



El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2018 – Period 10
7/1/2017 to 4/30/2018

Financial Overview

- **Volume:**

- For the year, overall volume, measured in adjusted discharges is 5.3% higher than budget.
- IP cases are 3.5% over budget, specifically Neurosciences, HVI, BHS, Oncology and General Medicine. Deliveries are lower to prior year and 4.5% below budget.
- OP cases are higher than budget in General Surgery, General Medicine, Lab, Imaging Services, MCH, Rehab, Outpatient Clinics and Emergency.

- **Financial Performance:**

- Operating income is \$871K under budget. Revenue for the month include \$169K in unusual items. For the year op margin is \$45.6M ahead of target.
- Investments rebounded slightly during the month and for the year, investment earnings remain \$31 million ahead of target.

- **Payor Mix:**

- Commercial insurance is a 3.6% decrease of the Payor Mix in April than budget where Medicare has increased 2.1%.

- **Cost:**

- Prod Hrs/APD for April is 1.8 unfavorable vs. target due to lower volume. YTD we are slightly ahead of budget.

- **Balance Sheet:**

- Net days in AR is 47.7 which is 0.3 days better than budget.

Dashboard - ECH combined as of April 30, 2018

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	241	226	242	(16)	239	242	240	2
Utilization MV	68%	62%	67%	-5%	66%	67%	66%	0%
Utilization LG	26%	28%	29%	-1%	30%	30%	29%	1%
Utilization Combined	54%	51%	55%	-4%	54%	55%	54%	0%
Total Discharges (Excl NNB)	1,642	1,581	1,603	(22)	16,300	16,973	16,405	568
Financial Perf.								
Total Operating Revenue	65,772	69,537	70,773	(1,236)	694,698	761,864	711,911	49,953
Operating Income \$	4,086	5,109	5,980	(871)	79,019	111,150	65,534	45,616
Operating Margin	6.2%	7.3%	8.4%	-1.1%	11.4%	14.6%	9.2%	5.4%
EBITDA %	12.0%	14.2%	16.1%	-1.9%	17.7%	20.6%	16.4%	4.3%
Payor Mix								
Medicare	47.3%	49.7%	47.4%	2.3%	47.7%	47.6%	47.4%	0.3%
Medi-Cal	7.5%	6.9%	7.2%	-0.3%	7.3%	7.7%	7.2%	0.5%
Total Commercial	42.7%	40.7%	42.9%	-2.2%	42.5%	42.1%	42.9%	-0.8%
Other	2.5%	2.7%	2.5%	0.2%	2.5%	2.5%	2.5%	0.0%
Cost								
Total FTE	2,542.4	2,588.1	2,536.7	51	2,496.7	2,580.5	2,529.0	52
Productive Hrs/APD	31.5	32.2	30.4	2	30.3	30.2	30.5	(0)
Balance Sheet								
Net Days in AR	44.8	47.7	48.0	(0)	44.8	47.7	48.0	(0)
Days Cash	444	487	266	221	444	487	266	221
Affiliates - Net Income (\$'000s)								
Hosp	11,619	4,713	6,205	(1,492)	125,946	154,471	67,786	86,685
Concern	304	(66)	130	(196)	1,358	941	1,189	(248)
ECSC	(11)	(20)	0	(20)	(83)	(61)	0	(61)
Foundation	51	196	(52)	249	2,140	1,717	497	1,220
SVMD	(27)	494	(16)	510	91	840	31	809

Budget Variances

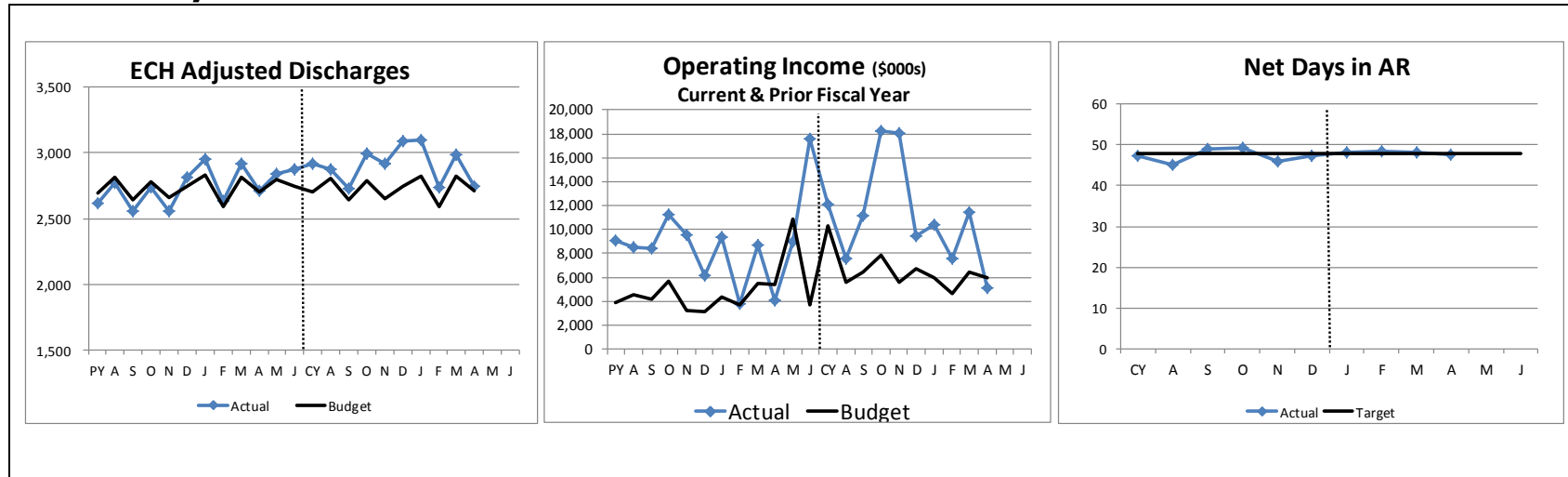
(in thousands; \$000s)	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
Budgeted Hospital Operations FY2018	65,534	9.2%
Net Revenue - Favorable due higher volume, revenue cycle operations and \$14 million unusual items	49,953	6.6%
Labor and Benefit Expense Change - Labor favorable vs budget after adjusting for volume	(1,583)	-0.2%
Professional Fees & Purchased Services -Recruiting costs for several key positions in the organization and backfill for vacant positions, repairs for survey readiness	(5,639)	-0.7%
Supplies - unfavorable due to increase in surgical and other general supplies, offset by savings in Spine supplies as well as Drugs. Higher volumes also driving increase and net positive to volume adjusted budget	(3,496)	-0.5%
Other Expenses - primarily due strategic fund expenses not spent	1,325	0.2%
Depreciation & Interest - Favorable due to delay in Parking Structure as well as LG projects	5,056	0.7%
Actual Hospital Operations FY2018	111,150	14.6%

El Camino Hospital (\$000s)

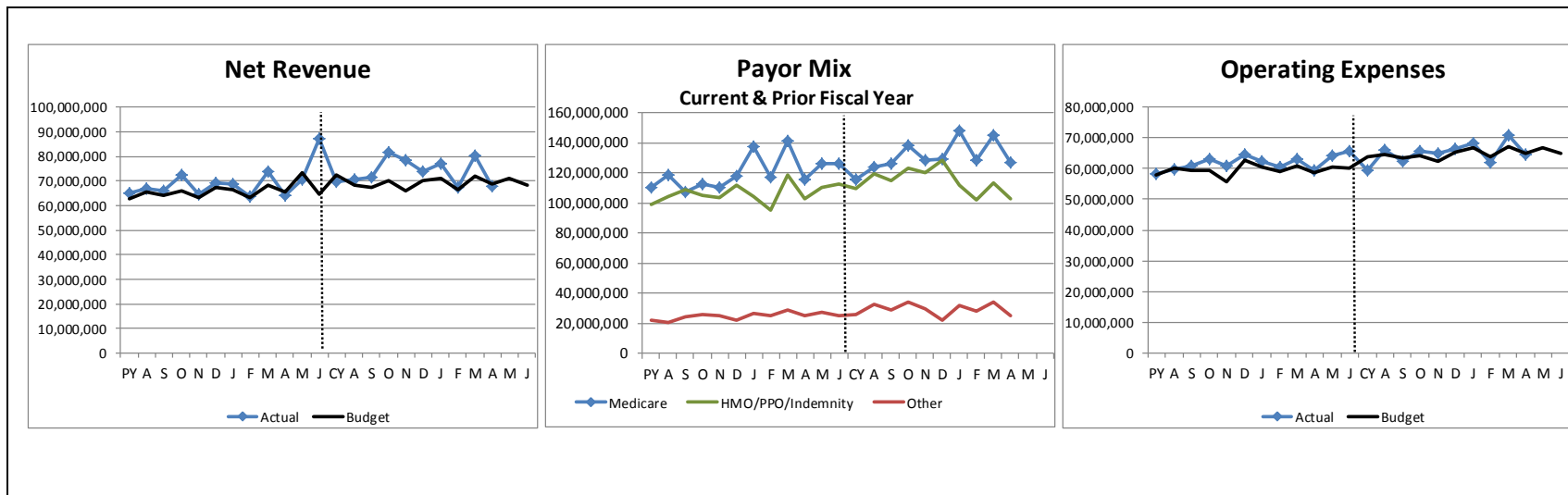
10 months ending 04/30/2018

Period 10 FY 2017	Period 10 FY 2018	Period 10 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
243,934	255,113	262,362	(7,249)	-2.8%	Gross Revenue	2,490,436	2,749,518	2,653,163	96,355	3.6%
(179,795)	(187,308)	(193,453)	6,145	1.0%	Deductions	(1,816,183)	(2,011,455)	(1,960,649)	(50,807)	2.6%
64,140	67,804	68,908	(1,104)	-1.6%	Net Patient Revenue	674,253	738,063	692,514	45,548	6.6%
1,632	1,732	1,865	(132)	-7.1%	Other Operating Revenue	20,445	23,802	19,397	4,405	22.7%
65,772	69,537	70,773	(1,236)	-1.7%	Total Operating Revenue	694,698	761,864	711,911	49,953	7.0%
OPERATING EXPENSE										
38,255	38,208	39,211	1,002	2.6%	Salaries & Wages	372,313	391,777	390,194	(1,583)	-0.4%
10,015	10,262	10,075	(186)	-1.9%	Supplies	96,798	105,215	101,720	(3,496)	-3.4%
7,569	8,924	7,787	(1,136)	-14.6%	Fees & Purchased Services	80,108	84,895	79,256	(5,639)	-7.1%
2,044	2,268	2,302	34	1.5%	Other Operating Expense	22,797	22,897	24,222	1,325	5.5%
(129)	567	725	159	21.9%	Interest	3,558	4,859	7,254	2,395	33.0%
3,932	4,199	4,693	493	10.5%	Depreciation	40,104	41,070	43,731	2,661	6.1%
61,685	64,428	64,793	366	0.6%	Total Operating Expense	615,679	650,715	646,378	(4,337)	-0.7%
4,086	5,109	5,980	(871)	-14.6%	Net Operating Income/(Loss)	79,019	111,150	65,534	45,616	69.6%
7,532	(396)	225	(621)	-275.8%	Non Operating Income	46,927	43,322	2,253	41,069	1822.9%
11,619	4,713	6,205	(1,492)	-24.0%	Net Income(Loss)	125,946	154,471	67,786	86,685	127.9%
12.0%	14.2%	16.1%	-1.9%		EBITDA	17.7%	20.6%	16.4%	4.3%	
6.2%	7.3%	8.4%	-1.1%		Operating Margin	11.4%	14.6%	9.2%	5.4%	
17.7%	6.8%	8.8%	-2.0%		Net Margin	18.1%	20.3%	9.5%	10.8%	

Monthly Financial Trends

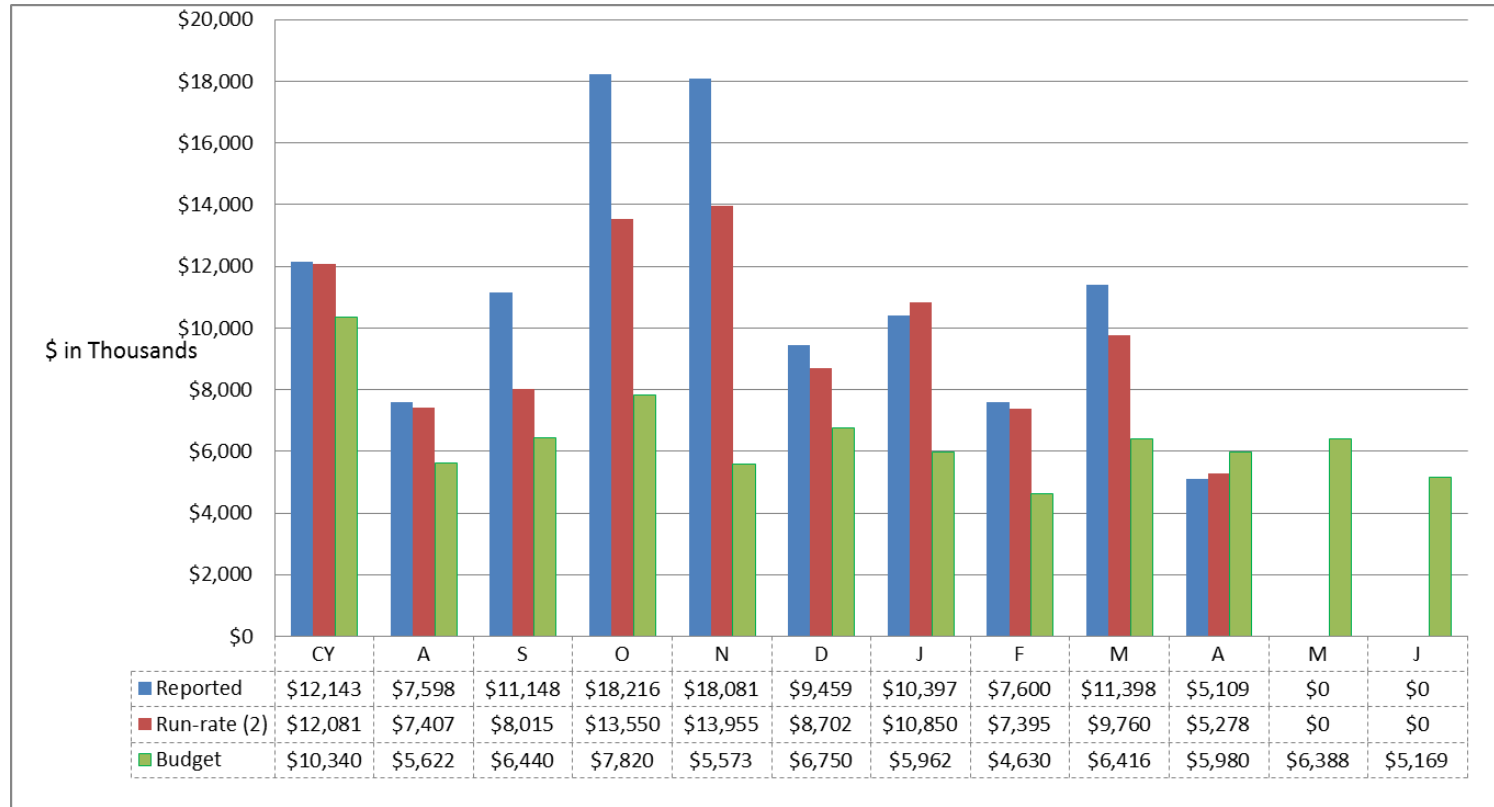


Volume is lower than budget for the month and higher for the year. High inpatient volume is in Inpatient Behavioral Health, HVI, Neurosciences, Oncology and General Medicine. High Outpatient volume is General Medicine, Imaging Services, MCH, Lab, Outpatient Clinics, General Surgery and Rehab.



ECH Operating Margin

Run rate is booked operating income adjusted for material non-recurring transactions



FY 2018 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>												
Revenue Adjustments	J	A	S	O	N	D	J	F	M	A	YTD	
Insurance (Payment Variance)	-	-	-	611	-	669	28	-	603	-	1,912	
Mcare Settltmt/Appeal/Tent Settltmt/PIP	54	155	905	54	184	81	396	92	92	(224)	1,789	
AB 915	-	-	-	-	-	-	-	103	926	-	1,029	
Hospital Fee	-	-	-	712	1,024	-	-	-	-	-	1,736	
PRIME Incentive	-	-	-	-	2,902	-	-	-	-	-	2,902	
Credit Balance Quarterly Review	-	-	2,201	-	-	-	-	-	-	-	2,201	
Late Charge Accrual	-	-	-	3,283	-	-	-	-	-	-	3,283	
Various Adjustments under \$250k	9	36	27	6	16	8	(878)	10	17	56	(694)	
Total	63	191	3,134	4,667	4,126	757	(453)	205	1,638	(169)	14,158	

El Camino Hospital Investment Committee Scorecard

March 31, 2018

Key Performance Indicator	Status	1Q 2018		Fiscal Year-to-date		5y 5m Since Inception (annualized)		FY18	Expectation
		El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	Year-end Budget	Per Asset Allocation
Investment Performance									
Surplus cash balance*		\$875.2	--	--	--	--	--	\$926.1	--
Surplus cash return	Green	0.1%	-0.6%	5.5%	4.9%	5.7%	5.5%	1.9%	5.3%
Cash balance plan balance (millions)		\$260.0	--	--	--	--	--	\$257.1	--
Cash balance plan return	Green	0.4%	-0.7%	6.7%	6.0%	8.1%	7.4%	6.0%	5.7%
403(b) plan balance (millions)		\$455.1	--	--	--	--	--	--	--
Risk vs. Return									
3-year									
Surplus cash Sharpe ratio	Green	0.93	0.91	--	--	1.29	1.26	--	0.43
Net of fee return	Green	4.9%	4.7%	--	--	5.7%	5.5%	--	5.3%
Standard deviation	Green	4.8%	4.7%	--	--	4.1%	4.1%	--	6.7%
Cash balance Sharpe ratio	Green	0.95	0.92	--	--	1.39	1.32	--	0.40
Net of fee return	Green	6.0%	5.6%	--	--	8.1%	7.4%	--	5.7%
Standard deviation	Green	5.9%	5.6%	--	--	5.5%	5.3%	--	8.1%
Asset Allocation									
1Q 2018									
Surplus cash absolute variances to target	Green	6.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	Green	4.9%	< 10%	--	--	--	--	--	--
Manager Compliance									
1Q 2018									
Surplus cash manager flags	Yellow	29	<24 Green <30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Yellow	32	<27 Green <34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$223 mm), District assets (~\$33 mm), and balance sheet cash not in investable portfolio (~\$133 mm). Includes Foundation (~\$26 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.



El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total	Total	Spent from Inception	2018 Current Proj Spend	FY18 Orig Proj Spend	Variance	FY 18 YTD Spent	
			Estimated Cost of Project	Authorized Active				Between Current Proj Spend and Orig Proj Spend		
<i>CIP</i>	EPIC Upgrade			1.9	1.0	1.9	1.9	0.0	1.0	
<i>IT Hardware, Software, Equipment & Imaging*</i>				12.2	1.2	12.2	12.2	0.0	1.2	
<i>Medical & Non Medical Equipment FY 17**</i>				14.0	12.9	8.6	0.0	8.6 ²	7.5	
<i>Medical & Non Medical Equipment FY 18***</i>				5.6	4.5	5.6	5.6	0.0	4.5	
Facility Projects										
	1245 Behavioral Health Bldg	FY16	96.1	96.1	37.5	27.0	51.4	-24.4 ¹	19.9	
	1413 North Drive Parking Expansion	FY15	24.5	24.5	23.9	2.6	3.4	-0.8	4.1	
	1414 Integrated MOB	FY15	302.1	302.1	95.1	72.0	130.1	-58.1 ¹	49.2	
	1422 CUP Upgrade	FY16	9.0	9.0	6.4	5.5	4.0	1.5	4.2	
	1430 Women's Hospital Expansion	FY16	120.0	6.0	3.0	3.6	7.0	-3.4	2.5	
	1425 IMOB Preparation Project - Old Main	FY16	20.0	0.0	2.8	0.0	0.0	0.0	0.2	
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.6	0.0	0.0	0.0	0.2	
	1525 New Main Lab Upgrades		3.1	3.1	2.2	2.5	0.0	2.5	1.7	
	1515 ED Remodel Triage/Psych Observation	FY16	5.0	0.3	0.0	0.4	0.0	0.4	0.0	
	1503 Willow Pavilion Tomosynthesis	FY16	0.8	0.0	0.3	0.0	0.0	0.0	0.0	
	1602 JW House (Patient Family Residence)		6.5	0.5	0.2	0.5	0.5	0.0	0.2	
	Site Signage and Other Improvements		1.0	0.0	0.0	0.3	1.0	-0.8	0.0	
	Nurse Call System Upgrades		2.4	0.0	0.0	0.1	0.0	0.1	0.0	
	1707 Imaging Equipment Replacement (5 or 6 rooms)		20.7	0.0	0.0	0.3	0.1	0.2	0.0	
	1708 IR/ Cath Lab Equipment Replacement		19.4	0.0	0.0	0.3	2.0	-1.8	0.0	
	Flooring Replacement		1.6	0.3	0.0	0.4	0.0	0.4	0.0	
	1219 LG Spine OR	FY13	0.0	0.0	3.8	0.0	0.0	0.0	0.4	
	1313 LG Rehab HVAC System & Structural	FY16	0.0	0.0	4.1	0.0	0.0	0.0	0.4	
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	8.9	0.6	0.7	-0.1	1.6	
	1307 LG Upgrades	FY13	19.3	19.3	17.5	4.9	5.0	-0.1	3.7	
	1508 LG NICU 4 Bed Expansion	FY16	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	1507 LG IR Upgrades		1.3	0.0	0.0	0.0	0.0	0.0	0.0	
	1603 LG MOB Improvements (17)		5.0	5.0	5.0	3.5	3.5	0.0	4.7	
	1711 Emergency Sanitary & Water Storage		1.4	0.3	0.1	0.2	3.2	-3.0	0.1	
	LG Modular MRI & Awning		3.9	3.9	0.0	0.4	0.0	0.4	0.0	
	LG Nurse Call System Upgrade		2.8	0.0	0.0	0.0	0.0	0.0	0.0	
	LG Observation Unit (Conversion of ICU 2)		1.8	0.0	0.0	0.8	0.0	0.8	0.0	
	1712 LG Cancer Center		2.4	0.3	0.2	0.4	0.0	0.4	0.2	
	All Other Projects under \$1M		5.6	0.4	57.1	1.8	0.0	1.8	4.0	
GRAND TOTAL			684.4	479.6	270.7	128.0	211.9	-83.9	97.2	

* Excluding EPIC

** Unspent Prior Year routine used as contingency

*** Includes 2 robot purchases

¹ Variance due to delay in MV campus plan

² Initial assumption was to spend all FY17 in FY17

Balance Sheet (in thousands)

ASSETS		Audited		LIABILITIES AND FUND BALANCE			
		April 30, 2018	June 30, 2017			April 30, 2018	June 30, 2017
CURRENT ASSETS				CURRENT LIABILITIES			
	Cash	115,213	125,551	(7)	Accounts Payable	25,747	38,457
	Short Term Investments	151,944	140,284	(8)	Salaries and Related Liabilities	19,708	25,109
	Patient Accounts Receivable, net	115,311	109,089		Accrued PTO	24,428	23,409
	Other Accounts and Notes Receivable	2,713	2,628		Worker's Comp Reserve	2,300	2,300
	Intercompany Receivables	1,654	1,495		Third Party Settlements	9,501	10,438
(1)	Inventories and Prepaids	53,338	50,657		Intercompany Payables	63	84
	Total Current Assets	440,174	429,705		Malpractice Reserves	1,634	1,634
BOARD DESIGNATED ASSETS					Bonds Payable - Current	3,850	3,735
(2)	Plant & Equipment Fund	152,742	131,153	(9)	Bond Interest Payable	6,477	11,245
	Women's Hospital Expansion	9,298	9,298		Other Liabilities	7,845	4,889
(3)	Operational Reserve Fund	127,908	100,196		Total Current Liabilities	101,554	121,299
(4)	Community Benefit Fund	18,631	12,237	LONG TERM LIABILITIES			
	Workers Compensation Reserve Fund	21,793	20,007		Post Retirement Benefits	19,684	19,218
	Postretirement Health/Life Reserve Fund	19,684	19,218		Worker's Comp Reserve	19,493	17,707
	PTO Liability Fund	24,428	23,409		Other L/T Obligation (Asbestos)	3,840	3,746
	Malpractice Reserve Fund	1,634	1,634		Other L/T Liabilities (IT/Medl Leases)	-	-
	Catastrophic Reserves Fund	18,260	16,575		Bond Payable	521,452	527,371
	Total Board Designated Assets	394,378	333,727		Total Long Term Liabilities	564,469	568,042
(5)	FUNDS HELD BY TRUSTEE	216,581	287,052	DEFERRED REVENUE-UNRESTRICTED			
						218	567
	LONG TERM INVESTMENTS	314,542	256,652	DEFERRED INFLOW OF RESOURCES			
						10,666	10,666
	INVESTMENTS IN AFFILIATES	32,753	32,451	FUND BALANCE/CAPITAL ACCOUNTS			
PROPERTY AND EQUIPMENT					Unrestricted	1,220,725	1,132,525
(6)	Fixed Assets at Cost	1,253,374	1,192,047		Board Designated	394,378	333,726
	Less: Accumulated Depreciation	(569,552)	(531,785)		Restricted	0	0
	Construction in Progress	181,299	138,017	(10)	Total Fund Bal & Capital Accts	1,615,103	1,466,251
	Property, Plant & Equipment - Net	865,122	798,279	TOTAL LIABILITIES AND FUND BALANCE			
						2,292,009	2,166,825
	DEFERRED OUTFLOWS	28,460	28,960				
	RESTRICTED ASSETS - CASH	0	0				
	TOTAL ASSETS	2,292,009	2,166,825				

APRIL 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to two quarterly pension fundings of \$2.6M in October and January.
- (2) The increase is due to 10 months of funded depreciation contributions (130% of straight depreciation expense. Note this amount also contains \$14M reserved for BHS replacement building currently under construction, in conjunction with bond proceeds, item (5).
- (3) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2018. The prior year balance hadn't been reset in a couple of years.
- (4) The increase is due to an approved addition of \$5 million to the Community Benefit Board Designated Endowment as an outcome of the FY2018 budget process to generate additional investment income for the Community Benefits program.
- (5) The decrease is due to additional draws from the 2017 bond financing Project Funds in support of monthly payments to contractors involved with the construction projects at the Mountain View campus. As these projects are now in full progress greater amounts will be withdrawn in future periods.
- (6) The increase is due to the capitalization of the Parking Structure expansion in August and CT upgrades at LG in September.
- (7) The decrease is due to the significant General Contractor construction payments being accrued at year end, along with associated retentions and other general accounts payable activity that were subsequently relieved in this first quarter of fiscal year 2018.
- (8) This decrease is primarily due to the annual 403B match funding that occurred in January
- (9) The significant decrease is due to semi-annual 2015A and 2017 Bond interest payments having been paid in January.
- (10) The increase is mostly attributable to the first ten periods of financial performance producing an operating income of \$111 million and non-operating of \$43 million (mostly from unrealized gains on investments).

⁽¹⁾ Hospital entity only, excludes controlled affiliates

EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY (1 OF 2)

- **Plant & Equipment Fund** – original established by the District Board in the early 1960’s to fund new capital expansion projects of building facilities or equipment (new or replacements). The funds came from the M&O property taxes being received and the funding depreciation expense at 100%. When at the end of 1992, the 501(c)(3) Hospital was performed by the District, the property tax receipts remained with the District. The newly formed Hospital entity continued on with funding depreciation expense, but did that funding at 130% of the depreciation expense to account for an expected replacement cost of current plant and property assets. It is to be noted that within this fund is an itemized amount of \$14 million for the Behavioral Health Service building replacement project. This amount came from the District’s Capital Appropriation Fund (excess Gann Limit property taxes) of the fiscal years of 2010 thru 2013 by various District board actions.
- **Women’s Hospital Expansion** – established June 2016 by the District authorizing the amounts accumulated in its Capital Appropriation Fund (excess Gann Limit property taxes) for the fiscal years of 2014 and 2015 to be allocated for the renovation of the Women’s Hospital upon the completion of Integrated Medical Office Building currently under construction.
- **Operational Reserve Fund** – originally established by the District in May 1992 to establish a fund equal to sixty (60) days of operational expenses (based on projected budget) and only be used in the event of a major business interruption event and/or cash flow.
- **Community Benefit Fund** – following in the footsteps of the District in 2008 of forming its Community Benefit Fund using Gann Limit tax receipts, the Hospital in 2010 after opening its campus outside of District boundaries in Los Gatos formed its own Community Benefit Fund to provide grants/sponsorships in Los Gatos and surrounding areas. The funds come from the Hospital reserving \$1.5M a year from its operations, the entity of CONCERN contributing 40% of its annual income each year (an amount it would have paid in corporate taxes if it wasn’t granted tax exempt status), that generates an amount of \$800,000 or more a year. \$15 million within this fund is a board designated endowment fund formed in 2015 with a \$10 million contribution, and added to at the end of the 2017 fiscal year end with another \$5 million contribution, to generate investment income to be used for grants and sponsorships, currently anticipated to generate \$500,000 a year in investment income for the program.

EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY (2 OF 2)

- **Workers Compensation Reserve Fund** – as the Hospital is self-insured for its workers compensation program (since 1978) this fund was originally formed in early 2000's by management to reserve cash equal to the yearly actuarially determined Workers Compensation amount. The thought being if the business was to terminate for some reason this is the amount in cash that would be needed to pay out claims over the next few years.
- **Postretirement Health/Life Reserve Fund** – following the same formula as the Workers Compensation Reserve Fund this fund was formed in the early 2000's by management to reserve cash equal to the yearly actuarially determined amount to fund the Hospital's postretirement health and life insurance program. Note this program was frozen in 1995 for all new hires after that date.
- **PTO (Paid Time Off) Liability Fund** – originally formed in 1993 as the new 501(c)(3) Hospital began operations, management thought as a business requirement of this vested benefit program that monies should be set aside to extinguish this employee liability should such a circumstance arise. This balance is equal to the PTO Liability on the Balance Sheet.
- **Malpractice Reserve Fund** – originally established in 1989 by the then District's Finance Committee and continued by the Hospital. The amount is actuarially determined each year as part of the annual audit to fund potential claims less than \$50,000. Above \$50,000 our policy with the BETA Healthcare Group kicks in to a \$30 million limit per claim/\$40 million in the aggregate.
- **Catastrophic Loss Fund** – was established in 1999 by the Hospital Board to be a "self-insurance" reserve fund for potential non-major earthquake repairs. Initially funded by the District transferring \$5 million and has been added to by the last major payment from FEMA for the damage caused the Hospital by the October 1989 earthquake. It is to be noted that it took 10 years to receive final settlement from FEMA grants that totaled \$6.8 million that did mostly cover all the necessary repairs.

APPENDIX

El Camino Hospital – Mountain View (\$000s)

10 months ending 04/30/2018

Period 10 FY 2017	Period 10 FY 2018	Period 10 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
202,246	208,733	215,033	(6,300)	-2.9%	Gross Revenue	2,041,384	2,255,835	2,178,808	77,026	3.5%
(148,592)	(153,115)	(159,082)	5,967	-3.8%	Deductions	(1,485,712)	(1,647,073)	(1,616,157)	(30,916)	1.9%
53,654	55,618	55,951	(333)	-0.6%	Net Patient Revenue	555,672	608,762	562,651	46,111	8.2%
1,463	1,511	1,651	(140)	-8.5%	Other Operating Revenue	18,774	21,988	17,257	4,731	27.4%
55,116	57,130	57,602	(473)	-0.8%	Total Operating Revenue	574,446	630,749	579,908	50,841	8.8%
OPERATING EXPENSE										
31,881	31,710	32,773	1,063	3.2%	Salaries & Wages	309,269	326,053	326,542	489	0.1%
8,307	8,704	8,109	(595)	-7.3%	Supplies	78,581	85,714	81,949	(3,765)	-4.6%
6,291	7,584	6,519	(1,065)	-16.3%	Fees & Purchased Services	66,570	71,576	66,461	(5,115)	-7.7%
502	749	766	17	2.2%	Other Operating Expense	6,743	7,305	8,693	1,388	16.0%
(129)	567	725	159	21.9%	Interest	3,558	4,859	7,254	2,395	33.0%
3,446	3,507	3,849	342	8.9%	Depreciation	34,966	34,970	36,286	1,316	3.6%
50,299	52,819	52,740	(79)	-0.2%	Total Operating Expense	499,687	530,477	527,185	(3,292)	-0.6%
4,817	4,311	4,862	(552)	-11.3%	Net Operating Income/(Loss)	74,759	100,272	52,723	47,549	90.2%
7,532	(396)	225	(621)	-275.8%	Non Operating Income	46,938	43,366	2,253	41,113	1824.9%
12,349	3,914	5,088	(1,173)	-23.1%	Net Income(Loss)	121,697	143,638	54,976	88,663	161.3%
14.8%	14.7%	16.4%	-1.7%		EBITDA	19.7%	22.2%	16.6%	5.6%	
8.7%	7.5%	8.4%	-0.9%		Operating Margin	13.0%	15.9%	9.1%	6.8%	
22.4%	6.9%	8.8%	-2.0%		Net Margin	21.2%	22.8%	9.5%	13.3%	

El Camino Hospital – Los Gatos(\$000s)

10 months ending 04/30/2018

Period 10 FY 2017	Period 10 FY 2018	Period 10 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
41,688	46,379	47,328	(949)	-2.0%	Gross Revenue	449,052	493,683	474,355	19,329	4.1%
(31,202)	(34,193)	(34,371)	178	-0.5%	Deductions	(330,471)	(364,382)	(344,491)	(19,891)	5.8%
10,486	12,186	12,957	(771)	-6.0%	Net Patient Revenue	118,581	129,301	129,863	(562)	-0.4%
169	221	214	7	3.5%	Other Operating Revenue	1,671	1,814	2,140	(326)	-15.2%
10,655	12,407	13,171	(764)	-5.8%	Total Operating Revenue	120,252	131,115	132,003	(888)	-0.7%
OPERATING EXPENSE										
6,374	6,498	6,438	(60)	-0.9%	Salaries & Wages	63,044	65,724	63,652	(2,072)	-3.3%
1,707	1,558	1,967	408	20.8%	Supplies	18,218	19,501	19,771	269	1.4%
1,277	1,340	1,269	(71)	-5.6%	Fees & Purchased Services	13,538	13,319	12,796	(523)	-4.1%
1,541	1,520	1,536	17	1.1%	Other Operating Expense	16,054	15,592	15,529	(63)	-0.4%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
486	692	843	151	17.9%	Depreciation	5,138	6,100	7,445	1,345	18.1%
11,386	11,609	12,053	445	3.7%	Total Operating Expense	115,992	120,237	119,192	(1,045)	-0.9%
(730)	799	1,117	(319)	-28.5%	Net Operating Income/(Loss)	4,260	10,878	12,811	(1,933)	-15.1%
0	0	0	0	0.0%	Non Operating Income	(10)	(45)	0	(45)	0.0%
(730)	799	1,117	(319)	-28.5%	Net Income(Loss)	4,250	10,833	12,811	(1,978)	-15.4%
-2.3%	12.0%	14.9%	-2.9%		EBITDA	7.8%	12.9%	15.3%	-2.4%	
-6.9%	6.4%	8.5%	-2.0%		Operating Margin	3.5%	8.3%	9.7%	-1.4%	
-6.9%	6.4%	8.5%	-2.0%		Net Margin	3.5%	8.3%	9.7%	-1.4%	

Non Operating Items and Net Income by Affiliate

\$ in thousands

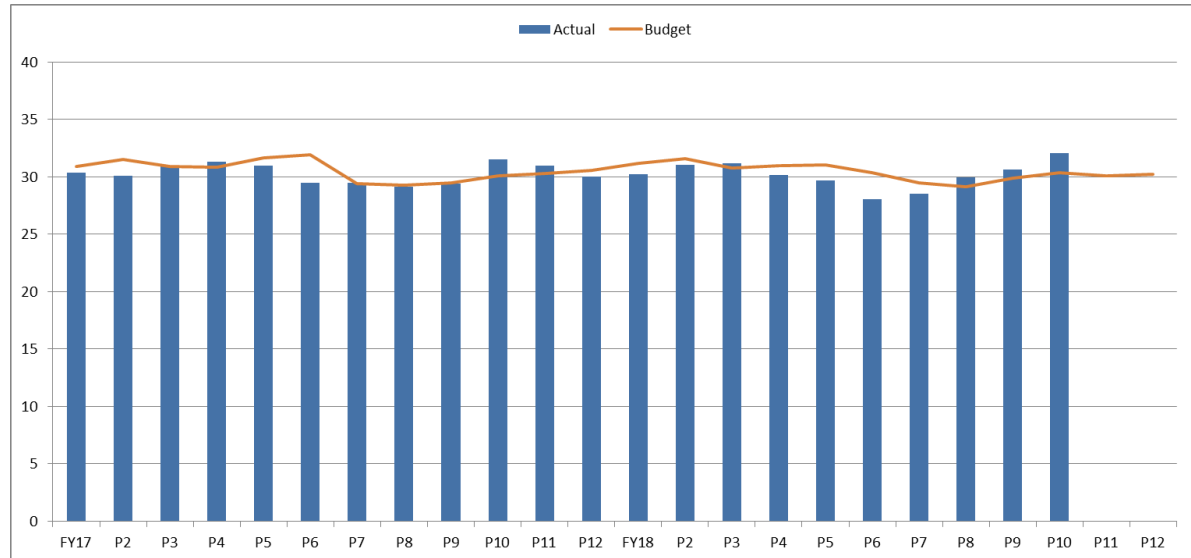
	Period 10 - Month			Period 10 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	4,311	4,862	(552)	100,272	52,723	47,549
Los Gatos	799	1,117	(319)	10,878	12,811	(1,933)
Sub Total - El Camino Hospital, excl. Affiliates	5,109	5,980	(871)	111,150	65,534	45,616
Operating Margin %	7.3%	8.4%		14.6%	9.2%	
El Camino Hospital Non Operating Income						
Investments	660	1,516	(855)	46,210	15,155	31,054
Swap Adjustments	519	0	519	2,069	0	2,069
Community Benefit	(31)	(283)	252	(3,094)	(2,833)	(261)
Pathways	67	42	25	(143)	417	(560)
Satellite Dialysis	0	(35)	35	(190)	(354)	164
Community Connect	0	(141)	141	0	(1,405)	1,405
SVMD Funding ¹	(376)	(448)	72	(1,741)	(4,483)	2,742
Premier Investment ²	(833)	0	(833)	3,695	0	3,695
Other	(402)	(424)	23	(3,483)	(4,243)	760
Sub Total - Non Operating Income	(396)	225	(621)	43,322	2,253	41,069
El Camino Hospital Net Income (Loss)	4,713	6,205	(1,492)	154,471	67,786	86,685
ECH Net Margin %	6.8%	8.8%		20.3%	9.5%	
Concern	(66)	130	(196)	941	1,189	(248)
ECSC	(20)	0	(20)	(61)	0	(61)
Foundation	196	(52)	249	1,717	497	1,220
Silicon Valley Medical Development	494	(16)	510	840	31	809
Net Income Hospital Affiliates	605	61	544	3,436	1,716	1,720
Total Net Income Hospital & Affiliates	5,318	6,267	(949)	157,907	69,503	88,405

¹Favorable variances for SVMD and Community Connect are due to delayed implementation

²Gain on Premier stock sale of shares eligible were sold with proceeds going to pooled investments. No impact on vendor relationships.

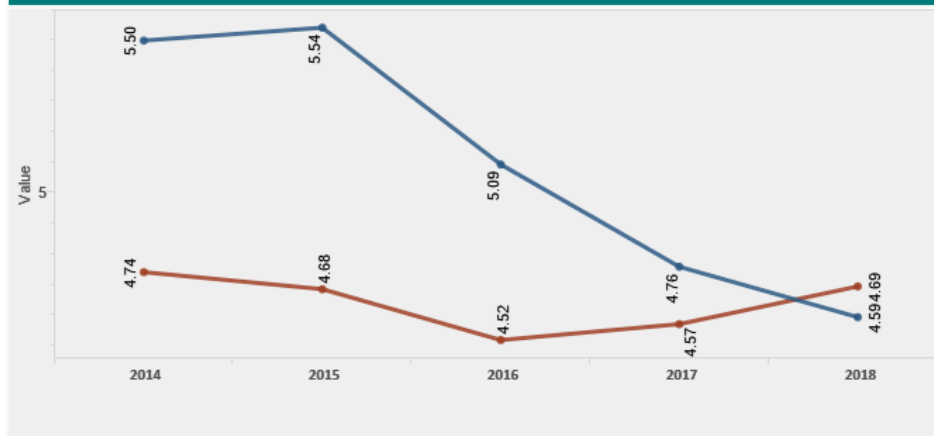
Productivity and Medicare Length of Stay

Work hours per adjusted patient day in April is over budget by 1.8. Overall the month of April is 32.2 worked hours per adjusted patient day



ALOS vs Milliman well-managed benchmark. Trend shows remarkable and steady improvement with FY 2018 at benchmark. Increase in benchmark beginning in FY 2017 due to Clinical Documentation Improvement (CDI)

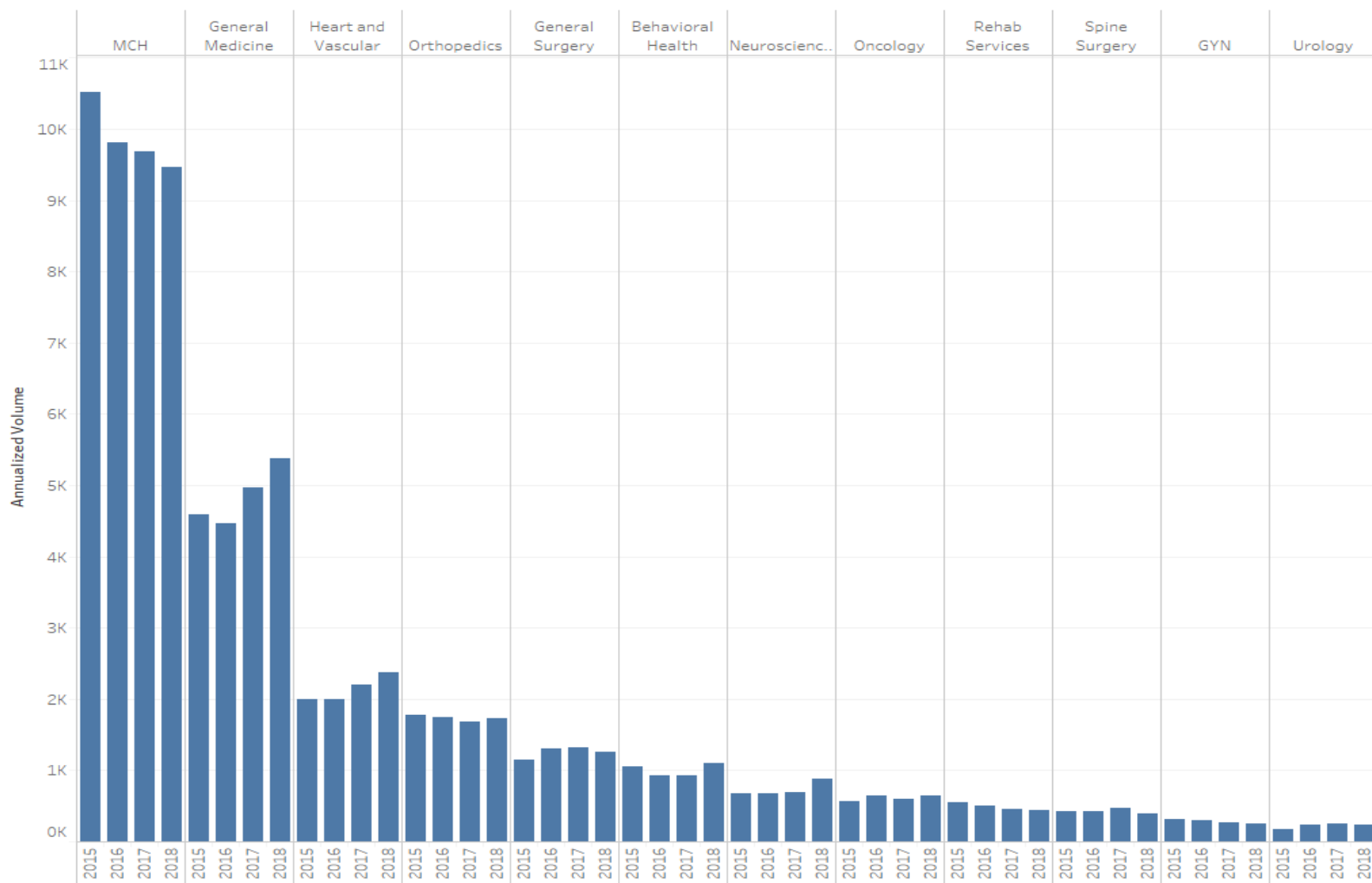
AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR



AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR

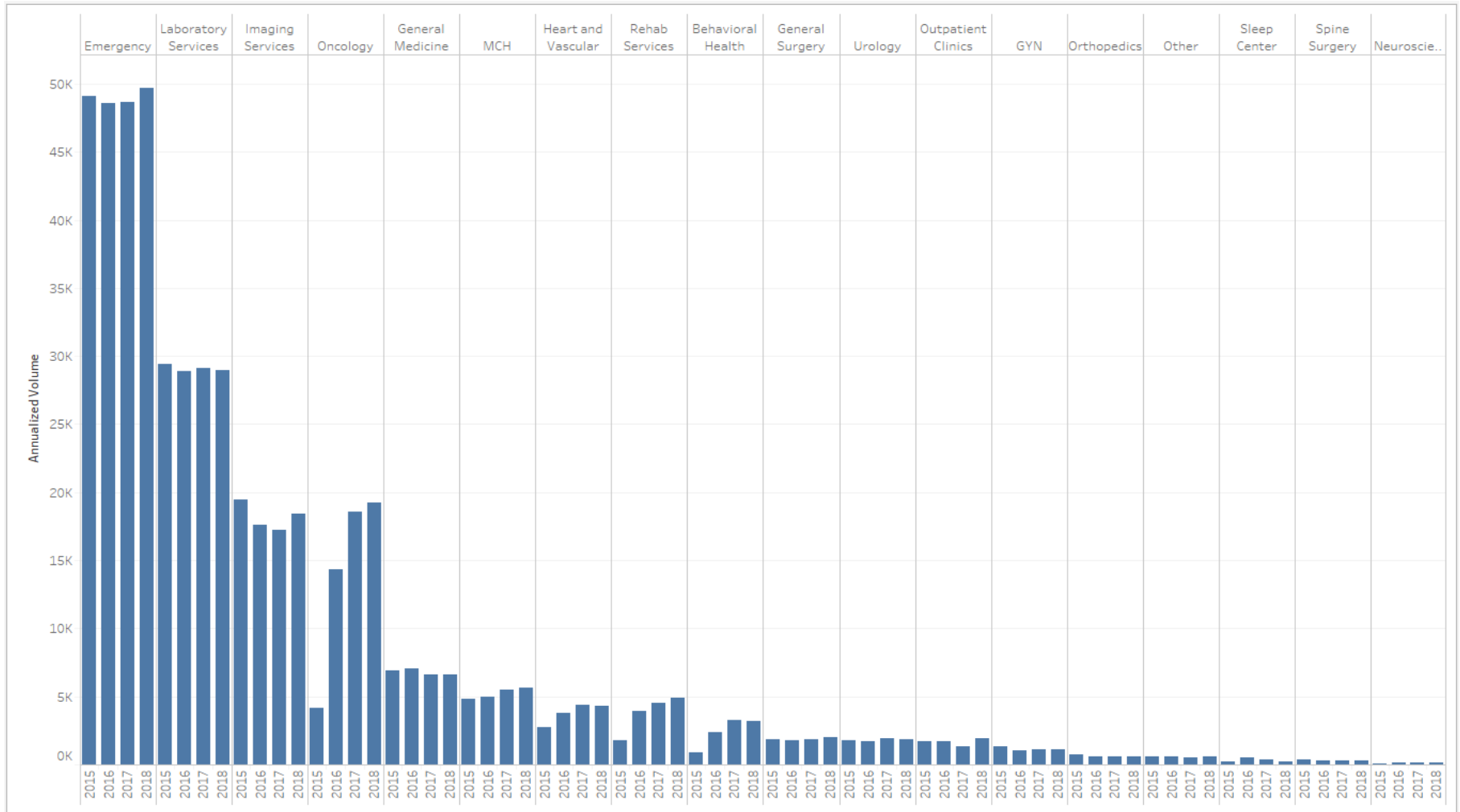


El Camino Hospital Volume Annual Trends – Inpatient FY18 is annualized



- General Medicine, HVI, Behavioral Health, and Neuroscience display an increasing trend.
- Conversely, Rehab Services, MCH and GYN show a decreasing trend.
- The remaining service lines are staying flat.

El Camino Hospital Volume Annual Trends – Outpatient FY18 is annualized



- Comparing year-over-year Oncology, MCH, Rehab Services, Emergency and Outpatient Clinics are all increasing in volume. All others are remaining flat or decreasing.

Capital Spend Trend & FY18 Budget

Capital Spending (in 000's)	Actual FY2015	Actual FY2016	Actual FY2017	Projected FY2018
EPIC	29,849	20,798	2,755	1,922
IT Hardware / Software Equipment	4,660	6,483	2,659	12,238
Medical / Non Medical Equipment*	13,340	17,133	9,556	14,275
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	128,030
GRAND TOTAL	86,789	96,740	97,923	156,465
*Includes 2 robot purchases in FY2017				

El Camino Hospital Capital Spending (in thousands) FY12 – FY17

Category	2013	2014	2015	2016	2017	Category	2013	2014	2015	2016	2017
EPIC	0	6,838	29,849	20,798	2,755	Facilities Projects CIP cont.					
IT Hardware/Software Equipment	8,019	2,788	4,660	6,483	2,659	1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
Medical/Non Medical Equipment	10,284	12,891	13,340	17,133	9,556	1404 - Park Pav HVAC	0	64	7	0	0
Non CIP Land, Land I, BLDG, Additions	0	22,292	0	4,189	0	1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
Land Acquisition (1550)	0	0	0	24,007	0	1408 - New Main Accessibility Upgrades	0	0	7	46	501
828 S Winchester Clinic TI (1701)	0	0	0	0	145	1415 - Signage & Wayfinding	0	0	0	106	58
						1416 - MV Campus Digital Directories	0	0	0	34	23
Facilities Projects CIP						1423 - MV MOB TI Allowance	0	0	0	588	369
Mountain View Campus Master Plan Projects						1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323	1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120	1430 - Women's Hospital Expansion	0	0	0	0	464
1414 - Integrated MOB	0	0	2,009	8,875	32,805	1432 - 205 South Dr BHS TI	0	0	8	15	0
1422 - CUP Upgrade	0	0	0	896	1,245	1501 - Women's Hospital NPC Comp	0	0	4	0	223
Sub-Total Mountain View Campus Master Plan	0	1,257	5,950	12,426	62,493	1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
Mountain View Capital Projects						1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
9900 - Unassigned Costs	734	470	3,717	0	0	1504 - Equipment Support Infrastructure	0	0	61	311	0
1108 - Cooling Towers	450	0	0	0	0	1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
1120 - BHS Out Patient TI's	66	0	0	0	0	1525 - New Main Lab Upgrades	0	0	0	0	464
1129 - Old Main Card Rehab	9	0	0	0	0	1526 - CONCERN TI	0	0	0	37	99
0817 - Womens Hosp Upgrds	645	1	0	0	0	Sub-Total Mountain View Projects	8,145	7,219	26,744	5,588	5,535
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294	Los Gatos Capital Projects					
1109 - New Main Upgrades	423	393	2	0	0	0904 - LG Facilities Upgrade	2	0	0	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0	0907 - LG Imaging Masterplan	244	774	1,402	17	0
1204 - Elevator Upgrades	25	30	0	0	0	1005 - LG OR Light Upgrd	14	0	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0	1122 - LG Sleep Studies	7	0	0	0	0
1131 - MV Equipment Replace	216	0	0	0	0	1210 - Los Gatos VOIP	147	89	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0	1116 - LG Ortho Pavillion	177	24	21	0	0
1213 - LG Sterilizers	102	0	0	0	0	1124 - LG Rehab BLDG	49	458	0	0	0
1225 - Rehab BLDG Roofing	7	241	4	0	0	1247 - LG Infant Security	134	0	0	0	0
1227 - New Main eICU	96	21	0	0	0	1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1230 - Fog Shop	339	80	0	0	0	1308 - LG Infrastructure	0	114	0	0	0
1315 - 205 So. Drive TI's	0	500	2	0	0	1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342	1219 - LG Spine OR	0	214	323	633	2,163
1125 - Will Pav Fire Sprinkler	57	39	0	0	0	1221 - LG Kitchen Refrig	0	85	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0	1248 - LG - CT Upgrades	0	26	345	197	6,669
1216 - New Main Process Imp Office	19	1	16	0	0	1249 - LG Mobile Imaging	0	146	0	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0	1328 - LG Ortho Canopy FY14	0	255	209	0	0
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6	1345 - LG Lab HVAC	0	112	0	0	0
1301 - Desktop Virtual	0	13	0	0	0	1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1304 - Rehab Wander Mgmt	0	87	0	0	0	1347 - LG Central Sterile Upgrades	0	0	181	43	66
1310 - Melchor Cancer Center Expansion	0	44	13	0	0	1421 - LG MOB Improvements	0	0	198	65	303
1318 - Women's Hospital TI	0	48	48	29	2	1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1327 - Rehab Building Upgrades	0	0	15	20	0	1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0	1603 - LG MOB Improvements	0	0	0	0	285
1340 - New Main ED Exam Room TVs	0	8	193	0	0	Sub-Total Los Gatos Projects	1,150	5,276	6,246	6,116	14,780
1341 - New Main Admin	0	32	103	0	0	Subtotal Facilities Projects CIP	9,294	13,753	38,940	24,130	82,808
1344 - New Main AV Upgrd	0	243	0	0	0	Grand Total	27,598	58,561	86,789	96,740	97,923
1400 - Oak Pav Cancer Center	0	0	5,208	666	52	Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000