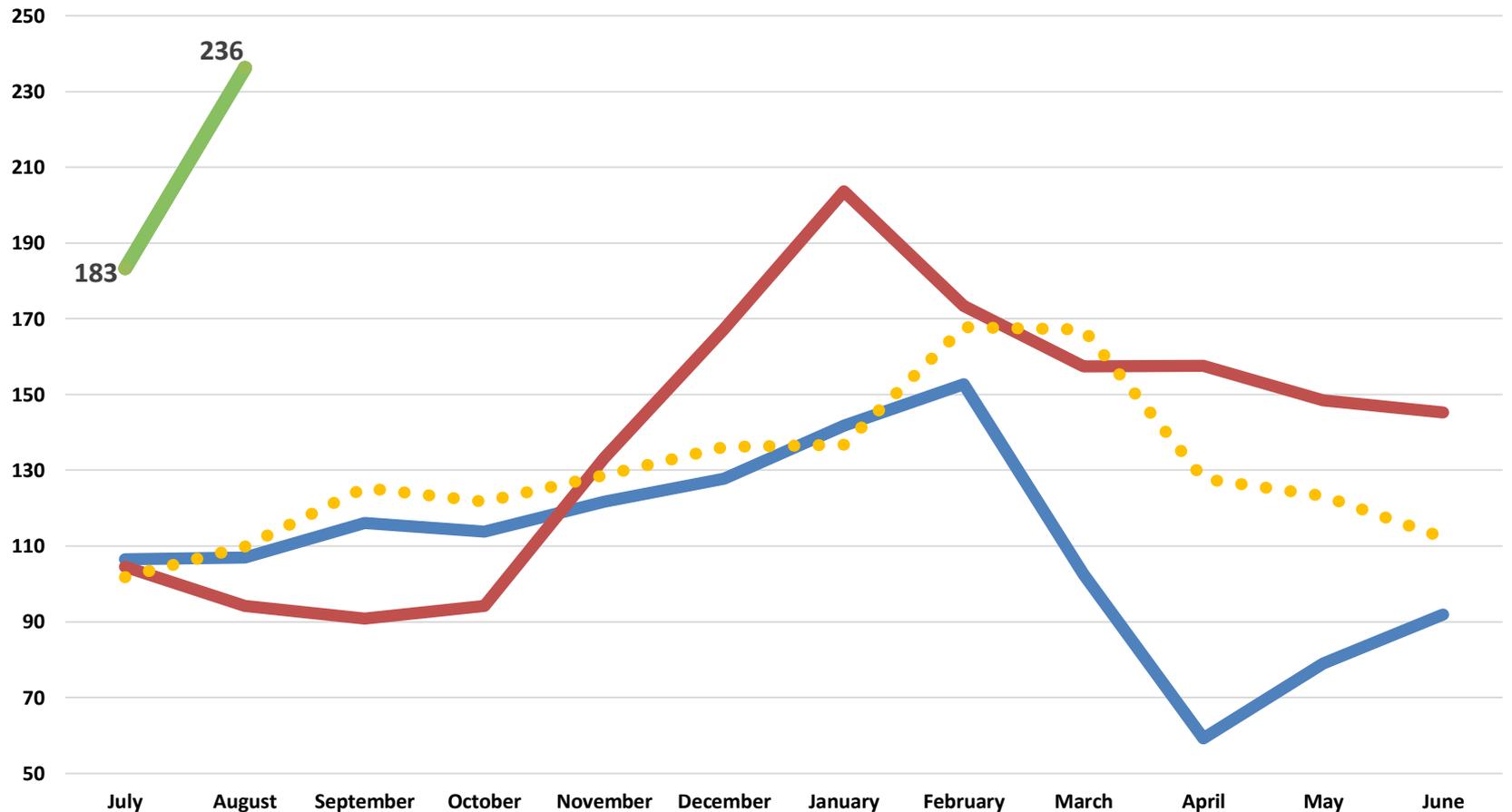
—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**



Endoscopy Procedures



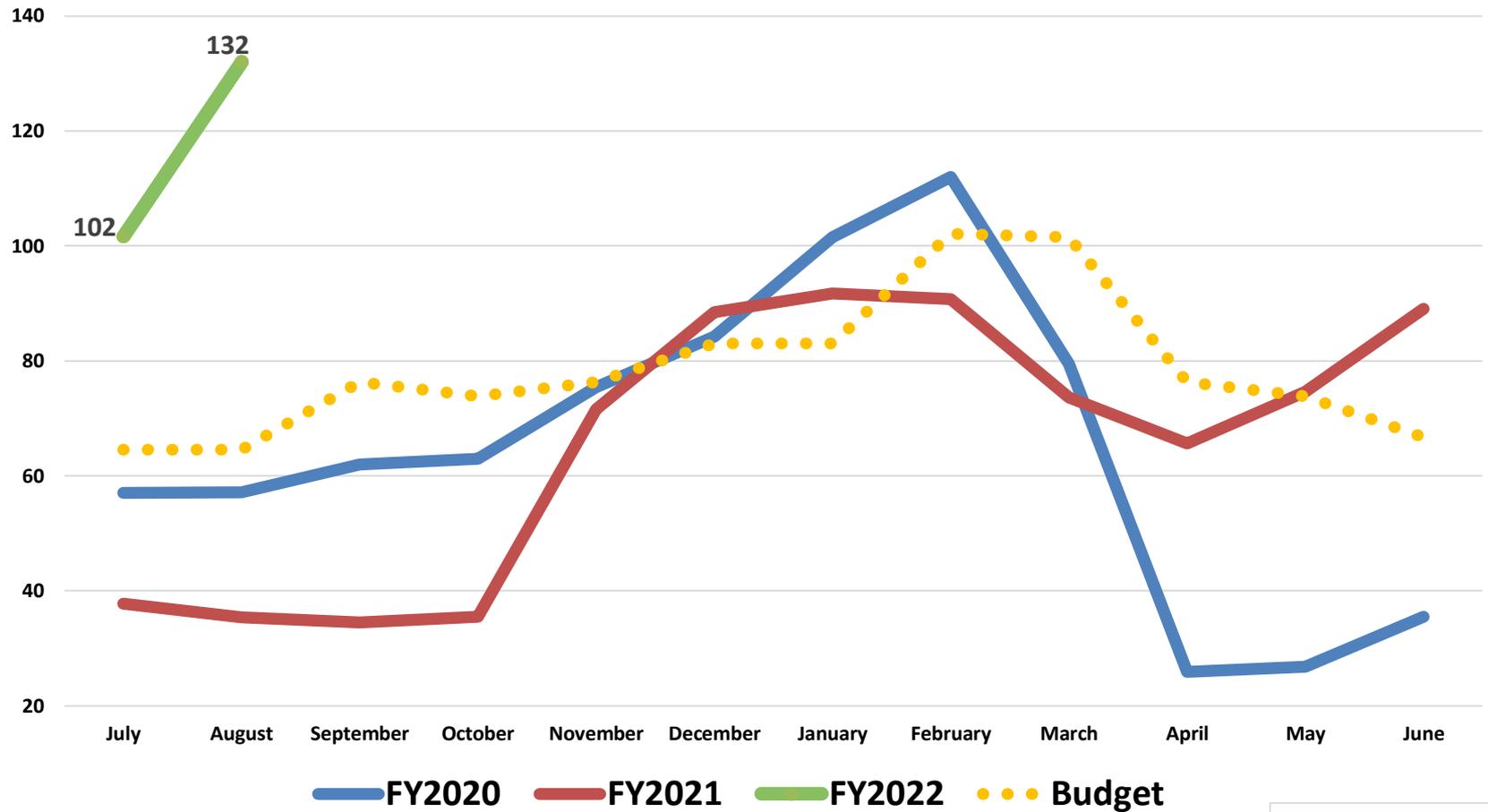
Urgent Care – Court Average Visits Per Day



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

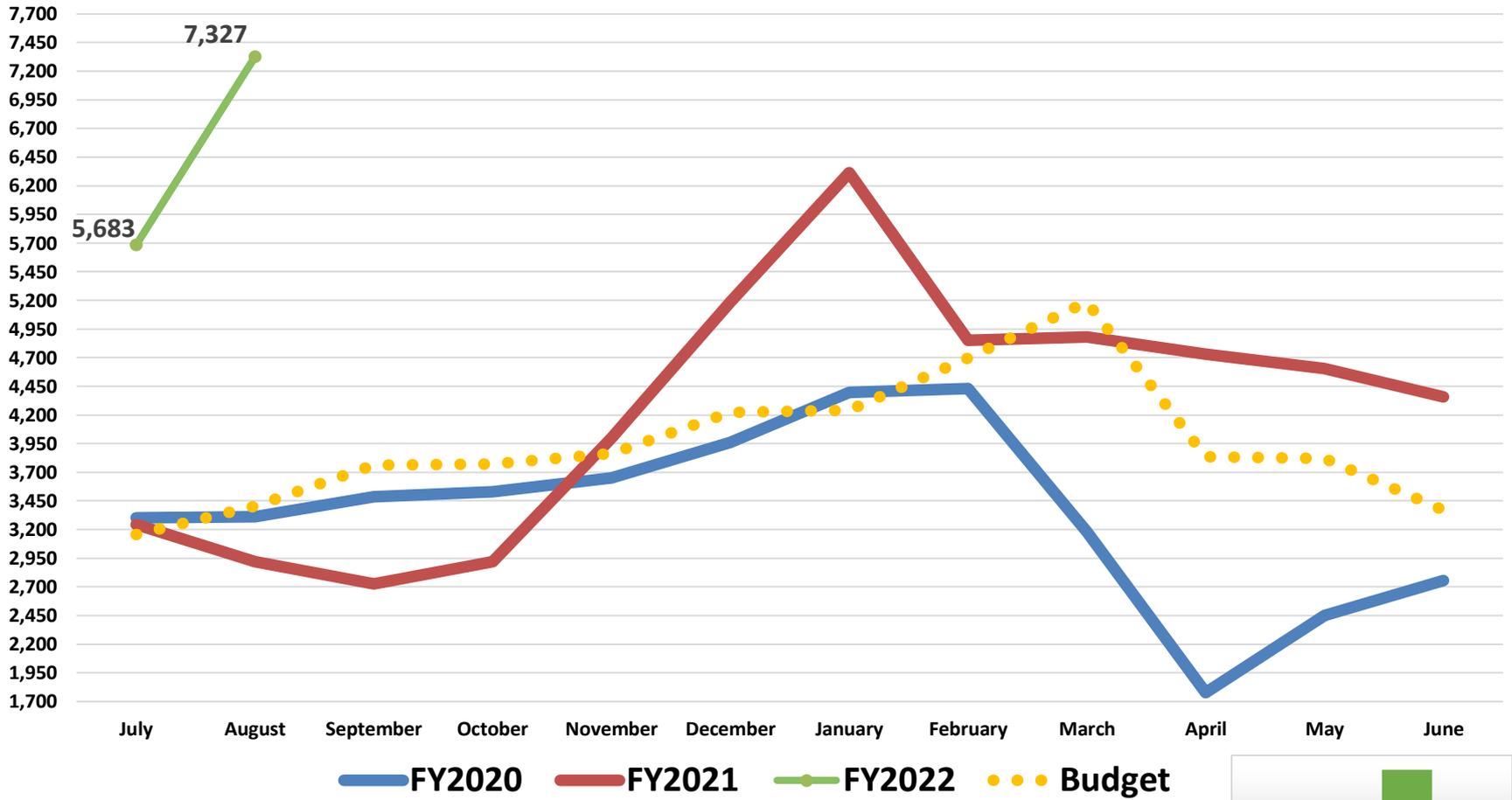
107	99	210	106
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Urgent Care – Demaree Average Visits Per Day



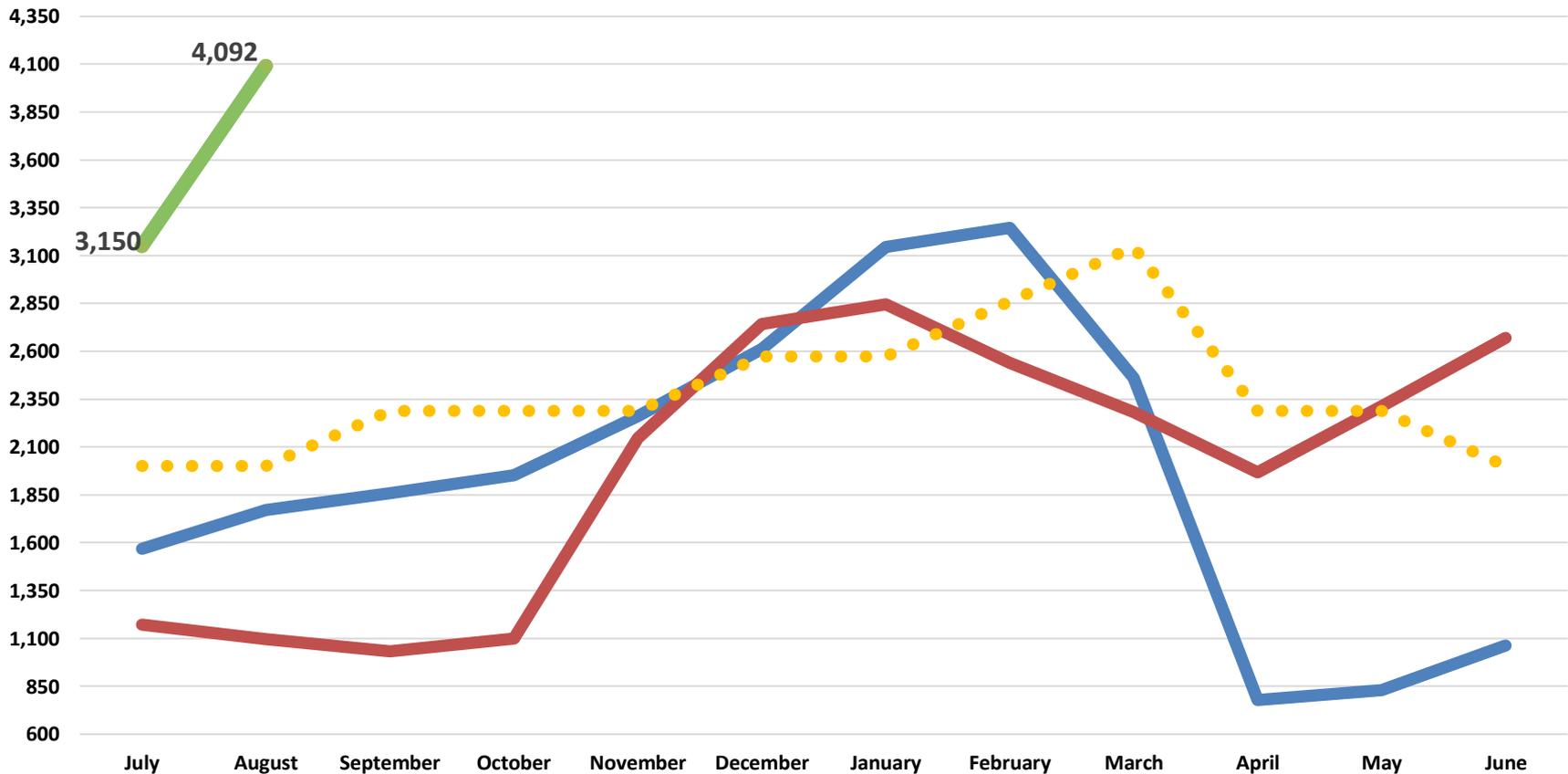
57	37	117	65
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Urgent Care – Court Total Visits



6,616	6,161	13,010	6,561
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

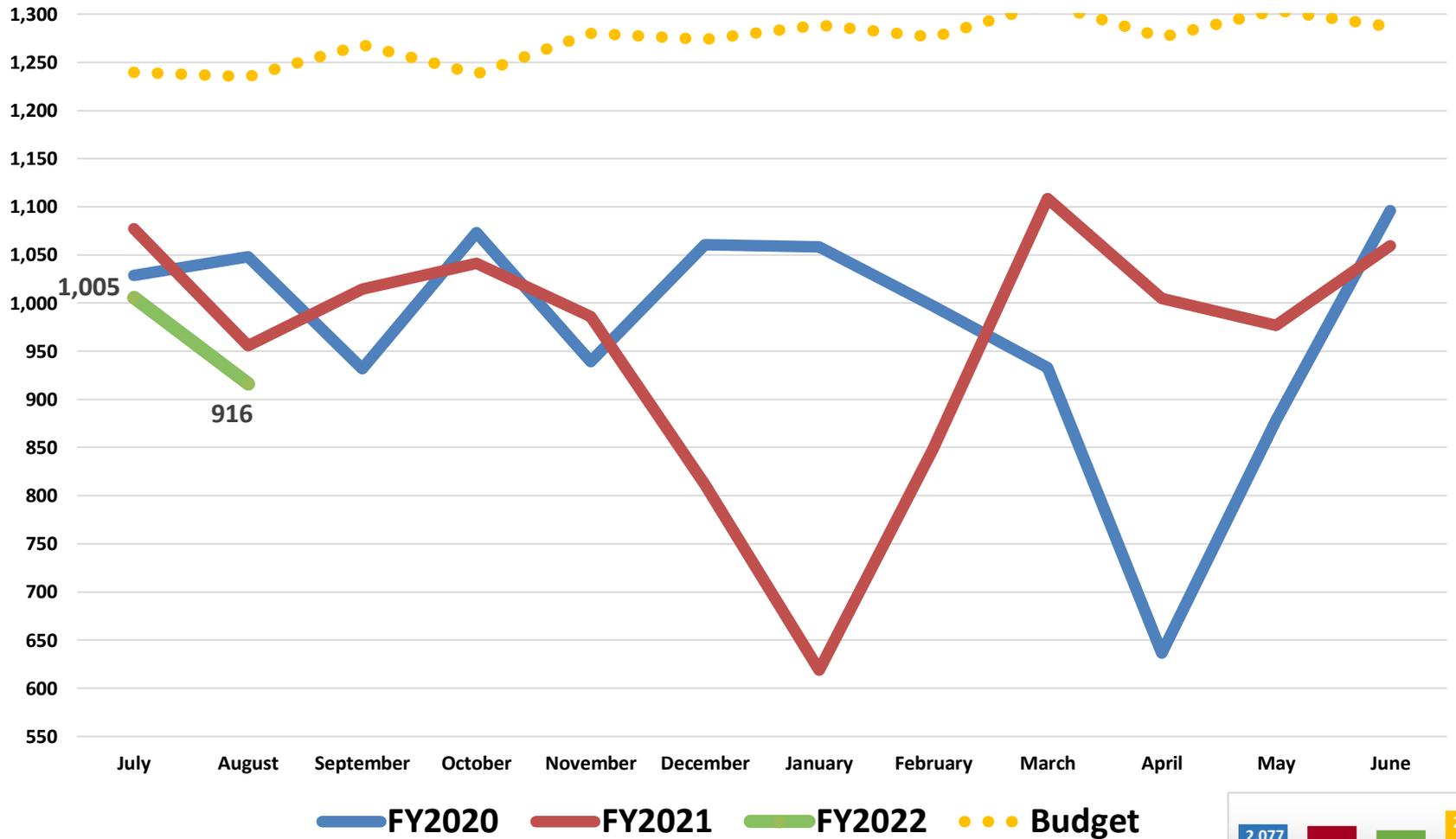
Urgent Care – Demaree Total Visits



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

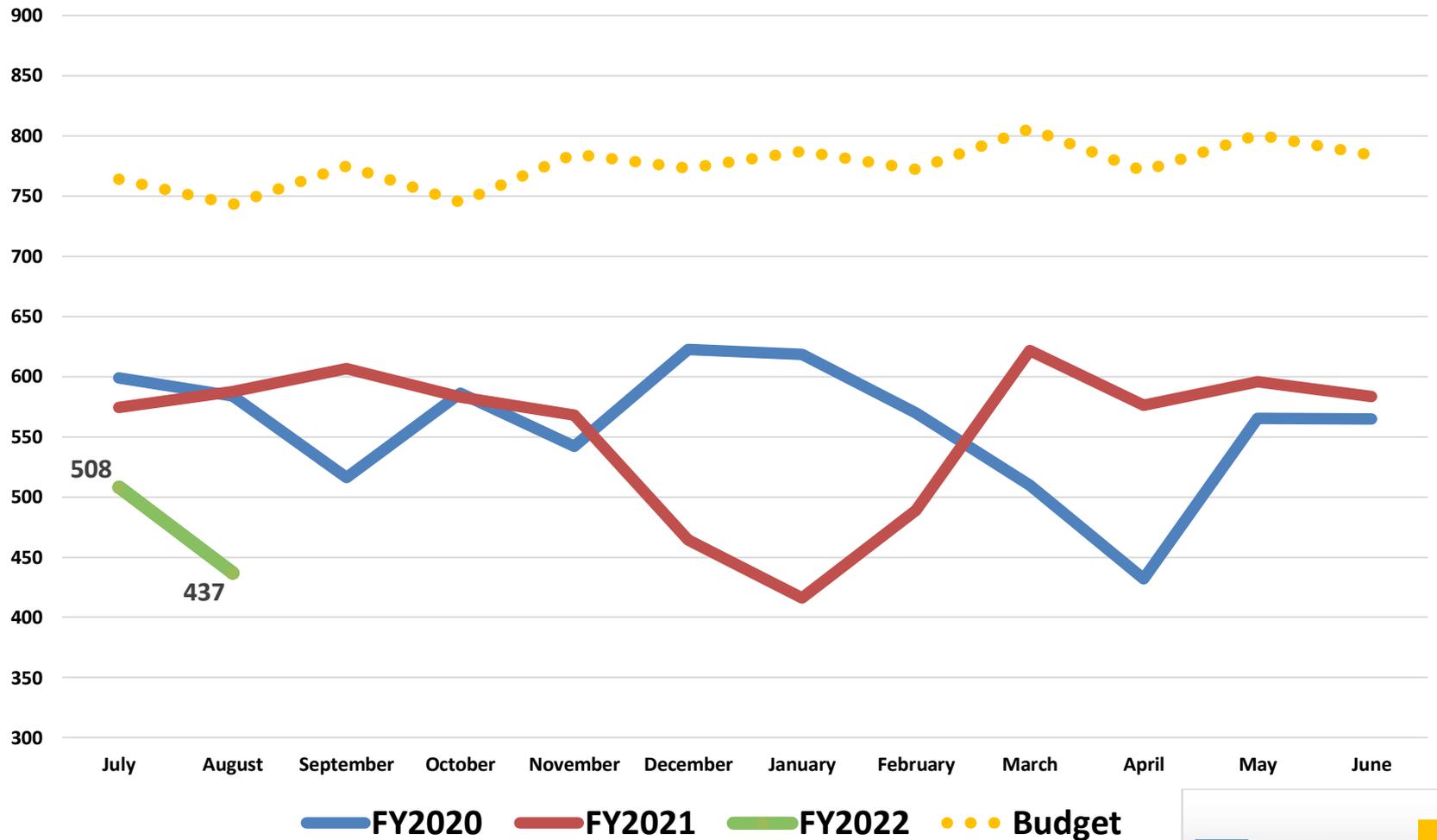
3,341	2,268	7,242	4,004
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Surgery (IP & OP) – 100 Min Units



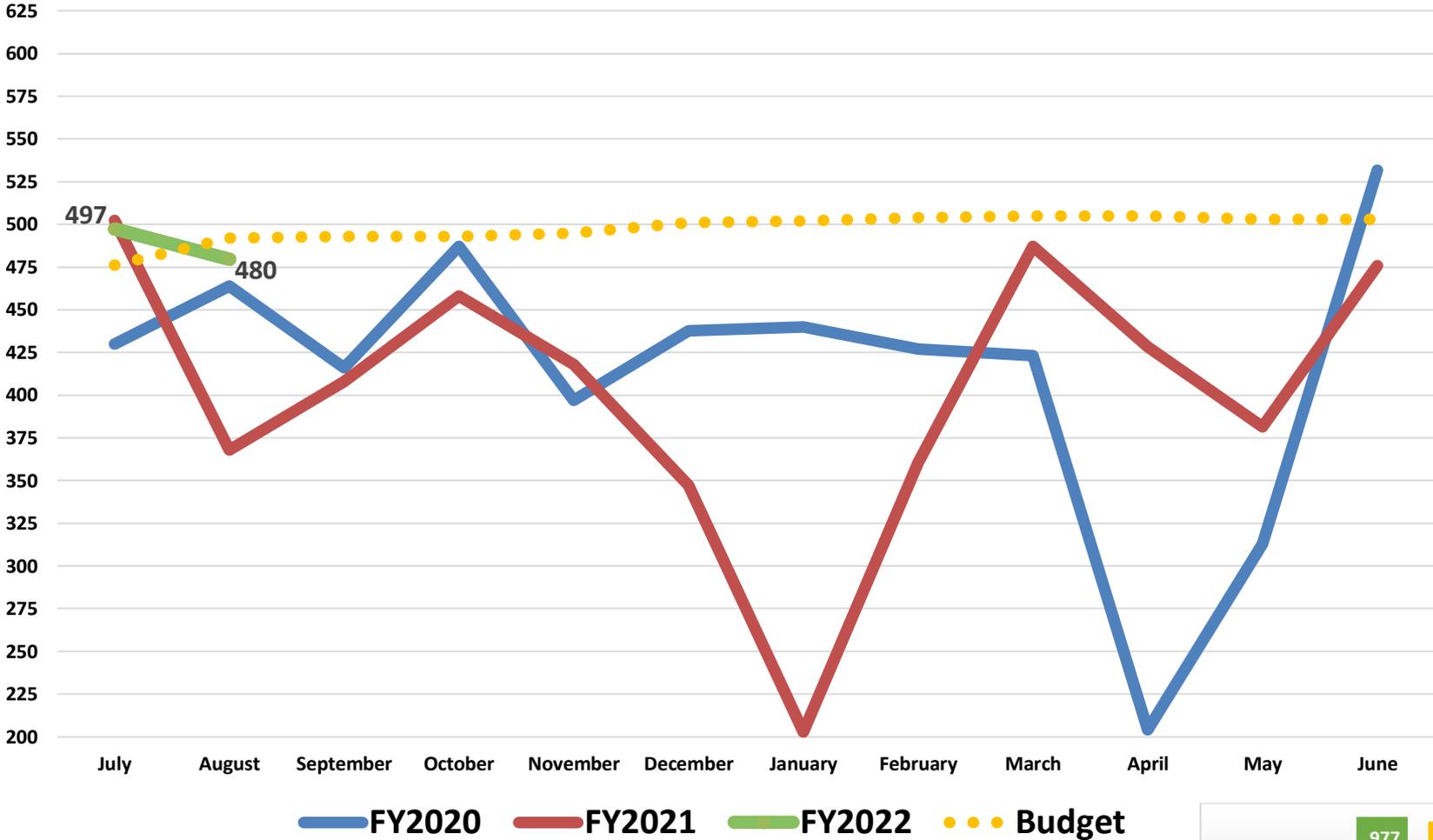
2,077	2,033	1,922	2,475
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Surgery (IP Only) – 100 Min Units



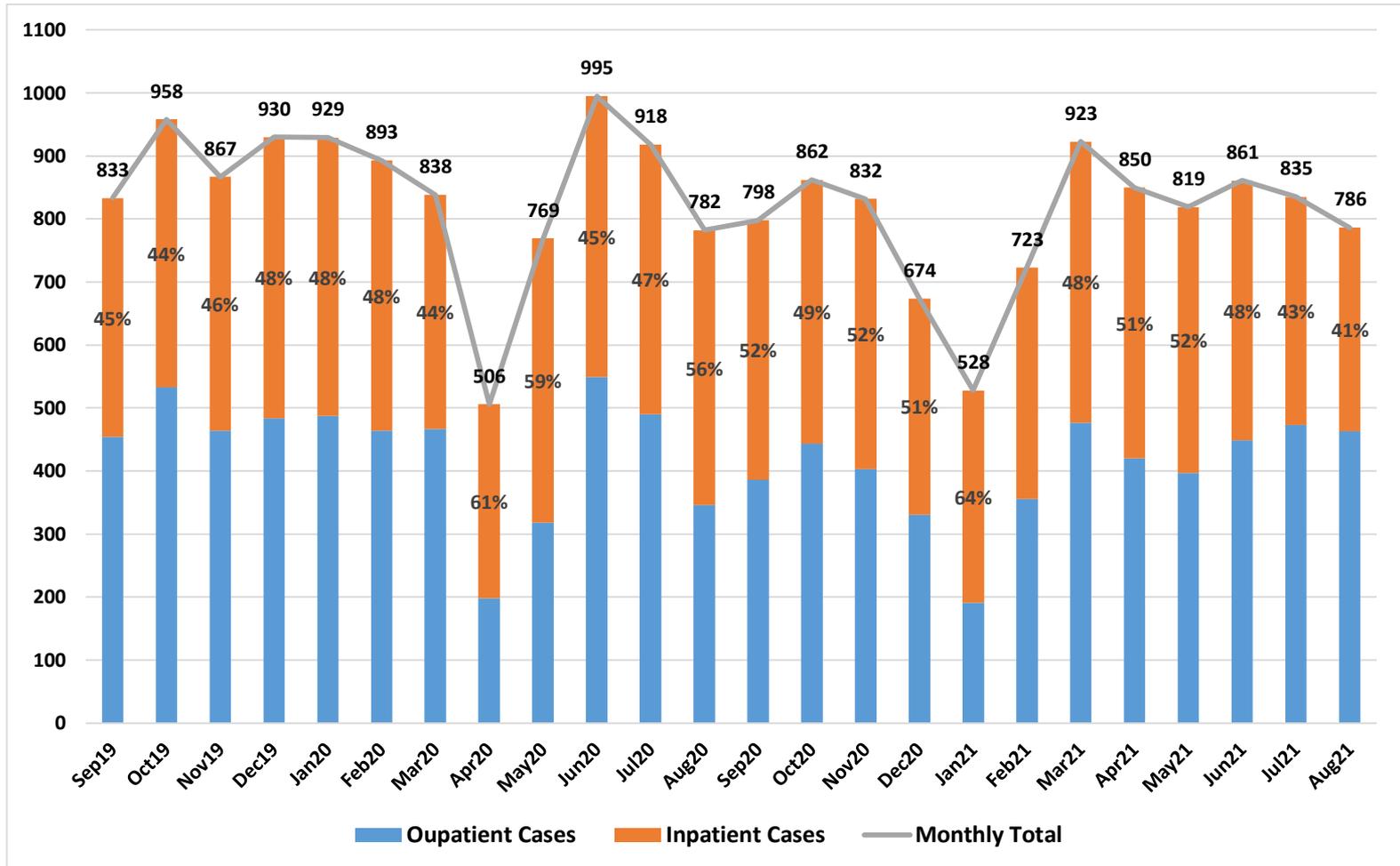
1,183	1,162	945	1,507
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Surgery (OP Only) – 100 Min Units

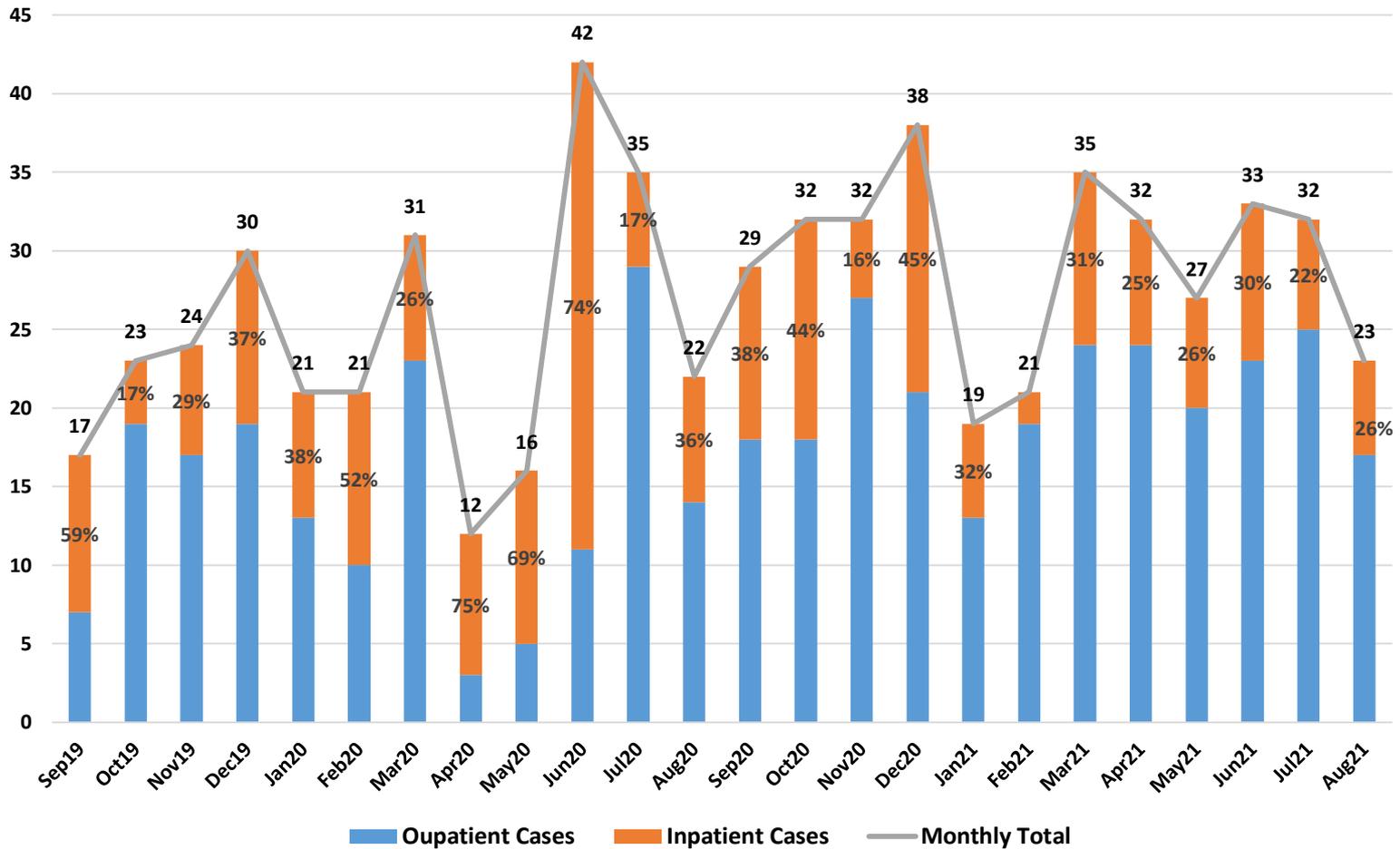


894	870	977	968
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

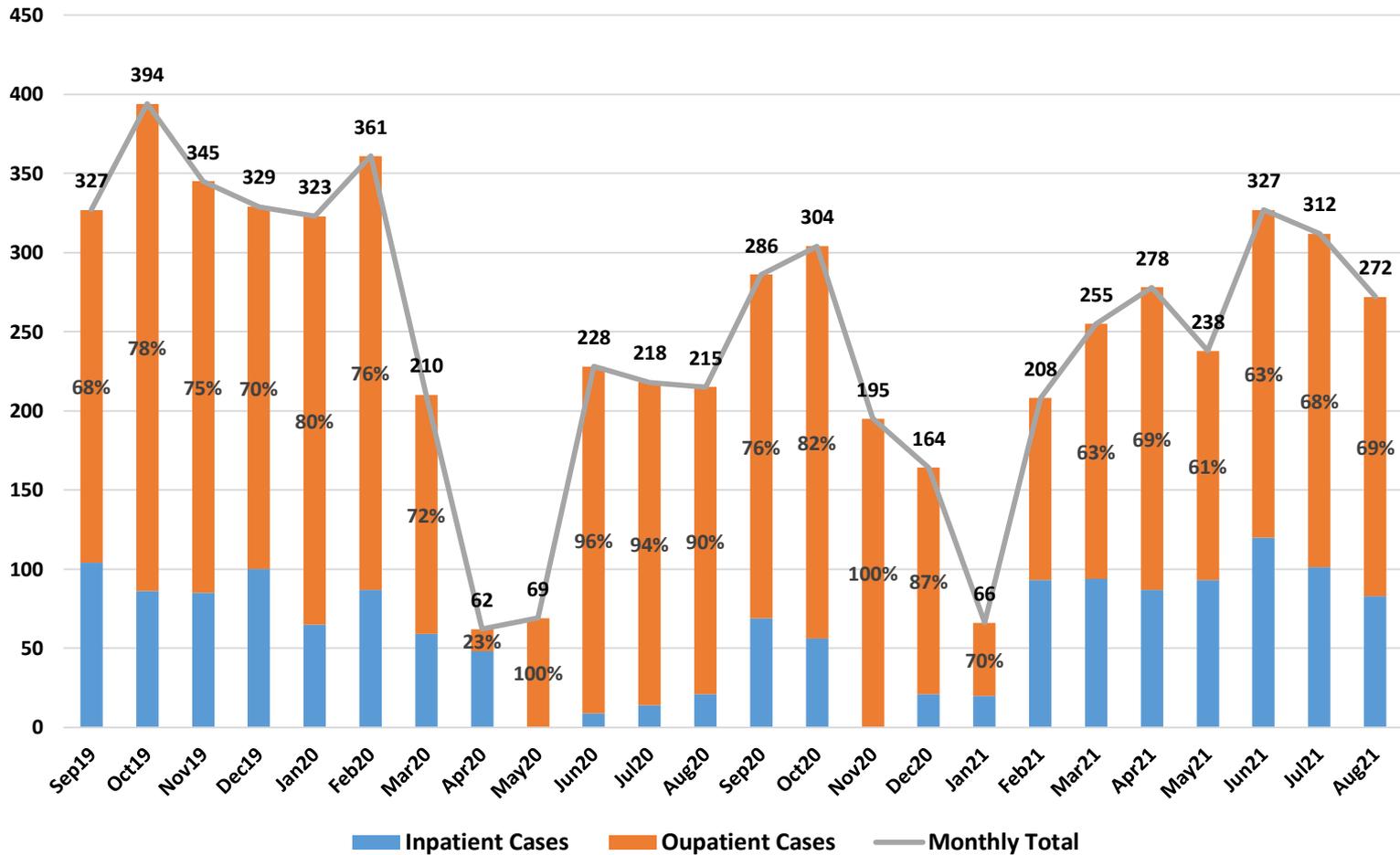
Surgery Cases



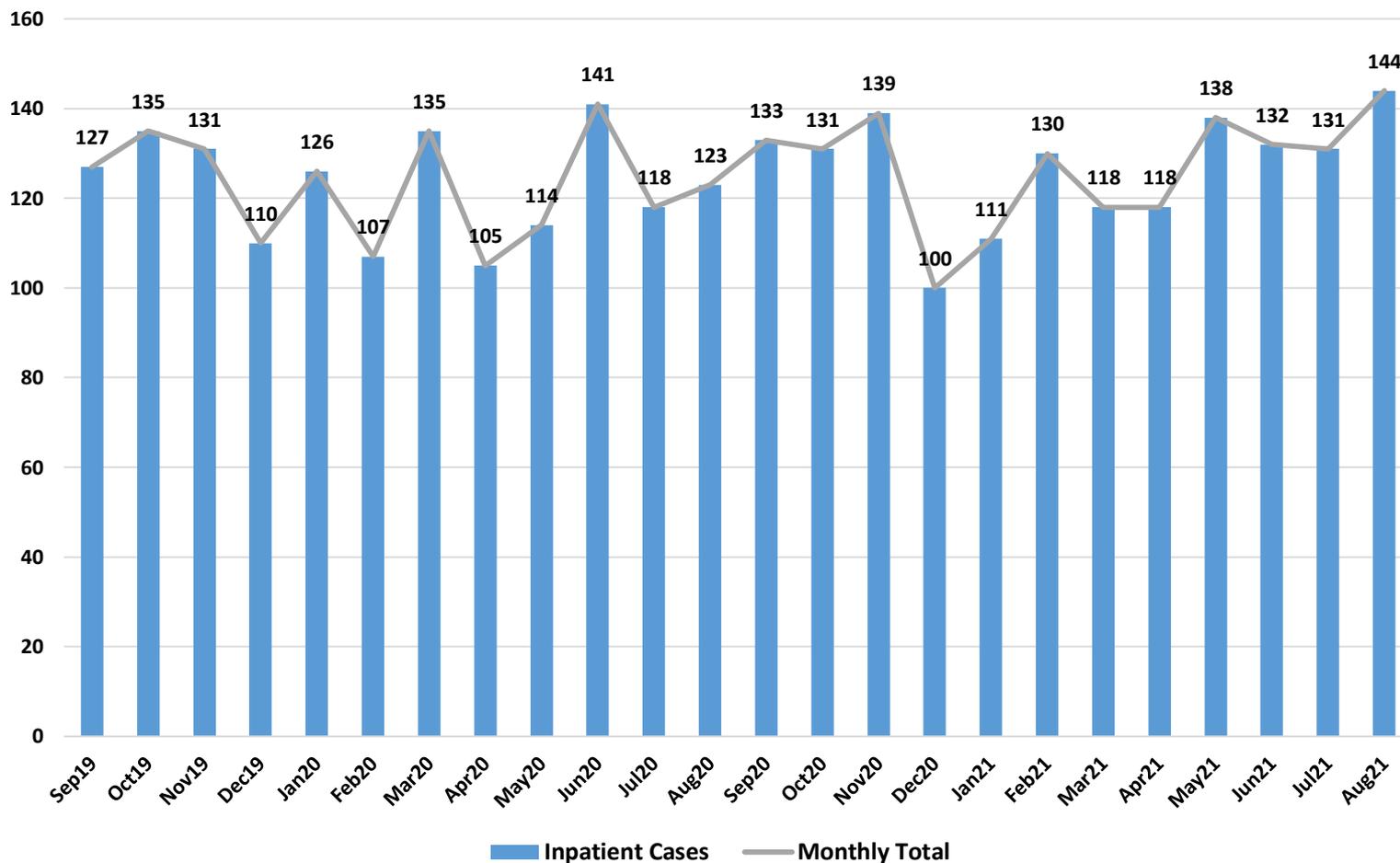
Robotic Cases



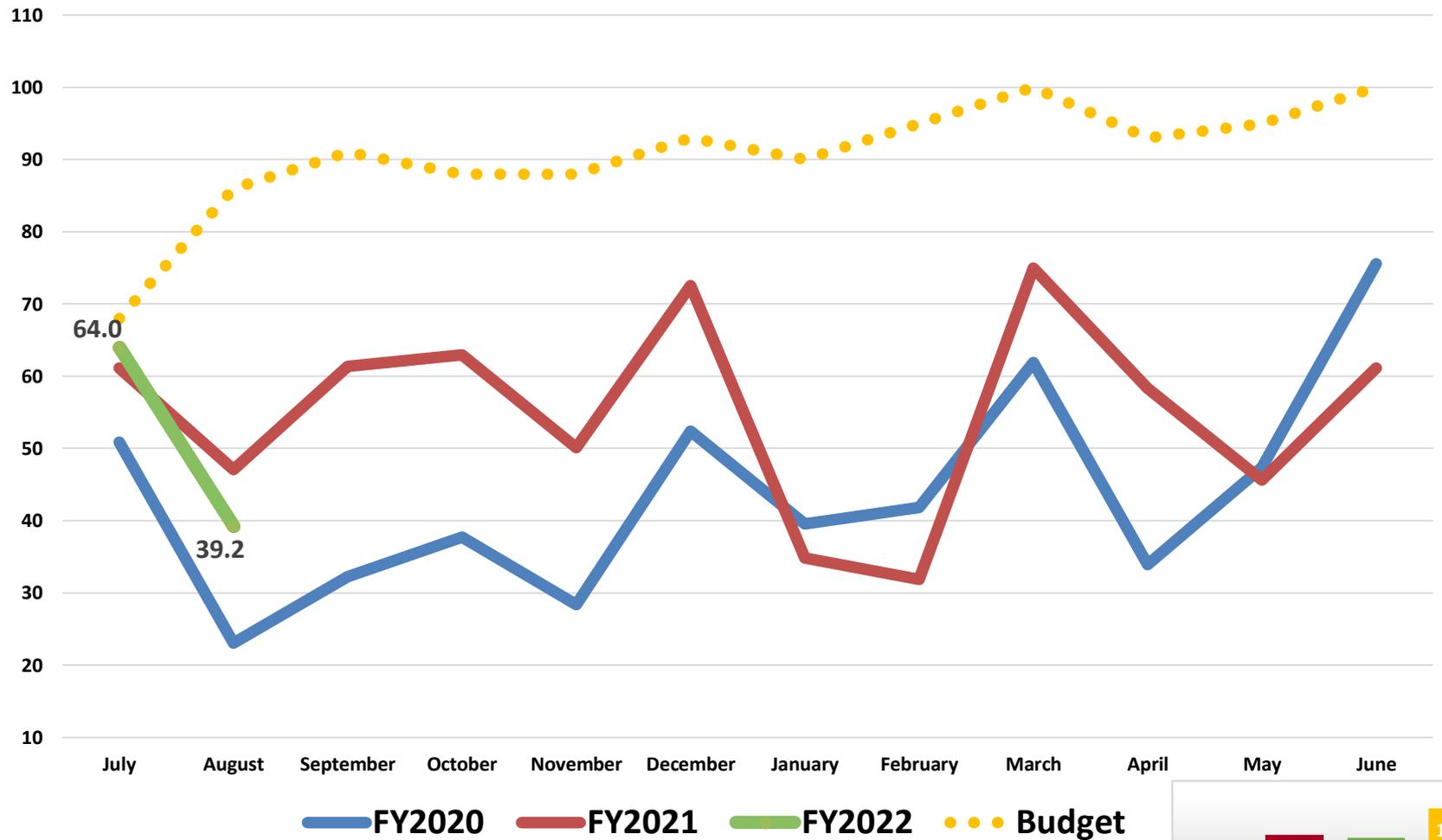
Endo Cases (Endo Suites)



OB Cases

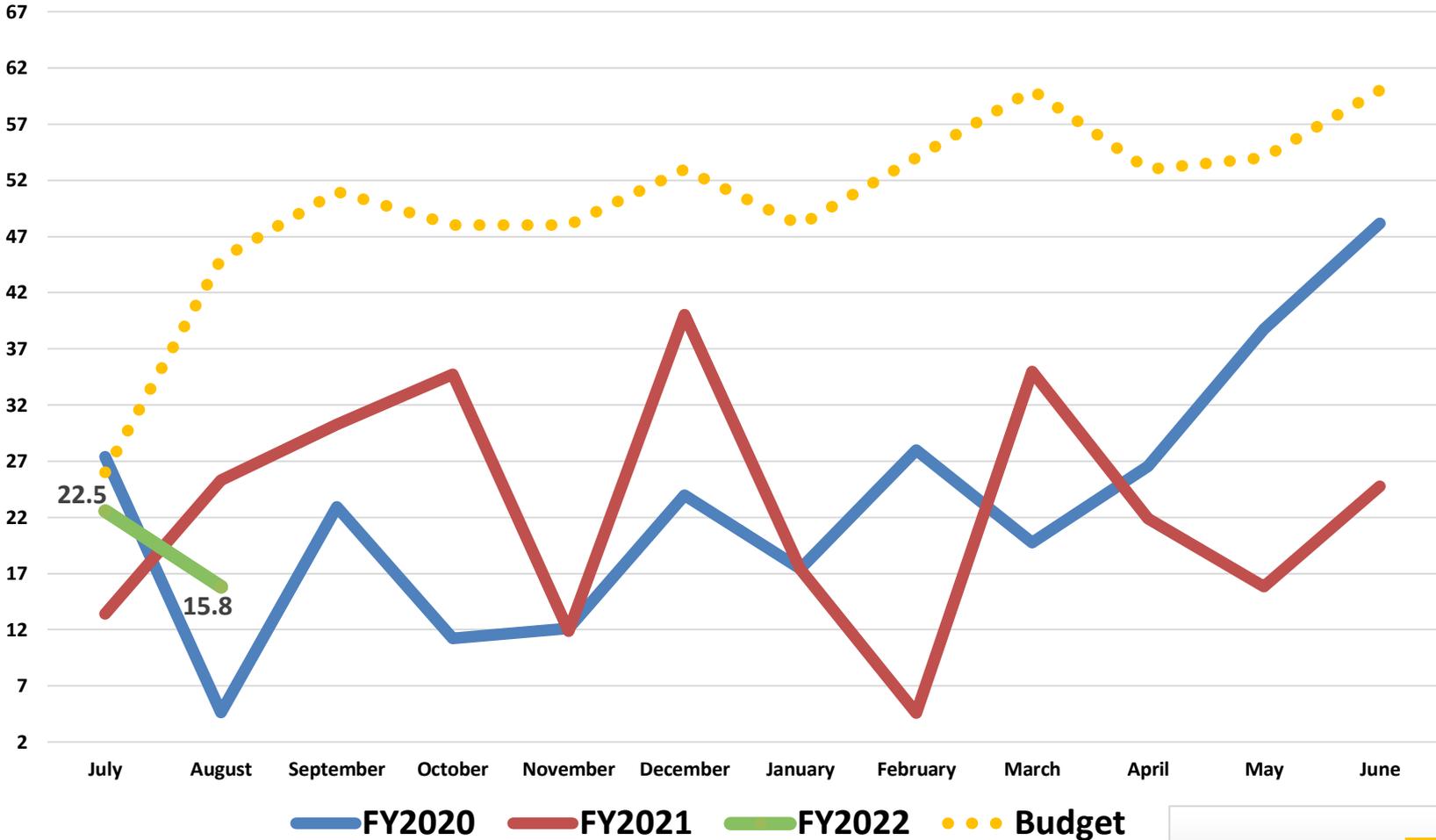


Robotic Surgery (IP & OP) – 100 Min Units



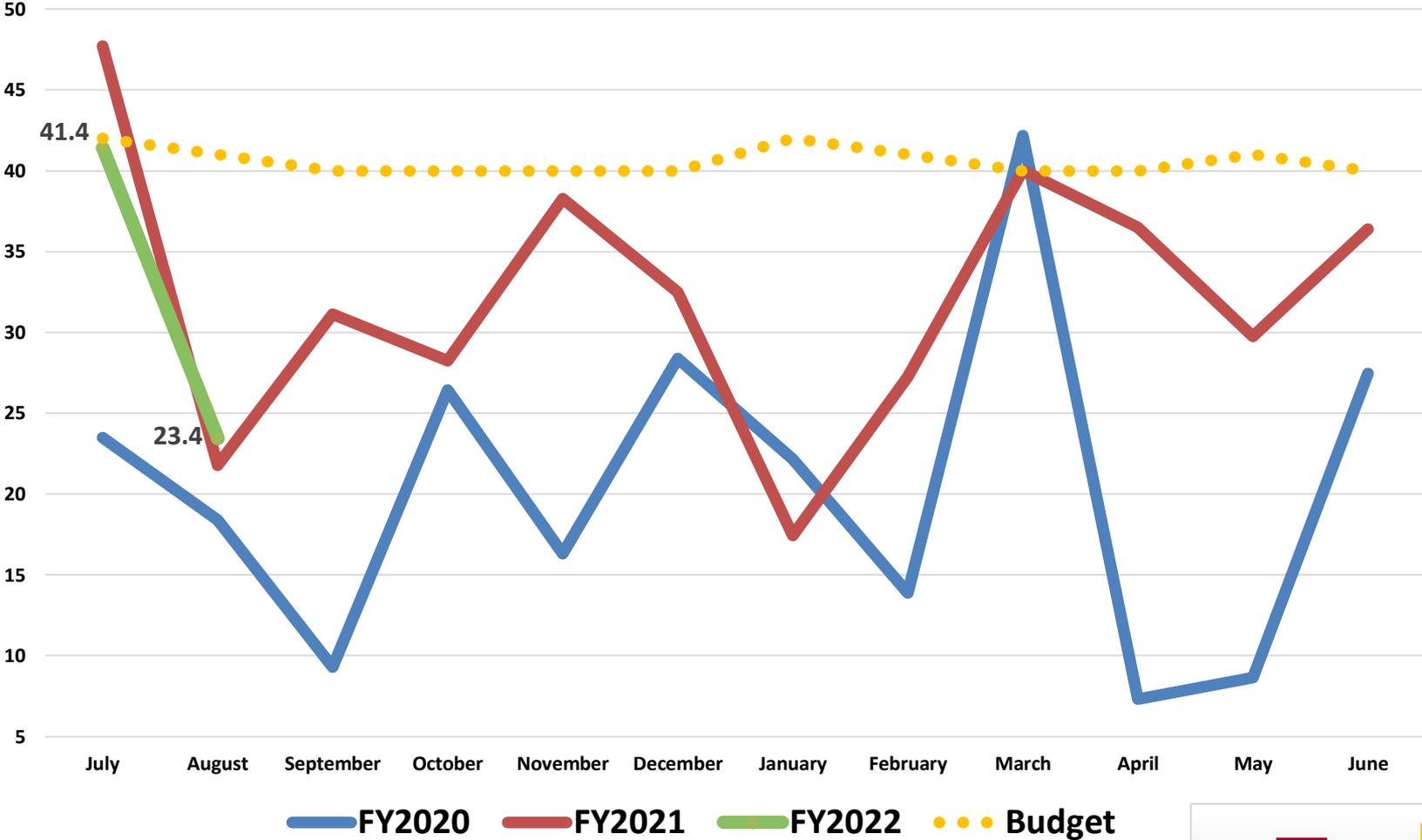
73.9	108.2	103.2	154.0
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Robotic Surgery (IP Only) – 100 Min Units



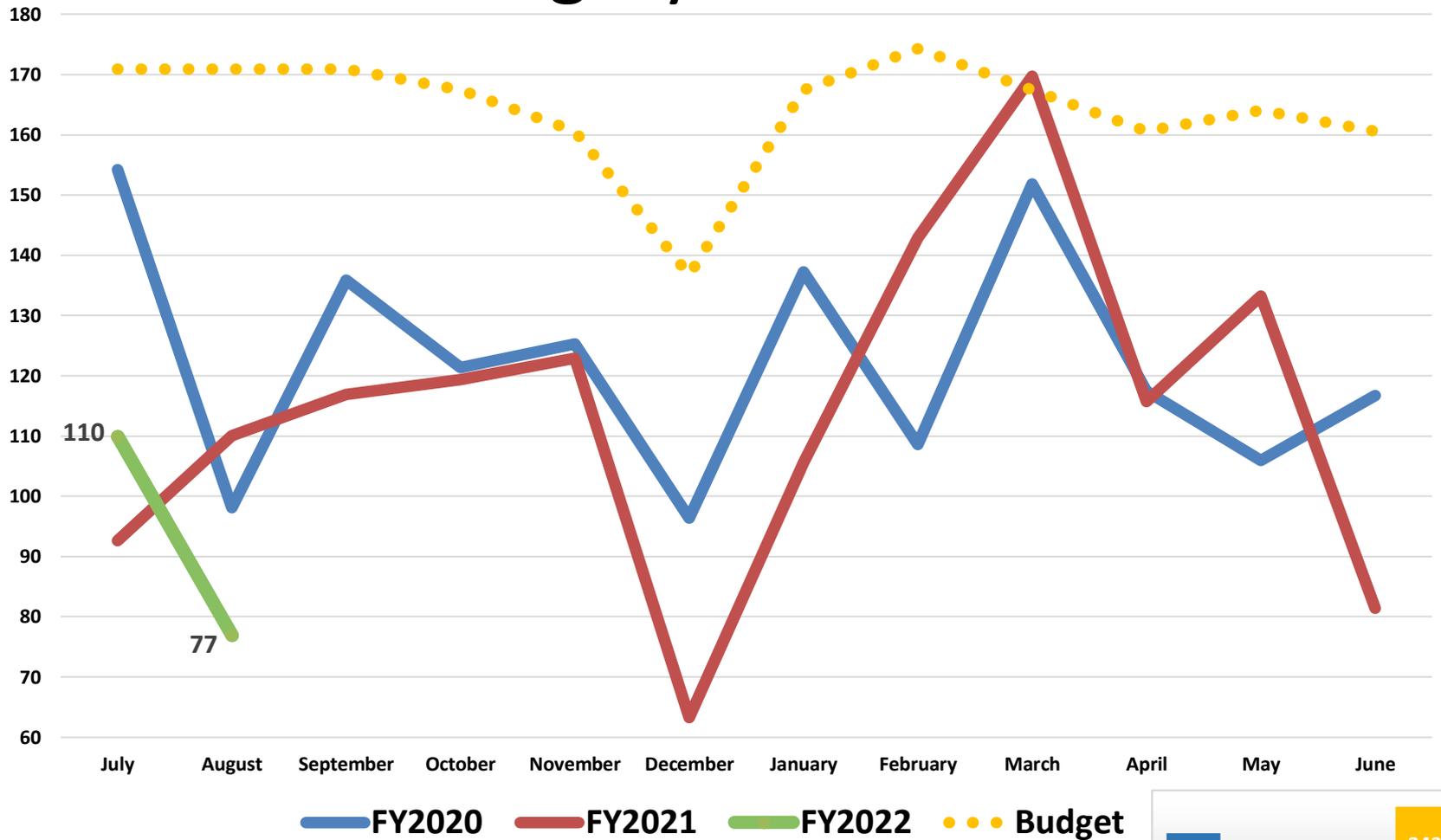
32.0	38.7	38.3	71.0
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Robotic Surgery (OP Only) – 100 Min Units



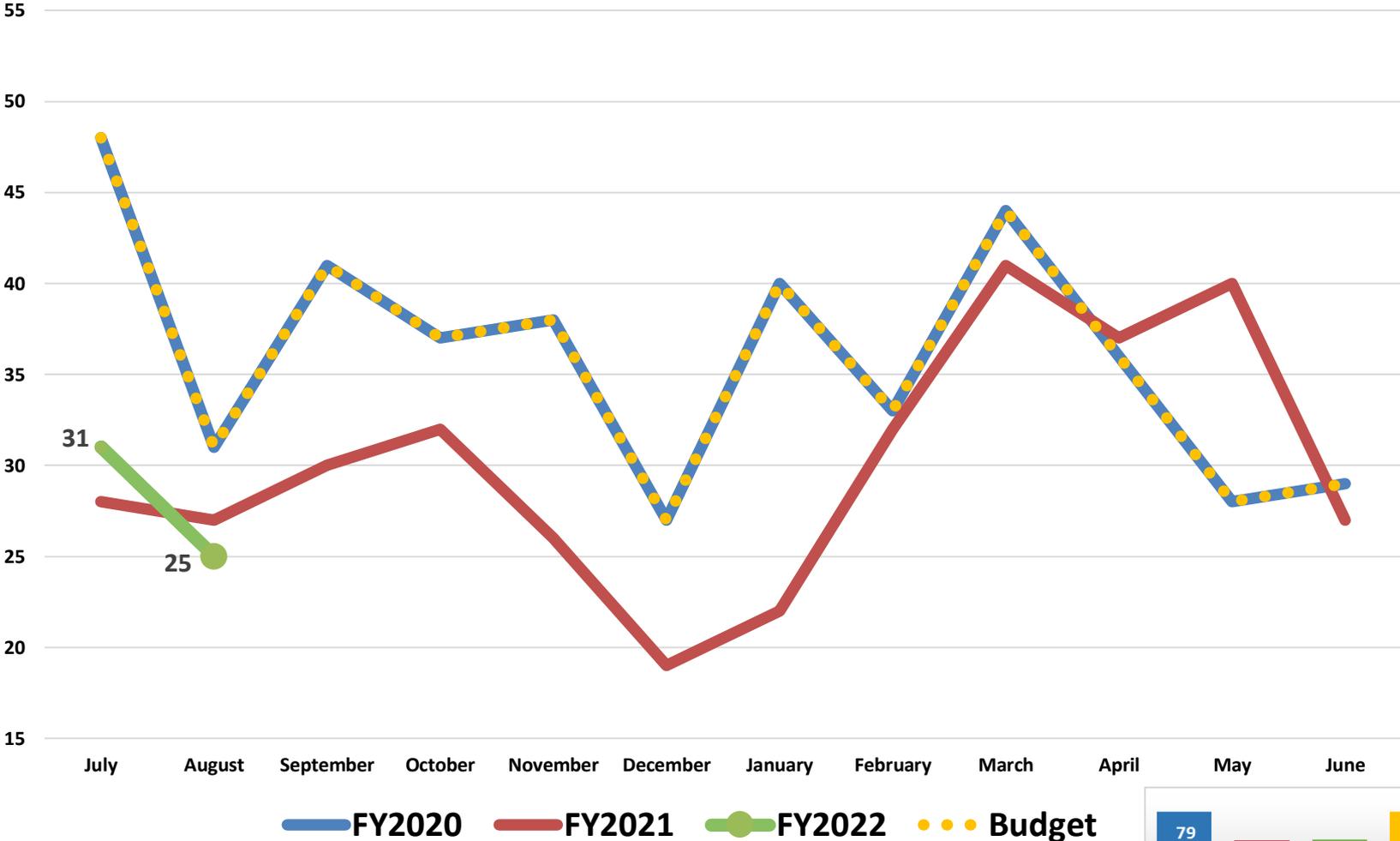
41.9	69.5	64.9	83.0
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Cardiac Surgery – 100 Min Units



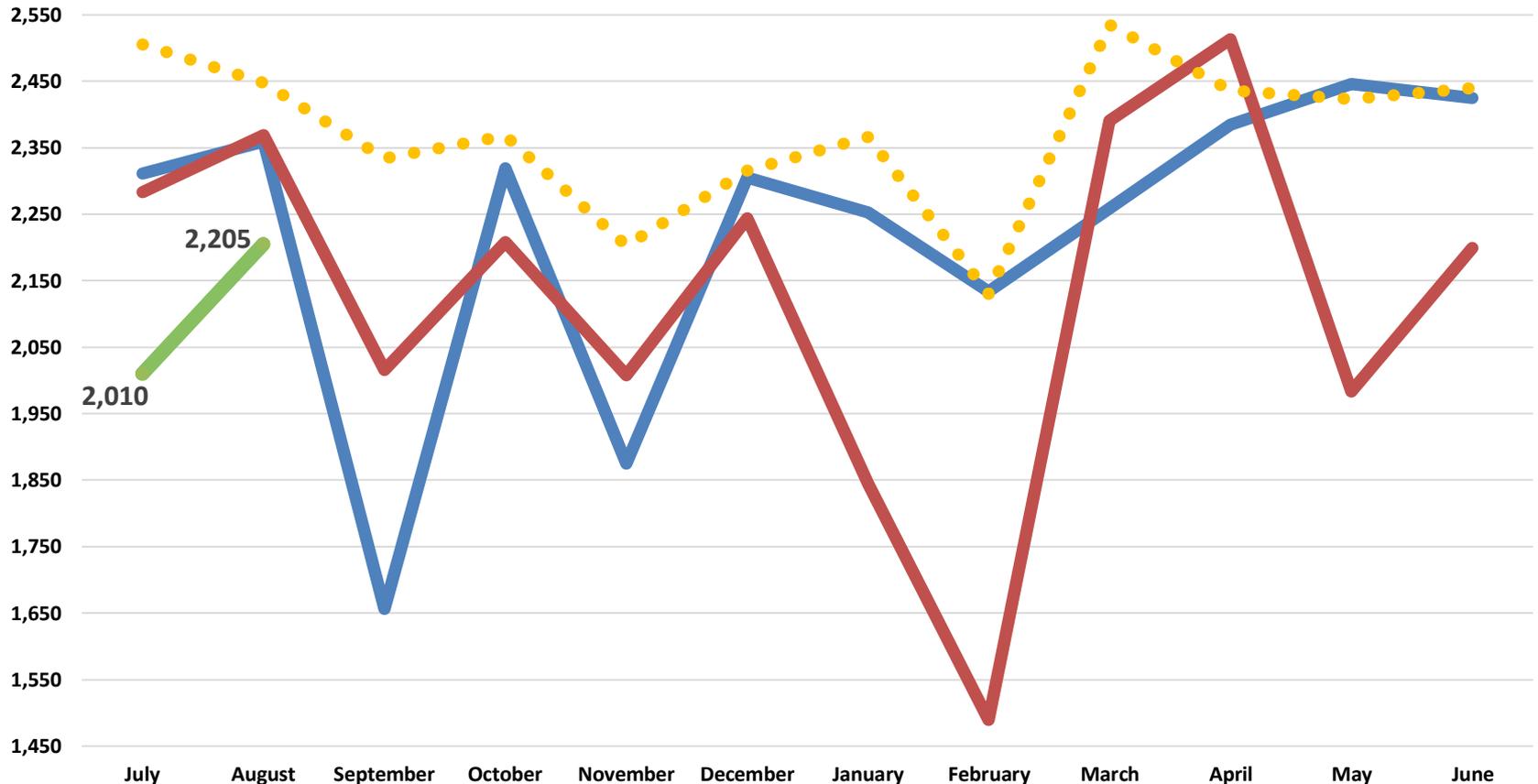
252	203	187	342
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Cardiac Surgery – Cases



Radiation Oncology Treatments

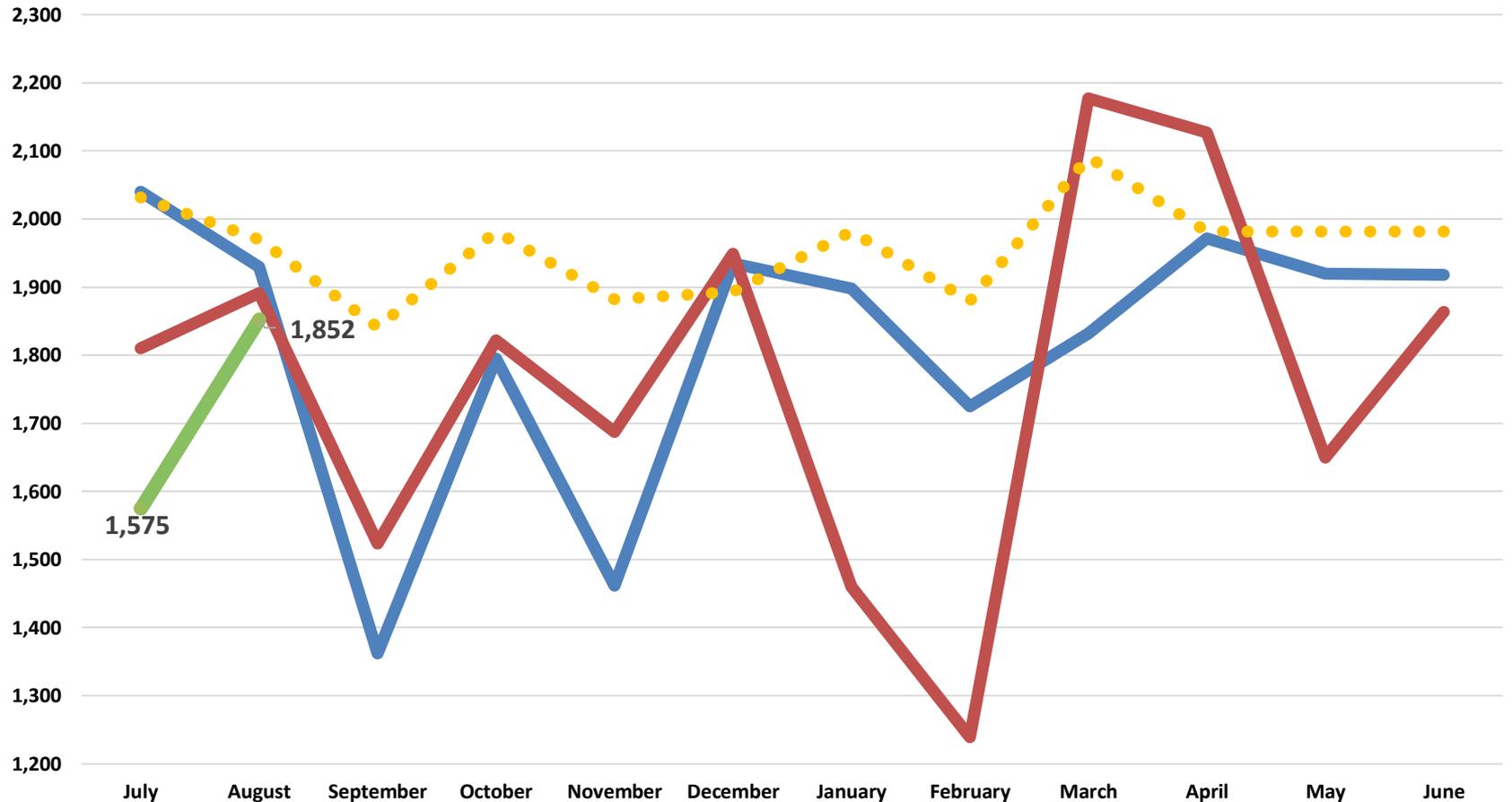
Hanford and Visalia



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

4,670	4,652	4,215	4,953
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

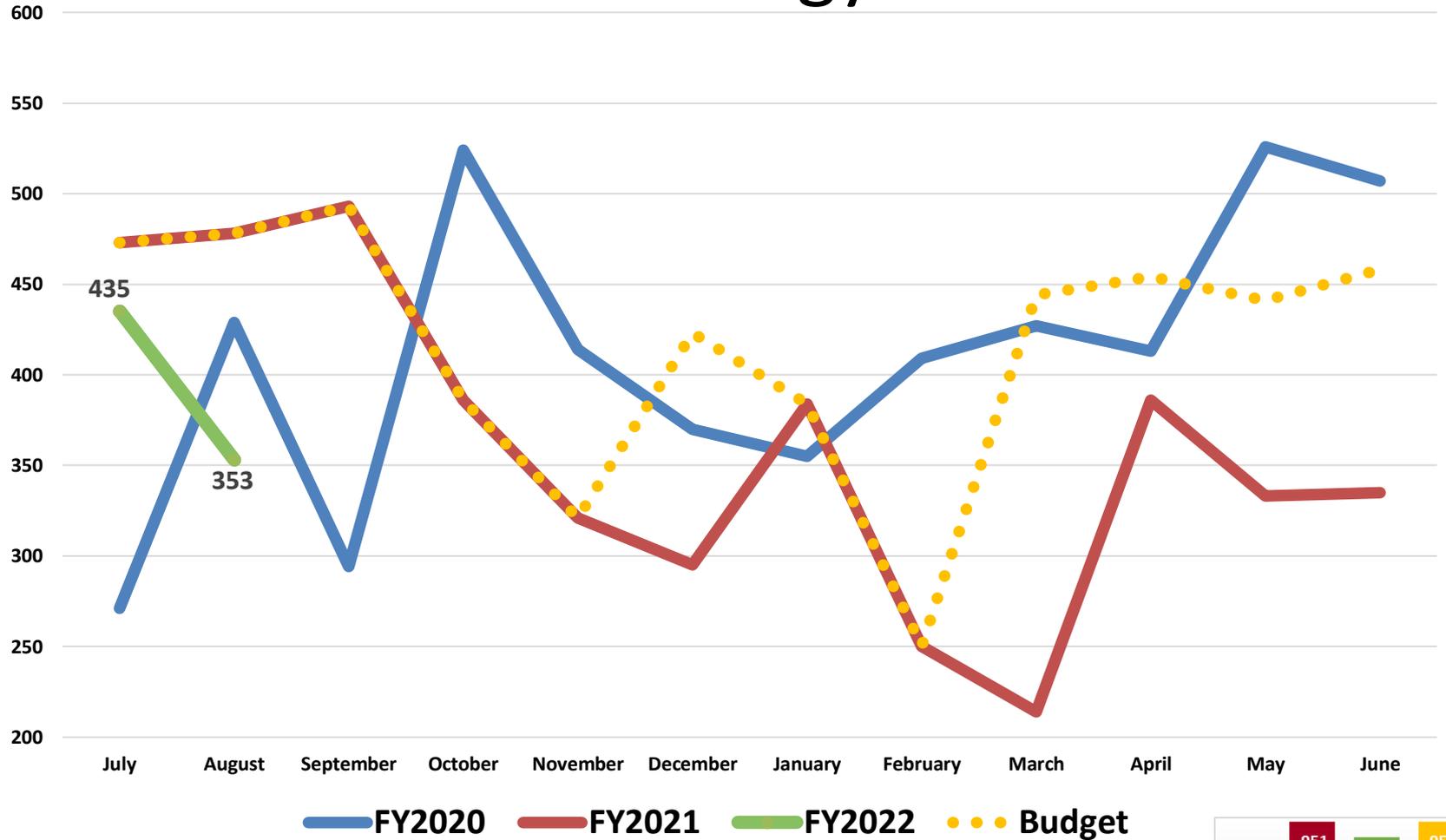
Radiation Oncology - Visalia



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

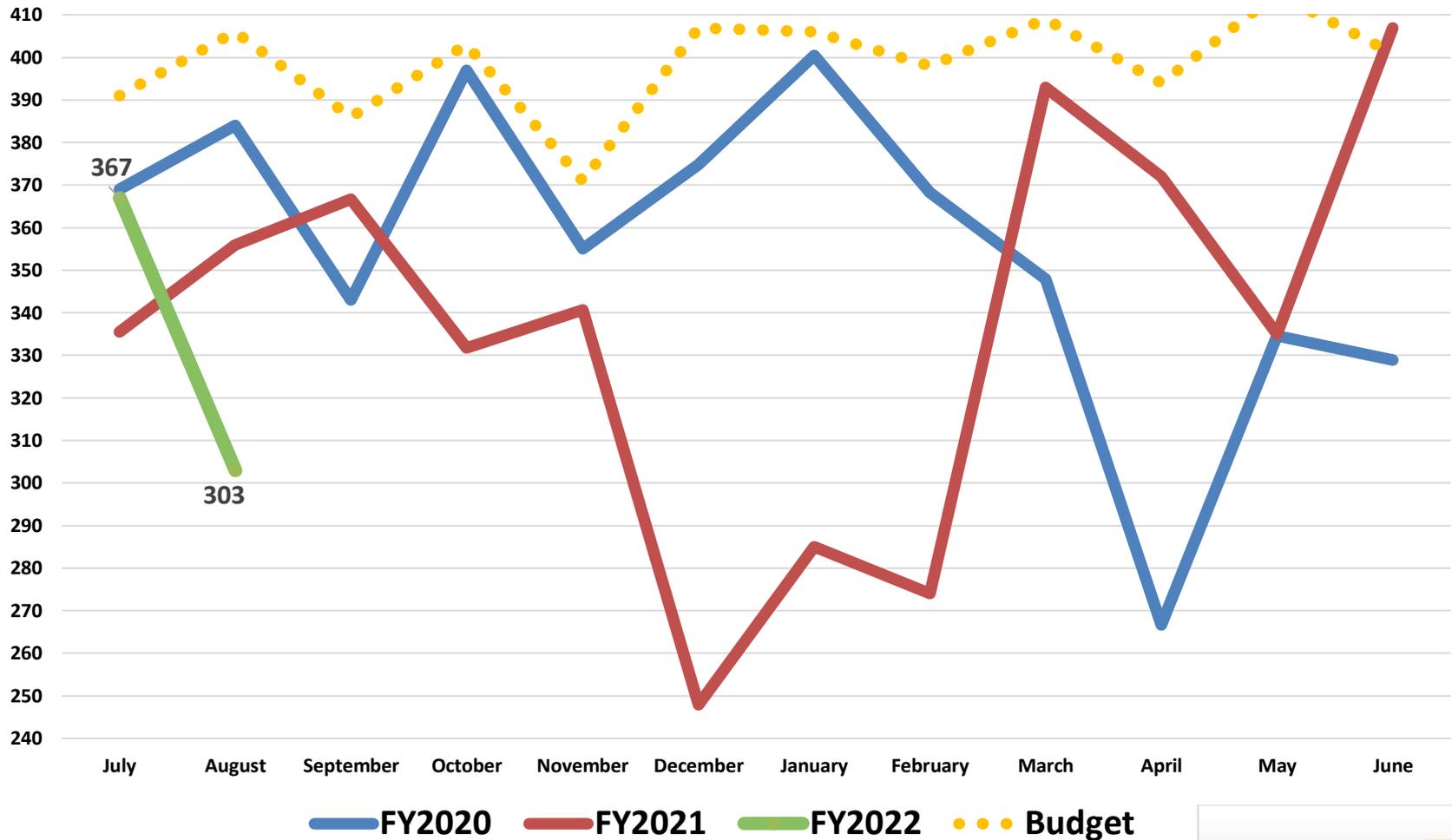
3,970	3,701	3,427	4,002
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Radiation Oncology - Hanford



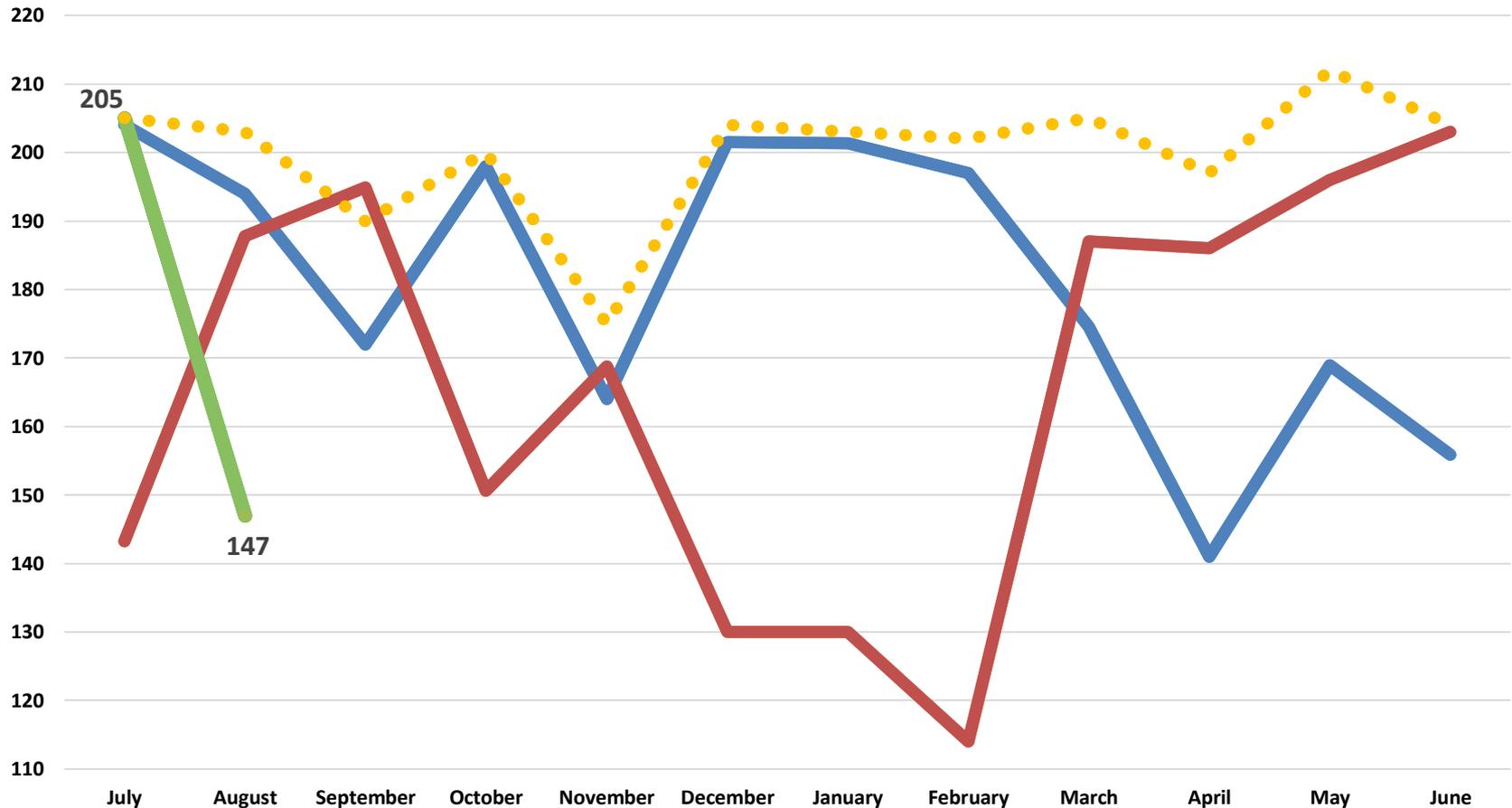
700	951	788	951
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Cath Lab (IP & OP) – 100 Min Units



753	691	670	797
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

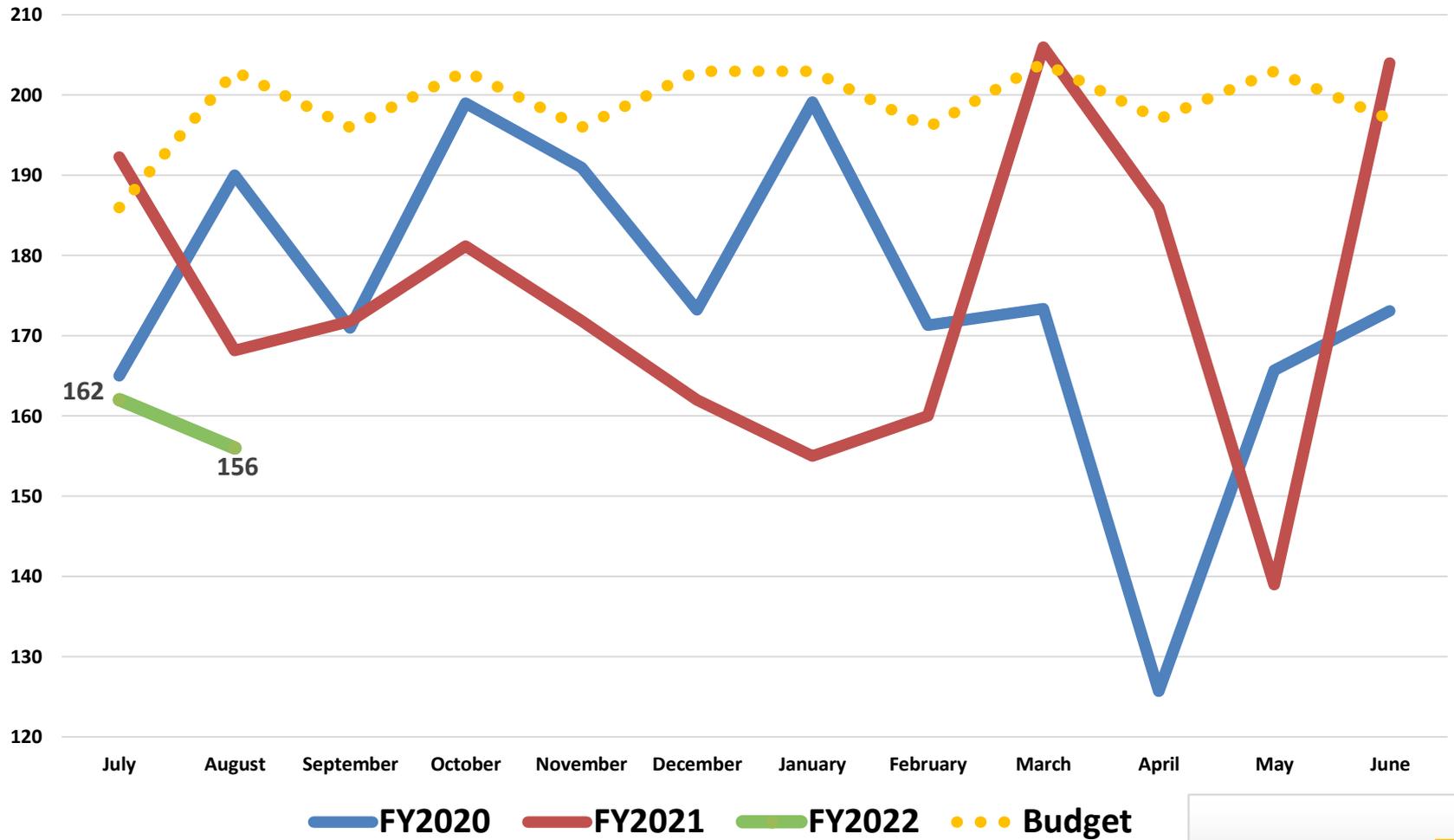
Cath Lab (IP Only) – 100 Min Units



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

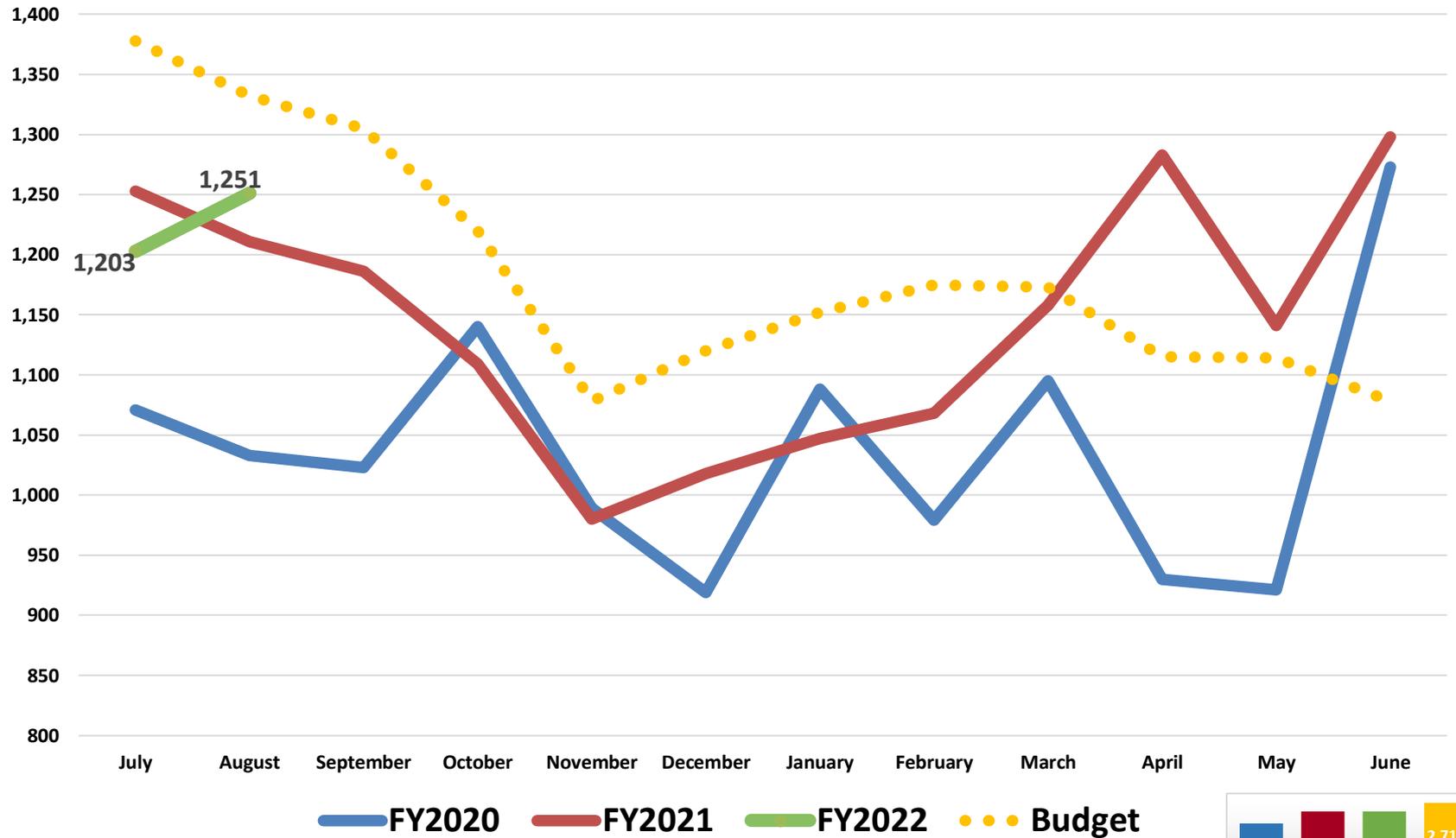
398	331	352	408
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Cath Lab (OP Only) – 100 Min Units



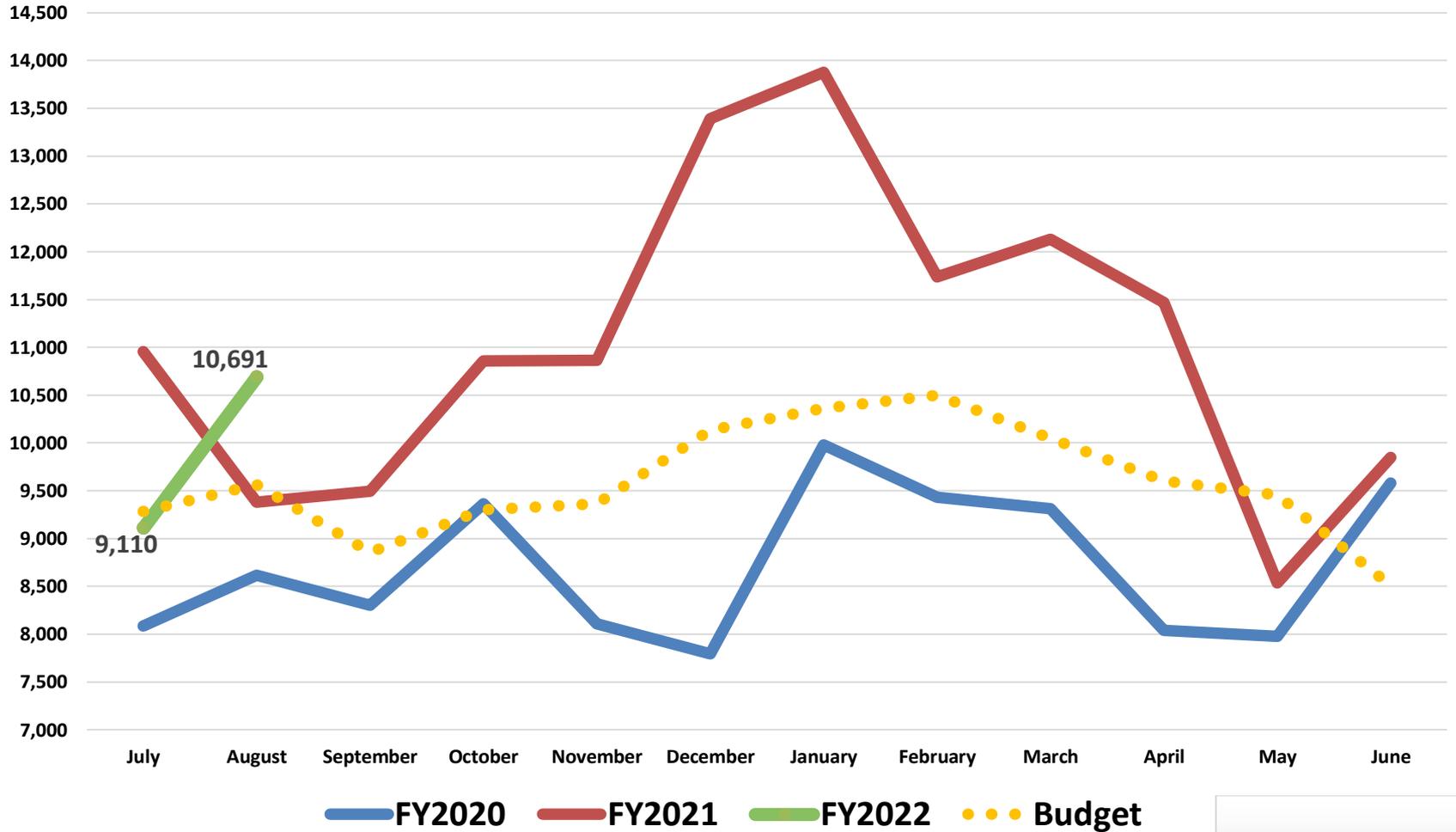
355	360	318	389
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

GME Family Medicine Clinic Visits



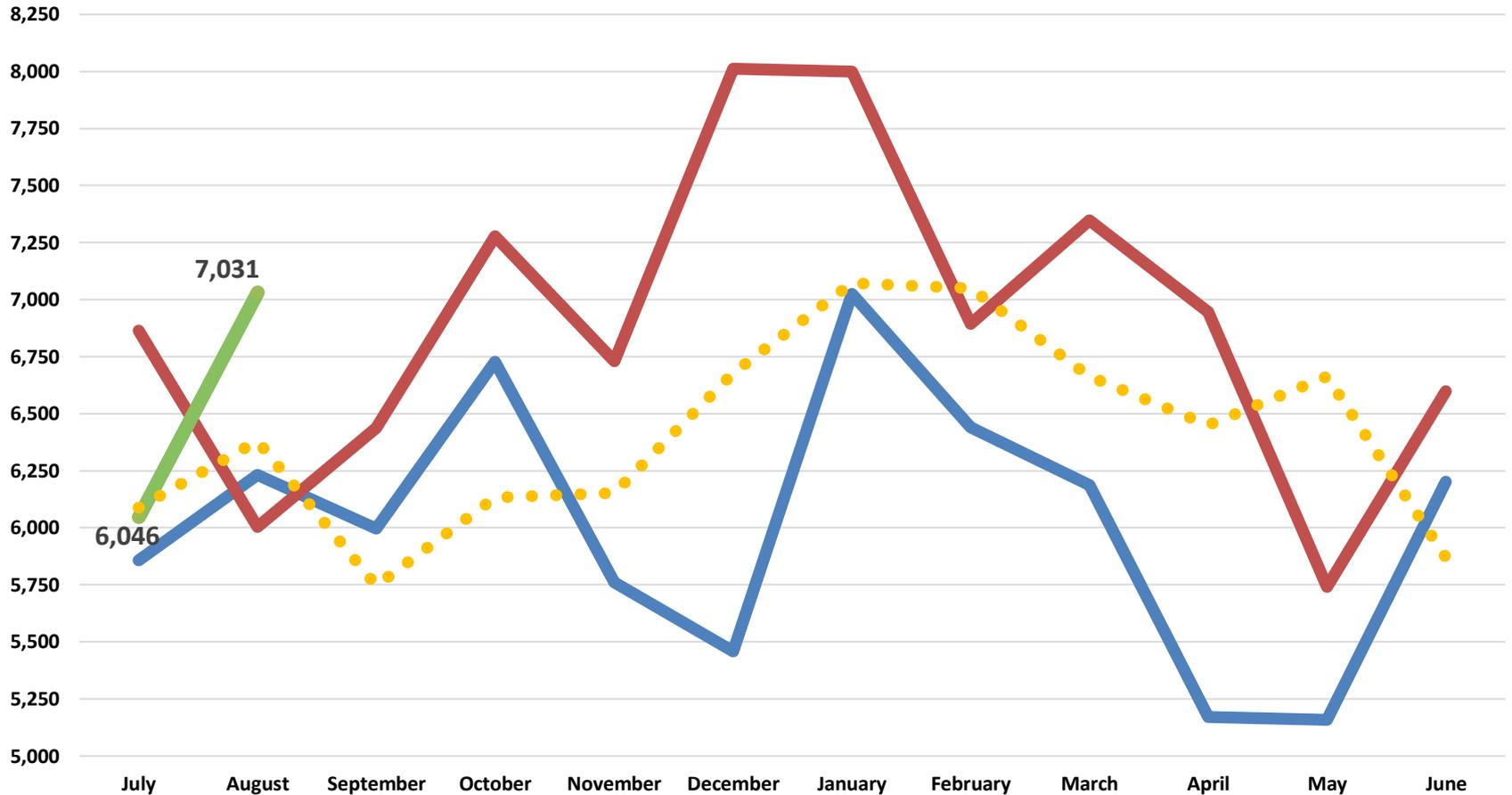
2,104	2,464	2,454	2,710
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Rural Health Clinic Registrations



16,702	20,334	19,801	18,850
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

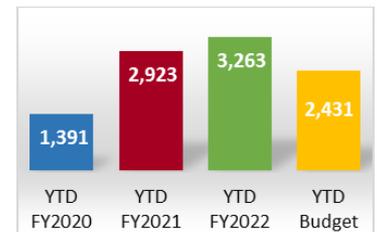
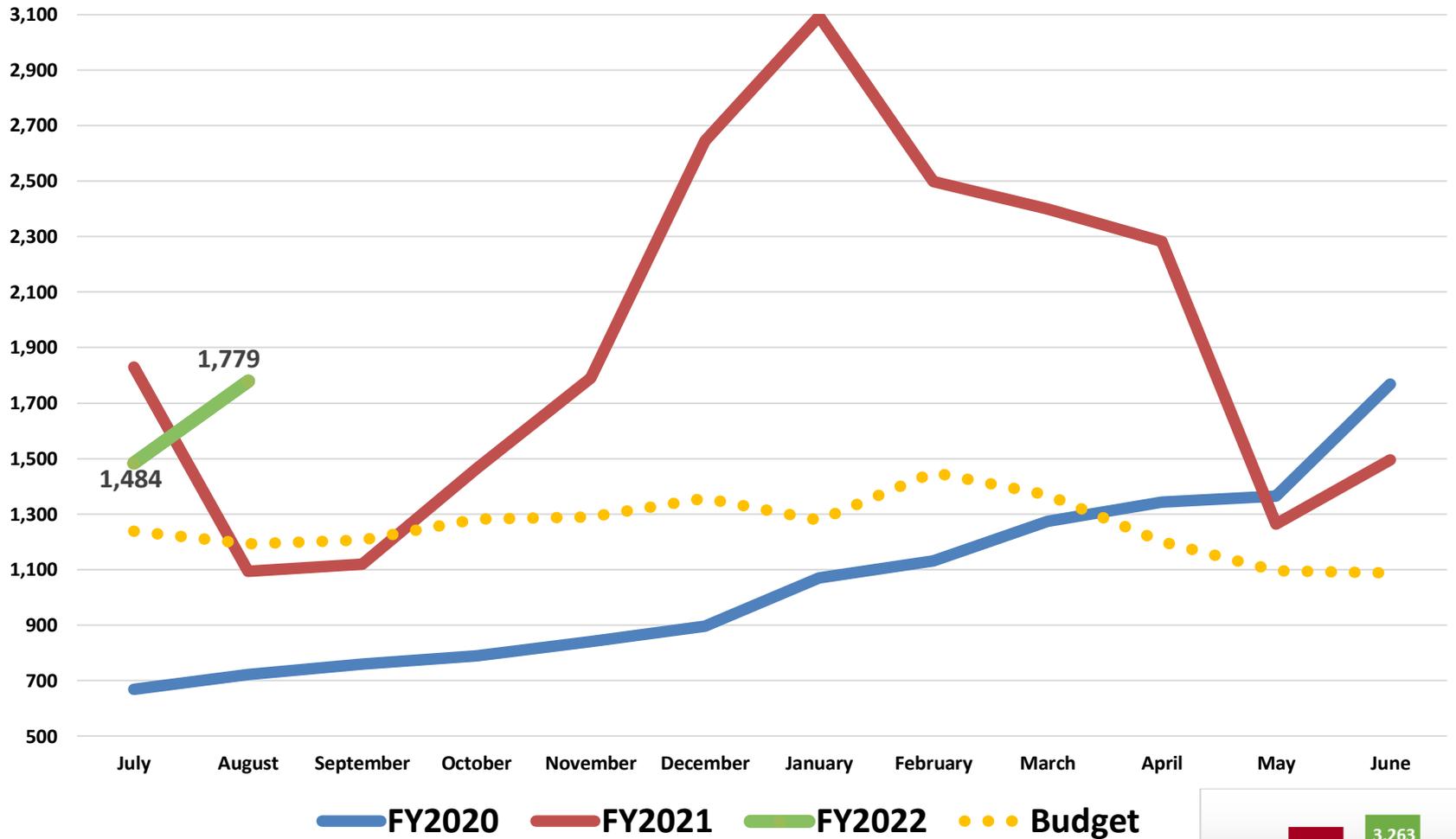
Exeter RHC - Registrations



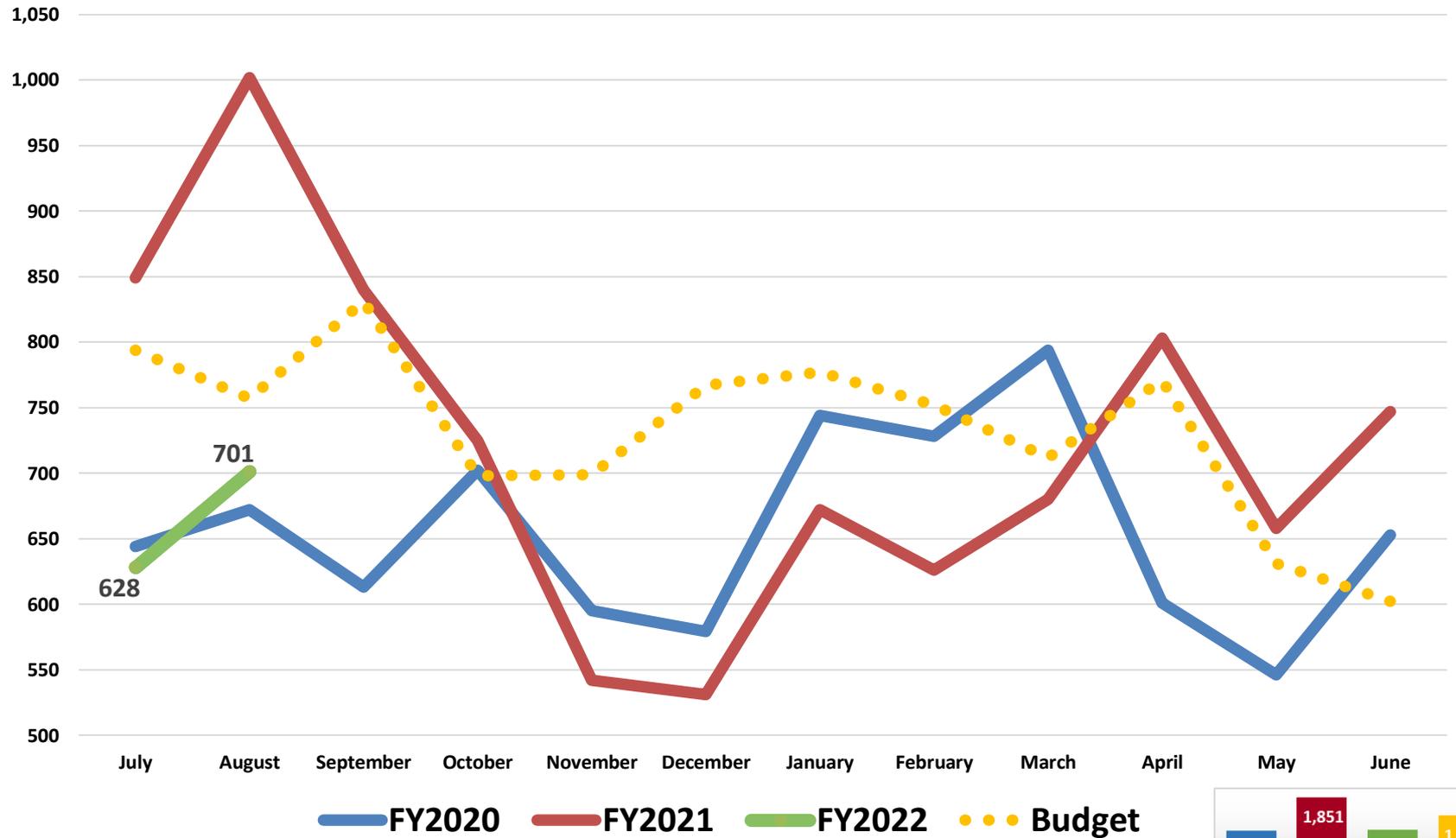
—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**



Lindsay RHC - Registrations

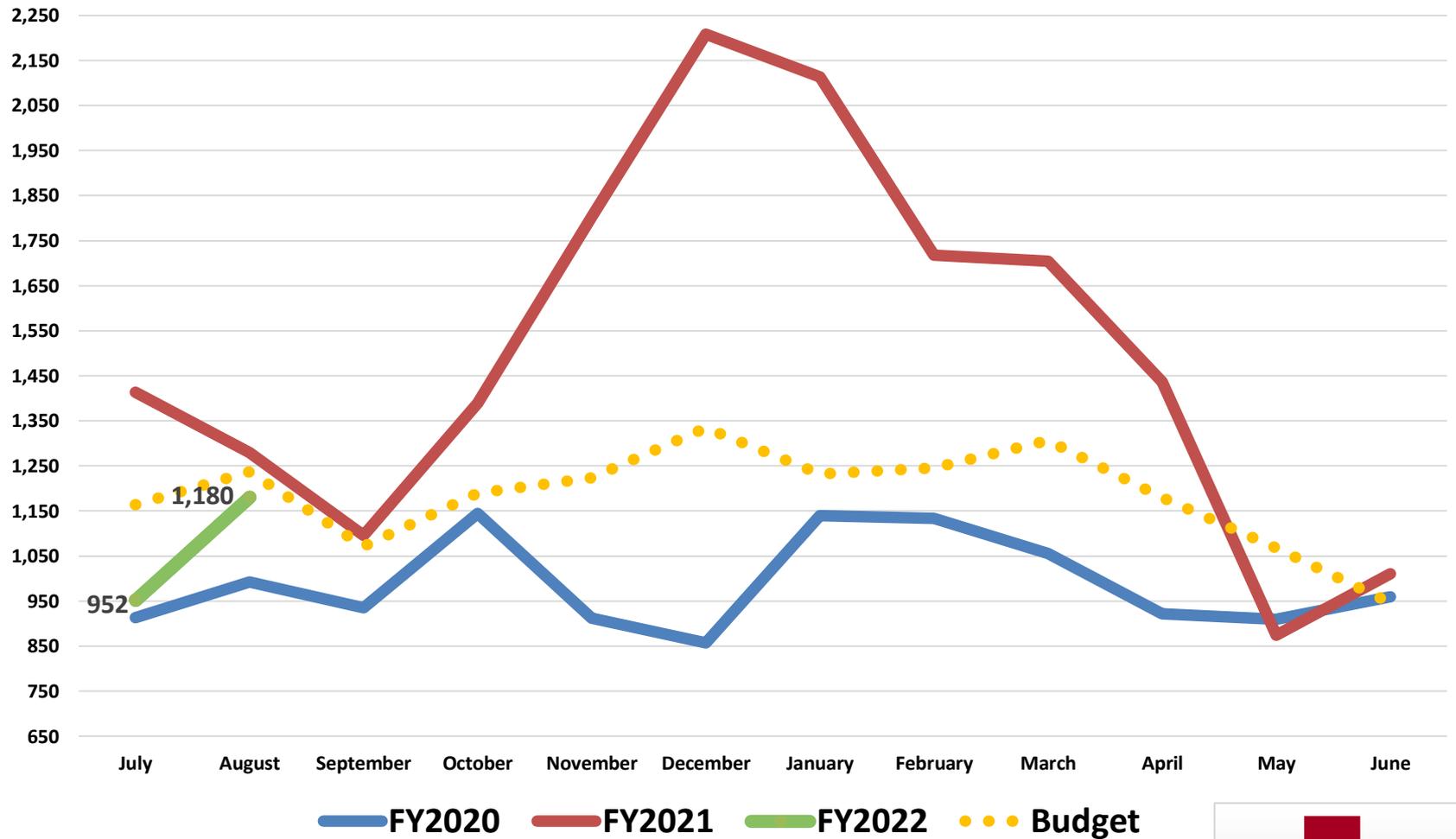


Woodlake RHC - Registrations



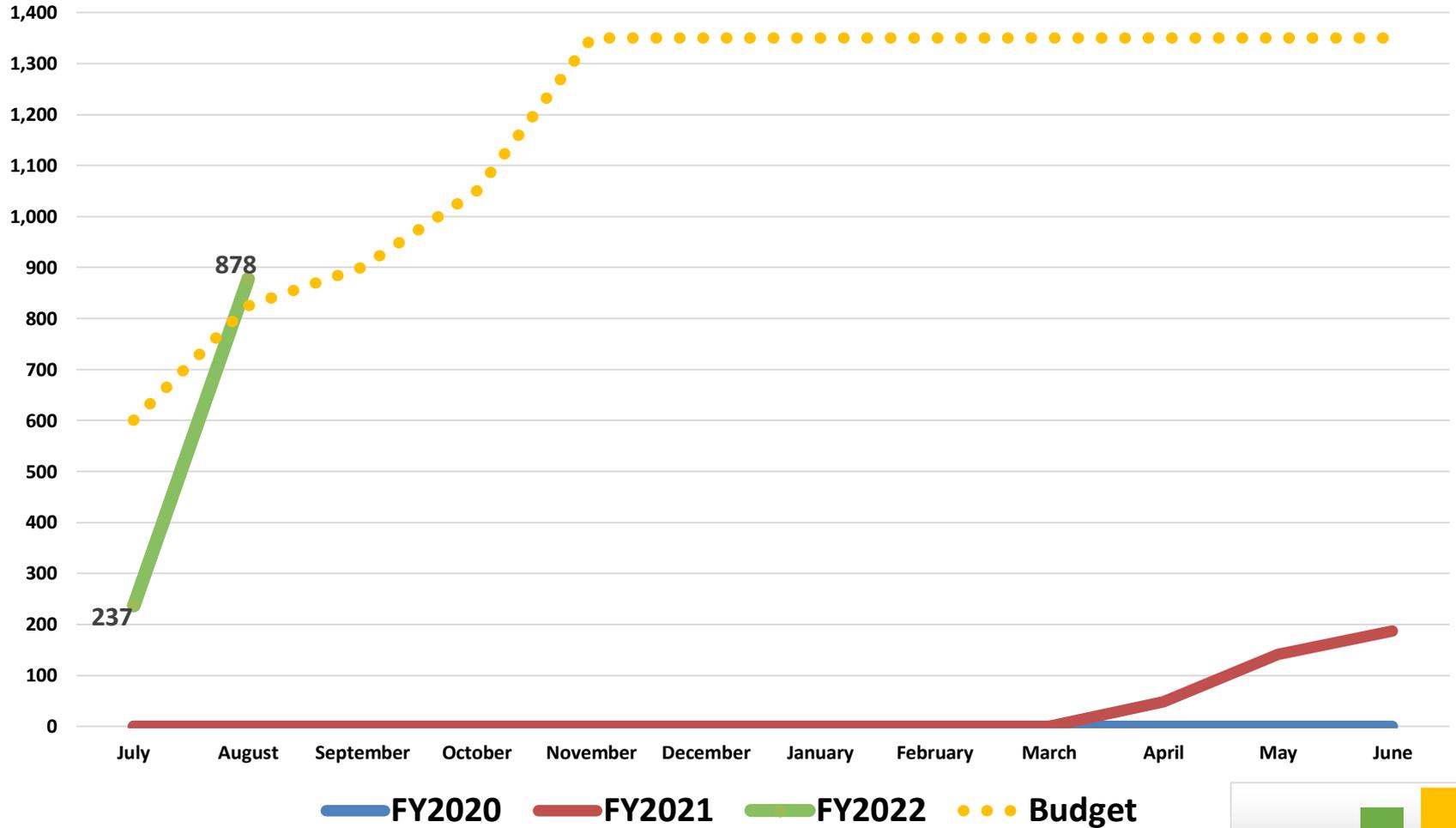
1,316	1,851	1,329	1,551
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Dinuba RHC - Registrations



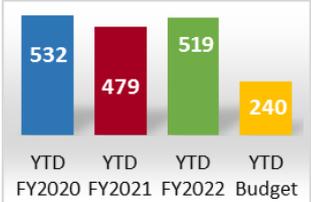
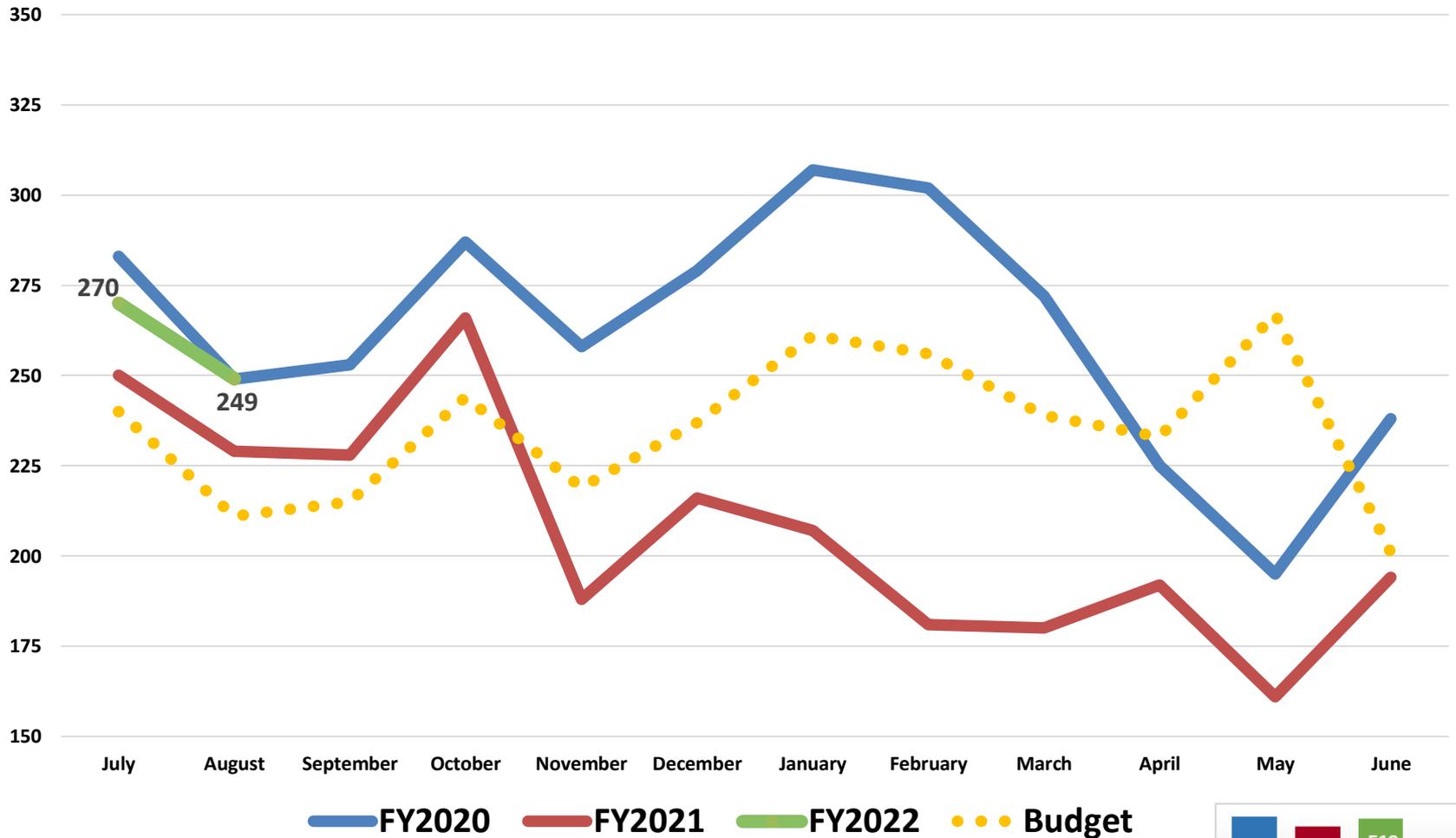
1,905	2,692	2,132	2,401
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Tulare RHC - Registrations

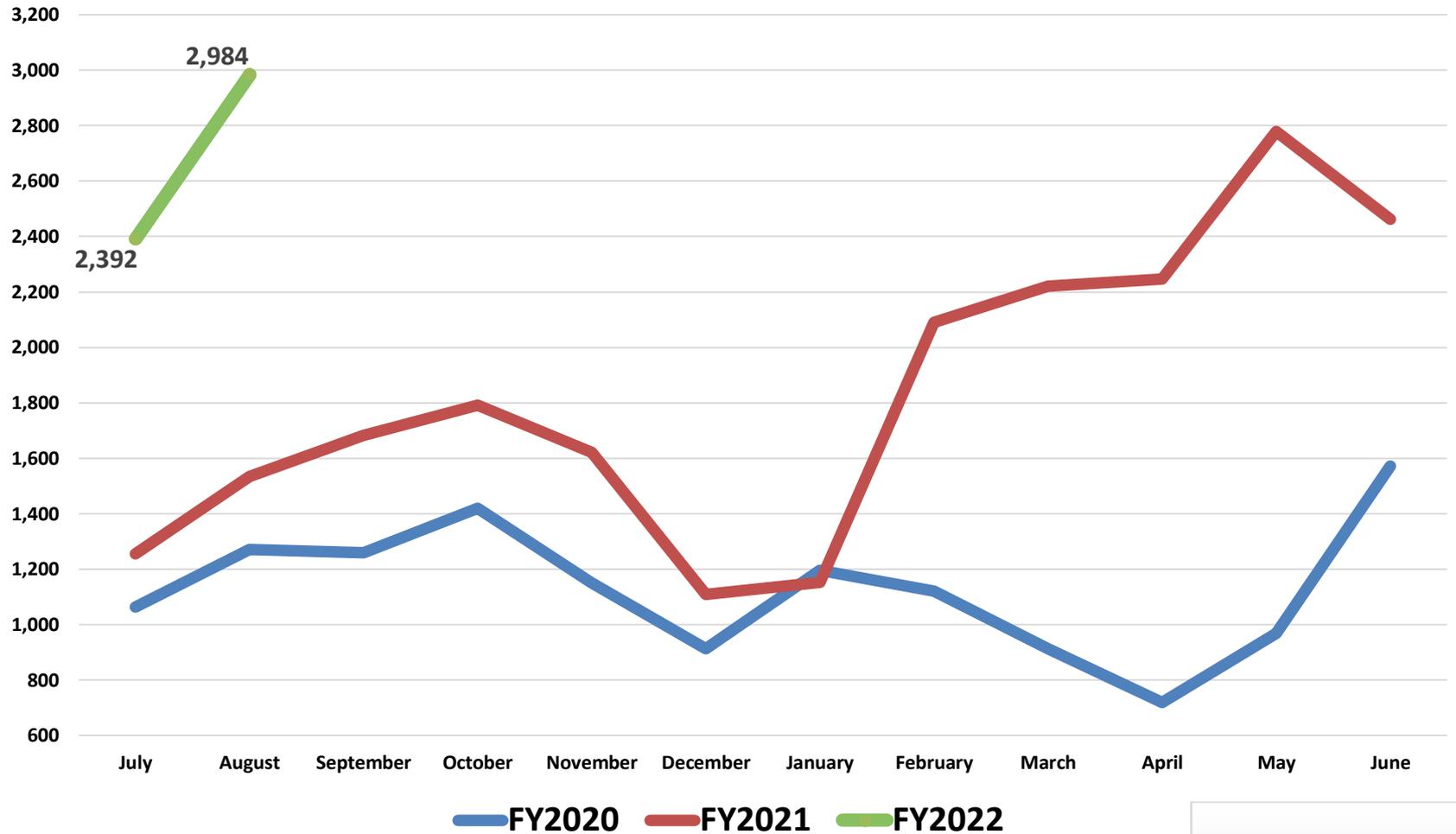


YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget
-	-	1,115	1,425

Neurosurgery Clinic - Registrations

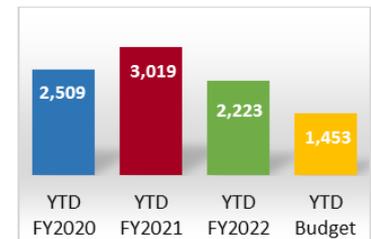
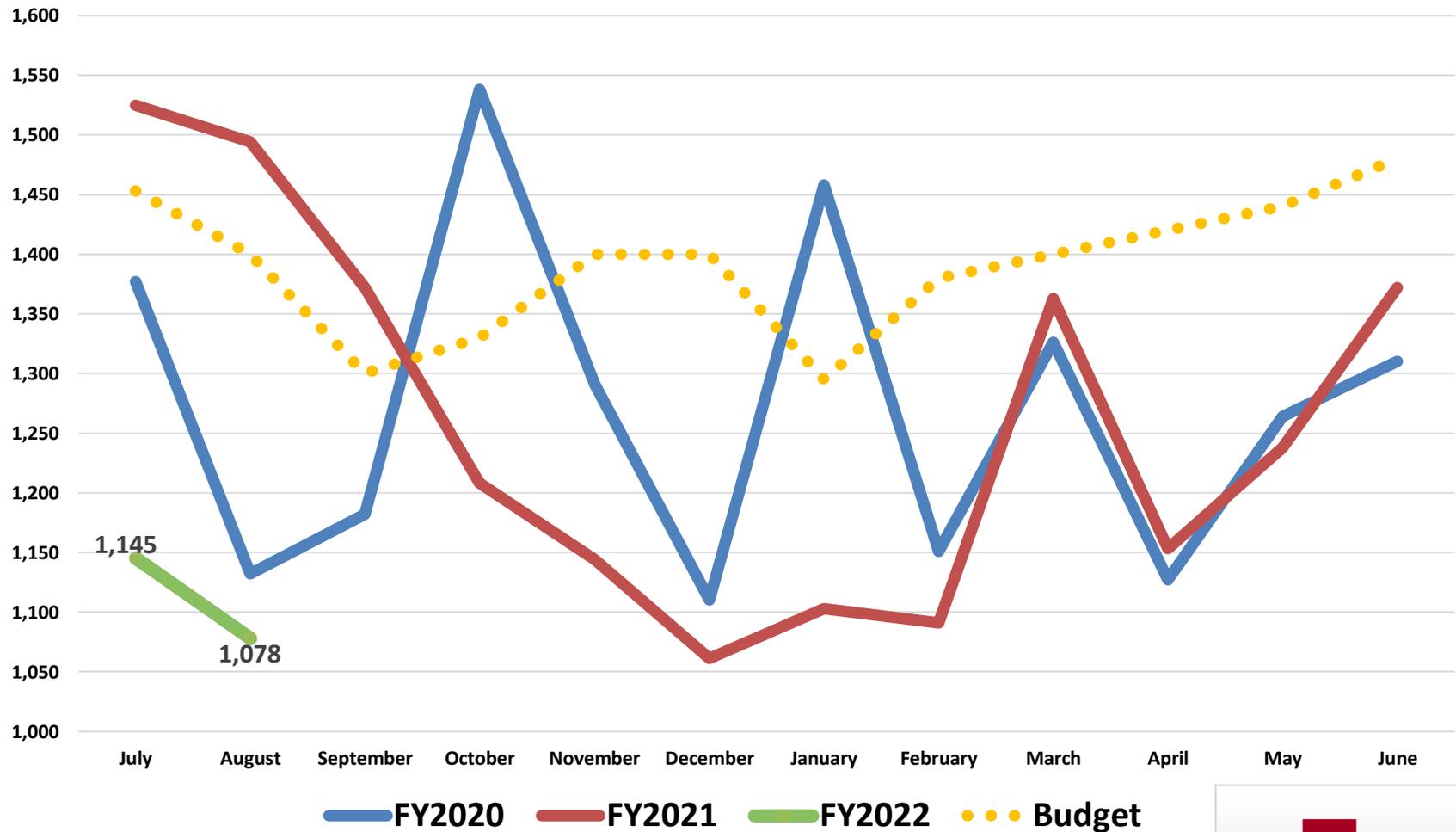


Neurosurgery Clinic - wRVU's

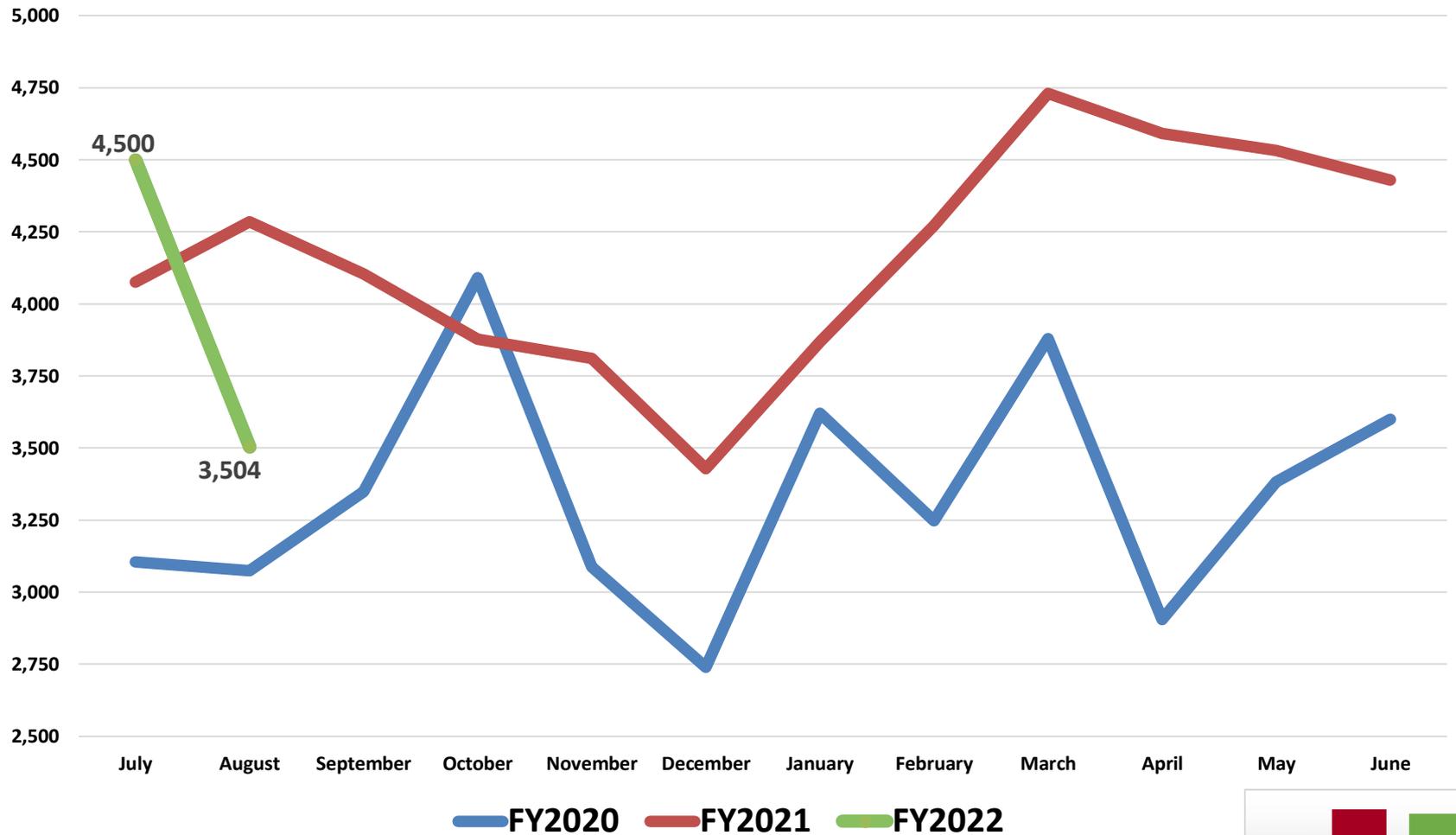


2,334	2,789	5,376
YTD FY2020	YTD FY2021	YTD FY2022

Sequoia Cardiology - Registrations

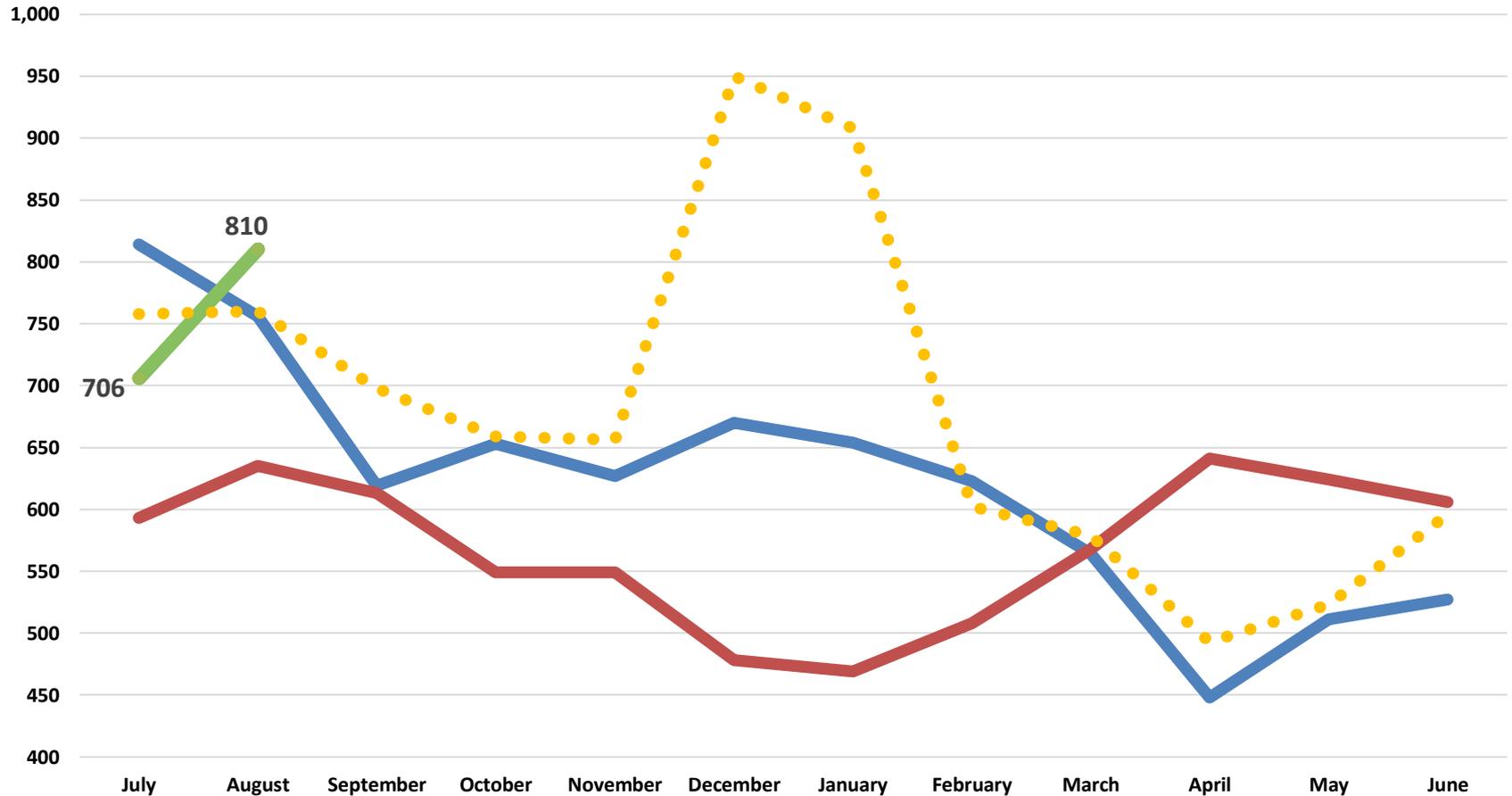


Sequoia Cardiology – wRVU's

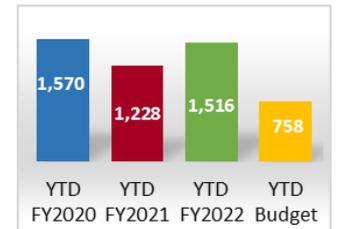


6,178	8,361	8,004
YTD FY2020	YTD FY2021	YTD FY2022

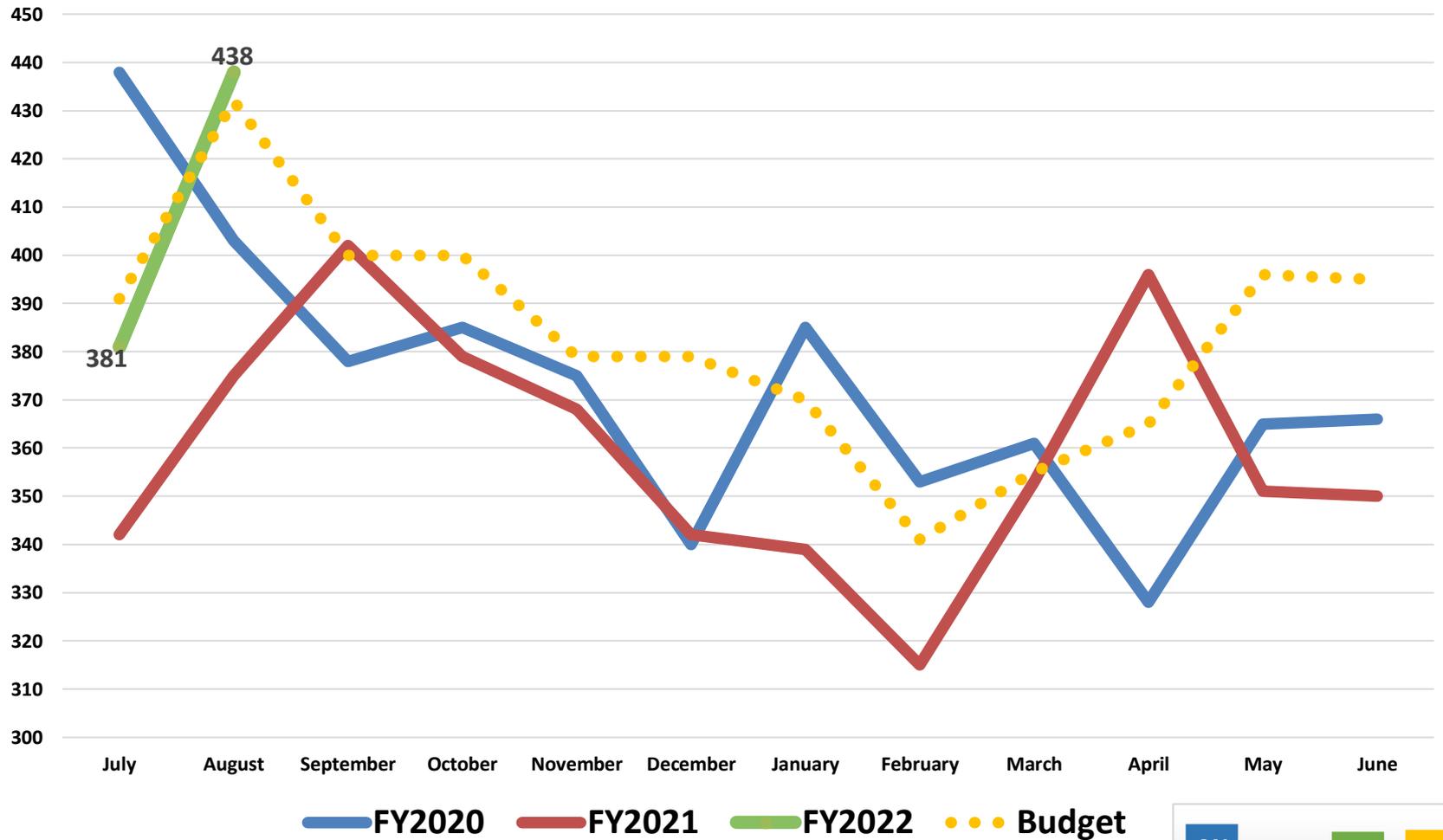
Labor Triage Registrations



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

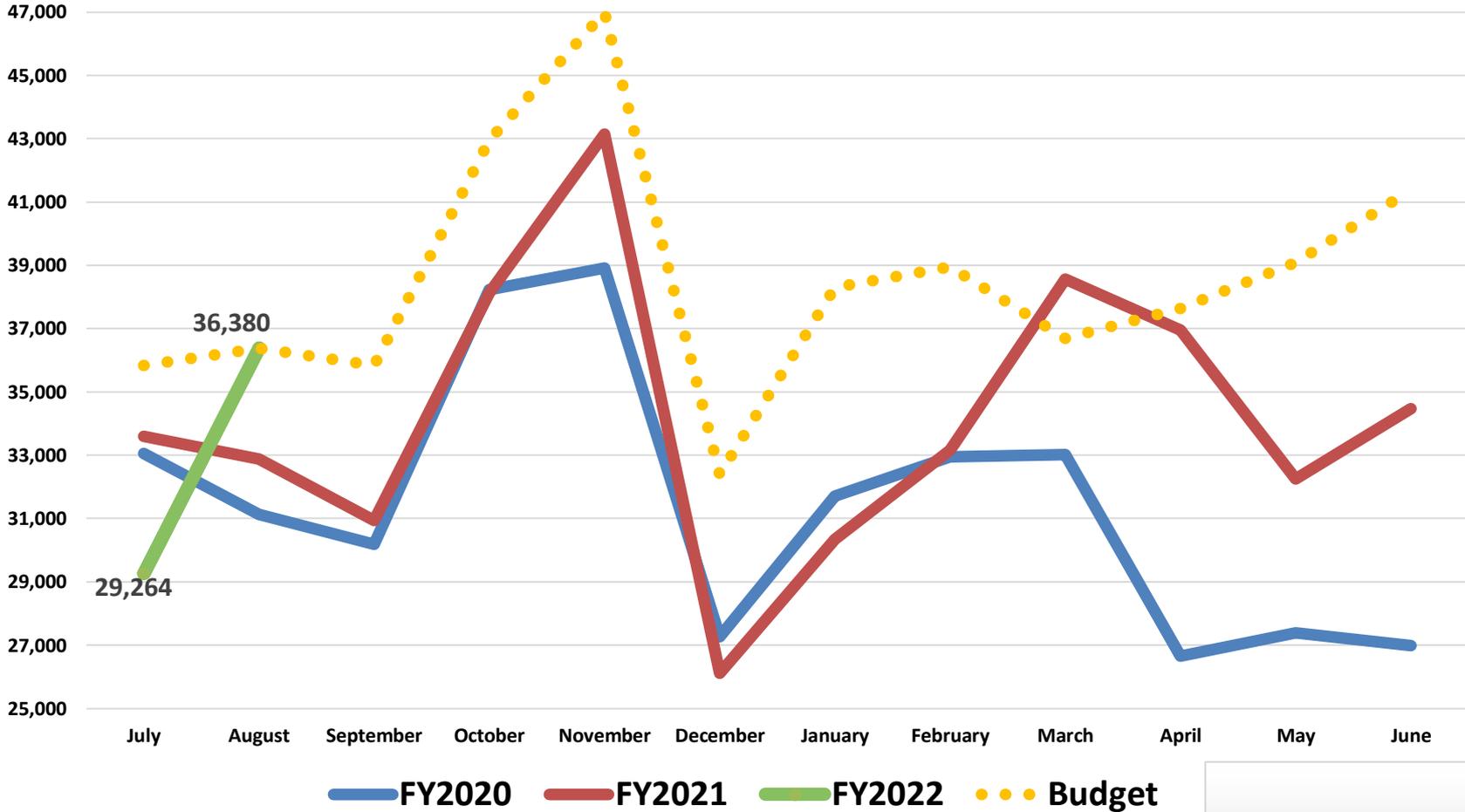


Deliveries



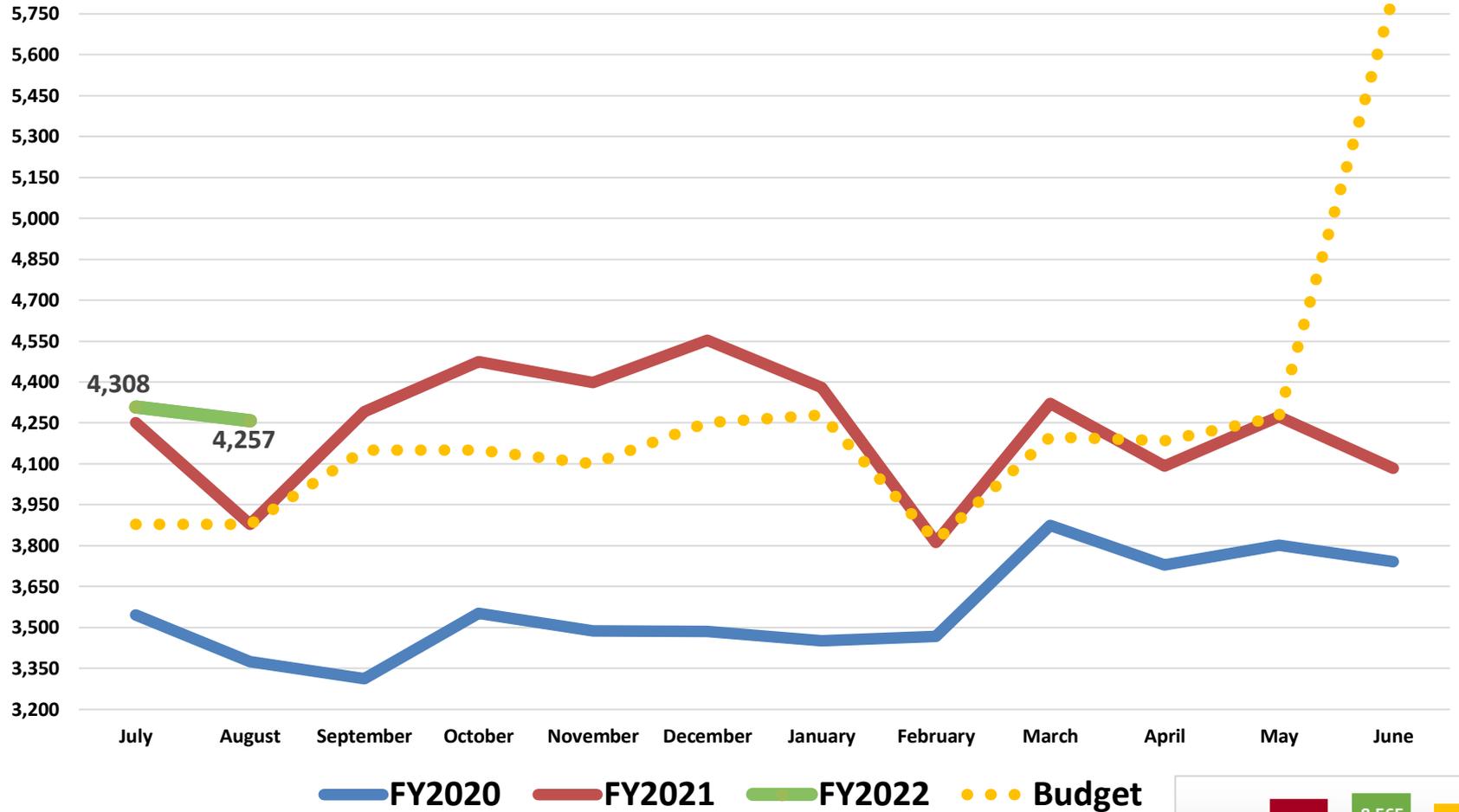
841	717	819	823
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

KDMF RVU's



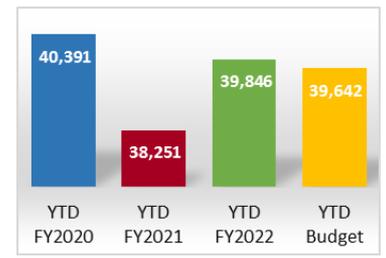
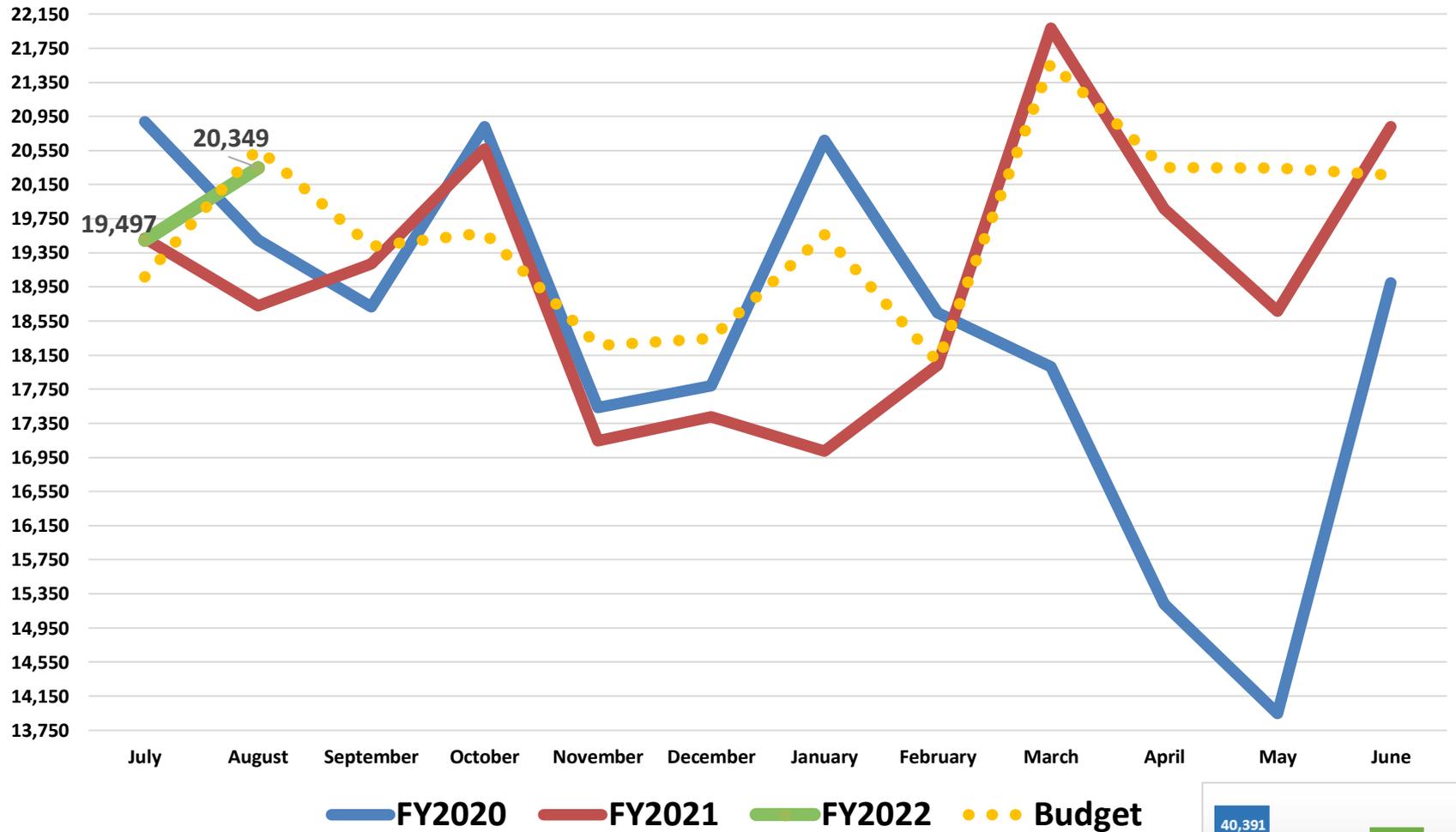
64,174	66,482	65,644	72,222
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Hospice Days

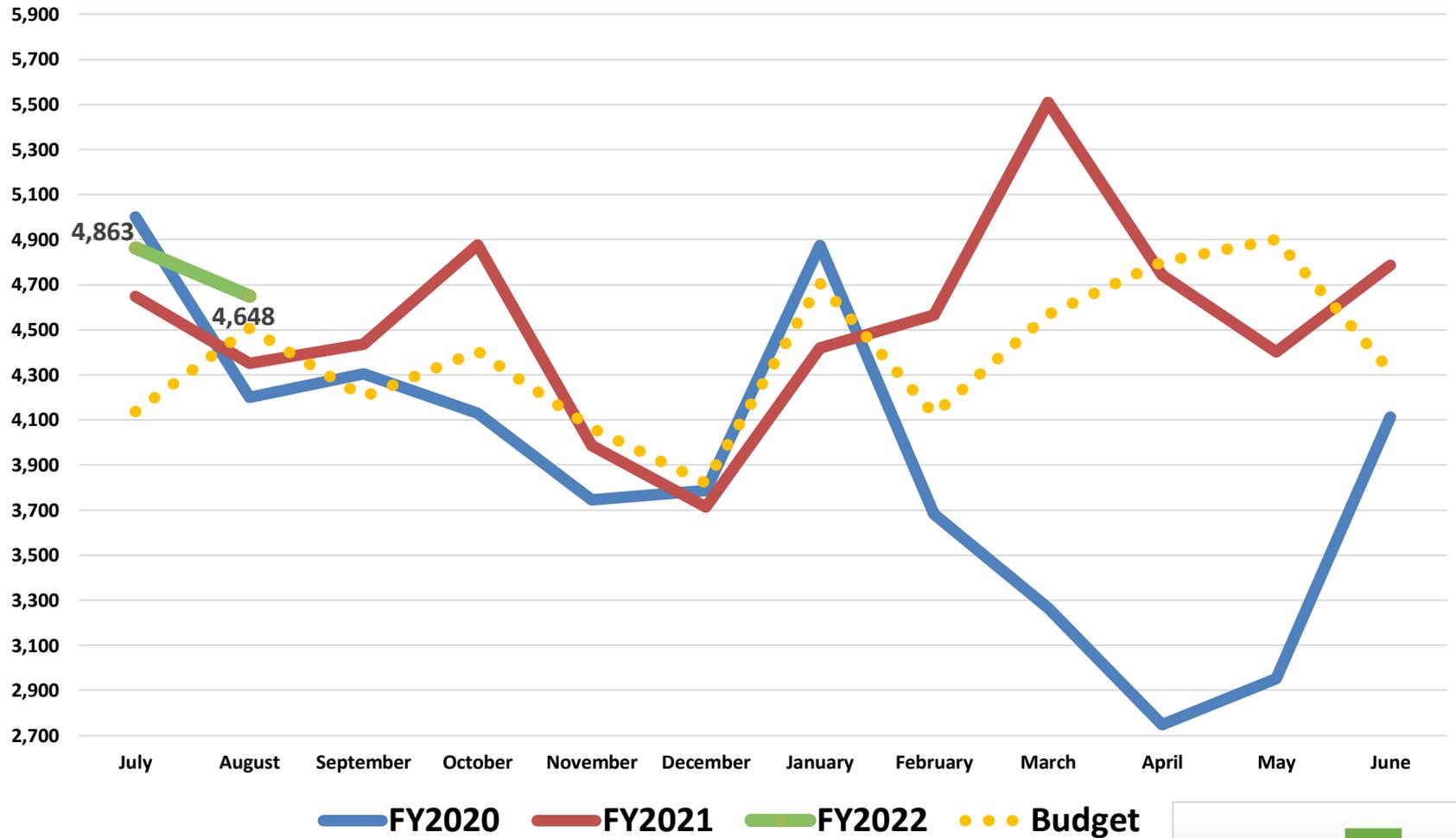


6,920	8,129	8,565	7,758
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

All O/P Rehab Services Across District

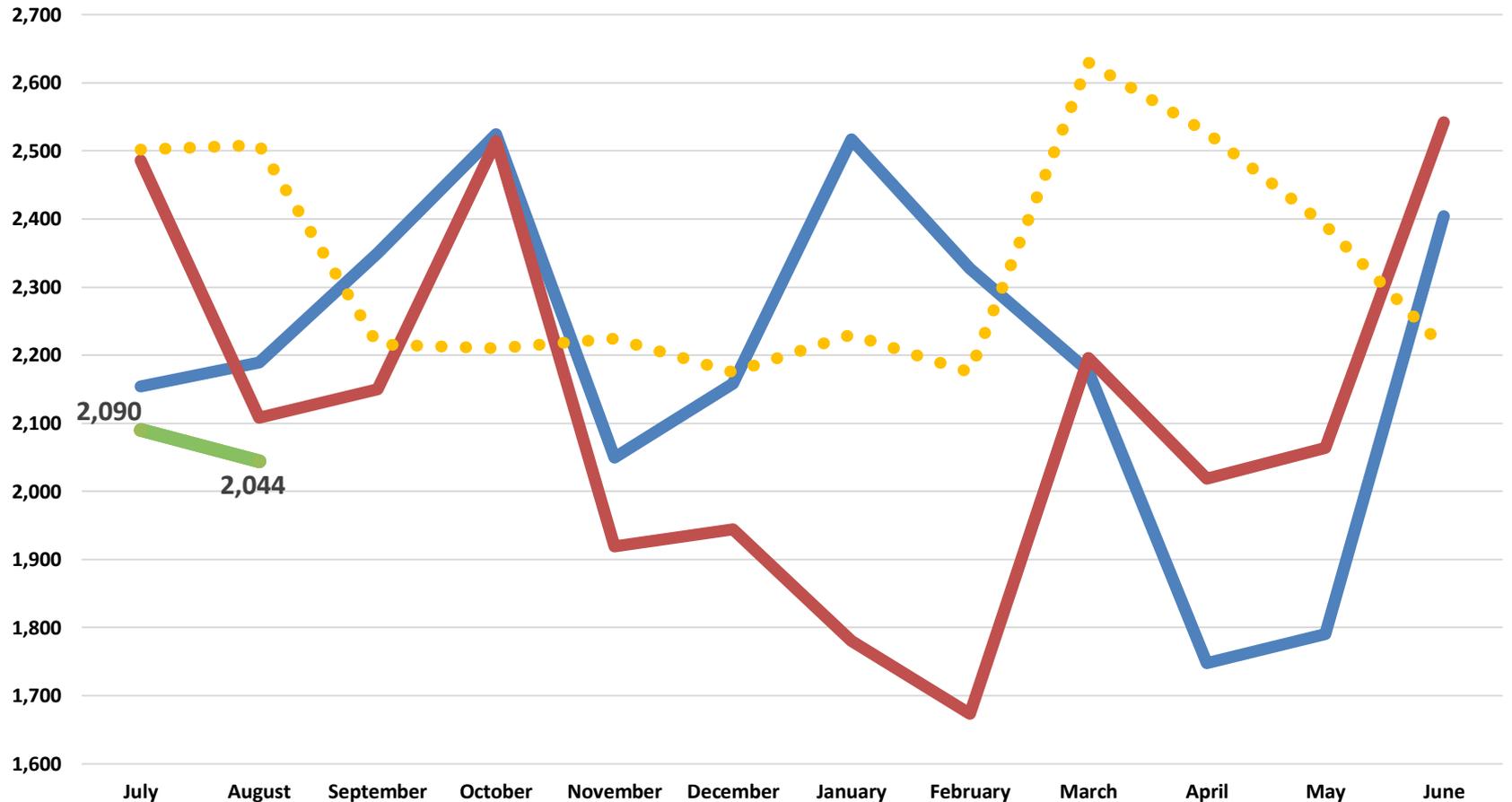


O/P Rehab Services



9,202	8,998	9,511	8,644
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

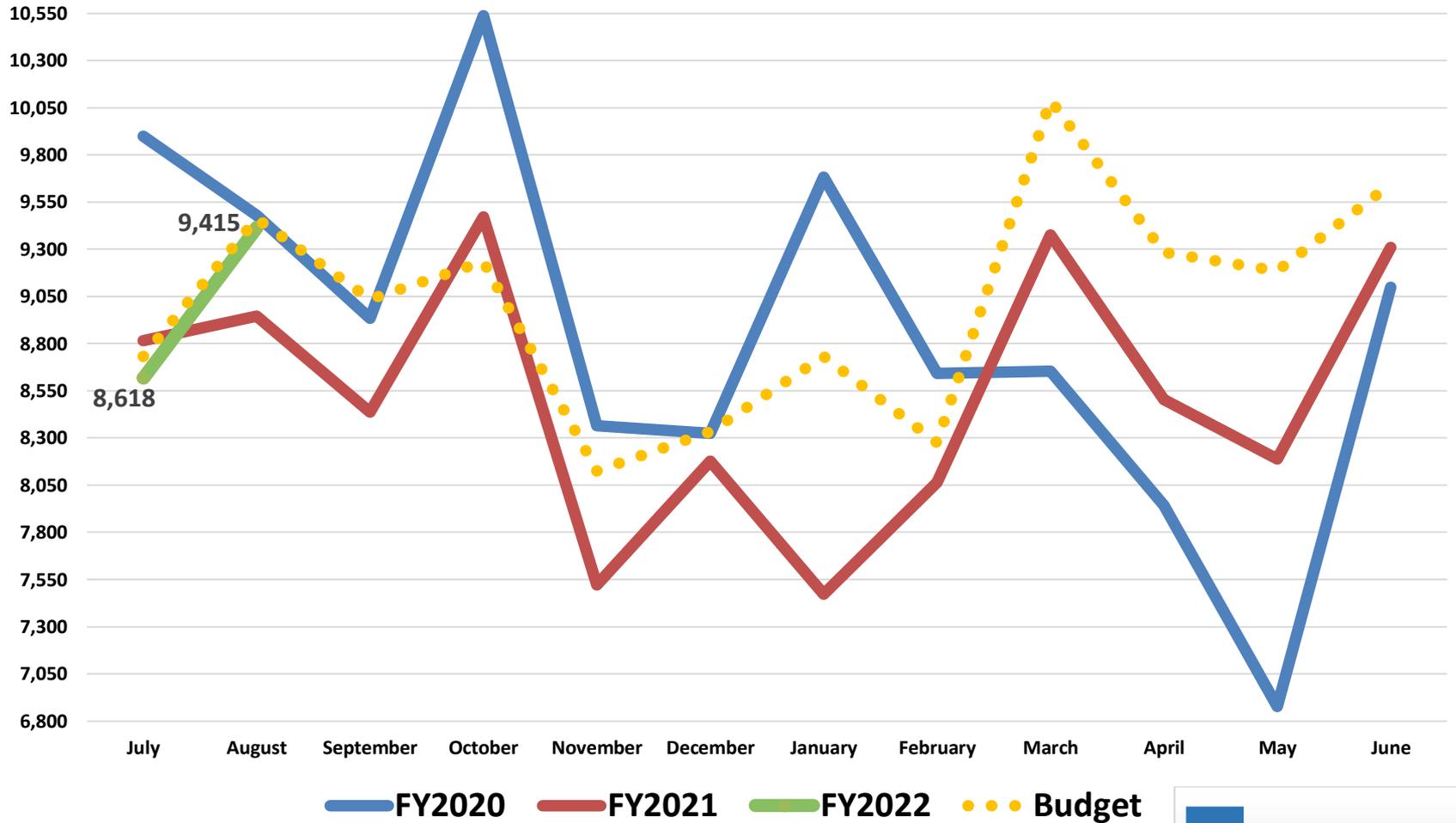
O/P Rehab - Exeter



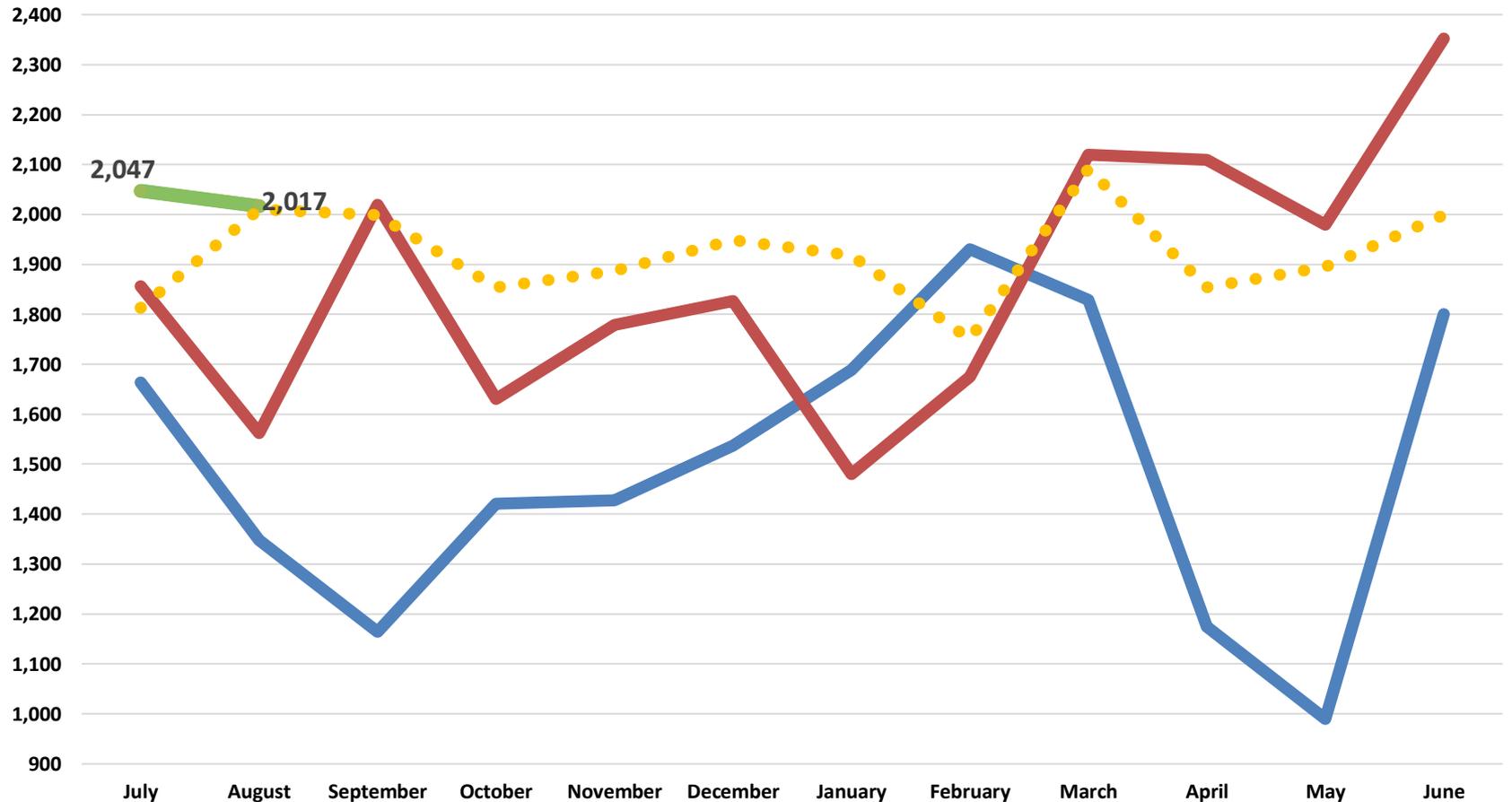
—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**



O/P Rehab - Akers



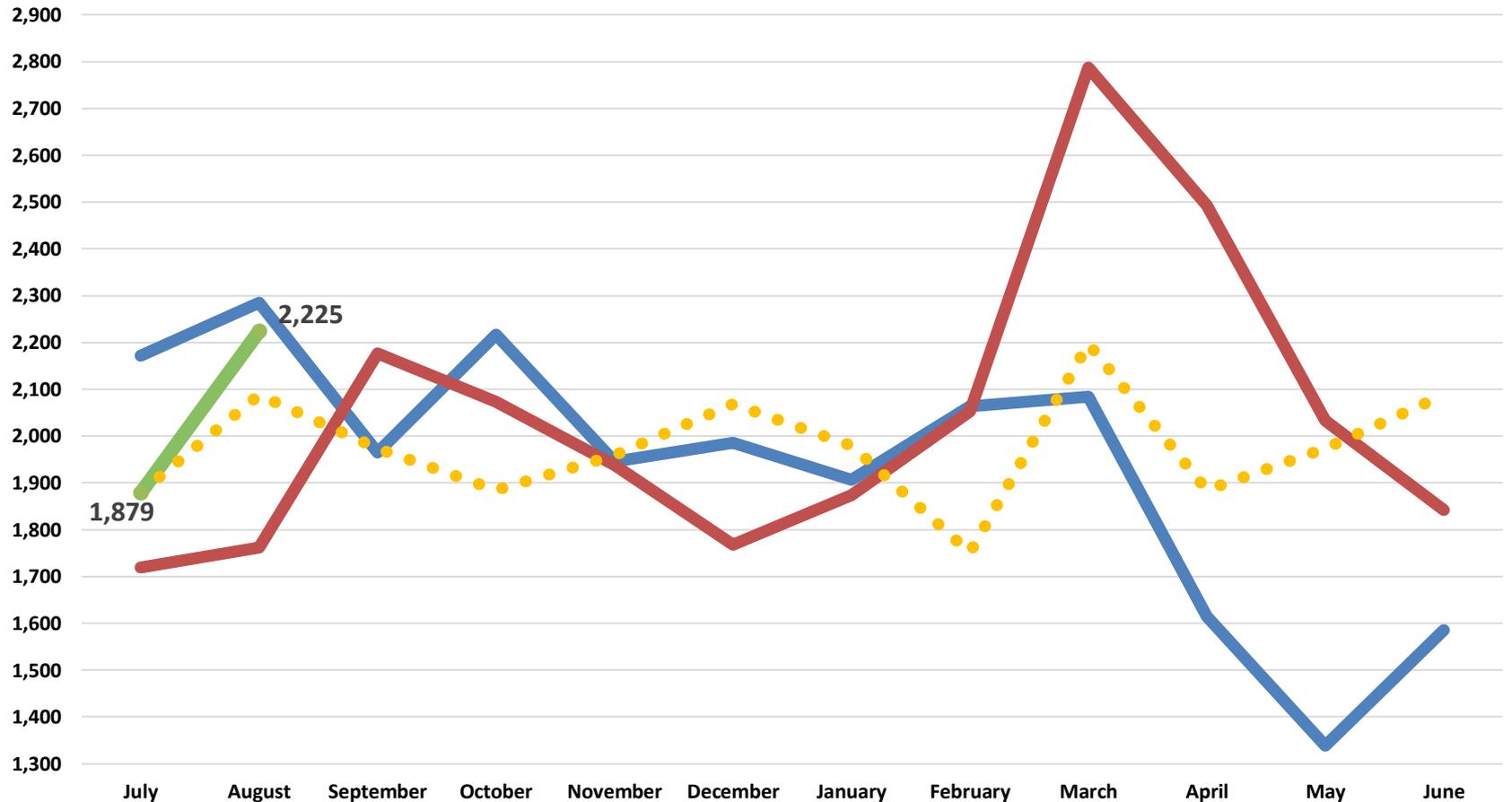
O/P Rehab - LLOPT



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

3,012	3,418	4,064	3,823
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

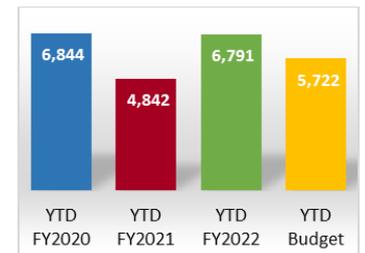
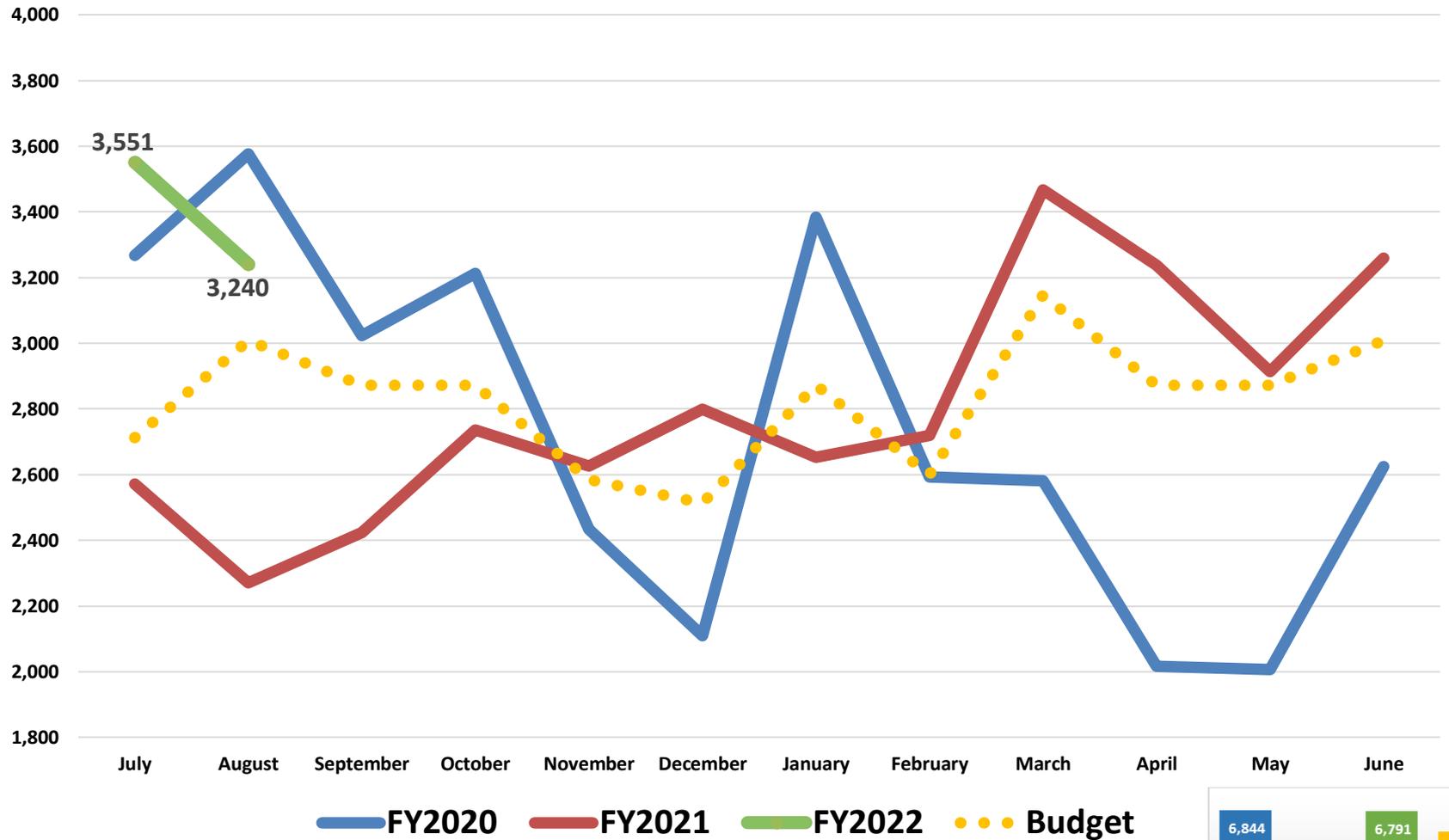
O/P Rehab - Dinuba



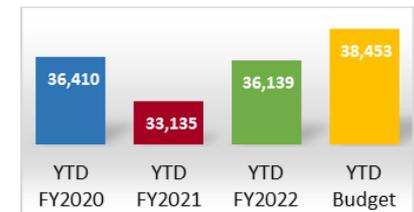
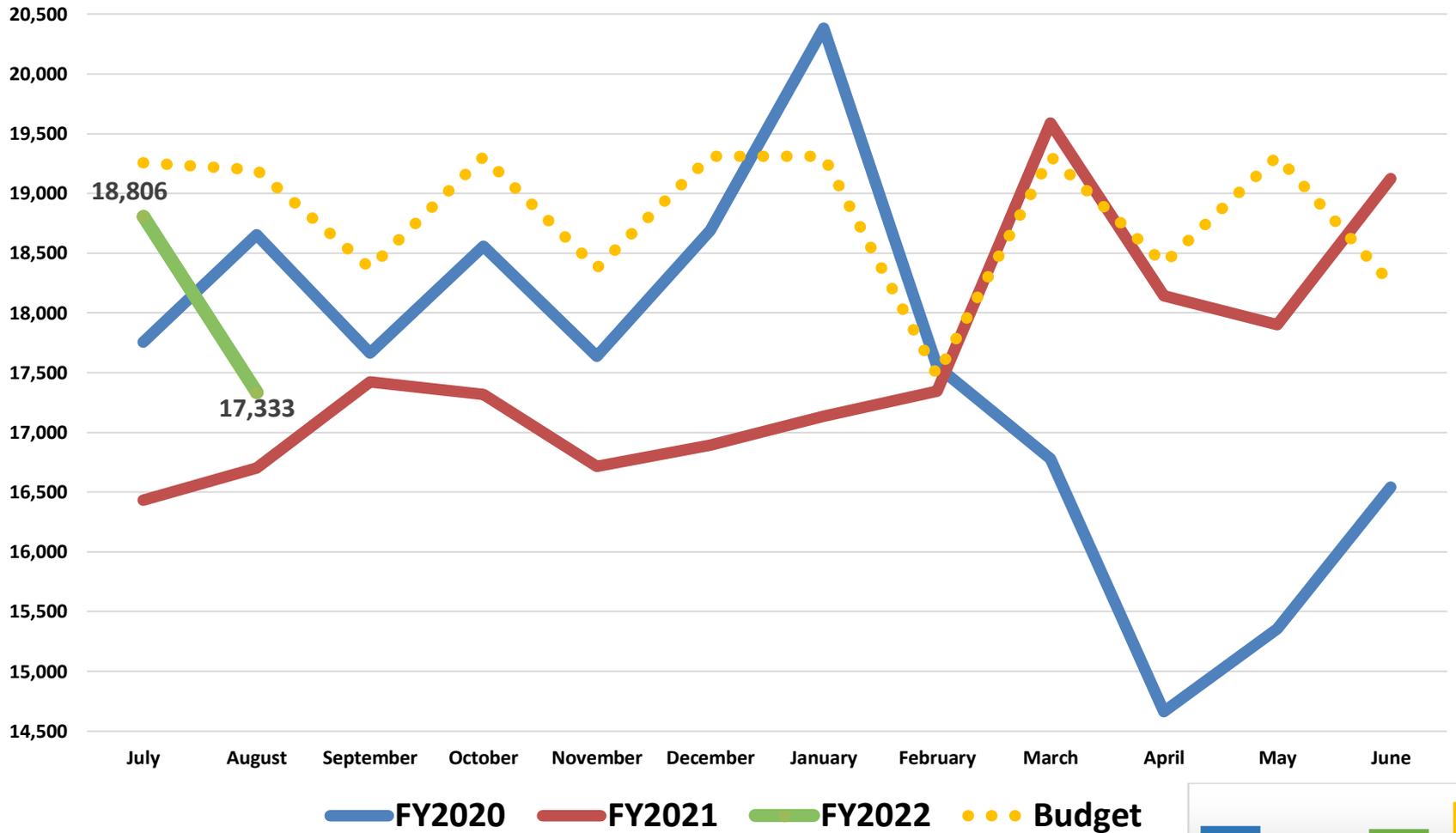
—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**



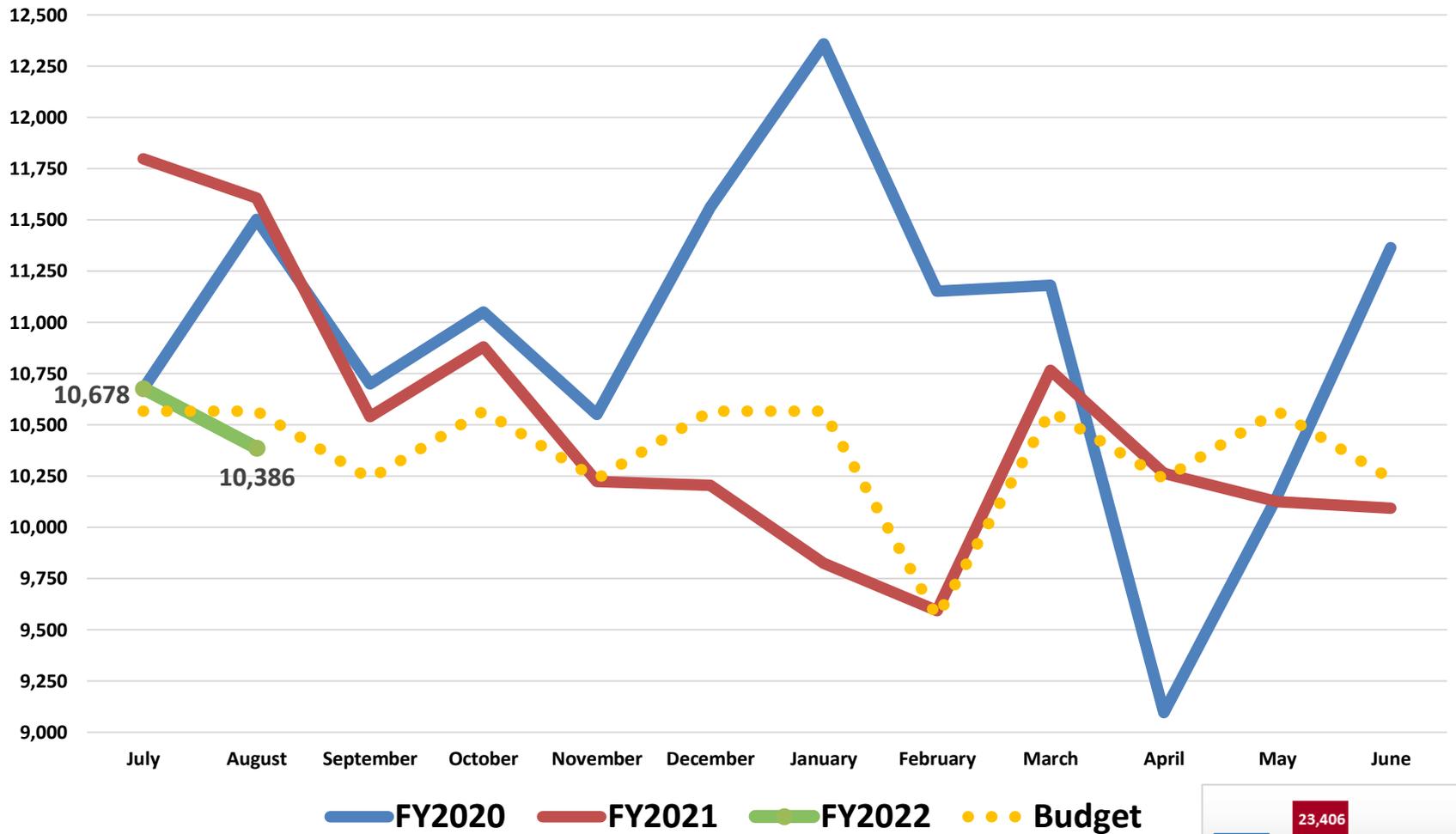
Therapy - Cypress Hand Center



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

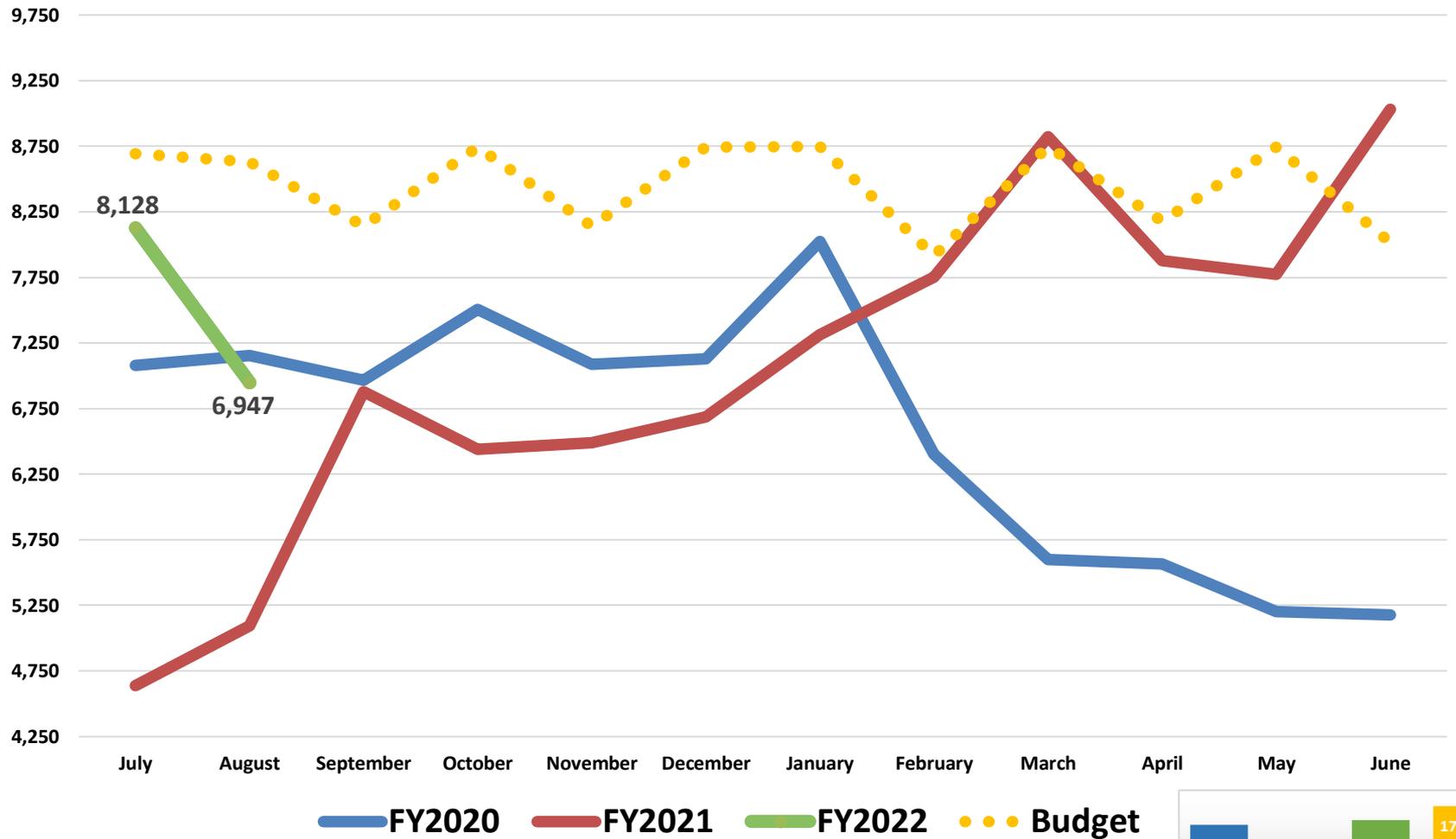


Physical & Other Therapy Units (I/P & O/P)-Main Campus



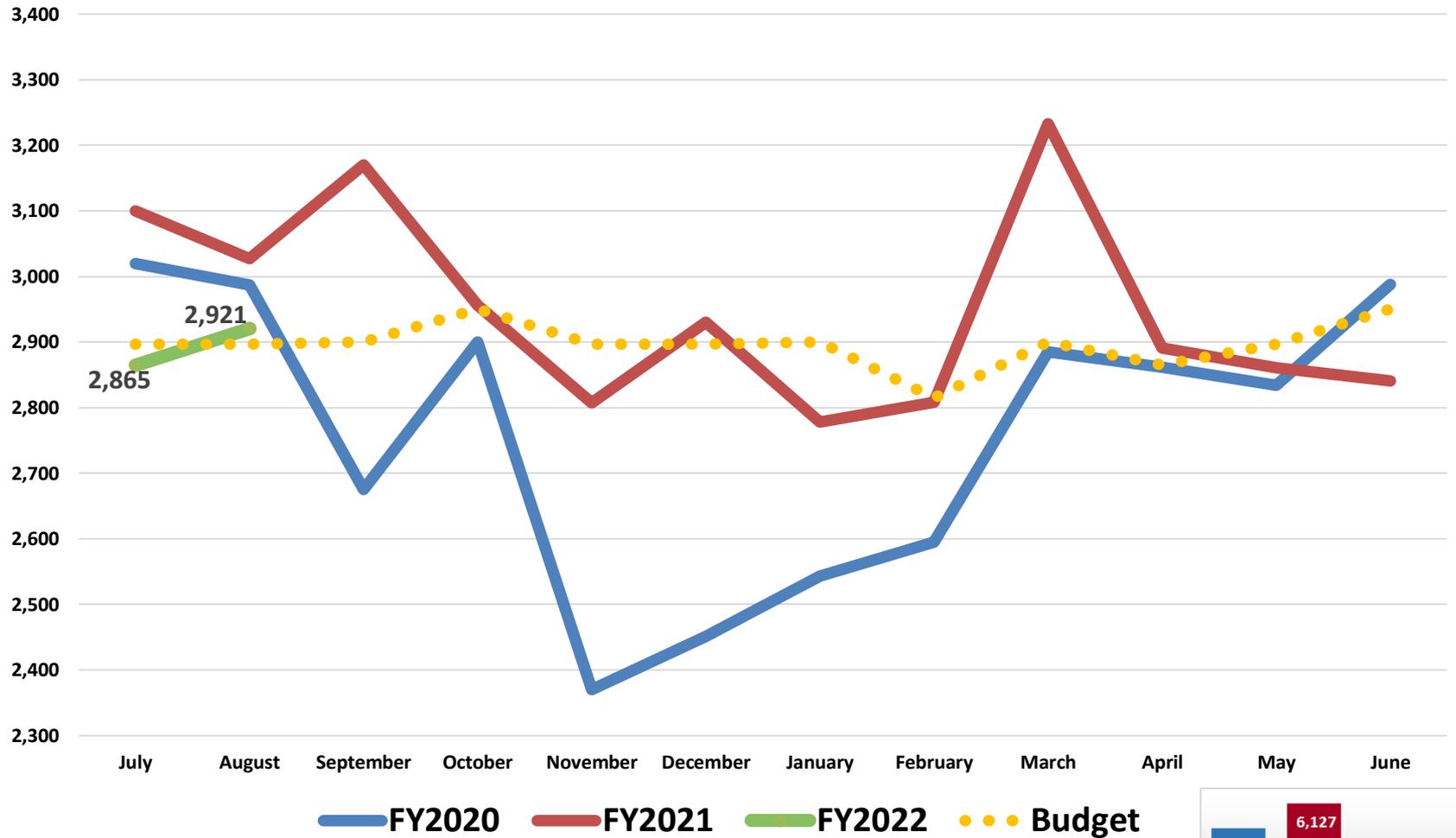
22,179	23,406	21,064	21,130
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

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



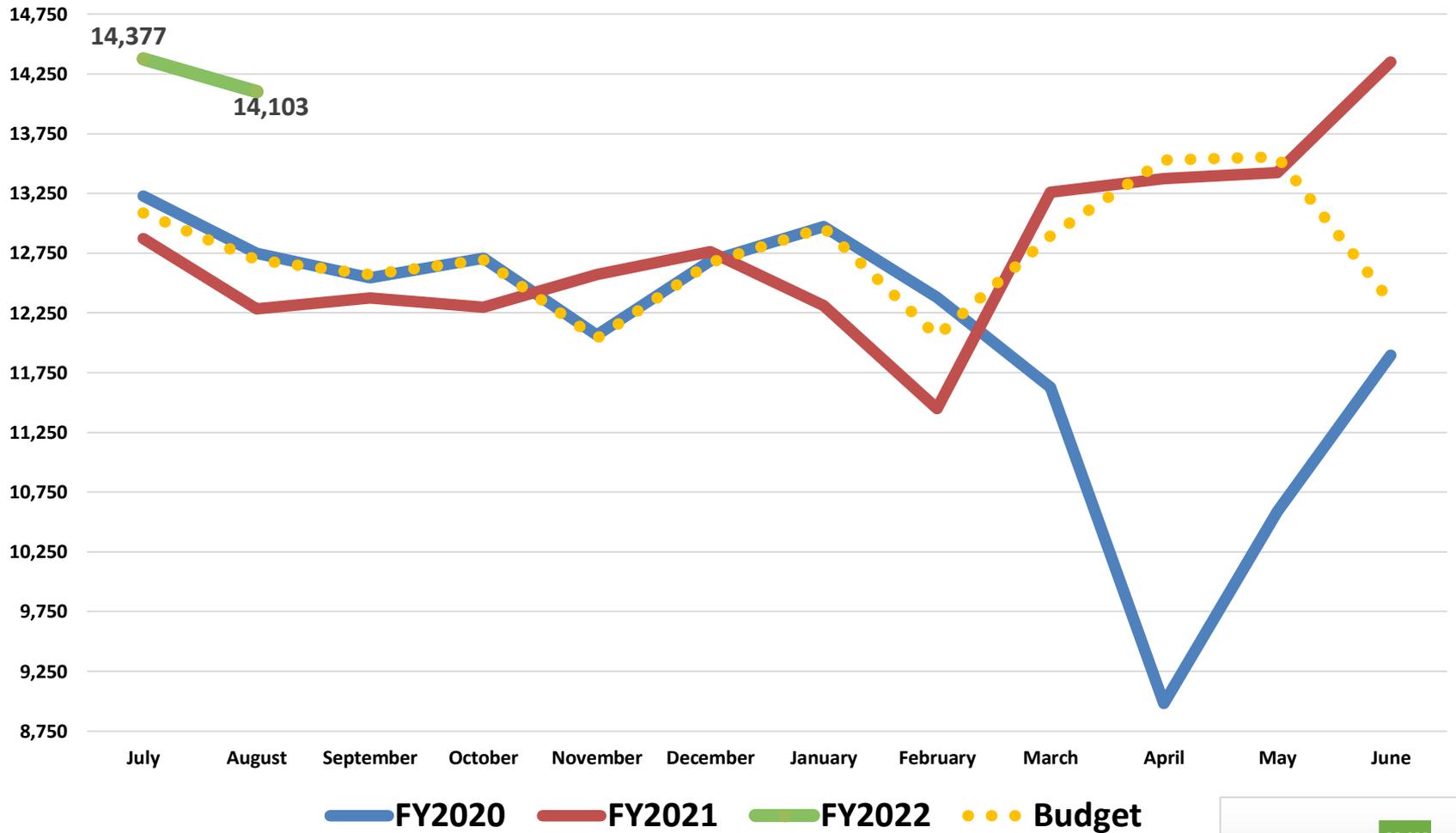
14,231	9,729	15,075	17,323
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Home Health Visits



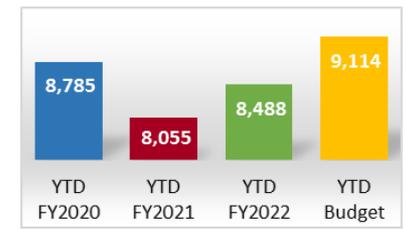
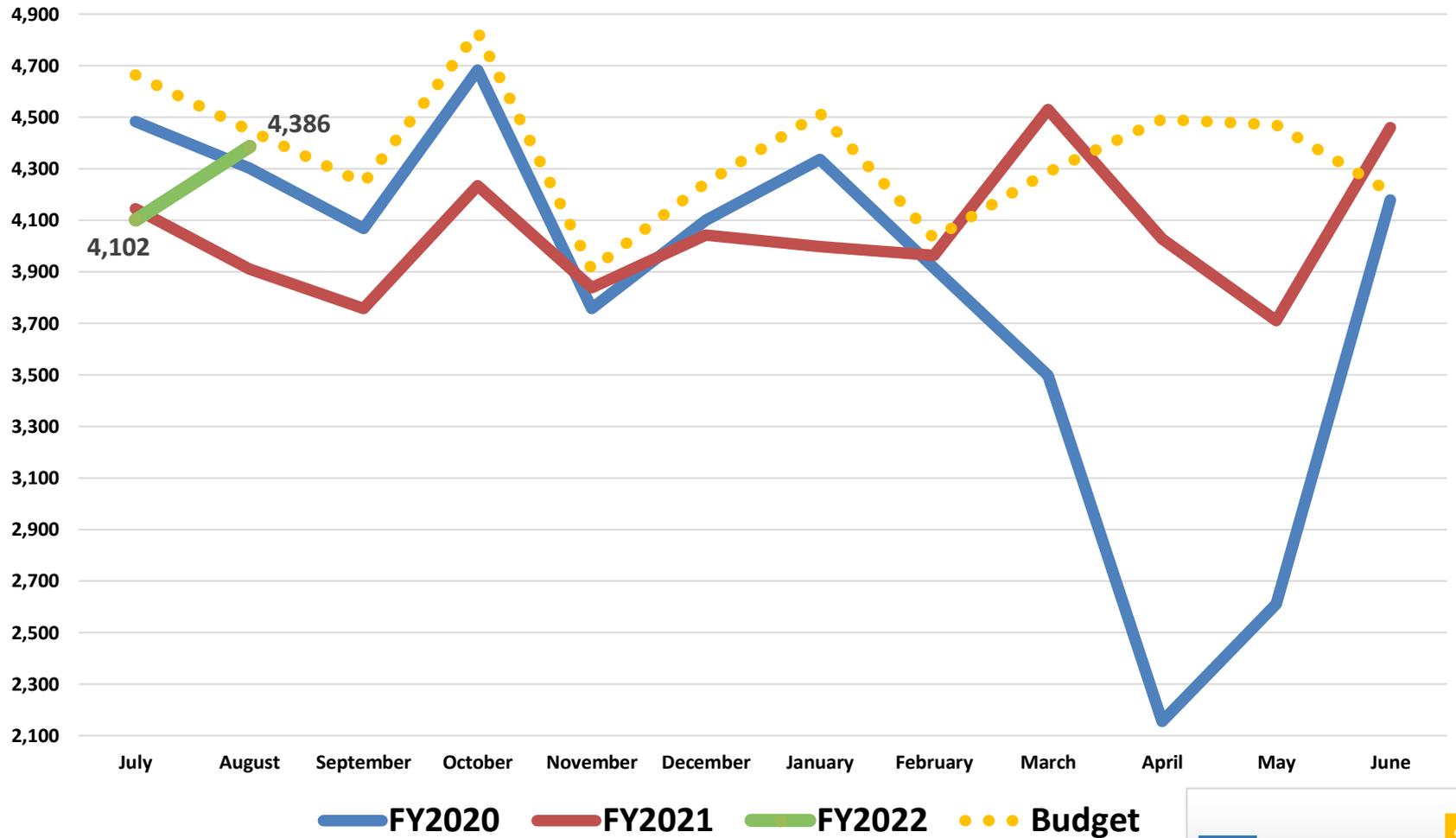
6,007	6,127	5,786	5,794
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

Radiology – Main Campus

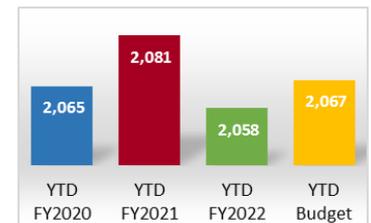
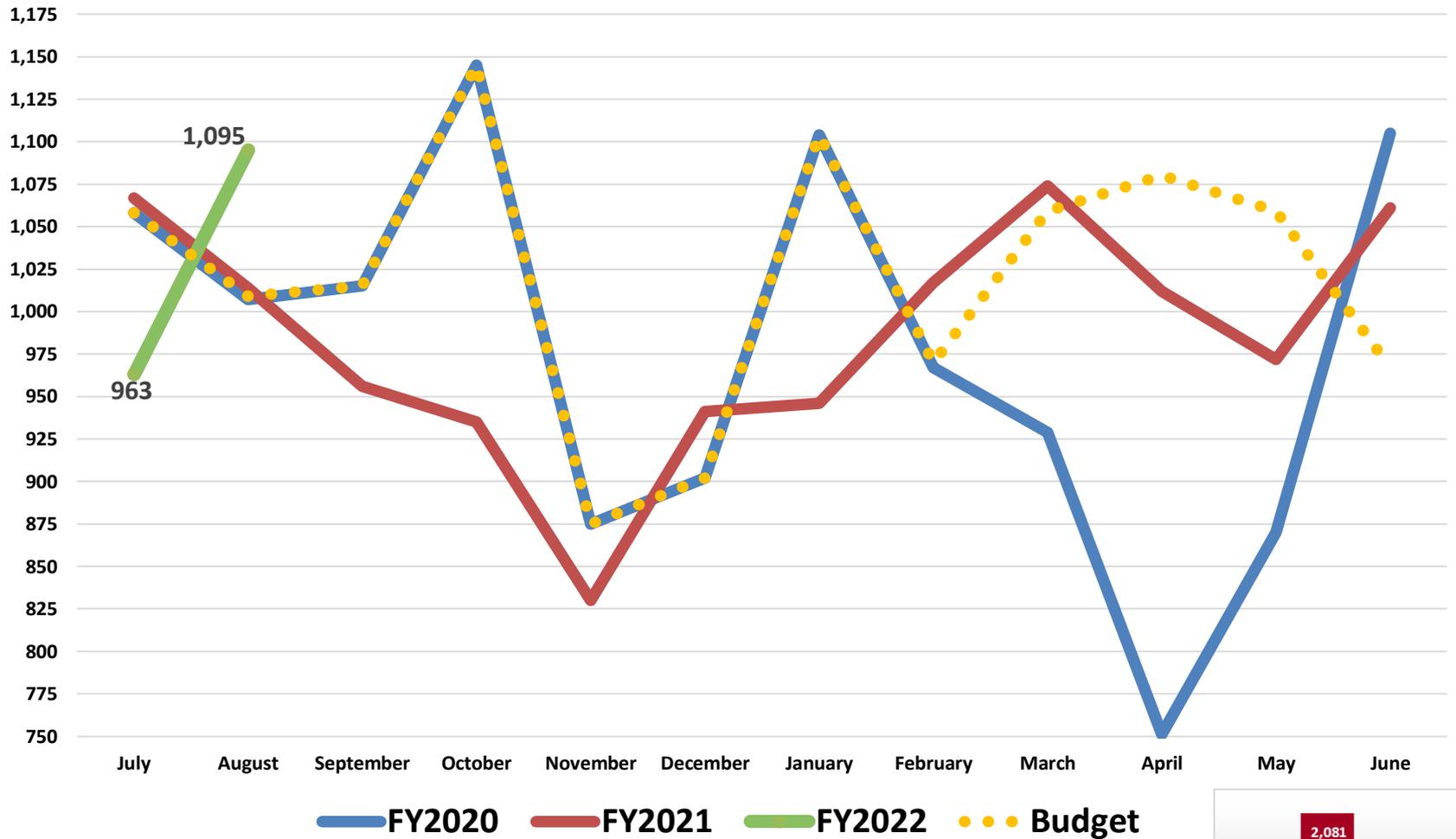


25,976	25,154	28,480	25,780
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

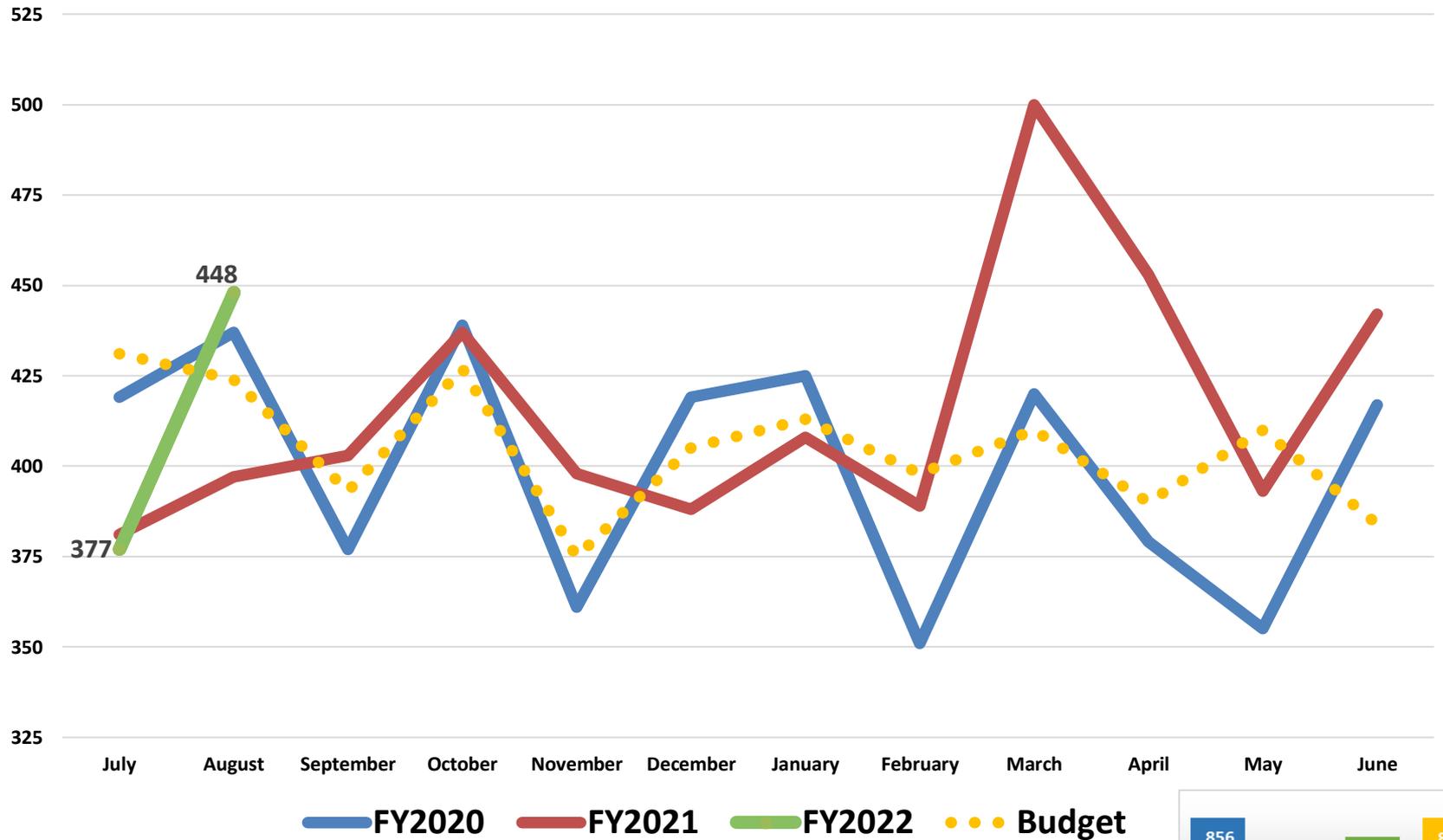
Radiology – West Campus Imaging



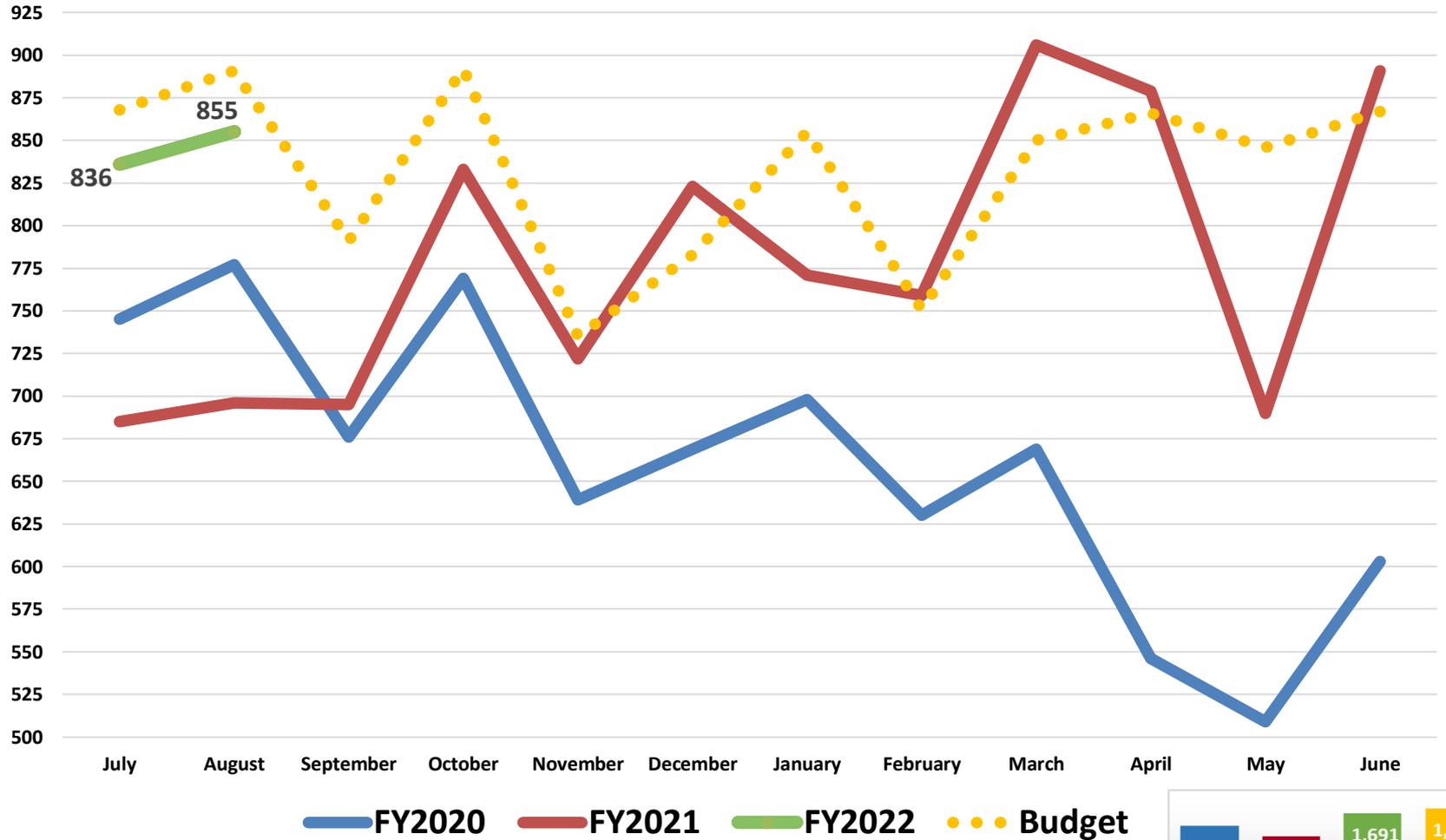
West Campus – Diagnostic Radiology



West Campus – CT Scan

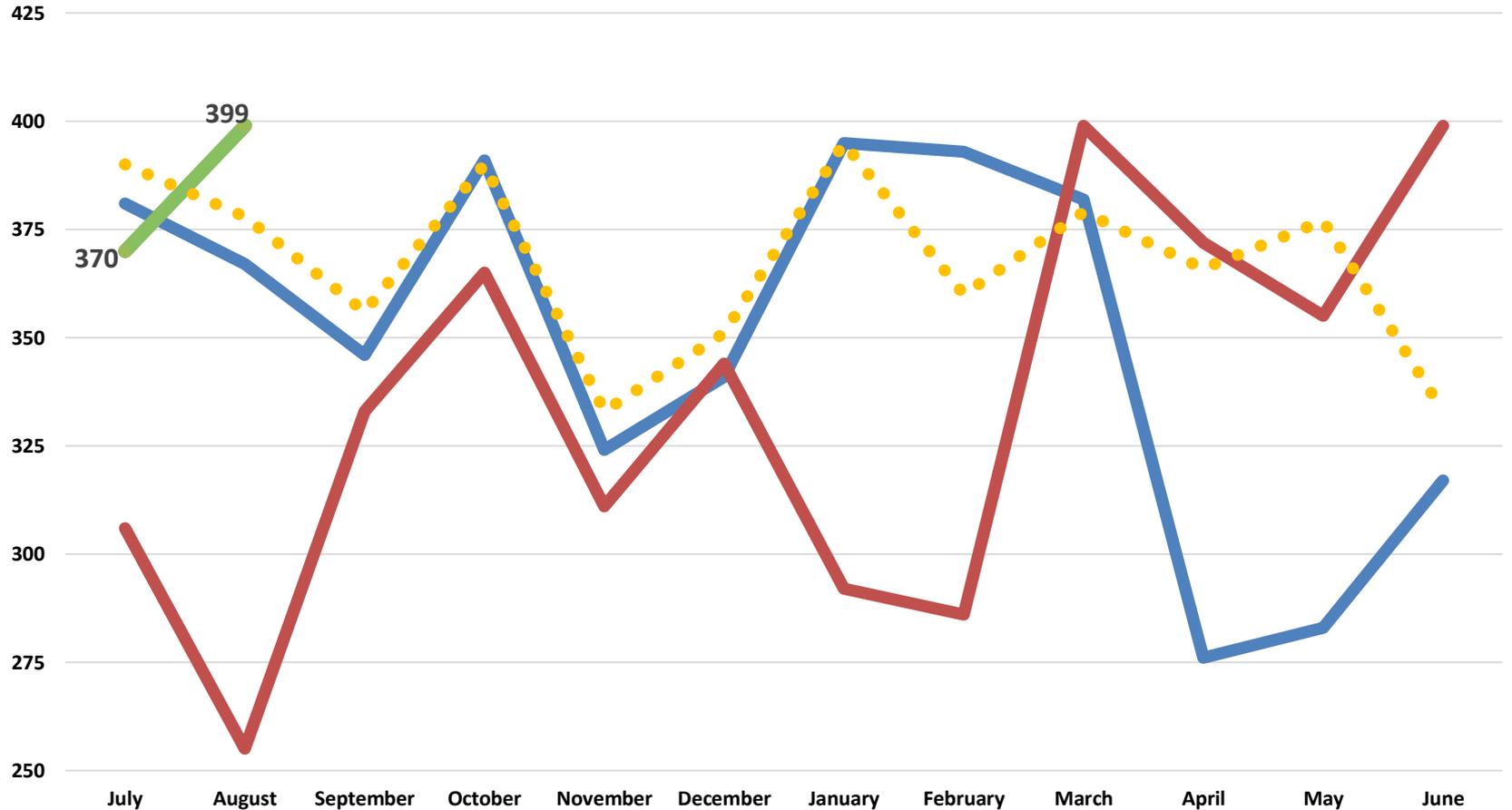


West Campus - Ultrasound



1,522	1,381	1,691	1,759
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

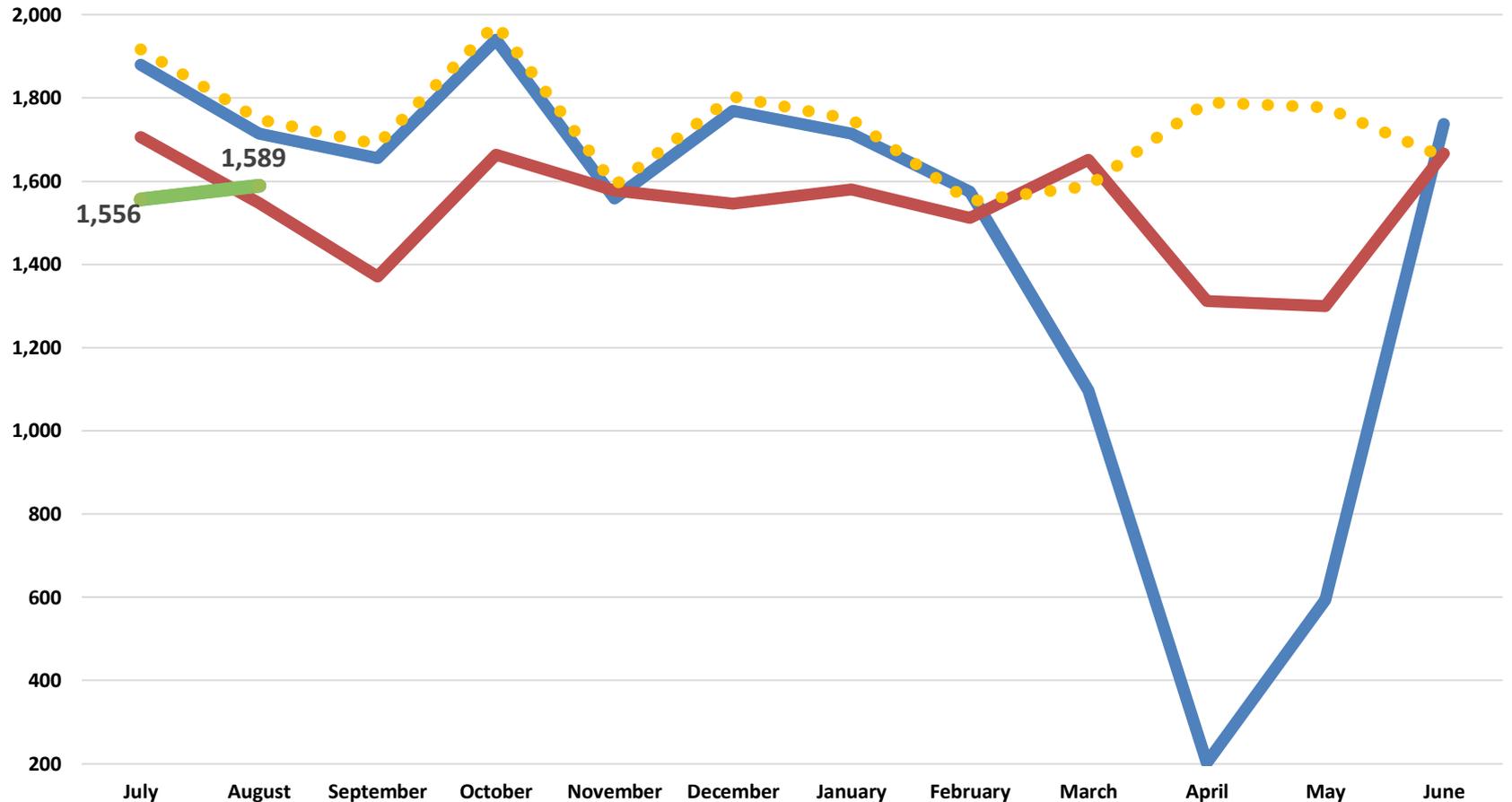
West Campus - MRI



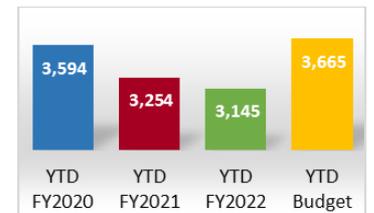
— **FY2020**
 — **FY2021**
 — **FY2022**
 ••• **Budget**

748	561	769	768
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

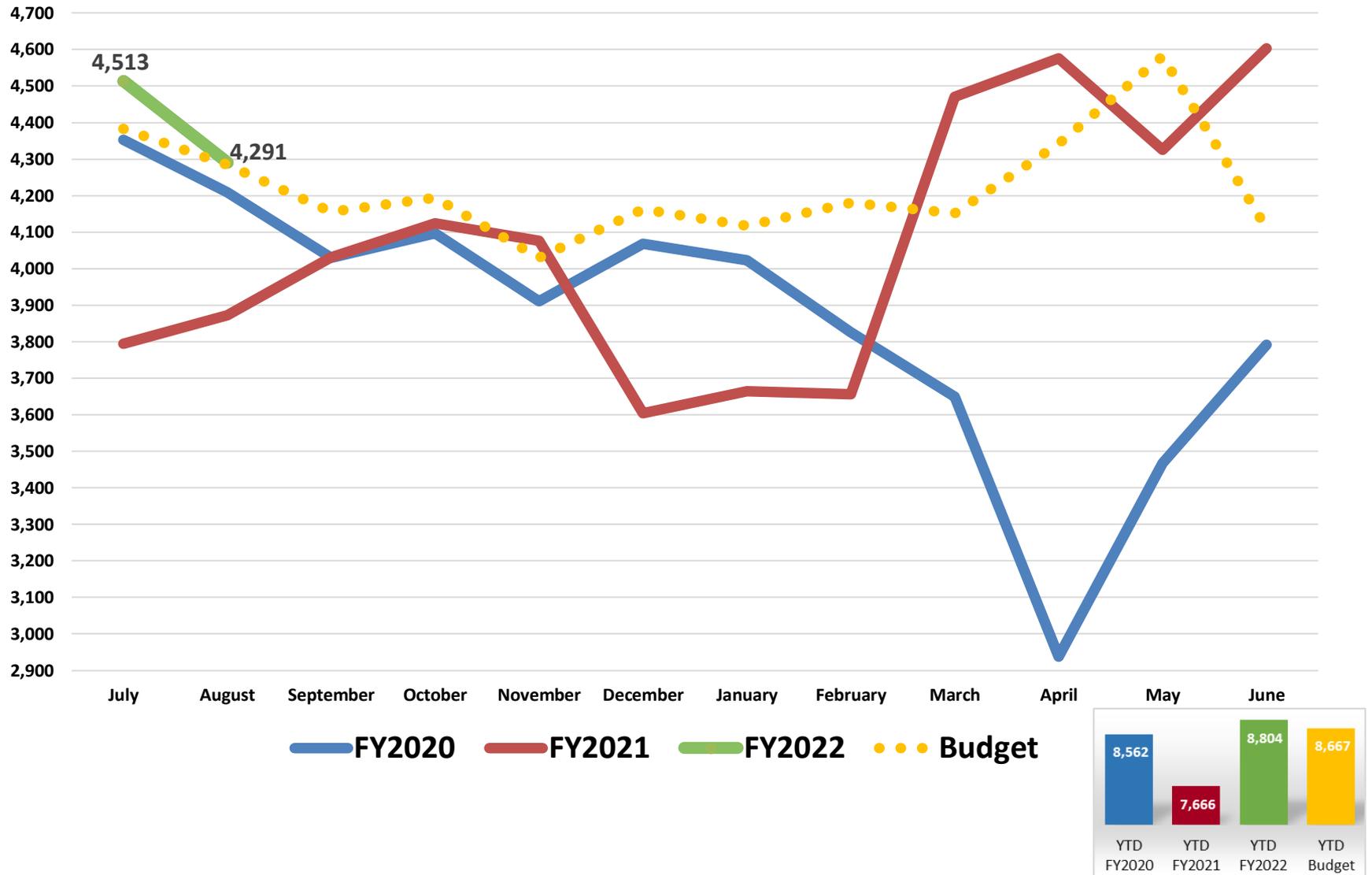
West Campus – Breast Center



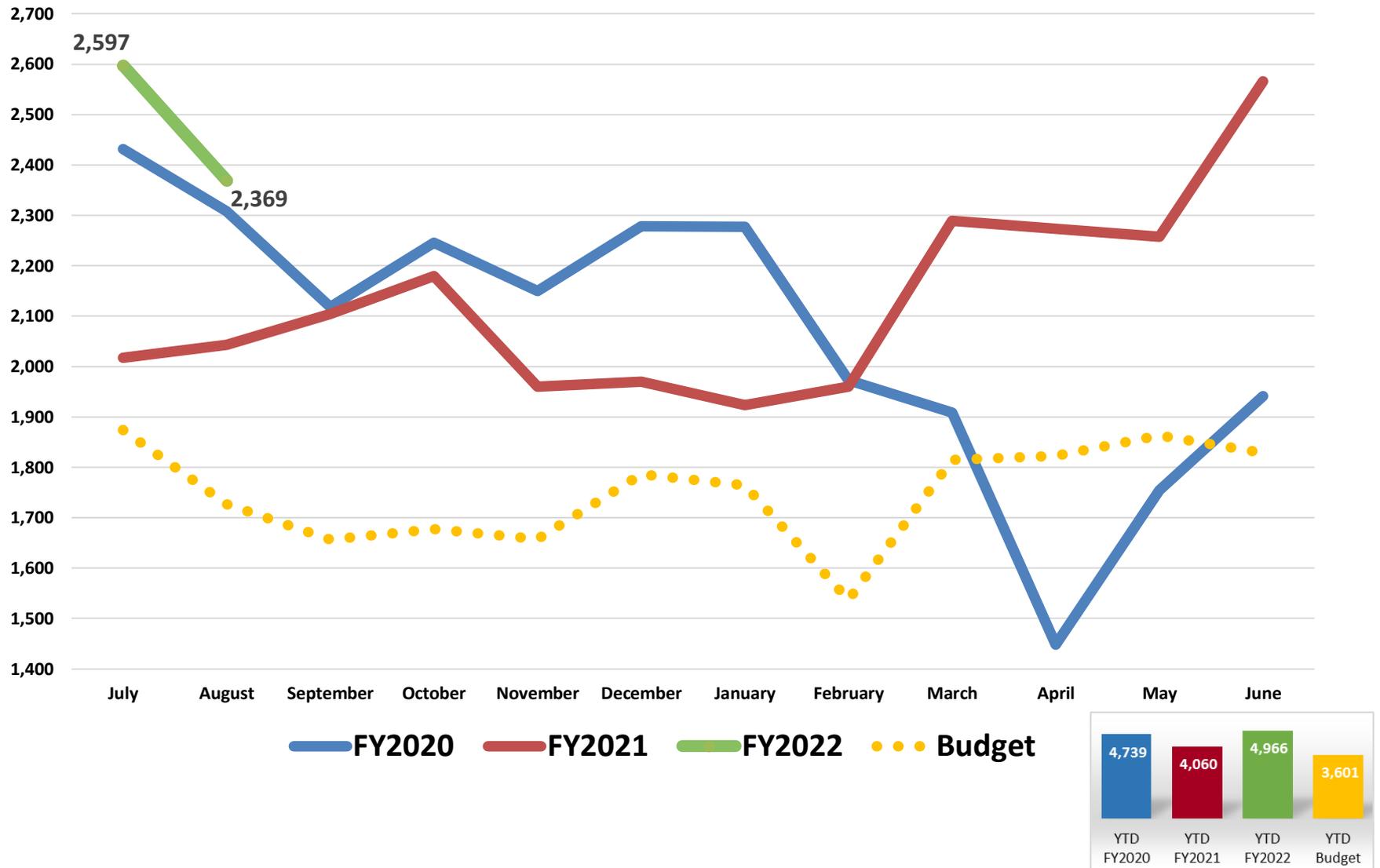
—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**



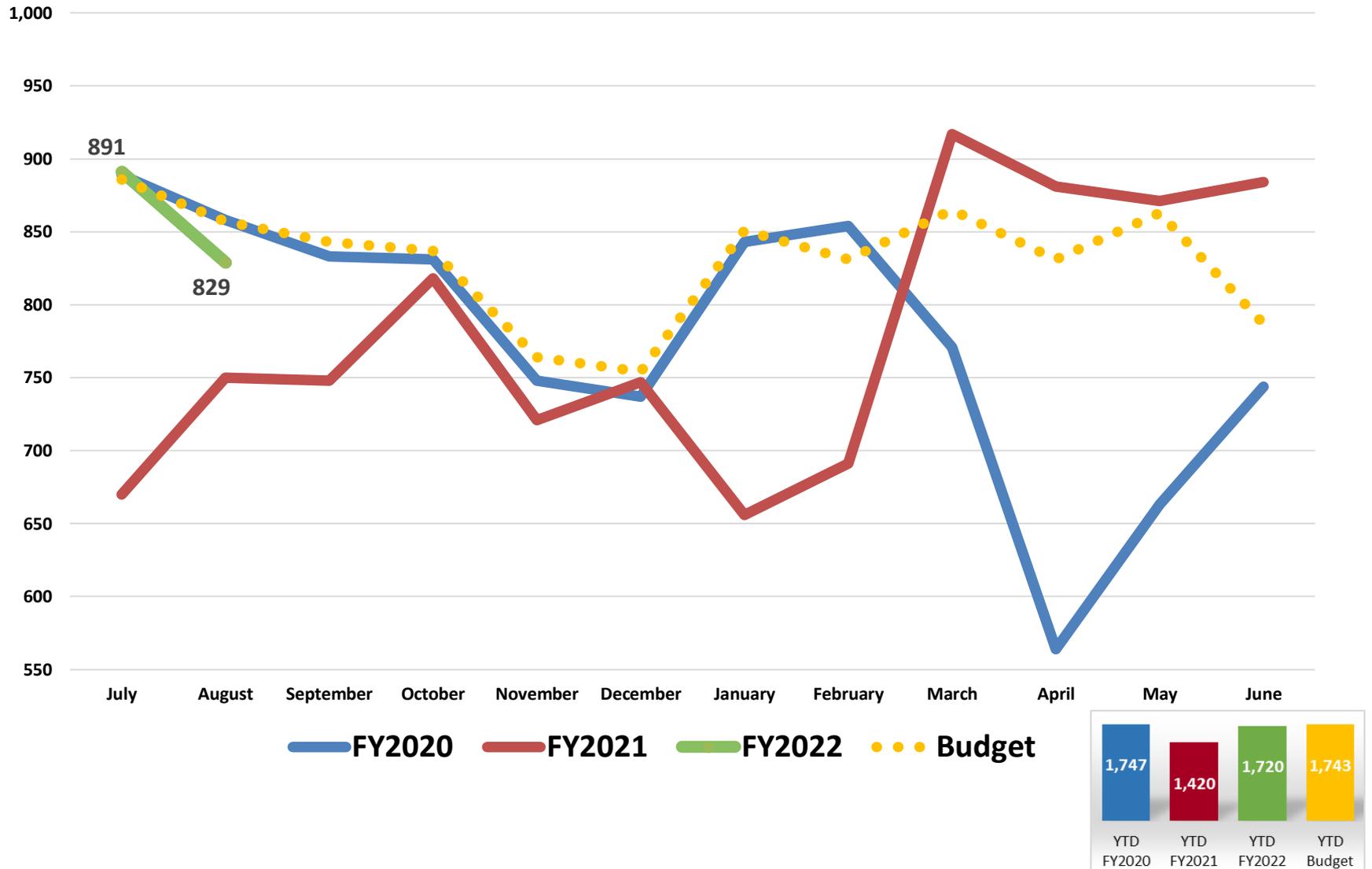
Radiology all areas – CT



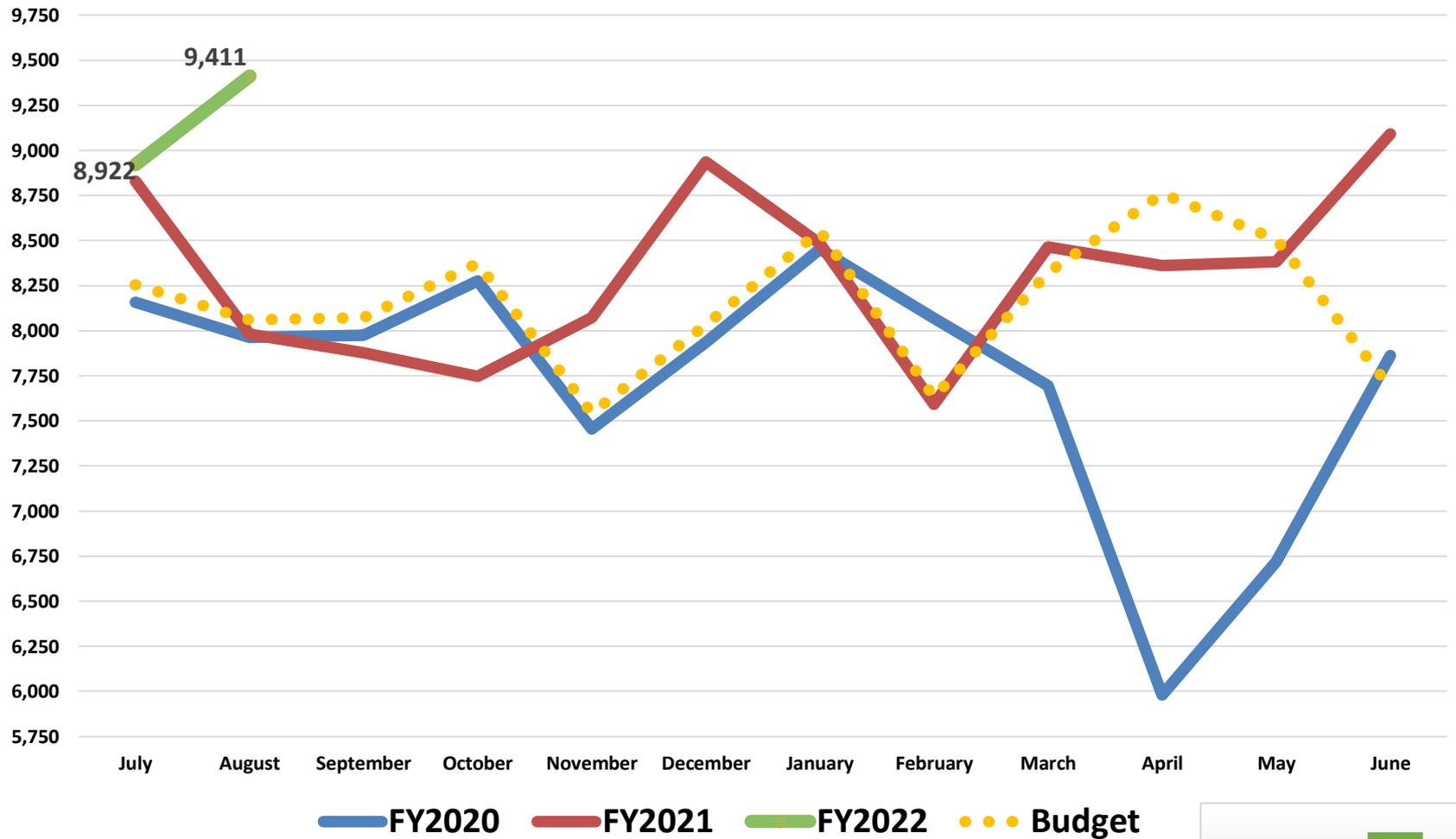
Radiology all areas – Ultrasound



Radiology all areas – MRI

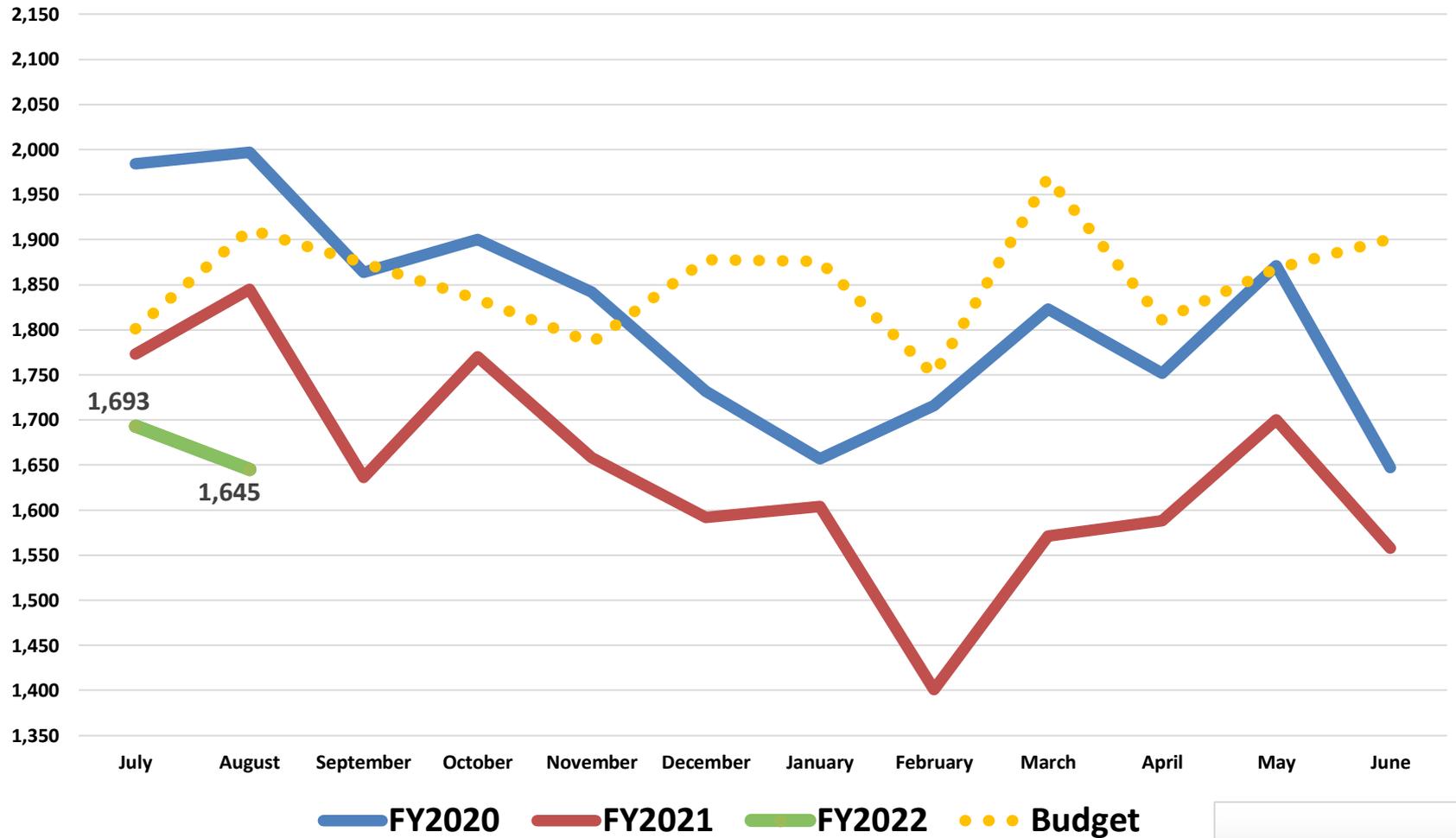


Radiology Modality – Diagnostic Radiology



16,119	16,809	18,333	16,314
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

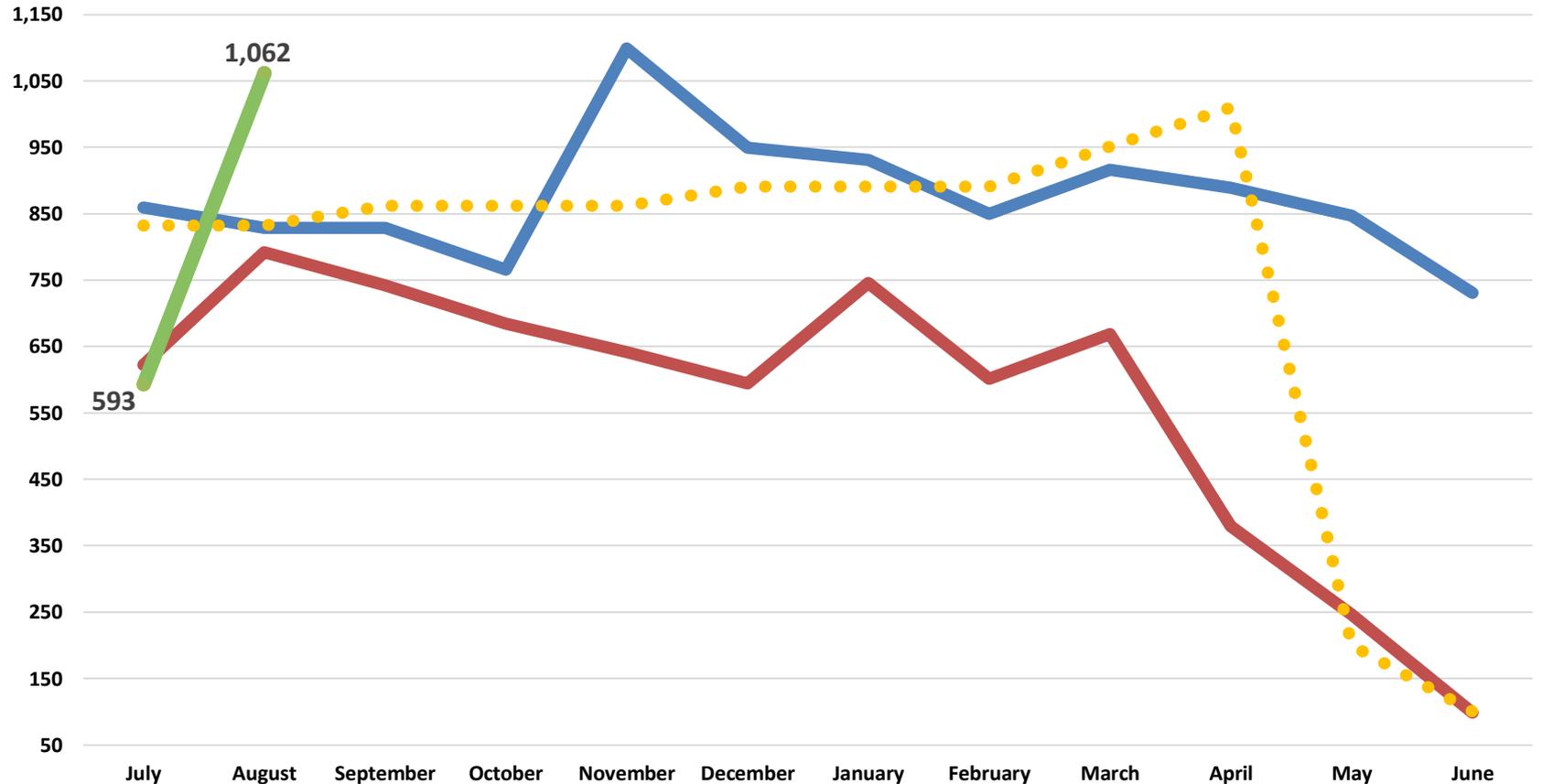
Chronic Dialysis - Visalia



3,981	3,618	3,338	3,712
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

CAPD/CCPD – Maintenance Sessions

(Continuous peritoneal dialysis)

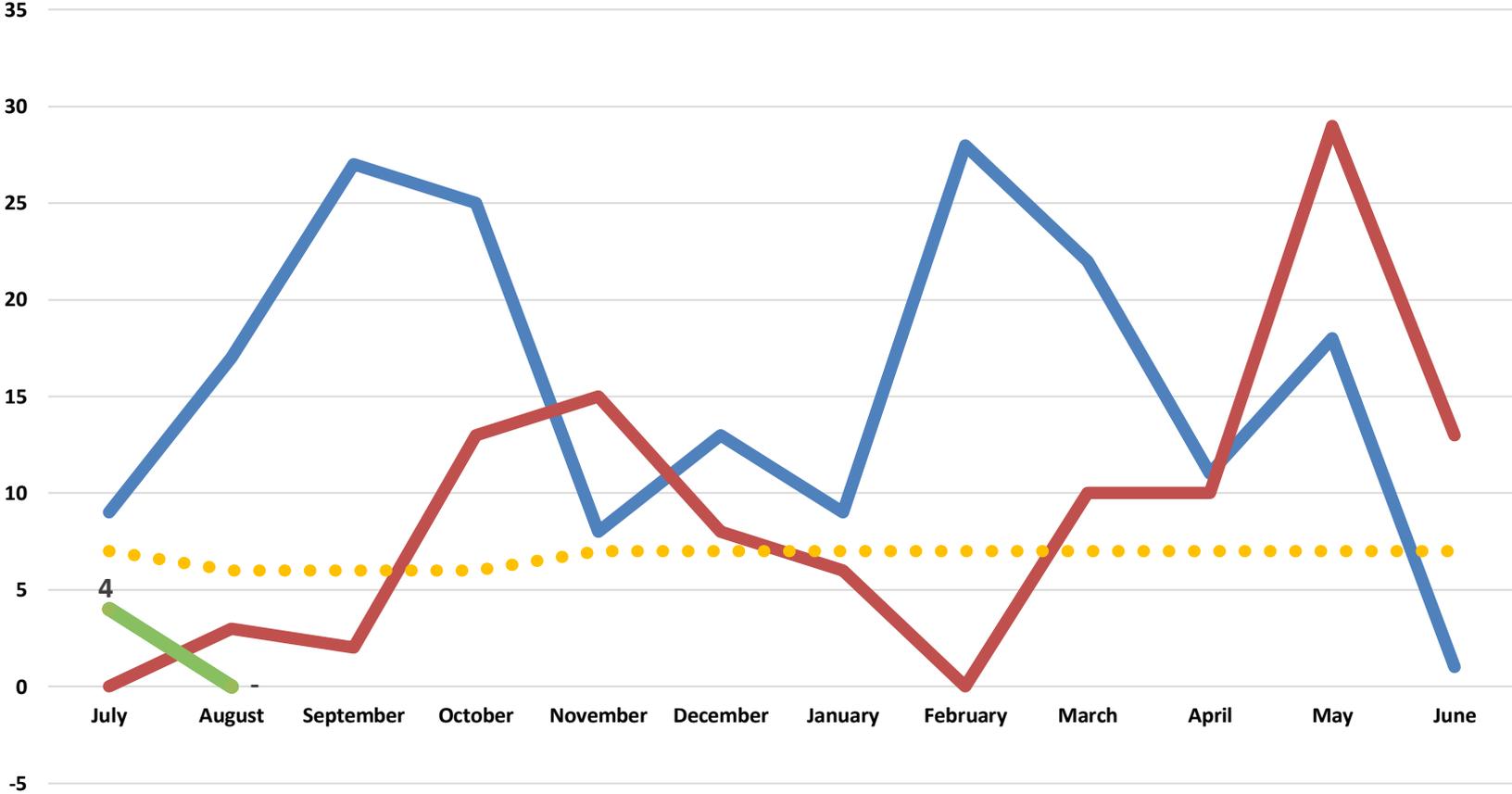


—●— **FY2020**
 —●— **FY2021**
 —●— **FY2022**
 ●●● **Budget**

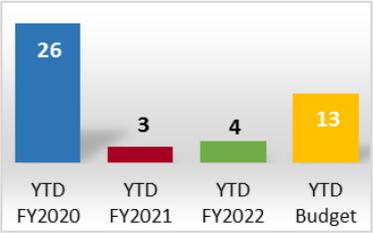
1,688	1,414	1,655	1,664
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

CAPD/CCPD – Training Sessions

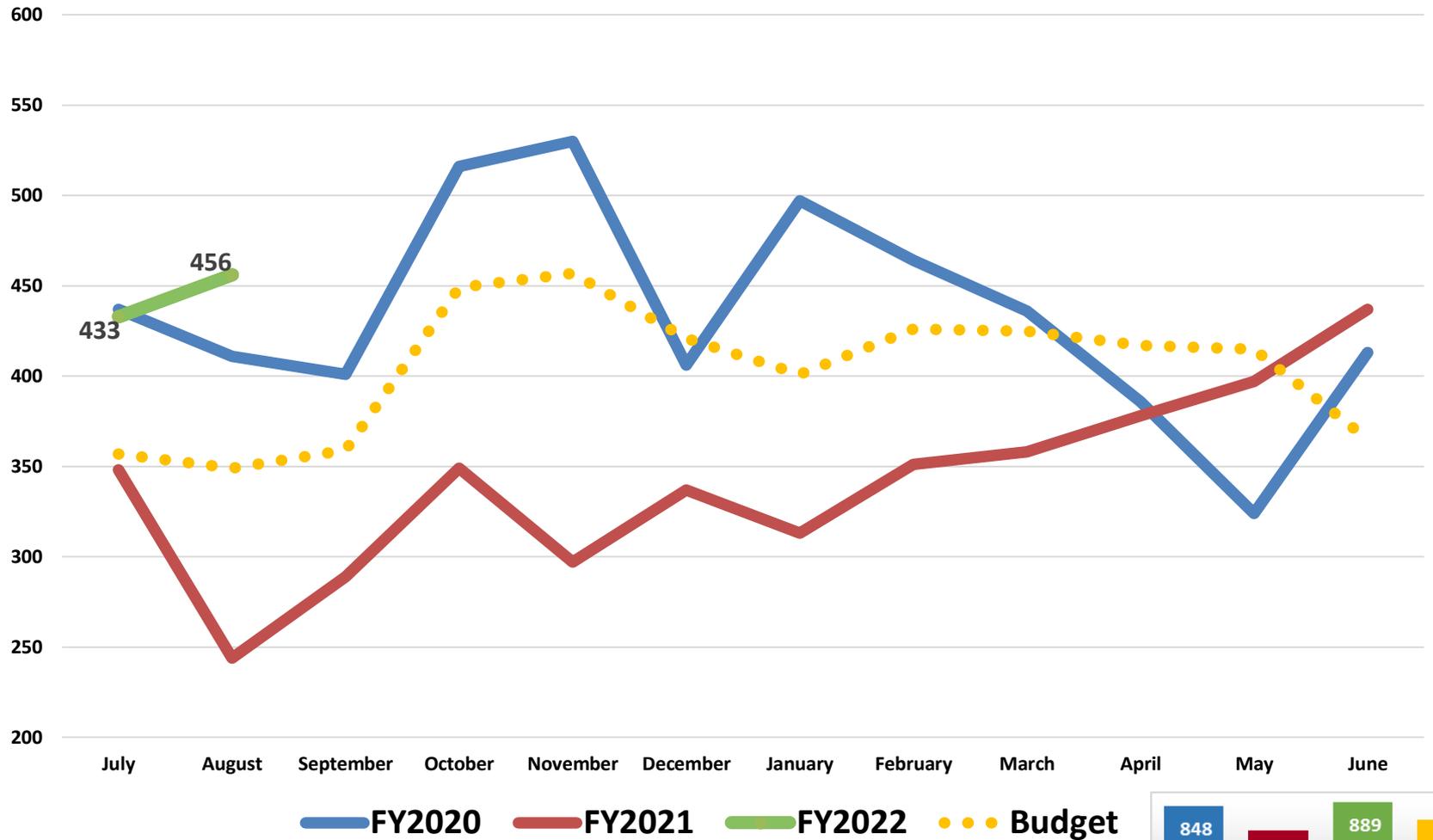
(Continuous peritoneal dialysis)



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



Infusion Center – Outpatient Visits



848	592	889	706
YTD FY2020	YTD FY2021	YTD FY2022	YTD Budget

REPORT TO THE BOARD OF DIRECTORS

Quail Park (Cypress) and Laurel Court (Memory Care)

Marc Mertz, VP/Chief Strategy Officer, 624-2511
September 13, 2021

Summary Issue/Service Considered

Quail Park (Cypress campus) consists of a senior independent living facility and a secure memory care facility. These are organized as separate legal entities.

The independent living facility is a 127-unit senior retirement village owned 44 percent by Kaweah Health and 56 percent by Living Care Senior Housing. Denis Bryant from Living Care is the Managing Member.

The 40-unit Memory Care Center (Laurel Court) is an Alzheimer's/Dementia facility located east of the Rehabilitation Hospital on Kaweah Health's west campus. It has the same ownership percentage split as Quail Park.

Denis Bryant is the manager of both entities. Lynn Havard Mirviss and Marc Mertz represent Kaweah Health on the Quail Park and Memory Care Center Boards of Members. Cathy Boshaw and Elling Halverson (recently deceased) represent Living Care Senior Housing on the two boards. Kaweah Health and Living Care have equal voting rights on the boards.

Quality/Performance Improvement Data

Quail Park has historically operated nearly at capacity, significantly above industry benchmarks. As recently as June 2019, Quail Park had a 28-unit waiting list. Like all senior living facilities, Quail Park has been impacted by COVID-19. Many individuals have chosen to delay moving into the facility. As of August 2020, occupancy in Quail Park was 87.4%, down more than 10% from prior year. By June 30, 2021 occupancy had decreased to 81.1%. According to The National Investment Center for Seniors Housing & Care (NIC), occupancy rates for US assisted living facilities reached a record low of 77.7% at the end of 2020. Similarly, occupancy in independent living facilities also reached a record low of 83.5% at the end of 2020.

During fiscal year 2021, Quail Park at Cypress was a defendant in a class action lawsuit related to employment practices. The case alleged that Quail Park failed to properly compensate employees for meal periods, rest breaks, and waiting time. Other accusations include inappropriate rounding of hours and errors on wage statements/paychecks. A settlement was reached during mediation, and Quail Park has agreed to pay \$721,287. The issue is pending court approval and the amount will likely be paid in fiscal year 2022. In anticipation of this payment, profit distributions to owners were decreased during the second half of FY2021 in order to preserve cash for the payment of this settlement. Owners will not be required to contribute to the settlement amount.

During fiscal year 2021 (July 2020 and June 2021), Quail Park paid Kaweah Health \$297,000 in quarterly profit distributions based on Kaweah Health's 44 percent ownership. The first profit distributions were made in 2003. Since then, Quail Park has paid Kaweah Health profit

distributions totaling \$5,569,500 through June 30, 2021. In addition, through a series of loan refinancing activities, Kaweah Health has received an additional \$5,934,841 in distributions. Total distributions to Kaweah Health for this property are \$10,815,571 based on an original investment of \$1,588,770. \$900,000 of the initial investment was made via donation of land, with the remaining \$688,770 being invested in cash.

The 40-unit Memory Care Center, which opened in July 2012, was operating at 77.5% occupancy on June 30, 2021, down from 82.5% in August 2020 and well below its historic near-capacity rate of nearly 100%.

The Memory Care Center paid Kaweah Health a \$77,000 profit distribution between July 2020 and June 2021. The Memory Care Center has paid Kaweah Health a total of \$1,485,000 in profit distributions through June 2021. Kaweah Health has received an additional \$1,505,040 in refinance distributions from this property. Total distributions are \$2,719,104 based on an original Kaweah Health investment of \$990,936. Of the \$990,936 investment, \$720,000 was invested via land donation and \$270,936 was invested in cash. The first profit distributions were made in 2012.

Policy, Strategic or Tactical Issues

COVID-19 has had a significant negative impact on the occupancy rates of senior living facilities nationwide. The Quail Park independent living and memory care centers were not spared. Current occupancy rates are fairly consistent with industry averages.

Management was taken significant precautions to keep residents and employees safe during COVID-19, including restricting visitation, mandatory quarantine at move-in, frequent testing, and enhanced cleaning and sanitizing practices.

Recommendations/Next Steps

Continue to operate Quail Park and the Memory Care facility as high-level senior retirement centers with services ranging from independent living to assisted living to expanded dementia care.

Approvals/Conclusions

Despite challenging years in 2020 and 2021 due to COVID-19, Quail Park is filling a significant health care need in our community, providing exceptional services to its residents, and at the same time generating an income stream for Kaweah Health.

REPORT TO THE BOARD OF DIRECTORS

Quail Park at Shannon Ranch

Marc Mertz, VP/Chief Strategy Officer, 624-2511
September 13, 2021

Summary Issue/Service Considered

In 2016 Kaweah Health approved construction of a new 120-unit independent, assisted, and memory care senior living project called Quail Park at Shannon Ranch near the intersection of Demaree and Flagstaff in northwest Visalia. The 139,000 square foot project is located on a 3.65 acre site next to the 6,100 square foot Urgent Care Center which Kaweah Health opened on a 1.01 acre parcel on the east side of Demaree. The main independent living facility has 100 units ranging from studios to 2-bedroom units, and the secure memory care facility has 20 rooms.

Kaweah Health owns 33 and one third percent of the project, which is held by Northwest Visalia Senior Housing. Other partners are Shannon Senior Care, LLC, BTV Senior Housing, LLC, BEE, Inc., and Millennium Advisors. Shannon Senior Care is owned by members of the Shannon family; BTV is owned by Bernard te Velde, Jr.; BEE is owned by Cathy Boshaw and Doug Eklund of the Seattle area; Millennium Advisors is owned primarily by Denis Bryant, the current managing partner of Quail Park and the Memory Care Center.

The approximately \$40 million project broke ground in March 2018 and was completed in early 2020. All Kaweah Health equity contributions to the project have originated from the Bettie Quilla Fund at Kaweah Health Hospital Foundation. The Quilla Fund is restricted by the donor for support of senior living projects in collaboration with Kaweah Health. Kaweah Health has made a total equity contribution in Quail Park Shannon Ranch of \$3,997,000.

Quality/Performance Improvement Data

Before COVID-19, management expected that occupancy of the main building would reach 50% within 90 days of opening and that the memory care center would be completely filled within that time frame. Early deposits and waiting lists supported this. However, by July 2020 occupancy of the independent living building reached just 7% and the memory care was at 35%. During fiscal year 2021, management has worked hard to provide a safe environment for residents and visitors and they have dramatically increased marketing efforts, including offering limited-time discounts to encourage people to move in. As a result, the independent living building reached 28% occupancy by June 20, 2021 and the memory care reached 50%. In the last two months, the number of move-ins has continued to increase and current occupancy is 39% for independent living and 60% for the memory care building. These trends are expected to continue, pending any significant changes in COVID.

Due to the lower-than-expected occupancy, Quail Park at Shannon Ranch (including memory care) generated an operating loss of \$1,308,436 from July 1, 2020 to June 30, 2021. Combined with non-operating expenses, which include pre-opening expenses, loan fees, interest, depreciation, and management, the total net income/(loss) was \$4,332,416 during fiscal year 2021. Owners of Northwest Visalia Senior Housing have made a series of cash calls to fund operations. These contributions are being treated as loans payable with a 5% interest rate. During

fiscal years 2020 and 2021, Kaweah Health has made loan payments totaling \$1,257,029, which was paid entirely from the Quilla Fund.

Policy, Strategic or Tactical Issues

The COVID-19 pandemic and its impact on senior living could not have been predicted. Management of Quail Park at Shannon Ranch have continued to actively promote the facility, providing both in-person and virtual tours. The sales staff routinely delivers meals to individuals that have expressed interest in Quail Park as a way to stay in touch with potential residents. The facility is also very active on social media. Management offered various discounts to entice people to move in during FY2021, although that practice has been discontinued as the occupancy rates have increased in recent months.

Recommendations/Next Steps

Continue to support the startup of Quail Park at Shannon Ranch during these challenging times.

Approvals/Conclusions

Quail Park at Shannon Ranch opened at perhaps the worst possible time in recent memory. However, the facility is the premier senior living in Visalia and perhaps the Central Valley. The amenities and services offered are unrivaled in the market. As the pandemic abates, this facility will be a significant asset to the community. The recent increase in resident move-ins has been encouraging and is expected to continue.

KAWEAH HEALTH ANNUAL BOARD REPORT

Senior Housing Joint Ventures

FY2020 - FY2021

	Quail Park	Laurel Court	Shannon Ranch	Total
FY2021				
Loans			(\$883,279)	(\$883,279)
Profit distributions	\$297,000	\$77,000		\$374,000
Total cash inflow (outflow) from investment	\$297,000	\$77,000	(\$883,279)	(\$509,279)
Total income (loss) from Investment	\$297,000	\$77,000	(\$1,434,149)	(\$1,060,149)
FY2020				
Loans			(\$373,750)	(\$373,750)
Profit distributions	\$363,000	\$319,000		\$682,000
Total cash inflow (outflow) from investment	\$363,000	\$319,000	(\$373,750)	\$308,250
Total income (loss) from Investment	\$363,000	\$319,000	(\$948,982)	(\$266,982)
From Inception				
Initial investment - land	(\$900,000)	(\$720,000)		(\$1,620,000)
Initial Investment - cash	(\$688,770)	(\$270,936)	(\$3,997,054)	(\$4,956,760)
Loans			(\$1,257,029)	(\$1,257,029)
Profit distributions	\$5,569,500	\$1,485,000		\$7,054,500
Refinance distributions	\$5,934,841	\$1,505,040		\$7,439,881
Total cash inflow (outflow) from investment	\$10,815,571	\$2,719,104	(\$5,254,083)	\$8,280,592
Total income (loss) from Investment	\$9,915,570	\$2,043,104	(\$2,383,131)	\$9,575,543