



March 21, 2024

TO: Legal Counsel

News Media

Salinas Californian

El Sol

Monterey County Herald

Monterey County Weekly

KION-TV

KSBW-TV/ABC Central Coast

KSMS/Entravision-TV

The next regular meeting of the **FINANCE COMMITTEE - COMMITTEE OF THE WHOLE** of **SALINAS VALLEY HEALTH**¹ will be held **MONDAY, MARCH 25, 2024, AT 12:00 P.M., DOWNING RESOURCCE CENTER ROOMS A, B, & C, SALINAS VALLEY HEALTH MEDICAL CENTER, 450 E. ROMIE LANE, SALINAS, CALIFORNIA** (*visit [SalinasValleyHealth.com/virtualboardmeeting](https://www.SalinasValleyHealth.com/virtualboardmeeting) for Public Access Information*).

A handwritten signature in black ink, appearing to read "Allen Radner".

Allen Radner, MD
Interim President/Chief Executive Officer

Committee Voting Members: **Joel Hernandez Laguna**, Chair, **Juan Cabrera**, Vice-Chair, **Allen Radner, MD**, Interim President/CEO; **Augustine Lopez**, Chief Financial Officer; and **Tarun Bajaj, M.D.**, Medical Staff Member.

Advisory Non-Voting Members: Sanjeev Tandon and Harry Wardwell, Community Members, Administrative Executive Team.

**FINANCE COMMITTEE
COMMITTEE OF THE WHOLE
SALINAS VALLEY HEALTH¹**

**MONDAY, MARCH 25, 2024, 12:00 P.M.
DOWNING RESOURCE CENTER, ROOMS A, B & C**

**Salinas Valley Health Medical Center
450 E. Romie Lane, Salinas, California**

(Visit [SalinasValleyHealth.com/virtualboardmeeting](https://www.SalinasValleyHealth.com/virtualboardmeeting) for Public Access Information)

AGENDA

1. Call to Order / Roll Call
2. Public Comment

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on issues or concerns within the jurisdiction of this District Board, which are not otherwise covered under an item on this agenda.

3. Approve Minutes of the Finance Committee Meeting of February 21, 2024 (HERNANDEZ LAGUNA)
 - Motion/Second
 - Action by Committee/Roll Call Vote
4. Consider recommendation to the SVH Board of Directors to approve (i) the purchase of an additional 5.9143 units of Voting Membership interest in Monterey Peninsula Surgery Center, and (ii) the execution of the MPSC Subscription Agreement by the Interim President/CEO, as presented. (RAY)
 - Staff Report
 - Committee Questions to Staff
 - Public Comment
 - Committee Discussion/Deliberation
 - Motion/Second
 - Action by Committee/Roll Call Vote
5. Consider Recommendation for Board approval of contract for perfusion services with Prime Perfusion, Inc. (MILLER/KNIGHT)
 - Staff Report
 - Committee Questions to Staff
 - Public Comment
 - Committee Discussion/Deliberation
 - Motion/Second
 - Action by Committee/Roll Call Vote

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

6. Closed Session
7. Reconvene Open Session/Report on Closed Session
8. Financial and Statistical Review (LOPEZ)
9. Review Balanced Scorecard (LOPEZ)
10. Adjournment

The next Finance Committee Meeting is scheduled for **Monday, April 22, 2024 at 12:00 p.m.**

This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

The Committee packet is available at the Committee Meeting, at www.SalinasValleyHealth.com, and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Committee.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Clerk during regular business hours at 831-759-3050. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

**FINANCE COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY HEALTH¹**

AGENDA FOR CLOSED SESSION

Pursuant to California Government Code Section 54954.2 and 54954.5, the board agenda may describe closed session agenda items as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items are described in substantial compliance with Section 54954.5 of the Government Code.

CLOSED SESSION AGENDA ITEMS

REPORT INVOLVING TRADE SECRET

(Government Code §37606 & Health and Safety Code § 32106)

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility): Trade secrets, strategic planning/proposed new programs and services

Estimated date of public disclosure: (Specify month and year): Unknown

ADJOURN TO OPEN SESSION

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

CALL TO ORDER
ROLL CALL

(Chair to call the meeting to order)

PUBLIC COMMENT

DRAFT SALINAS VALLEY HEALTH¹
FINANCE COMMITTEE
COMMITTEE OF THE WHOLE
MEETING MINUTES FEBRUARY 21, 2024

Committee Members Present:

In-person: Chair Joel Hernandez Laguna, Vice-Chair Juan Cabrera, Tarun Bajaj, MD, Allen Radner, MD, Augustine Lopez, Clement Miller and Harry Wardwell;

Committee Members Present via Teleconference: None;

Committee Members Absent:. None;

Other Board Members Present, Constituting Committee of the Whole: Rolando Cabrera, MD, (via teleconference), Catherine Carson (via teleconference), and Victor Rey, Jr. (via teleconference).

Catherine Carson, Board Member arrived at 12:07 p.m.

Vice-Chair Juan Cabrera arrived at 12:31 p.m.

Tarun Bajaj, MD, Committee Member arrived at 12:39 p.m.

1. CALL TO ORDER/ROLL CALL

Chair Joel Hernandez Laguna, called the meeting to order at 12:03 p.m. in the Downing Resource Center, CEO Conference Room 117.

2. PUBLIC COMMENT:

None

3. MINUTES OF THE FINANCE COMMITTEE JANUARY 22, 2024

Approve the minutes of the January 22, 2024 Finance Committee meeting. The information was included in the Committee packet.

COMMENTS FROM THE BOARD:

None

PUBLIC COMMENT:

None

MOTION:

Upon motion by Committee member Dr. Radner, and second by Committee member Lopez, the minutes of the January 22, 2024 Finance Committee were approved as presented.

ROLL CALL VOTE:

Ayes: Hernandez-Laguna, Dr. Radner, Lopez, Miller, and Wardwell;

Nays: None;

Abstentions: None;

Absent: Vice-Chair Cabrera, Dr. Bajaj, and Tandon.

Motion Carried

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

4. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF THE EXERCISE OF A FIVE (5) YEAR LEASE OPTION IN THE EXISTING AND APPROVED LEASE FOR SPACE LOCATED AT 928 E. BLANCO ROAD, #215 (INFORMATION TECHNOLOGY DEPARTMENT)

Augustine Lopez, CFO, and Aaron Burnsides, Manager, Information Technology, reported Salinas Valley Health currently leases 928 E. Blanco Road, suite #215, in Salinas, California. There are twenty (20) members of the Information Technology (IT) staff who work at this location. The space is 6,389 square feet and also hosts two training rooms that are dedicated to support training for our Epic Ambulatory system for contractors, staff and providers. The Informatics staff reside in suite #235, adjacent to suite #215. In addition to these two training rooms, there is a separate conference room, network closet, and a break room within suite #215 (used by IT). Although there are an estimated twenty IT staff currently working at this location, there are nine (9) vacant cubicles for staff who occasionally need to report to work on-premise utilize these vacant cubicles. In light of a lack of office space available at the main campus or other leased locations, we recommend renewing the current lease. Informatics has already renewed the lease at suite #235 as that lease was up for renewal a few months prior. There are options for two, five (5) year term renewals. The new rate reflects the three percent (3%) year-over-year increase from the last year of the initial lease term. A request was made to exercise the first 5-year renewal option under Article 19 of the Lease Agreement. A full report was included in the packet.

COMMITTEE MEMBER DISCUSSION:

None

PUBLIC COMMENT:

None

MOTION:

Upon motion by Committee member Lopez and second by Committee member Dr. Radner, the Finance Committee recommends for Board approval to the exercise of a five (5) year lease option in the existing and approved lease for space located at 928 E. Blanco Road, #215, in the estimated amount of \$999,832.

ROLL CALL VOTE:

Ayes: Hernandez-Laguna, Dr. Radner, Lopez, Miller, and Wardwell;

Nays: None;

Abstentions: None;

Absent: Vice-Chair Cabrera, Dr. Bajaj, and Tandon.

Motion Carried

5. CONSIDER RECOMMENDATION FOR BOARD OF DIRECTORS TO AWARD CONSTRUCTION CONTRACT TO FTG BUILDERS, INC. FOR THE PERMANENT BULK OXYGEN SUPPLY REPLACEMENT PROJECT

Clement Miller, COO, and Frances Dacanay, Bogart Project Manager, reported that Salinas Valley Health seeks to replace the existing bulk oxygen supply system to meet the current and future needs of the Hospital. The interim supply system has been placed in operation to prepare for the primary supply system replacement. Final design and engineering plans of the

permanent system have been approved by the California Department of Healthcare Access and Information as of January 2024.

Facilities Management approached the Board and received approval in November 2022 for capital funding for planning, design, permitting, construction of the interim supply system, and estimated construction of the permanent supply system in the total amount of \$2,800,000. Facilities Management is now returning to the Board to recommend award of construction contract to FTG Builders, Inc. in the amount of \$856,820. A full report was included in the packet.

COMMITTEE MEMBER DISCUSSION: The need for an oxygen system replacement became apparent during the high-need of COVID. Construction of a permanent supply system is important for future sustainability.

PUBLIC COMMENT

None

MOTION:

Upon motion by Committee member Lopez, and second by Committee member Dr. Radner, the Finance Committee recommends the Board of Directors award the contract for construction to FTG Builders, Inc., the terms and conditions in the proposed agreement for the permanent bulk oxygen supply replacement project, in the total amount of \$856,820.

ROLL CALL VOTE:

Ayes: Hernandez-Laguna, Radner, Lopez, Miller, and Wardwell;

Nays: None;

Abstentions: None;

Absent: Vice-Chair Cabrera, Dr. Bajaj, and Tandon.

Motion Carried

6. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF HSS SECURITY CONTRACT RENEWAL AMENDMENT NO. 4

Clement Miller, COO, reported that Salinas Valley Health began utilizing HSS for security services starting in 2016 and have found them to be a great partner with managing the organizations security needs. In 2018 the organization expanded the services provided by HSS to include valet services to support ongoing parking concerns. On-site 24/7 security patrolling services continues to be crucial to the organization’s daily operations and continues to ensure the safety of patients, staff, and visitors alike. In addition to patrolling, HSS assists with maintaining security at public access points, managing weapons and prohibited items, conducting searches, managing patient valuables, assisting with technology testing (i.e. infant security, duress alarms, CCTV, etc.), lost and found, personnel escorts, restricted access, visitor management, morgue transports, critical incident response (disaster plans, etc.), non-critical response (vehicle accident, etc.), vehicle assist (jump-start), security alarm response, and acting as a law enforcement liaison.

The valet services HSS offers is needed to alleviate the ongoing parking burden imposed on hospital patients/visitors to help improve the Salinas Valley Health patient experience. HSS has notified our organization that the service line is no longer sustainable for their business and intends to terminate the valet line of business effective no later than June 1, 2024 (99 days), giving Salinas Valley Health the opportunity to obtain a suitable provider. The current contract

proposal reflects the reduction of the valet service. Salinas Valley Health has initiated an RFP process for replacement of these services and intend to have the process closed out well in advance of HSS ending valet services. A full report was included in the packet.

COMMITTEE MEMBER DISCUSSION: The partnership with HHS has been working well. HSS has provided education services to the hospital related to high-risk situations.

PUBLIC COMMENT

None

MOTION:

Upon motion by Committee member Dr. Radner, and second by Committee member Lopez, the Finance Committee recommends Board Approval of HSS Security, LLC (HSS) Amendment No. 4 to renew Security and Valet Service Agreement for one year in the amount of \$1,997,142.

ROLL CALL VOTE:

Ayes: Hernandez-Laguna, Dr. Radner, Lopez, Miller, and Wardwell;

Nays: None;

Abstentions: None;

Absent: Vice-Chair Cabrera, Dr. Bajaj, and Tandon.

Motion Carried

7. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF THE ALLIANCE HEALTHCARE SERVICES (ALLIANCE), INC. MRI SERVICE CONTRACT ADDENDUM

Clement Miller, COO, reported that the Alliance contract which provides Salinas Valley Health (SVH) with on campus MRI has been renegotiated to reduce the terms of the contract and outline ownership of the MRI scanner located at the 444 E Romie Lane Imaging Center, upon contract termination. MRI services are vital to the diagnosis and treatment of our patients, and the contract renegotiations will amicably end our MRI service relationship with Alliance Healthcare.

In March of 2022 SVH entered into a service agreement with Alliance for MRI and PET/CT services, supporting inpatient and outpatient imaging for the System's patients. Upon entering that agreement our health system was subject to declining services from Alliance leading the organization to explore alternate options for the long-term MRI strategy. Following an extensive negotiation period, the health system and Alliance came to a mutual agreement allowing the organization to gradually exit the contract over a three-year period while SVH internalizes MRI services through equipment replacement and staff onboarding, effectively bringing our MRI agreement to closure while maintaining PET/CT services. The new agreement will allow SVH to take over staffing at a time that we determine appropriate, with a decreased monthly rate. A full report was included in the packet.

COMMITTEE MEMBER DISCUSSION: SVH taking over Staffing will reduce fees over the course of the contract and the plan is to internalize MRI services for the future.

PUBLIC COMMENT

None

MOTION:

Upon motion by Committee member Lopez, and second by Committee member Dr. Radner, the Finance Committee recommends Board of Directors approval of the Alliance Healthcare Services, Inc. MRI contract Addendum “C” for the maximum amount of \$2,295,000 over the course of the contract.

ROLL CALL VOTE:

Ayes: Hernandez-Laguna, Radner, Lopez, Miller, and Wardwell;

Nays: None;

Abstentions: None;

Absent: Vice-Chair Cabrera, Dr. Bajaj, and Tandon.

Motion Carried

8. CLOSED SESSION

Chair Hernandez Laguna announced that items to be discussed in Closed Session as listed on the posted Agenda are *Report Involving Trade Secrets, strategic planning/proposed new programs and services*.

The meeting recessed into Closed Session under the Closed Session Protocol at 12:21 p.m.

9. RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Board reconvened Open Session at 1:03 p.m. Chair Hernandez Laguna announced in Closed Session, the Board received a *Report Involving Trade Secrets, strategic planning/proposed new programs and services*. No action was taken.

10. FINANCIAL PERFORMANCE REVIEW

An update was received from Augustine Lopez, Chief Financial Officer on the Financial Performance Review for the month of January 2024. Highlights included Income from Operations \$6.0M, Net Income \$10.8M, Consolidated Net Income \$17.6M, and Days Cash on Hand of 339. Income from operations was favorably impacted by a retroactive payment totaling \$7.2M from the Medicare Program. A full report was included in the packet.

COMMITTEE MEMBER DISCUSSION: None.

11. BALANCED SCORECARD – INFORMATIONAL ONLY

The Balanced Scorecard Summary for FY2024, year-to-date December 2023 was included in the Committee packet for committee review.

12. ADJOURNMENT

There being no other business, the meeting was adjourned at 1:06 p.m. The next Finance Committee Meeting is scheduled for **Monday, March 25, 2024 at 12:00 p.m.**

Chair Joel Hernandez Laguna

Board Paper—Finance Committee

Agenda Item: **Consider recommendation to the SVH Board of Directors to approve (i) the purchase of an additional 5.9143 units of Voting Membership Interests in Monterey Peninsula Surgery Center for the amount of \$196,500.00, and (ii) the execution of the MPSC Subscription Agreement by the Interim President/CEO**

Executive Sponsor: Allen Radner, MD, Interim President/CEO
Gary Ray, Chief Legal Officer

Date: March 20, 2024

Executive Summary

A key strategic objective for Salinas Valley Health is to develop and expand partnerships that drive value for our patients. Recognizing the importance of providing a low cost, high quality option for surgical services needed by our residents, Salinas Valley Health has pursued greater investment in our partnership with Monterey Peninsula Surgery Center (MPSC). SVH presently owns slightly more than 13.5% of MPSC, which operates surgery centers in Salinas, Monterey, and Santa Cruz.

MPSC has notified SVH that there are additional shares available for purchase and MPSC’s board has approved the sale of an additional member interest to SVH. The company valuation of MPSC was most recently appraised at six hundred fifty-five thousand dollars (\$655,000) per one percent (1%) for voting units. The proposed transaction is the acquisition of **5.9143 voting membership interests** at a purchase price of **one hundred ninety-six thousand five hundred dollars (\$196,500.00)**. This additional investment will increase SVH’s total ownership interest in MPSC to just under fourteen percent (13.8206%). Estimated MPSC market value attached.

Meeting our Mission, Vision, Goals

Strategic Plan Alignment

The increase in our investment in MPSC is aligned with the further develop of population health management capabilities and the development of a sustainable cost structure. Population health management requires expansion of services beyond the walls of SVH. As a high quality, lower cost option for some surgical services, MPSC represents a significant value to our patients. Additionally, MPSC is a well-managed business that has generated a historically stable return on investment for SVH.

Pillar/Goal Alignment: Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications

This investment represents an expansion of our current ownership interest in MPSC at fair market value as determined by the most recent independent appraisal of MPSC and as such, there is no quality, safety or regulatory implications related to this transaction. MPSC Subscription Agreement attached.

1. MPSC Valuation	\$655,000 per one percent (1%) voting interest
2. Additional MPSC Interest Offered	5.9143 units of voting membership interest
3. Additional Investment Amount	One hundred ninety-six thousand five hundred dollars (\$196,500.00)
4. Documentation	Subscription Agreement for Purchase of Voting Membership Interests

Recommendation

Administration requests that the Finance Committee recommends to the SVH Board of Directors to approve (i) the purchase of an additional 5.9143 units of Voting Membership Interests in Monterey Peninsula Surgery Center for the amount of \$196,500.00, and (ii) the execution of the MPSC Subscription Agreement by the Interim President/CEO

**Estimated Market Value of MPSC Ownership
Salinas Valley Health**

	<u>Salinas Valley Health</u>	
	<i>As of February 1, 2024</i>	<i>As of April 1, 2024</i>
<u>MPSC, Inc.</u>		
Ownership Shares	246	246
Total Outstanding Shares	5829.103	5829.103
% Ownership in MPSC, Inc.	4.22%	4.22%
MPSC, Inc.'s % Ownership in MPSC, LLC	16.10%	16.10%
Company Valuation per 1%	\$655,000	\$655,000
MPSC, Inc.'s Ownership Value MPSC, LLC	\$10,545,693	\$10,545,693
Ownership Value in MPSC, Inc.	\$445,049.69	\$445,049.69

	<u>Salinas Valley Health</u>	
	<i>As of February 1, 2024</i>	<i>As of April 1, 2024</i>
<u>MPSC, LLC</u>		
Ownership Shares	257.3690	263.2833
Total Outstanding Shares	2003.511	2003.511
% Ownership in MPSC, LLC	12.84590%	13.14110%
Company Valuation per 1%	\$655,000	\$655,000
	\$8,414,064.50	\$8,607,420.50

Total Combined Ownership % (Inc. & LLC)	13.5254%	13.8206%
Total Combined Ownership Value (Inc. & LLC)	\$8,859,114.19	\$9,052,470.19

Current Cost of Investment in MPSC

\$2,515,927
 \$230,498
 \$2,629,777
 \$281,228
 \$387,656
 \$525,538
\$262,000
\$6,832,625

Cost of Additional Shares: **\$196,500.00**

Cost of Investment for 13.8206% Interest in MPSC
\$7,029,125

Distributions from MPSC

Fiscal Year	Amount
FY2013	\$452,781
FY2014	\$751,960
FY2015	\$836,794
FY2016	\$761,298
FY2017	\$1,078,405
FY2018	\$1,537,425
FY2019	\$1,644,718
FY2020	\$1,624,692
FY2021	\$1,409,648
FY2022	\$2,131,431
FY2023	\$1,560,619
FY2024	<u>\$1,023,132</u>
Total	\$14,812,902

SUBSCRIPTION AGREEMENT FOR PURCHASE OF 5.9143 UNITS OF VOTING MEMBERSHIP INTERESTS OF MONTEREY PENINSULA SURGERY CENTER, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY AND REPRESENTATIONS OF PURCHASER

April 1, 2024

The undersigned entity ("Purchaser") hereby agrees to purchase five point nine one four three (5.9143) units of Voting Membership Interests ("Voting Membership Units") of Monterey Peninsula Surgery Center, LLC, a California limited liability company ("MPSC") for the sum of One Hundred Ninety Six Thousand Five Hundred Dollars (\$196,500.00) payable April 1, 2024 ("Subscription Agreement") pursuant to the terms and conditions set forth herein as follows:

1. The Purchaser is an existing holder of Voting Membership Units and a Member of MPSC having previously acquired Voting Membership Units. In consideration of the Purchaser's obligations set forth herein, MPSC consents to issuance of additional Voting Membership Units to the Purchaser.

2. The Purchaser hereby agrees that the Voting Membership Units acquired herein are governed by the terms and conditions of the Fourth Amended and Restated Operating Agreement for Monterey Peninsula Surgery Center, LLC, a California limited liability company dated as of January 18, 2012 and as amended from time to time prior to the date hereof (herein "Governing Document").

3. The Purchaser acknowledges and confirms its agreement to all terms and conditions of the above referenced Governing Document, and by its signature hereunder agrees to be bound by all representations and warranties made by it in any previous Subscription Agreement executed by it, with respect to the Voting Membership Units acquired pursuant hereto, including, but not limited to, **restrictions on transfer as set forth in the Governing Document and the provisions regarding noncompetition as set forth in Article 9 of the Governing Document.**

4. The Purchaser confirms that the Purchaser has relied solely upon its own and its advisors' investigation and review of information with respect to the purchase made herein and has relied in accepting this offer to purchase on no promise or representation of MPSC or any agent or representative on behalf of MPSC. The Purchaser confirms that it is not represented in this transaction by the firm of Horan Lloyd A Professional Corporation or any attorney associated with said law firm and has been advised to review the terms hereof with independent counsel and has had an opportunity to do so.

5. The Purchaser agrees to execute such other and further documents as shall be necessary to affirm and constitute the Purchaser's acceptance and agreement to the terms and conditions of this Subscription Agreement and the Governing Document.

This Subscription Agreement, when signed by the Purchaser, shall constitute a binding agreement for purchase of Voting Membership Units pursuant to the terms set forth above and its agreement to be bound to all terms and provisions of the Governing Document.

PURCHASER SIGNATURE:

SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM

By: _____

6. MPSC hereby accepts this Subscription Agreement and has authorized the undersigned officer of MPSC to execute this Subscription Agreement on MPSC's behalf.

Monterey Peninsula Surgery Center, LLC, a California limited liability company

By: _____
David Awerbuck, M.D., President

Board Paper: Finance Committee

Agenda Item: Consider Recommendation for Board Approval of contract for perfusion services with Prime Perfusion Inc.

Executive Sponsor: Carla Knight, Perioperative Services Director
Clement Miller COO

Date: March 25, 2024

Executive Summary

The perioperative services department is seeking approval to enter into a Perfusion Services Agreement between Salinas Valley Memorial Healthcare System (SVMHS) and Prime Perfusion, Inc. for a two (2) year term through March 2026. Approval of this contract will allow the Cardiac Service line to transition to a new provider of perfusion services, following the completion of the required RFP process. This transition is a 27% increase over our current provider, increasing our monthly expense from \$54,337.50 to \$69,000.00, but was the lowest bidder of the three proposals received.

Background/Situation/Rationale

The current demand for perfusionists is exceedingly high, with staffing shortages in hospitals throughout the country. At most, there are 120-150 new perfusion graduates in a year in the United States.

Perfusionists are certified medical technicians responsible for extracorporeal oxygenation of the blood during open-heart surgery and for the operation and maintenance of the equipment (such as a heart-lung machine) controlling it. Perfusionists are vital members of the cardiovascular surgical team because they are responsible for operating the heart-lung (cardiopulmonary bypass) machine. The heart-lung machine diverts blood away from the heart and lungs, adds oxygen to the blood, then returns the blood to the body—all without the blood having to go through the heart. During surgery, perfusionists use the heart-lung machine to maintain blood flow to the body's tissues and regulate levels of oxygen and carbon dioxide in the blood. Perfusionists are also responsible for measuring selected laboratory values (such as blood cell count) and monitoring circulation.

The low rate of available perfusionists coupled with the increased demand for their services has dramatically increased the rate required to secure a team that can effectively support our cardiac surgery and structural heart programs 24 hours a day, 7 days a week. In addition to Prime, our team reached out to an additional three perfusion service providers to assess the availability and cost of potentially transitioning to a new provider. The outcome of the inquiry confirmed that transitioning to a relationship with Prime Perfusion Inc is the best option for Salinas Valley Health, due to availability of services in our area, the overall cost of the contract, and the team's commitment to our organizations cardiac program.

Timeline/Review Process to Date:

- [1/2024] Perfusion Services RFP Initiated
- [3/2024] Contract Finalized with Prime Perfusion Inc
- [4/1/2024] Current Perfusion Services Agreement Expiration Date

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

Approval of this contract will allow our organization to continue to provide high quality cardiac surgical services and maintain our growing structural heart program.

Pillar/Goal Alignment:

- Service
- People
- Quality
- Finance
- Growth
- Community

Financial/Quality/Safety/Regulatory Implications:

Key Contract Terms	Vendor: Prime Perfusion Inc.
1. Proposed effective date	4/1/2024
2. Term of agreement	2 years
3. Renewal terms	Every two years
4. Termination provision(s)	Without cause with 60 day notice, immediate with cause
5. Payment Terms	Monthly @ \$69,000/month
6. Annual cost	\$828,000
7. Cost over life of agreement	\$1,656,000
8. Budgeted (indicate y/n)	Y

Recommendation

Consider Recommendation for Board Approval for the Two (2) year Perfusion Services Agreement with Prime Perfusion, Inc for total cost of \$1,656,000.

Attachments

- (1) Perfusion Services Agreement Proposal
- (2) RFP

PERFUSION SERVICES AGREEMENT

THIS PERFUSION SERVICES AGREEMENT ("Agreement") is made and entered into as of April 2, 2024 ("Effective Date"), by and between Salinas Valley Memorial Healthcare System, a local health care district organized and operating pursuant to Division 23 of the California Health and Safety Code, operating as Salinas Valley Health ("Hospital") and Prime Perfusion Inc., an Oregon corporation ("Company").

RECITALS

A. Hospital owns and operates an acute care facility located at 450 East Romie Lane, Salinas, California ("Facility") and is in need of qualified perfusion services in order to assist in the performance of extracorporeal bypass cardiac surgery and autotransfusion at Hospital ("Services");

B. Company employs or otherwise contracts with clinical perfusionists (individually "Perfusionist", collectively "Perfusionists") who are duly certified and/or licensed in the State of California ("State"), and qualified to perform such Services;

In consideration of the recitals above and the mutual covenants and conditions contained herein, Hospital and Company agree as follows:

1. RESPONSIBILITIES AND OBLIGATIONS.

a. Services. While this Agreement is in effect, Company shall provide Perfusionists to perform those Services set forth at Exhibit A, attached hereto and as described in this Section 1. The Services are for coverage of one (1) operating room at a time, with such coverage being provided either through a Perfusionist at a regularly scheduled procedure or by a Perfusionist being "on call." This Agreement does not obligate Company to provide more than one Perfusionist to be present at the Facility or to be otherwise "on call" at any one time. The Hospital may, as set forth below, request more than one Perfusionist at one time, but the Company is not obligated to provide more than one.

b. Emergency Back-Up Services. If there is an emergency requiring a second Perfusionist at the Facility, the Hospital may request that the Company provide a second Perfusionist on an emergent basis. Company has no obligation to do so, as there may not be a second Perfusionist available. If a second Perfusionist is available, then the provision of such additional Perfusionist is included within the Services provided under this Agreement. Hospital releases and shall indemnify and hold Company harmless from and against any and all claims, damages, liabilities, costs, suits, actions, or other expenses (including but not limited to attorney fees) arising from or related to any failure to provide such emergency back-up Services.

c. Applicable Standards. Company and each Perfusionist agree that all Services provided pursuant to this Agreement shall be performed in compliance with all applicable standards set forth by law or ordinance or established by the rules and regulations of any federal, state or local agency, department, commission, association or other pertinent governing, accrediting, or advisory body, including The Joint Commission, having authority to set standards for health care facilities. Also, each Perfusionist shall perform all Services in accordance with all applicable Hospital rules, regulations, procedures, policies and bylaws.

d. Compliance Program. Company shall comply with the Hospital's Corporate Compliance Program ("Program"), as applicable to the Services provided under this Agreement. Hospital represents that it has provided Company with all of the Program in writing prior to the Effective Date of this Agreement. Company agrees to comply with any Program policies and procedures duly adopted by the Hospital that are provided to Company at least thirty (30) days in advance of implementation. In the event that any changes to the Program are detrimental to the Company, Company may elect to terminate this Agreement prior to the date that such Program changes are implemented.

e. Records and Reports. Each Perfusionist shall promptly document all treatments and procedures performed pursuant to this Agreement. Each Perfusionist shall use the medical records and report forms, whether paper or electronic, as provided by Hospital Operating Room ("OR") to document treatments

and procedures. Company and each Perfusionist agree that all records and reports required by this Subparagraph shall be the exclusive property of Hospital. Hospital agrees to provide Company access to any records to the extent required by applicable law.

f. Professional Qualifications. Company shall ensure that each Perfusionist providing Services hereunder shall at all times:

- (1) Possess certification, or is Board Eligible, as a Perfusionist in the State of California; and
- (2) Register and remain fully current with Hospital's vendor credentialing and tracking mechanism and requirements ("Vendor Credentialing").

g. Representations and Warranties. Company represents and warrants to Hospital upon execution and while this Agreement is in effect, as follows:

- (1) Neither Company nor any Perfusionist is bound by any agreement or arrangement which would preclude Company or any Perfusionist from entering into, or from fully performing the Services required under, this Agreement;
- (2) To Company's knowledge, no Perfusionist's license /certification to practice in the State or in any other jurisdiction has ever been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;
- (3) To Company's knowledge, no Perfusionist's privileges or permission to perform services at any health care facility have ever been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
- (4) Each Perfusionist has, and shall maintain throughout this Agreement, an unrestricted license/certification to practice as a Perfusionist in the State and current status with Vendor Credentialing as necessary to perform the Services; and
- (5) Company warrants that, to its knowledge, neither Company nor its employees/agents performing services under this Agreement have been excluded from participation in federal or state healthcare programs. If an employee/agent performing services under this Agreement is excluded, Company will promptly replace that employee/agent. If Company is excluded, Hospital may terminate this agreement, without penalty, upon written notice to Company.

h. Use of Hospital Facilities. Any facilities, equipment, supplies, or personnel provided by Hospital shall be used by Company and each Perfusionist solely to provide Services under this Agreement and shall not be used for any other purpose whatsoever. This Agreement shall not be construed as a lease to Company or any Perfusionist of any portion of Hospital's facilities; insofar as each Perfusionist may use a portion of Hospital's facilities, each Perfusionist does so as a licensee only, and Hospital shall at all times have full and free access to the same.

i. Quality Measures. Company will submit the following measures to Hospital on a quarterly basis:

Metric Name	Measurement System	Frequency of Review	Target
Minimum SvO2 of 65% maintained during cardiopulmonary bypass	Provided by Company	Quarterly	90%
All ACT's before and during cardiopulmonary bypass should be >400 seconds	Provided by Company	Quarterly	90%
Maintain proper Potassium (K+) level during cardiopulmonary bypass	Provided by Company	Quarterly	80%
HMS electronic QC performed and documented as required	Record on Machine, in log	Quarterly	100%

2. RESPONSIBILITIES OF HOSPITAL.

a. Equipment, Facilities, Supplies, Utilities and Services. Hospital shall, at no cost to Company, provide all equipment, facilities, supplies, utilities, including in-house telephone service, and other services, including laundry, linen and janitorial services, as the Hospital shall, in its sole discretion, determine from time to time to be necessary for the performance of the Services. Perfusionists shall have access to the physician's lounge at the Hospital. If Company determines that such items are insufficient to perform the Services, then the Company may upon ten (10) days' notice to the Hospital elect to terminate this Agreement. The parties expressly agree that all items supplied by Hospital pursuant to this Subparagraph shall remain the exclusive personal property of Hospital. Notwithstanding the foregoing, Hospital may request assistance from Company in securing quotes for supplies from vendors.

b. Personnel. Company shall employ or contract for such personnel as Company deems necessary for the proper performance of the Services or any other Company obligation set forth in this Agreement. The parties hereby agree that all such personnel shall be subject to the direction and control of Company or Perfusionists in its or their performance of professional services to patients.

3. COMPENSATION.

a. Monthly Payments. For the Services rendered by Company to include two Perfusionists, Hospital shall pay Company the amount of Sixty-Nine Thousand Dollars (\$69,000.00) per month for the first twelve-month period. Thereafter, fees will be increased annually to no less than one percent (1%) and no more than three- and one-half percent (3.5%) based on the increase on each anniversary of the Effective Date in the US Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U). Should Hospital in its sole discretion elect to add additional Perfusionist(s) to provide/cover on-going Services at Hospital, Hospital shall increase the compensation to Company for the Services by Thirty-Two Thousand Dollars (\$32,000.00) per month. Hospital agrees to provide sixty (60) days prior notice when requesting the Services of any additional Perfusionist. The Monthly Payments will be NET Forty- five Days (45). Any amounts unpaid when due accrue interest at the rate of one percent per month.

b. Vacation Relief. It is understood by Hospital that at various times during the contract period, that vacation will be taken by a Perfusionist. Vacation will be taken by only one (1) Perfusionist at a time and during this time the Hospital will have one (1) Perfusionist to cover all necessary work, call and caseload. For up to twelve (12) weeks per year, Company may provide coverage during times of vacation from another Perfusionist from Company. This additional Perfusionist shall cost Hospital a daily rate of One Thousand Two Hundred Dollars (\$1,200.00) per day plus expenses actually incurred.

c. Locums Tenens. If at any time the Company does not have a full-time employee as one (or more) of the Perfusionists, the Company may provide a locums tenens or temporary Perfusionist instead (a "Traveler").

(1) During the first six (6) months following the Effective Date of this Agreement ("Initiation Period"): There is no additional charge to Hospital for the first twenty-one (21) days of a calendar month for services from a Traveler. For each day thereafter in a calendar month, Hospital shall pay Company One Thousand Two Hundred Dollars (\$1,200.00) per day plus expenses actually incurred. Company shall make reasonable efforts to try and schedule Travelers for as few days each month as possible, while meeting the vacation relief, on-call schedule, and Hospital requirements.

(2) After the first six (6) months following the Effective Date of this Agreement ("Initiation Period"): There is no additional charge to Hospital for services from a Traveler. Company shall make reasonable efforts to try and schedule Travelers for as few days each month as possible, while meeting the vacation relief, on-call schedule, and Hospital requirements.

d. Expenses Actually Incurred. Hospital shall additionally reimburse Company for actual airfare (economy, coach, or other similar class of fare only), automobile mileage for private automobile (at the then-current Internal Revenue Service rate), rental car expense (limited to \$75 per day of rental), hotel charges

(limited to \$275 per night), and credentialing fees and expenses. All charges for a Traveler for vacation relief are due regardless of whether any procedures are performed and include all weekends, holidays, and travel days. The expense reimbursement described under this Section shall only be available for expenses actually incurred in connection with a Traveler for locums tenens coverage during the first six (6) months following the Effective Date of this Agreement. After the first six (6) months following the Effective Date of this Agreement, there shall be no expense reimbursement under this Section for locums tenens. For the sake of clarity, expense reimbursements described in this Section for a Traveler for vacation relief are not limited to the first six (6) months following the Effective Date.

e. Perfusion Disposable Fees. Company will attempt to help Hospital by securing quotes for products below current market price. Hospital will have the final decision on what products Hospital will purchase.

f. Billing and Collection. It is understood by the parties that the compensation specified herein shall be Company's sole and exclusive compensation for perfusion services performed pursuant to this Agreement, and that Company shall not bill, charge or otherwise attempt to collect any additional compensation for services provided to Hospital's patients pursuant to this Agreement.

4. TERM OF AGREEMENT.

a. Term. The term of this Agreement shall be two (2) years commencing on the Effective Date, unless terminated earlier as provided herein.

b. Termination.

(1) Termination Without Cause. Either party may terminate this Agreement at any time with or without stating cause or reason and without penalty, upon not less than sixty (60) days written notice to the other party.

(2) Termination for Breach. Either party may terminate this Agreement upon breach by the other party of any material provision of this Agreement, provided such breach continues for fifteen (15) days after receipt by the breaching party of written notice of such breach from the non-breaching party.

(3) Immediate Termination by Hospital. Hospital may terminate this Agreement immediately by written notice to Company upon the occurrence of any of the following events:

(1) the denial, suspension, revocation, termination, restriction, lapse, or voluntary relinquishment (under threat of disciplinary action) of any Perfusionist's Allied Health Professional privileges at Hospital or Perfusionist's failure to maintain clearance with Vendor Credentialing, or Perfusionist's license/certification to provide the Services in the State;

(2) the failure of Company to make a timely disclosure required pursuant to Paragraph 10 hereof;

(3) conduct by any Perfusionist which, in the sole discretion of Hospital, could affect the quality of professional care provided to Hospital's patients or the reasonable performance of duties required hereunder, or be prejudicial or adverse to the best interest and welfare of Hospital or its patients;

(4) breach by any Perfusionist of any of the confidentiality provisions hereto;

(5) Company's failure to maintain professional liability insurance as required in Paragraph 7 hereof; or

(6) any Perfusionist becomes involved in a pending criminal action or proposed debarment, exclusion, or other sanctioning action related to any Federal or State healthcare program.

(4) Immediate Termination by Company. Company may terminate this Agreement Hospital is insolvent, files for bankruptcy or receivership, or is subject to an involuntary bankruptcy or receivership not dismissed within ninety (90) days.

(5) Effect of Termination. As of the effective date of termination of this Agreement, neither party shall have any further rights or obligations hereunder except: (a) as otherwise provided herein; (b) for rights and obligations accruing prior to such effective date of termination; or (c) arising as a result of any breach of this Agreement. Hospital shall make all payments after termination for Services performed prior to termination.

5. WITHDRAWAL OF PERFUSIONISTS. All Perfusionist performing Services under this Agreement shall be subject to initial and continuing approval of the cardiac surgeons and Hospital. At all times while this Agreement is in effect, either Hospital's President/Chief Executive Officer ("CEO") or Hospital's Chief Medical Officer ("CMO") shall have the right to request removal of any such Perfusionist if, in the CEO's or CMO's best judgment, such removal is in the best interests of Hospital. Company hereby agrees to remove any such Perfusionist upon receipt of the CEO's or CMO's request.

6. COMPANY'S STATUS. Company and each Perfusionist providing Services under this Agreement shall act at all times as independent contractors in relation to Hospital. The parties agree that Hospital shall not have and shall not exercise control or direction over the manner or method by which Company or Perfusionist provide the Services. However, Company and each Perfusionist shall perform at all times in accordance with currently approved methods and standards of practice for Services in the medical community. The provisions of this Paragraph shall survive expiration or other termination of this Agreement, regardless of the cause of such termination. Company agrees that it shall be solely responsible for payment of state, local and federal taxes, withholding payments, penalties, fees, fringe benefits, insurance premiums, contributions to insurance and pension or other deferred compensation plan, including but not limited to social security obligations and the filing of all necessary documents, forms and returns required for or pertinent to all of the foregoing. Company shall indemnify, reimburse and hold Hospital harmless against any and all claims for the payment or filing of any of the foregoing payments or documents, withholdings, contributions, taxes, documents and returns, including but not limited to, employee benefit programs, social security taxes and income withholding taxes.

7. INSURANCE. Company shall maintain at all times throughout this Agreement professional liability insurance for itself and each Perfusionist providing Services hereunder in the minimum amounts of \$1,000,000 per occurrence/\$3,000,000 annual aggregate from an insurance company acceptable to Hospital. Company shall also maintain general liability in the minimum amount of \$1,000,000. If such insurance is on a "claims-made" basis, and such coverage is later terminated, or converted to an "occurrence" coverage (or vice versa), Company shall provide evidence to Hospital that it has in force or has procured "prior acts" or "tail" coverage (as applicable), in the above amounts, covering all periods that this Agreement is or has been in force. Company shall provide Hospital with written evidence of such insurance prior to the execution of this Agreement and after any change is made in any insurance policy that would alter the information on the certificate then on file.

8. ACCESS TO BOOKS AND RECORDS.

a. If the value or cost of Services rendered to Hospital pursuant to this Agreement is Ten Thousand Dollars (\$10,000.00) or more over a twelve-month period, Company agrees as follows:

(1) Until the expiration of four (4) years after the furnishing of such Services, Company shall, upon written request, make available to the Secretary of the Department of Health and Human Services (the "Secretary"), the Secretary's duly-authorized representative, the Comptroller General, or the Comptroller General's duly-authorized representative, such books, documents, and records as may be necessary to certify the nature and extent of the cost of such Services; and

b. If any such Services are performed by way of subcontract with another organization and the value or cost of such subcontracted Services is Ten Thousand Dollars (\$10,000.00) or more over a twelve-month period, such subcontract shall contain, and Company shall enforce, a clause ID the same effect as Subparagraph 8.a.(1) immediately above. The availability of Company's books, documents, and records shall be subject at all times to all applicable legal requirements, including without limitation, such criteria and procedures for seeking and obtaining access that may be promulgated by the Secretary by regulation. The provisions of

Subparagraphs 8.a. and 8.b. shall survive expiration or other termination of this Agreement, regardless of the cause of such termination.

9. CONFIDENTIALITY.

a. Hospital Information. Company recognizes and acknowledges that, by virtue of entering into this Agreement and providing services to Hospital hereunder, Company and each Perfusionist may have access to certain information of Hospital that is confidential and constitutes valuable, special and unique property of Hospital. Such information is limited to information that is not available to the public (such information being "Hospital Information"). Company agrees that neither it nor any Perfusionist will at any time, either during or subsequent to the term of this Agreement, disclose to others, use, copy or permit to be copied, without Hospital's express prior written consent, except pursuant to his duties hereunder, any confidential or proprietary information of Hospital, including, but not limited to, information which concerns the costs or treatment methods developed by Hospital, and which is not otherwise available to the public.

b. Terms of this Agreement. Except for disclosure to Company's or any Perfusionist's legal counsel, accountant or financial advisors (none of whom shall be associated or affiliated in any way with Hospital or any of its affiliates), neither Company nor any Perfusionist shall disclose the terms of this Agreement to any person or entity, unless disclosure thereof is required by law or otherwise authorized by this Agreement or consented to by Hospital.

c. Disclosure of Hospital Information and Terms of Agreement. Either Company or Hospital may disclose this Agreement and Company may disclose Hospital Information to enforce the terms of this Agreement, to defend itself with respect to any claim, or to any current or prospective owner, investor, or lender who has an obligation of confidentiality and with notice to the Hospital. Unauthorized disclosure of the terms of this Agreement shall be a material breach of this Agreement and shall provide Hospital or Company with the option of pursuing remedies for breach or immediate termination of this Agreement in accordance with Subparagraph 4.b. hereof.

d. Patient Information. Neither Company nor any Perfusionist shall disclose to any third party, except where permitted or required by law or where such disclosure is expressly approved by Hospital in writing, any patient or medical record information regarding Hospital patients ("Patient Information"), and Company and each Perfusionist shall comply with all federal and state laws and regulations, and all rules, regulations, and policies of Hospital, regarding the confidentiality of such information, including, but not limited to, the Federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), Subtitle D of the Federal HITECH Act ("HITECH Act," 42 U.S.C. § 17921 et seq.), and the regulations promulgated thereunder by the U.S. Department of Health and Human Services (the "HIPAA Regulations," 45 C.F.R. Part 160, et. seq.), and the Confidentiality of Alcohol and Drug Abuse Patient Records regulations (42 C.F.R. Part2), as amended from time to time.

e. Remedy. Unauthorized disclosure of Patient Information or Hospital Information shall be a material breach of this Agreement and in the event of such unauthorized disclosure; Hospital shall have the option of pursuing remedies for breach, or, notwithstanding any other provision of this Agreement, immediately terminating this Agreement upon written notice to Company. Notwithstanding any other remedy that may be available in law or equity, the parties stipulate and agree that the aggrieved party may obtain preliminary or permanent injunctive relief to prevent disclosures of confidential information or further disclosures, along with such mandatory relief as may be appropriate to limit the effect of any prior disclosure, without the need of showing irreparable harm, as it may be difficult or impossible to establish an imminent threat of irreparable harm.

f. Survival. The provisions of this Paragraph 9 shall survive expiration or other termination of this Agreement, regardless of the cause of such termination.

10. REQUIRED DISCLOSURES. Company shall notify Hospital in writing within three (3) days after Company is aware of any of the following events occurs:

a. Any Perfusionist's license/certification to practice in the State or any other jurisdiction lapses

or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction;

b. Any Perfusionist's clear status with Vendor Credentialing or privileges at any health care facility are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction; or

c. Company or any Perfusionist becomes the subject of an investigatory, disciplinary, or other proceeding before any governmental, professional, licensing board, medical staff, or peer review body;

11. ARBITRATION. Any dispute or controversy arising under, out of or in connection with, or in relation to this Agreement, or any amendment hereof, or the breach hereof shall be determined and settled by arbitration in Monterey County, California, in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration and applying the laws of the State. Any award rendered by the arbitrator shall be final and binding upon each of the parties, and judgment thereon may be entered in any court having jurisdiction thereof. The costs shall be borne equally by both parties. During the pendency of any such arbitration and until final judgment thereon has been entered, this Agreement shall remain in full force and effect unless otherwise terminated as provided hereunder. The provisions of this Paragraph shall survive expiration or other termination of this Agreement regardless of the cause of such termination.

12. ENTIRE AGREEMENT MODIFICATION. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, and all other communications between the parties relating to such subject matter. This Agreement may not be amended or modified except by mutual written agreement.

13. GOVERNING LAW. This Agreement shall be construed in accordance with the laws of the State of California. The provisions of this Paragraph shall survive expiration or other termination of this Agreement regardless of the cause of such termination. Venue shall be in Monterey County.

14. COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which together shall constitute only one Agreement. This Agreement may be signed and delivered electronically.

15. NOTICES. All notices hereunder shall be in writing, delivered personally, by certified or registered mail, return receipt requested, by overnight courier, or via electronic mail with confirmation of or evidence of receipt, and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, postage prepaid, or deposited with the overnight courier, addressed as follows:

If to Hospital:

Salinas Valley Memorial Healthcare System
Attn: President/CEO
450 E. Romie Lane
Salinas, CA 93901

If to Company:

Prime Perfusion Inc.
PO Box 251
Canby, OR 97013
Email: morgan@primeperfusioninc.com

or to such other persons or places as either party may from time to time designate by notice pursuant to this Paragraph.

16. WAIVER. A waiver by either party of a breach or failure to perform hereunder shall not constitute

a waiver of any subsequent breach or failure.

17. CAPTIONS. The captions contained herein are used solely for convenience and shall not be deemed to define or limit the provisions of this Agreement.

18. ASSIGNMENT, BINDING EFFECT. Company shall not assign or transfer, in whole or in part, this Agreement or any of Company's rights, duties or obligations under this Agreement without the prior written consent of Hospital, and any assignment or transfer by Company without such consent shall be null and void; notwithstanding the foregoing, the Company may with notice to the Hospital transfer or assign this Agreement at the same time and to the same buyer of all or substantially all of its assets. Company may engage independent contractors to be Perfusionists. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and permitted assigns. Hospital shall not assign or transfer, in whole or in part, this Agreement or any of Hospital's rights, duties or obligations under this Agreement without the prior written consent of Company, and any assignment or transfer by Hospital without such consent shall be null and void, except that the Hospital may with notice to the Company transfer or assign this Agreement at the same time and to the same buyer of all or substantially all of its assets.

19. FINANCIAL OBLIGATION. Neither Company nor any Perfusionist shall incur any financial obligation on behalf of Hospital without the prior written approval of Hospital.

20. EXCLUSIVE AGREEMENT. Hospital agrees that during the term of this agreement, and any extension thereof, Company shall be the exclusive provider of perfusion/autotransfusion services to Hospital, and Hospital will not schedule itself to provide nor enter into any agreement with a third party to provide such services to Hospital. Other hospital employees such as nurses, physician assistants or technicians, will not perform perfusionist services and duties.

21. NON-DISCRIMINATION. It is understood that neither Hospital nor Company nor any Perfusionist shall discriminate against any person on the basis of race, color, religion, age, sex, national origin, disability, sexual orientation or any other legally protected status.

22. INDEMNIFICATION BY COMPANY. Company shall indemnify, defend and hold harmless Hospital, its officers, trustees, agents, and employees from and against the following:

a. All third-party claims and liabilities for compensation (together with related expenses, including but not limited to damages, costs and attorneys' fees) on account of Company's failure to pay for any work, services, materials, or supplies furnished or supplied by such third parties to or for either the Company or Company's subcontractors in connection with the performance of this Agreement; and

b. Any and all claims, liabilities, and losses (together with any expenses related thereto, including but not limited to damages, court costs, and attorneys' fees) occurring or resulting to any person, firm, or corporation for damage, injury, or death, to the extent that such claims, liabilities, or losses arise out of, are alleged to arise out of, or are connected with the wrongful, willful or negligent act or omission of the Company, its officers, employees, agents, or subcontractors in the performance of this Agreement.

23. INDEMNIFICATION BY HOSPITAL. Hospital shall indemnify, defend and hold harmless Company, its officers, Perfusionists, agents, and employees from and against any and all claims, liabilities, and losses (together with any expenses related thereto, including but not limited to damages, court costs, and attorneys' fees) occurring or resulting to any person, firm, or corporation for damage, injury, or death, to the extent that such claims, liabilities, or losses arise out of, are alleged to arise out of, or are connected with the wrongful, willful or negligent act or omission of the Hospital, its officers, employees, agents, or subcontractors in the performance of this Agreement or the failure of any equipment or supplies provided by Hospital.

24. FORCE MAJEURE. No party is liable or responsible to the other party and is not in breach of this Agreement for any failure or delay in fulfilling or performing any term of this Agreement to the extent that the same is caused by or results from acts beyond the impacted party's reasonable control, including without limitation for any flood, fire, earthquake, explosion, war, invasion, terrorist threat or act, civil unrest, government order, blockades, emergency, strikes, epidemic, pandemic, or influenza or bacterial infection, or other similar events.

Signatures

The parties hereby execute this Agreement as of the Effective Date set forth above.

HOSPITAL

SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM

By: _____

Allen Radner, MD
Interim President/CEO

Date: _____

COMPANY

PRIME PERFUSION INC.

By: _____

Morgan Leder, CCP, MPS
President

Date: _____

EXHIBIT A

Duties and Responsibilities

1. Cardiac Perfusion Services: Complete blood gas analysis, hemoconcentration, cardioplegia delivery, administration of pharmacological agents as necessary, cardiac autotransfusion, perfusion standby, anticoagulation regulation, insertion of: IABP, LVAD, RVAD, or BIVADS.
2. Coverage Services. Company shall provide Perfusionists to perform such services of extracorporeal perfusion and cardiac autotransfusion. Such coverage will include the following:
 - (a) Coverage of a Perfusionist for all elective cases requiring cardiopulmonary bypass; and
 - (b) Twenty-four (24) hours, seven (7) days per week, coverage for all services requiring a Perfusionist. Services include basic cardiopulmonary bypass, all minimally invasive cardiac procedures where a Perfusionist is needed either for standby or technical assistance or any other cardiac surgical procedure where the cardiac surgeon deems it necessary for a Perfusionist to be present, perfusion standby, and cardiac autotransfusion. Company shall ensure the availability of one (1) Perfusionist ("On-Call Perfusionist") at all times during off hours and weekends. In this regard, Company shall have the responsibility of providing Hospital with an accurate and up-to-date call schedule. If a Perfusionist is at the Hospital for a procedure, the Company is not obligated to provide a second Perfusionist to be on-call. For purposes of this Agreement, On-Call Perfusionist shall be at all times within thirty (30) minutes from Hospital, measured according to the speeding limit of any roadways, it being understood that the Company is released and not liable in the event that an On-Call Perfusionist takes longer than thirty (30) minutes to arrive at the Hospital for reasons other than such On-Call Perfusionist's gross negligence or intentional misconduct; and
 - (c) On elective cases, Company agrees to have a Perfusionist available in the operating room prior to and prepared for the starting time and agrees to have such Perfusionist remain on the case until excused by the surgeon in charge of the case.
3. Further Duties. Further duties shall include but not necessarily be limited to the following:
 - a. Responsibility for setting up heart-lung machine (HLM) on all cases, and for cleaning so that HLM is ready for subsequent cases;
 - b. Responsibility for notifying the Hospital of the need for ordering, purchasing and maintaining perfusion disposable inventory;
 - c. Assistance and cooperation in connection with the development of any and all studies undertaken by the cardiac surgeons;
 - d. Responsibility for a complete record of perfusion and/or autotransfusion: one copy to be placed in the patient's chart at the end of each case;
 - e. Responsibility for establishing and maintaining perfusion database for purposes of tracking and reporting volume and other statistics deemed necessary by Hospital;
 - f. Responsibility for operating other related equipment associated with circulatory support (i.e., ventricular support devices, portable perfusion equipment (CPS) and autotransfusion equipment);
 - g. Responsibility for submitting, at least annually, perfusion protocols to the Surgery and Anesthesia Departments for approval; and
 - h. Responsibility for undergoing annual clinical competency assessments commensurate with designated duties and responsibilities.

Perfusion Services RFP				
Category:	Total	Prime	FRP	CVP
		Score	Score	Score
Responsiveness & Completeness	25	25	17	20
Ability, history & references	25	25	22	17
User experience	25	25	25	20
Price & ROI	25	25	25	25
Results:	100	100	89	82

CLOSED SESSION

*(Report on Item to be
Discussed in Closed Session)*

*RECONVENE OPEN SESSION/
REPORT ON CLOSED SESSION*

Financial Performance Review

February 2024

Finance Committee - Open Session

Augustine Lopez

Chief Financial Officer

Consolidated Financial Summary For the Month of February 2024

\$ in Millions	For the Month of February 2024					
			Variance fav (unfav)			
	Actual	Budget	\$VAR	%VAR		
Operating Revenue	\$ 61.4	\$ 58.6	\$ 2.8	4.8%		
Operating Expense	\$ 61.9	\$ 58.5	\$ (3.4)	-5.8%		
Income from Operations (*)	\$ (0.5)	\$ 0.1	\$ (0.6)	-600.0%		
<i>Operating Margin %</i>	<i>-0.7%</i>	<i>0.2%</i>	<i>-0.9%</i>	<i>-450.00%</i>		
Non Operating Income	\$ 0.6	\$ 1.9	\$ (1.3)	-68.4%		
Net Income (**)	\$ 0.1	\$ 2.0	\$ (1.9)	-95.0%		
<i>Net Income Margin %</i>	<i>0.3%</i>	<i>3.5%</i>	<i>-3.2%</i>	<i>-91.4%</i>		

*** The above Income from Operations includes:**

\$0.6M Medicare Cost Report Final Settlement (FY 2020)

\$0.4M CARES Act Medicare Advances Adjustment (FY 2020 & FY 2021)

\$0.2M Medi-Cal Cost Report Final Settlement (FY 2020)

\$1.2M Total Net Impact of Normalized Items

**** Non-Operating Revenue** includes \$1.8 Million in investment losses due to bond market fluctuations.

Consolidated Financial Summary

For the Month of February 2024 - Normalized

\$ in Millions	For the Month of February 2024					
			Variance fav (unfav)			
	Actual	Budget	\$VAR	%VAR		
Operating Revenue	\$ 60.2	\$ 58.6	\$ 1.6	2.7%		
Operating Expense	\$ 61.9	\$ 58.5	\$ (3.4)	-5.8%		
Income from Operations (*)	\$ (1.7)	\$ 0.1	\$ (1.8)	-1800.0%		
Operating Margin %	-2.7%	0.2%	-2.9%	-1450.00%		
Non Operating Income **	\$ 0.6	\$ 1.9	\$ (1.3)	-68.4%		
Net Income (**)	\$ (1.1)	\$ 2.0	\$ (3.1)	-155.0%		
Net Income Margin %	-1.6%	3.5%	-5.1%	-145.7%		

* **The above Income from Operations excludes:**

\$0.6M Medicare Cost Report Final Settlement (FY 2020)

\$0.4M CARES Act Medicare Advances Adjustment (FY 2020 & FY 2021)

\$0.2M Medi-Cal Cost Report Final Settlement (FY 2020)

\$1.2M Total Net Impact of Normalized Items

** **Non-Operating Revenue** includes \$1.8 Million in investment losses due to bond market fluctuations.

Consolidated Financial Summary

YTD February 2024

\$ in Millions	FY 2024 YTD February				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue (*)	\$ 480.1	\$ 479.0	\$ 1.1	0.2%	
Operating Expense	\$ 489.7	\$ 477.2	\$ (12.5)	-2.6%	
Income from Operations	\$ (9.6)	\$ 1.8	\$ (11.4)	-633.3%	
<i>Operating Margin %</i>	<i>-2.0%</i>	<i>0.4%</i>	<i>-2.4%</i>	<i>-600.0%</i>	
Non Operating Income	\$ 27.4	\$ 15.3	\$ 12.1	79.1%	
Net Income	\$ 17.8	\$ 17.1	\$ 0.7	4.1%	
<i>Net Income Margin %</i>	<i>3.7%</i>	<i>3.6%</i>	<i>0.1%</i>	<i>2.8%</i>	

(*) The above includes Medicare and Medi-Cal prior year favorable cost report normalizing settlements totaling \$1.2M.

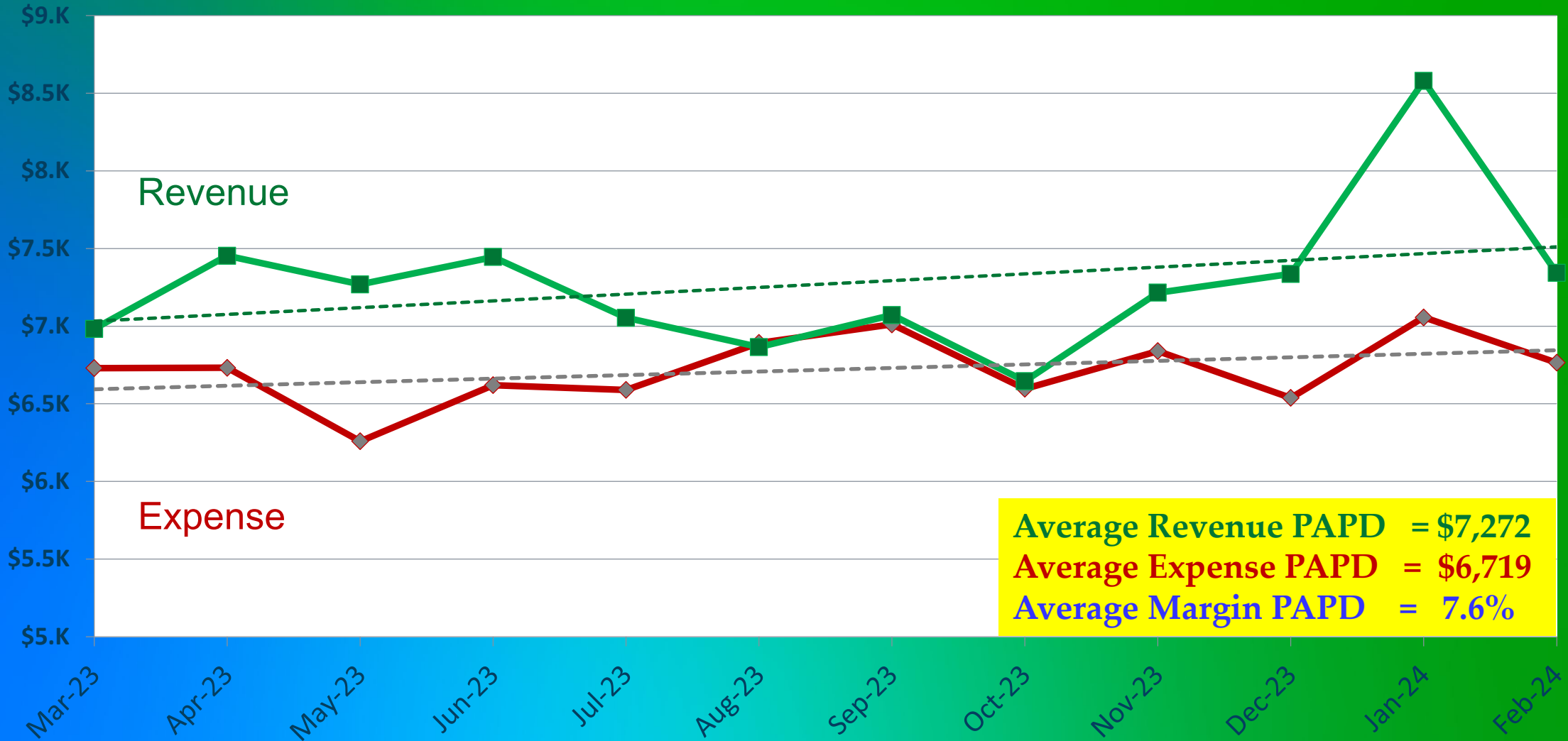
Consolidated Financial Summary

YTD February 2024 - Normalized

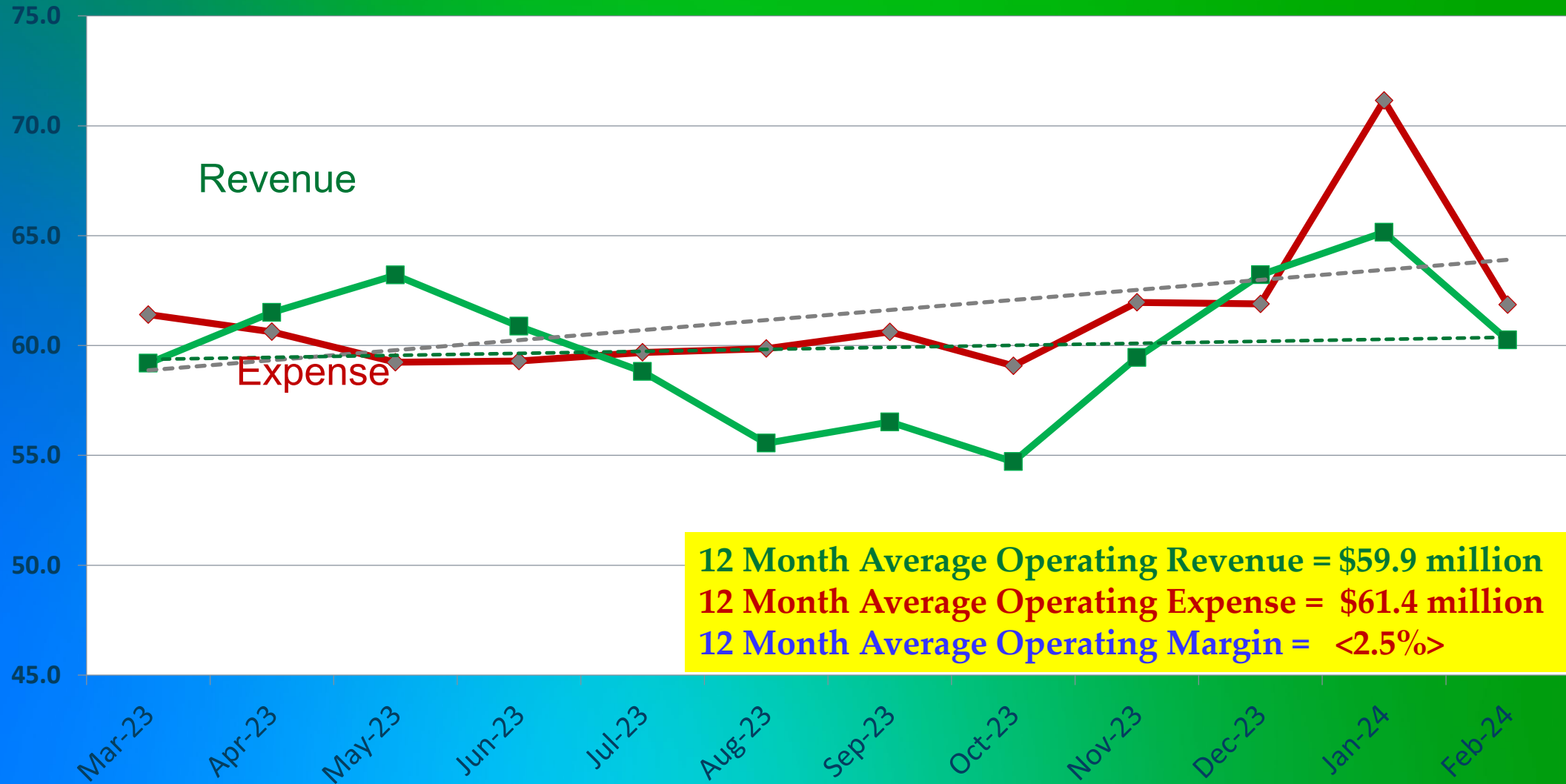
\$ in Millions	FY 2024 YTD February				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue (*)	\$ 478.9	\$ 479.0	\$ (0.1)	0.0%	
Operating Expense	\$ 489.7	\$ 477.2	\$ (12.5)	-2.6%	
Income from Operations	\$ (10.8)	\$ 1.8	\$ (12.6)	-700.0%	
Operating Margin %	-2.2%	0.4%	-2.6%	-650.0%	
Non Operating Income	\$ 27.4	\$ 15.3	\$ 12.1	79.1%	
Net Income	\$ 16.6	\$ 17.1	\$ (0.5)	-2.9%	
Net Income Margin %	3.5%	3.6%	-0.1%	-2.8%	

(*) The above excludes Medicare and Medi-Cal prior year favorable cost report normalizing settlements totaling \$1.2M.

SVHMC Revenues & Expenses Per Adjusted Patient Day Rolling 12 Months: Mar 23 to February 24



SVH Consolidated Revenues & Expenses Rolling 12 Months: Mar 23 to February 24



Salinas Valley Health Key Financial Indicators

Statistic	YTD	SVH		S&P A+ Rated		YTD	
	02/29/24	Target	+/-	Hospitals	+/-	2/28/23	+/-
Operating Margin*	-2.2%	5.0%		4.0%		3.7%	
Total Margin*	3.5%	6.0%		6.6%		5.1%	
EBITDA Margin**	2.5%	7.4%		13.6%		7.9%	
Days of Cash*	337	305		249		334	
Days of Accounts Payable*	47	45		-		51	
Days of Net Accounts Receivable***	53	45		49		48	
Supply Expense as % NPR	13.9%	14.0%		-		12.7%	
SWB Expense as % NPR	55.7%	53.0%		53.7%		52.9%	
Operating Expense per APD*	6,731	6,739		-		6,168	

All metrics above are consolidated for SVH except Operating Expense per APD

*These metrics have been adjusted for normalizing items

**Metric based on Operating Income (consistent with industry standard)

***Metric based on 90 days average net revenue (consistent with industry standard)

Questions/Comments

SALINAS VALLEY HEALTH MEDICAL CENTER
SUMMARY INCOME STATEMENT
February 29, 2024

	<u>Month of February,</u>		<u>Eight months ended February 29,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 51,203,565	\$ 47,827,772	\$ 402,589,544	\$ 416,392,643
Other operating revenue	1,165,959	1,073,440	8,741,193	6,350,941
Total operating revenue	<u>52,369,524</u>	<u>48,901,212</u>	<u>411,330,737</u>	<u>422,743,584</u>
Total operating expenses	47,158,694	46,085,915	382,673,348	377,050,095
Total non-operating income	<u>(5,076,526)</u>	<u>(4,267,617)</u>	<u>(11,894,106)</u>	<u>(19,381,923)</u>
Operating and non-operating income	<u>\$ 134,304</u>	<u>\$ (1,452,320)</u>	<u>\$ 16,763,282</u>	<u>\$ 26,311,567</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
BALANCE SHEETS
February 29, 2024

	<u>Current year</u>	<u>Prior year</u>
ASSETS:		
Current assets	\$ 351,193,614	\$ 406,744,270
Assets whose use is limited or restricted by board	164,215,685	155,924,593
Capital assets	249,951,875	242,692,401
Other assets	286,832,533	180,537,005
Deferred pension outflows	<u>116,911,125</u>	<u>95,857,027</u>
	<u>\$ 1,169,104,832</u>	<u>\$ 1,081,755,296</u>
LIABILITIES AND EQUITY:		
Current liabilities	91,968,802	101,740,270
Long term liabilities	20,638,874	17,159,971
Lease deferred inflows	1,616,220	1,642,999
Pension liability	118,792,064	79,111,485
Net assets	<u>936,088,872</u>	<u>882,100,571</u>
	<u>\$ 1,169,104,832</u>	<u>\$ 1,081,755,296</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
SCHEDULES OF NET PATIENT REVENUE
February 29, 2024

	<u>Month of February,</u>		<u>Eight months ended February 29,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,766	1,992	14,368	16,449
Medi-Cal	1,102	1,111	8,413	9,295
Commercial insurance	409	583	4,576	6,305
Other patient	38	134	821	925
Total patient days	<u>3,315</u>	<u>3,820</u>	<u>28,178</u>	<u>32,974</u>
Gross revenue:				
Medicare	\$ 119,729,091	\$ 109,225,210	\$ 905,779,115	\$ 829,004,548
Medi-Cal	74,556,691	71,669,232	557,562,508	551,625,097
Commercial insurance	47,886,002	42,965,147	417,279,578	417,414,062
Other patient	<u>7,451,292</u>	<u>8,587,981</u>	<u>71,011,282</u>	<u>67,448,306</u>
Gross revenue	<u>249,623,076</u>	<u>232,447,571</u>	<u>1,951,632,483</u>	<u>1,865,492,013</u>
Deductions from revenue:				
Administrative adjustment	283,914	328,993	2,513,879	2,140,954
Charity care	353,174	539,958	5,538,719	5,045,935
Contractual adjustments:				
Medicare outpatient	39,018,520	30,717,055	281,089,336	235,865,245
Medicare inpatient	48,184,519	48,499,812	375,545,528	374,249,244
Medi-Cal traditional outpatient	1,789,602	3,866,048	21,967,387	27,414,661
Medi-Cal traditional inpatient	4,897,607	5,825,631	38,029,780	41,108,507
Medi-Cal managed care outpatient	33,576,493	29,462,793	243,969,887	217,911,458
Medi-Cal managed care inpatient	26,646,831	25,375,324	201,180,676	204,948,373
Commercial insurance outpatient	21,391,288	17,862,847	174,394,469	141,718,600
Commercial insurance inpatient	17,829,397	16,970,454	161,393,693	158,192,224
Uncollectible accounts expense	4,350,530	3,573,522	33,909,165	30,628,593
Other payors	<u>97,636</u>	<u>1,597,361</u>	<u>9,510,420</u>	<u>9,875,576</u>
Deductions from revenue	<u>198,419,511</u>	<u>184,619,798</u>	<u>1,549,042,939</u>	<u>1,449,099,370</u>
Net patient revenue	<u>\$ 51,203,565</u>	<u>\$ 47,827,772</u>	<u>\$ 402,589,544</u>	<u>\$ 416,392,643</u>
Gross billed charges by patient type:				
Inpatient	\$ 120,101,071	\$ 124,316,641	\$ 992,014,802	\$ 1,011,769,841
Outpatient	100,349,331	79,573,085	725,267,074	624,255,406
Emergency room	<u>29,172,674</u>	<u>28,557,845</u>	<u>234,350,607</u>	<u>229,466,766</u>
Total	<u>\$ 249,623,076</u>	<u>\$ 232,447,571</u>	<u>\$ 1,951,632,483</u>	<u>\$ 1,865,492,013</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
STATEMENTS OF REVENUE AND EXPENSES
February 29, 2024

	Month of February,		Eight months ended February 29,	
	current year	prior year	current year	prior year
Operating revenue:				
Net patient revenue	\$ 51,203,565	\$ 47,827,772	\$ 402,589,544	\$ 416,392,643
Other operating revenue	1,165,959	1,073,440	8,741,193	6,350,941
Total operating revenue	52,369,524	48,901,212	411,330,737	422,743,584
Operating expenses:				
Salaries and wages	15,832,796	15,822,205	132,969,018	137,480,441
Compensated absences	2,754,652	2,656,136	23,918,846	22,591,885
Employee benefits	9,170,977	8,045,868	67,930,024	61,624,924
Supplies, food, and linen	7,328,460	6,602,666	57,804,224	54,095,864
Purchased department functions	3,168,633	3,958,519	28,850,148	33,065,884
Medical fees	2,510,986	2,858,452	19,909,093	16,358,470
Other fees	2,060,984	2,619,399	18,283,364	23,461,278
Depreciation	2,387,765	1,885,276	19,163,609	16,628,323
All other expense	1,943,441	1,637,394	13,845,022	11,743,026
Total operating expenses	47,158,694	46,085,915	382,673,348	377,050,095
Income from operations	5,210,830	2,815,297	28,657,389	45,693,489
Non-operating income:				
Donations	0	556,767	2,333,567	5,592,903
Property taxes	333,333	333,333	2,666,667	2,666,667
Investment income	15,606	(628,362)	19,989,251	241,476
Taxes and licenses	0	0	0	0
Income from subsidiaries	(5,425,465)	(4,529,355)	(36,883,591)	(27,882,969)
Total non-operating income	(5,076,526)	(4,267,617)	(11,894,106)	(19,381,923)
Operating and non-operating income	134,304	(1,452,320)	16,763,282	26,311,567
Net assets to begin	935,954,568	883,552,890	919,325,589	855,789,004
Net assets to end	\$ 936,088,872	\$ 882,100,571	\$ 936,088,872	\$ 882,100,571
Net income excluding non-recurring items	\$ 134,304	\$ (1,452,320)	\$ 16,763,282	\$ 26,311,567
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	0	0	0	0
Operating and non-operating income	\$ 134,304	\$ (1,452,320)	\$ 16,763,282	\$ 26,311,567

SALINAS VALLEY HEALTH MEDICAL CENTER
SCHEDULES OF INVESTMENT INCOME
February 29, 2024

	<u>Month of February,</u>		<u>Eight months ended February 29,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Detail of income from subsidiaries:				
Salinas Valley Health Clinics				
Pulmonary Medicine Center	\$ (200,426)	\$ (77,102)	\$ (1,623,660)	\$ (1,253,586)
Neurological Clinic	(62,439)	(96,065)	(581,097)	(496,867)
Palliative Care Clinic	(96,434)	(66,814)	(711,893)	(557,296)
Surgery Clinic	(180,392)	(120,613)	(1,478,113)	(1,079,367)
Infectious Disease Clinic	(48,474)	(51,420)	(301,486)	(249,392)
Endocrinology Clinic	(260,673)	(207,091)	(1,865,536)	(1,303,695)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(674,109)	(717,322)	(4,730,434)	(3,467,790)
OB/GYN Clinic	(561,826)	(334,487)	(3,309,726)	(2,377,814)
PrimeCare Medical Group	(965,779)	(1,226,055)	(7,026,706)	(4,860,402)
Oncology Clinic	(415,138)	(542,898)	(2,713,947)	(2,223,406)
Cardiac Surgery	(383,426)	(441,392)	(2,477,945)	(2,305,473)
Sleep Center	(88,613)	(55,670)	(432,257)	(246,973)
Rheumatology	(87,897)	(75,103)	(580,444)	(466,939)
Precision Ortho MDs	(530,556)	(372,636)	(3,881,821)	(2,678,212)
Precision Ortho-MRI	0	0	0	0
Precision Ortho-PT	(65,157)	(33,081)	(378,799)	(284,139)
Vaccine Clinic	0	0	16	(683)
Dermatology	(38,272)	(65,507)	(325,157)	(182,370)
Hospitalists	0	0	0	0
Behavioral Health	(84,335)	(20,498)	(398,834)	(254,583)
Pediatric Diabetes	(46,863)	(35,286)	(368,411)	(361,811)
Neurosurgery	(84,279)	(36,937)	(325,643)	(246,256)
Multi-Specialty-RR	1,385	2,188	21,251	79,872
Radiology	(386,300)	(190,446)	(2,630,147)	(1,644,629)
Salinas Family Practice	(152,751)	(199,360)	(1,118,913)	(810,434)
Urology	(176,095)	(112,152)	(1,382,222)	(792,937)
Total SVHC	(5,588,849)	(5,075,747)	(38,621,924)	(28,065,182)
Doctors on Duty	(45,956)	380,280	325,865	164,268
Vantage Surgery Center	0	0	0	0
LPCH NICU JV	0	0	0	(1,387,567)
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	99,780	163,153	1,049,041	1,287,983
Coastal	29,073	89,203	47,409	(37,696)
Apex	0	0	0	0
21st Century Oncology	50,331	(112,906)	3,223	(152,706)
Monterey Bay Endoscopy Center	30,156	26,662	312,795	307,931
Total	<u>\$ (5,425,465)</u>	<u>\$ (4,529,355)</u>	<u>\$ (36,883,591)</u>	<u>\$ (27,882,969)</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
BALANCE SHEETS
February 29, 2024

	Current year	Prior year
A S S E T S		
Current assets:		
Cash and cash equivalents	\$ 221,537,903	\$ 291,608,376
Patient accounts receivable, net of estimated uncollectibles of \$45,696,646	102,081,358	87,322,824
Supplies inventory at cost	7,718,586	7,600,078
Current portion of lease receivable	1,131,104	546,861
Other current assets	18,724,663	19,666,131
Total current assets	351,193,614	406,744,270
Assets whose use is limited or restricted by board	164,215,685	155,924,593
Capital assets:		
Land and construction in process	75,825,405	51,473,148
Other capital assets, net of depreciation	174,126,470	191,219,252
Total capital assets	249,951,875	242,692,401
Other assets:		
Right of use assets, net of amortization	6,714,217	5,622,496
Long term lease receivable	608,766	1,186,426
Subscription assets, net of amortization	7,722,471	0
Investment in Securities	252,399,372	143,623,006
Investment in SVMC	5,373,835	9,300,282
Investment in Coastal	1,729,050	1,606,005
Investment in other affiliates	20,921,934	21,663,233
Net pension asset	(8,637,112)	(2,464,443)
Total other assets	286,832,533	180,537,005
Deferred pension outflows	116,911,125	95,857,027
	\$ 1,169,104,832	\$ 1,081,755,296
 L I A B I L I T I E S A N D N E T A S S E T S		
Current liabilities:		
Accounts payable and accrued expenses	\$ 62,009,649	\$ 62,983,799
Due to third party payers	4,336,365	17,467,801
Current portion of self-insurance liability	18,839,225	18,517,715
Current subscription liability	4,299,728	0
Current portion of lease liability	2,483,835	2,770,954
Total current liabilities	91,968,802	101,740,270
Long term portion of workers comp liability	13,027,333	14,058,922
Long term portion of lease liability	4,449,212	3,101,049
Long term subscription liability	3,162,329	0
Total liabilities	112,607,676	118,900,241
Lease deferred inflows	1,616,220	1,642,999
Pension liability	118,792,064	79,111,485
Net assets:		
Invested in capital assets, net of related debt	249,951,875	242,692,401
Unrestricted	686,136,997	639,408,170
Total net assets	936,088,872	882,100,571
	\$ 1,169,104,832	\$ 1,081,755,296

SALINAS VALLEY HEALTH MEDICAL CENTER
STATEMENTS OF REVENUE AND EXPENSES - BUDGET VS. ACTUAL
February 29, 2024

	Month of February,				Eight months ended February 29,			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:								
Gross billed charges	\$ 249,623,076	\$ 227,145,113	22,477,963	9.90%	\$ 1,951,632,483	\$ 1,869,191,940	82,440,543	4.41%
Deductions from revenue	198,419,511	178,785,255	19,634,256	10.98%	1,549,042,939	1,472,126,764	76,916,175	5.22%
Net patient revenue	51,203,565	48,359,858	2,843,707	5.88%	402,589,544	397,065,176	5,524,368	1.39%
Other operating revenue	1,165,959	1,332,540	(166,581)	-12.50%	8,741,193	10,660,320	(1,919,127)	-18.00%
Total operating revenue	52,369,524	49,692,398	2,677,126	5.39%	411,330,737	407,725,496	3,605,241	0.88%
Operating expenses:								
Salaries and wages	15,832,796	17,179,058	(1,346,262)	-7.84%	132,969,018	135,846,758	(2,877,740)	-2.12%
Compensated absences	2,754,652	1,966,116	788,536	40.11%	23,918,846	24,119,619	(200,773)	-0.83%
Employee benefits	9,170,977	8,023,332	1,147,645	14.30%	67,930,024	62,856,641	5,073,383	8.07%
Supplies, food, and linen	7,328,460	6,461,789	866,671	13.41%	57,804,224	54,317,521	3,486,703	6.42%
Purchased department functions	3,168,633	3,539,227	(370,594)	-10.47%	28,850,148	28,313,833	536,315	1.89%
Medical fees	2,510,986	2,359,060	151,926	6.44%	19,909,093	18,872,481	1,036,612	5.49%
Other fees	2,060,984	2,194,967	(133,983)	-6.10%	18,283,364	17,988,238	295,126	1.64%
Depreciation	2,387,765	2,190,779	196,986	8.99%	19,163,609	17,050,593	2,113,016	12.39%
All other expense	1,943,441	1,762,396	181,045	10.27%	13,845,022	14,572,773	(727,751)	-4.99%
Total operating expenses	47,158,694	45,676,726	1,481,968	3.24%	382,673,348	373,938,457	8,734,891	2.34%
Income from operations	5,210,830	4,015,673	1,195,157	29.76%	28,657,389	33,787,039	(5,129,650)	-15.18%
Non-operating income:								
Donations	0	166,667	(166,667)	-100.00%	2,333,567	1,333,333	1,000,234	75.02%
Property taxes	333,333	333,333	(0)	0.00%	2,666,667	2,666,667	0	0.00%
Investment income	15,606	1,185,806	(1,170,199)	-98.68%	19,989,251	9,486,444	10,502,806	110.71%
Income from subsidiaries	(5,425,465)	(3,966,452)	(1,459,013)	36.78%	(36,883,591)	(31,749,440)	(5,134,152)	16.17%
Total non-operating income	(5,076,526)	(2,280,646)	(2,795,879)	122.59%	(11,894,106)	(18,262,995)	6,368,889	-34.87%
Operating and non-operating income \$	134,304	1,735,026	(1,600,722)	-92.26%	16,763,283	15,524,044	1,239,238	7.98%

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of Feb and eight months to date

	<u>Month of Feb</u>		<u>Eight months to date</u>		<u>Variance</u>
	<u>2023</u>	<u>2024</u>	<u>2022-23</u>	<u>2023-24</u>	
<u>NEWBORN STATISTICS</u>					
Medi-Cal Admissions	37	33	296	278	(18)
Other Admissions	83	71	690	643	(47)
Total Admissions	120	104	986	921	(65)
Medi-Cal Patient Days	57	52	472	445	(27)
Other Patient Days	136	111	1,158	1,065	(93)
Total Patient Days of Care	193	163	1,630	1,510	(120)
Average Daily Census	6.7	5.6	6.7	6.2	(0.5)
Medi-Cal Average Days	1.6	1.6	1.7	1.7	0.0
Other Average Days	0.8	1.6	1.7	1.7	(0.0)
Total Average Days Stay	1.7	1.6	1.7	1.7	0.0
<u>ADULTS & PEDIATRICS</u>					
Medicare Admissions	367	354	3,219	3,001	(218)
Medi-Cal Admissions	334	263	2,362	2,114	(248)
Other Admissions	360	278	2,530	2,353	(177)
Total Admissions	1,061	895	8,111	7,468	(643)
Medicare Patient Days	1,658	1,490	13,865	12,223	(1,642)
Medi-Cal Patient Days	1,132	1,090	9,585	8,610	(975)
Other Patient Days	935	490	8,417	5,680	(2,737)
Total Patient Days of Care	3,725	3,070	31,867	26,513	(5,354)
Average Daily Census	128.4	105.9	130.6	108.7	(21.9)
Medicare Average Length of Stay	4.4	4.3	4.3	4.1	(0.2)
Medi-Cal Average Length of Stay	3.5	3.6	3.5	3.5	0.0
Other Average Length of Stay	2.5	1.5	2.7	1.9	(0.8)
Total Average Length of Stay	3.5	3.1	3.5	3.2	(0.3)
Deaths	23	20	197	205	8
Total Patient Days	3,918	3,233	33,497	28,023	(5,474)
Medi-Cal Administrative Days	25	0	81	5	(76)
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	25	0	81	5	(76)
Percent Non-Acute	0.64%	0.00%	0.24%	0.02%	-0.22%

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of Feb and eight months to date

	<u>Month of Feb</u>		<u>Eight months to date</u>		<u>Variance</u>
	<u>2023</u>	<u>2024</u>	<u>2022-23</u>	<u>2023-24</u>	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	261	214	2,396	1,950	(446)
Heart Center	318	317	2,799	2,621	(178)
Monitored Beds	655	594	5,419	4,947	(472)
Single Room Maternity/Obstetrics	312	267	2,711	2,457	(254)
Med/Surg - Cardiovascular	919	829	7,539	6,655	(884)
Med/Surg - Oncology	269	264	2,212	2,229	17
Med/Surg - Rehab	492	423	4,261	3,674	(587)
Pediatrics	99	114	1,056	1,058	2
Nursery	193	163	1,630	1,510	(120)
Neonatal Intensive Care	103	48	1,128	922	(206)
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	71.70%	56.76%	75.85%	61.73%	
Heart Center	75.71%	72.87%	76.79%	71.91%	
Monitored Beds	86.64%	75.86%	82.59%	75.40%	
Single Room Maternity/Obstetrics	30.12%	24.88%	30.15%	27.33%	
Med/Surg - Cardiovascular	72.94%	63.52%	68.94%	60.86%	
Med/Surg - Oncology	73.90%	70.03%	70.02%	70.56%	
Med/Surg - Rehab	67.58%	56.10%	67.44%	58.15%	
Med/Surg - Observation Care Unit	0.00%	0.00%	0.00%	0.00%	
Pediatrics	19.64%	21.84%	24.14%	24.19%	
Nursery	41.77%	34.06%	20.33%	18.83%	
Neonatal Intensive Care	33.44%	15.05%	42.20%	34.49%	

**SALINAS VALLEY HEALTH MEDICAL CENTER
PATIENT STATISTICAL REPORT**

For the month of Feb and eight months to date

	<u>Month of Feb</u>		<u>Eight months to date</u>		<u>Variance</u>
	<u>2023</u>	<u>2024</u>	<u>2022-23</u>	<u>2023-24</u>	
<u>DELIVERY ROOM</u>					
Total deliveries	115	100	952	853	(99)
C-Section deliveries	45	24	312	273	(39)
Percent of C-section deliveries	39.13%	24.00%	32.77%	32.00%	-0.77%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	19,069	12,783	163,432	125,698	(37,734)
Out-Patient Operating Minutes	23,189	29,168	212,100	233,891	21,791
Total	42,258	41,951	375,532	359,589	(15,943)
Open Heart Surgeries	14	6	115	86	(29)
In-Patient Cases	133	96	1,115	905	(210)
Out-Patient Cases	255	278	2,169	2,314	145
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	36	44	246	288	42
High Risk	604	811	4,591	6,015	1,424
More Than One Resource	2,821	2,445	23,684	22,253	(1,431)
One Resource	1,635	1,624	17,018	15,158	(1,860)
No Resources	73	51	722	699	(23)
Total	<u>5,169</u>	<u>4,975</u>	<u>46,261</u>	<u>44,413</u>	<u>(1,848)</u>

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of Feb and eight months to date

	Month of Feb		Eight months to date		Variance
	2023	2024	2022-23	2023-24	
CENTRAL SUPPLY					
In-patient requisitions	14,957	11,388	122,336	103,405	-18,931
Out-patient requisitions	8,581	10,467	74,251	82,498	8,247
Emergency room requisitions	1,376	648	5,759	5,780	21
Interdepartmental requisitions	6,353	6,270	56,653	52,749	-3,904
Total requisitions	31,267	28,773	258,999	244,432	-14,567
LABORATORY					
In-patient procedures	35,864	33,969	319,832	292,671	-27,161
Out-patient procedures	10,031	39,448	82,107	207,188	125,081
Emergency room procedures	11,576	12,208	103,841	103,021	-820
Total patient procedures	57,471	85,625	505,780	602,880	97,100
BLOOD BANK					
Units processed	274	230	2,533	2,333	-200
ELECTROCARDIOLOGY					
In-patient procedures	1,076	1,103	8,970	8,788	-182
Out-patient procedures	369	382	2,737	3,142	405
Emergency room procedures	1,197	1,297	8,998	9,740	742
Total procedures	2,642	2,782	20,705	21,670	965
CATH LAB					
In-patient procedures	103	132	768	973	205
Out-patient procedures	84	140	640	946	306
Emergency room procedures	0	0	1	0	-1
Total procedures	187	272	1,409	1,919	510
ECHO-CARDIOLOGY					
In-patient studies	351	366	3,113	3,032	-81
Out-patient studies	242	305	1,849	2,242	393
Emergency room studies	2	1	11	8	-3
Total studies	595	672	4,973	5,282	309
NEURODIAGNOSTIC					
In-patient procedures	125	116	1,126	1,026	-100
Out-patient procedures	29	23	152	151	-1
Emergency room procedures	0	0	0	0	0
Total procedures	154	139	1,278	1,177	-101

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of Feb and eight months to date

	Month of Feb		Eight months to date		Variance
	2023	2024	2022-23	2023-24	
SLEEP CENTER					
In-patient procedures	0	0	1	0	-1
Out-patient procedures	109	244	1,074	1,882	808
Emergency room procedures	0	0	1	0	-1
Total procedures	<u>109</u>	<u>244</u>	<u>1,076</u>	<u>1,882</u>	<u>806</u>
RADIOLOGY					
In-patient procedures	1,320	1,218	11,587	10,486	-1,101
Out-patient procedures	417	428	2,927	3,209	282
Emergency room procedures	1,367	1,419	12,213	11,819	-394
Total patient procedures	<u>3,104</u>	<u>3,065</u>	<u>26,727</u>	<u>25,514</u>	<u>-1,213</u>
MAGNETIC RESONANCE IMAGING					
In-patient procedures	128	139	1,193	1,121	-72
Out-patient procedures	123	99	792	895	103
Emergency room procedures	7	1	47	50	3
Total procedures	<u>258</u>	<u>239</u>	<u>2,032</u>	<u>2,066</u>	<u>34</u>
MAMMOGRAPHY CENTER					
In-patient procedures	3,651	3,665	31,564	32,661	1,097
Out-patient procedures	3,618	3,617	31,276	32,268	992
Emergency room procedures	0	0	7	9	2
Total procedures	<u>7,269</u>	<u>7,282</u>	<u>62,847</u>	<u>64,938</u>	<u>2,091</u>
NUCLEAR MEDICINE					
In-patient procedures	14	24	153	163	10
Out-patient procedures	85	147	713	891	178
Emergency room procedures	0	0	2	2	0
Total procedures	<u>99</u>	<u>171</u>	<u>868</u>	<u>1,056</u>	<u>188</u>
PHARMACY					
In-patient prescriptions	86,629	78,997	776,491	674,873	-101,618
Out-patient prescriptions	14,273	15,685	116,746	125,734	8,988
Emergency room prescriptions	7,820	9,066	69,794	73,911	4,117
Total prescriptions	<u>108,722</u>	<u>103,748</u>	<u>963,031</u>	<u>874,518</u>	<u>-88,513</u>
RESPIRATORY THERAPY					
In-patient treatments	17,703	13,289	143,530	129,802	-13,728
Out-patient treatments	1,258	1,159	8,813	8,751	-62
Emergency room treatments	367	493	3,289	4,080	791
Total patient treatments	<u>19,328</u>	<u>14,941</u>	<u>155,632</u>	<u>142,633</u>	<u>-12,999</u>
PHYSICAL THERAPY					
In-patient treatments	2,534	2,186	20,742	19,868	-874
Out-patient treatments	177	297	1,377	2,139	762
Emergency room treatments	0	0	2	0	-2
Total treatments	<u>2,711</u>	<u>2,483</u>	<u>22,121</u>	<u>22,007</u>	<u>-114</u>

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of Feb and eight months to date

	<u>Month of Feb</u>		<u>Eight months to date</u>		<u>Variance</u>
	<u>2023</u>	<u>2024</u>	<u>2022-23</u>	<u>2023-24</u>	
OCCUPATIONAL THERAPY					
In-patient procedures	1,700	1,420	12,900	11,403	-1,497
Out-patient procedures	145	262	1,221	1,949	728
Emergency room procedures	0	0	0	0	0
Total procedures	<u>1,845</u>	<u>1,682</u>	<u>14,121</u>	<u>13,352</u>	<u>-769</u>
SPEECH THERAPY					
In-patient treatments	461	508	3,590	4,090	500
Out-patient treatments	38	46	202	318	116
Emergency room treatments	0	0	0	0	0
Total treatments	<u>499</u>	<u>554</u>	<u>3,792</u>	<u>4,408</u>	<u>616</u>
CARDIAC REHABILITATION					
In-patient treatments	0	1	1	11	10
Out-patient treatments	506	581	3,934	4,118	184
Emergency room treatments	0	0	0	0	0
Total treatments	<u>506</u>	<u>582</u>	<u>3,935</u>	<u>4,129</u>	<u>194</u>
CRITICAL DECISION UNIT					
Observation hours	<u>400</u>	<u>319</u>	<u>3,424</u>	<u>2,540</u>	<u>-884</u>
ENDOSCOPY					
In-patient procedures	80	83	689	605	-84
Out-patient procedures	59	47	488	444	-44
Emergency room procedures	0	0	0	0	0
Total procedures	<u>139</u>	<u>130</u>	<u>1,177</u>	<u>1,049</u>	<u>-128</u>
C.T. SCAN					
In-patient procedures	671	702	5,856	5,739	-117
Out-patient procedures	365	325	3,129	2,811	-318
Emergency room procedures	645	684	5,378	5,797	419
Total procedures	<u>1,681</u>	<u>1,711</u>	<u>14,363</u>	<u>14,347</u>	<u>-16</u>
DIETARY					
Routine patient diets	20,660	20,648	194,349	138,745	-55,604
Meals to personnel	22,564	26,488	199,667	225,902	26,235
Total diets and meals	<u>43,224</u>	<u>47,136</u>	<u>394,016</u>	<u>364,647</u>	<u>-29,369</u>
LAUNDRY AND LINEN					
Total pounds laundered	<u>99,718</u>	<u>91,546</u>	<u>812,115</u>	<u>774,597</u>	<u>-37,518</u>

Balanced Scorecard

Year To Date: January 2024

Monthly Scorecard Service (30%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
I. Service											
Average of Inpatient HCAHPS Scores	72.5	72.6	74.6	76.8	73.8	74.0	72.2	73.8	73.1	0.9%	72.6
# of Total Responses - IP	139	189	136	92	138	120	141				
Emergency Room Press Ganey Score	63.4	59.4	57.5	53.0	54.8	59.8	53.3	57.3	58.5	-2.0%	58.0
# of Total Responses - ER	223	193	195	224	169	161	195				
Average of Ambulatory HCAHPS Scores	92.4	91.6	92.3	90.6	92.9	96.4	93.6	92.8	92.1	0.8%	91.6
# of Total Responses - Ambulatory	61	72	62	47	54	44	48				

Notes / Assumptions:

- Source: Press Ganey
- Based on monthly **received date**
- Based on top box scores (highest response possible on the survey scale: Yes, Definitely Yes, Always)
- IP HCAHPS Score FY 2023 Baseline was 72.6. Rationale: Baseline = Threshold is based on FY 2023 Actuals. Target is +0.5 from baseline. Max is +1.0 from baseline.
- ER HCAHPS Score FY 2023 Baseline was 58.0. Rationale: Baseline = Threshold is based on FY 2023 Actuals. Target is +0.5 from baseline. Max is +1.0 from baseline.
- Ambulatory HCAHPS Score FY 2023 Baseline was 91.6. Rationale: Baseline = Threshold is based on FY 2023 Actuals. Target is +0.5 from baseline. Max is +1.0 from baseline.

Monthly Scorecard

Quality & Safety Processes – ER (5%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
Emergency Room Efficiencies											
Median length of stay for non-admits (in minutes)	180.0	189.0	181.0	185.0	183.0	189.0	173.0	183.0	183.0	0.0%	180.0
Median time from admit decision to time of admission to nursing unit (in minutes)	75.5	71.0	73.0	71.0	76.0	79.0	80.0	75.0	74.0	-1.4%	76.0

Source: Meditech

ER - LOS for Non-Admits in Minutes: Data Criteria: Calculate the median LOS in minutes for ER Outpatients for each month & YTD for cases in ER (excludes inpatients and patients leaving against medical advice or left without being seen.) Maximum is based the FY23 Baseline. The Target is a 3 minute increase from the Max, and the Threshold is a 6 minute increase from the Max. **Rationale:** SVMH ER has recently experienced a higher volume level, including a surge of patients and provider turnover. According to CMS, the latest available data from 2021 indicates that the State Rate is 196 minutes and the National Rate is 203 minutes for comparable size hospitals.

ER - Time to Admit in Minutes: Data Criteria: Calculate the median time for inpatients from admit decision to time of admission to nursing unit in minutes (includes observation cases). Baseline = Threshold is based on FY 2023 Actuals. The Target is a 2 minute decrease from the Baseline, and the Max is a 4 minute decrease from the Baseline.

Rationale: The ER average daily census is currently averaging at about 186 patients a day compared to the baseline period of 128 (Jul21-Jan22), or a **45%** increase in ER census. We also have continued challenges with COVID and respiratory isolation. The vast increase of volume leads to limited space availability and delays. We have put forth a new initiative called the “Big 5 Handover Process”, which is a streamline handover process between the ED and nursing units, which may reduce admit time.

Monthly Scorecard

Quality & Safety Processes – OR & Cath Lab (5%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
Operating Room Efficiencies											
Turnover Time (Wheels out / Wheels in) (in minutes)	30.2	28.4	30.2	31.0	31.1	31.3	31.8	30.6	30.5	-0.3%	29.6
Cath Lab Efficiencies											
First Case - On Time Start %	N/A	N/A	N/A	N/A	79.5%	73.7%	88.6%	80.6%	75.0%	7.4%	49.0%

OR Turnover Time Measurement: Source is from the **PICIS OR Nurse Record**. Calculate minutes elapsed between the wheels out & wheels in of the next case. Only cases where the time difference is less than or equal to 60 minutes will be included because breaks are often scheduled in a day. Due to MD availability, cases that exceed 60 threshold minutes will not count as a turnover. Excludes non-scheduled cases. Measurement applies to cases for the same physician and same room only. Data will be partitioned by actual date rather than previously scheduled date. **National benchmarks range from 25 to 38 minutes.** FY 2024 Goals are set at a level to continue high efficiency performance and strive to maintain sustainability at these levels. Planning to reduce minutes may cause patient safety risks and other concerns, especially considering the Covid-19 ongoing pandemic and the impact it has had in our hospital capacity as well as in our perioperative operations. Additionally, our OPS department has moved over to the other side of the building into 1 Main, which means the nurse, anesthesiologist and surgeon now have to go that distance to interview and mark the patient. While this isn't a huge distance, it can add 1-2 minutes to each start and/or turnover.

Cath Lab Percentage of 1st case On Time Start Time

- Source is from Meditech Community Wide Scheduling for the first case scheduled in each Cath Lab, where the scheduled time is from 7:00 am to 9:00 am
- Conscious sedation patients prepped and draped 5 minutes before the scheduled start time as measured by "Patient Ready" note charted in McKesson/CPACS
- Anesthesia patients prepped and draped within 60 minutes of scheduled start time as measured by "Patient Ready" note charted in McKesson/CPACS
- *Measurement period is from November 2023 through June 2024.* This is due to adjustments made to the Cath Lab scheduling policy, provider notification and implementation time.

Monthly Scorecard

Quality & Safety Processes – HAC & Hand Hygiene (10%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
Hospital Acquired Conditions Index (Weighted Total)	N/A	N/A	8.3	N/A	N/A	4.3	N/A	6.3	3.9	-62.8%	4.2
Hand Hygiene (Average Number of Observations Per Quarter Per Nursing Unit)	N/A	N/A	N/A	N/A	N/A	198	N/A	198	100	98.0%	60

Hospital Acquired Conditions

Source: National Healthcare Safety Network (NHSN) & BD Health Insight Interface

Hospital Acquired Conditions will be measured **quarterly**

Rationale for Targets: Utilizing CMS/NHSN/Magnet benchmarks and last years FY targets for sustainment and ongoing prevention practices. Process improvement measures for Falls, HAPIs, CLABSI, CAUTI, CDI and SSI processes are in place.

- **Falls with injury:** NDNQI Magnet benchmark 0.5- our outcomes in FY2022 and FY2023 are meeting the benchmarks
- **HAPI-** stage 2 and Deep tissue injuries are added to the CMS measures already reported (currently stage 3,4 and unstageable events are reported)- goal expanded. No current benchmark. We have already improved the outcomes in FY 2023 over FY 2021- we are proposing to keep/sustain the current outcomes. Displayed as a rate: number of pressure injuries /over 1000 patient days.
- **CLABSI** (Central Line Associated Bloodstream Infection), Health & Human Services 2023 Goal for CLABSI: SIR <0.50. An HAI Event can create increases above the benchmark SIR due to low utilization. Example: FY Q2 2021 1 CLABSI increased the SIR to 0.63. We will utilize a rate methodology: number of infections/ over 1000 line days – this rate is not risk adjusted like the SIR rate is but it provides us with the ability to display outcome measures after the close of the month instead of waiting from NHSN for benchmarked data. This is important for rapid continuous improvement work.
- **CAUTI** (Catheter Associated Urinary Tract Infection) Health & Human Services 2023 Goal for CAUTI: SIR <0.75. An HAI Event(s) can create increases above the benchmark SIR due to low utilization. Example: FY Q4 2022 1 CAUTI increased the SIR to 0.72 .We will utilize a rate methodology: number of infections/ over 1000 line days – this rate is not risk adjusted like the SIR rate is but it provides us with the ability to display outcome measures after the close of the month instead of waiting from NHSN for benchmarked data.
- **CDI** (Clostridium Difficile Infection), Health & Human Services 2023 Goal for CDI: SIR <0.70. We will utilize a rate methodology: number of infections/ over 1000 patient days – this rate is not risk adjusted like the SIR rate is but it provides us with the ability to display outcome measures after the close of the month instead of waiting from NHSN for benchmarked data.
- **SSI** (Surgical Site Infections), Health and Human Services 2023 Goal for SSI <0.70. We will utilize a rate methodology: number of infections/ over 1000 procedure days – this rate is not risk adjusted like the SIR rate is but it provides us with the ability to display outcome measures after the close of the month instead of waiting from NHSN for benchmarked data.

Hand Hygiene

Source: Hand Hygiene Auditing Tool populated by SVHMC staff, Goal is to reach 100 observations/quarter/unit –Leapfrog minimum recommended goal

Because this is a new program, the measurement period starts October 1st and the first measurement period will be available for FY24 Q2

Monthly Scorecard

Finance (20%)

Organizational Goals by Pillar
IV. Finance
Income from Operations (Normalized & Adjusted) (\$ in Millions)
<i>Operating Margin (Normalized)</i>

<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Dec-23</u>	<u>Jan-24</u>	<u>FY 2024 Act/Proj</u>	<u>TARGET</u>	<u>Var %</u>
\$3,317	\$5,915	\$6,601	\$5,278	\$2,646	\$5,928	\$10,993	\$69,732	\$50,681	37.6%
6.6%	11.1%	12.4%	10.2%	5.2%	10.9%	17.7%	9.4%	8.2%	14.7%

<u>FY 2023 Baseline</u>
\$79,748
12.4%



Notes / Assumptions:

- Target Methodology is based on SVHMC's 100% of FY 2024 Board Approved Annual Operating Budget (in dollars).
- *Targets/actuals has been adjusted for FY24 for any negative impacts from the Anthem negotiations.*

Monthly Scorecard

Growth (10%)

Organizational Goals by Pillar
V. Growth
Percentage of Medicare Patients with <u>Post Discharge Follow Ups</u> within 14 days for an Inpatient Encounter (Attributed to SVH Clinics; Medicare Shared Savings Program and Aspire)
Robotic-Assisted Surgeries (DaVinci X1 System Only)
Expand Epic Access for Hospital Departments (view access to Ambulatory Medical Record)

Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
N/A	N/A	70.5%	N/A	N/A	62.2%	N/A	69.0%	70%	-1.4%	60.7%
16	21	25	35	28	27	16	168	124	35.5%	113
N/A	N/A	3	N/A	N/A	0	N/A	3	6	-50.0%	3

- **Post Discharge Follow Up:** The eligible population is approximately 13,000 (MSSP=9768 and Aspire=3315). The denominator will consist of any hospital discharges for this eligible population. The numerator will consist of those patients with a post-discharge follow-up within 14 days. **Data will be provided quarterly.**
- **Robotic Surgery:** The volume of robotic-assisted surgeries attributed to use of DaVinci system only. Currently 4 surgeons are using the robot. Plan for expansion to urology. **Data will be provided monthly** and will be broken down by physician and procedure category.
- **Expanded Epic Access:** Plan is to provide access to various hospital departments with emphasis on departments with clinical staff.
 - Areas of emphasis for FY 2024: L&D, ONS (4th Floor), Med Surg (3rd Floor), Critical Care (1Main), 3rd Tower, 4th Tower, ICU, Telemetry
 - Rollout will require implementation plan and resources to ensure success/adoption
 - Important for care continuity, especially medication reconciliation
 - **Data will be provided quarterly.**

Monthly Scorecard Community (5%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
VI. Community											
Increase community engagement through a newly designed employee outreach program resulting in community benefit events involving Salinas Valley Health staff. (Number of events)	0	0	0	0	0	1	2	3	2	50.0%	NA



- The Community Pillar team will engage employees to create an employee outreach program, designing various program elements and characteristics such as:
 - Method of measuring impact/benefit provided to the community
 - Measurement of employee/family/friends engagement
 - Alignment with Community Benefit Funding
 - Addresses issues identified in Community Health Needs Assessment
 - Communication strategy
 - Measurement and reporting structure
 - Objectives and goals
 - Employee driven
 - Sustainability
 - Processes such as applications and approvals

- The Community Pillar team will engage employees to execute the created employee outreach program resulting in community benefit events.

- Engagement Events:
 1. Christmas in Closer Park, December 4th
 2. Martin Luthor King Day of Service Events, January 15th & January 20th
 3. The next event is April 21st in collaboration with Salinas Regional Sports Complex. This will feature the Mobile Clinic, SVH service lines, a park clean up and more

Questions / Comments?



APPENDIX

Monthly Scorecard

Quality & Safety Processes – HAC Detail

Organizational Goals by Pillar	Jul	Aug	Sep	Q1	Oct	Nov	Dec	Q2	FY 2024 Act/Proj	TARGET	Variance	Var %	FY 2023 Baseline
Hospital Acquired Conditions Index													
Falls With Injury, Occurance Rate (16.7% Weight)	0.00	0.00	0.74	0.25	0.24	0.47	0.22	0.31	0.28	0.18	-0.1	-51.3%	0.26
# of FALLS EVENTS	0	0	3	3	1	2	1	4					
HAPI Stages 2-4 and Unstageable Rate (16.7% Weight)	1.57	3.41	2.53	2.50	1.45	2.00	0.95	1.47	1.98	2.03	0.0	2.2%	2.03
# of HAPI EVENTS	6	12	9	27	5	7	4	16					
Surgical Site Infections Rate (16.6% Weight)	10.81	0.00	0.00	3.60	0.00	6.80	0.00	2.27	2.94	0.80	-2.1	-268.3%	0.80
# of SSI EVENTS	2	0	0	2	0	1	0	1					
CLABSI Rate (16.7% Weight)	0.00	2.15	0.00	0.72	0.00	0.00	0.00	0.00	0.36	0.27	-0.1	-31.3%	0.41
# of CLABSI EVENTS	0	1	0	1	0	0	0	0					
CAUTI Rate (16.7% Weight)	1.54	0.00	1.44	0.99	0.00	0.00	0.00	0.00	0.50	0.36	-0.1	-39.9%	0.47
# of CAUTI EVENTS	1	0	1	2	0	0	0	0					
CDI Rate (16.6% Weight)	0.29	0.30	0.00	0.20	0.30	0.29	0.27	0.29	0.24	0.23	0.0	-5.5%	0.25
# of CDI EVENTS	1	1	0	2	1	1	1	3					
Hospital Acquired Conditions Index (Weighted Total)				8.26				4.33	6.29	3.87	-2.4	-62.8%	4.22
Hand Hygiene (Average Number of Observations Per Quarter Per Nursing Unit)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	198	198	100			

Organizational Goals by Pillar		FY 2024 Act/Proj	TARGET	Var %		FY 2023 Baseline
30%	I. Service					
	Average of Inpatient HCAHPS Scores	73.8	73.1	0.9%	☀️	72.6
	# of Total Responses - IP					
	Emergency Room Press Ganey Score	57.3	58.5	-2.0%	☁️	58.0
	# of Total Responses - ER					
	Average of Ambulatory HCAHPS Scores	92.8	92.1	0.8%	☀️	91.6
	# of Total Responses - Ambulatory					
	II. People					
	Employee Indicator Score	N/A	4.29			4.28
	Safety Culture Index: Prevention and Reporting	N/A	4.18			4.14
Safety Culture Index: Resources and Teamwork	N/A	3.84			3.81	
20%	III. Quality & Safety Processes					
	Emergency Room Efficiencies					
	Median length of stay for non-admits (in minutes)	183.0	183.0	0.0%	☀️	180.0
	Median time from admit decision to time of admission to nursing unit (in minutes)	75.0	74.0	-1.4%	☁️	76.0
	Operating Room Efficiencies					
	Turnover Time (Wheels out / Wheels in) (in minutes)	30.6	30.5	-0.3%	☁️	29.6
	Cath Lab Efficiencies					
	First Case - On Time Start %	80.6%	75.0%	7.4%	☀️	49.0%
	Hospital Acquired Conditions Index (Weighted Total)	6.3	3.9	-62.8%	☁️	4.2
	Hand Hygiene (Average Number of Observations Per Quarter Per Nursing Unit)	198	100	98.0%	☀️	60
20%	IV. Finance					
	Income from Operations (Normalized & Adjusted) (\$ in Millions)	\$69,732	\$50,681	37.6%	☀️	\$79,748
	Operating Margin (Normalized)	9.4%	8.2%	14.7%		12.4%
10%	V. Growth					
	Percentage of Medicare Patients with Post Discharge Follow Ups within 14 days for an Inpatient Encounter (Attributed to SVH Clinics; Medicare Shared Savings Program and Aspire)	69.0%	70%	-1.4%	☀️	60.7%
	Robotic-Assisted Surgeries (DaVinci X1 System Only)	168	124	35.5%	☀️	113
	Expand Epic Access for Hospital Departments (view access to Ambulatory Medical Record)	3	6	-50.0%		3
5%	VI. Community					
	Increase community engagement through a newly designed employee outreach program resulting in community benefit events involving Salinas Valley Health staff. (Number of events)	3	2	50.0%	☀️	NA

ADJOURNMENT