



## AGENDA

### REGULAR MEETING OF THE FINANCE COMMITTEE A COMMITTEE OF THE BOARD OF DIRECTORS

Tuesday, January 25, 2022 – 9:00 AM

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20, THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD/COMMITTEE MEETING IN PERSON. MEMBERS OF THE PUBLIC MAY LISTEN TELEPHONICALLY BY CALLING THE FOLLOWING NUMBER:

#### Meeting Information:

Call in number: 1-510-338-9438

Access Code: 2556 862 1549

Passcode: 1234

Meeting Link: <https://sangorgoniomemorialhospital-ajd.my.webex.com/sangorgoniomemorialhospital-ajd.my/j.php?MTID=m6a8b026eb8d10c850de63d561d977802>

THE TELEPHONES OF ALL MEMBERS OF THE PUBLIC LISTENING  
IN ON THIS MEETING MUST BE "MUTED".

TAB

I. Call to Order

E. Ngo

II. Public Comment

Members of the public who wish to comment on any item on the agenda may speak during public comment or submit comments by emailing [publiccomment@sgmh.org](mailto:publiccomment@sgmh.org) on or before 5:00 PM on Monday, January 25, 2022, which will become part of the committee meeting record.

A five-minute limitation shall apply to each member of the public who wishes to address the Finance Committee of the Hospital Board of Directors on any matter under the subject jurisdiction of the Committee. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to "share" his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Committee Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the San Gorgonio Memorial Hospital Board of Directors, we want you to know that the Board/Committee acknowledges the comments or concerns that you direct to this Committee. While the Board/Committee may wish to occasionally respond immediately to questions or comments if appropriate, they often will instruct the CEO, or other Administrative Executive personnel, to do further research and report back to the Board/Committee prior to responding to any issues raised. If you have specific questions, you will receive a response either at the meeting or shortly thereafter. The Board/Committee wants to ensure that it is fully informed before responding, and so if your questions are not addressed during the meeting, this does not indicate a lack of interest on the Board/Committee's part; a response will be forthcoming.

**OLD BUSINESS**

- III. \* **Proposed Action – Approval of Minutes** E. Ngo A  
• December 28, 2021, regular meeting

**NEW BUSINESS**

- IV. Overview of Agenda Items D. Heckathorne B
- V. \* **Proposed Action – Recommend approval to Hospital Board** D. Heckathorne C  
• **Updated Self Pay and Charity Care Policy**  
▪ **ROLL CALL**
- VI. \* **Proposed Action – Recommend approval to Hospital Board** D. Heckathorne D  
• **Resolution No. 2022-01**  
(Authorizing execution and delivery of a Loan and Security Agreement, Promissory Note,  
And certain actions in connection therewith for the California Health Facilities Financing  
Authority Nondesignated Public Hospital Bridge Loan Program)  
▪ **ROLL CALL**
- VII. \* **Proposed Action – Recommend approval to Hospital Board** D. Heckathorne E  
• **December 2021 Financial Report (Unaudited)**  
▪ **ROLL CALL**
- VIII. HFMA Blog/Article – Informational D. Heckathorne F
- IX. Future Agenda Items
- X. Next Meeting – February 22, 2022
- XI. Adjournment E. Ngo

**\* Requires Action**

In accordance with The Brown Act, Section 54957.5, all public records relating to an agenda item on this agenda are available for public inspection at the time the document is distributed to all, or a majority of all, members of the Committee. Such records shall be available at the Hospital office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

**Certification of Posting**

I certify that on January 21, 2022, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Gorgonio Memorial Hospital - Finance Committee, and on the San Gorgonio Memorial Hospital website said time being at least 72 hours in advance of the regular meeting of the Finance Committee (Government Code Section 54954.2).

San Geronio Memorial Hospital Board of Directors  
Finance Committee – Regular Meeting  
January 25, 2022

Executed at Banning, California, on January 21, 2022

A handwritten signature in black ink that reads "Ariel Whitley". The signature is written in a cursive, flowing style.

Ariel Whitley, Executive Assistant

**TAB A**

REGULAR MEETING OF THE  
SAN GORGONIO MEMORIAL HOSPITAL  
BOARD OF DIRECTORS

FINANCE COMMITTEE  
Tuesday, December 28, 2021

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors Finance Committee was held on Tuesday, December 28, 2021. To prevent the spread of COVID-19 (coronavirus), and in accordance with the Governor’s Executive Order N-29-20, there was no public location for attending this committee meeting in person. Committee members, staff members, and members of the public participated telephonically.

Members Present: Susan DiBiasi (Chair), Ehren Ngo, Ron Rader, Steve Rutledge, Siri Welch

Members Absent: None

Required Staff: Steve Barron (CEO), Pat Brown (CNO/COO), Daniel Heckathorne (CFO), Ariel Whitley (Executive Assistant), Annah Karam (CHRO)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
<b>Call To Order</b>	Chair DiBiasi called the meeting to order at 9:05 am.	
<b>Public Comment</b>	Members of the public who wished to comment on any item on the agenda were encouraged to submit comments by emailing <a href="mailto:publiccomment@sgmh.org">publiccomment@sgmh.org</a> prior to this meeting.  No public comment emails were received.	
<b>OLD BUSINESS</b>		
<b>Proposed Action - Approve Minutes November 30, 2021, regular meeting and the December 7, 2021, special meeting.</b>	Susan DiBiasi asked for any changes or corrections to the minutes of the November 30, 2021, regular meeting and the December 7, 2021, special meeting. There were none.	<b>The minutes of the November 30, 2021, regular meeting and the December 7, 2021, special meeting minutes will stand correct as presented.</b>
<b>NEW BUSINESS</b>		

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p><b>Overview of Agenda Items</b></p>	<p>Dan Heckathorne, CFO, provided a brief written overview of the agenda items that will be discussed, including the updated Self Pay and Charity Care Policy.</p>													
<p><b>Proposed Action – Recommend Approval to Hospital Board of Directors – Updated Self Pay and Charity Care Policy</b></p>	<p>Dan discussed the changes that have been made to the Self Pay and Charity Care Policy. Per California statute, the main change is to increase the “partial free care” Charity Care guidelines for Family Income from 350% to 400% of Federal Poverty Guidelines.</p> <p><b>ROLL CALL:</b></p> <table border="1" data-bbox="394 695 1227 810"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td></td> <td></td> </tr> </table> <p>Motion carried.</p>	DiBiasi	Yes	Ngo	Yes	Rader	Yes	Rutledge	Yes	Welch	Yes			<p><b>M.S.C. (Rader/Rutledge), the SGMH Finance Committee voted to recommend approval of the Updated Self Pay and Charity Care Policy to the Hospital Board of Directors.</b></p>
DiBiasi	Yes	Ngo	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Yes													
<p><b>Proposed Action – Recommend Approval to Hospital Board of Directors - Monthly Financial Report (Unaudited) – November 2021</b></p>	<p>Daniel Heckathorne, CFO, reviewed the Unaudited November 2021 finance report as included in the board packets.</p> <p>Mr. Heckathorne reported that EBIDA for the month of November had a \$1.32M loss compared to a budgeted loss of \$1.38M. Adjustments and unusual items that occurred during the month of November include unusually low workloads, however, they were up from the low in the month of October. Adjusted Patient Days and Patient Days were under budget. Emergency Visits (3,268 vs. 3,090) were over budget while Surgeries (88 vs. 90) were under budget.</p> <p>A glossary of terms was included for individuals to read through so that they gain a better understanding of the terms and acronyms used in the executive summary, the new dashboard, and throughout the unaudited financial statement.</p> <p>It was noted that approval is recommended to the Hospital Board.</p> <p>Committee member, Ron Rader, inquired about the FY21 Financial Audit final sign off from Partner, Jeff Johnson with Wipfli LLP. Dan Heckathorne and Steve Barron reported that the FY21 Financial Audit received final approval from the Healthcare District Board contingent upon the final sign off from Partner, Jeff Johnson, with Wipfli LLP. Jeff Johnson signed off on the FY21 Financial Audit as he had no changes.</p>	<p><b>M.S.C. (Rader/Welch), the SGMH Finance Committee voted to recommend approval of the Unaudited November 2021 Financial report to the Hospital Board of Directors.</b></p>												

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
	<p><b>ROLL CALL:</b></p> <table border="1" data-bbox="394 327 1221 445"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td></td> <td></td> </tr> </table> <p>Motion carried.</p>	DiBiasi	Yes	Ngo	Yes	Rader	Yes	Rutledge	Yes	Welch	Yes			
DiBiasi	Yes	Ngo	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Yes													
<b>Future Agenda Items</b>	None													
<b>Next Meeting</b>	The next regular Finance Committee meeting will be held on January 25, 2022.													
<b>Adjournment</b>	The meeting was adjourned 10:04 am.													

In accordance with The Brown Act, *Section 54957.5*, all reports, and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Minutes respectfully submitted by Ariel Whitley, Executive Assistant

**TAB B**



San Gorgonio Memorial Hospital and San Gorgonio Memorial Health Care District

To: Finance Committee, Board of Directors, and District Board

Agenda Items for January 25, 2022 and February 1, 2022 Meetings

**Subject:**

Self-Pay and Charity Care Policy Update, Including Obstetrical Pricing Packages – The policy update includes:

- a) The Self-Pay discount rates are established at 20% of current rates and charges. (It was previously set at 50% of charges, but with the rate increases on July 1, 2021, the 20% is more appropriate). Discounts will be made available if the payments are made on a timely basis as outlined in the Policy. There are no changes to the Charity Policy which was adopted January 4, 2022.

Again, we do not anticipate that this will impact the Hospital's financial performance, in that many of these patients currently find it very challenging to meet their payment obligations, and sometimes they are just unable to do so. Hopefully this change will increase the "good-will" factor for patients who are truly unable to pay the full amount of their obligations. Copies of the Policy and supporting documents are included in the packet.

**Subject:**

Non-Designated Hospital Bridge Loan Program – Due to the State's shifting the Supplemental Funding programs from a fiscal year to a calendar year, many hospitals are experiencing significant cash shortages during this 6 month "black-out" period.

The District Hospital Leadership Forum team has worked with the Legislature to enact a loan program for District Hospitals to help somewhat "bridge" this gap. As such, \$40M dollars has been designated for District Hospitals to borrow monies against future potential earnings of the Quality Initiative Program (the successor to the PRIME program).

As such, Hospitals are eligible to borrow up to 40% of potential "earnings" that will be available through this new program in the coming year. The loans are at -0- interest, however they bear a 1.0% administrative fee. The repayment period will be up to 24 months after the loan fundings.

Note: there will be two "rounds" of the loan program – the first application was due December 1, 2021, and the second-round application will be due January 1, 2022. The amounts for SGMHCD will be \$1,141,000 and \$1,711,500 for each respective round, for an aggregate \$2,852,500 total loans.

For simplification and requirement for only one set of Board approvals, the State Agency administering the loans are permitting both loan requests to be aggregated into one set of loan documents.

Copies of the supporting documents are included in the packet.

**TAB C**



Origination: 10/1996  
 Approved: N/A  
 Last Revised: 01/2022  
 Policy Area: Patient Financial Services  
 References:

## Self Pay and Charity Care

### Policy:

It is the policy of San Gorgonio Memorial Hospital (SGMH) to offer ~~self~~ Self-pay discounts for uninsured patients, under-insured patients, or for patients needing service not otherwise covered by an insurance company. All Self-pay patients who do have an ability to pay and whose income exceeds ~~350~~400% of the Federal Poverty Level (FPL) will receive the standard ~~self pay discount. Note: All~~ Self-pay discount. Note: All Self pay patients whose documented income falls below ~~350~~400% FPL can be considered for Charity Care.

### Interdepartmental Team Members:

- Patient Financial Services
- Finance
- Administration

### Procedure:

For patients presenting to San Gorgonio Memorial Hospital without insurance coverage, ~~the patient (or representative) will be provided with the Self-Pay and Charity Care Policy guidelines along with a Charity Care application. In accordance with the California Assembly and State bills AB 774, SB 1276, AB 1503, AB 532 and AB1020, which are requirements for Fair Pricing Policies and the Charity and Discount payment policies, patients will be screened to the extent possible for consideration in these programs. The initial billing statement submitted to the patient will request that the patient contact the Patient Financial Services Department to verify the absence of insurance coverage. Additionally, the~~ letter will be sent to the patient with the initial billing statement. In accordance with the California Assembly and State bills AB 774, SB 1276, and AB 1503, which are requirements for Fair Pricing Policies and the Charity and Discount payment policies, patients will be screened to the extent possible for consideration in these offer assistance in applying for various local, state and federal insurance programs. The initial letter submitted to the patient will request that the patient and provide information related to the agency to contact the Patient Financial Services Department to verify the absence of insurance coverage. Additionally the letter will offer assistance in applying for various local, state and federal insurance programs and provide information related to the agency to contact for the Local Consumer Assistance Center.

Self-~~Pay~~pay discounts will be available for patients that are uninsured, under-insured or where coverage is not available from their insurance company for the service being rendered. All Self-pay patients will be screened for linkage to any appropriate form of assistance, including but not limited to Medi-~~ca~~Cal, Covered

CA, Healthy Family program, or any third party liability program (Automobile Insurance, Worker's Compensation, Home Owners Insurance, etc.). Note: For future or current services at SGMH, the patient may be requested to complete the application process for Covered CA, California Medi-cal, presumptive Medi-cal and/or any other available programs to determine whether health care coverage is available to the patient to meet their health care needs.

~~Whenever it becomes apparent that the patient may have difficulty in meeting their financial responsibility to the hospital based on being uninsured or under-insured, the patient will be offered a Self-Pay discount. In accordance with SB 1276 which expands the availability of charity care and discount payment plans to all patients with high medical costs, pending applications for health insurance coverage does not preclude the patient from being eligible for the hospital's charity care or discount payment program. In the event that the patient does not qualify for any of the above programs the following generic discount policy will be applied:~~

Self Pay patients will be offered a Self-Pay discount in accordance with the Hospital's current discount policy and in compliance with the State and Federal Guidelines.

### Charity

Patients who qualify for Charity, i.e., whose income is up to 200% of Federal Poverty Guidelines (FPG) will be eligible for Full Charity total free care.

Patients whose income exceeds the FPG but is less than 400% of FPG will be eligible for Partial Charity free care (See attached Schedule).

Those patients who are eligible for Partial Charity free care will have their payment amounts established either on A) a percentage of the Medicare DRG payment amount for Inpatient services or B) calculated on a percentage of the Medicare APC rate for outpatient services (See attached schedule).

Patients whose income exceeds 400% of the FPG and who have no other insurance, Medicare, or Medi-Cal payment coverage will be considered Self-Pay patients.

### Self-Pay

Self-Pay patients will have their payment amounts established at 20 percent of current established rates and charges. Also see Obstetrical Delivery service guidelines below.

Self-Pay patients who pay their bill in full within 60 days from the date of service will be provided a discount, i.e., their bill will be adjusted to the lesser of the 20% discount from billed charges, or A) 100% of the Medicare DRG payment amount for Inpatient services or B) calculated at 100% of the Medicare APC rate for outpatient services.

### Third Party Coverages and Charity

Patients who have insurance, Medicare, or Medi-Cal coverage and who also qualify for Full Charity care shall be entitled to total free care for the portion of the bill for which they are responsible.

Patients who have insurance, Medicare, or Medi-Cal coverage and who also qualify for Partial Charity care shall be entitled to partial free care for the portion of the bill for which they are responsible as per the terms of their individual insurance coverage.

Any patient who seeks Full Charity free care or Partial Charity free care must first exhaust all methods of payment coverage for which they may be eligible, e.g., Medi-Cal, Medicare, or Medi-Medi participation.

### Prompt Pay Discount

Any patient who has commercial insurance coverage (not governmental insurance coverage, such as Medicare, Medi-Cal, ChampVA, Managed Medicare, Managed Medi-Cal) is eligible for a Prompt Pay Discount of 25% of their portion of the bill if their payment is made in full within 45 days of the first billing statement from the hospital. This discount must be personally requested by the patient (or representative) during that time. Patient's accounts which have previously written off as uncollectible and assigned to a collection agency are not eligible for the Prompt Pay Discount.

## **Payment at time of service:**

~~Lump sum payment at time of service or within 3 months of the service date, a discount of 50% of billed charges is authorized to be offered. Discount will be applied when payment is made.~~

- A. For elective procedures, a minimum of 50% payment of the estimated amount payable is required at time of service.
- B. For patient's who do not pay the full estimated amount payable at time of service will need to set up a payment plan. Payments should not be stretched over more than 6 months' time without approval of Revenue Cycle Director.
- C. ~~For~~A reasonable payment plan must be offered to all patients meeting the eligibility requirements in situations where an agreement cannot be reached regarding a payment plan during the negotiation process between hospital and patient. This payment plan will require that monthly payments not exceed 10% of a patient's ~~requesting a discount but needing to set up a payment plan to meet the payment obligation, a discount of 30% of billed charges is authorized to be offered~~familial income for one month excluding deductions for 'essential living expenses'. ~~Payments should not be stretched over more than 6 months time without approval of director. Discount will be applied when final payment is made.~~
  - ~~1. A reasonable payment plan must be offered to all patients meeting the eligibility requirements in situations where an agreement cannot be reached regarding a payment plan during the negotiation process between hospital and patient. This payment plan will require that monthly payments not exceed 10% of a patient's familial income for one month excluding deductions for 'essential living expenses'.~~
- D. Interest is not applied if payment ~~arrangements are made~~(s) fully completed prior to the account being referred to an outside collection agency.
- E. See attached Obstetrical delivery discount policy rates offered at San Geronio Memorial Hospital.

## ~~Payment for service after 3 month from the time of service:~~

- A. ~~For lump sum payments after date of service, discounts of between 30%—50% of billed charges can be offered. These discounts will be applied after taking the patients financial status and the age of the account into consideration. Discount will be applied when payment is made.~~

~~Note: if account is in bad debt, patient must work with bad debt agency to resolve the bill.~~
- B. ~~For patient's requesting a discount, but needing to set up a payment plan to meet the payment obligation, a discount of between 30%—50% of billed charges is authorized to be offered. These discounts will be applied after taking the patients financial status and the age of the account into consideration. Payments should not be stretched over more than 6 months time without approval of director. Discount will be applied when last payment is made.~~
  - ~~1. A reasonable payment plan must be offered to all patients meeting the eligibility requirements in situations where an agreement cannot be reached regarding a payment plan during the negotiation~~

~~process between hospital and patient. This payment plan will require that monthly payments not exceed 10% of a patient's familial income for one month excluding deductions for 'essential living expenses'. Note: if account is in bad debt, patient must work with bad debt agency to resolve the bill.~~

~~C. Interest is not applied if payment arrangements are made prior to the account being referred to an outside collection agency.~~

## Adjustment

The approval process is:

All: Patient Financial Services Director

Bad Debt: Chief Financial Officer

Ensure appropriate approval levels are obtained prior to applying adjustments.

## Resources:

- Insurance Contracts
- Charity Care Policy
- Discount policies

## Supplies:

- Insurance matrix
- Contract guidelines
- Adjustment request form
- Calculator
- EOB's/RA's

## Attachments

[Self Pay Cash Price Plans for OB Delivery Patients 01 01 22.docx](#)

[Self Pay Cash Price Plans for OB Delivery Patients 5.5.21.docx](#)

[SGMH Charity Care Schedule -01 01 2022 Policy Attachment \(1\).xls](#)

[Synopsis - Patient Financial Assistance and Discount Policy 01 01 2022 Attachment.docx](#)

## Approval Signatures

Step Description	Approver	Date
Hospital Board of Directors	Ariel Whitley: Executive Assistant	pending
Corporate Compliance	Annah Karam: Director Human Resources	01/2022
Policy & Procedure Committee	Gayle Freude: Nursing Director Med/Surg	01/2022
	Mayda Cox: Director Financial Services	01/2022

**TAB D**

**Resolution No. 2022-01**

RESOLUTION OF SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT  
AUTHORIZING EXECUTION AND DELIVERY OF A LOAN AND SECURITY  
AGREEMENT, PROMISSORY NOTE, AND CERTAIN ACTIONS IN CONNECTION  
THEREWITH FOR THE CALIFORNIA HEALTH FACILITIES FINANCING  
AUTHORITY  
NONDESIGNATED PUBLIC HOSPITAL BRIDGE LOAN PROGRAM

WHEREAS, San Gorgonio Memorial Healthcare District (the “Borrower”) is a nondesignated public hospital as defined in Welfare and Institutions Code Section 14165.55, subdivision (1), excluding those affiliated with county health systems pursuant to Chapter 240, Statutes of 2021 (SB 170), Section 25; and

WHEREAS, Borrower has determined that it is in its best interest to borrow an aggregate amount not to exceed **\$2,852,500.00** from the California Health Facilities Financing Authority (the “Lender”), such loan to be funded with the proceeds of the Lender’s Nondesignated Public Hospital Bridge Loan Program; and

WHEREAS, the Borrower intends to use the funds solely to fund its working capital needs to support its operations;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Borrower as follows:

Section 1. The Board of Directors of Borrower hereby ratifies the submission of the application for a loan from the Nondesignated Public Hospital Bridge Loan Program.

Section 2. Steven Barron, Chief Executive Officer and Daniel Heckathorne, Chief Financial Officer (each an “Authorized Officer”) are hereby authorized and directed, for and on behalf of the Borrower, to do any and all things and to execute and deliver any and all documents that the Authorized Officers deem necessary or advisable in order to consummate the borrowing of moneys from the Lender and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 3. The proposed form of Loan and Security Agreement (the “Agreement”), which contains the terms of the loan is hereby approved. The loan shall be in a principal amount not to exceed **\$2,852,500.00**, shall not bear interest, and shall mature 24 months from the date of the executed Loan and Security Agreement between the Borrower and the Lender. Each Authorized Officer is hereby authorized and directed, for and on behalf of the Borrower, to execute the Agreement in substantially said form that includes the redirection of up to 20% of Medi-Cal reimbursements (checkwrite payments) to Lender in the event of default, with such changes therein as the Authorized Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.



Section 4. The proposed form of Promissory Note (the “Note”) as evidence of the Borrower's obligation to repay the loan is hereby approved. The Authorized Officers are hereby authorized and directed, for and on behalf of the Borrower, to execute the Note in substantially said form, with such changes therein as the Authorized Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Date of Adoption: February 1, 2022

**SECRETARY'S CERTIFICATE**

I, Joel Labha, Secretary of the Board of Directors of San Gorgonio Memorial Healthcare District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of San Gorgonio Memorial Healthcare District duly and regularly held at the regular meeting place thereof on the 1<sup>st</sup> day of February, 2022, of which meeting all of the members of said Board of Directors had due notice and at which the required quorum was present and voting and the required majority approved said resolution by the following vote at said meeting:

**Ayes:**

**Noes:**

**Absent:**

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; that said resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

\_\_\_\_\_  
Secretary

Date: February 1, 2022

# CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

## Nondesignated Public Hospital Bridge Loan Program

### Loan and Security Agreement

This Loan and Security Agreement (“Agreement”) is entered into between the CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY, a public instrumentality of the State of California (“Lender” or “Authority”), authorized by the California Health Facilities Financing Authority Act (the “Act”), having its principal place of business at 915 Capitol Mall, Room 435, Sacramento, California 95814, and **San Geronio Memorial Healthcare District**, a nondesignated public hospital District, DBA San Geronio Memorial Hospital (“Borrower”) as defined in the Nondesignated Public Hospital Bridge Loan Program guidelines, having its principal place of business at **600 North Highland Springs Avenue, Banning, California 92220**.

### RECITALS

A. The Borrower has applied to the Authority for a loan from the Nondesignated Public Hospital Bridge Loan Program to fund its Working Capital needs to support its operations.

B. Borrower is a nondesignated public hospital as defined in Welfare and Institutions Code 14165.55, subdivision (l), excluding those affiliated with county health systems pursuant to Chapter 240, Statutes of 2021 (SB 170), Section 25.

C. The Authority has determined that the Borrower’s Application meets eligibility requirements of the hereinafter defined Guidelines.

D. Borrower has requested that Lender lend Borrower certain funds from the Authority’s Nondesignated Public Hospital Bridge Loan Program’s fund balance for the following purpose: To fund its Working Capital needs to support its operations (the “Purpose”).

E. Lender is willing to lend Borrower such funds subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the parties agree as follows:

#### 1. Waiver of Sovereign Immunity

The Borrower hereby waives any immunity it may have from lawsuits and other legal proceedings brought under this Agreement or in connection therewith that are brought by the Authority in the California Superior Court for the County of Sacramento and all courts to which appeals therefrom are available, and enforcement of any judgment of such court in any court of competent jurisdiction, to enforce the terms of this Agreement, and to

enforce and execute any order, judgment or ruling resulting therefrom against any assets or revenues of the Borrower.

If, and only if, a dispute arises between the parties over a matter for which the Borrower has provided a waiver of immunity under this Agreement (the “Dispute”), and the California Superior Court for the County of Sacramento cannot or is unwilling to hear the Dispute, then either party may request binding arbitration of the Dispute. To initiate binding arbitration of a Dispute, a party shall notify the other party in writing. The Dispute shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and subject to California law concerning arbitration, and judgment on the award rendered by the arbitrator may be entered in any court pursuant to California law concerning arbitration. One arbitrator shall preside and shall be selected by the American Arbitration Association. The arbitration shall take place in Sacramento, California. The arbitrator shall render an award within forty-five days from the conclusion of the arbitration. In the event of arbitration, the prevailing party shall be entitled to all of its costs, including reasonable attorneys’ fees, from the nonprevailing party.

## ARTICLE I – DEFINITIONS

Section 1.1- CHECKWRITE means a reimbursement for Medi-Cal covered services, due to the Borrower from the California Department of Health Care Services (“DHCS”), for a particular payment period.

Section 1.2- GUIDELINES means the Nondesignated Public Hospital Bridge Loan Program Guidelines approved by the Authority, as may be amended from time to time.

Section 1.3- LIEN means the securitization of the Loan, including but not limited to the Authority’s intercept of the Borrower’s Medi-Cal reimbursements.

Section 1.4- LOAN DOCUMENTS means this Agreement, the Promissory Note, the agreement referenced in Section 3, and the Borrower’s Application, including all exhibits to such documents.

Section 1.5- WORKING CAPITAL means those costs as defined in Government Code Section 15432, subdivision (h) and are the costs eligible for reimbursement to the Borrower from the Loan amount approved by the Authority.

Section 1.6 – DOCUMENT DATE means the date of this Agreement, which is the date Lender signs this Agreement.

Section 1.7- Any capitalized terms used but not otherwise defined in this Agreement shall have the meaning set forth in the Guidelines.

### 2. The Loan Repayment.

(a) Subject to the terms and conditions of this Agreement, Lender agrees to make a zero percent (0%) interest rate loan in the aggregate principal amount of **two million eight hundred fifty-two thousand five hundred dollars and zero cents (\$2,852,500.00)** (the “Loan”) to Borrower. The Loan proceeds shall be disbursed to Borrower upon the satisfaction of all of the conditions precedent set forth in Sections 3, 4 and 5 of this Agreement. It is the intent of the Borrower and the Lender to

create a line of credit agreement between the Borrower and the Lender whereby the Borrower may borrow up to **two million eight hundred fifty-two thousand five hundred dollars and zero cents (\$2,852,500.00)** from Lender.

(b) Borrower's obligation to repay the Loan shall be evidenced by a promissory note executed by Borrower (the "Note"), payable to the order of the Lender, in which Borrower agrees to repay the principal sum of the Loan no later than 24 months from the date of this Agreement ("Due Date"). Borrower shall have the right at any time to prepay the Note in whole or in part without premium or penalty.

(c) All payments and prepayments of principal shall, at the option of Lender, be applied first to any fees and costs owing, and after all such fees and penalties have been paid any remainder shall be applied to reduction of the principal balance.

3. Security Agreement.

To induce Lender to make the Loan, to secure Borrower's performance under this Agreement, and to ensure punctual payment of amount due under this Agreement and the Note, the Borrower hereby grants a security interest to Lender and to its successors, and assigns, for so long as Borrower has any obligations to Lender under this Agreement, and for the security and benefit of the Lender, in 20% of the Borrower's respective Medi-Cal checkwrite payments (all such rights being the "Collateral").

Borrower agrees to execute a written agreement substantially in the form set forth in Exhibit A attached hereto and incorporated herein by reference, which authorizes DHCS to redirect Borrower's checkwrite payments to the Lender, if the Loan amount is not repaid in full within 24 months of the date of this Agreement, until such time as the Loan to the Borrower made by Lender (including any fees and other loan related costs as may arise) is paid in full. By execution of the attached agreement, Borrower agrees to assign 20% of its respective Medi-Cal checkwrite payments to the Lender until the Lender notifies DHCS that the loan has been satisfied.

4. Representations and Warranties.

To induce Lender to make the Loan under this Agreement, Borrower hereby represents and warrants to Lender that as of the date hereof and, where relevant, until the Note is paid in full and all obligations under this Agreement are performed in full, that:

(a) Borrower is duly organized under applicable law, is qualified to do business and in good standing in each jurisdiction where required, and has complied with all laws necessary to conduct its business as presently conducted;

(b) Borrower has authority, and has completed all proceedings and obtained all approvals and consents necessary, to execute and deliver all documents authorizing this Loan, including, without limitation, all the Loan Documents, and the transactions contemplated by these Loan Documents;

(c) the execution, delivery and performance of the Loan Documents will not contravene, or constitute a default under or result in a lien upon assets of Borrower pursuant to any applicable law or regulation, any charter document of Borrower or any contract, agreement, judgment, order, decree, or other instrument binding upon or affecting Borrower except for, if applicable, (i) certain liens created by the Loan Documents evidencing this Loan and (ii) other liens in favor of Lender;

(d) this Agreement, the Note, the agreement referenced in Section 3 and all of the other Loan Documents constitute the legal, valid and binding obligations of Borrower, enforceable in accordance with their respective terms;

(e) Borrower represents, except as previously disclosed to Lender, and warrants there is no financing statement, security agreement or any other document covering any required Collateral, or any part thereof, on file, recorded or in effect in any public office;

(f) except as previously disclosed to Lender in writing, there is no action, suit or proceeding, pending or threatened against Borrower which might adversely affect Borrower in any material respect;

(g) Borrower does not have any delinquent tax obligations, and all tax returns required of Borrower have been filed; and

(h) all proceeds of this Loan will be used by the Borrower solely for the Purpose as described in the Recitals and as has been approved by Lender.

##### 5. Conditions Precedent.

Lender shall have no obligation to make the Loan under this Agreement until Lender is satisfied that all of the following conditions have been satisfied:

(a) as of the date of this Agreement, there shall exist no Event of Default, as defined in Section 7, and no event which, with the giving of notice or passage of time, or both, would constitute an Event of Default;

(b) Borrower shall have delivered to Lender a duly executed Agreement, Note, and all other requested Loan Documents;

(c) Borrower shall have delivered to Lender a resolution of the Borrower's Board of Directors duly authorizing the execution, delivery and performance by it of each of the Loan Documents as well as ratification of the submitted application; and

(d) Borrower shall have delivered any other documents reasonably required by Lender in connection with carrying out the purposes of this Agreement, including all documents specified in Sections 2, 3, 4 and 5.

6. Covenants.

From the date of this Agreement until the Note is paid in full and all obligations under this Agreement are performed, Borrower agrees that:

(a) at all times during this Agreement, Borrower shall accurately maintain, in accordance with generally accepted accounting principles, all books of account, records and documents of every kind in which all matters relating to this Loan, including, without limitation, all income, expenditures, assets, and liabilities;

(b) Borrower shall at all times maintain its corporate existence and shall do or cause to be done all things necessary to preserve and keep in full force and effect its rights, licenses, and franchises;

(c) Borrower shall not, without the prior written notification to Lender, change its name or place of business, merge, affiliate, or consolidate with any company or enterprise, or otherwise substantially change its corporate structure or the general character of its business as it is presently conducted;

(e) Borrower shall do all acts that may be necessary to maintain, preserve and protect any required Collateral;

(f) Borrower shall not use or permit any required Collateral to be used unlawfully or in violation of any provision of this Agreement, or any applicable statute, regulation, ordinance or any policy of insurance covering the Collateral;

(g) Borrower shall execute and deliver any financing statement, assignment or other writing deemed necessary or appropriate by Lender to perfect, maintain and protect its security interest under this Agreement;

(i) Borrower shall pay all taxes, assessments, and related obligations when such taxes, assessments and obligations are due and payable;

(j) Borrower shall not create, incur, assume or suffer to exist any further assignment, encumbrance, or lien upon any required Collateral without the prior written consent of Lender;

(k) Borrower shall pay all costs, fees and expenses incurred by Lender in connection with this Agreement;

(l) Borrower may not assign the Agreement or Note to any person or entity, and the Agreement or Note may not be assumed by any person or entity without the prior written consent of Lender;

(m) Borrower shall promptly notify Lender in writing of the occurrence of any event which might materially adversely affect Borrower or which constitutes, or upon notice or passage of time or both, would constitute an Event of Default; and

(n) Borrower shall pay to Lender a fee equal to one percent (1.00%) of the loan amount as a reduction in disbursement of loan proceeds to Borrower.

7. Events of Default.

A default exists, upon the occurrence and during the continuance of any of the following events (“Events of Default”):

(a) failure by Borrower to pay any principal or any other amount payable hereunder or under the Note when due in accordance with the terms of the Agreement or the Note;

(b) any representation or warranty made by Borrower in this Agreement or in any other Loan Document or financial or other statement furnished at any time under or in connection herewith or therewith shall prove to have been incorrect, false or misleading in any material respect on or as of the date when made or deemed to have been made or prior to the date when all obligations of this Agreement have been fully satisfied;

(c) failure of Borrower to fully and completely perform any obligation (except for the obligation set forth in Section 2(b) of this Agreement), covenant or agreement set forth in this Agreement or in the other Loan Documents or any agreement as may be required by Sections 3,4 and 5 herein and the failure to cure the default may, in the sole discretion of the Lender, not constitute an Event of Default unless (i) Borrower fails to commence steps to cure the failure within the fifteen (15) day period or (ii) Borrower fails to cure the failure within thirty (30) days after the date of the failure;

(d) (i) Borrower shall have applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of its assets, (ii) a custodian, receiver, trustee or liquidator shall have been appointed with or without the consent of Borrower, (iii) Borrower shall generally not be paying its debts as they become due, has made a general assignment for the benefit of creditors, has filed a voluntary petition in bankruptcy, or has filed a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any insolvency law, (iv) Borrower shall have filed an answer admitting the material allegations of a petition in any bankruptcy, reorganization or insolvency proceeding, or taken any corporate action for the purpose of effecting the filing of such an answer, (v) a petition in bankruptcy shall have been filed against Borrower and shall not have been dismissed for a period of thirty (30) consecutive days, (vi) an order for relief shall have been entered under the Federal Bankruptcy Code against Borrower, (vii) an order, judgment or decree shall have been entered, without the application, approval or consent of Borrower, by any court of competent jurisdiction approving a petition seeking reorganization of Borrower or appointing a receiver, trustee, custodian or liquidator of Borrower or a substantial part of its assets, and the order, judgment or decree shall have continued unstayed and in effect for any period of forty-five (45) consecutive days, (viii) Borrower shall have suspended the transaction of its usual business, or (ix) Borrower shall have ceased to be authorized by the laws of this State to operate a health facility, as defined by the Act; and

(e) if the Loan amount due under this Agreement is not paid in full within twenty-four (24) months from the date of this Agreement, then at the option and upon the declaration of Lender, all amounts owed to Lender under this Agreement and the Note shall, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, become immediately due and payable, and Lender may immediately, and without expiration of any period of grace, enforce payment of all amounts owed to Lender under this Agreement and the Note and exercise any and all other remedies granted to it at law, in equity or otherwise, for the enforcement of realization of the security interests provided in this Agreement. In addition, Lender shall be entitled to recover from Borrower all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Lender in exercising any remedies under this Agreement.

No delay in accelerating the maturity of any obligation contained in this Agreement or in taking any other action with respect to any Event of Default shall affect the rights of Lender later to take such action with respect thereto, and no waiver as to a prior occasion shall affect rights as to any other Event of Default. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

Borrower waives presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration and maturity, protest or notice of protest and nonpayment, bringing of suit and diligence in taking any action to collect any sums owing under this Agreement, and agrees that its liability on this Agreement shall not be affected by any release of or change in any security for the payment of sums due under this Agreement.

If Borrower fails to pay its one-time installment of principal due under this Agreement by the Due Date of the one-time installment, Borrower shall pay Lender twenty percent (20%) of its respective Medi-Cal checkwrite payments due for the purpose of the handling of a delinquent payment. Borrower and Lender agree that the method of repayment represents a reasonable means of collection considering all of the circumstances existing on the date of this Agreement.

Acceptance by the Lender or holder of the Note of any installment after any default under this Agreement shall not operate to extend the time of payment of any amount then remaining unpaid or constitute a waiver of any of the other rights of the Lender or holder under the Note or this Agreement.

8. Security Agreement.

This Agreement shall constitute a security agreement with respect to any required Collateral.

9. Miscellaneous.

(a) Borrower hereby irrevocably and unconditionally agrees, to the fullest extent permitted by law, to defend, indemnify and hold harmless Lender, Authority members, officers, directors, trustees, employees and agents, from and against any and all claims, liabilities, losses and expenses (including reasonable attorneys' fees) directly,



indirectly, wholly or partially arising from or in connection with any act or omission of Borrower, its employees or agents, in applying for or accepting the Loan, or in expending or applying the funds furnished pursuant to this Agreement. This section shall survive the termination of this Agreement.

(b) The terms of this Agreement may be revised or modified only with the prior written consent of both parties.

(c) The descriptive headings in this Agreement are inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions of this Agreement.

(d) Any provision of this Agreement that is illegal, invalid or unenforceable, shall be ineffective to the extent of such illegality, invalidity or unenforceability without rendering illegal, invalid or unenforceable the remaining provisions of this Agreement.

(e) This Agreement is intended by the parties to be the final expression of their agreement with respect to the terms included in this Agreement and may not be contradicted by evidence of any prior or contemporaneous agreement.

(f) This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all counterparts shall together constitute one and the same instrument.

(g) All notices given under this Agreement shall be in writing and shall be hand-delivered or mailed by registered or certified mail, postage prepaid and shall be sent to the parties' respective addresses first written above or any other address as a party may have specified in writing.

(h) Borrower waives trial by jury in any litigation arising out of or relating to this Agreement in which a holder of the Note is an adverse party and further waives the right to interpose any defense, set-off, or counterclaim of any nature or description.

(i) Lender and Borrower hereby agree that the laws of the State of California apply to this Agreement. Any legal action or proceedings brought to enforce or interpret the terms of this Agreement shall be initiated and maintained in the courts of the State of California and or the United States in Sacramento, California, but Lender may waive venue in Sacramento County in its sole discretion.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in day and year first hereinabove written.

LENDER: **CALIFORNIA HEALTH FACILITIES  
FINANCING AUTHORITY**, a public  
instrumentality of the State of California

By: \_\_\_\_\_

Name: **Frank Moore**

Title: **Executive Director**

Date: \_\_\_\_\_

BORROWER: **San Gorgonio Memorial Healthcare District**,  
a nondesignated public hospital District, DBA  
San Gorgonio Memorial Hospital

By: \_\_\_\_\_  
(Authorized Officer)

Name: **Dennis Tankersley**

Title: **Board Chair**

Date: \_\_\_\_\_

EXHIBIT A

AUTHORIZATION TO CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES  
REDIRECTION OF MEDI-CAL WARRANTS TO  
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

1. NAME OF BORROWER (MEDI-CAL PROVIDER)		2. MEDI-CAL PROVIDER NUMBER	
San Gorgonio Memorial Hospital		1568469997	
3. MAIN CONTACT PERSON NAME		4. TELEPHONE NUMBER	
Margaret Kammer, Controller		951-769-2118	
5. ADDRESS CITY STATE ZIP			
600 North Highland Springs Ave., Banning, CA 92220			
6. LOAN AMOUNT NOT TO EXCEED			
Two million eight hundred fifty-two thousand five hundred dollars and zero cents(\$2,852,500.00)			

Borrower hereby assigns all of its rights to 20% of its respective Medi-Cal checkwrite payments, along with any and all underlying right to reimbursement as may currently exist, to the California Health Facilities Financing Authority (CHFFA) if the Loan amount is not repaid in full within 24 months of the date of this Agreement, as part of the re-payment requirements of the Nondesignated Public Hospital Bridge Loan Program approved by CHFFA Resolution No. 2021-04 on October 28, 2021.

This assignment shall be in place until CHFFA has notified the Department of Health Care Services (DHCS) that the loan has been paid in full, whereupon the right to full future reimbursements shall revert to the Borrower.

Borrower receives Medi-Cal reimbursement via (check appropriate box):

- Paper warrants
- Electronic funds transfer (EFT)

If an EFT recipient, Borrower acknowledges and agrees to the following requirements:

Borrower shall complete an EFT cancellation form (see attached), which shall be submitted to DHCS. This form must be submitted to DHCS at least one week in advance of the applicable State Controller's Office (SCO) checkwrite issuance date.

Borrower acknowledges that after DHCS receives notice from CHFFA that Borrower's loan is paid in full, the Medi-Cal reimbursement to Borrower will be by paper warrants until such time as the Borrower reapplies for EFT and that application is effective.

Borrower assumes the responsibility of updating its address on file with DHCS and submitting to DHCS any necessary address correction using the Medi-Cal Supplemental Changes form (Form 6209).

**BORROWER: San Gorgonio Memorial Healthcare District**, a nondesignated public hospital District, DBA San Gorgonio Memorial Hospital

By: \_\_\_\_\_  
(Authorized Officer)

Name: Dennis Tankersley

Title: Board Chair

<b>EFT</b>	Electronic Fund Transfer Authorization	<u>Department of Health Care Services – Medi-Cal:</u> This authorization remains in full force and effect until the California Medicaid Program/Title <input type="checkbox"/> receives written notification from the provider of its termination, or until the California Medicaid Program/Title <input type="checkbox"/> or appointing authority deems it necessary to terminate the agreement.

**Directions:** An original pre-imprinted voided check for checking accounts, or an original bank letter for savings accounts, must be submitted with this form. The provider name, routing number and account number on either of those documents must match what is entered on this form. Photocopied documents will not be accepted. Use blue ink for signatures, including notary.

**Section A** **Please Print or Type**

1. Name of Provider (must match name on bank account and name registered with Medi-Cal)	2. NPI OR Legacy Number (one EFT form per number)
3. Name of Main Contact Person	4. Telephone Number
5. Provider Address	City <span style="margin-left: 150px;">State</span> <input type="checkbox"/> ip
6. Last 4 Digits of Provider Social Security Number or Complete Federal Tax ID Number (must match number registered with Medi-Cal)	

**Section B**

1. Bank Routing Number	2. Bank Account Number (including leading zeroes)	3. Type of Account Checking Savings
4. Bank Name		
5. Bank Address	City	State <input type="checkbox"/> ip

**Section C** (Check the appropriate box)

I hereby authorize the California Medicaid Program/Title  to initiate credit entries to my bank account as indicated above, and the depository named above to credit the same to such account. For changes to existing accounts, do not close an existing account until the first payment has been deposited into the new account

I hereby **CANCEL** my EFT authorization.

I understand that by signing this form, payments issued will be from Federal and State funds, and that any falsification or concealment of a material fact may be prosecuted under Federal and State laws.

---

Provider Signature
Date  
(Blue ink only. Must be owner or corporate officer.)

**Form Must Be Notarized**

**Mail This Form To:**

California MMIS Fiscal Intermediary  
 Attn: EFT nit  
 PO Box 1302   
 Sacramento, CA 5 13-402

**press Mail Only**

California MMIS Fiscal Intermediary  
 Attn: EFT nit  
20 Stillwater Road  
 West Sacramento, CA 5605

Privacy Statement (Civil Code Section 17  et seq.): The information requested on this form is required by the Department of Health Care Services for purposes of identification and document processing. Furnishing the information requested on this form is mandatory. Failure to provide the mandatory information may result in your request being delayed or not processed.

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY**

**Nondesignated Public Hospital Bridge Loan Program**

**Promissory Note (“Note”)**

**\$2,852,500.00**

**San Geronio Memorial Healthcare District**, a nondesignated public hospital District, DBA San Geronio Memorial Hospital having its principal place of business at **600 North Highland Springs Ave., Banning, CA 92220** (“Borrower”), for value received, hereby promises to pay to the order of CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY, a public instrumentality of the State of California (the “Lender” or “Holder”), at its office located at 915 Capitol Mall, Room 435, Sacramento, California 95814, or at such other place as the Holder may from time to time designate in writing, in lawful money of the United States of America, the principal sum of **two million eight hundred fifty-two thousand five hundred dollars and zero cents (\$2,852,500.00)** or so much thereof as may be advanced to or for the benefit of the Borrower by the Lender in Lender’s sole and absolute discretion, until payment of such principal sum shall be discharged in no event later than 24 months from the date as more particularly provided for in that certain Loan and Security Agreement between Borrower and the Lender, dated as of the date thereof (the “Agreement”). It is the intent of the Borrower and Lender to create a line of credit agreement between Borrower and Lender whereby Borrower may borrow up to **\$2,852,500.00** from Lender provided, however, that Lender has no obligation to lend Borrower any amounts hereunder and the decision to lend such money lies in the sole discretion of Lender.

All payments on this Note shall, at the option of Holder, be applied first to any fees and costs owing and any remainder shall be applied to a reduction of the principal balance.

The Borrower shall be in default of this Note on the occurrence of any of the events set forth in the Agreement executed simultaneously herewith, including but not limited to the following: (i) the Borrower shall fail to meet its obligation to make the required principal payment hereunder; (ii) the Borrower shall be dissolved or liquidated; (iii) the Borrower shall make an assignment for the benefit of creditors or shall be unable to, or shall admit in writing their inability to pay their debts as they become due; (iv) the Borrower shall commence any case, proceeding, or other action under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, or any such action shall be commenced against the undersigned; (v) the Borrower shall suffer a receiver to be appointed for it or for any of its property or shall suffer a garnishment, attachment, levy or execution.

Upon default of this Note, Lender may declare the entire amount due and owing hereunder to be immediately due and payable. Lender may also use all remedies in law and in equity to enforce and collect the amount owed under this Note. The remedies of the Holder, as provided in the Agreement shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of Holder, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of Holder, including specifically any failure to exercise any right, remedy or recourse shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by Holder and

then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

Borrower hereby waives presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration and maturity, protest or notice of protest and non-payment, bringing of suit and diligence in taking any action to collect any sums owing hereunder, and agrees that its liability on this Note shall not be affected by any release of or change in any security for the payment of this Note.

Borrower shall have the right to prepay this Note in whole or in part at any time without penalty or premium.

Any provision of this Note or corresponding Agreement, that is illegal, invalid or unenforceable, shall be ineffective to the extent of such illegality, invalidity or unenforceability without rendering illegal, invalid or unenforceable the remaining provisions of this Note.

Borrower agrees that the laws of the State apply to this Note. Any legal action or proceedings brought to enforce or interpret the terms of this Note shall be initiated and maintained in the courts of the State of California or the United States in Sacramento, California, but Lender may waive venue in Sacramento County in its sole discretion.

**San Geronio Memorial Healthcare District,**  
a nondesignated public hospital District,  
DBA San Geronio Memorial Hospital

By: \_\_\_\_\_  
(Authorized Officer)

Name: **Dennis Tankersley** \_\_\_\_\_

Title: **Board Chair** \_\_\_\_\_

Date: \_\_\_\_\_

# TAB E





**SAN GORGONIO MEMORIAL HOSPITAL**  
**BANNING, CALIFORNIA**

**Unaudited Financial Statements**

**for**

**SIX MONTHS ENDING DECEMBER 31, 2021**

**Certification Statement:**

To the best of my knowledge, I certify for the hospital that the attached financial statements, except for the uncertainty of IGT revenue accruals, do not contain any untrue statement of a material fact or omit to state a material fact that would make the financial statements misleading. I further certify that the financial statements present in all material respects the financial condition and results of operation of the hospital and all related organizations reported herein.

Certified by:

*Daniel R. Heckathorne*

**Daniel R. Heckathorne**

CFO

# San Gorgonio Memorial Hospital

## Financial Report - Executive Summary

For the Month of December 31, 2021 and Six Months Ended December 31, 2021 (Unaudited)

### **Profit/Loss (EBIDA) Summary (MTD) Negative and (YTD) Negative**

The month of December had a \$5.07M positive Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted earnings of \$4.06M.

**YTD** – There was a \$1.72M loss in Earnings before Interest, Depreciation and Amortization (EBIDA) compared to a budgeted loss of \$2.49M.

**Month** – Adjustments/unusual items: December's financial statements include 6 months of Supplemental Funding Rate Range Income of \$6.02M. There were no IGT Fees (Expense) to be booked in December, as the fees had been booked in the previous year's financial statements. (The 2022 budget includes \$895K for the Fees Expense in the current year.)

Unfortunately, there will not be Rate Range Revenues for the next 6 months due to the State moving its Supplemental Funding Rate Range program from the fiscal year to a calendar year. Thus, we have plans underway to borrow funds to fill this gap resulting from the State's change in fiscal years.

The Hospital started seeing a gradual increase in covid related cases toward the end of December, which continued to accelerate into January. This had a slight effect on the December financials and will also have a significant impact on January's operations.

December's inpatient workloads were up from the November levels; however, they were still unusually low, both compared to budget and to previous year's volumes. Adjusted Patient Days were 8.5% below budget (2,076 vs. 2,269) while Patient Days were 27% under budget (814 vs. 1,109). Emergency Visits were 2.3% below budget (3,212 vs. 3,289), and Surgeries were basically on budget (93 vs. 95).

**YTD** – Overall workloads are as follows: Adjusted Patient Days = 12,159 vs. 12,851 budgeted (-5.4%); Patient Days = 5,047 vs. 6,129 budgeted (-17.7%); Emergency Visits = 20,217 vs. 19,158 (+5.5%), and Surgeries were 654 vs. 515 (+27%). EBIDA results are now \$760K better than budget for the first 6 months of the year, however, there will not be any Rate Range Supplemental income during the second half of the fiscal year. Overall Operating Revenues are \$208K under budget, while Operating Expenses were \$968K under budget.

### **Patient Revenues (MTD) Positive & YTD Negative**

**Month** - The Net Patient Revenue in December was \$5.69M compared to the budgeted \$5.33M. There was an estimated increase in managed care contracted revenues of \$263K in December which helped improve the Net Revenues.

**YTD** – Net Patient Revenue through December was \$29.7M compared to the budgeted \$29.5M. The increase in managed care contracted revenue since September has been estimated at \$757K.

### **Total Operating Revenues (MTD) Positive & (YTD) Negative**

**Month** – Operating Revenue in December was \$47K over budget. This was favorably impacted by the favorable \$365K variance in Net Patient Revenues. Offsetting this variance were impacts from delay of booking DSH income (\$83K) until the final audit results are available, and 2) miscellaneous revenues were below budget in the month due to less than projected Physical Therapy Joint Venture SWB reimbursement and other covid-related grants which were experienced in the previous year.

**YTD** – Operating Revenue was \$208K under budget, impacted by the Net Patient Revenues being \$265K over budget while Non-Patient Revenues were \$473K under budget.

### **Operating Expenses (MTD) Negative & (YTD) Negative**

**Month** - Operating Expenses in December were \$7.08M and were under budget by \$961K. The largest favorable variance resulted in not having to book \$845K of IGT Fees which had been booked in the previous year. Other notable items impacting the budget were as follows: 1) Salaries were \$154K under

budget due to additional PTO “flexing”; 2) Contract Labor was \$37K over budget due to covid relief staff; 3) Physician Fees were \$143K under budget due to a reduction in the accrual rates for the Medical Residents, offset by additional anesthesia costs; 4) Purchased Services were over budget by \$85K, which was impacted by variances in legal fees (\$25K), Allscripts/Navigant (\$18K), Education, Accounting, and Nurse Administration (\$56K); 5) Supplies were \$188K over budget including Lab (\$45K), Surgery (\$21K), and Pharmacy (\$142K); 6) Utilities were over budget (\$65K) primarily due to the increase in gas costs impacted by the cold weather in December; 7) Other Expenses were \$117K below budget, which continues to reflect everyone continuing to take a conservative approach on all costs including dues and subscriptions, outside travel, and educations costs. 8) Rents and Leases were \$57K below budget, which includes the delay in the startup of the surgical robotics program (\$25K) and conversion of a portion of telemetry monitors to actual purchases (\$34K).

**YTD – Variances include:** 1) Salaries and Employee Benefits were under budget (\$299K and \$141K respectively) primarily to lower than expected patient days; 2) Contract Labor was over budget by \$229K due to shortage of nurses and the covid surge; 3) Supplies were over budget by \$1.04M, largely due to the covid surges and much higher Surgery volumes than budgeted. Some of the major variances over budget include Surgery (\$118K), Lab (\$520K), Pharmaceuticals (\$182K), Emergency (\$54K), Nursing Units (\$167K), and Blood (\$51K). 4) Repairs were over budget by \$88K, which included accelerated repairs made on emergency doors and negative pressure rooms; 5) Other Expenses were \$694K below budget as generally everyone is taking a conservative approach toward many projects during this year, including dues and subscriptions, outside education, travel, and other (combined \$524K); and 6) Leases and Rentals were \$320K below budget, of which \$279K was impacted by the exclusion of leasing telemetry monitors along with the delay in the surgical robotics lease.

### **Balance Sheet/Cash Flow**

Patient cash collections in December were \$6.0M, reflecting another very good month. The Gross A/R Days stand at 69.5. Cash balances as of December 31 were \$4.4M, up from \$2.9M in November, however, the line of credit balance was increased to \$9M at the end of the month, also allowing the Accounts Payable to drop slightly from \$10.6M in November to \$9.9M in December. Net Accounts Receivables also dropped slightly by \$289K from November. Finally, the 2021 Revenue Bonds funds (\$2.3M) for the Siemens Electrical project were required to be “drawn down” and were subsequently deposited into the Restricted Asset Account and the full liability was recognized as “Long-Term Debt, Revenue Bond” in December.

### **Concluding Summary**

#### **Positive takeaways:**

- 1) Patient cash collections continued to be strong.
- 2) There was favorable EBIDA for the month and for the 6 months YTD.
- 3) Net Patient Revenues were favorable for December, and Expenses (even excluding the absence of an IGT Fee) were favorable to budget.

#### **Negative takeaways:**

- 1) Patient Discharges and Patient Days were significantly under budget.
- 2) Supplies costs continue to be high.
- 3) The next 6 months will be challenging without having any Rate Range Supplemental funding.

#### **Dashboard Items:**

Included in the December Financial Reports are the Dashboard reports as previously presented.

**STATISTICS**

Inpatient Admissions/Discharges (Monthly Average)

Represents number of patients admitted/discharged into and out of the hospital.

Patient Days (Monthly Average)

Each day a patient stays in the hospital is counted as a patient day. This count is normally done at midnight.

Average Daily Census (Inpatient)

Equals the average number of inpatients in the hospital on any given day or month.

Average Length of Stay (Inpatient)

Represents that average number of days that inpatients stay in the hospital.

Emergency Visits (Monthly Average)

Represents the number of patients who sought services at the emergency room.

Surgery Cases - Excluding G.I. (Monthly Average)

Equals the number of patients who had a surgical procedure(s) performed.

G.I. Cases (Monthly)

Number of patients who had a gastrointestinal exam performed.

Newborn Deliveries (Monthly)

Number of babies delivered.

**PRODUCTIVITY**

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Worked FTEs ( includes Registry FTEs)

Represents an equivalency of full-time staff worked. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 173.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours worked by the number of hours in the respective work period (40, 80, etc.) Example: 340 hours worked in an 80 hour pay period = 4.25 FTE's

Worked FTES per APD

Divides the Total Worked FTE's by the daily average of the Adjusted Patient Days.

Paid FTEs ( includes Registry FTEs)

Represents an equivalency of full-time staff paid. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 173.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours paid (includes all hours paid consisting of worked hours, PTO hours, sick pay, etc.) by the number of hours in the respective work period (40, 80, etc.) Example: 500 hours paid in an 80 hour pay period = 6.25 FTE's.

Paid FTES per APD

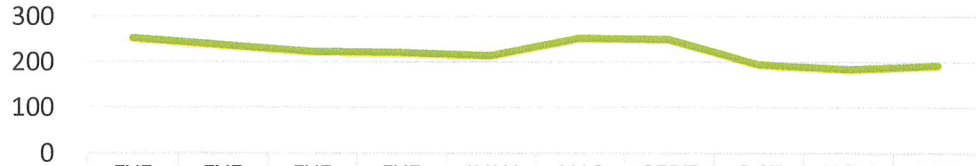
Divides the Total Paid FTE's by the daily average of the Adjusted Patient Days.

ADJUSTED PATIENT DAYS

This is a blend of total patient days stayed in the hospital for a month, plus an equivalency factor (based on average inpatient revenue per patient day) applied to the outpatient revenues in order to account for outpatient workloads.

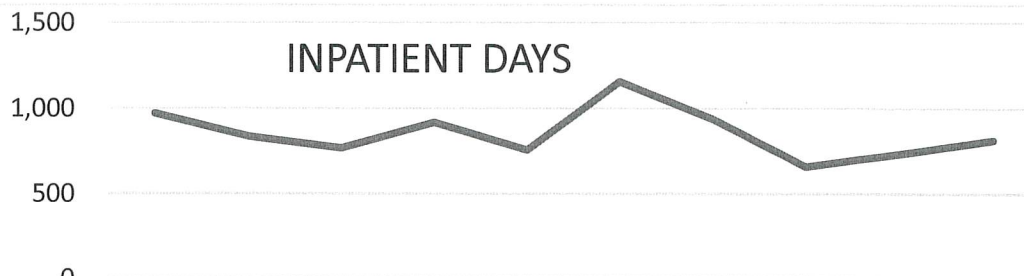
# SAN GORGONIO MEMORIAL HOSPITAL

## INPATIENT DISCHARGES



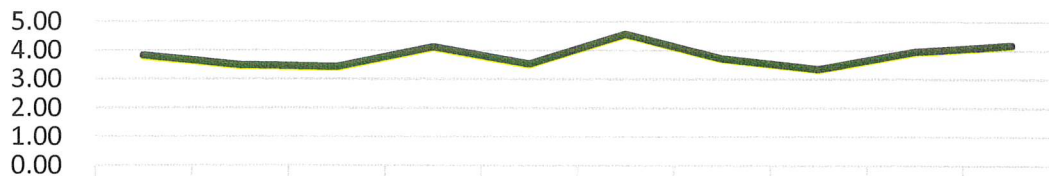
	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG 2021	SEPT 2021	OCT 2021	NOV 2021	DEC 2021
DISCHARGES	253	238	224	222	214	253	251	196	185	194

## INPATIENT DAYS



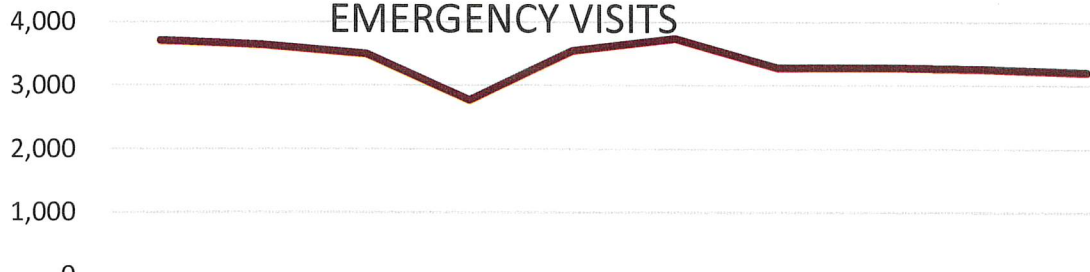
	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG 2021	SEPT 2021	OCT 2021	NOV 2021	DEC 2021
PATIENT DAYS	969	833	767	917	755	1,157	935	658	732	814

## AVERAGE LENGTH OF STAY



	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG 2021	SEPT 2021	OCT 2021	NOV 2021	DEC 2021
Series8	3.83	3.50	3.43	4.13	3.53	4.57	3.73	3.36	3.96	4.20

## EMERGENCY VISITS

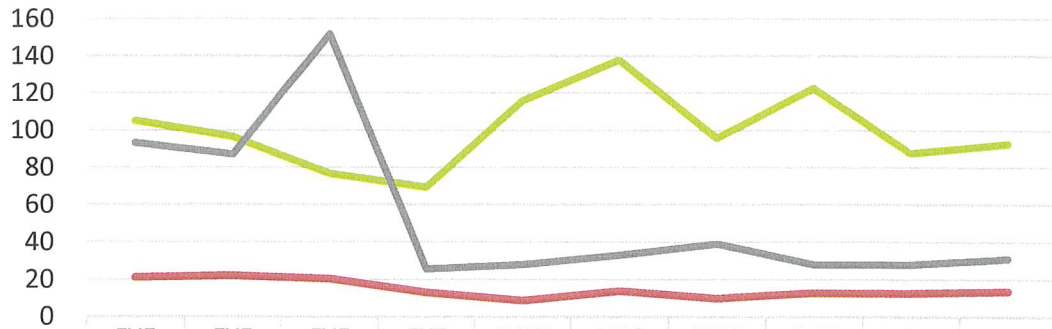


	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG 2021	SEPT 2021	OCT 2021	NOV 2021	DEC 2021
VISITS	3,714	3,641	3,500	2,775	3,548	3,742	3,277	3,284	3,268	3,212

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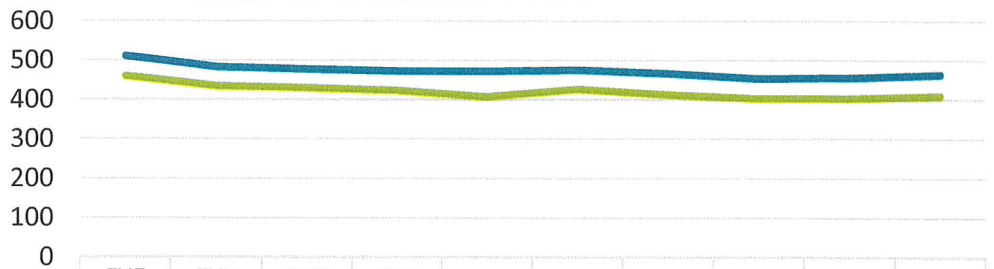
# SAN GORGONIO MEMORIAL HOSPITAL

## SURGERY CASES, G.I. CASES, N/B DELIVERIES



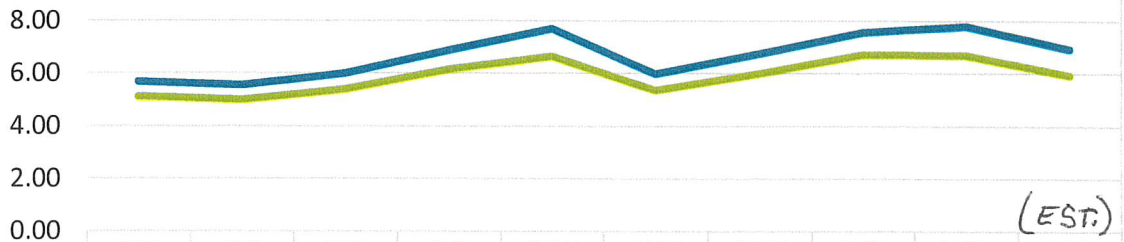
	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG 2021	SEPT 2021	OCT 2021	NOV 2021	DEC 2021
<span style="color: green;">—</span> SURGERIES	105	97	77	70	116	138	96	123	88	93
<span style="color: grey;">—</span> G.I. CASES	93	87	152	26	28	33	39	28	28	31
<span style="color: red;">—</span> DELIVERIES	21	22	21	13	9	14	10	13	13	14

## PAID & WORKED FTE'S



	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG 2021	SEPT 2021	OCT 2021	NOV 2021	DEC 2021 (EST.)
<span style="color: blue;">—</span> PD FTES	511	484	479	474	473	476	468	455	457	466
<span style="color: green;">—</span> WKD FTES	461	436	431	425	408	428	414	404	405	412

## PAID & WORKED FTE'S / ADJUSTED PATIENT DAY



	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	JULY 2021	AUG 2021	SEPT 2021	OCT 2021	NOV 2021	DEC 2021 (EST.)
<span style="color: blue;">—</span> PAID/APD	5.69	5.55	6.01	6.89	7.72	6.00	6.79	7.59	7.84	6.96
<span style="color: green;">—</span> WKD/APD	5.13	5.00	5.41	6.18	6.66	5.39	6.01	6.74	6.72	5.95

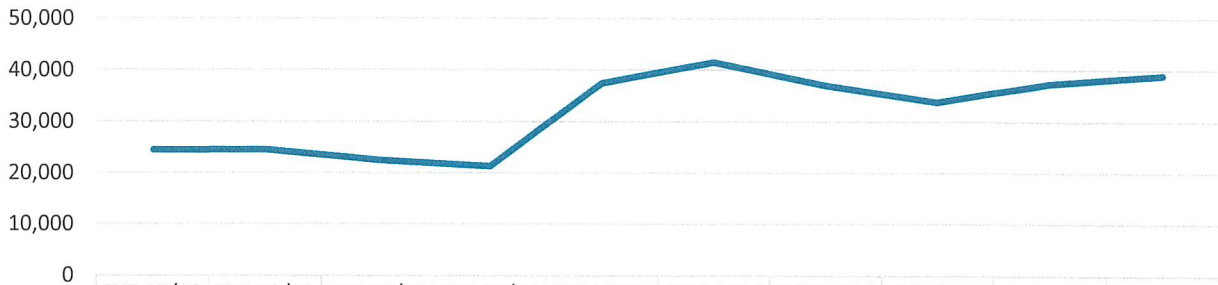
**INCOME STATEMENT**

Gross Patient Revenue (000's) (Monthly Ave.)	Represents total charges (before discounts and allowances) made for all patient services provided.
Net Patient Revenue (NPR) (000's) (Monthly Ave.)	Equals the sum of all (patient) charges for services provided that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.
NPR as % of Gross	Reflects the percentage of Gross Patient Revenues (charges) that are expected to be collected. Calculated by dividing Net Patient Revenue by the Gross Patient Revenue.
Total Operating Revenue (000's) (Monthly Ave.)	This reflects all Revenues available for payment of Operating Expenses. This includes Net Patient Revenue plus all other forms of miscellaneous Revenues.
Salaries, Wages, Benefits & Contract Labor (000's) (Monthly Ave.)	Represents the total staffing expenses of the Hospital
SWB + Contract Labor as % of Total Operating Revenue	Identifies what portion the Operating Revenues are spent on staffing costs.
Total Operating Expense (TOE) (000's)(Monthly Ave.)	Operating Expense reflects all costs needed to fund the Hospital's business operations.
TOE as % of Total Operating Revenue	Identifies the relationship that Operating Expenses have to the Total Operating Revenues.
EBIDA (000's)(Monthly Average)	Earnings Before Interest, Depreciation, and Amortization. This reflects the difference between Net Operating Revenues and Total Operating Expense. This is a quick measurement of the Hospital's ability to meet its financial obligations and have additional funds for equipment replacement and future growth of the organization.
EBIDA as % of NPR	This measurement is a gauge of the surplus (or deficit) of funds available for operations and future growth.

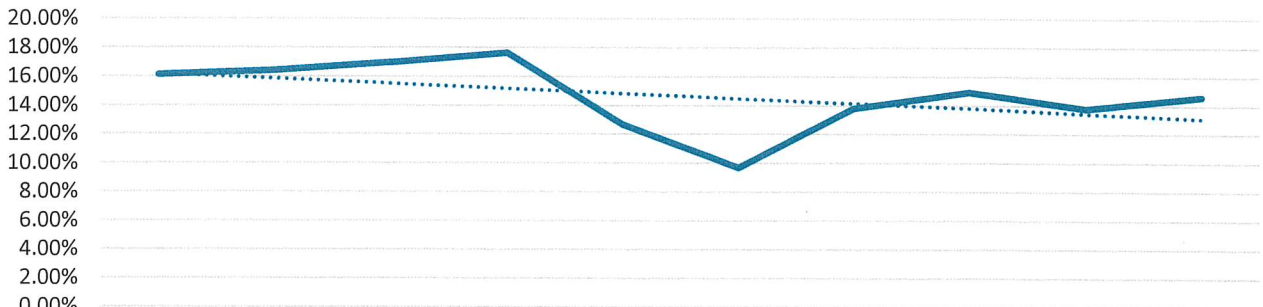
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# SAN GORGONIO MEMORIAL HOSPITAL

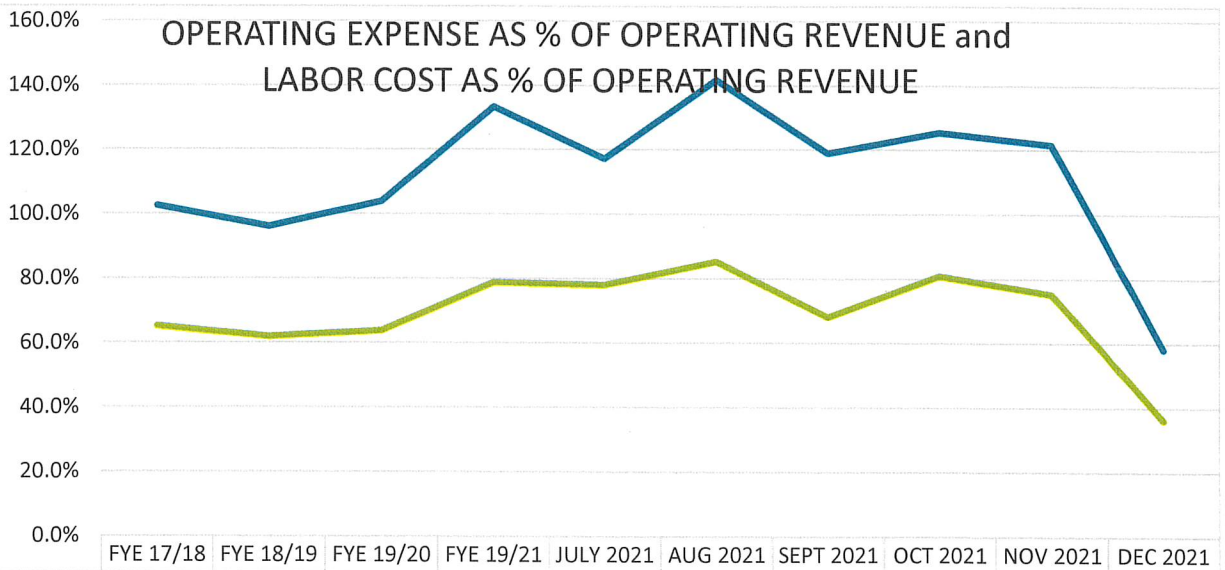
## GROSS PATIENT REVENUE



## NET PATIENT REVENUE AS % OF GROSS



## OPERATING EXPENSE AS % OF OPERATING REVENUE and LABOR COST AS % OF OPERATING REVENUE

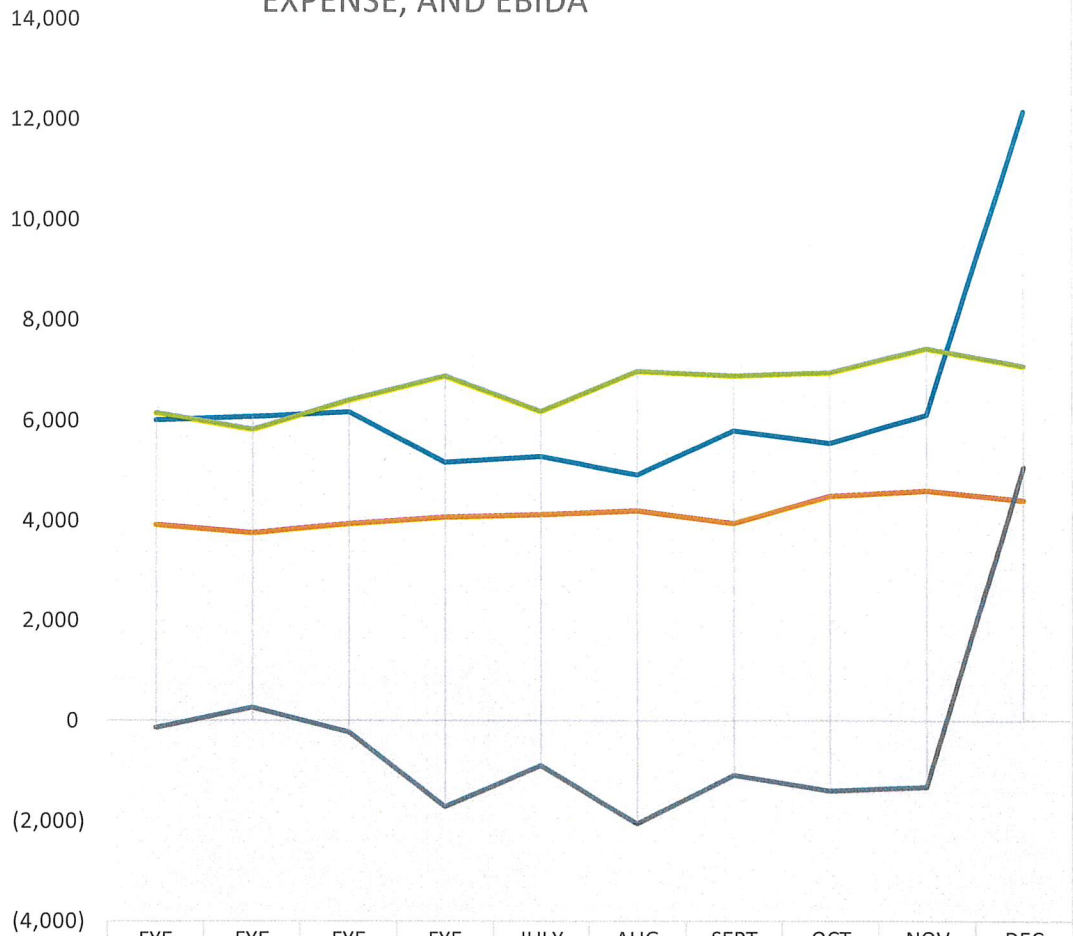


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# SAN GORGONIO MEMORIAL HOSPITAL

## OPERATING REVENUE, OPERATING EXPENSE, STAFFING EXPENSE, AND EBIDA



	FYE 17/18	FYE 18/19	FYE 19/20	FYE 19/21	JULY 2021	AUG 2021	SEPT 2021	OCT 2021	NOV 2021	DEC 2021
OP REV	6,006	6,069	6,165	5,160	5,275	4,914	5,787	5,541	6,107	12,147
OP EXP	6,147	5,817	6,398	6,878	6,175	6,969	6,880	6,947	7,429	7,079
LABOR EXP	3,915	3,755	3,932	4,065	4,115	4,194	3,939	4,484	4,601	4,405
EBIDA	(141)	252	(233)	(1,719)	(899)	(2,055)	(1,093)	(1,406)	(1,321)	5,068

**BALANCE SHEET (Period End)**

Cash (000's)

Represents all unrestricted cash in the bank at each month-end.

Days Cash on Hand

Calculated by dividing amount of Cash on Hand by the historical average daily amount of cash requirements to cover operating expenses.

Accounts Receivable - Net (000's)

Equals the sum of all (patient) accounts that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.

A/R Days - Net

This measures the average number of days it takes to collect payment of the Net Accounts Receivable. Lower values are desired.

Current Ratio (Current Assets/Current Liabilities)

A measure that illustrates the ability for the hospital to pay its obligations that come due over the course of the next year. The greater the Current Assets as compared to the Current Liabilities, the stronger position the organization is in to pay its upcoming obligations. Desired position is greater than 1:00 to 1:00, preferably at least 1:25 to 1:00 or greater.

Quick Ratio

This measures the Cash + Net Accounts Receivable compared to the Current Liabilities. Desired ratio is greater than 1.00 : 1.00.

Accounts Payable (000's)

Reflects payment obligations of the Hospital as of a point in time. Excludes Loans, Payroll and other Debt obligations. Lower values are desired.

Accounts Payable Days

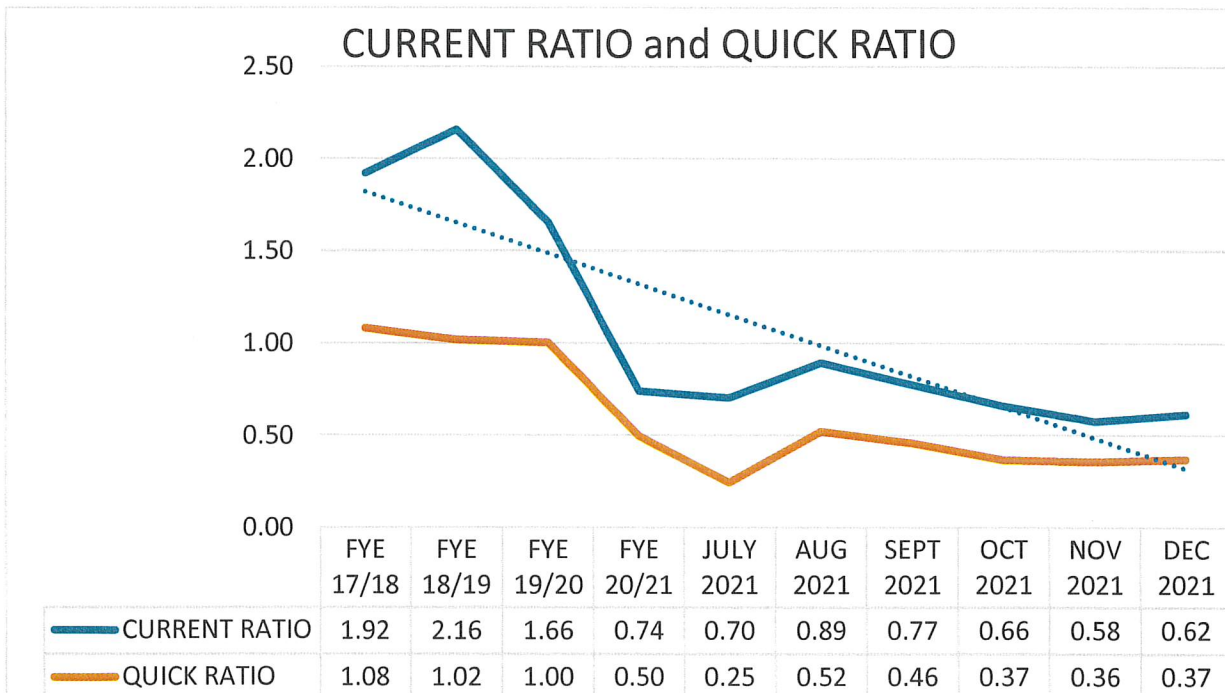
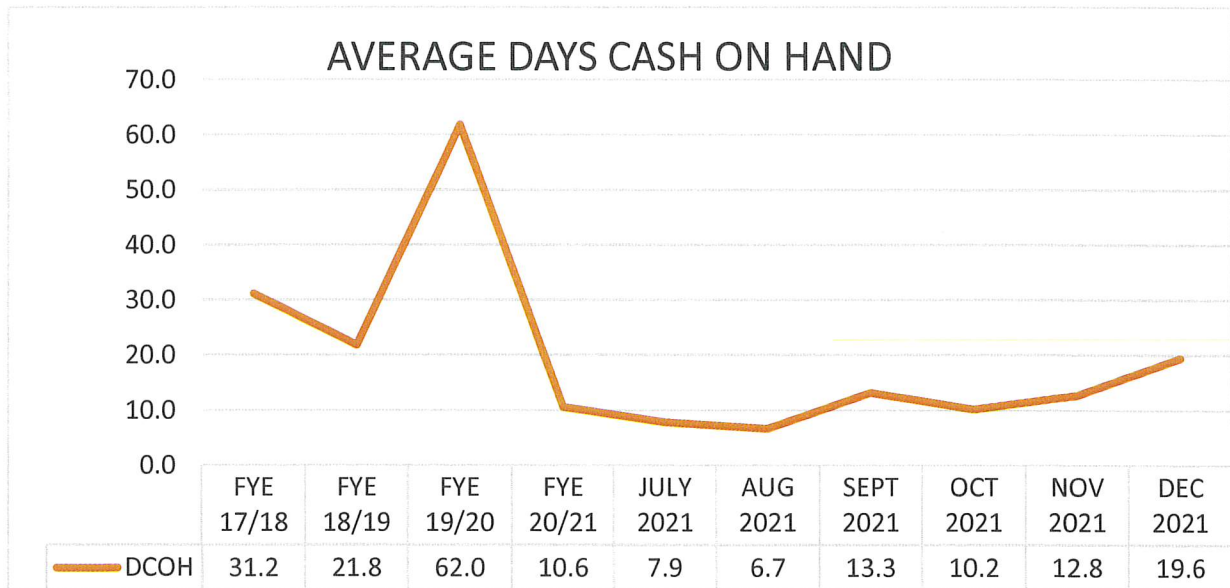
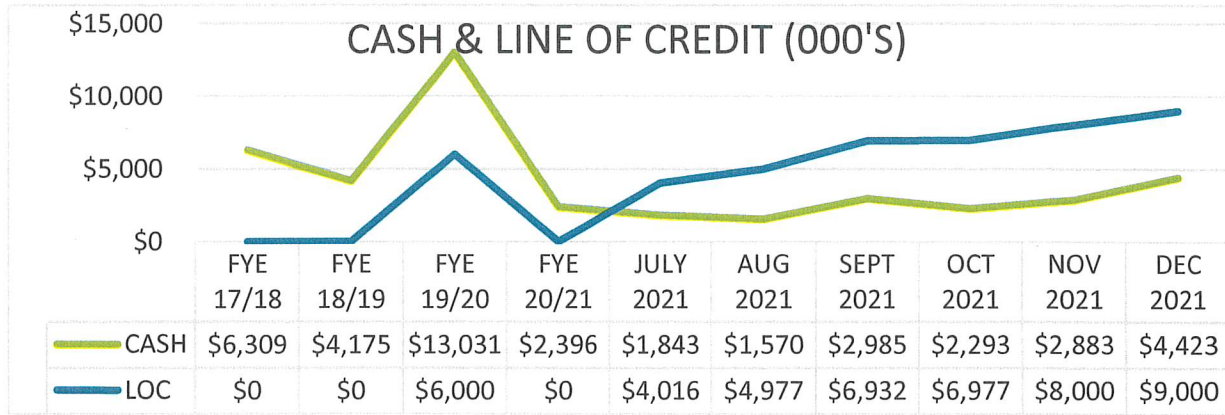
Reflects the average number of days that it takes to pay routine bills. Lower numbers are desired. Calculated by dividing the Accounts Payable amount by the historical average daily cost of routine expenses.

Line of Credit Balance (000's)

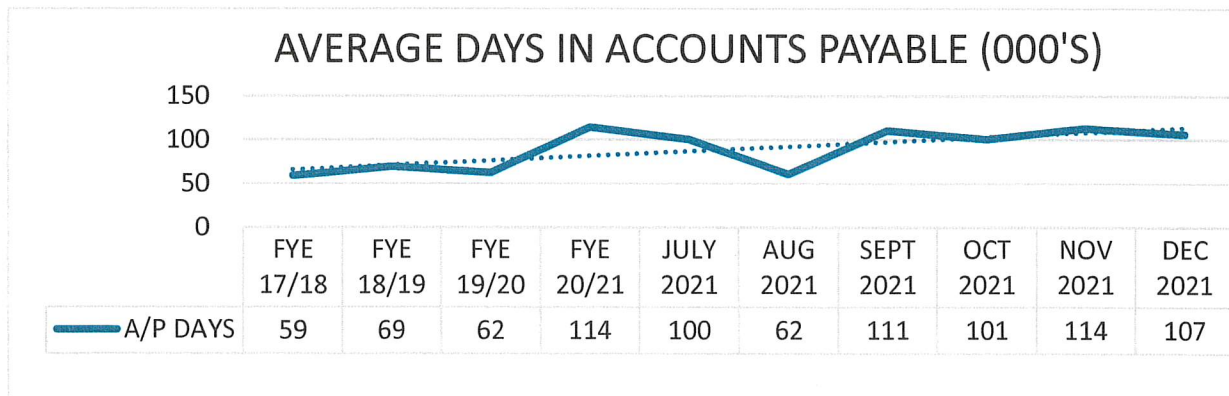
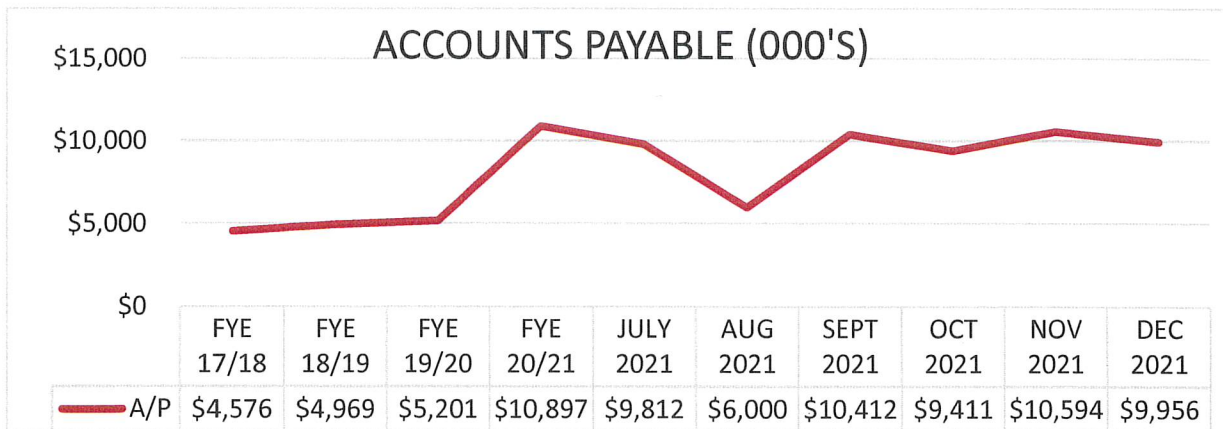
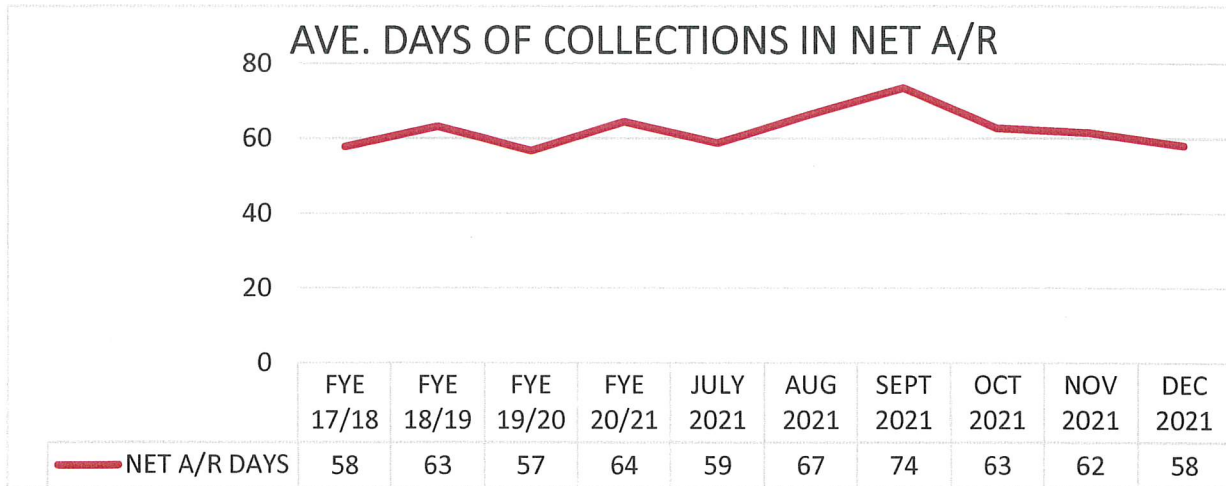
The amount that is currently borrowed from a lending institution as of a given point in time.

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# SAN GORGONIO MEMORIAL HOSPITAL



# SAN GORGONIO MEMORIAL HOSPITAL



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**SAN GORGONIO MEMORIAL HOSPITAL**  
**EXECUTIVE FINANCIAL SUMMARY**  
**SIX MONTHS ENDING DECEMBER 31, 2021**

<b>STATEMENT OF REVENUE AND EXPENSES - MONTH &amp; YTD</b>						
REF LINE#	12/31/21 ACTUAL	12/31/21 BUDGET	YTD ACTUAL	YTD BUDGET	YTD DIFFERENCE	
	<b>Revenue:</b>					
[1]	\$ 38,978,936	\$ 43,391,312	\$ 225,922,871	\$ 247,126,865	\$ (21,203,994)	
[2]	(33,283,504)	(38,060,630)	(196,205,478)	(217,674,984)	21,469,506	
[3]	<b>5,695,431</b>	<b>5,330,682</b>	<b>29,717,393</b>	<b>29,451,881</b>	<b>265,511</b>	
[4]	6,016,888	6,062,227	6,016,888	6,282,227	(265,339)	
[5]	434,403	706,441	4,030,284	4,238,646	(208,363)	
[6]	<b>12,146,722</b>	<b>12,099,350</b>	<b>39,764,564</b>	<b>39,972,755</b>	<b>(208,190)</b>	
	<b>Total Operating Revenues</b>					
	<b>Expenses:</b>					
[7]	4,296,735	4,477,998	25,124,314	25,564,430	440,116	
	108,418	71,423	621,209	392,457	(228,752)	
	198,313	340,810	1,974,969	2,022,018	47,049	
	953,575	868,853	5,178,888	5,207,538	28,649	
[8]	1,260,306	1,281,085	7,775,066	7,622,012	(153,053)	
[9]	1,044,298	855,619	5,912,226	4,867,927	(1,044,299)	
[10]	477,399	580,359	2,673,828	3,504,464	830,636	
[11]	-	845,056	-	895,056	895,056	
[12]	<b>\$ 7,078,738</b>	<b>\$ 8,040,117</b>	<b>\$ 41,485,435</b>	<b>\$ 42,453,889</b>	<b>\$ 968,455</b>	
[13]	<b>\$ 5,067,984</b>	<b>\$ 4,059,233</b>	<b>\$ (1,720,870)</b>	<b>\$ (2,481,135)</b>	<b>\$ 760,265</b>	
	<b>EBIDA</b>					
[14]	879,290	926,118	5,364,409	5,556,707	192,297	
[15]	618,347	741,667	3,727,643	4,450,000	(722,357)	
[16]	<b>\$ 4,807,040</b>	<b>\$ 3,874,782</b>	<b>\$ (3,357,637)</b>	<b>\$ (3,587,842)</b>	<b>\$ 230,205</b>	
	<b>TOTAL NET SURPLUS (LOSS)</b>					

**SAN GORGONIO MEMORIAL HOSPITAL**  
**EXECUTIVE FINANCIAL SUMMARY**  
**SIX MONTHS ENDING DECEMBER 31, 2021**

**BALANCE SHEET**

	YTD 12/31/2021	Prior FYE 6/30/2021
<b>ASSETS</b>		
[1] Current Assets	\$ 20,305,297	\$ 14,763,567
[2] Assets Whose Use is Limited	15,599,861	15,999,821
[3] Property, Plant & Equipment (Net)	75,006,356	77,860,175
[4] Other Assets	629,973	1,320,339
[5] <b>Total Unrestricted Assets</b>	<b>111,541,488</b>	<b>109,943,902</b>
[6] Restricted Assets	0	0
[7] <b>Total Assets</b>	<b>\$ 111,541,488</b>	<b>\$ 109,943,902</b>
<b>LIABILITIES AND NET ASSETS</b>		
[8] Current Liabilities	\$33,010,828	\$22,077,546
[9] Long-Term Debt	105,725,745	105,992,009
[10] Other Long-Term Liabilities	0	0
[11] <b>Total Liabilities</b>	<b>\$ 138,736,573</b>	<b>\$ 128,069,555</b>
[12] Net Assets	\$ (27,195,085)	\$ (18,125,653)
[13] <b>Total Liabilities and Net Assets</b>	<b>\$ 111,541,488</b>	<b>\$ 109,943,902</b>

**SAN GORGONIO MEMORIAL HOSPITAL**  
**EXECUTIVE FINANCIAL SUMMARY**  
**SIX MONTHS ENDING DECEMBER 31, 2021**

<b>KEY STATISTICS AND RATIOS</b>						
	<b>11/30/21 ACTUAL FY 22</b>	<b>12/31/21 ACTUAL FY 22</b>	<b>12/31/21 BUDGET FY 22</b>	<b>2022 YTD FY 22</b>	<b>2021 YR END TOTAL FY 21</b>	
[1] Total Acute Patient Days	723	814	1,109	5,047	11,008	
[2] Average Daily Census	24.1	26.3	35.8	27.4	30.2	
[3] Average Acute Length of Stay	3.7	4.2	4.1	3.9	4.1	
[4] Patient Discharges	194	194	268	1,293	2,667	
[5] Observation Days	238	238	253	1,501	2,512	
[6] Total Emergency Room Visits	3,253	3,212	3,289	20,217	33,299	
[7] Average ED Visits Per Day	108	104	106	110	91	
[9] Total Surgeries	88	93	95	654	837	
[10] Deliveries/Births	13	14	19	73	158	

**Statement of Revenue and Expense**  
**SAN GORGONIO MEMORIAL HOSPITAL**  
**BANNING, CALIFORNIA**  
**SIX MONTHS ENDING DECEMBER 31, 2021**

	DISTRICT ONLY	COMBINED		CURRENT MONTH		Prior Yr Mo Actual 12/31/20
		Actual 12/31/21	Actual 12/31/21	Budget 12/31/21	Positive (Negative) Variance	
<b>Gross Patient Revenue</b>						
[1] Inpatient Revenue	\$ -	\$ 17,581,450	\$ 21,197,926	\$ (3,616,476)	-20.6%	\$ 16,708,225
[2] Inpatient Psych/Rehab Revenue	-	-	-	-	-	\$ -
[3] Outpatient Revenue	-	21,397,485	\$ 22,193,386	(795,900)	-3.7%	\$ 10,865,711
[4] Long Term Care Revenue	-	-	-	-	-	\$ -
[5] Home Health Revenue	-	-	-	-	-	\$ -
[6] Total Gross Patient Revenue	\$ -	\$ 38,978,936	\$ 43,391,312	\$ (4,412,376)	-11.3%	\$ 27,573,936
<b>Deductions From Revenue</b>						
[7] Discounts and Allowances	-	(31,514,954)	\$ (37,152,297)	\$ 5,637,343	-17.9%	\$ (22,031,901)
[8] Bad Debt Expense	-	(1,744,778)	\$ (850,000)	(894,778)	51.3%	\$ 4,177
[9] Prior Year Settlements	-	-	\$ -	-	-	\$ -
[10] Charity Care	-	(23,772)	\$ (58,333)	34,561	-145.4%	\$ (7,842)
[11] Total Deductions From Revenue	-	(33,283,504)	(38,060,630)	\$ 4,777,126	-14.4%	(22,035,566)
[12]		-85.4%	-88%			80%
[13] Net Patient Revenue	\$ -	\$ 5,695,431	\$ 5,330,682	\$ 364,749	6.4%	\$ 5,538,371
<b>Non Patient Operating Revenues</b>						
[14] IGT/DSH Revenues	-	6,016,888	\$ 6,062,227	\$ (45,339)	-0.8%	\$ -
[15] Grants & Other Op Revenues	-	51,070	\$ 300,191	(249,121)	-487.8%	\$ 232,094
[16] Clinic Net Revenues	-	-	\$ -	-	-	\$ -
[17] Tax Subsidies Measure D	233,333	233,333	\$ 239,583	(6,250)	-2.7%	\$ 188,750
[18] Tax Subsidies Prop 13	150,000	150,000	\$ 166,667	(16,667)	-11.1%	\$ 113,740
[19] Tax Subsidies County Supplemental Funds	-	-	\$ -	-	#DIV/0!	\$ -
Non - Patient Revenue	\$ 383,333	\$ 6,451,291	\$ 6,768,668	\$ (317,377)	-4.9%	\$ 534,584
<b>Total Operating Revenue</b>	\$ 383,333	\$ 12,146,722	\$ 12,099,350	\$ 47,372	0.4%	\$ 6,072,955
<b>Operating Expenses</b>						
[20] Salaries and Wages	-	3,541,554	3,695,653	\$ 154,100	4.4%	\$ 7,291,801
[21] Fringe Benefits	-	755,181	782,345	27,163	3.6%	\$ 1,530,925
[22] Contract Labor	-	108,418	71,423	(36,995)	-34.1%	\$ 175,953
[23] Physicians Fees	-	198,313	340,810	142,497	71.9%	\$ 1,046,078
[24] Purchased Services	12,119	953,575	868,853	(84,723)	-8.9%	\$ 1,381,616
[25] Supply Expense	-	1,044,298	855,619	(188,679)	-18.1%	\$ 2,245,485
[26] Utilities	2,250	145,701	81,225	(64,476)	-44.3%	\$ 112,291
[27] Repairs and Maintenance	7,000	48,900	55,920	7,021	14.4%	\$ 91,499
[28] Insurance Expense	-	129,887	115,494	(14,392)	-11.1%	\$ -
[29] All Other Operating Expenses	-	75,944	193,338	117,394	154.6%	\$ 126,408
[30] Supplemental and Grant Expense	-	-	845,056	845,056	0.0%	\$ -
[31] Leases and Rentals	-	76,968	134,381	57,413	74.6%	\$ 213,428
[32] Clinic Expense	-	-	0	-	0.0%	\$ 44
[33] Total Operating Expenses	\$ 21,369	\$ 7,078,738	\$ 8,040,117	\$ 961,379	13.6%	\$ 14,215,528
[34] <b>EBIDA</b>	\$ 361,964	\$ 5,067,984	\$ 4,059,233	\$ 1,008,751	19.9%	\$ (8,142,574)
<b>Interest Expense and Depreciation</b>						
[35] Depreciation	504,865	504,865	494,658	\$ (10,207)	-2.0%	\$ 494,658
[36] Interest Expense and Amortization	359,422	374,425	431,460	57,034	15.2%	\$ 431,223
[37] Total Interest & depreciation	864,287	879,290	926,118	46,827	5.3%	925,881
<b>Non-Operating Revenue:</b>						
[38] Contributions & Other	3,045	4,381	75,000	(70,619)	-1611.8%	\$ 6,412
[39] Tax Subsidies for GO Bonds - M-A	613,966	613,966	666,667	(52,701)	-8.6%	\$ 597,442
[40] Total Non Operating Revenue/(Expense)	617,011	618,347	741,667	\$ (123,320)	-19.9%	603,853
[41] Total Net Surplus/(Loss)	\$ 114,687	\$ 4,807,040	\$ 3,874,782	\$ 932,258	19.4%	\$ (8,464,601)
[42] Extra-ordinary loss on Financing	-	-	-	-	-	\$ -
[43] Increase/(Decrease in Unrestricted Net Assets	\$ 114,687	\$ 4,807,040	\$ 3,874,782	\$ 932,258	19.4%	\$ (8,464,601)
[44] Total Profit Margin	29.92%	39.57%	32.02%			-139.38%
[45] EBIDA %	94.43%	41.72%	33.55%			-134.08%



**Statement of Revenue and Expense**  
**SAN GORGONIO MEMORIAL HOSPITAL**  
**BANNING, CALIFORNIA**  
**SIX MONTHS ENDING DECEMBER 31, 2021**

		YEAR-TO-DATE					
		DISTRICT ONLY			Positive (Negative) Variance	Percentage Variance	PRIOR YTD 12/31/20
		Actual 12/31/21	Actual 12/31/21	Budget 12/31/21			
<b>Gross Patient Revenue</b>							
[1]	Inpatient Revenue	\$ -	\$ 101,122,421	\$ 118,123,898	\$ (17,001,477)	-16.8%	\$ 55,586,038
[2]	Inpatient Psych/Rehab Revenue	-	-	-	-	-	-
[3]	Outpatient Revenue	-	124,800,450	\$ 129,002,967	(4,202,518)	-3.4%	71,684,672
[4]	Long Term Care Revenue	-	-	-	-	-	-
[5]	Home Health Revenue	-	-	-	-	-	-
[6]	<b>Total Gross Patient Revenue</b>	<b>\$ -</b>	<b>\$ 225,922,871</b>	<b>\$ 247,126,865</b>	<b>\$ (21,203,994)</b>	<b>-9.4%</b>	<b>\$ 127,270,710</b>
<b>Deductions From Revenue</b>							
[7]	Discounts and Allowances	-	(187,183,038)	\$ (212,224,984)	\$ 25,041,945	13.4%	(94,775,880)
[8]	Bad Debt Expense	-	(8,580,964)	\$ (5,100,000)	(3,480,964)	-40.6%	(6,209,961)
[9]	Prior Year Settlements	-	-	\$ -	-	-	-
[10]	Charity Care	-	(441,476)	\$ (350,000)	(91,476)	-20.7%	(352,980)
[11]	<b>Total Deductions From Revenue</b>	<b>-</b>	<b>(196,205,478)</b>	<b>(217,674,984)</b>	<b>\$ 21,469,506</b>	<b>10.9%</b>	<b>\$ (101,338,821)</b>
[12]			86.8%	-88.1%			80%
[13]	<b>Net Patient Revenue</b>	<b>\$ -</b>	<b>\$ 29,717,393</b>	<b>\$ 29,451,881</b>	<b>\$ 265,511</b>	<b>0.9%</b>	<b>\$ 25,931,889</b>
<b>Non Patient Operating Revenues</b>							
[14]	IGT/DSH Revenues	-	6,016,888	\$ 6,282,227	\$ (265,339)	-4.4%	3,783,984
[15]	Grants & Other Op Revenues	-	1,730,286	\$ 1,801,146	(70,861)	-4.1%	4,194,132
[16]	Clinic Net Revenues	-	-	\$ -	-	-	64,145
[17]	Tax Subsidies Measure D	1,399,998	1,399,998	\$ 1,437,500	(37,502)	-2.7%	1,132,500
[18]	Tax Subsidies Prop 13	900,000	900,000	\$ 1,000,000	(100,000)	-11.1%	682,440
[19]	Tax Subsidies County Supplemental Funds	-	-	\$ -	-	#DIV/0!	-
	<b>Non- Patient Revenue</b>	<b>\$ 2,299,998</b>	<b>\$ 10,047,172</b>	<b>\$ 10,520,873</b>	<b>\$ (473,702)</b>	<b>-4.7%</b>	<b>\$ 9,857,201</b>
	<b>Total Operating Revenue</b>	<b>\$ 2,299,998</b>	<b>\$ 39,764,564</b>	<b>\$ 39,972,755</b>	<b>\$ (208,190)</b>	<b>-0.5%</b>	<b>\$ 35,789,090</b>
<b>Operating Expenses</b>							
[20]	Salaries and Wages	-	20,445,265	\$ 20,744,414	\$ 299,149	1.5%	23,721,481
[21]	Fringe Benefits	-	4,679,049	\$ 4,820,015	140,966	3.0%	6,065,888
[22]	Contract Labor	-	621,209	\$ 392,457	(228,752)	-36.8%	630,925
[23]	Physicians Fees	-	1,974,969	\$ 2,022,018	47,049	2.4%	3,052,552
[24]	Purchased Services	134,149	5,178,888	\$ 5,207,538	28,649	0.6%	5,155,799
[25]	Supply Expense	-	5,912,226	\$ 4,867,927	(1,044,299)	-17.7%	5,946,787
[26]	Utilities	12,425	637,764	\$ 565,134	(72,631)	-11.4%	592,644
[27]	Repairs and Maintenance	53,563	422,864	\$ 334,021	(88,843)	-21.0%	406,819
[28]	Insurance Expense	-	714,593	\$ 692,965	(21,628)	-3.0%	549,648
[29]	All Other Operating Expenses	-	461,989	\$ 1,156,056	694,068	150.2%	373,195
[30]	Supplimental and Grant Expense	-	-	\$ 895,056	895,056	0.0%	-
[31]	Leases and Rentals	-	436,618	\$ 756,288	319,670	73.2%	521,912
[32]	Clinic Expense	-	-	\$ -	-	0.0%	291,505
[33]	<b>Total Operating Expenses</b>	<b>\$ 200,138</b>	<b>\$ 41,485,435</b>	<b>\$ 42,453,889</b>	<b>\$ 968,455</b>	<b>2.3%</b>	<b>\$ 47,309,156</b>
[34]	<b>EBIDA</b>	<b>\$ 2,099,860</b>	<b>\$ (1,720,870)</b>	<b>\$ (2,481,135)</b>	<b>\$ 760,265</b>	<b>-44.2%</b>	<b>\$ (11,520,066)</b>
<b>Interest Expense and Depreciation</b>							
[35]	Depreciation	3,029,190	3,029,190	\$ 2,967,949	\$ (61,241)	-2.0%	2,967,949
[36]	Interest Expense and Amortization	2,161,440	2,335,219	\$ 2,588,758	253,538	10.9%	2,575,665
[37]	<b>Total Interest &amp; depreciation</b>	<b>5,190,630</b>	<b>5,364,409</b>	<b>5,556,707</b>	<b>192,297</b>	<b>3.6%</b>	<b>5,543,614</b>
<b>Non-Operating Revenue:</b>							
[38]	Contributions & Other	40,590	43,849	\$ 450,000	(406,151)	-926.3%	92,784
[39]	Tax Subsidies for GO Bonds - M-A	3,683,794	3,683,794	\$ 4,000,000	(316,206)	-8.6%	4,182,092
[40]	<b>Total Non Operating Revenue/(Expense)</b>	<b>3,724,384</b>	<b>3,727,643</b>	<b>4,450,000</b>	<b>(722,357)</b>	<b>-19.4%</b>	<b>4,274,876</b>
[41]	<b>Total Net Surplus/(Loss)</b>	<b>\$ 633,614</b>	<b>\$ (3,357,637)</b>	<b>\$ (3,587,842)</b>	<b>\$ 230,205</b>	<b>-6.9%</b>	<b>\$ (12,788,805)</b>
[42]	Extra-ordinary loss on Financing	-	-	-	-	-	-
[43]	<b>Increase/(Decrease in Unrestricted Net Assets</b>	<b>\$ 633,614</b>	<b>\$ (3,357,637)</b>	<b>\$ (3,587,842)</b>	<b>\$ 230,205</b>	<b>-6.9%</b>	<b>\$ (12,788,805)</b>
[44]	<b>Total Profit Margin</b>	<b>27.55%</b>	<b>-8.44%</b>	<b>-8.98%</b>			<b>-35.73%</b>
[45]	<b>EBIDA %</b>	<b>91.30%</b>	<b>-4.33%</b>	<b>-6.21%</b>			<b>-32.19%</b>

## Balance Sheet - Assets

### SAN GORGONIO MEMORIAL HOSPITAL

### BANNING, CALIFORNIA

### SIX MONTHS ENDING DECEMBER 31, 2021

	DISTRICT ONLY		
	Current Month 12/31/2021	Current Month 12/31/2021	Prior Year End 6/30/2021
<b>Current Assets</b>			
[1] Cash and Cash Equivalents	\$452,104	\$4,423,104	\$ 1,763,843
[2] Gross Patient Accounts Receivable	\$0	\$81,105,242	58,800,003
[3] Less: Bad Debt and Allowance Reserves	\$0	(\$73,186,245)	(50,860,772)
[4] Net Patient Accounts Receivable	\$0	\$7,918,997	7,939,231
[5] Taxes Receivable	\$3,490,607	\$4,151,673	99,170
[6] Other Receivables	\$0	(\$1,418,468)	1,609,566
[7] Inventories	\$0	\$2,071,300	1,830,192
[8] Prepaid Expenses	\$126,169	\$894,015	21,540
[9] Due From Third Party Payers	\$0	(\$1,206,984)	598,026
[10] Malpractice Receivable	\$0	\$0	-
[11] Supplemental Receivables	\$0	\$3,471,660	902,000
<b>Total Current Assets</b>	<b>4,068,879</b>	<b>20,305,297</b>	<b>\$ 14,763,567</b>
<b>Assets Whose Use is Limited</b>			
[12] Cash			
[13] Investments			
[14] Bond Reserve/Debt Retirement Fund	\$11,765,214	\$15,599,861	15,999,821
[15] Trustee Held Funds			
[16] Funded Depreciation			
[17] Board Designated Funds			
[18] Other Limited Use Assets			
<b>Total Limited Use Assets</b>	<b>11,765,214</b>	<b>15,599,861</b>	<b>\$ 15,999,821</b>
<b>Property, Plant, and Equipment</b>			
[19] Land and Land Improvements	\$4,828,182	\$4,828,182	\$ 4,828,182
[20] Building and Building Improvements	\$129,281,491	\$129,281,491	129,257,409
[21] Equipment	\$26,719,749	\$26,719,749	26,562,627
[22] Construction In Progress	\$293,412	\$293,412	299,244
[23] Capitalized Interest			
[24] Gross Property, Plant, and Equipment	161,122,834	161,122,834	160,947,462
[25] Less: Accumulated Depreciation	(\$86,116,477)	(\$86,116,477)	(83,087,287)
[26] <b>Net Property, Plant, and Equipment</b>	<b>75,006,356</b>	<b>75,006,356</b>	<b>\$ 77,860,175</b>
<b>Other Assets</b>			
[27] Unamortized Loan Costs	\$629,973	\$629,973	\$ 728,520
[28] Assets Held for Future Use		\$0	
[29] Investments in Subsidiary/Affiliated Org.	\$17,909,450	\$0	591,819
[30] Other			
[31] <b>Total Other Assets</b>	<b>18,539,423</b>	<b>629,973</b>	<b>\$ 1,320,339</b>
[32] <b>TOTAL UNRESTRICTED ASSETS</b>	<b>109,379,873</b>	<b>111,541,488</b>	<b>\$ 109,943,902</b>
<b>Restricted Assets</b>			
	0	0	0
[33] <b>TOTAL ASSETS</b>	<b>\$109,379,873</b>	<b>\$111,541,488</b>	<b>\$ 109,943,902</b>

**Balance Sheet - Liabilities and Net Assets**  
**SAN GORGONIO MEMORIAL HOSPITAL**  
**BANNING, CALIFORNIA**  
**SIX MONTHS ENDING DECEMBER 31, 2021**

		DISTRICT ONLY		
		Current Month 12/31/2021	Current Month 12/31/2021	Prior Year End 6/30/2021
<b>Current Liabilities</b>				
[1]	Accounts Payable	\$ 349,948	\$ 9,956,173	\$ 9,285,913
[2]	Notes and Loans Payable (Line of Credit)	-	9,000,000	16,391
[3]	Accounts Payable- Construction	-	-	-
[4]	Accrued Payroll Taxes	-	8,355,341	5,565,216
[5]	Accrued Benefits	-	-	-
[6]	Accrued Benefits Current Portion	-	-	-
[7]	Other Accrued Expenses	-	-	-
[8]	Accrued GO Bond Interest Payable	1,846,057	1,846,057	2,484,778
[9]	Stimulus Advance	-	921,532	2,336,777
[10]	Due to Third Party Payers (Settlements)	-	-	-
[11]	Advances From Third Party Payers	-	-	-
[12]	Current Portion of LTD (Bonds/Mortgages)	2,335,000	2,335,000	2,335,000
[13]	Current Portion of LTD (Leases)	-	-	-
[14]	Other Current Liabilities	-	596,724	53,471
	<b>Total Current Liabilities</b>	<b>4,531,005</b>	<b>33,010,828</b>	<b>22,077,546</b>
<b>Long Term Debt</b>				
[15]	Bonds/Mortgages Payable (net of Cur Portion)	103,110,745	\$103,110,745	\$ 105,677,009
[16]	Leases Payable (net of current portion)	\$2,615,000	\$2,615,000	\$315,000
[17]	<b>Total Long Term Debt (Net of Current)</b>	<b>105,725,745</b>	<b>105,725,745</b>	<b>105,992,009</b>
<b>Other Long Term Liabilities</b>				
[18]	Deferred Revenue			
[19]	Accrued Pension Expense (Net of Current)			
[20]	Other			
[21]	<b>Total Other Long Term Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 110,256,751</b>	<b>\$ 138,736,573</b>	<b>\$ 128,069,555</b>
<b>Net Assets:</b>				
[22]	Unrestricted Fund Balance	(1,510,492)	(23,837,448)	\$ (3,774,444)
[23]	Temporarily Restricted Fund Balance	-	-	-
[24]	Restricted Fund Balance	-	-	-
[25]	Net Revenue/(Expenses)	633,614	(3,357,637)	(14,351,209)
[26]	<b>TOTAL NET ASSETS</b>	<b>(876,878)</b>	<b>(27,195,085)</b>	<b>\$ (18,125,653)</b>
[27]	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 109,379,873</b>	<b>\$ 111,541,488</b>	<b>\$ 109,943,902</b>
		\$ (0)	\$ (0)	\$ -

## Statement of Cash Flows

### SAN GORGONIO MEMORIAL HOSPITAL BANNING, CALIFORNIA SIX MONTHS ENDING DECEMBER 31, 2021

		<b>CASH FLOW</b>	
		<b>Current</b>	
		<b>Month</b>	
		<b>12/31/2021</b>	
<b>HEALTHCARE SYSTEM CASH FLOW</b>			
<b>BEGINNING CASH BALANCES</b>			
[1]	Cash: Beginning Balances- HOSPITAL	\$	2,219,757
[2]	Cash: Beginning Balances- DISTRICT		662,870
[3]	Cash: Beginning Balances TOTALS	\$	2,882,627
<b>Receipts</b>			
[4]	Pt Collections	\$	6,019,974
[5]	Tax Subsidies Measure D		-
[6]	Tax Subsidies Prop 13		472,046
[7]	Tax Subsidies County Supplemental Funds		-
[8]	IGT & other Supplemental (Net)		381,291
[9]	Draws/(Paydown) of LOC Balances		1,000,000
[10]	Other Misc Receipts/Transfers		775,601
	<b>TOTAL RECEIPTS</b>	<b>\$</b>	<b>8,648,911</b>
<b>Disbursements</b>			
[11]	Payroll/ Benefits	\$	4,482,040
[12]	Other Operating Costs		4,074,271
[13]	Capital Spending		0
[14]	Debt serv payments (Hosp onlyw/ LOC interest)		-
[15]	Other (increase) in AP /other bal sheet		(1,447,875)
[16]	<b>TOTAL DISBURSEMENTS</b>	<b>\$</b>	<b>7,108,436</b>
[17]	<b>TOTAL CHANGE in CASH</b>	<b>\$</b>	<b>1,540,476</b>
<b>ENDING CASH BALANCES</b>			
[18]	Ending Balances- HOSPITAL	\$	3,971,000
[19]	Ending Balances- DISTRICT		452,104
[20]	Ending Balances- TOTALS	\$	4,423,104
<b>ADDITIONAL INFO</b>			
[21]	LOC CURRENT BALANCES	\$	9,000,000
[22]	LOC Interest Expense Incurred		0

**TAB F**

Blog | Healthcare Business Trends

# Hospital margins increased in November, but labor expenses remained a drag on finances

Jan 05, 2022

By Nick Hut


## Volumes dropped month-over-month as people remained wary about visiting hospitals amid the pandemic.

A skewed labor market continued to affect hospital finances in November, according to the [latest set of data \(https://www.kaufmanhall.com/insights/research-report/national-hospital-flash-report-summary-december-2021\)](https://www.kaufmanhall.com/insights/research-report/national-hospital-flash-report-summary-december-2021) from Kaufman Hall.

Operating margins did improve relative to October, increasing by 8.1% after two months of declines. But margins were 22.1% lower than in November 2019 when discounting federal assistance received via the CARES Act.

Much of the financial pressure [stemmed from labor expenses \(/topics/hfm/2021/december/soaring-labor-costs-stemming-from-covid-19-test-hospitals-and-he.html\)](/topics/hfm/2021/december/soaring-labor-costs-stemming-from-covid-19-test-hospitals-and-he.html), which continued to climb despite staffing reductions. Per adjusted discharge, labor expense was 2.7% higher than in October despite a 1% drop in FTEs per adjusted occupied bed. Compared with November 2019, labor expense per adjusted discharge was 26.4% higher.

Other issues, including supply chain disruptions, also have posed expense challenges. Per adjusted discharge, total expenses were up by 24.7% and non-labor expenses by 20.5% in November compared with pre-pandemic levels.

“Widespread labor shortages are driving up already-high labor expenses, posing significant operational challenges for our nation’s hospitals,” Erik Swanson, senior vice president for data analytics with Kaufman Hall, said in a news release. 

“Hospitals are grappling with higher labor costs despite lower staffing levels, due to intense competition for qualified healthcare workers. In addition, the highly contagious omicron variant could put more pressure on hospitals in months to come.”

The November metrics don't reflect the ongoing surge stemming from omicron, which first was reported in the U.S. on Dec. 1.

## Patients remain reluctant to seek hospital care

Hospital volume trends for November indicated the persistent impact of the COVID-19 pandemic on people's willingness to visit the hospital. Kaufman Hall reported decreases relative to October in discharges (4.8%), adjusted discharges (3.9%) and adjusted patient days (2.4%).

Hospital visits increased in acuity, with average length of stay increasing by 0.8% from October and 8.6% compared with November 2019.

The volume drop-off contributed to month-over-month decreases of 0.6% in gross operating revenue (when excluding CARES Act funding), 2.6% in inpatient revenue and 0.7% in outpatient revenue. But revenues remained higher than in 2019 and 2020 due to the acuity trend.

### About the Author

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