

AGENDA
FINANCE COMMITTEE OF THE
EL CAMINO HOSPITAL BOARD OF DIRECTORS

Monday, October 14, 2024 – 5:30 pm
 El Camino Health | 2500 Grant Road Mountain View, CA 94040

THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION PORTION OF THE MEETING LIVE AT THE ADDRESS ABOVE OR VIA TELECONFERENCE AT: **1-669-900-9128, MEETING CODE: 976 6576 8528#**. **No participant code.**
Just press #

To watch the meeting, please visit: [Finance Committee Meeting Link](#)

Please note that the livestream is for meeting viewing only and there is a slight delay; to provide public comment, please use the phone number listed above.

NOTE: In the event that there are technical problems or disruptions that prevent remote public participation, the Chair has the discretion to continue the meeting without remote public participation options, provided that no Board member is participating in the meeting via teleconference.

A copy of the agenda for the Regular Board Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at **(650)-988-7609** prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
1.	CALL TO ORDER / ROLL CALL	Don Watters, Chair	Information	5:30 pm
2.	CONSIDER APPROVAL OF AB 2449 REQUEST	Don Watters, Chair	Possible Motion	5:30 pm
3.	POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Don Watters, Chair	Information	5:30 pm
4.	PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons to address the Committee on any matter within the subject matter jurisdiction of the Committee that is not on this agenda. Speakers are limited to three (3) minutes each.</i> b. Written Correspondence <i>Comments may be submitted by mail to the Finance Committee of the El Camino Hospital Board of Directors at 2500 Grant Avenue, Mountain View, CA 94040. Written comments will be distributed to the Board as quickly as possible. Please note it may take up to 24 hours for documents to be posted on the agenda.</i>	Don Watters, Chair	Information	5:30 pm
5.	CONSENT CALENDAR <i>Items removed from the consent calendar will be considered separately.</i> a. Approve Minutes of the Open Session of the Finance Committee Meeting (08/26/2024) b. Receive FY2025 Pacing Plan c. Receive Article(s) of Interest	Don Watters, Chair	Motion Required	5:30 - 5:41
6.	<u>FY2025 PERIOD 2 FINANCIAL REPORT</u>	Carlos Bohorquez, CFO	Motion Required	5:41 - 5:56
7.	RECESS TO CLOSED SESSION	Don Watters, Chair	Motion Required	5:56 – 5:57

	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
8.	APPROVE MINUTES OF THE CLOSED SESSION OF THE FINANCE COMMITTEE (08/26/2024) <i>Report involving Gov't Code Section 54957.2 for closed session minutes</i>	Don Watters, Chair	Motion Required	5:57 – 5:58
9.	AMBULATORY / MEDICAL NETWORK REAL ESTATE STRATEGY <i>Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets.</i>	Shahab Dadjou, President, El Camino Health Medical Network Amanda Aparadian, VP Physician Relations and Integration	Information	5:58 – 6:18
10.	PHYSICIAN AGREEMENT - Hospice and Palliative Care Physician Professional Services <i>Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets.</i>	Mark Adams, MD, CMO	Discussion	6:18 – 6:23
11.	STRATEGIC MARKET OVERVIEW <i>Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets.</i>	Omar Chughtai, CGO A.J. Reall, VP of Strategy	Discussion	6:23 – 6:48
12.	STRATEGIC BALANCE SHEET DISCUSSION <i>Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets.</i>	Carlos Bohorquez, CFO	Discussion	6:48 – 7:08
13.	RECONVENE TO OPEN SESSION	Don Watters, Chair	Motion Required	7:09
14.	CLOSED SESSION REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	Gabe Fernandez, Governance Services Coordinator	Information	7:09 – 7:10
15.	APPROVE HOSPICE AND PALLIATIVE CARE PHYSICIAN PROFESSIONAL SERVICES AGREEMENT	Don Watters, Chair	Motion Required	7:10 – 7:11
16.	CLOSING COMMENTS	Don Watters, Chair	Information	7:11 – 7:14
17.	ADJOURNMENT	Don Watters, Chair	Motion Required	7:15 pm

Upcoming Meetings: December 5, 2024; January 27, 2025; Joint FC-IC February 24, 2025; March 31, 2025; May 27, 2025



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, August 26, 2024**

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040

Members Present
Don Watters, Chair
Peter Fung, MD
Wayne Doiguchi
Cynthia Stewart

Members Absent
Bill Hooper

**via teleconference

Staff Present
Carlos Bohorquez, Chief Financial Officer
Dan Woods, Chief Executive Officer
Mark Adams, MD, Chief Medical Officer
Omar Chughtai, Chief Growth Officer
Tracey Lewis Taylor, Chief Operating Officer
AJ Reall, VP of Strategy
Victor Cabrera, Sr. Dir. Decision Supp & Business Analytics
Gabriel Fernandez, Coordinator, Governance Services

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 5:30 pm by Chair Don Watters. A verbal roll call was taken. All members were present at roll call and attended in person. Mr. Hooper was excused from the meeting. A quorum was present pursuant to State of California Executive Orders N-25-20, dated March 12, 2020, and N-29-20, dated March 18, 2020.	<i>The meeting was called to order at 5:30 p.m.</i>
2. CONSIDER APPROVAL OF AB 2449 REQUEST	All members participated in person—no consideration of AB-2449 requests was needed.	
3. POTENTIAL CONFLICT OF INTEREST	Chair Watters asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
4. PUBLIC COMMUNICATION	No public members joined the session, and no written correspondence was received from the public.	
5. CONSENT CALENDAR	Motion: To approve the consent calendar. For Approval: (a) Approve Minutes of the Open Session of the Finance Committee Meeting (05/28/2024), (b) Approve Minutes of the Closed Session of the Finance Committee Meeting (05/28/2024), (c) Approve FY2024 Period 11 & 12 Financial Report (Pre-Audit Results), (d) Review and Recommend for Board Approval – Finance Committee Charter	<i>Consent Calendar approved</i>

	<p>For Information: (e) Receive Committee Governance Policy – Approved by ECHB on August 14, 2024, (f) Receive FY2025 Pacing Plan, (g) Receive Article(s) of Interest</p> <p>Movant: Doiguchi Second: Fung Ayes: Doiguchi, Fung, Stewart, Watters Noes: None Abstentions: None Absent: Hooper Recused: None</p>	
<p>6. APPROVE FY2025 PERIOD 1 FINANCIAL REPORT</p>	<p>Carlos Bohorquez, Chief Financial Officer, presented the FY2025 Period 1 Financial Report and highlighted the following:</p> <p><u>Period 1 – July 2024 Results</u></p> <ul style="list-style-type: none">• Average Daily Census: 288, which is 11 / 3.8% unfavorable to budget and 18 / 5.8% lower than the same period last year.• Adjusted Discharges: 3,543, which are 6 / 0.2% favorable to budget and 76 / 2.2% higher than the same period last year.• Emergency Room Visits: 6,390, which are 22 / 0.4% unfavorable to budget and 584 / 10.1% higher than the same period last fiscal year.• Outpatient Visits / Procedures: 12,091, which are 1,203 / 11.1% favorable to budget and 1,603 / 15.6% higher than the same period last fiscal year.• Total operating revenue of \$134.0M is favorable to budget by \$1.6M / 1.2% and \$16.3M / 13.8% higher than the same period last fiscal year.• Operating EBIDA of \$18.8M is favorable to budget by \$0.8M / 4.7% and \$1.7M / 10.1% higher than the same period last fiscal year.• Net income of \$30.8M is favorable to budget by \$18.0M / 141.9% and \$2.5M / 8.7% higher than the same period last fiscal year. <p>Motion: To approve the FY2025 Period 1 Financial Report.</p> <p>Movant: Fung Second: Doiguchi Ayes: Doiguchi, Fung, Stewart, Watters Noes: None Abstentions: None Absent: Hooper Recused: None</p>	<p><i>FY2025 Period 1 Financial Report Approved</i></p>

<p>7. COMMUNITY MEMBER RECRUITMENT – AD HOC COMMITTEE</p>	<p>Chair Watters shared the Community Member recruitment process.</p> <p>Motion: To approve the formation of an Ad Hoc Committee to begin the recruitment process with the appointment of Director Wayne Doiguchi as the Ad Hoc Committee Chair and Bill Hooper as the additional member of the committee.</p> <p>Movant: Fung Second: Doiguchi Ayes: Doiguchi, Fung, Stewart, Watters Noes: None Abstentions: None Absent: Hooper Recused: None</p>	<p><i>Formation of recruitment Ad Hoc Committee with Wayne Doiguchi as Chair and Bill Hooper as additional Committee Member Approved</i></p>
<p>8. RECESS TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 5:50 pm.</p> <p>Movant: Doiguchi Second: Fung Ayes: Doiguchi, Fung, Stewart, Watters Noes: None Abstentions: None Absent: Hooper Recused: None</p>	<p><i>Adjourned to closed session at 5:50 pm</i></p>
<p>9. AGENDA ITEM 16: RECONVENE OPEN SESSION/REPORT OUT</p>	<p>Mr. Fernandez reported that the Finance Committee did not take any reportable actions during the closed session.</p>	<p><i>Reconvened to Open Session at 7:25 pm</i></p>
<p>10. AGENDA ITEM 17: APPROVE VASCULAR SURGERY ED AND INPATIENT ON-CALL RENEWAL</p>	<p>Motion: To approve the Vascular Surgery ED and Inpatient On-Call Renewal.</p> <p>Movant: Fung Second: Doiguchi Ayes: Doiguchi, Fung, Stewart, Watters Noes: None Abstentions: None Absent: Hooper Recused: None</p>	<p><i>Vascular Surgery ED and Inpatient On-Call Renewal Approved</i></p>
<p>11. AGENDA ITEM 18: RECOMMEND JOINT VENTURE INVESTMENT IN REHABILITATION HOSPITAL DEVELOPMENT TO BOARD OF DIRECTORS</p>	<p>Motion: To recommend approval of the Joint Venture Investment in the Rehabilitation Hospital Development to the El Camino Hospital Board of Directors.</p> <p>Movant: Fung Second: Doiguchi Ayes: Doiguchi, Fung, Stewart, Watters Noes: None Abstentions: None Absent: Hooper Recused: None</p>	<p><i>Recommendation for approval of the Joint Venture Investment in the Rehabilitation Hospital Development to the El Camino Hospital Board of Directors</i></p>

12. AGENDA ITEM 19: CLOSING COMMENTS	Chair Watters thanked management for their contributions and efforts in developing the strategic initiatives discussed in the closed session.	
13. AGENDA ITEM 20: ADJOURNMENT	Motion: To adjourn at 7:27 pm. Movant: Fung Second: Doiguchi Ayes: Doiguchi, Fung, Stewart, Watters Noes: None Abstentions: None Absent: Hooper Recused: None	<i>Meeting adjourned at 7:27 pm.</i>

Attest as to the approval of the foregoing minutes by the Finance Committee of El Camino Hospital:

Don Watters
Chair, Finance Committee

Prepared by: Gabriel Fernandez, Governance Services Coordinator
Reviewed by: Carlos A. Bohorquez, Chief Financial Officer

FY2025 Finance Committee Pacing Plan												
AGENDA ITEM	Q1			Q2			Q3			Q4		
	JUL	8/26	SEPT	10/14	NOV	12/5	1/27	2/24	3/31	APR	5/26	JUN
STANDING AGENDA ITEMS												
Standing Consent Agenda Items		✓		✓		✓	✓		✓		✓	
Minutes		✓		✓		✓	✓		✓		✓	
Period Financials Report (Approval)		✓		✓		✓	✓		✓		✓	
Board Actions		✓		✓		✓	✓		✓		✓	
APPROVAL ITEMS												
Candidate Interviews & Recommendation to Appoint (If required to add/replace committee member)												
Financial Report Year-End Results		✓										
Next FY Committee Goals, Dates, Plan									✓		✓	
Next FY Org. Goals											✓	
Next FY Community Benefit Grant Program											✓	
Physician Contracts		✓		✓		✓	✓		✓		✓	
DISCUSSION ITEMS												
Financial Report (Pre-Audit Year-End Results)		✓										
Financial Performance JVs/ Business Affiliates		✓										
Progress on Opportunities/ Risks						✓						
Medical Staff Development Plan (every 2 years)									✓			

FY2025 Finance Committee Pacing Plan												
AGENDA ITEM	Q1			Q2			Q3			Q4		
	JUL	8/26	SEPT	10/14	NOV	12/5	1/27	2/24	3/31	APR	5/26	JUN
Impact of Strategic Initiatives/Market Share Update							✓					
Progress Against Committee Goals & Pacing Plan (Quarterly)						✓			✓		✓	
Foundation Strategic Update						✓						
ECHMN Update							✓		✓			
Community Benefit Grant Application Process						✓			✓			
Progress Against 2027 Strategic Plan						✓					✓	
Managed Care Update							✓					
Long-Range Financial Forecast (Joint FC / IC Meeting)								✓				
Next FY Budget and Preliminary Assumptions Review									✓			
Review FY Operational / Capital Budget for Recommendation to Board									✓		✓	
Summary Physician Financial Arrangements									✓			
Post Implementation (as needed)												
Other Updates¹ (as needed)												

1. Includes updates on special projects/joint ventures/real estate, ad-hoc updates

BECKER'S

Hospital CFO Report

Financial Management

Health system margins inch lower

Laura Dyrda – September 30, 2024

Median health systems margins decreased to 1.9% in August, a fourth straight month of declines, according to Strata Decision Technology's Monthly Healthcare Industry Financial Benchmarks report released in September.

"This is the second consecutive month that we've seen operating margins tighten for the nation's health systems," said Steve Wasson, chief data and intelligence officer at Strata Decision Technology. "As our largest healthcare organizations, these entities already struggle with thin operating margins and feel expense pressures on a magnified scale. While it's encouraging to see expense increases slow somewhat compared to the concerning spikes in July, they remain on the rise with no signs of stopping."

The average year to date operating margins for health systems narrowed from 2.1% in July while hospitals fared better, with operating margins increased slightly to 6.7%. Year over year, the median hospital margin increased nearly 1 percentage point.

Overall hospital expenses increased 6.2% year over year in August, improving month over month. Gross operating revenue was up 6.1% year over year, with hospitals in the Midwest seeing the biggest increases at 7% year over year.

<https://www.beckershospitalreview.com/finance/health-system-margins-inch-lower.html>



Monthly Healthcare Industry Financial Benchmarks

August 2024

August's Hospital, Patient Volumes, and Physician Practice Financial Performance

This report highlights the latest trends in financial performance for U.S. hospitals and physician groups, drawn from monthly data from more than 135,000 physicians and over 1,600 hospitals.

Overview: Health System Margins, Hospital Patient Volumes Down in August

Performance metrics were mixed for U.S. healthcare organizations in August, with patient demand stalling for many even as revenues continued to rise. Highlights from the August data include:

- **Health systems nationwide continued to see operating margin declines**, with the metric narrowing to 1.9% in August while the median hospital operating margin rose slightly to 4.9%.
- **Patient volumes dropped across most key metrics for the month**, representing a return to declines seen in June following rising patient demand in July.
- **Hospital expense increases eased** somewhat compared to double-digit increases in July; drugs expense, for example, rose 4.6% year-over-year (YOY) versus 17.3% YOY the prior month.
- **The level of investment needed to support physician practice operations rose**, with the median investment per physician full-time equivalent up 13.7% versus 2023, due in part to ongoing expense increases.

Hospital Performance Benchmarks

The latest benchmarks illustrate the interplay of revenues and expenses on historically tight hospital operating margins.

Hospital KPIs from Comparative Analytics				
	Change from previous month		Change from previous year	
Operating Margin*	▲	+0.2%	▲	+0.9%
Total Expense	▲	+0.6%	▲	+6.2%
Total Non-Labor Expense	▲	+1.1%	▲	+6.2%
Outpatient Revenue	▲	+1.5%	▲	+5.6%

**Note: Operating margins are calculated on a percentage point change basis.*



Operating Margins: Hospital operating margins saw a slight increase in August while health system operating margins narrowed. The median year-to-date (YTD) operating margin for hospitals nationwide rose just one-tenth of a percentage point from 4.8% in July to 4.9% in August.* At the same time, the median YTD health system operating margin dropped from 2.1% in July to 1.9% in August.

Hospital operating margins saw minimal changes compared to prior year and prior month. The median change in hospital operating margin rose 0.9 percentage point from August 2023 to August 2024, and just 0.2 percentage point from July to August 2024. Margin changes varied by region, with hospitals in the Midwest and Northeast/Mid-Atlantic seeing decreases of 0.5 percentage point and 1.1 percentage point year-over-year (YOY), respectively. Other regions had increases ranging from 0.2 percentage point for hospitals in the Great Plains to 1.9 percentage points for those in the South.

The median change in hospital operating earnings before interest, taxes, depreciation, and amortization (EBITDA) margin for hospitals nationwide was up 0.5 percentage point YOY and just 0.1 percentage point month-over-month.

Hospital Expenses: Hospital expense increases eased somewhat in August compared to July's double-digit increases. Non-labor expenses rose faster than labor expenses for the month, with total non-labor expense up 6.2% YOY and non-labor expense per adjusted discharge up 5.6% YOY. By comparison, total labor expense increased 5.4% YOY and labor expense per adjusted discharge rose 3.9% YOY. Total expense and total expense per adjusted discharge were up 6.2% YOY and 4.7% YOY, respectively.

Looking at specific non-labor expenses, supply expense was up 5.5% YOY compared to a 16.4% YOY increase in July. Drugs expense increased 4.6% versus 17.3% YOY the prior month, while purchased service expense rose 12.0% YOY, the same level as in July.

Month-over-month expense changes were mixed. Total expense was up 0.6% and total non-labor expense rose 1.1%, due in part to a 1.4% increase in supply expense and a 1.6% increase in purchased service expense from July to August 2024. Drugs expense decreased 1.1% after increasing 8.8% month-over-month in July, while total labor expense was essentially flat, decreasing just 0.1%. Both total expense per adjusted discharge and labor expense per adjusted discharge decreased 1.7% month-over-month.

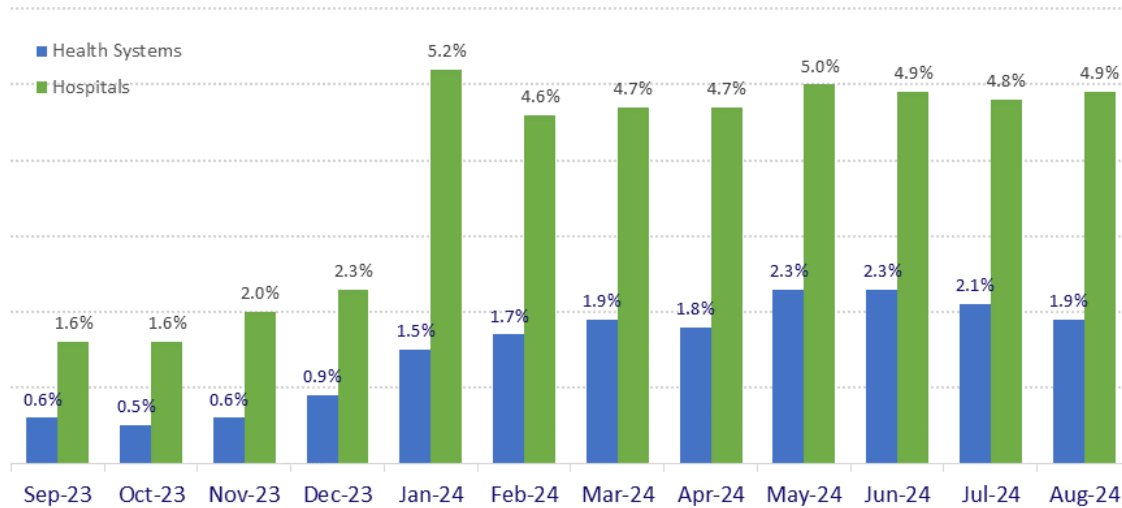
Hospital Revenues: Hospital revenues continued to rise across most metrics. Gross operating revenue and inpatient revenue both increased 6.1% YOY while outpatient revenue was up 5.6% YOY. Month-over-month, gross operating revenue increased 1.2%, outpatient revenue rose 1.5%, and inpatient revenue decreased just 0.2%. Net patient service revenue (NPSR) per adjusted discharge increased 3.6% YOY and decreased 1.7% from July to August 2024.

By region, increases in gross operating revenue ranged from 4.6% YOY for hospitals in the Northeast/Mid-Atlantic to 7.0% for those in the Midwest. Inpatient revenues rose for hospitals in four of five regions, with increases ranging from 5.7% YOY in the West to 7.4% YOY for both the



South and Northeast/Mid-Atlantic. The Great Plains was the only region to see a decrease, with inpatient revenues there down 0.6% YOY.

Median Hospital and Health System Operating Margins Nationally, Year-to-Date



Source: Comparative Analytics

Patient Volume Benchmarks

Hospital inpatient and outpatient volumes drawn from analysis of more than 10 million patient visits.

Patient Volumes from StrataSphere				
	Change from previous month		Change from previous year	
Inpatient Admissions	▼	-0.7%	▲	+3.5%
Observation Visits	▼	-3.6%	▼	-4.2%
Emergency Visits	▼	-7.0%	▼	-4.9%
Outpatient Visits	▲	+0.4%	▼	-0.5%

Patient demand dropped across most metrics in August, representing a return to declines seen in June following July’s increases. While inpatient admissions increased 3.5% YOY, other metrics saw declines over the same period ranging from 0.5% for outpatient visits to 4.9% for emergency visits. From July to August, inpatient admissions decreased 0.7% but outpatient visits increased slightly,

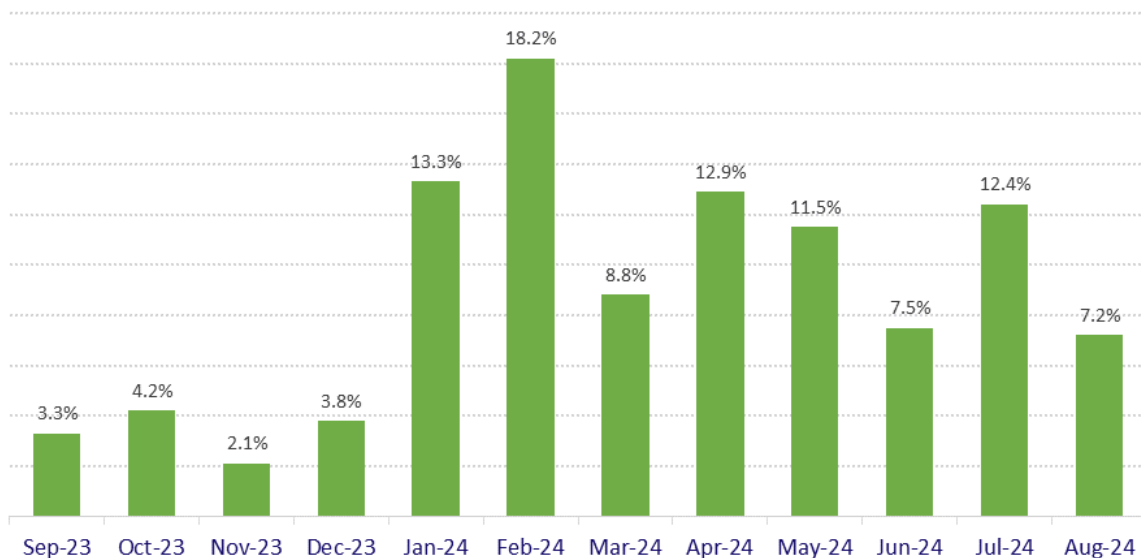


up 0.4%. Compared to two years ago in 2022, inpatient admissions were up 7.2% and outpatient visits increased 3.0%

Volumes rose across different service lines. Infectious disease had the biggest YOY increase at 20.5%, due in part to recent increases in cases of [pertussis](#), [COVID-19](#), and other infectious diseases reported by the Centers for Disease Control and Prevention. Rheumatology had the second highest YOY increase at 16.1%, followed by cancer at 15.0%. Patient volumes also increased YOY across 14 of 15 common procedure types. Outpatient positron emission tomography (PET) had the biggest increase at 14.5% YOY, followed by outpatient microscopic lab exams at 11.4% YOY, and outpatient chemistry/hematology labs at 11.3% YOY. Inpatient primary knee replacements were the only procedure to see a YOY decrease at 6.3%, as such procedures continue to shift to outpatient settings.

Patient volumes were mixed for the nation’s children’s hospitals. Inpatient admissions increased 1.4% while outpatient visits decreased 5.4% from August 2023 to August 2024. Observation visits were up 2.2% and emergency visits decreased 5.1% over the same period, according to data as of August 31.

Inpatient Admissions Monthly Volume Changes vs. 2022



Source: StrataSphere Research Report: [National Patient and Procedure Volume Tracker™](#), Data as of Aug. 31, 2024.

Physician Practice Benchmarks

A look at last month’s key performance indicators from more than 10,000 physician practices.



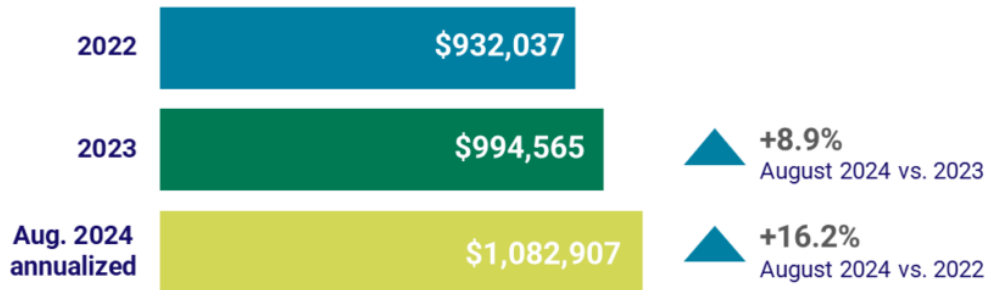
Physician KPIs from Comparative Analytics		
	Change versus 2023	Change versus 2022
Investment	▲ +13.7%	▲ +18.9%
Total Direct Expense	▲ +8.9%	▲ +16.2%
Productivity	▲ +8.4%	▲ +12.4%
Physician Revenue	▲ +8.5%	▲ +15.1%
Support Staff Levels	▼ -5.0%	▼ -8.4%

Physician practices saw double-digit increases in the level of investment needed to support practice operations. The median investment per physician full-time equivalent (FTE) rose to \$337,903 for August annualized, up 13.7% versus 2023 and 18.9% compared to 2022.

Rising expenses contributed to the increases. The median total direct expense per physician FTE was \$1.1 million for August annualized. That is up 8.9% compared to 2023 and 16.2% from 2022. The median net revenue per physician FTE was \$725,717 for the month (annualized), up 8.5% from 2023 and 15.1% from 2022.

Physician productivity increased as staffing levels continued to decrease. The median physician work relative value units (wRVUs) per FTE were 6,415.08 for August annualized, up 8.4% from 2023 and 12.4% from 2022. Median support staff FTEs per 10,000 wRVUs — a measure of staffing levels and productivity — were 2.92 for August annualized, down 5.0% compared to 2023 and down 8.4% versus 2022.

Total Direct Expense per Physician FTE



© 2024 Strata Decision Technology

Source: Comparative Analytics

*The median YTD hospital operating margin of 4.8% for July 2024 represents a correction from the figure contained in the previous month's report.

<https://www.stratadecision.com/monthly-healthcare-industry-financial-benchmarks/#:~:text=This%20report%20highlights%20the%20latest%20trends%20in%20financial%20performance%20for>

KaufmanHall

AUGUST 2024 METRICS

National Hospital Flash Report

Real Data. Real Insight. Real Time.

Based on Data from More Than 1,300 Hospitals

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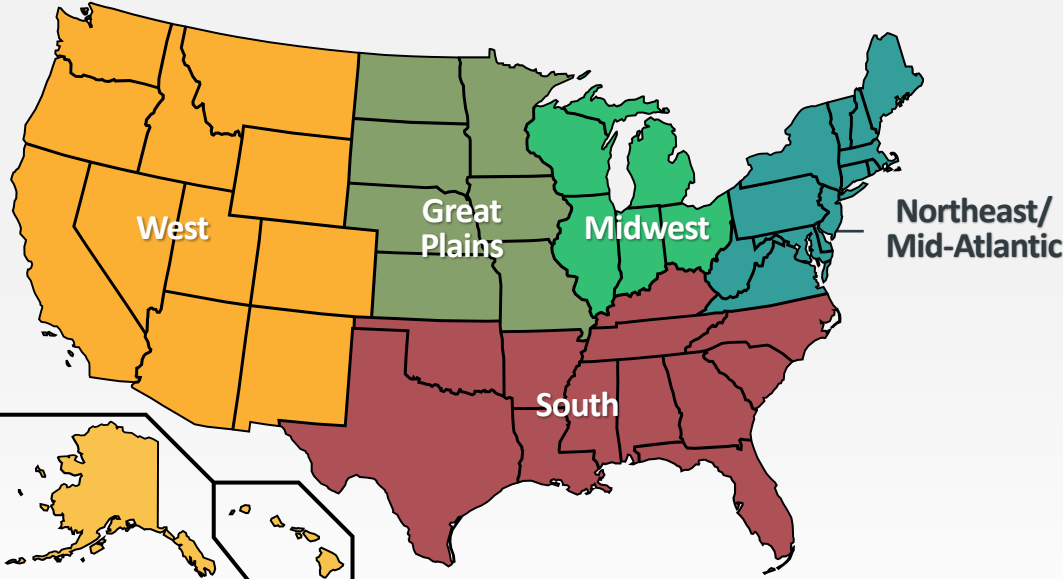
About the Data

The *National Hospital Flash Report* uses both actual and budget data over the last three years, sampled from more than 1,300 hospitals on a recurring monthly basis from Syntellis Performance Solutions, now part of Strata.

The sample of hospitals for this report is representative of all hospitals in the United States both geographically and by bed size. Additionally, hospitals of all types are represented, from large academic to small critical access. Advanced statistical techniques are used to standardize data, identify and handle outliers, and ensure statistical soundness prior to inclusion in the report.

While this report presents data in the aggregate, Syntellis Performance Solutions also has real-time data down to individual department, jobcode, paytype, and account levels, which can be customized into peer groups for unparalleled comparisons to drive operational decisions and performance improvement initiatives.

Map of Regions



About the Data *(continued)*

About Kaufman Hall

KaufmanHall

[Kaufman Hall](#) provides management consulting solutions to help society’s foundational institutions realize sustained success amid changing market conditions. Since 1985, Kaufman Hall has been a trusted advisor to boards and executive management teams, helping them incorporate proven methods, rigorous analytics, and industry-leading solutions into their strategic planning and financial management processes, with a focus on achieving their most challenging goals.

Kaufman Hall services use a rigorous, disciplined, and structured approach that is based on the principles of corporate finance. The breadth and integration of Kaufman Hall advisory services are unparalleled, encompassing strategy; financial and capital planning; performance improvement; treasury and capital markets management; mergers, acquisitions, partnerships, and joint ventures; and real estate.

About Syntellis Performance Solutions

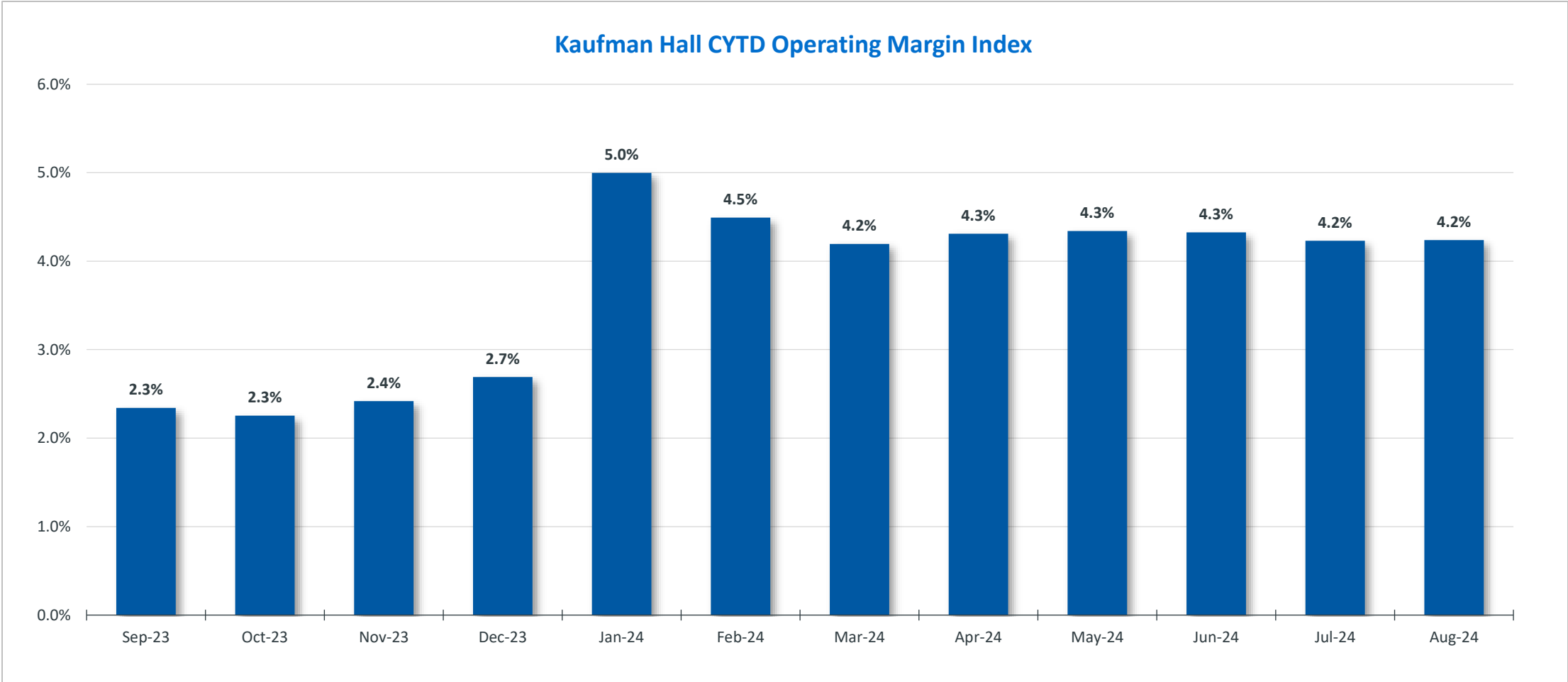


[Syntellis Performance Solutions](#), now part of Strata, provides innovative enterprise performance management software, data and intelligence solutions for healthcare organizations. Its solutions include enterprise planning, cost and decision support, and financial and clinical analytics tools to elevate organizational performance and transform vision into reality. With over 2,800 organizations and 450,000 users relying on its Axiom, Connected Analytics and Stratasan software, combined with No. 1 rankings from Black Book Research and an HFMA Peer Review designation for six consecutive years, Syntellis helps healthcare providers acquire insights, accelerate decisions and advance their business plans. For more information, please visit syntellis.com.

Key Takeaways

- 1. August data show relatively stable margins.** Patient volume has increased, but once adjusted for volume, revenue and expenses have also declined.
- 2. Average length of stay is trending down.** This development indicates less severe patient acuity and efficient care transition pathways.
- 3. On a volume-adjusted basis, expenses show a slight decline.** While expenses are still high compared to previous years, the growth rate is slowing down.

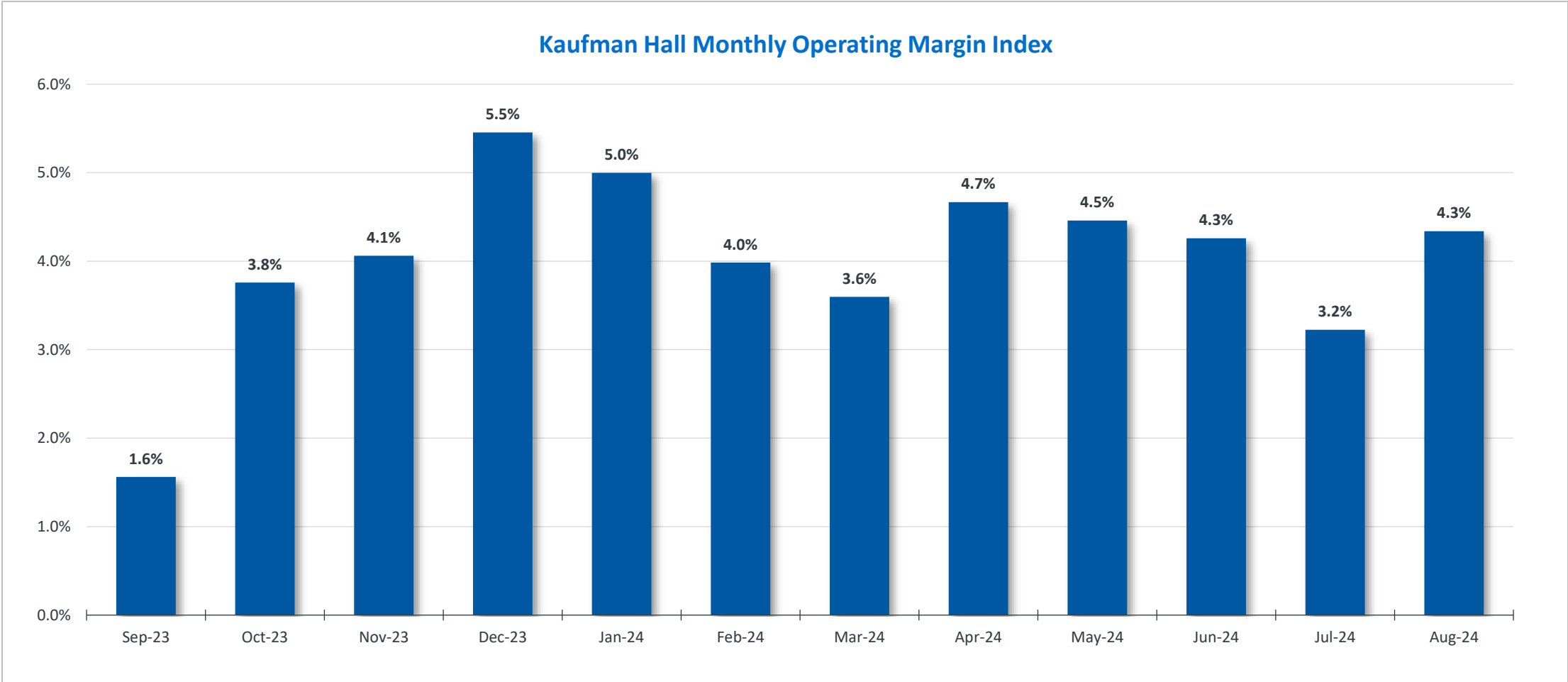
Operating Margin



Kaufman Hall, National Hospital Flash Report (August 2024 Metrics)

* Note: Hospitals only. The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset adjusted for allocations to hospitals from corporate, physician, and other entities. Represents calendar year-to-date and resets each January.

Operating Margin *(continued)*



Kaufman Hall, National Hospital Flash Report (August 2024 Metrics)

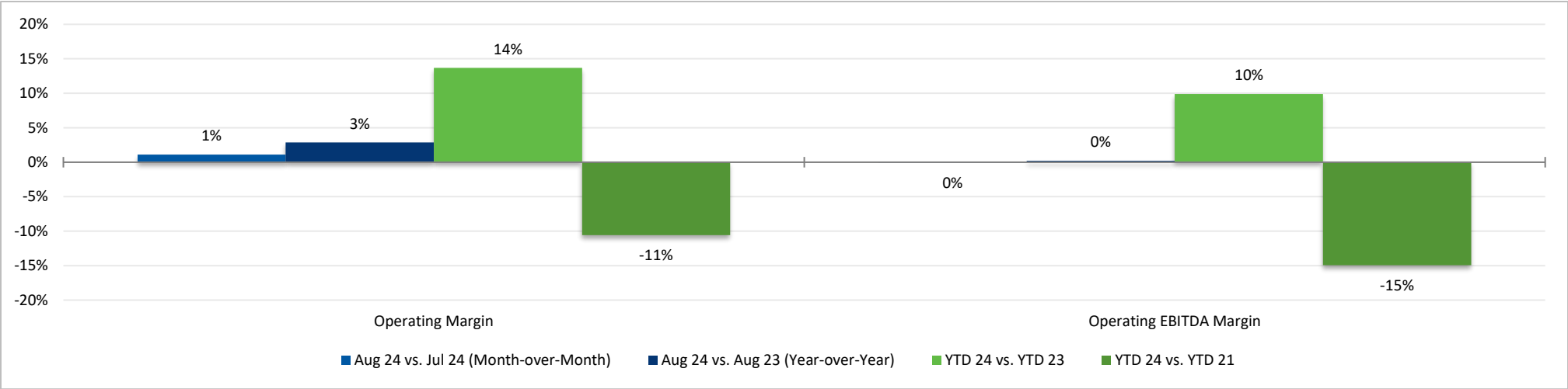
* Note: Hospitals only. The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset adjusted for allocations to hospitals from corporate, physician, and other entities.

National and Regional Data

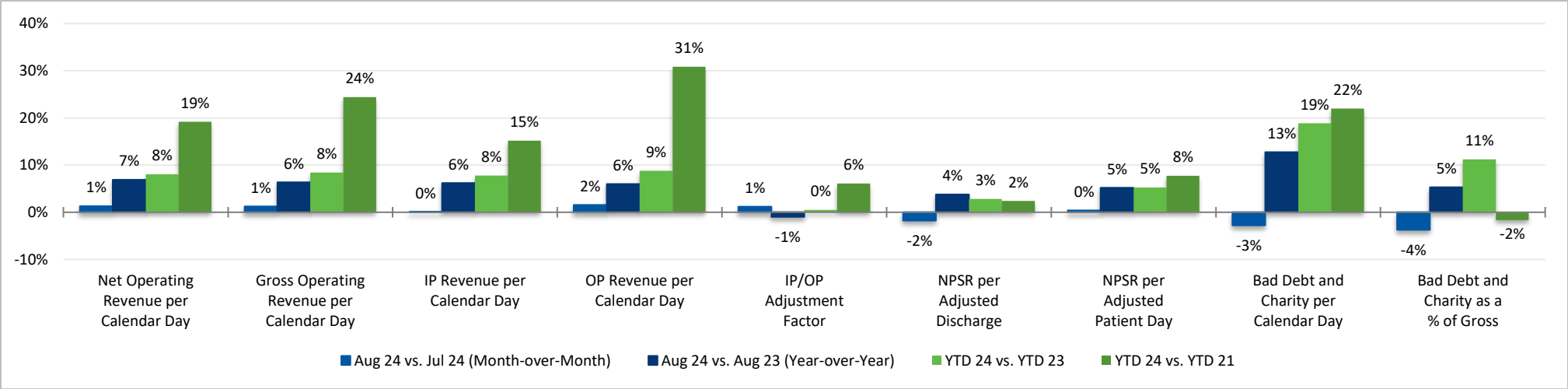
Profitability, Revenue, Expense, and Volume

National Data

Profitability

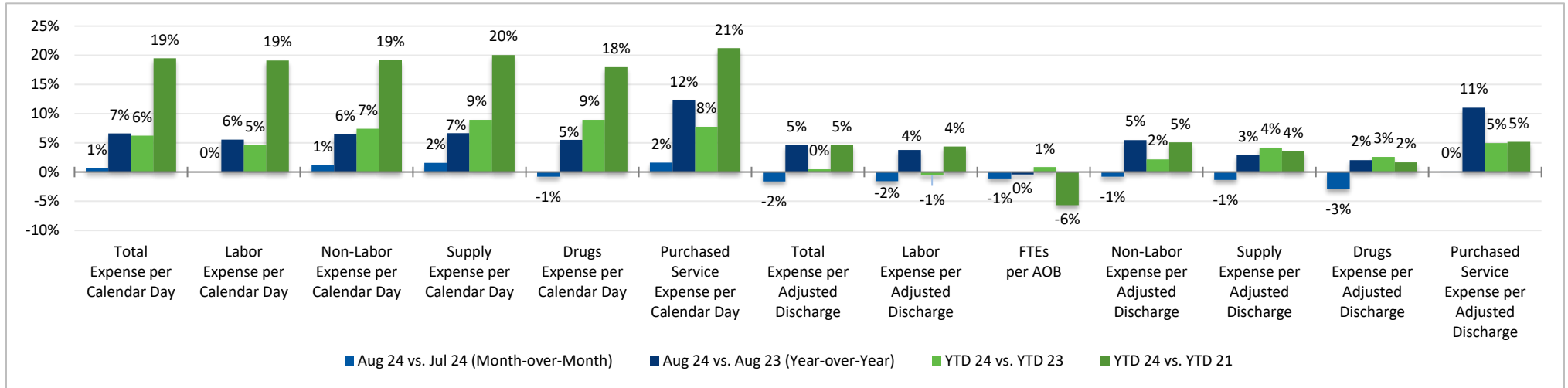


Revenue

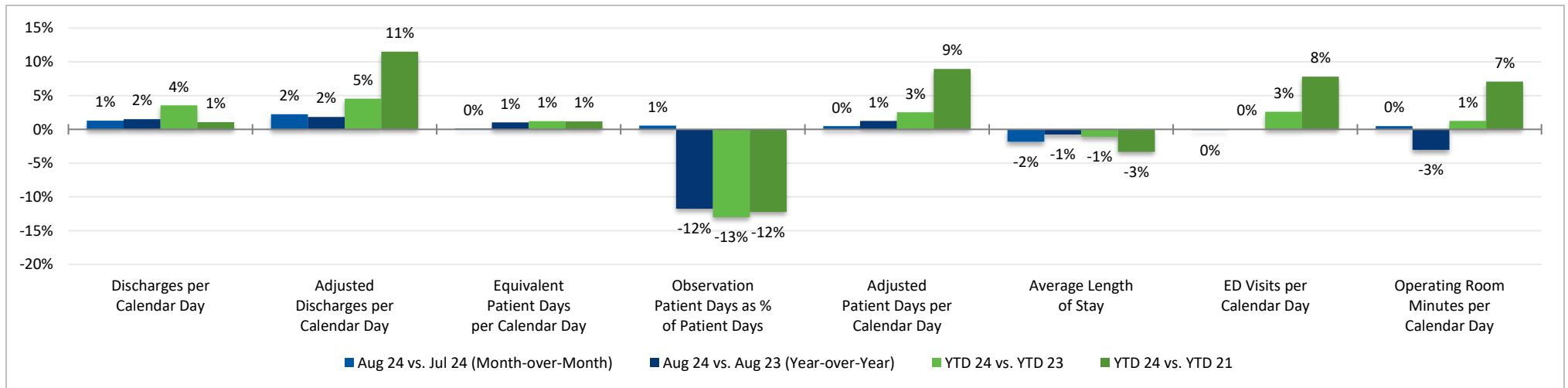


National Data *(continued)*

Expense

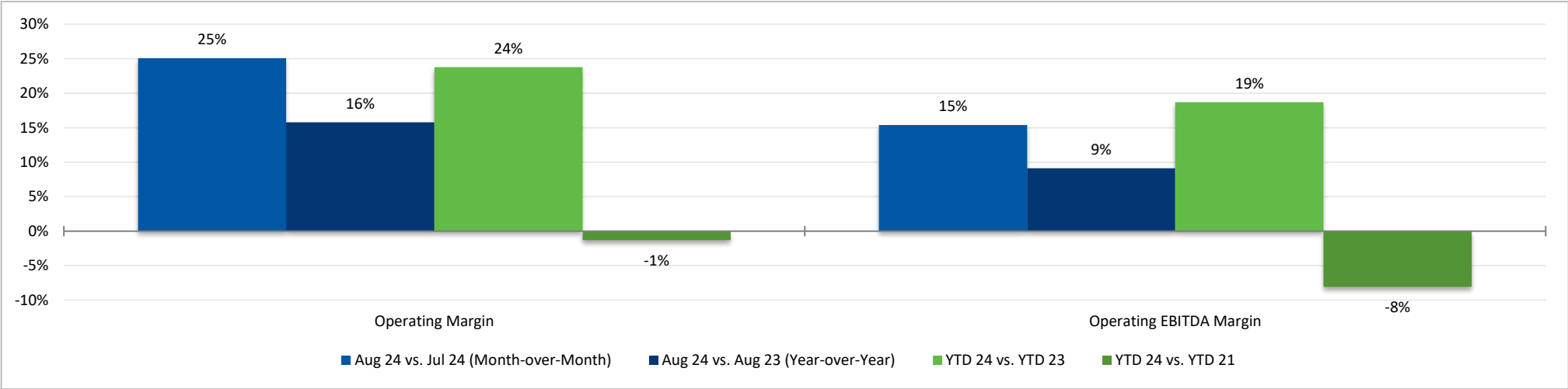


Volume

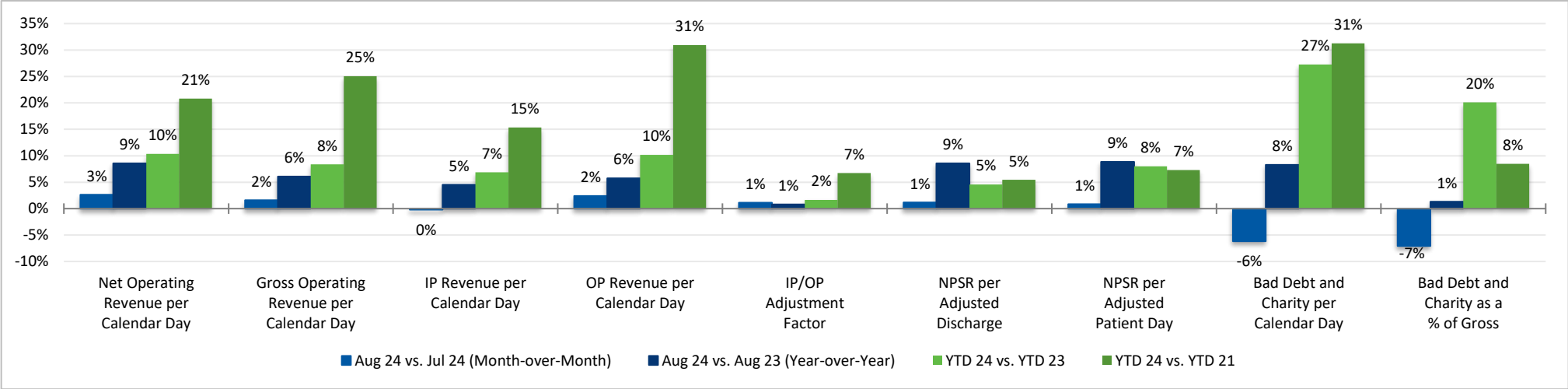


Regional Data: West

Profitability

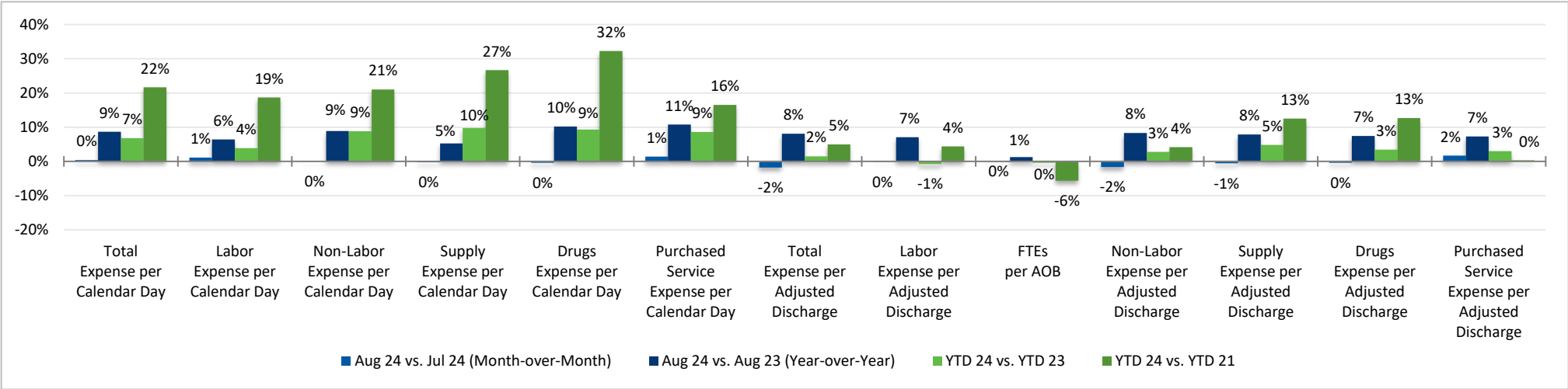


Revenue

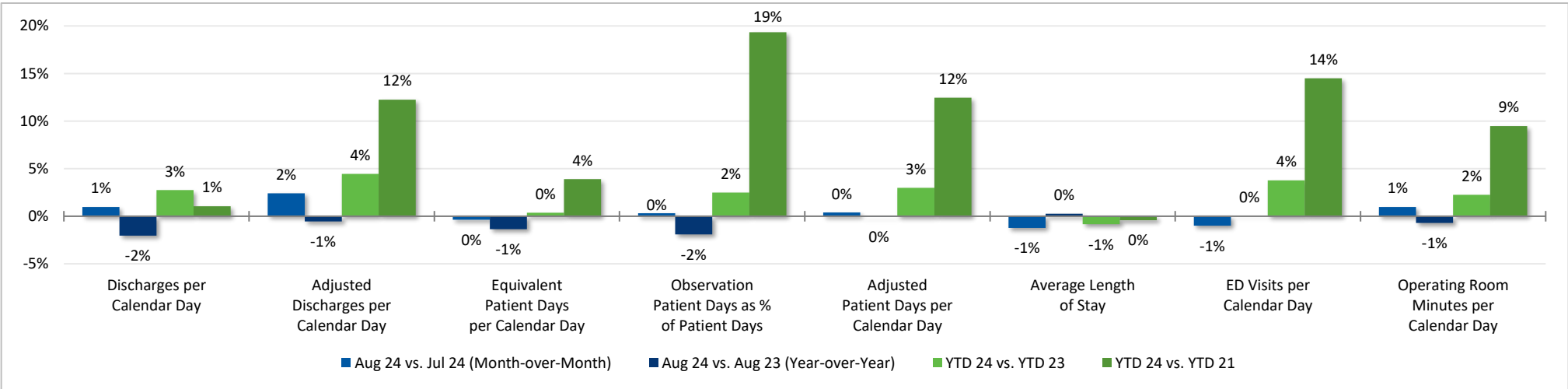


Regional Data: West *(continued)*

Expense

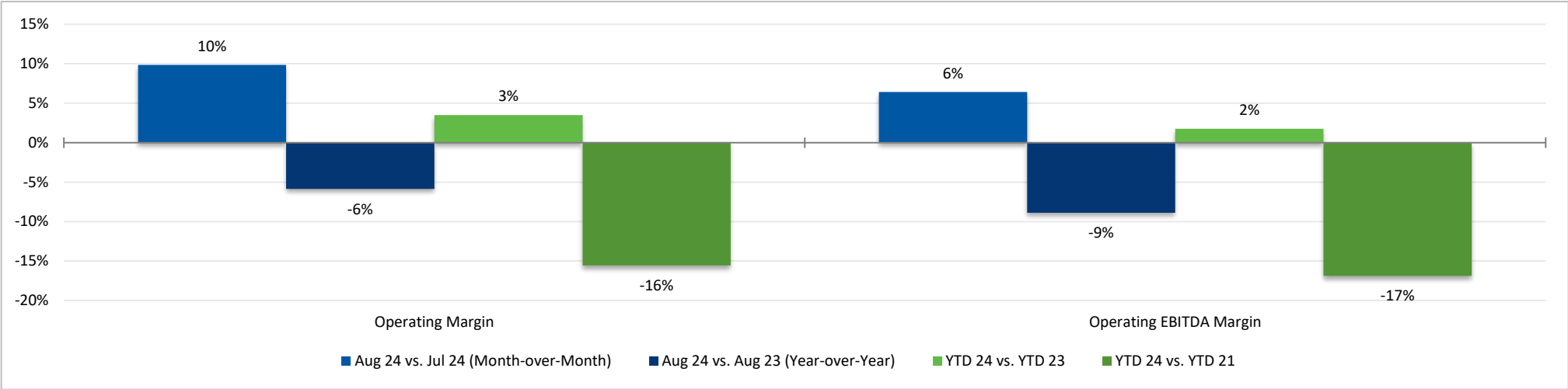


Volume

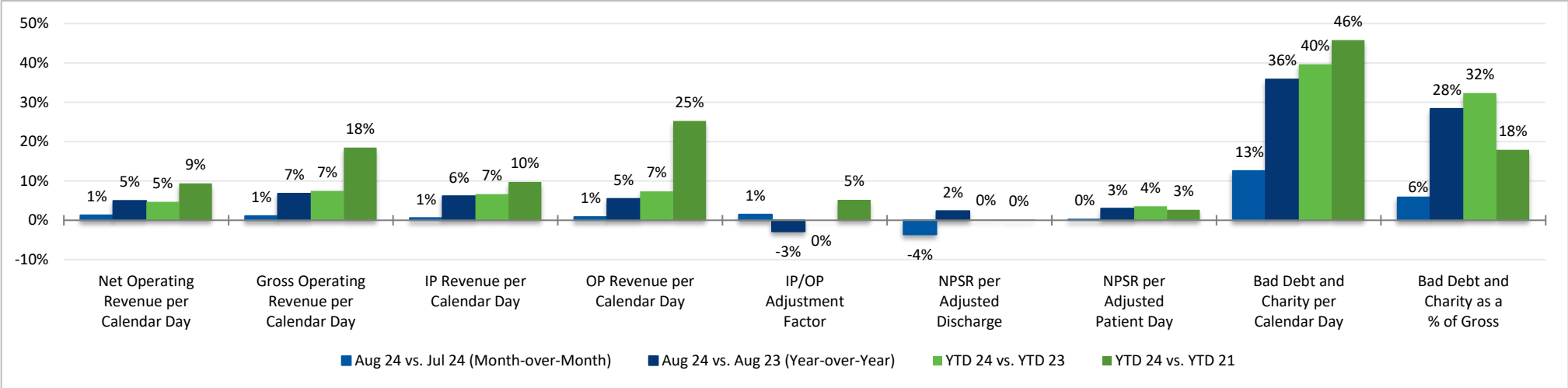


Regional Data: Midwest

Profitability

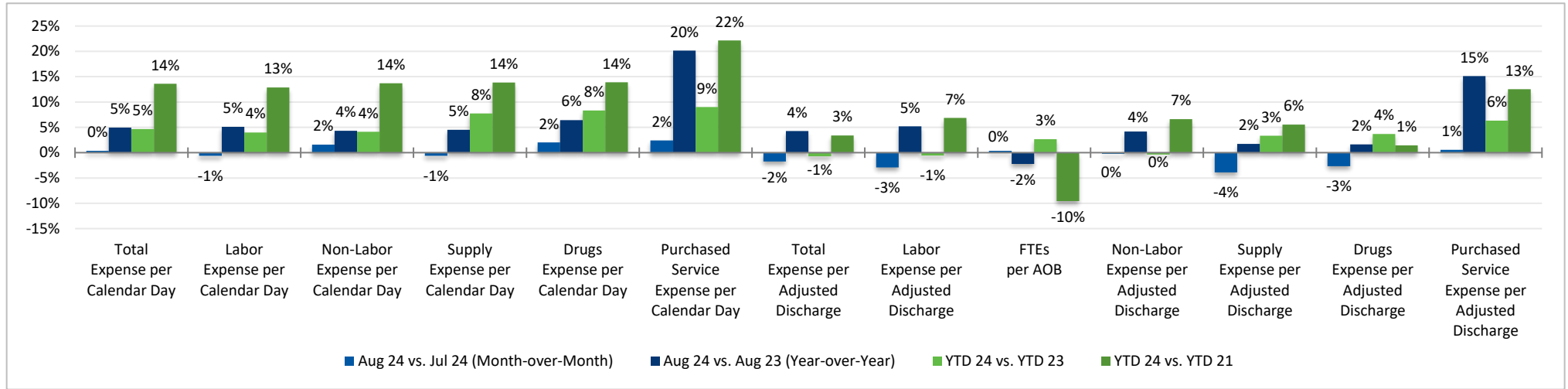


Revenue

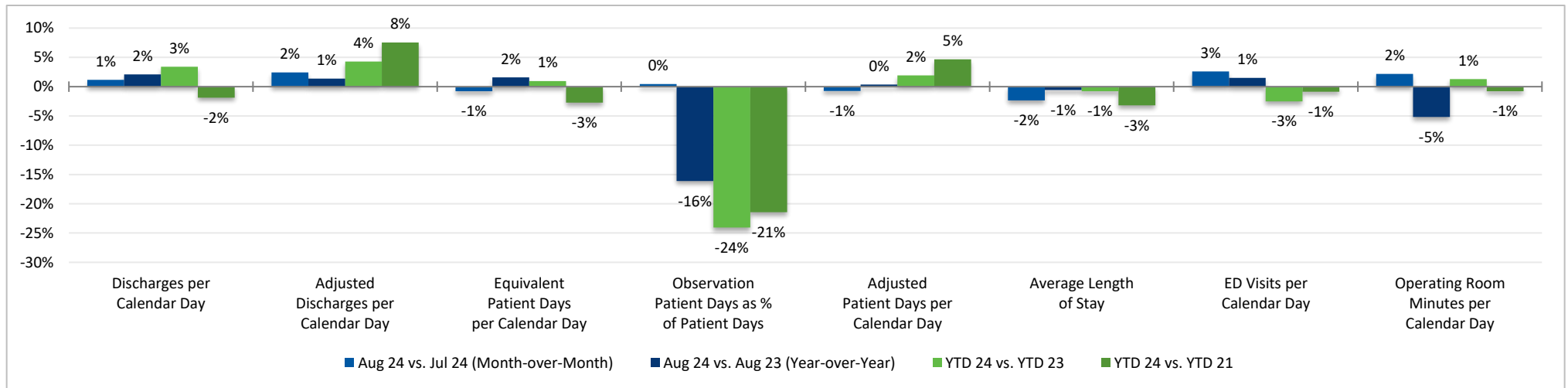


Regional Data: Midwest *(continued)*

Expense

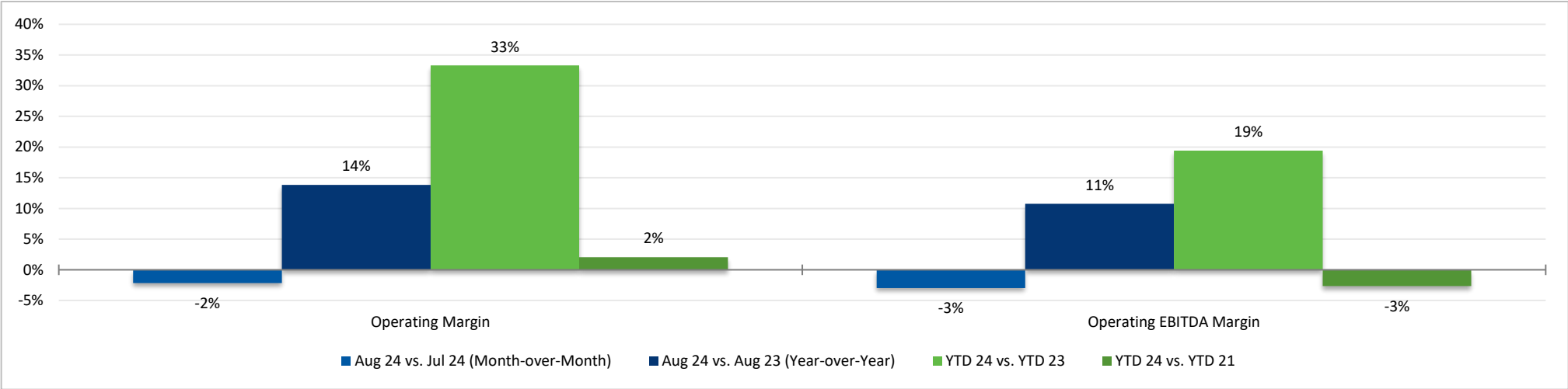


Volume

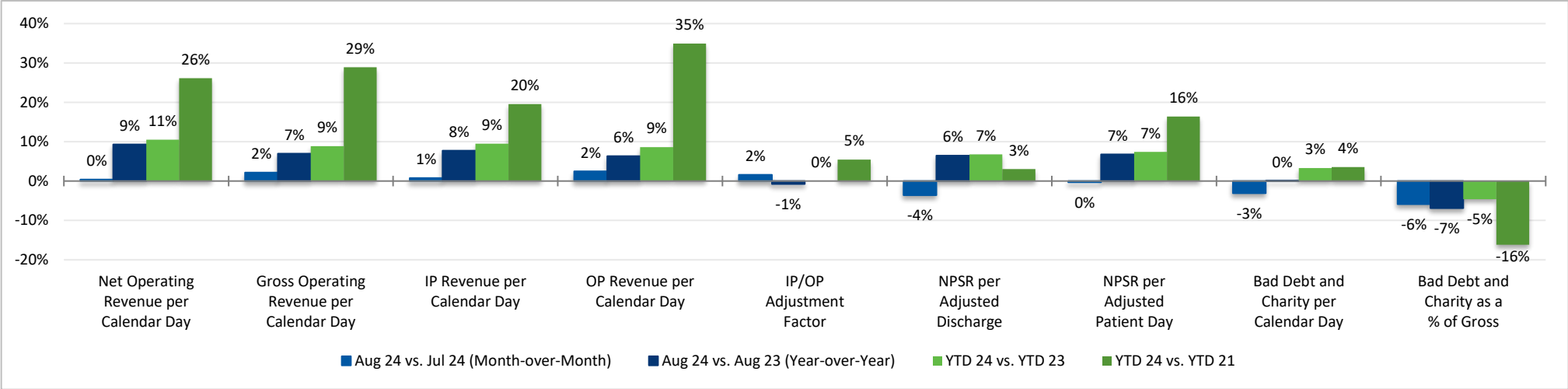


Regional Data: South

Profitability

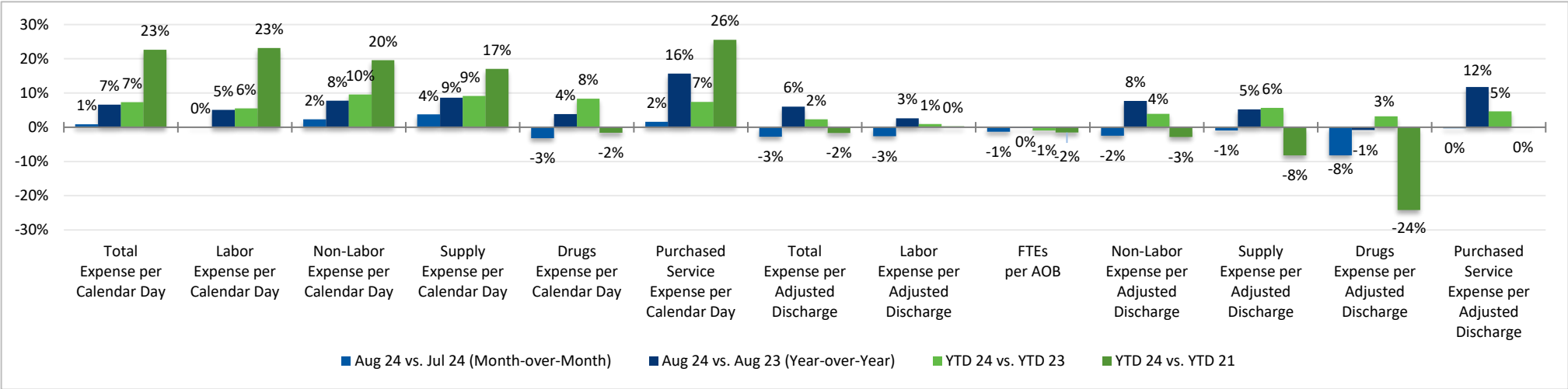


Revenue

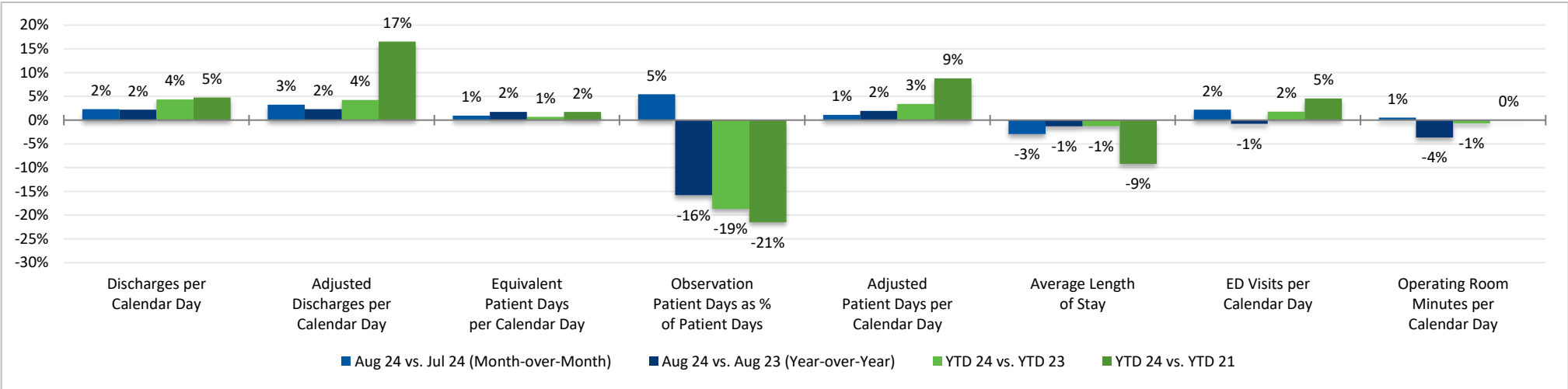


Regional Data: South *(continued)*

Expense

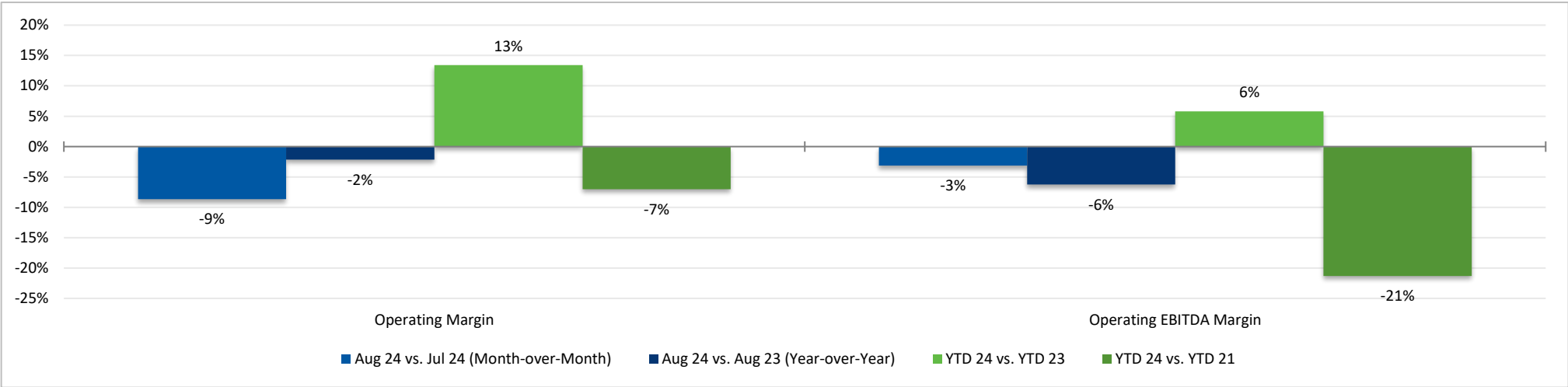


Volume

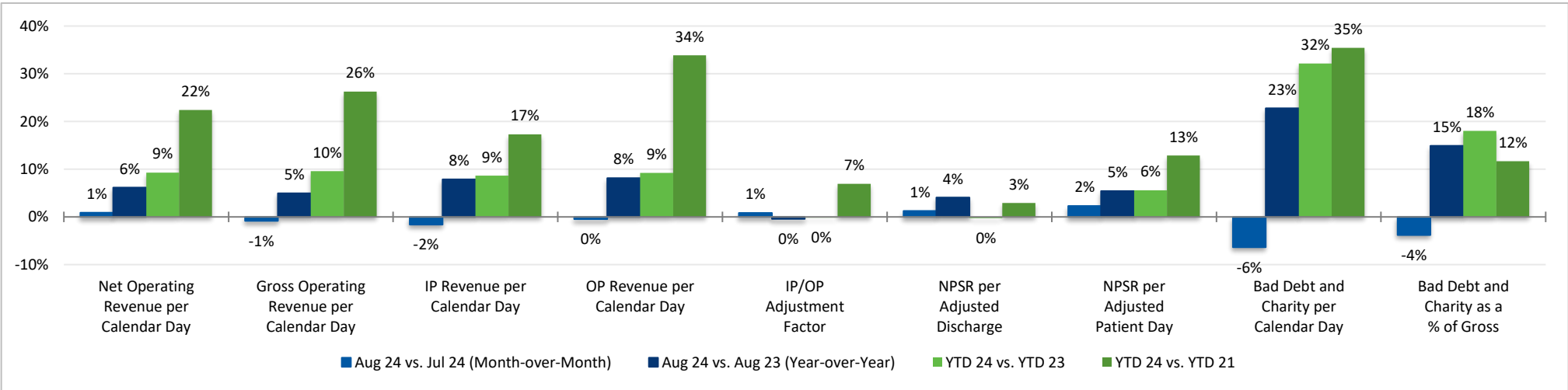


Regional Data: Northeast/Mid-Atlantic

Profitability

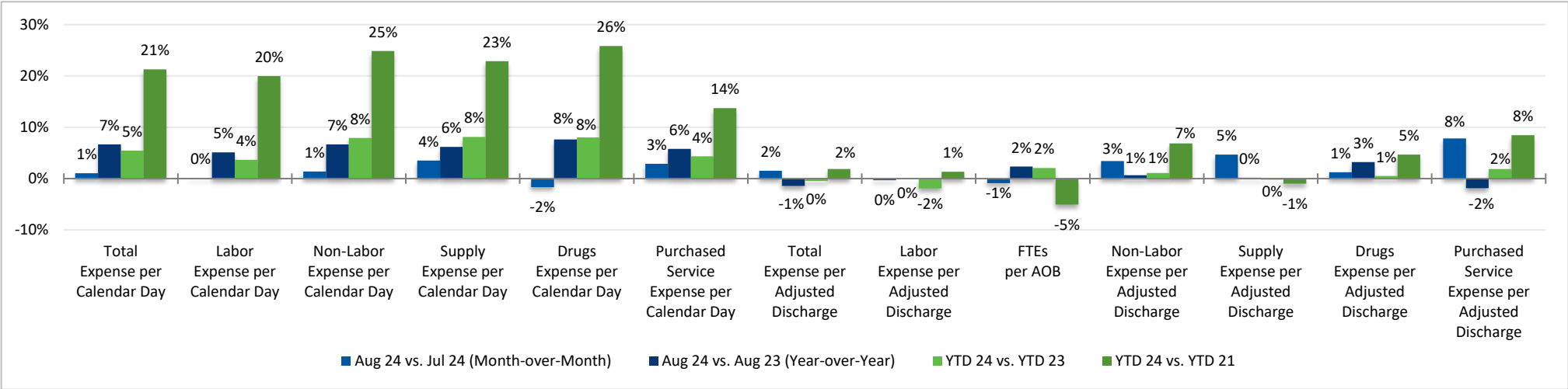


Revenue

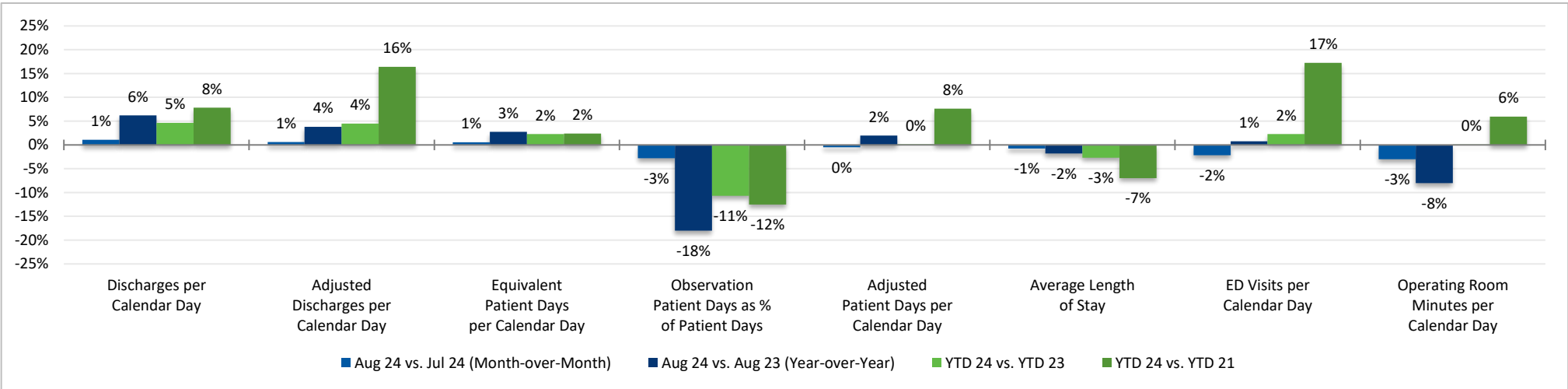


Regional Data: Northeast/Mid-Atlantic *(continued)*

Expense

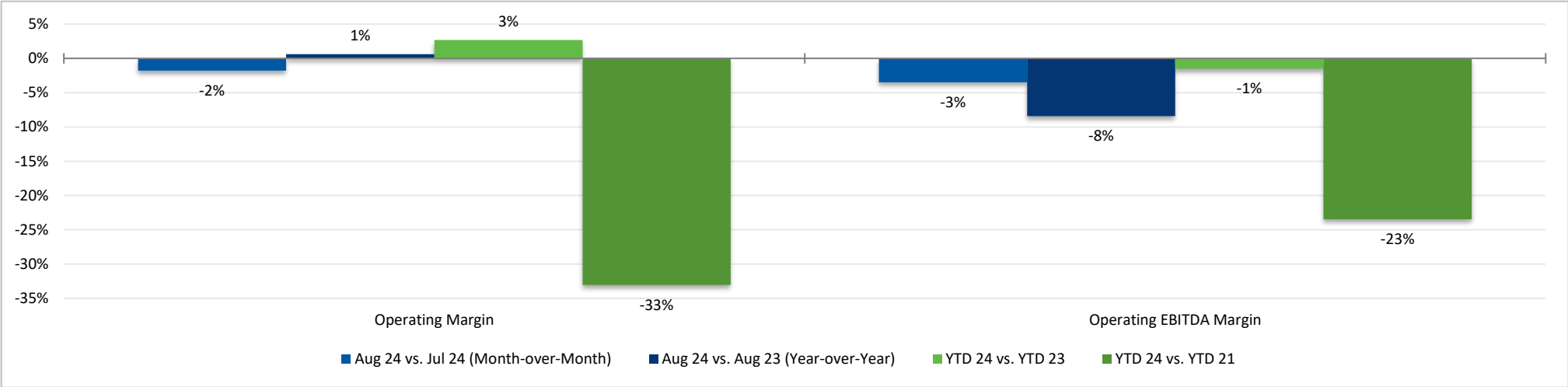


Volume

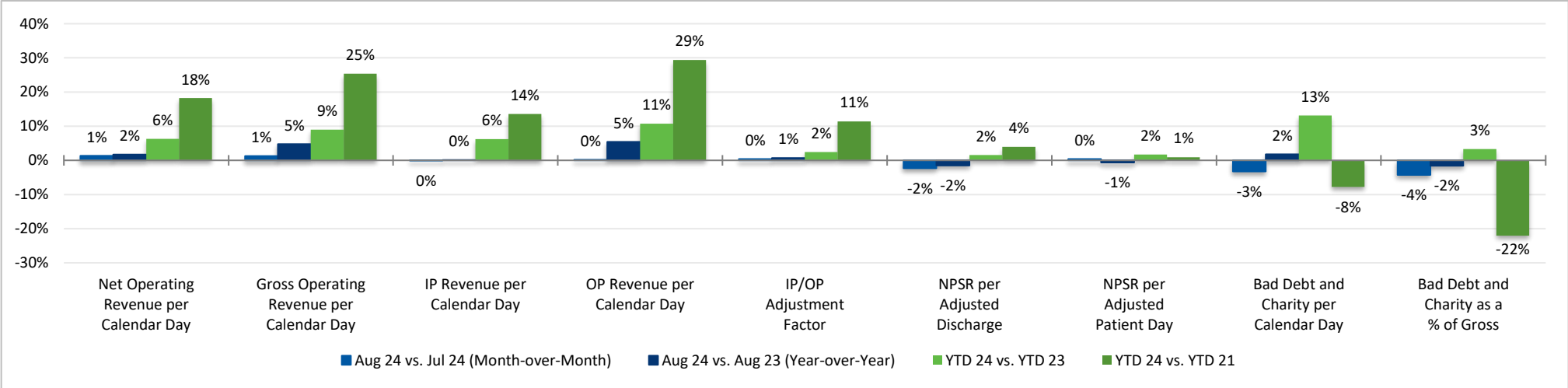


Regional Data: Great Plains

Profitability

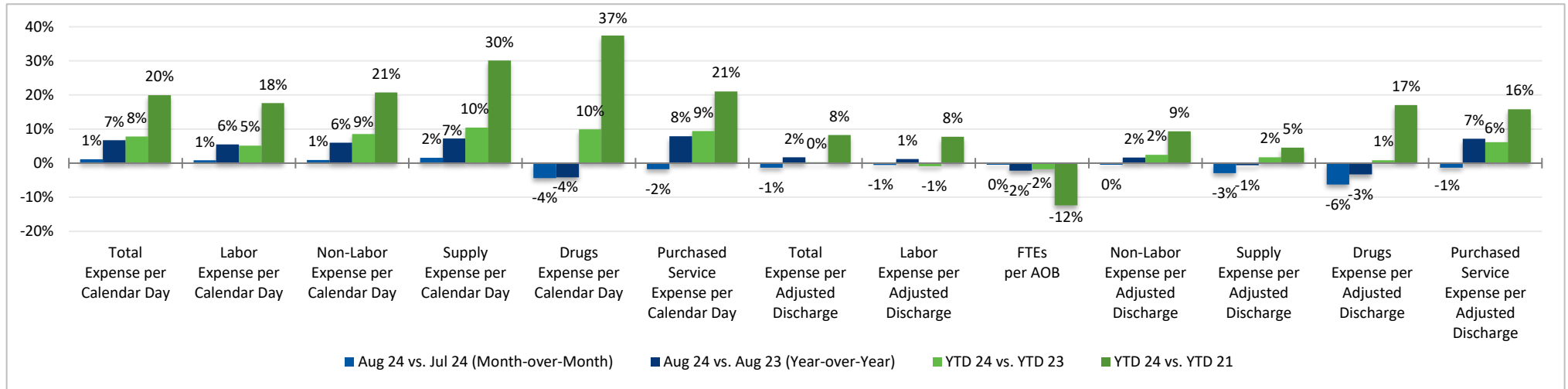


Revenue

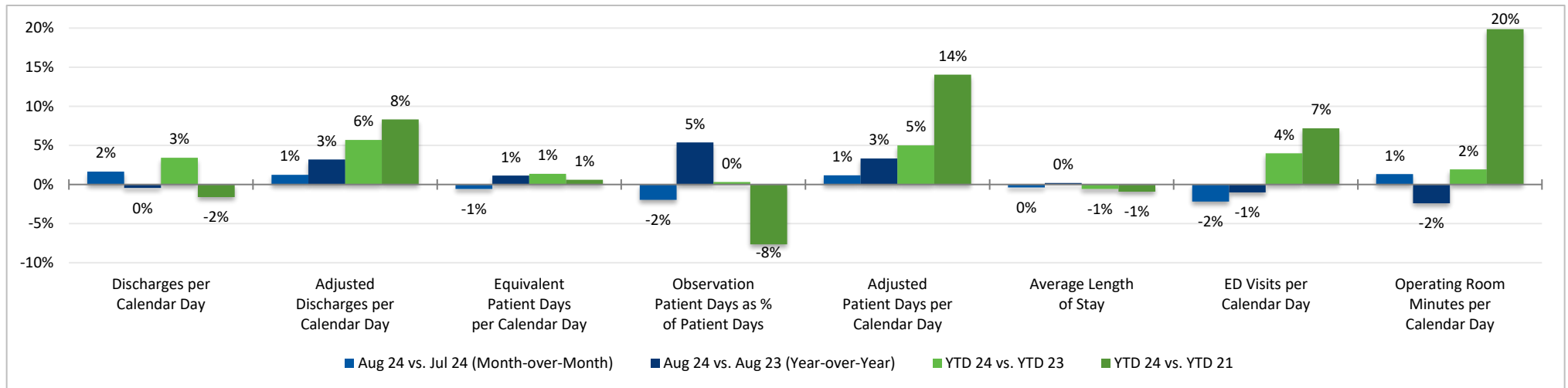


Regional Data: Great Plains *(continued)*

Expense



Volume



Data by Hospital Bed Size

Profitability, Revenue, Expense, and Volume

0-25 Beds

		Aug 24 vs. Jul 24 (Month-over-Month)	Aug 24 vs. Jul 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	10.0%	0.0%	17.4%	-10.9%
	Operating EBIDA Margin	8.1%	1.2%	12.7%	-13.6%
Volume	Discharges per Calendar Day	-1.5%	-1.1%	0.1%	-2.1%
	Adjusted Discharges per Calendar Day	-1.1%	1.1%	3.8%	19.9%
	Equivalent Patient Days per Calendar Day	0.7%	-0.6%	-1.5%	-2.3%
	Observation Patient Days as % of Patient Days	-12.3%	-11.1%	-12.9%	-2.7%
	Adjusted Patient Days per Calendar Day	-0.8%	3.2%	3.4%	19.5%
	Average Length of Stay	-3.2%	-1.8%	-0.6%	-3.3%
	ED Visits per Calendar Day	-0.2%	-0.1%	1.9%	9.8%
	Operating Room Minutes per Calendar Day	7.5%	-13.4%	1.0%	9.1%
	Revenue	Net Operating Revenue per Calendar Day	2.6%	6.3%	7.8%
Gross Operating Revenue per Calendar Day		1.6%	5.4%	8.8%	27.0%
IP Revenue per Calendar Day		0.2%	2.7%	8.4%	6.9%
OP Revenue per Calendar Day		0.8%	5.0%	8.3%	30.8%
IP/OP Adjustment Factor		-1.0%	-3.2%	1.4%	16.4%
NPSR per Adjusted Discharge		0.0%	-0.6%	3.3%	-1.3%
NPSR per Adjusted Patient Day		0.8%	0.5%	4.3%	-3.1%
Bad Debt and Charity per Calendar Day		2.8%	7.6%	14.5%	19.4%
Bad Debt and Charity as a % of Gross		-1.4%	3.3%	8.9%	-5.6%
Expense		Total Expense per Calendar Day	0.7%	7.9%	6.6%
	Labor Expense per Calendar Day	-0.1%	6.4%	5.1%	18.7%
	Non-Labor Expense per Calendar Day	1.5%	6.2%	6.8%	18.1%
	Supply Expense per Calendar Day	0.6%	4.0%	9.9%	26.7%
	Drugs Expense per Calendar Day	-2.3%	8.9%	9.9%	37.1%
	Purchased Service Expense per Calendar Day	-0.6%	14.5%	9.0%	22.6%
	Total Expense per Adjusted Discharge	-2.0%	4.3%	-0.5%	-3.7%
	Labor Expense per Adjusted Discharge	0.0%	1.6%	-0.9%	-4.1%
	FTEs per AOB	-0.8%	-3.0%	-1.5%	-16.8%
	Non-Labor Expense per Adjusted Discharge	-6.3%	4.6%	-0.1%	-1.6%
	Supply Expense per Adjusted Discharge	-3.2%	-3.4%	1.8%	-4.0%
	Drugs Expense per Adjusted Discharge	-6.4%	-3.3%	3.1%	10.4%
	Purchased Service Expense per Adjusted Discharge	-2.4%	11.2%	3.6%	-3.6%

26-99 Beds

		Aug 24 vs. Jul 24 (Month-over-Month)	Aug 24 vs. Jul 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	-9.3%	-1.4%	11.4%	-6.9%
	Operating EBIDA Margin	-8.3%	-4.1%	6.7%	-16.2%
Volume	Discharges per Calendar Day	-1.7%	4.1%	4.4%	4.7%
	Adjusted Discharges per Calendar Day	2.8%	2.3%	6.3%	13.4%
	Equivalent Patient Days per Calendar Day	-1.4%	0.3%	0.9%	0.6%
	Observation Patient Days as % of Patient Days	-1.0%	-20.6%	-15.2%	-14.4%
	Adjusted Patient Days per Calendar Day	0.5%	-0.2%	2.5%	9.3%
	Average Length of Stay	-1.2%	-2.5%	-2.3%	-9.9%
	ED Visits per Calendar Day	0.0%	-0.3%	2.4%	9.4%
	Operating Room Minutes per Calendar Day	-1.8%	-7.7%	0.7%	2.1%
	Revenue	Net Operating Revenue per Calendar Day	0.4%	5.9%	7.4%
Gross Operating Revenue per Calendar Day		0.7%	5.6%	8.3%	22.1%
IP Revenue per Calendar Day		-2.4%	3.7%	7.4%	14.3%
OP Revenue per Calendar Day		1.3%	6.5%	8.7%	28.3%
IP/OP Adjustment Factor		3.4%	-1.5%	1.0%	7.7%
NPSR per Adjusted Discharge		-4.2%	-0.6%	-0.1%	-2.3%
NPSR per Adjusted Patient Day		-1.7%	2.7%	5.5%	6.9%
Bad Debt and Charity per Calendar Day		-2.9%	9.4%	17.5%	17.3%
Bad Debt and Charity as a % of Gross		-3.8%	6.0%	8.8%	-3.1%
Expense	Total Expense per Calendar Day	0.3%	4.9%	5.8%	17.3%
	Labor Expense per Calendar Day	-0.1%	5.0%	4.4%	18.1%
	Non-Labor Expense per Calendar Day	0.9%	3.8%	6.8%	17.1%
	Supply Expense per Calendar Day	1.4%	3.5%	8.6%	14.6%
	Drugs Expense per Calendar Day	-0.1%	8.3%	8.2%	10.9%
	Purchased Service Expense per Calendar Day	2.5%	11.0%	7.0%	16.2%
	Total Expense per Adjusted Discharge	-1.6%	3.7%	-0.7%	-0.1%
	Labor Expense per Adjusted Discharge	-1.9%	4.0%	-0.8%	-4.3%
	FTEs per AOB	-0.5%	-1.4%	-0.9%	-4.3%
	Non-Labor Expense per Adjusted Discharge	-0.7%	4.9%	-0.4%	-0.3%
	Supply Expense per Adjusted Discharge	-2.5%	0.9%	3.2%	-4.8%
	Drugs Expense per Adjusted Discharge	0.6%	6.1%	-1.5%	-7.7%
	Purchased Service Expense per Adjusted Discharge	3.2%	9.2%	4.2%	-1.4%

100-199 Beds

		Aug 24 vs. Jul 24 (Month-over-Month)	Aug 24 vs. Jul 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	-2.9%	2.0%	16.2%	-10.6%
	Operating EBIDA Margin	-4.2%	1.5%	10.2%	-9.5%
Volume	Discharges per Calendar Day	2.4%	0.5%	2.7%	3.0%
	Adjusted Discharges per Calendar Day	1.9%	0.4%	4.0%	11.5%
	Equivalent Patient Days per Calendar Day	0.8%	1.8%	1.2%	2.6%
	Observation Patient Days as % of Patient Days	2.3%	-5.2%	-15.6%	-24.1%
	Adjusted Patient Days per Calendar Day	0.5%	1.1%	2.4%	9.2%
	Average Length of Stay	-0.6%	2.1%	0.0%	-2.1%
	ED Visits per Calendar Day	0.6%	0.2%	2.0%	5.8%
	Operating Room Minutes per Calendar Day	2.6%	1.2%	0.8%	11.7%
	Revenue	Net Operating Revenue per Calendar Day	1.4%	6.5%	7.8%
Gross Operating Revenue per Calendar Day		1.6%	6.0%	7.9%	23.1%
IP Revenue per Calendar Day		1.7%	6.6%	7.2%	15.1%
OP Revenue per Calendar Day		2.2%	6.2%	8.0%	31.6%
IP/OP Adjustment Factor		0.8%	-0.1%	0.2%	5.1%
NPSR per Adjusted Discharge		0.4%	8.2%	1.6%	2.3%
NPSR per Adjusted Patient Day		0.1%	6.9%	5.2%	7.4%
Bad Debt and Charity per Calendar Day		-5.1%	12.9%	23.8%	27.7%
Bad Debt and Charity as a % of Gross		-6.0%	2.1%	14.1%	4.5%
Expense	Total Expense per Calendar Day	1.1%	6.2%	5.4%	18.4%
	Labor Expense per Calendar Day	0.6%	4.5%	4.4%	18.9%
	Non-Labor Expense per Calendar Day	1.6%	6.8%	6.2%	18.3%
	Supply Expense per Calendar Day	3.0%	8.4%	6.2%	14.5%
	Drugs Expense per Calendar Day	0.4%	4.4%	5.7%	5.9%
	Purchased Service Expense per Calendar Day	2.7%	14.8%	8.1%	17.6%
	Total Expense per Adjusted Discharge	-1.0%	7.5%	0.7%	4.9%
	Labor Expense per Adjusted Discharge	-0.3%	5.2%	0.4%	6.2%
	FTEs per AOB	-1.2%	-1.2%	1.2%	-7.0%
	Non-Labor Expense per Adjusted Discharge	0.7%	8.9%	1.3%	3.0%
	Supply Expense per Adjusted Discharge	0.3%	7.8%	3.5%	5.3%
	Drugs Expense per Adjusted Discharge	-1.6%	3.5%	1.7%	-15.0%
	Purchased Service Expense per Adjusted Discharge	0.1%	11.7%	6.1%	1.8%

200-299 Beds

		Aug 24 vs. Jul 24 (Month-over-Month)	Aug 24 vs. Jul 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	-0.8%	8.2%	26.5%	-5.5%
	Operating EBIDA Margin	-0.7%	6.9%	20.5%	-15.6%
Volume	Discharges per Calendar Day	2.1%	3.1%	5.5%	1.1%
	Adjusted Discharges per Calendar Day	2.6%	1.9%	5.0%	8.8%
	Equivalent Patient Days per Calendar Day	0.2%	0.5%	-0.4%	-0.5%
	Observation Patient Days as % of Patient Days	3.6%	-6.7%	-11.6%	1.0%
	Adjusted Patient Days per Calendar Day	1.4%	-0.2%	1.2%	5.5%
	Average Length of Stay	-1.9%	-0.6%	-1.4%	-3.3%
	ED Visits per Calendar Day	-0.1%	-1.0%	1.7%	4.0%
	Operating Room Minutes per Calendar Day	2.1%	-0.1%	-0.4%	0.9%
	Revenue	Net Operating Revenue per Calendar Day	2.1%	7.8%	9.1%
Gross Operating Revenue per Calendar Day		1.6%	6.5%	8.1%	26.5%
IP Revenue per Calendar Day		1.2%	7.7%	9.3%	19.2%
OP Revenue per Calendar Day		1.9%	5.2%	7.8%	33.5%
IP/OP Adjustment Factor		1.4%	-1.4%	-0.1%	5.6%
NPSR per Adjusted Discharge		-0.7%	5.9%	3.7%	4.2%
NPSR per Adjusted Patient Day		1.2%	9.0%	6.2%	14.5%
Bad Debt and Charity per Calendar Day		-2.3%	3.7%	20.8%	20.6%
Bad Debt and Charity as a % of Gross		-5.4%	1.8%	11.9%	-2.0%
Expense	Total Expense per Calendar Day	0.0%	6.5%	5.3%	20.5%
	Labor Expense per Calendar Day	-0.2%	6.0%	4.2%	20.6%
	Non-Labor Expense per Calendar Day	0.8%	6.8%	7.5%	21.3%
	Supply Expense per Calendar Day	3.4%	5.4%	7.4%	19.9%
	Drugs Expense per Calendar Day	-1.0%	2.0%	8.5%	7.4%
	Purchased Service Expense per Calendar Day	2.2%	16.3%	7.2%	23.6%
	Total Expense per Adjusted Discharge	-1.3%	4.5%	0.7%	8.5%
	Labor Expense per Adjusted Discharge	-1.4%	5.2%	-1.0%	11.3%
	FTEs per AOB	-1.2%	1.6%	3.5%	1.5%
	Non-Labor Expense per Adjusted Discharge	-0.7%	3.5%	2.3%	8.4%
	Supply Expense per Adjusted Discharge	0.5%	6.1%	3.2%	6.1%
	Drugs Expense per Adjusted Discharge	-3.8%	3.7%	5.1%	3.4%
	Purchased Service Expense per Adjusted Discharge	1.4%	15.0%	5.4%	14.8%

300-499 Beds

		Aug 24 vs. Jul 24 (Month-over-Month)	Aug 24 vs. Jul 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	11.5%	8.5%	-3.2%	-33.1%
	Operating EBIDA Margin	10.4%	-3.2%	-7.2%	-36.6%
Volume	Discharges per Calendar Day	1.3%	1.7%	4.5%	-0.7%
	Adjusted Discharges per Calendar Day	1.8%	2.9%	3.6%	4.8%
	Equivalent Patient Days per Calendar Day	0.1%	2.1%	2.1%	0.7%
	Observation Patient Days as % of Patient Days	4.7%	-12.0%	-13.5%	-15.8%
	Adjusted Patient Days per Calendar Day	0.5%	2.7%	3.0%	3.9%
	Average Length of Stay	-1.6%	-0.2%	-1.0%	-2.4%
	ED Visits per Calendar Day	-0.3%	-0.7%	3.7%	6.5%
	Operating Room Minutes per Calendar Day	-0.1%	-1.2%	1.0%	3.8%
	Revenue	Net Operating Revenue per Calendar Day	1.4%	6.7%	6.0%
Gross Operating Revenue per Calendar Day		1.8%	6.7%	8.5%	21.0%
IP Revenue per Calendar Day		1.0%	6.0%	7.3%	14.8%
OP Revenue per Calendar Day		1.9%	6.1%	9.3%	27.2%
IP/OP Adjustment Factor		0.3%	-0.4%	0.6%	5.4%
NPSR per Adjusted Discharge		-0.7%	5.2%	3.9%	9.2%
NPSR per Adjusted Patient Day		1.8%	4.4%	4.4%	11.5%
Bad Debt and Charity per Calendar Day		-5.3%	14.5%	24.0%	20.2%
Bad Debt and Charity as a % of Gross		-7.8%	10.9%	17.8%	3.9%
Expense	Total Expense per Calendar Day	0.2%	7.0%	6.7%	18.9%
	Labor Expense per Calendar Day	-0.4%	5.1%	5.0%	17.8%
	Non-Labor Expense per Calendar Day	0.8%	7.0%	7.1%	18.8%
	Supply Expense per Calendar Day	-0.6%	9.9%	8.9%	17.8%
	Drugs Expense per Calendar Day	-0.5%	4.6%	5.3%	5.9%
	Purchased Service Expense per Calendar Day	1.4%	10.6%	6.8%	22.9%
	Total Expense per Adjusted Discharge	-1.4%	2.9%	0.6%	9.8%
	Labor Expense per Adjusted Discharge	-2.3%	0.9%	-0.2%	10.1%
	FTEs per AOB	-0.9%	0.0%	1.9%	-2.7%
	Non-Labor Expense per Adjusted Discharge	-1.1%	4.5%	3.6%	12.8%
	Supply Expense per Adjusted Discharge	-1.5%	3.7%	4.4%	7.0%
	Drugs Expense per Adjusted Discharge	-2.7%	2.5%	1.4%	0.8%
	Purchased Service Expense per Adjusted Discharge	-3.3%	7.1%	4.1%	21.1%

500+ Beds

		Aug 24 vs. Jul 24 (Month-over-Month)	Aug 24 vs. Jul 23 (Year-over-Year)	YTD 24 vs. YTD 23	YTD 24 vs. YTD 21
Margin	Operating Margin	-2.8%	8.0%	15.0%	1.2%
	Operating EBIDA Margin	-2.6%	0.0%	6.7%	-1.4%
Volume	Discharges per Calendar Day	1.9%	2.2%	3.2%	4.9%
	Adjusted Discharges per Calendar Day	2.8%	2.0%	5.0%	9.8%
	Equivalent Patient Days per Calendar Day	0.7%	1.7%	2.2%	6.4%
	Observation Patient Days as % of Patient Days	2.6%	-9.4%	-11.4%	-15.0%
	Adjusted Patient Days per Calendar Day	0.4%	2.4%	3.9%	13.4%
	Average Length of Stay	-1.7%	-0.6%	-1.0%	-1.1%
	ED Visits per Calendar Day	-0.5%	1.0%	3.4%	11.6%
	Operating Room Minutes per Calendar Day	-0.5%	-1.1%	2.6%	7.5%
	Revenue	Net Operating Revenue per Calendar Day	-0.3%	9.2%	9.4%
Gross Operating Revenue per Calendar Day		0.4%	7.6%	9.3%	30.6%
IP Revenue per Calendar Day		0.1%	7.7%	7.8%	20.5%
OP Revenue per Calendar Day		1.2%	7.3%	10.8%	37.6%
IP/OP Adjustment Factor		0.7%	0.0%	0.7%	5.1%
NPSR per Adjusted Discharge		-2.2%	5.5%	3.6%	12.2%
NPSR per Adjusted Patient Day		-0.3%	8.1%	5.5%	14.4%
Bad Debt and Charity per Calendar Day		2.1%	25.9%	24.9%	34.7%
Bad Debt and Charity as a % of Gross		-1.7%	20.0%	20.6%	11.7%
Expense	Total Expense per Calendar Day	0.9%	8.6%	7.4%	25.2%
	Labor Expense per Calendar Day	0.4%	6.4%	4.3%	21.4%
	Non-Labor Expense per Calendar Day	1.3%	10.5%	9.7%	24.9%
	Supply Expense per Calendar Day	1.6%	10.4%	11.9%	29.8%
	Drugs Expense per Calendar Day	-0.3%	11.0%	12.6%	34.3%
	Purchased Service Expense per Calendar Day	0.8%	11.5%	9.0%	27.1%
	Total Expense per Adjusted Discharge	-2.3%	6.4%	2.8%	9.9%
	Labor Expense per Adjusted Discharge	-1.6%	4.8%	-0.8%	7.5%
	FTEs per AOB	-0.5%	-0.4%	-0.3%	-5.1%
	Non-Labor Expense per Adjusted Discharge	-2.3%	6.1%	4.8%	12.0%
	Supply Expense per Adjusted Discharge	-2.1%	5.5%	6.0%	16.7%
	Drugs Expense per Adjusted Discharge	-1.5%	8.3%	7.0%	20.8%
	Purchased Service Expense per Adjusted Discharge	-2.7%	11.1%	5.9%	8.3%

Non-Operating

National Non-Operating Results

Key Observations

- August's Consumer Price Index (CPI) came in slightly hotter than anticipated with headline inflation rising a modest 0.2% monthly and year-over-year headline inflation eased to 2.5%—an inflation level not seen since February 2021 and a significant milestone on the path back to the Federal Reserve's 2% target
- The core CPI, excluding volatile food and energy prices, rose modestly, up 0.3% month-over-month and 3.3% year-over-year, which was 0.1% higher than expectations
- While the August CPI report was less optimistic than previous months, economists still believe it supports the ongoing trend of gradual disinflation
- The Producer Price Index (PPI) rose in August, increasing 0.2% for the month, which is above July's 0.1% increase but in line with the forecast—the year-over-year increase in August narrowed to 1.7% from 2.2% in July
- At the Federal Reserve's annual conference in Jackson Hole, Chair of the Federal Reserve of the United States, Jerome Powell, supported the beginning of interest rate cuts, expressing confidence that the inflation target of 2% is attainable in the near future and continuing cooling within the job market would be unwelcomed, according to the Reuters report
- In this meeting, Powell declared “the time has come for policy to adjust” and assured the audience that “We (the Fed) will do everything we can to support a strong labor market as we make further progress toward price stability”
- The U.S. economy added 142,000 jobs in August, up from the revised 89,000 number for July—the August job report was below expectations by about 18,000, and, along with the downward revision of earlier 2024 reports, reinforces the perspective that the U.S. labor market is slowing
- According to the Bureau of Labor Statistics: “Health care added 31,000 jobs in August, about half the average monthly gain of 60,000 over the prior 12 months. In August, employment rose in ambulatory health care services (+24,000) and hospitals (+10,000)”
- The unemployment rate slightly decreased 0.1% from July to 4.2% in August which ends the four consecutive months of increases; average hourly earnings were 0.2% higher than July, rising 0.4% over the month and 3.8% from a year ago
- U.S. real GDP grew 3.0% in Q2 of 2024, according to the U.S. Bureau of Economic Analysis second estimate; comparatively, real GDP increased 1.3% in Q2 of 2024—this increase in GDP growth primarily reflected accelerations in consumer spending as well as an uptick in local, state, and federal government spending

General Non-Operating Observations

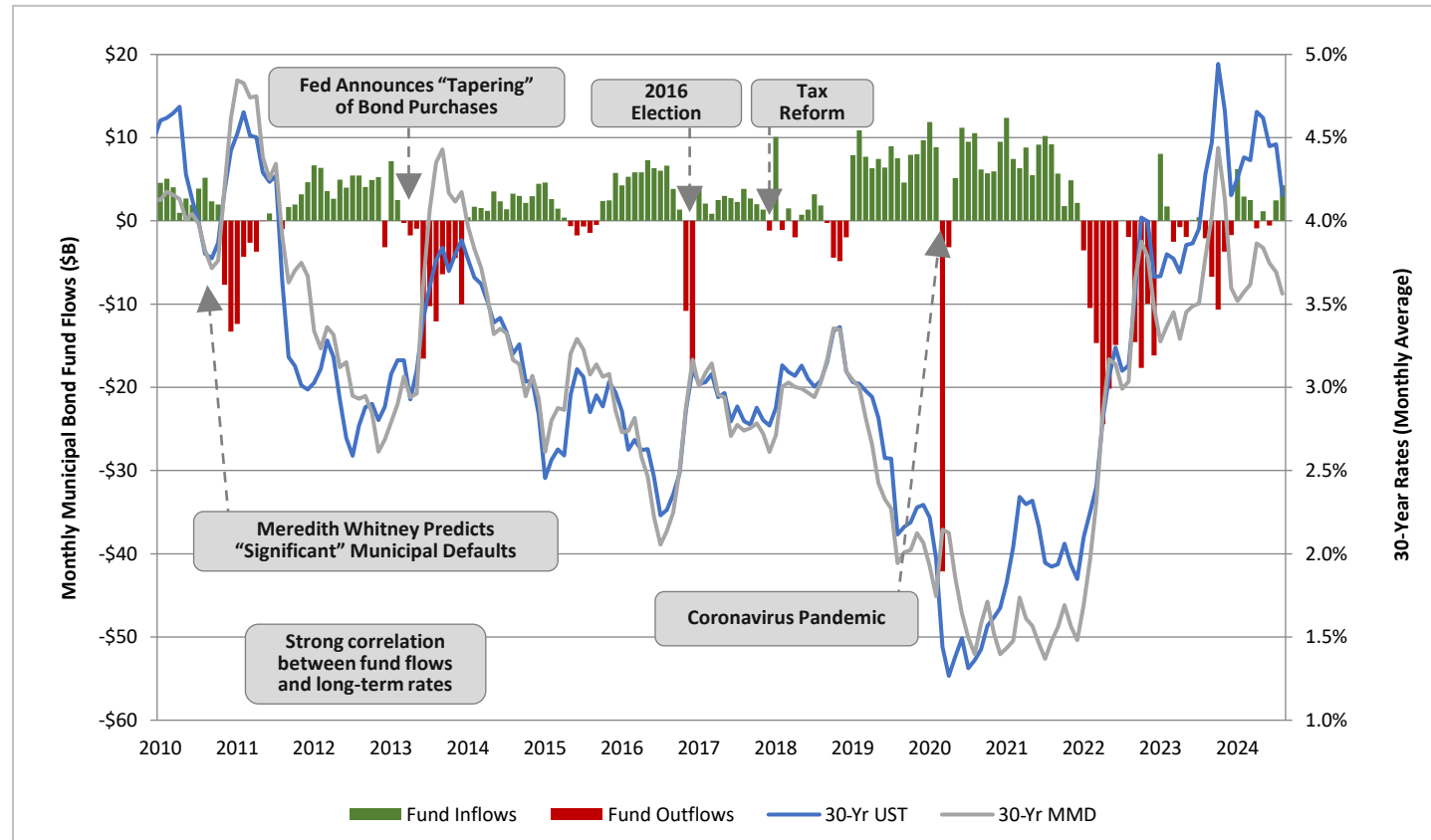
	August 2024	M-o-M Change	Y-o-Y Change
General			
GDP Growth*	3.0%	n/a	n/a
Unemployment Rate	4.2%	-0.1%	+0.4%
Personal Consumption Expenditures (Y-o-Y)	2.5%	0.0%	0.7%
Liabilities			
SOFR	5.32%	-6 bps	+1 bps
SIFMA	2.92%	-59 bps	-114 bps
30-yr MMD	3.60%	-8 bps	-28 bps
30-yr Treasury	4.20%	-11 bps	-2 bps
Assets			
60/40 Asset Allocation [†]	n/a	+1.9%	+16.1 %

*U.S. Bureau of Economic Analysis, Q2 2024 “Second Estimate”

[†]60/40 Asset Allocation assumes 30% S&P 500 Index, 20% MSCI World Index, 10% MSCI Emerging Markets Index, 40% Barclays US Aggregate Bond Index

Non-Operating Liabilities

Long Term – Monthly Municipal Bond Fund Flows with 30-Year U.S. Treasury and 30-Year MMD



Kaufman Hall, National Hospital Flash Report (August 2024 Metrics)

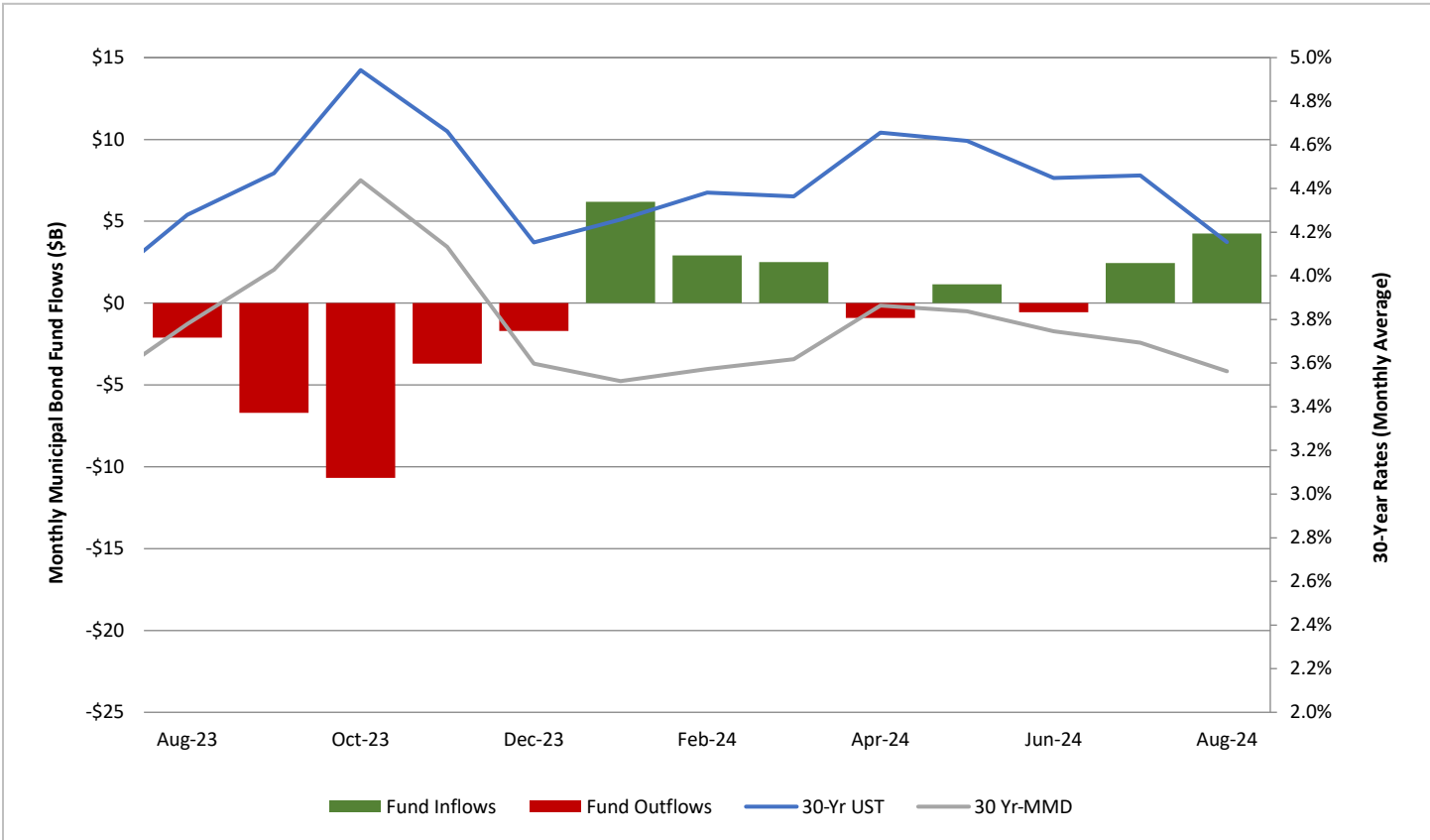
Taxable and tax-exempt debt capital markets, as approximated here by the '30-yr U.S. Treasury' and '30-yr MMD Index', are dependent upon macroeconomic conditions, including inflation expectations, GDP growth and investment opportunities elsewhere in the market. A key measure to track is bond fund flows, particularly in the more supply and demand sensitive tax-exempt market. Fund flows are monies moving into bond funds from new investment and principal and interest payments on existing and maturing holdings. Strong fund flows generally signal that investors have more cash to put to work, a boon to the demand. Fund inflows generally are moderate and consistent over time while fund outflows are typically large and sudden, as external events affect investor sentiment, resulting in quick position liquidation which can drive yields up considerably in a short amount of time.

In August, the tax-exempt 30-year MMD benchmark decreased eight basis points from the prior month-end, settling at 3.60%. The 30-year Treasury rate also decreased, falling 11 basis points to end August at 4.20%. Similarly, the 10-year Treasury decreased 13 basis points and the 10-year MMD yield decreased 11 basis points. MMD/Treasury ratios widened slightly at the short end of the curve, with the two-year ratio at 63%, down from July's ratio of 67%. At the 10-year part of the curve, the ratio slightly tightened with the ratio at 70% slightly higher from July's ratio of 69%. The 30-year ratio is at 86%, unchanged from the end of July.

Recent Treasury market shifts have caused yields to decrease across the entire yield curve. Notably, short-term yields have fallen more rapidly than long-term yields, leading to a less inverted Treasury curve. The 10-year / 2-year spread of the Treasury yield curve went positive for the first time since July 2022, which is the longest period of sustained inversion in the last 40 years.

Non-Operating Liabilities *(continued)*

Last Twelve Months – Monthly Municipal Bond Fund Flows with 30-Year U.S. Treasury and 30-Year MMD



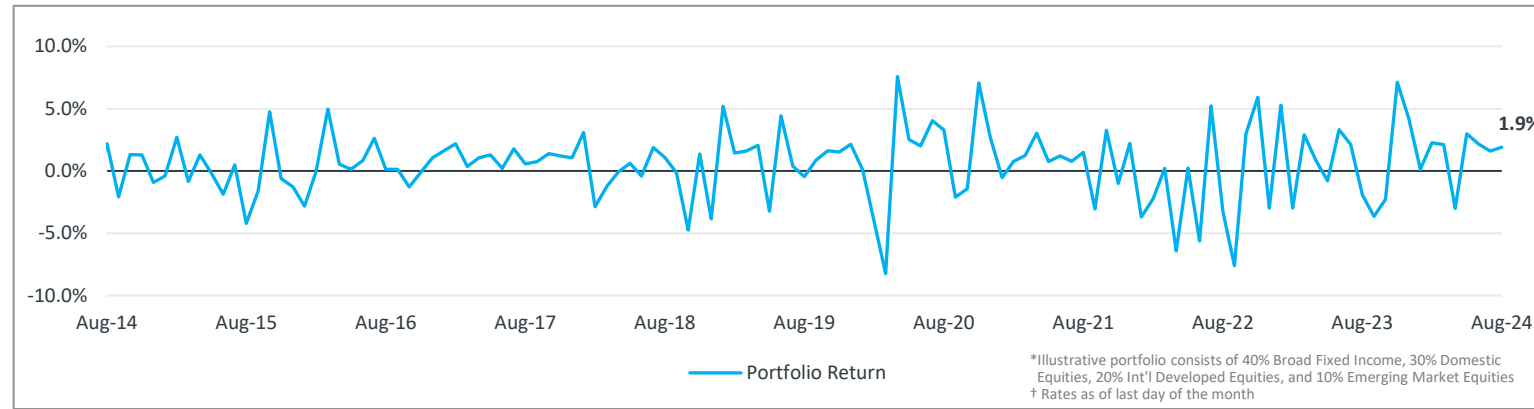
\$4.2 billion entered Municipal funds in August, showing four consecutive weeks of inflows throughout the month while outpacing July’s adjusted inflows of \$2.4 billion. Investor demand remains robust as issuers accelerate financing plans ahead of the November election. YTD 2024 supply continues to outpace YTD 2023 as total municipal issuance and total health care supply are 34% and 145% higher, respectively, at the end August. Notably, year-to-date 2024 health care issuance has already reached \$26.8 billion, exceeding the total issuance for all of 2023, which was \$17.7 billion.

Kaufman Hall, National Hospital Flash Report (August 2024 Metrics)

Taxable and tax-exempt debt capital markets, as approximated here by the '30-yr U.S. Treasury' and '30-yr MMD Index', are dependent upon macroeconomic conditions, including inflation expectations, GDP growth and investment opportunities elsewhere in the market. A key measure to track is bond fund flows, particularly in the more supply and demand sensitive tax-exempt market. Fund flows are monies moving into bond funds from new investment and principal and interest payments on existing and maturing holdings. Strong fund flows generally signal that investors have more cash to put to work, a boon to the demand. Fund inflows generally are moderate and consistent over time while fund outflows are typically large and sudden, as external events affect investor sentiment, resulting in quick position liquidation which can drive yields up considerably in a short amount of time.

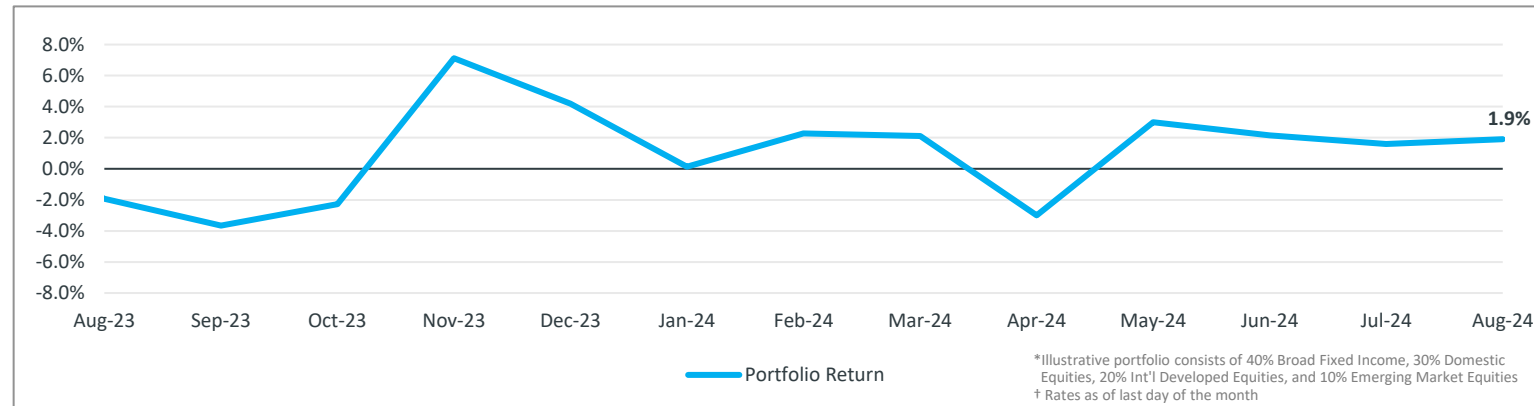
Non-Operating Assets

Long Term – Illustrative Investment Portfolio Returns, Month-over-Month Change



Kaufman Hall, *National Hospital Flash Report* (August 2024 Metrics)

Last Twelve Months – Illustrative Investment Portfolio Returns, Month-over-Month Change



Kaufman Hall, *National Hospital Flash Report* (August 2024 Metrics)

Equities continued to rise in August, after a brief decline to start the month that neared correction territory, adding to a trend of gains in 2024 that spanned four consecutive months at the beginning of the year. The S&P 500 rose 2.3% in August, bringing its year-over-year gain to 25.3%.

The blended 60/40 asset allocation finished August 1.9% higher month-over-month with the fixed income market posting the largest gains and bringing the year-to-date allocation to 10.5%. The MSCI World, MSCI Emerging Markets, and Barclays Agg Indexes all rose during the month, rising 2.5%, 1.4%, and 1.4% respectively.

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Talk to us

Have a comment on the Kaufman Hall *National Hospital Flash Report*? We want to hear from you. Please direct all questions or comments to flashreports@kaufmanhall.com.

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**EL CAMINO HOSPITAL BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING MEMO**

To: Finance Committee
From: Carlos A. Bohorquez, Chief Financial Officer
Date: October 14, 2024
Subject: Financials: FY2025 - Period 2 (as of 08/31/2024)

Purpose:

To provide the Finance Committee an overview of financial results for FY2025 - Period 2 (August 2024) and approve financials.

Executive Summary – Period 2 (August 2024):

Patient activity / volumes remain consistent across the enterprise.

- **Average Daily Census:** 295 which is 15 / 5.0% unfavorable to budget and 4 / 1.3% lower than the same period last year.
- **Adjusted Discharges:** 3,704 which are 85 / 2.2% unfavorable to budget and 117 / 3.1% lower than the same period last year.
- **Emergency Room Visits:** 6,638 which are 212 / 3.1% unfavorable to budget and 415 / 5.9% lower than the same period last fiscal year.
- **Outpatient Visits / Procedures:** 12,522 which are 244 / 2.0% favorable to budget and 741 / 6.3% higher than the same period last fiscal year.

Financial performance for Period 2 was consistent with budget and comparable to the same period last fiscal year. This is attributed to revenue improvement initiatives.

Total Operating Revenue (\$):	\$139.1M is favorable to budget by \$1.1M / 0.8% and \$10.0M / 7.8% higher than the same period last fiscal year.
Operating EBIDA (\$):	\$19.8M is consistent with budget and the same period last fiscal year.
Net Income (\$):	\$37.4M is favorable to budget by \$20.9M / 125.8% and \$39.9M / 1,654.6% higher than the same period last fiscal year. Favorable net income is attributed to unrealized investment income.
Operating Margin (%):	8.2% (actual) vs. 8.0% (budget)
Operating EBIDA Margin (%):	14.3% (actual) vs. 14.4% (budget)
Net Days in A/R (days):	54.3 days are unfavorable to budget by 0.3 days / 0.5%, but 4.1 days / 7.1% better than the same period last year.

YTD FY2025 (as of 08/31/2024):

Patient activity / volumes remain consistent across the enterprise.

- **Average Daily Census:** 291 which is 13 / 4.4% unfavorable to budget and 11 / 3.6% lower than the same period last year.
- **Adjusted Discharges:** 7,247 which are 79 / 1.1% unfavorable to budget and 41 / 0.6% lower than the same period last year.
- **Emergency Room Visits:** 13,028 which are 234 / 1.8% unfavorable to budget and 169 / 1.3% higher than the same period last fiscal year.
- **Outpatient Visits / Procedures:** 24,695 which are 1,530 / 6.6% favorable to budget and 2,453 / 11.0% higher than the same period last fiscal year.

YTD FY2025 financial performance is favorable to budget and better versus the same period last fiscal year. Stable financial results are attributed to strong surgical volumes, management of variable expenses and the result of revenue improvement initiatives.

Total Operating Revenue (\$):	\$273.1M is favorable to budget by \$2.7M / 1.0% and \$26.3M / 10.7% higher than the same period last fiscal year.
Operating EBIDA (\$):	\$38.6M is favorable to budget by \$0.8M / 2.2% and \$1.7M / 4.7% higher than the same period last fiscal year.
Net Income (\$):	\$68.2M is favorable to budget by \$38.9M / 132.8% and \$42.3M / 163.4% higher than the same period last fiscal year. Favorable net income is attributed to unrealized investment income.
Operating Margin (%):	8.0% (actual) vs. 7.5% (budget)
Operating EBIDA Margin (%):	14.1% (actual) vs. 14.0% (budget)

Recommendation:

Recommend Finance Committee approve Period 2 & YTD FY2025 financials.



El Camino Health

Summary of Financial Operations

*Fiscal Year 2025 – Period 2
7/1/2024 to 08/31/2024*

Executive Summary - Overall Commentary for Period 2 (as of 08/31/2024)

• Results for Period 2:

- Net Patient Revenue was favorable to budget by \$893K / 0.7%
- Operating EBIDA Margin was unfavorable to budget by \$16K / 0.1%
- Gross revenue favorable to budget by \$9.5M / 1.6%
 - Driven primarily by:
 - Inpatient Charges: \$8.7M / 3.0% unfavorable to budget
 - Outpatient Charges: \$15.5M / 5.5% favorable to budget
 - Professional Charges: \$2.7M / 18.4% favorable to budget
- Cost Management
 - When adjusted for volume, overall operating expense is 1.4% higher than budget
- Gross charges were favorable to budget by \$9.5M / 1.6% and \$56.7M / 10.5% higher than the same period last year
- Total operating revenue was favorable to budget by \$1.1M / 0.8% and \$10.0M / 7.8% higher than the same period last year
- Operating margin was favorable to budget by \$335K / 3.0% and \$238K / 2.0% lower than the same period last year
- Operating EBIDA was unfavorable to budget by \$16K / 0.1% and \$9K / 0.1% lower than the same period last year
- Net income was favorable to budget by \$20.9M / 125.8% and \$39.9M / 1,654.5% higher than same period last year, which is mainly attributed to unrealized investment income

Operational / Financial Results: Period 2 – August 2024 (as of 08/31/2024)

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Year over Year change	YoY % Change	Moody's	S&P	Fitch	Performance to Rating Agency Medians
									'Aa3'	'AA'	'AA'	
Activity / Volume	ADC	295	311	(15)	(5.0%)	299	(4)	(1.3%)	---	---	---	---
	Adjusted Discharges	3,704	3,789	(85)	(2.2%)	3,821	(117)	(3.1%)	---	---	---	---
	OP Visits / OP Procedural Cases	12,522	12,278	244	2.0%	11,781	741	6.3%	---	---	---	---
	Percent Government (%)	58.8%	58.4%	0.4%	0.7%	58.1%	0.7%	1.2%	---	---	---	---
	Gross Charges (\$)	598,024	588,509	9,516	1.6%	541,360	56,664	10.5%	---	---	---	---
Operations	Cost Per CMI AD	20,304	20,032	271	1.4%	18,358	1,946	10.6%	---	---	---	---
	Net Days in A/R	54.3	54.0	0.3	0.5%	58.4	(4.1)	(7.1%)	48.1	49.7	47.5	
Financial Performance	Net Patient Revenue (\$)	133,648	132,755	893	0.7%	123,779	9,869	8.0%	297,558	564,735	---	
	Total Operating Revenue (\$)	139,079	137,991	1,088	0.8%	129,039	10,041	7.8%	389,498	610,593	268,739	
	Operating Margin (\$)	11,396	11,061	335	3.0%	11,634	(238)	(2.0%)	7,400	11,601	8,331	
	Operating EBIDA (\$)	19,834	19,850	(16)	(0.1%)	19,843	(9)	(0.0%)	26,400	39,689	22,574	
	Net Income (\$)	37,446	16,585	20,862	125.8%	(2,409)	39,855	1654.6%	19,085	20,150	15,049	
	Operating Margin (%)	8.2%	8.0%	0.2%	2.2%	9.0%	(0.8%)	(9.1%)	1.9%	1.9%	3.1%	
	Operating EBIDA (%)	14.3%	14.4%	(0.1%)	(0.9%)	15.4%	(1.1%)	(7.3%)	6.8%	6.5%	8.4%	
	DCOH (days)	279	275	4	1.4%	253	26	10.1%	258	304	311	

Moody's Medians: Not-for-profit and public healthcare annual report; August 2024. Dollar amounts have been adjusted to reflect monthly averages.

S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 2024. Dollar amounts have been adjusted to reflect monthly averages.

Fitch Ratings: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; July 2024. Dollar amounts have been adjusted to reflect monthly averages.

Notes: DCOH total includes cash, short-term and long-term investments.

OP Visits / Procedural Cases includes Covid Vaccinations / Testing.

Operational / Financial Results: YTD FY2025 (as of 08/31/2024)

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Year over Year change	YoY % Change	Moody's	S&P	Fitch	Performance to Rating Agency Medians
									'Aa3'	'AA'	'AA'	
Activity / Volume	ADC	291	305	(13)	(4.4%)	302	(11)	(3.6%)	---	---	---	---
	Adjusted Discharges	7,247	7,326	(79)	(1.1%)	7,288	(41)	(0.6%)	---	---	---	---
	OP Visits / OP Procedural Cases	24,695	23,165	1,530	6.6%	22,242	2,453	11.0%	---	---	---	---
	Percent Government (%)	58.2%	58.3%	(0.1%)	(0.1%)	58.9%	(0.7%)	(1.3%)	---	---	---	---
	Gross Charges (\$)	1,159,922	1,126,622	33,300	3.0%	1,024,445	135,477	13.2%	---	---	---	---
Operations	Cost Per CMI AD	20,387	20,032	354	1.8%	18,671	1,716	9.2%	---	---	---	---
	Net Days in A/R	54.3	54.0	0.3	0.5%	58.4	(4.1)	(7.1%)	48.1	48.1	47.5	
Financial Performance	Net Patient Revenue (\$)	262,124	259,947	2,177	0.8%	236,074	26,051	11.0%	595,117	1,129,469	---	
	Total Operating Revenue (\$)	273,091	270,426	2,665	1.0%	246,754	26,337	10.7%	778,996	1,221,186	3,224,864	
	Operating Margin (\$)	21,753	20,206	1,546	7.7%	20,455	1,297	6.3%	14,801	23,203	99,971	
	Operating EBIDA (\$)	38,638	37,809	829	2.2%	36,921	1,717	4.7%	52,801	79,377	270,889	
	Net Income (\$)	68,201	29,299	38,903	132.8%	25,896	42,305	163.4%	38,171	69,608	180,592	
	Operating Margin (%)	8.0%	7.5%	0.5%	6.6%	8.3%	(0.3%)	(3.9%)	1.9%	1.9%	3.1%	
	Operating EBIDA (%)	14.1%	14.0%	0.2%	1.2%	15.0%	(0.8%)	(5.4%)	6.8%	6.5%	8.4%	
	DCOH (days)	279	275	4	1.4%	253	26	10.1%	258	304	311	

Moody's Medians: Not-for-profit and public healthcare annual report; August 2024. Dollar amounts have been adjusted to reflect monthly averages.

S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 2024. Dollar amounts have been adjusted to reflect monthly averages.

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Notes: DCOH total includes cash, short-term and long-term investments.
OP Visits / Procedural Cases includes Covid Vaccinations / Testing.

Consolidated Balance Sheet (as of 08/31/2024)

(\$000s)

ASSETS	Unaudited		LIABILITIES AND FUND BALANCE	Unaudited	
	August 31, 2024	June 30, 2024		August 31, 2024	June 30, 2024
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	229,246	202,980	Accounts Payable	65,058	71,017
Short Term Investments	101,410	100,316	Salaries and Related Liabilities	50,287	35,693
Patient Accounts Receivable, net	224,081	211,960	Accrued PTO	39,754	38,634
Other Accounts and Notes Receivable	26,775	25,065	Worker's Comp Reserve	2,300	2,300
Intercompany Receivables	19,221	17,770	Third Party Settlements	13,365	13,419
Inventories and Prepaids	50,625	55,556	Intercompany Payables	15,204	13,907
Total Current Assets	651,358	613,647	Malpractice Reserves	1,830	1,830
			Bonds Payable - Current	6,898	10,820
BOARD DESIGNATED ASSETS			Bond Interest Payable	1,535	7,673
Foundation Board Designated	24,316	23,309	Other Liabilities	15,630	12,261
Plant & Equipment Fund	503,266	503,081	Total Current Liabilities	211,860	207,554
Women's Hospital Expansion	43,577	31,740			
Operational Reserve Fund	210,693	210,693	LONG TERM LIABILITIES		
Community Benefit Fund	17,731	17,561	Post Retirement Benefits	22,918	22,737
Workers Compensation Reserve Fund	13,871	12,811	Worker's Comp Reserve	12,811	12,811
Postretirement Health/Life Reserve Fund	22,918	22,737	Other L/T Obligation (Asbestos)	30,036	27,707
PTO Liability Fund	37,646	37,646	Bond Payable	443,713	441,105
Malpractice Reserve Fund	1,730	1,713	Total Long Term Liabilities	509,479	504,360
Catastrophic Reserves Fund	34,023	33,030			
Total Board Designated Assets	909,771	894,322	DEFERRED REVENUE-UNRESTRICTED	1,798	1,038
			DEFERRED INFLOW OF RESOURCES	92,970	92,261
FUNDS HELD BY TRUSTEE	18	18	FUND BALANCE/CAPITAL ACCOUNTS		
			Unrestricted	2,805,471	2,731,120
LONG TERM INVESTMENTS	708,935	665,759	Minority Interest	(1,159)	(1,114)
			Board Designated	224,667	216,378
CHARITABLE GIFT ANNUITY INVESTMENTS	997	965	Restricted	49,800	44,616
			Total Fund Bal & Capital Accts	3,078,779	2,991,001
INVESTMENTS IN AFFILIATES	35,856	36,663	TOTAL LIABILITIES AND FUND BALANCE	3,894,886	3,796,213
PROPERTY AND EQUIPMENT					
Fixed Assets at Cost	2,019,945	2,016,992			
Less: Accumulated Depreciation	(889,091)	(874,767)			
Construction in Progress	183,882	173,449			
Property, Plant & Equipment - Net	1,314,735	1,315,675			
DEFERRED OUTFLOWS	46,737	41,550			
RESTRICTED ASSETS	32,032	32,166			
OTHER ASSETS	194,447	195,447			
TOTAL ASSETS	3,894,886	3,796,213			