

# Financial Performance

October 2019

ANTELOPE VALLEY  
HOSPITAL

*A facility of Antelope Valley Healthcare District*



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# Statement of Income – October (in thousands)

## October 2019

	Actual	Budget	Last Year	Budget Variance	Last Year Variance
<b>Revenues</b>					
Net Patient Revenue	\$ 31,881	\$ 32,415	\$ 31,750	\$ (534)	\$ 131
Supplemental Funds/Settlements	2,044	2,988	1,651	(943)	393
Other Operating Revenue	1,097	1,325	1,277	(227)	(180)
<b>Total Operating Revenues</b>	<b>\$ 35,023</b>	<b>\$ 36,727</b>	<b>\$ 34,679</b>	<b>\$ (1,704)</b>	<b>\$ 344</b>
<b>Expenses</b>					
Productive Salaries	\$ 13,835	\$ 13,219	\$ 12,414	\$ 616	\$ 1,421
Non-Productive Salaries	2,380	2,378	2,039	2	341
Registry/Contract Labor	972	1,063	1,255	(91)	(282)
Benefits	5,525	5,680	5,335	(155)	189
Total Supplies	6,133	4,907	4,975	1,226	1,158
Purchased Svcs	2,687	2,384	2,296	302	390
Other	4,700	4,778	4,892	(78)	(192)
<b>Total Operating Expenses</b>	<b>\$ 36,232</b>	<b>\$ 34,409</b>	<b>\$ 33,207</b>	<b>\$ 1,822</b>	<b>\$ 3,025</b>
<b>EBIDA</b>	<b>\$ (1,209)</b>	<b>\$ 2,318</b>	<b>\$ 1,472</b>	<b>\$ (3,527)</b>	<b>\$ (2,681)</b>
<i>EBIDA Margin</i>	-3.5%	6.3%	4.2%		
Depreciation and Amortization	1,657	1,587	1,470	70	187
Interest Expense	522	504	540	18	(18)
<b>Operating Income (loss)</b>	<b>\$ (3,388)</b>	<b>\$ 227</b>	<b>\$ (538)</b>	<b>\$ (3,615)</b>	<b>\$ (2,850)</b>
Investment Income (loss)	398	526	163	(129)	234
Capital Contribution	-	-	-	-	-
<b>NET INCOME (LOSS)</b>	<b>\$ (2,990)</b>	<b>\$ 753</b>	<b>\$ (375)</b>	<b>\$ (3,743)</b>	<b>\$ (2,616)</b>
<i>Net Profit (loss)Margin</i>	-8.5%	2.0%	-1.1%		
<b>EBIDA w/o Supplemental and IGT</b>	<b>\$ (2,918)</b>	<b>\$ (113)</b>	<b>\$ (179)</b>	<b>\$ (2,806)</b>	<b>\$ (2,739)</b>



**EBIDA w/o Supplemental and IGT**

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# Statement of Income – Year to Date (in thousands)

October 2019 YTD	Actual	Budget	Last Year	Budget Variance	Last Year Variance
<b><u>Revenues</u></b>					
Net Patient Revenue	\$ 130,412	\$ 132,438	\$ 127,048	\$ (2,026)	\$ 3,364
Supplemental Funds/Settlements	8,241	12,755	2,521	(4,514)	5,720
Other Operating Revenue	4,592	5,255	6,729	(663)	(2,136)
<b>Total Operating Revenues</b>	<b>\$ 143,245</b>	<b>\$ 150,448</b>	<b>\$ 136,298</b>	<b>\$ (7,203)</b>	<b>\$ 6,947</b>
<b><u>Expenses</u></b>					
Productive Salaries	\$ 54,494	\$ 54,280	\$ 50,239	\$ 214	\$ 4,255
Non-Productive Salaries	9,420	9,777	9,360	(357)	60
Registry/Contract Labor	4,124	4,253	4,199	(128)	(74)
Benefits	20,437	22,935	21,868	(2,498)	(1,431)
Total Supplies	22,728	21,365	19,362	1,363	3,366
Purchased Svcs	9,966	9,536	9,257	429	709
Other	18,847	19,111	17,351	(263)	1,496
<b>Total Operating Expenses</b>	<b>\$ 140,016</b>	<b>\$ 141,257</b>	<b>\$ 131,636</b>	<b>\$ (1,241)</b>	<b>\$ 8,380</b>
<b><u>EBIDA</u></b>	<b>\$ 3,229</b>	<b>\$ 9,191</b>	<b>\$ 4,662</b>	<b>\$ (5,962)</b>	<b>\$ (1,433)</b>
<i>EBIDA Margin</i>	2.3%	6.1%	3.4%		
Depreciation and Amortization	6,617	6,347	5,399	270	1,218
Interest Expense	2,111	2,016	2,170	94	(60)
<b><u>Operating Income (loss)</u></b>	<b>\$ (5,499)</b>	<b>\$ 827</b>	<b>\$ (2,907)</b>	<b>\$ (6,326)</b>	<b>\$ (2,592)</b>
Investment Income (loss)	1,738	2,087	1,126	(350)	612
Capital Contribution	1,289	-	-	1,289	1,289
<b><u>NET INCOME (LOSS)</u></b>	<b>\$ (2,472)</b>	<b>\$ 2,915</b>	<b>\$ (1,781)</b>	<b>\$ (5,387)</b>	<b>\$ (692)</b>
<i>Net Profit (loss)Margin</i>	-1.7%	1.9%	-1.3%		
<b><u>EBIDA w/o Supplemental and IGT</u></b>	<b>\$ (3,672)</b>	<b>\$ (1,335)</b>	<b>\$ 2,141</b>	<b>\$ (2,337)</b>	<b>\$ (5,812)</b>



**EBIDA w/o Supplemental and IGT**

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# Volumes - October

October 2019	Actual	Budget	Last Year	Budget Variance	Last Year Variance
<b><u>Volumes</u></b>					
Acute Discharges	1,723	1,622	1,540	101	183
Adjusted Discharges	2,712	2,362	2,360	350	352
Acute Patient Days	6,848	7,275	6,537	(427)	311
Adjusted Patient Days	10,777	10,592	10,019	185	758
Observations (as Patient Days)	338	316	326	22	12
Average Daily Census	221	235	211	(14)	10
Adjusted Occupied Bed	348	342	323	6	24
General Acute LOS	3.97	4.48	4.24	(0.51)	(0.27)
General Acute CMI	1.30	1.34	1.32	(0.04)	(0.02)
Medicare Acute LOS	4.67	5.78	5.62	(1.11)	(0.95)
AVH GM LOS	3.74	4.00	3.96	(0.26)	(0.22)
CMS GM LOS	3.70	4.00	3.76	(0.30)	(0.06)
Medicare CMI	1.77	1.85	1.80	(0.08)	(0.03)



# Volumes – October (continued)

October 2019

	Actual	Budget	Last Year	Budget Variance	Last Year Variance
<b><u>Volumes</u></b>					
Deliveries	405	368	364	37	41
I/P Surgeries-WIP	136	122	125	14	11
Trauma Cases	115	115	113	0	2
E/R Visits	10,736	9,720	9,905	1,016	831
E/R Admits	1,162	1,010	935	152	227
E/R Conversion to I/P %	10.8%	10.4%	9.4%	0.4%	1.4%
E/R Admits to Total Admits %	67.4%	62.3%	60.7%	5.2%	6.7%
I/P Surgeries	301	349	352	(48)	(51)
O/P Surgeries	376	350	320	26	56
Total Surgeries	677	699	672	(22)	5



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# Volumes – Year to Date

**October 2019  
YTD**

	<b>Actual</b>	<b>Budget</b>	<b>Last Year</b>	<b>Budget Variance</b>	<b>Last Year Variance</b>
<b><u>Volumes</u></b>					
Acute Discharges	6,677	6,926	6,576	(249)	101
Adjusted Discharges	10,601	10,456	10,126	145	475
Acute Patient Days	26,244	28,863	26,677	(2,619)	(433)
Adjusted Patient Days	41,664	43,529	41,064	(1,865)	600
Observations (as Patient Days)	1,363	1,359	1,214	4	149
Average Daily Census	213	235	217	(22)	(4)
Adjusted Occupied Bed	339	354	334	(15)	5
General Acute LOS	3.93	4.17	4.06	(0.24)	(0.13)
General Acute CMI	1.31	1.30	1.27	0.01	0.04
Medicare Acute LOS	4.91	5.38	5.40	(0.46)	(0.48)
AVH GM LOS	3.59	4.00	3.91	(0.41)	(0.32)
CMS GM LOS	3.70	4.00	3.76	(0.30)	(0.06)
Medicare CMI	1.85	1.85	1.81	0.00	0.04



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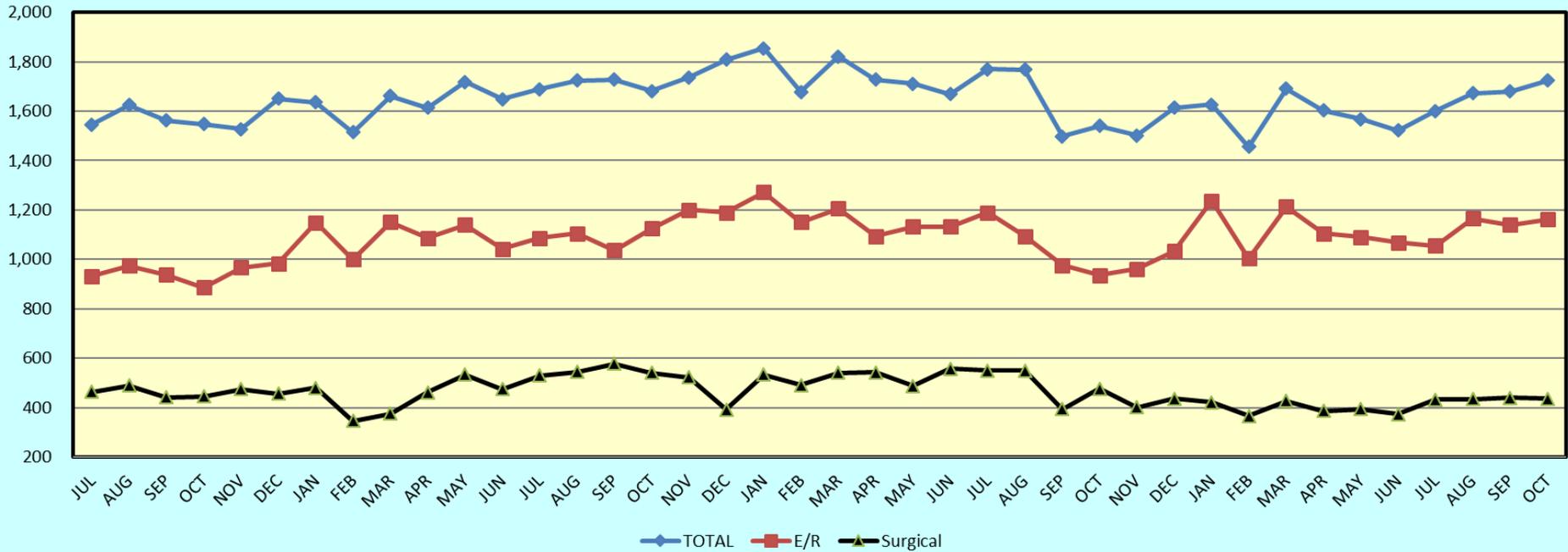
# Volumes – Year to Date (continued)

October 2019 YTD	Actual	Budget	Last Year	Budget Variance	Last Year Variance
<b><u>Volumes</u></b>					
Deliveries	1,544	1,679	1,662	(135)	(118)
I/P Surgeries-WIP	535	550	562	(15)	(27)
Trauma Cases	471	456	440	15	31
E/R Visits	42,961	41,895	41,560	1,066	1,401
E/R Admits	4,521	4,528	4,193	(7)	328
E/R Conversion to I/P %	10.5%	10.8%	10.1%	-0.3%	0.4%
E/R Admits to Total Admits %	67.7%	65.4%	63.8%	2.3%	3.9%
I/P Surgeries	1,210	1,399	1,411	(189)	(201)
O/P Surgeries	1,461	1,320	1,208	141	253
Total Surgeries	2,671	2,719	2,619	(48)	52



# Admissions Trends July 2016 – October 2019

## Admissions Trends July 2016 - October 2019



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# Gross Charges by Payor Mix

October 2019

**Payor Mix (Gross Charges)**

	Actual	Budget	Last Year	Budget Variance	Last Year Variance
Medicare	18.8%	18.4%	19.0%	0.4%	-0.2%
Medicare Mgd Care	16.6%	17.3%	15.3%	-0.7%	1.3%
MediCal	11.9%	10.2%	9.7%	1.7%	2.2%
MediCal Mgd Care	30.4%	28.7%	29.3%	1.7%	1.0%
Commercial - Mgd Care	19.7%	21.0%	22.2%	-1.3%	-2.5%
Other	1.3%	2.1%	2.4%	-0.8%	-1.1%
Self Pay	1.3%	2.3%	2.1%	-1.0%	-0.8%

October 2019  
YTD

**Payor Mix (Gross Charges)**

	Actual	Budget	Last Year	Budget Variance	Last Year Variance
Medicare	19.1%	17.9%	17.9%	1.2%	1.3%
Medicare Mgd Care	16.9%	16.9%	15.5%	0.0%	1.4%
MediCal	11.0%	10.1%	10.9%	0.9%	0.0%
MediCal Mgd Care	29.4%	28.9%	30.2%	0.5%	-0.7%
Commercial - Mgd Care	20.6%	21.8%	21.3%	-1.2%	-0.7%
Other	1.8%	2.1%	2.3%	-0.2%	-0.4%
Self Pay	1.2%	2.3%	2.0%	-1.2%	-0.8%

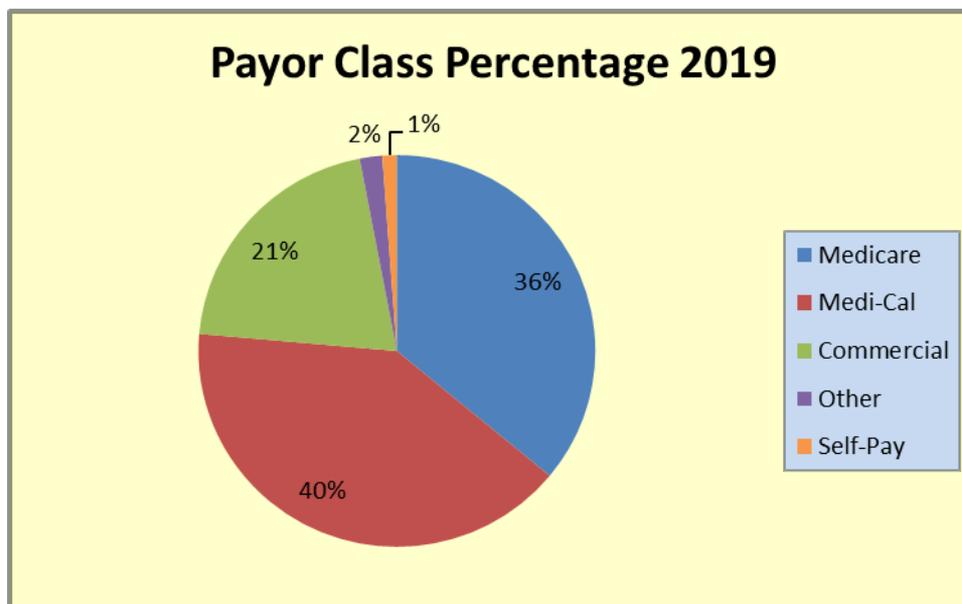


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## Payor Mix (Gross Charges)

Medicare	36.0%
Medi-Cal	40.4%
Commercial	20.6%
Other	1.8%
Self-Pay	1.2%



# Key Financial Ratios

## October 2019

### Key Financial Ratios

	Actual	Budget	Last Year	Budget Variance	Last Year Variance
Net Income (Loss) Margin %	-8.5%	2.0%	-1.1%	-10.6%	-7.5%
Operating Income (Loss) Margin %	-9.7%	0.6%	-1.6%	-10.3%	-8.1%
EBIDA (Loss) Margin %	-3.5%	6.3%	4.2%	-9.8%	-7.7%
Outpatient Revenue %	36.5%	31.4%	34.8%	5.1%	1.7%
Realization Rate on Gross Charges	20.0%	20.4%	20.4%	-0.5%	-0.5%

### Working Capital Indicators

Cash Collections (in thousands)	\$ 36,118	\$ 33,777	25,462	\$ 2,341	\$ 10,656
Cash Collections/Net Patient Revenue	113.3%	104.2%	80.2%	9.1%	33.1%

## October 2019

### YTD

### Key Financial Ratios

	Actual	Budget	Last Year	Budget Variance	Last Year Variance
Net Income (Loss) Margin %	-1.7%	1.9%	-1.3%	-3.7%	-0.4%
Operating Income (Loss) Margin %	-3.8%	0.5%	-2.1%	-4.4%	-1.7%
EBIDA (Loss) Margin %	2.3%	6.1%	3.4%	-3.9%	-1.2%
Outpatient Revenue %	37.0%	33.8%	35.0%	3.3%	2.0%
Realization Rate on Gross Charges	20.8%	20.7%	20.7%	0.1%	0.1%

### Working Capital Indicators

Cash Collections (in thousands)	\$ 129,721	\$ 127,618	121,093	\$ 2,103	\$ 8,628
Cash Collections/Net Patient Revenue	99.5%	96.4%	95.3%	3.1%	4.2%



# Ratios and Debt Covenant Requirements

**October 2019  
YTD**

	<b>Actual</b>	<b>Last Year</b>	<b>Last Year Variance</b>
<b><u>Working Capital Indicators</u></b>			
Net Days in Accounts Receivable - 3 month lookback	54.3	63.0	(8.7)
Working Capital (in thousands)	\$ 51,858	\$ 34,366	\$ 17,491
Current Ratio	1.2	1.2	0.1
Inventory Turnover	3.3	2.9	0.4
<b><u>Operating Cash</u></b>			
Operating Liquid Cash (in thousands)	\$ 79,857	\$ 73,550	\$ 6,307
Total Cash (in thousands)	\$ 218,531	\$ 221,043	\$ (2,512)
Operating Liquid Cash and Mkt Securities as % of Debt	142.6%	131.6%	11.1%
Debt To Capitalization	51.5%	51.3%	-0.2%
Average Age of Plant ( in years)	14.1	16.9	(2.8)
<b><u>Bond Covenant Requirements</u></b>			
Days Cash on Hand	161.4	<b>Requirement</b> 55.0	(14.2)



# Metrics – Year to Date

## October 2019 YTD

### Revenue Metrics

	Actual	Budget	Last Year	Budget Variance	Last Year Variance
Gross Revenue per Adj Patient Day	\$ 15,061	\$ 14,724	\$ 14,955	\$ 336	\$ 105
Net Patient Revenue Adj Patient Day	\$ 3,130	\$ 3,043	\$ 3,094	\$ 88	\$ 36
Contractuals as a % of Gross Revenue	78.2%	77.0%	77.0%	1.2%	1.1%
Charity / Bad Debt as a % of Gross Revenue	1.0%	2.4%	2.3%	-1.3%	-1.2%

### Labor Metrics

FTEs: Productive (Excluding Registry)	1,892	1,877	1,810	15	82
FTEs: Non-Productive	293	322	296	(29)	(3)
FTEs: Contract Labor/Registry	64	66	65	(3)	(1)
<b>FTEs: Total</b>	<b>2,248</b>	<b>2,265</b>	<b>2,171</b>	<b>(17)</b>	<b>77</b>
Productive FTEs / AOB	5.77	5.49	5.62	0.28	0.16
Paid FTEs / AOB	6.64	6.40	6.50	0.24	0.13
FTEs Contract Labor as % of FTEs Total Labor	2.8%	2.9%	3.0%	-0.1%	-0.2%
Labor Cost as % of Total Operating Revenue	61.8%	60.6%	62.9%	1.1%	-1.1%
Benefits as % of Labor (Excluding Registry)	32.0%	35.8%	36.7%	-3.8%	-4.7%

### Operating Expense Metrics

Total Operating Expenses / Adj Discharge	\$ 13,208	\$ 13,510	\$ 13,000	\$ (302)	\$ 208
Total Operating Expenses / Adj Patient Day	\$ 3,361	\$ 3,245	\$ 3,206	\$ 115	\$ 155
Total Supplies / Adj Discharge	\$ 2,144	\$ 2,043	\$ 1,912	\$ 101	\$ 232
Total Supplies / Adj Patient Day	\$ 545	\$ 491	\$ 472	\$ 55	\$ 74
Total Supplies as % of Total Operating Revenue	15.9%	14.2%	14.2%	1.7%	1.7%



# Year to Date – Discharges / Days / Length of Stay

October 2019 YTD	Actual	Budget	Last Year	Budget Variance	Last Year Variance
<b><u>Acute Discharges by Payor</u></b>					
Medicare	1,188	1,143	1,042	45	146
Medicare Mgd Care	897	989	901	(92)	(4)
MediCal	789	869	919	(80)	(130)
MediCal Mgd Care	2,098	2,136	2,067	(38)	31
Commercial - Mgd Care	1,436	1,577	1,485	(141)	(49)
Other	109	99	100	10	9
Self Pay	160	113	62	47	98
<b>Total Acute Discharges</b>	<b>6,677</b>	<b>6,926</b>	<b>6,576</b>	<b>(249)</b>	<b>101</b>
<b><u>Acute Days by Payor</u></b>					
Medicare	5,839	6,149	5,623	(310)	216
Medicare Mgd Care	3,729	4,375	3,731	(646)	(2)
MediCal	3,333	3,781	4,056	(448)	(723)
MediCal Mgd Care	7,624	8,175	7,792	(551)	(168)
Commercial - Mgd Care	4,764	5,402	4,679	(638)	85
Other	397	489	565	(92)	(168)
Self Pay	558	491	231	67	327
<b>Total Acute Patient Days</b>	<b>26,244</b>	<b>28,863</b>	<b>26,677</b>	<b>(2,619)</b>	<b>(433)</b>
<b><u>Acute Average Length of Stay</u></b>					
Medicare	4.91	5.38	5.40	(0.46)	(0.48)
Medicare Mgd Care	4.16	4.43	4.14	(0.27)	0.02
MediCal	4.22	4.35	4.41	(0.13)	(0.19)
MediCal Mgd Care	3.63	3.83	3.77	(0.19)	(0.14)
Commercial - Mgd Care	3.32	3.42	3.15	(0.11)	0.17
Other	3.64	4.94	5.65	(1.30)	(2.01)
Self Pay	3.49	4.36	3.73	(0.87)	(0.24)
<b>Total Acute Avg. Length of Stay</b>	<b>3.93</b>	<b>4.17</b>	<b>4.06</b>	<b>(0.24)</b>	<b>(0.13)</b>



# 2019 AUDIT RESULTS

- **Moss Adams presented the 6/30/2019 audited results to the AVH Audit Committee on 11/13/2019.**
- **Moss Adams issued an Unmodified Opinion that the financial statements are presented fairly and in accordance with U.S. General Accepted Accounting Principles (GAAP) and in accordance with the Government Accounting Standards Board (GASB).**
- **As in past years, Moss Adams focused their audit procedures on management's estimates of the following:**
  - **Value of accounts receivables and related allowances**
  - **Fair value of investments**
  - **Actuarially determined accruals for the following:**
    - **Workers' compensation**
    - **Medical malpractice liabilities**
    - **Pension**
    - **Third party settlements**
    - **Self-insured health insurance**

**Moss Adams deemed Management's estimates to be reasonable**



# 2019 AUDIT RESULTS

- **Moss Adams informed the Audit Committee of any significant audit adjustments in the following three categories.**
  - **Corrected Audit Adjustments**
    - **None Noted**
  - **Uncorrected Audit Adjustments**
    - **None Noted**
- **Client's Closing Adjustments based on information received after the preliminary close of the June 2019 financial statements.**
  - **A reduction in the reserve related to the 2016 Upper Payment Limit based on a recent court case.**
  - **A net adjustment to reconcile reserves for self-insured workers' compensation, professional liability and health insurance based on finalized actuarial reports.**
- **Moss Adams reported that there were no material weakness or significant deficiencies in internal control**



# 2019 AUDIT RESULTS

- **Moss Adams reported that the disclosures in the financial statements were clear and consistent.**
- **Moss Adams reported that there were no significant difficulties encountered in performing the audit and that there were not disagreements with management.**
- **Moss Adams reported that they were not aware of any instances of fraud or non-compliance with laws and regulations.**
- **Moss Adams issued the audit on 11/15/2019.**
- **AVH posted the audit and documents to the trustee as required by the 2016 bond indenture including the covenants for the obligated group.**
  - **Debt Service Coverage Ratio Covenant requirement: 1.20**
    - **Actual: 3.55**
  - **Cash Liquidity Covenant requirement: 55 Days**
    - **Actual 175.9 days**

